THIRD QUARTER REPORT

JANUARY - MARCH 2020

COLGATE-PALMOLIVE (PAKISTAN) LTD.

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COLGATE-PALMOLIVE (PAKISTAN) LTD.

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 Ahmed Batlay	(upto March 10, 2020)
Mukul Vinayak Deoras	(upto March 10, 2020)
Zulfiqar Ali Lakhani	Chief Executive

ADVISOR

Sultan Ali Lakhani

AUDIT COMMITTEE

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)

217, Sundar Industrial Estate,
Raiwind Road, Lahore

WEBSITE

www.colgate.com.pk

DIRECTORS' REVIEW

The directors of your Company are pleased to present un-audited condensed financial statements of the Company for the nine months period ended March 31, 2020.

Financial Position at a Glance

A brief financial analysis of the Company for the period is summarized below:

Operating Results	July 2019- March 2020	July 2018- March 2019	Increase/ (Decrease)
	Amount in PKR million		
Turnover	42,137	35,686	18.08%
Net Turnover	31,667	27,112	16.80%
Gross Profit	9,170	7,693	19.20%
Gross Profit %	28.96%	28.37%	59 bps
Selling & Distribution Costs	4,136	3,716	11.30%
Administrative Expenses	442	373	18.50%
Operating Profit	4,984	3,722	33.91%
Profit After Tax	3,623	2,599	39.40%
Earnings Per Share - Rupees	62.95	45.17	39.40%

Financial Performance Highlights

Net turnover of the Company grew by 16.80% mainly on account of volume gains and selective selling price increases across all categories. Gross profit margin remained flat as the selling price increases were offset by increased input costs, particularly raw and packing materials and energy.

Selling and distribution costs primarily went up by 11.3% due to increased freight expense. Administrative expenses increased by 18.50% on account of employee related costs and depreciation expense.

Receivables went up as the Company supported trade, distributor partners and state-owned Utility Stores Corporation of Pakistan amid the Covid-19 challenges faced by them.

Profit after tax and EPS were up by 39.40% due to higher gross profit and return on short term investments.

Business Performance Highlights

In its efforts to contribute towards controlling the spread of Covid-19, Company has committed to donate 1 million bar soaps to underprivileged, low income segments throughout Pakistan in phase 1.

Oral Care continued on its innovation path by introducing multi-packs in toothbrushes for increased consumer value and customer profitability. The flagship brand, Colgate - Maximum Cavity Protection relaunched in new uplifting global packaging design supported by an integrated marketing communication. This will help grow market share and strengthen leadership.

In Fabric Care, competition to gain market share intensified as all key players increased advertising and trade spends. Fabric and dishwashing products continued to face challenges of low consumer pricing and high trade discounts from the unorganized sector in smaller towns and rural markets.

Future Outlook

Drop in gross margin is anticipated due to recent devaluation and increase in cost of raw materials. Company may not be able to take price increase to manage this impact completely hence focusing on cost control measures to mitigate but the margin will remain under pressure.

In these unprecedented circumstances, markets are disturbed and will continue to pose challenges in near future before things normalize. The Company is facing challenges at multiple fronts; supply chain is greatly impacted and interruptions in imports of raw materials from China and Europe are hampering business operations. Logistics and availability of manpower have some challenges that may continue for some time.

The Company is tackling with these challenges by being responsive to the changing business environment and is committed to ensure continuous supply of its products and play its role in curtailing the spread of COVID-19.

Acknowledgement

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.

We also take this opportunity to thank our employees for their commitment and unwavering support. It is due to their efforts that the Company was able to deliver personal hygiene products when they were needed the most.

On behalf of Board of Directors

IQBAL ALI LAKHANI
Chairman

ZULFIQAR ALI LAKHANI
Chief Executive

Karachi : April 23, 2020

ڈائریکٹرز رپورٹ

کمپنی ڈائریکٹرز مسرت کے ساتھ 31 مارچ 2020 کو اختتام پذیر ہونے والے نو ماہ کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی صورت حال پر ایک نظر

اس نو ماہ کے لئے کمپنی کا مختصر مالیاتی جائزہ ذیل کے مطابق ہے:

کاروباری نتائج	جولائی 2019۔مارچ 2020	جولائی 2018۔مارچ 2019	اضافہ / (کمی)
	(روپے ملین میں)		
مجموعی آمدنی	42,137	35,686	18.08%
خالص آمدنی	31,667	27,112	16.80%
مجموعی منافع	9,170	7,693	19.20%
مجموعی منافع %	28.96%	28.37%	59 بنیادی پوائنٹس
فروخت اور ترسیل کے اخراجات	4,136	3,716	11.30%
انتظامی اخراجات	442	373	18.50%
آپریشنز سے منافع	4,984	3,722	33.91%
بعد از ٹیکس منافع	3,623	2,599	39.40%
فی شیئر آمدنی (روپے)	62.95	45.17	39.40%

مالیاتی کارکردگی کی جھلکیاں

کمپنی کی خالص آمدنی میں 16.80 فیصد اضافہ کی بنیادی وجہ تمام کیٹیگریز کے حجم اور قیمتِ فروخت میں چنیدہ اضافہ ہے۔ مجموعی منافع کی شرح برقرار رہی کیونکہ قیمت فروخت میں کئے جانے والے اضافے کو اجزاء ترکیبی کی قیمتوں میں اضافے، خاص طور پر خام مال، پیکنگ کا مال اور بجلی نے زائل کر دیا۔

مال برداری کی لاگت میں اضافے کی وجہ سے فروخت اور ترسیل کے اخراجات میں 11.30 فی صد اضافہ ہوا ہے۔ انتظامی اخراجات میں 18.50 فی صد اضافہ ہوا جس کی بنیادی وجہ ملازمین اور ڈیپریسیئشن سے متعلق اخراجات ہیں۔

کمپنی نے اپنے ٹریڈ اور ڈسٹری بیوٹر شراکت داروں اور ریاستی ملکیت یوٹیلیٹی اسٹورز کارپوریشن آف پاکستان کو کووڈ-19 سے درپیش مشکلات میں مدد فراہم کی جس کے نتیجے میں قابلِ وصول رقوم میں اضافہ ہوا۔

قلیل مدت سرمایہ کاری اور زیادہ مجموعی منافع کی بدولت بعد از ٹیکس منافع اور فی شیئر آمدنی میں 39.40 فی صد اضافہ ہوا۔

کاروباری کارکردگی کی جھلکیاں

کووڈ-19 کے پھیلاؤ پر قابو پانے کے لئے اپنے تعاون کے پیشِ نظر کمپنی پہلے مرحلے میں پورے پاکستان میں 10 لاکھ صابن غریب، کم آمدنی والے طبقات کو عطیہ کرنے کا ارادہ رکھتی ہے۔

اورل کیئر نے صارفین کیلئے قدر اور گاہکوں کے منافع میں اضافہ کی غرض سے ٹوتھ برشز میں ملٹی پیکس متعارف کرواتے ہوئے اپنی جدت طرازی کی روش برقرار رکھی۔ فلیگ شپ برانڈ، کولگیٹ میکسیمم کیویٹی پروٹیکشن ایک مربوط مارکیٹنگ کمیونیکیشن کی معاونت کے ذریعے نئے جدت آفرین گلوبل پیکیجنگ ڈیزائن میں دوبارہ لانچ ہوا۔ اس سے مارکیٹ شیئر بڑھانے اور قائدانہ مقام کو مضبوط بنانے میں مدد ملے گی۔

فیبرک کیئر میں، مارکیٹ شیئر حاصل کرنے کے لئے مقابلہ میں شدت آ گئی کیونکہ تمام اہم کھلاڑیوں نے ایڈورٹائزنگ اور ٹریڈ کے اخراجات میں اضافہ کیا۔ فیبرک اور ڈش واشنگ مصنوعات کو چھوٹے شہروں اور دیہی منڈیوں میں غیر منظّم شعبے کی طرف سے کم صارفی قیمتوں اور زیادہ تجارتی رعایتوں کے چیلنجوں کا بدستور سامنا کرنا ہے۔

مستقبل کی توقعات

روپے کی قدر میں حالیہ کمی اور خام مال کی قیمت میں اضافے کی وجہ سے مجموعی منافع کی شرح میں کمی کا امکان ہے۔ ممکن ہے کہ کمپنی اس اثر سے مکمل طور پر عہدہ برا ہونے کے لئے قیمتوں میں اضافہ نہ کر سکے لہٰذا ان اثرات کو کم کرنے کے لئے لاگت پر قابو پانے کے اقدامات پر توجہ دی جا رہی ہے لیکن مجموعی منافع کی شرح پر دباؤ کا سلسلہ جاری رہے گا۔

ان غیر معمولی حالات میں، مارکیٹس انتشار کا شکار ہیں اور چیزیں معمول پر آنے سے پہلے مستقبل قریب میں چیلنجز کا سامنا کرنا پڑے گا۔ کمپنی کو متعدد محاذوں پر چیلنجز کا سامنا ہے۔ سپلائی چین بہت متاثر ہوئی ہے اور چین اور یورپ سے خام مال کی درآمد میں رکاوٹیں کاروباری سرگرمیوں میں حائل ہیں۔ نقل و حمل اور افرادی قوت کی دستیابی میں بھی کچھ چیلنج درپیش ہیں جو کچھ وقت تک جاری رہ سکتے ہیں۔

کمپنی بدلتے ہوئے کاروباری ماحول کے حوالے سے فعال ہو کر ان چیلنجز سے نپٹ رہی ہے اور وہ اپنی مصنوعات کی مسلسل فراہمی کو یقینی بنانے اور کووڈ-19 کے پھیلاؤ کو روکنے میں اپنا کردار ادا کرنے کے لئے پرعزم ہے۔

اظہارِ تشکر

ہم اپنے برانڈز 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 کی مسلسل معاونت پر انکے شکر گزار ہیں۔

اس موقع کا فائدہ اٹھاتے ہوئے ہم سچی لگن اور غیر متزلزل حمایت پر اپنے ملازمین کو خراجِ تحسین پیش کرتے ہیں۔ یہ ان کی کاوشوں کا نتیجہ ہے کہ کمپنی اس وقت حفظانِ صحت سے متعلق مصنوعات فراہم کرنے میں کامیاب رہی جب ان کی سب سے زیادہ ضرورت تھی۔

بورڈ آف ڈائریکٹرز کی جانب سے

اقبال علی لاکھانی
چیئرمین

ذوالفقار علی لاکھانی
چیف ایگزیکٹیو

کراچی: 23 اپریل، 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Unaudited)

As at March 31, 2020

	Note	March 31, 2020 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	4,859,547	4,168,568
Intangible assets		13,872	14,435
Long term loans		40,609	41,730
Long term security deposits		18,742	19,045
		4,932,770	4,243,778
CURRENT ASSETS			
Stores and spares		348,383	267,753
Stock in trade	5	4,748,255	4,974,814
Trade debts - considered good		1,593,920	749,550
Loans and advances - considered good		543,328	404,795
Trade deposits and short term prepayments		89,664	56,962
Other receivables		229,858	204,730
Accrued profit		18,415	14,167
Taxation		908,435	1,317,968
Short term investments	6	5,579,974	5,546,618
Cash and bank balances		2,319,075	1,214,300
		16,379,307	14,751,657
TOTAL ASSETS		21,312,077	18,995,435
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		750,000	750,000
Issued, subscribed and paid-up share capital		575,459	575,459
Reserves		15,621,824	14,444,822
Remeasurement of post retirement benefits obligation		(147,819)	(147,819)
Surplus/(Deficit) on revaluation of investments		214	(4,217)
		16,049,678	14,868,245
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation		128,785	164,709
Long term deposits		107,988	86,304
Lease liabilities		322,018	-
		558,791	251,013
CURRENT LIABILITIES			
Trade and other payables	7	4,650,501	3,854,046
Current portion of lease liabilities		31,056	-
Unclaimed dividend		22,051	22,131
		4,703,608	3,876,177
TOTAL LIABILITIES		5,262,399	4,127,190
TOTAL EQUITY AND LIABILITIES		21,312,077	18,995,435
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

Mirza Rehan Ahmed
Chief Financial Officer

COLGATE-PALMOLIVE (PAKISTAN) LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

For the Quarter and Nine months period ended March 31, 2020

	Note	Quarter ended March 31, 2020	Quarter ended March 31, 2019	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
		(Rupees in '000)			
Turnover		14,782,184	12,738,161	42,136,833	35,686,379
Sales tax		(2,348,413)	(2,012,005)	(6,689,275)	(5,653,926)
Trade and other discounts		(1,359,970)	(975,381)	(3,780,762)	(2,920,115)
Net turnover		11,073,801	9,750,775	31,666,796	27,112,338
Cost of sales		(7,767,710)	(7,116,241)	(22,497,054)	(19,419,535)
Gross profit		3,306,091	2,634,534	9,169,742	7,692,803
Selling and distribution costs		(1,481,820)	(1,230,840)	(4,135,726)	(3,716,458)
Administrative expenses		(157,371)	(131,709)	(441,899)	(373,136)
Other expenses		(143,753)	(103,003)	(400,882)	(312,732)
Other income		277,390	150,126	793,121	431,887
Profit from operations		1,800,537	1,319,108	4,984,356	3,722,364
Finance cost and bank charges		(23,374)	(9,148)	(70,716)	(27,577)
Profit before taxation		1,777,163	1,309,960	4,913,640	3,694,787
Taxation					
- Current - for the period		(507,558)	(389,369)	(1,421,408)	(1,035,000)
- for prior year		-	(11,517)	92,307	(6,341)
		(507,558)	(400,886)	(1,329,101)	(1,041,341)
- Deferred		52,869	(13,834)	38,164	(54,285)
		(454,689)	(414,720)	(1,290,937)	(1,095,626)
Profit after taxation		1,322,474	895,240	3,622,703	2,599,161
Other comprehensive income / (loss) for the period - net of tax					
Items that may be reclassified subsequently to profit or loss					
Surplus / (deficit) on investments categorised as 'fair value through other comprehensive income' - net		389	1,923	6,672	(7,327)
Impact of tax		(98)	(478)	(2,241)	1,818
		291	1,445	4,431	(5,509)
Total comprehensive income for the period		1,322,765	896,685	3,627,134	2,593,652
		(Rupees)			
Earnings per share - basic and dilutive (Rupees)	9	22.98	15.56	62.95	45.17

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

Mirza Rehan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the Nine months period ended March 31, 2020

	Issued, subscribed and paid up share capital	Capital reserve- share premium	Revenue reserves		Sub Total- reserves	Remeasurement on post retirement benefits obligation- net of tax	(Deficit)/Surplus on revaluation of investments- net of tax	Total Equity
			General reserve	Unappropriated 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
Comprehensive income for the period								
Profit after taxation for the nine months period ended March 31, 2019	-	-	-	2,599,161	2,599,161	-	-	2,599,161
Other comprehensive income	-	-	-	-	-	-	(5,509)	(5,509)
Total comprehensive income for the period ended March 31, 2019	-	-	-	2,599,161	2,599,161	-	(5,509)	2,593,652
Transfer to general reserve	-	-	1,483,000	(1,483,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2018 @ 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 @ Rs. 16.50 per share	-	-	-	(949,508)	(949,508)	-	-	(949,508)
Balance as at March 31, 2019	575,459	13,456	11,869,000	1,650,724	13,533,180	(112,888)	(6,453)	13,989,298
Balance as at July 1, 2019	575,459	13,456	11,869,000	2,562,366	14,444,822	(147,819)	(4,217)	14,868,245
Comprehensive income for the period					-			
Profit after taxation for the nine months period ended March 31, 2020	-	-	-	3,622,703	3,622,703	-	-	3,622,703
Other comprehensive income	-	-	-	-	-	-	4,431	4,431
Total comprehensive income for the period ended March 31, 2020	-	-	-	3,622,703	3,622,703	-	4,431	3,627,134
Transfer to general reserve	-	-	1,411,000	(1,411,000)	-	-	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2019 @ Rs 20 per share	-	-	-	(1,150,918)	(1,150,918)	-	-	(1,150,918)
Interim dividend for the year ending June 30, 2020 @ Rs. 22.50 per share	-	-	-	(1,294,783)	(1,294,783)	-	-	(1,294,783)
Balance as at March 31, 2020	575,459	13,456	13,280,000	2,328,368	15,621,824	(147,819)	214	16,049,678

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

Mirza Rehan Ahmed
Chief Financial Officer

COLGATE-PALMOLIVE (PAKISTAN) LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)

For the Nine months period ended March 31, 2020

	Note	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	5,188,117	3,363,621
Finance cost and bank charges paid		(31,273)	(27,578)
Taxes paid		(919,569)	(1,642,345)
Gratuity paid		(116,112)	-
Long term loans		1,121	(872)
Long term security deposits (assets)		303	(1,683)
Long term deposits (liabilities)		21,684	(2,429)
Net cash generated from operating activities		4,144,271	1,688,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments of property, plant and equipment		(965,890)	(976,807)
Purchase of intangible assets		(9,797)	(2,567)
Short term investments made during the period		(19,756,313)	(2,650,000)
Proceeds from sale of property,plant and equipment		62,042	52,226
Profit on saving accounts and Term Deposit Receipts		162,984	88,755
Profit received on treasury bills		150,582	92,448
Profit received on Pakistan Investment Bonds		19,762	12,062
Profit received on Sukuk certificates		4,544	3,746
Sale proceeds on disposal of short term investments		19,936,466	1,250,589
Net cash used in investing activities		(395,620)	(2,129,548)
CASH USED IN FINANCING ACTIVITIES			
Payment of lease liabilities		(41,095)	-
Dividend paid		(2,445,781)	(1,898,375)
Net cash used in financing activities		(2,486,876)	(1,898,375)
Net increase / (decrease) in cash and cash equivalents		1,261,775	(2,339,209)
Cash and cash equivalents at the beginning of the period		2,557,300	4,291,039
Cash and cash equivalents at the end of the period	11	3,819,075	1,951,830

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

Mirza Rehan Ahmed
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the Nine months period ended March 31, 2020

1. THE COMPANY AND ITS OPERATIONS

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and provision of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30,2019.

2.3 These condensed interim financial statements comprise of the condensed interim statement of financial position as at March 31,2020, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes thereto for the nine months period then ended. These condensed interim financial statements also include condensed interim statement of profit or loss and other comprehensive income for the quarter ended March 31, 2020.

2.4 The comparative condensed statement of financial position, presented in these condensed interim financial statements as at June 30,2019 has been extracted from the annual audited financial statements of the Company for the year ended June 30,2019 whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes thereto for the nine months period ended March 31,2019 have been extracted from the condensed interim financial statements of the Company for the nine months period then ended.The

comparative condensed interim statement of profit or loss and other comprehensive income for the quarter ended March 31, 2019 also included in these condensed interim financial statements.

2.5 Changes in accounting standards, interpretations and amendments to published approved accounting standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for 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 recoginition 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 33.921 million and Rs 39.443 million respectively have been recognised in the condensed interim 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. Right of use assets and corresponding liabilities are not recognized in respect of leases having remaining lease term of 12 months of less as of July 01,2019.

b) Standards, interpretations and amendments to published approved accounting 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.

2.6 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended June 30,2019 except for those specified in note 2.5.

3. SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

	Note	March 31, 2020 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets (at net book value)	4.1 to 4.5	3,514,331	3,389,732
Capital work-in-progress (at cost)	4.6	1,024,563	778,836
Right of use assets		320,653	-
		4,859,547	4,168,568

	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
	(Rupees in '000)	
4.1 Additions - operating fixed assets (at cost)		
Leasehold land	88,784	-
Factory building on leasehold land	108,490	102,485
Plant and machinery	313,972	720,496
Electric fittings and installation	6,744	78,139
Furniture and fixtures	4,800	8,428
Tools and equipment	22,103	92,779
Vehicles	137,932	71,101
Computer and accessories	30,580	16,577
Office equipment	6,758	34,368
	720,163	1,124,373

4.1.1 Additions include transfers from capital work-in-progress aggregating Rs 437.225 million (March 31,2019 : Rs 847.258 million).

	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
	(Rupees in '000)	
4.2 Disposals - operating fixed assets (at net book value)		
Factory building on leasehold land	-	9,532
Plant and machinery	14,246	8,423
Vehicles	18,896	14,476
Electric fittings and installation	-	4,197
Furniture and fixtures	-	234
Computer and accessories	231	63
Office equipment	166	1,367
Tools and equipment	-	1,040
	33,539	39,332
4.3 Depreciation charge for the period	587,377	585,920

4.4 Included in operating fixed assets are few items having cost of Rs. 30.398 million (June 30,2019: Rs. 28.949 million) held by third parties for manufacturing certain products of the Company.These fixed assets are free of lien and the Company has full rights of repossession of these assets.

4.5 During the period, the Company has identified certain items of operating fixed assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Rs 103.618 million (March 31, 2019: Rs 5.919 million) and net book value Rs 8.569 million (March 31, 2019: Rs 0.228 million) have been retired from active use and have been written off in these condensed interim financial statements.

4.6 Additions - capital work-in-progress (at cost)		
Factory building on leasehold land	328,307	187,949
Plant and machinery	304,518	363,210
Vehicles	13,814	23,392
Electric fittings and installation	9,906	70,282
Tools and equipment	2,901	9,340
Furniture & fixtures	9,630	3,085
Office equipment	9,382	41,972
Computer and accessories	4,494	462
	682,952	699,692

	Note	March 31, 2020 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	
5. STOCK IN TRADE			
Raw and packing materials		2,852,685	3,330,768
Work-in-process		393,382	478,627
Finished goods - Manufacturing		1,349,998	989,617
Finished goods - Trading		152,190	175,802
		1,502,188	1,165,419
		4,748,255	4,974,814

5.1 Stock in trade include raw and packing materials in transit aggregating Rs 1,229.697 million (June 30,2019 : Rs 1,531.475 million) and finished goods in transit aggregating Rs 3.585 million (June 30,2019 : Rs 13.601 million).

	Note	March 31, 2020 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	
6. SHORT TERM INVESTMENTS			
Investments - Amortised cost	6.1	1,517,347	1,345,607
Investments - Fair value through OCI	6.2	735,250	383,115
Investments - Fair value through P&L	6.3	3,327,377	3,817,896
		5,579,974	5,546,618

6.1 The range of rates of profits on these term deposits is between 11.43% and 14.00% (June 30, 2019: 13.20% and 8.36%) per annum having maturity in April 2020 and February 2021.

6.2 These include Sukuks and Treasury Bills with range of rates of profit between 10.67% and 14.51% per annum having maturity between September 2020 to November 2022.

6.3

Name of the investee	As at July 01, 2019	Purchase during the period	Sales / Redemptions during the period	As at March 31, 2020	Average cost as at March 31, 2020	Fair Value as at March 31, 2020	Unrealised Gain as at March 31, 2020
	(Number of units in '000)				(Rupees in '000)		
Lakson Income Fund (associated undertaking) managed by Lakson Investment Limited	3,770	-	-	3,770	380,620	422,293	41,673
Lakson Money Market Fund (associated undertaking) managed by Lakson Investment Limited	24,523	1707	(8,895)	17,335	1,732,938	1,743,304	10,366
Atlas Money Market Fund	1,712	142	-	1,854	931,566	933,850	2,284
ABL Cash Fund	-	10,020	-	10,020	101,869	101,947	78
ABL Islamic Cash Fund	-	52,662	(52,476)	186	1,597	1,863	266
NBP Money Market Fund (Formerly NAFA Money Market Fund) managed by NBP Funds Management Limited	11,585	972	-	12,557	123,911	124,120	209
	41,590	65,503	(61,371)	45,722	3,272,501	3,327,377	54,876

	Note	March 31, 2020 (unaudited)	June 30, 2019 (audited)
		(Rupees in '000)	
7. TRADE AND OTHER PAYABLES			
Trade creditors	7.1	1,198,669	802,825
Accrued liabilities	7.2	1,833,359	1,645,911
Bills payable		85,384	342,320
Advances from distributors - unsecured	7.3	116,797	63,864
Sales tax payable		643,642	205,186
Royalty payable to Colgate-Palmolive Co.,USA associated Company		262,687	271,522
Workers' profit participation fund		263,745	266,082
Workers' welfare fund		99,944	93,960
Staff retirement benefits		39,641	90,112
Retention money payable		10,983	7,514
Others	7.4	95,650	64,750
		4,650,501	3,854,046

7.1 These include Rs. 62.315 million (June 30,2019: Rs. 74.845 million) payable to related parties.

7.2 These include Rs. 64.347 million (June 30,2019: Rs. 51.665 million) payable to related parties.

7.3 These include Rs 2.436 million (June 30,2019: Rs. 2.700 million) in relation to advance from related parties.

7.4 These include Rs. 16.566 million (June 30,2019: Rs. 10.821 million) payable to related parties.

7.5 There has been no change in short term borrowing facilities from various banks on mark-up basis from those that are mentioned in note 23.1 of annual audited financial statements for the year ended June 30, 2019.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Certain cases have been filed against the Company by some employees claiming Rs 1.116 million (June 30,2019: Rs 2.380 million) in aggregate. Provision has not been made in these condensed interim financial statements for the said amount as the management of the Company,based on the advice of its legal counsel handling the subject cases, is of the opinion that matters shall be decided in the Company's favour.

8.1.2 In respect of the matter disclosed in note 24.1.4 to the Company's financial statements for the year ended June 30, 2019, Gas Infrastructure Development Cess (Amendment) Ordinance 2019 was promulgated during the period for settlement of disputed matter, however, the same was subsequently recalled by the government with request to the Supreme Court of Pakistan (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. Accordingly, the Company has filed intevener application the decision of which is reserved by the SCP.

The amount of cess if determined to be payable by SCP with restrospective effect i.e. w.e.f 2011 shall aggregate to Rs 169.404 million (June 30, 2019: Rs 150.725 million) approximately, however the Company, based on the advice of its legal counsel, is confident of a favourable outcome of the aforementioned applications to the SCP and, therefore, has not provided for the amount of Rs 169.404 million in these financial statement.

8.1.3 There has been no material change in the status of contingencies disclosed in notes 24.1.2, 24.1.3, 24.1.5 and 24.1.6 to the Company's financial statements for the year ended June 30,2019.

8.2 Commitments

8.2.1 Commitments in respect of capital expenditure and inventory items amount to Rs. 471.285 million and Rs. 1,766.430 million respectively (June 30,2019: Rs. 134.545 million and Rs. 431.622 million respectively).

8.2.2 Outstanding letters of credit amount to Rs. 2,032.063 million (June 30,2019: Rs.1,146.456 million)

8.2.3 Outstanding duties leviable on clearing of stocks amount to Rs. 17.566 million (June 30,2019: Rs. 22.812 million).

9. EARNINGS PER SHARE - basic and diluted

	Quarter ended March 31, 2020	Quarter ended March 31, 2019	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
	(Rupees in '000)			
Profit after taxation	1,322,474	895,240	3,622,703	2,599,161
	(Number of shares)			
Weighted average number of ordinary shares outstanding at the end of the period	57,545,915	57,545,915	57,545,915	57,545,915
	(Rupees)			
Earnings per share	22.98	15.56	62.95	45.17

9.1 There were no dilutive potential ordinary shares outstanding as at March 31, 2020 and 2019.

	Note	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
		(Rupees in '000)	
10. CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,913,640	3,694,787
Adjustment for non-cash and other items:			
Depreciation and amortisation expense		597,737	595,896
Gain on disposal of items of property, plant and equipment		(28,503)	(12,895)
Staff retirement gratuity		39,641	-
Property,plant and equipment written off	4.5	8,656	229
Stock-in-trade written off		3,409	-
Finance cost and bank charges		70,716	27,578
Profit on saving accounts and Term Deposit Receipts		(168,903)	(83,173)
Profit on treasury bills		(150,582)	(92,448)
Profit on PIBs		(17,849)	(29,546)
Profit on Sukuk certificates		(4,786)	(3,746)
Gain on disposal of short term investments		(49,926)	(155,161)
Working capital changes	10.1	(25,133)	(577,900)
		5,188,117	3,363,621
10.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(80,630)	(41,718)
Stock in trade		223,150	(712,490)
Trade debts		(844,370)	47,897
Loans and advances		(138,533)	(143,976)
Trade deposits and short term prepayments		(33,135)	(34,984)
Other receivables		872	734
		(872,646)	(884,537)
Increase in current liabilities:			
Trade and other payables		847,513	306,637
		(25,133)	(577,900)
11. CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,319,075	1,452,123
Short term investments - Amortised cost	6	1,500,000	499,707
		3,819,075	1,951,830

12. RELATED PARTIES

12.1 Disclosure of transactions and closing balances between the Company and related parties:

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

Nature of Transaction	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
	(Rupees in '000)	
Associated companies		
Sale of goods, services and reimbursement of expenses	54,296	35,027
Purchase of goods and services received and reimbursement of expenses	1,780,608	2,176,710
Purchase of short term investments	200,000	2,350,000
Profit on short term investments	52,039	10,109
Sale proceeds on redemption of short term investments	1,100,000	939,891
Purchase of property,plant and equipment	656	713
Rent, allied and other charges	16,288	27,270
Royalty charges	201,640	153,092
Insurance claims received	17,639	43,457
Insurance commission income	19,897	24,821
Donation	15,000	7,500
Dividend received on mutual funds	200,076	-
Dividend paid	1,012,196	1,678,559
Employee funds		
Contribution to staff retirement benefits	79,476	58,588
Key management personnel		
Compensation paid to Key management personnel	81,277	47,668

Nature of balances	March 31, 2020 (unaudited)	June 30, 2019 (audited)
	(Rupees in '000)	
Associated companies		
Trade debts	105	41
Loans and advances	62,579	1,582
Other receivable	28,707	2,030
Short term investments	2,165,597	2,843,494
Trade and other payables	Refer note 7	

13. ENTITY-WIDE INFORMATION

13.1 The Company operates as a single reportable segment, the principal classes of which are Personal Care, Home Care and Others.

13.2 Information about products

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

	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
Personal Care	26%	24%
Home Care	70%	69%
Others	4%	7%
	100%	100%

13.3 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.

13.4 Information about major customers

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

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 23 ,2020 by the Board of Directors of the Company.

Iqbal Ali Lakhani
Chairman/Director

Zulfiqar Ali Lakhani
Chief Executive

Mirza Rehan Ahmed
Chief Financial Officer

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