



ICI PAKISTAN LTD.

# Growth

is Fundamental to Life

Annual Report 2017-18







# Growth Is Fundamental to Life.

A manifestation of human ambition, progress and advancement, **growth** nurtures our drive to move forward.

In every facet of life, growth is a continuous process.  
And its cultivation is an enduring legacy.

That's why, at ICI Pakistan Limited, growth is a constant in everything we do. It's part of the ways and values of our Company, as well as the lives of those touched by what we produce on our ongoing quest to create a better, stronger, healthier world.

'Growth is Fundamental to Life', the theme of the ICI Pakistan Limited Annual Report 2017-18 is also the title of the Company's first ever corporate film. Released on June 25, 2018, this film encapsulates the story of ICI Pakistan Limited, and the Company's ongoing journey to create value across Pakistan and beyond.

To view our corporate film,  
visit the following links:

English: <https://goo.gl/sCLJ6A>

Urdu: <https://goo.gl/hnH89t>



# ICI Pakistan Limited at a Glance

## What we do

ICI Pakistan Limited is a dynamic, growing Pakistan-based manufacturing and trading company that provides essential products for a diverse range of applications in almost every industry in Pakistan.

Currently the primary Businesses include Soda Ash, Polyester, Life Sciences and Chemicals & Agri Sciences. In addition, ICI Pakistan Limited has a growing footprint in the infant formula business in partnership with Morinaga Milk Industry Company Limited (Morinaga) of Japan, and Unibrands (Private) Limited (Unibrands).

Our products include: soda ash, polyester staple fibre (PSF), toll-manufactured pharmaceuticals, nutraceuticals, animal health products, general and specialty chemicals, and agricultural products (including chemicals, field crop seeds, vegetable seeds and more). In the infant formula category, our Company has a management stake in NutriCo Pakistan (Private) Limited, which manages the import, marketing and distribution of select Morinaga products in Pakistan. Through an incorporated subsidiary, NutriCo Morinaga (Private) Limited, our Company is also set to manufacture Morinaga infant formula products at a state-of-the-art manufacturing facility in Sheikhpura.

## Growth and Expansion

The Company's presence in the infant milk formula segment continued to grow in 2017-18. Through our majority owned subsidiary NutriCo Morinaga (Private) Limited, our Company, alongside its joint-venture (JV) partners Morinaga Milk Industry Company Limited and Unibrands (Pvt) Ltd., commenced construction of the NutriCo Morinaga infant formula manufacturing facility in Sheikhpura. This development marks an exciting new chapter in the joint venture partnership between ICI Pakistan Limited, Morinaga and Unibrands.

Our Company's growth ambitions are further demonstrated by expansion and commitment to venture into new avenues. During the year, ICI Pakistan Limited completed the acquisition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited, further enhancing both the product portfolio and manufacturing capability of the Life Sciences Business.

We also continue to create enduring value by expanding our existing facilities. In the Soda Ash Business, a 75,000 tons per annum (TPA) capacity expansion was successfully commissioned in 2017-18 at the Soda Ash plant in Khewra. This is Phase 1 of the planned 150,000 TPA capacity expansion project. As a result of this first phase of expansion, the plant's capacity now stands at 425,000 TPA.

The Chemicals & Agri Sciences Business commenced construction of a facility to manufacture Masterbatch; this is progressing as per plan. The Business also unveiled a state-of-the-art Chemicals Technical Centre, to offer enhanced technical services to customers.

## Ownership / About YBG

A Company with a rich history, the existence of ICI Pakistan Limited pre-dates the formation of Pakistan itself. In December 2012, when Lucky Holdings Limited acquired the shareholding of ICI Omicron B.V., ICI Pakistan Limited became part of the Yunus Brothers Group (YBG), and a proudly national company.

Established in 1962, YBG is one of the fastest-growing and most progressive Pakistani conglomerates with a wide portfolio of businesses including, but not limited to: cement, textiles, power generation and commodity trading.

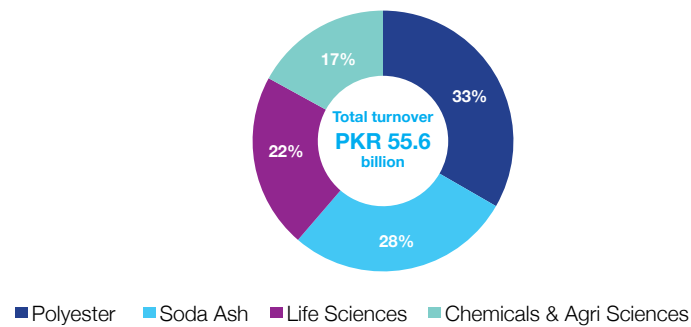
## People and Locations

A public limited company employing over 1,600 people, ICI Pakistan Limited continues to rise as an employer of choice. In 2017-18, our commitment to our people was recognised through the Gallup Great Workplace Award, which places our organisation amongst the top 39 world-class workplaces in Gallup's database. Our year-on-year increase in the Company's employee engagement levels, measured through Gallup's renowned Q12 employee engagement survey under our 'IMPOWER' programme, also highlights our culture of engagement.

ICI Pakistan Limited operates across Pakistan, with several key manufacturing facilities in Sindh, Punjab and KPK province, as well as extensive sales and distribution networks spread across the country. We remain focussed on our overarching promise, Cultivating Growth, in everything that we do, to continually create greater value for our customers, shareholders, partners and communities.



## Total Turnover by Business



## Industries Served

### Polyester

Textiles

### Soda Ash

Textiles  
Footwear  
Oil/Petroleum  
Food and Beverage  
Personal Care  
Pharmaceuticals  
Chemical Processing/Resins  
Plastics/Rubber/Tanneries  
Detergents/Laundry Soaps  
Paper/Ceramics/Glass  
Livestock and Poultry

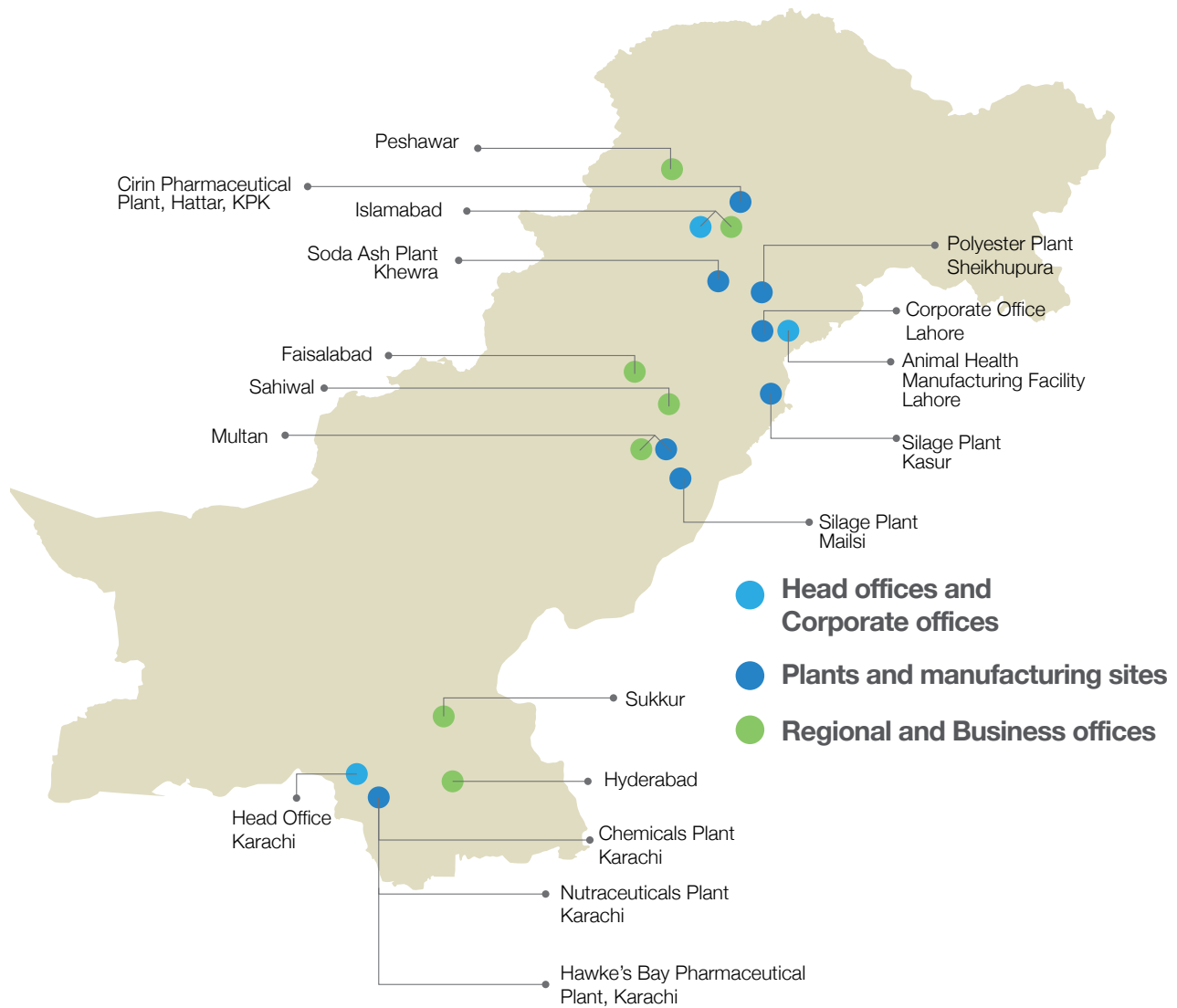
### Life Sciences

Pharmaceuticals  
Nutraceuticals  
Animal Health

### Chemicals & Agri Sciences

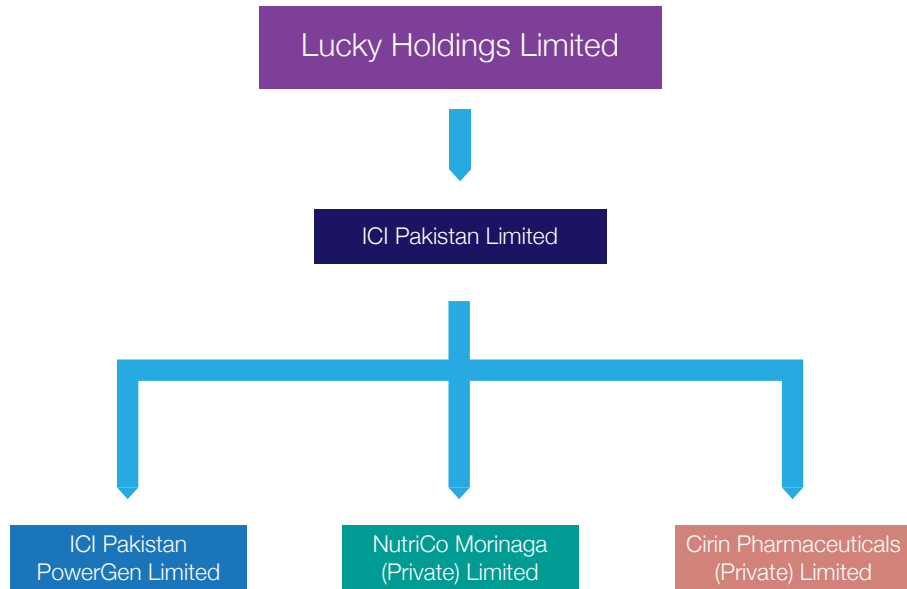
Textiles	Chemical Processing/Resins
Paints	Plastics/Rubber/Tanneries
Appliances	Crops
Construction	Coatings/Inks
Automobile	Detergents/Laundry Soaps
Footwear	Surgical
Edible Oil	Fertilisers
Oil/Petroleum	Furniture and Mattresses
Food and Beverage	Sporting Goods
Personal Care	Dairy
Metal Cleaning/Engineering	Hotels, Restaurants and Cafes
Agro Chemicals	Sugar
Pharmaceuticals	Glass and Ceramics
Cement	Agriculture

## Geographical Locations

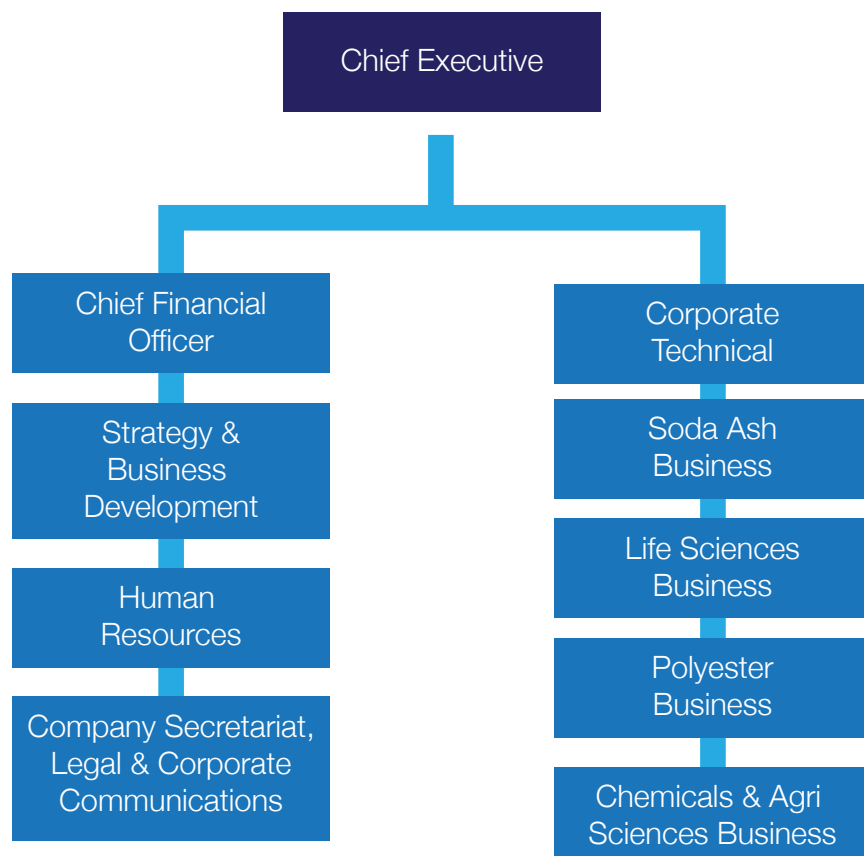




## Group Structure



## Organisational Structure



# Key Performance Indicators

## Statement of income

<b>19%</b> Net turnover	In PKR million
	2016-17 41,364
	<b>2017-18 49,108</b>

<b>9%</b> Operating result	In PKR million
	2016-17 4,044
	<b>2017-18 4,398</b>

<b>-17%</b> Profit before tax	In PKR million
	2016-17 4,394
	<b>2017-18 3,650</b>

<b>-7%</b> Profit after tax	In PKR million
	2016-17 3,296
	<b>2017-18 3,060</b>

<b>9%</b> EBITDA	In PKR million
	2016-17 6,267
	<b>2017-18 6,819</b>

<b>-8%</b> EBITDA margin	% of Net Turnover
	2016-17 15.15
	<b>2017-18 13.89</b>

<b>-7%</b> Earnings per share	In PKR
	2016-17 35.69
	<b>2017-18 33.13</b>

## Ratios

<b>7%</b> Equity	In PKR million
	2016-17 16,928
	<b>2017-18 18,081</b>

<b>-21%</b> Price earning	In times
	2016-17 30.67
	<b>2017-18 24.19</b>

<b>-11%</b> Return on capital employed	In %
	2016-17 17.45
	<b>2017-18 15.52</b>

<b>-1%</b> Return on fixed assets	% of revenue
	2016-17 20.60
	<b>2017-18 20.45</b>

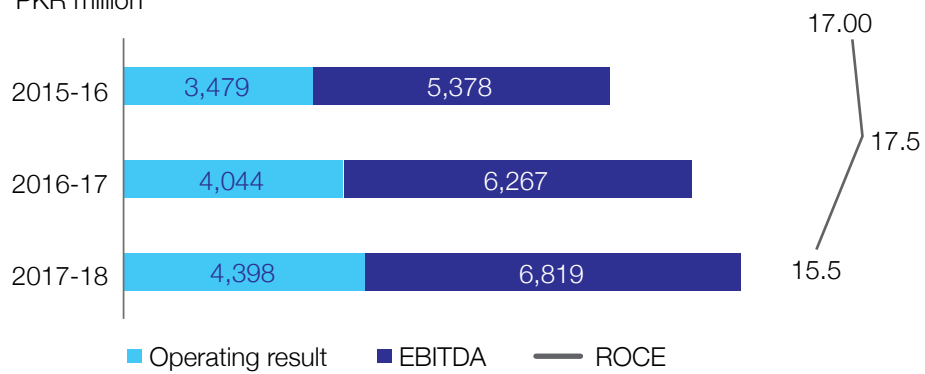
<b>-9%</b> Operating result per employee	In PKR million
	2016-17 2.92
	<b>2017-18 2.64</b>

<b>-9%</b> Capital expenditures	In PKR million
	2016-17 4,800
	<b>2017-18 4,347</b>



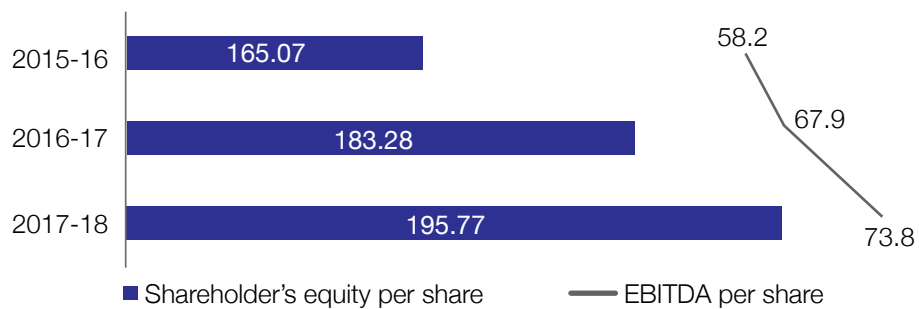
### Operating result and EBITDA

PKR million



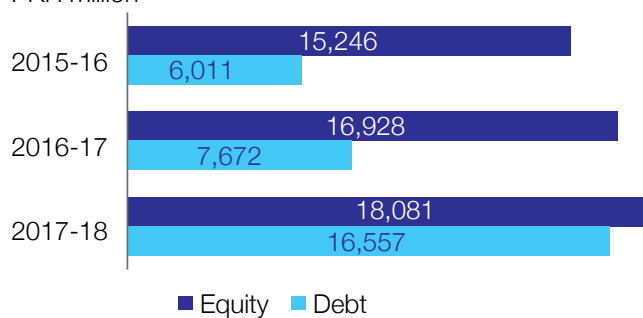
### Shareholder's equity and EBITDA per share

In PKR



### Net debt and equity

PKR million



# Contents

## Overview & Strategy

Our Vision	10
Our Values	11
Our Code of Conduct	14
Sustainability Guiding Principle	15
Review of the Chairman	16
Message from the Chief Executive	18
Financial Statements at a Glance	20
Financial Highlights	22
Operating & Financial Highlights	26
Six Year Analysis	28
SWOT Analysis	31
Vertical & Horizontal Analysis	32
Quarterly Analysis	36
DuPont Analysis	38
Share Price Sensitivity Analysis	39
Year in Review	40
Awards & Achievements	43
Human Resources	44
Information Technology	48
Health, Safety, Environment and Security (HSE&S)	50
Community Investment	55

## Governance & Compliance

Corporate Governance & Compliance	60
Risk Management	64
Board and Management Committees	68
Company Information	69
Our Board of Directors	70
Our Executive Management Team	74
Report of the Directors	76
Statement of Compliance	89
Review Report	91



## Business Performance

Soda Ash	94
Life Sciences	98
Chemicals & Agri Sciences	106
Polyester	112

## Sustainability Performance

Message from the CE	120
Sustainability Performance 2017-18 at a Glance	121
Sustainability Strategy and Sustainability Council	122
About the Report	124
Materiality Assessment	125
Stakeholder Engagement	127
Economic Performance	132
Environmental Performance	137
Social Performance	147
GRI Content Index	156
SDGs Index	166
Assurance Statement	168

## Financial Performance

ICI Pakistan Financial Statements	F01
Pattern of Shareholding	F56
Notice of Meeting	F59
Form of Proxy	F63
ICI Pakistan Consolidated Financial Statements	F65
Glossary	F120
Admission Slip	F121
Form of Proxy (Urdu)	
Mandate Letter	
Additional Disclosures Annexure	A01

# Our Vision

As the partner of choice, we aspire to build our local and international footprint through sustainable growth and by creating value for all our stakeholders.

# Our Values

We live by our values. In the changing, expanding world of ICI Pakistan Limited, our values remain an enduring constant. They are what define us.

## **Customer Centricity**

We are committed to the success of our customers and their needs are at the centre of our universe - we exist because of them.

## **Integrity & Responsibility**

Ethical and responsible behaviour is our license to operate. Uncompromising integrity in all our dealings is the backbone of our DNA. We have a zero tolerance policy to violations of our Code and beliefs.

## **Innovation**

To be responsive to the challenges of change and to new and existing opportunities, we need to constantly come up with better, smarter and simpler solutions.

## **Passion for People**

Our success is based on the multiplier effect of our people. Our Passion for People drives us to harness their energies, cultivate and nurture their talent, manage their well-being and, most importantly, create a learning environment conducive for development and growth.

## **Delivering Enduring Value**

Delivering sustained growth and enduring value to benefit our shareholders, employees, suppliers, customers and the communities in which we operate.

## Overview & Strategy

# Driven by a Vision

And that vision is to serve. To be the trusted partner that our customers turn to. To improve the lives of people that engage with us in every way.

This vision, and the promise of Cultivating Growth, is what drives us, day in and day out, in the pursuit of our strategic objectives. It's the purpose that we hold fast to.

This section highlights our strategic priorities, provides an overview of our key performance areas, and features the Chairman and Chief Executive's messages.







# Our Code of Conduct

At ICI Pakistan Limited, we have always believed in adhering to the highest ethical standards while doing business. The ICI Pakistan Limited Code of Conduct encompasses our business principles and the ethical standards we hold ourselves to. It is our guide at every step of the way.

## A brief overview of the Code

### Business Principles

Each employee should implement our core values, comply with and observe applicable laws, support fundamental human rights and give due regard to health, safety and the environment.

### Business Integrity

- Bribery and any other form of unethical business practices are prohibited
- We promote free enterprise and require strict compliance with competition laws
- As responsible corporate citizens, we encourage participation in community activities and take all measures for the safety and health of our employees as well as for the protection of the environment
- Employees are expected to maintain confidentiality, act in the Company's interests at all times, and also observe applicable laws, support fundamental human rights and give due regard to health, safety and the environment

### Company Responsibilities

The Code encourages us to:

- Adopt the spirit of open communication
- Provide equal opportunities and a healthy, safe and secure environment

- Ensure the rights of employees to join unions/ associations
- Protect personal data of employees
- Engage in an active performance and development dialogue

### Employee Responsibilities

The Code provides employees guidance on their responsibilities vis-a-vis:

- Media relations and disclosures
- Inside information
- Corporate identity
- Protecting our intellectual property
- Internet use
- Business travel policy
- Prohibition on substance abuse

# Sustainability

## **Guiding Principle**

We are committed to reducing the environmental impact on our planet by delivering more sustainable products and solutions to our customers. We can achieve this only if sustainability is at the heart of everything we do, integrated in all areas of our operations – for the benefit of our customers, shareholders, employees and, in fact, the world around us.

# Review of the Chairman

## Dear Stakeholders,

2017-18 has been a prosperous year for ICI Pakistan Limited on multiple fronts. It is my honour to announce that ICI Pakistan Limited continues to deliver strong business growth that spells out its commendable performance in every aspect. With progress and significant development, we are truly better positioned for the long term. I would like to express gratitude to our stakeholders for their continued support and encouragement, and place on record the appreciation for the valuable services rendered by the employees of the Company.

## Five Year Milestone

We celebrated a milestone this year, as our growth escalated since the acquisition of ICI Pakistan Limited by the Yunus Brothers Group (YBG). Reaching this pivotal point is of great importance to everyone at YBG, as we have all been thrilled about ICI Pakistan Limited's corporate brand equity and future growth potential. In five years, ICI Pakistan Limited has committed investments that have significantly increased the Company's footprint and shareholder value.

Today, looking back, we are humbled by all the lives we have touched, the growth aspirations we have lived up to, and the challenges we have met and overcome.

## 2017-18 Performance

Reviewing the performance this year, our sales revenue recorded growth across all of our Businesses. Similarly, our operating profit also recorded a 10% increase in comparison to the same period last year (SPLY), with improved performances in the Polyester and Life Sciences Businesses, which offset the lower results in our Agri Sciences Division (housed within our Chemicals & Agri Sciences Business). The better performance in the Soda Ash Business was impacted by a number of factors, such as the increased depreciation charge due to the capitalisation of the Business's 75,000 tons per annum (TPA) expansion project, and rupee devaluation; a phenomenon which posed a considerable challenge to the country's economy.

## Acquisitions, Expansions and New Beginnings

In addition to our improved results, which are presented in greater detail in the Report of the Directors, I would also like to highlight a number of key developments that took place during the year under review. ICI Pakistan Limited successfully completed the acquisition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited, as well as Cirin Pharmaceuticals (Pvt.) Limited, further enhancing the product portfolio and manufacturing capability of the Life Sciences Business. Work on the construction of the Masterbatch manufacturing facility for the Chemicals & Agri Sciences Business is progressing as per plan. A state-of-the-art Chemicals Technical Centre was completed during the year allowing the Company to offer enhanced technical services to its customers.

The Soda Ash Business's manufacturing facility was augmented by the safe and successful commissioning of the 75,000 TPA capacity expansion project, further enhancing the Business's relative market share.

I am also pleased to report that your Company along with its JV partners, Morinaga Milk Industry Company Limited Japan and Unibrands (Pvt) Limited, commenced construction of the NutriCo Morinaga (Private) Limited infant formula manufacturing facility in Sheikhpura. The prospects for growth and development of this venture are extremely promising, and mark a new chapter in an established and fruitful partnership with both, Morinaga Milk Industry Company Limited, and Unibrands (Pvt) Limited, which will provide hygienic and safe infant formula to the children of Pakistan.

## Outlook

Looking ahead, our objective is very clear: balanced top and bottom-line growth. The Company aims to enhance its competitive position by extending manufacturing capabilities, strengthening research and development by leveraging its global expertise, further expanding market presence, and delivering growth through an inclusive business model.





We will continue to operate sustainably, with sincerity and commitment, and through the ICI Pakistan Foundation, continue to maintain a strong focus on investing in our communities and the environment. In addition, our HSE&S principles continue to focus on achieving optimal standards of health and safety. While several external factors do indicate the likelihood of increased uncertainty, I am positive that we are well equipped to face and overcome any challenge and capitalise on any opportunity that may arise.

In conclusion, I would like to thank all of ICI Pakistan Limited's

employees, partners and stakeholders for their commitment, contribution and dedication.

Regards

Muhammad Sohail Tabba  
Chairman  
ICI Pakistan Limited

# Message from the Chief Executive

## Dear Stakeholders,

It is my pleasure to share with you an overview of another successful and eventful year at ICI Pakistan Limited. In the past twelve months, we have achieved much in terms of key developments, expansions, and new ventures.

However, before we look ahead, we must take a moment to reflect on a significant milestone marked during 2017-18 – the completion of five years since the acquisition of ICI Pakistan Limited by the Yunus Brothers Group (YBG). This milestone marks five years of exponential growth, sustainable development, and countless opportunities transformed into business success. I wish to thank the Board of Directors of ICI Pakistan Limited, and our stakeholders, customers and partners for their continued trust and confidence in the Company. I also thank the entire ICI Pakistan Limited family; our people remain our greatest strength, and their commitment and drive for results has enabled your Company to achieve its multiple successes.

While we've already come a long way in the short span of five years, we know that there is much that lies ahead. Growth and consolidation is the way forward. As is our core belief, that growth is fundamental to every aspect of life itself, which is the message at the heart of this year's Annual and Sustainability Report. It is also the theme of our Company's first corporate film, which tells the story of ICI Pakistan Limited – who we are, our journey and our aspirations as we work towards growth in every sense; for our Businesses, our stakeholders, customers and partners, our people and our communities.

During 2017-18, we achieved robust performance across all Businesses. Our Company's Profit after Tax (PAT) on a consolidated basis was PKR 3,298 million, while operating profit for the year at PKR 4, 602 million was 10% higher than the SPPLY.

The Polyester Business achieved strong performance due to increased demand, quality and efficiency improvement initiatives and higher prices across the petrochemical chain. The Business also continues to innovate its product offering with specialised variants in the pipeline and by successfully entering new markets through the export of Black Fibre.

The Soda Ash Business achieved its highest sales in a fiscal year to date, in addition to a milestone capacity expansion of 75,000 tons per annum (TPA), which was successfully commissioned during the year. The total capacity of our Soda Ash plant now stands at 425,000 TPA, with plans for future expansion in place. The capacity expansion has allowed the Business to increase sales to the domestic industry, whilst also focussing on making inroads in the export market.

The Life Sciences Business achieved robust growth over the previous year, driven by business expansion, improved commercial execution, and new partnerships. The Business successfully concluded the acquisition of selected brands and assets from Wyeth Pakistan Limited and Pfizer Pakistan Limited, including the transfer of the Drug Manufacturing License (DML) for a pharmaceutical manufacturing facility based in Hawke's Bay, Karachi. This acquisition has enhanced both, the Business's product portfolio and its manufacturing capability.

The Life Sciences and Chemicals Businesses also smoothly executed a restructuring process, with the Agri Division (formerly of the Life Sciences Business) being housed within the renamed Chemicals & Agri Sciences Business for greater synergy and focus.

Improved performance in the Chemicals & Agri Sciences Business was driven by the three Chemicals Divisions of the Business (General Chemicals, Polyurethanes and Specialty Chemicals), while the Agri Sciences Division continued to focus on key business and operational efficiencies. In April 2018, the Business inaugurated the world-class Chemicals Technical Centre, which allows us to offer enhanced technical services to customers.

In other major developments, construction of a facility to manufacture Masterbatch is progressing rapidly at the Company's West Wharf premises in Karachi; the facility is set to enhance the product portfolio of the Chemicals & Agri Sciences Business.

Finally, the construction of a state-of-the-art facility to manufacture Morinaga infant formula products has begun in Sheikhpura following a groundbreaking ceremony during the year. This marks an exciting new chapter in the joint venture partnership between ICI Pakistan Limited, Morinaga Milk Industry Company Limited, and Unibrands (Pvt) Limited.

Sustaining the level of growth and expansion we have achieved requires tremendous commitment from every single team member. I am pleased to share that this commitment is reflected in two notable achievements in 2017-18. We surpassed our targets to achieve outstanding scores in this year's employee engagement survey; further, we were awarded the 2018 Gallup Great Workplace Award, a global award that places our Company amongst the ranks of the most distinguished workplaces. We continue to build upon these successes with new initiatives to enable growth and development for our people across the board.

Our focus on health, safety, environment and security remains strong. I urge you to read our Sustainability Report 2017-18, which further details our aspirations to improve safety across



our operations, as well as sharing our progress on important sustainability parameters. Our continued focus on giving back to our communities saw us launch the Pehchan Volunteer Programme, a first-of-its-kind structured employee volunteer programme which will help employees live our culture and values more fully.

Moving into 2018-19, ICI Pakistan Limited has set the stage for ongoing growth, development and value creation. With encouraging results and a bright future outlook, we are reminded that our brand promise of Cultivating Growth knows no bounds. Along with my entire

team, I look forward to delivering on another successful year ahead.

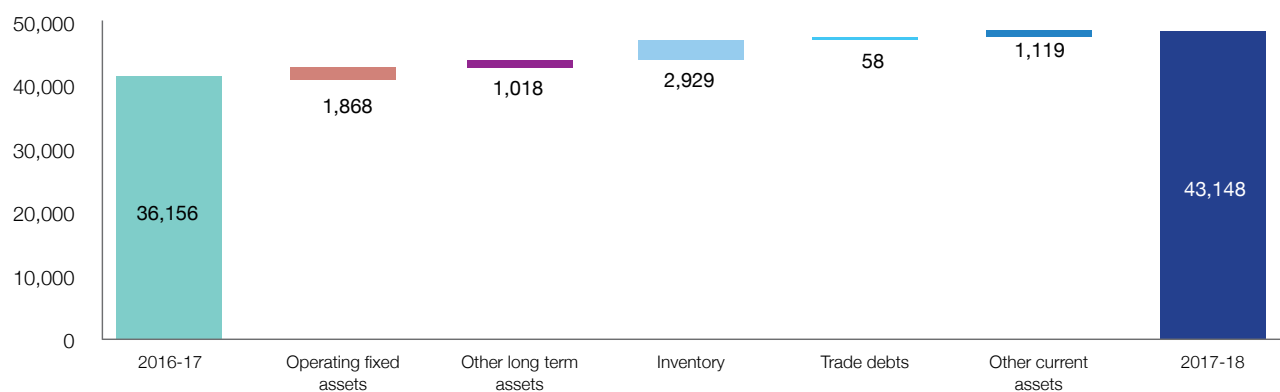
Warm Regards,

Asif Jooma,  
Chief Executive  
ICI Pakistan Limited

# Financial Statements at a Glance

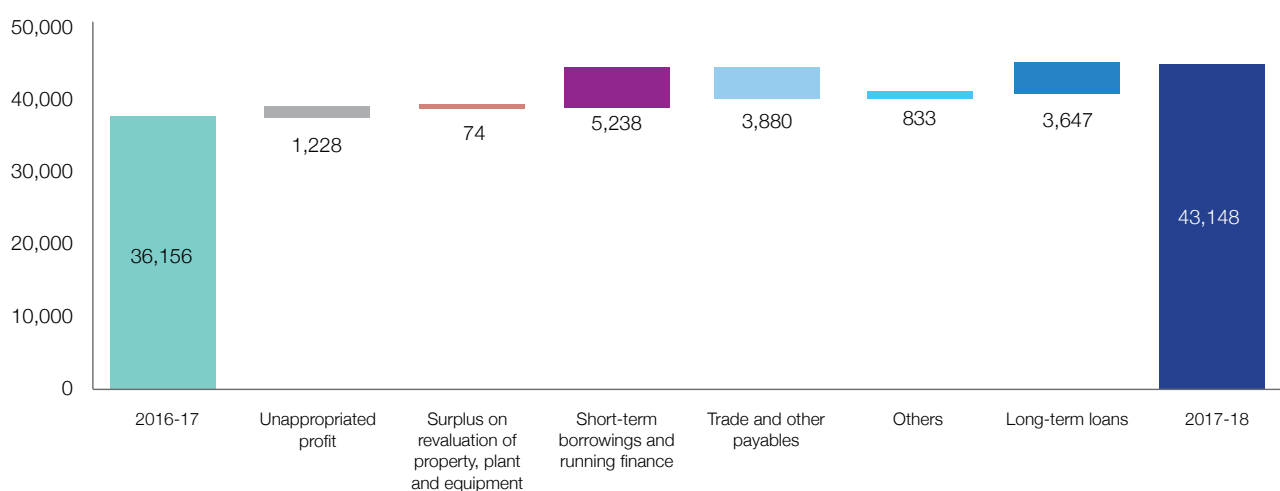
## Assets

PKR million



## Equity and Liabilities

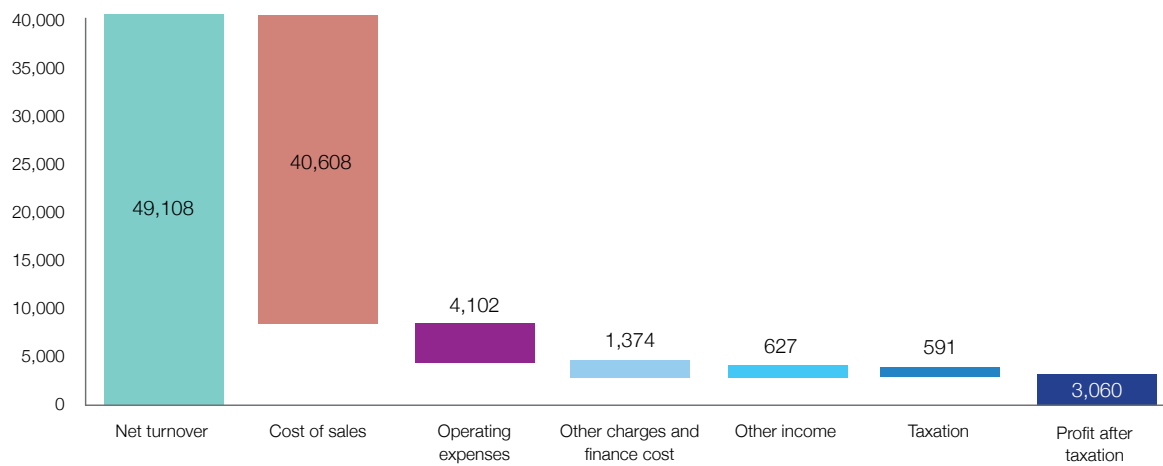
PKR million





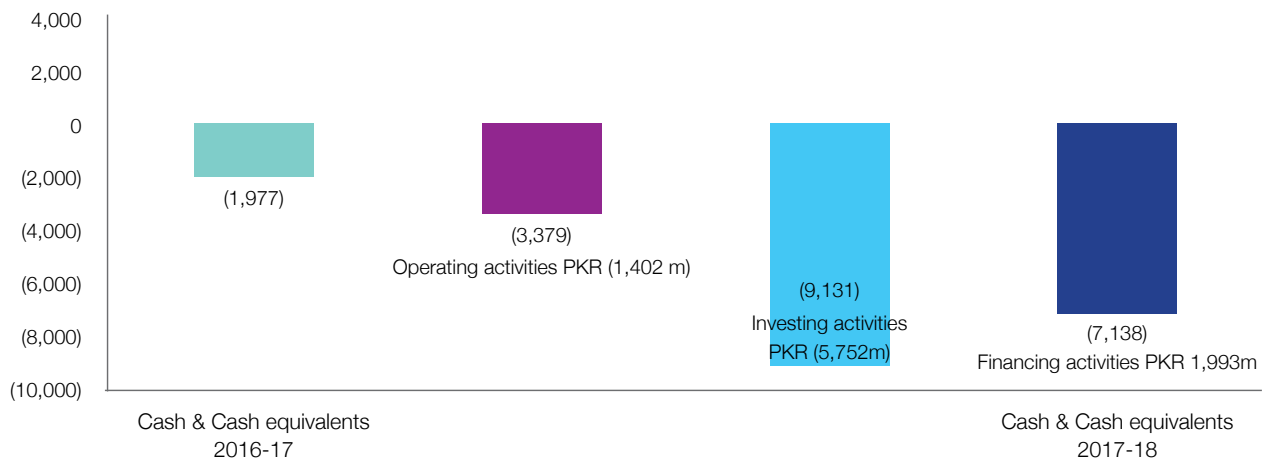
### Statement of Profit or Loss

PKR million



### Cash flow

PKR million



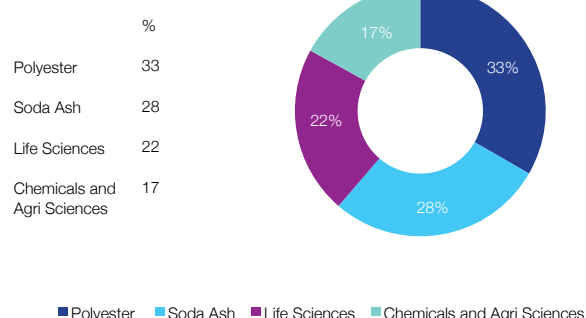
# Financial Highlights

## Our results compared to the same period last year at a glance

- 2017-18 turnover up by 17%
- 2017-18 gross profit up by 9%
- 2017-18 profit after taxation down by 7%
- 2017-18 earnings per share: PKR 33.13 (June 30, 2017: PKR 35.69)

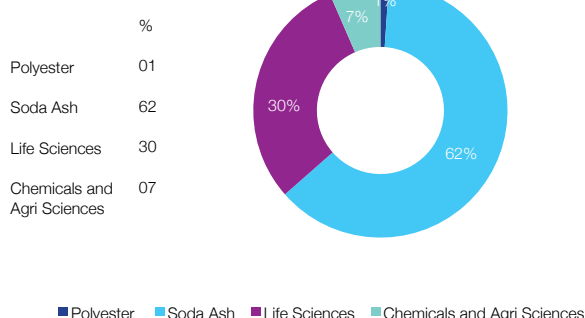
### Total turnover by Business

Total turnover PKR 55.6 billion



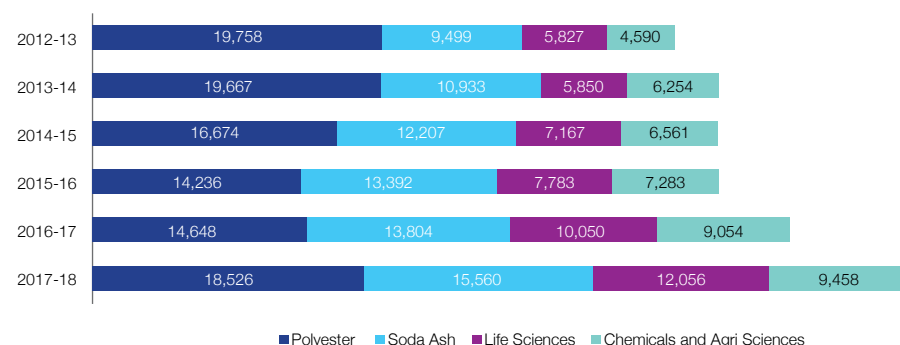
### Operating result by Business

Total operating result PKR 4.4 billion



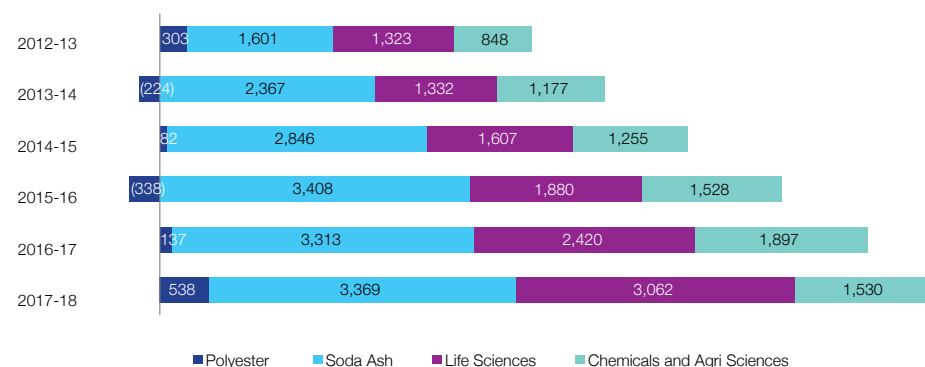
### Turnover

PKR million



### Gross profit

PKR million

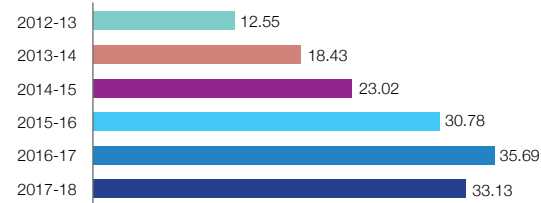


2012-13 numbers have been restated due to IAS 19 revision

Year 2012-13 is based on twelve months performance for a meaningful comparison

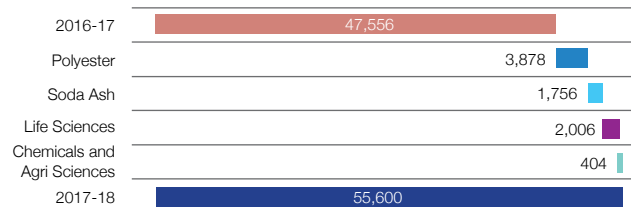
## Earnings per share

PKR



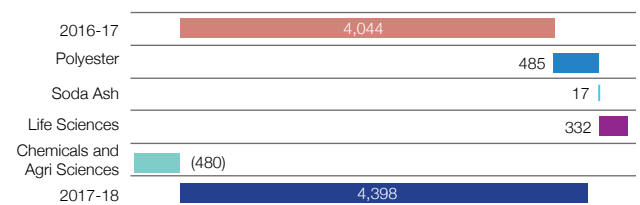
## Revenue development (Business-wise)

PKR million



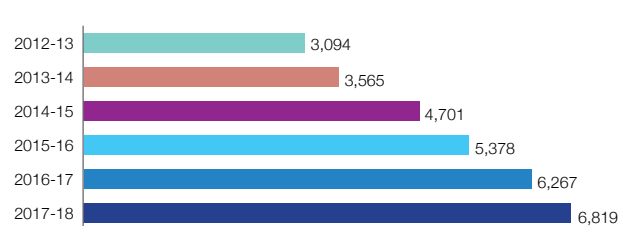
## Operating result development (Business-wise)

PKR million



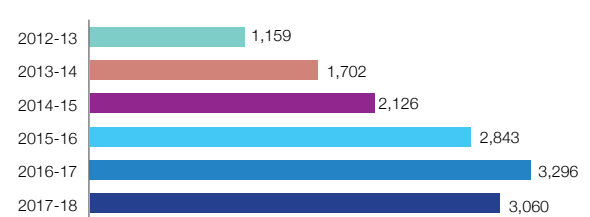
## EBITDA

PKR million



## Profit after taxation

PKR million

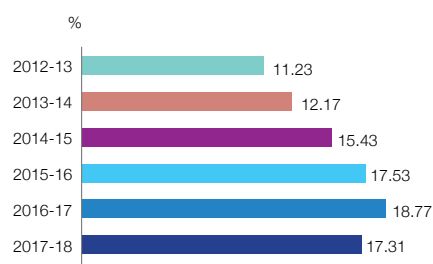


2012-13 numbers have been restated due to IAS 19 revision

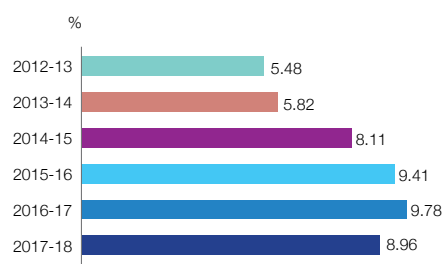
Year 2012-13 is based on twelve months performance for a meaningful comparison

## Profitability ratios

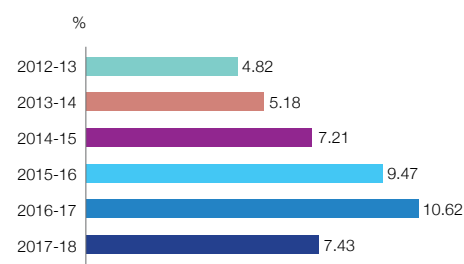
### Gross margin



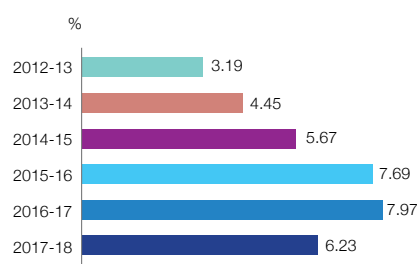
### Operating result margin



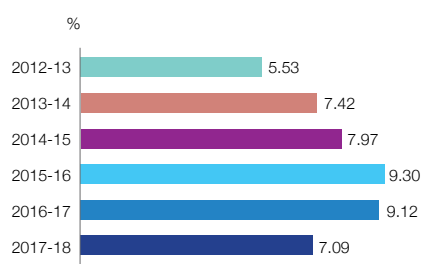
### Profit before taxation margin



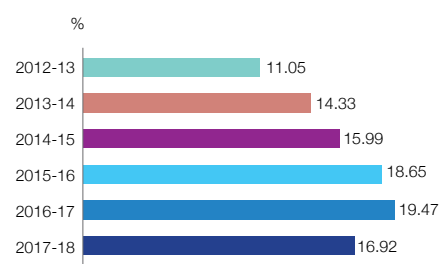
### Profit after taxation margin



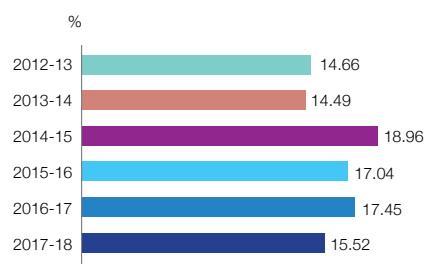
### Return on assets



### Return on equity



### Return on capital employed



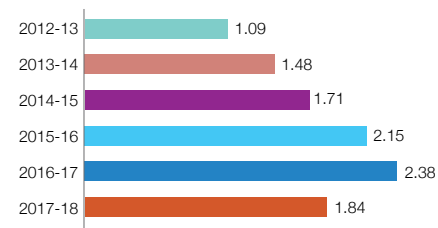
### Revenue per employee

(PKR million)



### Net income per employee

(PKR million)



2012-13 numbers have been restated due to IAS 19 revision

Year 2012-13 is based on twelve months performance for a meaningful comparison

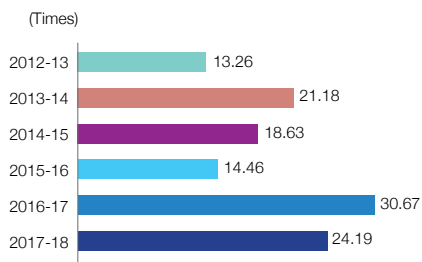
\* Operating cost includes cost of sales, selling, distribution, administration and general expenses



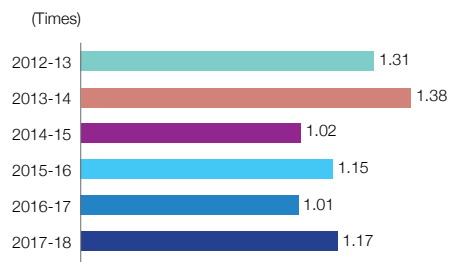
## Liquidity and other ratios

## Efficiency ratios

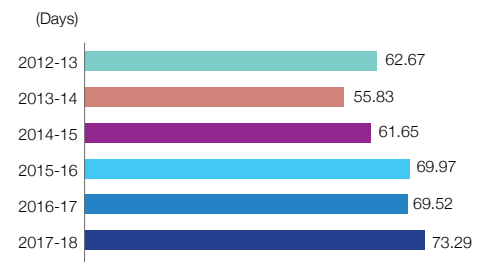
### Price earning ratio



### Current ratio

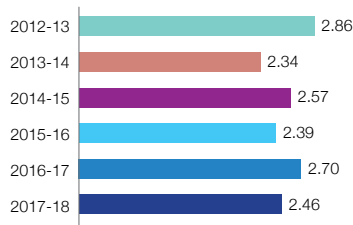


### Inventory days

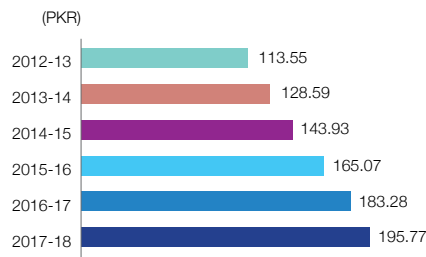


## Cost ratios

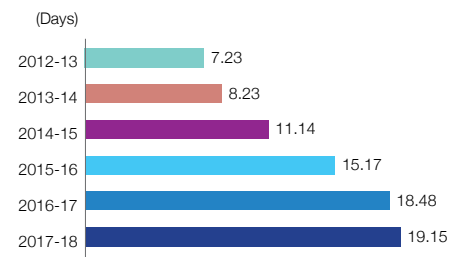
### Administration cost as % of net turnover



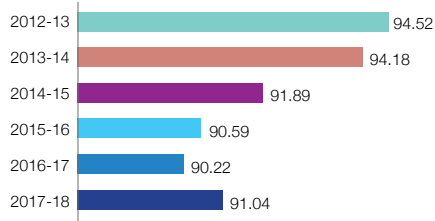
### Stockholder's equity per common share



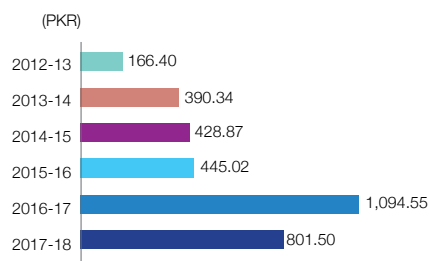
### Debtor days



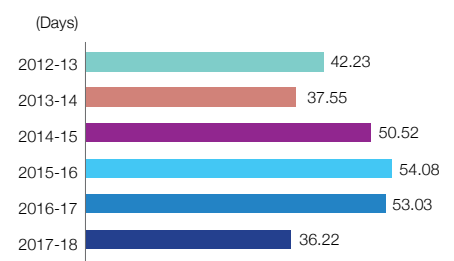
### Operating cost as % of net turnover\*



### Market value per share



### Creditor days



2012-13 numbers have been restated due to IAS 19 revision

Year 2012-13 is based on twelve months performance for a meaningful comparison

\* Operating cost includes cost of sales, selling, distribution, administration and general expenses

# Operating & Financial Highlights

		January to December				July to June					
Ratios		2009	2010	2011	2012	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
			Restated	Restated	Restated						
Profitability Ratios											
Gross margin	%	19.96	19.03	12.97	11.51	11.23	12.17	15.43	17.53	18.77	17.31
Gross profit turnover	%	17.52	16.91	12.01	10.56	10.28	10.89	13.59	15.18	16.33	15.29
Operating result margin	%	10.65	10.57	6.70	4.68	5.48	5.82	8.11	9.41	9.78	8.96
Profit after tax margin	%	7.19	6.91	4.31	2.81	3.19	4.45	5.67	7.69	7.97	6.23
Profit markup	%	24.94	23.51	14.90	13.01	12.66	13.85	18.25	21.26	23.11	20.93
Profit before taxation margin	%	10.81	10.62	6.46	4.31	4.82	5.18	7.21	9.47	10.62	7.43
Return on equity	%	14.19	15.72	15.48	9.97	11.05	14.33	15.99	18.65	19.47	16.92
Return on capital employed	%	19.38	22.43	21.18	14.30	14.66	14.49	18.96	17.04	17.45	15.52
Return on assets	%	9.54	11.02	7.47	4.70	5.53	7.42	7.97	9.30	9.12	7.09
Return on fixed assets	%	32.82	40.91	28.55	15.99	18.75	19.00	21.34	20.39	20.60	20.45
Growth Ratios											
Net turnover	%	2.27	23.57	1.10	(2.35)	5.83	5.42	(1.88)	(1.50)	11.93	18.72
Operating results	%	(0.81)	22.62	(35.94)	(31.69)	(5.07)	12.04	36.76	14.28	16.24	8.76
EBITDA	%	1.04	19.45	(28.89)	(18.38)	1.82	15.20	31.89	14.39	16.54	8.80
Profit after taxation	%	9.77	18.78	(36.95)	(36.42)	(9.35)	46.91	24.88	33.75	15.93	(7.17)
Efficiency Ratios											
Asset turnover	Times	1.33	1.59	1.73	1.67	1.73	1.67	1.41	1.21	1.14	1.14
Fixed asset turnover	Times	3.08	3.87	4.26	3.41	3.42	3.26	2.63	2.17	2.11	2.28
Inventory turnover	Times	6.08	6.71	7.15	5.18	6.27	6.53	5.69	4.99	5.02	4.22
Current asset turnover	Times	2.56	2.96	3.13	3.53	3.77	3.66	3.47	3.16	3.14	2.84
Capital employed turnover	Times	2.07	2.39	3.41	3.33	2.92	2.78	2.65	2.09	2.05	1.96
Operating working capital turnover	Times	121.06	35.56	(10.90)	26.59	12.24	19.88	20.74	16.99	14.65	5.76
Debtor turnover ratio	Days	11.08	8.90	5.91	4.88	7.23	8.23	11.14	15.17	18.48	19.15
Creditor turnover ratio	Days	41.00	40.06	37.17	46.87	42.23	37.55	50.52	54.08	53.03	36.32
Inventory turnover ratio	Days	58.00	51.19	50.53	60.93	62.67	55.83	61.65	69.97	69.52	73.29
Operating cycle	Days	28.08	20.03	19.28	18.94	27.66	26.51	22.27	31.05	34.96	56.12
Revenue per employee	PKR'000	21,852	26,878	32,025	31,644	34,022	33,160	30,206	27,890	29,844	29,530
Net income per employee	PKR'000	1,572	1,858	1,381	888	1,086	1,476	1,712	2,146	2,378	1,840

Dividend includes both approved and recommended during the year

2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision

Years 2011 onwards exclude the effect of Paints business due to demerger

Year 2012-13 is based on twelve months performance for a meaningful comparison

Interest cover and finance costs (% of net turnover) is zero in 2009, 2010 and 2011 due to net interest income

Ratios		January to December				July to June					
		2009	2010	2011	2012	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
				Restated	Restated	Restated					
<b>Cost Ratios</b>											
Operating costs (% of net turnover)	%	89.35	89.43	93.30	95.32	94.52	94.18	91.89	90.59	90.22	91.04
Administration costs (% of net turnover)	%	4.14	3.70	3.42	3.75	2.86	2.34	2.57	2.39	2.70	2.46
Selling costs (% of net turnover)	%	5.17	4.77	2.85	3.08	2.90	4.00	4.75	5.73	6.30	5.89
Finance costs (% of net turnover)*	%	-	-	-	0.36	0.76	1.01	1.07	1.03	0.93	1.32
<b>Equity Ratios</b>											
Price earnings ratio	Times	11.44	8.24	9.08	16.49	13.26	21.18	18.63	14.46	30.67	24.19
Earnings per share	PKR	14.73	17.50	13.25	10.54	12.55	18.43	23.02	30.78	35.69	33.13
Dividend per share	PKR	8.00	17.50	9.00	5.50	2.00	8.00	11.50	15.50	18.00	16.50
Dividend cover	Times	1.84	1.00	1.47	1.92	6.27	2.30	2.00	1.99	1.98	2.01
Dividend yield	%	6.07	12.53	6.13	3.63	1.24	3.05	2.45	3.31	2.00	1.93
Dividend payout	%	54.31	100.00	81.57	52.17	15.94	43.41	49.97	50.35	50.44	49.81
Market value per share at the end of year	PKR	168.49	144.24	120.27	173.89	166.40	390.34	428.87	445.02	1,094.55	801.50
Market value per share at the start of year	PKR	68.71	168.49	144.24	120.27	129.85	166.40	390.34	428.87	445.02	1,094.55
Highest market value per share	PKR	197.54	186.37	170.34	180.01	185.67	395.71	597.56	566.94	1,219.70	1,092.63
Lowest market value per share	PKR	51.07	110.25	112.00	119.81	135.37	160.99	366.39	410.00	447.92	735.93
Break-up value per share with surplus on revaluation	PKR	103.85	111.35	85.58	105.73	113.55	128.59	143.93	165.07	183.28	195.77
Cost of debt at year end	%	-	-	-	10.45	10.17	9.49	7.16	5.67	5.56	5.97
<b>Liquidity Ratios</b>											
Current ratio	Ratio	1.92:1	2.17:1	1.22:1	1.05:1	1.31:1	1.38:1	1.02:1	1.15:1	1.01:1	1.17:1
Quick ratio / Acid test ratio	Ratio	1.27:1	1.39:1	0.76:1	0.42:1	0.61:1	0.70:1	0.49:1	0.55:1	0.50:1	0.52:1
Cash ratio	Ratio	0.77:1	0.85:1	0.50:1	0.09:1	0.10:1	0.11:1	0.01:1	0.01:1	0.01:1	0.01:1
<b>Leverage Ratios</b>											
Debt to equity	%	-	-	-	2.97	17.99	26.83	18.43	26.54	32.81	50.88
Total debt to capital ratio	Ratio	0:100	0:100	0:100	3:97	15:85	21:79	16:84	21:79	25:75	47:53
Operating leverage ratio	%	2.70	2.17	2.81	4.26	3.50	3.64	3.18	3.12	3.13	3.34
Interest cover*	Times	-	-	-	12.83	7.34	6.12	7.72	10.18	12.03	7.37

Dividend includes both approved and recommended during the year

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Years 2011 onwards exclude the effect of Paints business due to demerger

Year 2012-13 is based on twelve months performance for a meaningful comparison

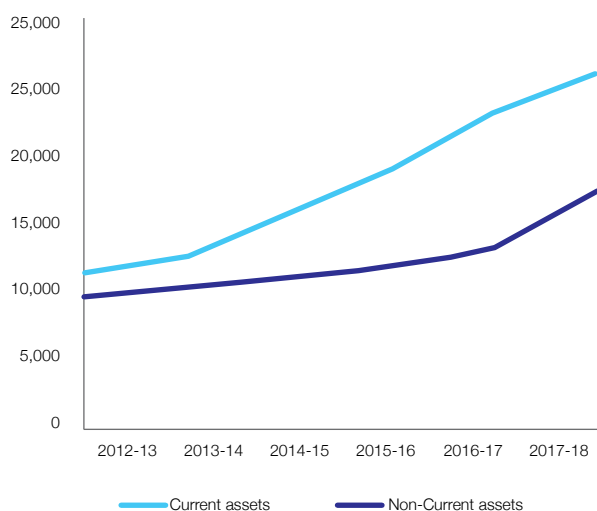
Interest cover and finance costs (% of net turnover) is zero in 2009, 2010 and 2011 due to net interest income

# Six Year Analysis

## Statement of Financial Position Analysis

### Assets

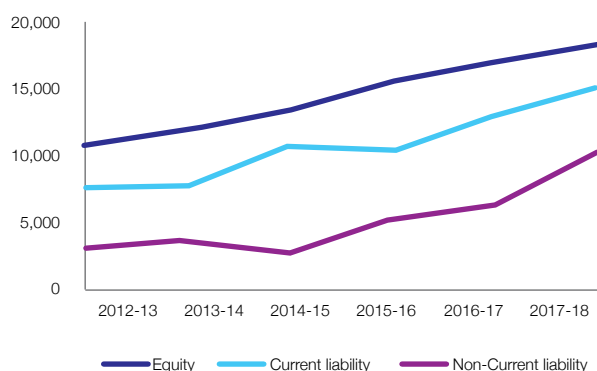
Over six years the asset base of the Company has increased at a CAGR of 16% mainly due to expenditure in property, plant and equipment and investments made in subsidiary and associates. During the year 2014-15 the Company invested PKR 720 million in NutriCo Pakistan (Pvt) Limited, followed by a further PKR 240 million investment during 2015-16 resulting in 40% ownership. The acquisition of Cirin Pharmaceuticals (Pvt) Ltd in 2015-16 was made through an investment of PKR 981.3 million. During the current year, the Company acquired selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited. Further, during the year the Company subscribed for right issue of ordinary shares of NutriCo Morinaga (Private) Limited amounting to PKR 958.8 million retaining their percentage in holdings. Investment was also made in existing Businesses for multiple expansion projects such as the Masterbatch manufacturing facility and the Soda Ash Business's Light Ash (LA) capacity expansion project, of which 75 KTPA (phase 1) has been capitalised and made operational. The increase in current assets is majorly due to increase in inventories which have increased in line with growing business needs.



### Equity and liabilities

The shareholder's equity comprises of share capital and reserves. The equity has increased at a CAGR of 12% over the past six years primarily due to increase in retained profits of the Company and revaluation surplus. The last revaluation was conducted by an independent valuer in 2016.

Liabilities of the Company have increased at a CAGR of 19% in the past six years. This is primarily due to an increase in long-term loans obtained for multiple acquisition / expansion projects in the Soda Ash, Polyester and Life Sciences Businesses. Long-term loans were also obtained for investment in NutriCo Morinaga (Pvt) Limited. Current liabilities have increased due to the current portion of long-term loans due for repayment each year, and increased short term running finance to facilitate the increasing working capital requirements.



## Statement of Profit or Loss Analysis

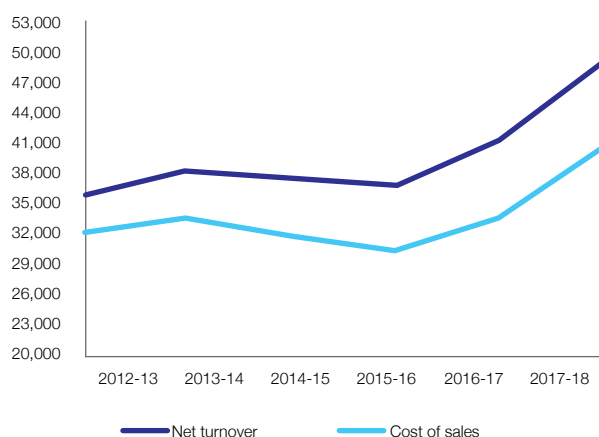
### Net turnover

Net turnover of the Company has increased at a CAGR of 6% in the past six years which has been driven by: the Soda Ash Business by 11%; Life Sciences Business by 20%; and Chemicals & Agri Sciences Business by 11%.

In a comparison over the six years an increasing trend was achieved in two consecutive years (2012-13 and 2013-14). In both years the increase was due to higher revenues in the Polyester and Soda Ash Businesses driven by volumetric growth and pricing impact. During 2015-16, the net turnover declined due to lower revenues in the Polyester Business, which declined 15% in line with a downward correction of prices across the petrochemical chain. In 2017-18 the Company has shown robust performance across all Businesses as the net turnover increased by 19% as compared with SPLY – this was mainly driven by growth in the Polyester, Soda Ash and Life Sciences Businesses by 26%, 14% and 22% respectively over SPLY.

### Cost of sales

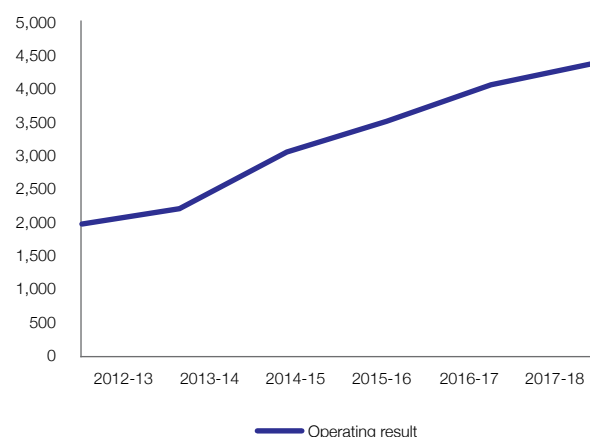
Cost of sales reflected an increasing trend till 2013-14 primarily due to reliance on expensive fuel alternatives and increased prices. However, the Company has successfully achieved a dip in cost of sales from 2013-14 onwards due to commissioning of in-house steam, power and heating systems, easing the energy cost burden, coupled with reduction in fuel prices. Subsequent to 2015 the increase in costs has been in line with the increase in sales although its volatility majorly depends on oil and commodity prices and is greatly affected by changes in exchange rates specifically in the year 2017-2018.



### Operating result

Subsequent to 2012, a consistent increase was achieved mainly driven by higher sales volumes and cost efficiencies managed across all the Businesses.

In the current year, 2017-2018, the Company recorded its highest ever operating profit of PKR 4,398 million (an increase of 9% as compared to the SPLY) primarily due to improved performance in the Polyester, Life Sciences and Soda Ash Businesses, with a major contributor being the Polyester Business which became a profitable segment as compared to incurring losses previously. The Life Sciences Business has increased its operating profit with an increased product portfolio after acquisition of selected brands and assets from Wyeth Pakistan Limited and Pfizer Pakistan Limited. The Soda Ash Business increased its operating result through volumetric growth which was achieved via expansion of Light the Ash plant by 75 KTPA.



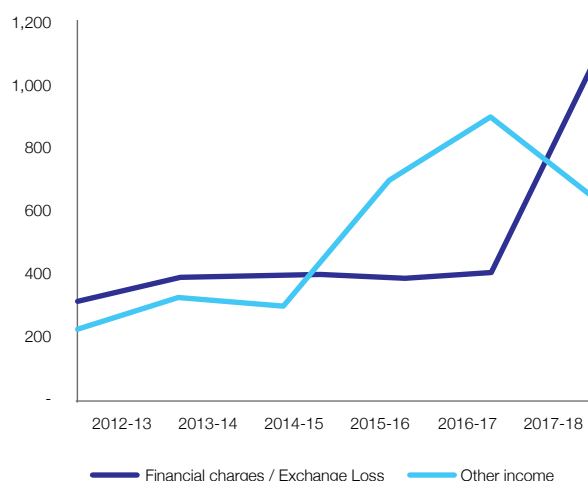


### Financial charges / Exchange Losses

Over the past six years the Company has maintained its financial charges and exchange losses but in 2017-18 there has been a significant increase of PKR 672 million; this is on account of increased financing facilities, both long-term and short-term, from various banks during the year to manage working capital funding and business expansion requirements. This, coupled with an increase in the policy rate by the State Bank of Pakistan, resulted in a 67% higher finance cost as compared to the SPLY. Furthermore, during the year, the Pakistani rupee faced devaluation against the US dollar by more than 16% resulting in exchange losses of PKR 429 million, which is PKR 416 million higher than the SPLY.

### Other income

Other income stood at CAGR of 23% in the current year, primarily due to dividend income. Dividend of PKR 40 million and PKR 150 million was received from investment in equity shares and Associate in 2014-15 respectively, and PKR 458 million and PKR 150 million was received from Associate and PowerGen (Pvt) Ltd in 2015-16 respectively. During the previous year, dividend of PKR 668 million and PKR 125 million was received from Associate and PowerGen (Pvt) Ltd respectively, where as in the current year, dividend received was PKR 120 million from PowerGen (Pvt) Ltd and PKR 420 million from Associate respectively, which is lower mainly due to lower distribution compared to profits.



## Cash flow analysis

### Operating activities

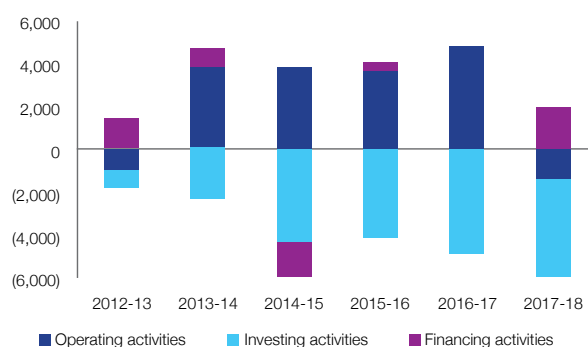
The Company's operating cash flow has consistently increased over the past five years due to improved business performances especially in the Soda Ash and Life Sciences Businesses, where as in the current year, cash generated from operating activities faced a reduction on account of payments made to creditors due to the shift from LC at Usance to LC at sight to better manage the devaluation of the Rupee; this was further coupled with payments made for increased inventory, which are inline with growing business needs.

### Investing activities

Cash used in investing activities has increased at a CAGR of 44% over the past six years and comprises mainly of investment in capital expenditure and investment in Associate and subsidiaries. The Company invested PKR 960 million in NutriCo Pakistan (Pvt) Limited during 2014-15 and 2015-16. During 2016-17 the Company invested PKR 981.3 million in Cirin and PKR 510 million in NutriCo Morinaga (Private) Limited while during the current year the Company invested in the expansion of the Soda Ash plant to increase its capacity by 75 KTPA, coupled with the acquisition of selected assets and brands from Wyeth Pakistan Limited and Pfizer Pakistan Limited and subscribing towards the right issue of NutriCo Morinaga (Private) Limited. These expenditures were partially offset by cumulative dividend of PKR 540 million received from Associate and subsidiary.

### Financing activities

Financing activities comprise mainly long-term loans obtained and dividends paid to shareholders. The Company has financed its expansion needs and acquisitions by obtaining long-term loans, and these loans were partially offset by dividend payments.



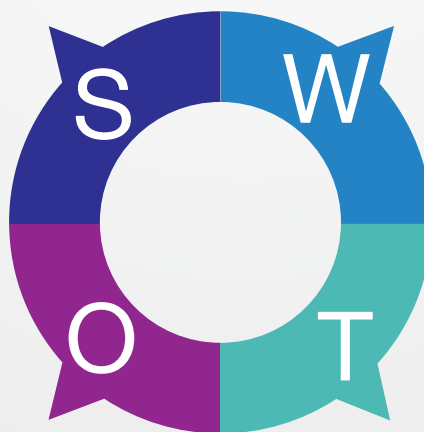
# SWOT Analysis

## Strengths

- A diversified product portfolio, with Businesses closely aligned to the needs of the country and local population. The portfolio includes soda ash, PSF, pharmaceuticals, animal health products, general and specialty chemicals, agricultural products, and investments in NutriCo Pakistan (Pvt.) Ltd. (the Associate), Cirin Pharmaceutical (Pvt.) Ltd. and Nutrico Morinaga (Pvt.) Ltd.
- Supplying products to almost every industry in the country
- Strong brand equity
- Geographical presence in local and international markets
- Increasing base in the pharmaceutical market with acquisition of manufacturing facilities
- Part of the renowned Yunus Brothers Group (YBG), with experienced management and vast experience of multiple sectors
- Qualified and committed human resources
- Leading manufacturing concern with over 70 years of successful operations
- Leading soda ash producer

## Weaknesses

- Dependence on consistent supply of imported key raw materials, such as PTA, coke and MEG
- Dependence of major operating segments on fuel sources such as coal, gas and furnace oil



- Expansion into the consumer market with the establishment of NutriCo Morinaga (Pvt.) Ltd manufacturing facility with a 51% stake
- Establishment of a Masterbatch manufacturing facility to cater to expanding demand for colorant used for plastics.
- Increasing opportunity to export various products

## Opportunities

- Volatile international raw material and fuel prices and government levies
- Volatility of exchange rates
- Depleting natural resources, e.g. gas
- Dumping of imported products
- Political uncertainty

## Threats

# Vertical and Horizontal Analysis

## Statement of Profit or Loss

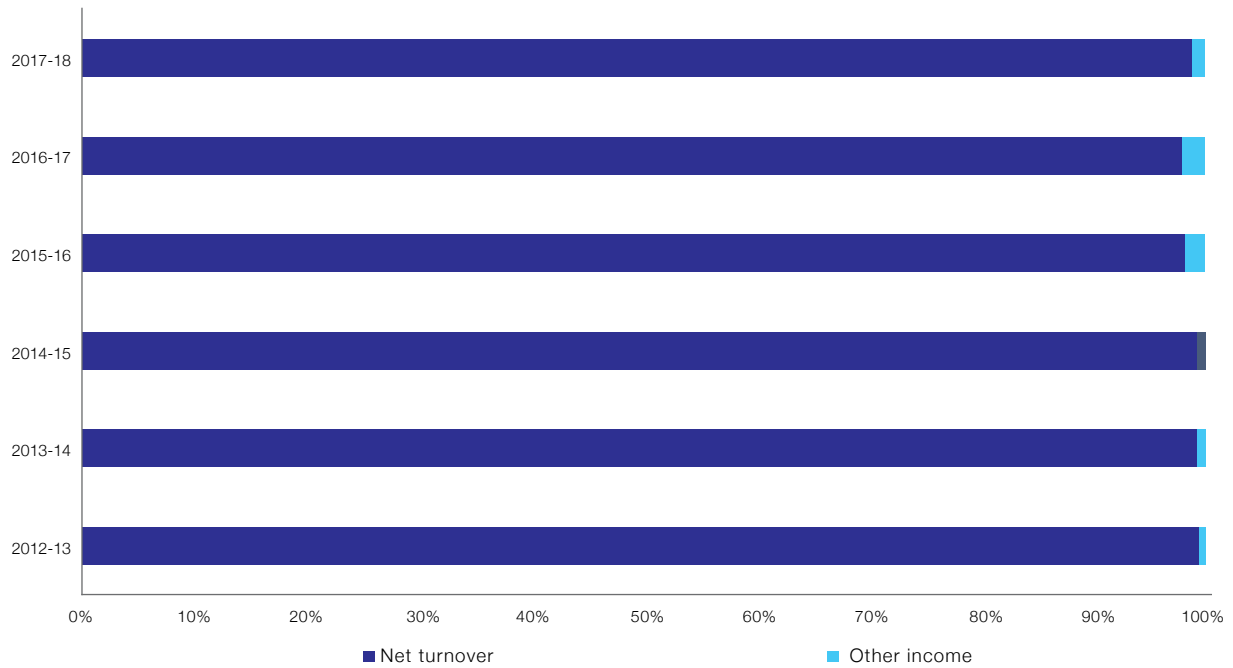
### Vertical Analysis

	July to June											
	2012-13*	2012-13*	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2017-18
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
	<b>Restated</b>											
Net sales, commission & toll income	36,268	100.0	38,233	100.0	37,515	100.0	36,954	100.0	41,364	100.0	49,108	100.0
Cost of Sales	32,193	88.8	33,582	87.8	31,726	84.6	30,476	82.5	33,598	81.2	40,608	82.7
Gross profit	4,075	11.2	4,652	12.2	5,790	15.4	6,479	17.5	7,765	18.8	8,500	17.3
Selling & Distribution Expenses	1,052	2.9	1,530	4.0	1,782	4.8	2,118	5.7	2,607	6.3	2,895	5.9
Administration & General Expenses	1,036	2.9	896	2.3	964	2.6	882	2.4	1,115	2.7	1,207	2.5
Operating Result	1,987	5.5	2,226	5.8	3,044	8.1	3,479	9.4	4,044	9.8	4,398	9.0
Financial Charges / Exchange Loss	311	0.9	387	1.0	403	1.1	383	1.0	398	1.0	1,071	2.2
Other Operating Charges	151	0.4	181	0.5	231	0.6	285	0.8	144	0.3	304	0.6
Other Operating Income	225	0.6	323	0.8	294	0.8	688	1.9	893	2.2	627	1.3
Profit before taxation	1,749	4.8	1,981	5.2	2,703	7.2	3,498	9.5	4,394	10.6	3,650	7.4
Taxation	591	1.6	279	0.7	578	1.5	655	1.8	1,098	2.7	591	1.2
Profit after taxation	1,159	3.2	1,702	4.5	2,126	5.7	2,843	7.7	3,296	8.0	3,060	6.2

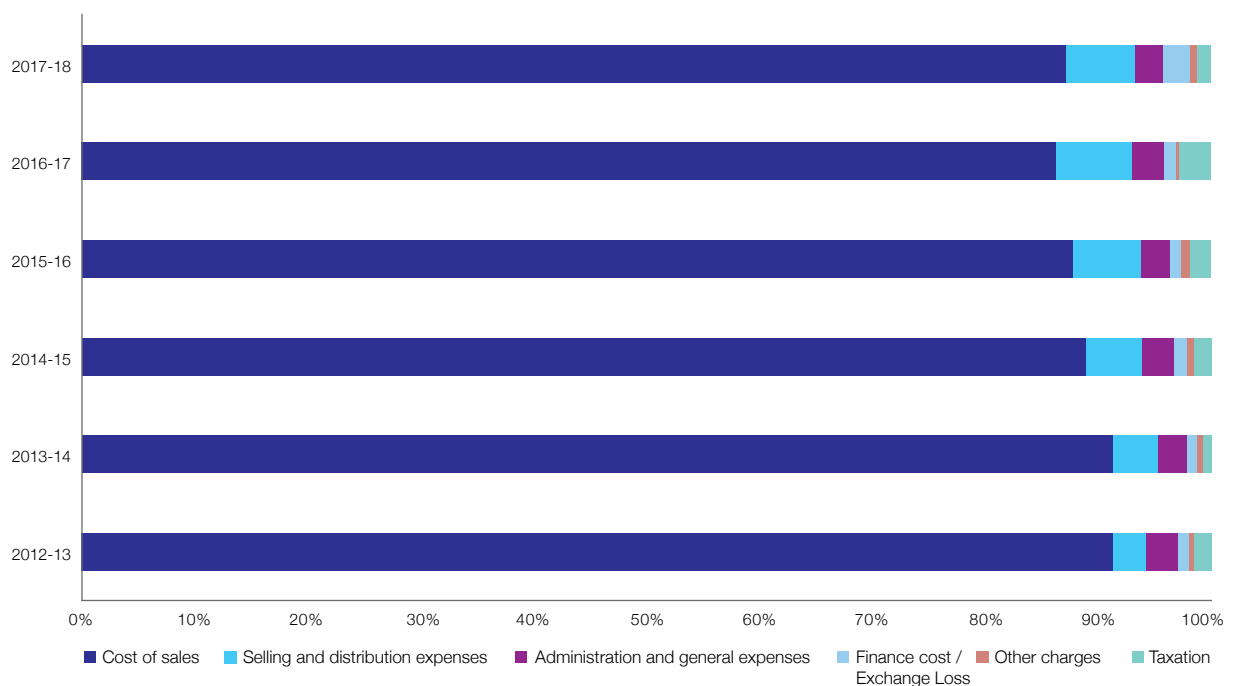
### Horizontal Analysis

	July to June											
	2012-13*	2012-13*	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2017-18
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
	<b>Restated</b>											
Net sales, commission & toll income	36,268	4.6	38,233	5.4	37,515	-1.9	36,954	-1.5	41,364	11.9	49,108	18.7
Cost of Sales	32,193	4.9	33,582	4.3	31,726	-5.5	30,476	-3.9	33,598	10.2	40,608	20.9
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Selling & Distribution Expenses	1,052	-1.6	1,530	45.5	1,782	16.5	2,118	18.9	2,607	23.1	2,895	11.0
Administration & General Expenses	1,036	-20.3	896	-13.6	964	7.6	882	-8.5	1,115	26.4	1,207	8.3
Operating Result	1,987	22.3	2,226	12.0	3,044	36.8	3,479	14.3	4,044	16.2	4,398	8.8
Financial Charges / Exchange Loss	311	5.8	387	24.4	403	4.1	383	-4.8	398	3.9	1,071	169.0
Other Operating Charges	151	14.1	181	19.6	231	27.8	285	23.1	144	-49.5	304	111.2
Other Operating Income	225	-24.6	323	43.6	294	-9.2	688	134.3	893	29.8	627	-29.8
Profit before taxation	1,749	16.9	1,981	13.2	2,703	36.5	3,498	29.4	4,394	25.6	3,650	-16.9
Taxation	591	13.0	279	-52.8	578	107.3	655	13.4	1,098	67.7	591	-46.2
Profit after taxation	1,159	19.0	1,702	46.9	2,126	24.9	2,843	33.8	3,296	15.9	3,060	-7.2

### Statement of Profit or Loss Analysis (Income) (%)



### Statement of Profit or Loss Analysis (Expenses) (%)



2012-13 numbers have been restated due to IAS 19 revision

\* Comparative analysis based on twelve months performance of current year versus same period last year (SPLY) for a meaningful comparison.

## Statement of Financial Position

### Vertical Analysis

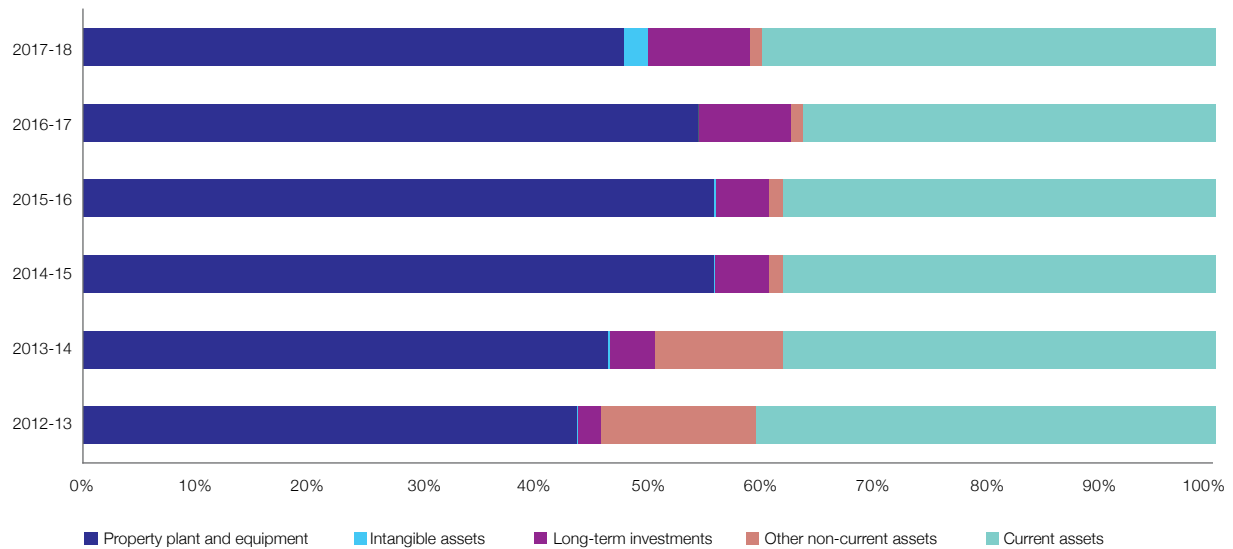
	July to June											
	2012-13*	2012-13*	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2017-18
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
	Restated											
Total Equity and Revaluation Reserve	10,488	50	11,877	52	13,294	50	15,246	50	16,928	47	18,081	42
Non Current Liability	3,068	15	3,486	15	2,763	10	5,174	17	6,243	17	10,248	24
Current Liability	7,389	35	7,574	33	10,614	40	10,168	33	12,985	36	14,819	34
<b>Total Equity and Liabilities</b>	<b>20,945</b>	<b>100.0</b>	<b>22,937</b>	<b>100</b>	<b>26,670</b>	<b>100</b>	<b>30,588</b>	<b>100</b>	<b>36,156</b>	<b>100</b>	<b>43,148</b>	<b>100</b>
Non Current Assets	11,331	54	12,501	54	15,843	59	18,910	62	22,996	64	25,882	60
Current Assets	9,614	46	10,437	46	10,827	41	11,678	38	13,160	36	17,266	40
<b>Total Assets</b>	<b>20,945</b>	<b>100</b>	<b>22,937</b>	<b>100</b>	<b>26,670</b>	<b>100</b>	<b>30,588</b>	<b>100</b>	<b>36,156</b>	<b>100</b>	<b>43,148</b>	<b>100</b>

### Horizontal Analysis

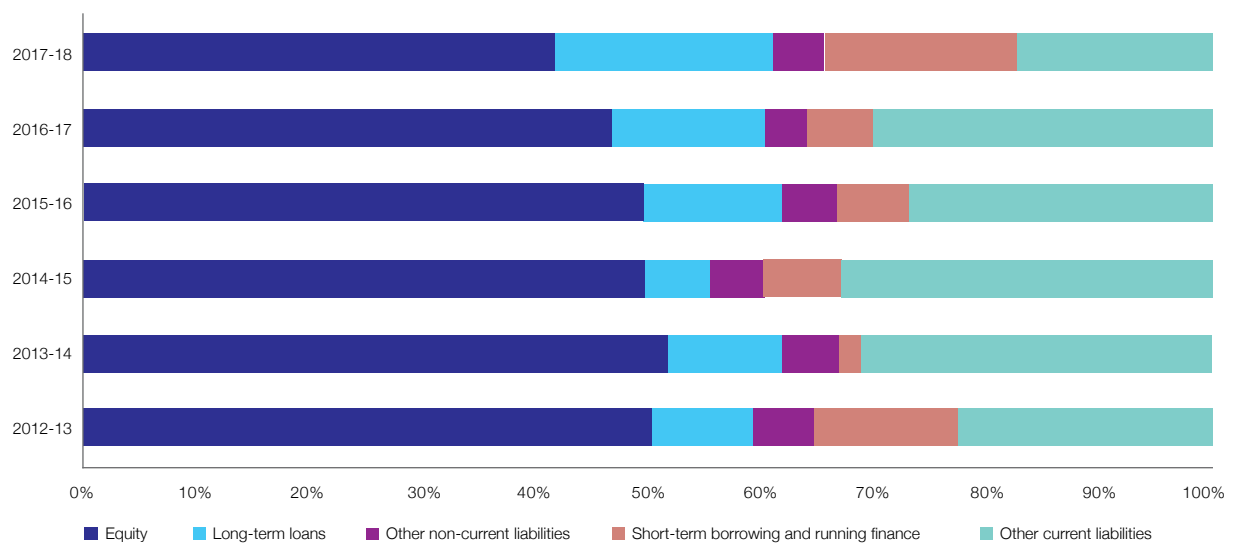
	July to June											
	2012-13*	2012-13*	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2017-18
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
	Restated											
Total Equity and Revaluation Reserve	10,488	7	11,877	13	13,294	12	15,246	15	16,928	11	18,081	7
Non Current Liability	3,068	93	3,486	14	2,763	-21	5,174	87	6,243	21	10,248	64
Current Liability	7,389	-21	7,574	3	10,614	40	10,168	-4	12,985	28	14,819	14
<b>Total Equity and Liabilities</b>	<b>20,945</b>	<b>1</b>	<b>22,937</b>	<b>10</b>	<b>26,670</b>	<b>16</b>	<b>30,588</b>	<b>15</b>	<b>36,156</b>	<b>18</b>	<b>43,148</b>	<b>19</b>
Non Current Assets	11,331	4	12,501	10	15,843	27	18,910	19	22,996	22	25,882	13
Current Assets	9,614	-2	10,437	9	10,827	4	11,678	8	13,160	13	17,266	31
<b>Total Assets</b>	<b>20,945</b>	<b>1</b>	<b>22,937</b>	<b>10</b>	<b>26,670</b>	<b>16</b>	<b>30,588</b>	<b>15</b>	<b>36,156</b>	<b>18</b>	<b>43,148</b>	<b>19</b>



### Statement of Financial Position Analysis (Assets) (%)



### Statement of Financial Position Analysis (Equity and Liabilities) (%)



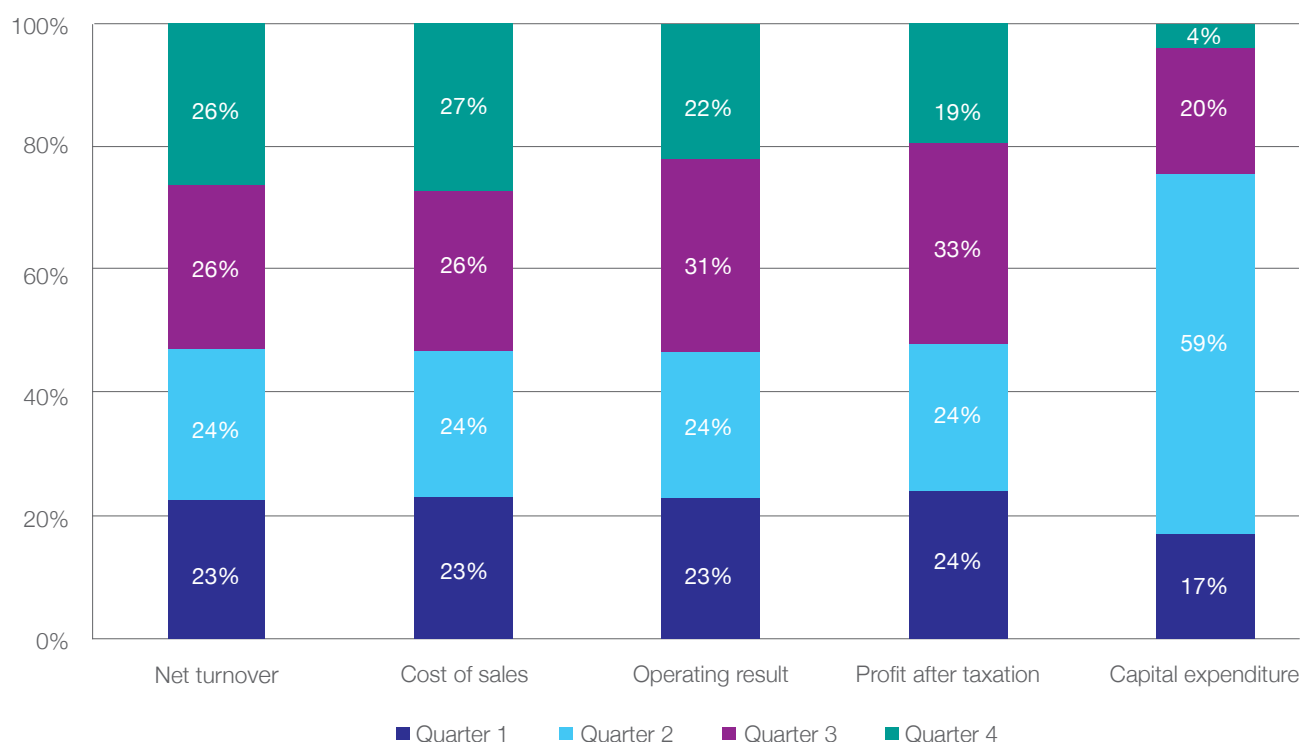
2012-13 numbers have been restated due to IAS 19 revision

\* Comparative analysis based on twelve months performance of current year versus same period last year (SPLY) for a meaningful comparison.

# Quarterly Analysis

In PKR '000

	Net Turnover	Cost of Sales	Operating Result	Profit After Taxation	Capital Expenditure
Quarter 1	11,234,965	9,269,616	1,009,210	741,003	743,780
Quarter 2	11,942,094	9,660,851	1,048,304	721,869	2,545,071
Quarter 3	12,955,990	10,582,665	1,360,330	1,002,105	882,384
Quarter 4	12,974,531	11,094,837	979,997	594,727	175,643
	<b>49,107,580</b>	<b>40,607,969</b>	<b>4,397,841</b>	<b>3,059,704</b>	<b>4,346,878</b>



Net Turnover	Cost of Sales	Operating Results	Profit After Taxation
<b>Quarter 1</b>			
<p>Net turnover for the quarter at PKR 11,235 Million is 21% higher than the same period last year (SPLY) primarily due to higher revenues by Polyester, Life Sciences and Chemical &amp; Agri Sciences Business.</p> <p>The major increase in the Polyester Business by 31% from SPLY was due to higher volumetric sales growth by 18% coupled with an increase in PSF prices by 13%.</p> <p>Improved performance in the Life Sciences Business by 29% compared to SPLY was observed mainly in the Animal Health Division.</p> <p>The Chemicals &amp; Agri Sciences Business exhibited improved performance by 25% compared to SPLY across all divisions with the Polyurethanes Division contributing the most to growth.</p>	<p>The cost of sales for the quarter stood at PKR 9,269 million, 23% higher than SPLY mainly due to increase in coal and furnace oil prices by 28% and 26% respectively increasing the energy cost.</p>	<p>The company's operating result for the quarter at PKR 1,009 million was 16% higher as compared to the SPLY, mainly due to improved performances in the Polyester and Life Sciences Business.</p> <p>The Polyester Business successfully managed to improve its operating result due to higher margins and sales volume.</p> <p>Operating result for the Life Sciences Division was in line with the increase in net turnover.</p> <p>The robust performance of aforementioned businesses was offset by a slight decrease in performance by Soda Ash and Chemical &amp; Agri Sciences Business.</p>	<p>Profit after tax of PKR 741 Million for the quarter is 20% higher than the SPLY due to a higher operating result.</p>
<b>Quarter 2</b>			
<p>Net turnover for the quarter at PKR 11,942 million is 15% higher than the SPLY due to higher revenues across all Businesses.</p> <p>The increase in net turnover for the Polyester Business was due to growth in sales volume coupled with a rise in PSF prices.</p> <p>The modest increase in net turnover by the Soda Ash Business is due to the higher sales volume.</p> <p>Higher net turnover in the Life Sciences Business was mainly due to a strong growth in both the Pharmaceuticals and Animal Health Divisions.</p> <p>The enhanced performance of the Chemicals &amp; Agri Sciences Division was due to improved performance in the Polyurethanes and General Chemicals Division, with a dip in the Agri Sciences Division.</p>	<p>The cost of sales for this quarter amounted to PKR 9,661 million with an increase of 15% from SPLY, which is inline with the growth in net turnover and increase in fuel and other commodity prices.</p>	<p>The Company's operating result for the second quarter stood at PKR 1,048 million which was lower by 1% due to challenges faced by the Soda Ash and Chemicals &amp; Agri Sciences Business which was partially offset by the improved performances in the Polyester and Life Sciences Businesses.</p> <p>The improved performance achieved by the Polyester Business is attributable to higher domestic sales volume and margins. Despite an increase in energy costs, the Business managed to improve operating results through its cost efficiencies.</p> <p>In the Life Sciences Business, both the Pharmaceuticals and Animal Health Divisions provided the impetus to growth.</p> <p>The decline in the Chemicals &amp; Agri Sciences Business' performance is mainly attributable to a severe liquidity crunch experienced by farmers and write down of certain inventories to net realizable value.</p>	<p>Profit after tax for the second quarter stood at PKR 722 million which was 21% lower than the SPLY. This was principally due to a higher exchange loss of PKR 207 million for the quarter that was as a result of devaluation of the Pakistani rupee.</p>
<b>Quarter 3</b>			
<p>The net turnover for the quarter amounted to 12,956 million that was 22% higher than the SPLY. The higher net turnover was achieved by growth in all of the Businesses, except the Chemical &amp; Agri Sciences Business.</p> <p>In the Polyester Business, 23% growth was achieved over the SPLY owing to higher sales volume and prices along with the new avenue of export of Black fiber.</p> <p>Net turnover growth in the Soda Ash Business is mainly attributable to higher sales volume in line with the commissioning of the Soda Ash expansion plant, which added total production capacity of 75 KTPA, along with higher average selling prices.</p>	<p>The cost of sale for the third quarter stood at 10,583 million with an increase of 23% compared to the SPLY which was due to the increase in energy cost coupled with commodity prices that kept consistent pressure on the businesses to operate efficiently, with other costs correlated to an increasing turnover. Further, the raw material prices also increased in line with the currency devaluation.</p>	<p>The operating result for the quarter at PKR 1,360 million was higher by 28% from the SPLY. This was mainly due to improved performance in the Polyester and Life Sciences business. However, the Chemicals &amp; Agri Sciences Business faced cost and economic difficulties.</p> <p>Improved margins and increased sales volume enabled the Polyester division to improve its operating profit.</p> <p>The increase in operating result for Life Sciences Business was mainly attributable to the growth in Pharmaceuticals Division.</p>	<p>Profit after tax stood at PKR 1,002 million which was 16% higher compared to the SPLY due to a higher operating result and a lower tax expense.</p>
<b>Quarter 4</b>			
<p>The net turnover for the quarter at PKR 12,975 million, was higher by 16% compared to the SPLY. The increase in net turnover for the year is majorly attributable to Polyester and Soda Ash Businesses.</p> <p>The increase in prices and volumetric growth remained a major factor for the Polyester Business, which provided robust growth in turnover by 35% compared to the SPLY.</p> <p>The Soda Ash Business grew its net turnover by 22% compared to the SPLY, with higher sales volume on account of increased capacity due to LA expansion plant.</p> <p>The Life Sciences Business faced difficulties, with a decline of net turnover by 12% compared to SPLY, this decrease was mainly in the Animal Health segment and was partially offset by better performance of the Pharmaceuticals Division.</p> <p>The increase in turnover by the Chemicals &amp; Agri Sciences Business of 12% as compared to the SPLY is owed to all the segments of the Chemicals Division which compensated for the challenges faced by the Agri Sciences Division.</p>	<p>The cost of sale for the fourth quarter stood at PKR 11,095 million higher by 23% from the SPLY with energy cost that continued to play a significant role in increased cost, with other factors remaining in line with the sales growth and key raw material prices fluctuating in line with the currency devaluation.</p>	<p>The operating profit for the fourth quarter stood at PKR 980 million which is lower by 6% compared to the SPLY.</p> <p>The cost push factors in the commodity and oil markets coupled with higher raw material prices adversely impacted the operating profit of the Polyester Business.</p> <p>Despite an increase in imported raw material prices, higher depreciation charge and energy costs in Soda Ash Business, operating profit for the quarter increased by 4% compared to the SPLY mainly due to the higher net turnover.</p> <p>The Life Sciences Business experienced decrease of 16% in operating profit as compared to the SPLY as the business suffered a downward movement in Animal Health Division.</p> <p>The Chemicals &amp; Agri Sciences Business experienced a decrease by 45% as compared to the SPLY owing to the liquidity crunch experienced by farmers which resulted in high debtor provisioning and adjustment of the carrying value of certain inventory on NRV, partially offset by growth exhibited by the Polyurethanes and General Chemical Divisions.</p>	<p>Profit after tax for the fourth quarter at PKR 595 million is lower by 34% as compared to SPLY. This was mainly due to higher finance costs &amp; exchange losses and lower dividend from Subsidiary and Associate as compared to the SPLY. Finance cost increased on account of higher borrowing due to business growth and Company's expansionary efforts along with exchange losses, which were as a result of further rupee devaluations.</p>

# DuPont Analysis

DuPont Analysis	2017-18	2016-17
Tax burden	16.18%	24.99%
Interest burden	13.59%	8.31%
Operating result margin	8.96%	9.78%
Asset turnover	1.14 times	1.14 times
Gearing (Long term debt/Equity)	50.88%	32.80%
Return on equity	16.92%	19.47%

## Commentary on DuPont Analysis

Operating result of the Company improved by 9% due to improved performances in the Polyester, Life Sciences and Soda Ash Businesses driven through expansion of the product range and increased production capacity coupled with acquisitions and cost efficiencies.

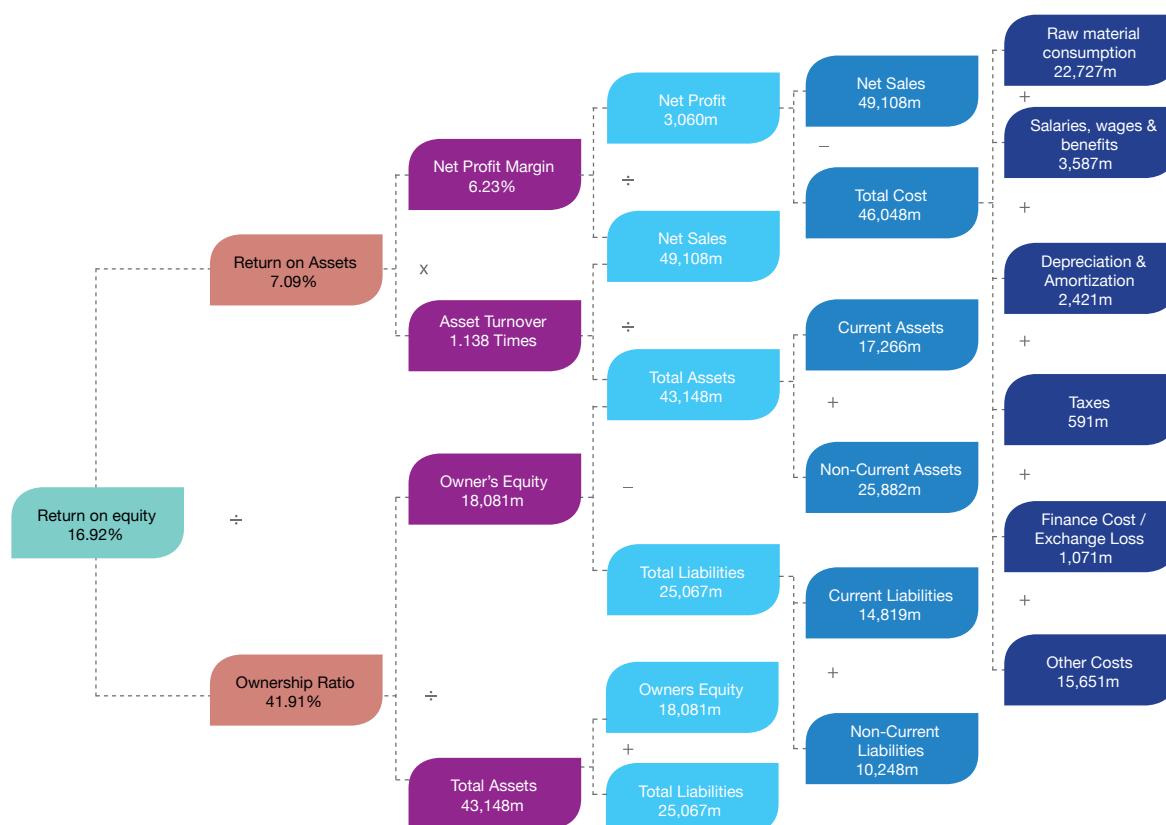
Financial charges increased as a result of increased financing facilities, both long-term and short-term, from various banks during the year to manage working capital funding and business expansion requirements. This, coupled with an increase in the policy rate by the State Bank of Pakistan, resulted in a 67% higher finance cost as compared to the SPLY. Furthermore, during the year, the Pakistani rupee faced devaluation against the US dollar by more than 16% resulting in significant exchange losses as compared to the SPLY. The dividend income of the company faced a reduction of 32% compared to SPLY on account of lower dividend received due to lower profits recorded by subsidiary and Associate. As a

result of these factors, a dip of 7% from SPLY was observed in the Profit after tax (PAT).

Tax expense for the year was lower as compared to the SPLY mainly due to tax credits on expansion of 75 KTPA Soda Ash plant.

Total Assets of the Company witnessed an increase of 20% due to capital expenditure on the 75 KTPA Soda Ash expansion project, investments in Nutrico Morinaga (Private) Limited and acquisition of selected brands and assets from Wyeth Pakistan Limited and Pfizer Pakistan Limited. Current assets were higher majorly due to inventory held as per growing business needs.

Ownership ratio reduced by 10% as compared to the SPLY due to a higher increase in total assets as compared to total equity. Owner's equity increased due to un-appropriated profit partially offset by dividends paid during the year. Resultantly, the return on equity of the Company was recorded at 17% as compared to 19% in SPLY.



# Share Price Sensitivity Analysis

## Share price sensitivity



During the financial year 2017-18, ICI Pakistan Limited underperformed on the KSE 100 Index and its share price decreased from PKR 1039.83 to PKR 801.50 giving a price return of -23% as compared to KSE 100 Index return which decreased by 6.2%. This was mainly due to political instability which affected the entire stock market, resultantly affecting stock prices negatively. During the year, the Company reported Profit after Tax (PAT) of PKR 3,060 million translating into an EPS of PKR 33.13, which is 7% lower as compared to same period last year.

Some of the major developments that the Company accomplished which boosted investor confidence are as below:

### 1) Heavy Capital Expenditure:

ICI Pakistan Limited continue to make strides in fulfilling its brand promise – Cultivating Growth. The Company's Life Sciences Business successfully acquired a selected assets and brands from Wyeth Pakistan Limited and Pfizer Pakistan Limited along with specific brands from the entity, further expanding the reach and pharmaceutical manufacturing capabilities of the Business. The Soda Ash Business's expansion project's Phase one, entailing a production capacity of 75 KTPA was successfully completed with the plant being commissioned in the third quarter (Q3). The Company also initiated the construction of the Masterbatch manufacturing facility under the Chemicals & Agri Sciences Business, which manufactures a colorant for use in plastics.

### 2) Diversification in new Business:

In order to make consistent progress towards the Company's corporate strategy of growth the Company ventured into various expansionary and diversifying projects. The Company successfully acquired a manufacturing facility along with specific brands from Wyeth Pakistan Limited and Pfizer Pakistan Limited which provides a diverse product portfolio along with enhanced manufacturing capabilities to the Life Sciences Business for its Pharmaceuticals Division.

During the year, the Company also made head-way in the establishment of a state-of-the-art facility to manufacture Morinaga infant formula along with its distribution, marketing and sale. This project, which is currently in progress, is being pursued via a separately incorporated subsidiary under the name of NutriCo Morinaga (Private) Limited, in which ICI Pakistan Limited has majority shareholding of 51% with remaining shareholding divided equally between Morinaga Milk Industry Company Limited of Japan and UniBrands (Private) Limited. The Company also initiated the construction of its Masterbatch manufacturing facility which adds another portfolio to the Chemicals & Agri Sciences Business. These expansionary projects will further strengthen the Company's position to leverage opportunities present in Pakistan.

### 3) Improved performance:

The Company reported operating profit for the year of PKR 4,398 million which is 9% higher than the same period last year with notable growth in the Polyester and Life Sciences Businesses. The financial performance of the Polyester Business improved massively due to improved margins and higher sales volume and cost efficiencies, which improved operating results of the business by 111%. Both the Pharmaceuticals and Animal Health Divisions in the Life Sciences Business reached their highest annual net turnover, registering double-digit growth across all categories.

### 4) Ownership by Yunus Brother Group:

The acquisition of ICI Pakistan Limited by YBG in December 2012 has improved the prospects of the Company multiple folds. While making progress towards continuing growth the share price has increased by 371%, since the acquisition, taking annual growth rate (CAGR) to 33%, which clearly indicates the trust and confidence of the investors. YBG will continue to build upon the legacy of what is one of Pakistan's leading groups today and endeavor to continue gaining momentum in the years to come.



# Year in Review 2017-18

## Q1

### July – September 2017

- **July 4** ICI Pakistan Limited launches the ASPIRE Career Development Programme
- **July 28** Board of Directors Meeting
- **August 11** ICI Pakistan Limited completes the acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited in accordance with the Asset Purchase Agreements.
- **August 15** The Life Sciences Business inaugurates the Hawke's Bay Plant (acquired from Wyeth Pakistan Limited as part of the Asset Purchase Agreements) located in Karachi
- **August 25** ICI Pakistan Limited receives the runner-up awards for its Annual and Sustainability Report 2015-16, at the 'ICAP & ICMAP Best Corporate and Sustainability Report Awards 2016' ceremony
- **September 11** Company-wide Chief Executive's communication session is held in Sheikhpura discussing the year's performance
- **September 20** MoU signed with CARE Foundation, one of Pakistan's leading NGOs, for the management of the Tibbi Harriya School, Sheikhpura
- **September 26** Annual General Meeting (AGM)

## Q2

### October – December 2017

- **October 2** The Life Sciences and Chemicals & Agri Sciences Businesses are restructured to house the Agri Sciences Division within the Chemicals & Agri Sciences Business for greater synergistic focus
- **October 4** Cyber Security Awareness Campaign is held at ICI Pakistan Limited with numerous security awareness sessions conducted
- **October 18** Dispatch of Final Dividend
- **October 26** Board of Directors Meeting
- **November 13** Launch of 'INSIGHT, a Learning Management System (LMS) powered by SAP SuccessFactors, which consolidates all HR needs on a single online platform
- **November 23** Groundbreaking ceremony of the NutriCo Morinaga (Private) Limited manufacturing facility is held in Sheikhpura
- **December 6** ICI Pakistan Foundation-funded science lab inaugurated at the Govt. Girls Secondary School, Wali Muhammad Haji Yaqoob, Lyari, Karachi
- **December 11-14** Safety Week observed at the Polyester Business, with an expert conducting specialised workshops on various aspects of health and safety
- **December 18** The Competition Commission of Pakistan (CCP) holds an interactive session on Competition Law Compliance to enable the Company to maintain its competitive edge in compliance with competition law
- **December 21** Ladies Welfare Centre (LWC) holds its annual exhibition in Khewra
- **December 29** ICI Pakistan Limited signs agreements to import, market and distribute CAVAC's poultry biologicals portfolio in Pakistan

# Q3

## January – March 2018

- **January 4** Workshop on the Companies Act 2017 is held in collaboration with the Pakistan Institute of Corporate Governance (PICG) for the Boards of Directors of four YBG companies, including ICI Pakistan Limited
- **January 8** Announcement of the Chief Executive's Best HSE&S Initiative Award for H2 2016-17
- **January 18** The Chemicals & Agri Sciences Business takes part in the 4th Pakistan Coating show, co-sponsored by ICI Pakistan Limited
- **January 24** Board of Directors Meeting
- **January 25** The upgraded Nursing Skills Lab, library, and faculty computer lab at the Murshid Hospital School of Nursing & Midwifery is inaugurated
- **January 30** Board of Directors Meeting
- **January 31** ICI Pakistan Limited receives the Certificate of Merit in the Integrated Reporting category at the Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures, 2016
- **February 12** Successful commissioning of the 75,000 tons per annum (TPA) Soda Ash Plant capacity expansion project in Khewra
- **February 16** Further equity participation in NutiriCo Morinaga (Private) Limited by way of rights subscription amounting to PKR 958.8 million
- **March 2** Dispatch of Interim Dividend
- **March 7-8** PressForProgress – Gender Sensitisation Workshop is held at ICI Pakistan Limited on International Women's Day, under the banner of our gender diversity platform, 'IMPACT
- **March 9** Chief Executive's second Company-wide communication session is held in Mozang, Lahore
- **March 14** The HR Graduate Recruitment Drive: Race to the Boardroom is conducted for the second year running

# Q4

## April – June 2018

- **April 18** Inauguration and launch of four ICI Pakistan Foundation-funded training courses for the Lyari community youth in partnership with the Sindh Tech Skills Development Centre, Lyari
- **April 19** ICI Pakistan Limited is awarded the 2018 Gallup Great Workplace Award
- **April 24** Board of Directors Meeting
- **April 24** Inauguration of the state-of-the-art Chemicals Technical Centre at the West Wharf premises in Karachi
- **May 8** Board of Directors Meeting
- **May 10** Second Hamqadam Mother & Child Community Clinic opens its doors in Sheikhpura
- **May 30** Board of Directors Meeting
- **June 25** ICI Pakistan Limited launches its first corporate film, promoted heavily on social media channels
- **June 25** ICI Pakistan Limited launches the Pehchan Volunteer Programme, a first-of-its-kind structured employee volunteer programme



**ICI Pakistan Limited  
Wins  
2018 GALLUP  
GREAT WORKPLACE  
AWARD!**

GALLUP<sup>®</sup> GREAT  
WORKPLACE  
AWARD



2018 WINNER

# Awards and Achievements

## 2018 Gallup Great Workplace Award

Every year Gallup – our employee engagement survey partner and an American research-based, global performance-management consulting company – nominates a select few companies from its extensive global database for its highest honour: the Gallup Great Workplace Award. This award is presented to world-class organisations from Gallup's database which exhibit and foster an exceptional culture of engagement in their workplaces.

ICI Pakistan Limited was nominated to participate in this award as a result of our tremendous progress, genuine dedication and intentional strategy on our engagement journey. Our entry was evaluated against a rigorous criteria by a Gallup appointed panel.

On April 19, 2018, it was announced that the Company had won the award and we were subsequently placed amongst the top 39 world-class workplaces in the Gallup global database. This recognition highlights our core value, Passion for People. Going forward we intend to continue to build demonstrable evidence of translating these scores into a culture that fosters care and growth for each of our team members, making their experiences with the Company more meaningful.

## ICAP & ICMAP Best Corporate & Sustainability Awards 2016



Colleagues from our Corporate Communications and Corporate Finance teams were in attendance at the award ceremony to accept the awards

The annual Best Corporate & Sustainability Report Awards are held by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP), recognising excellence in corporate and sustainability reports. Our commitment to high standards of reporting practices is evident through the numerous awards our Company has consistently won at these ceremonies.

On August 25, 2017, ICI Pakistan Limited was honoured with two awards: we won second place in both the "Best Corporate Report Award 2016" and the "Best Sustainability Report Award 2016" for our Annual Report for the financial year 2016-17. Our

reports were lauded for their clarity and transparency as well as upholding responsible reporting standards.

## Certificate of Merit in Integrated Reporting at the South Asian Federation of Accountants (SAFA) Awards

Our efforts to communicate company information accurately and transparently were again recognised, this time on an international level at the South Asian Federation of Accountants (SAFA) Awards. SAFA, consisting of the institutes of chartered and management accountants in SAARC countries, holds these awards regularly for different categories of published annual reports of companies across the region to improve transparency, accountability and governance in financial reporting. The current membership of SAFA representatives includes ten professional accountancy bodies from Bangladesh, India, Nepal, Pakistan, Sri Lanka and the Maldives.

On January 31, 2018, ICI Pakistan Limited was awarded the Certificate of Merit in the Integrated Reporting category at the Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures, 2016. Our award was conferred and evaluated by SAFA's Committee for Improvement in Transparency, Accountability and Governance (ITAG).

We are honoured to have received this award which highlights our commitment to excellence and transparency in our annual and sustainability reports.

## WWF Biodiversity Recognition

At ICI Pakistan Limited we are aware of the responsibility we have to the environment, and one of the best ways to positively contribute to it is by focussing on biodiversity at our manufacturing sites.

During the year, we engaged a team of specialists from the World Wildlife Fund (WWF) to conduct a survey at our Soda Ash site in Khewra to monitor and assess the area's biodiversity. Alongside the field survey, interviews with estate workers and local community members were also conducted. The results showed a promising and positive statistic; a 74% increase in the number of plants was reported as compared to the last study of this kind conducted in 2003. In addition, a total of 2,113 birds from 82 species (with a Shannon-Weiner diversity index value of 3.24), eight species of mammals, two species of reptiles, 12 species of butterflies and 293 species of plants were recorded at the Soda Ash site overall by the WWF survey team in April.

WWF appreciated our Company's efforts in contributing to the local ecosystem and enhancing the biodiversity of flora and fauna at this site.

## Human Resources

# Growing Together to Create a Difference that Matters

Our unwavering commitment to sustainable growth leads us to continue investing in our greatest resource – our people. It is truly the unparalleled dedication and drive for excellence of our people that has enabled our organisation to thrive, and we in turn remain committed to enabling their growth and development at every turn.

Our primary focus remains on strengthening our Human Resource capability by providing our people with best-in-class career development and progression opportunities. We integrate, connect and leverage our collective strengths while remaining flexible enough to respond to the unique needs of our people across all Businesses and Functions.

### Revamping HR for a Digital World

In recent years, ICI Pakistan Limited has been on an accelerated growth trajectory. The needs and requirements of our employees are also subsequently on the rise. Therefore, to meet these growing demands, ICI Pakistan Limited collaborated with SAP – a global leader in cloud-based HR systems – to bring employees a revolutionised Human



Assesrtive Communication Skills workshop for female employees





HR colleagues during the Gender Sensitisation Session



Growing Together - Gender Sensitisation Workshop

Resources experience, by launching the 'INSIGHT platform. A Learning Management System (LMS), 'INSIGHT is a complete HR suite of modules covering the entire employee lifecycle, from recruitment to succession and beyond. In November 2017, three out of six modules were launched: Recruitment, Onboarding and Learning; whereas the remaining three modules are planned for launch in the coming financial year (2018-19).

'INSIGHT is an easy to use technology platform, offering convenience, flexibility, visibility as well as effective analytics and reporting to its users. Through the learning module of 'INSIGHT (iLEARN) over 1,600 online training courses from various streams were made available to all employees, enabling them with timely access to the right learning content, and acting as a catalyst to establishing a digital learning culture across the organisation.

## Engagement Success with the Gallup Great Workplace Award

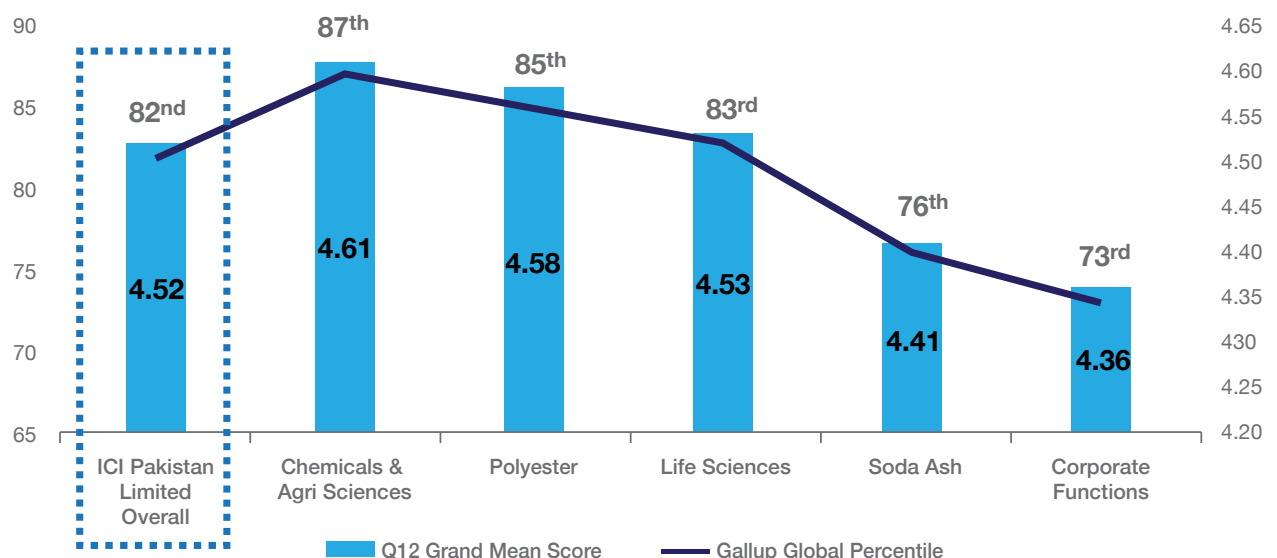
For the fourth year running, ICI Pakistan Limited partnered with Gallup to participate in the 'IMPOWER Employee Engagement Survey; however this year marked a tremendous achievement for the Company. ICI Pakistan Limited

surpassed its target of reaching the 75th percentile by achieving a score of 4.52 (on a five-point scale) which placed us in the 82nd percentile; this reflects a significant increase of 0.22 points from last year.

The consistent year-on-year improvement in the Company's engagement scores is a result of rigorous action planning meetings conducted by teams across the organisation. In 2017-18, over 133 action planning meetings were held Company-wide, coupled with skip level meetings and team engagement sessions which provided actionable insights. For 2017-18, the Chemicals & Agri Sciences Business led with the highest engagement score at 4.61, closely followed by the Polyester Business at 4.58, Life Sciences Business at 4.53, Soda Ash Business at 4.41 and Corporate Functions at 4.36.

Furthermore, building on this achievement, in 2017-18, ICI Pakistan Limited was awarded the Gallup Great Workplace Award – the highest honour reserved by Gallup for the world's most distinguished workplaces. This award places the Company among the top 39 best in class workplaces in the global Gallup database – no mean feat to achieve. This award has served to renew our commitment and determination to ensure greater engagement going forward.

### 'IMPOWER Employee Engagement Survey Scores 2018







The iNSIGHT team poses for a photo



iNSIGHT Launch Session

## Enabling Career Progression

A key organisational priority for the Corporate HR team is to ensure structured career progression for all our employees. To facilitate employees in steering their careers and realising their full potential, the Aspire Career Development Programme was launched. This programme aligns with the Company's ongoing endeavour to bring enhanced visibility to, and encourage greater ownership of, career management processes and tools.

To strengthen our organisational capability and to provide employees with further opportunities for career progression and development, the annual Succession Planning Meeting was conducted and Capability Group Sessions were held. To date, 11% of employee have had the opportunity for career movements within the organisation.

## Enhancing Learning & Development

Learning and Development remains at the core of our commitment to helping our people grow. This year, employees have been trained on various leadership and functional programmes, totaling over 13,315 man hours of

training, where online learning hours constitute 5.8% of total learning time. 875 employees were trained this year with an average of 10.8 training hours per employee. In 2018-19, two of our core values, Customer Centricity and Innovation, will be among the key focus areas for learning along with building functional capability.

Our Leadership Development Roadmap continues to be a key ingredient in accelerating the capability building of our employees by providing them a structured and integrated talent development framework. In 2017-18, we focussed on the journey of new recruits, conducting six training modules titled Leading Self.

Our flagship programme, HR for Non HR Managers, continued this year to build better understanding of our managers on their HR role as line managers. An additional 35 managers were trained on this programme in 2017-18, with the result that currently, all people managers in the organisation are well equipped with HR processes and procedures.

Alongside trainings, the RISE Mentoring Programme and the online Learning & Development portal continued to provide additional avenues for learning to help employees discover and develop their true potential.



Attendees of the Self Development Programme in Lahore



Chief Executive Asif Jooma tests the iNSIGHT portal during the roadshow



Attendees of the Self Development Programme in Karachi

## Embracing Digital Recruitment

Embracing technology and digitalisation is necessary to increase organisational agility and to address the needs of our growing millennial workforce. In line with this, we continued with Race2theBoardroom – our gamified Graduate Recruitment Drive – which enabled us to select the top 17 candidates out of over 5,000 applicants across Pakistan, to join our organisation as Graduate Recruits.

## Paving the Road to Gender Sensitisation

Lean In Circles held across the Company by female colleagues have been instrumental in ensuring workplace enablement, engagement and development by providing a constructive platform for open discussion of issues and their solutions. In fact, it was on the basis of discussions held during our Lean In Circles that the need for greater gender sensitisation and inclusion was identified. To meet these needs, the HR team organised a gender sensitisation workshop conducted by two experienced, internationally-acclaimed organisational development trainers from Dubai. Held on Women's Day in March 2018 under the theme Growing Together, this workshop drove home the message that there is a strong call-to-action to press forward and progress gender parity; motivating

and uniting friends, colleagues and whole communities to think, act and be more gender inclusive. In response to another highlighted need, an assertive communication workshop was conducted by Corporate HR, incorporating the essentials required to equip our female colleagues with the tools necessary to be successful in their roles. We also continued our efforts to introduce further health and wellness initiatives for employees under the umbrella of our wellbeing initiative.

## Continuing to Grow for a Brighter Future

Looking back, 2017-18 has been a year of significant progress with regard to a wide range of people-related interventions that were undertaken by the Human Resources team. Our ongoing efforts have culminated in collective success on several fronts.

Notable among these successes was the moment when ICI Pakistan Limited was awarded the Gallup Great Workplace Award. This achievement is only the beginning – as a Company, we reiterate that engagement for us goes beyond scores and awards. At ICI Pakistan Limited, we will remain committed to employee development and engagement by sustaining a people-centric culture to continue growing together to create a difference that matters!

iMPower

Performance & Development Discussion

iNSIGHT

iMPACT

2018  
Race2Boardroom

RISE  
REALISE YOUR POTENTIAL

SAP SuccessFactors

Leadership Development Roadmap

## Information Technology

# Guiding Business Growth through Innovation and Technology

To maintain our leadership position and achieve success in emerging markets, we continually embrace innovation and technology to help our people become more agile. At ICI Pakistan Limited our experienced and skilled IT team leads us through this constant evolution, helping everyone at the Company implement best practices that facilitate business goals.

Our Corporate IT Vision enables us to continue guiding ICI Pakistan Limited toward its growth aspirations: To drive change and act as an integral business enabler, ensuring visibility and compliance through innovative and sustainable information solutions, and by embracing the best infrastructure and technology.

## Highlights of the year 2017-18

### Enhancing SuccessFactors with Performance Management and Goal Management (PMGM)

Our existing market-leading and cloud-based talent solution SuccessFactors, has successfully been integrated across the Company. To continue enhancing and upgrading this system, we introduced the Performance Management and Goal Management (PMGM) module. The PMGM module is a globally renowned interface that enables employers to identify, gauge, and evaluate goals for all their employees. In addition to greater control on execution, our managers can now cascade, manage, and assess goals on multiple levels across the Company. The introduction of the PMGM was the third phase of our SuccessFactors rollout, with the previous phases focussing on learning, on-boarding, recruitment, succession, and talent management.

### E-Learning Modules for the Life Sciences Business's Pharmaceuticals Division

On the commercial side of the pharmaceuticals industry, it is imperative that our salesforce is well-informed on the value

that their products provide, which assists in educating their customers and enhancing sales. In light of this, we introduced interactive and feedback-oriented trainings made available online through computers, tablets, and mobile phones. These modules train our salesforce with the appropriate methods on product action planning and devising competitive market analysis. With the development of a course within each module, every employee gains a unique profile consisting of their learning records, which are maintained in the SuccessFactors learning module, for the benefit of their managers and our own Learning and Development (L&D) team who assist in assigning new courses accordingly. The PMGM is an effective way to train individuals at their own pace, virtually, without the need of an instructor.

### Project Khyber – The integration of the Hawke's Bay Plant

Following the acquisition of the Hawke's Bay Plant, our IT team was met with a significant challenge during the transitionary period; to incorporate an ERP system within a tight deadline for efficient operations and reporting that met our needs but didn't incur a large cost.

Our team took up the challenge and proposed a seemingly impossible solution; to implement the LAN, WAN, domain, email migration, and the SAP Enterprise Resource Planning (ERP) application in accordance with the best IT practices in pharmaceuticals, in under two months. Normally the average implementation time is around six months; however, the





Team members pose for a picture at the IT Conference in Skardu



IT Security Awareness Session at our office in Mozang

entire team showed considerable knowledge and expertise in completing this task within the stipulated time and at minimal cost.

### **Integrating Cirin Pharmaceuticals (Pvt) Ltd.**

Similar to Project Khyber, extending the IT umbrella to the Cirin Pharmaceuticals (Pvt) Ltd (Cirin) network (a wholly owned subsidiary of ICI Pakistan Limited) was an equally demanding task. Our team outlined a plan to incorporate their systems into our own network, beginning with a complete overhaul of their existing infrastructure.

In addition, we've also amalgamated all standard applications at the Cirin facility to maximise workforce efficiency. Furthermore, we've enabled the reporting of their ERP system into our existing infrastructure as well. Our colleagues at Cirin have also been trained to adhere to all ICI Pakistan Limited Information Security practices for efficient data-handling.

### **Propagating Cyber Security**

Corporate IT took an initiative to launch a campaign about the importance of cyber security in October, known around the world as National Cyber Security Awareness Month. The awareness campaign was designed to engage and educate our people on the proper and professional use of computing facilities at ICI Pakistan Limited; provide them with tools and resources needed to stay safe online; and increase the resiliency of each individual in the event of a cyber-incident.

The campaign featured a number of communication materials including informative emails, pamphlets, and wall displays across all the Company's sites. Copies of the Special Security Awareness booklet, including cyber guidelines and tips, were distributed to update all users on how to keep information assets secure and adopt a set of approved IT rules.

### **Sales Force Enablement – Extended**

Our existing Sales Force Enablement (SFE) application continues to assist our Pharmaceuticals Division with efficient solutions. Considering the added value it provided to the Division, we extended the system to help simplify processes and make operations more efficient in the Animal Health Division and the Agri Sciences Division of the Chemicals & Agri Sciences Business.

The SFE is a mobile-based solution which was developed to monitor the performance of our sales team, gather analytics, and identify areas of improvement. Furthermore, as an enhancement to the system, we launched Quiz and Stock Modules. The Quiz Module keeps our salesforce up-to-date with valuable information, necessary for customer negotiation, by engaging them with quizzes relevant to their area of sales. Alternatively, the Stock Module is a virtual stock management system that receives input from the sales force about their dealers and projects, as well as on stock availability on the dealer, regional, and zonal levels.

## **Plans for 2018-19**

In light of our achievements in recent years we are confident we can continue to add value and enhance all aspects of the Company's Businesses and Functions. Going forward, we plan on building on our developments, continuing to invest in innovative solutions, enabling more agility in work environments by steadily moving technology to the front end of our operations.

### **Making lives easier via mobility**

As part of our vision for the coming fiscal year, we're working on introducing mobile-based solutions for our people, to ensure they're connected on-the-go. For this, we are developing E-Leaves, Learning Events (LE), and My Profile versions for mobiles phones. These applications would ensure that every employee can log their leaves, LEs, or edit their profiles, without having to log onto a computer.

### **Aligning with ISO 27001**

As part of our efforts to align our practices with the best global standards, we're working on ISO 27001, a specification for an information security management system. Using this set of standards, policies and procedures, we're managing the security of our data assets, establishing protocols, and defining processes to be a model IT-security compliant organisation.

### **Enhancing productivity with Technology**

In the coming year, we're promoting the use of various productivity applications provided by Microsoft, such as Yammer, Teams, OneNote, and PowerBI. These applications will ensure we grow and adapt in line with the global industry, and maintain an agile workforce that adds maximum value to the Company.

## Health, Safety, Environment and Security (HSE&S)

# Remaining Cognisant of our Impact

At ICI Pakistan Limited, we live by the fundamental principle that it is our duty to create and maintain a safe and healthy working environment for our people, our customers and our contractors. We also remain cognisant of our impact on the planet and act responsibly in order to achieve sustainable growth and work towards a cleaner, greener world.

## HSE&S Beliefs and Principles

We remain committed to maintaining our leadership position as a Responsible Care Company. The health and safety of our employees, the protection of the environment and a focus on sustainable development remain the cornerstone of our strategic decision-making. We strive at all levels to create business value, opportunities and competitive advantage through our HSE&S performance.

The HSE&S principles by which we operate are:

- **Preventing work-related injuries and illnesses**

We work to protect people at our sites, including people involved in our businesses and other stakeholders, from accidental or deliberate harm, damage or loss. Our target is zero injury.

- **Managing our Operational Eco-Efficiency (OEE) footprint**

Our impact on the environment can be minimised through pollution prevention, efficient utilisation of energy and water, the reduction of natural resource consumption and emissions, and the reduction and recycling of waste.

- **Improving our HSE&S performance on an ongoing basis**

To enable our business to grow, our HSE&S performance must be improved on an ongoing basis, through leadership, the dedication of our staff, and the application of the highest professional standards in our work. We believe continuous improvement in HSE&S and product stewardship stands to enhance business opportunities and competitive advantage in addition to strengthening our culture and values.



Corporate HSE&S Manager with employees at our Islamabad regional office after the driving and road safety awareness session.



Polyester employees during CPR training at the Polyester plant



Muhammad Zafar Farid (Corporate HSE&S Manager) and Mohsin Ali (External Auditor) visit the Tober Mine during the HSE&S Audit

#### Ensuring transparency

Stakeholders have a right to information about our operations and HSE&S performance, and we believe that transparency on this front promotes and increases trust. It also improves our performance on those issues that are of concern, and on which we can have an impact.

### HSE&S Management System



The Company's HSE&S policy is implemented across all operations, sites and Businesses through the ICI Pakistan Limited Health, Safety, Environment & Security Management System, which is fully integrated into the Company's operations. The key elements of the system are policy, directives, standards, guidelines, local management systems and training management, self-assessment and audit, performance reporting and policy review. The system is aligned with the internationally recognised Responsible Care Management System (RCMS), ISO 14001:2004 and OHSAS 18001:2007.

Major objectives in 2017-18 with regard to the HSE&S Management System were to review and update the Company's corporate engineering procedures, immediate reporting guidelines and Occupational Health Manual. Additional chapters on product stewardship, social disclosures and Environmental Performance Management (EPM) key performance parameters were added to our reporting system to enable better understanding of the importance of these reporting parameters among employees. Compliance to the four manuals that supplement the HSE&S Management System is essential and is monitored through a central corporate setup.

#### Compliance to these four manuals is essential



#### HSE&S Mode of Operations

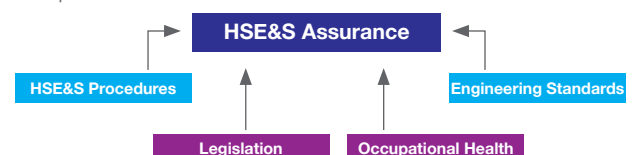


#### HSE&S Assurance Process

Compliance with, and full implementation of, the Company's HSE&S Management System is assessed annually through a process known as the HSE&S Assurance Process.

#### Components of the HSE&S Assurance Process

Every site has to ensure that it complies with the four components below







**The Life Sciences team with the Corporate HSE&S Manager after Accident Investigation and Risk Assessment Training**



**The Corporate HSE&S Manager conducts training for Soda Ash team on Arrangements for Reporting**

The following chart illustrates the various HSE&S processes and the forums or committees responsible for implementing or overseeing them.

HSE&S Process	Responsible HSE&S Forums /Teams
Learning Event/ Incident Reporting	Site/Location HSE Committee
Competence	Specialist HSE&S Forum
Procedure Compliance	Executive HSE&S Management Team
Management of Change	Site Communication Sessions
HSE Communications	Corporate HSE + site HSE teams
Auditing	Specialist Audit Team

## HS&S Performance 2017-18

### Health

As in recent years, in 2017-18 once again 100% compliance with Health Assessment (HAPI) and Work Environment (HYPI) monitoring programmes was achieved, resulting in the closing of the year with no reportable occupational illness.

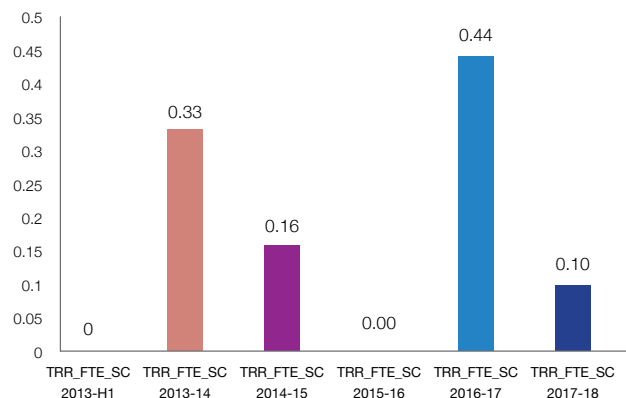
In order to educate and inform our population with regard to health and wellbeing, various health awareness campaigns and sessions were organised throughout the year on topics including personal hygiene, diabetes, high blood pressure, cardiac risk factors, prevention and treatment of heatstroke, nutrition, and coronary heart disease.

### Safety

Despite our commitment to upholding and practicing high standards of safety, three reportable injuries including one fatality occurred during the fiscal year, affecting our supervised and independent contractors. Overall, however, the Company continues to deliver on its high safety performance; for 2017-18, the numbers for million man-hours without lost time injury at our Soda Ash, Life Sciences, Chemicals & Agri Sciences, and Polyester Businesses stood at: 16.18, 4.04, 1.11 and 0.48 respectively. The total reportable injury rate for employees and supervised contractors, and for independent contractors remains 0.10 and 0.45 for the year.

In line with the objective of providing a safe working environment for our people, safety trainings were conducted for employees at all Businesses, notable amongst which were first aid and CPR trainings. Beginning with the fundamentals of first aid and CPR, these sessions also included information pertaining to safety at work, use of protective clothing, warning signs, road safety and maintaining a well-equipped first aid kit onsite.

### Total Reportable injury rate of Employees & Supervised Contractors



### Environment

As a manufacturing company, ICI Pakistan Limited continues to focus on reductions in its Operational Eco Efficiency (OEE) footprint. During the year, our Businesses launched and implemented several notable initiatives to minimise environmental impact and manage resources such as energy and water with greater prudence in order to reduce our environmental burden. Several of these initiatives are reported on in more detail in the Company's Sustainability Report 2017-18 (presented as a part of this publication, page 117). Soda Ash, Polyester, Chemicals & Agri Sciences, and Life Sciences Businesses reported compliance with liquid and air emissions on NEQs.

### HSE&S External Audit

In 2017-18 an external HSE&S audit was conducted at the Tober Limestone Facility located near our Soda Ash plant in Khewra. Conducted by Mohsin Ali & Associates, a specialist HSE&S auditing firm, the primary purpose of the audit was to assess onsite compliance with HSE&S practices as per the ICI Pakistan Limited HSE&S Management System, and



**The Corporate HSE&S Manager and Soda Ash Plant Doctor with Murree Summer House staff during our Ambassadors in Pakistan training**



**Safety walk by staff from the Soda Ash plant site during Safety Week**

identify and highlight requirements for improving existing operating conditions if any. The audit was a success in that it highlighted areas of improvement and recommended measures to be put in place in order to improve safety protocols.

### Chief Executive's Best HSE&S Initiative Awards

2017-18 marked the second year running of our Chief Executive's Best HSE&S Initiative Awards. With this Company-wide award, the Chief Executive acknowledges The Business's efforts to improve HSE&S procedures and practices at their offices and manufacturing sites. As part of the process, HSE teams in each Business work to identify hazards and suggest improvements using the resources available to them. These initiatives are then submitted as entries for the award, to be judged by a panel against set criteria. Recognition certificates were presented to the winning teams of the Best HSE&S Initiative Awards.

### Trainings

HSE&S training is one of the most important components within the Company's safety management system. Our training programme focuses on health and safety concerns that determine the best way to deal with any hazards. The programme facilitates employees in understanding their job responsibilities, bringing new ideas to the workplace, reinforcing existing ideas and practices, and translating our safety and health objectives into action.

In 2017-18 the Corporate HSE&S Department conducted numerous trainings for employees at all Business locations. Below are some of the most significant:

#### Earth Day

Driving is the most dangerous work activity that most people do, and it contributes to far more work-related accidental deaths and serious injuries than all other work activities. As we live up to our value Passion for People the Corporate HSE&S Department conducted a training session for our employees on road and driving safety awareness. The session demonstrates the hazards and risks associated with driving, safety precautions to be followed when travelling on Company business or on personal business.

### Accident Investigation and Risk Assessment

Knowledge, competency and training of each employee is a primary factor in achieving a safe and secure workplace. The accident investigation and risk assessment workshop was conducted to familiarise participants with ICI Pakistan Limited tools for accident investigation and the risk assessment process underpinning its implementation. The key element of the workshop was not just to provide better understanding on investigation of accidents but also to provide guidance to avoid recurrence of unwanted events through control and management of risks associated with hazards.

### Arrangements for Immediate Reporting

ICI Pakistan Limited launched a new series of documentation 'Information Notes for Managers' which comprises guidelines that will help managers in understanding and making decisions regarding HSE&S matters. 'HSE-003: Arrangements for Immediate Reporting' is a guideline which helps employees in understanding reporting parameters under the ICI Pakistan HSE&S Management System. It also provides guidance on what to report, how to report, when to report and whom to report to in case of serious incidents. Trainings were held on the guidelines in various locations, covering the majority of our population.

### Our Ambassadors in Pakistan:

Corporate HSE launched an initiative called "Our Ambassadors in Pakistan". The intent of the initiative was to create awareness on HSE issues not only within the Company but also within our adjoining communities. To achieve this task, a training session was conducted for ICI Pakistan Ltd independent contractor staff i.e. caretakers, cooks, gardeners and janitorial staff at the Murree Summer Houses. The topics for training included water saving, waste reduction, energy conservation and our duty towards the environment, including plantation of trees in these areas. The main idea of this training was to create awareness among contractual staff so that they can spread the message to their local communities.

Other trainings conducted throughout the year for all Businesses/locations were:

- HSE Awareness
- Hazard identification workshop
- Risk assessment



**Polyester Business HSE Manager addressing employees during Safety Week**

- Personal hygiene and Occupational Health
- Accident investigation workshop
- Driving safety
- Office safety
- Arrangements for Reporting
- Behaviour Based Safety

Corporate HSE also launched the third version of our Company's Crisis Management Plan, which defines management responsibilities and actions required for an organised response to any potential HSE&S crisis. Requirements of the Crisis Management Plan include clear and early identification of situations with crisis potential; structured responses to its demands; and a factually accurate process of communication, both within the Company and externally.

## **HSE&S-Related Events and Special Days**

### **Safety Week**

Workplace safety is a critical issue for any business, large or small. Keeping employees free from harm while on the job is both a moral and legal obligation. One way to increase the emphasis on workplace safety is through regular events such as safety days or weeks, featuring activities that teach workers best practices for a productive and safe work environment.

Safety Week highlights the importance of safety in all spheres of everyday life and explores areas where accidents can be prevented. HSE related activities were carried out by



**Soda Ash site team during World Environment Day campaign**

each Business during their respective Safety Weeks, which included crisis management, security checks, distribution and fire emergency management drills. To engage employees across all Businesses, competitions were arranged such as Best Safety Slogan, Best Unsafe Act/Unsafe Condition and Best Firefighting Team. Each location's respective Works Manager, the Corporate HSE Manager and other departmental heads distributed prizes among the winners.

### **World Environment Day**

June 5 marks World Environment Day. Celebrated globally for over 40 years, this day is designed to create ongoing awareness for the protection and preservation of our planet.

ICI Pakistan Ltd. celebrated World Environment Day at its different locations; at our Soda Ash Business a polyurethane bag consumption awareness campaign was arranged. For this purpose, the HSE Department of the Soda Ash Business collaborated with the District Environment Protection Department and held a ceremony in which cotton cloth bags with printed awareness messages were distributed among community members.

### **Tree Plantation Drives**

Pakistan has been listed seventh amongst the nations at high risk due to climate change. To play our part in the protection of the environment, ICI Pakistan Limited organised tree plantation drives at all its sites and locations.

## Community Investment

# Helping our Communities Progress and Grow

At ICI Pakistan Limited, we maintain a strong focus on supporting and investing in communities around us. Our success is linked with their success, and we know that helping them develop today means we are shaping a sustainable future that will positively impact generations to come.

The Company's major community investment and CSR initiatives are carried out through the ICI Pakistan Foundation, a registered trust run and managed by a Board of Trustees.

Guided by our CSR Policy, the Foundation's initiatives (under the umbrella of the Hamqadam Programme) focus primarily on the following broad areas: education, health, community and environment. Through the Foundation, we also support civic development through investment in community projects, disaster relief and rehabilitation activities as needed.

Here is an overview of the progress of our community and CSR projects for 2017-18:

## Education

**Support extended to education-related initiatives includes primary, secondary and higher education support, as well as vocational training.**

### Vocational Training – Ladies Welfare Centre (LWC)

Established in 1973 to empower young women from the Khewra community by imparting marketable skills, the ICI Pakistan Limited-funded and operated Ladies Welfare Centre (LWC) continues to flourish. Courses currently offered include a year-long comprehensive course in Domestic Tailoring and Fashion Design (which is aligned with the TEVTA Curriculum) and a year-long course in Professional Cooking.

In December 2017, the latest batch of 12 students completed their training and were awarded certificates at a ceremony held on December 21, 2017 at the LWC, Khewra. The Centre also offers internships and teacher training programmes, and currently employs five instructors, all of whom were former students. To date, 12 new students have been inducted into the new batch, with over 1,260 young women from our Khewra community to have benefitted from this training.

### Vocational Training – Roshan Lyari Programme

In February 2018, the ICI Pakistan Foundation partnered with the Sindh Tech Skills Development Centre to launch the Roshan Lyari programme, which consists of four vocational training courses

that promote literacy and enhance capacity building skills within the Lyari youth community. The duration of these courses ranged from three to six months.

Course Name	Duration	No. of Participants
MS Office	Three Months	25 (Boys & Girls)
Fashion Designing and Household Tailoring	Three Months	26 (Girls)
Beautician Training	Six Months	22 (Girls)
Coaching Classes for Matric Students	One Month	58 (Boys and Girls)

### Primary Education Support – Government Boys and Girls Primary School, Tibbi Harriya

Our Polyester Business's CSR team had managed the Govt Boys and Girls Primary School in Tibbi Harriya in partnership with a local NGO for the past 16 years.

To improve the quality of education and general standards of the school, in 2017, we engaged the CARE Foundation, a reputable non-profit, to take on the management of the school. The CARE Foundation is currently running 716 schools with over 230,000 students and 4,000 teaching staff across the country. 130 students are currently enrolled at Tibbi Harriya School. This year nine students graduated from the fifth grade.

### Primary Education Support – Government Boys and Girls Primary School, Kakapir Village

Our long-term support of this school has included the 2008 renovation of the entire school building, including the provision of new classroom furniture. Currently over 200 students are enrolled (from nursery to the fifth grade), with 65% of these students being girls. While this showed a growing acceptance of the need for female education in the community, parents were reluctant to allow their daughters to attend the nearby co-education secondary school. Girls from the Kakapir Village were therefore having to give up their studies after the primary level.

To resolve this problem, in 2016-17, we initiated sixth grade classes for girls at the school. These classes have been running successfully; currently, nine female students are enrolled, with





**Bright and eager students enrolled in the Roshan Lyari Programme are keen to learn and practise new skills**

the first batch of 12 female students having graduated earlier this year.

### **Reader's Club and the "Dewaar-e-Sahafat" or "Wall of Journalism" Project**

During the year, the second Reader's Club project was launched at the Govt Girls Secondary School, Wali Muhammad Haji Yaqoob, at Lyari with the aim of encouraging students to develop their reading, comprehension and vocabulary skills. About one hundred students from sixth to tenth grade participated, with each student given a starter pack consisting of a collection of children's magazines and newspapers (to serve as source material) and a blank scrapbook.

To help sustain their interest in reading and writing, a "Dewaar-e-Sahafat" or "Wall of Journalism", was also installed at the school premises, alongside the launch of the Reader's Club, for students to display their own articles and stories about activities and events at their school.

### **Secondary Education Support – Govt Girls Secondary School Wali Muhammad Haji Yaqoob, Lyari**

The political and social unrest in Lyari Town in recent years caused challenges for students trying to continue their education. For the 800 girls studying at the Govt. Girls Secondary School, Wali Muhammad Haji Yaqoob, Lyari, these challenges continued even after the socio-political situation improved; their school could not offer them a science lab to carry out their practicals. With the only alternative being to travel to a nearby boys school, their learning was impacted.

To solve this problem, on December 6, 2017 our Company inaugurated a science lab at the Govt. Girls Secondary School, Wali Muhammad Haji Yaqoob, Lyari in partnership with the USAID Sindh Community Mobilization Program (CMP). The science lab equipment was funded by the ICI Pakistan Foundation, under the 'Ilm-o-Hunar' programme, and is part of the MoU agreement signed with CMP on April 2017.

### **Higher Education Support – Murshid Hospital School of Nursing & Midwifery**

On January 25, 2018, a ceremony was held to inaugurate the upgraded Murshid Hospital School of Nursing and Midwifery's Nursing Skills Lab. The ICI Pakistan Foundation-funded upgrade included sophisticated training equipment, which includes life-sized



**Arshaduddin Ahmad, VP Chemicals & Agri Sciences Business, presented prizes to top-performing students at the Kakapir School's annual function**

working models of the human body that enable nursing students to practice vital medical techniques. Our Foundation's support also upgraded the school's library and faculty's computer lab, helping further enhance educational standards. These improvements allow the Nursing School to upgrade its three-year diploma programme to a college-level four year degree programme; raising education standards for future nurses. Currently, 136 female students are enrolled at the School, and will benefit from the upgraded college-level four year degree programme.

### **Higher Education Support – Pakistan Agricultural Collation (PAC)**

We continue to provide funds to the Pakistan Agricultural Collation (PAC) for the establishment of an agricultural technical institute to aid in agricultural research and impart quality education to farmers.

## **Health**

**Support extended to health-related initiatives includes funding for Company-run programmes that serve our communities, as well as financial support to reputed healthcare non-profits.**

### **Hamqadam Community Clinic - Khewra**

The establishment of the Hamqadam Community Clinic in Khewra has benefitted countless lives in the community, particularly those of infants and mothers. Funded by the ICI Pakistan Foundation and run in partnership with the Marie Adelaide Leprosy Centre (MALC), our clinic continues to perform well and is proving to be a valuable addition to Khewra's healthcare infrastructure.

Large numbers of women and children are regularly treated at the clinic, which is run by a lady doctor with the support of a lady health worker, along with a leprosy, ophthalmic and tuberculosis technician and ambulance driver.

Since the clinic's inception in February 2016, a total of 9,247 OPD cases have been catered to, with 962 pregnant women registered at the clinic, and 2,585 children under the age of five monitored for immunisation and nutrition through the 'Road to Health' chart.

A state-of-the-art ambulance was also donated to the clinic at the time of inauguration to cater to emergencies in the local area.



Guests and officials were in high spirits during the science lab inauguration at a government girls school in Lyari, Karachi



A trainer leads the workshop for teachers at the Kakapir School

### Statement of Charity Account

	2017-18	2016-17
<b>Education</b>	4.95	6.06
<b>Health</b>	26.38	14.92
<b>Environment</b>	1.70	3.62
<b>Others</b>	0.02	0.07
<b>TOTAL PKR*</b>	33.05	24.67

\*Includes funding through the Company such as LRB, LWC and Project Green etc.

So far, the ambulance has made 162 trips to address emergency needs transferring patients from Khewra to Rawalpindi / Islamabad, Lahore, Pind Dadan Khan, Chakwal, Kalarkahar, Sargodha, Jhelum, and Mandi Bahauddin.

### Hamqadam Community Clinic - Sheikhpura

Following the success of the Hamqadam Community Clinic in Khewra, a similar clinic for the Sheikhpura community was launched in May 2018. This clinic is situated near our Polyester Business manufacturing facility. The clinic began operation from May 2018 and has already catered to 1,052 OPD cases, with 43 pregnant women registered at the clinic, and 145 children under the age of five monitored for immunisation and nutrition through the 'Road to Health' chart.

### LRBT Eye Clinics - Khewra

Our longest-running eye care programme held in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT) continues to operate sustainably, with camps held every month. This eye care programme has benefitted thousands of deserving patients from Khewra and beyond for more than 25 years.

As of June 30, 2018, 294 eye camps have been held as part of the LRBT Eye Clinic programme, during which 152,418 OPD consultations have been carried out, 17,182 surgeries have been completed, and 29,844 successful refractions have been performed.

### Childlife Foundation

Through the ICI Pakistan Foundation we completed a three-year pledge to the Child Life Foundation, a non-profit institution which operates and manages the Paediatric Emergency wards in both Civil and Jinnah Hospitals, Karachi. During the year, three Pediatric Emergency Rooms were added to the Child Life Foundation's network, one at the Lyari General Hospital, one at Korangi 5, and one at the Abbasi Shaheed Hospital, totalling five

state-of-the-art ER units in Karachi. The mission of the Child Life Foundation is that no child in Karachi should be more than 30 minutes away from a fully equipped ER. So far, over 1.8 million children have been treated at Child Life ERs.

The Child Life Foundation has expanded its operations to interior Sindh, with the first ER set up in Nawab Shah Medical College & Hospital, Nawab Shah, the second in Chandka Medical College & Hospital, Larkana and the third one in Sukkur.

## Community

### Pehchan Volunteer Programme

To engage our people with various community based CSR initiatives, the Pehchan Volunteer Programme was launched in June 2018. The programme is guided by the Company's Board-approved CSR policy, and all volunteer activities carried out under the Programme focus on the core areas of interest as mandated by the Company's CSR Policy.

Under the Pehchan programme, in line with the Company's culture, values, and brand promise, Cultivating Growth, our people can officially devote up to two working days (or 16 working hours) annually on Company time in pursuit of volunteer work to enable them to contribute to society and better live our values.

## Environment

### Tree Plantation Drives

Tree plantation is an ongoing focus for us. Given the growing pressure on our environment, it is only prudent to attempt to offset the decline of our natural environment. Tree plantation is possibly one of the best, most effective methods to counter these losses.

Our Company continues to participate in tree plantation drives. In 2017-18, over 38,000 trees were planted through Project Green, situated at our Soda Ash manufacturing site in Khewra. To date 446,466 trees have been planted by the Company, including over 20 various native species.

### Biodegradable envelopes

At ICI Pakistan Limited we continue to utilise biodegradable envelopes for the long term benefit of the environment.



## Governance & Compliance

# Striving to Be the Very Best Version of Ourselves

Growth isn't just about expanding; becoming bigger than before. It is also about striving – against the tide if necessary – to develop into the best possible version of ourselves. At ICI Pakistan Limited, we see adherence to our governance and compliance frameworks as the starting point for all that we do – one of the most important elements of our ongoing quest to be the very best that we can be.

This section includes the Board of Directors report, details of business performance and activities, and our Governance, Compliance and Risk Management policies







# Corporate Governance and Compliance

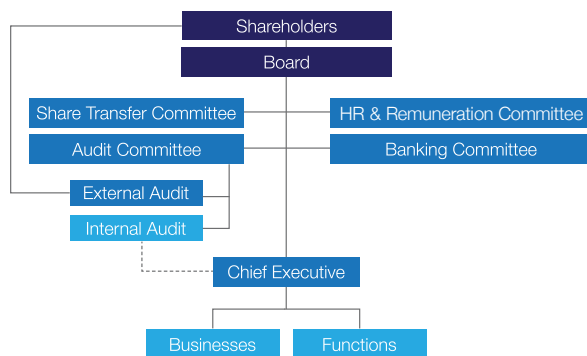
At ICI Pakistan Limited, good corporate governance is one of the most fundamental cornerstones of our operations. The Company has a long history of adherence to high standards of ethical practice, and we continue to uphold these standards going forward.

The corporate governance structure of ICI Pakistan Limited is based on the Company's Articles of Association, as well as statutory, regulatory and other compliance requirements applicable to companies listed on the Pakistan Stock Exchange (PSX). It is complemented by several internal procedures including a risk assessment and control system, as well as a system of assurances on compliance with the applicable laws, regulations and the Company's Code of Conduct.

## Corporate Governance Statement

ICI Pakistan Limited is a public limited company established under the laws of Pakistan. The shares of the Company are listed on the PSX.

### Corporate Governance Structure of ICI Pakistan Limited



### Major External Regulations

- Companies Act, 2017 and other allied laws
- Rule Book of the Pakistan Stock Exchange
- Listed Companies (Code of Corporate Governance) Regulations, 2017 and Securities Act, 2015.
- CDC Regulations
- Other SECP Regulations, Circulars, Notifications, Guidelines etc.

### Major Internal Regulations

- The Articles of Association of the Company
- Code of Conduct
- Significant policies
- Financial Remits

The Board of Directors is responsible for governing the organisation by establishing Board policies; setting goals, objectives and strategies that the Company is required to adopt; and formulating the policies and guidelines towards achieving those goals and objectives.

The Board is accountable to shareholders for discharge of its fiduciary function, while the Company's management is responsible for implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate the smooth execution of the day-to-day affairs of the Company, the Board entrusts the Chief Executive (CE) with necessary powers and responsibilities in this regard. The CE is, in turn, assisted by an Executive Management Team comprising the Chief Financial Officer, Company Secretary and the Heads of Businesses and functions. The Board is also assisted by a number of sub-committees composed mainly of independent/non-executive directors.

## Code of Conduct

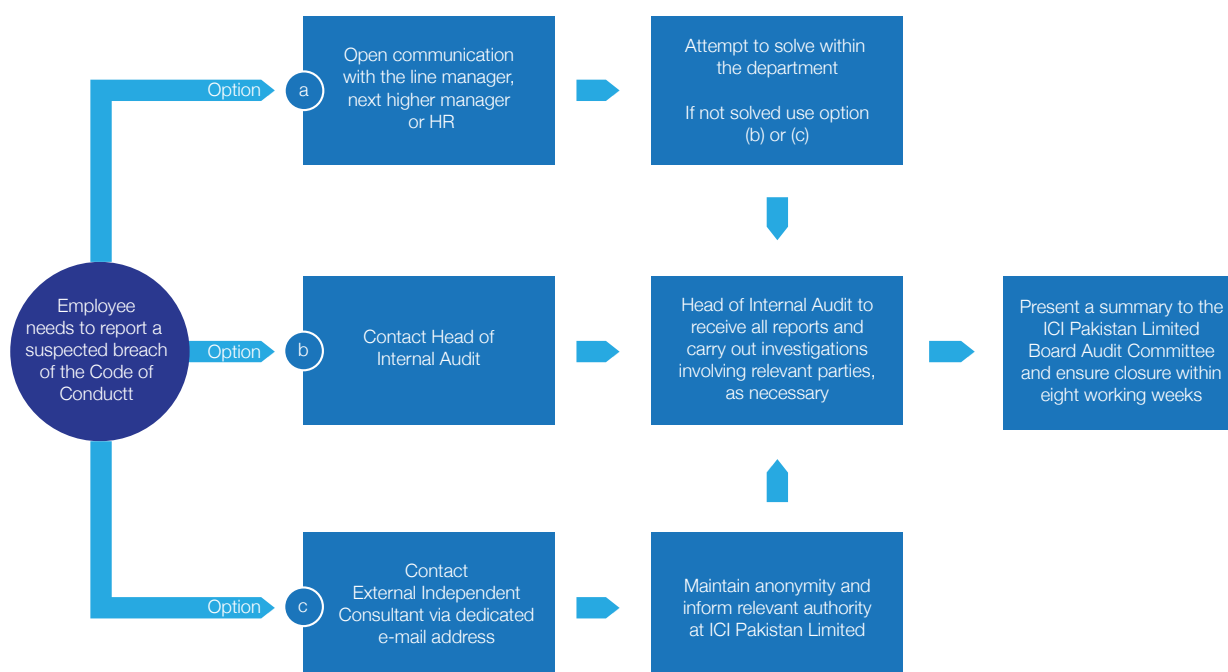
ICI Pakistan Limited continues to hold in high esteem the best practices of corporate governance and believes in widely propagating its values and ethics for strict adherence by all employees, contractors, suppliers and others while doing business for the Company. The Company's commitment to encouraging ethical and responsible practices is demonstrated by the fact that ICI Pakistan Limited had a comprehensive Code of Conduct in place well before the introduction of this requirement in the Listed Companies (Code of Corporate Governance) Regulation, 2017 in 2002. In order to apprise employees of the Code of Conduct, the Company organises training sessions and induction programmes on a regular basis to ensure compliance at all levels. Furthermore, upon joining the Company, all employees are required to read and understand the Code of Conduct, and sign a declaration of compliance with it. As a refresher on the Code, renewal of this declaration is also carried out electronically on a regular basis.

## Speak Up (Whistleblowing Programme)

To account for any cases where the Code of Conduct has been violated, and to help facilitate strict adherence to it, employees have access to a whistleblowing programme called Speak Up. Through the Speak Up programme, any employee can confidentially report



## A Depiction of the Whistleblowing Process



## Speak Up Reports During the Year

Number of Speak Ups reported to Audit Committee during the year ended June 30, 2018	5
Number of Speak up investigations completed and cases closed	5

suspected unethical dealings or other breaches of the Code by other Company employee/s, via telephone or e-mail to the relevant HR Manager or Head of Internal Audit. In addition, to further enhance anonymity, an independent third party has also been hired (a renowned firm of Chartered Accountants), which can be approached for filing a complaint. All complaints are thoroughly investigated and the results of the investigation are communicated to the complainant (if the return address is provided), following which appropriate action is taken by the Company. This process is overseen by the Board Audit Committee.

## Board Composition

The present Board of ICI Pakistan Limited comprises a well-balanced mix of executive, non-executive and independent directors. It has eight directors: two executive directors, four non-executive directors including one female director, and two independent directors. The Chairman of the Board is a non-executive director. The positions of Chairman and Chief Executive are held by separate individuals with clearly defined roles and responsibilities.

At ICI Pakistan Limited the Audit Sub-Committee and an HR and Remuneration Sub-Committee of the Board were established well before the introduction of the Code of Corporate Governance; these committees are composed mainly of non-executive directors, including the Chairman. The terms of reference of these Committees are provided on page 68 of this Report.

## Internal Control

ICI Pakistan Limited has a sound system of internal control and risk management. The Board assumes the overall responsibility

of overseeing the internal control processes. The Risk Management and internal control processes are designed to safeguard the Company's assets and to appropriately address and/or mitigate emerging risks being faced by the Company. The Company maintains a clear organisational structure with a well-defined chain of authority. Senior management is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls. Comprehensive details regarding the Risk Management System are separately disclosed in the financial statements of the Company.

## Insider Trading

The Company has a stringent policy on insider trading and securities transactions. The policy paper, which is circulated to all employees of the Company from time to time, lays down the procedure employees have to follow while dealing in the shares of the Company. Closed periods are announced by the Company prior to the announcement of financial results during which Executives (as defined by the Board to be an employee drawing a basic salary of PKR 2.4 million or more annually) and some finance staff are barred from dealing in the Company's shares. They can deal in the Company's shares only outside the closed periods. Any transaction carried out by an Executive in the shares of the Company has to be reported to the Company Secretary within two days of execution of the transaction with relevant details of purchase/sale of shares.

## Competition Law

As embodied in our Code of Conduct, ICI Pakistan Limited supports the principles of free enterprise and fair competition. The Company competes vigorously but fairly with its competitors within the framework of applicable laws - all to

provide better and increasingly useful products and more efficient services to our customers.

The Legal Department had conducted a comprehensive Competition Law Training for relevant employees in 2014-15. We continue ensuring compliance with competition laws for relevant employees. Additionally, all employees are apprised of relevant competition laws in the Code of Conduct, for which each employee signs a declaration of compliance upon joining the Company and on a regular basis thereafter.

## United Nations Global Compact (UNGC)

ICI Pakistan Limited remains committed to making the UNGC's Ten Principles part of our strategy, culture and day-to-day operations. The Ten Principles form a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

## Adequate Disclosure

At ICI Pakistan Limited, we endeavour to continue to be transparent in our dealings with stakeholders. This is achieved through adequate and comprehensive disclosure of all significant developments via communications targeted to our shareholders and other stakeholders. These include our financial statements, and other communications such as public announcements and press releases.

All critical accounting estimates, rules and procedures governing extraordinary transactions, or any changes in accounting policies, along with their financial impact, are disclosed in the notes to our financial statements. At ICI Pakistan Limited, we follow the Companies Act, 2017, and applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards). In addition, we make an effort to provide as much supplementary information in our financial statements as reasonably possible.

As part of our effort to ensure our stakeholders are well informed about our operations, we have formulated an Investor Relations Policy which aims to ensure that the financial community, and other constituencies, such as analysts, shareholders and investors (both current and potential), are ensured timely access to all relevant information pertaining to the Company, which includes business updates, stock and financial performance, historical performance and future prospects.

## Annual General Meeting (AGM)

The Company holds its AGM of the shareholders in light of The Companies Act 2017, Rule Book of Pakistan Stock Exchange Limited (PSX), Listed Companies (Code of Corporate Governance) Regulations, 2017 and its Articles of Association. We request all our shareholders to participate in the AGM and other general meetings as and when convened. We also ensure that the Annual Report in electronic form, containing the agenda and notice of AGM, is dispatched to every shareholder at her/his registered address within the stipulated time.

During the last AGM of the Company, no issues were raised by the shareholders present. Queries raised were responded to accordingly by present Board members, the Chief Executive and Company Secretary. Queries raised during the last AGM of the Company pertained to the following topics: polyester staple fibre (Polyester Business); set-up of a Morinaga infant formula manufacturing facility in the country; the capacity expansion project at the Soda Ash Business; and challenges in the Chemicals & Agri Sciences Business.

## Ownership & Control Structure

Complete disclosure of ICI Pakistan Limited's shareholding structure is given in the pattern of shareholding in the printed accounts of the Company, pursuant to the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017. Our share capital is comprised of ordinary shares. No other class of shares is issued by the Company. The Yunus Brothers Group (YBG) has acquired 86.14% shares in the Company, details of which are disclosed in the pattern of shareholding. The remainder of shares are held by the general public and institutions.

## Related Party Transactions

A complete and updated list of related parties has been maintained. All transactions with related parties are carried out on an unbiased, arm's length basis as per formulas approved by the Board of Directors. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The Internal Audit Function ensures that all Related Party Transactions are done on an arm's length basis and releases a quarterly report to that effect to the Board Audit Committee. After review by the Audit Committee the transactions are placed before the Board for their consideration and approval. All transactions with related parties where majority of Directors of ICI Pakistan Limited are interested, are referred to the Shareholders in a general meeting for ratification/approval.

## Material Interests of Board Members

Directors are required to disclose, at the time of appointment and on an annual basis, the directorships or memberships they hold in other corporate bodies. This is in pursuance with section 205 of the Companies Act, 2017, which also requires directors to disclose all material interests. We use this information to help us maintain an updated list of related parties. In case any conflict of interest arises, the matter is referred to the Board's Audit Committee.

## Offices of the Chairman and Chief Executive

In compliance with good governance practices, the position of the Chairman of the Board of Directors and the office of the Chief Executive are held by separate incumbents with clear demarcation of roles and responsibilities.

## Brief Roles and Responsibilities of Chairman and Chief Executive

The primary role of the Chairman is to ensure that the Board of Directors remains effective in its tasks of setting

and implementing the Company's direction and strategy. The Chairman is responsible for assessing and making recommendations regarding the effectiveness of the Board, the committees and individual directors in fulfilling their responsibilities, including avoidance of conflicts of interest. The Chairman represents the non-executive directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings.

The Chief Executive is the senior most full-time executive of the Company, to whom all Business and Functional heads report. He is responsible for presentation of the Company's aims and policies to the government and all stakeholders.

The Chief Executive is responsible for the performance of the Company, in accordance with the Business strategy as adopted by the Board. The Chief Executive reports to the Board of Directors.

The responsibilities of the Chief Executive include:

- Formulating and following Board approval; successfully implementing Company policy.
- Directing strategy towards the profitable growth and operation of the Company.
- Developing strategic operating plans that reflect the long term objectives and priorities established by the Board.
- Maintaining an ongoing dialogue with the Chairman of the Board to keep him fully informed of all significant developments.
- Putting in place adequate operational planning and financial control systems.
- Ensuring that the operating objectives and required standards of performance are understood by all Company employees.
- Monitoring of operating and financial results against budget.
- Taking remedial action where necessary and informing the Board of significant changes.
- Ensuring that the Company remains in compliance with all applicable laws.
- Building and maintaining an effective executive team and appropriate succession plans.

## Evaluation of the Chief Executive's Performance

The performance of the Chief Executive is evaluated on a blend of quantitative 'value' and qualitative 'values' driven objectives. Quantitative value-driven objectives relate to growth and financial performance of the company while qualitative values relate to the Company's performance on sustainability parameters. Underpinning both these objectives is the "how" component, which measures what processes and policies were implemented and complied with.

## Evaluation of the Board's Performance and its Sub-Committees

The Board evaluates its performance on an annual basis along with its sub-committees in line with the overall performance of the Company. Board members make efforts to attend all meetings of the Board, and to actively participate in its proceedings, wherein discussions are held on various strategic

issues. The Board ensures that the Company adopts the best practices of corporate governance in all areas of its operations and has a robust internal control system. The Board closely monitors major capital expenditure projects including balancing, modernisation and replacement. The Board must also remain focussed on succession planning and compliance with all regulatory requirements throughout the year. The Board is fully cognisant of the Company's commitment to its sustainability strategy based on social, economic and environmental factors and has issued appropriate policy guidelines to ensure continued maintenance of performance in these areas.

In line with global best practices, ICI Pakistan Limited has developed and successfully implemented a methodology for self-evaluation of the Board's performance as an entity on the basis of the following factors: Board composition, leadership and planning, Board effectiveness, Board accountability, strategy and performance, organisation, risk management, ethics and compliance.

The process for this evaluation entails evaluation proformas being circulated to the members of the Board; each member is required to return the duly filled proforma, including comments, to the Company Secretary, while maintaining secrecy and confidentiality. Differences of opinion and areas requiring improvement are duly identified for resolution. The results are compiled and subsequently shared in the next Board meeting with the intent to frame strategies for addressing the highlighted areas and bringing about further cohesion and improvement in the Board's performance.

## Internal and External Audit

The Internal Audit function of the Company plays a pivotal role in providing the Board with the required objectivity in evaluating and improving the effectiveness of risk management and related control systems throughout the Company. The Head of Internal Audit independently reports to the Audit Committee and administratively to the Chief Executive. A renowned firm of chartered accountants, KPMG Taseer Hadi & Co, has been hired to perform the internal audits within the Company. The Head of Internal Audit ensures that the audit plan, as approved by the Audit Committee, is effectively implemented in close coordination with KPMG Taseer Hadi & Co.

Internal audits are executed across all Businesses by our independent internal auditors and all findings are reported to the Senior Management and the Board Audit Committee. Action plans are followed up on rigorously to ensure that timely corrective action is implemented for the effective functioning of controls. The Board, through the Audit Committee reviews the assessment of risks, internal control and disclosure procedures and suggested remedial actions where applicable. The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities regarding the integrity of ICI Pakistan Limited's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, and the performance of the internal audit function. External auditors are appointed by the shareholders on a yearly basis at the AGM on the recommendation of the Board of Directors, while the partner in charge of Company's audit is rotated every five years as per the local regulations.



# Risk Management

Effectively assessing and managing risks is an important part of running a successful, sustainable operation.

At ICI Pakistan Limited, the overall responsibility of overseeing risk management processes lies with the Board of Directors. This includes risk management and internal control procedures. Our Company's risk management processes are designed to safeguard our assets and address possible risks to our Businesses, including possible impacts on business continuity. These documented processes are subject to regular review. Identified risks which could potentially affect the achievement of strategic, operational, financial and/or compliance objectives are promptly reported to the Board and senior management, allowing them to take timely action where required, to ensure the Company's operations continue smoothly.

ICI Pakistan Limited has a clear organisational structure with a well-defined chain of authority. Our senior management teams are responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls.

We employ a robust Enterprise Risk Management (ERM) framework, which is integrated across the organisation to ensure risks are proactively identified and addressed. The ERM framework utilises comprehensive, interactive systems and processes, which enable us to systematically identify, evaluate, and assess risks. Highlighted risks are prioritised according to their impact and likelihood, and remedial actions are devised accordingly.

Risk management is an ongoing need, and therefore, this annual process includes interim updates on both, risks, as well as remedial and/or corrective actions.

## Our ERM framework encompasses the following elements:

- A transparent process providing necessary insight into risks that the Company faces
- A common language utilised for risk and its related actions – this facilitates clear communication and decision-making by ensuring understanding across the board
- Clear accountability and governance structure in relation to risk management



Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
<b>Changing economic conditions, government policies and law and order situation</b> <ul style="list-style-type: none"> <li>Local competition</li> <li>Risk of ad-hoc tariff adjustments on imports impacting local producers, such as ICI Pakistan Limited</li> <li>Large scale cheap imports at uneconomical prices or dumping in Pakistan by major international manufacturers</li> </ul>	<b>Strategic</b>	Continued commitment to customer centricity, product quality, innovation and supply chain efficiencies, along with a strong market footprint, can help us appropriately respond to challenges posed by weak economic and demand conditions. The Board and management endeavour to define and implement a clear strategy to overcome these strategic external risks by regularly benchmarking production efficiencies against competitors' to minimise cost. The Board and management continuously seek dialogue with policy makers through various business forums in the overall interest of domestic industries, and are actively vigilant with policies and proceedings of cases filed against anti-dumping. Training is also provided to update concerned stakeholders with regard to the law and order situation.	<b>High</b>
<b>Exposure to liabilities arising from non-compliance with laws and regulations</b>	<b>Compliance</b>	We closely monitor changes in the regulatory environment and adapt to all significant changes in a timely manner. We are dedicated to compliance with all legal and regulatory requirements with special emphasis on conformity to our Code of Conduct. We operate under a comprehensive Competition Law compliance programme including training, monitoring and assessment.	<b>Medium</b>
<b>Inability to attract, engage and retain high potential/promotable talent</b>	<b>Strategic</b>	Our key focus remains on the growth and wellbeing of our intellectual capital. The re-launch of ICI Pakistan Limited's value driven competency framework (SuccessFactors) provides the roadmap for talent acquisition and development activities, ensuring that the right talent is available for the delivery of strategic ambitions. Advancing the wellbeing and engagement of our workforce is a high priority and we consider it a commitment that encompasses employee satisfaction and competitive benefits. The Board and management place great emphasis on attracting, educating, motivating and retaining our workforce, through further strengthening tools such as our Performance and Development Discussion, organisation health surveys and ensuring robust succession planning in the Company.	<b>Medium</b>

Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
<b>Overdependence on single source suppliers and major principals</b>	<b>Operational/ Commercial</b>	We continuously engage our principals in a strategic view of business in Pakistan to align and create a common view of the business. We emphasise the satisfaction of our suppliers and work hard to outperform their expectations. We safeguard the Company's position through secured contracts and continue to seize opportunities to launch our own range of products/brands to reduce dependency on principals. We will further explore alternate suppliers and perform concrete and thorough research on their product ranges to have an alternate ready if required.	<b>Low to Medium</b>
<b>Product risk</b>  Adverse events and reporting in the press on the quality or performance of products	<b>Operational/ Commercial</b>	Continued focus on quality control, at principal level and at business level (e.g. storage/transportation at correct temperatures, etc.) We also ensure detailed information is available on packaging, and training needs of staff are regularly monitored for reporting of adverse events. We also have defined standard operating procedures for crisis management and media handling. Moreover, our customer complaint management system aids in the timely review of the concerns and needs of every customer. We further conduct gap analyses to improve our testing methodologies so as to comply with our value of Customer Centricity.	<b>Medium</b>
<b>Commodity Risk</b>  Reduction or increase in demand for seasonal imported goods versus plan/outlook	<b>Operational/ Commercial</b>	Review plan on an on-going basis and in case of any changes in market dynamics, highlight issues/ scenarios to the principal in advance, negotiating quantities and prices.	<b>Low</b>
<b>Failure to keep pace with technological advancements</b>	<b>Strategic</b>	Our management highly values data security, automation of operations and technological advancement in the relevant industries. We have invested in a robust management reporting system, research and development, and lab infrastructure to improve in-house capabilities. We maintain close ties with our customers and consult them to remain updated on the changes taking place in the industry. Our business development team regularly issues a news bulletin containing information on new developments and changes taking place across the industry globally.	<b>Low</b>

Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
<b>HSE&amp;S compliance risk</b>  HSE&S risks in production and supply chain processes can adversely affect our operations. These risks concern areas such as personal health and safety, product safety and operating eco-efficiency. An unlikely scenario can involve major incidents with high impact for our organisation as well as our local communities, which may cause business disruption and reputational damage.	<b>Health &amp; Safety</b>	For us, compliance with HSE&S standards is our license to operate. The Company continues to focus on energy conservation, waste and operational efficiencies and eco-efficiency foot print reduction. A detailed report on HSE&S performance and development in 2016-17 is available in the report.	<b>Low</b>
<b>Fluctuation in exchange rates</b>  Continued depreciation of the Pakistani Rupee against the US Dollar has a negative impact on the financial results of our Businesses through erosion of margins, particularly in the Life Sciences Business, where prices of pharmaceutical products are capped by the Ministry of Health.	<b>Financial</b>	We have a centralised treasury and forward contracts are obtained from time to time to limit the exposure to foreign currency risk. However, the erosion of margins because of an inability to raise prices as highlighted is a risk the Company has to take, and one which is being partially mitigated through the introduction of generic brands and continuous engagement with policy makers in the government.	<b>Low</b>
<b>Interest rate risk</b>  Risk of an increase in interest rates having an adverse impact on the profitability of the Company.	<b>Financial</b>	The Company has availed financing for working capital requirements at competitive spreads and major borrowing is set on a floating rate. For other borrowings, the interest rate risk is at an acceptable level.	<b>Low</b>
<b>Credit Risk</b>  Risk of default in payments by credit customers in the current challenging economic conditions, leading to adverse financial impact on the Company.	<b>Financial</b>	The Company's counterparty risk is sufficiently diversified with established limits for key customers. Credit reviews are regularly conducted to align the exposure in keeping with changing conditions while remaining within the bounds of the overall risk appetite of the Company.	<b>Low</b>
<b>Liquidity Risk</b>  Risk of the Company being unable to fulfil its financial obligations due to non-availability of sufficient funds	<b>Financial</b>	The Company ensures optimum utilisation of cash generated by operations and has sufficient financial lines with various institutions to meet any funding requirements.	<b>Low</b>

\*Risk exposure rating is based on the likelihood and impact of the risk on the entity as a whole, and translated as such, based on established criteria.

# Board and Management Committees

## Committees of the Board

### Audit Committee with brief terms of reference

The Audit Committee ensures that the Company has a sound system of internal financial and operational controls. Chaired by an independent director, the Committee serves as the eyes and ears of the Board, assisting it in the discharge of its fiduciary responsibilities.

The Audit Committee reviews the periodical financial statements of the Company and announcements of results to the stock exchange. An important responsibility of the Committee is to recommend to the Board the appointment of external auditors, facilitate the external audit and discuss with the external auditors major observations arising from interim and final audits. In doing so, the Committee also reviews the Management's response thereto.

Other main responsibilities of the Audit Committee include risk management; compliance with relevant statutory requirements; review of legal matters which may significantly impact financial statements; reviewing all related party transactions; monitoring compliance with the best practices of corporate governance, and investigating any violations thereof; and ensuring coordination between internal and external auditors.

While carrying out its duties, the Audit Committee has the authority to discuss directly with the management, internal auditors or external auditors any issue within its remit. The Committee may obtain outside legal or professional advice on the matter if necessary. The Audit Committee comprises three members, which are non-executive directors. The Chairman of the Committee is an Independent Director and the Head of Internal Audit acts as the Secretary to the Committee. The Chief Executive, Chief Financial Officer and representatives of internal auditors attend Audit Committee meetings by invitation.

The Audit Committee meets at least four times a year. At least once a year, it meets external auditors independent of the CFO and the internal auditors.

### Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee is a sub-committee of the Board and is responsible for reviewing and recommending the selection, evaluation and compensation of the Chief Executive; the Executive Management Team; and the Head of Internal Audit. Additionally, it also reviews and recommends HR management policies and the succession planning process for the position of the Chief Executive and his direct reports.

The Committee also takes into consideration the recommendations of the Chief Executive on such matters as key management positions and who reports directly

to the Chief Executive, and obtains approval on such recommendations from the Board.

The Committee comprises five members; three Non-Executive Directors, one Executive Director and an Independent Director who is also the Chairman of the Committee. The General Manager Human Resource acts as the Secretary to the Committee. The Committee meets at least once a year.

### Banking Committee

This Committee comprises two Executive Directors and one Independent Director, and has been constituted to approve matters relating to opening, closing and day-to-day operations of bank accounts. The resolutions passed by the Banking Committee are subsequently ratified by the Board.

### Shares Transfer Committee

The Shares Transfer Committee consists of two Executive and one Non-Executive Director. This Committee approves registrations, transfers and the transmission of shares. Resolutions passed by the Shares Transfer Committee are subsequently placed at Board meetings for ratification.

## Management Committees

### Executive Management Committee

The Chief Executive is the Chairman of the Executive Management Committee. The Committee comprises all Business and Functional Heads. This Committee meets once a month under the chairmanship of the Chief Executive and is responsible for strategic business planning, decision making and overall management of the Company.

### HSE&S Management Committee

The Health, Safety, Environment and Security Committee monitors Companywide HSE&S practices. It oversees the health, safety, environment and security functions of the Company and is also responsible for ensuring that all of the Company's operations remain environmentally-conscious and compliant with the prevalent regulatory framework. The Committee is chaired by the Chief Executive.

### Succession Planning Forum

This forum is chaired by the Chief Executive and meets periodically to review the Company's succession planning and talent pipeline at all levels. This forum is supported by the following capability groups:

- Commercial Capability group
- Technical Capability group
- HR Capability group
- Finance and IT Capability group

# Company Information

## Board of Directors

<b>Muhammad Sohail Tabba</b>	Chairman (Non-Executive)	<b>Asif Jooma</b>	Chief Executive
<b>Muhammad Ali Tabba</b>	Vice Chairman (Non-Executive)	<b>Khawaja Iqbal Hassan</b>	Independent
<b>Jawed Yunus Tabba</b>	Non-Executive	<b>Muhammad Abid Ganatra</b>	Executive
<b>Amina A Aziz Bawany</b>	Non-Executive	<b>Kamal A Chinoy</b>	Independent

## Audit Committee

<b>Khawaja Iqbal Hassan</b>	Chairman
<b>Muhammad Ali Tabba</b>	Member
<b>Jawed Yunus Tabba</b>	Member

## HR & Remuneration Committee

<b>Khawaja Iqbal Hassan</b>	Chairman
<b>Muhammad Sohail Tabba</b>	Member
<b>Jawed Yunus Tabba</b>	Member
<b>Asif Jooma</b>	Member
<b>Muhammad Ali Tabba</b>	Member

## Chief Financial Officer

**Muhammad Abid Ganatra**

## Company Secretary

**Nausheen Ahmad\***

## Head of Internal Audit

**Muhammad Ali Mirza**

## Executive Management Team

<b>Asif Jooma</b>	Chief Executive
<b>Arshaduddin Ahmed</b>	Vice President, Chemicals & Agri Sciences Business
<b>Eqan Ali Khan</b>	General Manager, Strategy and Business Development
<b>Fathema Zuberi**</b>	General Manager, Human Resources
<b>M Abid Ganatra</b>	Chief Financial Officer
<b>M A Samie Cashmiri</b>	Vice President, Life Sciences Business
<b>Nausheen Ahmad*</b>	General Counsel, Company Secretary and Head of Corporate Communications & Public Affairs
<b>Suhail Aslam Khan</b>	Vice President, Polyester and Soda Ash Businesses

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Bank of Khyber  
Bank of Punjab  
Citibank N.A.  
Deutsche Bank AG  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China Limited  
MCB Bank Limited  
MCB Islamic Bank Limited

Meezan Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

## Auditors

**Internal Auditors**  
KPMG Taseer Hadi & Co.,  
Chartered Accountants

**External Auditors**  
EY Ford Rhodes  
Chartered Accountants

## Registered Office

ICI House, 5 West Wharf,  
Karachi-74000  
Tel: 111-100-200, (021) 32313717-22  
Fax: 32311739  
Website: www.ici.com.pk

## Shares Registrar

FAMCO Associates (Pvt) Ltd.  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S. Shahr-e-Faisal,  
Karachi.  
www.famco.com.pk  
Tel: (021) 34380101-2,  
Fax: (021) 34380106

\*Ms. Nausheen Ahmad has been appointed as General Counsel, Company Secretary and Head of Corporate Communications & Public Affairs in place of Ms. Saima Kamila Khan w.e.f. July 16, 2018.

\*\* Resigned w.e.f. July 20, 2018



# Our Board of Directors



**Muhammad Sohail Tabba**  
Chairman

Muhammad Sohail Tabba is a leading businessman in Pakistan with vast experience in the manufacturing, energy, real estate and cement sectors gained during an illustrious career spanning over two decades.

His association with the Yunus Brothers Group (YBG), one of the most prestigious business conglomerates and largest export houses of Pakistan, has successfully transformed the group's textile concerns into leading global players. These concerns include such names as Gadoon Textile Mills Limited and Lucky Knits (Private) Limited, where he serves as Chief Executive, and Yunus Textile Mills Limited and Lucky Textile Mills Limited where he serves as a Director on the Board.

Mr Tabba was appointed as a Non-Executive Director on the Board of ICI Pakistan Limited on December 28, 2012, and appointed as the Chairman of the Board of Directors of ICI Pakistan Limited on April 29, 2014. He is also the Chairman of NutriCo Morinaga (Private) Limited, a joint venture between ICI Pakistan Limited, Morinaga Milk Industry Company Limited, and Unibrands (Private) Limited, in which ICI Pakistan Limited holds majority shareholding. The Company entered into this joint venture to locally manufacture Morinaga infant formula at a state-of-the-art Morinaga manufacturing facility, the first to be established in Pakistan.

In addition, Mr Tabba is also the Chief Executive of Lucky Energy (Private) Limited and Yunus Energy Limited in addition to Lucky One (Private) Limited. He is the Chairman of Lucky Paragon Readymix Concrete and a Director on the Board of Lucky Cement Limited – Pakistan's leading cement manufacturer and exporter.

In December 2016, Mr Tabba was appointed as a Director on the Board of Kia Lucky Motors Pakistan Limited (a subsidiary of Lucky Cement Limited).

Mr Tabba's philanthropic and social engagements include being the founding member of the Child Life Foundation and the Italian Development Council. He also serves as a Director for the Tabba Heart Institute and the Aziz Tabba Foundation. Previously he has also served on the Board of Governors at Hamdard University Pakistan.



**Muhammad Ali Tabba**  
Vice Chairman

Appointed as Vice Chairman of ICI Pakistan Limited on December 28, 2012, Muhammad Ali Tabba has been Chief Executive of Lucky Cement Limited since 2005, succeeding his late father. He started his career as a Director with the Yunus Brothers Group (YBG) in 1991 and has since successfully reformed and expanded the companies he heads within the Group. He also serves as the Chief Executive of Yunus Textile Mills Limited, a leading name in the home textiles industry with subsidiaries in the US, Europe, Canada and France.

Muhammad Ali Tabba is a distinguished leader and serves as a Board Member of the Trade Development Authority of Pakistan, the premier trade organisation of the country which operates under the Federal Ministry of Commerce. He is also a Trustee of the Fellowship Fund for Pakistan (FFFP) which sponsors and sends one top Pakistani scholar annually to the Woodrow Wilson International Centre for Scholars, a Washington D.C.-based think-tank. In addition to these important roles, Mr Tabba is also on the Board of the Pakistan Business Council (PBC), a business advocacy forum comprising of leading private-sector businesses and has recently been appointed as a board member of Pakistan International Airlines Corporation Limited (PIACL). He has been nominated to the Board of the Pakistan-India Joint Business Council (PIJBC), which promotes trade between the two countries. Mr Tabba is also the Chairman of the All Pakistan Cement Manufacturers Association (APCMA), a regulatory body of cement manufacturers in Pakistan.

Muhammad Ali Tabba is also a generous philanthropist with extensive engagements in many community welfare projects. He serves on the Board of Governors of numerous renowned universities, institutions and foundations. He is the Vice Chairman of a not-for-profit organisation, the Aziz Tabba Foundation (ATF), that works extensively in the fields of education, health and housing. The Foundation runs a state-of-the-art cardiac hospital, the Tabba Heart Institute and a kidney centre, the Tabba Kidney Institute.

Recognising his commitment to the social development sector of the country, in 2010, the World Economic Forum (WEF) bestowed the title of Young Global Leader (YGL) on Mr Tabba in recognition of his outstanding services and contributions.



**Amina Abdul Aziz Bawany**  
Non-Executive Director

Appointed as Non-Executive Director on the Board of Directors of ICI Pakistan Limited on December 28, 2012, Amina Abdul Aziz Bawany holds a postgraduate degree in early years education with over ten years' experience in the education sector. She holds a key oversight position within the Yunus Brothers Group (YBG) and possesses a versatile skill set with experience in customer relations and sales, and is known for her attention to detail and excellent communication skills.

She is also on the boards of various charities that successfully raise funds for the medical and educational needs of underprivileged citizens of Pakistan.



**Jawed Yunus Tabba**  
Non-Executive Director

Appointed as Non-Executive Director on the Board of Directors of ICI Pakistan Limited on April 29, 2014, Jawed Tabba has rich experience in the textile industry and is currently the Chief Executive of Lucky Textile Mills Limited, which is among the top five home textile exporters from Pakistan. He has been instrumental in managing the textile concerns of the Yunus Brothers Group and has transformed Lucky Textile Mills Limited into one of the premier textile companies in Pakistan. Lucky Textile Mills has been a story of rapid expansion and diversification in the textile industry under Mr Tabba's leadership and guidance. He is also the Chairman of the Shares Transfer Committee of the Board of Lucky Cement Limited.

His untiring efforts helped him acquire deep insight and expertise into the export and manufacturing activities. Mr Tabba also manages the real estate project LuckyOne, which is one of the largest malls in Karachi. LuckyOne is currently touted as a multifaceted first of its kind regional shopping mall which is revolutionising the shopping experience in Pakistan.

Mr Tabba is also extensively engaged in community welfare projects which include the Aziz Tabba Foundation. The Foundation works extensively in the field of social welfare, education, health and housing.

# Our Board of Directors



**Asif Jooma**  
Chief Executive

Asif Jooma started his career in the corporate sector with ICI Pakistan Limited in 1983 and has over 30 years of extensive experience in senior commercial and leadership roles. Following his early years with ICI Pakistan Limited, and subsequently, Pakistan PTA Limited, Mr Jooma was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he returned to ICI Pakistan Limited as Chief Executive in February 2013.

A Bachelor of Arts in Developmental Economics from Boston University, Mr Jooma has previously served as President of the American Business Council, President of the Overseas Investors Chamber of Commerce and Industry, member of the Board of Investment, Government of Pakistan and Chairman of the Pharma Bureau. Mr Jooma serves on the Board of Systems Limited and is the Chief Executive of NutriCo Pakistan (Private) Limited and NutriCo Morinaga (Private) Limited. He is on the Board of Governors of the Lahore University of Management Sciences (LUMS) and the Indus Valley School of Art and Architecture (IVSAA), and is also a Trustee of the Duke of Edinburgh's Awards Programme. Mr Jooma has attended Executive Development Programmes at INSEAD and Harvard Business School.



**Khawaja Iqbal Hassan**  
Independent Director

Khawaja Iqbal Hassan was appointed as an Independent Director on the Board of ICI Pakistan Limited on January 18, 2013.

Mr Hassan graduated cum laude from the University of San Francisco in 1980 with majors in Finance and Marketing. He started his career with Citibank N.A. where he held key positions in Saudi Arabia, Turkey and Pakistan. After leaving Citibank in 1994, Mr. Hassan co-founded Global Securities Pakistan Limited, a former joint venture firm of UBS and then established NIB Bank Limited which was subsequently majority-acquired by Temasek Holdings of Singapore. He has served as Chief Executive Officer of both institutions.

Mr Hassan is presently a member of the Board of Directors of the State Bank of Pakistan and the Board of Governors of the Karachi Grammar School. He has previously served on the Boards of The Civil Aviation Authority of Pakistan (CAA), Pakistan Steel Mills Limited, Habib Bank Limited, National Fullerton Asset Management Company Limited, Citicorp Investment Bank Pakistan, The Pakistan Fund, Global Securities Pakistan Limited, NIB Bank Limited, The Lahore University of Management Sciences (LUMS), The Central Depository Company of Pakistan Limited and The Pakistan Centre for Philanthropy (PCP).

Mr Hassan is a former Vice Chairman of the Pakistan Bankers' Association and has served as Chairperson, Banking Sector Committee on Reform of Pakistan's Banking Companies Ordinance. He has also been a member of the Prime Minister of Pakistan's Task Forces on Foreign Exchange Reserves Management, Corporate Tax Reform and Capital Markets Reform.

In 2007, Mr Hassan was awarded the Sitara-i-Imtiaz by the Government of Pakistan for his meritorious contribution to national interests.



**Kamal A Chinoy**  
Independent Director

Kamal A Chinoy is the Chief Executive of Pakistan Cables Limited. He graduated from the Wharton School, University of Pennsylvania, USA.

He serves on the Board of Directors of ICI Pakistan Limited, International Industries Limited, International Steels Limited, NBP Fullerton Asset Management Limited (NAFA), Askari Bank Limited and Atlas Power Limited as well as being Chairman of Jubilee Life Insurance. He is also Honorary Consul General of the Republic of Cyprus.

Mr Chinoy is a member of the Executive Committee of the International Chamber of Commerce (ICC) Pakistan, and served as President of the Management Association of Pakistan (MAP). He also serves on the Board of Governors of Army Burn Hall Institutions.

He has previously served as the Chairman of the Aga Khan Foundation (Pakistan). He has also served as a Director of Pakistan Centre for Philanthropy, Pakistan Security Printing Corporation, Atlas Insurance and First International Investment Bank (an Amex JV). He has also served on the Undergraduate Admissions Committee of the Aga Khan University and the University of Pennsylvania Alumni Committee for Pakistan.

He is an advisor to Tharpak, a consortium of international companies interested in developing the Thar coal field. Mr Chinoy is also a Certified Director, having been certified by the Pakistan Institute of Corporate Governance.



**Muhammad Abid Ganatra**  
Executive Director & CFO

Appointed as a Director on the Board of Directors of ICI Pakistan Limited on December 28, 2012, and as the Chief Financial Officer of the Company in April 2013, Mr Ganatra has been associated with the Yunus Brothers Group since 1994. He has more than 20 years of diversified experience in senior management positions with an emphasis on financial management, operational management, capital restructuring, mergers and acquisitions, corporate and legal affairs as well as taxation.

Mr Ganatra is a fellow member of the Institute of Chartered Accountants and the Institute of Cost and Management Accountants of Pakistan. He holds a Bachelor's in Law and a Master's in Economics.



# Our Executive Management Team



**Arshaduddin Ahmed**

Vice President  
Chemicals &  
Agri Sciences

**Eqan Ali Khan**

General Manager,  
Strategy and Business  
Development

**M. A. Samie Cashmiri**

Vice President  
Life Sciences

**Nausheen Ahmad**

General Counsel,  
Company Secretary  
& Head of CCPA





**Asif Jooma**  
Chief Executive

**Muhammad Abid Ganatra**  
Chief Financial Officer

**Suhail Aslam Khan**  
Vice President  
Polyester and  
Soda Ash

# Report of the Directors for the year ended June 30, 2018

The Directors are pleased to present their report, together with the audited financial statements of the Company, for the year ended June 30, 2018.

## Overview

Net turnover of PKR 49,108 million for the year under review is 19% above net turnover for the year ended June 30, 2017, which was recorded at PKR 41,364 million. The sales revenue growth is attributable to growth across all Businesses.

Net turnover in the Polyester Business grew by 26% on account of increased demand and higher prices across the petrochemical chain. Soda Ash revenues grew by 14% on the back of enhanced sales volumes and higher selling prices. The Life Sciences Business recorded a 22% growth in sales owing to business expansion as a consequence of integration of selected assets of Wyeth Pakistan Limited (Wyeth) and improved commercial execution and new partnerships. Net turnover in the Chemicals & Agri Sciences Business grew by 7% against the same period last year (SPLY) owing to improved performances across all the Chemicals Divisions of the Business.

Operating profit for the year at PKR 4,398 million is 9% higher than the SPLY, with improved performances in the Polyester and Life Sciences Businesses, which compensated for the decline in performance in the Agri Sciences Division housed within the Chemicals & Agri Sciences Business. In the Soda Ash Business the impact of higher selling prices and increased sales volumes was offset by an increase in raw material prices, rupee devaluation, and increased

depreciation charges due to capitalisation of the Business's 75,000 tons per annum (TPA) capacity expansion project; resultantly the operating profit remained at par with the SPLY.

Profit after tax (PAT) for the year ended June 30, 2018 at PKR 3,060 million is 7% lower than the SPLY owing to financing costs on account of higher debt, exchange losses following rupee devaluation, and lower dividend income from Associate as compared to the SPLY. Earnings per share (EPS) at PKR 33.13 is 7% lower, compared to PKR 35.69 for the SPLY.

On a consolidated basis, including the results of the Company's subsidiaries, ICI Pakistan PowerGen Limited, Cirin Pharmaceuticals (Private) Limited and NutriCo Morinaga (Private) Limited, PAT for the year was PKR 3,298 million of which PKR 18 million is attributable to non-controlling interests, which translates into an EPS of PKR 35.51 which is slightly lower than the SPLY. During the year, the Company recognised PKR 586 million as share of profit from NutriCo Pakistan (Private) Limited.

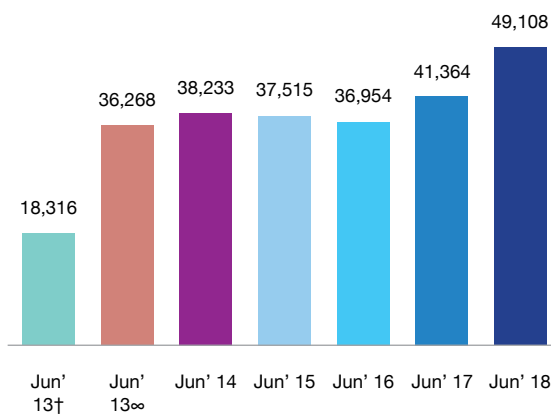
The Company has actively pursued and successfully completed the acquisition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited, which further enhanced the product portfolio and manufacturing capability of the Life Sciences Business. Furthermore, in the Chemicals & Agri Sciences Business the Masterbatch project, which was approved by the Board last year, is progressing as per plan.

## Financial Performance

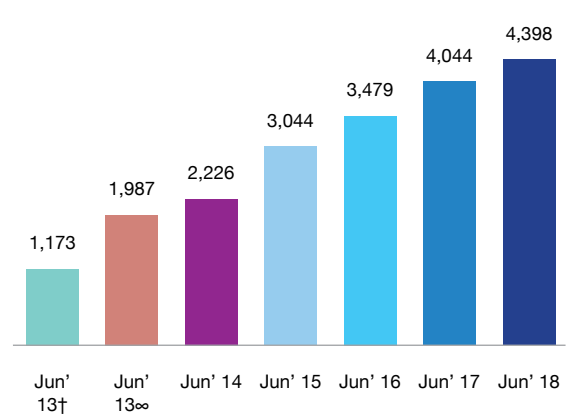
PKR million	June 2018	June 2017	Increase/ (Decrease) %
Net Turnover	49,108	41,364	19%
Gross Profit	8,500	7,765	9%
Operating Result	4,398	4,044	9%
Profit Before Tax	3,650	4,394	-17%
Profit After Tax	3,060	3,296	-7%
Earnings Per Share (PKR)	33.13	35.69	-7%

## Six years Financial Performance at a Glance

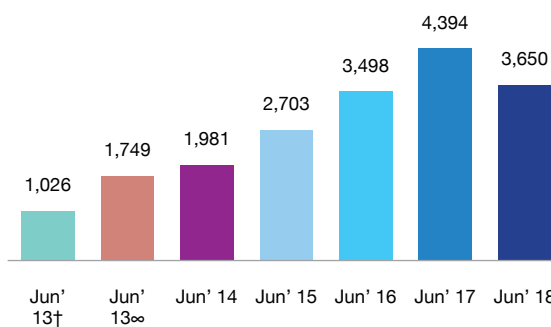
NSI (PKR m)



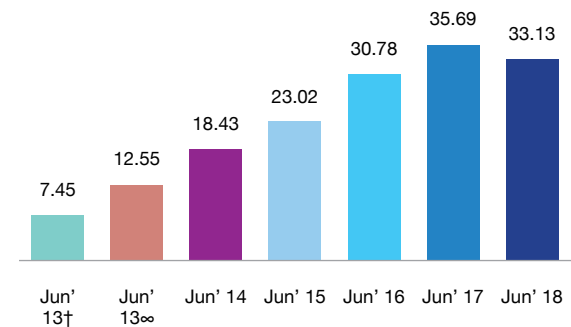
Operating Result (PKR m)



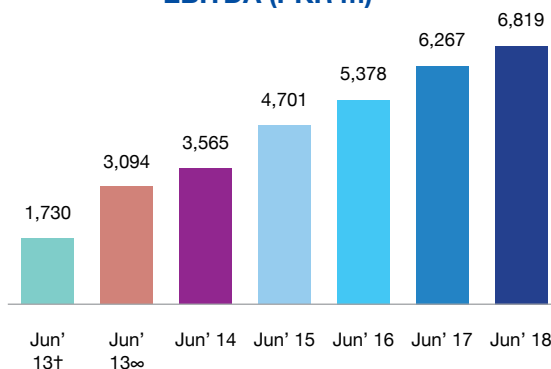
Profit Before Taxation (PKR m)



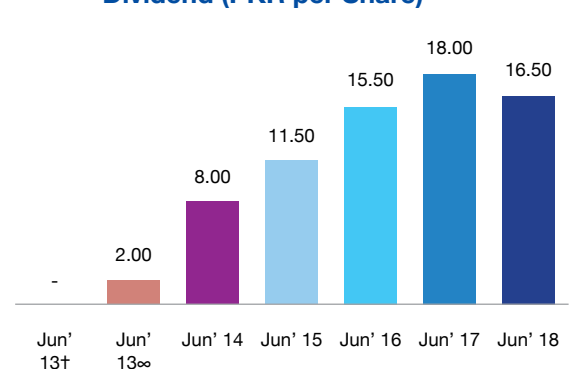
Earnings per Share (PKR)



EBITDA (PKR m)



Dividend (PKR per Share)



† JUNE 13 CONTAINS RESULTS FOR THE SIX MONTHS PERIOD DUE TO CHANGE IN FISCAL YEAR  
 ∞ 12 MONTHS PERIOD JUNE 2013

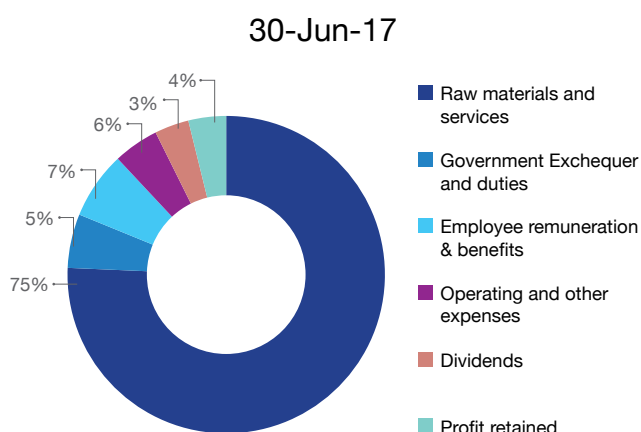
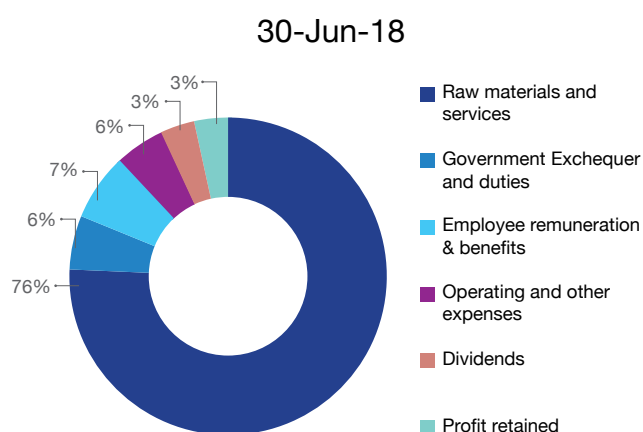




Graduate recruits pose for a photo in Nathiagali during their induction.



Participants at the workshop in collaboration with the PICG pose for a picture alongside the trainers



### Value Addition and its distribution

PKR' 000

		June 30, 2018	%	June 30, 2017	%
Net Sales		49,107,580		41,363,695	
Sales Tax		2,988,700		2,656,168	
Net Sales including sales tax	A	52,096,280	99%	44,019,863	98%
Other operating Income		626,979	1%	892,701	2%
		52,723,259	100%	44,912,564	100%
Raw Materials and Services	B	39,996,301	76%	33,598,287	75%
Government Exchequer and duties	C	3,054,282	6%	2,466,731	5%
Employee remuneration & benefits	D	3,587,353	7%	3,079,192	7%
Operating and other expenses	E	3,025,619	6%	2,474,263	6%
Dividends		1,662,462	3%	1,570,103	3%
Profit Retained	F	1,397,242	3%	1,725,988	4%
		52,723,259	100%	44,912,564	100%

### Dividend

In view of the Company's earnings, the Board of Directors has recommended the Final Cash Dividend for the financial year ended June 30, 2018, at the rate of 85% i.e. PKR 8.5 per share of PKR 10/- each, subject to the approval of the shareholders at the forthcoming Annual General Meeting. This, including the interim dividend of PKR 8/- per share already paid, makes a total dividend of PKR 16.5/- per share.

### Health, Safety, Environment and Security (HSE&S)

ICI Pakistan Limited remains committed to maintaining high standards of health and safety across all its operations. The Company adheres to a set of HSE&S principles implemented to achieve optimal standards of health and safety for employees, customers and contractors, and protection of the environment.



**CE Asif Joona receives updates during his visit to the Soda Ash plant's capacity expansion project area**



**Surveying the capacity expansion project; VP Polyester and Soda Ash Businesses, Suhail A. Khan (second from left) is accompanied by members of the project team**

The implementation of the HSE&S policy across all operations, sites and Businesses, is achieved through the ICI Pakistan Limited Health, Safety, Environment & Security Management System, which is fully integrated into the Company's organisational scheme. Its key elements include: policy, directives, standards, guidelines, local management system and training management, self-assessment and audit, performance reporting and policy review.

HSE&S performance remains focussed on safe and sustainable development, adding value, creating opportunities and increasing competitive advantage for all the Company's Businesses and Functions, while upholding health and safety as the first priority. During the year, one reportable injury incident occurred for full-time and supervised contractor employees, while a total of two reportable incidents for independent contractors occurred.

As part of the Company's commitment to high standards of operational health and wellbeing, ICI Pakistan Limited revised its Occupational Health Manual in line with newly upgraded international standards and requirements. Additionally, no occupational illness was reported due to rigorous compliance with the Company's various Health Assessment and Work Environment monitoring programmes.

During the year, HSE&S performance achieved by the Polyester, Soda Ash, Life Sciences, and Chemicals & Agri Sciences Businesses was 16.18, 4.04, 1.11 and 0.48 million man hours respectively, without any lost time injury. During the period under review, the total reportable injury rate for employees and supervised contractors and for independent contractors was 0.10 and 0.45.

During the year, a number of major tasks were outlined. These included the review of the Company's Corporate Engineering Procedures, Arrangements for Immediate Reporting Guidelines (HSE-003), and the review of the Occupational Health Manual. Additional chapters on product stewardship, social disclosures, and Environment Performance Management (EPM) key performance parameters were added to help employees better understand the importance of these reporting parameters. Compliance to the four manuals is essential and is monitored through a central corporate setup.

The Environmental Performance Management (EPM) Database – an application for the collation and analysis of the Company's HSE&S data, and the reduction of the Company's Operational Eco-Efficiency (OEE) footprint – was successfully relaunched. Reports on health, safety, energy and environment performance indicators are now regularly generated on a monthly and quarterly basis. These reports are discussed in Business HSE Committee meetings, Sustainability Council meetings and during ICI Pakistan Limited Executive Management Team meetings. Based on the Sustainability KPI targets, an action plan is prepared to reduce the Company's OEE footprint.

In the year under review, ICI Pakistan Limited continued to focus on reducing its OEE footprint through energy conservation, waste reductions and compliance to the National Environmental Quality Standards (NEQS), by implementing sustainability plans in all Businesses.

Recent capital development projects across the Company, which included the 75 KTPA expansion project at the Soda Ash Business, have seen an increase in air emissions, waste and water consumption compared to previously set targets. Despite this, all manufacturing sites have reported compliance with the National Regulations for liquid and air emissions.

*For more detailed information on HSE&S and Sustainability performance, please see the Sustainability section of the Annual Report on page 117.*

## **Community Investment (Corporate Social Responsibility)**

ICI Pakistan Limited maintains a strong focus on investing in its communities, with most of its Corporate Social Responsibility (CSR) and community investment initiatives carried out through the ICI Pakistan Foundation, a registered trust run and managed by a Board of Trustees. Guided by its CSR Policy, the Foundation's initiatives (under the umbrella of the Hamqadam Programme) primarily focus on the following areas: education, health, community and environment. The Foundation also supports civic development through investment in community projects, disaster relief and rehabilitation activities as needed.

In 2017-18, the major initiatives supported by the ICI Pakistan Foundation include:





**Guests and colleagues at the groundbreaking ceremony of the NutriCo Morinaga (Private) Limited manufacturing facility**



**Asif Jooma, CE ICI Pakistan Limited, (left) alongside Muhammad Sohail Tabba, Chairman NutriCo Morinaga (Private) Limited shares his thoughts at the ceremony**

## Education

### Vocational Training

The Ladies Welfare Centre (LWC), established in 1973 by ICI Pakistan Limited to empower young women from the Khewra community, continues to flourish. In December 2017, the latest batch of 12 students completed their training. The Centre also offers internships and teacher training programmes, and currently employs five instructors, all of whom are former students. In Karachi, the Roshan Lyari programme was launched, in partnership with a local NGO, consisting of three short-term vocational training courses that promote literacy and enhance capacity building skills within the Lyari youth community.

### Primary Education Support

For the past 16 years, the Polyester Business's CSR team has overseen the Govt. Boys and Girls Primary School in Tibbi Hariya, Sheikhpura. In 2017, the Business partnered with the CARE Foundation, a reputable non-profit, for the management of the school. Currently, 130 students are enrolled.

The Foundation's long-term support of the Govt. Boys and Girls Primary School, Kakapir Village, Karachi, has included the 2008 renovation of the entire school building, including provision of new classroom furniture. In 2016-17, sixth grade classes for girls at the school were initiated to facilitate the community's female students to continue their education.

### Secondary Education Support

The ICI Pakistan Foundation funded and inaugurated a science lab at the Govt. Girls Secondary School, Wali Muhammad Haji Yaqoob, Lyari, in partnership with the USAID Sindh Community Mobilization Program (CMP) to enable students to carry out science practicals at the newly installed science lab. During the year, a Readers' Club Project was also launched at this school to encourage students to develop their reading, comprehension and vocabulary skills.

### Higher Education Support

The ICI Pakistan Foundation provided funds to upgrade the Karachi-based Murshid Hospital School of Nursing & Midwifery's Nursing Skills Lab with sophisticated training equipment, which includes life-sized working models that enable nursing students to practice vital medical techniques. The Foundation's support also upgraded the school's library and faculty computer lab. These improvements have now

allowed the Nursing School to upgrade its three-year diploma programme to a college-level four year degree programme; raising education standards for future nurses.

The Foundation continues to provide funds to the Pakistan Agricultural Collation (PAC) for the establishment of an agricultural technical institute to aid in agricultural research and impart quality education to farmers.

## Health

After the establishment of a successful mother and child healthcare community clinic in Khewra in 2016, a similar clinic for the Sheikhpura community was launched in May 2018. This clinic is situated near the Company's Polyester Business manufacturing facility. Funded by the ICI Pakistan Foundation and run in partnership with the Marie Adelaide Leprosy Centre (MALC), the clinic is performing well and is proving to be a valuable addition to local healthcare infrastructure.

The Foundation's longest-running eye care programme held in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT) continues to operate sustainably, with camps held every month. This eye care programme has benefitted thousands of deserving patients from Khewra and beyond for more than 25 years.

The ICI Pakistan Foundation has completed a three-year pledge to the Child Life Foundation, a non-profit institution which now operates and manages state-of-the-art Paediatric Emergency wards in five major hospitals in Karachi.

## Community

To engage the Company's employees with various community based CSR initiatives, the Pehchan Volunteer Programme was launched in June 2018. The programme is guided by the Company's CSR policy. Under the Pehchan programme, in line with the Company's culture, values, and brand promise, Cultivating Growth, the Company enables employees to devote up to two working days (or 16 working hours) annually on Company time in pursuit of volunteer work.

## Environment

Given the growing pressure on the environment the Company continues to participate in tree plantation drives and utilise biodegradable envelopes for the mailing of the Company's annual reports and other corporate publications to stakeholders.



**Guests pose for a photo at the end of the NutriCo Morinaga (Private) Limited manufacturing facility's groundbreaking ceremony**



**Chairman Muhammad Sohail Tabba, Vice Chairman Muhammad Ali Tabba, other member of the Board, along with CE Asif Jooma unveils the commemorative plaque.**

*For more detailed information on CSR and community investment initiatives, please see page 55 of the Annual Report.*

## Human Resources

ICI Pakistan Limited is on a growth trajectory and believes that the future belongs not to a few but to all of its employees. The Company is committed to providing human resource leadership and expertise founded on its core values of Integrity and Responsibility, Passion for People and Innovation.

During the past five years, propelled by its belief that the advancement of technology would change the way the Company does business, ambitious ventures have been undertaken to transform the way HR works. The most notable among these has been the partnership with SAP Success Factors.

ICI Pakistan Limited has collaborated with SAP – a global leader in cloud-based HR systems – to revamp the Human Resources experience for employees. The Company launched 'INSIGHT', a complete suite of HR modules covering the entire employee lifecycle from recruitment to succession and beyond. In November 2017, three out of six modules were launched: Recruitment, Onboarding, and Learning, whereas the remaining three modules are planned for launch in the coming fiscal year (2018-19). Through the learning module of 'INSIGHT (iLEARN)' over 1,600 online courses from various streams were made available to all employees, enabling them with timely access to the right learning content, and acting as a catalyst to establishing a digital learning culture across the organisation.

For the third year running, ICI Pakistan Limited partnered with Gallup to participate in the 'IMPOWER Employee Engagement Survey'; however this year marked a tremendous achievement for the Company. ICI Pakistan Limited surpassed its target of reaching the 75th percentile by achieving a score of 4.52 (on a five-point scale) which placed it in the 82nd percentile; this reflects a significant increase of 0.22 points from last year. Further building on this achievement, the Company was awarded the Gallup Great Workplace Award – the highest honour reserved by Gallup for the world's most distinguished workplaces.

To strengthen ICI Pakistan Limited's organisational capability and to provide employees with continuous opportunities for career progression and development, the annual Succession Planning Meeting was conducted and Capability Group Sessions were held. To date 11% of employees have had the opportunity for career movements within the organisation.

Learning and development remains as a core commitment in helping the Company's people grow. This year, employees have been trained on various leadership and functional programmes, totalling over 13,315 man hours of training, where online learning hours constitute 5.8% of total learning time. 875 unique employees were trained this year with an average of 10.8 training hours per employee.

ICI Pakistan Limited's Leadership Development Roadmap continues to be a key ingredient in accelerating the capability building of its employees by providing them with a structured and integrated talent development framework. The Company's flagship programme, HR for Non HR Managers, continued this year to build better understanding of its managers on their HR role as line managers. An additional 35 managers were trained on this programme this year and as of now all people managers are well equipped with HR processes and procedures.

Embracing technology and digitalisation is necessary to increase organisational agility and to address the needs of the Company's growing millennial workforce. In line with this, ICI Pakistan Limited continued with Race2theBoardroom – a gamified Graduate Recruitment Drive which enabled it to select the top 17 candidates out of over 5,000 applicants across Pakistan, to join its organisation as Graduate Recruits.

*For more detailed information on Human Resources, please see page 44 of the Annual Report.*

## Risk Management Framework

Managing risk is one of the fundamentals of sustainable growth and development. At ICI Pakistan Limited, the Board of Directors has the overall responsibility of overseeing risk management processes, and internal control procedures.



Arshaduddin Ahmad, VP Chemicals & Agri Sciences Business poses for a photo with team members outside the Chemicals Technical Centre

The Company's risk management processes are designed to safeguard our assets and address possible risks to our Businesses, including the possible impact on business continuity. These processes are documented and regularly reviewed. Any identified risks that could potentially affect the achievement of strategic, operational, financial and / or compliance objectives are promptly reported to the Board and senior management for timely action where required, to ensure the Company's operations continue smoothly.

At ICI Pakistan Limited, a clear organisational structure with a well-defined chain of authority is in place. Our senior management teams are responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls.

The Company employs a robust Enterprise Risk Management (ERM) framework, which is integrated within the organisation to help ensure risks are identified and addressed in a timely fashion. The ERM framework is based on comprehensive, interactive systems and processes, which enable the Company to systematically identify, evaluate, and assess risks. All highlighted risks are prioritised according to their impact and likelihood, with remedial actions devised accordingly.

Risk management is an ongoing need, and therefore, this annual process includes interim updates on both, risks, as well as remedial and/or corrective actions.

ICI Pakistan Limited's ERM framework encompasses the following elements:

- A clear and transparent process providing necessary insights into risks that the Company faces;
- A common language utilised for risk and its related actions – this facilitates clear communication and decision-making by ensuring understanding across the board;
- Clear accountability and governance structure in relation to risk management.



The Animal Health Division launched seminars throughout the country on CAVAC Poultry vaccines with representatives from CAVAC, Korea.

## Business Updates

### Polyester Staple Fibre Business (PSF)

#### Net Turnover (PKR m)



#### Operating Result (PKR m)



Global economic conditions remained challenging during the year under review, on account of geopolitical events such as the escalating trade war between the United States and China, growing political uncertainty around Europe, and a strained political climate in the Middle East. Strong adherence to production cutback agreements by both OPEC and non-OPEC producers and healthy global oil demand resulted in a surge in crude prices by 20% compared to the same period last year (SPLY). This price hike fed into prices across the entire petrochemical chain, with PTA and MEG prices rising by 15% and 26% respectively. Furthermore, the Chinese Government's decision to ban imports of recycled PET flakes and bottles during the year boosted regional demand for prime Polyester Staple Fibre (PSF). As a result, regional PSF prices increased by 20% compared to the SPLY. Resultantly, the domestic PSF industry experienced growth in demand and margins as imported fibre prices increased, especially after the devaluation of the Pakistani rupee. As a result, domestic PSF prices rose by 21% over the SPLY.

During the year under review, sales volumes increased by 5% along with PSF selling prices, which resulted in a growth of 26% in net turnover over the SPLY. To continue to meet strong downstream demand, the Business increased its production rate and delivered higher volumes by 4% over the SPLY. In line with the Company's values, the Business continued to innovate and focus on its customers, successfully entering new markets through the export of Black Fibre and other specialised variants to Turkey and the USA.





**Muhammad Hassan Rafique, Finance Manager, Chemicals & Agri Sciences Business, participated as a judge at the IBA HR Insight 2018 event for their case study activity.**



**Team members from the Animal Health Division conduct a CSR project regarding the use of personal protective equipment**

During the year, energy costs rose by 28% over the SPLY owing to increased fuel prices with gas, furnace oil and coal prices increasing by 33%, 25% and 24% respectively. However, the Business fully absorbed this impact through improved unit margins, higher sales volumes and continuing focus on controlling operating expenditure, delivering a significant increase of 111% in operating results over the SPLY.

During the fiscal year, the Business successfully defended all cases pertaining to Anti-Dumping Duty (ADD) on Chinese PSF imports. With regard to Free Trade Agreements with China, Turkey and Thailand, the Business strongly maintained its focus on keeping PSF in the “no concessions” list.

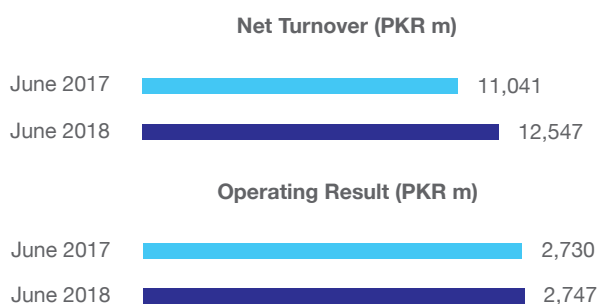
Going forward, PSF margins in the domestic industry will hinge on changes in the regional demand and supply situation. The fibre industry in Pakistan is set to pick up due to bullish demand from the downstream spinning industry on the back of strong export orders. The positive impact of the rupee devaluation will be twofold for the Business; it will not only render imported PSF more expensive, but will also help improve the Business’s competitiveness in the export market. The Business’s ability to continue to Deliver Enduring Value is closely associated to its strategic alliances with various international partners, enabling the Business to further expand its footprint and grow into an even more competitive international player with specialised product offerings.

The soda ash market witnessed robust growth during the year, with the detergent, paper, and silicate segments providing the impetus for growth. Demand for branded detergent continued to rise as these products were preferred by consumers for their convenience, thereby cutting into the market share of laundry soap and generic detergent powder. The growth in demand for branded detergent also resulted in higher demand for silicate, due to its increased usage in detergents. During the year, the paper segment witnessed strong demand as higher wood pulp prices and rupee devaluation provided much needed respite. The glass segment, however, shrank as major manufacturers continued to focus on the production of tinted glass.

The Business’s operating result for the year at PKR 2,747 million was 1% higher compared to the SPLY. Despite an increase in prices and additional sales volumes, the Business was impacted by an increase in raw material import prices and rupee devaluation. Additionally, the capitalisation of the 75,000 tons per annum (TPA) expansion project in February increased depreciation charges by PKR 160 million compared to the SPLY.

The Business remains focussed on improving the reliability and production capability of the Soda Ash plant. Production volumes at 382,048 tons were 11% higher than the SPLY on the back of the safe and successful commissioning of the 75,000 tons per annum (TPA) capacity expansion project.

## Soda Ash Business



Net turnover for the year increased by 14% compared to the SPLY, through a combination of higher selling prices and increased sales volumes in the domestic market. Total sales volumes, including exports, were 5% higher than the SPLY.

On the regulatory front, Anti-Dumping Duties (ADD) on imports of soda ash into India were levied in 2012. To consider and determine whether there was sufficient justification for withdrawal of ADD, the Mid-Term Review was initiated in 2016, which was later converted into the Sunset Review. The Directorate General Anti-Dumping and Allied Duties of India (DGAD) recommended revocation of all anti-dumping duties levied on soda ash in 2012.

The Alkali Manufacturers Association of India challenged the recommendation of the DGAD before the courts in India and had obtained interim orders barring the authorities from issuance of any notification. The interim orders were later vacated and the final decision on the revocation of anti-dumping duties in India is yet to be issued. Meanwhile, anti-dumping duties in India are expected to remain in place for some time.



Children from the Winnington School



Technical training session for new joiners at the Soda Ash Business production department

With environmental checks finally completed in China, and most plants resuming normal production, tightness in the global soda ash market is gradually easing. However, as a result of strong demand for soda ash in South East Asia and India, the trend for global prices is likely to remain mixed. Going forward, the domestic market is expected to grow on account of downstream expansions in the glass segment, growing demand for virgin paper (as opposed to recycled paper), and growing preference for branded detergent, which in turn means higher demand for silicate.

## Life Sciences Business

### Net Turnover (PKR m)

June 2017	8,644
June 2018	10,588

### Operating Result (PKR m)

June 2017	985
June 2018	1,317

The Life Sciences Business achieved a net operating result of PKR 1,317 million for the year ended June 30, 2018, which is 34% above the SPPLY. The Business delivered net turnover of PKR 10,588 million, which is 22% above the SPPLY. All Divisions of the Life Sciences Business achieved robust growth in sales.

In order to provide sharper focus and enhanced operational synergy, the Life Sciences Business was restructured and now comprises the Pharmaceuticals and Animal Health Divisions. Both Divisions continue to maintain a similar approach to the market, with comparable regulatory and manufacturing requirements. The Agri Sciences Division is now part of the Chemicals Business (now known as the Chemicals & Agri Sciences Business) in light of future growth opportunities that will leverage the Business's existing manufacturing capabilities.

The Pharmaceuticals Division delivered a net turnover of PKR 5,699 million which is 32% above SPPLY.

Following the completion of ICI Pakistan Limited's acquisition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited, the change of title of the Drug Manufacturing License (DML) has been successfully completed.

Overall, sales in the Cardiovascular and Speciality Segments remained strong over the year under review, while the Primary Care Segment continues to establish its own brands in retail.

On the regulatory front, in a meeting held on January 3, 2018, the Federal Cabinet approved a long-awaited price increase based on annual CPI. Following this development, the Drug Regulatory Authority of Pakistan (DRAP) issued a formal notification on January 19, 2018. As a result, the Business was able to fully realise price adjustments from the start of May 2018.

The Animal Health Division delivered strong performances during the year, mainly driving value growth in the Farmers Choice portfolio, Vanda, Somatech, and the Poultry portfolio. The Division also secured the Government of Punjab tender for Vanda.

On January 6, the Supreme Court of Pakistan took suo moto action on a number of public interest cases vide an order, which included banning the import and marketing of recombinant bovine somatotropin (rbST) injections – a US FDA approved product. The Supreme Court further ordered that stocks of the product be taken possession of and sealed till the fate of these injections is determined. The product accounted for a significant portion of the Animal Health portfolio.

The outlook of the Business appears challenging given the sudden, unexpected ban on rbST. However, the Business will accelerate its drive to leverage its newly acquired manufacturing capabilities and brands, further strengthening its current portfolios.

The Business is geared towards marketing and distributing the recently acquired poultry biologicals portfolio in the market. In line with its commitment to venture into new avenues, the Division has also entered into an agreement to initiate registration of companion animal vaccinations belonging to a leading Korean company, CAVAC.



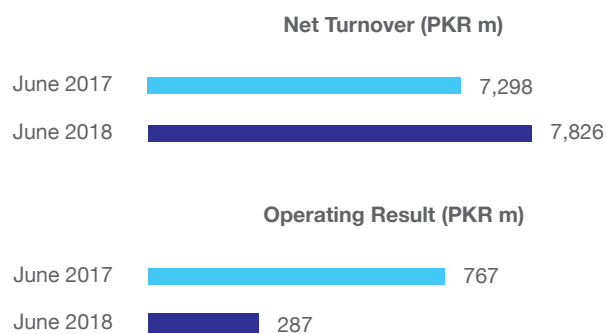


The Polyester plant's Group-C achieved a remarkable milestone, which called for a celebration



Colleagues at our Head Office in Karachi pose for a photo at a blood drive organised by the Life Sciences Business

## Chemicals & Agri Sciences Business



The Chemicals & Agri Sciences Business achieved a net turnover of PKR 7,826 million, for the year ended June 30, 2018 which was 7% higher than the SPLY owing to improved performances across all the Business's Chemicals Divisions, thus compensating for a lower performance in the Agri Division.

The operating result of the Business amounted to PKR 287 million which is 63% lower than the SPLY. The operating result for the Chemicals Division increased by 20% against the SPLY on account of improved performances in the Polyurethanes (PU) and General Chemicals (GC) Divisions. However, this improved performance was offset by a decline in the operating results of the Agri Sciences Division, owing to a liquidity crunch experienced by farmers which resulted in higher debtor provisioning and adjustment of the carrying value of certain inventory to its NRV.

The ongoing establishment of the Masterbatch manufacturing facility, as approved by the Board of Directors, is progressing in line with forecast timelines. Furthermore, the Business successfully completed the construction and inauguration of its state-of-the-art Chemicals Technical Centre (CTC). The CTC will enable the Chemicals Division of the Business to carry out the testing of formulations, research and development activities, and to practice stringent quality control, in a modern, aesthetically designed facility. The facility will also be used to carry out customer and technical trainings establishing it as a centre of excellence. Both of these initiatives highlight the Business's momentum towards the fulfilment of the Company's growth aspirations as well as the enhancement of the product portfolio of the Chemicals & Agri Sciences Business.

Going forward, the Business is exploring new segments, delivering enduring value for existing and new customers, and continuing to embrace innovation, whilst remaining focussed on cost efficiencies.

The future outlook of the Business remains encouraging and is expected to continue delivering greater value to all its stakeholders.

## Finance

The Company's balance sheet as of June 30, 2018, remains on a strong footing, with a current ratio of 1.17 (2017: 1.01) and a quick ratio of 0.52 (2017: 0.50). The slight increase in the current ratio is due to lower trade creditors in line with a change in Company's payment policy from usance to sight LC, to minimise exchange losses.

Net turnover of PKR 49,108 million for the year under review is 19% higher than the SPLY, which is mainly attributable to higher revenues across all Businesses owing to an increased customer base, along with an increased and diverse product portfolio.

Gross profit for the year is 9% higher than the SPLY. This is principally due to increased sales volumes and an overall efficiency in operations.

Sales and distribution expenses for the year are 11% higher than the SPLY, essentially due to increased staff costs, higher royalty charges and outward freight in line with growth across all Businesses. Administrative and general expenses for the year were 8% higher than the SPLY mainly due to higher debtor provisioning in the current year as compared to SPLY.

The Company availed increased financing facilities, both long-term and short-term, from various banks during the year to manage working capital funding and Business expansion requirements. This, coupled with an increase in the policy rate by the State Bank of Pakistan, resulted in a 67% higher finance cost than the SPLY. Furthermore, during the year, the Pakistani rupee faced devaluation against the US dollar by more than 16% resulting in exchange losses of PKR 429 million, which is PKR 416 million higher than SPLY.

Other operating income is 30% lower than the SPLY, the primary reason being a lower dividend from NutriCo Pakistan (Private) Limited, the associated company.



**CE, Asif Jooma at the inauguration of the upgraded Nursing Skills Lab at the Murshid School of Nursing & Midwifery**



**Adeel Hashmi and CE, Asif Jooma took the stage for an engaging discussion at the 'Leaders at LUMS' platform**

Profit after tax (PAT) amounting to PKR 3,060 million is 7% lower than the SPLY.

Earnings per share (EPS) of PKR 33.13 for the year is 7% lower than the SPLY.

## Future Outlook

Going forward, several factors indicate the likelihood of increased volatility, owing to probable political uncertainty post the general elections; the likelihood of further rupee devaluation due to an increasing current account deficit, increasing inflation, higher interest rates, and a decline in foreign direct investment. However, the China Pakistan Economic Corridor (CPEC), currently underway, should bode well for the economy with increased power availability and infrastructure development projects.

With crude oil prices remaining unstable throughout last year, a similar situation is expected going forward. Furthermore, the sudden increase in prices of coal and RLNG is expected to have adverse effects due to the Company's energy cost. The Polyester Business will look to capitalise on the situation ahead as imports become more expensive due to rupee devaluation, hence boosting demand for local products. The recent ban on the sale of rbST injections, a part of the Life Sciences Business portfolio, had a negative impact on the Company, however, the Business has accelerated its drive to leverage newly acquired manufacturing capabilities and brands, further strengthen its current portfolios and swiftly capitalise on business development activities.

The Masterbatch project of the Chemicals & Agri Sciences Business, which was approved by the Board of Directors last year, is expected to become functional in the second half of the coming fiscal year.

The Company remains focussed on serving its customers, strengthening and building stakeholder relationships, expanding and diversifying its product offering, and exploring opportunities for both organic and inorganic growth, in line with its brand promise, Cultivating Growth.

## Acknowledgment

The results of the Company are a reflection of the unrelenting commitment and contribution of its people, and the trust placed in the Company by its customers, suppliers, service

providers and shareholders. The Company acknowledges and thanks all stakeholders for the confidence reposed.

## Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants retired and being eligible, have offered themselves for reappointment for the new financial year.

As recommended by the Audit Committee, the Board has approved the proposal to appoint M/s EY Ford Rhodes Chartered Accountants as the statutory auditors of the Company, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

## Related Party Transactions

During the year, the Company carried out transactions with its related parties. Details of these transactions are disclosed in note 38 to unconsolidated financial statements attached therein.

## Compliance with the Code of Corporate Governance

The Company has taken all necessary steps to ensure Good Corporate Governance. As part of Compliance of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("CCG"), the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from these has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance.
- Key operating and financial data for the last 10 years is summarised on page 26.
- Outstanding taxes and levies are given in the Notes to the Financial Statements.
- The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices.

### Investment in Retirement Benefits

The value of net assets available for benefits with respect to staff retirement funds operated by the trustees of the funds, as per their financial statements (audited) on June 30, 2017 were as follows:

	30-Jun-17	30-Jun-16
	Value (PKR '000)	Value (PKR '000)
1 ICI Pakistan Management Staff Pension Fund	1,463	1,330
2 ICI Pakistan Management Staff Gratuity Fund	626	526
3 ICI Pakistan Management Staff Defined Contribution Superannuation Fund	796	644
4 ICI Pakistan Management Staff Provident Fund	1,307	1,170
5 ICI Pakistan Non-Management Staff Provident Fund	443	431

### Directors' Attendance

During the year ended, six (06) Board meetings, six (06) Audit Committee meetings and one (01) Human Resource & Remuneration Committee (HR&RC) meeting was held. Attendance by each Director/Member/CFO/Company Secretary/Secretaries of the respective Sub-Committees was as follows:

Name of Director & Secretary	Board of Directors Meetings	Audit Committee Meetings	HR & Remunerations Committee Meetings
Mr. Muhammad Sohail Tabba	6	-	1
Mr. Muhammad Ali Tabba	6	6	1
Mr. Jawed Yunus Tabba	6	5	1
Mrs. Amina A Aziz Bawany	1	-	-
Mr. Asif Jooma	6	-	-
Khawaja Iqbal Hassan	4	5	1
Mr. Muhammad Abid Ganatra Director & CFO	6	6	-
Mr. Kamal A Chinoy	6	-	-
Ms. Saima Kamila Khan Company Secretary*	6	-	-
Ms. Fathema Zuberi Secretary to HR&RC**	-	-	1
Mr. Muhammad Ali Mirza Secretary to the BAC	-	6	-

\* Ms. Nausheen Ahmad has been appointed as Company Secretary in place of Ms. Saima Kamila Khan w.e.f. July 16, 2018.

\*\* Resigned w.e.f. July 20, 2018.

## Directors' Remuneration

Directors Fee is paid in line with Board approval and the Company is in the process of finalising a formal policy in this regard in accordance with the Companies Act, 2017 and the CCG.

## Board Evaluation

During the year, the Board has undertaken a formal process of evaluation of its performance. The performance evaluation of the Board Audit Committee and HR & Remuneration Committee have been initiated. The overall performance of the Board measured on the defined parameters for the year was satisfactory.

## Directors' Training

The majority of the Board members have the prescribed qualifications and experience required for exemption from training programmes of Directors pursuant to Regulation 20 of the CCG. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies. The Company arranged an orientation course in January 2018 for its Directors on the Companies Act, 2017, along with key features of CCG to apprise them of their roles and responsibilities.

## Composition of the Board

In line with the requirements of the CCG, the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board.

The current composition of the Board is as follows:

### Total number of Directors:

- (a) Male: 7  
(b) Female: 1

### Composition:

- (i) Independent Directors: 2  
(ii) Non-executive Directors: 4  
(iii) Executive Directors: 2

## Committees of the Board

### Audit Committee

Khawaja Iqbal Hassan	Chairman
Mr. Muhammad Ali Tabba	Member
Mr. Jawed Yunus Tabba	Member

### HR & Remuneration Committee

Khawaja Iqbal Hassan	Chairman
Mr. Muhammad Sohail Tabba	Member
Mr. Muhammad Ali Tabba	Member
Mr. Jawed Yunus Tabba	Member
Mr. Asif Jooma	Member

### Banking Committee

Mr. Asif Jooma	Chairman
Mr. Muhammad Abid Ganatra	Member
Khawaja Iqbal Hassan	Member



Seema Aziz, CE Care Foundation and Suhail A Khan, VP Polyester and Soda Ash Businesses, at the MoU signing ceremony of the Tibbi Harriya school



CE, Asif Jooma delivers his presentation during his half-year communication session

### Share Transfer Committee

Mr. Jawed Yunus Tabba

Chairman

Mr. Asif Jooma

Member

Mr. Muhammad Abid Ganatra

Member

## Risk Assessment Framework

Appropriate disclosure of Company's risk framework and internal control system have been made on Pages 64 to 67.

## Pattern of Shareholding

A statement showing the pattern of shareholding in the Company along with additional information as at June 30, 2018, appears on page numbers F 56 to F 58.

As at June 30, 2018, Lucky Holdings Limited together with Gadoon Textile Mills and Lucky Textile Mills Limited held 86.14% shares, while institutions held 5.46%, and individuals and others held the balance 8.40%.

**Muhammad Sohail Tabba**

Chairman

Dated: July 27, 2018

Karachi

The highest and lowest market prices of ICI Pakistan Limited's shares during 2017-18 were as follows:

Highest	August 2, 2017	PKR 1,200
Lowest	December 13, 2017	PKR 721

During the year the Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company.

## Group Financial Statements

The audited financial statements of the ICI Group for the year ended June 30, 2018 are attached. The ICI Pakistan Group comprises of ICI Pakistan Limited, ICI Pakistan PowerGen Limited, Cirin Pharmaceuticals (Private) Limited and NutriCo Morinaga (Private) Limited.

**Asif Jooma**

Chief Executive



# Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017

for the year ended June 30, 2018

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2017 (Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The total number of directors are 8 as per the following:
  - a. Male: 7
  - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Khawaja Iqbal Hassan Mr. Kamal A Chinoy
Executive Directors	Mr. Asif Jooma Mr. Muhammad Abid Ganatra
Non-Executive Directors	Mr. Muhammad Sohail Tabba Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba Mrs. Amina A Aziz Bawany

3. The Directors have ensured that none of them is serving as a director on more than five listed companies, including ICI Pakistan Limited except Mr. Kamal A Chinoy, who is currently serving on the boards of six listed companies but would ensure compliance with Regulations by December 31, 2018.
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 besides being placed on the Company's website.
5. The Board has developed a vision statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 and 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 meeting of the Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act, 2017 and Regulations.
9. The majority of the Board members have the prescribed qualification and experience required for exemption from the training programmes of Directors.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of Regulations.
11. CFO and CE duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

**Audit Committee**

Khawaja Iqbal Hassan (Chairman)  
Muhammad Ali Tabba (Member)  
Jawed Yunus Tabba (Member)

**HR & R Committee**

Khawaja Iqbal Hassan  
Muhammad Ali Tabba  
Jawed Yunus Tabba  
Muhammad Sohail Tabba  
Asif Jooma

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

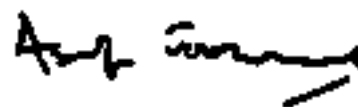
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

a) Audit Committee:	6
b) HR and Remuneration Committee:	1

15. The Board has outsourced the internal audit function to M/s KPMG Taseer Hadi & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. They are involved in the internal audit function on a full time basis. The Head of Internal Audit coordinates with the internal auditors and reports directly to the Board Audit Committee.
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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, 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 the Regulations have been complied with.



**Muhammad Sohail Tabba**  
Chairman



**Asif Jooma**  
Chief Executive

Dated: July 27, 2018  
Karachi

# Review Report

## Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of ICI Pakistan Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.



EY Ford Rhodes  
Chartered Accountants

Date: July 27, 2018  
Karachi





Business Performance

# For a Stronger Pakistan, and Beyond

Our brand promise, Cultivating Growth, guides the performance of our Businesses towards our ultimate goal; to contribute to building a more robust economy, and improving lives – all for a stronger Pakistan, and beyond.

This section outlines the performance and growth of ICI Pakistan Limited's four Businesses in 2017-18.



# Soda Ash

The iconic Soda Ash Business of ICI Pakistan Limited remains synonymous with quality and longevity, having been a steady contributor to the national economy since 1944, when soda ash production began at our plant in Khewra.

A supplier of choice with strong customer relationships, in 2017-18, the Soda Ash Business commissioned a milestone capacity expansion of 75,000 tons per annum (TPA) at its plant in Khewra.

With the increased capacity coming online, the Business continues to produce quality soda ash for a wide range of applications including glass, detergents, silicate, and paper, as well as food-grade sodium bicarbonate. Since its inception more than 70 years ago, the Business continues to grow from strength to strength, with increased annual production capacity currently at 425,000 tons per annum and plans in place for further capacity expansions in the future.



## Market Overview

In 2017-18, the soda ash market witnessed robust demand despite prevailing adverse socio-economic factors such as political uncertainty, rising energy costs, increasing freight rates, and steep currency devaluation. The growth engines of the domestic market remained the detergent, paper, and silicate segments.

The solid growth registered in the detergent segment underscored a clear preference for branded detergent on the part of consumers. This trend exists in urban as well as rural markets. Subsequent to higher usage in detergent manufacturing, demand in the silicate segment also witnessed an increase. In the paper segment, growth was witnessed on the back of improved operational efficiency and consumers' preference for better quality paper. The bazaar segment, which had remained slow in recent years, registered modest growth during the fiscal year. However, the glass

segment experienced a slight contraction due to the closure of several container glass units, whereas the market for refined sodium bicarbonate maintained the growth trajectory exhibited in recent years.

## Business Performance and Key Developments

The Soda Ash Business achieved new milestones in 2017-18, closing the year at 375,645 tons which was the higher sales figure ever recorded by the Business in a fiscal year (at 5% above last year).

This exceptional sales performance was driven by increased demand for the Company's soda ash products. It was also bolstered by improved product availability following the successful commissioning of the milestone 75,000 TPA capacity expansion of the Soda Ash plant that came online



CE, Asif Jooma (centre), alongside Business Executive Team members visits the Soda Ash Plant on the occasion of completion of the 75 KTPA expansion project





The Business's engineering team heads to Nathiagali for a well-deserved outbreak



Muhammad Umar Mushtaq, Works Manager, acknowledges the efforts of the HSE department

in February 2018. The seamless absorption of increased production volumes into the market is a reflection of the trust and confidence customers place in ICI Pakistan Limited, and reaffirms the commitment of the Business to remain the supplier of choice for existing and new customers.

With regard to the export market, the Soda Ash Business continued to make inroads into India and Afghanistan; 2017-18 saw the Business emerge as an established player in these markets. During the year, the Business also focussed on strengthening its footprint in Bangladesh in line with its ambitions of exploring new markets and diversifying its export base.

## Challenges

Moving forward into 2018-19, the global market for soda ash is expected to remain uncertain. Global soda ash prices are expected to come under pressure following the completion of major expansion projects in Turkey which significantly increased the global supply of this vital commodity. However, it is anticipated that production cuts in China, coupled with strong demand from Asia, Africa, and South America will help ease pressure on prices, providing a counterbalance to the increase in global supply.

On the raw materials front, the continued devaluation of the Pakistani rupee, coupled with rising energy import prices, is expected to remain an ongoing concern that will require active management. However, the rupee devaluation must be



Muhammad Umar Mushtaq takes a pledge during the HSE week





**Participants and trainers pose for a photo at the International Conference on Positive Parenting in Khewra**



**Soda Ash Business Management at the Annual General Meeting of the Winnington Club in Khewra**

considered in its broader context, as it poses a challenge for the entire business community and the economy as a whole, and not just for the Soda Ash Business. The unstable political landscape also continues to pose varied risks to the industry. During periods of socio-economic uncertainty, planning remains a challenge, but the Business will continue to tackle this challenge head-on and make necessary adjustments as and when required.

## Future Outlook

Moving forward into 2018-19, economic development hinges upon the smooth transfer of power and establishment of a stable government. Stability in currency exchange markets is also much warranted. However, in the coming year, downstream expansions in the glass and detergent

segments are expected to provide an impetus to growth. The detergent segment will continue to be bolstered by growing urbanisation whereas the glass segment is well positioned to benefit from renewed activity in the construction sector and progress on the China Pakistan Economic Corridor (CPEC) projects. In the near future, increases in domestic and international capacities will lead to a significant supply overhang situation which will need to be managed in order to achieve the key objectives of the Business for 2018-19. The Soda Ash Business remains committed to being the partner of choice and providing its customers, both national and international, the level of quality and service that is synonymous with ICI Pakistan Limited.

# Life Sciences

The Life Sciences Business of our Company continues to forge ahead on its mission of Improving Lives. Following restructuring in 2017-18, the Life Sciences Business now comprises two Divisions, Pharmaceuticals and Animal Health, each of which cater to vast, diverse markets and expanding segments. With a renewed focus on the synergies between these two Divisions, the Life Sciences Business has reiterated its commitment to making a positive impact on the lives of millions across Pakistan, providing options for improved health and wellbeing and enhanced veterinary, livestock and poultry farming practices.





Team members along with VP Life Sciences Business, Samie Cashmiri, (centre) at the Life Sciences Annual Business Conference

## Pharmaceuticals Division

### Market Overview

In 2017-18, the pharmaceutical industry of Pakistan registered sales of USD 3.1 billion or (PKR 367 billion), equivalent to a global market share of 0.5%. The industry currently comprises 759 companies, of which 27 are multinational corporations. Major players tend to dominate the industry, with the top one hundred companies accounting for approximately 97% of total market share.

A look at the industry's performance over the past five years (from 2012-2017) shows steady growth at a Compound Annual Growth Rate (CAGR) of between 10–12% in line with international pharmaceutical industry growth trends. This consistent upward trajectory can be explained by socio-economic factors such as changing lifestyles giving rise to increased awareness of health issues; rising per capita incomes; and a growing population which experiences a high occurrence of acute illnesses.

Despite the dominance of larger players in the industry, smaller organisations continue to operate successfully despite limited growth potential, on account of profitable export opportunities to neighbouring countries such as Afghanistan; and by providing contract manufacturing services to other companies.

In 2017-18, the Government took measures to further improve awareness and good practices within the industry, leading to stricter regulations being implemented by the Drug Regulatory Authority of Pakistan (DRAP).

### Business Performance and Key Developments

The Pharmaceuticals Division's net sales income for 2017-18 stands at PKR 6,584 million, demonstrating a strong growth of 40% over the previous year. The cardiovascular (CVS) segment exhibited strong growth with sales of Tenormin hitting the billion-rupee mark. Other key brands that drove growth for the Division include Inderal, Hycortisone, Etipro and Fortexone.

The most significant developments of the year were the integration into ICI Pakistan Limited of Cirin Pharmaceuticals (Private) Limited (Cirin), and the portfolios and assets acquired from Wyeth Pakistan Limited (Wyeth) and Pfizer Pakistan Limited. The successfully completed transfer of the Drug Manufacturing License (DML) of the formerly Wyeth-owned Hawke's Bay manufacturing facility to ICI Pakistan Limited meant that the Company obtained an additional manufacturing license. Going forward, these acquisitions are poised to drive growth and strengthen the Company's footprint across several healthcare segments with respect to its ability to manufacture and launch new registered pharmaceutical products.

Integration into the Company's systems and culture enabled Cirin with the required marketing expertise and a focus on increased sales force effectiveness. During the year, Cirin was also able to strengthen and extend its institutional base, securing opportunities with government healthcare institutions such as the Primary and Secondary Healthcare Department, Punjab, the President's Primary Health Initiative (PPHI) in Sindh, and the Medicine Coordination Cell (MCC), Health Department of KPK. These business opportunities enabled the Company to promote its brands to a wider range of doctors, which subsequently enhanced prescriptions across the board, including in the private sector.

The overall portfolio of the Pharmaceuticals Division was further enhanced by the establishment of a Trade Marketing team, and the launch of pain management products to capitalise on the core competency of the Primary Care team. Products added to this portfolio in 2017-18 include Alcuflex, the Tramed range and Piroxil.

The Nutraceuticals segment maintained strong performance, contributing to revenue through toll-manufacturing (leveraging the Nutraceuticals manufacturing facility), and by building our brands.





**International wound care expert Catherine Steer hosting a roadshow of Smith & Nephew advanced wound care products at the Burns Center at the Pakistan Institute of Medical Sciences**

In 2017-18, several key initiatives were undertaken across the Pharmaceuticals Division to streamline processes, and reorganise our business models with a view to ensuring sustainable development for the future. One such initiative was the realignment of the sales channel, with stronger focus on prescription drive and retail sales. In addition, sales and marketing teams were expanded and restructured, aligning them to existing and future business plans.

The strategic Sales Force Excellence (SFE) programme was further consolidated with KPIs being set for sales teams and follow-up reviews held regularly. The SFE programme is designed to enhance the efficiency of field-related activities such as meetings with doctors, and the tracking of prescriptions.

Finally, 2017-18 saw the completion of an extensive project to launch a new visual identity system leveraging the ICI Pakistan Limited corporate brand. The objective of this project was to align packaging across the pharmaceuticals portfolio (including our Cirin range) for greater recognition and consistency.

## Customer Engagement

Significant customer engagement initiatives set in motion last year have been further consolidated in 2017-18. The aim remains to diversify and modernise engagement programmes in order to improve customer focus, as well as maximise on commercial outcomes.

In the cardiovascular segment, a series of medical group meetings, ward presentations, triglyceride assessment camps and patient care drives succeeded in engaging over 2,000 healthcare professionals with respect to solutions for cardiovascular disease offered by ICI Pakistan Limited. As a result, Tenormin and Zestril experienced a revival in retail channels, Ovaza surpassed expectations and Etipro emerged as the fastest growing brand in the Omeprazole category.

Previously untapped Cirin customers were also engaged through improved in-chamber conversations, interactive e-detailing and Continuing Medical Education (CME) programmes. ICI Pakistan Limited also focussed on establishing a presence in major hospitals such as Aga Khan



**Guests and participants at the first ever Life Sciences Business, Pharmaceuticals Business Partners Conference**

University Hospital (AKUH) and Shaukat Khanum Memorial Cancer Hospital (SKMCH) reaching top healthcare specialists in the country.

In the skincare segment, engagement for the Repavar brand (the Company's first foray into the skincare industry, launched last year) centred on salon branding and training, social media promotion, and dermatologist engagement. Last year's launch of the HealthNWellness nutraceutical and over-the-counter (OTC) portfolio continues to be strongly promoted on social media with a renewed focus, and marketed via an online e-commerce platform, making the range more accessible to consumers, and enabling the Division to develop a more diversified, direct-to-consumer approach. Online campaigns for HealthNWellness brands such as Regnum Men and Rejuva utilised endorsements by popular contemporary celebrities to drive consumer interest.

For OTC brands, engagement through trade marketing helped drive growth, through a 360-degree engagement programme and trade drive that helped the brands achieve considerable traction.

## Challenges

Challenges for the Pharmaceuticals Division during the year included a highly genericised and competitive business landscape. Due to regulatory restrictions, pricing for the pharmaceutical industry in Pakistan remained the lowest in the region, which continues to affect profitability. Furthermore, the devaluation of the Pakistani rupee continued through the year, which also impacted business operations.

## Future Outlook

In 2017-18, the Pharmaceuticals Division made significant progress on previous plans to leverage best practices and forge greater synergy between segments and portfolios. Going forward, the Division will continue to focus on developing a robust pharmaceutical, nutraceutical and cosmetology pipeline as well as capitalising on toll-manufacturing opportunities.

The Division will continue to drive topline growth through specific focus on, and investment in, building big brands;





**Samie Cashmiri, VP Life Sciences presenting a token of appreciation at the training session on industrial relations**



**Participants of the Industrial Relations Training programme pose for a photo with other colleagues at the end of the training**

alongside this, the intent remains to consolidate our existing key brands with strong and sustainable retail sales models. The focus on retail has proved effective in building the business; going forward, the Division plans to work towards building a similar retail focus in the primary care business, and subsequently decreasing our reliance on institutional sales. To achieve this aim, we will continue to diversify and modernise our marketing channels for greater reach and effectiveness.

On the people-development and service improvement front, the Division will continue to focus on team skills development, placement, and the use of analytics, aided by our Sales Force Excellence (SFE) programme.

Overall, the Pharmaceuticals Division intends to continue implementing strategies and best practices that have registered a positive impact in FY 2017-18, and stands poised to deliver greater growth and value in the coming financial year.

## Animal Health Division

### Market Overview

The Animal Health Division's activities focus on serving the livestock sector, which is a part of Pakistan's agriculture sector. In 2017-18, the agriculture sector recorded impressive year-on-year growth of 3.8 % surpassing the expected growth of 3.5%, and actual growth of 3.46% recorded during the same period last year (SPLY). Livestock continues to constitute the majority of the sector, with a share of 58.9%, compared to 58.3% last year. Despite this growth however, the contribution of the livestock sector to the national Gross Domestic Product (GDP) has actually decreased, going from 11.3% to 11.1%.

The livestock industry is a key driver of socio-economic

development in rural areas, providing opportunities for various economic activities to nearly 8 million families. The role of the sector in poverty alleviation is therefore significant. Furthermore, till the end of the third quarter of FY 2017-18, meat exports had reached USD 105.5 million (or PKR 11.83 billion approximately), highlighting the sector's ability to generate foreign earnings. Despite its vast scale, the livestock sector possesses even greater economic potential. This is evidenced by the sector's gross value addition to the GDP, which increased to PKR 1,377 billion in the past fiscal year (as compared to PKR 1,333 billion in 2016-17).

The growth of the livestock sector has multiple drivers. A burgeoning population, coupled with increases in per capita income and export avenues, has catalysed demand for



The Division's management visited South Korea to meet with CAVAC representatives



**The Division's marketing team at a training session on biosecurity and important farming practices with LanXess**



**The Livestock team poses with farmers after an informative session on improving feed**

livestock and livestock-related products including milk, meat, hides, and animal nutrition. Furthermore, the development of the private sector in tandem with the introduction of supportive public policies (such as trade assistance) have targeted per unit animal productivity. National reach, best management practices, genetics, nutrition, and disease control have been notable areas of effort within the sector in recent years. However, despite these advancements, the sector (excluding poultry) remains largely unorganised with little mechanisation. With the exception of large corporate and commercial entities, farms are generally small and widely dispersed geographically, often comprising not more than six animals on average. These gaps in the market lead to underutilisation of potential, but from a more optimistic perspective, also indicate massive potential for investment.

The poultry sector is a subset and a critical component of Pakistan's livestock sector. Providing employment to approximately 1.5 million people, the segment currently represents an investment of about PKR 700 billion. Poultry meat production over the year amounted to 1.39 million tons, representing a 32.7% share of the total meat output. The segment showed appreciable growth of 7.8% over the SPLY and poultry value addition to the GDP had climbed to PKR 175.5 billion by the end of 2017-18.

Within the poultry production segment, commercial layer, breeder and broiler stocks showed estimated growths of 7%, 5% and 10% respectively while rural stock increased by 1.5% compared to 2016-17. Over the year, the segment contributed 1.4% to the GDP, while its value added contribution to the agriculture and livestock sectors stood at 7.5% and 12.7% respectively. While the poultry segment cannot compete with livestock on the basis of sheer size, in terms of mechanisation and acceptance of new technologies, it far outstrips the large but unorganised livestock sector. The existence of fully integrated farming facilities and emphasis on bio-security protocols are excellent examples of the differences in approach and management between the two sectors.

### **Business Performance and Key Developments**

At PKR 4.89 billion, the top line performance (net sales) of the Animal Health Division grew in line with last year's strong momentum. The majority of the contribution to this result

was from the Livestock Segment (76.6%), while the Poultry Segment had a relatively smaller impact with a 22.1% share. In its first full year of operation, the Bovine Genetics portfolio achieved a credible entry into the market, registering triple-digit growth over the year. Overall, the highest performing products were Vanda and Somatech, each crossing the PKR 1 billion mark, with Vanda finishing well over its forecast. Among the top five performing categories, the Farmer's Choice Poultry Antibiotics range registered the most impressive growth at 39.5%.

The promising launch of the CAVAC vaccines range in the Poultry portfolio contributed to the strong sales performance of the Segment. Moreover, a partnership with Trouw Nutrition, a global market player, has enabled the diversification of the portfolio's offerings through a new class of products. During the year, the Livestock Segment successfully incorporated the German-made BergaFat range into its portfolio, opening up further avenues for customer service. Lastly, concerning Bovine Genetics, the Division remains optimistic that the planned development of more robust cold-storage practices within the supply chain will catalyse further growth of the portfolio.

### **Customer Engagement**

Through its engagement efforts, the Animal Health Division puts into practice the Company's core value of Customer Centricity on a regular basis. In 2017-18, the Division organised over forty educational gatherings for the benefit of customers working at the grassroots level in Pakistan's animal health industry; over 50,000 farmers and 25,000 professionals attended. Farm economics was a recurring topic at farmers' gatherings, while professionals' gatherings included forums for information-sharing about the management of disease outbreaks.

To build relationships and enhance the brand of the Farmer's Choice portfolio, the Company organised conferences and meetings for key customers with 76 customers from both the Poultry and Livestock Segments taking part in these customer-centric experiences.

Other examples of customer engagement initiatives include the Poultry team's management of hatchery modules and HTSi sessions with Sabir's and Big Bird – two major





**Key team members at the year's Life Sciences Business Conference**

integrated players in the market – throughout the year. This initiative is set to expand in the coming year. Demonstrating its customer focus, the Livestock team arranged seminars in Sindh for livestock farmers, to share knowledge about the use of our Vanda and Silage products. Fifteen such seminars were held.

### Challenges

The year 2017-18 brought with it several challenges. In January, a Supreme Court of Pakistan ruling against the use of Recombinant Bovine Somato-Trophin (rbST) injections led to the discontinuation of Somatech, the business' top selling product in the Livestock Segment. Therefore, one of the significant challenges going forward involves successfully overcoming the gap created in the Division's portfolio by the ban. Rigorous business development and market research is well under way to identify suitable alternatives to Somatech, as well as other new products to add value to the Animal Health Division portfolio.

Recent shifts in regulation have also affected the Poultry Segment portfolio. The use of Antibiotic Growth Promoters (AGPs) has been limited to starter and grower feed applications. This will drive the need for newer, alternate options which the Division has planned for launch in the coming year.

The implementation of the Punjab Feed Act has resulted in a stricter regulatory environment for the livestock industry as a whole, with third party (toll) manufacturing being restricted. However, the Division has already taken steps to ensure stability and continuity of supply by leasing a feed mill for Vanda production. Government aid to Civil Veterinary Dispensaries (CVDs) in the form of de-wormers and antibiotics has affected demand for ICI Pakistan Limited products in these categories since farmers now have a cost-free alternative. Increasing market competition is another challenge for the Division, as the past year has seen major manufacturers expand to the livestock feed market. In addition, smaller players pose a threat with lower-priced products.

### Future Outlook

Despite challenges, the Animal Health Division is poised to deliver strong results over the next financial year. The recent brand launch of Selko (a feed additives brand of Trouw Nutrition) is a stepping-stone towards establishing ICI Pakistan Limited as a top solutions-provider in the salmonella control and poultry gut health segments. The market for poultry vaccines has responded well to the CAVAC range, and the Poultry Segment has initiated specialised sales efforts in order to increase market penetration. Moreover, the Division is looking forward to enhancing its partnership





Representatives took part in a training led by Trouw Nutrition at the Selko Academy in Dubai

with Mervue Laboratories Ireland through the addition of new products in the nutrition category. Lastly, the search for a reputable partner for select feed additives is underway, while the Farmer's Choice portfolio is also in the process of further development.

In the Livestock Segment, the merger of commercial and corporate dairy teams at the supervisory level will enable improved customer reach and service. The planned addition of new SKUs for the Farmer's Choice Vanda brand will allow the Division to reach more tiers of the market. Quality control parameters for Vanda will be a point of focus going forward with the newly leased feed mill. The production capacity

of silage is also set to increase, which will add impetus to market penetration efforts.

The acquisition of GMP-certified nutritional products from Trouw Nutrition is yet another promising development for the future, while MSD brands Receptal and Estrumate are ready to make a comeback in the market and elevate the Animal Health Division's standing in the hormonal segment.

Overall, despite challenging external circumstances, the Animal Health Division is well prepared and geared up to face the coming year with an expanded portfolio and a strong focus on capitalising on growth opportunities.

# Chemicals & Agri Sciences

Our Chemicals & Agri Sciences Business has been influencing lives across Pakistan for decades. Following restructuring in 2017-18, the Business now consists of four Divisions; General Chemicals (GC), Polyurethanes (PU), Specialty Chemicals (SC), and the Agri Sciences Division. The Chemicals Divisions (GC, PU, and SC) import, manufacture and market hundreds of products and variants from international trading partners for industrial use, while the Agri Sciences Division contributes to the lifeline of Pakistan's economy – the agriculture industry. Each Division comprises of further focus areas, catering to key products and segments through marketing, trading and manufacturing.

Through innovative approaches, such as the setup of the state-of-the-art Chemicals Technical Centre, expansions in our product portfolio, improved market share, and effective restructuring, the Business continues to grow alongside the Company. Today, the Business's products are used across practically every industry in Pakistan, and continue enhancing the many comforts of modern life.







Members from the Board of Directors and EMT team pose for a photo outside the state-of-the-art Chemicals Technical Centre

## General Chemicals

### Market Overview and Business Performance

Our General Chemicals (GC) Division is the trading segment of the Business, supplying important chemicals to various sectors including food and beverages, paints and coatings, pharmaceuticals, the hospitality industry, edible oil manufacturers and many other industries across the country. This year the GC Division also entered into the construction chemicals industry, thereby further expanding our vast portfolio. To date, the Division consists of three key segments; Consumer Chemicals, Industrial Chemicals, and the recently added Construction Chemicals.

The year was a highlight for the GC Division. Through unprecedented topline growth and a strong focus on Customer Centricity and new product development, the Division witnessed extensive demand in the beverage, and paints and coating industries, coupled with higher GDP. Furthermore, growth surged as new products were added and new industries were explored (such as the construction and rubber industries amongst others).

### Challenges

The GC Division faced challenges from an increase in import duties on various products, affecting our customers' purchasing power. The uncertain trend continued owing to the consistent depreciation of the Pakistani rupee, from the end of the first half of the fiscal year.

### Customer Engagement

Our customers are of the greatest importance to us, and our ongoing customer focus is reflected in our initiatives to enhance our relationship with them. During the year, we co-sponsored the 4th Pakistan Coating Show 2018, at the Lahore International Expo Centre, from January 18 - 20, 2018. The Pakistan Coating Show is the country's premier event for paints, inks, coatings, adhesives and sealants.

The Expo served as an excellent opportunity to sharpen our competitive edge and enhance the Company's image. At the event, we focussed on showcasing our products and technologies to new and potential customers, and also took the opportunity to strengthen ties with our existing customer base. By co-sponsoring the event our Division demonstrated its commitment to its customers and increased brand visibility.

### Future Outlook

The structured approach adopted by the Division at the end of the FY 2016-17 has reaped rewards. Going forward, the current sales pipeline remains healthy with more products and markets regularly being added. Alongside this, we work to frequently optimise our customer and product base in the existing portfolio. The Division has a clear plan in place to continue achieving excellent growth, while maintaining its focus on being customer centric and a partner of choice for suppliers.



Raphael Atif and Ahad Badr with a GCPAT representative in UAE



Arshaduddin Ahmed, Muhammad Jawad Nagani and Ali Majeed along with the Diversey team in Sri Lanka

## Polyurethanes

### Market Overview and Business Performance

At the Chemicals & Agri Sciences Business, the Polyurethanes (PU) Division remains a market leader alongside our key partners, with strong customer focus through product quality and service at the heart of all our operations. During the year, methylene diphenyl diisocyanate (MDI) prices remained volatile; the first half of the fiscal year observed unprecedented highs before sharply declining and stabilising in the second half, amid uncertain demand and supply situation.

Furthermore, the automotive, sports, and construction industries surged on account of lower interest rates, higher GDP growth, and new projects.

Owing to strong relationships, the Division successfully managed to maintain its market share with key customers despite increasing local and international competition.

### Challenges

The PU Division faced several challenges during the year. MDI supply remained a major challenge during the first half of the year as prices rose along with a shortage of product in the international market. Also, margins remained volatile on account of peaks and troughs observed. In addition, higher prices eroded economies in certain industries including thermoware, leading to tepid demand.

### Future Outlook

Going forward, innovation will remain a key component for the Division's performance. The focus will be on enhancing and extending market share, along with an emphasis on customer satisfaction to further improve the customer experience. The Division plans to explore new business opportunities to continue Delivering Enduring Value for all our stakeholders.

## Specialty Chemicals (SC)

### Market Overview

The Specialty Chemicals (SC) Division stands as the manufacturing arm of our Business's Chemicals Divisions. Through the SC Division we serve diverse industries, including the textiles, agriculture and construction industries. Our extensive portfolio of specialty products includes adhesives, textiles, crops, and water treatment chemicals (WTC), all of which are vital to Pakistan's numerous industries.

During the year, the market for SC continued to show promise. The construction segment witnessed growth due to rapid infrastructural development, creating a market pull for our Adhesives products. Increased usage of Water Treatment Chemicals in Independent Power Plants (IPPs) and fertiliser plants led to growth in market size. Similarly, conditions remained favourable for the crops market. The overall pesticides market grew at a rate of more than 10% with an increased number of registered formulators, as opposed to imports of finished formulations in previous years. Additionally, support from the government further supplemented our growth in the market. A shift towards environmentally friendly water-based pesticides contributed to the positive conditions of the crops market.

Increased penetration of Indian and Chinese textile products in the global export market due to cost competitiveness and the energy crisis in the country resulted in continuous pressure for the Division's textile products. Despite these challenges, the textiles portfolio achieved its highest-ever sales volumes this year.

### Business Performance and Developments

The Division's performance in 2017-18 remained positive. NSI increased by 24% over the course of the year, with the crops, textiles and adhesives portfolios recording their



highest-ever sales volumes. The Crops segment achieved its highest growth rate of 49% amongst our four key segments' portfolios. This exceptional performance was achieved by focussing on developing our customer base, improving customer relationship management, and building stronger internal teams and resources.

Despite unfavourable market conditions, the Textiles segment achieved a growth of 13% while the Adhesives segment grew at a rate of 37% in NSI over the same period last year (SPLY). During the year, our team's constant efforts to improve performance led to an increased penetration in the market. Alongside, substantial work was done to develop new products to serve the various requirements of our customers, and expand our customer base in the hot melts category. WTC witnessed a growth of 16% as a result of strengthened technical expertise and increased penetration in the boilers industry.

### Customer Engagement

Driven by our core value of Customer Centricity, customer relationship management was one of the chief reasons for the Division's exceptional business performance and development. During the year, our Adhesives team continued to make significant strides in the wood-working market through carpenter meetings in Rawalpindi.

The Division successfully conducted a customer engagement survey, a practice which was initiated the previous year. More than 80 active customers across all four product segments of the Division were contacted and their feedback was recorded on several fronts including product quality, sales process

and sales staff support. The results of this survey will aid in developing the customer engagement plan for the coming year.

### Challenges

Throughout the year, the Division faced substantial challenges in the market, such as Pakistan's low share in the global textiles exports market. HSE regulations by the Chinese government on Chinese producers of Technical, a major ingredient for pesticides, led to a demand-supply gap in the Pakistani crop market. The market is expected to stabilise in the coming year as local formulators switch to alternate suppliers. Devaluation of the Pakistani rupee and increased raw material prices created an impact on all four of our product segments. Despite these challenges, the Division emerged successful with an increase in both volumes and NSI.

### Future Outlook

Going forward, technical and commercial innovation will continue to be the Division's forte, as we make consistent strides in enhancing market share through value creation for our existing and new customers. The ongoing establishment of the Masterbatch manufacturing facility, as approved by the Board of Directors, is progressing in line with forecast timelines. In addition, following the setup of a new technical facility at our Head Office, the Chemicals Technical Centre, we plan to strengthen our research base and focus on new product development. Seminars and customer trainings will also be conducted in order to aid our customers, and our Business has begun evaluating potential collaborations with suppliers and other organisations to increase value addition.



Team members from the Business pose for a photo at the Pakistan Coating Show event, which was co-sponsored by ICI Pakistan Limited



Colleagues pose for a photo at the launch of the Business's HR Effectiveness Survey: Your Voice Matters



Farmers thoroughly appreciated the Agri Sciences Division's education and engagement drive in Pithoro Town

## Agri Sciences Division

### Market Overview:

The agriculture sector is one of the most vital sectors of Pakistan's economy, accounting for 18.9% of the gross domestic product, employing 42.3% of the labour force, and providing raw materials for several value-added sectors and industries. It is also an important source of foreign exchange earnings. Furthermore, the agricultural sector stimulates growth in other sectors, and plays a central role in national development, food security and poverty reduction. All of these contributing factors highlight why it is often referred to as the backbone of Pakistan's economy.

As always, the growth and output of the agriculture sector remains dependent on a number of significant, yet largely uncontrollable, external factors including environmental conditions, farm economics and the availability of water. During the year under review, the agriculture sector achieved growth of 3.8%, exceeding the set target of 3.5%, and surpassing the previous year's growth of 3.46%.

The primary contributors to the improved performance in the sector were major crops such as, wheat, sugarcane, cotton and rice. Meanwhile, the Vegetable Seeds Segment continues to function as an unorganised, unstructured market within which many local distributors compete. The Seeds Segment witnessed a growing trend of hybridisation in the seeds sector, while the agrochemicals industry continued to focus largely on the insecticides segment, growing at a steady pace.

### Business Performance

During the year, as a result of restructuring, the Agri Sciences Division was placed within the Chemicals Business, now renamed the Chemicals & Agri Sciences Business, to leverage future growth opportunities. A smooth transition into this Business allowed all our teams to hit the ground running.

The year 2017-18 proved to be a challenging one for the Agri Sciences Division. The decline in the Division's operating result was due to a liquidity crunch experienced by farmers; domestic market conditions, lower international prices of commodities, and government policies focussed mainly on wheat adversely affected farmers' ability to earn sustainable incomes.

Alternatively, major kharif crops such as sugarcane and rice surpassed their production targets during the year under review through strong growth of 7.45% and 8.65% respectively, while cotton crop production achieved a growth level of 11.85%, exceeding last year's production level. Wheat and maize crop production remained subdued, witnessing a decline of 4.43% and 7.04% respectively. Other crops, possessing a 10.8% share in agriculture value addition and 2.04% in GDP, grew by 3.33% on the back of increased production of fodder, vegetables and fruits.

Our Seeds Segment experienced a difficult year, as sales of sunflower seeds were lower than the previous year owing to adverse farm economics and the sugarcane industry crisis. Keeping this in mind, the Segment focussed on enhancing and developing alternative products for corn and fodder crops. Performance of the Vegetable Seeds Segment was also negatively affected due to severe water shortages, particularly in Sindh. Meanwhile, the Agrochemicals Segment continued to consolidate its three key brands, Ulala, Lancer Gold and Total.

### Customer Engagement

The Agri Sciences Division continues to focus on its unique and diverse customers across the country, helping them succeed by adapting to their varying needs.





The Vegetable Seeds Segment conducted a two-day quarterly meeting in Lahore

In 2017-18, the Division focussed on consolidating its agrochemical and vegetable seeds portfolios while maintaining and strengthening its position in its existing portfolio of field crop seeds. Ten new products were launched during the year, which included four agrochemicals products, three seeds products and three vegetable seeds products.

Our sales and development staff regularly trains farmers on the latest production technologies and on more efficient farm management practices. These activities helped farmers to improve their farm economics.

In the agriculture industry, retail partners played an important role in ensuring product availability and educating farmers on relevant information. Throughout the year, the Division undertook a series of business partner conferences, through various trainings, to improve partnerships and ensure that we are well-connected with our customers.

### Challenges

Challenges faced during the previous year persisted in 2017-18, such as water shortages, especially in Sindh and south Punjab, high input prices, and a decrease in global agriculture commodity prices, all of which have jointly led to a decline in the ability of farmers to invest in farm inputs. Avbrupt changes in weather patterns, such as prolonged heat waves, long dry spells, and decreased winter seasons, have all collectively affected the yields of crops.

The lack of a proper trading platform coupled with a complex supply chain model for the agriculture industry continued to be a major challenge for our Division. Farmers have limited access to formal credit, limiting their capacity to enhance the quality and yield of their crop.

### Future Outlook

Our Agri Sciences Division is geared to achieve aggressive growth in the coming years. We have undertaken strategic actions to prepare our Division for the realities of today, and the opportunities ahead of us. We are committed to consolidating our position with regard to our existing brands, and diversifying our portfolio to cater to the untapped needs of farmers going forward. To reduce reliance on any one crop or product in the Seeds Segment, our focus will be to develop presence in other crops. At the same time, the Agrochemicals Segment will drive stronger business development, bolstered by an expected pipeline of new partners and products in the segment.

Going forward, we believe that we are well positioned to offer agri solutions to farmers deliver value-added products, enabling us to deliver value to our shareholders and expand our business in line with the Company's growth aspirations.

# Polyester

Our Polyester Business is a leading player in Pakistan's textile market providing Polyester Staple Fibre (PSF), a vital raw material that contributes to the growth of the domestic industry. The Business began over four decades ago when ICI Pakistan Limited introduced PSF in Pakistan. Since then, we have continued to meet the growing demands of the local textile industry by providing various specialised fibre variants, enriching the industry's product offering. Today, we continue to strengthen our position nationally, and through strategic global partnerships, ensure we are well equipped to meet the ever-changing demands of the global marketplace.







The Business has built a strong relationship with Japanese company Takemoto Oil & Fat Co., Ltd.

## Market Overview

Two key raw materials are required for the manufacture of PSF, both of which are derivatives of crude oil; pure terephthalic acid (PTA) and mono-ethylene glycol (MEG). PSF is an essential raw material for the textile value chain as it is consumed by the spinning industry for the manufacturing of different polyester yarns. The yarn is then subsequently converted into a variety of value added fabrics by the downstream industry. This fibre, which so closely resembles cotton in its applications, is not grown in the fields but is a part of the petrochemicals chain, which is why crude oil plays an integral role in various PSF elements such as pricing, production and sale.

Throughout the year, OPEC supply cuts, geopolitical tensions and trade wars supported an upward trend in crude oil prices. In support of this trend, and healthy downstream conditions, prices of feedstock including paraxylene (PX), PTA and MEG also rose on average.

Like crude oil, another external commodity that is crucial in affecting the PSF market is cotton; a natural fibre and a key substitute to PSF. During the fiscal year, global cotton prices maintained an upward trend due to stable global demand for the crop. However, natural factors had an adverse impact on the supply of cotton, thus pushing prices up. Domestic cotton prices followed suit as buyers remained apprehensive toward the crop's availability and supply in the future months.

## Business Performance

During the year, the regional and domestic PSF markets remained firm, owing to rising feedstock prices and the devaluation of the Pakistani rupee against the US dollar. Our Business's margins remained under pressure due to this state of affairs; however, quality and efficiency improvement

initiatives, along with the introduction of new variants in our product portfolio mitigated some of the impact. Furthermore, the ban on pet flakes in China also supported business dynamics as demand for virgin PSF increased.

Thus, despite unfavourable market conditions, these initiatives enabled our Business to deliver stellar performance against key objectives (including market share, sales, operating efficiencies, etc.).

## Key Developments

Throughout the year we maintained a healthy presence at all available forums relating to the Free Trade Agreement (FTA) negotiations with China, Turkey and Thailand. Our Business team attended numerous seminars, meetings and conferences held by various Ministries (e.g. Commerce, Finance, Textile, etc.) to highlight our recommendations and voice our concerns regarding the PSF tariff structure.

For decades, one of our Business's key products, Terylene Semi-Dull PSF, has been the preferred choice of its kind in Pakistan's textile industry. However, with global demand dynamics having drastically shifted alongside the constant progression of technology, new opportunities and avenues have emerged, particularly as the market moves toward a more functional approach as opposed to a conventional one. This evolving trend and demand shift was identified by our Polyester Commercial Team, and they responded by ushering the Business into a new era of innovation and expansion.

This was achieved through the introduction of Terylene variants to the Business's product portfolio, which are supported by global strategic partnerships. These innovative developments and responses to market dynamics are another example of our commitment to Cultivating Growth.



**Group photo of the Polyester team at the closing ceremony of Safety week.**

Terylene Black (black polyester fibre) has continued along its positive trajectory in the local market since its launch in 2015. Currently, this product maintains a strong market share of 55%, staying well ahead of the previously popular imported competition from Taiwan and Thailand. With such rapid and solid progression, the next step was for it to be exported to international markets. As such, we are pleased to share that Terylene Black is now the product of choice for numerous Turkish and American spinning companies that work with established and well-known global brands in the retail market such as Zara, Hugo Boss, Tommy Hilfiger and Marks & Spencer.

Operating with Integrity and Responsibility is a core value at ICI Pakistan Limited, and in line with this value, the Polyester Business aims to achieve the Global Recycled Standard (GRS) certification for our own products as well as those of our partners that possess a strong global presence. This initiative has not only enriched our product portfolio but has also established Terylene as an eco-friendly brand.

In keeping with our core values of Innovation and Delivering Enduring Value, our Business has recently entered into functional and specialised fibres through the introduction of Anti-Microbial Polyester – an anti-odour, disinfectant fibre. The penetration into this specialised market was made possible by our partnership with SILVERbac, a leading global brand in anti-microbial technology. The first shipments of the product have been transported to Bahrain for commercial trials.

We remained focussed on our Passion for People, increasing



**CE, Asif Jooma, Suhail A Khan, VP Polyester and Soda Ash Businesses, along with Rizwan Afzal Chaudhary, Business Manager, Marketing, celebrate record breaking black fibre sales in one month**

employee engagement through a number of initiatives. Our success in these initiatives was reflected in the annual Company-wide employee engagement survey conducted in partnership with Gallup. The survey results exhibited a substantial increase in our Business-wide engagement score as we achieved a rating of 4.58 on a five-point scale, which translates to the 85th percentile on the global Gallup rating scale.

## Challenges

The regional PSF industry remains under pressure as the addition of increased production capacities in China further aggravates issues in this oversupplied industry. The continuing oversupply results in increased competition from Chinese exporters who engage in illegal dumping as they seek export outlets to liquidate their inventories.

On the domestic front, growth in textile exports, on the back of the export package and energy availability provided by the government, has enabled the industry to move in a more positive direction.

We continued to experience a variety of factors, including high costs of doing business, which place pressure on margins, and result in the textile industry operating well below its potential. Coupled with the persisting state of oversupply, sluggish downstream demand, and the challenge of dumped imports from sources other than China, this will necessitate tremendous effort on the part of the Polyester Business in order to retain market share.



Colleagues pose for a picture at the Business's annual cricket event



The opening ceremony of Quality Week

## Future Outlook

The trend in feedstock prices will be determined by the price of crude oil and other market fundamentals. The 2018-19 world cotton projections of the U.S. Department of Agriculture (USDA) anticipate that cotton consumption will exceed production, bringing world stocks down by six million bales, which would more than likely offset the bale increase of 2017-18. Global consumption is expected to continue growing, albeit at a more moderate pace. Additionally, it is expected that China will continue to pursue policies that limit imports in order to dispose of surplus government-held stocks.

On the domestic front, the cotton market will be influenced by the quality of lint cotton as well as by the extent and timing of monsoon rains across Pakistan. Another key factor affecting performance of the domestic PSF industry will be the Government's provision of necessary tariff protections to the industry. In accordance with this, our Company continues to engage with relevant government bodies in the hope that the required tariff protection for the domestic PSF industry will be realised.

Regardless of the challenges that may arise on both domestic and international fronts, our Polyester Business remains ready to overcome all possible future challenges, and possesses the essential skill and personnel to capitalise on growth prospects in the textile industry.



Representatives from the Takemoto Oil & Fat Co., Ltd. visited the Polyester Plant in Sheikhpura.







**Sustainability Performance**

# The Power to Shape **A Sustainable Future**

This is our conviction; that we must work smarter and better today, in order to conserve our resources and protect our planet – shaping a future that is sustainable and more equitable for generations to come.

This section contains a comprehensive report on our sustainability strategy, KPIs, annual and long-term targets and performance.



# Table of Contents

<b>Message from the Chief Executive</b>	<b>120</b>
<b>Sustainability Performance 2017-18 at a Glance</b>	<b>121</b>
<b>Sustainability Strategy and Sustainability Council</b>	<b>122</b>
<b>About the Report</b>	<b>124</b>
<b>Materiality Assessment</b>	<b>125</b>
<b>Stakeholder Engagement</b>	<b>127</b>
<b>Economic Performance: Management Approach</b>	<b>132</b>
Integrity Management: KPIs and Overview 2017-18	<b>134</b>
Sourcing: KPIs and Overview 2017-18	<b>135</b>
<b>Environmental Performance Management Approach</b>	<b>137</b>
Energy: KPIs and Overview 2017-18	<b>138</b>
Sustainability Highlight: Moving Towards a Green Supply Chain Strategy	<b>139</b>
Water: KPIs and Overview 2017-18	<b>140</b>
Sustainability Highlight: Altered Nozzle Faucet for Water Conservation	<b>141</b>
Emissions: KPIs and Overview 2017-18	<b>142</b>
Sustainability Highlight: Reduction in Steam Usage	<b>143</b>
Effluents and Waste: KPIs and Overview 2017-18	<b>144</b>
Sustainability Highlight: Enhancing Biodiversity at our Sites	<b>145</b>
Sustainability Highlight: Putting Waste to Good Use	<b>146</b>
<b>Social Performance Management Approach</b>	<b>147</b>
Occupational Health and Safety: KPIs and Overview 2017-18	<b>149</b>
Training and Education: KPIs and Overview 2017-18	<b>150</b>
Diversity and Equal Opportunity: KPIs and Overview 2017-18	<b>152</b>
Non-Discrimination: KPIs and Overview 2017-18	<b>153</b>
Sustainability Highlight: Scaling up Healthcare with the Sheikhpura Hamqadam Community Clinic	<b>154</b>
Local Communities: KPIs and Overview 2017-18	<b>155</b>
<b>GRI Content Index</b>	<b>156</b>
<b>SDGs Index</b>	<b>166</b>
<b>External Assurance</b>	<b>168</b>



# Message from the Chief Executive

## Dear Stakeholders,

The tenth annual Sustainability Report of ICI Pakistan Limited marks one decade of consistent year-on-year voluntary sustainability reporting by the Company; a testament to our intent to continue to embed sustainable practices in every area of our operations.

Last year, we became one of the first companies in Pakistan to adopt the newly introduced, and not as yet mandatory, GRI Standards to report on our sustainability efforts. This year, I am pleased to say that in an effort to further elevate our sustainability reporting practices, in addition to adhering to the GRI Standards, we have aligned our reporting to the United Nations Development Programme Sustainable Development Goals (SDGs).

The SDGs are a set of 17 goals that build on the progress of the Millennium Development Goals, and are 'a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.' Their scope has been expanded to include pressing concerns such as climate change, economic inequality, innovation, sustainable consumption and more. There has never been a more urgent requirement to address such areas as there is today, and at ICI Pakistan Limited, we are committed to doing our part, which includes timely and transparent disclosures on sustainability parameters.

ICI Pakistan Limited is a growing manufacturing concern. As such, it is inevitable that we have impacts on the environment, on the economy, and of course, on the society within which we operate. Our brand promise, Cultivating Growth, encapsulates our purpose and the spirit of our operations – that is, that we must cultivate, nurture and encourage growth in all forms in everything that we do. Therefore, we continue to manage our impacts, working to offset the negative and to maximise positive contributions, alongside ensuring the growth of the business and value creation for our stakeholders.

As we complete our first full decade of sustainability reporting, I can say with confidence that over time we have developed a clear understanding of our key areas of interest and our priorities in terms of material topics. Last year, we adopted the GRI Standards which afforded us the opportunity to consider and re-evaluate the parameters against which we report our sustainability progress. These remain largely unchanged from 2016-17. Health and safety has emerged as an area of even greater focus than last year. Regrettably, during 2017-18 there were some safety incidents, including one fatality of a contractual employee at the Company-operated limestone quarry. This unfortunate loss of life was a cause for great concern, and as I shared with colleagues in my last Chief Executive's Communication session and other communications, it is my personal ambition to make ICI Pakistan Limited one of the safest companies to work for in Pakistan. We simply must raise the bar on safety.

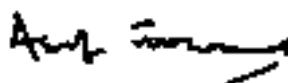
Rising energy consumption has been a challenge in recent years, however, during the financial year, gas was more readily available as compared to last year. We were accordingly able to reduce our reliance on coal-fired boilers (CFBs), instead utilising gas turbines and power generation engines that run on furnace oil. As CFBs are comparatively more energy-intensive to run, with this shift in power generation methods, the Company has been able to achieve an overall reduction in per ton energy consumption as compared to the last three years. To minimise our environmental impact, we have also adopted the use of low-sulphur-content coal in addition to the use of limestone, improving our performance against our target for 2020-21 in 2017-18.

As the conservation of water becomes an increasingly critical issue, not just nationally but on the world stage, we too have begun taking more stringent measures to prevent wastage of this precious resource. You will find details in this report of the various water conservation initiatives we have undertaken across our Businesses. Waste reduction, too, is being actively pursued, with teams in various Businesses devising solutions to better utilise generated waste.

Across the board, we endeavour to adopt an innovative, solution-oriented mindset; teams are encouraged and empowered to implement process optimisation and other improvements with not just business success, but sustainability targets in mind. Our EPM database, launched last year, has been a useful tool in this regard, enabling the ongoing collection and timely analysis of data on sustainability parameters across the Company.

As we now focus on consolidating our growth, post recent acquisitions and capacity expansions, we will continue to manage our impacts in line with regulatory compliance requirements such as the National Environmental Quality Standards (NEQS). Beyond this, investment in people – both, within the Company and those in our communities remains a key focus, as does managing our environmental impacts (including energy conservation, emissions, water management and waste reduction). Going forward, I look to not only our HSE&S Department and our multi-functional Sustainability Council to continue to drive our sustainability agenda, but also to every individual at ICI Pakistan Limited to do his/her part to act in accordance with building a more sustainable operation at ICI Pakistan Limited, Cultivating Growth in the truest sense for our shared future.

Best regards,



Asif Jooma,  
Chief Executive,  
ICI Pakistan Limited



# Sustainability Performance 2017-18 at a Glance

A new series of corporate guidelines 'Information Notes for Managers' was launched. These guidelines provide managers a detailed overview of the concepts of risk assessment, hazard identification, and environmental emissions, and also explain the latest ICI Pakistan Limited reporting standards for health, safety, environment and energy KPIs throughout the fiscal year.

The Company's HSE&S audit system was further strengthened and detailed audits for newly acquired assets (subsidiary company Cirin Pharmaceuticals (Pvt) Ltd, and a manufacturing facility acquired from Wyeth Pakistan Limited and Pfizer Pakistan Limited), were conducted in preparation for the implementation of the ICI Pakistan Ltd HSE&S Management System. Action plans were also made accordingly to manage hazards and risks.

The ICI Pakistan Limited 2017-18 Sustainability Report was prepared in accordance with GRI Standards and in alignment with the UNDP SDGs.

An HSE Training Calendar 2017-18 was developed and fully implemented. Significant training courses included the Accident Investigation Workshop, Arrangements for Immediate Reporting and Hazard Identification & Risk Assessment. 4,489 man-days of training were successfully completed.

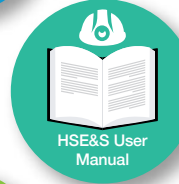


Occupational Illness Compliance

This year ICI Pakistan Limited revised its Occupational Health Manual in reference to newly upgraded international standards and requirements. One hundred percent compliance to the Company's Health Assessment and Work Environmental Monitoring programmes was achieved; no occupational illness was reported.



Hazard Identification



HSE&S User Manual

ICI Pakistan Limited Corporate Engineering Guidelines related to engineering standards were reviewed, and relevant employees trained.



Crisis Management Plan



Chief Executive's HSE&S Award

Significant hazards and top risks to the Company continue to be highlighted through our active learning event database. For convenience of employees, a new mobile application has been designed for easy logging, marking of learning events and prompt communication of any significant event to the executive team. The Chief Executive's Best HSE&S Initiative Award continued to recognise the best solutions to mitigate the risks assessed through these learning events.



GRI Standards

The Environmental Performance Management (EPM) Database, an application for the collation and analysis of the Company's HSE&S data, and the reduction of the Company's operational eco-efficiency (OEE) footprint was successfully relaunched. Reports on health, safety, energy and environment performance indicators are now generated regularly (on a monthly and quarterly basis). These reports are discussed in Business HSE Committee meetings, Sustainability Council meetings and ICI Pakistan Ltd Executive Team meetings. Based on the Sustainability KPI targets, an action plan is prepared to reduce the Company's eco-efficiency footprint.



EPM Database



HSE&S Training Calendar



Coal & Furnace Oil Usage

The use of coal and furnace oil continued due to the prevailing energy situation, negatively influencing gaseous emissions and total energy per ton production. In order to control these emissions ICI Pakistan Limited is now importing lower sulphur content coal to meet sustainability targets, despite the higher price of this coal.

# Sustainability Strategy and Sustainability Council

At ICI Pakistan Limited, we manage sustainability in line with a laid-out sustainability strategy and with the help of a Sustainability Council, which acts as a governing body on matters relating to sustainability targets and performance.

## Sustainability Strategy

Our sustainability strategy is simple and compelling. It is divided into the following underlying principles, which we aim to uphold and adhere to:

### 1. Fostering a Culture of Excellence

We aim to build an environment in which people constantly strive to deliver more, and we endeavour to achieve this through attracting and retaining the best talent. This mindset encompasses sustainability-related practices and performance.

### 2. Operating Responsibly

We strive to operate with due respect and consideration for our environment, communities and other stakeholder groups. We endeavour to create and put into practice processes which evolve with changing needs, while ensuring that we operate responsibly.

### 3. Environmental Stewardship

We want to be the leaders in innovation and developing solutions for cleaner, greener systems to reduce our impact on the environment.

### 4. Creating Socioeconomic Value

We work to create value in our local communities by providing the tools and assistance required for capacity building, and improving quality of life.

### 5. Transparency

We ensure that all processes and operations at our Businesses and Functions are transparent. We believe that

our stakeholders have a right to information; transparency in this regard promotes and increases trust.

## Sustainability Council

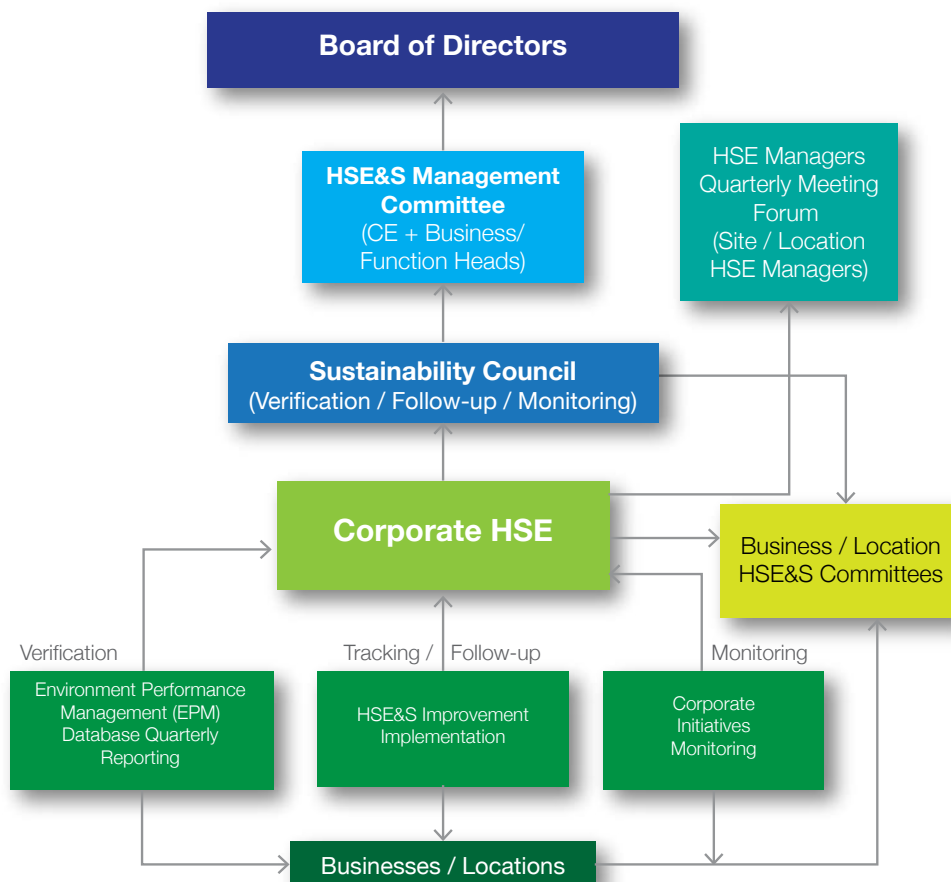
Established in the FY 2013-14, the Sustainability Council is a multi-disciplinary team comprising members from all Business and Functional areas of the Company. The Council was established to foster the ongoing sustainable growth of ICI Pakistan Limited.

The Council's objective is, therefore, to assist the Board in fulfilling its oversight responsibility to shareholders with regard to the Company's sustainability practices. The Council's scope includes development, implementation and monitoring of the Company's Health, Safety, Environment and Security (HSE&S) policies and practices.

## Responsibilities of the Council

- Define sustainability KPIs, measurement matrices, and establish sustainability targets.
- Review partnerships and relationships, both current and proposed, with stakeholders, i.e., customers, regulators, communities, shareholders and suppliers.
- Formulate and execute communication strategies relating to the Company's sustainable growth.
- Introduce new and innovative technologies that will further the goal of sustainability within the Company, and implement actions to protect such technologies.

## Structure and Operation of the Sustainability Process at ICI Pakistan Limited



In accordance with the requirements of the ICI Pakistan Limited HSE&S Management System, all Businesses and functional locations are required to monitor and report parameters that directly affect the Company's Operational Eco Efficiency footprint. Besides this, all Businesses are also required to report their health and safety performance. The reporting is governed through a state-of-the-art application called the Environmental Performance Management (EPM) database.

The Corporate Health, Safety, Environment and Security (HSE&S) department functions as an independent authority within the organisation and is the custodian of the EPM database. Corporate HSE analyses data to extract trends

for each sustainability KPI, and benchmarks performance against the baseline. These trends are then presented to the Sustainability Council for review. After discussion, the Council agrees on a suitable mechanism for the control of the KPIs based on global sustainability guidelines. The Council also briefs the Company's Executive Management Team (EMT) regarding the OEE footprint, potential technological requirements and the financial impacts these may have on the Company and its communities.

This reporting cycle culminates with realistic targets and plans being set for individual KPIs, covering the current year as well as the next five years. Quarterly meetings are held to ensure that all KPIs remain on track to achieve the designated target.

# About the Report

This is the tenth annual Sustainability Report of ICI Pakistan Limited, and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. This report also contains reference to the UNDP SDGs. ICI Pakistan Limited began the practice of voluntary sustainability reporting in 2008, and this continues to be an important part of the Company's commitment to sustainable practices and transparency.

## Report Boundary

The report covers the four core Businesses and corporate functions of the Company, including manufacturing sites, corporate offices and regional/Business offices. The data in this report does not cover subsidiaries or associated companies of ICI Pakistan Limited.

Employee data includes management and non-management staff. Community investment is handled by the ICI Pakistan Foundation, which is a separate legal entity registered as a trust. All monetary amounts in this report are given in Pakistani rupees, unless otherwise indicated.

## Reporting Period

The reporting period corresponds with the Company's financial year 2017-18 (from July 1, 2017 to June 30, 2018). The cycle of reporting is annual.

## Report Content

This report provides information on topics that have been assessed to be material to the Company based on significance of impacts on economy, environment and society, and are significant for stakeholder interests and decision making. The content of this report has been developed keeping in consideration the GRI 101 Foundation (2016) Reporting Principles, which include principles that govern both, content and quality.

Developed in accordance with the Company's Sustainability strategy (outlined in this document), this report also presents KPIs relating to the material topics that have been set internally by the Company's sustainability reporting governing body, the Sustainability Council. Key Performance Indicators (KPIs) shared in this report were set during 2016-17, and presented for the first time in that year's report alongside presenting achievements on the previous five years' targets.

The five-year target for KPIs set in 2016-17 is the year 2021; performance KPI targets to be achieved by that date have been set accordingly. These will serve to guide us in our sustainability efforts going forward. However, given the Company's growth and expansion, as well as a changing economic and political landscape, these targets may be subject to review and revision going forward. There was no change in material topics and topic boundaries from the previous year.

## Data Collection

Data has been obtained from our financial management reporting systems, the corporate HR information management system, and the Company's Environmental Performance Management (EPM) database, which is a tool for the collection and reporting of Health, Safety, Environment & Security (HSE&S) parameters.

Our reporting cycle takes place on a quarterly basis and related information is gathered and input by the respective Businesses and functions for review by the Corporate Health, Safety, Environment and Security (HSE&S) department. The Corporate HSE Manager is responsible for data for ICI Pakistan Limited as a whole. Data pertaining to integrity management, employment practices, sourcing and community investment is compiled and monitored by the Sustainability Council members responsible for each area. Where limitations in collecting data exist, we have attempted to include appropriate explanations in the report.

## Assurance

Independent review of this report was conducted by CSRPC Pakistan, in accordance with GRI Standards requirements and principles of inclusivity, materiality and responsiveness. A statement from the independent external reviewer is included at the end of this sustainability report, and outlines the scope of the assurance, activities carried out and opinion.

## Contact Us

We encourage feedback on our Sustainability Report. If you would like to comment on the report or if you need more information, please email us at:

**[sustainability.council@ici.com.pk](mailto:sustainability.council@ici.com.pk)**

If you are unable to access this resource or need further information, please contact the following at ICI Pakistan Limited:

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*A soft copy of this report and additional information on the Company, including our business units and products, is available on our website at **[www.ici.com.pk](http://www.ici.com.pk)***



# Materiality Assessment

At ICI Pakistan Limited, we focus our sustainability efforts on those areas which are deemed to be of greatest significance and value to the Company's continued growth, performance and success; have significant impacts on the economy, environment and society; and that are potentially of significant interest to the most vital stakeholder groups. This section shares information on these critical or material topics and aims to explain how they have been chosen, and why they are critical to our operations.

Material topics for sustainability performance are identified based on several factors, including alignment with the Company's strategy, objectives, vision, values and brand promise (Cultivating Growth); the past practice of the Company; and internal analysis, debate and discussion on issues raised by our multi-functional Sustainability Council. Material topics are also chosen based on stakeholders' concerns and feedback, general relevance and likely impact in broader social, economic and environmental contexts, such as the markets in which we operate, energy availability, environmental issues and climate change.

## List of Material Topics and their Boundaries

Area	Material Topic	Boundary
<b>Economic</b>	Economic Performance	ICI Pakistan Limited
	Indirect Economic Impacts	Local community
	Market Presence	ICI Pakistan Limited
<b>Environmental</b>	Energy	ICI Pakistan Limited, our customers
	Water	ICI Pakistan Limited, our local communities, our customers
	Emissions	ICI Pakistan Limited, our suppliers, our local communities
	Effluents & Waste	ICI Pakistan Limited, our suppliers, our local communities
<b>Social</b>	Employment and labour relations	ICI Pakistan Limited
	Training and Education	ICI Pakistan Limited
	Occupational Health and Safety	ICI Pakistan Limited
	Diversity and Equal opportunity	ICI Pakistan Limited
	Non-Discrimination	ICI Pakistan Limited
	Local Communities	ICI Pakistan Limited, our local communities

## Relevance of Material Topics to ICI Pakistan Limited

### ECONOMIC

**Economic Performance:** Deemed to be material as disclosures under this topic relate directly to our Company's value creation agenda as embodied by our vision, values, and brand promise, Cultivating Growth. ICI Pakistan Limited is committed to providing enduring growth and value for stakeholders, and this growth and value can be quantified and assessed accurately through the complete, audited financial statements of the Company, which are attached with this report. In addition, economic performance carries implications for all other material topics reported upon.

**Indirect Economic Impacts:** Disclosures under this topic illustrate our Company's economic impacts on a wider socio-economic front than if we were simply to take our customers and suppliers into consideration. Our intent to support growth and development is not limited to the Company. Additionally, we consider ourselves responsible corporate citizens, therefore it is important we monitor and measure our ongoing indirect economic impacts in the wider context.

**Market Presence:** Our Company's presence in the market has significant impacts in terms of employment opportunities provided, number and level of professionals employed, regional employment prospects, and compensation and benefits provided. Information in this regard is therefore highly relevant to the Company's operations and its value creation agenda.

### ENVIRONMENTAL

**Energy:** Due to the national energy crisis, this topic is highly relevant and therefore deemed material. The economic impact of energy usage on products and services provided is significant, as energy costs directly impact the cost of products. More efficient energy usage is therefore not only vital in terms of the environment, but also because it can provide the Company a competitive edge in terms of cost factors.

**Water:** This is deemed a material topic based on not only the water usage requirements of the Company's operations, but also the current state of water availability in the country. According to Development Advocate Pakistan, Volume 3, Issue 4 (a UNDP report dated February 2017) water scarcity continues to become an increasingly critical issue in Pakistan. The report emphasises that "Pakistan extracts 74.3 percent of its freshwater annually, thereby exerting tremendous pressure on renewable water resources." Furthermore, according to a 2017 United Nations report titled 'World Water Development' Pakistan ranks seventh in the world amongst the countries facing water scarcity.

**Emissions:** Emissions control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, this is of vital importance. Disclosures in this regard also provide an overview of the Company's compliance to national and governmental regulations, such as National Environmental Quality Standards (NEQS).

**Effluents and waste:** As a manufacturing concern, this is an important topic as it has an impact not only on our own

operations, but also on local communities where waste is generated and disposed of. Management and minimisation of waste materials is also important with respect to biodiversity of the relevant areas.

### SOCIAL

**Employment and labour relations:** The employment topic is critical to us and is driven by our core value of Passion for People. At ICI Pakistan Limited, we aspire to be an employer of choice, and recognise that development of employees in terms of training and education, growth opportunities, compensation and benefits are of utmost importance. We maintain a strong focus on providing skills and value to employees while our policies and employment practices ensure an environment that encourages diversity, engagement, personal growth and professional development. To attract, retain and bring out the best in our people, we invest in leadership and development training and offer rewarding careers where employees are able to continuously learn and grow.

**Training and Education:** Closely linked to the material topic of employment, training and education remains an ongoing focus for ICI Pakistan Limited, in pursuit of the Company's ambition to be an employer of choice, recruiting and retaining the best and the brightest. Training, education and development of our people is therefore a topic of critical importance to us. It is one we work towards on a continual, ongoing basis, with formal training, development and growth opportunities, effective, timely performance appraisal and feedback systems, and by creating an open culture that encourages feedback and discussion.

**Occupational Health and Safety:** This topic carries tremendous significance in relation to ICI Pakistan Limited as health and safety are a primary concern and an overarching responsibility of the Company under its values (Passion for People; Integrity and Responsibility) and its HSE&S policy. The topic affects not only direct employees of the Company, but also contractors, suppliers and members of our communities.

**Diversity and Equal Opportunity:** As part of our HR ambition, we strive to be an equal opportunity employer. ICI Pakistan Limited is committed to encouraging greater diversity and ensuring equal opportunities for individuals based on merit (including qualifications and competency). This belief is driven by our core values (Passion for People; Integrity and Responsibility) our brand promise Cultivating Growth, and our Code of Conduct.

**Non-discrimination:** ICI Pakistan Limited is committed to ensuring fair and equal treatment of employees, free of bias. This belief is driven by our core values (Passion for People; Integrity and Responsibility), our brand promise, Cultivating Growth, and our Code of Conduct.

**Local communities:** Disclosures on this topic, which take into account operations for development of communities, and the impacts of these on local communities, are important because they provide an overview of the significance of these operations and their impacts, allowing stakeholders to assess the value added by such initiatives.

# Stakeholder Engagement

At ICI Pakistan Limited, our approach to engaging with our stakeholders is underpinned by our core values of Customer Centricity and Passion for People, along with our vision to be a partner of choice, and our promise of Cultivating Growth, which aims to ensure we encourage growth and development, and add value, wherever we engage with groups that are impacted by our operations. A stakeholder of the Company is defined as an individual or group associated with, linked to, or significantly impacted by the operations of ICI Pakistan Limited, and which can significantly affect the ability of ICI Pakistan Limited to implement its strategies or achieve its objectives.

Our core groups of stakeholders are identified by our Business and functional teams, based on the nature and scope of our operations. These are endorsed by the EMT and the Sustainability Council as significant groups to engage with, and engagement objectives and strategies are formulated and carried out accordingly. An important aspect of stakeholder group selection is communication and feedback with these groups; this is done via a number of methods, both formal and informal.

Customer engagement is monitored at the level of each Business by surveys conducted and feedback collected through various channels. Community engagement is maintained and monitored by CSR teams in each Business,

and through effective coordination with labour unions at our plant and manufacturing sites. Employee engagement is driven across the Company at a corporate level. Chief Executive's sessions are conducted Companywide as a platform for employees to address concerns, giving the Chief Executive a chance to share information and answer questions. The Company's annual employee engagement survey, as well as performance appraisal and management systems serve as vital channels for feedback and monitoring of progress against set engagement targets. In each area of stakeholder engagement, concerns and suggestions are registered and actions outlined accordingly.

## Key Stakeholder Groups

Stakeholder group	Engagement frequency	Mode of consultation	Topics identified by stakeholders	Our response
<b>Shareholders/ Investors</b>	Regular	Corporate Finance, Company Secretary, Corporate Communications and Public Affairs Department, analyst briefings, meetings	Ongoing economic viability, growth prospects, petrochemical market situation, new projects and expansions	Commitment to ongoing growth and value creation; continuing transparency of financial and other information; timely public disclosures; clarifications if any required
<b>Employees</b>	Regular	CE Sessions, internal events, annual engagement survey, discussions, internal communications	Training and education; career development;	Increased HR process transparency; Focus on capacity building trainings, cross-Functional and cross-Business movement
<b>Customers</b>	Regular	Technical support services, surveys, field visits, advisory services	Cost, quality and product availability	Customer capacity building, expanding/increasing product offerings, efficiencies in supply chain
<b>Suppliers</b>	Regular	Code of conduct compliance, surveys, visits	Favourable terms and conditions	Suppliers are given ample opportunity for discussion and negotiation. ICI Pakistan Limited strives to provide fair and market compatible rates
<b>Local Community</b>	Regular	Via manufacturing site employees, CSR teams	Manufacturing sites' impact; employment prospects	Managing environmental impacts through sustainability initiatives; creating provisions for local employment
<b>Government and other regulatory bodies</b>	Regular/Case Basis	Relevant Business or functional representatives, meetings with officials, submissions of data for review and compliance	Compliance with regulations and laws	Understanding and ensuring all legal and regulatory requirements are complied with.  Engaging with the government. to address matters impacting business.
<b>Media</b>	Occasional	Press releases, one-on-one media engagement	Information on the operations of the Company, growth prospects and sustainability practices, economic contribution	Press and media releases on relevant subjects, Chief Executive's statements/ interviews, responsiveness to media queries, social media presence
<b>Academic Institutions</b>	Occasional	Guest speaker sessions, recruitment drives, internship programme, participation in career fairs	Career development, opportunities and placements, leadership and workplace insights	The Company has participated in multiple guest speaker sessions that enable sharing of experiences and advice imparted by professionals to the student body. The Company also holds regular recruitment drives and takes part in campus drives.
<b>Civil Society/ NGOs</b>	Regular	Meetings, one-on-one engagement	Funding for programmes; logistical and technical support.	ICI Pakistan Foundation-led and funded partnerships to support community development initiatives; volunteer programme and activities



## Major initiatives carried out during the year for Stakeholder Groups

### Shareholders/Investors

AGMs and EoGMs were carried out as required to inform and obtain consent of shareholders. Board members and senior management of the Company were also available at these occasions to answer queries and address concerns of shareholders, investors and analysts. An Investor Relations Policy is in place, which governs the timely, accurate and comprehensive release of information for shareholders and investors.

### Employees

To engage employees, ICI Pakistan Limited partnered with Gallup for the 'IMPOWER employee engagement survey. Starting on the 35th percentile with a score of 3.87 (on Gallup's 5 point rating scale) in 2015, the Company now stands at the 82nd percentile with a score of 4.52 in 2018. This significant increase speaks volumes of the Company's commitment and the collective belief of its people in this important initiative, to achieve world-class engagement levels.

In 2018, the Company was also awarded the prestigious Gallup Great Workplace Award, a global award that is Gallup's highest honour, reserved for the world's most distinguished workplaces. The Company has won this award based on its demonstrable efforts in linking engagement with business outcomes through focussed local and Company-wide initiatives. This award sets the Company apart as an employer of choice and stands as a testament to its workplace culture and values.

The Company's Leadership Development Roadmap (LDRM) continues to be a key ingredient in building the capabilities of the Company's employees. Through a structured and integrated talent development framework, which provides customised training modules, executive coaching sessions and learning projects, more than 700 managers participated in this initiative in 2017-18. In addition, to further supplement learning and development, the Lynda learning platform powered by SuccessFactors was launched, making over 1,600 training online courses on a variety of subjects available to employees throughout the organisation.

### Customers

Customer Centricity is a core value at ICI Pakistan Limited, and this value is lived fully by the four Business units of the Company with regard to their respective sets of customers.

Each Business plans and executes customer engagement initiatives that serve the core needs of their respective customer bases, and solicits feedback from them on various topics, both in the form of formal surveys, and informal meetings and gatherings. This feedback is evaluated internally and then forms the basis for action planning to improve the customer experience going forward.

In 2017-18, at the Polyester Business focussed on several initiatives relating to customer satisfaction including technical team visits to customer plants to ensure that customer needs and concerns about the product are addressed. On average, 53 customer visits per month were carried out by the technical team during the year. Terylene Talk (a monthly brochure) and Terylene Express (daily email updates) are initiatives to provide customers an edge by sharing updated information on market dynamics. Both these initiatives keep our customers well informed about global and local textile market dynamics. Once every two years, the Business holds a customer conference. These conferences are attended by the directors of the textile houses, and provide a valuable opportunity for both, the textile industry and the Company's representatives to interact and exchange views and obtain feedback. Customer lunches are also held frequently to engage customers in an informal setting and obtain frank and open feedback.

In 2015, Black Fibre was launched. This product variant was well received by customers, with ICI Pakistan Limited attaining 55% market share within a two-year period.

Another variant successfully developed in 2017-18 was AntiMicrobial Polyester, which was developed in response to the growing demand for increased hygiene in the hospitality and medical sectors. Yet another variant that we have successfully developed is Terylene Green, a more environmentally sound option.

In addition to its ongoing regular customer engagement initiatives such as meetings and technical assistance, in 2017-18, the Soda Ash Business has begun work on an initiative to provide soda ash to its customers in bulk. This project, once completed will reduce the environmental impact of the business by reducing the amount of polythene liners utilised, as well as a reduction in fuel consumption associated with transportation. The project will also result in the sharing of savings with customers. The Business initiated an initiative in which the technical personnel from the customers visited the Soda Ash Business plant site for sharing of best-practice related to safety and product stewardship. These visits

provided an opportunity for both parties to engage and interact. On an ongoing basis, the Business continues to engage actively with its customers through meetings and informal gatherings.

In the Life Sciences Business, both Divisions of the Business conduct their own tailored programmes to engage and serve customers. The Pharmaceuticals Division caters to a vast medical community including doctors and other healthcare professionals. During the year, the Division maintained its focus on engaging with customers to enhance medical knowledge and product information. This was done via participation in a series of conferences, meetings, and discussions. In the cardiovascular segment, a series of medical group meetings, ward presentations, triglyceride assessment camps and patient care drives succeeded in engaging over 2,000 healthcare professionals with respect to solutions for cardiovascular disease offered by ICI Pakistan Limited. A number of Health Care Professionals (HCPs) were also engaged in Continuing Medical Education (CME) programmes. Previously untapped Cirin customers were also engaged through improved in-chamber conversations, interactive e-detailing and CME programmes. Efforts to engage directly with end consumers for OTC brands were further built upon through the use of social media marketing and e-commerce platforms.

The Animal Health Division caters to a large rural population of livestock and poultry farmers across the country. The Division continued to work closely with farmers to develop farming communities, empowering farmers with awareness and knowledge to help enhance productivity, and eventually, profitability. Topics covered in such engagement activities include better farm management practices, breed development, biosecurity and nutrition. Among the customer engagement initiatives taken by the Division in 2017-18 were technical sessions for customers and talks by foreign delegates invited to share insight on current challenges in the livestock and poultry industries. Teams are also regularly trained on new product technologies, the latest farm management practices and key industry challenges, to help them serve customers better. One example of a major initiative to educate customers was initiated following the launch of the Cavac poultry biologicals range; the Division held seminars and sessions in major urban areas (Karachi, Lahore, Faisalabad etc) in collaboration with the University of Veterinary Sciences to educate farmers about the potency of vaccines. Farmers have traditionally selected vaccines based on brand names, with bigger brands usually charging a premium. The goal of

this training was to spread awareness that the primary indicator of a vaccine's effectiveness is its potency, not its brand name or price point. Following these successful sessions, a second phase of trials is also planned to demonstrate the efficacy of vaccines with the correct potency.

In the Chemicals & Agri Sciences Business, the General Chemicals Division co-sponsored the 4th Pakistan Coating Show 2018 at the Lahore International Expo Centre, in January 2018. The Pakistan Coating Show is the country's mega event for paints, inks, coatings, adhesives and sealants. It served as an excellent opportunity for showcasing the Company's products and technologies to new and potential customers, and also provided the opportunity to strengthen ties with the existing customer base.

In the Specialty Chemicals Division, the following customer engagement initiatives were carried out: the Textiles and Water Chemicals Treatment team participated in the GTex Textile exhibition in January 2017 to develop new and promising customer leads in the segment. The Adhesives team held multiple carpenter meetings in Lahore and Faisalabad during the final quarter of the year. A customer engagement survey covering more than 80 active customers across all four segments was conducted. Feedback was recorded on several processes including product quality, sales process, sales staff behaviour, troubleshooting, information availability and overall customer engagement. The results of this survey will aid in developing the customer engagement plan for the coming year.

In the Agri Division, sales and development staff regularly trains farmers on the latest production technologies and on more efficient farm management practices. The Agri Division has approached 260,000 farmers across Pakistan. The Division undertook a series of business partner conferences to ensure close customer connect and improve partnerships through various trainings/discussions. The Sales Force Effectiveness programme, an online application which allows sales representatives to plan and track their field visits to customers, continues to improve the level of service provided to customers by enhancing transparency and accountability. A toll-free helpline number has also been made available to customers through which any issues or queries related to Agri Division products can be communicated and resolved.

### Local community

In 2017-18, new projects were launched in addition to ongoing longstanding initiatives that benefit local communities,

particularly in the areas of healthcare provision and education/vocational training. The Hamqadam Community Clinic, a mother and child clinic established in Khewra in 2016, in partnership with Marie Adelaide Leprosy Centre (MALC), completed its second full year of operations with an excellent track record. Large numbers of women and children are now regularly treated at the clinic; previously these patients had to travel long distances to access adequate healthcare facilities.

So compelling was the success of the clinic, and the feedback of local community women, that we carried out a feasibility study and subsequently launched a second community clinic in Sheikhpura, near our Polyester plant. Since the clinic's inception in May 2018, we have already seen 1,052 OPD cases catered to, 43 pregnant women registered, and 145 children under the age of five monitored for immunisation and nutrition through the 'Road to Health' chart.

Other major new initiatives taken during the year include the completion of the ICI Pakistan Foundation's three-year pledge to the Child Life Foundation, a non-profit institution which operates and manages the Paediatric Emergency wards in several major government hospitals in Karachi; the successful launch of the Roshan Lyari vocational training programme for youth in Lyari; and the provision of funds to upgrade Karachi-based Murshid Hospital School of Nursing & Midwifery to college level, which will offer nursing students an upgraded four-year degree programme which in turn offers higher employability.

In addition, long-running community initiatives such as ICI Pakistan Limited's eye clinic programme in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT) continue to operate sustainably, with monthly camps for over 25 years running. As of June 30, 2018, 294 eye camps have been held as part of the LRBT Eye Clinic programme, during which 152,418 OPD consultations have been carried out, 17,182 surgeries completed and 29,844 refractions have been performed.

### **Government and other regulatory bodies**

During the year, we worked with government and regulatory bodies to provide our input, both directly and through relevant platforms and forums, on draft legislations and regulations where required. Additionally, we make it a practice to

share information on industry-related matters which could potentially impact the business and economic landscape of the country.

### **Media**

During the year, wherever possible, we entertained media requests to interview the Chief Executive of the Company with regard to the Company's operations, plans, future outlook and economic prospects. Published in the mainstream media, these interviews serve as further insight into the Company's operations for not only the media, but also the general public. A clearly streamlined process is also in place regarding timely and prompt updates on the Company website regarding any disclosure of material information, such as financial results, acquisitions, expansions, or new partnerships and product launches. Channels of communication open to the media and the general public include email as well as social media channels. The Company has expanded significantly on its social media presence in 2017-18 to better inform the media and the general public about its plans, operations and initiatives. A corporate film was also launched on digital media in an effort to increase awareness about the Company's operations.

### **Civil Society / NGOs**

In response to ongoing socio-economic gaps, the ICI Pakistan Foundation funds and partners with reputed NGOs and other non-profit organisations (such as the Layton Rehmatullah Benevolent Trust [LRBT], Marie Adelaide Leprosy Centre [MALC] and the CARE Foundation) to support community development initiatives in the areas of health, education, and the environment. In 2017-18, the Company has also launched its first ever structured volunteer programme, Pehchan, to enable employees to give back to local communities. Through the Pehchan Volunteer Programme, the Company provides employees two full working days or sixteen working hours annually to engage in community development initiatives with approved partner organisations.

### **Academic Institutions**

The Company has participated in multiple guest speaker sessions that enable sharing of experiences and advice by professionals with the student body. Notable sessions include an appearance by Chief Executive Asif Jooma at the Leaders at LUMS forum, as well as many others. The Company also holds regular recruitment drives and takes part in campus drives.

# Economic Performance

## Management Approach

Management approaches for the following material topics are covered in this section: Economic Performance, Indirect Economic Impacts, Market Presence. Other disclosures for these topics are presented in the GRI Content Index, and/or in the Company's Financial Statements 2017-18.

At ICI Pakistan Limited our performance is guided by our vision, our values, and our brand promise, Cultivating Growth, which underpins everything that we do. We recognise that our operations and activities have an economic impact at both, local and national levels, and are committed to sustainable growth and value creation for our stakeholders. Economic performance is thereby a key driver of the Company's aspirations, goals, strategy and operations, and is proactively managed accordingly by all relevant stakeholders across the organisational hierarchy.

The overall responsibility of governing the organisation, along with driving its economic performance, lies with the Board of Directors. The Board is responsible for doing the following: establishing Board policies; setting out strategies, goals, and objectives for the Company to operate in accordance with and achieve; formulating policies and guidelines that outline the way forward in achieving set goals and objectives; and periodically reviewing and updating these policies and guidelines.

Goals and targets for economic performance are approved based on proposals set forward by the Businesses, which are duly approved by the Chief Executive and finally by the Board; the ultimate authority in this regard. Goals and targets may be annual, or in the case of expansions, acquisitions and new business ventures, they may be targeted over a longer term. In approving business proposals or setting targets and goals for economic performance, the Board considers a range of variables and factors including business potential, market conditions, financial implications, the wider economic and socio-political landscape, opportunities, threats and more. For the purposes of sustainability management, the goals and targets set for the Company were agreed in 2016-17 and are expected to be achieved in a five year period (by 2020-21).

Target values expected to be achieved against each material topic are provided in this report.

The Board is accountable to shareholders for the discharge of its fiduciary function, while the Company's management is responsible for the implementation of the aforesaid strategies, goals and objectives in accordance with the policies and guidelines laid down by the Board of Directors. The Board is assisted by a number of sub-committees comprising mainly of independent/non-executive directors. The day-to-day management of the Company's affairs is overseen by the Chief Executive (CE), whom the Board entrusts with the necessary powers and responsibilities for the execution of this role. The CE is in turn assisted by an Executive Management Team comprising the Chief Financial Officer and the heads of Businesses and functions. Under the guidance of the EMT, the commercial teams of each of the Company's Businesses, as well as the Finance team, are responsible for delivering on and managing the economic performance of the Company in line with set targets. Achievement of set economic performance targets is linked to incentives across the Company, and these targets form a core part of annual performance appraisals as well. Where targets are not met, the reasons for the same are investigated and ascertained through performance appraisals as well as periodic business review meetings; learnings and feedback from these evaluation processes guide subsequent alterations in business strategy and/or goals, which are then implemented going forward.

The Company's economic performance for 2017-18 was strong. Net turnover of PKR 49,108 million for the year under review is 19% above net sales for the year ended June 30, 2017, which were recorded at PKR 41,364 million. The sales revenue growth is attributable to growth across all Businesses.



Net turnover in the Polyester Business grew by 26% on account of increased demand and higher prices across the petrochemical chain. Soda Ash revenues grew by 14% on the back of enhanced sales volumes and higher selling prices. The Life Sciences Business recorded a 22% growth in sales owing to business expansion as a consequence of integration of selected assets of Wyeth Pakistan Limited (Wyeth) and improved commercial execution and new partnerships. Net turnover in the Chemicals & Agri Sciences Business's grew by 7% against the same period last year (SPLY) owing to improved performances across all the Chemicals Divisions of the Business.

Operating profit for the year at PKR 4,398 million is 9% higher than the SPLY, with improved performances in the Polyester and Life Sciences Businesses, which compensated for the decline in performance in the Agri Sciences Division housed within the Chemicals & Agri Sciences Business. In the Soda Ash Business the impact of higher selling prices and increased sales volumes was offset by an increase in raw material prices, rupee devaluation, and increased depreciation charges due to capitalisation of the Business's 75,000 tons per annum (TPA) capacity expansion project; resultantly the operating profit remained at par with the SPLY.

Profit after tax (PAT) for the year ended June 30, 2018 at PKR 3,060 million is 7% lower than the SPLY owing to financing costs on account of higher debt, exchange losses following rupee devaluation, and lower Dividend Income from Associate

as compared to the SPLY. Earnings per share (EPS) at PKR 33.13 is 7% lower, compared to PKR 35.69 for the SPLY.

The Company continues to demonstrate its commitment to fulfilling its promise of value creation and sustainable growth. Comprehensive information on economic performance for the year can be found in the Business Performance section of the Annual Report 2017-18, as well as the Company's financial statements. The Company's financial statements are prepared in accordance with approved accounting standards and The Companies Act, 2017.

As part of our management of economic performance related matters, at ICI Pakistan Limited we have in place systems whereby stakeholders can ask questions, seek information and voice concerns. Annual General Meetings are conducted by the Company Secretarial Department, whereby shareholder queries and concerns are addressed by members of the Board, the Chief Executive and the Company Secretary. Shareholders are invited to AGMs and are encouraged to share their concerns and queries.

We have in place an investor relations policy which ensures regular and timely dissemination of economic and financial information pertaining to the Company's operations, to investors, analysts, shareholders and the general public. This information is disseminated in accordance with SECP requirements, and the Code of Corporate Governance.

# Integrity Management

## Key performance indicators

Integrity management		2013 H1	2013-14	2014-15	2015-16	2016-17	2017-18	2020-21 Target
<b>Code of Conduct confirmed incidents</b>	number	NR	1	1	0	3	5	<b>0</b>
<b>Code of Conduct acceptance</b>	% employees	100	100	100	100	100	100	<b>100</b>
<b>Management audits including reassurance audits</b>	number	6	6	0	6	0	6	<b>6</b>
<b>Serious Incidents - Level 3</b>	number	0	0	0	0	1	1	<b>0</b>
<b>Serious Incidents - Level 1, 2</b>	number	0	0	0	0	4	2	<b>0</b>
<b>Serious loss of containment - Cat D</b>	number	0	0	0	0	0	0	<b>0</b>
<b>Regulatory action - Level 3</b>	number	0	0	0	0	0	0	<b>0</b>

## Overview 2017-18

The Code of Conduct is a significant part of employee induction at ICI Pakistan Limited. Upon joining the Company, all new hires are required to read, understand and finally sign a declaration of compliance to the Code of Conduct. This year, the Learning & Development department has introduced a Code of Conduct and Health Safety Environment & Security (HSE&S) training e-module that is mandatory for all employees to complete.

In 2017-18, five Code of Conduct violations were recorded. These violations were dealt with in accordance with the

standard procedures and policies of ICI Pakistan Limited in this regard. The HSE&S Management Audit ensures Companywide implementation of, and compliance with the ICI Pakistan Limited HSE&S Management System. The decision to conduct this audit is based on the assessment of hazards, and the recommendations from the previous audit. With regard to HSE&S performance, one Serious Incident (Level 3), and two Serious Incidents (Level 1 and 2) were reported in the year 2017-18. For details, please refer to the Occupational Health and Safety KPI overview section of this report.

# Sourcing

## Key performance indicators

Sourcing		2013 H1	2013-14	2014-15	2015-16	2016-17	2016-18	2020-21 Target
<b>Vendor Policy signed by key suppliers</b>	%	92	88	94	87	91.3	98	<b>100</b>
<b>Vendor Policy signed by Central NPR Suppliers*</b>	%	28	38	63	40	80.8	83.3	<b>90</b>
<b>Supportive Supplier Visits</b>	number	35	99	92	-	30	48	<b>146</b>

\* Major public sector utility suppliers not included in this analysis.

The Company's supply chain network includes the respective supply chain managers of each Business, along with their teams. The supply chain network aims to enhance the effectiveness of procurement practices and material handling processes. This is done by actively seeking out and applying best practices, and by capitalising on opportunities for synergy between Businesses.

We believe in the cradle to grave approach, ensuring our products are compliant with the ICI Pakistan Limited HSE&S Management System at all stages of the life cycle. With respect to supplier evaluation and selection, we have stringent procedures in place to ensure that only high quality raw materials are purchased through our local and international suppliers.

Through our four Businesses (Polyester, Soda Ash, Life Sciences and Chemicals & Agri Sciences) we deal in a vast portfolio of products, including light and dense soda ash, refined sodium bicarbonate, polyester staple fibre, a wide range of general and specialty chemicals, pharmaceuticals, nutraceuticals, animal health products, and agricultural products. Our supply chain operations are therefore fairly complex and cover many suppliers, across the country as well as internationally.

With the acquisition of certain assets of Wyeth Pakistan Limited in August 2017, (the physical asset among these a manufacturing facility known as the Hawke's Bay plant) we now have an additional pharmaceutical manufacturing location in Hawke's Bay, Karachi. As a part of the Life Sciences Business of the Company, the supply chain practices of the Hawke's Bay plant are required to comply with the ICI Pakistan Limited HSE&S Management System.

## Overview 2016-17

In order to achieve sustainable growth, it is essential for us to build strong business relationships with suppliers whose working practices meet our requirements. We aim to do business with partners who endorse ethical values as well as our social and environmental standards.

Our aim is 100% adherence to our vendor policy, and in 2017-18, we made significant progress towards this goal. In 2017-18 our focus was to further increase our engagement with our key suppliers so that each supplier is well-versed with our vendor policy. There is a significant increase in the percentage of key suppliers who had signed our vendor policy with growth and expansions in the Company the percentage of vendor policies signed for non-product related

(NPR) suppliers has increased by 3%, while supportive supplier visits have increased by 6%.

Health, Safety, Environmental and Security standards are formulated in accordance with our Code of Conduct and legislative programme of on-site visits to critical suppliers to develop them as sustainable partners. Through formal feedback and follow-up visits, we work together with our suppliers to improve their overall sustainability performance. In addition, HSE audits of their workplace are regularly conducted and improvement plans are shared. Traditional dimensions such as price, cost, time, delivery, punctuality and product quality no longer define a sustainable business. Our vendor partnerships are linked to suppliers and vendors accepting a code of behaviour similar to ours. Breaking this Code of Conduct jeopardises future relationships and agreements. Our efforts for the future entail continuing to bring all our direct suppliers, both product and non-product related, under the umbrella of our sustainability efforts.

During the reporting period, as stated above, one significant change to the organisation and its supply chain occurred following the acquisition and integration of the Hawke's Bay pharmaceutical manufacturing facility in Karachi, previously owned by Wyeth Pakistan Limited. This increased the number of the Company's manufacturing facilities in the city from two to three. The impact of this development on the Company's supply chain included integration of existing suppliers (from ICI Pakistan Limited and the Hawke's Bay plant) as well as the additional of several new suppliers, primarily for raw material procurement, and in some cases for packaging. For the rest of the Company's operations, no significant changes occurred in structure or location, except for the restructuring of the Life Sciences and Chemicals Businesses. The Agri Division, formerly of the Life Sciences Business, was placed under the renamed Chemicals & Agri Sciences Business to better capitalise on synergies. However, no physical change in location or structure occurred as a consequence of this restructuring, and as such, no changes occurred in supply chain.



# Environmental Performance

## Management Approach

Management approaches for the following material topics are covered in this section: Emissions, Water, Effluents and Waste, Energy. Other disclosures for these topics are presented in the GRI Content Index, or referenced therein if occurring elsewhere in the Annual and Sustainability Report.

As a manufacturing concern, we at ICI Pakistan Limited recognise that our operations have a significant impact on the environment. Monitoring and evaluation of environmental performance comes under the domain of the Health, Safety, Environment and Security (HSE&S) department. Our enduring commitment to the highest standards of health and safety for our employees, customers and contractors, as well as to the protection of our environment, leads us to abide by a set of HSE&S beliefs and principles. In line with these principles, we strive to constantly innovate and improve our HSE&S performance, which is the collective responsibility of every individual, from the Executive Management Team right down to each employee. Accordingly, we must all strive to apply the most stringent HSE&S standards to our work.

We have in place an integrated Health, Safety, Environment and Security (HSE&S) policy, that governs all HSE&S related matters, providing clear provisions for environmental performance management. The Corporate HSE Department is responsible for overseeing HSE&S as a whole for the Company. Along with this, each of the Company's Businesses have their own individual HSE departments which handle more Business-specific, localised environmental and other HSE&S-related matters. HSE&S is at the core of everything we do, and every employee is responsible for complying with HSE&S policies and procedures, and is held accountable accordingly.

Our HSE&S Management System serves as a guideline for all ICI Pakistan Limited operations, including existing projects and operations as well as new investments, and its scope extends to cover all Businesses and locations of the Company. The HSE&S Management System is in compliance with internationally recognised systems such as ISO 14001:2004 Environmental Management Systems Standard; OHSAS 18001:2007, Occupational Health and Safety Management Systems; and the Responsible Care Management System. Strict compliance with HSE&S standards is a requirement at both the corporate and individual levels. The calculation of KPIs given in this report is based on the HSE&S Management System, and the KPIs reported cover all four Businesses of ICI Pakistan Limited. Policies relating to HSE&S are approved by the Board of Directors, the ultimate governing body of the Company. The currently applicable HSE&S policy was issued in December 2013.

Management of vital environmental performance parameters is in carried out in line with regulatory compliance requirements

such as NEQS and the Company's belief in sustainable development and growth in line with its vision and brand promise. Environmental performance is monitored and reported on regularly (on a quarterly basis internally, and annual basis externally), through the use of the state-of-the-art Environmental Performance Management (EPM) Database, an application for the collation and analysis of the Company's HSE&S data, and the reduction of the Company's operational eco-efficiency (OEE) footprint. Data collected via the EPM Database is studied against relevant sustainability parameters and utilised in various ways including the analysis of each Business's sustainability performance, and to aid in the setting of goals and targets for future sustainability performance.

The Company's multifunctional Sustainability Council is tasked with reviewing annual performance and setting voluntary targets for future performance. Targets are set for five years, with our current target for the financial year 2020-21 being based on the actual performance achieved in 2015-16. In line with our process, these were approved by Sustainability Council members. However, with upcoming expansions, acquisitions and other new projects, these targets may require subsequent review and revision.

With regard to grievance and reporting mechanisms, we have a guideline titled "Information Notes for Managers: HSE 003 Arrangements for Reporting Health Safety Environment and Safety performance to Corporate HSE." This is a reporting guideline for any sort of issue related to HSE, such as injury and illness reporting, motor vehicle and distribution incidents, occupational health performance reporting, environmental reporting, product stewardship reporting and community involvement reporting. It contains the correct procedure for reporting HSE&S violations, and is open to all internal stakeholders. The ownership of this mechanism lies with the Corporate HSE Department, and is intended for use by the HSE departments of individual Businesses. The reporting guidelines are revised regularly with the most recent revision being launched in June 2017.

The Company remains focussed on assessing the effectiveness of existing regulatory HSE&S frameworks and approaches on an ongoing basis. This helps us ensure that our systems are sufficiently robust to safeguard both, people and the environment.

# Energy

## Key performance indicators

Energy Usage		2013 H1	2013-14	2014-15	2015-16	2016-17	2017-18	2020-21 Target
<b>Total energy consumption</b>	1000TJ	2.1	4.9	5.7	6.5	8.2	6.75	<b>7.4</b>
<b>Per ton production</b>	GJ/te	11.62	11.84	13.03	13.86	17.09	12.88	<b>15.38</b>

## Overview 2017-18

At ICI Pakistan Limited, investment in coal fired boilers and steam turbines continued in 2017-18 for the production of steam and power. However, during the financial year, gas was more readily available as compared to previous years. Therefore, the Company was able to reduce its reliance on coal fired boilers, particularly at the Polyester plant. Energy needs were instead met through the utilisation of gas turbines and power generation engines that run on furnace oil. Coal power plants are energy intensive due to their high requirement of coal, however, this year with improved availability of gas and reduced consumption of coal, the Company was able to achieve an overall reduction in per ton energy consumption as compared to the last three years. To counter the effects of coal on the environment, and to maintain emissions within global standards, the Company adopted the use of low-sulphur-content coal throughout the year in addition to the use of limestone. While we have improved our performance against the target in 2017-18, the

target for 2020-21 remains unchanged due to the prediction of increased gas outages in coming years.

Energy saving initiatives were continued by each Business; significant amongst these was detection of heat losses due to poor / weak insulation. For this purpose, thermographic cameras were used to identify areas requiring insulation improvement. Day-to-day process optimisation and close monitoring of key energy parameters further helped improve energy conservation. For example, a reduction in steam condensate was achieved following the installation of condensate flow transmitters, thus identifying steam loss in hidden areas.

At the Chemicals & Agri Sciences Business, improved insulation of reaction vessels was carried out during the year to reduce heat losses occurring during the heating process. Additionally, condensate heat recovery was improved from 70% to 75% by the installation of an improved steam trap on the Henkel vessel.

## Sustainability Highlight

# Moving Towards a Green Supply Chain Strategy

**Reducing our impact on the planet and delivering more sustainable products and solutions to our customers means reviewing every aspect of our business to see where we can improve. This is not only in line with our Sustainability Guiding Principle, but also our core values: Innovation, Customer Centricity and Delivering Enduring Value. As illustrated in this Sustainability Highlight, we actively seek out and prioritise initiatives that will optimise processes and procedures for greater sustainability.**

At our Soda Ash Business, this focus translated into our embarking on an innovative journey to become the first soda ash supplier in South Asia to transport soda ash in bulk. The 'green supply chain strategy' for soda ash is the first for any soda ash producing company in Pakistan.

On a monthly basis, our largest customers procure several thousand tons of Dense Ash. Currently, ICI Pakistan Limited provides the required material in 50kg plastic bags, which means that customers must employ manual labour on their end for the unloading of these bags into open conveyors, which in turn feed the raw material into their soda ash silos. This process results in the wastage of approximately 0.4% of total volume of soda ash handled, amounting to losses close

to PKR 8 million in a year. In addition, we can factor in the expense of manual labour involved, and most significantly, environmental impact in the form of polythene packaging, and CO<sub>2</sub> emissions.

The Soda Ash Business team proposed a simple improvement to the existing process; the use of bulk trucks. These vehicles are especially designed to transport unpackaged bulk cargo. Bulk trucks are pneumatically unloaded, thereby making the entire process automatic, cost-effective and eco-friendly. By unloading bulk quantities of soda ash directly into customers' silos, we will effectively prevent pollution, and eliminate wastage and manual handling. The solution allows savings on packaging, reduces product loss, and labour and transportation costs for our customers.

Additionally, the solution leads to a reduction of our environmental footprint by eliminating the use of over one million polythene bags, and the reduction of 350 tons of CO<sub>2</sub> from the atmosphere annually. As a manufacturing company, we are keenly conscious of our environmental impact and believe every effort counts when it comes to offsetting this impact and improving the environment that sustains us all. Moreover, the solution will effectively reduce energy usage as we shift to more efficient and improved machinery.



**350 tons**  
of CO<sub>2</sub> eliminated from the  
atmosphere annually



# Water

## Key performance indicators

Water Usage		2013 H1	2013-14	2014-15	2015-16	2016-17	2017-18	2020-21 Target
<b>Total fresh water use</b>	million m3	1.57	3.49	3.73	4.22	4.83	5.4	<b>4.35</b>
<b>Per ton production</b>	kg/te	8.7	8.44	8.47	8.91	10.01	10.48	<b>8.9</b>
<b>% of sites with sustainable fresh water</b>	%	33	33	33	33	33	25	<b>100</b>

## Overview 2017-18

This year, water consumption remained on the higher side, due to the 75 kiloton per annum (KTPA) expansion project at the Soda Ash Business. However, all our manufacturing sites continued with their conservation initiatives to compensate for the increase in water consumption. At our Polyester site, ordinary taps in high usage areas (approximately 15% of the total number of taps) were replaced with special faucet nozzles which utilise 98% less water than regular taps. This initiative succeeded in reducing water consumption significantly by 336,000 litres per annum equivalent, which is equivalent to drinking water for 336 people for a whole year.

At the Soda Ash Business, cross-functional teams were formulated to monitor water usage, as well as to identify and take immediate action against instances of water leakage or overuse. Operational optimisation of the Process Condensate Distributor (PCD) system at the plant has resulted in a reduction in the amount of fresh water used for producing steam. Condensate recovered as a result of this optimisation

process is being used instead of fresh water, resulting in substantial water savings.

At the Polyester and Chemicals plant sites, focus was maintained on using water treated at each site's effluent treatment plant for horticultural purposes. At the Polyester plant, more sprinklers were installed for horticultural usage on site this year.

In 2016-17, the Chemicals & Agri Sciences Business utilised 10% of effluent water in its production processes. This year, the Business increased use of effluent treated water in its processes by another 15%, bringing the percentage of effluent-treated water used to 25% of total water consumption.

Furthermore, in view of the projected water scarcity in the country by 2025, and in alignment with UN SDG 6 (relating to availability of clean water and sanitation) the Sustainability Council is considering assigning stringent targets for reducing water consumption to each Business and function in the coming year.



## Sustainability Highlight

# Altered Nozzle Faucet for Water Conservation

**Conserving water for a sustainable future is the need of the hour. According to a 2017 United Nations report titled 'World Water Development' Pakistan ranks seventh highest in the world amongst the countries facing water scarcity. One major reason for this is the excessive use and wastage of water.**

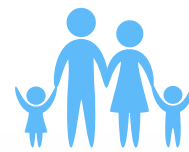
It is imperative that we all act to counter this state of affairs, on all levels possible. To this end, the Company's Polyester Business recently took on an initiative to conserve water by replacing regular faucets installed onsite with special faucets known as altered nozzle faucets. The altered nozzle works by atomising water, and dispensing it not as a stream, but

as a mist. This is an excellent step towards reducing the consumption of water. The altered nozzle faucet has two different modes of usage, and in the first mode (mist) it utilises 98% less water than a conventional faucet.

In its second mode, the altered nozzle releases water as a conventional stream, but even this mode still consumes 85% less water than a regular faucet. While these altered nozzles are costly, this is literally a small price to pay for conserving our most precious and life-giving resource. After this successful trial run of altered nozzles at the Polyester plant, the Company is looking into the feasibility of installing these nozzles at all its sites going forward.



**336,000 litres**  
Estimated yearly savings\*



**336**  
People served for their drinking water needs for a whole year\*

\*These statistics represent the water savings from the initial trial phase of the altered nozzles in 2017-18

# Emissions

## Key performance indicators

Emissions Control		2013 H1	2013-14	2014-15	2015-16	2016-17	2017-18	2020-21 Target
<b>Total COD emissions</b>	metric te	17.82	16.43	18.05	15.99	20.04	26.90	<b>16</b>
<b>Per ton production</b>	kg/te	0.10	0.04	0.04	0.03	0.04	0.05	<b>0.03</b>
<b>Total VOC emissions</b>	te	1.33	3.23	3.45	3.56	3.52	3.31	<b>3.20</b>
<b>Per ton production</b>	kg/te	0.01	0.01	0.01	0.01	0.01	0.01	<b>0.01</b>
<b>Total NOx emissions</b>	te	206.06	798.34	1209.18	1611.00	2387.27	2017	<b>2150</b>
<b>Per ton production</b>	kg/te	1.14	1.93	2.75	3.40	4.95	3.84	<b>4.40</b>
<b>Total SOx emissions</b>	te	1402.40	4338.97	3091.74	3562.32	4251.98	3438	<b>3827</b>
<b>Per ton production</b>	kg/te	7.75	10.50	7.02	7.53	8.82	6.55	<b>7.91</b>
<b>Total Direct CO2 emissions ( Scope 1)</b>	metric te	130,000	430,000	520,000	620,000	890,000	65,0000	<b>800,000</b>
<b>Per ton production</b>	kg/te	737.50	1038.11	1196.13	1318.70	1854.07	1247	<b>1670</b>
<b>Total indirect CO2 emissions (Scope 2)</b>	te	706.86	2413.32	2384.20	1501.56	1275.63	1864	<b>1123</b>
<b>Per ton production</b>	kg/te	3.91	5.84	5.42	3.17	2.64	3.55	<b>2.40</b>

## Overview 2017-18

During the year, ICI Pakistan Limited's focus on the reduction of Operational Eco-Efficiency KPIs remained one of the top priority deliverables. However, the use of coal negatively influenced emissions. In order to control these emission levels within NEQS, ICI Pakistan Limited is now using low-sulphur-content coal. Process conditions / combustion ratios were also optimised to reduce SOx and NOx emissions; this included the use of limestone. The usage of low-sulphur-content coal has resulted in significant reduction in the quantity of SOx and NOx per ton of production.

We are continuously working on steam optimisation through various initiatives to reduce direct CO2 emissions.

At two of our major manufacturing sites, high demand steam is one of the contributing factors towards CO2 emissions. In order to mitigate this, the Polyester Business took the initiative of installing flow transmitters on condensate return headers, which help to calculate the amount of condensate being recovered. This monitoring enables the identification of various sections of the plant where loss of steam was occurring, allowing these issues to be rectified immediately. This initiative resulted in a significant drop in fresh steam generation. Furthermore, at the Soda Ash Business we have also been working on carrying out process optimisation that has contributed towards reducing direct CO2 emissions.

## Sustainability Highlight

# Reduction in Steam Usage

**Every manufacturing facility has its environmental impacts; this is an inescapable fact. But the amount of effort that goes into minimising or optimising these impacts is what sets sustainable operations apart from the rest. At ICI Pakistan Limited, we are focussed on achieving reductions wherever possible. This Sustainability Highlight illustrates one such example.**

Steam is one of the major utilities consumed at our manufacturing facilities, such as our Polyester Staple Fibre manufacturing site. The usage of steam constitutes a significant energy cost per ton of fibre. Therefore, we are continuously working on steam optimisation through various initiatives.

Recently, at the Polyester Business, devices called flow transmitters were installed on the condensate return headers of steam consumers. Installation of the flow transmitters enabled us to calculate the amount of condensate being recovered more accurately. As a result of this monitoring, not only are we able to track exactly how much steam is being used, we were also able to identify a number of areas in the plant where loss of steam was occurring, and remained undetected by the conventional systems. With this improvement in place, the loss locations were identified and the problem rectified, hence resulting in a significant drop in fresh steam generation. As a result of this optimisation process, we have made significant progress on reducing our emissions.



**0.08 Te of Steam / Te of Fibre Saved**  
(Compared with previous fiscal year)



**1,528 Tons of CO2 Reduced**  
(Carbon foot print reduction)



**7,800 Trees  
Offset**



## Sustainability Highlight

# Enhancing Biodiversity at our Sites

**Managing our impact on the environment and the planet isn't just about mitigating any possible negative impacts – it's also about working to actively enhance the positive ones. One such example is illustrated in this Sustainability Highlight.**

One of the ways we can ensure a positive contribution to the environment is by focussing on the biodiversity of our sites, particular our largest manufacturing sites, Soda Ash and Polyester, situated in Khewra and Sheikhpura respectively. Khewra in particular is located in a dry, barren region where vegetation is scare and industry abounds. Sheikhpura, while located in a more fertile part of Punjab province, is also a primarily industrial region, therefore biodiversity is of particular significance at both sites.

During 2017-18, our Soda Ash Business team engaged a team of specialists from the World Wildlife Fund (WWF) to conduct a survey at the Soda Ash site to assess and monitor the biodiversity of the area (in terms of flora and fauna), and suggest further areas for improvement. A field survey was conducted, including interviews with estate workers and local community members. A total of 2,113 birds from 82 species (with a Shannon-Weiner diversity index value of 3.24), eight species of mammals, two species

of reptiles, 12 species of butterflies and 293 species of plants were recorded at the Soda Ash site overall by the WWF survey team in April. It should be noted that there has been a 74% increase in the number of plants being reported as compared to the last study of this kind conducted by WWF in 2003. It is encouraging to note that WWF has appreciated the efforts of the Company in adding to the local ecosystem and enhancing the biodiversity of flora and fauna at this site.

At the Polyester Business site, there is a similar focus on the preservation and enhancement of forest ecosystems. As per the Company's HSE&S regulations, prior to the authorisation of any new development, a survey is carried out to determine the status of flora and fauna at the site. New developments are accordingly modified if found harmful to the existing ecosystem. This focus on conserving the ecosystem is visible at the Polyester plant site where one is greeted by lush green lawns and heavily forested areas. Over 30 different species of trees can be found onsite, as well as wildlife; there are peacocks, ducks, fish and monitor lizards onsite as well as six different species of butterflies. Moreover, the Polyester plant site is notable for being a site for migratory birds from Siberia, which regularly come and nest at the premises during their annual seasonal migration.



**2,113 birds from 82 species**  
(with a Shannon-Weiner diversity  
index value of 3.24)



**74% increase**  
in the number of plants reported as  
compared to 2003





# Effluents and Waste

## Key performance indicators

Waste Management		2013 H1	2013-14	2014-15	2015-16	2016-17	2017-18	2020-21 Target
<b>Total waste</b>	kte	0.43	12.88	22.2	28.94	8.86	40.83	<b>8</b>
<b>Per ton production</b>	kg/te	2.35	31.18	50.44	61.13	18.38	77.88	<b>16.4</b>
<b>Total hazardous waste</b>	kte	0.001	0.0076	0.24	0.006	0	0.20	<b>0</b>
<b>Per ton production</b>	kg/te	0.003	0.001	0.001	0.013	0	0.38	<b>0</b>
<b>Total non-reusable waste</b>	kte	0.001	0.0076	0.24	4.03	4.11	0.20	<b>3.8</b>
<b>Per ton production</b>	kg/te	0	0.001	0.001	8.76	8.53	0.38	<b>8</b>
<b>Total non-reusable hazardous waste</b>	kte	0.001	0.008	0.24	0.006	0	0.20	<b>0</b>
<b>Per ton production</b>	kg/te	0	0	0.001	0.013	0	0.38	<b>0</b>
<b>Total hazardous waste to landfill</b>	kte	0	0	0	0	0	0	<b>0</b>
<b>Per ton production</b>	kg/te	0	0	0	0	0	0	<b>0</b>

## Overview 2017-18

The significant increase in total waste in 2017-18 was due to quantities of waste material left over after the completion of several major projects, particularly the Soda Ash Business 75 KTPA capacity expansion project. Despite the closure of coal-fired boilers at the Polyester Business and the reuse of fly ash and slag at the Soda Ash Business, waste quantities remained high. This was due to the consumption of coal in the steam and power generation process at our Soda Ash plant, which creates waste (fly ash and slag) as a byproduct of the process.

In 2018-19, the Soda Ash Business plans to further optimise the utilisation of waste at its site, an initiative started in 2017-18 by reusing coal waste generated onsite as fuel for

two of its other coal-fired boilers. This allows the Business to extract the maximum possible energy from the existing waste, thus reducing fresh coal consumption.

To control environmental impact due to the consumption of various fuels, teams have been nominated to reduce waste; this initiative is being run as a competition in order to maximise interest and participation. Another waste reduction initiative was undertaken by a team at the Polyester Business, where waste generated from mechanical and electrical disposable parts was salvaged and converted into daily-use items such as flower pots (made out of plastic containers), table clocks (using pistons and connecting rods) furniture and decoration items (made from rejected bearings and tools).

## Sustainability Highlight

# Putting Waste to Good Use

**A significant portion of any manufacturing company's environmental impacts include the waste that is generated as a byproduct of its operations. Therefore, it is the responsibility of a sustainable company to utilise its waste materials sensibly and responsibly. This Sustainability Highlight illustrates one such case at ICI Pakistan Limited where we have developed solutions that allow for the optimal utilisation of generated waste products – turning waste into something valuable.**

At ICI Pakistan Limited, we remain focussed on operating our Businesses in a way that minimises the impact of our manufacturing operations on the environment. This includes the minimum possible usage of raw materials and the lowest production of waste.

One such example can be found in the Soda Ash Business. Currently, the soda ash manufacturing process relies on the operation of coal fired boilers (CFBs) to meet energy requirements in the form of steam and power. As a by-product of their operation, CFBs produce solid waste in the form of two substances: fly ash and bottom

ash. The management of these waste substances is a challenge for the industry.

Even with our older boilers, the Company has always tried to minimise the production of waste by using a mix of high and low ash coal, and by working on process optimisation. By utilising a mix of low and high ash coal the quantity of waste was reduced by 25%. Furthermore, of the four CFBs installed at our Soda Ash plant site, the two newer boilers installed in 2016 are especially designed to operate on low ash-producing coal, which in turn reduces coal consumption. This goes on to reduce emission levels as well.

To further optimise the performance of our boilers, the Business initiated a practice whereby waste generated by the older boilers is salvaged and reused as fuel for the two new boilers onsite. Trials were carried out by utilising small amounts of bottom ash and were found to be successful. As a result, now the total quantity of bottom ash produced by the older boilers is being used in the newer boilers. This efficient use of bottom ash has reduced the environmental burden of bottom ash, as well as the carbon content of this substance contributing towards the improved efficiency of the new boilers.



**Waste reduced by 25%**  
by using a mix of low and high ash coal



**100%**  
of bottom ash produced by older boilers  
now used in new boilers



# Social Performance

## Management Approach

Management approaches for the following material topics are covered in this section: Employment, Local Communities, Occupational Health and Safety, Diversity and Equal Opportunity, Non-discrimination, Training and Education. Other disclosures for these topics are presented in the GRI Content Index, or referenced therein if occurring elsewhere in the Annual and Sustainability Report.

ICI Pakistan Limited is focused on ensuring that our impact on society is positive and geared towards growth and development. Society in this context covers a broad range of people, but most significantly, the following identified stakeholder groups: our own employees and local communities.

As an employer of over 1,600 people across Pakistan, we have a significant impact on livelihoods, opportunities and growth prospects for the people who work for us. As such, it is important to us to monitor and share information on these aspects. As a corporate entity that operates within the context of a wider community, we are aware of our effects on, and responsibilities to, the populations of communities that are situated near, or are otherwise affected by our operations. These include people from local communities that are geographically close to our major manufacturing sites, for example.

Material topics relevant to the Company's social operations have been identified based on ongoing practice, on the basis of stakeholder consultation, influence of social impacts on stakeholder decisions, severity of impacts and business strategy. Social performance at the Company is the joint responsibility of three stakeholders, each responsible for their own specified area; HSE&S, Corporate Social Responsibility, and Human Resources.

The Company has well defined policies and procedures that govern health and safety, human resources, and community investment. The HSE&S Management system governs HSE&S performance within the Company, and complies with

internationally recognised systems such as ISO 14001:2004 Environmental Management Systems Standard; OHSAS 18001:2007, Occupational Health and Safety Management Systems; and Responsible Care Management System. It serves as a guideline for all operations and investments as well as existing projects and operations, and covers all businesses and locations of the Company. Strict compliance with HSE&S standards is required at a Company and individual level. The calculation of KPIs given in this report is based on the HSE&S Management System. More detailed information on the functioning of the HSE&S department, including priorities, functioning and management of data and targets, is included in both, the Environmental Performance Management Approach as well as the Sustainability Strategy and Sustainability Council section of this report (page 122).

As a responsible and ethical company driven by values such as Passion for People and Integrity and Responsibility, ICI Pakistan Limited places high value on the health and wellbeing of its employees. Health monitoring programmes and health assessments are carried out annually for each employee. A separate Occupational Health Manual has been developed for the benefit of employees, and must be adhered to from the time of an employee's joining the Company. All requirements mentioned in the manual are mandatory at each workplace where the employee is stationed.

Community Investment and CSR at the Company is managed primarily by the Corporate Communications and Public Affairs Department, under the guidance and approval of the Board of Trustees of the ICI Pakistan Foundation. Additionally, multifunctional CSR teams situated within Businesses or at

our locations also carry out and manage CSR projects. The ICI Pakistan Foundation is a trust registered under the Trusts Act 1882. All CSR initiatives undertaken by the Company, as well as all related major investments, are approved by the Board of Trustees, and monitored regularly. CSR initiatives are planned out on an annual basis, with some projects having a limited duration, while others are long-term, ongoing projects. The Board of Trustees is empowered to approve commitments to support social investment initiatives; this approval is granted based on criticality of need and a thorough assessment of each proposal in accordance with the Board-approved CSR Policy. The Board of Trustees is also empowered to manage, utilise and invest the assets of the Foundation. The Company makes an annual contribution of a percentage of its profit after tax for the year to the Foundation, with the approval of the Board of Directors of ICI Pakistan Limited.

Guided by our CSR Policy, which was approved by the Board of Directors in January 2017, the Foundation's initiatives (under the umbrella of the Hamqadam Programme) focus primarily on the following broad areas: education, health, community and environment. Through the Foundation, we also support civic development through investment in community projects, disaster relief and rehabilitation activities as needed.

For the Human Resources department, practices and policies are governed by the Company's Code of Conduct, as well as complying with other policies and regulations including the Factories Act 1932, which covers labour laws at manufacturing sites. Depending on the nature of the HR initiative, approval is given by either the Board of Directors or the Executive Management Team of the Company.

Goals and targets for material topics are identified by our HR department through annual discussions by the HR fraternity in which challenges, requirements, etc, are reviewed

and medium and long-term organisational objectives are identified. These goals then trickle down to become part of the P&DD system. Training needs, education, and growth are also assessed through the Company's annual performance appraisal tool, P&DD.

Overall, voluntary targets for each of these areas of operation are set by the heads of the respective departments, in consultation and agreement with the Chief Executive, Executive Management Team, or Board of Directors, as and where applicable. In addition to these stakeholders, specific governing bodies / management teams (such as the Sustainability Council for HSE&S matters, or the Trustees of the ICI Pakistan Foundation for community and CSR matters) are also responsible for approving and setting targets in collaboration with other key stakeholders.

Clear grievance mechanisms exist in the Company to support ethical and fair social performance. Our whistleblowing programme, Speak Up, is open to all employees and is a provision made for the confidential reporting of Code of Conduct violations. Detailed information on the Code of Conduct can be found in the Corporate Governance and Compliance section of the Annual Report (page 60). Other complaints or issues can be raised and discussed directly with line managers.

Effectiveness of the Company's social performance is gauged in various ways. In the area of HSE&S, effectiveness is determined through the Learning Event Database, management audits and the EPM database. For Human Resources, effectiveness is gauged through the Company's performance appraisal system and annual employee engagement surveys. For corporate social responsibility, effectiveness is gauged on the successful disbursement of the annual approved budget for the ICI Pakistan Foundation, as well as the KPIs of the individual ongoing CSR initiatives.



# Occupational Health and Safety

## Key performance indicators

Health, Safety and Security		2011	2012	2013 H1	2013-14	2014-15	2015-16	2016-17
<b>Total reportable injury rate employees/supervised contractors</b>	\million hours	0	0.33	0.16	0	0.44	0.10	<b>0</b>
<b>Occupational illness rate employees</b>	\million hours	0	0	0	0	0	0	<b>0</b>
<b>Total illness absence rate employees</b>	%	1.83	1.51	1.23	1.17	1.43	1.51	<b>1.15</b>
<b>Fatalities: employees, supervised and independent contractors</b>	number	0	0	0	0	1	1	<b>0</b>
<b>Total reportable injury rate independent contractors</b>	\million hours	0	0.56	0	0	0.33	0.45	<b>0</b>
<b>Lost time injury independent contractors</b>	number	0	2	0	0	0	2	<b>0</b>
<b>% sites with BBS programme</b>	%	100	100	100	100	100	100	<b>100</b>
<b>Distribution incidents</b>	number	0	0	0	0	1	2	<b>0</b>
<b>Motor vehicle incident with injury</b>	number	0	0	1	0	2	0	<b>0</b>

## Overview 2017-18

In 2017-18 there was one reportable injury to a supervised contractor employee, and two reportable injuries to independent contractor employees. The total reportable injury rate of employees and supervised contractors was 0.10, while for independent contractors it was 0.45. There was one fatality during 2017-18; an independent contractor employee at the Company-operated limestone quarry was hit by the tailgate of a dumper truck, resulting in his demise. Two distribution incidents were reported in 2017-18. In the first incident, a coal-carrying vehicle misbalanced and flipped over on the road, near the Soda Ash plant. In another incident at the Life Sciences Business (Cirin Pharmaceuticals), a cold chain container truck transporting pharmaceutical products caught fire due to short-circuiting. These incidents were investigated and action plans were formulated and implemented against each finding to avoid recurrence.

The HSE&S performance of each of our Businesses with regard to million-man hours without lost time injury in 2017-18 was as follows: Soda Ash, 16.18; Life Sciences, 4.04; Chemicals & Agri Sciences, 1.11; and Polyester, 0.48.

The Health & Hygiene Assessment and Monitoring Programme was robustly practised across the Company resulting in zero reportable occupational illnesses. Furthermore, with the availability of the Occupational Health Manual, more significant improvements are expected in work place safety and occupational health of employees. The training of employees on vital HSE&S topics remained a key strategic item on the corporate agenda this year.

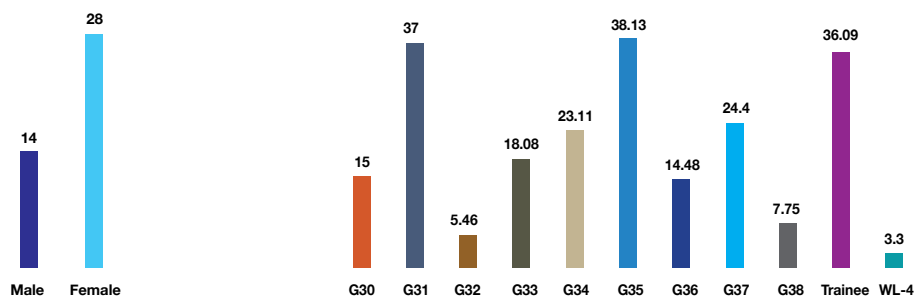
# Training and Education

## Key performance indicators

Training and Education		2013 H1	2013-14	2014-15	2015-16	2016-17	2017-18	2020-21 Target
Average hours of training per employee (gender and grade)						Male: 38.1, Female: 30.5 G30: 28.9; G31: 36.8; G32: 29.8; G33: 46.9; G34: 44; G35: 39.6; G36: 57.6; G37: 57.3; G38: 26.3; Trainee: 40.9; WL-4: 19.6	Male: 14, Female: 28 G30: 15; G31: 37; G32: 5.46; G33: 18.08; G34: 23.11; G35: 38.13; G36: 14.48; G37: 24.4; G38: 7.75; Trainee: 36.09; WL-4: 3.3	43.5
On-line P&D Discussion participation	%	NR	98	98	98	98.5	98.5	100%
Management Development Programme	NO. of Managers	NR	NR	NR	572	743	643	90%*
Employee engagement index	%	NR	NR	35	58	68	82	75

\* Percentage of total managers

### Average Hours of Training Per Employee (Gender and Grade)



## Overview 2017-18

Employee training and development holds paramount importance for ICI Pakistan Limited. Building on our value of Passion for People, a renewed focus on learning and development prevailed in the year 2017-18 – both through online as well as face-to-face trainings.

In November 2017, with the introduction of Lynda powered by SAP Success Factors, 1,600 online courses were made available to employees throughout the organisation. These courses ranged from finance, sales and marketing to soft skills trainings by renowned professionals worldwide. 42% of required Training Needs Analysis (TNA) courses were mapped out with Lynda courses – accessible 24/7 to all employees. Moreover, additional in-house e-modules regarding Code of Conduct and HSE&S were developed and assigned as mandatory to all employees.

A total of 12,800 man-hours (online and face-to-face) were invested in employee training, focusing on soft skills, as well as functional and leadership development.

To build on and sustain the successful training and development of employees, a robust performance management and feedback system is crucial. Our Performance and Development Discussion (P&DD) process, accessed via an online application, continues to be an essential tool in providing

constructive and regular feedback to employees at all levels. This comprehensive measurement system allows employees and their managers to assess performance against set targets and objectives, gauging the Company's overall performance. We achieved a 98.5% participation rate for this process in June 2018, and hope to raise this number even higher going forward.

Our Leadership Development Roadmap (LDRM) continues to be a key ingredient for training and development, aimed at taking our objective of a sustainable leadership pipeline to the next level while ensuring alignment with our values and business strategy. With customised training modules, executive coaching sessions and learning projects, more than 700 managers participated in the development journey this year. Moreover, our flagship corporate-run, HR for Non HR Managers training programme continued with an additional 35 managers from various streams and businesses trained this year.

With regard to the training and development of our engineering population, we introduced 83 Engineers Toolkit technical e-modules on Success Factors. These e-modules incorporate specifications and technical information sheets including Engineering Guides (EDG), Engineering Procedures (EDP) and Engineering Specifications (EDS). They provide thorough and concise guidelines for plant design, operations and maintenance to all engineers and have been segregated into chemical, electrical and mechanical streams to better suit the requirements of each engineering type.

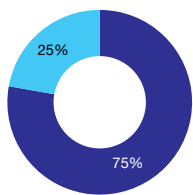
# Diversity and Equal Opportunity

## Key performance indicators

Diversity and Equal Opportunity	2016-17	2017-18
<b>Percentage of governance body by gender</b>	Male: 7, Female: 2 (22% F, 78% M)	Male 6, Female* 2 (75%M,25%F)
<b>Percentage of employees by gender</b>	Management - Male 973, Female 44 Trainees - Male 27, Female 15 94.4 Male, 5.6% Female	Management – Male 1154, Female 49 Trainees - Male 26, Females 21 94.4% M 5.6% F
<b>Percentage of Governance body by age</b>	Under 30: 0, 30-50: 55.5% , Above 50: 44.4%	30-50:62.5% (5) Above 50 37.5% (3)
<b>Percentage of Employees by age</b>	Under 30: 302 (29.7%). 30-50: 586 (57.6%) , Above 50: 129 (12.7%)	Under 30: 384 (30.7%). 30-50: 660(52.8%) , Above 50: 206 (16.5%)

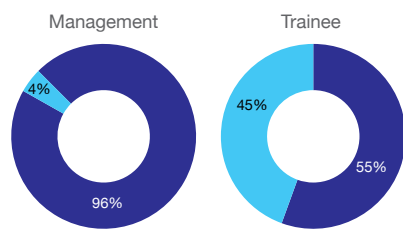
\*As of June 30, 2018

% of governance body by gender\*



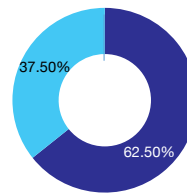
■ Male: 7 ■ Female: 2

% of employees by gender



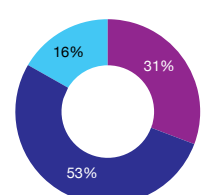
■ Male: 1,154 ■ Female: 49 ■ Male: 26 ■ Female: 21

% of governance body by age



■ 30-50: 5 ■ Above 50: 3

% of employees by age



■ Under 30: 384 ■ 30-50: 660 ■ Above 50: 206

## Overview 2017-18

ICI Pakistan Limited is committed to promoting diversity in the workplace and equal opportunities for all, based on merit and suitability. Our Code of Conduct and core values (Passion for People; Integrity and Responsibility) clearly inculcate these principles and are followed by everyone associated with ICI Pakistan Limited.

Gender diversity within our workforce is a growing demand of our diversity agenda, and gender sensitisation is a key part of this area. As of June 30, 2018, women comprised twenty-five percent of our Executive Management Team, the body responsible for the management of the organisational affairs of the Company on an ongoing basis.

As an organisation committed to championing gender diversity, ICI Pakistan Limited has been conducting Lean-In Circles for women at the workplace to promote a healthy working environment leading to growth and development for women. We have a total of nine Lean-In Circles throughout the organisation, with 91 female employees participating in these Circles. Moreover, in order to work towards our gender diversity goal, a gender sensitisation power-house session titled Growing Together was conducted this year; this session covered a total of 224 participants, motivating colleagues and whole communities to think, act and be more gender-inclusive.



# Non-Discrimination

## Key performance indicators

Non-Discrimination		2013 H1	2013-14	2014-15	2015-16	2016-17	2017-18	2020-21 Target
<b>Total number of Incidents of discrimination</b>	No.	NR	NR	NR	NR	0	0	0

## Overview 2017-18

Non-discrimination is an integral part of our Code of Conduct and value system. The Code explicitly states that suitability of candidates for job opportunities depends solely on the basis of objective and non-discriminatory criteria. Moreover, ICI Pakistan Limited also has a whistleblowing policy in place known as Speak Up which is open to all employees for confidential reporting of any Code of Conduct violations. This programme ensures that all checks and balances are in place

with regard to not only discriminatory practices, but also any other sort of violations of the Code. In the year 2017-18, there were no reported incidents of discrimination at the Company. Our target is to maintain this status quo, which we will aim to strengthen with our ongoing focus on ethical and responsible behaviour in our organisation.

## Sustainability Highlight

# Scaling up Healthcare with the Shiekhupura Hamqadam Community Clinic

**Effective and relevant community investment initiatives are a great way to maximise a Company's positive impact on its communities. This Sustainability Highlight shows how we scaled up a successful healthcare project to ensure a wider scope of positive impact.**

We set up our first mother and child healthcare community clinic in Khewra in partnership with Marie Adelaide Leprosy Centre, (MALC) in 2016 in response to the critical need for accessible healthcare in this remote area. The clinic did exceptionally well, with a total of 9,247 OPD cases catered to, 962 pregnant women registered, and 2,585 children under the age of five monitored for immunisation and nutrition since the clinic's inception in February 2016. A state-of-the-art ambulance was also donated to the clinic to cater to emergencies in the local area, and has been heavily utilised since to transfer patients to surrounding localities.

Following the ongoing success of the Hamqadam Community Clinic, Khewra, and in view of the positive impact the clinic was making on healthcare in the local

community, we decided to look into the feasibility of scaling up the project by adding another clinic; this time in the Sheikhupura community, located near the manufacturing site of our Polyester Business. While Sheikhupura is different from Khewra in that it is a heavily-populated, bustling industrial centre, the feasibility study confirmed our assumptions that the need for a reliable, accessible mother and child healthcare facility was high even in this busy urban township. Following the conclusion of the feasibility study, approval for the project was granted, and the wheels set in motion for the establishment of the new clinic.

The Hamqadam Community Clinic Sheikhupura opened its doors in May 2018, and already so far 1,052 OPD cases have been catered to, with 43 pregnant women registered at the clinic, and 145 children under the age of five monitored for immunisation and nutrition through the 'Road to Health' chart. This is a great start for the newest addition to our healthcare initiatives, and a great example of how a company can successfully scale up existing projects to expand the scope and reach of its community support initiatives.



**9,247 OPD cases**  
catered to since 2016 (in Khewra)



**1,052 OPD cases**  
catered to since May 2018 (in Sheikhupura)



# Local Communities

## Key performance indicators

Community Investment		2013 H1	2013-14	2014-15	2015-16	2016-17	2017-18	2020-21 Target
Community programme investment	PKR Million	7.45	17.45	20	20	20	30	30

## Overview 2017-18

In 2017-18, a significant increase was achieved in the allocation of a portion of the Company's annual after tax profits to the ICI Pakistan Foundation. Funds allocated to the ICI Pakistan Foundation are used to fund the Company's approved community investment initiatives under the CSR umbrella of the Hamqadam Programme.

In fact, we were fortunate to achieve our 2020-21 target during 2017-18. Not only did the ICI Pakistan Foundation receive a










substantial increase in funds, it also succeeded in disbursing the total amount of PKR 30 million to approved partners and projects in line with the Company's CSR agenda. This increase demonstrates the Company's commitment towards bolstering and further building on its already strong community investment programme, in line with the Company's brand promise, Cultivating Growth. Detailed information on community investment initiatives for the year is available in the Community Investment section of the Annual Report (page 55).

# GRI Content Index

Full Compliance: Partial Compliance: 

GRI STANDARD CORE DISCLOSURES			
Disclosures		Response	Compliance
General Disclosures			
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of the organisation	<b>Section:</b> Company Information - Page 69, AR	<div></div>
102-2	Activities, brands, products and services	<b>Section:</b> ICI Pakistan Limited at a Glance - Page 2-5, AR <b>Section:</b> Soda Ash - Page 94-97, AR <b>Section:</b> Life Sciences - Page 98-105, AR <b>Section:</b> Chemicals & Agri Sciences - Page 106-111, AR <b>Section:</b> Polyester - Page 112-115, AR	<div></div>
102-3	Location of headquarters	<b>Section:</b> Company Information - Page 69, AR	<div></div>
102-4	Location of operations	<b>Section:</b> ICI Pakistan Limited at a Glance - Page 2-5, AR	<div></div>
102-5	Ownership and legal form	<b>Section:</b> ICI Pakistan Limited at a Glance - Page 2-5, AR <b>Section:</b> Corporate Governance and Compliance - Page 60-63, AR	<div></div>
102-6	Markets served	<b>Section:</b> ICI Pakistan Limited at a Glance - Page 2-5, AR	<div></div>
102-7	Scale of the organisation	<b>Section:</b> ICI Pakistan Limited at a Glance - Page 2-5, AR <b>Section:</b> Report of the Directors for the Year Ended – Page 76-88, AR <b>Section:</b> ICI Pakistan Limited Unconsolidated Financial Statement - Page F41-F43	<div></div>



102-8	Information on employees and other workers	<p><b>Section:</b> ICI Pakistan Ltd Unconsolidated Financial Statement - Page F41-F43</p> <p><b>Section:</b> Diversity and Equal Opportunity - Page 152, SR</p> <p><b>Response:</b> Permanent – 1203 (Male 1154, Female 49)</p> <p>Temporary Staff – 124 (77 contractual and 47 Trainees) 74% Male, 26% Female)</p> <p>Trainees (47) are employees on temporary employment contracts.</p> <p>Employees perform significant portion of ICI Pakistan Limited's activities.</p> <p>No variations in the numbers reported.</p> <p>Data was compiled by the Corporate HR Department as per actual and no assumptions are made.</p>	
102-9	Supply chain	<b>Section:</b> Sourcing - Page 135, SR	
102-10	Significant changes to the organisation and its supply chain	<p><b>Section:</b> Sourcing - Page 135, SR</p> <p><b>Section:</b> ICI Pakistan Unconsolidated Financial Statements - Page F76-F78</p>	
102-11	Precautionary principle or approach	<b>Section:</b> Corporate Governance and Compliance: Code of Conduct - Page 60, AR	
102-12	External initiatives	<b>Response:</b> GRI Standards adopted for the 2017-18 Sustainability Report	
102-13	Membership of associations	<b>Response:</b> Chamber of Commerce, EPA – All Provinces, Competition Commission of Pakistan, National Board of Boilers and Pressure Vessels, National Environmental Quality Standards, Pakistan Business Council (PBC), Pakistan Institute of Corporate Governance, MAP, OICCI	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	<b>Section:</b> Message from CE - Page 18, AR	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and norms of behaviour	<p><b>Section:</b> Our Vision - Page 10, AR</p> <p><b>Section:</b> Our Values - Page 11, AR</p> <p><b>Section:</b> Our Code of Conduct - Page 14, AR</p> <p><b>Section:</b> Sustainability Guiding Principle - Page 15, AR</p>	
<b>Governance</b>			
102-18	Governance structure	<p><b>Section:</b> Board and Management Committees - Page 68, AR</p> <p><b>Section:</b> Company Information - Page 69, AR</p> <p><b>Section:</b> ICI Pakistan Limited at a Glance - Page 2-5, AR</p> <p><b>Section:</b> Sustainability Strategy &amp; Sustainability Council - Page 122-123, SR</p>	

## Stakeholder Engagement

102-40	List of stakeholder groups	<b>Section:</b> Stakeholder Engagement - Page 128, SR	
102-41	Collective bargaining agreements	<b>Response:</b> 124 employees covered by collective bargaining agreements (9.3% of employees)	
102-42	Identifying and selecting stakeholders	<b>Section:</b> Stakeholder Engagement - Page 127-131, SR	
102-43	Approach to stakeholder engagement	<b>Section:</b> Stakeholder Engagement - Page 127-131, SR	
102-44	Key topics and concerns raised	<b>Section:</b> Stakeholder Engagement - Page 127-131, SR	

## Reporting Practice




102-45	Entities included in the consolidated financial statements	<b>Response:</b> ICI Pakistan Limited at a Glance - Page 2-5, AR <b>Section:</b> ICI Pakistan Unconsolidated Financial Statements - Page	
102-46	Defining report content and topic Boundaries	<b>Section:</b> About the Report - Page 124, SR <b>Section:</b> Materiality Assessment - Page 125-126, SR	
102-47	List of material topics	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
102-48	Restatements of information	<b>Response:</b> Not Applicable - no restatements of information given	
102-49	Changes in reporting	<b>Section:</b> About the Report - Page 124, SR	
102-50	Reporting period	<b>Section:</b> About the Report - Page 124, SR	
102-51	Date of most recent report	<b>Response:</b> July 28, 2017 Sustainability Report 2016-17	
102-52	Reporting cycle	<b>Section:</b> About the Report - Page 124, SR	
102-53	Contact point for questions regarding the report	<b>Section:</b> About the Report - Page 124, SR	
102-54	Claims of reporting in accordance with the GRI Standards	<b>Section:</b> About the Report - Page 124, SR	
102-55	GRI Content Index	<b>Section:</b> About the Report - Page 124, SR <b>Section:</b> GRI Index - Page 156-165	
102-56	External Assurance	<b>Section:</b> About the report - Page 124, SR <b>Section:</b> External Assurance - Page 166-167, SR	

## Material Topics


### Category: Economic

#### ECONOMIC PERFORMANCE

##### GRI 103: Management Approach 2016




103-1	Explanation of the material topic and its Boundary	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	<b>Section:</b> Economic Performance Management Approach - Page 132-133, SR	
103-3	Evaluation of management approach	<b>Section:</b> Economic Performance Management Approach - Page 132-133, SR	

##### GRI 201: Economic Performance 2016



201-1	Direct economic value generated and distributed	Page - F06-09	
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#### MARKET PRESENCE




##### GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	<b>Section:</b> Economic Performance Management Approach - Page 132-133, SR	
103-3	Evaluation of management approach	<b>Section:</b> Economic Performance Management Approach - Page 132-133, SR	


##### GRI 202: Market Presence 2016

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<b>Response:</b> ICI Pakistan Limited adheres to all local and federal laws with regards to minimum wage and the ratio of entry level wage by gender is above than the minimum wages at all location of operations.	
202-2	Proportion of senior management hired from the local community	<b>Response:</b> Karachi: 66%, Lahore: 100%, Sheikhpura: Nil, Khewra: Nil <b>Local:</b> Residence and belonging to the significant location identified	

**INDIRECT ECONOMIC IMPACTS****GRI 103: Management Approach 2016**

<b>103-1</b>	<b>Explanation of the material topic and its Boundary</b>	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
<b>103-2</b>	<b>The management approach and its components</b>	<b>Section:</b> Economic Performance Management Approach - Page 132-133, SR	
<b>103-3</b>	<b>Evaluation of management approach</b>	<b>Section:</b> Economic Performance Management Approach - Page 132-133, SR	




**GRI 203: Indirect Economic Impacts 2016**

<b>203-1</b>	<b>Infrastructure investments and services supported</b>	<b>Section:</b> Local community - Page 155, SR	
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**Category: Environmental****ENERGY****GRI 103: Management Approach 2016**

<b>103-1</b>	<b>Explanation of the material topic and its Boundary</b>	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
<b>103-2</b>	<b>The management approach and its components</b>	<b>Section:</b> Environmental Performance Management Approach - Page 137, SR	
<b>103-3</b>	<b>Evaluation of management approach</b>	<b>Section:</b> Environmental Performance Management Approach - Page 137, SR	



**GRI 302: Energy 2016**

<b>302-1</b>	<b>Energy Consumption within the organisation</b>	<b>Section:</b> Energy - Page 138, SR <b>Response:</b> Standard calorific values of fuels are used for conversion	
<b>302-3</b>	<b>Energy intensity</b>	<b>Section:</b> Energy - Page 138, SR	
<b>302-4</b>	<b>Reduction of energy consumption</b>	<b>Section:</b> Energy - Page 138, SR	

**WATER****GRI 103: Management Approach 2016**

<b>103-1</b>	<b>Explanation of the material topic and its Boundary</b>	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
<b>103-2</b>	<b>The management approach and its components</b>	<b>Section:</b> Environmental Performance Management Approach - Page 137, SR	
<b>103-3</b>	<b>Evaluation of management approach</b>	<b>Section:</b> Environmental Performance Management Approach - Page 137, SR	

**GRI 303: Water 2016**

<b>303-1</b>	<b>Water withdrawal by source</b>	<b>Section:</b> Water - Page 140, SR	
<b>303-3</b>	<b>Water recycled and reused</b>	<b>Section:</b> Water - Page 140, SR	



## EMISSIONS

### GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	<b>Section:</b> Environmental Performance Management Approach - Page 137, SR	
103-3	Evaluation of management approach	<b>Section:</b> Environmental Performance Management Approach - Page 137, SR	

### GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	<b>Section:</b> Emissions - Page 142, SR <b>Response:</b> ICI Pakistan Limited reporting is compliant with National Environmental Quality Standards (NEQs) Factors used in the calculation of emissions are based on the current International Energy Agency	
305-2	Energy indirect (Scope 2) GHG emissions	<b>Section:</b> Emissions - Page 142, SR	
305-4	GHG emissions intensity	<b>Section:</b> Emissions - Page 142, SR	
305-5	Reduction of GHG emissions	<b>Section:</b> Emissions - Page 142, SR	
305-6	Emissions of ozone-depleting substance (ODS)	<b>Response:</b> No chemical classified as an ODS is listed in the Chemical Substance Inventory of ICI Pakistan Limited	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<b>Section:</b> Emissions - Page 142, SR	

## EFFLUENTS AND WASTE

### GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	<b>Section:</b> Environmental Performance Management Approach - Page 137, SR	
103-3	Evaluation of management approach	<b>Section:</b> Environmental Performance Management Approach - Page 137, SR	

### GRI 306: Effluents and Waste 2016

306-2	Waste by type and disposal method	<b>Section:</b> Effluents and Waste - Page 145, SR	
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## Category: Social

### EMPLOYMENT AND LABOUR RELATIONS

#### GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	<b>Section:</b> Social Performance Management Approach- Page 147-148, SR	
103-3	Evaluation of management approach	<b>Section:</b> Social Performance Management Approach- Page 147-148, SR	

#### GRI 401: Employment 2016

401-1	New employee hires and employee turnover	<b>Response:</b> New Hires: Management 386, Trainee 40 Employee Turnover (Voluntary, Dismissal, Retirement, Death included) Total leavers (Management) 77 Rate 10.95%	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<b>Response:</b> Life Insurance, Health Care, Disability Coverage, Parental Leave, Retirement Provision Significant locations of operation are all ICI Pakistan manufacturing sites, offices and warehouses.	

#### GRI 402: Labor/Management Relations 2016




402-1	Minimum notice periods regarding operational change	<b>Response:</b> 4 weeks Also mentioned in collective agreements	
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### OCCUPATIONAL HEALTH AND SAFETY

#### GRI 103: Management Approach 2016




103-1	Explanation of the material topic and its Boundary	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	<b>Section:</b> Social Performance Management Approach- Page 147-148, SR	
103-3	Evaluation of management approach	<b>Section:</b> Social Performance Management Approach- Page 147-148, SR	

## GRI 403: Occupational Health and Safety 2016

403-1	<b>Workers representation in formal joint management-worker health and safety committees</b>	<p><b>Response:</b> Our manufacturing sites have different systems in place to promote such programs. Monthly joint management and worker safety meetings are one such process, steered by line managers and occasionally section head of all functional departments. The agenda is set by the HSE&amp;S department and feedback is recorded.</p> <p>These meetings ensure 100% participation by the workforce</p>	
403-2	<b>Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities</b>	<p><b>Response:</b> Occupational Health &amp; Safety - Page 149, SR</p>	
403-3	<b>Workers with high incidence or high risk of diseases related to their occupation</b>	<p><b>Response:</b> Workers involved in occupational activities that have a high risk of specific diseases are trained on, and well-versed in, the appropriate health and safety protocols, provided appropriate equipment, and regularly monitored. For example, laboratory employees are provided with protective equipment and training, and are assessed for lung-related diseases that may rise due to fume inhalation. Similarly, employees working in high noise areas are provided with appropriate protective equipment, and are annually checked for any hearing loss. These procedures are as per the ICI Pakistan HSE&amp;S Management System and the Company's Occupational Health Policy. Areas at all manufacturing sites have been assessed for health risks and accordingly Health Monitoring Programs have been developed for employees.</p>	

## TRAINING AND EDUCATION

### GRI 103: Management Approach 2016



103-1	Explanation of the material topic and its Boundary	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	<b>Section:</b> Social Performance Management Approach- Page 147-148, SR	
103-3	Evaluation of management approach	<b>Section:</b> Social Performance Management Approach- Page 147-148, SR	

### GRI 404: Training and Education 2016

404-1	Average hours of training per year per employee	<b>Section:</b> Training and Education - Page 150-151, SR	
404-2	Programs for upgrading employee skills and transition assistance programs	<b>Response:</b> Leadership Essentials: Code of Conduct, HSE Awareness, Performance Management System, HR for Non HR Managers, Discovering the Leadership Within, Behavioral based interviewing skills Leadership Development Roadmap Leadership Development Journey, Leading Beyond, Leading and Developing Teams, Self-development Program, Creative Thinking & Collaboration, Greater Self, Leading Teams for Impact Functional skills development programs Core Development Program for engineers	
404-3	Percentage of employees receiving regular performance and career development reviews	<b>Section:</b> Training & Education - Page 150-151, SR	

## DIVERSITY AND EQUAL OPPORTUNITY

### GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	<b>Section:</b> Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	<b>Section:</b> Social Performance Management Approach- Page 147-148, SR	











103-3	Evaluation of management approach	Section: Social Performance Management Approach- Page 147-148, SR	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Section: Diversity & equal Opportunity - Page 152, SR	
<b>NON-DISCRIMINATION</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Section: Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	Section: Social Performance Management Approach- Page 147-148, SR	
103-3	Evaluation of management approach	Section: Social Performance Management Approach- Page 147-148, SR	
<b>GRI 406: Non-Discrimination 2016</b>			
406-1	Incidents of discrimination and corrective actions taken	Section: Non-discrimination – Page 153, SR	
<b>LOCAL COMMUNITIES</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Section: Materiality Assessment - Page 125-126, SR	
103-2	The management approach and its components	Section: Social Performance Management Approach- Page 147-148, SR	
103-3	Evaluation of management approach	Section: Social Performance Management Approach- Page 147-148, SR	
<b>GRI 413: Local Communities 2016</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	Section: Local Communities - Page 155, SR	

# SDGs

## Index

SDGs		PAGE NO.	GRI STANDARDS DISCLOSURE
	End poverty in all its forms everywhere	GRI Index page	202-1
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	54, F06-F09	201-1, 203-1
	Ensure healthy lives and promote well-being for all at all ages	142, 156 - 165, 145, 149	305-1, 305-2, 305-6, 305-7, 306-2, 403-2, 403-3
	Ensure inclusive and quality education for all and promote lifelong learning	156-165	404-1
	Achieve gender equality and empower all women and girls	156-165, 155, 150 - 151, 152, 153, 52, 54, F06-F09	201-1, 202-1, 203-1, 401-1, 404-1, 404-3, 405-1, 406-1
	Ensure access to water and sanitation for all	36-37, 41-43	303-1, 303-3, 306-2
	Ensure access to affordable, reliable, sustainable and modern energy for all	155, 138, F06-F09	201-1, 203-1, 302-1, 302-3, 302-4

SDGs	PAGE NO.	GRI STANDARDS DISCLOSURE
 <p>Promote inclusive and sustainable economic growth, employment and decent work for all</p>	156-165, 138, 140, 149, 150-151, 152, F06-F09	102-8, 102-41, 201-1, 202-1, 202-2, 302-1, 102-8, 102-41, 201-1, 202-1, 202-2, 302-1, 302-3, 302-4, 303-3, 401-1, 401-2, 402-1, 403-1, 403-2, 403-3, 404-1, 404-2, 404-3, 405-1
 <p>Build resilient infrastructure, promote sustainable industrialization and foster innovation</p>	155, F06-F09	201-1, 203-1
 <p>Make cities inclusive, safe, resilient and sustainable</p>	155	203-1
 <p>Ensure sustainable consumption and production patterns</p>	138, 140, 142, 156-165, 145	302-1, 302-3, 302-4, 303-3, 305-1, 305-2, 305-6, 305-7, 306-2
 <p>Take urgent action to combat climate change and its impacts</p>	138, 142	302-1, 302-3, 302-4, 305-1, 305-2, 305-4
 <p>Conserve and sustainably use the oceans, seas and marine resources</p>	142	305-1, 305-2, 305-4, 305-5, 305-7
 <p>Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss</p>	142	305-1, 305-2, 305-4, 305-5, 305-7
 <p>Promote just, peaceful and inclusive societies</p>	10, 11, 14, 15, 153	102-16, 406-1



## Independent Assurance Statement for the ICI Pakistan Limited Sustainability Report 2018

Corporate Social Responsibility Centre Pakistan (CSRCP) performed an independent review of the ICI Pakistan Limited Sustainability Report 2018, which was prepared 'in accordance' with Global Reporting Initiative's (GRI) Standards' Core option. The objective of the critical independent review is to provide ICI Pakistan Limited's Management with an independent opinion about the quality of the report and adherence to the principles of Inclusivity, Materiality, and Responsiveness.

### Responsibility of ICI Pakistan Limited and of CSRCP

The Management of ICI Pakistan Limited is responsible for the preparation of the Sustainability Report and for the information and statements contained within it. The Management is responsible for determining the sustainability goals, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to express independently a conclusion on the Sustainability Report as defined within the scope of work to The Management of ICI Pakistan Limited only in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the report is entirely at its own risk.

### Scope of Assurance

CSRCP was asked to express an opinion in relation to the review scope, which includes the following aspects:

- Review of the policies, initiatives, practices and performance described in the non-financial - qualitative and quantitative information (sustainability performance) reported and referenced in the report.
- Evaluation of the disclosed information in the report to check adherence to the GRI's Universal and Topic Specific Standards.
- Adherence to International Standard on Assurance Engagement (ISAE) 3000, 'Assurance Engagements other than audits or reviews of historical financial statements' to provide limited assurance on performance data within the Sustainability Report.
- Adherence to the principles of Inclusivity, Materiality and Responsiveness.

### Assurance methodology

Our activities included a desk review of the final draft report. We communicated with ICI Pakistan Limited to determine the accuracy and authenticity of report content, data points, methodologies and policies around the organization's social, environmental and economic data and activities.

Our procedures on this engagement included:

- Critical review of the Sustainability Report 2018 and respective Content Index to check consistency and adherence to GRI's Universal and Topic-Specific Standards
- Evaluation of report adherence to the in accordance: Core option
- Critical review of the Sustainability Report to obtain limited assurance about whether the Sustainability Report is free from material misstatement
- Analysis of the report content against principles of Inclusivity, Materiality and Responsiveness
- Elaboration of an adjustment report
- Final review of the report content

The work was planned and carried out to provide limited, rather than absolute assurance and we believe that the desk review of the ICI Pakistan Limited Sustainability Report completed by CSRCP provides an appropriate basis for our conclusions.

### Opinion

#### GRI Standards in accordance option

ICI Pakistan Limited declares the report to be in accordance with GRI Standards: Core option. CSRCP evaluated the quality of the application of GRI Universal and Topic Specific Standards. Based on the evaluation, CSRCP made a series of recommendations to complete the content or adjust the disclosure level in the Content Index, which have been accepted by the company. Based on the rectifications, we can confirm that the report is attending the above mentioned 'in accordance' option, giving a complete overview of ICI Pakistan Limited's sustainability governance and management systems in place to report on a relevant set of disclosures related to the identified material topics.

### Main Conclusions on Adherence to Principles of Inclusivity, Materiality and Responsiveness

**Inclusivity – addresses the stakeholders' participation**



**in the process of developing and implementing a transparent and strategic sustainability management process.**

- ICI Pakistan Limited report addresses how company identifies and engages with different stakeholders, including ICI Pakistan Limited focus for engagement and ICI Pakistan Limited response to stakeholders' concerns. The material issues emerging from the stakeholder engagement were collected, prioritized and the results are fairly reflected in the report.

**Materiality – issues required by stakeholders to make decisions on the organization's economic, environmental and social performance.**

- Material issues have been identified by ICI Pakistan Limited in a Materiality Matrix which considers the influence on stakeholder assessment and decisions and the significance of environmental, social and economic impacts, using a commonly accepted approach. The parameters of risks and opportunities were considered in the materiality determination process, which makes the process more focused on prioritizing issues relevant to ICI Pakistan Limited.

**Responsiveness – addresses the action taken by the organization as a result of specific stakeholders' demands.**

- ICI Pakistan Limited has appropriate policies and externally certified quality, environmental and health & safety management systems, which involve a high level of analysis of risks, non-compliance and corrective actions.
- Sustainability management at ICI Pakistan Limited maintains high level support in the shape of Sustainability Council, conforming ICI Pakistan Limited's commitment to address sustainability challenges, stakeholder concerns, and promoting sustainable practices in its supply chain.



**Muhammad Arfan Nazir,**  
Director,  
Corporate Social Responsibility Centre Pakistan.

**Statement of conclusion**

Based on the scope of our work and the assurance procedures we performed using the International Standard on Assurance Engagement (ISAE) 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', we conclude that nothing has come to our attention that causes us to believe that the information in ICI Pakistan Limited's Sustainability Report 2018 is in all material aspects not fairly stated.

We confirm that the report is aligned with the requirements of the GRI Standards and reports its material topics in an adequate manner. The compliance with GRI Standards has been disclosed in more detail in the Content Index which provides overview of which standards have been fully complied and which have been partially complied in the report. In our opinion ICI Pakistan Limited has appropriate systems for collection, aggregation and analysis of the data presented in the report.

**Limitations and exclusions**

Excluded from the scope of our work is any verification of information relating to:

- Physical verification of data, content of ICI Pakistan Limited's Sustainability Report;
- Positional statements (expression of opinion, belief, aim or future intention of ICI Pakistan Limited) and statements of future commitment.

**Statement of independence, impartiality and competence**

CSRCP operates strict conflict of interest checks and has confirmed our independence to work on this engagement with ICI Pakistan Limited. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the report. CSRCP is a consulting firm specialized in sustainability. The review team has the required combination of education, experience, training and skills for this engagement.



**Muhammad Imran,**  
Muhammad Imran & Co.,  
Cost & Management Accountants Pakistan.  
CMAP Membership # 1382

## Financial Performance

# The Manifestation of **our Ambition**

The performance of our Company represents our ambitions coming to life. Because with our growth, we create value not only for the Company and its shareholders, but also for the millions of lives we touch across our nation. Our growth represents their growth – for the benefit of us all.

This section provides a complete record of ICI Pakistan Limited's financials for 2017-18.





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**ICI PAKISTAN LTD.**

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# ICI Pakistan Limited

## Financial Statements

# Independent Auditors' Report

## To the members of ICI Pakistan Limited

### Report on the Audit of unconsolidated Financial Statements

#### Opinion

We have audited the annexed unconsolidated financial statements of **ICI Pakistan Limited** (the Company), which comprise the statement of financial position as at **30 June 2018**, 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, 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 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 30 June 2018 and of the profit and other comprehensive income, 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 Auditors' 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 Matters

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.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<p><b>1. Accounting for acquisition</b></p> <p>As disclosed in note 5 to the accompanying financial statements, during the year, the Company has entered into an agreement with Wyeth Pakistan Limited and Pfizer Pakistan Limited for the acquisition of certain businesses comprising of product brands, manufacturing facilities and related rights and obligations. The said acquisitions have been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'.</p> <p>As a result of the above business acquisition, the Company has recognized goodwill, other intangibles and tangible assets amounting to Rs. 126.5 million, Rs. 753.5 million and Rs. 1,055.7 million respectively on the acquisition date (i.e. 11 August 2017).</p> <p>As this acquisition represents a significant transaction for the year due to its impact on the current year's financial statements, we have considered the accounting of the said transaction as a key audit matter.</p>	<p>With respect to the accounting for the acquisition of the subject transaction, we have, amongst others, read the purchase agreements; assessed whether the appropriate accounting treatment has been applied and adequate disclosures have been made in the accompanying financial statements.</p> <p>To test the identification and fair valuation of the acquired assets in accordance with the requirements of the applicable financial reporting standard (IFRS 3); we assessed the competence of management's expert and evaluated the methods and assumptions used for identification and fair valuation of various tangible and intangible assets to compare with the consideration paid for the acquisition and recognition of residual as goodwill. In particular, we considered the underlying valuation assumptions used for measurement of intangible assets (brands) such as projected economic growth, cost inflation, discount and price / volume growth rates, discount and royalty rates, market based revenue forecasts.</p> <p>In performing above referred procedures, we also involved our internal and external valuation specialists to assist with the audit of the identification and valuation of the assets acquired.</p>
<p><b>2. Tax contingencies</b></p> <p>As disclosed in note 46 to the accompanying financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p>	<p>Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.</p>

**Key audit matter**

The tax contingencies requires the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered tax contingencies as a key audit matter.

**How our audit addressed the key audit matter**

We also obtained and reviewed confirmations from the Company's external tax advisor for their views on the status of each case and an overall opinion on the open tax position of the Company.

We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 46 to the accompanying financial statements.

**1. Preparation of financial statements under Companies Act, 2017**

As referred to in note 3.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.

The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3.1 to the accompanying financial statements.

Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 3.3 to the accompanying financial statements.

The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.

We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.

In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 3.1 to the accompanying financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.

**4. Net Realisable Value (NRV) of inventories and provision for obsolescence**

As at the year end, the Company held inventories amounting to Rs. 8,737.6 million, after considering allowance for inventories obsolescence amounting to Rs. 16.1 million, as disclosed in note 12 to the accompanying financial statements. The inventories obsolescence is calculated by taking into account the NRV of related inventories while mainly keeping in view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates.

We have considered this area to be a key audit matter due to its materiality and significance in terms of judgements involved in estimating the NRV of underlying inventories.

Our audit procedures included, amongst others, reviewing the management procedures for evaluating the NRV of inventories, observing physical inventory counts at major locations to ascertain the condition and existence of inventories, confirming inventories held by others and performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete inventories as at the year end.

Further, our audit procedures included, amongst others, reviewing inventory turnover ratios; understanding and evaluating the appropriateness of the basis of identification of the obsolete inventories; evaluating the historical accuracy of allowance of inventories assessed by management by comparing the actual loss to historical allowance recognized, on a sample basis; testing the accuracy of the aging analysis of inventories, on a sample basis; testing cost of goods with underlying invoices and

# Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
	<p>expenses incurred in accordance with inventory valuation method and reviewing the minutes of the relevant meetings at the management and Board level to identify any indicators of obsolescence.</p> <p>We further tested the NRV of the inventories held by performing a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products.</p> <p>We also reviewed the inventories' expiry date report to identify slow moving or obsolete inventories and tested its accuracy on sample basis to check the provision for slow moving and obsolete inventories was reasonable.</p>

## Information Other than the Financial Statements and Auditors' 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 auditors' 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.

## Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 auditors' report is Arif Nazeer.

Date: 27 July, 2018  
Karachi



EY Ford Rhodes  
Chartered Accountants

# Unconsolidated Statement of Financial Position

As at June 30, 2018

Amounts in PKR '000

	Note	June 30, 2018	June 30, 2017	June 30, 2016
			(Re-stated)	(Re-stated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	20,576,333	19,613,523	17,040,334
Intangible assets	7	924,294	19,273	16,460
		21,500,627	19,632,796	17,056,794
Long-term investments	8	3,913,076	2,954,276	1,462,976
Long-term loans	9	431,096	370,465	356,330
Long-term deposits and prepayments	10	37,138	38,627	33,594
		4,381,310	3,363,368	1,852,900
		25,881,937	22,996,164	18,909,694
<b>Current assets</b>				
Stores, spares and consumables	11	881,034	942,636	811,963
Stock-in-trade	12	8,737,564	5,746,647	5,296,746
Trade debts	13	2,605,818	2,547,340	1,640,447
Loans and advances	14	520,173	444,191	391,342
Trade deposits and short-term prepayments	15	306,154	564,385	428,713
Other receivables	16	1,401,131	1,515,528	726,683
Taxation - net		2,595,475	1,257,222	2,236,155
Cash and bank balances	17	218,843	141,748	146,287
		17,266,192	13,159,697	11,678,336
<b>Total assets</b>		<b>43,148,129</b>	<b>36,155,861</b>	<b>30,588,030</b>

Amounts in PKR '000

	Note	June 30, 2018	June 30, 2017	June 30, 2016
			(Re-stated)	(Re-stated)
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Authorised capital				
1,500,000,000 (June 30, 2017: 1,500,000,000) ordinary shares of PKR 10 each		<b>15,000,000</b>	15,000,000	15,000,000
Issued, subscribed and paid-up capital	18	<b>923,591</b>	923,591	923,591
Capital reserves	19	<b>309,643</b>	309,643	309,643
Surplus on revaluation of property, plant and equipment - net of tax	19	<b>669,495</b>	743,948	829,645
Revenue reserve - unappropriated profit		<b>16,178,705</b>	14,950,666	13,183,294
<b>Total equity</b>		<b>18,081,434</b>	16,927,848	15,246,173
<b>Non-current liabilities</b>				
Provisions for non-management staff gratuity	20	<b>99,007</b>	102,289	90,867
Long-term loans	21	<b>8,237,107</b>	4,909,946	3,652,586
Deferred tax liability - net	22	<b>1,911,896</b>	1,231,011	1,430,789
		<b>10,248,010</b>	6,243,246	5,174,242
<b>Current liabilities</b>				
Trade and other payables	23	<b>6,159,767</b>	10,039,880	7,661,088
Accrued mark-up		<b>249,638</b>	102,155	77,663
Short-term borrowings and running finance	24	<b>7,356,467</b>	2,118,446	1,964,433
Current portion of long-term loans	21	<b>963,434</b>	643,718	393,783
Unclaimed dividend		<b>89,379</b>	80,568	70,648
		<b>14,818,685</b>	12,984,767	10,167,615
<b>Total equity and liabilities</b>		<b>43,148,129</b>	36,155,861	30,588,030

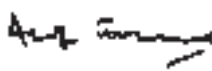
**Contingencies and commitments**

25

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2018

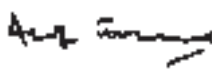
Amounts in PKR '000

	Note	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>Net turnover</b>	27.1	<b>49,107,580</b>	41,363,695
Cost of sales	27.2	<b>(40,607,969)</b>	(33,598,220)
<b>Gross profit</b>		<b>8,499,611</b>	7,765,475
Selling and distribution expenses	29	<b>(2,894,708)</b>	(2,607,114)
Administration and general expenses	30	<b>(1,207,062)</b>	(1,114,785)
<b>Operating result</b>		<b>4,397,841</b>	4,043,576
Other charges	31	<b>(303,732)</b>	(143,828)
Finance costs	32	<b>(641,692)</b>	(385,144)
Exchange loss		<b>(428,994)</b>	(12,935)
		<b>(1,374,418)</b>	(541,907)
Other income	33	<b>626,979</b>	892,701
<b>Profit before taxation</b>		<b>3,650,402</b>	4,394,370
Taxation	34	<b>(590,698)</b>	(1,098,279)
<b>Profit after taxation</b>		<b>3,059,704</b>	3,296,091
<b>Basic and diluted earnings per share (PKR)</b>	35	<b>33.13</b>	35.69

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer



# Unconsolidated Statement of Other Comprehensive Income

## For the year ended June 30, 2018

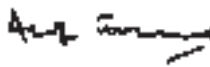
Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>Profit after taxation</b>	<b>3,059,704</b>	3,296,091
<b>Other comprehensive income / (loss)</b>		
Items not to be reclassified to statement of profit or loss:		
Remeasurement of defined benefit plans	(310,268)	(74,151)
Income tax effect	72,773	18,227
	(237,495)	(55,924)
Reversal of surplus on revaluation of property, plant and equipment	(11,783)	-
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate - note 19.3	5,622	11,611
	(6,161)	11,611
<b>Total comprehensive income for the year</b>	<b>2,816,048</b>	3,251,778

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Unconsolidated Statement of Cash Flows

For the year ended June 30, 2018

Amounts in PKR '000

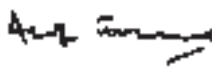
	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>Cash flows from operating activities</b>		
Cash generated from operations - note 36	358,766	5,569,176
Payments for:		
Staff retirement benefit plans - note 20.1.2	(65,987)	(66,528)
Non-management staff gratuity and eligible retired employees' medical scheme	(30,491)	(27,855)
Taxation	(1,169,671)	(289,286)
Interest	(494,207)	(360,652)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,401,590)</b>	<b>4,824,855</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(3,419,455)	(4,239,054)
Proceeds from disposal of operating fixed assets	15,881	5,366
Interest received on bank deposits	5,512	1,470
Investment in subsidiary	(958,800)	(1,491,300)
Business acquisition	(1,935,700)	-
Dividend from subsidiary	120,000	125,000
Dividend from associate	420,000	668,000
<b>Net cash used in investing activities</b>	<b>(5,752,562)</b>	<b>(4,930,518)</b>
<b>Cash flows from financing activities</b>		
Long-term loans obtained*	4,290,595	1,896,186
Long-term loans repaid*	(643,718)	(388,891)
Dividends paid	(1,653,651)	(1,560,184)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,993,226</b>	<b>(52,889)</b>
Net decrease in cash and cash equivalents	(5,160,926)	(158,552)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(1,976,698)</b>	<b>(1,818,146)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(7,137,624)</b>	<b>(1,976,698)</b>
<b>Cash and cash equivalents at the end of the year comprise of:</b>		
Cash and bank balances - note 17	218,843	141,748
Short-term borrowings and running finance - note 24	(7,356,467)	(2,118,446)
	<b>(7,137,624)</b>	<b>(1,976,698)</b>

\*No non-cash items are included in these activities

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2018

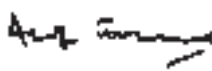
Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property, plant and equipment	Revenue reserve - unappropriated profit	Total
<b>As at July 01, 2016</b>	<b>923,591</b>	<b>309,643</b>	<b>-</b>	<b>13,183,294</b>	<b>14,416,528</b>
Adjustment due to change in accounting policy note - 3.1	-	-	829,645	-	829,645
<b>As at July 01, 2016 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>829,645</b>	<b>13,183,294</b>	<b>15,246,173</b>
Final dividend for the year ended June 30, 2016 @ PKR 9.00 per share	-	-	-	(831,231)	(831,231)
Interim dividend for the year ended June 30, 2017 @ PKR 8.00 per share	-	-	-	(738,872)	(738,872)
	-	-	-	<b>(1,570,103)</b>	<b>(1,570,103)</b>
Profit for the year	-	-	-	3,296,091	3,296,091
Other comprehensive income/ (loss) for the year - net of tax (restated)	-	-	11,611	(55,924)	(44,313)
<b>Total comprehensive income - restated</b>	<b>-</b>	<b>-</b>	<b>11,611</b>	<b>3,240,167</b>	<b>3,251,778</b>
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(97,308)	97,308	-
	-	-	<b>(97,308)</b>	<b>97,308</b>	<b>-</b>
<b>As at June 30, 2017 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>743,948</b>	<b>14,950,666</b>	<b>16,927,848</b>
Final dividend for the year ended June 30, 2017 @ PKR 10.00 per share	-	-	-	(923,590)	(923,590)
Interim dividend for the year ended June 30, 2018 @ PKR 8.00 per share	-	-	-	(738,872)	(738,872)
	-	-	-	<b>(1,662,462)</b>	<b>(1,662,462)</b>
Profit for the year	-	-	-	3,059,704	3,059,704
Other comprehensive loss for the year - net of tax	-	-	(6,161)	(237,495)	(243,656)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(6,161)</b>	<b>2,822,209</b>	<b>2,816,048</b>
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(68,292)	68,292	-
	-	-	<b>(68,292)</b>	<b>68,292</b>	<b>-</b>
<b>As at June 30, 2018</b>	<b>923,591</b>	<b>309,643</b>	<b>669,495</b>	<b>16,178,705</b>	<b>18,081,434</b>

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Notes to the unconsolidated Financial Statements

## For the year ended June 30, 2018

### 1 Status and nature of business

ICI Pakistan Limited (the Company) is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchandising of general chemicals. It also acts as an indenting agent and toll manufacturer. The Company's registered office is situated at 5 West Wharf, Karachi.

These are the separate financial statements of the Company in which investment in subsidiaries and associates are stated at cost less impairment losses, if any.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

#### Karachi

ICI House, 5 West Wharf  
S-33, Hawksbay road, S.I.T.E

#### Purpose

Head Office and Production Plant  
Production Plant

#### Lahore

ICI House, 63 Mozang road  
30-Km, Sheikhpura road, Lahore  
45-Km, Off Multan road, Lahore

Regional Office  
Regional Office and Production Plant  
Production Plant

#### Khewra

ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum

Regional Office and Production Plant

### 2 Summary of significant transactions and events occurred during the year

Following is the summary of significant transaction and events that have affected the financial position and performance of the Company

- 75,000 tons per annum Soda Ash expansion (Phase 1 of the planned 150,000 TPA expansion) has come online. Subsequently to this addition nameplate capacity of Soda Ash plant now stands at 425,000 TPA - note 39
- The Agri Division has now become a part of the Chemical Business and is now known as the Chemical & Agri Sciences Business - note 26.10
- Acquisition of certain assets and brands of Wyeth Pakistan Limited and production began at newly acquired Hawkesbay plant - note 5
- Approval for the new injectable (sterile) section at the Animal Health manufacturing facility was obtained from the Central Licensing Board
- Construction of the Masterbatch manufacturing facility is progressing as per plan to enhance the portfolio of Chemical & Agri Sciences Business
- Ban on import and marketing of recombinant bovine somatotropin (rbST) injections (FDA approved product) from Supreme Court through Suo moto action
- Adoption of Companies Act, 2017 - note 3.1

### 3 Summary of significant accounting policies

#### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these unconsolidated financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property



plant and equipment as fully explained in note 3.3 of these unconsolidated financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 6.5), management assessment of sufficiency of tax provision in the unconsolidated financial statements (refer note 34.1), change in threshold for identification of executives (refer note 37), additional disclosure requirements for related parties (refer note 4) etc.

### **3.2 Basis of preparation**

These unconsolidated financial statements have been prepared under the historical cost convention, except:

- a) Certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold, leasehold land and plant and machinery) have been measured at revalued amounts; and
- b) Provision for management staff gratuity and non-management staff gratuity are stated at present value.

The preparation of unconsolidated financial statements in conformity with approved accounting standards 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 historic experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the unconsolidated financial statements in subsequent years are stated in note 46.

### **3.3 Property, plant and equipment and depreciation**

Property, plant and equipment (except freehold land, buildings on freehold and leasehold land and plant and machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold and leasehold land and plant and machinery are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses, if any. Capital work-in-progress is stated at cost less impairment, if any. Cost of certain property, plant and equipment comprises historical cost. Such cost includes the cost of replacing parts of the property, plant and equipment and the cost of borrowings for long-term construction projects, if the recognition criteria is met.

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than store, spares and loose tools where they meet the definition of property, plant and equipment. Available for use capital spares, and servicing equipment are depreciated over their useful lives, or the remaining life of principle asset, whichever is lower.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each reporting date and adjusted, if appropriate.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognised.

Gains and losses on disposal of assets are taken to the statement of profit or loss, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profit.

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

As disclosed in note 3.1 to the financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. Accordingly, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, plant and equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS 1). Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been shown as a separate line item (below equity in the statement of financial position) amounting to PKR 743.948 million and PKR 829.645 million for the year ended 30 June 2017 and 2016 respectively.

### 3.4 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

Intangible assets with finite useful lives are amortized over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash generated unit (CGU) level, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

### 3.5 Investments

Investments in subsidiary and associates are stated at cost less provision for impairment, if any.

Other investments that are stated at available for sale are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each reporting date.

### 3.6 Stores, spares and consumables

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

### 3.7 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

### 3.8 Long term loans

Long term loans are not discounted to present value using the EIR method, less impairment, as effect of discounting, if any is immaterial.

### 3.9 Trade debts loans and other receivables

Trade debts and other receivables are recognised at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables (Refer note 43.7.1). Bad debts are written off when identified.

### 3.10 Taxation

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

#### Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

#### Deferred

Deferred tax is recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in statement of other comprehensive income or directly in equity.

Further, the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

### 3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

### 3.12 Impairment

#### Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss.

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

### Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost of disposal, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or available fair value budgets. The company bases its impairment calculation on detailed budget and forecast calculation, which are prepared separately for each of the Company CGU to which individual assets are allocated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

### 3.13 Staff retirement benefits

The Company's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

#### Defined benefit plans

The Company operates a funded pension scheme and a funded gratuity scheme for management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Company also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement. The Company recognises expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of all defined benefit schemes except eligible retired employees' medical scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

#### Defined contribution plans

The Company operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who has either opted for this fund by July 31, 2004 or have joined the Company after April 30, 2004. In addition to this the Company also provides group insurance to all its employees.

#### Compensated absences

The Company recognises the accrual for compensated absences in respect of employees for which these are earned up to the reporting date. The accrual has been recognised on the basis of actuarial valuation.

### 3.14 Operating leases / ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) and Ijarah contracts are charged to the statement of profit or loss on a straight-line basis over the period of the lease.



**3.15 Trade and other payables**

Trade and other payables are recognised initially at fair value net of directly attributable cost whether billed or not, if any.

**3.16 Borrowings and their cost**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

**3.17 Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively.

**3.18 Financial liabilities**

All financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

**3.19 Foreign currency translation**

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the statement of profit or loss.

**3.20 Functional and presentation currency**

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

**3.21 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits is accounted for using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established.

Toll manufacturing income is recognised when services are rendered.

**3.22 Financial expense and financial income**

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and markup / interest expense on borrowings.

Financial income comprises interest income on funds invested. Markup / interest income is recognised as it accrues in statement of profit or loss, using the effective interest rate method.

# Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

### 3.23 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statement are authorised for issue, disclosure is made in the unconsolidated financial statements.

### 3.24 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Polyester, Soda Ash, Life Sciences and Chemicals and Agri sciences, which also reflects the management structure of the Company.

### 3.25 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the statement of profit or loss.

### 3.26 Off-setting

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

#### 4 Details of related parties of the Company

<b>Name of related party</b>	<b>Basis of relationship</b>
ICI Pakistan PowerGen Limited	Wholly owned subsidiary
ICI Pakistan Management Staff Provident Fund	Common Directorship
ICI Pakistan Management Staff Gratuity Fund	Common Directorship
ICI Pakistan Management Staff Defined Contribution Superannuation Fund	Common Directorship
ICI Pakistan Non-Management Staff Provident Fund	Common Directorship
ICI Pakistan Management Staff Pension Fund	Common Directorship
ICI Pakistan Foundation	Common Directorship
Arabian Sea Country Club Limited	Equity Investment
NutriCo Pakistan (Private) Limited	Common Directorship & Equity Investment 40%
Cirin Pharmaceutical (Private) Limited	Wholly owned subsidiary & Common Directorship
NutriCo Morinaga (Private) Limited	Common Directorship & Equity Investment 51%
Lucky Holdings Limited	Group Company & Common Directorship
Lucky Cement Limited	Group Company & Common Directorship
Yunus Textile Mills Limited	Group Company & Common Directorship
Lucky Textile Mills Limited	Group Company & Common Directorship
Gadoon Textile Mills Limited	Group Company & Common Directorship
Fashion Textile Mills (Private) Limited	Group Company & Common Directorship
Lucky Knits (Private) Limited	Group Company & Common Directorship
Pakistan Business Council	Common Directorship

Pakistan Cables Limited  
 Jubilee Life Insurance Company Limited  
 Oil & Gas Development Company Limited  
 Lucky Foods (Private) limited  
 Lahore University of Management Sciences  
 Asif Jooma  
 M Abid Ganatra  
 Arshaduddin Ahmed  
 M A Samie Cashmiri  
 Suhail Aslam Khan  
 Saima Kamila Khan  
 Eqan Ali Khan  
 Fathema Zuberi  
 Pakistan Institute of Corporate Governance

Common Directorship  
 Common Directorship  
 Common Directorship  
 Group Company & Common Directorship  
 Member of Board of Governors  
 Key Management Personnel  
 Key Management Personnel  
 Key Management Personnel  
 Key Management Personnel  
 Key Management Personnel  
 Key Management Personnel  
 Key Management Personnel  
 Key Management Personnel  
 Common Directorship

## 5 Business acquisition

On August 11, 2017 the Company acquired certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3 - Business Combinations. These assets include land, building, plant and machinery and certain other assets of Wyeth Pakistan Limited alongwith certain brands and registrations of Wyeth Pakistan Limited and Pfizer Pakistan Limited. The following table summarizes the estimated fair values of net assets acquired:

Amounts in PKR '000

### Indicative value of tangible assets

**Fair value  
recognised on  
acquisition**

Freehold land  
 Building on freehold land  
 Plant and machinery  
 Vehicles  
 Furniture and equipment  
**Total non-current assets**  
**Current assets**

**175,000**  
**203,000**  
**493,400**  
**5,100**  
**46,700**  
**923,200**  
**132,530**  
**1,055,730**

### Indicative value of intangibles:

Brands  
 Goodwill

**753,460**  
**126,510**  
**879,970**

### Consideration paid in cash

**1,935,700**

Net turnover and the Operating result from the acquired business during the year ended June 30, 2018 are as follows:

<b>Net turnover</b>	<b>1,651,816</b>
<b>Operating result</b>	<b>172,638</b>

The aforementioned results have been reported under the Life Sciences division of the Company based on the accounting policies of the Company as disclosed in these unconsolidated financial statements.

The management has decided to finalize the determination of valuation of assets acquired within one year from the acquisition date, which is allowed under IFRS 3 "Business Combinations" as measurement period, therefore provisional figures based on latest available information have been considered for the acquisition accounting.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited. The goodwill is not deductible for income tax purposes.

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
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### 6 Property, plant and equipment

#### 6.1 The following is a statement of property plant and equipment:

Operating fixed assets - note 6.2	19,710,551	15,240,784
Capital work-in-progress - note 6.9	865,782	4,372,739
	<b>20,576,333</b>	<b>19,613,523</b>

#### 6.2 The following is a statement of operating fixed assets:

	Land		Lime beds	Buildings		Plant and	Railway	Rolling	Furniture	Total
	Freehold	Leasehold	on freehold land	On freehold land	On leasehold land	machinery	sidings	stock and vehicles	and equipment	
	Note 6.3 & 6.4			Note 6.3		Note 6.3 & 6.4				
	As at June 30, 2018									
Net carrying value basis										
Opening net book value (NBV)	529,962	-	198,805	659,540	1,925,393	11,693,148	-	23,704	210,232	15,240,784
Additions / transfers - note 6.2.1	207,573	-	76,819	206,275	849,987	5,472,647	-	4,496	122,169	6,939,966
Impairment *	-	-	-	-	-	(48,542)	-	-	-	(48,542)
Disposals (at NBV)	(8,326)	-	-	-	(88)	(750)	-	-	(462)	(9,626)
Depreciation charge - note 6.7	-	-	(16,565)	(58,401)	(180,982)	(2,062,348)	-	(6,228)	(87,507)	(2,412,031)
Closing net book value	729,209	-	259,059	807,414	2,594,310	15,054,155	-	21,972	244,432	19,710,551

\* Out of this total impairment, an amount of PKR 11.783 million (June 30, 2017: Nil) has been recorded in the statement of other comprehensive income as a reversal of surplus on revaluation of property, plant and equipment

#### Gross carrying value basis

Cost / revaluation	729,209	562,166	436,373	3,177,523	4,094,707	35,348,329	297	132,690	829,317	45,310,611
Accumulated depreciation	-	(562,166)	(177,314)	(2,370,109)	(1,500,397)	(20,294,174)	(297)	(110,718)	(584,885)	(25,600,060)
Closing net book value	729,209	-	259,059	807,414	2,594,310	15,054,155	-	21,972	244,432	19,710,551

<b>Depreciation rate % per annum</b>	-	2 to 4	5 to 25	5 to 25	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50
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As at June 30, 2017

<b>Net carrying value basis</b>										
Opening net book value (NBV)	519,718	-	215,405	704,657	1,929,826	12,294,021	-	15,458	198,929	15,878,014
Additions / transfers - note 6.2.1	10,244	-	-	7,308	156,690	1,309,963	-	12,976	82,552	1,579,733
Disposals (at NBV)	-	-	-	-	-	-	-	(455)	(39)	(494)
Depreciation charge - note 6.7	-	-	(16,600)	(52,425)	(161,123)	(1,910,836)	-	(4,275)	(71,210)	(2,216,469)
Closing net book value	529,962	-	198,805	659,540	1,925,393	11,693,148	-	23,704	210,232	15,240,784

#### Gross carrying value basis

Cost / revaluation	529,962	562,166	359,553	2,971,248	3,246,383	29,921,041	297	128,195	757,375	38,476,220
Accumulated depreciation	-	(562,166)	(160,748)	(2,311,708)	(1,320,990)	(18,227,893)	(297)	(104,491)	(547,143)	(23,235,436)
Closing net book value	529,962	-	198,805	659,540	1,925,393	11,693,148	-	23,704	210,232	15,240,784

<b>Depreciation rate % per annum</b>	-	2 to 4	5 to 25	5 to 25	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50
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Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>6.2.1</b> Additions to plant and machinery include transfer from capital work-in-progress which includes borrowing cost for projects determined using an average capitalization rate of 6.27% (June 30, 2017: Nil) amounting to:	<b>220,952</b>	-

**6.2.2** Operating fixed assets include the following major spare parts and stand by equipment having:

Cost	<b>500,746</b>	416,188
Net book value	<b>178,023</b>	137,762

**6.3** Subsequent to revaluations on October 1, 1959, September 30, 2000, December 15, 2006 and December 31, 2011 which had resulted in a surplus of PKR 14.207 million, PKR 1,569.869 million, PKR 667.967 and PKR 712.431 million respectively. As at June 30, 2016, further revaluation was conducted resulting in revaluation surplus net of deferred tax liability of PKR 320.701 million. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

**6.4 Forced sale value as per the last revaluation report as of June 30, 2016 - note 6.4.1**

Asset class	Forced sale value
Freehold land	392,164
Limebeds on freehold land	93,829
Building on freehold land	579,593
Building on leasehold land	982,684
Plant and machinery	8,056,593
<b>Total</b>	<b>10,104,863</b>

**6.4.1** The above amount does not contain assets which are capitalized from 01st July 2016 to 30th June 2018.

**6.5 Particulars of immovable asset of the Company are as follows:**

Location	Addresses	Usage of immovable property	Covered Area (sq.ft)	As at June 30, 2018	As at June 30, 2017
<b>Karachi</b>	ICI House 5 West Wharf, Karachi	Head Office and Production Plant	117,619		
	S-33, Hawksbay road, S.I.T.E	Production Plant	11,500		
<b>Lahore</b>	ICI House 63 Mozang Road, Lahore	Regional Office	28,454		
	30-Km, Sheikhpura road, Lahore	Production Plant	1,928,910		
	45-Km, Off Multan Road, Lahore	Production Plant	14,601		
<b>Khewra</b>	ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	Regional Office and Production Plant	2,744,404		
				<b>As at June 30, 2018</b>	<b>As at June 30, 2017</b>

**6.6** Plant and machinery including equipment held with Searle Pakistan Limited for toll manufacturing is as follows:

Cost	<b>9,392</b>	9,242
Net book value	<b>3,559</b>	4,160

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>6.7</b> The depreciation charge for the year has been allocated as follows:		
Cost of sales - note 28	2,341,010	2,154,696
Selling and distribution expenses - note 29	36,303	29,523
Administration and general expenses - note 30	34,718	32,250
	<b>2,412,031</b>	<b>2,216,469</b>

**6.7.1** Depreciation charge is inclusive of the incremental depreciation due to revaluation.

**6.8** Had there been no revaluation, the net book value of specific classes of property, plant and equipment would have amounted to:

	As at June 30, 2018	As at June 30, 2017
<b>Net book value</b>		
Freehold land	409,558	201,985
Buildings	3,187,974	2,371,183
Plant and machinery	14,313,706	10,952,699
	<b>17,911,238</b>	<b>13,525,867</b>

**6.9** Capital work-in-progress comprises of:

Civil works and buildings	110,078	715,276
Plant and machinery	470,181	2,920,418
Miscellaneous equipment	40,902	184,854
Advances to suppliers / contractors	224,272	294,290
Designing, consultancy and engineering fee	20,349	257,901
	<b>865,782</b>	<b>4,372,739</b>

**6.9.1** This includes interest charged in respect of long-term loans obtained for projects, determined using an average capitalization rate of 6.33% (2017: 5.57%) amounting to:

**145,868** 69,586

**6.9.2** The following is the movement in capital work-in-progress during the year:

Balance at the beginning of the year	4,372,739	1,162,320
Additions during the year	2,395,925	4,703,939
	<b>6,768,664</b>	<b>5,866,259</b>
Transferred to operating fixed assets during the year	(5,902,882)	(1,493,520)
Balance at the end of the year	<b>865,782</b>	<b>4,372,739</b>

**6.10** Details of operating fixed assets disposal having net book value in excess of PKR 500,000 are as follows:

For the year ended June 30, 2018								
	Mode of disposal	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceed	Gain/ (loss)	Relationship of purchaser with the Company	Particulars of buyers
Land	Sale	8,326	-	8,326	13,566	5,240	Subsidiary	NutriCo Morinaga (Private) Limited
Gas turbine	Scrap	3,995	3,337	658	1,500	842	Third party	Engro Polymer & Chemicals Limited

Note: There was no disposal having net book value in excess of PKR 500,000 during the year ended June 30, 2017

Amounts in PKR '000

**7 Intangible assets**

<b>As at June 30, 2018</b>					
	<b>Brands</b>	<b>Goodwill</b>	<b>Software</b>	<b>Licenses</b>	<b>Total</b>
<b>Net carrying value basis</b>					
Opening net book value (NBV)	-	-	9,311	9,962	19,273
Additions / transfers	753,460	126,510	2,174	31,711	913,855
Amortisation charge - note 7.1	-	-	(5,742)	(3,092)	(8,834)
Closing net book value	753,460	126,510	5,743	38,581	924,294
<b>Gross carrying amount</b>					
Cost	753,460	126,510	186,376	236,868	1,303,214
Accumulated amortisation	-	-	(180,633)	(198,287)	(378,920)
Closing net book value	753,460	126,510	5,743	38,581	924,294
Rate of amortisation % per annum	-	-	20	20 to 50	
<b>As at June 30, 2017</b>					
<b>Net carrying value basis</b>					
Opening net book value (NBV)	-	-	6,530	9,930	16,460
Additions / transfers	-	-	4,795	5,204	9,999
Amortisation charge - note 7.1	-	-	(2,014)	(5,172)	(7,186)
Closing net book value	-	-	9,311	9,962	19,273
<b>Gross carrying amount</b>					
Cost	-	-	184,202	205,157	389,359
Accumulated amortisation	-	-	(174,891)	(195,195)	(370,086)
Closing net book value	-	-	9,311	9,962	19,273
Rate of amortisation % per annum	-	-	20	20 to 50	
				<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017

**7.1** The amortisation charge for the year has been allocated as follows:

Cost of sales - note 28	1,556	1,266
Selling and distribution expenses - note 29	569	463
Administration and general expenses - note 30	6,709	5,457
	<b>8,834</b>	7,186
		<b>As at June 30, 2018</b>
		As at June 30, 2017

**8 Long-term investments****Unquoted - at cost**

## Subsidiaries

- ICI Pakistan PowerGen Limited (wholly owned)

7,100,000 ordinary shares (June 30, 2017: 7,100,000) of PKR 100 each - note 8.3

Provision for impairment loss - note 8.4

<b>710,000</b>	710,000
<b>(209,524)</b>	(209,524)

**500,476**

500,476

- Cirin Pharmaceuticals (Private) Limited (wholly owned)

112,000 ordinary shares (June 30, 2017: 112,000) of PKR 100 each and premium of PKR 8,661.61 per share - note 8.1 and 8.4

**981,300**

981,300

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017		
- NutriCo Morinaga (Private) Limited (51% holding) 14,688,000 ordinary shares (June 30, 2017: 5,100,000) of PKR 100 each - note 8.2 and 8.4	1,468,800	510,000		
Associate				
- NutriCo Pakistan (Private) Limited 40% ownership 200,000 ordinary shares (June 30, 2017: 200,000) of PKR 1,000 each and premium of PKR 3,800 per share	960,000	960,000		
<b>Others - at cost</b>				
Equity security available-for-sale				
-Arabian Sea Country Club Limited 250,000 ordinary shares (June 30, 2017: 250,000) of PKR 10 each	2,500	2,500		
	<b>3,913,076</b>	2,954,276		
<b>8.1</b> During the prior year, the Company acquired 100% voting shares of Cirin Pharmaceuticals (Private) Limited ("Cirin"). Cirin is a private limited company incorporated in Pakistan, which is involved in manufacturing and sale of pharmaceutical products. As of the reporting date, the value of the Company's investment on the basis of net assets of Cirin as disclosed in its audited financial statements:	<b>312,113</b>	150,522		
<b>8.2</b> On 6th March 2017, the Company entered into a joint venture with Morinaga Milk Industry Company Limited ("Morinaga") of Japan and Unibrands (Private) Limited ("Unibrands") to set up a plant for manufacturing infant/growing up formula. To initiate this project, a new Company NutriCo Morinaga (Private) Limited has been incorporated which is a subsidiary of ICI Pakistan Limited in which 51% shareholding is held by ICI Pakistan Limited. During the year, the company has subscribed for right issues resulting in no change in shareholding percentage. As of the reporting date, the value of the Company's investment on the basis of net assets as disclosed in its audited financial statements:	<b>1,484,420</b>	507,253		
<b>8.3</b> As of the reporting date, the value of the Company's investment on the basis of net assets of ICI Pakistan PowerGen Limited (the Subsidiary) as disclosed in its audited financial statements was:	<b>751,184</b>	777,152		
<b>8.4</b> The Company has reassessed the recoverable amount of the subsidiaries as at the reporting date and based on its assessment no material adjustment is required to the carrying amount stated in the unconsolidated financial statements.				
<b>8.5</b> Investment in subsidiaries and associates have been made in accordance with the requirements of the Act.				
<b>9. Long-term loans</b>				
<b>Considered good - secured</b>				
Due from executives and employees - note 9.1	<b>431,096</b>	370,465		
<b>9.1 Due from executives and employees</b>				
	<b>Motor Vehicle</b>	<b>House building</b>	<b>Total</b>	<b>Total</b>
Due from executives - note 9.2 and 9.3 Receivable within one year	<b>61,762</b> <b>(6,968)</b>	<b>60,356</b> <b>(28,037)</b>	<b>122,118</b> <b>(35,005)</b>	98,659 (28,862)
	<b>54,794</b>	<b>32,319</b>	<b>87,113</b>	69,797
Due from employees - note 9.3 Receivable within one year			<b>436,971</b> <b>(92,988)</b>	395,811 (95,143)
			<b>343,983</b>	300,668
			<b>431,096</b>	370,465
Outstanding for period				
- less than three years but over one year			<b>142,302</b>	122,288
- more than three years			<b>288,794</b>	248,177
			<b>431,096</b>	370,465



Amounts in PKR '000

	<b>As at June 30, 2018</b>	As at June 30, 2017
<b>9.2</b> Reconciliation of the carrying amount of loans to executives:		
Balance at the beginning of the year	<b>98,659</b>	90,731
Disbursements during the year	<b>79,479</b>	53,391
Received during the year	<b>(56,020)</b>	(45,463)
Balance at the end of the year	<b>122,118</b>	98,659
<b>9.3</b> Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees, including executives of the Company, in accordance with their terms of employment.		
<b>10. Long-term deposits and prepayments</b>		
Deposits	<b>31,354</b>	30,057
Prepayments	<b>5,784</b>	8,570
	<b>37,138</b>	38,627
<b>11. Stores, spares and consumables</b>		
Stores - note 11.1	<b>50,994</b>	157,336
Spares - note 11.1	<b>835,564</b>	793,771
Consumables	<b>109,003</b>	113,814
	<b>995,561</b>	1,064,921
Provision for slow moving and obsolete stores and spares - note 11.2	<b>(114,527)</b>	(122,285)
	<b>881,034</b>	942,636
<b>11.1</b> The above amounts include stores and spares in transit:	<b>34,796</b>	129,921
<b>11.2</b> Movement of provision for slow moving and obsolete stores and spares is as follows:		
Balance at the beginning of the year	<b>122,285</b>	147,518
Charge for the year - note 30	<b>3,171</b>	-
Write-off during the year	<b>(10,929)</b>	(25,233)
Balance at the end of the year	<b>114,527</b>	122,285
<b>12. Stock-in-trade</b>		
Raw and packing material includes in-transit PKR 1,847.965 million (June 30, 2017: PKR 862.180 million) - note 12.3	<b>4,501,714</b>	2,468,016
Work-in-process	<b>63,752</b>	75,244
Finished goods include in-transit PKR 20.798 million (June 30, 2017: PKR 6.318 million)	<b>4,188,199</b>	3,268,224
	<b>8,753,665</b>	5,811,484
Provision for slow moving and obsolete stock-in-trade - note 12.1		
- Raw material	<b>(14,039)</b>	(3,765)
- Finished goods	<b>(2,062)</b>	(61,072)
	<b>(16,101)</b>	(64,837)
	<b>8,737,564</b>	5,746,647

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>12.1</b> Movement of provision for slow moving and obsolete stock-in-trade is as follows:		
Balance at the beginning of the year	64,837	131,941
Charge for the year - note 30	(11,052)	63,506
Write-off during the year	(37,684)	(130,610)
Balance at the end of the year	16,101	64,837
<b>12.2</b> Stock amounting to PKR 2,399.087 million (June 30, 2017: PKR 734.965 million) is measured at net realisable value and expense amounting to PKR 160.810 million (June 30, 2017: PKR 25.648 million reversal) has been realized in cost of sales.		
<b>12.3</b> Includes raw and packing materials held with various toll manufacturers:		
Searle Pakistan Limited	246,512	111,841
Maple Pharmaceutical (Private) Limited	-	984
EPLA Laboratories (Private) Limited	-	7,770
Breeze Pharma (Private) Limited	6,259	10,140
Nova Med Pharmaceuticals (Private) Limited	51,926	11,685
BioGenics	-	115
Others	12,223	10,287
	316,920	152,822
<b>13. Trade debts</b>		
<b>Considered good</b>		
- Secured - note 13.1 and 13.2	383,890	392,649
- Unsecured		
Due from associated companies - note 13.1 and 13.2	17,641	4,405
Others	2,557,028	2,658,759
	2,958,559	3,055,813
<b>Considered doubtful - note 13.3</b>	212,454	82,801
	3,171,013	3,138,614
Provision for:		
- Doubtful debts - note 43.4 and 43.7	(212,454)	(82,801)
- Price adjustments and discounts	(352,741)	(508,473)
	(565,195)	(591,274)
	2,605,818	2,547,340
<b>13.1</b> The above balances include amounts due from the following related parties which are neither past due nor impaired as of the reporting date:		
<b>Secured</b>		
ICI Pakistan PowerGen Limited	-	122
<b>Unsecured</b>		
Lucky Knits (Private) Limited	-	528
Lucky Foods (Private) limited	1,106	155
Yunus Textile Mills Limited	14,766	1,847
Lucky Textile Mills Limited	1,755	1,861
Oil & Gas Development Company Limited	14	14
	17,641	4,405

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>13.2</b> The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows:		
<b>Secured</b>		
ICI Pakistan PowerGen Limited	-	486
<b>Unsecured</b>		
Lucky Knits (Private) Limited	-	844
Lucky Foods (Private) limited	1,106	417
Yunus Textile Mills Limited	17,232	11,351
Lucky Textile Mills Limited	1,777	2,361
Oil & Gas Development Company Limited	14	14
	<b>20,129</b>	<b>15,473</b>
<b>13.3 Provision for doubtful debts</b>		
Balance at beginning of the year	<b>82,801</b>	43,955
Charge during the year - net	<b>132,604</b>	38,846
Write-off	<b>(2,951)</b>	-
Balance at end of the year	<b>212,454</b>	82,801
<b>14. Loans and advances</b>		
<b>Considered good</b>		
Loans due from:		
Executives - note 14.1	<b>35,005</b>	28,862
Employees	<b>92,988</b>	95,143
	<b>127,993</b>	124,005
Advances to:		
Executives	<b>3,609</b>	3,628
Employees	<b>14,342</b>	14,416
Related parties - note 14.2	-	30,070
Contractors and suppliers	<b>371,063</b>	270,941
Others	<b>3,166</b>	1,131
	<b>392,180</b>	320,186
	<b>520,173</b>	444,191
<b>Considered doubtful</b>	<b>27,254</b>	-
	<b>547,427</b>	444,191
Provision for doubtful loans and advances - note 43.4 and 43.7	<b>(27,254)</b>	-
	<b>520,173</b>	444,191
<b>14.1</b> The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.	<b>36,604</b>	33,105
<b>14.2</b> The above balances include advances to related parties amounting to:		
Pakistan Cables Limited	-	20,853
Lucky Cement Limited	-	1,617
Cirin Pharmaceutical (Private) Limited	-	7,600
	-	30,070
<b>14.3</b> The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows:		
Pakistan Cables Limited	-	25,741
Lucky Cement Limited	-	3,623
Cirin Pharmaceutical (Private) Limited	-	7,600
	-	36,964

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>15. Trade deposits and short-term prepayments</b>		
Trade deposits	207,658	147,097
Short-term prepayments	98,496	417,288
	<b>306,154</b>	<b>564,385</b>

**16. Other receivables****Considered good**

Duties, sales tax and octroi refunds due	971,621	943,727
Commission and discounts receivable	94,849	42,834
Due from associated companies - note 16.1	17,415	164,000
Receivable from principal - note 16.3	102,813	209,114
Others	214,433	155,853
	<b>1,401,131</b>	<b>1,515,528</b>
<b>Considered doubtful</b>	<b>24,320</b>	<b>5,055</b>
	<b>1,425,451</b>	<b>1,520,583</b>
Provision for doubtful receivables - note 16.4	(24,320)	(5,055)
	<b>1,401,131</b>	<b>1,515,528</b>

**16.1** Due from related parties which are neither past due nor impaired includes the following:

NutriCo Pakistan (Private) Limited	17,415	164,000
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**16.2** The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.

NutriCo Pakistan (Private) Limited	179,999	164,000
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**16.3** This includes receivable from a foreign vendor in relation to margin support guarantee:

	66,581	128,527
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**16.4 Movement of provision for doubtful receivables**

Balance at the beginning of the year	5,055	1,622
Charge for the year	22,699	3,433
Write-offs	(3,434)	-
Balance at the end of the year	24,320	5,055

**17 Cash and bank balances**

Cash at banks:		
- Short-term deposits - note 17.1	101,037	124,350
- Current accounts	110,890	12,592
Cash in hand	6,916	4,806
	<b>218,843</b>	<b>141,748</b>

**17.1** Represent security deposits from customers that are placed with various separate bank accounts at pre-agreed rate maturing at various dates. These are interest based arrangements. The mark-up percentage on these deposits during the year was ranging from 5.0% to 7.0% (June 30, 2017: 5.50% to 6.50%) and these term deposits are readily encashable without any penalty.

Amounts in PKR '000

**18. Issued, subscribed and paid-up capital**

As at June 30, 2018 (Numbers)	As at June 30, 2017		As at June 30, 2018	As at June 30, 2017
83,734,062	83,734,062	Ordinary shares of PKR 10 each fully paid in cash	837,341	837,341
211,925	211,925	Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation (note 18.1)	2,119	2,119
16,786	16,786	Ordinary shares of PKR 10 each issued as fully paid bonus shares	168	168
8,396,277	8,396,277	Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate (note 18.2)	83,963	83,963
92,359,050	92,359,050		923,591	923,591

**18.1** The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 01, 1987.

**18.2** With effect from October 01, 2000, the Pure Terephthalic Acid (PTA) business of the Company was demerged under a scheme of arrangement dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.

**18.3** As at June 30, 2018, Lucky Holdings Limited together with Gadoon Textile Mills Limited and Lucky Textile Mills Limited held 86.14% (June 30, 2017: 86.14%) while institutions held 5.46% (June 30, 2017: 5.73%) and individuals and others held the balance of 8.40% (June 30, 2017: 8.13%). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

	As at June 30, 2018	As at June 30, 2017
<b>19 Capital reserves</b>		
Share premium - note 19.1	309,057	309,057
Capital receipts - note 19.2	586	586
	309,643	309,643
Surplus on revaluation of property, plant and equipment - note 19.3	669,495	743,948

**19.1** Share premium includes the premium amounting to PKR 0.902 million received on shares issued for the Company's Polyester Plant installation in 1980 and share premium of PKR 308.982 million representing the difference between nominal value of PKR 10 per share of 8,396,277 ordinary shares issued by the Company and the market value of PKR 392.958 million of these shares corresponding to 25% holding acquired in Lotte Pakistan PTA Limited, an ex-associate, at the date of acquisition i.e. November 2, 2001 and the number of shares that have been issued were determined in accordance with the previous scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange now Pakistan Stock Exchange (Limited) over the ten trading days between October 22, 2001 to November 2, 2001.

**19.2** Capital receipts represent the amount received from various ICI plc group companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

	As at June 30, 2018	As at June 30, 2017
<b>19.3 Surplus on revaluation of property, plant and equipment</b>		
Balance at the beginning of the year	743,948	829,645
Adjustment due to change in tax rate - note 22.1	5,622	11,611
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	(68,292)	(97,308)
Reversal of surplus on revaluation of property, plant and equipment	(11,783)	-
Balance at the end of the year	669,495	743,948



# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018				As at June 30, 2017			
<b>20. Provisions for non-management staff gratuity</b>	<b>99,007</b>				<b>102,289</b>			
<b>20.1 Staff retirement benefits</b>								
	2018				2017			
		Funded	Unfunded			Funded	Unfunded	
	Pension	Gratuity	Total		Pension	Gratuity	Total	
<b>20.1.1 The amounts recognised in the statement of profit or loss against defined benefit schemes are as follows:</b>								
Current service cost	14,219	42,866	57,085	1,262	13,653	42,796	56,449	2,782
Interest cost	75,757	47,238	122,995	7,066	74,207	47,820	122,027	6,710
Expected return on plan assets	(101,796)	(44,941)	(146,737)	-	(106,856)	(42,640)	(149,496)	-
Net (reversal) / charge for the year	(11,820)	45,163	33,343	8,328	(18,996)	47,976	28,980	9,492
<b>Other comprehensive income:</b>								
Loss / (gain) on obligation	18,044	4,939	22,983	(1,954)	142,055	22,379	164,434	9,903
(Gain) on plan assets	203,064	86,175	289,239	-	(60,949)	(39,238)	(100,187)	-
Net (gain) / loss	221,108	91,114	312,222	(1,954)	81,106	(16,859)	64,247	9,903
<b>20.1.2 Movement in the net assets / (liability) recognised in the statement of financial position are as follows:</b>								
Opening balance	359,163	(64,735)	294,428	(102,289)	421,273	(100,146)	321,127	(90,867)
Net reversal / (charge) - note 20.1.1	11,820	(45,163)	(33,343)	(8,328)	18,996	(47,976)	(28,980)	(9,492)
Other comprehensive income / (loss)	(221,108)	(91,114)	(312,222)	1,954	(81,106)	16,859	(64,247)	(9,903)
Contributions / payments during the year	-	65,987	65,987	9,656	-	66,528	66,528	7,973
Closing balance	149,875	(135,025)	14,850	(99,007)	359,163	(64,735)	294,428	(102,289)
<b>20.1.3 The amounts recognised in the statement of financial position are as follows:</b>								
Fair value of plan assets - note 20.1.5	1,234,794	571,967	1,806,761	-	1,472,114	624,614	2,096,728	-
Present value of defined benefit obligation - note 20.1.4	(1,084,919)	(706,992)	(1,791,911)	(99,007)	(1,112,951)	(689,349)	(1,802,300)	(102,289)
Net asset / (liability)	149,875	(135,025)	14,850	(99,007)	359,163	(64,735)	294,428	(102,289)
The recognized asset / liability of funded gratuity is netted off against recognized asset / liability of funded pension and recorded accordingly.								
<b>20.1.4 Movement in the present value of defined benefit obligation:</b>								
Opening balance	1,112,951	689,349	1,802,300	102,289	1,031,992	656,075	1,688,067	90,867
Current service cost	14,219	42,866	57,085	1,262	13,653	42,796	56,449	2,782
Interest cost	75,757	47,238	122,995	7,066	74,207	47,820	122,027	6,710
Benefits paid	(136,052)	(77,400)	(213,452)	(9,656)	(148,956)	(79,721)	(228,677)	(7,973)
Actuarial loss / (gain)	18,044	4,939	22,983	(1,954)	142,055	22,379	164,434	9,903
Closing balance	1,084,919	706,992	1,791,911	99,007	1,112,951	689,349	1,802,300	102,289
<b>20.1.5 Movement in the fair value of plan assets:</b>								
Opening balance	1,472,114	624,614	2,096,728	-	1,453,265	555,929	2,009,194	-
Expected return	101,796	44,941	146,737	-	106,856	42,640	149,496	-
Contributions	-	65,987	65,987	-	-	66,528	66,528	-
Benefits paid	(136,052)	(77,400)	(213,452)	-	(148,956)	(79,721)	(228,677)	-
Actuarial gain	(203,064)	(86,175)	(289,239)	-	60,949	39,238	100,187	-
Closing balance - note 20.1.7	1,234,794	571,967	1,806,761	-	1,472,114	624,614	2,096,728	-

Amounts in PKR '000

20.1.6 Historical information	June 30				
	2018	2017	2016	2015	2014
Present value of defined benefit obligation	<b>1,890,918</b>	1,904,589	1,778,934	1,626,347	1,627,301
Fair value of plan assets	<b>(1,806,761)</b>	(2,096,728)	(2,009,194)	(1,836,917)	(1,654,153)
Net (asset) / liability	<b>84,157</b>	(192,139)	(230,260)	(210,570)	(26,852)

20.1.7 Major categories / composition of plan assets are as follows:	2018	2017
Debt instruments	<b>65.34%</b>	60.69%
Equity at market value	<b>25.36%</b>	32.49%
Cash / Others	<b>9.30%</b>	6.82%

Fair value of plan asset	Pension	Gratuity	Pension	Gratuity
	As at June 30, 2018		As at June 30, 2017	
<b>Investment</b>				
National savings deposits	-	-	41,041	18,655
Government bonds	<b>834,644</b>	<b>345,945</b>	872,860	339,892
Mutual funds - equity	<b>70,769</b>	<b>42,815</b>	72,440	46,150
Shares	<b>317,201</b>	<b>140,990</b>	476,763	204,528
Cash	<b>12,180</b>	<b>42,217</b>	9,010	15,389
Total	<b>1,234,794</b>	<b>571,967</b>	1,472,114	624,614

Mortality of active employees and pensioners is represented by the LIC (96-98) table. The table has been rated down three years for mortality of female pensioners and widows.

Actual return on plan assets during the year	<b>(142,502)</b>	351,691
	<b>2018</b>	2017

#### 20.1.8 The principal actuarial assumptions at the reporting date were as follows:

Discount rate	<b>8.75%</b>	7.25%
Future salary increases - Management	<b>6.50%</b>	5.00%
Future salary increases - Non-management	<b>4.25%</b>	2.75%
Future pension increases	<b>3.75%</b>	2.25%

#### 20.1.9 Impact of changes in assumptions on defined benefit scheme is as follows:

Assumption	1% Increase	1% Decrease
Discount rate	(90,134)	100,886
Salary increase	68,209	(61,988)
Pension increase	34,993	(31,682)
	<b>As at June 30, 2018</b>	As at June 30, 2017
	<b>(Unaudited)</b>	(Audited)

#### 20.1.10 During the year, the Company contributed in the fund as follows:

Provident fund - note 20.3	<b>109,694</b>	95,992
Defined contribution superannuation fund - note 20.3	<b>88,044</b>	76,528

#### 20.2 Provident fund

Size of the fund (net assets)	<b>1,602,631</b>	1,750,080
Cost of investments made (actual investments made)	<b>1,386,693</b>	1,520,089
Percentage of investments made (cost of investments)	<b>87%</b>	87%
Fair value of investments	<b>1,521,356</b>	1,693,159

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

### 20.2.1 Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	As at June 30, 2018 (Unaudited)		As at June 30, 2017 (Audited)	
	Investments	% of investment as size of the fund	Investments	% of investment as size of the fund
<b>On fair value</b>				
Cash	232,091	15%	64,669	4%
Pakistan Investment Bonds	675,754	44%	1,078,682	64%
Treasury Bill	289,698	19%	33,348	2%
Regular Income Certificates	-	0%	21,713	1%
Mutual Funds	34,213	2%	61,838	4%
Shares	279,000	18%	432,909	26%
Term Finance Certificates	10,600	1%	-	0%
	<b>1,521,356</b>	<b>100%</b>	<b>1,693,159</b>	<b>100%</b>

**20.3** Investments out of provident fund and defined contribution superannuation fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

	As at June 30, 2018	As at June 30, 2017
<b>21 Long-term loans - secured</b>	<b>8,237,107</b>	<b>4,909,946</b>
Loans from banking companies / financial institutions:		
<b>Interest based arrangement - note 21.1</b>		
Long-term finance facility	2,567,208	1,960,331
Other long-term loan	5,633,333	2,593,333
<b>Shariah compliant</b>		
Islamic term finance	1,000,000	1,000,000
	<b>9,200,541</b>	<b>5,553,664</b>
<b>Current portion shown under current liabilities</b>	<b>(963,434)</b>	<b>(643,718)</b>
	<b>8,237,107</b>	<b>4,909,946</b>

**21.1** Represents the long term loans availed from various banks. These loans are secured against fixed assets of Soda Ash Business and Polyester Business amounting to PKR 2,500 million and PKR 11,900 million respectively. The markup on LTTF ranges from SBP Rate + 0.3% to 0.5% and on other long term loans from 6 months KIBOR + 0.05% to 3 months KIBOR + 0.25%. The profit rate on Islamic term finance is 6 months KIBOR + 0.05%. The markup is payable on quarterly and semi annual basis.

	As at June 30, 2018			As at June 30, 2017		
	Opening	(Reversal) / Charge	Closing	Opening	(Reversal) / Charge	Closing
<b>22 Deferred tax liability - net</b>						
<b>Deductible temporary differences</b>						
Provisions for retirement benefits, doubtful debts and others	(273,718)	21,646	(252,072)	(239,276)	(34,442)	(273,718)
Retirement fund provisions	(37,718)	(72,773)	(110,491)	(19,491)	(18,227)	(37,718)
Minimum Tax	-	(57,147)	(57,147)	-	-	-
<b>Taxable temporary differences</b>						
Property, plant and equipment - note 22.1	1,542,447	789,159	2,331,606	1,689,556	(147,109)	1,542,447
	<b>1,231,011</b>	<b>680,885</b>	<b>1,911,896</b>	<b>1,430,789</b>	<b>(199,778)</b>	<b>1,231,011</b>

Amounts in PKR '000		
	As at June 30, 2018	As at June 30, 2017
<b>22.1</b> Charge during the year includes amount adjusted in surplus on revaluation of property, plant and equipment on account of change in tax rate of:	<b>5,622</b>	11,611
<b>23 Trade and other payables</b>		
Trade creditors - note 23.1	<b>1,670,536</b>	2,156,670
Bills payable	<b>952,979</b>	3,301,165
Accrued expenses	<b>2,572,291</b>	2,500,967
Technical service fee / royalty - note 23.2	<b>25,323</b>	21,640
Workers' profit participation fund - note 23.3	<b>18,932</b>	237,441
Workers' welfare fund	<b>74,396</b>	51,684
Distributors' security deposits - payable on termination of distributorship - note 23.5	<b>120,704</b>	101,657
Contractors' earnest / retention money	<b>10,776</b>	10,572
Running account with customers - note 23.4	<b>284,658</b>	399,743
Payable for capital expenditure	<b>232,985</b>	1,108,733
Accrual for compensated absences - note 23.6	<b>31,500</b>	31,249
Others	<b>164,687</b>	118,359
	<b>6,159,767</b>	10,039,880
<b>23.1</b> This amount includes payable to ICI Pakistan PowerGen Limited, a related party on account of purchase of electricity:	<b>415,712</b>	404,087
<b>23.2</b> This amount includes royalty payable to Parent Company namely Lucky Holdings Limited registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan	<b>25,323</b>	21,640
<b>23.3 Workers' profit participation fund</b>		
Balance at the beginning of the year	<b>237,441</b>	188,002
Allocation for the year - note 32	<b>192,480</b>	231,406
	<b>429,921</b>	419,408
Interest on funds utilised in the Company's businesses at 130% (June 30, 2017: 48.25%) per annum	<b>1,359</b>	2,346
Payment to the fund	<b>(412,348)</b>	(184,313)
Balance at the end of the year	<b>18,932</b>	237,441
<b>23.4</b> Included herein are amounts due to the following associated undertakings:		
Fashion Textile Mills (Pvt) Limited	-	362

This figure is based on actuarial valuation and estimation.

**23.5** Interest on security deposits from certain distributors is payable at ranging from 5 % to 7 % (June 30, 2017: 5.50% to 6.50%) per annum as specified in the respective agreements. These security deposits are non utilizable. Further, the Company has not utilized any such deposit for the purpose of its business during the year.

**23.6** This figure is based on actuarial valuation and estimation.

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>24 Short-term borrowings and running finance</b>	<b>7,356,467</b>	2,118,446
<b>24.1 Export refinance</b>	<b>200,000</b>	50,000

The Company has export refinance facility of upto Rs. 1200 million (2017: Rs1200 million) available from a bank as at June 30, 2018 out of which Rs. 200 million was utilized (2017: Rs.50 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at SBP rate + 0.25% per annum (June 30, 2017: SBP rate + 0.25 % per annum).

<b>24.2 Money Market</b>	-	550,000
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During the year the Company had obtained numerous money market loans from different banks at an average price of Plain 3 Months KIBOR.

<b>24.3 Short-term running finance - secured</b>	<b>7,156,467</b>	1,518,446
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Short-term borrowings and running finance facility from various banks aggregated to Rs. 10,481 million (June 30, 2017: Rs. 7,281 million) and carry mark-up during the year ranging from KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.09% on utilized limits (June 30, 2017: relevant KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.12% on utilized limits). These facilities are secured by hypothecation charge over the present and future current assets of the Company.

## 25 Contingencies and Commitments

Claims against the Company not acknowledged as debts are as follows:

Local bodies	<b>166,501</b>	1,400
Others	<b>11,318</b>	15,302
	<b>177,819</b>	16,702

### 25.1 Details of material cases

Collectorate of customs - classification issue in PCT heading

Customs raised a demand for PKR 51.5 million on June 25, 2011 relating to classification issue of Titanium Di-Oxide during prior years. During the prior year, Company received a positive outcome for its case filed with Customs Appellate Tribunal and the case was decided in Company's favor.

Collectorate of customs raised demand of PKR 17.4 million on January 10, 2015, against the Company on the ground that Company is classifying its imported product Wannate 8019 in wrong PCT Heading. During the prior year, consignments were withheld by Customs Appraisalment due to classification issue. For clearance of these consignments, Company paid PKR 15.8 million as Security Deposit for getting Provisional clearance till the final decision of Classification Committee and Appellate forums, which is still awaited.



Amounts in PKR '000

For one other product Wannate PM 2010/ 8221, consignments were again withheld by Customs Intelligence on Classification issue. Company paid PKR 94 million as Security Deposit for Provisional Clearance of these consignments till final decision. Classification committee through a Public notice dated June 12, 2017 gave its view on classification of the product against the Company. Customs after the issuance of this Public Notice raised further demand relating to period prior to issuance of Public Notice, amounting to PKR 65 million. Company being dissatisfied with the verdict filed a Suit in Sindh High Court on certain grounds including that applicability of public notice cannot be done retrospectively. The court has granted a stay in favor of the Company till the next date of hearing. The Company is confident that it has a strong grounds to defend the case and is hopeful of positive outcome.

Soda Ash business was being charged at the Gas tariff rate of Captive Power Plant instead of Industrial tariff by SNGPL and a demand of PKR 92 million was raised. Lahore High Court vide its judgement dated January 9, 2018 decided the case in Company's favor. SNGPL has filed an appeal on April 19, 2018 against the decision of Lahore High Court which is pending for hearing. The Company is confident that the case will be decided in its favor.

The Company received a show cause notice on June 6, 2017 from the Sindh Revenue Board wherein a demand for the payment of workers welfare fund amounting to 69.965 million was raised by the Sindh Revenue Board. The Company on June 20, 2017 filed a petition challenging the demand on various legal grounds. The Company has been granted a stay dated June 20, 2017 from Sindh High Court and the case is pending for hearing. The Company is confident of a favorable outcome in this case.

**25.2** Tax related contingencies are disclosed in note 46 to these unconsolidated financial statements

	<b>As at June 30, 2018</b>	As at June 30, 2017
<b>25.3 Commitments</b>		
Commitments in respect of capital expenditure including various projects :	<b>190,543</b>	1,848,267
Commitments for rentals under operating lease / ijarah contracts in respect of vehicles are as follows:		
<b>Year</b>		
2017-18	-	72,921
2018-19	<b>76,099</b>	60,110
2019-20	<b>80,893</b>	39,393
2020-21	<b>85,989</b>	18,186
2021-22	<b>91,407</b>	-
	<b>334,388</b>	190,610
Payable not later than one year	<b>76,099</b>	72,921
Payable later than one year but not later than five years	<b>258,289</b>	117,689
	<b>334,388</b>	190,610
Unutilized LCs	<b>14,603</b>	12,050

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

### 26. Operating segment results

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Company	
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
					(Re-stated)	(Re-stated)				
Sales										
Afghanistan	-	-	90,754	59,967	-	-	566	1,247	91,320	61,214
India	-	-	685,444	584,537	-	-	-	-	685,444	584,537
Turkey	36,016	-	-	-	-	-	-	-	36,016	-
Others	4,713	-	21,651	-	-	-	-	-	26,364	-
	40,729	-	797,849	644,504	-	-	566	1,247	839,144	645,751
Inter-segment	-	-	-	-	-	-	9,457	7,214	9,457	7,214
Local	18,484,955	14,647,604	14,762,640	13,159,554	11,982,148	10,050,124	9,379,700	8,990,521	54,609,443	46,847,803
	18,525,684	14,647,604	15,560,489	13,804,058	11,982,148	10,050,124	9,389,723	8,998,982	55,458,044	47,500,768
Commission / toll income	-	-	-	-	74,147	-	68,541	55,085	142,688	55,085
Turnover	18,525,684	14,647,604	15,560,489	13,804,058	12,056,295	10,050,124	9,458,264	9,054,067	55,600,732	47,555,853
Sales tax	(27)	-	(2,156,167)	(1,897,987)	(88,863)	(76,229)	(743,643)	(681,952)	(2,988,700)	(2,656,168)
Commission	-	-	(158,275)	(147,170)	-	-	-	-	(158,275)	(147,170)
Discounts / price adjustment	(370,043)	(259,549)	(699,086)	(718,217)	(1,379,106)	(1,329,889)	(888,485)	(1,073,951)	(3,336,720)	(3,381,606)
	(370,070)	(259,549)	(3,013,528)	(2,763,374)	(1,467,969)	(1,406,118)	(1,632,128)	(1,755,903)	(6,483,695)	(6,184,944)
Net turnover	18,155,614	14,388,055	12,546,961	11,040,684	10,588,326	8,644,006	7,826,136	7,298,164	49,117,037	41,370,909
Cost of sales - note 28	(17,617,573)	(14,251,410)	(9,177,591)	(7,727,970)	(7,526,519)	(6,224,487)	(6,295,743)	(5,401,567)	(40,617,426)	(33,605,434)
Gross profit	538,041	136,645	3,369,370	3,312,714	3,061,807	2,419,519	1,530,393	1,896,597	8,499,611	7,765,475
Selling and distribution expenses - note 29	(270,431)	(242,348)	(300,056)	(296,027)	(1,461,951)	(1,191,095)	(862,270)	(877,644)	(2,894,708)	(2,607,114)
Administration and general expenses - note - 30	(220,460)	(332,202)	(322,444)	(287,018)	(282,977)	(243,903)	(381,181)	(251,662)	(1,207,062)	(1,114,785)
Operating result	47,150	(437,905)	2,746,870	2,729,669	1,316,879	984,521	286,942	767,291	4,397,841	4,043,576
26.1 Segment assets - note 26.5 and 27.3	11,178,674	9,682,810	24,602,890	20,854,646	9,808,393	6,131,919	8,953,650	5,740,246	36,639,578	31,944,363
26.2 Unallocated assets									6,508,551	4,211,498
									43,148,129	36,155,861
26.3 Segment liabilities - note 26.5 and 27.4	14,884,879	13,714,748	3,292,937	3,925,255	3,848,526	2,277,334	4,048,357	1,921,099	8,170,670	11,373,180
26.4 Unallocated liabilities									16,896,025	7,854,833
									25,066,695	19,228,013

26.5 Inter unit current account balances of respective businesses have been eliminated from the total.

26.6 Depreciation and amortization - note 6.7 and 7.1

	788,306	791,828	1,469,738	1,357,068	114,220	35,940	48,601	38,819	2,420,865	2,223,655
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26.7 Capital expenditure

	202,780	253,982	2,023,718	4,376,082	1,986,262	81,314	134,104	88,773	4,346,864	4,800,151
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26.8 There were no major customer of the Company which formed part of 10% or more of the Company's revenue.

26.9 Comparative figures have been re-stated due to the fact that Agri Division has now become a part of the Chemical Business and is now known as the Chemical & Agri Sciences Business

Amounts in PKR '000

	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017
<b>27. Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities</b>		
<b>27.1 Net turnover</b>		
Total net turnover for reportable segments - note 26	<b>49,117,037</b>	41,370,909
Elimination of inter-segment net turnover - note 26	<b>(9,457)</b>	(7,214)
Total net turnover	<b>49,107,580</b>	41,363,695
<b>27.2 Cost of sales</b>		
Total cost of sales for reportable segments - note 28	<b>40,617,426</b>	33,605,434
Elimination of inter-segment purchases - note 28	<b>(9,457)</b>	(7,214)
Total cost of sales	<b>40,607,969</b>	33,598,220
<b>27.3 Assets</b>		
Total assets for reportable segments	<b>36,639,578</b>	31,944,363
Taxation recoverable	<b>2,595,475</b>	1,257,222
Long-term investments - note 8	<b>3,913,076</b>	2,954,276
Total assets	<b>43,148,129</b>	36,155,861
<b>27.4 Liabilities</b>		
Total liabilities for reportable segments	<b>8,170,670</b>	11,373,180
Short-term borrowing and running finance - note 24	<b>7,356,467</b>	2,118,446
Long-term loan - note 21	<b>9,200,541</b>	5,553,664
Accrued mark-up	<b>249,638</b>	102,155
Unclaimed dividends	<b>89,379</b>	80,568
Total liabilities	<b>25,066,695</b>	19,228,013

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

**28. Cost of sales**

	<b>Polyester</b>		<b>Soda Ash</b>		<b>Life Sciences</b>		<b>Chemicals &amp; Agri Sciences</b>		<b>Company</b>	
	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017
						(Re-stated)		(Re-stated)		
<b>Raw and packing materials consumed</b>										
Opening stock	<b>742,941</b>	644,917	<b>645,261</b>	625,823	<b>523,062</b>	689,762	<b>552,987</b>	297,614	<b>2,464,251</b>	2,258,116
Purchases										
Inter-segment	<b>6,277</b>	5,532	<b>-</b>	-	<b>3,180</b>	1,682	<b>-</b>	-	<b>9,457</b>	7,214
Others	<b>15,550,745</b>	11,801,977	<b>3,835,609</b>	2,223,176	<b>2,556,594</b>	1,427,814	<b>2,797,903</b>	2,588,548	<b>24,740,851</b>	18,041,515
	<b>15,557,022</b>	11,807,509	<b>3,835,609</b>	2,223,176	<b>2,559,774</b>	1,429,496	<b>2,797,903</b>	2,588,548	<b>24,750,308</b>	18,048,729
	<b>16,299,963</b>	12,452,426	<b>4,480,870</b>	2,848,999	<b>3,082,836</b>	2,119,258	<b>3,350,890</b>	2,886,162	<b>27,214,559</b>	20,306,845
Closing stock - note 12	<b>(1,387,531)</b>	(742,941)	<b>(1,328,911)</b>	(645,261)	<b>(1,209,214)</b>	(523,062)	<b>(562,019)</b>	(552,987)	<b>(4,487,675)</b>	(2,464,251)
Raw material consumed	<b>14,912,432</b>	11,709,485	<b>3,151,959</b>	2,203,738	<b>1,873,622</b>	1,596,196	<b>2,788,871</b>	2,333,175	<b>22,726,884</b>	17,842,594
Salaries, wages and benefits - note 28.1	<b>514,838</b>	485,944	<b>927,637</b>	808,959	<b>315,381</b>	45,162	<b>65,693</b>	67,982	<b>1,823,549</b>	1,408,047
Stores and spares consumed	<b>232,241</b>	182,685	<b>168,214</b>	162,273	<b>28,618</b>	(6,562)	<b>11,591</b>	13,824	<b>440,664</b>	352,220
Conversion fee paid to contract manufacturers	-	-	-	-	<b>416,539</b>	351,406	<b>40,941</b>	48,546	<b>457,480</b>	399,952
Oil, gas and electricity	<b>1,416,990</b>	1,133,944	<b>3,318,412</b>	2,629,665	-	-	<b>25,954</b>	20,881	<b>4,761,356</b>	3,784,490
Rent, rates and taxes	<b>1,559</b>	1,698	<b>1,523</b>	1,371	<b>28,125</b>	12,471	<b>54,907</b>	43,766	<b>86,114</b>	59,306
Insurance	<b>19,940</b>	15,946	<b>35,566</b>	26,972	<b>27</b>	151	<b>1,652</b>	1,699	<b>57,185</b>	44,768
Repairs and maintenance	<b>13,452</b>	12,632	<b>8,803</b>	6,105	<b>11,507</b>	3,237	<b>8,489</b>	6,928	<b>42,251</b>	28,902
Depreciation and amortisation charge - note 6.7 and 7.1	<b>781,321</b>	779,835	<b>1,455,561</b>	1,344,567	<b>82,362</b>	8,145	<b>23,322</b>	23,415	<b>2,342,566</b>	2,155,962
Write-offs - Inventory	-	-	-	-	<b>46,727</b>	-	<b>225,751</b>	-	<b>272,478</b>	-
Technical fees	-	-	-	-	-	-	<b>1,482</b>	8,483	<b>1,482</b>	8,483
General expenses	<b>230,316</b>	199,663	<b>289,260</b>	228,257	<b>91,216</b>	17,875	<b>38,666</b>	44,434	<b>649,458</b>	490,229
Opening stock of work-in-process	<b>52,831</b>	96,152	-	-	<b>508</b>	1,647	<b>21,905</b>	42,380	<b>75,244</b>	140,179
Closing stock of work-in-process - note 12	<b>(39,659)</b>	(52,831)	-	-	<b>(14,121)</b>	(508)	<b>(9,972)</b>	(21,905)	<b>(63,752)</b>	(75,244)
<b>Cost of goods manufactured</b>	<b>18,136,261</b>	14,565,153	<b>9,356,935</b>	7,411,907	<b>2,880,511</b>	2,029,220	<b>3,299,252</b>	2,633,608	<b>33,672,959</b>	26,639,888
Opening stock of finished goods	<b>733,887</b>	401,556	<b>87,897</b>	133,957	<b>802,159</b>	967,973	<b>1,583,209</b>	1,394,965	<b>3,207,152</b>	2,898,451
Finished goods purchased	<b>(9,894)</b>	18,588	<b>(2,338)</b>	270,003	<b>5,038,849</b>	4,075,201	<b>2,885,783</b>	2,973,961	<b>7,912,400</b>	7,337,753
	<b>18,860,254</b>	14,985,297	<b>9,442,494</b>	7,815,867	<b>8,721,519</b>	7,072,394	<b>7,768,244</b>	7,002,534	<b>44,792,511</b>	36,876,092
Closing stock of finished goods - note 12	<b>(1,242,681)</b>	(733,887)	<b>(264,903)</b>	(87,897)	<b>(1,214,244)</b>	(802,159)	<b>(1,464,309)</b>	(1,583,209)	<b>(4,186,137)</b>	(3,207,152)
Provision for slow moving and obsolete stocks - note 12.1	-	-	-	-	<b>19,244</b>	(45,748)	<b>(8,192)</b>	(17,758)	<b>11,052</b>	(63,506)
	<b>17,617,573</b>	14,251,410	<b>9,177,591</b>	7,727,970	<b>7,526,519</b>	6,224,487	<b>6,295,743</b>	5,401,567	<b>40,617,426</b>	33,605,434

**28.1 Staff retirement benefits**

Salaries, wages and benefits includes amount in respect of staff retirement benefits:

**103,564** 93,775

Amounts in PKR '000

**29. Selling and distribution expenses**

	<b>Polyester</b>		<b>Soda Ash</b>		<b>Life Sciences</b>		<b>Chemicals &amp; Agri Sciences</b>		<b>Company</b>	
	<b>For the year ended June 30, 2018</b>	<b>For the year ended June 30, 2017</b>	<b>For the year ended June 30, 2018</b>	<b>For the year ended June 30, 2017</b>	<b>For the year ended June 30, 2018</b>	<b>For the year ended June 30, 2017</b>	<b>For the year ended June 30, 2018</b>	<b>For the year ended June 30, 2017</b>	<b>For the year ended June 30, 2018</b>	<b>For the year ended June 30, 2017</b>
Salaries and benefits - note 29.1	<b>54,044</b>	49,641	<b>42,829</b>	42,233	<b>635,178</b>	563,329	<b>395,653</b>	385,875	<b>1,127,704</b>	1,041,078
Repairs and maintenance	<b>223</b>	205	<b>973</b>	1,036	<b>4,946</b>	4,439	<b>6,056</b>	4,839	<b>12,198</b>	10,519
Advertising and publicity expenses	<b>3,952</b>	23,420	<b>5,507</b>	28,900	<b>266,479</b>	259,805	<b>59,745</b>	78,519	<b>335,683</b>	390,644
Rent, rates and taxes	<b>469</b>	552	<b>3,740</b>	2,781	<b>13,821</b>	15,730	<b>5,476</b>	6,590	<b>23,506</b>	25,653
Insurance	-	-	<b>84</b>	342	<b>15,797</b>	9,722	<b>11,305</b>	8,231	<b>27,186</b>	18,295
Lighting, heating and cooling	<b>107</b>	134	<b>2,041</b>	2,214	<b>7,219</b>	4,039	<b>7,881</b>	5,477	<b>17,248</b>	11,864
Depreciation and amortisation charge - note 6.7 and 7.1	-	-	<b>86</b>	86	<b>23,796</b>	14,343	<b>12,990</b>	15,557	<b>36,872</b>	29,986
Outward freight and handling	<b>10,770</b>	1,180	<b>104,262</b>	88,417	<b>177,289</b>	89,878	<b>157,407</b>	160,653	<b>449,728</b>	340,128
Travelling expenses	<b>9,814</b>	12,321	<b>2,493</b>	3,417	<b>166,829</b>	137,293	<b>95,506</b>	89,897	<b>274,642</b>	242,928
Postage, telegram, telephone and telex	<b>1,393</b>	1,216	<b>1,676</b>	2,009	<b>18,316</b>	14,329	<b>10,905</b>	11,151	<b>32,290</b>	28,705
Royalty Note -29.2	<b>181,556</b>	143,844	<b>125,470</b>	110,407	-	-	-	-	<b>307,026</b>	254,251
General expenses	<b>8,103</b>	9,835	<b>10,895</b>	14,185	<b>132,281</b>	78,188	<b>99,346</b>	110,855	<b>250,625</b>	213,063
	<b>270,431</b>	242,348	<b>300,056</b>	296,027	<b>1,461,951</b>	1,191,095	<b>862,270</b>	877,644	<b>2,894,708</b>	2,607,114

**29.1 Staff retirement benefits**

Salaries and benefits includes amount in respect of staff retirement benefits: **65,420** 59,573

**29.2** Royalty amounting to PKR 307.026 million (June 30, 2017: 254.251 million) is charged by the Parent Company namely "Lucky Holding Limited" registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan.

**30. Administration and general expenses**

Salaries and benefits - note 30.1	<b>131,199</b>	199,205	<b>195,506</b>	180,905	<b>180,459</b>	115,809	<b>128,936</b>	134,148	<b>636,100</b>	630,067
Repairs and maintenance	<b>1,852</b>	3,738	<b>4,149</b>	4,217	<b>5,610</b>	4,858	<b>1,760</b>	1,589	<b>13,371</b>	14,402
Advertising and publicity expenses	<b>3,399</b>	2,877	<b>8,169</b>	3,259	<b>3,550</b>	199	<b>2,688</b>	1,709	<b>17,806</b>	8,044
Rent, rates and taxes	<b>4,975</b>	6,383	<b>3,629</b>	3,113	<b>2,274</b>	1,655	<b>1,194</b>	1,052	<b>12,072</b>	12,203
Insurance	<b>571</b>	1,022	<b>907</b>	1,223	<b>3,998</b>	4,388	<b>815</b>	693	<b>6,291</b>	7,326
Lighting, heating and cooling	<b>4,171</b>	5,685	<b>5,195</b>	4,137	<b>15,076</b>	9,468	<b>6,344</b>	5,367	<b>30,786</b>	24,657
Depreciation and amortisation charge - note 6.7 and 7.1	<b>6,985</b>	11,993	<b>14,091</b>	12,415	<b>8,062</b>	4,885	<b>12,289</b>	8,414	<b>41,427</b>	37,707
Provision for doubtful debts - note 43.7 and 16.4	<b>153</b>	553	<b>15,673</b>	-	<b>10,480</b>	13,145	<b>156,251</b>	25,148	<b>182,557</b>	38,846
Provision for slow moving and obsolete stock-in-trade note 12.1	-	-	-	-	<b>(19,244)</b>	45,748	<b>8,192</b>	17,758	<b>(11,052)</b>	63,506
Provision for slow moving and obsolete stores and spares - note 11.2	-	-	<b>3,171</b>	-	-	-	-	-	<b>3,171</b>	-
Travelling expenses	<b>5,116</b>	8,808	<b>8,187</b>	6,512	<b>15,224</b>	8,494	<b>6,563</b>	5,647	<b>35,090</b>	29,461
Postage, telegram, telephone and telex	<b>2,213</b>	3,648	<b>3,020</b>	2,833	<b>3,384</b>	4,075	<b>2,707</b>	2,214	<b>11,324</b>	12,770
General expenses	<b>59,826</b>	88,290	<b>60,747</b>	68,404	<b>54,104</b>	31,179	<b>53,442</b>	47,923	<b>228,119</b>	235,796
	<b>220,460</b>	332,202	<b>322,444</b>	287,018	<b>282,977</b>	243,903	<b>381,181</b>	251,662	<b>1,207,062</b>	1,114,785

**30.1 Staff retirement benefits**

Salaries and benefits includes amounts in respect of staff retirement benefits: **69,188** 61,913



# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>31 Other charges</b>		
Auditors' remuneration - note 31.1	5,961	5,430
Donations - note 31.2	40,000	20,000
Workers' profit participation fund	192,480	231,406
Workers' welfare fund	22,712	56,696
Workers' welfare fund - Reversal	-	(174,638)
Impairment of fixed asset	36,759	-
Others	5,820	4,934
	<b>303,732</b>	<b>143,828</b>
<b>31.1 Auditors' remuneration</b>		
Statutory audit fee	3,334	3,031
Half yearly review and other certifications	1,512	1,264
Out of pocket expenses	1,115	1,135
	<b>5,961</b>	<b>5,430</b>
<b>31.2</b> Represents provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Director of the Group, Mr. Suhail Aslam Khan, Mr. Arshaduddin Ahmed, Ms. Saima Kamila Khan and Ms. Fathema Zuberi, Executives of the Company are amongst the Trustees of the Foundation.		
<b>32 Finance costs</b>		
Mark-up on short term borrowings and running finance	551,017	308,508
Interest on workers' profit participation fund - note 23.3	1,359	2,346
Discounting charges on receivables	79,609	70,388
Guarantee fee and others	9,707	3,902
	<b>641,692</b>	<b>385,144</b>
<b>Penalty</b>		
This includes penalty that are either charge to the statement of profit or loss or waived	125	-
<b>33 Other income</b>		
<b>Income from financial assets</b>		
<b>Income from related party</b>		
Service fee from related party - note 33.1	1,980	1,980
<b>Income from other financial assets</b>		
Profit on interest bearing short-term and call deposits	5,512	198
	<b>7,492</b>	<b>2,178</b>
<b>Income from non-financial assets</b>		
Scrap sales	62,398	83,248
Gain on disposal of operating property plant & equipment	6,255	4,872
Provisions and accruals no longer required written back	130	5,679
Dividend from associate	420,000	668,000
Dividend from subsidiary	120,000	125,000
Sundries	10,704	3,724
	<b>626,979</b>	<b>892,701</b>
<b>33.1</b> This represents amount charged by the Company for certain management and other services rendered to its wholly owned subsidiary, ICI Pakistan PowerGen Limited, in accordance with the service agreement.		

Amounts in PKR '000

	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017
<b>34. Taxation</b>		
Current	<b>543,758</b>	1,268,219
Prior	<b>(712,340)</b>	-
Deferred	<b>759,280</b>	(169,940)
Net tax charged - note 34.2	<b>590,698</b>	1,098,279

**34.1** Provision against tax in the financial statements for the years 2017, 2016 and 2015 amounts to PKR 668.948 million, PKR 473.210 million and PKR 399.842 million as against the assessed tax of PKR 503.855 million, PKR 384.842 million and PKR 361.359 million respectively. The tax provisions for these years are thus sufficient and adequately covers the assessed / declared position.

<b>34.2</b> Profit before taxation	<b>3,650,402</b>	4,394,370
Tax @ 30% (2017: 31%)	<b>1,095,121</b>	1,362,254
Effect of credit under section 65B	<b>(497,925)</b>	(130,996)
Effect of change in tax rate on beginning deferred tax liability	<b>(69,224)</b>	(36,694)
Effect of lower rate of dividend income	<b>(99,000)</b>	(162,330)
Others	<b>161,726</b>	66,045
Net tax charged	<b>590,698</b>	1,098,279
Average effective tax rate	<b>16.18%</b>	24.99%

### **35 Basic and diluted earnings per share (EPS)**

#### **35.1 Continuing operations**

Profit after taxation for the year	<b>3,059,704</b>	3,296,091
	<b>Number of shares</b>	
Weighted average number of ordinary shares outstanding during the year	<b>92,359,050</b>	92,359,050
	<b>PKR</b>	
Basic and diluted earnings per share (EPS)	<b>33.13</b>	35.69

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>36 Cash flows from operating activities</b>		
Profit before taxation	<b>3,650,402</b>	4,394,370
Adjustments for:		
Depreciation and amortisation - note 6.7 and 7.1	<b>2,420,865</b>	2,223,655
Gain on disposal of operating fixed assets - note 33	<b>(6,255)</b>	(4,872)
Impairment charge of fixed asset	<b>36,759</b>	-
Provision for staff retirement benefit plan - note 20.1.1	<b>33,343</b>	28,980
Provision for non-management staff gratuity and eligible retired employees' medical scheme	<b>31,975</b>	29,175
Interest on short-term bank deposits	<b>(5,512)</b>	(198)
Dividend from subsidiary - note 33	<b>(120,000)</b>	(125,000)
Dividend from associate - note 33	<b>(420,000)</b>	(668,000)
Interest expense	<b>641,690</b>	385,144
Provision for doubtful debts - note 43.7 and 16.4	<b>182,557</b>	38,846
Provision for slow moving and obsolete stock-in-trade note 12.1	<b>(11,052)</b>	63,506
Provision for slow moving and obsolete stores and spares - note 11.2	<b>3,171</b>	-
Provisions and accruals no longer required written back - note 33	<b>(130)</b>	(5,679)
	<b>6,437,813</b>	6,359,927
Movement in:		
Working capital - note 36.1	<b>(6,019,905)</b>	(771,585)
Long-term loans	<b>(60,632)</b>	(14,133)
Long-term deposits and prepayments	<b>1,490</b>	(5,033)
	<b>358,766</b>	5,569,176

### 36.1 Movement in working capital

<b>(Increase) / decrease in current assets</b>		
Stores, spares and consumables	<b>103,539</b>	(130,673)
Stock-in-trade	<b>(2,892,443)</b>	(513,407)
Trade debts	<b>(241,035)</b>	(945,739)
Loans and advances	<b>(75,852)</b>	(47,170)
Trade deposits and short-term prepayments	<b>(21,346)</b>	(162,371)
Other receivables	<b>114,397</b>	(790,117)
	<b>(3,012,740)</b>	(2,589,477)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	<b>(3,007,165)</b>	1,817,892
	<b>(6,019,905)</b>	(771,585)

Amounts in PKR '000

**37 Remuneration of chief executive, directors and executives**

The amounts charged in the financial statements for the remuneration, including all benefits, to the chief executive, directors and executives of the Company were as follows:

	<b>Chief Executive</b>		<b>Directors</b>		<b>Executives</b>		<b>Total</b>	
	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017
Managerial remuneration	<b>54,390</b>	52,137	<b>36,251</b>	34,104	<b>612,442</b>	540,961	<b>703,083</b>	627,202
Gratuity	<b>2,580</b>	2,473	<b>1,846</b>	1,740	<b>39,137</b>	37,157	<b>43,563</b>	41,370
Provident Fund	<b>3,108</b>	2,979	<b>2,224</b>	2,097	<b>48,193</b>	42,684	<b>53,525</b>	47,760
Pension	<b>3,294</b>	3,158	<b>2,358</b>	2,222	<b>44,332</b>	38,327	<b>49,984</b>	43,707
Group insurance	<b>51</b>	55	<b>51</b>	55	<b>3,432</b>	3,327	<b>3,534</b>	3,437
Rent and house maintenance	<b>2,117</b>	1,636	-	-	<b>195,369</b>	172,595	<b>197,486</b>	174,231
Utilities	<b>1,308</b>	1,033	-	-	<b>47,401</b>	42,100	<b>48,709</b>	43,133
Medical expenses	<b>183</b>	210	<b>28</b>	62	<b>21,484</b>	9,593	<b>21,695</b>	9,865
	<b>67,031</b>	63,681	<b>42,758</b>	40,280	<b>1,011,790</b>	886,744	<b>1,121,579</b>	990,705
Number of persons as at the reporting date	<b>1</b>	1	<b>1</b>	1	<b>197</b>	181	<b>199</b>	183

**37.1** The directors and certain executives are provided with free use of the Company leased cars in accordance with their entitlement. The chief executive is provided with free use of Company leased car, certain household equipment and maintenance when needed.

	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017
<b>37.2</b> Remuneration paid to Chairman during the year:	-	-
<b>37.3</b> During the year fee paid to six non-executive directors for attending board and other meetings, which is not part of remuneration amounts to:	<b>3,000</b>	3,313

	<b>As at and for the year ended June 30, 2018</b>	As at and for the year ended June 30, 2017
<b>37.4</b> Total number of employees as at the reporting date	<b>1,663</b>	1,386
Average number of employees during the year	<b>1,606</b>	1,375
Total number of Factory employees as at the reporting date	<b>774</b>	621
Average number of Factory employees during the year	<b>698</b>	559

**37.5** As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

### 38. Transactions with related parties

The related parties comprise the Parent Company (Lucky Holdings Limited), the Ultimate Parent Company (Lucky Cement Limited) and related group companies, local associated company, subsidiary company, directors of the Company, companies where directors also hold directorship, key employees (note 37) and staff retirement funds (note 20). Details of transactions with related parties other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

Relationship with the company	Nature of transaction	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>Parent Company</b>	Dividend	<b>1,232,928</b>	1,170,969
	Royalty	<b>307,026</b>	254,251
<b>Subsidiary companies:</b>			
<i>ICI Pakistan PowerGen Limited</i>	Purchase of electricity	<b>641,170</b>	527,052
	Sale of goods and material	-	221
	Dividend income	<b>120,000</b>	125,000
<i>Cirin Pharmaceutical (Private) Limited</i>	Investment in subsidiary	-	981,300
	Sale of goods and material	<b>33</b>	-
<i>NutriCo Morinaga (Private) Limited</i>	Investment in subsidiary	<b>958,800</b>	510,000
	Disposal of Land / relocation expense	<b>38,566</b>	-
	Provision of Services	<b>14,301</b>	-
<b>Associated companies</b>	Purchase of goods, materials and services	<b>88,418</b>	118,276
	Sale of goods and materials	<b>1,973,792</b>	1,424,859
	Dividend received from associate	<b>420,000</b>	668,000
	Reimbursement of expenses	<b>77,692</b>	88,272
	Dividend paid to associates	<b>199,046</b>	187,988
	Donations paid	<b>40,000</b>	20,000
<b>Key management personnel</b>	Remuneration paid	<b>215,835</b>	195,068
	Post employment benefits	<b>34,183</b>	31,159
	Dividends paid	<b>9,168</b>	8,635

### 39. Plant capacity and annual production

- in metric tonnes except Nutraceuticals and Life Sciences which is in packs:

	For the year ended June 30, 2018		For the year ended June 30, 2017	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	<b>122,250</b>	<b>126,853</b>	122,250	121,929
Soda Ash - note 39.1	<b>425,000</b>	<b>378,248</b>	350,000	342,416
Chemicals - note 39.2	-	<b>16,026</b>	-	14,210
Life Sciences	<b>25,628,345</b>	<b>29,869,565</b>	25,628,345	1,915,739
Sodium Bicarbonate	<b>40,000</b>	<b>38,000</b>	40,000	31,660
Nutraceuticals - note 39.2	-	<b>3,167,090</b>	-	3,018,534

**39.1** Out of total production of 378,248 metric tonnes soda ash, 34,200 metric tonnes was transferred for production of 38,000 tonnes of Sodium Bicarbonate. Further annual capacity was enhanced with effect from February 2018 by 75,000 tonnes per annum.

**39.2** The capacity of Chemicals and Nutraceuticals is indeterminable because these are multi-product with multiple dosage and multiple pack size plants.



Amounts in PKR '000

**40. Fair value of financial assets and liabilities**

The carrying amounts of the financial assets and financial liabilities as at the reporting date approximate their fair values.

**41. Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

**41.1 Risk management framework**

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**42. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, currency risk and other price risk.

**42.1 Interest rate risk**

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were:

	<b>Carrying Amount</b>	
	<b>As at June 30, 2018</b>	As at June 30, 2017
<b>Fixed rate instruments</b>		
Financial assets - note 17	<b>101,037</b>	124,350
Financial liabilities - note 21 and 23	<b>(2,687,912)</b>	(1,529,818)
	<b>(2,586,875)</b>	(1,405,468)
<b>Variable rate instruments</b>		
Financial liabilities - note 21 and 24	<b>(13,989,800)</b>	(4,691,779)
	<b>(13,989,800)</b>	(4,691,779)

**Sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

**Sensitivity analysis for variable rate instruments**

If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been: PKR 139.898 million (June 30, 2017: PKR 46.910 million).

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

### 42.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. When the management expects future depreciation of Pak Rupee, the Company enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Company's treasury policy. The policy allows the Company to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross exposure classified into separate foreign currencies:

	CNY	EURO	USD	GBP	JPY
<b>As at June 30, 2018</b>					
Other receivables	-	6,053	11,741	-	-
	-	6,053	11,741	-	-
Trade and other payables	-	(31,822)	(141,663)	(4,623)	(620)
Gross exposure	-	(25,769)	(129,922)	(4,623)	(620)
<b>As at June 30, 2017</b>					
Other receivables	-	990	33,346	-	-
	-	990	33,346	-	-
Trade and other payables	(606,417)	(158,390)	(2,152,362)	(10,096)	(549)
Gross exposure	(606,417)	(157,400)	(2,119,016)	(10,096)	(549)

Significant exchange rates applied during the year were as follows:

PKR per	Average rate		Spot rate	
	For the year ended June 30, 2018	For the year ended June 30, 2017	As at June 30, 2018	As at June 30, 2017
	PKR		PKR	
EURO	131.43	114.22	141.59	119.63
USD	110.07	104.81	121.63	104.85
GBP	148.40	132.93	159.49	136.24
CNY	13.69	15.39	18.39	15.47
JPY	1.00	0.96	1.10	0.94

### Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 1.609 million (June 30, 2017: PKR 28.935 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2017, if Pak Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Company profit before tax at June 30, 2018 and June 30, 2017 would be as follows:

	Increase / decrease in exchange rates	Effect on Profit before tax (CNY)	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
<b>2018</b>						
Pak Rupee	+1%	-	258	1,299	46	6
Pak Rupee	-1%	-	(258)	(1,299)	(46)	(6)
<b>2017</b>						
Pak Rupee	+1%	6,064	1,574	21,190	101	5
Pak Rupee	-1%	(6,064)	(1,574)	(21,190)	(101)	(5)

Amounts in PKR '000

**43. Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	As at June 30, 2018	As at June 30, 2017
<b>43.1 Financial assets</b>		
Long-term investments - note 8	962,500	962,500
Long-term loans - note 9	431,096	370,465
Long-term deposits - note 10	31,354	30,057
Trade debts - note 13	2,605,818	2,547,340
Loans and advances - note 14	520,173	444,191
Trade deposits - note 15	207,658	147,097
Other receivables - note 16	429,510	571,801
Bank balances - note 17	211,927	136,942
	<b>5,400,036</b>	<b>5,210,393</b>

**43.2** The Company has placed its funds with banks which are rated A1+ by PACRA and A-1+ by JCR-VIS

**43.3 Financial assets**

- Secured	933,676	905,041
- Unsecured	4,466,360	4,305,352
	<b>5,400,036</b>	<b>5,210,393</b>

**43.4** The ageing of trade debts and loans and advances at the reporting date is as follows:

<b>Not past due</b>	<b>2,575,226</b>	<b>2,534,770</b>
<b>Past due but not impaired:</b>		
Not more than three months	585,597	462,100
<b>Past due and impaired:</b>		
More than three months and not more than six months	51,742	36,274
More than six months and not more than nine months	51,049	778
More than nine months and not more than one year	53,788	20,101
More than one year	48,297	20,309
	<b>790,473</b>	<b>539,562</b>
Provision for:		
- Doubtful debts - note 13	(212,454)	(82,801)
- Doubtful loans and advances - note 14	(27,254)	-
	<b>(239,708)</b>	<b>(82,801)</b>
	<b>3,125,991</b>	<b>2,991,531</b>

**43.5** There were no past due or impaired receivables from related parties.

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>43.6</b> The maximum exposure to credit risk for past due at the reporting date by type of counterparty was:		
Wholesale customers	<b>368,801</b>	73,749
Retail customers	<b>421,672</b>	465,799
End-user customers	-	14
	<b>790,473</b>	539,562
Provision for:		
- Doubtful debts - note 13	<b>(212,454)</b>	(82,801)
- Doubtful loans and advances - note 14	<b>(27,254)</b>	-
	<b>(239,708)</b>	(82,801)
	<b>550,765</b>	456,761

**43.7** Movement of provision for doubtful debts, loans and advances

	Trade debts	Loans and advances	Total	Total
Balance at the beginning of the year	<b>82,801</b>	-	82,801	43,955
Additional provision - note 13.3 and 14	<b>132,604</b>	<b>27,254</b>	159,858	38,846
Written-off during the year	<b>(2,951)</b>	-	(2,951)	(7,222)
Balance at the end of the year	<b>212,454</b>	<b>27,254</b>	239,708	75,579

**43.7.1** The recommended approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply a dynamic approach to the remainder of receivables. The procedure introduces a company-standard for dynamic provisioning:

- Provide an impairment loss for 50% of the outstanding receivable when overdue more than 90 days, and
- Provide an impairment loss for 100% when overdue more than 120 days.

**43.8 Concentration risk**

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	As at June 30, 2018	As at June 30, 2017
Textile and Chemicals	<b>1,953,669</b>	871,525
Glass	<b>9,669</b>	31,056
Paper and Board	<b>4,698</b>	10,348
Life Sciences	<b>737,864</b>	341,033
Paints	<b>48,564</b>	47,785
Banks	<b>218,843</b>	141,748
Others	<b>611,235</b>	1,772,585
	<b>3,584,542</b>	3,216,080
Provision for:		
- Doubtful debts - note 13	<b>(212,454)</b>	(82,801)
- Doubtful loans and advances - note 14	<b>(27,254)</b>	-
	<b>(239,708)</b>	(82,801)
	<b>3,344,834</b>	3,133,279

**43.9** Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Company is not materially exposed to other price risk except investment in subsidiary which is carried at cost against which provision for impairment has been provided in these unconsolidated financial statements.

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

### 44. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the maturity date.

	Carrying amount	Contractual cash flows	Less than one year
<b>As at June 30, 2018</b>			
<b>Financial liabilities</b>			
Trade creditors - note 23	1,670,536	(1,670,536)	(1,670,536)
Bills payable - note 23	952,979	(952,979)	(952,979)
Accrued mark-up	249,638	(249,638)	(249,638)
Accrued expenses - note 23	1,781,630	(1,781,630)	(1,781,630)
Technical service fee / royalty - note 23	25,323	(25,323)	(25,323)
Distributors' security deposits - payable on termination of distributorship - note 23	120,704	(129,153)	(129,153)
Contractors' earnest / retention money - note 23	10,776	(10,776)	(10,776)
Unclaimed dividends	89,379	(89,379)	(89,379)
Payable for capital expenditure - note 23	232,985	(232,985)	(232,985)
Others - note 23	164,687	(164,687)	(164,687)
Long-term loans - note 21	9,200,541	(9,200,541)	(963,434)
Short-term borrowings - note 24	7,356,467	(7,356,467)	(7,356,467)
	<b>21,855,645</b>	<b>(21,860,094)</b>	<b>(13,626,987)</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

As at June 30, 2017

<b>Financial liabilities</b>			
Trade creditors - note 23	2,158,246	(2,158,246)	(2,158,246)
Bills payable - note 23	3,301,165	(3,301,165)	(3,301,165)
Accrued mark-up	102,155	(102,155)	(102,155)
Accrued expenses - note 23	1,822,700	(1,822,700)	1,822,700
Technical service fee / royalty - note 23	21,640	(21,640)	(21,640)
Distributors' security deposits - payable on termination of distributorship - note 23	101,657	(108,773)	(108,773)
Contractors' earnest / retention money - note 23	10,572	(10,572)	(10,572)
Unclaimed dividends	80,568	(80,568)	(80,568)
Payable for capital expenditure - note 23	1,108,733	(1,108,733)	(1,108,733)
Others - note 23	118,359	(118,359)	(118,359)
Long-term loans - note 21	5,553,664	(5,553,664)	(643,718)
Short-term borrowings - note 24	2,118,446	(2,118,446)	(2,118,446)
	<b>16,497,905</b>	<b>(16,505,021)</b>	<b>(7,949,675)</b>



# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

### 45 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2018 and June 30, 2017 is as follows:

	As at June 30, 2018	As at June 30, 2017
Long-term loans - note 21	9,200,541	5,553,664
Short-term borrowings and running finance - note 24	7,356,467	2,118,446
<b>Total debt</b>	<b>16,557,008</b>	7,672,110
Cash and bank balances - note 17	(218,843)	(141,748)
<b>Net debt</b>	<b>16,338,165</b>	7,530,362
Share capital	923,591	923,591
Capital reserves	309,643	309,643
Surplus on revaluation of property, plant and equipment	669,495	743,948
Revenue reserve - unappropriated profit	16,178,705	14,950,666
<b>Equity</b>	<b>18,081,434</b>	16,927,848
<b>Capital</b>	<b>34,419,599</b>	24,458,210
<b>Gearing ratio</b>	<b>47.47%</b>	30.79%

### 46. Accounting estimates and judgements

#### Income and sales tax

The Company takes into account the current income and sales tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the authorities at the assessment stage and where the Company, in consultation with its external counsel, considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

In case of assessment year [AY] 1998-99, the Appellate Tribunal Inland Revenue (The Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the department on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against the Company. The Company had filed an appeal against the said order before the CIR (Appeals) which was decided on November 24, 2015 in which the issue of date of commissioning of PTA's plant & the tax depreciation claimed thereon along with the issue of addition to income in respect of trial production stocks were decided in Company's favor. However, the issue of restriction of cost of capitalization of PTA plant was decided against the Company. The Company and FBR have filed the appeals on respective matters decided against them in Tribunal, hearing of which is pending disposal.

In the case of AY 2002-2003, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Company had filed a writ petition in the Supreme Court, after its earlier petition being dismissed by the Sindh High Court on maintainability, challenging FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in assessment year 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in assessment year 2001-02). The notice also raised certain issues relating to vesting of PTA assets by the Company. On March 18, 2015, the Supreme Court has passed an interim order stating that this case has nexus with the case of assessment year 2001-02 and hearing will take place once the High Court decides the case in assessment year 2001-02. The High Court decided the same in favor of the Company and stated that the assessment for AY 2001-2002 is time barred. The department filed an appeal in the Supreme Court against the order of the High Court. On March 13, 2017, the Supreme Court dismissed the appeal of the department pertaining to assessment year 2001-2002 endorsing the directions of the High Court and adjudged the case as being barred by limitation and thereby restoring the position in the original order whereby unabsorbed depreciation was allowed.

Further, the Honorable Supreme Court gave directions to the company vide its order dated March 14, 2017 to file its reply to the notice dated May 26, 2005 with respect to AY 2002-2003. Thereafter the Company submitted its response to the department in consultation with its external counsel. On May 15, 2017 the DCIR passed its assessment order disallowing depreciation relating to PTA assets, Capital Gain on Transfer of PTA Plant, Capital Gain on exchange of Shares, Financial charges on loans Subordinate to Pakistan PTA, Excess Perquisites, discounts, Interest paid to ICI Japan, Provisions and Write Offs. An appeal against this assessment order was preferred before CIR(A) who, vide his appellate Order dated January 19, 2018, decided majority of the issues against the Company. Consequently, the department issued appeal effect order dated March 1, 2018 giving effect to the findings of CIR(A) order and adjusting the disallowed depreciation. The Company has then preferred an appeal, against the CIR(A) order, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect order dated March 1, 2018 has also been stayed by ATIR.

Depreciation relating to PTA assets pertaining to AY 2001-02 was absorbed against tax payable in AY 2002-03 to 2010. As a result of order dated May 15, 2017 for the AY 2002-2003 whereby a certain portion of the said depreciation was disallowed, department on June 15, 2017 issued orders for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 whereby the spillover impact of the disallowed depreciation in AY 2002 - 03 was incorporated. This resulted in tax payable by the company for the Tax Years 2008, 2009 and 2010. Appeals against these orders were filed before CIR(A), who vide his combined appellate Order dated January 19, 2018 decided the case against the Company.

Consequently, during the year, department has issued rectified orders for Tax Years 2003 to 2010, all dated March 2, 2018, to give consequential effect on account of revision of the amount of disallowed depreciation in AY 2002 - 03 and its spillover impact. However, as issues with minor monetary impacts have been decided in favor of the company by CIR(A) for AY 2002 - 03, no significant change in the amount of demand raised through initial orders for Tax Years 2008, 2009 and 2010 have resulted. The Company has preferred an appeal against the combined CIR(A) order dated January 19, 2018, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect orders for Tax Years 2008, 2009, 2010 dated March 2, 2018 has also been stayed by ATIR.

In the case of Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR (Appeals) allowed all the issues in Tax Years 2003 to 2010 in Company's favor (except for two issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. Out of the 2 issues which were not decided in Company's favor, one relates to disallowance of financial charges in tax year 2003 which was later decided in company's favor vide appeal effect order dated June 15, 2017. With respect to the issue pertaining to tax year 2010, an appeal in the Tribunal has been filed, which is pending disposal.

The Additional Commissioner Inland Revenue (ACIR) through its order dated June 07, 2012 disallowed tax loss on disposal of fixed assets on the grounds that the same were sold through negotiations and not through auction as required by law. An appeal against the said order was filed with the CIR, who decided the appeal in company's favor. Consequently, the department being dissatisfied with the CIR order filed an appeal with the ATIR who vide its order dated December 01, 2016 decided the matter against the Company. The Company has preferred an appeal before the Honorable High Court against the said order, which is pending disposal.

Availing the exemption as per clause 103 A, Part 1, 2nd Schedule of Income Tax Ordinance 2001 on inter-corporate dividend to Group Company entitled to Group Relief under section 59B of the Income Tax Ordinance 2001, the Company disbursed the dividend without tax deduction to Lucky Holdings announced on 27th August, 2015 and on 19th February, 2016. However, Federal Board of Revenue, through an Order dated 2nd September, 2016, created tax demand on such dividends along with penalties and default surcharge. The Company had then preferred an appeal before CIR(A), who vide his order dated January 19, 2018, decided the case against the company. An appeal against CIR(A) order has been filed before Tribunal which is pending disposal. The Company has also filed a petition on this matter, before Honorable Sindh High Court which has granted a stay against the recovery of demand. The Company is confident that there is no merit in this claim of FBR and it will be decided in its favor.

In course of conducting a sales tax audit for the period July 2012 to June 2013, DCIR of FBR raised certain issues with respect to exemption and zero-rating / reduced rate benefit available to the Company on its sales. On September 12, 2014 the Company received an order in which demand of PKR 952 million was raised. An appeal was filed with CIR(A) which was decided against the Company however directions were given to assessing officer to amend the original order if the returns are revised by the Company. The Company had already filed application through which approval of revision of returns have been sought, which is pending with FBR. A suit has also been filed before Honorable Sindh High Court through which legality of the order has been challenged. The Court while suspending the order, has granted stay against recovery of dem and whereas the case is pending disposal. The Company is confident that there is no merit in the claim of FBR and that the case would be decided in Company's favor. Accordingly, no provision in this respect has been made in these unconsolidated financial statements.

### **Pension and Gratuity**

Certain actuarial assumptions have been adopted as disclosed in note 20 to the unconsolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

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

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

# Notes to the Unconsolidated Financial Statements

## For the year ended June 30, 2018

### 47. Standards, amendments and interpretations adopted during the year

#### 47.1 Standard or Interpretation

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

- IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)  
 IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

#### Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standards or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 January 2018
IFRS 9 – Financial Instruments	01 July 2018
IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) Contracts – (Amendments)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IAS 40 – Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 -Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 –Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>IASB effective date (annual periods beginning on or after)</b>
IFRS 14 – Regulatory Deferral Accounts	January 01, 2018
IFRS 17 – Insurance Contracts	January 01, 2018

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

#### **48 Post reporting date events - dividends**

The Directors in their meeting held on July 27, 2018 have recommended a final dividend of PKR 8.50 per share (June 30, 2017: PKR 10.00 per share) in respect of year ended June 30, 2018. This dividend is in addition to interim dividend paid of PKR 8.00 per share during the current year. The unconsolidated financial statements for the year ended June 30, 2018 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

#### **49 Date of authorisation**

These financial statements were authorised for issue in the Board of Directors meeting held on July 27, 2018.

#### **50. General**

**50.1** Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

**50.2** Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Comparison of Results for Ten Years

For the year ended June 30, 2018

	12 months			
	January - December			
	2009	2010	2011 Restated	
<b>Balance Sheet</b>				
Equity	13,482,796	14,548,093	9,066,723	
Revaluation Reserves	931,846	907,352	824,207	
<b>Equity and Revaluation Reserve</b>	<b>14,414,642</b>	<b>15,455,445</b>	<b>9,890,930</b>	
Non Current Liability	1,208,117	1,093,190	1,340,306	
Current Liability	5,799,898	5,482,037	9,280,988	
<b>Total Equity and Liabilities</b>	<b>21,422,657</b>	<b>22,030,672</b>	<b>20,512,224</b>	
Non Current Assets	10,297,489	10,152,415	9,154,438	
Current Assets	11,125,168	11,878,257	11,357,786	
<b>Total Assets</b>	<b>21,422,657</b>	<b>22,030,672</b>	<b>20,512,224</b>	
<b>Profit and Loss Account</b>	-			
Turnover	32,399,181	39,532,506	38,348,591	
Net Turnover	28,429,897	35,129,980	35,516,114	
Cost of Sales	22,754,005	28,443,690	30,910,029	
Gross profit	5,675,892	6,686,290	4,606,085	
Operating Result	3,027,654	3,712,566	2,378,449	
Profit before taxation	3,072,506	3,731,516	2,294,653	
Profit after taxation	2,044,738	2,428,826	1,531,430	
<b>Summary of Cash Flows</b>	-			
Cash generated from / (used in) operations	4,938,310	3,716,187	4,127,104	
Net cash generated from / (used in) operating activities	4,476,231	2,334,428	2,875,020	
Net cash used in investing activities	(938,043)	(752,830)	(509,814)	
Net cash generated from / (used in) financing activities	(1,041,018)	(1,388,027)	(2,151,436)	
<b>Cash and cash equivalents at December 31 / June 30</b>	<b>4,468,251</b>	<b>4,661,822</b>	<b>4,633,322</b>	



Amounts in PKR '000

		12 months					
		July - June					
	2012 Restated	2012-13 Restated	2013-14	2014-15	2015-16	2016-17	2017-18
	9,024,890	9,788,989	11,237,427	12,717,080	14,416,528	16,183,900	17,411,939
	740,656	698,536	639,372	576,458	829,645	743,948	669,495
	<b>9,765,546</b>	<b>10,487,525</b>	<b>11,876,799</b>	<b>13,293,538</b>	<b>15,246,173</b>	<b>16,927,848</b>	<b>18,081,434</b>
	1,593,267	3,067,815	3,486,365	2,762,532	5,174,242	6,243,246	10,248,010
	9,355,282	7,389,365	7,574,254	10,613,713	10,167,615	12,984,767	14,818,685
	<b>20,714,095</b>	<b>20,944,705</b>	<b>22,937,418</b>	<b>26,669,783</b>	<b>30,588,030</b>	<b>36,155,861</b>	<b>43,148,129</b>
	10,898,077	11,330,538	12,500,614	15,843,044	18,909,694	22,996,164	25,881,937
	9,816,018	9,614,167	10,436,804	10,826,739	11,678,336	13,159,697	17,266,192
	<b>20,714,095</b>	<b>20,944,705</b>	<b>22,937,418</b>	<b>26,669,783</b>	<b>30,588,030</b>	<b>36,155,861</b>	<b>43,148,129</b>
	37,809,433	39,627,119	42,698,659	42,593,948	42,689,368	47,548,639	55,591,275
	34,681,563	36,267,761	38,233,477	37,515,328	36,954,437	41,363,695	49,107,580
	30,688,097	32,193,170	33,581,636	31,725,574	30,475,911	33,598,220	40,607,969
	3,993,466	4,074,592	4,651,841	5,789,754	6,478,526	7,765,475	8,499,611
	1,624,634	1,986,737	2,225,934	3,044,107	3,478,707	4,043,576	4,397,841
	1,496,223	1,749,207	1,980,964	2,703,494	3,498,266	4,394,370	3,650,402
	973,661	1,158,701	1,702,216	2,125,708	2,843,186	3,296,091	3,059,704
	(1,963,689)	(164,272)	4,818,897	5,015,304	4,788,015	5,569,176	358,766
	(3,176,714)	(971,364)	3,806,585	3,748,417	3,680,106	4,824,855	(1,401,590)
	(2,125,793)	(940,727)	(2,400,932)	(4,372,472)	(4,138,316)	(4,930,518)	(5,752,562)
	(796,407)	1,453,483	933,274	(1,554,652)	404,044	(52,889)	1,993,226
	<b>(1,465,592)</b>	<b>(1,924,200)</b>	<b>414,727</b>	<b>(1,763,980)</b>	<b>(1,818,146)</b>	<b>(1,976,698)</b>	<b>(7,137,624)</b>

# Pattern of Shareholding

as at June 30, 2018

No. of Shareholders	Categories		No. of Shares
	From	To	
6138	1	100	204,346
2441	101	500	580,489
560	501	1,000	406,908
562	1,001	5,000	1,226,288
101	5,001	10,000	722,679
42	10,001	15,000	526,099
15	15,001	20,000	269,927
18	20,001	25,000	405,444
3	25,001	30,000	81,559
2	30,001	35,000	63,969
4	35,001	40,000	150,302
5	40,001	45,000	216,398
4	45,001	50,000	193,200
2	50,001	55,000	103,330
2	55,001	60,000	115,018
2	60,001	65,000	127,200
2	65,001	70,000	134,000
2	75,001	80,000	157,400
2	80,001	85,000	169,000
1	85,001	90,000	88,900
1	90,001	95,000	92,850
2	110,001	115,000	223,350
1	115,001	120,000	119,687
2	125,001	130,000	253,616
1	135,001	140,000	137,050
2	160,001	165,000	327,418
1	185,001	190,000	185,920
1	210,001	215,000	210,679
1	215,001	220,000	216,016
1	230,001	235,000	234,450
1	305,001	310,000	307,281
1	485,001	490,000	486,920
1	760,001	765,000	763,850
1	1,070,001	1,075,000	1,074,185
1	2,225,001	2,230,000	2,229,188
1	5,075,001	5,080,000	5,077,180
1	5,980,001	5,985,000	5,980,917
1	68,495,001	68,500,000	68,496,037
<b>9,929</b>			<b>92,359,050</b>

# Pattern of Shareholding

as at June 30, 2018

S.No.	Categories of Shareholders	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	4	532,019	0.58
2	Associated Companies, Undertakings and related Parties	3	79,554,134	86.14
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	24	450,912	0.49
5	Insurance Companies	18	2,815,151	3.05
6	Modarabas and Mutual Funds	57	3,213,336	3.48
7	Shareholders holding 10% & more	1	68,496,037	74.16
8	General Public :			
	a. local	9,607	3,666,342	3.97
	b. Foreign	-	-	-
9	Others	216	2,127,156	2.30
	<b>Total (excluding : shareholders holding 10%)</b>	<b>9,929</b>	<b>92,359,050</b>	<b>100.00</b>

# Pattern of Shareholding

as at June 30, 2018

Shareholder's Category	Number of Shareholders / folios	Number of Shares Held	%
<b>i. Associated Companies, Undertaking and Related Parties (name wise details)</b>			
GADOON TEXTILE MILLS LIMITED	1	5,980,917	6.48
LUCKY HOLDINGS LIMITED	1	68,496,037	74.16
LUCKY TEXTILE MILLS LIMITED	1	5,077,180	5.50
	<b>3</b>	<b>79,554,134</b>	<b>86.14</b>
<b>ii. Mutual Funds (name wise details)</b>			
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	5,130	0.01
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	5,350	0.01
CDC - TRUSTEE ABL STOCK FUND	1	234,450	0.25
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	3,038	0.00
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	216,016	0.23
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	210,679	0.23
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	43,800	0.05
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	137,050	0.15
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	13,350	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	9,633	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	21,987	0.02
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	18,020	0.02
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	13,180	0.01
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	24,900	0.03
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	7,740	0.01
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	11,700	0.01
CDC - TRUSTEE FAYSAL STOCK FUND	1	9,900	0.01
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	16,400	0.02
CDC - TRUSTEE JS ISLAMIC FUND	1	29,350	0.03
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	1,773	0.00
CDC - TRUSTEE JS LARGE CAP. FUND	1	4,450	0.00
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	3,300	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	88,900	0.10
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	3,457	0.00
CDC - TRUSTEE LAKSON TACTICAL FUND	1	18,793	0.02
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	64,000	0.07
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	65,800	0.07
CDC - TRUSTEE MEEZAN BALANCED FUND	1	128,116	0.14
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,074,185	1.16
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	185,920	0.20
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	4,900	0.01
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	33,569	0.04
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	7,500	0.01
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	19,050	0.02
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	15,500	0.02
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	113,250	0.12
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	13,400	0.01
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	68,200	0.07
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	40,800	0.04
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	12,000	0.01
CONFIDENCE MUTUAL FUND LIMITED	1	7	0.00
DOMINION STOCK FUND LIMITED	1	168	0.00
GOLDEN ARROW SELECTED STOCKS FUND	1	7	0.00
MCBFSL - TRUSTEE JS GROWTH FUND	1	2,850	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	92,850	0.10
MCBFSL - TRUSTEE ALLIED CAPITAL PROTECTED FUND	1	2,250	0.00
MCBFSL - TRUSTEE JS VALUE FUND	1	22,250	0.02
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	80,000	0.09
MCBFSL-TRUSTEE ABL ISLAMIC ASSET ALLOCATION FUND	1	200	0.00
SAFEWAY MUTUAL FUND LIMITED	1	256	0.00
SECURITY STOCK FUND LIMITED	1	36	0.00
	<b>51</b>	<b>3,199,410</b>	<b>3</b>
<b>iii. Directors and their spouse (s) and minor children (name wise details)</b>			
MR. ASIF JOOMA	2	506,920	0.55
MR. KHAWAJA IQBAL HASSAN	1	12,500	0.01
MR. KAMAL A CHINYOY	1	12,599	0.01
	<b>4</b>	<b>532,019</b>	<b>0.58</b>
<b>iv. Executives</b>	<b>12</b>	<b>3,345</b>	<b>0.00</b>
<b>v Public Sector Companies and Corporations</b>	<b>3</b>	<b>2,536,748</b>	<b>2.75</b>
<b>vi Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds</b>	<b>66</b>	<b>992,138</b>	<b>1.07</b>
<b>vii Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)</b>			
GADOON TEXTILE MILLS LIMITED	1	5,980,917	6.48
LUCKY HOLDINGS LIMITED	1	68,496,037	74.16
LUCKY TEXTILE MILLS LIMITED	1	5,077,180	5.50
	<b>3</b>	<b>79,554,134</b>	<b>86.14</b>
<b>viii. Others &amp; General Public</b>	<b>9,790</b>	<b>5,541,256</b>	<b>6.00</b>
<b>Total (excluding : shareholders holding 5% )</b>	<b>9,929</b>	<b>92,359,050</b>	<b>100.00</b>
<b>ix Details of trading in the shares by the Directors, CEO, CFO, Company Secretary and their spouses</b>			

During the financial year, no Director, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children carried out any transaction in the shares of the Company.

# Notice of 67<sup>th</sup> Annual General Meeting

Notice is hereby given that the Sixty-Seventh Annual General Meeting of ICI Pakistan Limited (the "Company") will be held on Tuesday, September 25, 2018, at 10:00 a.m. at Beach Luxury Hotel, Karachi, to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the accounts of the Company for the year ended June 30, 2018, the report of the Auditors thereon and the report of the Directors.
2. To declare and approve Final Cash dividend @ 85% i.e. Rs. 8.5/- per ordinary share of Rs.10/- each for the year ended June 30, 2018, as recommended by the Directors, payable to the Members whose names appear in the Register of the Members as at September 18, 2018.
3. To appoint the Auditors of the Company and to fix their remuneration.

## SPECIAL BUSINESS:

4. To approve by way of Special Resolution with or without modification the following resolutions in respect of related party transactions in which the majority of Directors of the Company are interested in terms of Section 207 of the Companies Act, 2017:

**"RESOLVED THAT** related parties transactions in which the majority of the Directors are interested carried out by the Company with Lucky Cement Limited, Gadoon Textile Mills Limited, Lucky Textile Mills Limited, Yunus Textile Mills Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, NutriCo Pakistan (Private) Limited, NutriCo Morinaga (Private) Limited, Lucky Foods (Private) Limited, Cirin Pharmaceuticals (Private) Limited, ICI Pakistan PowerGen Limited, and other such related parties to the extent of Rs. 5,929,963,000/- (Rupees Five Billion, Nine Hundred Twenty Nine Million, Nine Hundred and Sixty Three Thousand Only) during the year ended June 30, 2018 reported in the Financial Statements for the said period, be and are hereby ratified and confirmed."

**"RESOLVED FURTHER THAT** the Company may carry out transactions from time to time including, but not limited to, the purchase and sale of goods, materials, sales of various chemicals, soda ash, electricity, purchase of cement, availing or rendering of services, payment of royalty, donations, fees and dividends with related parties in which the majority of the Directors are interested including but not limited to, Lucky Cement Limited, Gadoon Textile Mills Limited, Lucky Textile Mills Limited, Yunus Textile Mills Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, NutriCo Pakistan (Private) Limited, NutriCo Morinaga (Private) Limited, Lucky Foods (Private) Limited, Cirin Pharmaceuticals (Private) Limited, ICI Pakistan PowerGen Limited, and other such related parties to the extent of Rs. 3,216,163,000/- (Rupees Three Billion, Two Hundred Sixteen Million and One Hundred Sixty Three Thousand Only) during the Financial Year ending June 30, 2019.

The Shareholders have noted that for the aforesaid transactions a majority of the Directors may be interested. Notwithstanding, the Shareholders hereby grant an advance authorisation to the Board of Directors of the Company to review and approve all related party transactions for the aforesaid companies up to the aggregate amount approved above based on the recommendation of the Board Audit Committee."

The Statement under section 134(3) of the Companies Act, 2017 pertaining to the Special Resolutions is being sent alongwith the notice to the Members.

By Order of the Board

September 4, 2018  
Karachi

**Nausheen Ahmad**  
Company Secretary



# Notice of 67<sup>th</sup> Annual General Meeting

## Notes:

1. Share Transfer Books of the Company will remain closed from September 19, 2018 to September 25, 2018 (both days inclusive). Transfers received in order at the office of our Shares Registrar, FAMCO Associates (Pvt) Limited, 8-F, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi, by the close of business on September 18, 2018, will be considered in time, to entitle the transferees to the Final Cash dividend and to attend the Annual General Meeting.
2. Members whose names are appearing in the Register of Members as of September 18, 2018, are entitled to attend and vote at the Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.
3. An instrument of proxy applicable for the Meeting is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: [www.ici.com.pk](http://www.ici.com.pk).
4. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
5. Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, FAMCO Associates (Pvt) Ltd.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

## A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC/SNIC or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

## B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC/SNIC or original passport at the time of the Meeting.
- v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

## Consent for Circulation of Audited Financial Statements and Notice of AGM Through E-Mail.

Circulation of Annual Audited Accounts via Email/CD/USB/DVD or any other electronic media pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) along with Notices of General Meetings to its members through Email/CD/DVD/USB or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the attached "Standard Request Form" (also available on the Company's website [www.ici.com.pk](http://www.ici.com.pk)) and send us to the Company's address.

## Consent for Video Conference Facility

Pursuant to Section 134(1)(b) of the Companies Act, 2017, if the Company receives a request from member(s) holding an aggregate ten percent (10%) or more shareholding residing at another city, such member(s) may request a video conferencing facility for the purposes of participating in the meeting at such a location by sending a request to the Company at least 10 (ten) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to the availability of such facility in that city. To avail such facility, please submit the following form with the requisite information at the registered office of the Company:

I/we \_\_\_\_\_ of \_\_\_\_\_ being a member of ICI Pakistan Limited, holding \_\_\_\_\_ ordinary shares as per register Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Name and signature

\_\_\_\_\_  
Date

The Company will intimate members regarding venue of video conference facility at least 7 days before the date of General Meeting along with complete information necessary to enable them to access such facility.

### **Submission of CNIC/SNIC/NTN (Mandatory)**

As per SECP directives the dividend of Shareholders whose CNIC/SNIC are not available with the Shares Registrar could be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Shares Registrar, FAMCO Associates (Pvt.) Ltd. 8-F, Block-6, P.E.C.H.S., Shahr-e-Faisal, Karachi. In the absence of a member's valid CNIC/SNIC, the Company will be constrained to withhold payment of dividend to such members.

### **Dividend Mandate (Mandatory)**

In accordance with the provisions of Section 242 of the Companies Act 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, a listed company is required to pay cash dividend to its Shareholders ONLY through electronic mode directly into the bank account designated by the entitled Shareholders. In compliance with the above law and in order to receive dividends directly in bank account, Shareholders are requested to provide the information mentioned in the attached Dividend Mandate Form (also available on the Company's website <http://www.ici.com.pk>) otherwise the Company would be constrained to withhold payment of dividend (if any) in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations 2017. Shareholders shall submit the information directly to their brokers/Central Depository Company Ltd. if the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in physical form.

### **Revised Treatment of Withholding Tax**

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Pursuant to Finance Act 2018, effective July 1, 2018, withholding of tax on dividend based on 'Filer' and 'Non-Filer' status of shareholders shall be @ 15% and 20% respectively where 'Filer' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) or a holder of "Taxpayer's Card" and 'Non-Filer' means a person who is not a filer.

Furthermore, according to recent clarification provided by the FBR; in case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Filer or Non-Filer. In terms of the said clarification, tax of each joint-holder would be deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holder(s) is pre-defined as per the records of the Company's Shares Registrar, and thus tax rates are applied in line with respective proportions.

Those Shareholders who are holding Folio/CDS jointly; are requested to notify (in writing) any change in their shareholding proportions to Company's Shares Registrar (in case of physical shareholding) or their Participants/CDC Investor Account Services so that their revised shareholding proportions are considered by the Company in all prospective dividend payouts in future.

### **Exemption from Deduction of Income Tax / Zakat**

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

### **Unclaimed Dividend**

As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years are available on the Company's website [www.ici.com.pk](http://www.ici.com.pk). Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

# Statement Under Section 134(3) of the Companies Act, 2017

## Pertaining to Special Resolution

This Statement sets out the material facts pertaining to the Special Resolutions described in the Notice of Annual General Meeting ("AGM"), intended to be transacted at the 67th AGM of ICI Pakistan Limited (the "Company") that is scheduled to be held on September 25, 2018.

The Company carries out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulations. Certain related party transactions require Shareholder approval under Section 207 of the Companies Act, 2017 as a majority of directors on the ICI Board are interested in the transaction (by virtue of being shareholders or directors in related entities).

The details of such transactions are as under:

S/n	Company Name	Transaction Nature
01	Lucky Cement Limited	Purchase of goods, materials and services
02	Gadoon Textile Mills Limited	Sale of goods, materials and dividend
03	Lucky Textile Mills Limited	Sale of goods, materials and dividend
04	Yunus Textile Mills Limited	Sale of goods and materials
05	Lucky Holdings Limited	Royalty and dividend
06	Lucky Knits (Private) Limited	Sale of goods and materials
07	NutriCo Pakistan (Private) Limited	Reimbursement of expenses
08	NutriCo Morinaga (Private) Limited	Sale of electricity and reimbursement of expenses
09	Lucky Foods (Private) Limited	Sale of goods and materials
10	Cirin Pharmaceuticals (Private) Limited	Purchase of goods, materials and services
11	ICI Pakistan PowerGen Limited	Purchase of electricity

All related party transactions are in accordance with ICI policies and comply with all legal requirements. These are primarily transactions conducted in the ordinary course of business. Under the ICI Policy for Related Party Transactions all related party transactions are reviewed periodically by the Board Audit Committee which is chaired by an independent Director. Following review by the Board Audit Committee, the said transactions are placed before the Board of Directors for approval.

The Shareholders are requested to ratify the transactions with related parties in which the majority of the Directors are interested as disclosed in the Financial Statements for the year ended June 30, 2018 and further to authorise the Company to conduct certain related party transactions in which the majority of Directors are interested for the Financial Year ending June 30, 2019. Shareholder approval is also sought to authorize and grant power to the Board to periodically review and approve such transactions based on the recommendation of the Board Audit Committee.

Based on the aforesaid the Shareholders are requested to pass the Special Resolutions with or without modification as stated in the Notice.

The Directors who are interested in this subject matter are as follows:

- Mr. Muhammad Sohail Tabba
- Mr. Muhammad Ali Tabba
- Mrs. Amina A Aziz Bawany
- Mr. Jawed Yunus Tabba
- Mr. Asif Jooma
- Mr. Muhammad Abid Ganatra

# Form of Proxy

## 67<sup>th</sup> Annual General Meeting

I / We \_\_\_\_\_  
of \_\_\_\_\_  
being member(s) of ICI Pakistan Limited holding \_\_\_\_\_  
ordinary shares hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him / her \_\_\_\_\_  
of \_\_\_\_\_ who is / are also member(s) of ICI Pakistan Limited as my/our proxy  
in my / our absence to attend and vote for me / us and on my / our behalf at the Sixty- Seventh Annual General  
Meeting of the Company to be held on September 25, 2018, and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signed by the said \_\_\_\_\_

in the presence of 1. \_\_\_\_\_

2. \_\_\_\_\_

Folio / CDC Account No.

Signature

This signature should  
agree with the  
specimen registered  
with the Company.

### Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, ICI House, 5 West Wharf, Karachi, not less than 48 hours before the time of holding the Annual General Meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

### For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC / SNIC (Computerized National Identity Card / Smart National Identity Card) numbers shall be mentioned on the form.
- ii) Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC / SNIC or original passport at the time of the Annual General Meeting.
- iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

The Company Secretary  
ICI Pakistan Limited  
ICI House  
5 West Wharf  
Karachi-74000

Affix  
Correct  
Postage





**ICI PAKISTAN LTD.**

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ICI Pakistan Limited  
and its Subsidiary Companies  
Consolidated Financial Statements

# Report of the Directors

## for the year Ended June 30, 2018

The Directors are pleased to present their report together with the audited Group results of ICI Pakistan Limited for the year ended June 30, 2018. The ICI Pakistan Group comprises of ICI Pakistan Limited, ICI Pakistan PowerGen Limited (PowerGen), Cirin Pharmaceuticals (Private) Limited (Cirin) and NutriCo Morinaga (Private) Limited as its subsidiaries.

The Directors' Report, which provides a commentary on the performance of ICI Pakistan Limited for the year ended June 30, 2018, has been presented separately.

Net turnover of PowerGen for the year ended stood at PKR 548 million, being 22% higher as compared to last year due to increase in electricity units sold to the Polyester Business and rebound of furnace oil price by 3% and 25%, respectively. Operating profits rose by 28% (PKR 94 million versus PKR 73 million) on account of higher repair and maintenance cost in SPLY.

Cirin posted a net turnover of PKR 884 million and operating profits of PKR 117 million.

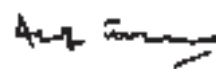
The overall market tends to remain stable, Demand levels for Cirin's brands have started to improve, which resulted in Cirin posting its highest ever net turnover for the fiscal year 2017-18 in the month of March 2018. This performance was mainly driven by an improvement in retail sales along with regular institutional sales. In addition, new campaigns and the introduction of the ICI Pakistan Limited brand identity on packaging also generated good traction for Cirin products. The subsidiary is now poised to capitalise on institutional opportunities in Punjab in the coming year.

NutriCo Morinaga (Private) Limited has been actively engaged in the construction of a state-of-the-art manufacturing facility to manufacture Morinaga infant formula, which will be distributed, marketed, and sold by the Company. Civil works are currently underway with the commissioning of the plant expected as per plan. During the year, the Company generated income of PKR 60.85 million on its bank deposits, which translated into a PAT of PKR 36.14 million and an EPS of PKR 2.14.

On a consolidated basis, including the results of the Company's subsidiaries, ICI Pakistan PowerGen Limited, Cirin Pharmaceuticals (Private) Limited and NutriCo Morinaga (Private) Limited, profit after tax (PAT) for the year was PKR 3,298 million of which PKR 18 million is attributable to non-controlling interests. This translates into an EPS of PKR 35.51 which is slightly lower than the SPLY. During the year, the Company recognised PKR 586 million as share of profit from NutriCo Pakistan (Private) Limited.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive

Dated: July 27, 2018

Karachi

# Independent Auditors' Report

## To the members of ICI Pakistan Limited

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the annexed consolidated financial statements of **ICI Pakistan Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **30 June 2018**, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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 Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<p><b>1. Accounting for acquisition</b></p> <p>As disclosed in note 5 to the accompanying consolidated financial statements, during the year, the Group has entered into an agreement with Wyeth Pakistan Limited and Pfizer Pakistan Limited for the acquisition of certain businesses comprising of product brands, manufacturing facilities and related rights and obligations. The said acquisitions have been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'.</p> <p>As a result of the above business acquisition, the Group has recognized goodwill, other intangibles and tangible assets amounting to Rs. 126.5 million, Rs. 753.5 million and Rs. 1,055.7 million respectively on the acquisition date (i.e. 11 August 2017).</p> <p>As this acquisition represents a significant transaction for the year due to its impact on the current year's consolidated financial statements, we have considered the accounting of the said transaction as a key audit matter.</p>	<p>With respect to the accounting for the acquisition of the subject transaction, we have, amongst others, read the purchase agreements; assessed whether the appropriate accounting treatment has been applied and adequate disclosures have been made in the accompanying consolidated financial statements.</p> <p>To test the identification and fair valuation of the acquired assets in accordance with the requirements of the applicable financial reporting standard (IFRS 3); we assessed the competence of management's expert and evaluated the methods and assumptions used for identification and fair valuation of various tangible and intangible assets to compare with the consideration paid for the acquisition and recognition of residual as goodwill. In particular, we considered the underlying valuation assumptions used for measurement of intangible assets (brands) such as projected economic growth, cost inflation, discount and price / volume growth rates, discount and royalty rates, market based revenue forecasts.</p> <p>In performing above referred procedures, we also involved our internal and external valuation specialists to assist with the audit of the identification and valuation of the assets acquired.</p>
<p><b>2. Tax contingencies</b></p> <p>As disclosed in note 47 to the accompanying consolidated financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p> <p>The tax contingencies requires the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. For such reasons we have considered tax contingencies as a key audit matter.</p>	<p>Our key audit procedures in this area included, amongst others, a review of the correspondence of the Group with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.</p> <p>We also obtained and reviewed confirmations from the Group's external tax advisor for their views on the status of each case and an overall opinion on the open tax position of the Group.</p> <p>We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 47 to the accompanying consolidated financial statements.</p>

# Independent Auditors' Report

## Key audit matter

## How our audit addressed the key audit matter

### 3. Preparation of consolidated financial statements under Companies Act, 2017

As referred to in note 3.1 to the accompanying consolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018.

The Act forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements.

In the case of the Group, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3.1 to the accompanying consolidated financial statements.

Further, the Group has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 3.5 to the accompanying consolidated financial statements.

The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Act.

We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the consolidated financial statements.

In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 3.5 to the accompanying consolidated financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Group.

### 4. Net Realisable Value (NRV) of inventories and provision for obsolescence

As at the year end, the Group held inventories amounting to Rs. 9,010.6 million, after considering allowance for inventories obsolescence amounting to Rs. 18.5 million, as disclosed in note 12 of the accompanying consolidated financial statements. The inventories obsolescence is calculated by taking into account the NRV of related inventories while mainly keeping in view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates.

We have considered this area to be a key audit matter due to its materiality and significance in terms of judgements involved in estimating the NRV of underlying inventories.

Our audit procedures included, amongst others, reviewing the management procedures for evaluating the NRV of inventories, observing physical inventory counts at major locations to ascertain the condition and existence of inventories, confirming inventories held by others and performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete inventories as at the year end.

Further, our audit procedures included, amongst others, reviewing inventories turnover ratios; understanding and evaluating the appropriateness of the basis of identification of the obsolete inventories; evaluating the historical accuracy of allowance of inventories assessed by management by comparing the actual loss to historical allowance recognized, on a sample basis; testing the accuracy of the aging analysis of inventories, on a sample basis; testing cost of goods with underlying invoices and expenses incurred in accordance with inventory valuation method and reviewing the minutes of the relevant meetings at the management and Board level to identify any indicators of obsolescence.

We further tested the NRV of the inventories held by performing a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products.

We also reviewed the inventories' expiry date report to identify slow moving or obsolete inventories and tested its accuracy on sample basis to check the provision for slow moving and obsolete inventories was reasonable.

## Information Other than the Consolidated Financial Statements and Auditors' 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 consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Arif Nazeer.



Date: 27 July, 2018  
Karachi

EY Ford Rhodes  
Chartered Accountants



# Consolidated Statement of Financial Position

As at June 30, 2018

Amounts in PKR '000

	Note	June 30, 2018	June 30, 2017	June 30, 2016
			(Re-stated)	(Re-stated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	<b>22,375,943</b>	19,958,615	17,164,769
Intangible assets	7	<b>1,688,377</b>	783,356	16,460
		<b>24,064,320</b>	20,741,971	17,181,229
Long-term investments	8	<b>1,132,504</b>	966,536	963,667
Long-term loans	9	<b>443,791</b>	382,421	357,637
Long-term deposits and prepayments	10	<b>43,602</b>	38,627	33,594
		<b>1,619,897</b>	1,387,584	1,354,898
		<b>25,684,217</b>	22,129,555	18,536,127
<b>Current assets</b>				
Stores, spares and consumables	11	<b>946,642</b>	1,011,381	861,544
Stock-in-trade	12	<b>9,010,634</b>	5,913,901	5,317,357
Trade debts	13	<b>2,718,120</b>	2,589,878	1,640,067
Loans and advances	14	<b>552,752</b>	441,985	392,362
Trade deposits and short-term prepayments	15	<b>322,494</b>	577,426	430,649
Other receivables	16	<b>1,498,166</b>	1,617,870	804,400
Taxation - net		<b>2,592,156</b>	1,253,468	2,234,248
Cash and bank balances	17	<b>1,687,351</b>	1,266,464	258,962
		<b>19,328,315</b>	14,672,373	11,939,589
<b>Total assets</b>		<b>45,012,532</b>	36,801,928	30,475,716

Amounts in PKR '000

	Note	June 30, 2018	June 30, 2017	June 30, 2016
			(Re-stated)	(Re-stated)
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Authorised capital				
1,500,000,000 (June 30, 2017: 1,500,000,000)				
ordinary shares of PKR 10 each		<b>15,000,000</b>	15,000,000	15,000,000
Issued, subscribed and paid-up capital	18	<b>923,591</b>	923,591	923,591
Capital reserves	19	<b>309,643</b>	309,643	309,643
Surplus on revaluation of property, plant and equipment - net of tax	19	<b>821,982</b>	902,788	995,330
Revenue reserve - unappropriated profit		<b>16,551,410</b>	15,102,391	13,341,517
Attributable to the equity holders of the Holding Company		<b>18,606,626</b>	17,238,413	15,570,081
Non-controlling interests		<b>1,426,208</b>	487,360	-
<b>Total equity</b>		<b>20,032,834</b>	17,725,773	15,570,081
<b>Non-current liabilities</b>				
Provisions for non-management staff gratuity	20	<b>125,586</b>	115,030	90,867
Long-term loans	21	<b>8,243,012</b>	4,919,478	3,652,586
Deferred tax liability - net	22	<b>1,903,094</b>	1,225,082	1,430,789
Liabilities subject to finance lease	23	<b>-</b>	799	-
		<b>10,271,692</b>	6,260,389	5,174,242
<b>Current liabilities</b>				
Trade and other payables	24	<b>6,066,938</b>	9,853,143	7,252,115
Accrued mark-up		<b>251,496</b>	103,473	77,663
Short-term borrowings and running finance	25	<b>7,332,327</b>	2,128,905	1,937,184
Unclaimed dividend		<b>89,379</b>	80,569	70,648
Current portion of long-term loans	21	<b>967,044</b>	647,667	393,783
Current portion of liabilities subject to finance lease	23	<b>822</b>	2,009	-
		<b>14,708,006</b>	12,815,766	9,731,393
<b>Total equity and liabilities</b>		<b>45,012,532</b>	36,801,928	30,475,716

**Contingencies and commitments**

26

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Consolidated Statement of Profit or Loss

For the year ended June 30, 2018

Amounts in PKR '000

	Note	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>Net turnover</b>	28.1	<b>49,992,068</b>	41,771,218
Cost of sales	28.2	<b>(41,060,075)</b>	(33,755,435)
<b>Gross profit</b>		<b>8,931,993</b>	8,015,783
Selling and distribution expenses	30	<b>(3,048,611)</b>	(2,688,234)
Administration and general expenses	31	<b>(1,281,172)</b>	(1,141,127)
<b>Operating result</b>		<b>4,602,210</b>	4,186,422
Other charges	32	<b>(326,091)</b>	(174,168)
Finance costs	33	<b>(654,094)</b>	(390,119)
Exchange loss		<b>(430,706)</b>	(13,087)
		<b>(1,410,891)</b>	(577,374)
Other income	34	<b>156,355</b>	115,040
Share of profit from an associate	8	<b>585,968</b>	670,869
<b>Profit before taxation</b>		<b>3,933,642</b>	4,394,957
Taxation	35	<b>(635,988)</b>	(1,114,848)
<b>Profit after taxation</b>		<b>3,297,654</b>	3,280,109
<b>Attributable to:</b>			
Owners of the Holding Company		<b>3,280,006</b>	3,282,749
Non-controlling interests		<b>17,648</b>	(2,640)
		<b>3,297,654</b>	3,280,109
<b>Basic and diluted earnings per share (PKR)</b>	36	<b>35.51</b>	35.54

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Consolidated Statement of Other Comprehensive Income

For the year ended June 30, 2018

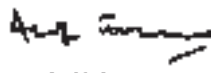
Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>Profit after taxation</b>	<b>3,297,654</b>	3,280,109
<b>Other comprehensive income / (loss)</b>		
Items not to be reclassified to statement of profit or loss:		
Remeasurement of defined benefit plans	(317,833)	(74,151)
Income tax effect	74,664	18,227
	(243,169)	(55,924)
Reversal of surplus on revaluation of property, plant and equipment	(11,783)	-
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate - note 19.3	5,622	11,611
	(6,161)	11,611
<b>Total comprehensive income for the year</b>	<b>3,048,324</b>	3,235,796
<b>Attributable to:</b>		
Owners of the Holding Company	3,030,676	3,238,436
Non-Controlling interests	17,648	(2,640)
	<b>3,048,324</b>	3,235,796

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Consolidated Statement of Cash Flows

For the year ended June 30, 2018

Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>Cash flows from operating activities</b>		
Cash generated from operations - note 37	486,758	5,944,957
Payments for :		
Staff retirement benefit plans - note 20.1.2	(66,196)	(66,685)
Non-management staff gratuity and eligible retired employees' medical scheme	(31,858)	(30,000)
Taxation	(1,220,107)	(309,938)
Interest	(506,071)	(364,852)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,337,474)</b>	<b>5,173,482</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(4,927,748)	(4,294,344)
Proceeds from disposal of operating fixed assets	15,883	9,789
Interest received on bank deposits	74,032	16,029
Business acquisition	(1,935,700)	(981,300)
Dividend from associate	420,000	504,000
<b>Net cash used in investing activities</b>	<b>(6,353,533)</b>	<b>(4,745,826)</b>
<b>Cash flows from financing activities</b>		
Issuance of shares to non-controlling interests	921,200	490,000
Long-term loans obtained *	4,290,239	1,896,186
Long-term loans repaid *	(647,328)	(391,692)
Payment against finance lease liability	(1,986)	(1,358)
Dividends paid	(1,653,653)	(1,560,184)
<b>Net cash generated from financing activities</b>	<b>2,908,472</b>	<b>432,952</b>
Net (decrease) / increase from cash and cash equivalents	(4,782,535)	860,608
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(862,441)</b>	<b>(1,678,222)</b>
Cash and cash equivalents acquired through business combination	-	(44,827)
<b>Cash and cash equivalents at the end of the year</b>	<b>(5,644,976)</b>	<b>(862,441)</b>
<b>Cash and cash equivalents at the end of the year comprise of:</b>		
Cash and bank balances - note 17	1,687,351	1,266,464
Short-term borrowings and running finance - note 25	(7,332,327)	(2,128,905)
	<b>(5,644,976)</b>	<b>(862,441)</b>

\*No non-cash items are included in these activities

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

  
**Muhammad Sohail Tabba**  
Chairman / Director

  
**Asif Jooma**  
Chief Executive

  
**Muhammad Abid Ganatra**  
Chief Financial Officer



# Consolidated Statement of Changes in Equity

For the year ended June 30, 2018

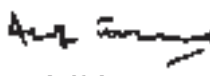
Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property plant and equipment	Revenue reserve - unappropriated profit	Total reserves	Non- controlling interests	Total equity
<b>As at July 01, 2016</b>	<b>923,591</b>	<b>309,643</b>	<b>-</b>	<b>13,341,517</b>	<b>13,651,160</b>	<b>-</b>	<b>14,574,751</b>
Adjustment due to change in accounting policy - note 3.1	-	-	995,330	-	995,330	-	995,330
<b>As at July 01, 2016 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>995,330</b>	<b>13,341,517</b>	<b>14,646,490</b>	<b>-</b>	<b>15,570,081</b>
Final dividend for the year ended June 30, 2016 @ PKR 9.00 per share	-	-	-	(831,232)	(831,232)	-	(831,232)
Interim dividend for the year ended June 30, 2017 @ PKR 8.00 per share	-	-	-	(738,872)	(738,872)	-	(738,872)
	-	-	-	(1,570,104)	(1,570,104)	-	(1,570,104)
Shares issued to non-controlling interests	-	-	-	-	-	490,000	490,000
Loss attributable to non-controlling interest for the year	-	-	-	-	-	(2,640)	(2,640)
	-	-	-	-	-	487,360	487,360
Profit for the year	-	-	-	3,282,749	3,282,749	-	3,282,749
Other comprehensive income / (loss) for the year - net of tax (restated)	-	-	11,611	(55,924)	(44,313)	-	(44,313)
<b>Total comprehensive income - restated</b>	<b>-</b>	<b>-</b>	<b>11,611</b>	<b>3,226,825</b>	<b>3,238,436</b>	<b>-</b>	<b>3,238,436</b>
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(104,153)	104,153	-	-	-
	-	-	(104,153)	104,153	-	-	-
<b>As at June 30, 2017 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>902,788</b>	<b>15,102,391</b>	<b>16,314,822</b>	<b>487,360</b>	<b>17,725,773</b>
Final dividend for the year ended June 30, 2017 @ PKR 10.00 per share	-	-	-	(923,591)	(923,591)	-	(923,591)
Interim dividend for the year ended June 30, 2018 @ PKR 8.00 per share	-	-	-	(738,872)	(738,872)	-	(738,872)
	-	-	-	(1,662,463)	(1,662,463)	-	(1,662,463)
Shares issued to non-controlling interests	-	-	-	-	-	921,200	921,200
Profit attributable to non-controlling interest for the year	-	-	-	-	-	17,648	17,648
	-	-	-	-	-	938,848	938,848
Profit for the year	-	-	-	3,280,006	3,280,006	-	3,280,006
Other comprehensive loss for the year - net of tax	-	-	(6,161)	(243,169)	(249,330)	-	(249,330)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(6,161)</b>	<b>3,036,837</b>	<b>3,030,676</b>	<b>-</b>	<b>3,030,676</b>
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(74,645)	74,645	-	-	-
	-	-	(74,645)	74,645	-	-	-
<b>As at June 30, 2018</b>	<b>923,591</b>	<b>309,643</b>	<b>821,982</b>	<b>16,551,410</b>	<b>17,683,035</b>	<b>1,426,208</b>	<b>20,032,834</b>

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer

# Notes to the Consolidated Financial Statements

## For the year ended June 30, 2018

### 1 Status and Nature of Business

The Group consists of:

- ICI Pakistan Limited (the "Holding Company");
- ICI Pakistan PowerGen Limited ("PowerGen");
- Cirin Pharmaceuticals (Private) Limited ("Cirin"); and
- NutriCo Morinaga (Private) Limited ("NutriCo Morinaga").

The Holding Company is incorporated in Pakistan and is listed on The Pakistan Stock Exchange Limited.

PowerGen is incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI Pakistan Limited.

Cirin is incorporated in Pakistan as a private limited company and is a wholly owned subsidiary company of ICI Pakistan Limited.

NutriCo Morinaga is incorporated in Pakistan as a private limited company. ICI Pakistan Limited has 51% ownership in NutriCo Morinaga.

The Holding Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchandising of general chemicals. It also acts as an indenting agent and toll manufacturer.

PowerGen is engaged in generating, selling and supplying electricity to the Company.

Cirin is engaged in manufacturing and sale of pharmaceutical products.

NutriCo Morinaga is engaged in manufacturing of infant milk powder.

The Holding Company's registered office is situated at 5 West Wharf, Karachi.

### 2 Summary of significant transactions and events occurred during the year

Following is the summary of significant transaction and events that have affected the financial position and performance of the Group

- 75,000 tons per annum Soda Ash expansion (Phase 1 of the planned 150,000 TPA expansion) has come online. Subsequently to this addition nameplate capacity of Soda Ash plant now stands at 425,000 TPA - note 40
- The Agri Division has now become a part of the Chemical Business and is now known as the Chemical & Agri Sciences Business - note 27.9
- Acquisition of certain assets and brands of Wyeth Pakistan Limited and production began at newly acquired Hawkesbay plant - note 5
- Approval for the new injectable (sterile) section at the Animal Health manufacturing facility was obtained from the Central Licensing Board
- Construction of the Masterbatch manufacturing facility is progressing as per plan to enhance the portfolio of Chemical & Agri Sciences Business
- Ban on import and marketing of recombinant bovine somatotropin (rbST) injections (FDA approved product) from Supreme Court through Suo moto action
- Adoption of Companies Act, 2017 - note 3.1

### 3 Summary of significant accounting policies

#### 3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these consolidated financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 3.5 of these consolidated financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Group (refer note 6.5), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 35.2), change in threshold for identification of executives (refer note 38.5), additional disclosure requirements for related parties (refer note 4) etc.

### **3.2 Basis of preparation**

These consolidated financial statements have been prepared under the historical cost convention, except:

- a) certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold and leasehold land and plant and machinery) have been measured at revalued amounts; and
- b) Provision for management staff gratuity and non-management staff gratuity are stated at present value.

The preparation of consolidated financial statements in conformity with approved accounting standards 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 historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the consolidated financial statements in subsequent years are discussed in note 47.

### **3.3 Basis of consolidation**

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in statement of profit or loss and is not reversed in future periods.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

Subsidiaries have same reporting period as that of the Holding Company. The accounting policies of subsidiaries have been changed to confirm with accounting policies of the Group, wherever needed.

## 3.4 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method of accounting. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment.

The Group's share of its associate's post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of profit of post-acquisition movements in reserve is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the investment. When the Group's share of losses in the associate equals or exceeds its interest in associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

## 3.5 Property, plant and equipment and depreciation

Property, plant and equipment (except freehold land, buildings on freehold and leasehold land and plant and machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold and leasehold land and plant and machinery are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses, if any. Capital work-in-progress is stated at cost less impairment, if any. Cost of certain property, plant and equipment comprises historical cost. Such cost includes the cost of replacing parts of the property, plant and equipment and the cost of borrowings for long-term construction projects, if the recognition criteria is met.

A revaluation surplus is recorded in consolidated statement of other comprehensive income (OCI) and credited to the surplus on revaluation of property, plant and equipment in equity. However, the increase is recorded in the consolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the consolidated statement of profit or loss however, a decrease is recorded in consolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to consolidated statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than store, spares and loose tools where they meet the definition of property, plant and equipment. Available for use capital spares, and servicing equipment are depreciated over their useful lives, or the remaining life of principle asset, whichever is lower.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each reporting date and adjusted, if appropriate.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profit.

As disclosed in note 3.1 to the consolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018. Accordingly, the Group has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, Plant and Equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Group has presented its consolidated statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS 1). Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been shown as a separate line item (below equity in the consolidated statement of financial position) amounting to PKR 902.788 million and PKR 995.330 million for the year ended 30 June 2017 and 2016 respectively.

### **3.6 Intangible assets and amortisation**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

Intangible assets with finite useful lives are amortized over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash generated unit (CGU) level, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

### **3.7 Investments**

Investments in subsidiary and associates are stated at cost less provision for impairment, if any.

Other investments that are stated at available for sale are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each reporting date.

### **3.8 Stores, spares and consumables**

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

### **3.9 Stock-in-trade**

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.



# Notes to the Consolidated Financial Statements

## For the year ended June 30, 2018

### 3.10 Long term loans

Long term loans are not discounted to present value using the EIR method, less impairment, as effect of discounting, if any is immaterial.

### 3.11 Trade debts loans and other receivables

Trade debts and other receivables are recognised at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

### 3.12 Taxation

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

#### Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

#### Deferred

Deferred tax is recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Group recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside consolidated statement of profit or loss is recognised outside consolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in consolidated statement of other comprehensive income or directly in equity.

Further, the Group recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

### 3.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short term finance facilities availed by the Group, which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of consolidated statement of cash flows.

### 3.14 Impairment

#### Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of profit or loss.

### **Non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost of disposal, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or available fair value budgets. The group bases its impairment calculation on detailed budget and forecast calculation, which are prepared separately for each of the Group CGU to which individual assets are allocated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss .

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

## **3.15 Staff retirement benefits**

The Group's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

### **Defined benefit plans**

The Group operates a funded pension scheme and a funded gratuity scheme for management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Group also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement. The Group recognises expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of all defined benefit schemes except eligible retired employees' medical scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits.

### **Defined contribution plans**

The Group operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who has either opted for this fund by July 31, 2004 or have joined the Group after April 30, 2004. In addition to this the Group also provides group insurance to all its employees. Contribution made to funds are recognised as expense in the period to which it relates.

### **Compensated absences**

The Group recognises the accrual for compensated absences in respect of employees for which these are earned up to the reporting date. The accrual has been recognised on the basis of actuarial valuation.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

## 3.16 Operating leases / ijarah contracts

Leases, other than those under ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) and Ijarah contracts are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

## 3.17 Trade and other payables

Trade and other payables are recognised initially at fair value net of directly attributable cost whether billed or not, if any.

## 3.18 Borrowings and their cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

## 3.19 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively.

## 3.20 Financial liabilities

All financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

## 3.21 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the consolidated statement of profit or loss.

## 3.22 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

## 3.23 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits is accounted for using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established.

Toll manufacturing income is recognised when services are rendered.

## 3.24 Financial expense and financial income

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and markup / interest expense on borrowings.

Financial income comprises interest income on funds invested. Markup / interest income is recognised as it accrues in consolidated statement of profit or loss, using the effective interest rate method.

### 3.25 Dividend

Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the consolidated financial statement are authorised for issue, disclosure is made in the consolidated financial statements.

### 3.26 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Polyester, Soda Ash, Life Sciences and Chemicals and Agri sciences, which also reflects the management structure of the Group.

### 3.27 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the consolidated statement of profit or loss.

### 3.28 Off-setting

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

## 4 Details of related party of the Group

### Name of related party

ICI Pakistan Management Staff Provident Fund  
ICI Pakistan Management Staff Gratuity Fund  
ICI Pakistan Management Staff Defined Contribution Superannuation Fund  
ICI Pakistan Non-Management Staff Provident Fund  
ICI Pakistan Management Staff Pension Fund  
ICI Pakistan Foundation  
Arabian Sea Country Club Limited  
NutriCo Pakistan (Private) Limited  
Cirin Pharmaceutical (Private) Limited  
NutriCo Morinaga (Private) Limited  
Lucky Holdings Limited  
Lucky Cement Limited  
Yunus Textile Mills Limited  
Lucky Textile Mills Limited  
Gadoon Textile Mills Limited  
Fashion Textile Mills (Private) Limited  
Lucky Knits (Private) Limited  
Pakistan Business Council  
Oil & Gas Development Company Limited  
Pakistan Cables Limited

### Basis of relationship

Common Directorship  
Common Directorship  
Common Directorship  
Common Directorship  
Common Directorship  
Common Directorship  
Equity Investment  
Common Directorship & Equity Investment 40%  
Wholly owned subsidiary & Common Directorship  
Common Directorship & Equity Investment 51%  
Parent Company & Common Directorship  
Ultimate Parent Company & Common Directorship  
Group Company & Common Directorship  
Group Company & Common Directorship  
Group Company & Common Directorship  
Group Company & Common Directorship  
Group Company & Common Directorship  
Common Directorship  
Common Directorship  
Common Directorship

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Jubile Life Insurance Company Limited  
Askari Bank Limited  
NutriCo International (Private) Limited  
Lucky Foods (Private) limited  
LCL Holdings Limited  
Lahore University of Management Sciences  
Asif Jooma  
M Abid Ganatra  
Arshaduddin Ahmed  
M A Samie Cashmiri  
Suhail Aslam Khan  
Saima Kamila Khan  
Eqan Ali Khan  
Fathema Zuberi

Common Directorship  
Common Directorship  
Common Directorship  
Group Company & Common Directorship  
Group Company & Common Directorship  
Member of Board of Governors  
Key Management Personnel  
Key Management Personnel  
Key Management Personnel  
Key Management Personnel  
Key Management Personnel  
Key Management Personnel  
Key Management Personnel  
Key Management Personnel

## 5 Business combination and joint venture

On 11th August 2017, the Group acquired certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3: Business Combinations. These assets include land, building, plant and machinery and certain other assets of Wyeth Pakistan Limited alongwith certain brands and registrations of Wyeth Pakistan Limited and Pfizer Pakistan Limited. The following table summarizes the estimated fair values of net assets acquired:

Amounts in PKR '000

	Fair value recognised on acquisition
<b>Indicative value of tangible assets</b>	
Freehold land	175,000
Building on freehold land	203,000
Plant and machinery	493,400
Vehicles	5,100
Furniture and Equipment	46,700
<b>Total non-current assets</b>	923,200
<b>Current assets</b>	132,530
	<b>1,055,730</b>
<b>Indicative value of intangibles:</b>	
Brands	753,460
Goodwill	126,510
	<b>879,970</b>
<b>Consideration paid in cash</b>	<b>1,935,700</b>

Net turnover and the operating profit from the acquired business during the year ended June 30, 2018 are as follows:

<b>Net Turnover</b>	<b>1,651,816</b>
<b>Operating Profit</b>	<b>176,045</b>

The aforementioned results have been reported under the Life Sciences division of the Holding Company based on the accounting policies of the Company as disclosed in these consolidated financial statements.

The management has decided to finalize the determination of valuation of assets acquired within one year from the acquisition date, which is allowed under IFRS 3 "Business Combinations" as measurement period, therefore provisional figures based on latest available information have been considered for the acquisition accounting.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited. The goodwill is not deductible for income tax purposes.



Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>6 Property, plant and equipment</b>		
<b>6.1</b> The following is a statement of property, plant and equipment:		
Operating fixed assets - note 6.2	<b>20,350,838</b>	15,534,162
Capital work-in-progress - note 6.9	<b>2,025,105</b>	4,424,453
	<b>22,375,943</b>	19,958,615

**6.2** The following is a statement of operating fixed assets:

	Land		Lime beds	Buildings		Plant and	Railway	Rolling	Furniture	Total
	Freehold	Leasehold	on freehold land	On freehold land	On leasehold land	machinery	sidings	stock and vehicles	and equipment	
	Note 6.3 & 6.4			Note 6.3 & 6.4		Note 6.3 & 6.4				
As at June 30, 2018										
Net carrying value basis										
Opening net book value (NBV)	539,962	-	198,805	724,104	1,925,393	11,863,645	-	51,027	231,226	15,534,162
Additions / transfers - note 6.2.1	561,062	-	76,820	212,714	849,986	5,497,054	-	4,498	138,359	7,340,493
Impairment *	-	-	-	-	-	(48,542)	-	-	-	(48,542)
Disposals (at NBV)	(8,326)	-	-	-	(88)	(753)	-	-	(462)	(9,629)
Depreciation charge - note 6.7	-	-	(16,565)	(62,941)	(180,982)	(2,098,019)	-	(12,805)	(94,334)	(2,465,646)
Closing net book value	1,092,698	-	259,060	873,877	2,594,309	15,213,385	-	42,720	274,789	20,350,838

\* Out of this total impairment, an amount of PKR 11.783 million (June 30, 2017: nil) has been recorded in the statement of other comprehensive income as a reversal of surplus on revaluation of property, plant and equipment

**Gross carrying value basis**

Cost / Revaluation	1,092,698	562,166	436,373	3,314,182	4,094,707	36,375,871	297	192,474	886,454	46,955,222
Accumulated depreciation	-	(562,166)	(177,313)	(2,440,305)	(1,500,398)	(21,162,486)	(297)	(149,754)	(611,665)	(26,604,384)
Closing net book value	1,092,698	-	259,060	873,877	2,594,309	15,213,385	-	42,720	274,789	20,350,838
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 50	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	

As at June 30, 2017

<b>Net carrying value basis</b>										
Opening net book value (NBV)	519,718	-	215,405	715,423	1,929,826	12,407,061	-	15,458	198,927	16,001,818
Additions / transfers - note 6.2.1	10,244	-	-	7,308	156,690	1,312,785	-	12,976	85,180	1,585,183
Acquisition through business combination	10,000	-	-	57,117	-	96,493	-	32,312	21,473	217,395
Disposals (at NBV)	-	-	-	-	-	-	-	(2,464)	(39)	(2,503)
Depreciation charge - note 6.7	-	-	(16,600)	(55,744)	(161,123)	(1,952,694)	-	(7,255)	(74,315)	(2,267,731)
Closing net book value	539,962	-	198,805	724,104	1,925,393	11,863,645	-	51,027	231,226	15,534,162
<b>Gross carrying value basis</b>										
Cost / Revaluation	539,962	562,166	359,553	3,101,469	3,246,384	30,923,952	297	187,976	798,323	39,720,082
Accumulated depreciation	-	(562,166)	(160,748)	(2,377,365)	(1,320,991)	(19,060,307)	(297)	(136,949)	(567,097)	(24,185,920)
Closing net book value	539,962	-	198,805	724,104	1,925,393	11,863,645	-	51,027	231,226	15,534,162
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 50	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	

**6.2.1** Additions to plant and machinery include transfer from capital work-in-progress

which includes borrowing cost for various projects determined using capitalization rate of 6.27% (June 30, 2017: nil) amounting to:

**220,952** -

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
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**6.2.2** Operating fixed assets include the following major spare parts and stand by equipment having:

Cost	<b>505,796</b>	421,239
Net book value	<b>179,223</b>	139,332

**6.3** Subsequent to revaluation on October 1, 1959, September 30, 2000, December 15, 2006 and December 31, 2011 which had resulted in a surplus of PKR 14.207 million, PKR 1,569.869 million, PKR 704.752 million and PKR 848.191 million respectively as at June 30, 2016 further revaluation was conducted resulting in revaluation surplus net of deferred tax liability of PKR 340.721 million. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

**6.4 Forced sale value as per the last revaluation report as of June 30, 2016 - note 6.4.1**

Asset Class	Forced Sale Value
Freehold land	392,164
Limebeds on freehold land	579,573
Building on freehold land	982,684
Building on leasehold land	93,829
Plant & Machinery	8,056,593
<b>Total</b>	<b>10,104,843</b>

**6.4.1** The above amount does not contain assets which are capitalized from July 1, 2016 to June 30, 2018.

**6.5 Particulars of immovable assets of the Group**

Location	Addresses	Usage of immovable property	Covered Area (sq.ft)
<b>Karachi</b>	ICI House 5 West Wharf Karachi 74000	Head Office and Production Plant	117,619
	S-33, Hawksbay road, S.I.T.E 75730	Production Plant	11,500
<b>Lahore</b>	ICI House 63 Mozang Road Lahore 54000	Regional Office	28,454
	30-Km, Sheikhpura road Lahore	Production Plant	1,928,910
	45-Km, Off Multan Road Lahore	Production Plant	14,601
<b>Khewra</b>	ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	Regional Office and Production Plant	2,744,404
<b>Haripur</b>	Plot No.32/2A Phase III, Industrial Estate Hattar District Haripur	Production Plant	39,916

Amounts in PKR '000

	<b>As at June 30, 2018</b>	As at June 30, 2017
<b>6.6</b> Plant and machinery including equipment held with Searle Pakistan Limited for toll manufacturing is as follows:		
Cost	<b>9,392</b>	9,242
Net book value	<b>3,559</b>	4,160
	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017
<b>6.7</b> The depreciation charge for the year has been allocated as follows:		
Cost of sales - note 29	<b>2,390,128</b>	2,204,798
Selling and distribution expenses - note 30	<b>37,981</b>	29,665
Administration and general expenses - note 31	<b>36,993</b>	33,268
	<b>2,465,102</b>	2,267,731
<b>6.7.1</b> Depreciation charge is inclusive of the incremental depreciation due to revaluation.		
	<b>As at June 30, 2018</b>	As at June 30, 2017
<b>6.8</b> Had there been no revaluation, the net book value of specific classes of property, plant and equipment would have amounted to:		
<b>Net book value</b>		
Freehold land	<b>754,721</b>	201,985
Buildings	<b>3,184,880</b>	2,366,191
Plant and machinery	<b>14,365,453</b>	11,015,713
	<b>18,305,054</b>	13,583,889
<b>6.9</b> Capital work-in-progress comprises of:		
Civil works and buildings	<b>670,344</b>	715,276
Plant and machinery	<b>578,076</b>	2,924,642
Miscellaneous equipment	<b>132,225</b>	232,344
Advances to suppliers / contractors	<b>571,110</b>	294,290
Designing, consultancy and engineering fee	<b>73,350</b>	257,901
	<b>2,025,105</b>	4,424,453
<b>6.9.1</b> This includes interest charged in respect of long-term loans obtained for various projects determined using capitalization rate of 6.63% (June 30, 2017: 5.57%) amounting to:	<b>145,868</b>	69,586
<b>6.9.2</b> The following is the movement in capital work-in-progress during the year:		
Balance at the beginning of the year	<b>4,424,453</b>	1,162,951
Acquisition through business combination		305
Additions during the year	<b>3,911,542</b>	4,756,813
	<b>8,335,995</b>	5,920,069
Transferred to operating fixed assets during the year	<b>(6,310,890)</b>	(1,495,616)
Balance at the end of the year	<b>2,025,105</b>	4,424,453

# Notes to the Consolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

**6.10** Details of operating fixed assets disposal having net book value in excess of PKR 500,000 are as follows:

For the year ended June 30, 2018								
	Mode of sale	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Group	Particulars of buyers
Gas turbine	Scrap	3,995	3,337	658	1,500	842	Third party	Engro Polymer & Chemicals Limited

Note: There was no disposal having net book value in excess of PKR 500,000 during the year ended June 30, 2017.

### 7 Intangible assets

As at June 30, 2018					
	Goodwill	Brands	Software	Licenses	Total
<b>Net carrying value basis</b>					
Opening net book value (NBV)	79,864	684,219	9,311	9,962	783,356
Additions / transfers	126,510	753,460	2,174	31,711	913,855
Amortisation charge - note 7.2	-	-	(5,742)	(3,092)	(8,834)
Closing net book value	206,374	1,437,679	5,743	38,581	1,688,377
<b>Gross carrying amount</b>					
Cost	206,374	1,437,679	186,376	236,868	2,067,297
Accumulated amortisation	-	-	(180,633)	(198,287)	(378,920)
Closing net book value	206,374	1,437,679	5,743	38,581	1,688,377
Amortisation rate % per annum	-	-	20	20 to 50	
As at June 30, 2017					
<b>Net carrying value basis</b>					
Opening net book value (NBV)	-	-	6,530	9,930	16,460
Additions / transfers	-	-	4,795	5,204	9,999
Acquisition through business combination - note 7.1	79,864	684,219	-	-	764,083
Amortisation charge - note 7.2	-	-	(2,014)	(5,172)	(7,186)
Closing net book value	79,864	684,219	9,311	9,962	783,356
<b>Gross carrying amount</b>					
Cost	79,864	684,219	184,202	205,157	1,153,442
Accumulated amortisation	-	-	(174,891)	(195,195)	(370,086)
Closing net book value	79,864	684,219	9,311	9,962	783,356
Amortisation rate % per annum	-	-	20	20 to 50	

**7.1** These have been recognized on the acquisition certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3 Business Combinations. Moreover, for comparative figure these include the acquisition of Cirin Pharmaceuticals (Private) Limited by the Holding Company. These intangible assets have been treated as having an indefinite useful life because it is expected to contribute to net cash flows indefinitely based on the analysis of various economic factors prepared by management of the Group which indicated that there is no limit to the period these assets would contribute to the net cash inflows and, consequently, the said intangibles will not be amortised until their useful life is determined to be finite. However these intangible assets will be tested for impairment annually.

Amounts in PKR '000

	<b>For the year ended June 30, 2018</b>	For the year ended June 30, 2017
<b>7.2</b> The amortisation charge for the year has been allocated as follows:		
Cost of sales - note 29	<b>1,556</b>	1,266
Selling and distribution expenses - note 30	<b>569</b>	463
Administration and general expenses - note 31	<b>6,709</b>	5,457
	<b>8,834</b>	7,186

**8 Long-term investments*****Unquoted at equity method***

Associate

- NutriCo Pakistan (Private) Limited 40% ownership

200,000 ordinary shares of PKR 1,000 each and premium of PKR 3,800 per share

Post acquisition profits at the beginning

Share of profit for the year

Dividend received

Carrying Value of Associate

**960,000**

960,000

**4,036**

1,167

**585,968**

670,869

**(420,000)**

(668,000)

**1,130,004**

964,036

***Others - at cost***

Equity security available-for-sale

-Arabian Sea Country Club Limited

250,000 ordinary shares (June 30, 2017: 250,000) of PKR 10 each

**2,500**

2,500

**1,132,504**

966,536

Investment in an associate has been made in accordance with the requirements of Act.

	<b>As at June 30, 2018</b>	As at June 30, 2017
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**8.1** The summary of financial information of an associate as at the reporting date is as follows:

Total assets	<b>5,159,026</b>	4,118,366
Total liabilities	<b>2,334,452</b>	1,698,711
Total equity and reserves	<b>2,824,574</b>	2,419,655
Turnover	<b>10,116,220</b>	7,909,462
Profit for the year	<b>1,464,919</b>	1,677,172



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

			As at June 30, 2018	As at June 30, 2017
9	Long-term loans			
	Considered good - secured			
	Due from executives and employees - note 9.1		443,791	382,421
9.1	Due from executives and employees			
		Motor Vehicle	House Building	Total
	Due from executives - note 9.2 and 9.3	62,771	62,033	124,804
	Receivable within one year	(7,159)	(28,484)	(35,643)
		55,612	33,549	89,161
	Due from employees - note 9.3		449,522	405,579
	Receivable within one year		(94,892)	(96,805)
			354,630	308,774
			443,791	382,421
	Outstanding for period:			
	- less than three years but over one year		142,960	123,191
	- more than three years		300,831	259,230
			443,791	382,421
9.2	Reconciliation of the carrying amount of loans to executives:			
	Balance at the beginning of the year		103,209	90,731
	Acquired through business combination		-	6,150
	Disbursements during the year		79,479	53,391
	Received during the year		(57,884)	(47,063)
	Balance at the end of the year		124,804	103,209
9.3	Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees, including executives of the Group, in accordance with their terms of employment.			
			As at June 30, 2018	As at June 30, 2017
10	Long-term deposits and prepayments			
	Deposits		37,818	30,057
	Prepayments		5,784	8,570
			43,602	38,627
11	Stores, spares and consumables			
	Stores - note 11.1		54,906	158,788
	Spares - note 11.1		899,832	863,104
	Consumables		127,131	132,473
			1,081,869	1,154,365
	Provision for slow moving and obsolete stores and spares - note 11.2		(135,227)	(142,984)
			946,642	1,011,381

Amounts in PKR '000

	<b>As at June 30, 2018</b>	As at June 30, 2017
<b>11.1</b> The above amounts include stores and spares in transit:	<b>37,520</b>	130,851
<b>11.2</b> Movement of provision for slow moving and obsolete stores and spares is as follows:		
Balance at the beginning of the year	<b>142,984</b>	168,218
Charge for the year - note 31	<b>3,171</b>	-
Write-off during the year	<b>(10,928)</b>	(25,234)
Balance at the end of the year	<b>135,227</b>	142,984

**12 Stock-in-trade**

Raw and packing material include in-transit PKR 1,879.507 million (June 30, 2017: PKR 871.195 million) - note 12.3	<b>4,689,153</b>	2,574,275
Work-in-process	<b>101,131</b>	110,090
Finished goods include in-transit PKR 20.798 million (June 30, 2017: PKR 6.318 million)	<b>4,238,874</b>	3,294,595
	<b>9,029,158</b>	5,978,960
Provision for slow moving and obsolete stock-in-trade - note 12.1		
- Raw materials	<b>(16,239)</b>	(3,988)
- Finished goods	<b>(2,285)</b>	(61,071)
	<b>(18,524)</b>	(65,059)
	<b>9,010,634</b>	5,913,901

**12.1** Movement of provision for slow moving and obsolete stock-in-trade is as follows:

Balance at the beginning of the year	<b>65,059</b>	131,941
Charge for the year - note 31	<b>(8,852)</b>	63,729
Write-off during the year	<b>(37,683)</b>	(130,611)
Balance at the end of the year	<b>18,524</b>	65,059

**12.2** Stock amounting to PKR 2,399.087 million (June 30, 2017: PKR 734.965 million) is measured at net realisable value and expense amounting to PKR 160.810 million (June 30, 2017: PKR 25.648 million reversal) has been realized in cost of sales.

**12.3** Raw and packing materials held with various toll manufacturers:

Searle Pakistan Limited	<b>246,512</b>	111,841
Maple Pharmaceutical (Private) Limited	-	984
EPLA Laboratories (Private) Limited	-	7,770
Breeze Pharma (Private) Limited	<b>6,259</b>	10,140
Nova Med Pharmaceuticals (Private) Limited	<b>51,926</b>	11,685
BioGenics	-	115
Others	<b>12,223</b>	10,287
	<b>316,920</b>	152,822

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>13 Trade debts</b>		
<b>Considered good</b>		
- Secured	384,180	392,527
- Unsecured		
Due to associated companies - note 13.1 and 13.2	17,641	4,405
Others	2,669,703	2,706,580
	<b>3,071,524</b>	3,103,512
<b>Considered doubtful - note 13.3</b>	<b>219,903</b>	88,944
	<b>3,291,427</b>	3,192,456
Provision for:		
- Doubtful debts - note 13.3, 44.4 and 44.6	(219,903)	(88,944)
- Price adjustments / discounts	(353,404)	(513,634)
	<b>(573,307)</b>	(602,578)
	<b>2,718,120</b>	2,589,878

**13.1** The above balances include amounts due from the following associated undertakings which are neither past due nor impaired as of the reporting date:

<b>Unsecured</b>		
Lucky Knits Private Limited	-	528
Lucky Foods (Private) limited	1,106	155
Yunus Textile Mills Limited	14,766	1,847
Lucky Textile Mills Limited	1,755	1,861
Oil & Gas Development Company Limited	14	14
	<b>17,641</b>	4,405

**13.2** The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.

<b>Unsecured</b>		
Lucky Knits (Private) Limited	-	844
Lucky Foods (Private) limited	1,106	417
Yunus Textile Mills Limited	17,232	11,351
Lucky Textile Mills Limited	1,777	2,361
Oil & Gas Development Company Limited	14	14
	<b>20,129</b>	14,987

## 13.3 Provision for doubtful debts

Balance at the beginning of the year	88,944	43,955
Charge for the year	133,910	44,989
Write-off during the year	(2,951)	-
Balance at end of the year	<b>219,903</b>	88,944

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>14 Loans and advances</b>		
<b>Considered good</b>		
Loans due from:		
Executives - note 14.1	35,643	29,562
Employees	94,892	96,805
	130,535	126,367
Advances to:		
Executives	9,670	3,628
Employees	15,695	15,730
Related Parties - note 14.2 & 14.3	-	22,470
Contractors and suppliers	393,113	272,092
Others	3,739	1,698
	422,217	315,618
	552,752	441,985
<b>Considered doubtful</b>	27,254	-
	580,006	441,985
Provision for doubtful loans and advances - note 44.4 and 44.6	(27,254)	-
	552,752	441,985
<b>14.1</b> The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.	37,246	33,747
<b>14.2</b> The above balances include advances to related parties amounting to:		
Pakistan Cables Limited	-	20,853
Lucky Cement Limited	-	1,617
	-	22,470
<b>14.3</b> The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.		
Pakistan Cables Limited	-	25,741
Lucky Cement Limited	-	3,623
	-	29,364
<b>15 Trade deposits and short-term prepayments</b>		
Trade deposits	221,008	148,718
Short-term prepayments	101,486	428,708
	322,494	577,426
<b>16 Other receivables</b>		
<b>Considered good</b>		
Duties, sales tax and octroi refunds due	1,027,758	986,290
Commission and discounts receivable	94,849	42,834
Due from associated company - note 16.1 and 16.2	17,415	164,000
Receivable from principal - note 16.3	102,813	209,114
Others	255,331	215,632
	1,498,166	1,617,870
<b>Considered doubtful</b>	24,320	5,055
	1,522,486	1,622,925
Provision for doubtful receivables - note 16.4	(24,320)	(5,055)
	1,498,166	1,617,870

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>16.1</b> Due from related parties which are neither past due nor impaired includes the following:		
NutriCo Pakistan (Private) Limited	<b>17,415</b>	164,000
<b>16.2</b> The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.		
NutriCo Pakistan (Private) Limited	<b>179,999</b>	164,000
<b>16.3</b> This includes receivable from a foreign vendor in relation to margin support guarantee:	<b>66,581</b>	128,527
<b>16.4 Movement of provision for doubtful receivables</b>		
Balance at the beginning of the year	<b>5,055</b>	1,622
Charge for the year	<b>22,699</b>	3,433
Write-off during the year	<b>(3,434)</b>	-
Balance at the end of the year	<b>24,320</b>	5,055

## 17 Cash and bank balances

Cash at bank:		
- Short-term deposits - note 17.1	<b>101,037</b>	279,350
- Current accounts	<b>130,200</b>	37,937
- Saving accounts - note 17.2	<b>1,449,092</b>	943,518
Cash in hand	<b>7,022</b>	5,659
	<b>1,687,351</b>	1,266,464

**17.1** Represent security deposits from customers that are placed with various banks at pre-agreed rate maturing at various dates. These are interest based arrangements. The mark-up percentage on these deposits during the year was ranging from 5.00% to 7.00% (June 30, 2017: 5.50% to 6.50%) and these term deposits are readily encashable without any penalty.

**17.2** This amount pertains to the initial investment of NutriCo Morinaga which is held for the purpose of construction of plant.

## 18 Issued, subscribed and paid-up capital

As at June 30, 2018 (Numbers)	As at June 30, 2017		As at June 30, 2018	As at June 30, 2017
<b>83,734,062</b>	83,734,062	Ordinary shares of PKR 10 each fully paid in cash	<b>837,341</b>	837,341
<b>211,925</b>	211,925	Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation - (note 18.1)	<b>2,119</b>	2,119
<b>16,786</b>	16,786	Ordinary shares of PKR 10 each issued as fully paid bonus shares	<b>168</b>	168
<b>8,396,277</b>	8,396,277	Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate (note 18.2)	<b>83,963</b>	83,963
<b>92,359,050</b>	92,359,050		<b>923,591</b>	923,591



Amounts in PKR '000

**18.1** The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 01, 1987.

**18.2** With effect from October 01, 2000, the Pure Terephthalic Acid (PTA) business of the Company was demerged under a scheme of arrangement dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.

**18.3** As at June 30, 2018, the Parent Company together with Gadoon Textile Mills Limited and Lucky Textile Mills Limited held 86.14% (June 30, 2017: 86.14%) while institutions held 5.46% (June 30, 2017: 5.73%) and individuals, others held the balance of 8.40% (June 30, 2017: 8.13%) Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

## **19 Capital reserves**

Share premium - note 19.1	<b>309,057</b>	309,057
Capital receipts - note 19.2	<b>586</b>	586
	<b>309,643</b>	309,643
Surplus on revaluation of property, plant and equipment - note 19.3	<b>821,982</b>	902,788

**19.1** Share premium includes the premium amounting to PKR 0.902 million received on shares issued for the Holding Company's Polyester Plant installation in 1980 and share premium of PKR 308.982 million representing the difference between nominal value of PKR 10 per share of 8,396,277 ordinary shares issued by the Holding Company and the market value of PKR 392.958 million of these shares corresponding to 25% holding acquired in Lotte Pakistan PTA Limited, an ex-associate, at the date of acquisition i.e. November 2, 2001 and the number of shares that have been issued were determined in accordance with the previous scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange now Pakistan Stock Exchange (Limited) over the ten trading days between October 22, 2001 to November 2, 2001.

**19.2** Capital receipts represent the amount received from various ICI plc group companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

## **19.3 Surplus on revaluation of property, plant and equipment**

Balance at the beginning of the year	<b>902,788</b>	995,330
Adjustment due to change in tax rate - note 22.1	<b>5,622</b>	11,611
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	<b>(74,645)</b>	(104,153)
Reversal of surplus on revaluation of property, plant and equipment	<b>(11,783)</b>	-
Balance at the end of the year	<b>821,982</b>	902,788

# Notes to the Consolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018				As at June 30, 2017			
<b>20. Provisions for non-management staff gratuity</b>	<b>125,586</b>				115,030			
<b>20.1 Staff retirement benefits</b>								
	2018				2017			
		Funded	Unfunded			Funded	Unfunded	
	Pension	Gratuity	Total		Pension	Gratuity	Total	
<b>20.1.1 The amounts recognised in the statement of profit or loss account against defined benefit schemes are as follows:</b>								
Current service cost	14,219	43,075	57,294	7,461	13,653	42,966	56,619	4,503
Interest cost	75,757	47,238	122,995	8,507	74,207	47,820	122,027	7,116
Expected return on plan assets	(101,796)	(44,941)	(146,737)	-	(106,856)	(42,640)	(149,496)	-
Net (reversal) / charge for the year	(11,820)	45,372	33,552	15,968	(18,996)	48,146	29,150	11,619
<b>Other comprehensive income:</b>								
Loss on obligation	18,044	4,939	22,983	5,611	142,055	22,379	164,434	9,903
Gain on plan assets	203,064	86,175	289,239	-	(60,949)	(39,238)	(100,187)	-
Net (gain) / loss	221,108	91,114	312,222	5,611	81,106	(16,859)	64,247	9,903
<b>20.1.2 Movement in the net assets / (liability) recognised in the statement of financial position are as follows:</b>								
Opening balance	359,163	(64,777)	294,386	(115,030)	421,273	(100,175)	321,098	(90,867)
Acquired through business combination	-	-	-	-	-	-	-	(12,759)
Net reversal / (charge) - note 20.1.1	11,820	(45,372)	(33,552)	(15,968)	18,996	(48,146)	(29,150)	(11,619)
Other comprehensive income / (loss)	(221,108)	(91,114)	(312,222)	(5,611)	(81,106)	16,859	(64,247)	(9,903)
Contributions / payments during the year	-	66,196	66,196	11,023	-	66,685	66,685	10,118
Closing balance	149,875	(135,067)	14,808	(125,586)	359,163	(64,777)	294,386	(115,030)
<b>20.1.3 The amounts recognised in the statement of financial position are as follows:</b>								
Fair value of plan assets - note 20.1.5	1,234,794	573,038	1,807,832	-	1,472,114	625,476	2,097,590	-
Present value of defined benefit obligation - note 20.1.4	(1,084,919)	(708,105)	(1,793,024)	(125,586)	(1,112,951)	(690,253)	(1,803,204)	(115,030)
Net asset / (liability)	149,875	(135,067)	14,808	(125,586)	359,163	(64,777)	294,386	(115,030)
The recognized asset / liability of funded gratuity is netted off against recognized asset / liability of funded pension and recorded accordingly.								
<b>20.1.4 Movement in the present value of defined benefit obligation:</b>								
Opening balance	1,112,951	690,253	1,803,204	115,030	1,031,992	656,966	1,688,958	90,867
Acquired through business combination	-	-	-	-	-	-	-	12,759
Current service cost	14,219	43,075	57,294	7,461	13,653	42,966	56,619	4,503
Interest cost	75,757	47,238	122,995	8,507	74,207	47,820	122,027	7,116
Benefits paid	(136,052)	(77,400)	(213,452)	(11,023)	(148,956)	(79,878)	(228,834)	(10,118)
Actuarial loss / (gain)	18,044	4,939	22,983	5,611	142,055	22,379	164,434	9,903
Closing balance	1,084,919	708,105	1,793,024	125,586	1,112,951	690,253	1,803,204	115,030
<b>20.1.5 Movement in the fair value of plan assets:</b>								
Opening balance	1,472,114	625,476	2,097,590	-	1,453,265	556,791	2,010,056	-
Expected return	101,796	44,941	146,737	-	106,856	42,640	149,496	-
Contributions	-	66,196	66,196	-	-	66,685	66,685	-
Benefits paid	(136,052)	(77,400)	(213,452)	-	(148,956)	(79,878)	(228,834)	-
Actuarial gain	(203,064)	(86,175)	(289,239)	-	60,949	39,238	100,187	-
Closing balance - note 20.1.7	1,234,794	573,038	1,807,832	-	1,472,114	625,476	2,097,590	-

Amounts in PKR '000

20.1.6 Historical information	June 30				
	2018	2017	2016	2015	2014
Present value of defined benefit obligation	<b>1,918,610</b>	1,918,234	1,779,825	1,627,079	1,627,920
Fair value of plan assets	<b>(1,807,832)</b>	(2,097,590)	(2,010,056)	(1,837,607)	(1,654,533)
Net (asset) / liability	<b>110,778</b>	(179,356)	(230,231)	(210,528)	(26,613)

	2018	2017
<b>20.1.7 Major categories / composition of plan assets are as follows:</b>		
Debt instruments	<b>65.34%</b>	60.69%
Equity at market value	<b>25.36%</b>	32.49%
Cash / Others	<b>9.30%</b>	6.82%

Fair value of plan asset	Pension		Gratuity	
	As at June 30, 2018		As at June 30, 2017	
<b>Investment</b>				
National savings deposits	-	-	41,041	18,655
Government bonds	<b>834,644</b>	<b>347,016</b>	872,860	339,892
Mutual Funds	<b>70,769</b>	<b>42,815</b>	72,440	46,150
Shares	<b>317,201</b>	<b>140,990</b>	476,763	205,390
Cash	<b>12,180</b>	<b>42,217</b>	9,010	15,389
Total	<b>1,234,794</b>	<b>573,038</b>	1,472,114	625,476

Mortality of active employees and pensioners is represented by the LIC (96-98) table. The table has been rated down three years for mortality of female pensioners and widows.

Actual return on plan assets during the year:	<b>(142,502)</b>	351,691
	<b>2018</b>	2017

**20.1.8 The principal actuarial assumptions at the reporting date were as follows:**

Discount rate	<b>8.75%</b>	7.25%
Future salary increases - Management	<b>6.50%</b>	5.00%
Future salary increases - Non - Management	<b>4.25%</b>	2.75%
Future pension increases	<b>3.75%</b>	2.25%

**20.1.9 Impact of changes in assumptions on defined benefit scheme is as follows:**

Assumption	1% Increase	1% Decrease
Discount rate	<b>(90,134)</b>	<b>(88,708)</b>
Salary increase	<b>68,209</b>	<b>70,404</b>
Pension increase	<b>34,993</b>	<b>35,914</b>
	<b>As at June 30, 2018</b>	As at June 30, 2017
	<b>(Unaudited)</b>	(Audited)

**20.1.10 During the year, the Group contributed in the fund as follows:**

Provident fund	<b>109,694</b>	95,992
Defined contribution superannuation fund	<b>88,044</b>	76,728

**20.2 Provident fund**

Size of the fund (net assets)	<b>1,602,631</b>	1,750,080
Cost of investments made (actual investment made)	<b>1,386,693</b>	1,520,089
Percentage of investments made (cost of investments)	<b>87%</b>	87%
Fair value of investments	<b>1,521,356</b>	1,693,159

# Notes to the Consolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

### 20.2.1 Break-up of Investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	As at June 30, 2018 (Unaudited)		As at June 30, 2017 (Audited)	
	Investments	% of investment as size of the fund	Investments	% of investment as size of the fund
<b>On fair value</b>				
Cash	232,091	15%	64,669	4%
Pakistan Investment Bonds	675,754	44%	1,078,682	64%
Treasury Bill	289,698	19%	33,348	2%
Regular Income Certificates	-	0%	21,713	1%
Mutual Funds	34,213	2%	61,838	4%
Shares	279,000	18%	432,909	26%
Term Finance Certificates	10,600	1%	-	0%
	<b>1,521,356</b>	<b>100%</b>	<b>1,693,159</b>	<b>100%</b>

**20.3** Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	As at June 30, 2018	As at June 30, 2017
<b>21 Long-term loans</b>	<b>8,243,012</b>	<b>4,919,478</b>
Loans from banking companies / financial institutions		
<b>Interest based arrangement - note 21.1</b>		
Long-term finance facility	2,567,208	1,960,331
Other long-term loan	5,633,333	2,593,333
<b>Shariah compliant</b>		
Islamic term finance - note 21.1 and 21.2	1,009,515	1,013,481
	<b>9,210,056</b>	<b>5,567,145</b>
<b>Current portion shown under current liabilities</b>	<b>(967,044)</b>	<b>(647,667)</b>
	<b>8,243,012</b>	<b>4,919,478</b>

**21.1** Represents the long term loans availed from various banks. These loans are secured against fixed assets of Soda Ash Business and Polyester Business amounting to PKR 2,500 million and PKR 11,900 million respectively. The markup on LTTT ranges from SBP Rate + 0.3% to 0.5% and on other long term loans from 6 months KIBOR + 0.05% to 3 months KIBOR + 0.25%. The profit rate on Islamic term finance is 6 months KIBOR + 0.05%. The markup is payable on quarterly and semi annual basis.

**21.2** The Group had obtained diminishing Musharaka financing facilities for vehicles aggregating to Rs. 17.38 million from First Habib Modaraba for periods ranging from 3 to 5 years, carrying mark-up at the rate of 6 months KIBOR plus 2.25 percent, per annum, with a floor of 8.25 percent and ceiling of 20 percent. The Musharaka units are to be purchased during the said periods in monthly installments, latest payment due by August 2021.

Amounts in PKR '000

	As at June 30, 2018			As at June 30, 2017		
	Opening	Charge / (Reversal)	Closing	Opening	Charge / (Reversal)	Closing
<b>22 Deferred tax liability - net</b>						
<b>Deductible temporary differences</b>						
Provisions for retirement benefits, doubtful debts and others	(273,718)	17,776	(255,942)	(239,276)	(34,442)	(273,718)
Retirement funds provisions	(37,718)	(74,664)	(112,382)	(19,491)	(18,227)	(37,718)
Minimum Tax	-	(57,147)	(57,147)	-	-	-
<b>Taxable temporary differences</b>						
Property, plant and equipment - note 22.1	1,536,518	792,047	2,328,565	1,689,556	(153,038)	1,536,518
	<b>1,225,082</b>	<b>678,012</b>	<b>1,903,094</b>	<b>1,430,789</b>	<b>(205,707)</b>	<b>1,225,082</b>

**22.1** Charge during the year includes amount adjusted in surplus on revaluation of property, plant and equipment on account of change in tax rate of: **5,622** 11,611

**23 Liabilities subject to finance lease**

	As at June 30, 2018		As at June 30, 2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	828	822	2,198	2,009
After one year but not more than five years	-	-	826	799
Total minimum lease payments	828	822	3,024	2,808
Less: Finance charges allocated to future periods	6	-	216	-
Present value of minimum lease payments - note 23.1	822	822	2,808	2,808
Less: Current maturity shown under current liability	822	822	2,009	2,009
	-	-	799	799

**23.1** Represents conventional obligation in respect of assets acquired under finance lease arrangements from various conventional financial institutions. Rentals are payable in equal monthly installments. Repairs and insurance costs are to be borne by lessee. Financing rate ranging from KIBOR plus 3.5 percent to 4 percent per annum has been used as discounting factor. Overdue rental payments are subject to additional charge upto 2% percent per month or part thereof on all sums not paid by the lessee when due and payable under the respective agreements. Purchase option can be exercised by the lessee by adjusting security deposit against residual value at the expiry of the leased period.

	As at June 30, 2018	As at June 30, 2017
<b>24 Trade and other payables</b>		
Trade creditors	1,329,659	1,846,046
Bills payable	985,384	3,301,163
Accrued expenses	2,622,652	2,537,350
Technical service fee / royalty - note 24.1	25,323	21,640
Workers' profit participation fund - note 24.2	36,060	243,326
Workers' welfare fund	93,020	65,767
Distributors' security deposits - payable on termination of distributorship - note 24.5	120,704	101,657
Contractors' earnest / retention money	44,400	10,572
Running account with customers - note 24.3	339,425	426,174
Payable for capital expenditure	233,213	1,109,672
Provision for compensated absences - note 24.4	31,500	31,249
Others	205,598	158,527
	<b>6,066,938</b>	<b>9,853,143</b>



# Notes to the Consolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>24.1</b> This amount includes royalty payable to Parent Company, namely Lucky Holdings Limited having registered office at 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan	<b>25,323</b>	21,640
<b>24.2 Workers' profit participation fund</b>		
Balance at the beginning of the year	<b>243,326</b>	191,680
Acquired through business combination	-	3,141
Allocation for the year - note 32	<b>207,724</b>	235,170
	<b>451,050</b>	429,991
Interest on funds utilised in the Group's businesses at 135 % (June 30, 2017: 48.25%) per annum	<b>1,377</b>	2,365
Payment to the fund	<b>(416,367)</b>	(189,030)
Balance at the end of the year	<b>36,060</b>	243,326
<b>24.3 Included herein are amounts due to the following associated undertakings:</b>		
Fashion Textile Mills (Private) Limited	-	362
	-	362
<b>24.4</b> This figure is based on actuarial valuation and estimation.		
<b>24.5</b> Interest on security deposits from certain distributors is payable at ranging from 5 % to 7 % (June 30, 2017: 5.50% to 6.50%) per annum as specified in the respective agreements. These securities deposits are non utilizable. Further, the Group has not utilized any such deposit for the purpose of its business during the year		
<b>25 Short-term borrowings and running finance</b>	<b>7,332,327</b>	2,128,905
<b>25.1 Export refinance</b>	<b>200,000</b>	50,000
The Group has export refinance facility of upto PKR 1,200 million (2017: PKR 1,200 million) available from Faysal Bank Limited (Faysal Bank Limited) as at June 30, 2018 out of which PKR 200 million was utilized (2017: PKR 50 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 2%) + 0.25% per annum (June 30, 2017: SBP rate 2 % + 0.25 % per annum).		
<b>25.2 Money Market</b>		
During the year the Group had obtained numerous money market loans from different banks at an average price of Plain three month KIBOR.	-	550,000

Amounts in PKR '000

	<b>As at June 30, 2018</b>	As at June 30, 2017
<b>25.3 Short-term running finance - secured</b>	<b>7,132,327</b>	1,528,905

Short-term borrowings and running finance facility from various banks aggregated to Rs. 10,481 million (June 30, 2017: Rs. 7,281 million) and carry mark-up during the year ranging from KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.09% on utilized limits (June 30, 2017: relevant KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.12% on utilized limits). These facilities are secured by hypothecation charge over the present and future current assets of the Group.

## **26 Contingencies and commitments**

Claims against the Group not acknowledged as debts are as follows:

Local bodies - note 26.1	<b>166,501</b>	1,400
Others	<b>11,318</b>	15,302
	<b>177,819</b>	16,702

### **26.1 Details of material cases**

Collectorate of customs - classification issue in PCT heading

Customs raised a demand for PKR 51.5 million on June 25, 2011 relating to classification issue of Titanium Di-Oxide during prior years. During the prior year, Holding Company received a positive outcome for its case filed with Customs Appellate Tribunal and the case was decided in Holding Company's favor.

Collectorate of customs raised demand of PKR 17.4 million on January 10, 2015 against the Holding Company on the ground that the Holding Company is classifying its imported product Wannate 8019 in wrong PCT Heading. During the prior year, consignments were withheld by Customs Appraisalment due to classification issue. For clearance of these consignments, the Holding Company paid PKR 15.8 million as Security Deposit for getting Provisional clearance till the final decision of Classification Committee and Appellate forums, which is still awaited.

For one other product Wannate PM 2010/ 8221, consignments were again withheld by Customs Intelligence on Classification issue. The Holding Company paid PKR 94 million as Security Deposit for Provisional Clearance of these consignments till final decision. Classification committee through a Public notice dated June 12, 2017 gave its view on classification of the product against the Holding Company. Customs after the issuance of this Public Notice raised further demand relating to period prior to issuance of Public Notice, amounting to PKR 65 million. The Holding Company, being dissatisfied with the verdict, filed a Suit in Sindh High Court on certain grounds including that applicability of public notice cannot be done retrospectively. The court has granted a stay in favor of the Holding Company till the next date of hearing. The Holding Company is confident that it has a strong grounds to defend the case and is hopeful of positive outcome.

Soda Ash business was being charged at the Gas tariff rate of Captive Power Plant instead of Industrial tariff by SNGPL and a demand of PKR 92 million was raised. Lahore High Court vide its judgement dated January 9, 2018 decided the case in Holding Company's favor. SNGPL has filed an appeal on April 19, 2018 against the decision of Lahore High Court which is pending for hearing. The Holding Company is confident that the case will be decided in its favor.

# Notes to the Consolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

The Holding Company received a show cause notice on June 6, 2017 from the Sindh Revenue Board wherein a demand for the payment of workers welfare fund amounting to 69.965 million was raised by the Sindh Revenue Board. The Holding Company on June 20, 2017 filed a petition challenging the demand on various legal grounds. The Holding Company has been granted a stay dated June 20, 2017 from Sindh High Court and the case is pending for hearing. The Holding Company is confident of a favorable outcome in this case.

- 26.2** Tax related contingencies are disclosed in note 47 to these consolidated financial statements for income tax and sales tax contingencies.

	As at June 30, 2018	As at June 30, 2017
<b>26.3 Commitments</b>		
Commitments in respect of capital expenditure including various projects	<b>3,032,970</b>	1,888,030
Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:		
<b>Year</b>		
2017-18	-	72,921
2018-19	<b>76,101</b>	60,110
2019-20	<b>80,895</b>	39,393
2020-21	<b>85,991</b>	18,186
2021-22	<b>91,409</b>	-
	<b>334,396</b>	190,610
Payable not later than one year	<b>76,101</b>	72,921
Payable later than one year but not later than five years	<b>258,295</b>	117,689
	<b>334,396</b>	190,610
The utilised amount of letter of credit facility as at year end	<b>69,473</b>	12,050

Amounts in PKR '000

## 27. Operating segment results

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
						(Re-stated)		(Re-stated)				
Sales												
Afghanistan	-	-	90,754	59,967	-	-	566	1,247	-	-	91,320	61,214
India	-	-	685,444	584,537	-	-	-	-	-	-	685,444	584,537
Turkey	36,016	-	-	-	-	-	-	-	-	-	40,729	-
Others	4,713	-	21,651	-	2,301	1,980	-	-	-	-	23,952	1,980
	40,729	-	797,849	644,504	2,301	1,980	566	1,247	-	-	841,445	647,731
Inter-segment	-	-	-	-	-	-	9,457	7,214	641,170	527,052	650,627	534,266
Local	18,484,955	14,647,604	14,762,640	13,159,554	13,568,367	10,686,809	9,379,700	8,990,521	-	-	56,195,662	47,484,488
	18,525,684	14,647,604	15,560,489	13,804,058	13,570,668	10,688,789	9,389,723	8,998,982	641,170	527,052	57,687,734	48,666,485
Commission / Toll income	-	-	-	-	96,567	10,145	68,541	55,085	-	-	165,108	65,230
Turnover	18,525,684	14,647,604	15,560,489	13,804,058	13,667,235	10,698,934	9,458,264	9,054,067	641,170	527,052	57,852,842	48,731,715
Sales tax	(27)	-	(2,156,167)	(1,897,987)	(88,863)	(76,229)	(743,643)	(681,952)	(93,161)	(76,580)	(3,081,861)	(2,732,748)
Commission	-	-	(158,275)	(147,170)	(262,903)	(126,344)	-	-	-	-	(421,178)	(273,514)
Discounts / price adjustment	(370,043)	(259,549)	(699,086)	(718,217)	(1,842,655)	(1,444,832)	(888,485)	(1,073,951)	-	-	(3,800,269)	(3,496,549)
	(370,070)	(259,549)	(3,013,528)	(2,763,374)	(2,194,421)	(1,647,405)	(1,632,128)	(1,755,903)	(93,161)	(76,580)	(7,303,308)	(6,502,811)
Net turnover	18,155,614	14,388,055	12,546,961	11,040,684	11,472,814	9,051,529	7,826,136	7,298,164	548,009	450,472	50,549,534	42,228,904
Cost of sales - note 29	(17,617,573)	(14,251,410)	(9,177,591)	(7,727,970)	(8,074,898)	(6,457,407)	(6,295,743)	(5,401,568)	(453,476)	(376,506)	(41,617,541)	(34,213,121)
Gross profit	538,041	136,645	3,369,370	3,312,714	3,397,916	2,594,122	1,530,393	1,896,596	94,533	73,966	8,931,993	8,015,783
Selling and distribution expenses - note 30	(270,431)	(242,348)	(300,056)	(296,027)	(1,615,854)	(1,272,215)	(862,270)	(877,644)	-	-	(3,048,611)	(2,688,234)
Administration and general expenses - note 31	(220,460)	(332,202)	(322,444)	(287,018)	(348,406)	(269,976)	(381,181)	(251,662)	(8,681)	(509)	(1,281,172)	(1,141,127)
Operating result	47,150	(437,905)	2,746,870	2,729,669	1,433,656	1,051,931	286,942	767,290	85,852	73,457	4,602,210	4,186,422
27.1 Segment assets - note 27.5	11,178,674	9,682,810	24,602,890	20,854,646	10,495,179	6,622,334	8,953,650	5,740,246	3,621,852	1,390,974	39,643,819	33,817,841
27.2 Unallocated assets											5,368,713	2,984,087
											45,012,532	36,801,928
27.3 Segment liabilities - note 27.5	14,884,879	13,714,748	3,292,937	3,925,255	4,076,319	2,440,700	4,048,357	1,921,099	116,310	71,522	8,096,440	11,196,063
27.4 Unallocated liabilities											16,883,258	7,880,092
											24,979,698	19,076,155
27.5	Inter unit current account balances of respective businesses have been eliminated from the total.											
27.6 Depreciation and amortisation charge - note 6.7 and 7.2	788,306	791,828	1,469,738	1,357,068	133,222	37,099	48,601	45,576	34,069	43,346	2,473,936	2,274,917
27.7 Capital expenditure	202,780	253,982	2,023,718	4,376,082	2,030,126	84,669	134,104	88,776	1,464,272	52,870	5,855,000	4,856,379
27.8	There were no major customer of the Group which formed part of 10% or more of the Group's revenue.											
27.9	Comparative figures have been re-stated due to the fact that Agri Division has now become a part of the Chemical Business and is now known as the Chemical & Agri Sciences Business.											

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

	For the year ended June 30, 2018	For the Year ended June 30, 2017
<b>28 Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities</b>		
<b>28.1 Net turnover</b>		
Total net turnover for reportable segments - note 27	<b>50,549,534</b>	42,228,904
Elimination of inter-segment net turnover - note 27	<b>(9,457)</b>	(7,214)
Elimination of inter-segment net turnover from the subsidiary	<b>(548,009)</b>	(450,472)
Total net turnover	<b>49,992,068</b>	41,771,218
<b>28.2 Cost of sales</b>		
Total cost of sales for reportable segments - note 27	<b>41,617,541</b>	34,213,121
Elimination of inter-segment purchases - note 27	<b>(9,457)</b>	(7,214)
Elimination of inter-segment purchases from the subsidiary	<b>(548,009)</b>	(450,472)
Total cost of sales	<b>41,060,075</b>	33,755,435
	<b>As at June 30, 2018</b>	As at June 30, 2017
<b>28.3 Assets</b>		
Total assets for reportable segments	<b>39,643,819</b>	33,817,841
Taxation recoverable	<b>2,592,156</b>	1,253,468
Intangibles - goodwill and brands	<b>1,644,053</b>	764,083
Long-term investments - note 8	<b>1,132,504</b>	966,536
Total assets	<b>45,012,532</b>	36,801,928
<b>28.4 Liabilities</b>		
Total liabilities for reportable segments	<b>8,096,440</b>	11,196,063
Short-term borrowings and running finance - note 25	<b>7,332,327</b>	2,128,905
Long-term loan - note 21	<b>9,210,056</b>	5,567,145
Accrued mark-up	<b>251,496</b>	103,473
Unclaimed dividend	<b>89,379</b>	80,569
Total liabilities	<b>24,979,698</b>	19,076,155



Amounts in PKR '000

**29. Cost of Sales**

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
						(Re-stated)		(Re-stated)				
<b>Raw and packing materials consumed</b>												
Opening stock	742,941	644,917	645,261	625,823	607,473	743,878	552,987	297,614	21,625	20,611	2,570,287	2,332,843
Purchases												
Inter-segment	6,277	5,532	-	-	3,180	1,682	-	-	-	-	9,457	7,214
Others	15,550,745	11,801,977	3,835,609	2,223,176	2,976,992	1,611,327	2,797,903	2,588,548	370,071	289,143	25,531,320	18,514,171
	15,557,022	11,807,509	3,835,609	2,223,176	2,980,172	1,613,009	2,797,903	2,588,548	370,071	289,143	25,540,777	18,521,385
	16,299,963	12,452,426	4,480,870	2,848,999	3,587,645	2,356,887	3,350,890	2,886,162	391,696	309,754	28,111,064	20,854,228
Closing stock - note 12	(1,387,531)	(742,941)	(1,328,911)	(645,261)	(1,370,125)	(607,473)	(562,019)	(552,987)	(24,328)	(21,625)	(4,672,914)	(2,570,287)
Raw and packaging material consumed	14,912,432	11,709,485	3,151,959	2,203,738	2,217,520	1,749,414	2,788,871	2,333,175	367,368	288,129	23,438,150	18,283,941
Salaries, wages and benefits - note 29.1	514,838	485,944	927,637	808,959	416,429	88,235	65,693	67,982	20,855	17,737	1,945,452	1,468,857
Stores and spares consumed	232,241	182,685	168,214	162,273	46,731	363	11,591	13,824	21,962	19,281	480,739	378,426
Conversion fee paid to contract manufacturers	-	-	-	-	416,539	351,406	40,941	48,546	-	-	457,480	399,952
Oil, gas and electricity	1,416,990	1,133,944	3,318,412	2,629,665	18,455	-	25,954	20,881	581	578	4,780,392	3,785,068
Rent, rates and taxes	1,559	1,698	1,523	1,371	29,476	12,471	54,907	43,766	420	450	87,885	59,756
Insurance	19,940	15,946	35,566	26,972	455	569	1,652	1,699	1,594	1,038	59,207	46,224
Repairs and maintenance	13,452	12,632	8,803	6,105	20,177	5,039	8,489	6,928	140	120	51,061	30,824
Depreciation and amortisation charge - note 6.7 and 7.2	781,321	779,835	1,455,561	1,344,567	97,411	14,901	23,322	23,416	34,069	43,345	2,391,684	2,206,064
Write-offs - inventory	-	-	-	-	46,727	-	225,751	-	-	-	272,478	-
Excise duty	-	-	-	-	-	-	-	-	5,450	4,587	5,450	4,587
Technical fees	-	-	-	-	-	-	1,482	8,483	-	-	1,482	8,483
General expenses	230,316	199,663	289,260	228,257	107,739	34,223	38,666	44,434	1,037	1,241	665,278	506,078
Opening stock of work-in-process	52,831	96,152	-	-	35,354	42,112	21,905	42,380	-	-	110,090	180,644
Closing stock of work-in-process - note 12	(39,659)	(52,831)	-	-	(51,500)	(35,354)	(9,972)	(21,905)	-	-	(101,131)	(110,090)
Cost of goods manufactured	18,136,261	14,565,153	9,356,935	7,411,907	3,401,513	2,263,379	3,299,252	2,633,609	453,476	376,506	34,645,697	27,248,814
Opening stock of finished goods	733,887	401,556	87,897	133,957	828,531	993,329	1,583,209	1,394,965	-	-	3,233,524	2,923,807
Finished goods purchased	(9,894)	18,588	(2,338)	270,003	5,092,506	4,075,201	2,885,783	2,973,961	-	-	7,966,057	7,337,753
	18,860,254	14,985,297	9,442,494	7,815,867	9,322,550	7,331,909	7,768,244	7,002,535	453,476	376,506	45,845,278	37,510,374
Closing stock of finished goods - note 12	(1,242,681)	(733,887)	(264,903)	(87,897)	(1,264,696)	(828,531)	(1,464,309)	(1,583,209)	-	-	(4,236,589)	(3,233,524)
Provision / Reversal for slow moving and obsolete stock-in-trade - note 31	-	-	-	-	17,044	(45,971)	(8,192)	(17,758)	-	-	8,852	(63,729)
	17,617,573	14,251,410	9,177,591	7,727,970	8,074,898	6,457,407	6,295,743	5,401,568	453,476	376,506	41,617,541	34,213,121

**29.1 Staff retirement benefits**

Salaries, wages and benefits include amounts in respect of staff retirement benefits:

103,564 93,775

# Notes to the Consolidated Financial Statements

## For the year ended June 30, 2018

Amounts in PKR '000

### 30. Selling and distribution expenses

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
						(Re-stated)		(Re-stated)				
Salaries and benefits - note 30.1	54,044	49,641	42,829	42,233	736,037	602,965	395,653	385,875	-	-	1,228,563	1,080,714
Repairs and maintenance	223	205	973	1,036	5,110	4,535	6,056	4,839	-	-	12,362	10,615
Advertising and publicity expenses	3,952	23,420	5,507	28,900	293,321	284,391	59,745	78,519	-	-	362,525	415,230
Rent, rates and taxes	469	552	3,740	2,781	14,723	17,337	5,476	6,590	-	-	24,408	27,260
Insurance	-	-	84	342	16,248	9,917	11,305	8,231	-	-	27,637	18,490
Lighting, heating and cooling	107	134	2,041	2,214	7,219	4,039	7,881	5,477	-	-	17,248	11,864
Depreciation and amortisation charge - note 6.2 and 7.2	-	-	86	86	25,474	14,485	12,990	15,557	-	-	38,550	30,128
Write-offs	-	-	-	-	630	-	-	-	-	-	630	-
Outward freight and handling	10,770	1,180	104,262	88,417	177,289	92,542	157,407	160,653	-	-	449,728	342,792
Travelling expenses	9,814	12,321	2,493	3,417	173,294	143,059	95,506	89,897	-	-	281,107	248,694
Postage, telegram, telephone and telex	1,393	1,216	1,676	2,009	20,530	15,736	10,905	11,151	-	-	34,504	30,112
Royalty - note 30.2	181,556	143,844	125,470	110,407	-	-	-	-	-	-	307,026	254,251
General expenses	8,103	9,835	10,895	14,185	145,979	83,209	99,346	110,855	-	-	264,323	218,084
	270,431	242,348	300,056	296,027	1,615,854	1,272,215	862,270	877,644	-	-	3,048,611	2,688,234

#### 30.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits:

65,420 59,573

30.2 Royalty amounting to PKR 307.026 million (June 30, 2017: 254.251 million) is charged by the Parent Company namely Lucky Holding Limited registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan

### 31. Administration and general expenses

Salaries and benefits - note 31.1	131,199	199,205	195,506	180,905	216,812	132,044	128,936	134,148	-	-	672,453	646,302
Repairs and maintenance	1,852	3,738	4,149	4,217	6,566	5,286	1,760	1,589	-	-	14,327	14,830
Advertising and publicity expenses	3,399	2,877	8,169	3,259	5,436	271	2,688	1,709	-	-	19,692	8,116
Rent, rates and taxes	4,975	6,383	3,629	3,113	9,622	5,846	1,194	1,052	-	-	19,420	16,394
Insurance	571	1,022	907	1,223	4,168	4,552	815	693	-	-	6,461	7,490
Lighting, heating and cooling	4,171	5,685	5,195	4,137	15,854	9,468	6,344	5,367	-	-	31,564	24,657
Depreciation and amortisation charge - note 6.2 and 7.2	6,985	11,993	14,091	12,415	10,337	5,903	12,289	8,414	-	-	43,702	38,725
Write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful debts	153	553	15,673	-	11,786	13,145	156,251	25,148	-	-	183,863	38,846
Provision for slow moving and obsolete stock-in-trade - note 12.1	-	-	-	-	(17,044)	45,971	8,192	17,758	-	-	(8,852)	63,729
Provision for slow moving and obsolete stores and spares - note 11.2	-	-	3,171	-	-	-	-	-	-	-	3,171	-
Travelling expenses	5,116	8,808	8,187	6,512	18,265	9,223	6,563	5,647	-	-	38,131	30,190
Postage, telegram, telephone and telex	2,213	3,648	3,020	2,833	4,740	4,861	2,707	2,214	-	-	12,680	13,556
General expenses	59,826	88,290	60,747	68,404	61,864	33,406	53,442	47,923	8,681	509	244,560	238,292
	220,460	332,202	322,444	287,018	348,406	269,976	381,181	251,662	8,681	509	1,281,172	1,141,127

#### 31.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits:

69,188 61,913

Amounts in PKR '000

	For the year ended June 30, 2018	For the Year ended June 30, 2017
<b>32 Other charges</b>		
Auditors' remuneration - note 32.1	7,115	6,097
Donations - note 32.2	41,116	20,000
Workers' profit participation fund - note 24.2	207,724	235,170
Workers' welfare fund	27,168	59,195
Workers' welfare fund - Reversal	-	(174,638)
Impairment of operating fixed asset	36,759	-
Others	6,209	28,344
	<b>326,091</b>	<b>174,168</b>
<b>32.1 Auditors' remuneration</b>		
Statutory audit fee	4,313	3,671
Half yearly review and other certifications	1,557	1,264
Out of pocket expenses	1,245	1,162
	<b>7,115</b>	<b>6,097</b>
<b>32.2</b> Includes donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Director of the Group, Mr. Suhail Aslam Khan, Mr. Arshaduddin Ahmed, Ms. Saima Kamila Khan and Ms. Fathema Zuberi, Executives of the Group are amongst the Trustees of the Foundation.		
<b>33 Finance costs</b>		
Mark-up on short term borrowings and running finance	558,931	313,464
Interest on workers' profit participation fund - note 24.2	1,377	2,365
Discounting charges on receivables	84,079	70,388
Guarantee fee and others	9,707	3,902
	<b>654,094</b>	<b>390,119</b>
<b>Penalty</b>		
This includes penalty that are either charge to the statement of profit or loss or waived	125	-
<b>34 Other income</b>		
<b>Income from financial assets</b>		
Profit on interest bearing short-term and call deposits	74,032	14,553
<b>Income from non-financial assets</b>		
Scrap sales	64,206	82,634
Sales from scrap raw materials	-	1,164
Gain on disposal of operating fixed assets	6,255	7,285
Provisions and accruals no longer required written back	130	5,679
Sundries	11,732	3,725
	<b>156,355</b>	<b>115,040</b>
<b>35 Taxation</b>		
Current	593,759	1,290,717
Prior	(712,340)	-
Deferred	754,569	(175,869)
Net tax charged - note 35.2	<b>635,988</b>	<b>1,114,848</b>

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

	For the year ended June 30, 2018	For the Year ended June 30, 2017
<b>35.1</b>	Provision against tax in the financial statements for the years 2017, 2016 and 2015 amounts to PKR 691.446 million, PKR 475.726 million and PKR 399.970 million as against the assessed tax of PKR 520.967 million, PKR 384.842 million and PKR 361.359 million respectively. The tax provisions for these years are thus sufficient and adequately covers the assessed / declared position.	
<b>35.2 Tax reconciliation</b>		
Profit before tax	3,933,642	4,394,957
Tax @ 30% (June 30, 2017: 31%)	1,180,093	1,362,436
Effect of exempt income	(36,000)	(38,750)
Effect of share of profit from associate	(63,000)	(123,580)
Effect of credit under section 65B	(497,925)	(130,996)
Effect of change in tax rate on beginning deferred tax	(49,312)	(36,694)
Others	102,132	82,432
Net tax charged	635,988	1,114,848
<b>Average effective tax rate</b>	<b>16.17%</b>	<b>25.37%</b>
<b>36 Basic and diluted earnings per share (EPS)</b>		
Profit after taxation for the year	3,280,006	3,282,749
	<b>Number of shares</b>	
Weighted average number of ordinary shares in issue during the year	92,359,050	92,359,050
	<b>PKR</b>	
Basic and diluted earnings per share (EPS)	35.51	35.54
<b>37 Cash flows from operating activities</b>		
Profit before taxation	3,933,642	4,394,957
Adjustments for:		
Depreciation and amortization - note 6.2 and 7.2	2,473,936	2,274,917
Gain on disposal of operating fixed assets - note 34	(6,255)	(7,285)
Impairment charge of fixed asset	36,759	-
Provision for staff retirement benefit plan - note 20.1.1	33,552	29,150
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	39,616	31,302
Interest on short-term bank deposits	(74,032)	(14,553)
Share of profit from associate	(585,968)	(670,869)
Interest expense	654,094	390,118
Provision for doubtful debts	183,863	38,846
Provision for slow moving and obsolete stock-in-trade - note 12.1	(8,852)	63,506
Provision for slow moving stores and spares - note 11.2	3,171	-
Provisions and accruals no longer required written back	(130)	(5,679)
	6,683,396	6,524,410
Movement in:		
Working capital - note 37.1	(6,130,293)	(555,793)
Long-term loans	(61,370)	(18,626)
Long-term deposits and prepayments	(4,975)	(5,034)
	486,758	5,944,957

Amounts in PKR '000

	For the year ended June 30, 2018	For the Year ended June 30, 2017
<b>37.1 Movement in working capital</b>		
<b>(Increase) / Decrease in current assets</b>		
Stores, spares and consumables	106,676	(149,837)
Stock-in-trade	(3,000,459)	(547,425)
Trade debts	(312,105)	(964,096)
Loans and advances	(110,637)	(50,233)
Trade deposits and short-term prepayments	(24,645)	(169,824)
Other receivables	123,436	(638,504)
	<b>(3,217,734)</b>	<b>(2,519,919)</b>
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	(2,912,559)	1,964,126
	<b>(6,130,293)</b>	<b>(555,793)</b>

**38 Remuneration of Chief Executive, Directors and Executives**

The amounts charged in the consolidated financial statements for the remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

	Chief Executive		Directors		Executives		Total	
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
Managerial remuneration	54,390	52,137	36,251	34,104	633,788	540,961	724,429	627,202
Gratuity	2,580	2,473	1,846	1,740	40,400	37,157	44,826	41,370
Provident Fund	3,108	2,979	2,224	2,097	50,078	42,684	55,410	47,760
Pension	3,294	3,158	2,358	2,222	44,876	39,003	50,528	44,383
Group insurance	51	55	51	55	3,512	3,489	3,614	3,599
Rent and house maintenance	2,117	1,636	-	-	197,680	172,603	199,797	174,239
Utilities	1,308	1,033	-	-	47,915	42,240	49,223	43,273
Medical expenses	183	210	28	62	21,565	9,649	21,776	9,921
	<b>67,031</b>	<b>63,681</b>	<b>42,758</b>	<b>40,280</b>	<b>1,039,814</b>	<b>887,786</b>	<b>1,149,603</b>	<b>991,747</b>
Number of persons as at the reporting date	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>206</b>	<b>183</b>	<b>208</b>	<b>185</b>

**38.1** The directors and certain executives are provided with free use of cars (obtained on lease by Group) in accordance with their entitlement. The Chief Executive is provided with free use of the Holding Company leased car, certain household equipment and maintenance when needed.

**38.2** Remuneration paid to Chairman during the year:

	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>38.3</b> During the year fee paid to six non-executive directors for attending board and other meetings, which is not part of remuneration amounts to:	<b>3,000</b>	<b>3,313</b>



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

	As at and for the year ended June 30, 2018	As at and for the year ended June 30, 2017
<b>38.4</b> Total number of employees as at the reporting date	<b>2,128</b>	1,805
Average number of employees during the year	<b>2,048</b>	1,809
Total number of factory employees as at the reporting date	<b>1,030</b>	841
Average number of factory employees during the year	<b>936</b>	764

**38.5** As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

## 39. Transactions with related parties

The related parties comprise the holding company (Lucky Holdings Limited), the ultimate parent company (Lucky Cement Limited) and related group companies, local associated companies, directors of the Company, companies where directors also hold directorship, key employees (note 38) and staff retirement funds (note 20). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship with the company	Nature of transaction	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>Parent Company</b>	Dividend	<b>1,232,928</b>	1,170,969
	Royalty	<b>307,026</b>	254,251
<b>Associated companies</b>	Purchase of goods, materials and services	<b>133,081</b>	118,276
	Sale of goods and materials	<b>1,973,792</b>	1,424,859
	Dividend received from associate	<b>420,000</b>	668,000
	Reimbursement of expenses	<b>84,125</b>	88,272
	Dividend paid to associates	<b>199,046</b>	187,988
	Donations paid	<b>41,116</b>	20,000
	Issuance of shares	<b>921,200</b>	-
<b>Key management personnel</b>	Remuneration paid	<b>215,835</b>	195,068
	Post employment benefits	<b>34,183</b>	31,159
	Dividends paid	<b>9,168</b>	8,635

## 40 Plant capacity and annual production

- in metric tonnes except PowerGen which is in thousands of Megawatt hours and Nutraceuticals, Cirin Pharmaceutical and Life Sciences which is in packs:

	For the year ended June 30, 2018		For the year ended June 30, 2017	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	<b>122,250</b>	<b>126,853</b>	122,250	121,929
Soda Ash - note 40.1	<b>425,000</b>	<b>378,248</b>	350,000	342,416
Chemicals - note 40.2	-	<b>16,026</b>	-	14,210
Life Sciences	<b>25,628,345</b>	<b>29,869,565</b>		
Sodium Bicarbonate	<b>40,000</b>	<b>38,000</b>	40,000	31,660
PowerGen - note 40.3	<b>122,640</b>	<b>31,334</b>	122,640	30,412
Nutraceuticals - note 40.2	-	<b>3,167,090</b>	-	3,018,534
Cirin Pharmaceuticals - note 40.2	-	<b>21,670,540</b>	-	17,927,715

**40.1** Out of total production of 378,248 metric tonnes soda ash, 34,200 metric tonnes was transferred for production of 38,000 tonnes of Sodium Bicarbonate. Further annual capacity was enhanced with effect from February 2018 by 75,000 tonnes per annum.

Amounts in PKR '000

**40.2** The capacity of Chemicals, Nutraceuticals and Cirin pharmaceutical is indeterminable because these are multi-product with multiple dosage and multiple pack size plants.

**40.3** Electricity by PowerGen is produced as per demand of the Polyester division of the Holding Company.

#### **41 Fair value of financial assets and liabilities**

The carrying amounts of the financial assets and financial liabilities as at the reporting date approximate their fair values.

#### **42 Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

##### **42.1 Risk management framework**

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### **43 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk currency risk, interest rate risk and other price risk.

##### **43.1 Interest rate risk**

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the reporting date the interest rate profile of Group's interest-bearing financial instruments were:

	Carrying Amount	
	As at June 30, 2018	As at June 30, 2017
<b>Fixed rate instruments</b>		
Financial assets - note 17	<b>1,550,129</b>	1,222,868
Financial liabilities - note 20 and 21	<b>(2,687,912)</b>	(2,061,988)
	<b>(1,137,783)</b>	(839,120)
<b>Variable rate instruments</b>		
Financial liabilities - note 21 and 24	<b>(13,975,175)</b>	(4,212,238)

##### **Sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect the statement of profit or loss.

##### **Sensitivity analysis for variable rate instruments**

If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been: 139.751 PKR million (June 30, 2017: PKR 42.122 million).

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

## 43.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Group is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. When the management expects future depreciation of Pak Rupees, the Group enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Group's treasury policy. The policy allows the Group to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross exposure classified into separate foreign currencies:

	CNY	EURO	USD	GBP	JPY
<b>As at June 30, 2018</b>					
Other receivables	-	6,053	11,741	-	-
Trade and other payables	-	(31,822)	(141,663)	(4,623)	(620)
Gross statement of financial position exposure	-	(25,769)	(129,922)	(4,623)	(620)
<b>As at June 30, 2017</b>					
Other receivables	-	990	33,346	-	-
Trade and other payables	(606,417)	(158,390)	(2,152,362)	(10,096)	(549)
Gross statement of financial position exposure	(606,417)	(157,400)	(2,119,016)	(10,096)	(549)

Significant exchange rates applied during the year were as follows:

PKR per	Average rate		Spot rate	
	For the year ended June 30, 2018	For the year ended June 30, 2017	As at June 30, 2018	As at June 30, 2017
	PKR		PKR	
EURO	131.43	114.22	141.59	119.63
USD	110.07	104.81	121.63	104.85
GBP	148.40	132.93	159.49	136.24
CNY	13.69	15.39	18.39	15.47
JPY	1.00	0.96	1.10	0.94

## Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 1.609 million (June 30, 2017: PKR 28.935 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2017, if Pak Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Company profit before tax at June 30, 2018 and June 30, 2017 would be as follows:

	Increase / decrease in exchange rates	Effect on Profit before tax (CNY)	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
<b>2018</b>						
Pak Rupee	+1%	-	258	1,299	46	6
Pak Rupee	-1%	-	(258)	(1,299)	(46)	(6)
<b>2017</b>						
Pak Rupee	+1%	6,064	1,574	21,190	101	5
Pak Rupee	-1%	(6,064)	(1,574)	(21,190)	(101)	(5)

Amounts in PKR '000

**44 Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	As at June 30, 2018	As at June 30, 2017
<b>44.1 Financial assets</b>		
Long-term investment - note 8	1,132,504	966,536
Long-term loans - note 9	443,791	382,421
Long-term deposits - note 10	37,818	30,057
Trade debts - note 13	2,718,120	2,589,878
Loans and advances - note 14	552,752	441,985
Trade deposits - note 15	221,008	148,718
Other receivables - note 16	470,408	631,580
Bank balances - note 17	1,680,329	1,260,805
	<b>7,256,730</b>	<b>6,451,980</b>

**44.2** The Group has placed its funds with banks which are rated A1+ by PACRA and A-1+ by JCR-VIS.

**44.3 Financial assets**

- Secured	983,871	920,677
- Unsecured	6,272,859	5,531,303
	<b>7,256,730</b>	<b>6,451,980</b>

**44.4** The ageing of trade debts and loans and advances at the reporting date is as follows:

<b>Not past due</b>	<b>2,675,099</b>	<b>2,581,246</b>
<b>Past due but not impaired:</b>		
Not more than three months	629,425	462,100
<b>Past due and Impaired:</b>		
More than three months and not more than six months	54,105	36,273
More than six months and not more than nine months	51,173	778
More than nine months and not more than one year	53,788	20,101
More than one year	54,439	20,309
	<b>842,930</b>	<b>539,561</b>
<b>Provision for:</b>		
- Doubtful debts - note 13	(219,903)	(88,944)
- Doubtful loans and advances - note 14	(27,254)	-
	<b>(247,157)</b>	<b>(88,944)</b>
	<b>3,270,872</b>	<b>3,031,863</b>

**44.4.1** There were no past due or impaired receivables from related parties.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

	As at June 30, 2018	As at June 30, 2017
<b>44.5</b> The maximum exposure to credit risk for past due at the reporting date by type of counterparty was:		
Wholesale customers	412,628	73,749
Retail customers	421,672	465,799
End-user customers	8,630	14
	<b>842,930</b>	539,562
Provision for:		
- Doubtful debts - note 13	(219,903)	(88,944)
- Doubtful loans and advances - note 14	(27,254)	-
	<b>(247,157)</b>	(88,944)
	<b>595,773</b>	450,618

## 44.6 Movement of provision for doubtful debts, loans and advances

	Trade debts	Loans and advances	Total	Total
Balance at the beginning of the year	88,944	-	88,944	43,955
Acquisition through business combination	-	-	-	6,143
Additional provision - note 31	133,910	27,254	161,164	38,846
Written off during the year	(2,951)	-	(2,951)	-
Balance at the end of the year	<b>219,903</b>	<b>27,254</b>	<b>247,157</b>	88,944

**44.6.1** The recommended approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply a dynamic approach to the remainder of receivables. The procedure introduces a Group-standard for dynamic provisioning:

- Provide an impairment loss for 50% of the outstanding receivable when overdue more than 90 days, and
- Provide impairment loss for 100% when overdue more than 120 days.

## 44.7 Concentration risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	As at June 30, 2018	As at June 30, 2017
Textile and chemicals	1,953,669	871,525
Glass	9,669	31,056
Paper and board	4,698	10,348
Life Sciences	873,266	384,245
Paints	48,564	47,785
Banks	1,687,351	1,266,464
Loans and advances and others	628,163	1,775,848
	<b>5,205,380</b>	4,387,271
Provision for:		
- Doubtful debts - note 13	(219,903)	(88,944)
- Doubtful loans and advances - note 14	(27,254)	-
	<b>(247,157)</b>	(88,944)
	<b>4,958,223</b>	4,298,327

**44.8** Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Group is not materially exposed to other price risk.



Amounts in PKR '000

**45 Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the maturity date.

	Carrying amount	Contractual cash flows	Less than one year
<b>As at June 30, 2018</b>			
<b>Financial liabilities</b>			
Trade creditors - note 24	1,329,659	(1,329,659)	(1,329,659)
Bills payable - note 24	985,384	(985,384)	(985,384)
Accrued mark-up	251,496	(251,496)	(251,496)
Accrued expenses - note 24	1,831,991	(1,831,991)	(1,831,991)
Technical service fee / Royalty - note 24	25,323	(25,323)	(25,323)
Distributors' security deposits - payable on termination of distributorship - note 24	120,704	129,153	129,153
Contractors' earnest / retention money - note 24	44,400	(44,400)	(44,400)
Unclaimed dividends	89,379	(89,379)	(89,379)
Payable for capital expenditure - note 24	233,213	(233,213)	(233,213)
Others - note 24	205,598	(205,598)	(205,598)
Long-term loans - note 21	9,210,056	(9,210,056)	(967,044)
Liabilities subject to finance lease - note 23	822	(822)	822
Short-term borrowings - note 25	7,332,327	(7,332,327)	(7,332,327)
	<b>21,660,352</b>	<b>(21,410,495)</b>	<b>(13,165,839)</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

As at June 30, 2017

<b>Financial liabilities</b>			
Trade creditors - note 24	1,846,046	(1,846,046)	(1,846,046)
Bills payable - note 24	3,301,163	(3,301,163)	(3,301,163)
Accrued mark-up	103,473	(103,473)	(103,473)
Accrued expenses - note 24	1,859,084	(1,859,084)	(1,859,084)
Technical service fee / royalty - note 24	21,640	(21,640)	(21,640)
Distributors' security deposits - payable on termination of distributorship - note 24	101,657	(108,773)	(108,773)
Contractors' earnest / retention money - note 24	10,572	(10,572)	(10,572)
Unclaimed dividends	80,568	(80,568)	(80,568)
Payable for capital expenditure - note 24	1,109,672	(1,109,672)	(1,109,672)
Others - note 24	158,527	(158,527)	(158,527)
Long-term loan - note 21	5,567,145	(5,567,145)	(647,667)
Liabilities subject to finance lease - note 23	2,808	(2,808)	(2,009)
Short-term borrowings - note 25	2,128,905	(2,128,905)	(2,128,905)
	<b>16,291,260</b>	<b>(16,298,376)</b>	<b>(11,378,099)</b>

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

Amounts in PKR '000

## 46 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2018 and June 30, 2017 is as follows:

	As at June 30, 2018	As at June 30, 2017
Long-term loans - note 21	9,210,056	5,567,145
Short-term borrowings and running finance - note 25	7,332,327	2,128,905
<b>Total debt</b>	<b>16,542,383</b>	7,696,050
Cash and bank balances - note 17	(1,687,351)	(1,266,464)
<b>Net debt</b>	<b>14,855,032</b>	6,429,586
Share capital	923,591	923,591
Capital reserves	309,643	309,643
Surplus on revaluation of property, plant and equipment	821,982	902,788
Revenue reserve - unappropriated profit	16,551,410	15,102,391
<b>Equity</b>	<b>18,606,626</b>	17,238,413
<b>Capital</b>	<b>33,461,658</b>	23,667,999
<b>Gearing ratio</b>	<b>44.39%</b>	27.17%

## 47 Accounting estimates and judgements

The Group takes into account the current income and sales tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the authorities at the assessment stage and where the Group, in consultation with its external counsel, considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

In case of assessment year [AY] 1998-99, the Appellate Tribunal Inland Revenue (The Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the department on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against the Holding Company. The Holding Company had filed an appeal against the said order before the CIR (Appeals) which was decided on November 24, 2015 in which the issue of date of commissioning of PTA's plant & the tax depreciation claimed thereon along with the issue of addition to income in respect of trial production stocks were decided in Holding Company's favor. However, the issue of restriction of cost of capitalization of PTA plant was decided against the Holding Company. The Holding Company and FBR have filed the appeals on respective matters decided against them in Tribunal, hearing of which is pending disposal.

In the case of AY 2002-2003, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Holding Company had filed a writ petition in the Honourable Supreme Court, after its earlier petition being dismissed by the Honourable Sindh High Court on maintainability, challenging FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in assessment year 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in assessment year 2001-02). The notice also raised certain issues relating to vesting of PTA assets by the Holding Company. On March 18, 2015, the Honourable Supreme Court has passed an interim order stating that this case has nexus with the case of assessment year 2001-02 and hearing will take place once the Honourable High Court decides the case in assessment year 2001-02. The Honourable High Court decided the same in favor of the Holding Company and stated that

the assessment for AY 2001-2002 is time barred. The department filed an appeal in the Honourable Supreme Court against the order of the Honourable High Court. On March 13, 2017, the Honourable Supreme Court dismissed the appeal of the department pertaining to assessment year 2001-2002 endorsing the directions of the Honourable High Court and adjudged the case as being barred by limitation and thereby restoring the position in the original order whereby unabsorbed depreciation was allowed.

Further, the Honorable Supreme Court gave directions to the Group vide its order dated March 14, 2017 to file its reply to the notice dated May 26, 2005 with respect to AY 2002-2003. Thereafter the Group submitted its response to the department in consultation with its external counsel. On May 15, 2017 the DCIR passed its assessment order disallowing depreciation relating to PTA assets, Capital Gain on Transfer of PTA Plant, Capital Gain on exchange of Shares, Financial charges on loans Subordinate to Pakistan PTA, Excess Perquisites, discounts, Interest paid to ICI Japan, Provisions and Write Offs. An appeal against this assessment order was preferred before CIR(A) who, vide his appellate Order dated January 19, 2018, decided majority of the issues against the Group. Consequently, the department issued appeal effect order dated March 1, 2018 giving effect to the findings of CIR(A) order and adjusting the disallowed depreciation. The Group has then preferred an appeal, against the CIR(A) order, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect order dated March 1, 2018 has also been stayed by ATIR.

Depreciation relating to PTA assets pertaining to AY 2001-02 was absorbed against tax payable in AY 2002-03 to 2010. As a result of order dated May 15, 2017 for the AY 2002-2003 whereby a certain portion of the said depreciation was disallowed, department on June 15, 2017 issued orders for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 whereby the spillover impact of the disallowed depreciation in AY 2002 - 03 was incorporated. This resulted in tax payable by the company for the Tax Years 2008, 2009 and 2010. Appeals against these orders were filed before CIR(A), who vide his combined appellate Order dated January 19, 2018 decided the case against the Holding Company.

Consequently, during the year, department has issued rectified orders for Tax Years 2003 to 2010, all dated March 2, 2018, to give consequential effect on account of revision of the amount of disallowed depreciation in AY 2002 - 03 and its spillover impact. However, as issues with minor monetary impacts have been decided in favor of the Holding Company by CIR(A) for AY 2002 - 03, no significant change in the amount of demand raised through initial orders for Tax Years 2008, 2009 and 2010 have resulted. The Group has preferred an appeal against the combined CIR(A) order dated January 19, 2018, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect orders for Tax Years 2008, 2009, 2010 dated March 2, 2018 has also been stayed by ATIR.

In the case of Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR (Appeals) allowed all the issues in Tax Years 2003 to 2010 in Holding Company's favor (except for two issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. Out of the 2 issues which were not decided in Holding Company's favor, one relates to disallowance of financial charges in tax year 2003 which was later decided in Holding Company's favor vide appeal effect order dated June 15, 2017. With respect to the issue pertaining to tax year 2010, an appeal in the Tribunal has been filed in which is pending disposal.

The Additional Commissioner Inland Revenue (ACIR) through its order dated June 07, 2012 disallowed tax loss on disposal of fixed assets on the grounds that the same were sold through negotiations and not through auction as required by law. An appeal against the said order was filed with the CIR, who decided the appeal in Holding Company's favor. Consequently, the department being dissatisfied with the CIR order filed an appeal with the ATIR who vide its order dated December 01, 2016 decided the matter against the Holding Company. The Holding Company has preferred an appeal before the Honorable High Court against the said order, which is pending disposal.

Availing the exemption as per clause 103 A, Part 1, 2nd Schedule of Income Tax Ordinance 2001 on inter-corporate dividend to Holding Company entitled to Group Relief under section 59B of the Income Tax Ordinance 2001, the Holding Company disbursed the dividend without tax deduction to Lucky Holdings announced on 27th August, 2015 and on 19th February, 2016. However, Federal Board of Revenue, through an Order dated 2nd September, 2016, created tax demand on such dividends along with penalties and default surcharge. The Group had then preferred an appeal before CIR(A), who vide his order dated January 19, 2018, decided the case against the Holding Company. An appeal against CIR(A) order has been filed before Tribunal which is pending disposal. The Holding Company has also filed a petition on this matter, before Honorable Sindh High Court which has granted a stay against the recovery of demand. The Holding Company is confident that there is no merit in this claim of FBR and it will be decided in its favor.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

In course of conducting a sales tax audit for the period July 2012 to June 2013, DCIR of FBR raised certain issues with respect to exemption and zero-rating / reduced rate benefit available to the Holding Company on its sales. On September 12, 2014 the Holding Company received an order in which demand of PKR 952 million was raised. An appeal was filed with CIR(A) which was decided against the Holding Company however directions were given to assessing officer to amend the original order if the returns are revised by the Holding Company. The Holding Company had already filed application through which approval of revision of returns have been sought, which is pending with FBR. A suit has also been filed before Honorable Sindh High Court through which legality of the order has been challenged. The Court while suspending the order, has granted stay against recovery of demand whereas the case is pending disposal. The Holding Company is confident that there is no merit in the claim of FBR and that the case would be decided in Holding Company's favor. Accordingly, no provision in this respect has been made in these unconsolidated financial statements.

## Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 20 to the consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

## Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

## 48. Standards, amendments and interpretations adopted during the year

### 48.1 Standard or Interpretation

The Group has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the consolidated financial statements.

Standards, interpretations and amendments to approved accounting standards that are not yet effective.

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 January 2018
IFRS 9 – Financial Instruments	01 July 2018
IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) Contracts – (Amendments)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IAS 40 – Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22– Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Group is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Group expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2018
IFRS 17 – Insurance Contracts	January 01, 2018

The Group expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

#### 49 Post statement of financial position events - dividends

The Directors in their meeting held on July 27, 2018 have recommended a final dividend of PKR 8.50 per share (June 30, 2017: PKR 10.00 per share). This dividend is in addition to interim dividend paid of PKR 8.00 per share during the current year. The consolidated financial statements for the year ended June 30, 2018 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

#### 50 Date of authorisation

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on July 27, 2018.

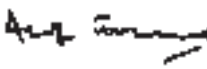
#### 51 General

**51.1** Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

**51.2** Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



**Muhammad Sohail Tabba**  
Chairman / Director



**Asif Jooma**  
Chief Executive



**Muhammad Abid Ganatra**  
Chief Financial Officer



# Glossary

ADD	Anti Dumping Duties	HTM	Heat Transfer Method	OPM	Operating Profit Margin
AGM	Annual General Meeting	HYP	Hygiene Performance Index	OPV	Open pollinated variety
APCMA	All Pakistan Cement Manufacturing	IAS	International Accounting Standards	P&DD	Performance and Development Discussion
AY	Assessment Year	IASB	International Accounting Standards Board	PAC	Pakistan Agricultural Collation
AR	Annual Report	IBFT	Inter Bank Fund Transfer	PACRA	Pakistan Credit Rating Agency
BAC	Board Audit Committee	ICAP	Institute of Chartered Accountants of Pakistan	PAT	Profit After Tax
BBS	Behaviour Based Safety	ICC	International Chamber of Commerce	PBC	Pakistan Business Council
BCR	Best Corporate Report	ICMAP	Institute of Cost and Management Accountant of Pakistan	PBS	Patient Benefit Schemes
BSL	Business School Lausanne Switzerland	IFAC	International Federation of Accountants	PBT	Profit Before Tax
CAA	Civil Aviation Authority of Pakistan	IFAS	Islamic Financial Accounting Standards	PCP	The Pakistan Center for Philanthropy
CAGR	Compound Annual Growth Rate	IFRSs	International Financial Reporting Standards	PCT	Pakistan Customs Tariff
CCG	Code of Corporate Governance	ISE	Islamabad Stock Exchange Limited	PHE	Plate Heat Exchanger
CCPA	Corporate Communication and Public Affairs	ISO	International Organization for Standardization	PIACL	Pakistan International Airline Corporation Limited
CDC	Central Depository Company	IT	Information Technology	PICG	Pakistan Institute of Corporate Governance
CDP	Core Development Program	IVSAA	Indus Valley School of Art and Architecture	PIJBC	Pakistan-India Joint Business Council
CEO	Chief Executive Officer	JCR-VIS	Japan Credit Rating Vital Information Services	PKR	Pakistani Rupee
CFB	Coal Fired Boiler	KIBOR	Karachi Inter Bank Offer Rate	PPEs	Personal Protective Equipment
CFO	Chief Financial Officer	KPI	Key Performance Indicators	PPG	Polypropylene Glyco
CGU	Cash Generating Unit	KPK	Khyber Pakhtunkhwa	PSF	Polyester Staple Fibre
CIR	Commissioner Inland Revenue	KSE	Karachi Stock Exchange Limited	PSX	Pakistan Stock Exchange
CM	Contribution Margin	KTPA	Kilotons per annum	PTA	Pure Terephthalic Acid
CME	Continued Medical Education	L&D	Learning and Development	PU	Polyurethanes
Co.	Company	LA	Light ash	PwC	PricewaterhouseCoopers
CO2	Carbon DiOxide	LDRM	Leadership Development Roadmap	PX	Paraxylene
COD	Chemical Oxygen Demand	LEDs	Light-emitting diode	Q	Quarter
CPEC	China Pakistan Economic Corridor	LNG	Liquid Natural Gas	R&D	Research and Development
CSR	Corporate Social Responsibility	LOI	Loss of Ignition	RCMS	Responsible Care Management System
DA	Dense Ash	LRBT	Layton Rahmatullah Benevolent Trust	RISE	Reach Inspire Sustain Enable
DCIR	Deputy Commissioner Inland Revenue	LSE	Lahore Stock Exchange Limited	ROCE	Return on Capital Employed
DFI	Department of Financial Institutions	LTFF	Long Term Financing Facility	Rs	Rupees
DGAD	Directorate General of Anti-Dumping and Allied Duties	LTI	Lost time injury	RSB	Refined Sodium Bicarbonate
DNA	de-oxy ribo nucleic acid	LUMS	Lahore University of Management Sciences	SAP	Systems Applications and Products
DRAP	Drug Regulatory Authority of Pakistan	LSA	Light Soda Ash	SBP	State Bank of Pakistan
EBIT	Earnings before interest and tax	LC	Letter of Credit	SC	Specialty Chemicals
EBITDA	Earnings before interest tax depreciation and amortization	LWC	Ladies Welfare Centre	SCB	Standard Chartered Bank
EIA	Environment Impact Assessment	m3/te	Meter Cube per ton	SECP	Securities and Exchange Commission of Pakistan
EMT	Executive Management Team	MALC	Marie Adelaide Leprosy Centre	SOGP	Society of Obs and Gynae Pakistan
EOGM	Extra Ordinary General Meeting	MAP	Management Association of Pakistan	SOP	Standard Operating Procedure
EPA	Environmental Protection Agency	MEG	Mono-Ethylene Glycol	SOx	Sulphur Oxide
EPM	Enterprise Performance Management	MoA	Memorandum of Association	SNGPL	Sui Northern Gas Pipelines Limited
EPS	Earnings per share	MOU	Memorandum of Understanding	SPLY	Same period last year
ER	Endoplasmic reticulum	MS	Microsoft	S.I.T.E	Sindh Industrial Trading Estate
ERM	Enterprise Risk Management	MT	Metric Ton	SWOT	Strengths Weaknesses Opportunities and Threats
ERP	Enterprise Resource Planning	MW	megawatt	TCF	The Citizens Foundation
EVP	Employee Value Proposition	NAFA	NBP Fullerton Asset Management Limited	TJ	Terajoule
FFFP	Fellowship Fund for Pakistan	NBFI	Non-bank Financial Institutions	TNA	Training Needs Assessment
FTR	Final Tax Regime	NBP	National Bank of Pakistan	TPD	Tons per day
FWO	Frontier Works Organization	NBV	Net Book Value	TSR	Total Shareholder Return
FBR	Federal Board of Revenue	NEQS	National Environment Quality Standards	UK	United Kingdom
FY	Financial Year	NGO	Non Government Organization	UN	United Nations
GC	General Chemicals	NIB	National Investment Bank	UNCG	United Nations Global Compact
GDP	Gross Domestic Product	NOx	Nitrogen Oxide	UNGC	United Nations Global Compact
GIDC	Gas Infrastructure Development Cess	NPR	Non-product related	URS	United Registrar Systems
GJ/Te	Giga joule per ton	NSI	Net Sales Income	USA	United States of America
GM	General Manager	NTC	National Tariff Commission	USAID	The United States Agency for International Development
GPM	Gross Profit Margin	OEE	Operational Eco Efficiency	USD	United States Dollar
GR	Graduate Recruit	OHSAS	Occupational Health and Safety Administration Standards	VOC	Volatile Organic Compound
GRI	Global Reporting Initiative	OCI	Other Comprehensive Income	VP	Vice President
HAPI	Health Assessment Performance Index	OLM	Operating Loss Margin	WEF	World Economic Forum
HFO	Heavy Furnace Oil	OPD	Out Patient Department	WOB	Women on Board
HR	Human Resources	OPEC	Organization of Petroleum	WWF	World Wildlife Fund
HR&RC	Human Resource and Remuneration Committee			YBG	Yunus Brothers Group
HS CODE	Harmonized System Codes			YGL	Young Global Leader
HSE	Health Safety and Environment				
HSE&S	Health Safety Environment and Security				



ICI PAKISTAN LTD.

# Admission Slip

The Sixty-Seventh Annual General Meeting of ICI Pakistan Limited will be held on Tuesday, September 25, 2018, at 10.00 a.m. at Beach Luxury Hotel, Karachi.

Kindly bring this slip duly signed by you for attending the Annual General Meeting.

**Company Secretary**

Name \_\_\_\_\_ Holding \_\_\_\_\_

Shareholder No. \_\_\_\_\_ Signature \_\_\_\_\_

**Note:**

- i) The signature of the shareholder must tally with the specimen signature on the Company's record.
- ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the Meeting premises.

**CDC Account Holders / Proxies / Corporate Entities:**

- a) The CDC Account Holder / Proxy shall authenticate his/her identity by showing his / her original Computerized National Identity Card / Smart National Identity Card (CNIC/ SNIC) or original passport at the time of attending the Annual General Meeting.
- b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Annual General Meeting (unless it has been provided earlier).

**This Admission Slip is Not Transferable**





**ICI PAKISTAN LTD.**

## **DIVIDEND MANDATE (MANDATORY)**

In accordance with the provisions of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode by remitting directly into the designated bank account ("the Bank Account") as provided by the entitled shareholders.

In order to receive your dividends directly into your Bank Account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your valid CNIC to the Shares Registrar of ICI Pakistan Limited ("the Company") M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

---

### **Bank Account Details of Shareholder for Payment of Cash Dividend through electronic mode**

I hereby communicate to receive my future dividends directly in my Bank Account as detailed below:

Name of Shareholder : \_\_\_\_\_

Folio/Shareholder number : \_\_\_\_\_

Contact number of Shareholder : \_\_\_\_\_

International Bank Account No. (IBAN) : \_\_\_\_\_ **24 Digit\***

Bank Account Number : \_\_\_\_\_

Title of Account : \_\_\_\_\_

Name of Bank : \_\_\_\_\_

Bank Branch : \_\_\_\_\_

Full mailing address : \_\_\_\_\_

Contact No of Bank : \_\_\_\_\_

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in future.

\_\_\_\_\_  
Shareholder's signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
CNIC / SNIC No. (copy attached)

[As per specimen signature registered with the ICI Pakistan Limited/Shares Registrar]

\*Please provide complete IBAN Number (24 digits), after checking with your concerned bank branch to enable electronic credit directly into your bank account. The payment of cash dividend will be processed based on the 24 digit IBAN alone.

The Company Secretary  
ICI Pakistan Limited  
ICI House  
5 West Wharf  
Karachi-74000

Affix  
Correct  
Postage





ICI PAKISTAN LTD.

## Standard Request Form Circulation of Annual Audited Accounts

### The Company Secretary

ICI Pakistan Limited  
ICI House, 5 West Wharf,  
Karachi 74000

Subject: **Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Electronic Media**

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) along with Notices of General Meetings to its members through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the below form and send us to Company's address.

I/We hereby consent Option 1 or Option 2 to the above said SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me hard form instead Email/CD/DVD/USB or any others Electronic Media.

☐ **Option 1 – Via Email**

Name of the Members/ Shareholders : \_\_\_\_\_

CNIC /SNIC # : \_\_\_\_\_

Folio / CDC Account Number : \_\_\_\_\_

Valid Email Address : \_\_\_\_\_

(to receive Financial Statements alongwith  
Notice of General Meeting(s) instead of  
hard copy, CD/DVD/USB.)

☐ **Option 2 – Hard copy**

Name of the Members/ Shareholders : \_\_\_\_\_

CNIC / SNIC # : \_\_\_\_\_

Folio / CDC Account Number : \_\_\_\_\_

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

(on which I wish receive Financial Statements  
alongwith Notice of General Meeting(s) instead  
of Email/CD/DVD/USB and any other  
Electronic Media.)

I/We hereby confirm that the above – mentioned information is correct and in case of any change therein, I/we will immediately intimate to the Company's Shares Registrar. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

\_\_\_\_\_  
Shareholder's signature

The Company Secretary  
ICI Pakistan Limited  
ICI House  
5 West Wharf  
Karachi-74000

Affix  
Correct  
Postage

**Revised Treatment of Withholding Tax**

Please further note that under Section 150 of the Income Tax Ordinance 2001, and pursuant to Finance Act 2018, withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 15% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer / Non-Filer' status of Principal Shareholders as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all Shareholders who hold share with joint shareholders are requested to provide shareholding proportions of Principal shareholder and Joint-Holder(s) in respect of shares held by them to our Shares Registrar, FAMCO Associates (Pvt) Limited, 8-F, Block-6, P.E.C.H.S. Nursery, Next to Hotel Faran , Shahrah-e-Faisal, Karachi.

Following are the details held by Principal / Joint-Holder of the shares of **ICI Pakistan Limited**.

Principal Shareholder				Joint – Holder 1	
Folio/CDS Account #	Total Shares	Name and CNIC #	No. of Shares	Name and CNIC #	No. of Shares
Joint – Holder 2			Joint – Holder 3		
Name and CNIC #		No. of Shares	Name and CNIC #		No. of Shares

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

Signature of Principle Shareholder : \_\_\_\_\_

Signature of Joint-Holder 1: \_\_\_\_\_

Signature of Joint-Holder 2 : \_\_\_\_\_

Name : \_\_\_\_\_  
[PLEASE WRITE NAME IN BLOCK LETTER]

Name : \_\_\_\_\_  
[PLEASE WRITE NAME IN BLOCK LETTER]

Signature of Joint-Holder 3: \_\_\_\_\_

Name : \_\_\_\_\_  
[PLEASE WRITE NAME IN BLOCK LETTER]

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

Affix  
Correct  
Postage





## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

ریگولریٹیز کے ساتھ ریٹیل سٹورز میں شاندار اضافہ نے اہم کردار ادا کیا۔ اس کے ساتھ آئی سی آئی پاکستان لمیٹڈ کی برانڈ پیکیجنگ متعارف کرانے اور نئی کمپین چلانے سے بھی سرن کی پروڈکٹس کو توجہ ملی۔ ادارے نے آئندہ سال میں پنجاب میں ادارتی مواقع سے فائدہ اٹھانے پر کام کرنا ہے۔

نیوٹری کو موریٹا گا (پرائیویٹ) لمیٹڈ موریٹا گا انفرنٹ فارمولہ کی تیاری کے لئے ایک اعلیٰ معیاری پیداواری سہولت کے قیام، اس کی ڈسٹری بیوشن، مارکیٹنگ کے منصوبے پر سرگرم عمل ہے۔ پروجیکٹ کا سول ورک جاری ہے اور منصوبے کے تحت پلانٹ کی تنصیب بھی متوقع ہے۔ دوران سال کمپنی نے اپنے بینک ڈپازٹس پر 60.85 ملین روپے آمدنی کمائی جس کے نتیجے میں 36.14 ملین روپے بعد از ٹیکس منافع اور 2.14 روپے فی شیئر آمدنی حاصل ہوئی۔

مجموعی بنیادوں پر کمپنی نے اپنے ذیلی اداروں آئی سی آئی پاکستان پاورجن لمیٹڈ، سرن فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ اور نیوٹری کو موریٹا گا (پرائیویٹ) لمیٹڈ کے ساتھ بعد از ٹیکس منافع برائے زیر جائزہ سال 3,298 ملین روپے کمایا جس میں سے 18 ملین روپے اقلیتی حصہ داروں سے متعلق ہے۔ اس کے نتیجے میں فی شیئر منافع 35.51 روپے رہا جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں کچھ کم ہے۔ دوران سال کمپنی نے نیوٹری کو پاکستان (پرائیویٹ) لمیٹڈ کی جانب سے منافع کے حصے کے طور پر 586 ملین روپے اپنے نام کئے ہیں۔

ڈائریکٹر آئی سی آئی پاکستان لمیٹڈ کے آڈٹ شدہ گروپ رزلٹس برائے سال ختم شدہ 30 جون 2018 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ آئی سی آئی پاکستان گروپ، آئی سی آئی پاکستان لمیٹڈ، آئی سی آئی پاکستان پاورجن لمیٹڈ (پاورجن)، سرن فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ (سرن) اور نیوٹری کو موریٹا گا پرائیویٹ لمیٹڈ کے نام سے ذیلی اداروں پر مشتمل ہے۔

سال ختم شدہ 30 جون 2018 کیلئے آئی سی آئی پاکستان لمیٹڈ کی کارکردگی کی وضاحت پر مشتمل ڈائریکٹر رپورٹ علیحدہ سے پیش کی جا چکی ہے۔

پاورجن کا مجموعی کاروبار سال ختم شدہ 30 جون 2018 کے لئے 548 ملین روپے بنتا ہے جو کہ گزشتہ سال کے مقابلے میں 22 فیصد زائد ہے۔ جس کی اہم وجہ پولیٹر برنس کو بجلی کی فروخت میں 3 فیصد اضافہ اور فرنیس آنل کی قیمتوں میں 25 فیصد تک اضافہ ہونا ہے۔ جبکہ آپریٹنگ رزلٹ 28 فیصد (94 ملین روپے بمقابلہ 73 ملین روپے) بڑھ گیا کیونکہ گزشتہ سال میں زیادہ مرمتی اور بحال کا کام انجام دیا گیا تھا۔

سرن نے 884 ملین روپے کا مجموعی کاروبار اپنے نام کیا۔ اس کا آپریٹنگ منافع 117 ملین روپے رہا۔

مجموعی طور پر کاروباری صورتحال مستحکم رہی، سرن کے برانڈز کی طلب میں اضافہ ہونا شروع ہو گیا ہے، جس کی بدولت سرن مالیاتی سال 2017-18 کے مارچ مہینے میں ہمیشہ کے مقابلے میں سب سے زیادہ کاروبار کرنے میں کامیاب رہی۔ اس کارکردگی میں اداروں کو

آصف جمہ  
چیف ایگزیکٹو

محمد سہیل شا  
چیرمین

بتاریخ 27 جولائی 2018

کراچی۔

## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

## بورڈ کی کمیٹیاں

## آڈٹ کمیٹی

خواجہ اقبال حسن

جناب محمد علی ثناء

جناب جاوید یونس ثناء

چیئر مین

ممبر

ممبر

## خطرے سے آگہی کا نظام

کمپنی کے خطرات سے نمٹنے کے فریم ورک اور داخلی ضابطے کے نظام کی تفصیل صفحہ نمبر 64 سے 67 تک دی گئی ہے۔

## پیٹرن آف شیئر ہولڈنگ

کمپنی میں شیئر رکھنے کے طریقہ کار کا اسٹیٹمنٹ بشمول مزید معلومات برائے سال ختم شدہ 30 جون، 2018 صفحہ نمبر F56 سے F58 تک ملاحظہ کریں۔

## ایچ آر اینڈ ریمونیویشن کمیٹی

خواجہ اقبال حسن

جناب محمد سہیل ثناء

جناب محمد علی ثناء

جناب جاوید یونس ثناء

جناب آصف جمعہ

چیئر مین

ممبر

ممبر

ممبر

ممبر

30 جون 2018 کے مطابق، لکی ہولڈنگز لمیٹڈ بشمول گدون ٹیکسٹائل ملز لمیٹڈ اور لکی ٹیکسٹائل ملز لمیٹڈ نے 86.14% شیئر زاپے نام رکھے ہوئے تھے جبکہ کاروباری اداروں نے 5.46%، افراد اور دیگر نے باقی 8.40% شیئر رکھے ہوئے تھے۔

آئی سی آئی پاکستان لمیٹڈ کے شیئر کی سال 2017-18 کے دوران کم از کم اور زیادہ سے زیادہ مارکیٹ پرائس درج ذیل تھی:

زیادہ سے زیادہ	02 اگست 2017	1,200 روپے
کم از کم	13 دسمبر 2017	721 روپے

دوران سال ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ہیڈ آف انٹرئل آڈٹ اور ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے شیئر میں کوئی لین دین نہیں کیا ہے۔

## گروپ کے مالیاتی گوشوارے

سال ختم شدہ 30 جون، 2018 کے لئے آئی سی آئی گروپ کے آڈٹ شدہ مالیاتی گوشوارے منسلک ہیں۔ آئی سی آئی پاکستان گروپ آئی سی آئی پاکستان لمیٹڈ، آئی سی آئی پاکستان پاور جن لمیٹڈ، سرن فارماسیوٹیکلز پرائیویٹ لمیٹڈ اور نیوٹرکومورینا گائپرانیویٹ لمیٹڈ پر مشتمل ہے۔

سیف ایگزیکٹو

آصف جمعہ

چیف ایگزیکٹو

محمد سہیل ثناء

چیئر مین

بتاریخ 27 جولائی 2018

کراچی۔

## ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2018

## ڈائریکٹرز کا مشاہرہ

بورڈ کی منظوری کے مطابق ڈائریکٹرز کو فیس ادا کی جاتی ہے اور کمپنی اس حوالے سے کمینیز ایکٹ 2017 (ایکٹ) اور CCG کے مطابق باضابطہ پالیسی مرتب کر رہی ہے۔

## بورڈ کا جائزہ

دوران سال بورڈ نے اپنی کارکردگی کو جانچنے کا باضابطہ پریسیس شروع کیا ہے۔ بورڈ آڈٹ کمیٹی اور ایچ آر اینڈ ریمونریشن کمیٹی کی کارکردگی کا باضابطہ طور پر جائزہ شروع کیا جا چکا ہے۔ سال بھر میں متعین کردہ پیرامیٹرز کی بنیاد پر بورڈ کی مجموعی کارکردگی قابل اطمینان رہی۔

## ڈائریکٹرز کی ٹریننگ

بورڈ ممبران کی اکثریت، کوڈ آف کارپوریٹ گورننس (CCG) کے شق نمبر 20 کے مطابق ڈائریکٹرز کے ٹریننگ پروگرام کے استثنیٰ کے لئے مطلوب تجربہ اور تعلیم کی حامل ہیں۔ تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کی حیثیت سے اپنی ذمہ داریوں سے بخوبی واقف ہیں۔ کمپنی نے جنوری 2018 میں اپنے ڈائریکٹرز کی کمپنیز ایکٹ 2017 سے متعلق آگہی کے ساتھ ذمہ داریوں کی وضاحت کے لئے CCG کے اہم نکات سے روشناس کرایا تھا۔

## بورڈ کی تشکیل

CCG کی ضروریات کے مطابق، کمپنی اپنے بورڈ میں آزاد، نان ایگزیکٹو ڈائریکٹرز کے ساتھ صنفی تفریق کے بغیر خواتین کی نمائندگی کے لیے بھی پرعزم ہے۔

موجودہ بورڈ کی تشکیل اس طرح ہے:

## ڈائریکٹرز کی کل تعداد:

الف) مرد: 7

ب) خواتین: 1

## تشکیل:

آزاد ڈائریکٹرز: 2

نان ایگزیکٹو ڈائریکٹرز: 4

ایگزیکٹو ڈائریکٹرز: 2

## 5۔ آئی سی آئی پاکستان

نان بینجٹ اسٹاف

پراویڈنٹ فنڈ

431

443

## ڈائریکٹرز کی حاضری

زیر جائزہ ختم شدہ سال کے دوران، چھ (06) بورڈ میٹنگز، چھ (06) آڈٹ کمیٹی میٹنگز اور ایک (01) ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HR&RC) کی میٹنگز کا اہتمام کیا گیا۔ ہر ڈائریکٹر / ممبر / CFO / کمپنی سیکریٹری / متعلقہ بورڈ / سب کمیٹی کے سیکریٹریز کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام اور سیکریٹری	بورڈ آف ڈائریکٹرز میٹنگز	آڈٹ کمیٹی میٹنگز	ہیومن ریسورس اینڈ ریمونریشن کمیٹی میٹنگز
جناب محمد سہیل ثبا	6	-	1
جناب محمد علی ثبا	6	6	1
جناب جاوید یونس ثبا	6	5	1
مسز امینہ اے عزیز باوانی	1	-	-
جناب آصف جمعہ	6	-	-
خواجہ اقبال حسن	4	5	1
جناب محمد عابد گناترا			
ڈائریکٹر اینڈ سی ایف او	6	6	-
جناب کمال اے چنائے	6	-	-
* مس صائمہ کاملہ خان			
کمپنی سیکریٹری	6	-	-
** مس فاطمہ زبیری			
سیکریٹری ٹو HR&RC	-	-	1
جناب محمد علی مرزا			
سیکریٹری ٹو BAC	-	6	-

\* محترمہ نوشین احمد کو صائمہ کاملہ خان کی جگہ 16 جولائی 2018 کو کمپنی سیکریٹری کے طور پر تعینات کیا گیا ہے۔

\*\* 20 جولائی 2018 کو استعفیٰ دے چکی ہیں۔



## ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2018

• انٹرنل کنٹرول کا سسٹم اپنے ڈیزائن میں بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔

• کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں۔

• CCG پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

• انتظام اور مالیات سے متعلق گزشتہ 10 سال کی اہم معلومات صفحہ نمبر 26 پر درج کی گئی ہے۔

• بقایہ ٹیکسز اور محاصل کی معلومات فنانشل اسٹیٹمنٹس کے نوٹس میں دی گئی ہے۔

• کمپنی کی انتظامیہ بہتر کارپوریٹ گورننس کے لیے پرعزم ہے اور بہترین تجربات پر عمل درآمد کے لئے مناسب اقدامات اٹھا رہی ہے۔

### ریٹائرمنٹ فوائد میں سرمایہ کاری

ملازمین کے ریٹائرمنٹ فنڈ سے متعلق مجموعی اثاثوں کی قدر پر موجود فوائد کا انتظام فنڈز کے ٹرسٹیز کرتے ہیں۔ ان کے فنانشل اسٹیٹمنٹ (آڈٹ شدہ) کے مطابق 30 جون 2017 کو ان کی تفصیل درج ذیل تھی:

30 جون 2016	30 جون 2017	
(PKR '000)	(PKR '000)	
1,330	1,463	1- آئی سی آئی پاکستان مینجمنٹ اسٹاف پینشن فنڈ
526	626	2- آئی سی آئی پاکستان مینجمنٹ اسٹاف گریجویٹ فنڈ
644	796	3- آئی سی آئی پاکستان مینجمنٹ اسٹاف ڈیفنس فنڈ
1,170	1,307	4- آئی سی آئی پاکستان مینجمنٹ اسٹاف پراویڈنٹ فنڈ

### آڈیٹرز

موجودہ آڈیٹرز میسرز ارنسٹ اینڈ یگ فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہلیت کی بنیاد پر آنے والے مالیاتی سال کے لئے انہوں نے خود کو دوبارہ انتخاب کے لئے پیش کیا ہے۔

آڈٹ کمیٹی کی تجویز پر بورڈ نے میسرز ارنسٹ اینڈ یگ فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے باضابطہ آڈیٹرز کے طور پر منظوری دی ہے، یہ انتخاب کمپنی کے آنے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

### متعلقہ پارٹی ٹرانزیکشنز

دوران سال، کمپنی نے اپنے متعلقہ پارٹیوں کے ساتھ لین دین انجام دی۔ ان ٹرانزیکشنز کی تفصیل اس رپورٹ کے ساتھ منسلک ان کنسالیڈیٹڈ فنانشل اسٹیٹمنٹز کے نوٹ نمبر 38 میں دی جا رہی ہے۔

### کوڈ آف کارپوریٹ گورننس سے ہم آہنگی

کمپنی نے بہترین کارپوریٹ گورننس کو یقینی بنانے کے لیے تمام لازمی اقدامات اٹھائے ہیں۔ لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی تعمیل کے طور پر، ڈائریکٹرز درج ذیل کے بیان پر خوشی محسوس کرتے ہیں:

• کمپنی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشواروں میں معاملات کی واضح صورت، اس کے انتظامی نتائج، کیش فلو اور ایکویٹی کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔

• کمپنی کے اکاؤنٹ بکس درست انداز میں برقرار رکھے گئے ہیں۔

• مالیاتی گوشواروں اور اکاؤنٹنگ بیانات کی تیاری مناسب اور محتاط انداز میں متعلقہ اکاؤنٹنگ پالیسیز کے تحت کی گئی ہے۔

• مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) کے معیاروں کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔

## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

### مستقبل پر نظر

ملک میں جنرل الیکشن کے بعد غیر یقینی سیاسی صورتحال، کرنٹ اکاؤنٹ خسارے میں اضافے کے سبب روپے کی مزید ناقدی، بڑھتی ہوئی مہنگائی، بڑھتی ہوئی شرح سود، بیرونی سرمایہ کاری میں کمی جیسے عوامل کے پیش نظر کاروباری اتار چڑھاؤ کا امکان ہے۔ تاہم سی پیک کے تسلسل کے نتیجے میں بجلی کی فراہمی میں بہتری اور انفراسٹرکچر کی ترقی کے پروجیکٹس جاری رہنے سے معیشت کی بہتری کی توقع کی جا رہی ہے۔

گزشتہ سال کے دوران کروڈ آئل کی قیمتوں میں جاری رہنے والا عدم استحکام اس سال بھی جاری رہنے کا امکان ہے۔ مزید یہ کہ کوئلے اور RLNG کی قیمتوں میں اضافہ کمپنی کے توانائی کے اخراجات پر منفی اثرات مرتب کرے گا۔ پولیسٹر بزنس اس صورتحال سے فائدہ اٹھانے کی کوشش کرے گا کیونکہ روپے کی ناقدی کی وجہ سے امپورٹس مہنگی ہو جاتی ہیں جس کے نتیجے میں مقامی طلب میں اضافہ ہوتا ہے۔ rbST انجیکشن پر پابندی سے لائف سائنسز بزنس کے ایک بڑے حصہ پر منفی اثر سے کمپنی بھی متاثر ہوگی، تاہم بزنس نے نئی حاصل کردہ مینوفیکچرنگ سہولیات اور برانڈز کو بروئے کار لا کر کاروباری ترقی کو جاری رکھنے کے لیے کوششیں جاری رکھی ہوئی ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے منظور شدہ کیمیکلز اینڈ ایگری سائنسز کا ماسٹر پیج پروجیکٹ آئندہ مالیاتی سال کی دوسری ششماہی میں فعال ہونے کی توقع کی جا رہی ہے۔

کمپنی اپنے صارفین کی خدمت، اسٹیک ہولڈرز کے ساتھ تعلقات میں استحکام لانے، اپنی پروڈکٹس میں توسیع اور آرگینک و ان آرگینک ترقی کے لئے نئے مواقع تلاش کرنے پر اپنی بھرپور توجہ مرکوز کئے ہوئے ہے۔ اس لئے کہ ہمارے برانڈ کا وعدہ ہے ”ترقی کو بڑھنے دو۔“

### اظہار تشکر

ہمارے یہ نتائج ملازمین کی انتھک محنت اور لگن، صارفین، سپلائرز، سروس فراہم کرنے والوں اور شیئر ہولڈرز کے کمپنی پر اعتماد کا نتیجہ ہیں۔ کمپنی تمام اسٹیک ہولڈرز کے اعتماد کو تسلیم کرتی ہے اور اس کا شکریہ ادا کرتی ہے۔

بچنے کے لئے کمپنی کا ہیمنٹ پالیسی میں Usance LC سے Sight LC کی طرف منتقل ہونا ہے۔

زیر جائزہ سال کا مجموعی کاروبار 49,108 ملین روپے رہا جو گزشتہ سال اسی عرصے کے مقابلے میں 19 فیصد زائد ہے، جس کی وجہ ہمارے تمام بزنس کا زائد مجموعی کاروبار، پروڈکٹس کا وسیع پورٹ فولیو اور صارفین کی بڑھتی ہوئی تعداد ہے۔

اس سال کا مجموعی منافع گزشتہ سال کے مقابلے میں 9 فیصد زائد ہے۔ اس کی وجہ سیلز کی مقدار میں اضافہ اور تمام کاروبار میں مجموعی طور پر بہتر کارکردگی ہے۔

اس سال سیلز اور ڈسٹری بیوٹن کے اخراجات گزشتہ سال کے اسی عرصے کے مقابلے میں 11 فیصد زیادہ ہیں، جس کی اہم وجہ ملازمین کی تنخواہوں میں اضافہ، رائلٹی کے زائد چارجز اور آڈٹ ورڈ فریٹ کے اخراجات ہیں۔ انتظامی اور عمومی اخراجات برائے سال گزشتہ سال کے مقابلے میں 8 فیصد زیادہ رہے کیونکہ گزشتہ سال کے اسی عرصے کے مقابلے میں اس سال زیادہ پروویژن ریکارڈ کئے گئے۔

دوران سال کمپنی نے کئی بینکس سے طویل المدتی اور قلیل المدتی مالیاتی سہولیات حاصل کیں تاکہ کاروباری امور کی انجام دہی کے لئے ضروری اخراجات اور کاروباری توسیع کی ضروریات کو پورا کیا جاسکے۔ اس کے ساتھ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافے سے اس سال کے مالیاتی اخراجات گزشتہ سال کے مقابلے میں 67 فیصد زیادہ رہے۔ مزید برآں، دوران سال امریکی ڈالر کے مقابلے میں پاکستان روپے کی قدر میں 16 فیصد کمی واقع ہوئی، نتیجتاً 429 ملین روپے کے زرمبادلہ کے نقصانات اٹھانے پڑے، جو کہ گزشتہ سال کے مقابلے میں 416 ملین زائد بنتے ہیں۔

اس کے علاوہ دیگر آمدنی گزشتہ سال کے مقابلے میں 30 فیصد کم ہے جس کی وجہ اس سال نیوٹری کو پاکستان (پرائیوٹ) لمیٹڈ (ایسوسی ایٹ کمپنی) کی جانب سے منافع منقسمہ میں کمی واقع ہونا ہے۔

بعد از ٹیکس منافع (PAT) گزشتہ سال کے مقابلے میں 7 فیصد کمی کے ساتھ 3,060 ملین روپے رہا۔

ہر شیئر پر منافع (EPS) گزشتہ سال کے مقابلے میں 7 فیصد کمی کے ساتھ 33.13 روپے رہا۔



## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

کیمیکلز برنس کی تمام ڈویژنوں کی بہترین کارکردگی نے اگلی سائنسز برنس کی کارکردگی میں آنے والی کمی کی تلافی کی۔

برنس کا آپریٹنگ رزلٹ 287 ملین روپے رہا جو گزشتہ سال کے مقابلے میں 63 فیصد کم ہے۔

کیمیکلز ڈویژن کا آپریٹنگ رزلٹ پولی پوتھن اور جنرل کیمیکلز ڈویژن میں بہترین کارکردگی کے سبب گزشتہ سال کے مقابلے میں 20 فیصد زائد رہا۔ تاہم اگلی سائنسز برنس کے آپریٹنگ رزلٹ میں کمی سے اس بہتر کارکردگی کو نقصان پہنچا جس کی اہم وجہ کسانوں کو درپیش شدید مالیاتی بحران ہے جس کے نتیجے میں کمپنی کو قابل وصول ادائیگیوں کی مد میں پروویژن ریکارڈ کرنے پڑے اور کچھ انویسٹریز کو نیٹ ریلیز اسبل ویلیو پر ریکارڈ کرنا پڑا۔

بورڈ آف ڈائریکٹرز کی جانب سے منظور شدہ ماسٹر پیج مینوفیکچرنگ سہولت کا قیام منصوبے کے مطابق جاری ہے۔ مزید براں برنس نے جدید کیمیکل ٹیکنیکل سینٹر (CTC) کی تکمیل کے بعد افتتاح بھی کر لیا ہے۔ اس سینٹر سے کیمیکل ڈویژن فارملیشن کی ٹیسٹنگ، ریسرچ اور ڈیولپمنٹ کے امور کو انجام دینے کے قابل ہو جائے گا۔ اس طرح کوالٹی کنٹرول کی جدید انداز میں نگرانی کے قابل ہو جائے گا۔ اس کو سینٹر آف ایکسی لینس کے طور پر کسٹمر اور ٹیکنیکل ٹریننگ کی انجام دہی کے لیے بھی استعمال کیا جائے گا۔ یہ دونوں اقدامات برنس کی جانب سے کمپنی کے ترقی پذیر نظریے کی تکمیل کے ساتھ کیمیکلز اور اگلی سائنسز برنس کے پروڈکٹ پورٹ فولیو کی آگے بڑھنے کی صلاحیت کا ثبوت فراہم کر رہے ہیں۔

مزید براں، برنس اخراجات پر توجہ مرکوز رکھتے ہوئے نئے سیگمنٹ کی تلاش، موجودہ اور نئے کسٹمرز پر مزید توجہ اور جدت کے تسلسل کو جاری ہوئے ہے۔

کاروبار اپنی مثبت پیش رفت کے سبب بہترین مستقبل رکھتا ہے اور اپنے اسٹیک ہولڈرز کے لئے مزید منافع کے لئے کوششیں جاری رکھے ہوئے ہے۔

### فنانس

کمپنی کی بیلنس شیٹ 30 جون 2018 پر کرنٹ ریٹو 1.17 (2017:1.01) اور کوئیک ریٹو 0.52 (2017:0.50) کے ساتھ مضبوط پوزیشن میں تھی۔ کرنٹ ریٹو میں کچھ اضافے کی وجہ کریڈیٹرز میں اضافہ ہے جسکی اہم وجہ زرمبادلہ کے نقصانات سے

اینٹیل ہیلتھ ڈویژن نے زیر جائزہ سال کے دوران شاندار کارکردگی کا مظاہرہ کیا خاص طور پر فارمرز چوائس پورٹ فولیو، وانڈا، سوماٹیک اور پولٹری نے شاندار ترقی اپنے نام کی۔ ڈویژن پنجاب حکومت کا وانڈا کی فراہمی کا ٹینڈر حاصل کرنے میں کامیاب رہا۔

6 جنوری کو سپریم کورٹ آف پاکستان نے عوامی بھلائی کے کئی کیسز میں سوموٹو ایکشن لیا جس ری کمپائنڈ بووائن سوماٹوٹروپن (rbST) انجکشن کی مارکیٹنگ اور امپورٹ پر پابندی بھی شامل تھی۔ یہ امریکی ایف ڈی اے کی جانب سے منظور شدہ پروڈکٹ ہے۔ سپریم کورٹ نے اپنے فیصلے میں اس کے اسٹاک کو قبضہ میں لے کر اس کا حتمی فیصلہ آنے تک اس کے اسٹاک کو سیل کرنے کا حکم دیا۔ یہ پروڈکٹ اینٹیل ہیلتھ پورٹ فولیو میں ایک قابل ذکر حصہ رکھتی تھی۔

rbST پر اچانک اور غیر متوقع پابندی کے سبب برنس کا مستقبل چیلنجنگ ہے تاہم نئی حاصل کردہ مینوفیکچرنگ سہولیات اور برانڈز کے ساتھ موجودہ پورٹ فولیو کو بروئے کار لاکر برنس اپنی ترقی میں اضافہ کرے گا۔

برنس اپنے حال ہی میں حاصل کردہ پولٹری بائیو لاجیکل پورٹ فولیو کو مارکیٹ میں ڈسٹری بیوٹن اور مارکیٹنگ پر کام جاری رکھے ہوئے ہے۔ نئے ویٹرز کے پیش نظر ڈویژن نے کورین کمپنی CAVAC کی اینٹیل ویکی نیشن کی رجسٹریشن پر کام کرنے کے لیے ایک معاہدہ کیا ہے۔

### کیمیکلز اینڈ اگلی سائنسز برنس

مجموعی کاروبار (ملین روپے)

جون 2017 7,298  
جون 2018 7,826

آپریٹنگ رزلٹ (ملین روپے)

جون 2017 677  
جون 2018 287

سال ختم شدہ 30 جون 2018 کے لیے کیمیکلز اور اگلی سائنسز برنس کا مجموعی کاروبار 7,826 ملین روپے رہا جو گزشتہ سال اسی عرصے کے مقابلے میں 7 فیصد زائد ہے۔

## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

آپریٹنگ رزلٹ (ملین روپے)



لائف سائنسز برنس نے سال ختم شدہ 30 جون 2018 کے لئے 1,317 ملین روپے کا آپریٹنگ رزلٹ حاصل کیا جو گزشتہ سال کے اسی عرصے کے مقابلے میں 34 فیصد بہتر ہے۔ برنس نے 10,588 ملین روپے کا مجموعی کاروبار کیا جو گزشتہ سال کے مقابلے میں 22 فیصد زائد ہے۔ لائف سائنسز برنس کے تمام ڈویژنز نے اس سال سبز میں شاندار ترقی حاصل کی۔

برنس پر زیادہ توجہ مرکوز کرنے اور کاروباری امور کو مزید بہتر انداز میں چلانے کے پیش نظر لائف سائنسز برنس کی نئے سرے سے تشکیل عمل میں لائی گئی اور اب یہ فارماسیوٹیکلز اور اینمل ہیلتھ ڈویژنز پر مشتمل ہے۔ یہ دونوں ڈویژن یکساں مارکیٹ اپروچ کے ساتھ ایک جیسے قانونی اور پیداواری ضروریات کے حامل ہیں۔ ایگری ڈویژن اب کیمیکلز برنس کا حصہ ہے (جو اب کیمیکلز اینڈ ایگری سائنسز برنس ہے) تاکہ مستقبل میں برنس کی پیداواری صلاحیتوں سے بہتر انداز میں فائدہ اٹھایا جائے۔

فارماسیوٹیکل ڈویژن نے گزشتہ سال کے مقابلے میں 32 فیصد ترقی کے ساتھ 5,699 ملین روپے کا مجموعی کاروبار کیا۔

آئی سی آئی پاکستان لمیٹڈ کی جانب سے وائٹھ پاکستان لمیٹڈ اور فائزر پاکستان لمیٹڈ کے منتخب اثاثہ جات اور برانڈز کے حصول کی تکمیل کے بعد ڈرگ مینوفیکچرنگ لائسنس (DML) کا ٹائٹل بھی تبدیل کر لیا جا چکا ہے۔

زیر جائزہ سال کے دوران مجموعی طور پر کارڈیو ویکسٹولر اور اسپیشلسٹی سگمنٹ کی سبز شاندار رہی جبکہ پرائمری کیئر سگمنٹ ریشیل میں اپنے برانڈز کی ساکھ قائم کئے ہوئے ہے۔

ریگولیٹری محاذ پر، 3 جنوری 2018 کو وفاقی کابینہ کے اجلاس میں سالانہ CPI کی بنیاد پر قیمتوں کے اضافہ کی منظوری دی گئی۔ اس ضمن میں ڈرگ ریگولیٹری اتھارٹی آف پاکستان نے 19 جنوری 2018 کو باقاعدہ نوٹیفیکیشن بھی جاری کیا۔ نتیجتاً برنس کو ان قیمتوں کے اضافے کا فائدہ مئی کے آغاز سے ہونا شروع ہوا۔

برنس ہمہ وقت استحکام اور سوڈا الیش پلانٹ کی پیداواری صلاحیت کو بڑھانے پر توجہ مرکوز کئے ہوئے ہے۔ 75000 ٹن سالانہ کی صلاحیت والے توسیعی منصوبے کی مدد سے گزشتہ سال کے مقابلے میں اس سال کی پیداواری مقدار 11 فیصد اضافے کے ساتھ 382,048 ٹن رہی۔

قانونی محاذ پر، بھارت میں 2012 میں سوڈا الیش کی درآمدات پر اینٹی ڈمپنگ ڈیوٹیز (ADD) عائد کی گئی تھیں۔ ADD کی تینخ کے جواز پر 2016 میں عبوری جائزہ لیا گیا جس کو بعد میں سن سیٹ ریویو میں تبدیل کیا گیا۔ بھارت کے ڈائریکٹوریٹ جنرل آف اینٹی ڈمپنگ اینڈ الائیڈ ڈیوٹیز (DGAD) نے 2012 سے عائد اینٹی ڈمپنگ ڈیوٹیز کو منسوخ کرنے کی تجویز دی ہے۔

بھارت کی الکی مینوفیکچررز ایسوسی ایشن نے DGAD کی تجویز کو ملکی کورٹس میں چیلنج کیا اور عبوری احکامات حاصل کئے جن میں مجاز اتھارٹی کو اس حوالے سے کسی بھی نوٹی فیکیشن کے اجراء سے روکا گیا۔ بعد ازاں عبوری احکامات اٹھالیے گئے۔ اینٹی ڈمپنگ ڈیوٹیز کے حوالے سے بھارت میں حتمی فیصلہ آنا باقی ہے۔ اس دوران کچھ عرصہ کے لیے بھارت میں اینٹی ڈمپنگ ڈیوٹیز جاری رہنے کی توقع ہے۔

چین میں ماحولیاتی نگرانی کی تکمیل کے بعد زیادہ تر پلانٹس نے اپنی روایتی پیداوار شروع کر دی ہے اور عالمی سوڈا الیش کی مارکیٹ پر دباؤ کم ہونا شروع ہو گیا ہے۔ دوسری جانب جنوبی مشرقی ایشیا اور بھارت میں سوڈا الیش کی بھرپور طلب کے نتیجے میں عالمی قیمتوں کی صورتحال ملی جلی رہنے کا امکان ہے۔ مستقبل میں گلاس کے شعبے میں ڈاؤن اسٹریم توسیع، ورجن پیپر (ری سائیکل پیپر کے مقابلے میں) کی طلب میں اضافہ اور برانڈ ڈسٹریبٹ کو ترجیح دینے سے سلیکیٹ کی طلب میں اضافہ سے مقامی مارکیٹ میں ترقی کی توقع کی جا رہی ہے۔

## لائف سائنسز برنس

مجموعی کاروبار (ملین روپے)





## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

ایکسپورٹ مزید بڑھانے کے قابل رہے اور پروڈکٹ کی اسٹیشل پیش کش سے ایک قابل ذکر نام بن کر سامنے آئے۔

### سوڈا الیش برنس

مجموعی کاروبار (ملین روپے)



آپریٹنگ رزلٹ (ملین روپے)



اس سال مقامی سوڈا الیش مارکیٹ میں سبزی کی مقدار میں اضافے اور بڑھتی ہوئی قیمتوں کے باعث گزشتہ سال کے مقابلے میں مجموعی کاروبار میں 14 فیصد اضافہ ہوا۔ برنس کی مجموعی سبزی کی مقدار بشمول برآمدات گزشتہ سال کے مقابلے میں 5 فیصد زائد رہی۔

دوران سال ہماری سوڈا الیش مارکیٹ نے ڈٹرجنٹ، پیپر، اور سلیکیٹ کے شعبوں میں تیزی کے رجحان کے سبب شاندار ترقی کی۔ صارفین کی جانب سے آسان استعمال کے باعث برانڈڈ ڈٹرجنٹ کی طلب میں اضافہ کی بدولت لائڈری سوپ اور عام روایتی ڈٹرجنٹ پاؤڈر کا مارکیٹ شیئر کم رہا۔ برانڈڈ ڈٹرجنٹ کی طلب میں اضافہ سے سلیکیٹ کی طلب بڑھ گئی۔ دوران سال پیپر کے شعبے میں بھی ووڈ پلپ کی قیمتوں میں اضافے اور روپے کی ناقدری کے نتیجے میں طلب میں زبردست اضافہ دیکھنے میں آیا۔ بڑے مینوفیکچررز کی جانب سے ٹینڈر گلاس کی پیداوار پر توجہ مرکوز رکھنے سے سے گلاس کا شعبہ دباؤ کا شکار رہا۔

سال کے دوران برنس کا آپریٹنگ رزلٹ گزشتہ سال کے اسی عرصے کے مقابلے میں 1 فیصد اضافے کے ساتھ 2,747 ملین روپے رہا۔ قیمتوں میں اضافہ اور سبزی کی مقدار میں بڑھوتری کے باوجود، خام مال کی درآمدات کی بڑھتی ہوئی قیمت اور روپے کی قدر میں کمی کے سبب برنس متاثر رہا۔ اس کے ساتھ فروری میں 75000 ٹن سالانہ کے توسیعی منصوبے کے فرسودگی اخراجات گزشتہ سال کے مقابلے میں 160 ملین روپے زیادہ رہے۔

دیکھنے میں آیا جس کے سبب گزشتہ سال کے اسی عرصے کے مقابلے میں پی ایس ایف کی قیمتوں میں 20 فیصد اضافہ ہوا۔ نتیجتاً مقامی پی ایس ایف کی صنعت میں طلب اور قیمت میں اضافہ ہوا کیونکہ امپورٹڈ فابریک قیمتوں میں اضافہ ہوا، خاص طور پر پاکستانی روپے کی قدر میں کمی کے نتیجے میں گزشتہ سال کے مقابلے میں مقامی پی ایس ایف کی قیمتوں میں 21 فیصد اضافہ دیکھنے میں آیا۔

زیر جائزہ سال کے دوران پی ایس ایف کی قیمت فروخت میں اضافہ کے ساتھ سبزی کی مقدار میں 5 فیصد اضافے نے گزشتہ سال کے مقابلے میں مجموعی کاروبار میں 26 فیصد اضافہ کیا۔ صارفین کی ضروریات کو پورا کرنے کے لیے برنس نے اپنی پیداواری شرح میں اضافہ کیا اور گزشتہ سال کے مقابلے میں اس سال 4 فیصد زیادہ پیداوار کی۔ کمپنی کی اقدار کے عین مطابق برنس نے جدت پسندی کو جاری رکھا اپنے کسٹمرز پر توجہ دی اور ترکی اور امریکہ کو بلیک فابریک اور دیگر خاص قسم کے دیپٹنس ایکسپورٹ کرنے کے ذریعے نئی مارکیٹوں میں قدم رکھا۔

گزشتہ سال کے اسی عرصے کے مقابلے میں توانائی کے اخراجات 28 فیصد بڑھے جس کی اہم وجہ گیس، فرنیس آئل اور کولے کی قیمتوں میں بالترتیب 33 فیصد، 25 فیصد اور 24 فیصد اضافہ ہے۔ تاہم برنس نے ان اثرات کو بہتر مارجن، سبزی کی مقدار میں بڑھوتری اور اپنے کاروباری اخراجات پر ضابطے سے کنٹرول کیا اور گزشتہ سال کے مقابلے میں 111 فیصد زائد کا قابل ذکر آپریٹنگ رزلٹ حاصل کیا۔

مالیاتی سال کے دوران، برنس نے چائنیز امپورٹرز پر اینٹی ڈمپنگ ڈیوٹی کے نفاذ سے متعلق تمام کیسز کا کامیابی سے دفاع کیا۔ دوسری جانب برنس نے چین، ترکی اور تھائی لینڈ کے ساتھ فری ٹریڈ ایگریمنٹ کے حوالے سے PSF کو "نو کنٹینیشن لسٹ" میں شامل کرنے پر اپنی توجہ مرکوز کر رکھی۔

مزید برآں، مقامی انڈسٹری میں PSF کا مارجن علاقائی طلب اور سپلائی کی صورتحال میں تبدیلی سے متاثر ہوگا۔ پاکستان کی فابریک انڈسٹری شاندار ایکسپورٹ آرڈرز کی بدولت ڈاؤن اسٹریم اسپننگ انڈسٹری میں طلب کے اضافے سے فائدہ اٹھانے کے لیے تیار ہے۔ روپے کی ناقدری سے بھی برنس کو دوہرا فائدہ ہوگا، اس سے ناصرف سے امپورٹڈ PSF زیادہ مہنگا ہو جائیگا بلکہ ایکسپورٹ مارکیٹ میں برنس کی مقابلے کی صلاحیت بڑھنے میں مدد ملے گی۔ اپنے عالمی شراکت داروں کے ساتھ کئی کاروباری الانسز بھی برنس کی معیاری اقدار کو جاری رکھنے سے تعلق رکھتے ہیں یہ اس لئے کہ برنس اپنا

## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

خطرات پر قابو پانا ایک ہمہ وقتی ضرورت ہے، اس لئے خطرات، ان کے حل اور درست اقدامات پر مشتمل اس سالانہ عمل میں یہ عبوری اپ ڈیٹس شامل ہیں۔

آئی سی آئی پاکستان لمیٹڈ کا یہ ERM فریم ورک درج ذیل عوامل پر مشتمل ہے:

- ایک شفاف عمل کے تحت کمپنی کو لاحق خطرات سے متعلق ضروری ثبوتوں کی فراہمی
- خطرے اور اس سے متعلق امور کے لئے ایک سادہ سی زبان کا استعمال، اس سے تبادلہ خیال میں آسانی اور ہر ایک کو سمجھنے اور فیصلہ کرنے میں آسانی ہوتی ہے۔
- خطرات پر قابو پانے کے انتظام میں شفاف احتساب اور انتظام کا نفاذ

## کاروباری جائزہ

### پولیسٹر اسٹیل فابریز (PSF)

مجموعی کاروبار (ملین روپے)



آپریٹنگ رزلٹ (ملین روپے)



زیر جائزہ سال کے دوران امریکہ اور چین کے درمیان تجارتی جنگ، یورپ میں بڑھتی ہوئی سیاسی غیر یقینی اور مشرق وسطیٰ کے گھڑتے ہوئے حالات نے عالمی اقتصادی حالات کو زیر دباؤ رکھا۔ اوپیک اور نان اوپیک ممبران کی جانب سے تیل پیداوار میں کمی کے معاہدے پر سختی سے عمل درآمد اور تیل کی عالمی طلب میں بہتری کے سبب کروڑ آئل کی قیمتوں میں گزشتہ سال کے اسی عرصے کے مقابلے میں 20 فیصد اضافہ دیکھنے میں آیا۔ کروڑ کی قیمتوں میں اضافے سے تمام پیٹرولیم مصنوعات کی قیمتیں اوپر آئی ہیں اور PTA اور MEG کی قیمتوں میں بالترتیب 15 اور 26 فیصد اضافہ ہوا۔ مزید برآں دوران سال چین کی حکومت کی جانب سے ری سائیکل شدہ PET فلیکس اور بوتلوں کی امپورٹ پر پابندی کے فیصلے کی وجہ سے پولیسٹر اسٹیل فابریز کی مقامی طلب میں اضافہ

کمپنی کے امور میں تیزی لانے اور ملازمین کی بڑھتی ہوئی ضروریات کے لیے ٹیکنالوجی کا حصول اور ڈیجیٹلائزیشن بہت اہم ہے۔ اس حوالے سے آئی سی آئی پاکستان لمیٹڈ نے ایک دلچسپ ریکورڈ منٹ ڈرائیو: ریس ٹودی بیڈروم جاری رکھی جس سے پاکستان بھر کے 5000 درخواست گزاروں میں سے 17 ماہیہ ناز گریجویٹ ریکروٹس کو ادارے میں بھرتی کیا گیا۔

کمپنی کی ہیومن ریسورسز سے متعلق تفصیلی معلومات سالانہ رپورٹ کے صفحہ نمبر 44 پر ملاحظہ کریں۔

## رиск مینجمنٹ

خطرات پر قابو پانے کا نظام مشکل سے بچنے کا اہم جز ہے۔ آئی سی آئی پاکستان لمیٹڈ میں بورڈ آف ڈائریکٹرز کو خطرات سے نمٹنے کے نظام کی نگرانی سونپی ہوئی ہے، جس میں خطرات سے نہرڈ آزما ہونا اور اندرونی قواعد و ضوابط کے طریقے دونوں ہی شامل ہیں۔

کمپنی میں خطرات سے نمٹنے کے امور مرتب کردہ ہیں تاکہ ہمارے اثاثے محفوظ رہیں اور کاروباری تسلسل کو لاحق ممکنہ خطرات پر بھی نظر ہو۔ مرتب کردہ ان امور کو مستقل جائزے کی ضرورت ہوتی ہے اسی طرح کاروباری، انتظامی، مالیاتی یا عملدرآمد کے مقاصد میں ممکنہ طور پر غلط ڈالنے والے امور سے متعلق بورڈ اور اعلیٰ انتظامیہ کو اطلاع دی جاتی ہے تاکہ بروقت ایکشن لیا جاسکے اور کمپنی کے آپریشن بلا تعطل جاری رہیں۔

آئی سی آئی پاکستان لمیٹڈ اختیارات کے حوالے سے ایک صاف و شفاف اور واضح انتظامی نظام کی حامل ہے۔ کمپنی کی سینئر مینجمنٹ عمل درآمد کے امور چلانے، خطرات پر نظر رکھنے اور مختلف ضابطوں کے اثر کو جانچنے کی ذمہ دار ہے۔

کمپنی ایک مربوط انٹر پرائز ریسک مینجمنٹ (ERM) فریم ورک رکھتی ہے جو ادارے کو لاحق خطرات کی نشاندہی اور ان سے بروقت نہرڈ آزما ہونا یقینی بنائے گا۔ یہ فریم ورک امور کے مابین استعمال کیا جاتا ہے تاکہ کمپنی کو ایک نظام کے تحت خطرات کو پہچاننے، جائزہ لینے اور مناسب انداز میں ان کا سدباب کرنے میں مدد ملے۔ نشاندہی کردہ خطرات کو ان کے اثرات کے پیش نظر ترجیحی بنیادوں پر حل کرنے کے اقدامات کئے جاتے ہیں۔

## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

### کمیونٹی

اپنے ملازمین کو کمیونٹی کے مختلف CSR اقدامات میں مصروف رکھنے کے لیے جون 2018 میں پیمانہ والٹنیز پروگرام شروع کیا گیا۔ یہ پروگرام کمپنی کی CSR پالیسی کے مطابق مرتب کیا گیا ہے۔ پیمانہ پروگرام کے تحت، کمپنی کی روایات، اقدار اور برانڈ کے وعدے ترقی کیلئے کوشاں کے پیش نظر، کمپنی اپنے اسٹاف کو اس بات پر قائل کرتی ہے کہ وہ اپنے کام کے اوقات میں سے سالانہ 2 دن (16 گھنٹے) رضا کارانہ کاموں پر صرف کریں۔

### ماحول

ماحول میں بڑھتی ہوئی آلودگی کے پیش نظر کمپنی درخت لگانے کی مہم میں شامل ہونے کی روایت کو جاری رکھے ہوئے ہے اور اپنی سالانہ رپورٹس اور اسٹیک ہولڈرز کو دیگر کارپوریٹ پبلیکیشن کی ترسیل کے لیے کاغذ کے لفافوں کے بجائے باؤڈ گریڈ ایبل لفافے استعمال کرتی ہے۔

سی ایس آر سے متعلق مزید معلومات اور کمیونٹی میں سرمایہ کاری کے اقدامات کے لیے، براہ مہربانی سالانہ رپورٹ کا صفحہ نمبر 55 ملاحظہ کریں۔

### ہیومن ریسورسز

آئی سی آئی پاکستان ترقی کے سفر پر گامزن ہے اور اس بات پر یقین رکھتی ہے کہ مستقبل کا تعلق چند افراد نہیں بلکہ تمام تر ملازمین کے ساتھ ہے۔ اس حوالے سے کمپنی افرادی رہنمائی اور یانداری، ذمہ داری، لگن اور جدت کی اپنی اقدار کی بنیاد پر مہارت کی فراہمی کے لیے پرعزم ہے۔

گزشتہ پانچ سالوں کے دوران، ٹیکنالوجی میں جدت آنے سے کمپنی اپنے کاروباری انداز میں بھی تبدیلی لانے کے یقین کے پیش نظر اپنے ایچ آر امور میں جدت لانے کے لیے بڑے اقدام کر رہی ہے۔ ان اقدامات میں سے SAP سسٹمز فیکٹرز کے ساتھ شراکت داری قابل ذکر ہے۔

آئی سی آئی پاکستان SAP (کلاؤڈ بیسڈ ایچ آر سسٹم میں گلوبل لیڈر) سے اشتراک عمل کے ذریعے اپنے ہیومن ریسورسز تجربات کو مزید بہتر کر رہی ہے۔ کمپنی نے iNSIGHT کا آغاز کیا جو ملازمین کی بھرتی سے لیکر تسلسل کی تمام منزلوں کے لیے ایچ آر مایکرو پرنٹ

ہے۔ نومبر 2017 میں 6 ماڈیولز میں سے تین کی شروعات ہوئی جن میں ریکروٹمنٹ، آن بورڈنگ اور لرننگ شامل ہیں۔ جبکہ باقی کو مالیاتی سال 2018-19 میں شروع کرنے کا ارادہ ہے۔ iNSIGHT (iLEARN) کے نام سے تربیتی ماڈیول کئی اسٹریٹجز سے تمام ملازمین کے لیے 1600 سے زائد آن لائن کورسز کی رسائی فراہم کرتا ہے تاکہ وہ بروقت درست تربیت تک رسائی کے مل سکے اور پورے ادارے میں ڈیجیٹل تربیتی ماحول قائم کرتے ہوئے ایک رہنما کے طور پر کام کرتا ہے۔

آئی سی آئی پاکستان لمیٹڈ کی گیلیپ کے ساتھ iMPower ایسپلائی انکچنٹ سروے کے لیے شراکت داری تین سال سے جاری ہے، تاہم اس سال کمپنی کے لیے شاندار کامیابی سامنے آئی۔ آئی سی آئی پاکستان لمیٹڈ نے پانچ پوائنٹ والے پرسنل پر 4.52 اسکور حاصل کرتے ہوئے 75 ویں پرسنل کا اپنا ٹارگٹ عبور کرتے ہوئے خود کو 82 ویں پرسنل پر پہنچایا ہے، یہ گزشتہ سال کے مقابلے میں 0.22 پوائنٹس کا قابل ذکر اضافہ ہے۔ اس کامیابی کے پیش نظر کمپنی کو گیلیپ گریڈ ورک پلیس ایوارڈ سے نوازا گیا جو کہ گیلیپ کی جانب سے دنیا کا بہترین کام کا ماحول فراہم کرنے والے اداروں کو دیا جاتا ہے۔

آئی سی آئی پاکستان لمیٹڈ کی ایک ادارے کے طور پر صلاحیت بڑھانے اور ملازمین کو ترقی کے مواقع فراہم کرنے کے لیے سالانہ پلاننگ میٹنگ کا اہتمام کیا گیا اور کیپبلٹی گروپ سیشن بھی بلائے گئے۔ اب تک 11 فیصد ملازمین کے لیے ادارے کے اندر ہی ترقی کے مواقع پیدا کئے گئے ہیں۔

ملازمین کی تربیت اور انہیں ترقی کے مواقع فراہم کرنے کے لیے کمپنی پرعزم ہے۔ اس سال ملازمین کو کئی لیڈرشپ اور فنکشنل پروگراموں میں تربیت فراہم کی گئی، اس طرح ٹریننگ پر 13,315 مین آؤرز صرف ہوئے جس میں سے 5.8 فیصد آن لائن تربیت پر صرف کئے گئے۔ اس سال 875 منفرد ملازمین کو 10.8 ٹریننگ آؤرز فی ملازم کی شرح سے تربیت فراہم کی گئی۔

آئی سی آئی پاکستان لمیٹڈ کا لیڈرشپ ڈیولپمنٹ روڈ میپ بھی پورا انداز میں ملازمین کی صلاحیتوں میں نکھار لانے کے لیے بہت اہم ہے جو ایک منظم ٹیلنٹ ڈیولپمنٹ فریم ورک فراہم کر رہا ہے۔ کمپنی کا اہم پروگرام ”نمان ایچ آر“ کے لیے ایچ آر“ اس سال بھی جاری ہے اور اپنے مینیجرز کی لائن مینیجر کے طور پر اپنے ایچ آر کردار کو سمجھنے کی صلاحیت کو نکھار رہا ہے۔ اس پروگرام میں اس سال 35 مینیجرز کو تربیت فراہم کی گئی اور اس وقت تمام مینیجرز اپنی ایچ آر ذمہ داریوں سے بڑی حد تک واقف ہیں۔



## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

### تعلیم

#### ووکیشنل ٹریننگ

لیڈرز ویلفیئر سینٹر کھیوڑہ آئی سی آئی پاکستان لمیٹڈ نے 1973 میں کھیوڑہ کی خواتین کو ووکیشنل ٹریننگ کے ذریعے بااختیار بنانے کے مقصد سے قائم کیا تھا جو کہ اس وقت بھر پور انداز میں خدمت میں مصروف عمل ہے۔ دسمبر 2017ء میں 12 طالبات کے بیچ نے اپنی تربیت مکمل کی۔ اس وقت یہ لیڈرز ویلفیئر سینٹر انٹرن شپ اور ٹیچر ٹریننگ پروگرام بھی پیش کرتا ہے سینٹر میں اس وقت پانچ انسٹرکٹرز ہیں یہ سب اسی سینٹر کے سابقہ اسٹوڈنٹ ہیں۔ کراچی کے علاقے لیاری میں مقامی این جی او کے ساتھ مل کر روشن لیاری پروگرام شروع کیا گیا جس میں قلیل مدت کے ووکیشنل ٹریننگ کورسز شامل ہیں جس سے تعلیم کو فروغ ملے گا اور لیاری کے نوجوانوں کو اپنی صلاحیتوں کے نکھار کے مواقع بھی میسر ہوں گے۔

#### پرائمری تعلیم میں تعاون

گزشتہ 16 سال سے گورنمنٹ ہوائز اینڈ گرلز پرائمری اسکول ٹی ہریہ، شیخوپورہ پولیسٹر بزنس کی سی ایس آر ٹیم کی زیر نگرانی چل رہا ہے۔ سال 2017 سے تعلیمی معیار میں بہتری اور دیگر سہولیات میں اضافے کے پیش نظر اسکول کو ایک ممتاز این جی او کیئر فاؤنڈیشن کے حوالے کیا گیا ہے۔ اس وقت اسکول میں 130 طلباء داخل ہیں۔

کراچی کی ساحلی پٹی پر کاکا پیر کے گورنمنٹ ہوائز اور گرلز پرائمری اسکول میں بھی فاؤنڈیشن طویل عرصہ سے تعاون کر رہی ہے جس میں 2008 میں پورے اسکول کی تزئین و آرائش کے ساتھ نئے کلاس روم کا فرنیچر بھی مہیا کیا۔ 17-2016 سے گوٹھ کی لڑکیوں کے لیے چھٹی جماعت کا بھی آغاز کیا گیا تاکہ علاقے کی بچیوں کو اپنے ہی گاؤں میں مل تک تعلیم کی سہولت میسر ہو۔

#### ثانوی تعلیم میں تعاون

آئی سی آئی پاکستان فاؤنڈیشن نے یو ایس ایڈ کے تعاون سے چلنے والے سندھ کمیونٹی موبلائزیشن پروگرام کے ساتھ مفاہمتی یادداشت پر دستخط کئے۔ جس کے تحت فاؤنڈیشن نے گورنمنٹ گرلز سیکنڈری اسکول ولی محمد حاجی یعقوب لیاری میں ایک سائنس لیب کے لیے تعاون کیا تاکہ طالبات کو اپنے پریٹیکلز کیلئے سائنس لیب کی سہولت مہیا ہو سکے۔ دوران سال مذکورہ اسکول میں ریڈرز کلب پروجیکٹ بھی شروع کیا گیا ہے تاکہ اسٹوڈنٹس میں مطالعے، فہم اور یادداشت کی صلاحیت کو تقویت دی جائے۔

### اعلیٰ تعلیم میں تعاون:

آئی سی آئی پاکستان فاؤنڈیشن نے مرشد اسپتال کراچی کے نرسنگ اسکول اور منڈوانفری نرسنگ اسکول لیب کے لیے فنڈز فراہم کرنے کے ساتھ ساتھ ٹریننگ کا سامان بھی مہیا کیا جس میں دیرپا ورکنگ ماڈیولز بھی شامل ہیں تاکہ طلباء کو زندگی بچانے والی میڈیکل ٹیکنیک سیکھنے کے قابل بنایا جاسکے۔ فاؤنڈیشن کے تعاون سے لائبریری کو اپ گریڈ کرنے کے ساتھ فیکٹی کمپیوٹر لیب کو بھی اپ گریڈ کیا گیا۔ ان سہولتوں کی بدولت نرسنگ اسکول تین سالہ ڈپلومہ کی جگہ کالج سطح کا چار سالہ ڈگری پروگرام پیش کرنے کے قابل ہوا۔

فاؤنڈیشن پاکستان ایگریکلچرل کولیشن (PAC) کے ساتھ ایگریکلچرل ٹیکنیکل انسٹیٹیوٹ کے قیام میں تعاون جاری رکھے ہوئے ہے۔ اس سے ملکی کسانوں کو معیاری تعلیم اور زرعی تحقیق میں قابل قدر معلومات میسر ہوں گی۔

### ہیلتھ (صحت):

کھیوڑہ میں 2016 میں مدر اینڈ چائلڈ ہیلتھ کیئر کلینک کے کامیاب آغاز کے بعد مئی 2018 میں شیخوپورہ میں بھی اسی طرح کا کلینک قائم کیا گیا ہے۔ یہ کلینک کمپنی کے پولیسٹر بزنس مینوفیکچرنگ پلانٹ کے قریب واقع ہے۔ یہ کلینک آئی سی آئی پاکستان فاؤنڈیشن کے تعاون اور میری ایڈیلڈ لپروسی سینٹر (MALC) کے اشتراک عمل سے چلایا جا رہا ہے۔ کلینک اچھا کام جاری رکھے ہوئے ہے اور مقامی لوگوں کے لیے ایک بڑی سہولت ثابت ہو رہا ہے۔

فاؤنڈیشن کے طویل عرصہ سے چلنے والے آئی کیئر پروگرام نے لیٹن رحمت اللہ بینو ولینٹ ٹرسٹ کے تعاون سے اپنا کام جاری رکھا ہوا ہے۔ اس کے تحت ہر مہینے آنکھوں کے کمپ کا اہتمام کیا جاتا ہے۔ یہ پروگرام گزشتہ 25 سال سے کھیوڑہ میں آنکھوں کے ہزاروں مریضوں کو مفت طبی سہولیات فراہم کر چکا ہے۔

آئی سی آئی پاکستان فاؤنڈیشن چائلڈ لائف فاؤنڈیشن کے ساتھ تعاون کے تین سال مکمل کر چکی ہے، یہ ایک نان پرافٹ ادارہ ہے جو اس وقت کراچی کے پانچ بڑے ہسپتالوں میں پیڈیاٹرک ایمرجنسی وارڈز کو جدید انداز میں چلا رہا ہے۔

## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

شروع کیا گیا ہے۔ یہ کمپنی کے HSE&S ڈیٹا کے موازنہ اور نگرانی کے ساتھ اس کی آپریشنل ایکو ایٹمنٹ (OEE) کے اثرات کو کم کرتی ہے۔ ہیلتھ، سیفٹی، انرجی اور انوائرنمنٹ کی کارکردگی سے متعلق رپورٹس مستقل طور پر ماہانہ اور سہ ماہی بنیادوں پر تیار کی جاتی ہیں۔ ان رپورٹس پر بزنس ہیلتھ سیفٹی انوائرنمنٹ کمیٹی، سسٹین ایبلٹی کونسل اور آئی سی آئی پاکستان لمیٹڈ کے ایگزیکٹو مینجمنٹ کمیٹی کے اجلاسوں میں تبادلہ خیال ہوتا ہے۔ سسٹین ایبلٹی KPI ٹارگٹس کی بنیاد پر، کمپنی کے OEE اثرات کو کم کرنے کے لیے ایکشن پلان تیار کیا جاتا ہے۔

زیر جائزہ سال کے دوران آئی سی آئی پاکستان لمیٹڈ نے اپنے تمام بزنسز میں سسٹین ایبلٹی پلانز پر عمل درآمد سے توانائی کے استعمال، کچرے میں کمی اور نیشنل انوائرنمنٹ کو الٹی اسٹینڈرڈز (NEQS) پر عمل پیرا ہو کر اپنے OEE اثرات کو کم کرنے پر توجہ مرکوز رکھی۔

پوری کمپنی میں حالیہ اہم ترقیاتی پروجیکٹس، جس میں سوڈالیش کاروبار کا 75000 ٹن سالانہ توسیعی پروجیکٹ بھی شامل ہے، میں پہلے سے زیادہ ہوا کے اخراج، کچرے اور پانی کا زائد استعمال دیکھا گیا۔ اس کے باوجود تمام مینیجنگ سائٹس پر نیشنل ریگولیشنز برائے لیکوئڈ اور ایئر امیشن کے معیار پر عمل کیا گیا۔

کمپنی کی HSE&S اور سسٹین ایبلٹی کارکردگی سے متعلق تفصیلی معلومات کے لئے سالانہ رپورٹ کے سسٹین ایبلٹی سیکشن کا صفحہ 117 ملاحظہ کریں۔

### کاروباری اداروں کی سلعہ ذمہ داری (کارپوریٹ سوشل ریسپانسیبلٹی)

آئی سی آئی پاکستان لمیٹڈ اپنے علاقوں میں سماجی بہبود کے منصوبوں میں سرمایہ کاری پر بھرپور یقین رکھتی ہے جبکہ کمپنی کاروباری اداروں کی سماجی ذمہ داری پروگرام کے تحت یہ اقدامات آئی سی آئی پاکستان فاؤنڈیشن کے زیر انتظام سرانجام دیتی ہے، جو ایک رجسٹرڈ ٹرسٹ ہے اور فاؤنڈیشن کے بورڈ آف ٹرسٹیز اسے منظور شدہ پالیسی کے تحت چلاتے ہیں۔ آئی سی آئی پاکستان فاؤنڈیشن کے زیر نگرانی تمام منصوبے ہر پروگرام کے تحت پایہ تکمیل تک پہنچتے ہیں جس میں بنیادی طور پر تعلیم، صحت، ماحول اور سماجی بہبود پر توجہ دی جاتی ہے۔ اس کے علاوہ فاؤنڈیشن قدرتی آفات کے نتیجے میں پیدا ہونے والی صورتحال میں، امدادی کاموں اور بحالی کی سرگرمیوں میں بھی حصہ لیتی ہے۔

سال 2017-18 کے دوران آئی سی آئی پاکستان فاؤنڈیشن کے زیر نگرانی چلنے والے بڑے منصوبوں میں شامل ہیں:-

آئی سی آئی پاکستان لمیٹڈ، ہیلتھ، سیفٹی، انوائرنمنٹ اور سکیورٹی مینجمنٹ سسٹم کے ذریعے تمام آپریشنز، سائٹس اور بزنسز میں HSE&S پالیسی پر عمل درآمد کیا جاتا ہے جو کہ کمپنی کے انتظامی اسکیم میں مکمل طور فعال ہے۔ اس سسٹم کے اہم نکات میں پالیسی، احکامات، معیارات، رہنما اصول، مقامی مینجمنٹ سسٹم اور ٹریننگ مینجمنٹ، اپنا احتساب اور آڈٹ، کارکردگی کی رپورٹنگ اور پالیسی کا جائزہ شامل ہے۔

HSE&S کارکردگی میں کمپنی کے تمام بزنسز اور امور میں محفوظ اور مستحکم ترقی، قدر میں اضافہ، مواقع کی تلاش اور مسابقتی مفادات پر توجہ مرکوز رکھتے ہوئے صحت اور حفاظت کو ترجیح دی جاتی ہے۔ دوران سال فل ٹائم اور کنٹریکٹر کے ماتحت ملازمین کو صرف ایک حادثہ پیش آیا جبکہ آزاد کنٹریکٹرز کو دو قابل ذکر حادثات پیش آئے۔

کمپنی کی جانب سے آپریشنل ہیلتھ اور فلاح کے اعلیٰ معیاروں پر عمل درآمد کو ترجیح دیتے ہوئے، آئی سی آئی پاکستان لمیٹڈ نے اپنے آکیوشنل ہیلتھ مینوئل میں نئے عالمی معیارات اور ضروریات کے عین مطابق اپ گریڈیشن کی ہے۔ اس کے ساتھ ساتھ کمپنی کے صحت کی نگرانی اور کام کے ماحول کی نگرانی کے مختلف پروگراموں کی پابندی کی وجہ سے کسی طرح کی پیشہ ورانہ بیماری سامنے نہیں آئی۔

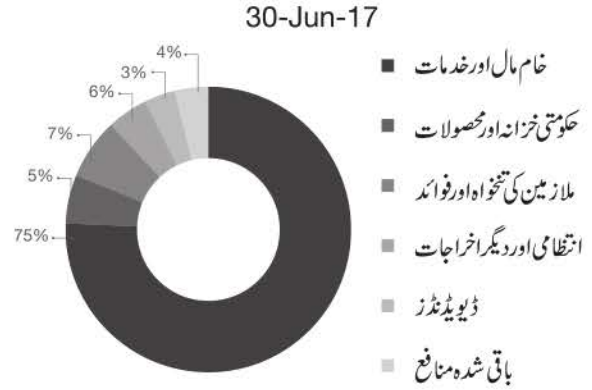
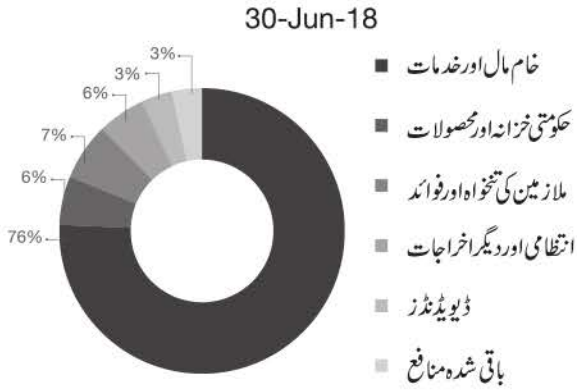
دوران سال ہمارے بزنسز کی HSE&S کارکردگی مستقل بنیادوں پر بہتر رہی جس کی بدولت پولیٹر، سوڈالیش، لائف سائنسز اور کیمیکلز اینڈ ایگری سائنسز بزنسز نے بغیر کسی قابل ذکر حادثے کے بالترتیب 1.11، 4.04، 16.18 اور 0.48 ملین میں آور پورے کئے ہیں۔ زیر جائزہ سال کے دوران ملازمین، زیر نگرانی کنٹریکٹرز اور آزاد کنٹریکٹرز کے لیے قابل ذکر حادثے کی شرح 0.10 اور 0.45 رہی۔

دوران سال کئی طرح کے بڑے امور انجام دیئے گئے۔ جن میں کمپنی کے کارپوریٹ انجینئرنگ پروجیکٹ، فوری رپورٹنگ کے رہنما اصولوں کے انتظامات (HSE-003) اور پیشہ ورانہ ہیلتھ مینوئل کا جائزہ شامل ہے۔ پروڈکٹ اسٹیورڈ شپ، سوشل ڈسکلوزر اور انوائرنمنٹ پرفارمنس مینجمنٹ (EPM) کے اہم پرفارمنس پیرامیٹرز جیسے اضافی ابواب شامل کئے گئے تاکہ ملازمین کو ان رپورٹنگ پیرامیٹرز سے بہتر انداز میں آگاہ کیا جائے۔ درج ذیل چار مینیوئلز کی عمل درآمد ضروری ہے اور ایک سینٹرل کارپوریٹ سیٹ اپ کے ذریعے اس کی نگرانی کی جاتی ہے۔

دی انوائرنمنٹل پرفارمنس مینجمنٹ (EPM) ڈیٹا میں ایپلی کیشن کو کامیابی سے دوبارہ

## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018



پاکستانی روپے بلین میں

ویلیو ایڈیشن اور اس کی تقسیم

%	2017 جون 30	%	2018 جون 30	
	41,363,695		49,107,580	مجموعی کاروبار
	2,656,168		2,988,700	سیلز ٹیکس
98%	44,019,863	99%	52,096,280	مجموعی کاروبار بشمول سیلز ٹیکس
2%	892,701	1%	626,979	دیگر کاروباری آمدنی
100	44,912,564	100	52,723,259	
75%	33,598,287	76%	39,996,301	خام مال اور خدمات
5%	2,466,731	6%	3,054,282	حکومتی خزانہ اور محصولات
7%	3,079,192	7%	3,587,353	ملازمین کی تنخواہ اور فوائد
6%	2,474,263	6%	3,025,619	انتظامی اور دیگر اخراجات
3%	1,570,103	3%	1,662,462	ڈیویڈنڈز
4%	1,725,988	3%	1,397,242	باقی شدہ منافع
100%	44,912,564	100%	52,723,259	

## ہیلتھ، سیفٹی، انوائرنمنٹ اور سکیورٹی (HSE&amp;S)

## ڈیویڈنڈ (منافع منقسمہ)

آئی سی آئی پاکستان لمیٹڈ اپنے ملازمین، صارفین اور کنٹریکٹرز بشمول ماحول کی حفاظت کے لئے HSE&S کے اصول و ضوابط پر عمل درآمد کے ذریعے ہیلتھ اور سیفٹی کے اعلیٰ معیاروں کو برقرار رکھنے پر یقین رکھتی ہے۔ ان اصولوں پر کمپنی میں ہر جگہ عمل درآمد کو یقینی بناتے ہوئے ملازمین، کنٹریکٹرز اور کنٹریکٹرز کی حفاظت کے ساتھ ماحول دوستی کا بھی ثبوت دیا جاتا ہے۔

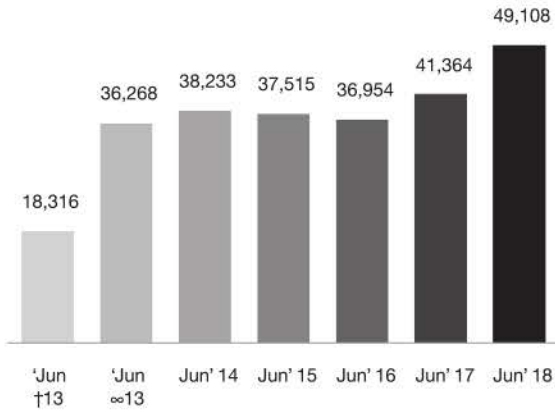
کمپنی کی آمدنی کے پیش نظر، بورڈ آف ڈائریکٹرز نے سال ختم شدہ 30 جون 2018 کے لئے حتمی نقد منافع منقسمہ 85 فیصد کے تناسب سے ہر -/10 روپے کے شیئر پر -/8.5 روپے دینے کی تجویز دی ہے اور اس کی ادائیگی آنے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔ اس کے علاوہ عبوری منافع منقسمہ -/8 روپے فی شیئر کے حساب سے پہلے ہی دیا جا چکا ہے، اس طرح مجموعی منافع منقسمہ -/16.5 روپے فی شیئر بنتا ہے۔

## ڈائریکٹر رپورٹ

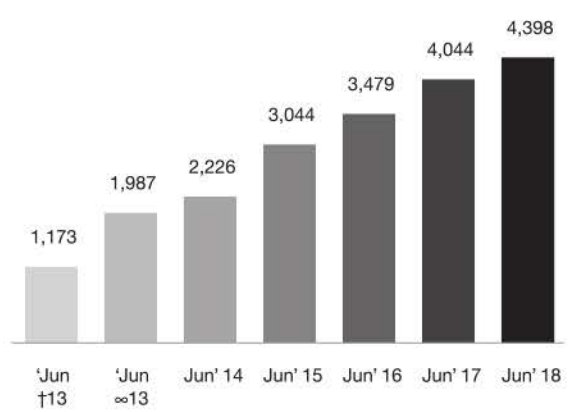
برائے سال ختم شدہ 30 جون 2018

## 6 سالہ مالیاتی کارکردگی پر ایک نظر

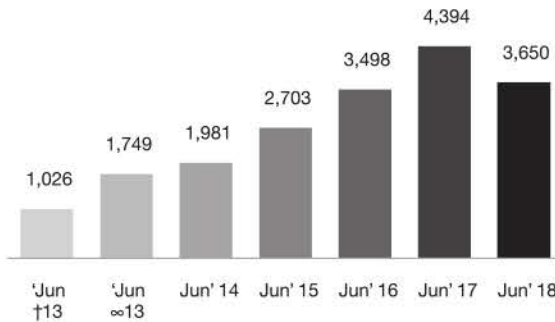
## مجموعی کاروبار (روپے ملین میں)



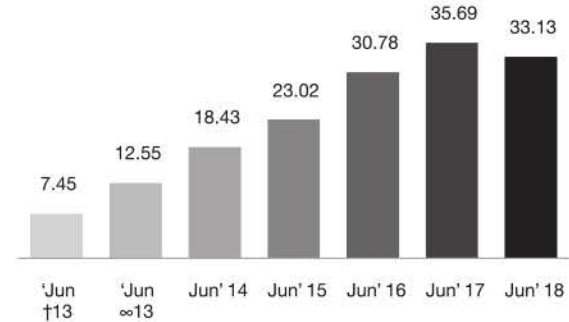
## آپریٹنگ رزلٹ (روپے ملین میں)



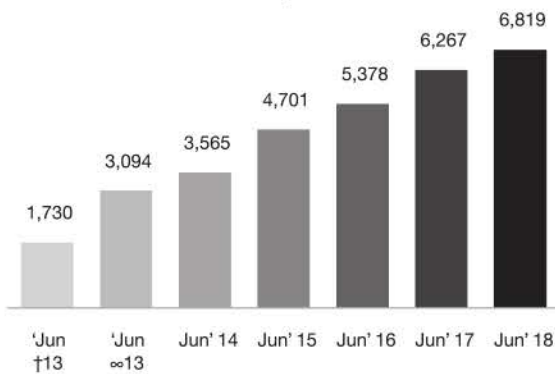
## قبل از ٹیکس منافع (روپے ملین میں)



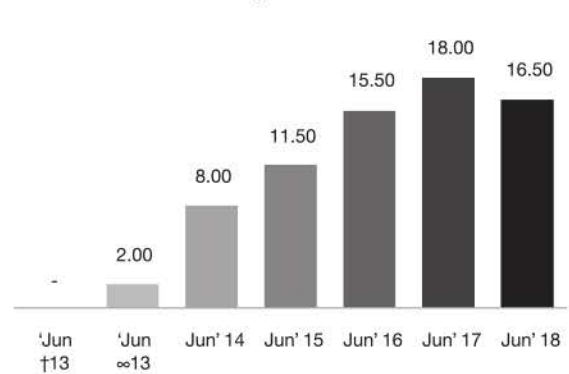
## فی شیئر منافع (روپے)



## ایپنڈا (روپے ملین میں)



## منافع منقسمہ (روپے فی شیئر)



+ جون 13 چھ ماہ کے نتائج پر مشتمل ہے جس کی وجہ مالیاتی سال میں تبدیلی ہے۔

12 ماہ کا عرصہ جون 2013



## ڈائریکٹر رپورٹ

برائے سال ختم شدہ 30 جون 2018

سے نقصان پہنچا۔ جس کے نتیجے میں آپریٹنگ رزلٹ گزشتہ سال کے آپریٹنگ رزلٹ کے برابر رہا۔

بعد از ٹیکس منافع برائے سال ختم شدہ 30 جون 2018ء 3,060 ملین روپے ہے جو گزشتہ سال کے مقابلے میں 7 فیصد کم ہے جس کی اہم وجہ قرضوں میں اضافے کی وجہ سے زائد سودی اخراجات، روپے کی قدر میں کمی کے سبب زر مبادلہ کے نقصانات اور ایسوسی ایٹ کمپنی سے گزشتہ سال کے اسی عرصے کے مقابلے میں کم ڈیویڈنڈ آمدنی کا حصول ہے۔ اس سال فی شیئر منافع 33.13 روپے ہے جو گزشتہ سال کے 35.69 روپے کے مقابلے میں 7 فیصد کم ہے۔

مجموعی بنیادوں پر، کمپنی نے اپنے ذیلی اداروں، آئی سی آئی پاکستان پاور جن لمیٹڈ، سرن فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ اور نیوٹری کوموریناگا (پرائیویٹ) لمیٹڈ سمیت سال کے لئے بعد از ٹیکس منافع 3,298 ملین روپے اپنے نام کیا، جس میں سے 18 ملین روپے اقلیتی حصہ داروں سے متعلق ہیں اس طرح ہر ایک شیئر پر منافع 35.51 روپے کمایا جو گزشتہ سال کے اسی عرصے کے مقابلے میں کچھ کم ہے۔ دوران سال کمپنی نے نیوٹری کو پاکستان (پرائیویٹ) لمیٹڈ سے 586 ملین روپے منافع کے حصے کے طور پر اپنے نام کئے۔

کمپنی نے موثر انداز میں وائٹھ پاکستان لمیٹڈ اور فائزر پاکستان لمیٹڈ کے منتخب اثاثہ جات اور برانڈز کا حصول کامیابی سے مکمل کر لیا ہے جس سے لائف سائنسز برنس کی پیداواری صلاحیت اور پروڈکٹ پورٹ فولیو میں مزید اضافہ واقع ہوا ہے۔ مزید برآں، کیمیکلز اور ایگری سائنسز برنس میں ماسٹر پیج پروجیکٹ پر منصوبے کے تحت کام جاری ہے جس کی منظوری بورڈ نے گزشتہ سال دی تھی۔

ڈائریکٹر اپنی رپورٹ برائے سال ختم شدہ 30 جون 2018 بشمول کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## جائزہ

زیر جائزہ سال کا مجموعی کاروبار 49,108 ملین روپے رہا جو کہ گزشتہ سال ختم شدہ 30 جون 2017 کے مجموعی کاروبار 41,364 ملین روپے کے مقابلے میں 19 فیصد زائد ہے۔ مجموعی کاروبار میں اضافہ تمام برنسز کی ترقی کے مرہون منت ہے۔

پولیسٹر برنس کا مجموعی کاروبار طلب میں بہتری اور پیٹرولیم مصنوعات کی قیمتوں میں اضافے کی بدولت 26 فیصد بڑھا۔ سوڈا الیش برنس کی آمدنی سیلز میں بہتری اور قیمت فروخت میں اضافے کے سبب 14 فیصد بڑھی۔ لائف سائنسز برنس نے وائٹھ پاکستان لمیٹڈ (وائٹھ) کے منتخب اثاثہ جات کے حصول کے نتیجے میں کاروباری توسیع کے ساتھ تجارتی امور کی ترقی اور نئی پارٹنرشپس سے 22 فیصد ترقی اپنے نام کی۔ کیمیکلز اور ایگری سائنسز برنس نے تمام کیمیکل ڈویژنز میں بہتر کارکردگی کے نتیجے میں گزشتہ سال کے اسی عرصے کے مقابلے میں اپنے مجموعی کاروبار میں 7 فیصد اضافہ اپنے نام کیا ہے۔

اس سال کا آپریٹنگ رزلٹ پولیسٹر اور لائف سائنسز برنسز میں بہتر کارکردگی سے 4,398 ملین روپے رہا جو گزشتہ سال کے اسی عرصے کے مقابلے میں 9 فیصد زیادہ ہے۔ اس بہتر کارکردگی نے کیمیکلز اور ایگری سائنسز برنس کے ماتحت ایگری ڈویژن کی کارکردگی میں کمی کی بہت حد تک تلافی کی۔ سوڈا الیش برنس میں قیمتوں اور سیلز کی مقدار میں اضافے کے اثرات کو خام مال کی قیمتوں میں اضافے، روپے کی قدر میں کمی اور برنس کے 75000 ٹن سالانہ کے توسیعی منصوبے کی وجہ سے اضافی فرسودگی اخراجات

## مالیاتی کارکردگی

پاکستانی روپے ملین میں	جون 2018	جون 2017	اضافہ (کمی) کا تناسب
مجموعی کاروبار	49,108	41,364	19%
مجموعی منافع	8,500	7,765	9%
آپریٹنگ رزلٹ	4,398	4,044	9%
قبل از ٹیکس منافع	3,650	4,394	-17%
بعد از ٹیکس منافع	3,060	3,296	-7%
فی شیئر منافع (روپے)	33.13	35.69	-7%



## فارم برائے پراکسی (Form of Proxy)

67 واں سالانہ اجلاس عام

میں / ہم \_\_\_\_\_ کا (مکمل پتہ) \_\_\_\_\_  
 بحیثیت آئی سی آئی پاکستان لمیٹڈ کے ممبر / ممبران \_\_\_\_\_ حصص کے مالک، بذریعہ ہذا کا (مکمل پتہ) \_\_\_\_\_  
 یا ان کی عدم موجودگی کی صورت میں \_\_\_\_\_  
 کا (مکمل پتہ) \_\_\_\_\_ جو کمپنی کا / کے ممبر / ممبرز بھی ہے / ہیں، ۲۵ ستمبر ۲۰۱۸ کو منعقد  
 ہونے والے اور / یا ملتوی ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری جانب سے ووٹ دینے کے لئے میری / ہماری پراکسی مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں۔  
 بطور گواہ میں / ہم نے بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2018 کو میرے / ہمارے ہاتھ سے مہر لگائی۔

مذکورہ کی جانب سے دستخط شدہ \_\_\_\_\_  
 مندرجہ ذیل گواہان کی موجودگی میں

گواہ:  
 1- دستخط: \_\_\_\_\_ نام: \_\_\_\_\_  
 2- دستخط: \_\_\_\_\_ نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_ پتہ: \_\_\_\_\_  
 کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

دستخط

فولیو / سی ڈی سی اکاؤنٹ نمبر

دستخط کمپنی کے رجسٹر میں درج شدہ نمونے کے دستخط کے مطابق ہونے چاہئیں۔

نوٹ:

- ۱- یہ پراکسی فارم ہر طرح سے مکمل صورت اور دستخط شدہ لازماً کمپنی کے رجسٹرار آئی سی آئی ہاؤس، 5 ویسٹ وارف، کراچی پر سالانہ اجلاس عام کے انعقاد کے وقت سے 48 گھنٹے قبل موصول ہو جائیں۔
- ۲- کسی فرد کو بطور پراکسی شرکت کی اجازت نہیں دی جائیگی تا وقتیکہ وہ کمپنی کا / کی ممبر نہ ہو۔ ماسوائے یہ کہ ایک کارپوریٹ کسی ایسے فرد کا تقرر کر سکتی ہے جو ممبر نہ ہو۔
- ۳- اگر کسی ممبر نے ایک سے زائد پراکسی کا تقرر کیا اور کمپنی کے کسی ممبر کی جانب سے پراکسی کی ایک سے زائد دستاویز جمع کرائی گئیں تو پراکسی کی ایسی تمام دستاویزات غیر مؤثر تصور کی جائیں گی۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارے

مذکورہ بالا کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی:

- ا- پراکسی فارم دو افراد کی جانب سے گواہی کے ساتھ ہونا چاہئے جن کے نام، پتے اور سی این آئی سی نمبرز فارم پر درج ہوں۔
- ب- بنی فیشل اوٹرز کے سی این آئی سی پاسپورٹ کی مصدقہ نقل پراکسی فارم کے ساتھ پیش کرنا ہوگی۔
- ج- پراکسی کا سالانہ اجلاس عام کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ فراہم کرنا ہوگا۔
- د- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز، کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط (اگر پہلے فراہم نہیں کئے گئے) پراکسی فارم کے ساتھ کمپنی کے پاس جمع کرانے ہوں گے۔

**The Company Secretary  
ICI Pakistan Limited  
ICI House  
5 West Wharf  
Karachi-74000**

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## ICI Pakistan Limited Additional Disclosures

# Geographic Locations

Further to the geographic locations on page 4 of this annual report, complete addresses of the Company's manufacturing facilities and regional offices are given below:

Address	Location Type
<b>Karachi</b> ICI House, 5 West Wharf Road, Karachi S-33, Hawke's Bay Road, S.I.T.E, Karachi	Head Office and Production Plant Production Plant
<b>Lahore</b> ICI House, 63 Mozang Road, Lahore 30-Km, Sheikhpura Road, Lahore 45-Km, Off Multan Road, Lahore	Regional Office Production Plant Production Plant
<b>Khewra</b> ICI Soda Ash, Tehsil Pind Dadan Khan, District Jhelum, Khewra	Regional Office and Production Plant
<b>Hyderabad</b> State Life Building, 7th Floor, 50 Thandi Sarak, Hyderabad	Regional Office
<b>Islamabad</b> Saleem Plaza 2016, Jinnah Avenue, Islamabad	Regional Office
<b>Multan</b> 4th Floor Siddique Center/Shapes, 01 Abdali Road, Multan	Regional Office
<b>Peshawar</b> State Life Building, 2nd Floor A Block, The Mall, Peshawar	Regional Office
<b>Faisalabad</b> PGA Business Area, Serena Hotel, Club Road, Faisalabad	Regional Office
<b>Sahiwal</b> Opp. Al Noor CNG, Multan Road, Sahiwal	Regional Office
<b>Sukkur</b> 2nd Glamour Tower, Queens Road, Sukkur	Regional Office
<b>Silage Plant Mailsi</b> Basti Mahi Baloch Head Sher Garh Road, Mailsi	Production Plant
<b>Silage Plant Kasur</b> New Bypass near Sabri Textile Mills, Nizam Pura, Kasur	Production Plant

## **Explanation of negative changes in performance against last year and analysis of variation in interim results with final accounts**

Despite operating profit for the year at PKR 4,398 million being 9% higher than the SPLY, Profit After Tax (PAT) for the year ended June 30, 2018 at PKR 3,060 million is 7% lower than the SPLY. This is owing to financing costs on account of higher debt, exchange losses following rupee devaluation, and lower dividend income from Associate as compared to the SPLY.

Operating result in the first quarter was PKR 1,009 million which improved marginally over the next quarter to PKR 1,048 million, mainly due to higher net turnover on the back of better domestic volumes and margins in the Polyester Business, as well as strong double digit growth in the Pharmaceuticals and Animal Health Divisions of the Life Sciences Business. The highest quarterly operating result for the year was achieved in Quarter 3 amounting to PKR 1,360 million. This was primarily due to improved performance in Polyester Business, the primary reason of which being the increase in PSF prices, coupled with increase in demands from domestic and export markets. The Life Sciences Business contributed to the increased operating result with an extended product portfolio supported by the acquisition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Ltd, it was further enhanced by Soda Ash Business on account of meeting the increasing consumer demand with the commissioning and operation of 75,000 tons per annum (TPA). Operating result for the last quarter was PKR 980 million was lowest mainly because of increase in raw material prices, rupee devaluation and higher depreciation charge on account of capitalization of 75,000 TPA.

## **Business rationale of major capital expenditure / projects during the year and for those planned for next year.**

### **Expansion of 75,000 TPA Light Soda Ash**

Light Soda Ash is an important basic industrial chemical, widely used in fixed alkali manufacturing of products such as glass, sodium salts, soap, sodium silicates, detergents, bicarbonates, pulp and paper, iron and steel, aluminium, cleaning compounds, water softening chemicals, and textile dyes. The Company's rationale for increasing production capacity of light Soda Ash is as follows:

- To retain market share opposite an ambitious competitor and realise efficiencies of scale
- To remain competitive
- To maintain status as preferred supplier
- To become fully self sufficient in order to meet customer needs
- To maintain and increase presence in regional markets

### **Masterbatch Project**

Masterbatch is a colourant/additive concentrate for plastics. It provides colours and properties for various plastic applications such as packaging, fibres, construction materials and tents to name a few. The Company's rationale for setting up the project is as follows:

- Plastic consumption in Pakistan has continued to grow at over 10% annually for the past decade
- Per capita consumption of plastic is one of the lowest in the region which indicates sustained growth
- Fast growth opportunity in the country

Capital expenditure will continue on expansion of 75,000 TPA Light Soda Ash (Phase 2) and Masterbatch project in the coming financial year (2018-19).



# Risk Management

In continuation of Risk Management section of this annual report (page 65), details of source, likelihood, impact and timelines of each risk are given below

S. No.	Risk	Source	Type	Likelihood	Impact*	Risk Exposure Rating**	Timeline
1	Changing economic conditions, government policies and law and order situation	External	Strategic	High	High	High	Medium to Long Term
2	Exposure to liabilities arising from non-compliance with laws and regulations.	Internal	Compliance	Low	High	Medium	Long Term
3	Inability to attract, engage and retain high potential/promotable talent.	Internal	Strategic	Medium	High	Medium	Long Term
4	Overdependence on single source suppliers and major principals	Internal and/or External	Operational/Commercial	Low	Medium	Low to Medium	Long Term
5	Product risk	Internal	Operational/Commercial	Low	High	Medium	Long Term
6	Commodity Risk	External	Operational/Commercial	Low	Low	Low	Short Term
7	Failure to keep pace with technological advancements	Internal	Strategic	Low	Low	Low	Long Term
8	HSE&S compliance risk	Internal	Health & Safety	Low	Low	Low	Long Term
9	Fluctuation in exchange rates	External	Financial	Low	Low	Low	Medium to Long Term
10	Interest rate risk	External	Financial	Low	Low	Low	Short Term
11	Credit risk	External	Financial	Low	Low	Low	Medium to Long Term
12	Liquidity risk	Internal	Financial	Low	Low	Low	Short Term

\* Impact could be financial, reputational, regulatory or with regard to business objectives.

\*\*Risk exposure rating is based on likelihood and impact of risk on ICI Pakistan Limited.

## Opportunities

- Expansion into the consumer market with the establishment of NutriCo Morinaga (Pvt.) Ltd manufacturing facility with a 51% stake
- Establishment of a Masterbatch manufacturing facility to cater to expanding demand for colorant used for plastics.
- Increasing opportunity to export various products.

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