



ANNUAL
ACCOUNTS
JUNE 2019



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
MEMBERS

Saqib Zia
Khalid Ahmed Farid
Syed Danish Hussain Shah
Sunnia Anwer
Sumika Farooqui
Syed Jawaid Iqbal
Sheikh Adil Hussain

AUDIT COMMITTEE

CHAIRMAN
MEMBERS

Syed Jawaid Iqbal
Sunnia Anwer
Saqib Zia

HEAD OF INTERNAL AUDIT & SECRETARY TO THE AUDIT COMMITTEE

Saad Un Nabi Khan*

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN
MEMBERS

Sheikh Adil Hussain
Sumika Farooqui
Khalid Ahmed Farid

CHIEF EXECUTIVE OFFICER

Khalid Ahmed Farid

CHIEF FINANCIAL OFFICER

Syed Irshad Hassan*

COMPANY SECRETARY

Moosa Haroon

AUDITORS

Deloitte Yousuf Adil, Chartered Accountants

LEGAL ADVISORS

Surrige & Beecheno

BANKERS

Citibank, N.A.
Habib Bank Limited
Standard Chartered Bank

SHARE REGISTRAR

FAMCO Associates (Pvt) Ltd.
Management Consultants,
8-F, Next to Hotel Faran, Nursery, Block-6,
P.E.C.H.S. Shahra-e-Faisal, Karachi
Tel: + (92 21) 34380101-2

REGISTERED OFFICE

11th Floor, The Harbour Front, Dolmen City,
HC-3, Block-4, Abdul Sattar Edhi Avenue,
Clifton, Karachi - 75600, Pakistan.
Tel: + (92 21) 3520 5088
Fax: + (92 21) 3529 6150
Web: www.gillettepakistan.com

*Mr. Irshad was appointed as CFO and Mr. Saad was appointed as Head of Internal Audit with effect from August 1, 2019.



VISION STATEMENT

To build Total Brand Value by innovating to deliver consumer value and customer leadership faster, better and more completely than our competition.

Our vision is driven by two fundamental principles that provide the foundation for our activities:

Organizational Excellence
Core Values

CHAIRMAN'S REVIEW REPORT

I am pleased to welcome you at the 32nd Annual General Meeting of Gillette Pakistan Limited ('the Company') and present on behalf of the Board of Directors ('the Board'), the Audited Statements of Accounts for the year ended June 30, 2019 along with my review on the performance of your Company.

Economic Overview:

Fiscal year 2018-19 has been a challenging year for Pakistan's economy where the Rupee slipped by 23% vs year ago. This adjustment was reflective of the country's external balance of payments position, which was under severe pressure due to large twin deficits. Economic growth slowed down to 3.3% in fiscal year 2018-19 vs year ago. Outlook for fiscal year 2019-20 seems challenging as well with further Rupee devaluation, high inflation & slow economic growth.

Business Overview:

Fiscal year 2018-19 was a strong year on Gillette Pakistan with Sales Revenue closing at +7% vs year ago. This was despite headwinds on the macro-economic front driven by 23% PKR devaluation coupled with increased duties and high inflation.

To cover for this, the Company had to 1) price up key lineups 2) reduce marketing spend pool and 3) rationalize on trade discounts. This helped turn around profitability by +7% vs. last year (closing at 13% vs. 6% last year).

During the year, the Company closely focused on distribution and coverage expansion. Major focus areas for this year were (i) driving disposables & systems (ii) and continued focus on channel fundamentals. In addition, the Company also continued to offer its consumers better value promo packs across portfolio coupled with marketing campaigns and other consumer touch point events.

As a result of the above, the brand was able to maintain gross margin of 33% vs last year and a before tax profit of 13% vs last year's 6%. This is due to the efforts placed by the management in negotiating our supply prices to ensure that our supplier prices remain competitive as well as reducing overall marketing spend pool.

Future Outlook:

Moving forward we expect to pick robust growth and penetration ahead of estimated market growth by maintaining the right balance in our portfolio and high levels of distribution behind coverage expansion along with consumer centric marketing. The management's key focus is to ensure top line continues to grow as we become more consumer focused and develop stronger trade plans. However, the management has its set of challenges ahead of them in the form of further currency devaluation.

Acknowledgement:

On behalf of the Board of Directors, I would like to express my appreciation to our Shareholders for their absolute confidence, our Supplier for maintaining sustained and quality supplies, our parent and associated companies for their continuous guidance, our valued Customers for their un-paralleled reliance in Company's illustrious product line and the Regulators and other stakeholders for their understanding and support. I would accordingly, put on thanks to the Board of Directors for their contribution, the management and employees for their persistent and untiring commitment, arduous work and co-operation throughout the year.

On behalf of the Board,

Saqib Zia
Chairman

September 30, 2019



میں مسلسل اضافہ کرتے ہوئے ہم صارف پر توجہ مرکوز رکھیں اور مضبوط تجارتی منصوبے بنائیں۔ تاہم انتظامیہ کو روپے کی قدر میں مزید کمی کی صورت میں چیلنج کا سامنا ہے۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے میں اپنے شیئر ہولڈرز کے ہم پر مکمل اعتماد کرنے، سپلائرز کے مستحکم اور معیاری سپلائرز کو برقرار رکھنے اپنی سرپرست اور ایسوسی ایٹڈ کمپنیوں کی مسلسل رہنمائی، ہمارے معزز صارفین کی کمپنی کی مشہور و معروف پروڈکٹ لائن پر بے مثال بھروسے اور دیگر اسٹیک ہولڈرز کی ہم آہنگی اور تعاون کیلئے بے حد شکر گزار ہوں۔ اس کے ساتھ ہی بورڈ آف ڈائریکٹرز کی کاوشوں اور ملازمین کا پورے سال کے دوران میں انتہائی لگن، انتھک محنت اور مکمل تعاون کا بے حد ممنون ہوں۔

منجانب بورڈ

ثاقب ضیاء

چیئرمین

30 ستمبر 2019



چیرمین کی جائزہ رپورٹ

میں بسمرت آپ کو جیلیٹ پاکستان لمیٹڈ ("دی کمپنی") کے 32 ویں سالانہ اجلاس عام میں خوش آمدید کہتا ہوں اور بورڈ آف ڈائریکٹرز (دی بورڈ) کی جانب سے میں حسابات کے آڈٹ شدہ گوشوارے برائے سال ختم نمہ 30 جون 2019 مع آپ کی کمپنی کی کارکردگی پر اپنا جائزہ پیش کرتا ہوں۔

عمومی معاشی جائزہ:

مالی سال 2018-19 پاکستان کی معیشت کیلئے ایک چیلنج بھرا سال رہا جہاں گزشتہ سال کے مقابلے میں روپیہ 23% گر گیا۔ اس ایڈجسٹمنٹ سے ملک کے بین الاقوامی توازن ادائیگی کی صورتحال کا اندازہ ہوتا ہے جو دو بڑے اور جڑواں خساروں کے باعث شدید دباؤ کا شکار رہی۔ اس کے نتیجے میں مالی سال 2018-19 میں معاشی ترقی کی شرح گزشتہ سال کے مقابلے میں کم ہو کر 3.3% رہ گئی۔ مالی سال 2019-20 بھی چیلنج سے بھرپور ہونے کے ساتھ ساتھ روپے کی قدر میں کمی، شدید افراط زر اور معاشی ترقی کی رفتار میں سستی کا منظر نامہ پیش کرتا نظر آ رہا ہے۔

کاروبار کا جائزہ:

مالی سال 2018-19 جیلیٹ پاکستان کیلئے ایک مضبوط سال تھا جس میں سیلز کی آمدنی گزشتہ سال کے مقابلے میں +7% رہی، باوجود اس کے کہ میکرو اکنامکس کو شدید مشکلات کا سامنا تھا جو پاکستانی روپے کی قدر میں 23% کمی کے ساتھ ساتھ ڈیویڈنڈ میں اضافہ اور افراط زر میں شدت کی صورت میں درپیش تھا۔ اس صورتحال سے مقابلے کیلئے کمپنی کو یہ اقدامات کرنے پڑے (1) ابتدائی مرحلے میں قیمتوں میں اضافہ (2) مارکیٹ میں اجتماعی اخراجات میں کمی اور (3) تجارتی ڈسکاؤنٹ کو معقول سطح تک رکھنا۔ اس طرح گزشتہ سال کے مقابلے میں منفعت کی شرح +7% رہی۔ (سال کا اختتام: 13% بمقابلہ گزشتہ سال: 6%)۔

سال کے دوران میں کمپنی نے تقسیم کاری اور دائرہ کار میں توسیع پر توجہ مرکوز رکھی۔ اس سال میں خاص طور پر ان شعبہ جات پر غور و خوض کیا گیا: (i) ڈسپوز ایبلز اور سسٹمز کا طریقہ کار، اور (ii) چینل کے بنیادی امور پر مسلسل توجہ۔ اس کے علاوہ کمپنی نے اپنے پورے پورٹ فولیو میں صارفین کو بہتر ویلیو کے پروموتیکس پیش کرنے کا سلسلہ جاری رکھا اور اس کے ساتھ مارکیٹنگ کی مہمات اور صارفین کے ساتھ رابطے کی تقریبات کا بھی اہتمام کیا۔

درج بالا اقدامات کے نتیجے میں برانڈ کا مجموعی مارجن گزشتہ سال کے مقابلے میں 33% پر برقرار رہا اور قبل از ٹیکس منافع 13% حاصل ہوا جو اس کے مقابلے میں گزشتہ سال 6% تھا۔ اس کا بڑا سبب ہماری انتظامیہ کی کارڈینیشن تھی جس کے مطابق سپلائی کی قیمتوں پر گت و شنید کے ذریعہ ہمارے سپلائر کی قیمتیں مسابقتی رکھنے اور مارکیٹ میں اجتماعی اخراجات کو کم رکھنے کو یقینی بنایا گیا۔

مستقبل کا منظر نامہ

آنے والے دنوں میں ہم توقع کرتے ہیں کہ کاروبار میں بھرپور اضافہ ہوگا اور اپنے پورٹ فولیو میں صحیح توازن قائم رکھتے ہوئے مارکیٹ میں اضافے کے اندازے کے مطابق اس میں اپنی جگہ بنالیں گے۔ اس کے ساتھ دائرہ کار میں توسیع کے لحاظ سے صارفین پر توجہ مرکوز کرتے ہوئے تقسیم کاری کی سطح کو بھی بڑھائیں گے۔ انتظامیہ کی ٹاپ لائن پر توجہ

DIRECTORS' REPORT

On behalf of the Board of Directors (the Board) of Gillette Pakistan Limited ('the Company'), we are pleased to present the audited financial statements of the Company for the year ended June 30, 2019, along with the auditors' report thereon.

Financial Results:

The principal activities of the Company include marketing and selling of blades and razors. Following are the financial results of the Company for the year ended June 30, 2019:

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	----- Rupees in '000 -----	
Sales - net	1,962,721	1,828,717
Cost of goods sold	(1,310,766)	(1,233,559)
Gross profit	651,955	595,158
GP Ratio	33.2%	32.5%
Selling, marketing and distribution expenses	(328,538)	(336,221)
Administrative expenses	(45,786)	(29,132)
Other operating expenses	(41,811)	(107,217)
Interest expense	(7,376)	(8,679)
Bank charges	(217)	(251)
Other income	30,244	2,910
Profit before tax	258,471	116,568
BT Ratio	13.2%	6.4%
Income tax expense	(94,078)	(112,246)
Profit after tax	164,393	4,322
AT Ratio	8.4%	0.2%
Earnings / (loss) per share	8.56	0.23

This fiscal year was yet another challenging year for the Company behind increased duties, significant devaluation in local currency and high inflation. Despite of these challenges, the Company was able to maintain the gross margin of 33.2% vs. 32.5% last year.

Selling and distribution expenses were flat vs. last year. However administrative expenses were increased by Rs. 16 million mainly driven by professional charges of tax consultants and legal advisors. These charges were incurred due to tax audits and queries raised in the current fiscal. The salaries expenses also increased in the current year behind increase in pension indexation from 4.8% to 8.8%.

In the current year, there is a significant change in Exchange Loss of approximate Rs. 27 million, mainly because of revaluation adjustment arised in the intercompany payable and Euro has gained grounds during the later parts of fiscal year. Stock written off is also significantly lower vs. last year resulted in decrease in operating expenses by Rs. 37 million.

Entire receivable of Rs. 84 million dues from affiliates have been received during the year.



Dividend:

The Board reviewed the financial results of the Company along with the financial position for the year ended June 30, 2019 and has decided to not pay dividend for the year.

Board of Directors:

During the year 2018-19, Mr. Usman Muneer resigned from the board wef July 23, 2018 and the casual vacancy was filled by appointing Mr. Sheikh Adil Hussain wef Sep 24, 2018.

The names of elected directors are as follows:

1. Mr. Saqib Zia – Chairman
2. Mr. Khalid Ahmed Farid – Executive Director
3. Syed Danish Hussain Shah
4. Ms. Sunnia Anwer
5. Ms. Sumika Farooqui
6. Syed Jawaid Iqbal – Independent Director
7. Mr. Sheikh Adil Hussain – Independent Director

The composition of the Board is as follows:

- The total number of directors are seven including two female directors.
- The Board comprises of one executive, four non-executive and two independent directors.
- The Board has constituted following committees:

Audit Committee

1. Syed Jawaid Iqbal – Chairman
2. Mr. Saqib Zia
3. Ms. Sunnia Anwer

Human Resource & Remuneration Committee

1. Sheikh Adil Hussain–Chairman
2. Mr. Saqib Zia
3. Ms. Sumika Farooqui

Further, there have been changes in Company Secretary, CFO and Head of Internal Audit of the Company during the year and subsequent to the year end.

Code of Conduct:

The Board has adopted a Code of Conduct defining therein acceptable and unacceptable behaviors. The Board has taken steps to disseminate this Code throughout the Company along with supporting policies and procedures and this Code has been put on the Company's website available at www.gillettepakistan.com as well.

Code of Corporate Governance:

In compliance with the Code of Corporate Governance, the Board hereby states 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 the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Board is ultimately responsible for the Company's system of Internal Control and its effectiveness. Such a system is designed to minimize the risk of any material misstatement or loss rather than eliminate the same. The Company maintains sound internal control system considering the size and nature of the business which gives reasonable assurance against any material misstatement or loss. The Internal Control system is regularly reviewed and has been formalized by the Board's Audit Committee and is updated as and when needed.



- There are no significant doubts upon the Company's ability to continue as a going concern.
- The Company is a subsidiary of The Series Acquisition B.V., Netherlands which is a subsidiary of P&G, USA. The parent company holds 91.4% shares of the Company.
- The earnings per share of the Company are disclosed in the financial statements.
- Key operating and financial data for six years in summarized form is given in "Annexure A" to the directors' report.
- Information about taxes and levies is given in the notes to the financial statements.
- The Company has fair policy for Remuneration of Independent Director. However, no fee is paid to Non-Executive Directors.
- The value of investments of provident and pension funds based on unaudited financial statements as at June 30, 2019 amounts to Rs.5.27 million and Rs. 103.74 million respectively.
- Details and attendance of directors in meetings of Board of Directors, Audit Committee and Human Resource & Remuneration Committee are in "Annexure B" to the directors' report.
- The pattern of shareholding and additional information regarding pattern of shareholding as at June 30, 2019 is in "Annexure C" to the directors' report.
- The Company has planned the Director's orientation program for remaining Directors in FY2019-20 to ensure compliance with the Code of Corporate Governance regulations 2017.
- No trade in shares of the Company was carried out by any executive of the Company.
- We confirm that all other material principles enshrined in the CCG have been complied with in all aspect.
- A statement of compliance with the code of corporate governance is presented separately in this annual report.

External auditors

M/s. Deloitte Yousuf Adil, Chartered Accountants retire and being eligible have offered themselves for re-appointment as statutory auditors of the Company for the year ending June 30, 2020. The Board also recommend their re-appointment.

The Board would like to take this opportunity to express its appreciation to the employees of the Company for the commitment, hard work and co-operation throughout the year. We would also like to thank our shareholders for their continued support and confidence in the Company.

On behalf of the Board,

Khalid Ahmed Farid
Chief Executive

Sheikh Adil Hussain
Director

Karachi.
September 30, 2019

KEY OPERATING AND FINANCIAL DATA

Annexure "A"

		FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
INCOME STATEMENT							
Net Sales	Rs. in '000	2,060,302	2,079,790	1,902,154	1,834,575	1,828,717	1,962,721
Cost of Goods Sold	Rs. in '000	(1,600,903)	(1,551,442)	(1,472,853)	(1,506,003)	(1,233,559)	(1,310,766)
Gross Profit	Rs. in '000	459,399	528,348	429,301	328,572	595,158	651,955
GP Ratio	%	22.3%	25.4%	22.6%	17.9%	32.5%	33.2%
Other income	Rs. in '000	54,141	80,390	28,344	11,562	2,910	30,244
Selling, marketing and distribution expense	Rs. in '000	(288,009)	(313,440)	(291,378)	(302,272)	(336,221)	(328,538)
Administrative expenses	Rs. in '000	(56,525)	(58,328)	(72,678)	(22,234)	(29,132)	(45,786)
Other operating expenses	Rs. in '000	(5,452)	(4,470)	(19,068)	(99,028)	(107,217)	(41,811)
Finance Cost	Rs. in '000	(45)	(95)	(27)	(17)	(8,930)	(7,593)
Net Profit before taxes	Rs. in '000	163,509	232,405	74,494	(83,417)	116,568	258,471
PBT Ratio	%	7.9%	11.2%	3.9%	-4.5%	6.4%	13.2%
Income tax expense	Rs. in '000	(105,798)	(115,808)	(103,817)	(110,045)	(112,246)	(94,078)
Net Profit / (Loss) after tax	Rs. in '000	57,711	116,597	(29,323)	(193,462)	4,322	164,393
PAT Ratio	%	2.8%	5.6%	-1.5%	-10.5%	0.2%	8.4%
EPS	(Rs./share)	3.01	6.07	(1.53)	(10.08)	0.23	8.56
Dividends	(Rs./share)	Nil	5.00	Nil	Nil	Nil	1.25
BALANCE SHEET							
Cash & cash equivalents	Rs. in '000	494,595	601,985	200,458	108,400	1,092	562,937
Trade Receivables	Rs. in '000	165,317	241,018	192,618	248,020	168,062	156,356
Other Receivables	Rs. in '000	29,099	21,560	13,119	402,703	203,941	81,130
Inventory	Rs. in '000	596,236	650,445	565,767	582,269	382,081	326,792
Other Assets	Rs. in '000	99,523	83,039	94,090	90,441	91,406	62,780
Total Assets	Rs. in '000	1,384,770	1,598,047	1,066,052	1,431,833	846,582	1,189,995
Trade Payables	Rs. in '000	587,578	605,665	221,809	727,722	43,997	532,129
Other Payables	Rs. in '000	73,510	149,923	121,578	172,999	114,736	4,380
Deferred liabilities	Rs. in '000	3,821	4,360	6,080	9,166	10,725	11,572
Short term running finance		-	-	-	-	144,774	
Equity	Rs. in '000	719,861	838,099	716,585	521,946	532,350	641,914
Total Liability and Equity	Rs. in '000	1,384,770	1,598,047	1,066,052	1,431,833	846,582	1,189,995
Current ratio	Times	2.09	2.11	3.10	1.59	2.79	2.22
Quick ratio (inventory excluded)	Times	1.19	1.25	1.46	0.94	1.53	1.61
Book value per share	Rs. Per share	37.49	43.65	37.32	27.18	27.73	33.43
Receivable days	Days	29.29	42.30	36.96	49.35	33.54	29.08
Inventory days	Days	135.94	153.03	140.21	141.12	113.05	91.00
Payable days	Days	133.97	142.49	54.97	176.37	13.02	148.18

Directors' attendance in meetings
Annexure "B"

During the year ended June 30, 2019, there were five meetings of the Board of Directors held dated September 24, 2018, October 23, 2018, December 20, 2018, February 26, 2019 and April 23, 2019. There were four meetings of Audit Committee held dated September 24, 2018, October 23, 2018, February 26, 2019 and April 23, 2019. These meetings were attended by the directors as under:

Board of Directors' meetings:

Name of Directors	Meeting held during the tenure	Meetings attended
Mr. Saqib Zia – Chairman	5	3
Mr. Khalid Ahmed Farid	5	4
Ms. Sumika Farooqui	5	3
Syed Danish Hussain Shah	5	3
Ms. Sunnia Anwer	5	5
Mr. Sheikh Adil Hussain	4	4
Syed Jawaid Iqbal	5	5

Audit Committee Meetings:

Name of Directors	Meeting held during the tenure	Meetings attended
Syed Jawaid Iqbal – Chairman	4	4
Mr. Saqib Zia	4	3
Ms. Sunnia Anwer	4	4

Human Resource and Remuneration Committee:

In addition to above, two meetings of Human Resource and Remuneration Committee were held on July 11, 2018 and September 24, 2018 and these meeting were attended by directors as under:

Name of Directors	Meeting held during the tenure	Meetings attended
Mr. Sheikh Adil Hussain – Chairman	1	1
Ms. Sumika Farooqui	2	2
Mr. Khalid Ahmed Farid	1	1
Mr. Usman Muneer	1	1
Mr. Saqib Zia	1	1

Annexure “C”
Pattern of Shareholding:

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
490	1	100	28,860
157	101	500	45,600
25	501	1,000	20,735
27	1,001	5,000	62,299
8	5,001	10,000	64,950
3	10,001	15,000	38,200
4	15,001	20,000	68,670
4	20,001	25,000	87,980
3	30,000	35,000	94,850
1	35,001	40,000	36,500
1	40,001	45,000	41,000
1	45,001	50,000	49,500
3	50,001	55,000	162,100
1	200,001	205,000	200,385
1	645,001	650,000	649,800
1	2,805,001	17,600,000	17,548,571
730			19,200,000

Shareholding by major category:

Shareholders Category	No. of shareholders	No. of Shares	%
Individuals	720	773,343	4.03
Investment Companies	-	-	-
Insurance Companies	-	-	-
Joint Stock Companies	7	676,701	3.52
Financial Institutions	1	1,000	0.01
Modarabas and Mutual Funds	1	200,385	1.04
Associated Companies undertaking & related parties	1	17,548,571	91.40
Foreigners	-	-	0.00
Total:	730	19,200,000	100%



Name wise shareholding by category:

Shareholder Category	Number of Shareholders	Number of Share held
Associated Companies, Undertakings and Related Parties (name wise Details)		
Series Acquisition B.V.	1	17,548,571
Mutual Funds (name wise detail)	Nil	Nil
Directors, CEO and their spouse(s) and minor children (name wise details)		
Syed Jawaid Iqbal	1	500
Sheikh Adil Hussain	1	500
Mr. Khalid Ahmed Farid	1	100
Public Sector Companies and Corporations	Nil	Nil
Banks, Development Finance Institutions, Non- Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension funds.	1	200,385
Shareholders holding 5% or more voting rights in the listed company (name wise details)		
Series Acquisition B.V.	1	17,548,571



- مالیاتی اسٹیٹمنٹس، پاکستان میں لاگو اور موثر بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں۔
- بورڈ داخلی کنٹرول کے نظام اور اس کے موثر ہونے کا کئی ذمہ دار ہے۔ اس نظام کو اس طریقے سے تشکیل دیا گیا ہے جس میں نہ صرف کسی مادی غلط بیانی یا نقصان کا کم سے کم احتمال ہے بلکہ ان کو ختم کرنے کی کوشش کی گئی ہے۔ کمپنی نے کاروبار کے حجم اور نوعیت کو مد نظر رکھ کر مضبوط داخلی کنٹرول کا نظام وضع کیا ہے جو کسی بھی غلط بیانی یا نقصان نہ ہونے کی معقول طور پر یقین دہانی کراتا ہے۔
- داخلی کنٹرول کے نظام کا باقاعدگی سے جائزہ لیا جاتا ہے اور اسے بورڈ کی آڈٹ کمیٹی ترتیب دیتی ہے اور حسب ضرورت اس کو اپ ڈیٹ رکھتی ہے۔
- کمپنی کے موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شبہ نہیں ہے۔
- کمپنی دی سیر براؤن، بیٹن، B.V. نیدر لینڈز کا ذیلی ادارہ ہے جو P&G بوائیس اے کی ذیلی کمپنی ہے۔ سرپرست کمپنی کے پاس اس کمپنی کے 91.4% شیئرز موجود ہیں۔
- کمپنی کی فی شیئر آمدنی کو مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔
- گزشتہ چھ سال کی بنیاد پر آپریٹنگ اور مالیاتی معلومات اختصار کے ساتھ ڈائریکٹرز رپورٹ کے "ضمیمہ A" میں درج ہیں۔
- ٹیکس اور مخصوصات کی معلومات مالیاتی گوشواروں کے نوٹس میں شامل ہیں۔
- 30 جون 2019 کی تاریخ پر غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر پراویڈنٹ اور پنشن فنڈز کی سرمایہ کاری کی قدر بالترتیب 5.27 ملین روپے اور 103.74 ملین روپے ہے۔
- بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریونیویشن کمیٹی کے اجلاسوں میں ڈائریکٹرز کی حاضری کی تفصیلات ڈائریکٹرز رپورٹ کے "ضمیمہ B" میں درج ہیں۔
- شیئر ہولڈنگ کے طرز اور 30 جون 2019 کو شیئر ہولڈنگ کے طرز کی اضافی معلومات ڈائریکٹرز رپورٹ کے "ضمیمہ C" میں درج ہیں۔
- کمپنی مالی سال 2019-20 کے دوران بقیہ ڈائریکٹرز کی اور پیمنٹس پروگرام کا ادارہ رکھتی ہے تاکہ کوڈ آف کورپریٹ گورننس ریگولیشنز 2017 پر عمل درآمد یقینی بنایا جاسکے۔
- کمپنی کے کسی ایگزیکٹیو کی جانب سے کمپنی کے شیئرز کی کوئی تجارت نہیں کی گئی۔
- ہم تصدیق کرتے ہیں کہ ہم سی. جی. میں شامل تمام دیگر مادی اصولوں کی ہر لحاظ سے پیروی کرتے ہیں۔
- کوڈ آف کارپوریٹ گورننس پر عمل درآمد کا اسٹیٹمنٹ اس رپورٹ میں علیحدہ پیش کیا گیا ہے۔

بیرونی آڈیٹرز

میسرز ڈیوٹیوٹس یوسف عادل، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہلیت کی بناء پر سال مختتم 30 جون 2019-20 کیلئے کمپنی کے قانونی آڈیٹرز کے طور پر اپنے دوبارہ تقرر کی پیشکش کی ہے۔ بورڈ نے بھی ان کے دوبارہ تقرر کی سفارش کی ہے۔

بورڈ اس موقع پر پورے سال میں کمپنی کے تمام ملازمین کے خلوص، سخت محنت اور تعاون کا اعتراف کرتا ہے۔ ہم اپنے شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کا بھی مستقل تعاون اور کمپنی پر ان کے اعتماد کا شکریہ ادا کرتے ہیں۔

شیخ عادل حسین
ڈائریکٹر

منجانب بورڈ

خالد احمد فرید

چیف ایگزیکٹیو آفیسر

کراچی 30 ستمبر 2019



ڈیویڈنڈ

بورڈ نے کمپنی کے مالیاتی نتائج کے ساتھ 30 جون 2019 کو ختم ہونے والے سال میں مالیاتی حیثیت کا بھی جائزہ لیا اور اس سال ڈیویڈنڈ ادا نہ کرنے کا فیصلہ کیا۔

بورڈ آف ڈائریکٹرز

مالی سال 2018-19 کے دوران جناب عثمان نے 23 جولائی 2018 کو بورڈ سے استعفیٰ دے دیا تھا اور بورڈ کے 138 ویں اجلاس میں بورڈ نے اس خالی اسامی پر جناب شیخ عادل حسین کا تقرر کر دیا جو 24 ستمبر 2018 سے موثر ہوگا۔ منتخب شدہ ڈائریکٹرز کے نام درج ذیل ہیں:

۱۔ جناب ثاقب ضیاء (چیئرمین)

۲۔ جناب خالد احمد فرید

۳۔ سید دانش حسین شاہ

۴۔ محترمہ سعید انور

۵۔ محترمہ سمیکا فاروقی

۶۔ سید جاوید اقبال

۷۔ جناب شیخ عادل حسین

بورڈ کی تشکیل اس طرح سے کی گئی ہے:

۱۔ ڈائریکٹروں کی کل تعداد سات ہے جن میں دو خواتین ڈائریکٹرز ہیں۔

۲۔ بورڈ ایک ایگزیکٹو، چار نان ایگزیکٹو اور دو خود مختار ڈائریکٹرز پر مشتمل ہے۔

۳۔ بورڈ نے درج ذیل کمیٹیاں تشکیل دی ہیں:

آڈٹ کمیٹی:

۱۔ سید جاوید اقبال (چیئرمین)

۲۔ جناب ثاقب ضیاء

۳۔ محترمہ سعید انور

ہیومن ریسورس اینڈ ریمویشن کمیٹی:

۱۔ جناب شیخ عادل حسین (چیئرمین)

۲۔ جناب ثاقب ضیاء

۳۔ محترمہ سمیکا فاروقی

اس کے علاوہ کمپنی کے کمپنی سیکرٹری، CFO اور ہیڈ آف انٹرنل آڈٹ میں سال کے دوران اور اس کے بعد بھی تبدیلی کی گئی۔

ضابطہ اخلاق

بورڈ نے ایک ضابطہ اخلاق اختیار کیا ہے جس میں قابل قبول اور ناقابل قبول رویوں کی وضاحت کی گئی ہے۔ بورڈ نے ایسے اقدامات کئے ہیں جن سے یہ ضابطہ اخلاق اور اس سے متعلق پالیسیز اور طریقہ کار کو کمپنی کے ہر فرد تک پہنچایا جائے۔ اس کے علاوہ یہ ضابطہ اخلاق کمپنی کی ویب سائٹ www.gillettepakistan.com پر بھی دستیاب ہے۔

کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کی بیرونی میں بورڈ کا بیان یہ درج ذیل ہے:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشواروں میں اس کے معاملات کی شفافیت، اس کے آپریشنز کے نتائج، رقم کے بہاؤ اور ایکویٹی میں تبدیلی کو اچھے طریقے سے پیش کیا گیا ہے۔
- کمپنی کے حسابات کے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹس اور حسابات کے تخمینہ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے، اور حسابات کے تخمینوں میں معقولیت اور دانائی پر مبنی فیصلے کئے گئے ہیں۔



ڈائریکٹرز رپورٹ

جلیٹ پاکستان لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز (بورڈ) کی جانب سے ہم بمسرت کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 جون 2019 اور ان کے ساتھ آڈیٹرز کی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج

کمپنی کی بنیادی سرگرمیوں میں بلیڈ اور ریزرز، پرسنل کیمر کی مصنوعات اور بیوٹی کیئر کیلئے استعمال ہونے والی اشیاء کی مارکیٹنگ اور فروخت شامل ہے۔ کمپنی کے مالیاتی نتائج سال ختمہ 30 جون 2019 درج ذیل ہیں:

نفع و نقصان کے حسابات برائے سال ختمہ 30 جون 2019

30 جون 2018	30 جون 2019	
----- روپے میں -----		
1,828,717	1,962,721	سیلز - خالص
(1,233,559)	(1,310,766)	فروخت کئے گئے سامان کی قیمت
595,158	651,955	مجموعی منافع
32.5%	33.2%	مجموعی منافع کی شرح
(336,221)	(328,538)	فروخت، مارکیٹنگ اور ڈسٹری بیوشن کے اخراجات
(29,132)	(45,786)	انتظامی اخراجات
(107,217)	(41,811)	دیگر اخراجات
(8,679)	(7,376)	سود کے اخراجات
(251)	(217)	بینک چارجز
2,910	30,244	دیگر آمدنی
116,568	258,471	قبل از ٹیکس منافع
6.4%	13.2%	قبل از ٹیکس منافع کی شرح
(112,246)	(94,078)	آکم ٹیکس کے اخراجات
4,322	164,393	بعد از ٹیکس منافع
0.2%	8.4%	بعد از ٹیکس منافع کی شرح
0.23	8.56	فی شیئر آمدنی

مالی سال کمپنی کیلئے ایک اور چیلنج بھر اس سال ثابت ہوا جس میں ڈیویڈنڈ میں اضافہ، مقامی کرنسی کی قدر میں نمایاں کمی اور شدید افراط زر شامل ہیں۔ ان تمام چیلنجز کے باوجود آپ کی کمپنی نے 32.2% کی شرح سے مجموعی منافع حاصل کیا جو گزشتہ سال 32.5% تھا۔

فروخت اور تقسیم کاری کے اخراجات گزشتہ سال کے مقابلے میں یکساں رہے۔ تاہم انتظامی اخراجات میں 16 ملین روپے کا اضافہ ہوا جس کی بڑی وجہ ٹیکس کے مشیروں اور لیگل ایڈوائزرز کے پروفیشنل چارجز میں اضافہ تھی۔ یہ اخراجات ٹیکس آڈٹس اور موجودہ مالی سال میں کئے گئے استفسارات کی بنیاد پر پیش آئے۔ موجودہ مالی سال میں تنخواہوں کی مد میں بھی اضافہ ہوا جو کہ پنشن کی انڈیکریشن 4.8% سے بڑھ کر 8.8% ہونے سے ہوا۔

موجودہ مالی سال میں زرمبادلہ میں تقریباً 27 ملین روپے کا نقصان ہوا جبکہ کمپنیوں کے مابین ادائیگیوں میں پیدا ہونے والی ریویلویشن ایڈجسٹمنٹ کے علاوہ مالی سال کے آخری حصے کے دوران میں یورو کا مضبوطی حاصل کرنا تھی۔ اس کے علاوہ مسترد شدہ اسٹاک بھی گزشتہ سال کے مقابلے میں کم رہا جس کے نتیجے میں دیگر اخراجات میں 37 ملین روپے کا اضافہ ہوا۔ سال کے دوران میں ماحقہ اداروں سے قابل وصولی 84 ملین روپے کی پوری رقم وصول ہوئی۔

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2019

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

1. The total number of directors are seven as per the following:
 - a. Male Directors: Five
 - b. Female Directors: Two
2. The Composition of board as at June 30, 2019 is as follow:

Category	Names
Independent Directors	Syed Jawaid Iqbal Mr. Sheikh Adil Hussain*
Executive Director	Mr. Khalid Ahmed Farid
Non-Executive Directors	Mr. Saqib Zia (Chairman) Ms. Sumika Farooqui Mr. Syed Danish Hussain Shah Ms. Sunnia Anwer

The independent directors on the Board have met the criteria of independence mentioned under section 166(2) of Companies Act 2017.

*Mr. Sheikh Adil Hussain was appointed on the board wef from Sep 24th, 2018 by the Board, in its 138th Board meeting, to fill the casual vacancy arising by the resignation of Mr. Usman Muneer from the Board as an Independent Director wef July 23rd, 2018.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies, where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record 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 Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.



9. The Board arranged Directors' Orientation program during the year to comply with the requirement of Regulation 19 of Chapter VII. However orientation was not attended by 2 out of 7 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 the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below

Category	Names
Audit Committee	Syed Jawaid Iqbal (Chairman) Mr. Saqib Zia Ms. Sunnia Anwer
HR and Remuneration Committee	Mr. Sheikh Adil Hussain* (Chairman) Mr. Khalid Ahmed Farid Ms. Sumika Farooqui

*Mr. Sheikh Adil Hussain was appointed on the board wef from Sep 24th, 2018 by the Board, in its 138th Board meeting, to fill the casual vacancy arising by the resignation of Mr. Usman Muneer from the Board as an Independent Director wef July 23rd, 2018.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee are as per following:

Committee	Frequency of meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	As on need basis (atleast annually)

15. The board has outsourced the internal audit function to M/s EY Ford Rhodes, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with except for the following.
 - a) The Company did not comply with the 10(2) of the Regulation of Code of Corporate Governance, 2017 requiring the Board of directors to undertake at least annually, an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders'. The risk framework was not shared or discussed with independent directors of the board.

Khalid Ahmed Farid
Chief Executive Officer

Saqib Zia
Director

September 30, 2019
Karachi

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES REGULATIONS, 2017 (CODE OF CORPORATE GOVERNANCE)

Tel: +92 (0) 21 - 3454 6494-7
Fax: +92 (0) 21 - 3454 1314
Web: www.deloitte.com

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 Gillette Pakistan Limited (the Company) for the year ended June 30, 2019 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 June 30, 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note reference where it is stated in the Statement of Compliance:

Note Reference	Description
9	The Board arranged Directors' Orientation program during the year. However, orientation was not attended by two out of seven directors.
18(a)	The risk framework was not shared or discussed with independent directors of the board.



Chartered Accountants

Engagement Partner:
Naresh Kumar

Date: September 26, 2019
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITORS' REPORT

To the members of Gillette Pakistan Limited Report on the Audit of the Financial Statements

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Opinion

We have audited the annexed financial statements of Gillette Pakistan Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit 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:

S.No.	Key audit matter	How the matter was addressed in our audit
1	<p>Revenue:</p> <p>The Company has earned 100% of the revenue from local sales of goods during the year.</p> <p>The amount of revenue is the most significant class of transaction on the statement of profit or loss.</p> <p>Revenue from local sales of goods is recognized when or as control of goods has been transferred to the customer at a point in time, which in the case of the Company coincides with physical receipt of shipment of goods at the warehouse of the customer.</p>	<ul style="list-style-type: none">- Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies, including those relating to transfer of control of goods to the customer at a point in time and assessing compliance with the policies in terms of applicable accounting and reporting standards.- We also reviewed the distribution agreement with the local sale distributor in order to confirm the management position with regards to transfer of control of the goods to the customer and recognition of related revenue.

S.No.	Key audit matter	How the matter was addressed in our audit
	<p>Since, local sales revenue is a key performance measure for the Company, therefore it has been considered key audit matter.</p> <p>The Company's accounting policy in respect of revenue is disclosed in note 4.1 to the financial statements which includes impact of adoption of IFRS 15 also.</p>	<ul style="list-style-type: none"> - We tested the design, implementation and operating effectiveness of the Company's controls over local sale of goods as per the policy. - For sales made during the year, we verified sales transactions on sample basis by obtaining supporting documents. - We assessed sales transactions taking place at either side of the year-end with supporting documents to assess the appropriateness of revenue recognized during the period.
2	<p>Valuation of Stock-in-trade</p> <p>The total Stock-in-trade as at year end represented 27% of the Company's total assets.</p> <p>Stock-in-trade is carried in the financial statements at the lower of cost and net realizable value. Net realizable value includes subsequent selling prices and estimate of cost of sale.</p> <p>Further, the Company has a practice to record the stock-in-trade at standard cost, which at the year-end is actualized and resulting variances are adjusted using inventory turnover ratio. It involves estimates and judgments.</p> <p>Also, the provisions and write-offs for all damaged and obsolete stock-in-trade are made based on the specific identification of items of stock-in-trade by management.</p> <p>Considering the above matters, the valuation of stock-in-trade has been considered as key audit matter.</p> <p>The Company's accounting policy in respect of Stock-in-trade is disclosed in note 4.8 to the financial statements.</p>	<ul style="list-style-type: none"> - Performed recalculation of net realizable value (NRV) for samples selected in the closing stock-in-trade by comparing the cost with the: <ul style="list-style-type: none"> • subsequent selling prices which we tested on sample basis; • less cost to sell which was estimated based on the current year results. - Obtained details of stock items written off during the year and also checked them on test basis with supporting documents. - We also observed physical count which was performed at year end. - We evaluated assumptions applied by management to identify the amount of variances that needed to be adjusted and we also tested the design, implementation and operating effectiveness of the Company's controls that the Company had in place over the standard costing and variance calculation process. - For selected samples, we checked variances and valuation through comparing standard cost with the actual cost as per the purchase invoice and ensured that the variances were adjusted as per the estimated inventory turnover ratio of the Company.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

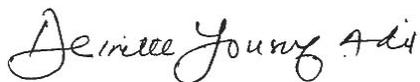
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Naresh Kumar.



Chartered Accountants

Engagement Partner:
Naresh Kumar

Date: October 03, 2019
Place: Karachi



Statement of Financial Position

As at June 30, 2019

	Note	June 30 2019	June 30 2018
----- (Rupees in '000) -----			
ASSETS			
Non-current asset			
Long-term deposits	5	616	616
Current assets			
Stock-in-trade	6	326,792	382,081
Trade debts	7	156,356	168,062
Trade deposits		9,493	8,597
Other receivables and prepayments	8	81,130	205,105
Other financial assets	9	557,312	5,000
Sales tax refundable		27,192	44,632
Taxation - net		25,479	31,397
Bank balances	10	5,625	1,092
		1,189,379	845,966
Total assets		1,189,995	846,582
EQUITY			
Share capital and reserves			
Authorised capital 20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital	11	192,000	192,000
Unappropriated profit		449,914	340,350
Total equity		641,914	532,350
LIABILITIES			
Non-current liability			
Deferred liability - gratuity scheme	12	11,572	10,725
Current liabilities			
Trade and other payables	13	449,186	96,859
Contract liabilities	14	82,943	60,969
Unclaimed dividend		4,380	905
Short term running finance	15	-	144,774
		536,509	303,507
Total equity and liabilities		1,189,995	846,582
Contingencies and commitments	16		

The annexed notes from 1 to 34 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED DANISH HUSSIAN SHAH
Director



Statement of Profit or Loss

For the year ended June 30, 2019

	Note	June 30 2019	June 30 2018
----- (Rupees in '000) -----			
Sales - net	17	1,962,721	1,828,717
Cost of goods sold	18	(1,310,766)	(1,233,559)
Gross profit		651,955	595,158
Selling, marketing and distribution expenses	19	(328,538)	(336,221)
Administrative expenses	20	(45,786)	(29,132)
Other operating expenses	21	(41,811)	(107,217)
Interest expense	15	(7,376)	(8,679)
Bank charges		(217)	(251)
		(423,728)	(481,500)
Other income	22	30,244	2,910
Profit before tax		258,471	116,568
Income tax expense	23	(94,078)	(112,246)
Profit after tax		164,393	4,322
----- Rupees -----			
Earnings per share - basic and diluted	24	8.56	0.23

The annexed notes from 1 to 34 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED DANISH HUSSIAN SHAH
Director



Statement of Comprehensive Income

For the year ended June 30, 2019

	June 30 2019	June 30 2018
	---- (Rupees in '000) ----	
Profit for the year after tax	164,393	4,322
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit and loss account	-	-
Items that will not be reclassified to profit and loss account		
Remeasurement of post retirement benefit obligations	462	6,082
Total comprehensive income for the year	164,855	10,404

The annexed notes from 1 to 34 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED DANISH HUSSIAN SHAH
Director



Statement of Cash Flow

For the year ended June 30, 2019

	Note	June 30 2019	June 30 2018
---- (Rupees in '000) ----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	26	764,394	(127,445)
Income taxes paid		(88,160)	(104,060)
Finance cost paid		(7,376)	(8,679)
Defined benefits paid - net	12	25,693	4,360
Net cash generated from / (used in) operating activities		694,551	(235,824)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		27,593	1,600
Net cash generated from investing activities		27,593	1,600
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(20,525)	(12,858)
Net cash used in financing activities		(20,525)	(12,858)
Net increase / (decrease) in cash and cash equivalents		701,619	(247,082)
Cash and cash equivalents at the beginning of the year		(143,682)	103,400
Cash and cash equivalents at the end of the year	25	557,937	(143,682)

The annexed notes from 1 to 34 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED DANISH HUSSIAN SHAH
Director



Statement of Changes In Equity

For the year ended June 30, 2019

	Issued, sub- scribed and paid-up capital	Unappro- priated profit	Total
	----- (Rupees in '000) -----		
Balance as at July 1, 2017	192,000	329,946	521,946
- Profit for the year	-	4,322	4,322
- Other comprehensive income	-	6,082	6,082
Total comprehensive income for the year	-	10,404	10,404
Balance as at June 30, 2018	192,000	340,350	532,350
Impact of change in accounting policy (Note 4.1)	-	(31,291)	(31,291)
Balance as at June 30, 2018 as restated	192,000	309,059	501,059
- Profit for the year	-	164,393	164,393
- Other comprehensive income	-	462	462
Total comprehensive income for the year	-	164,855	164,855
Transactions with owners recorded directly in equity - distributions			
Interim dividend @ Rs. 1.25 per share for the year	-	(24,000)	(24,000)
Balance as at June 30, 2019	192,000	449,914	641,914

The annexed notes from 1 to 34 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED DANISH HUSSIAN SHAH
Director



Notes to the Financial Statements

For the year ended June 30, 2019

1. STATUS AND NATURE OF BUSINESS

1.1 Gillette Pakistan Limited (“the Company”) was incorporated on December 9, 1986 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is a subsidiary of The Series Acquisition B.V. Netherlands (which is a wholly owned subsidiary of The P&G Company, USA). The registered office of the Company is situated at 11th Floor, Harbour Front, Dolmen City, HC-3, Block-4, Abdul Sattar Edhi Avenue, Clifton, Karachi-75600 and the Company is listed on Pakistan Stock Exchange. The principal activities of the Company include marketing and selling of blades and razors.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

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

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

2.2 Accounting convention

The financial statements have been prepared under the historical cost convention except for the recognition of certain staff retirement benefits at present value as referred to in note 12 to these financial statements.

2.3 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency.

2.4 Significant judgments and key sources of estimation in applying the accounting policies

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affects the application of policies and reported amounts of assets, liabilities, 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. Revision to accounting estimates are recognised prospectively commencing from the period of revision.



Notes to the Financial Statements

For the year ended June 30, 2019

Judgments and estimates made by management that may have significant risk of material adjustments to the financial statements in the subsequent years are as follows:

- i) Determination of net realizable value, provision, write off and valuation for stock-in-trade (note 4.11);
- ii) Assumptions and estimates used in accounting for defined benefits plan (note 4.13 and note 12);
- iii) Provision for taxation (note 4.12 and note 23); and
- iv) Contingencies and commitments (note 16).

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures except for the impact of IFRS 9 and IFRS 15 (refer note 4.1 and 4.2).

	Effective from accounting period beginning on or after:
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
- IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Notes to the Financial Statements

For the year ended June 30, 2019

	Effective from accounting period beginning on or after:
- Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
- IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
- Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
- Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts



Notes to the Financial Statements

For the year ended June 30, 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous years' financial statements except for the change in accounting policies as explained in note 4.1 and 4.2.

4.1 Adoption of IFRS 15 - Revenue from contracts with customers

IFRS 15 replaced IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for comparative period in these financial statements have not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

Under IFRS 15, revenue is recognised when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer. Revenue is primarily generated from the sale of finished product to customers. Those sales predominantly contain a single delivery element and revenue is recognised at a single point in time when ownership, risks and rewards transfer. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been delivered to the customer's destination, the risks of loss have been transferred to the customer and the customer has accepted the product. Accordingly, the timing of revenue recognition is not materially impacted by the new standard.

Trade promotions, consisting primarily of customer pricing allowances, in-store merchandising funds, advertising and other promotional activities, and consumer coupons, are offered through various programs to customers and consumers. The adoption of the new standard accelerated the accrual timing for certain portions of our customer and consumer promotional spending, which resulted in a cumulative reduction to Retained earnings of Rs. 31.291 million on the date of adoption.

A contract liability is recognised for expected discount payable to customers in relation to sales made until the end of the reporting period. Further the Company receives advances from its customers. Prior to adoption of IFRS 15, a provision for sales discounts and advance consideration received from customers was included in 'Trade and other payables' which now is reclassified in 'Contract liabilities' presented separately on statement of financial position. In addition, reclassification has been made from 'Trade and other payables' to 'Contract liabilities' for outstanding balance of advance from customers and sales discounts payable for prior year to provide comparison.

4.2 Adoption of IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2014. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Company. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.



Notes to the Financial Statements

For the year ended June 30, 2019

IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below except the General Hedge Accounting which the Company does not apply. The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

4.2.1 Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVTOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



Notes to the Financial Statements

For the year ended June 30, 2019

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

For financial assets measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Company is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Impact of the new impairment model

The Company always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Given the Company's experience of collection history and historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had material impact on the financial position and / or financial performance of the Company therefore not accounted for in these financial statements.



Notes to the Financial Statements

For the year ended June 30, 2019

For other financial assets, majority of the assets of the Company exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Original carrying value as per old framework	New carrying value as per IFRS 9
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----- Rupees in '000 -----

Financial assets

Long-term deposits	LR	AC	616	616
Trade debts	LR	AC	168,062	168,062
Other receivables	LR	AC	168,076	168,076
Other financial assets	HTM	AC	5,000	5,000
Bank balances	LR	AC	1,092	1,092

Financial liabilities

Trade and other payables	OFL	AC	87,795	87,795
Contract liabilities	OFL	AC	45,983	45,983
Unclaimed dividend	OFL	AC	905	905
Short term running finance	OFL	AC	144,774	144,774

- "LR" is loans and receivables
- "AC" is amortised cost
- "HTM" is held to maturity
- "OFL" is other financial liabilities

4.2.2 Measurement principles and provision

The measurement basis of financial instruments is determined as follows:

Basis of valuation of instruments at amortised cost

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.



Notes to the Financial Statements

For the year ended June 30, 2019

4.3 Recognition of financial assets and liabilities

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.4 Derecognition of financial assets and liabilities

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.5 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.6 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

4.7 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable.

4.8 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

4.9 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment in value, if any. Residual values, estimated useful lives and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Cost is depreciated over the estimated useful life of related assets under the straight line method except for capital work in progress which is stated at cost. Depreciation on additions is charged from the month in which the asset is available for use and no depreciation is charged in the month of disposal.



Notes to the Financial Statements

For the year ended June 30, 2019

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial period in which they are incurred. Cost of acquisition of display stands is also charged to profit and loss account directly.

Gains and losses on disposal of assets are recognized in profit and loss account.

4.10 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

4.11 Operating lease

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating lease. Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease (refer note 16.2).

4.12 Stock-in-trade

Stocks are valued at the lower of cost and estimated net realizable value. Costs are determined by using the first-in, first-out method except for goods-in-transit which are valued at the actual cost accumulated to the balance sheet date. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The cost of stocks includes expenditure incurred in acquiring / bringing the inventories items to their existing location and condition. Also, the provisions and write-offs for all damaged and obsolete stock-in-trade are made based on the specific identification of items of stock-in-trade by management.

4.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation and tax paid on presumptive basis. Income tax paid at import stage under Final Tax Regime (FTR) is recognised as tax expense in the period in which related goods are sold.



Notes to the Financial Statements

For the year ended June 30, 2019

Deferred

Deferred tax is not booked as the majority of the income of the Company falls under the Final Tax Regime of Income Tax Ordinance, 2001. Deferred tax impact on the income falling under normal tax regime is immaterial to the financial statements.

4.14 Staff retirement benefits

Funded pension plan

The Company operates a defined benefit plan i.e., approved funded pension fund scheme for all its permanent employees subject to prescribed qualifying age limit. Contributions are made to the fund on the basis of actuarial recommendations. Actuarial valuation is carried out using projected unit credit method. As per the Company policy, only employees who opted for this scheme and all ex-employees continue to receive benefit under this scheme.

Under the plan, the pensionable benefit per year depends on the pensioner achieving either the normal retirement age or opting for the early retirement. The pensionable benefit also varies in case any pensioner dies.

The Trustees in their meeting held on December 4, 2018 has decided that effective from July 2018 the monthly pension will be pegged with the minimum wage rate as announced by the Government of Pakistan for any financial year. Further, they have also decided in the same meeting that the pension indexation will be applied from July (previously March) of every financial year and that the indexation will be equivalent to the yearly expected inflation rate as advised by the Actuary at the start of every financial year (previously 4.75% annual increase)

Details of the plan are given in note 12 to these financial statements.

Unfunded gratuity scheme

Effective from July 01, 2012, the Company has started to operate a defined benefit plan i.e. approved unfunded gratuity scheme for all its current permanent employees, with the exception of those employees receiving (or are eligible to receive) benefit under approved funded pension scheme, subject to the prescribed qualifying age limit. This scheme is unfunded and actuarial valuation is carried out using projected unit credit method. As per the Company policy, all new employees would be entitled to this gratuity scheme only.

Defined contribution plan

The Company operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 per cent of basic salaries of employees.

4.15 Provisions

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

Notes to the Financial Statements

For the year ended June 30, 2019

4.16 Foreign currency translation

Transactions in foreign currencies are recorded into Pak Rupee at the exchange rate prevailing on the date of transaction. At each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account in the year in which they arise.

4.17 Interest and investment income

Mark-up / return on bank balances / investment income is recognised on a time proportionate basis on the principal amount outstanding by applying the effective interest rate.

4.18 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the periods in which the dividends are approved by the appropriate authority.

4.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized, whereas, other borrowing costs are charged to statement of profit or loss.

4.21 Transition to IFRS 15 - Revenue from contracts with customers

Accounting policies applied to sales of goods prior to July 01, 2018.

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods is recognised when the risk and rewards are transferred to customer, which coincides with physical release of shipment of goods from warehouse of the Company except in the case of export where risks and rewards are only transferred to the customer at designated points as agreed between the Company and the customer.

4.22 Transition to IFRS 9 - Financial instruments

Accounting policies applied to financial instruments prior to July 01, 2018.



Notes to the Financial Statements

For the year ended June 30, 2019

4.22.1 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment of trade debts is estimated when there is objective evidence that the Company will not be able to collect all amount due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss account within 'administrative expenses'. When a trade debt is uncollectible, it is written off against the allowance account for trade debts. Subsequent recoveries of amounts previously written off are credited to 'other income' in the profit and loss account.

4.22.2 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment losses are recognised in profit and loss account and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on impaired assets continues to be recognised through unwinding of discount. If an event occurring subsequent to the recognition of impairment causes reversal of the impairment loss, the reversal in impairment loss is made through profit and loss account.

4.22.3 Investments

Recognition

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

Held-to-maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognised at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method, less any impairment losses. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount. Gains and losses are recognised in the income statement when the investments are de-recognised or impaired, as well as through the amortization process.

Derecognition

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



Notes to the Financial Statements

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
5. LONG-TERM DEPOSITS			
Central Depository Company Limited - registration deposit		37	37
Employee medical insurance deposit		101	101
Marine insurance deposit		300	300
Security deposit to suppliers		178	178
		616	616
6. STOCK-IN-TRADE			
6.1 Breakup of stock-in-trade is as follows:			
Finished goods			
- on hand	6.2 & 6.3	211,391	310,465
- in transit		120,212	113,861
Stock-in-trade before provision and written off		331,603	424,326
Provision due to slow-moving and obsolete inventory	6.4	(343)	(289)
Stock written off		(4,468)	(41,956)
		326,792	382,081
6.2 Stock-in-trade includes goods costing Rs. Nil (June 30, 2018: 8.493 million) written down by Rs. Nil (June 30, 2018: Rs. 3.943 million) to net realizable value amounting to Rs. Nil (June 30, 2018: 4.586 million).			
6.3 Finished goods are held at a third party warehouse under a service agreement.			
6.4 Movement of provision due to slow-moving and non-performing inventory is as follows:			
		June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
Opening balance		289	6,832
Transfer of provision to stock written-off		(289)	(6,832)
Charge for the year		343	289
Closing balance		343	289
7. TRADE DEBTS			
Unsecured - considered good		156,356	168,062
7.1 Trade receivables are non-interest bearing and the credit period on sale of goods ranges from 22 days to 32 days (June 30, 2018: 31 days to 32 days) for Blades & Razors products .			



Notes to the Financial Statements

For the year ended June 30, 2019

7.2 Aging of trade debts

June 30, 2019	Not yet due	1-22 days	23-96 days	Above 96 days
----- Rupees in '000 -----				
Neither due nor impaired	132,687	-	-	-
Past due but not impaired	-	23,417	3	249
Past due and impaired	-	-	-	-
	<u>132,687</u>	<u>23,417</u>	<u>3</u>	<u>249</u>
June 30, 2018				
Neither due nor impaired	150,271	-	-	-
Past due but not impaired	-	17,725	50	16
Past due and impaired	-	-	-	-
	<u>150,271</u>	<u>17,725</u>	<u>50</u>	<u>16</u>
		Note	June 30, 2019	June 30, 2018
			----- Rupees in '000 -----	

8. OTHER RECEIVABLES AND PREPAYMENTS

Cash margin on imports	8.1	69,602	83,641
Receivable from pension fund	12.1.2	4,924	36,041
Receivable from related party - net		-	84,259
Interest receivable on term deposits		1,029	176
Prepayments		4,817	988
Others		758	-
		<u>81,130</u>	<u>205,105</u>

8.1 This represents cash margin held under lien by the Bank as per BPRD Circular 2 of 2017 issued by State Bank of Pakistan which requires Bank to obtain 100% cash margin on the import of certain items.

	Note	June 30, 2019	June 30, 2018
		----- Rupees in '000 -----	

9. OTHER FINANCIAL ASSETS

Term deposits	9.1	557,312	5,000
9.1 Term deposit includes;			
- having maturity of more than 3 months	9.1.1	5,000	5,000
- having maturity of upto 3 months	9.1.2	552,312	-
		<u>557,312</u>	<u>5,000</u>

9.1.1 This represents term deposit, having maturity period of one year and effective interest rates 8.35% (June 30, 2018: 3.5%) per annum. This deposit kept as cash collateral for employees' corporate credit cards.



Notes to the Financial Statements

For the year ended June 30, 2019

9.1.2 This represents term deposits, having maturity period of 4 to 14 days and effective interest rates 10.5% to 11.15% (June 30, 2018: Nil) per annum.

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
10. BANK BALANCES			
Current account		4,343	895
Savings account	10.1	1,282	197
		<u>5,625</u>	<u>1,092</u>

10.1 These are balances maintained with commercial banks. The effective interest rate on the account is 11.5% (June 30, 2018: 5.5%) per annum.

11. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018
----- Number of Shares -----			----- Rupees in '000 -----	
		Ordinary Shares of Rs. 10/-each fully paid:		
15,936,000	15,936,000	- In Cash	159,360	159,360
3,264,000	3,264,000	- Other than cash	32,640	32,640
<u>19,200,000</u>	<u>19,200,000</u>		<u>192,000</u>	<u>192,000</u>

11.1 The Series Acquisition B.V., Netherlands, and its nominees held 17,548,574 (91.4%) (June 30, 2018: 17,548,574 (91.4%)) ordinary shares of Rs. 10 each of the Company. The ultimate parent of the Company is The Procter & Gamble Company (P&G), USA.

11.2 The Company has one class of ordinary shares which carry no right to fixed income. The holders of the shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

11.3 There was no movement in ordinary shares during the year.

11.4 The Company has no reserved shares for issuance under options and sales contracts.

12. STAFF RETIREMENT BENEFITS

12.1 Funded post retirement pension and unfunded gratuity schemes

12.1.1 The actuarial valuation of pension plan was carried out at June 30, 2019. The projected unit credit method, using the following significant financial assumptions, has been used for the actuarial valuation:



Notes to the Financial Statements

For the year ended June 30, 2019

	June 30, 2019		June 30, 2018	
	Pension	Gratuity	Pension	Gratuity
- Discount rate - per annum compound	13.25%	14.50%	10.00%	10.00%
- Expected rate of increase in salaries per annum	-	14.50%	-	10.00%
- Expected rate of return on plan assets per annum	13.25%	-	10.00%	-
- Pension indexation rate - per annum	8.80%	-	4.75%	-

Mortality rates assumed were based on the State Life Insurance Corporation (SLIC) 2001-05 ultimate mortality rates.

12.1.2 Statement of financial position reconciliation

Fair value of plan assets	(103,744)	-	(130,902)	-
Present value of defined benefit obligation (Asset) / liability carried forward in the balance sheet	98,820	11,572	94,861	10,725
	<u>(4,924)</u>	<u>11,572</u>	<u>(36,041)</u>	<u>10,725</u>

12.1.3 Movement in fair value of plan assets

Fair value at beginning of the year	130,902	-	129,955	-
Interest income	11,462	-	11,627	-
Remeasurement on post retirement benefits	(6,053)	-	(2,174)	-
Benefits paid	(4,977)	-	(4,006)	-
(Withdrawals) / contribution made by the Company	(27,590)	-	(4,500)	-
Fair value at the end of the year	<u>103,744</u>	<u>-</u>	<u>130,902</u>	<u>-</u>

12.1.4 Movement in defined benefit obligation

Obligation at beginning of the year	94,861	10,725	97,865	9,166
Current service cost	-	1,064	-	1,249
Interest cost	9,237	1,001	8,867	841
Past service cost - vested	6,893	-	-	-
Transfer liability payable to P&G Pakistan	-	(1,183)	-	-
Remeasurement on post retirement benefits	(7,194)	679	(7,865)	(391)
Benefits paid	(4,977)	(714)	(4,006)	(140)
Obligation at the end of the year	<u>98,820</u>	<u>11,572</u>	<u>94,861</u>	<u>10,725</u>

12.1.5 Charged to profit and loss account

Current service cost	-	1,064	-	1,249
Past service cost - vested	6,893	-	-	-
Net interest (income) / cost	(2,225)	1,001	(2,760)	841
	<u>4,668</u>	<u>2,065</u>	<u>(2,760)</u>	<u>2,090</u>



Notes to the Financial Statements

For the year ended June 30, 2019

June 30, 2019		June 30, 2018	
Pension	Gratuity	Pension	Gratuity

-----Rupees in '000-----

12.1.6 Recorded in statement of other comprehensive income Actuarial (gain) / loss arising due to changes in :

Demographic assumptions	(8,175)	-	-	-
Financial assumptions	-	-	(8,127)	-
Experience adjustment	7,034	679	2,436	(391)
	<u>(1,141)</u>	<u>679</u>	<u>(5,691)</u>	<u>(391)</u>

12.1.7 Actual return on plan assets is as follows:

Interest income	11,462	-	11,627	-
Remeasurement on post retirement benefits	(6,053)	-	(2,174)	-
Actual return on plan assets	<u>5,409</u>	<u>-</u>	<u>9,453</u>	<u>-</u>

12.1.8 Detail of plan assets

Pakistan Investment Bonds	11,296	-	74,515	-
Term Deposit Receipts	52,960	-	49,899	-
Units of Mutual Funds	2,449	-	3,426	-
Cash at bank	37,810	-	3,062	-
	<u>104,515</u>	<u>-</u>	<u>130,902</u>	<u>-</u>

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

Changes in assumptions	Impact on obligation of change in assumption			
	Pension		Gratuity	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption

----- Rupees -----

Discount rate	1%	89,691	109,483	10,190	13,228
Pension / salary increase	1%	108,641	90,247	13,270	10,134
Mortality age	1 year	101,245	96,560	11,572	11,573

June 30, 2019	
Pension	Gratuity

12.1.10 Weighted average plan duration

10.01 years 13.09 years

12.1.11 The number of employees covered under the pension fund and gratuity scheme are Nil (June 30, 2018: Nil) and 5 (June 30, 2018: 5) respectively.

Notes to the Financial Statements

For the year ended June 30, 2019

12.1.12 The company do not expect to make any contribution to the defined benefit scheme during the next financial year because the fair value of plan assets is more than present value of defined benefit obligation.

12.2 The Company maintains the fund of provident fund in a separate trust. As at year end, Company has invested surplus fund of the trust in listed collective investment scheme and savings account which is in accordance with the provision of section 218 of the Companies Act, 2017

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
13. TRADE AND OTHER PAYABLES			
Trade creditors	13.1	235,245	-
Other payable		76,247	43,997
Accrued liabilities	13.2	128,630	43,798
Payable to Workers' Welfare Fund	13.3	9,064	9,064
		<u>449,186</u>	<u>96,859</u>

13.1 This represents payable to related party, Procter and Gamble International Operations SA (PGIO).

13.2 This includes payable to following related parties:

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
Procter & Gamble Pakistan (Private) Limited		23,684	14,206
Procter & Gamble International Operations SA-ROHQ		9,848	4,354
		<u>33,532</u>	<u>18,560</u>

13.3 Movement of the Workers' Welfare Fund payable is as follows:

	Note	June 30, 2019	June 30, 2018
Opening balance		9,064	10,371
(Reversal) / provision for the year	22.1	-	(1,307)
Closing balance		<u>9,064</u>	<u>9,064</u>

14. CONTRACT LIABILITIES

Advance from customer	13,436	14,986
Discount accruals	69,507	45,983
	<u>82,943</u>	<u>60,969</u>

15. SHORT TERM RUNNING FINANCE

In 2018, the Company entered into an arrangement of short term running finance facility of Rs. 600 million with Citi Bank. It carries interest at the rate of one month KIBOR+1% per annum. This facility is secured against the stand by letter of credit issued by Citi Bank London to Citi Bank Pakistan on behalf of P&G Global.

Notes to the Financial Statements

For the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	----- Rupees in '000 -----	
Opening as at July 01	144,774	-
Proceeds during the year	-	2,448,503
Repayments made during the year	(144,774)	(2,303,729)
Closing as at June 30	<u>-</u>	<u>144,774</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 The income tax assessments of the Company have been completed up to and including tax year 2018 (i.e. year ended on June 30, 2018). The tax returns for the tax years from 2003 to 2018 are treated as assessment orders under section 120 of the Income Tax Ordinance, 2001 on the date returns were filed, unless amended otherwise.

In respect of assessment years 2000-2001 and 2001-2002, the Commissioner of Income Tax (Appeals) made certain additions / disallowances which resulted in additional tax liability amounting to Rs. 49.422 million and Rs. 8.247 million respectively. The Company then filed appeal before the ATIR where some relief was granted while other issues were confirmed against the Company vide combined appellate order dated November 28, 2015. The Company has also filed reference on all the issues decided by ATIR against the Company before Honorable High Court of Sindh which is pending for adjudication.

In respect of the above, the Company has made a payment of the full amount and made a provision of Rs. 41.875 million in previous years which management believes based on the advice of its tax advisor is sufficient to cover any future obligation of the Company.

16.1.2 The Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order of Appellate Tribunal Inland Revenue, issued in favour of the Company for the years 1999-2000 and 2000-01. The case pertained to alleged incorrect payment / short payment of sales tax by the Company on various transactions in these years. The initial demand of sales tax and additional tax raised by the tax department was amounting to Rs. 34.5 million. The Company is now pursuing the case in the Court; however, no provision has been made in these financial statements as the management anticipates based on the advice of its legal advisor that the case would be decided in the favour of the Company.

16.1.3 In 2007, an ex-employee of the Company filed a case regarding payment of severance cost and provident fund amounting to Rs. 28.899 million in the High Court of Sindh (the Court). In response, a written statement was filed by the Company on September 29, 2007 and subsequently the issues were filed by the Company on May 10, 2008. Through order dated November 20, 2007, the Court has instructed to record evidence in this matter. This matter will now come up for recordal of evidence in September 2019. However, based on the advice from the Company's legal advisor, at this stage, it would not be possible to determine the outcome of the aforesaid case. Therefore, the management has not made any provision against this case in these financial statements.



Notes to the Financial Statements

For the year ended June 30, 2019

16.1.4 In 2018, the Company received a notice on to obtain information or evidence under section 176 of the Income Tax Ordinance 2001 for the audit of tax periods from July 2015 to June 2016. Subsequently, after the proceedings of the audit, the Deputy Commissioner Inland Revenue issued an order dated April 03, 2018, for the demand of Rs. 71.626 million including Rs. 54.673 and Rs. 16.953 on account of demand u/s 161 and default surcharge u/s 205 and penalty u/s 182 (1) (15) on account of failure to collect or deduct tax at source u/s 156 of Income Tax Ordinance, 2001. In this respect, an appeal was filed before Commissioner Inland Revenue Appeals (CIRA) against the above mentioned order, however, the CIRA vide appellate order dated May 22, 2018 has confirmed the levy raised by DCIR u/s 161. An appeal against the aforesaid appellate order has been filed before Appellate Tribunal Inland Revenue (ATIR) which is pending. Moreover, the Sindh High Court (SHC) vide interim order dated May 25, 2018 in CP No. 4148 of 2018 has refrained the tax authorities from taking any coercive action on account of demand raised till the decision of ATIR. However, no provision has been made in these financial statements as the management anticipates based on the legal advice of its legal advisor that the case would be decided in the favour of the Company.

16.1.5 During the year, the Company received an order dated April 29, 2019 from Additional Commissioner, Punjab Revenue Authority (PRA) in respect of financial years 2016, 2017 and 2018 for alleged short withholding and deposit of the sales tax withholding on various payments related to advertisement and sales promotion, auditor's remuneration, legal and professional services and warehousing and transportation amounting to Rs. 45.72 million. The Company has filed an appeal before Commissioner Appeal against the order on May 29, 2019. Moreover, the Lahore High Court (LHC) vide interim order dated June 17, 2019 in CP No. W.P.No. 36500 of 2019 has refrained the tax authorities from taking any coercive action on account of demand raised till the decision of ATIR. The management anticipates based on the advice of its tax advisor that the case would be decided in the favor of the Company. Accordingly, no provision has been made in these financial statements.

June 30, 2019	June 30, 2018
----- Rupees in '000 -----	

16.2 Commitments

Rental due under operating lease arrangements in respect of vehicles:

Not later than one year	3,612	1,638
Later than one year but not later than five years	9,807	1,212
	13,419	2,850

16.2.1 The commitment relates to operating leases of vehicles with lease term of 4 years.



Notes to the Financial Statements

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
17. SALES - NET			
Gross sales			
- Local		2,609,968	2,387,897
- Export	17.1	-	24,697
- Scrap sales	17.2	-	40,311
		<u>2,609,968</u>	<u>2,452,905</u>
Trade discounts		(268,021)	(277,229)
Sales tax		(379,226)	(346,959)
		<u>1,962,721</u>	<u>1,828,717</u>

17.1 Export sales are being made in Afghanistan through a sole distributor by way of Good Declarations.

17.2 This represents export scrap sales made to a third party.

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
18. COST OF GOODS SOLD			
Opening stock of finished goods		382,081	582,269
Purchases of finished goods		1,255,477	1,033,371
		<u>1,637,558</u>	<u>1,615,640</u>
Closing stock of finished goods	18.1	(326,792)	(382,081)
		<u>1,310,766</u>	<u>1,233,559</u>

18.1 Finished goods have been written down to net realizable value by Rs. Nil (June 30, 2018: Rs. 3.943 million) and are charged to cost of goods sold.

	June 30, 2019	June 30, 2018
----- Rupees in '000 -----		
19. SELLING, MARKETING AND DISTRIBUTION EXPENSES		
Advertising and sales promotion	217,889	223,201
Warehousing and transportation	55,453	71,485
Salaries, wages and other benefits	39,024	26,243
Traveling and conveyance	3,062	1,267
Rent, rates and taxes	12,398	13,525
Others	712	500
	<u>328,538</u>	<u>336,221</u>



Notes to the Financial Statements

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
20. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		21,524	9,562
Legal and outsourced professional services		17,914	8,606
Rent, rates and taxes		1,955	6,561
Auditors' remuneration	20.1	1,560	1,400
Traveling and conveyance		1,396	1,812
Others		1,437	1,191
		<u>45,786</u>	<u>29,132</u>
20.1 Auditors' remuneration			
Audit fee		883	840
Half yearly review		491	486
Review of compliance with Code of Corporate Governance		28	28
Other services		107	-
Out of pocket expenses		51	46
		<u>1,560</u>	<u>1,400</u>
21. OTHER OPERATING EXPENSES			
Exchange loss - net		36,462	63,457
Stocks written off		4,468	41,956
Provision for obsolete stock		343	289
Others		538	1,515
		<u>41,811</u>	<u>107,217</u>
22. OTHER INCOME			
Interest income on term deposits and saving accounts		28,446	1,603
Reversal of Workers' Welfare Fund (WWF)	22.1	-	1,307
Others		1,798	-
		<u>30,244</u>	<u>2,910</u>

22.1 The Supreme Court of Pakistan (SCP) in its decision dated November 10, 2016 has held that the amendment made in the definition of 'Industrial Establishment' vide Finance Act, 2008 (which extended the scope to any establishment on which West Pakistan Shops and Establishment Ordinance, 1969 applied) as unconstitutional as a result the Company can no longer be treated as "industrial establishment" for the purposes of levy of WWF under WWF Ordinance, 1971. After the above decision of SCP, the Federal Board of Revenue (FBR) had filed review petition which is still pending for hearing.

In view of the above, the management based on the advice of its tax advisor has decided to not to create any further provision along with reversal of any provision with respect to WWF that was created after the SCP decision. Hence, as result no provision has been booked in the current year, however, as a matter of prudence the Company has decided to not to reverse any provision that was booked in the financial statements before the SCP decision. The above position will be reviewed upon by the management after final decision by SCP on the aforementioned review petition.



Notes to the Financial Statements

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
23. INCOME TAX EXPENSE			
Current year tax	23.1	94,132	112,246
Prior year tax		(54)	-
		94,078	112,246
23.1 The tax charge for the year includes the following:			
- tax under Final Tax Regime on commercial imports		85,883	111,765
- tax under Normal Tax Regime on interest income		8,249	481
		94,132	112,246
23.2 Relationship between tax expense and accounting profit			
Accounting profit for the year		258,471	116,568
Tax rate		29%	30%
Tax charge		74,957	34,970
Prior year tax		(54)	-
Effect of taxes paid under Final Tax Regime		19,229	77,276
		94,132	112,246

23.3 According to the management, the tax provision made in the financial statements is sufficient.

23.4 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

Fiscal Year	Provision for taxation	Tax assessed	Excess
2017 / 18	112,246	103,875	8,371
2016 / 17	110,045	104,092	5,953
2015 / 16	103,817	102,680	1,137

	June 30, 2019	June 30, 2018
24. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees in '000)	164,393	4,322
Weighted average number of ordinary shares outstanding during the year (Number of shares)	19,200,000	19,200,000
Earnings per share - basic and diluted (Rupees)	8.56	0.23



Notes to the Financial Statements

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
----- Rupees in '000 -----			
25. CASH AND CASH EQUIVALENTS			
Bank balances	10	5,625	1,092
Term deposits having maturity up to 3 months	9	552,312	-
Short term running finance	15	-	(144,774)
		<u>557,937</u>	<u>(143,682)</u>
26. CASH FLOWS FROM OPERATIONS			
Profit before tax		258,471	116,568
Adjustment for non-cash charges and other items:			
Expense recognised / (reversed) on employee benefits - pension	12.1.5	4,668	(2,760)
Expense recognised on employee benefits - gratuity	12.1.5	2,065	2,090
Interest expense	15	7,376	8,679
Exchange loss - net	21	36,462	63,457
Stock-in-trade written down to net realizable value	6.2	-	3,943
Provision due to slow moving and obsolete inventory	6.4	343	289
Stocks written off	6	4,468	41,956
Interest income on term deposits and saving accounts	22	(28,446)	(1,603)
Working capital changes	27	478,987	(360,064)
		<u>764,394</u>	<u>(127,445)</u>
27. WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets:			
Stock-in-trade		50,478	154,000
Trade debts		11,706	79,958
Trade deposits		(896)	34
Sales tax refundable		17,440	(6,139)
Other receivables		93,711	204,670
		<u>172,439</u>	<u>432,523</u>
(Decrease) / increase in current liabilities:			
Trade and other payables		284,574	(780,423)
Contract liabilities		21,974	(12,164)
		<u>306,548</u>	<u>(792,587)</u>
		<u>478,987</u>	<u>(360,064)</u>



Notes to the Financial Statements

For the year ended June 30, 2019

28. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the holding company (The Series Acquisition B.V., Netherlands), the ultimate parent company (The Procter & Gamble Company, USA), related group companies, companies in which directors have interest, staff retirement benefit plans, directors of the Company, key management personnel and close member of the family of all the aforementioned related parties. The Company carries out transactions with various related parties at agreed terms. Amount due from and to related parties are shown under 'other receivables' and 'trade and other payables', whereas remuneration of directors, chief executive and executives are disclosed in note 29. Other significant transactions with related parties are as follows:

Name	Relationship with the Company	Nature of transaction	June 30,	June 30,
			2019	2018
			----- Rupees in '000 -----	
Procter and Gamble International Operations SA, Lancy	Associate due to common parent company	Purchases of finished goods	973,666	1,041,221
		Reimbursement of expenses	-	1,422
Procter and Gamble Pakistan (Private) Limited	Associate due to common parent company	Expenses reimbursed to	102,688	102,737
		Expenses reimbursed from	21,381	26,455
Procter and Gamble International Operations S.A, ROHQ	Associate due to common parent company	Services received	6,963	3,986
The Series Acquisition B.V., Netherlands	Holding Company	Dividend	21,936	12,858
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	1,390	1,309
Gillette Pakistan Pension Fund	Retirement benefit plan	Income from pension fund	2,225	2,760
		Past service cost	6,893	-
Name	Country of Incorporation			
Procter and Gamble International Operations SA, Lancy	Switzerland			
Procter and Gamble International Operations S.A, ROHQ	Philippines			
The Series Acquisition B.V, Netherlands	Netherlands			



Notes to the Financial Statements

For the year ended June 30, 2019

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

29.1 The aggregate amount charged in these financial statements for remuneration, including certain benefits to the Chief Executive, the Director and Executives of the Company are as follows:

	Chief Executive		Executives	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- Rupees in '000 -----			
Basic salary	6,629	6,383	6,721	7,307
Bonus	391	615	-	-
Housing allowance	2,983	2,872	3,025	3,288
Leave fare assistance	994	957	1,008	1,096
Utilities allowance	663	638	672	731
Retirement benefits	1,264	1,147	539	943
Others	702	3,406	929	760
	<u>13,626</u>	<u>16,018</u>	<u>12,894</u>	<u>14,125</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>4</u>
			June 30, 2019	June 30, 2018
Number of employees as at year end			<u>5</u>	<u>5</u>
Average number of employees during the year			<u>5</u>	<u>6</u>

29.2 Chief Executive and executives of the company are also provided with free use of company maintained cars.

29.3 The aggregate amount of fees paid to two (June 30, 2018: one) non-executive directors is Rs. 550,000 (June 30, 2018: Rs. 240,000).

30. FINANCIAL RISK MANAGEMENT

30.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below and disclosed in note 4.



Notes to the Financial Statements

For the year ended June 30, 2019

	June 30, 2019	June 30, 2018	
	At amortised cost	Held to maturity	Loans and receivables

----- Rupees in '000 -----

Financial assets

Long-term deposits	616	-	616
Trade debts	156,356	-	168,062
Other receivables	71,389	-	168,076
Other financial assets	557,312	5,000	-
Bank balances	5,625	-	1,092
	<u>791,298</u>	<u>5,000</u>	<u>337,846</u>

June 30, 2019	June 30, 2018
At amortised cost	Other financial liabilities

----- Rupees in '000 -----

Financial liabilities

Short term running finance	-	144,774
Trade and other payables	440,122	87,795
Contract liabilities	69,507	45,983
Unclaimed dividend	4,380	905
	<u>514,009</u>	<u>279,457</u>

30.2 Financial risk factors

The Company is exposed to market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimize adverse effects from the unpredictability of risk factors on the Company's financial performance.

The Board of Directors has overall responsibility for the oversight of financial risk management for the Company. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures.

30.2.1 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 variables. Market risk comprises three types of risk: interest rate risk, price risk and currency risk. The exposure to these risks and their management is explained below:

Notes to the Financial Statements

For the year ended June 30, 2019

i. Interest rate risk

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

	Carrying amount	
	June 30, 2019	June 30, 2018
	----- Rupees in '000 -----	
<u>Fixed rate instruments</u>		
Financial assets		
Other financial assets	557,312	5,000
Financial liabilities		
Short-term running finance	-	144,774
<u>Variable rate instruments</u>		
Financial assets		
Bank balances	1,282	197

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest / mark-up rate at the reporting date would not affect profit and loss account.

Sensitivity analysis for variable rate instruments

As at June 30, 2019, the Company holds balance in savings accounts exposing the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in interest on bank balances, with all other variables held constant, the net income and net assets would have been higher / lower by Rs. 50,710 (June 30, 2018: Rs. 5,000)

ii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to any kind of price risk.

As the Company is not exposed to price risks, therefore, no sensitivity analysis is provided for this risk.



Notes to the Financial Statements

For the year ended June 30, 2019

iii. Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and bank balances in foreign currency. The Company's exposure to foreign currency risk is as follows;

	GBP	USD	EURO	Total
	----- Rupees in '000 -----			
June 30, 2019				
Other receivables	-	-	-	-
Trade and other payables	-	(9,848)	(235,245)	(245,093)
Net exposure	-	(9,848)	(235,245)	(245,093)
June 30, 2018				
Other Receivables	-	-	84,259	84,259
Trade and other payables	(425)	(4,354)	-	(4,779)
Net exposure	(425)	(4,354)	84,259	79,480

In respect of monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level and balance the risk itself.

The following significant exchange rates have been applied:

Rupees per	Average rate		Reporting date rate	
	2019	2018	2019	2018
	----- Rupees -----			
USD	136.40	110.07	163.24	121.63
EURO	155.49	131.43	185.62	141.59
GBP	176.51	148.40	206.84	159.49

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD, Euro and GBP exchange rates, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in rate	GBP	USD	EURO	Total
		----- Rupees in '000 -----			
June 30, 2019					
	+10%	-	(985)	(23,525)	(24,509)
	-10%	-	985	23,525	24,509
June 30, 2018					
	+10%	(43)	(435)	8,426	7,948
	-10%	43	435	(8,426)	(7,948)



Notes to the Financial Statements

For the year ended June 30, 2019

30.2.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is as follows:

	June 30, 2019	June 30, 2018
	----- Rupees in '000 -----	
Long-term deposits	616	616
Trade debts	156,356	168,062
Other receivables	71,389	168,076
Other financial assets	557,312	5,000
Bank balances	5,625	1,092
	791,298	342,846

Customer credit risk is managed as per the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers. Outstanding customer receivables are regularly monitored and shipments are only made if the credit history of the customer is clean.

Credit risk from balances with banks is managed by treasury in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

The Company is exposed to credit risk from its operating activities primarily for trade debts, other receivables, deposits with banks and other financial assets. The names and credit ratings of banks, where the Company maintains its bank balance are as follows.

Name of bank	Rating agency	Credit rating	
		Short-term	Long-term
Habib Bank Limited	JCR-VIS	A-1+	AAA
Citibank, N.A.	Moody's	P-1	AA3
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA

30.2.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The financial liabilities of the Company are analyzed into the relevant maturity buckets based on their contractual maturity dates in the table below:



Notes to the Financial Statements

For the year ended June 30, 2019

	Carrying Amount	Contractual Cash Flow	Less than 1 month
----- Rupees in '000 -----			
June 30, 2019			
Trade and other payables	440,122	(440,122)	(440,122)
Contract liabilities	69,507	(69,507)	(69,507)
Unclaimed dividend	4,380	(4,380)	(4,380)
June 30, 2018			
Trade and other payables	87,795	(87,795)	(87,795)
Contract liabilities	45,983	(45,983)	(45,983)
Short-term running finance	144,774	144,774	144,774
Unclaimed dividend	905	905	905

Management closely monitors the Company's liquidity and cash flow position by maintaining availability of financing through banking arrangements.

30.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying amount of all financial assets and liabilities reflected in these financial statements approximate their fair values as they are short term in nature.

30.3.1 Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

Level - 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level - 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level - 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



Notes to the Financial Statements

For the year ended June 30, 2019

As at June 30, 2019, the Company does not hold any financial instrument, which can be categorised in any of the above levels.

31. CAPITAL RISK MANAGEMENT

The Company's objectives, policies and processes for managing capital are as follows:

- 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 provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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 capital structure of the Company consists of equity comprising issued share capital and unappropriated profit. The Company's overall strategy remains unchanged from 2018.

The Company is not subject to any externally imposed capital requirements.

32. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and to reflect the substance of the transaction.

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorised for issue on September 30, 2019.

34. GENERAL

Figures have been rounded off to the nearest thousand rupee.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on October 25, 2019 at the Sapphire Hall, Ramada Karachi Creek, Zulfiqar street-1, DHA Phase VIII, Karachi at 09:15am to transact the following business:

1. To confirm the minutes of Annual General Meeting of the Company held on October 23, 2018.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2019, together with reports of the directors and auditors.
3. To appoint auditors for the year ending June 30, 2020 and fix their remuneration. Messers. Deloitte Yousuf Adil, Chartered Accountants, the present auditors have retired and being eligible have offered themselves for reappointment.
4. Any other business with the permission of the Chair.

By Order of the Board

Moosa Haroon
Company Secretary

October 04, 2019
Karachi

NOTES

Closure of Share Transfer Books: The Share Transfer Books of the Company will remain closed from October 17, 2019 to October 25, 2019 (Both Days included) during which no transfer of shares will be accepted for registration. Transfers in good order, received by Company's registrar, FAMCO Associates (Pvt) Ltd 8-F, Near Faran Hotel, Nursury, Block-6, PECHS, Shahrah-e-Faisal, Karachi by close of business on October 16, 2019 will be treated on time for ascertaining the entitlement of shareholders for the purpose of attending and vote at Annual General Meeting.

Participation in Annual General Meeting: A member entitled to attend, speak and vote at the above said meeting is entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her and proxy as appointed shall have such rights, as respects attending, speaking and voting at the above said meeting as are available to the Member.

CDC account holders will further have to follow the guidelines as laid down in Circular no. 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan.

Duly completed, signed and stamped instrument of proxy(as enclosed) and the other authority under which it is signed, or a notorially certified copy thereof in order to be valid, must be lodged with the Company Secretary at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. The proxy need not be a Member of the Company.

A. For Attending the Meeting: In case of the 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 Central Depository Company of Pakistan Limited Regulations shall authenticate his/her identity by showing his/her original computerized CNIC or original passport at the time of attending meeting. In case of corporate entity/trust, the Board of Directors/Trustees resolution/power of Attorney with specimen signature of nominee shall be produced at the time of meeting. The members registered on CDC are also requested to bring their particulars, IDs and account numbers in CDS.

B. E-Voting: Members can exercise their right to vote under applicable clauses of Companies (Postal Ballot) Regulations, 2018.

Mandatory Payment of Cash Dividend Through Electronic Mode and Submissions of Copies of Valid CNIC & NTN certificates:

- The Provisions of section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders, Accordingly, the shareholders, holding physical sharers are requested to provide their IBAN information on Dividend Mandate Form to the Company's Share Registrar. In case of CDC account holders, the same information should be provided directly to the CDS participants/CDC investor Account Services. The Company or its share Registrar cannot act on any request received directly from members holding shares in electronic form for any change of bank particulars or bank mandate. The Mandate Form is also available at the Company's website i.e. www.gillettepakistan.com

- The designated bank account details should be of the title holder of the shares or Account title in Central Depository Company System.
- Individual members who have not yet submitted photocopy of their valid CNIC and Corporate Entities who have not yet submitted their NTN are once again reminded to send the same at the earliest directly to the Company's share registrar. Please also provide Folio No. with the Copy of CNIC/NTN, the Company would withhold further dividend payments to such shareholders as per the provision of Section 243(3) of the Companies Act 2017 and Regulation 6 of the Companies (Distribution of Dividend) Regulations, 2017.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 (Mandatory)

- (i) Pursuant to the provisions of the Finance Act 2017 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Shareholders appearing on Active Tax-payers List: 15%
2. Shareholders Not appearing on Active Tax-payers List: 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt) Ltd., by the first day of Book Closure.
- According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.
 - In this regard all shareholders either holding shares in physical form or in CDC, who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

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

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

Submission of Zakat Exemption: Members are requested to submit declaration as per Zakat & Ushr Ordinance, 1980 for Zakat exemption.

Change of Address: Members are requested to communicate to the Company's registrar any change in their address. Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Company's Registrar.

Circulation of Notice of Meeting & Annual Accounts: The Securities and Exchange Commission (SECP) vide SRO No. 470(I)/2016, has allowed listed companies to circulate their Annual Audited accounts to its members through CD/DVD/USB at their registered addresses instead of sending them in hard copies, subject to approval obtained from shareholders in General meeting. Accordingly, the Company has obtained approval from members in the 30th AGM held on Oct 24, 2017. Pursuant to approval of the members, as aforesaid, the Annual Audited Financial Statements of the Company for the year ended June 30, 2019, have been circulated to the members through CD/DVD/USB.

Conversion of shares in book entry form: Members holding shares are requested to consider converting their shares from physical form to eliminate all risks associated with physical shares. Members can contact the Company's share registrar for assistance in this regard.



☆ نامزد بینک اکاؤنٹ کی تفصیلات حصص کے عنوان دار یا سنٹرل ڈیپازٹری سسٹم کے عنوان سے ہونا چاہیے۔

☆ انفرادی ممبران جنہوں نے ابھی تک اپنے موثر شناختی کارڈ اور کارپوریٹ ادارے جنہوں نے اپنے NTN کی فوٹوکاپی پیش نہیں کی ہے ان کو ایک بار پھر یاد دہانی کرائی جا رہی ہے کہ وہ شیئرز رجسٹرار کے پتے پر جلد از جلد ارسال کریں۔ براہ مہربانی شناختی کارڈ اور NTN کی نقل کے ساتھ فوٹوکاپی بھی دیں۔

☆ کمپنیز ایکٹ 2017 (ڈسٹر بیوشن آف ڈیویڈنڈ ریگولیشن 2017) کے ضوابط 6 کے تحت بینک کی موثر تفصیلات اور موثر CNIC یا NTN کی کاپی جمع نہ کرانے کی صورت میں کمپنی ممبر کے مستقبل کے تقسیم شدہ منافع کو روکنے کی مجاز ہے۔

اکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت منافع مقسمہ کی رقم سے اکم ٹیکس کی کوٹنی (لازمی):

(i) فنانس ایکٹ 2017، موثر از یکم جولائی 2019، کے مطابق کمپنی کی جانب سے ادا کئے جانے والے منافع مقسمہ کی رقم کی ادائیگی پر اکم ٹیکس کی کوٹنی کے رٹس میں ردوبدل کی گئی ہے، جو درج ذیل ہیں:

(1) شیئرز ہولڈرز، جن کے نام فعال ٹیکس گزاروں کی فہرست میں شامل ہیں: 15% (۲) شیئرز ہولڈرز، جن کے نام فعال ٹیکس گزاروں کی فہرست میں شامل نہیں ہیں: 30%

لہذا، کمپنی کو منافع مقسمہ کی رقم سے ٹیکس کی کوٹنی 30% کی بجائے 15% سے کرنے کیلئے، ان شیئرز ہولڈرز کو، جن کے نام ایف بی آر کی ویب سائٹ پر موجود فعال ٹیکس گزاروں کی فہرست (ATL) میں موجود نہیں ہیں، جب کہ اصل میں وہ فائلر ہیں، ہدایت کی جاتی ہے کہ وہ اس بات کو یقینی بنالیں کہ فوری طور پر ان کے نام ATL میں شامل ہو جائیں، ورنہ نقد منافع مقسمہ میں سے 15% کی بجائے 30% کی شرح سے ٹیکس کی کوٹنی کی جائے گی۔

(ii) منافع مقسمہ کی آمدنی سے وہ ہولڈنگ ٹیکس سے استثنیٰ کی اجازت اس صورت میں ہوگی جب ٹیکس کے کارآمد اسٹیٹی کی کاپی فیکو ایسی ایٹس (پرائیویٹ) لمیٹڈ ٹیکس کی بندش کے پہلے روز تک پہنچا دی جائے گی۔

• فیڈرل بورڈ آف ریونیو (FBR) سے موصول شدہ وضاحت کے مطابق جوائنٹ شیئرز ہولڈنگ کی صورت میں وہ ہولڈنگ ٹیکس کا تعین فائلر انان فائلر کے طور پر پرنسپل شیئرز ہولڈر اور جوائنٹ شیئرز ہولڈر (ز) سے الگ الگ ان کے شیئرز ہولڈنگ کے تناسب سے کیا جائے گا۔ اس سلسلے میں جوائنٹ شیئرز ہولڈرز سے، جن کے پاس فزیکل صورت میں یا سی ڈی سی میں ہیں، درخواست ہے کہ پرنسپل شیئرز ہولڈر اور جوائنٹ شیئرز ہولڈر (ز) کے شیئرز کے تناسب سے تحریری طور پر (اگر پہلے فراہم نہ کئے گئے ہوں) ہمارے شیئرز رجسٹرار کو درج ذیل کے مطابق فراہم کریں:

کمپنی کا نام		فولیو/ CDS اکاؤنٹ نمبر		کل شیئرز	پرنسپل شیئرز ہولڈر		جوائنٹ شیئرز ہولڈر	
کمپنی کا نام		فولیو/ CDS اکاؤنٹ نمبر		کل شیئرز	نام اور CNIC نمبر	نام اور CNIC نمبر	نام اور CNIC نمبر	نام اور CNIC نمبر
					نام اور CNIC نمبر	نام اور CNIC نمبر	نام اور CNIC نمبر	نام اور CNIC نمبر
					نام اور CNIC نمبر	نام اور CNIC نمبر	نام اور CNIC نمبر	نام اور CNIC نمبر

• مطلوبہ معلومات ہمارے شیئرز رجسٹرار کے پاس اس نوٹس کے دس دن کے اندر پہنچ جانی چاہیے ورنہ سمجھا جائے گا کہ سب کے پاس شیئرز کی یکساں تعداد موجود ہے۔

• زکوٰۃ سے استثنیٰ جمع کرانا: ممبران سے درخواست ہے کہ زکوٰۃ اور عشر آرڈیننس 1980 کے مطابق زکوٰۃ سے استثنیٰ کا ڈیکلریشن جمع کرائیں۔

• پتہ میں تبدیلی: ممبران سے درخواست ہے کہ اپنے پتہ میں کسی تبدیلی کی صورت میں اس کی اطلاع فوری طور پر ہمارے شیئرز رجسٹرار کو پہنچائیں۔

• شیئرز ہولڈرز سے درخواست ہے کہ درج بالا معلومات دستاویزات (i) متعلقہ سنٹرل ڈیپازٹری سسٹم (CDS) کے شراکت دار کو اور (ii) فزیکل صورت میں ہونے پر کمپنی کے رجسٹرار کو فراہم کریں۔

• کارپوریٹ شیئرز ہولڈرز، جن کے اکاؤنٹ CDC میں ہیں، اپنے نیشنل ٹیکس نمبر (NTN) کو اپنے متعلقہ شراکت دار کے ساتھ اپ ڈیٹ کر لیں جب کہ کارپوریٹ فزیکل شیئرز ہولڈرز اپنے NTN سرٹیفکیٹ کی کاپی کمپنی کے شیئرز رجسٹرار کو پہنچائیں۔ شیئرز ہولڈرز اپنے NTN یا NTN سرٹیفکیٹ بھیجے وقت کمپنی کا نام اور متعلقہ فوٹوکاپی نمبر ضرور درج کریں۔

اجلاس کی اطلاع اور سالانہ حسابات کی ترسیل:

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے نوٹیفکیشن ایس آر او نمبر 2016 (I) 470 کے ذریعے کمپنیز کو اجازت دی ہے کہ اپنے ممبران کو سالانہ آڈٹ شدہ مالیاتی حسابات کی بارڈ کاپی کی بجائے بذریعہ CD/DVD/USB ان کے رجسٹرڈ پتوں پر بھیجوا دیں، بشرطیکہ اجلاس عام میں اس کیلئے شیئرز ہولڈر کی منظوری حاصل کر لی گئی ہو۔ لہذا کمپنی نے اپنے 30 ویں سالانہ اجلاس عام منعقدہ 24 اکتوبر 2017 کو ممبران سے منظوری حاصل کر لی تھی۔ ممبران کی مذکورہ منظوری کی پیروی میں کمپنی کے سالانہ آڈٹ شدہ مالیاتی حسابات برائے سال ختمہ 30 جون 2019 ممبران کو بذریعہ CD/DVD/USB مجموعاً جارہے ہیں۔

• شیئرز کی بک انٹری فارم میں تبدیلی:

• جن ممبران کے پاس شیئرز موجود ہیں، ان سے درخواست ہے کہ اپنے شیئرز کو فزیکل صورت سے تبدیل کرنے پر غور کریں تاکہ فزیکل شیئرز سے متعلق موجود خدشات کو دور کیا جاسکے۔ اس سلسلے میں مدد و تعاون کیلئے ممبران کمپنی کے شیئرز رجسٹرار سے رابطہ کر سکتے ہیں۔



اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا اطلاع دی جاتی ہے کہ جیلیٹ پاکستان لمیٹڈ کمپنی کا ۳۲ واں سالانہ اجلاس عام مورخہ 25 اکتوبر 2019 کو 09:15 بجے سید فائر ہال، رمادا کراچی کرک، ذوالفقار اسٹریٹ نمبر 1، ڈی ایچ اے فیز VIII، کراچی۔ میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جا رہا ہے۔

- (1) 23 اکتوبر 2018 کو منعقد ہونے والے سالانہ اجلاس عام میں زیر غور امور کی تفصیلات کی تصدیق۔
- (2) کمپنی کے آڈٹ شدہ مالیاتی حسابات کی وصولی اور منظوری برائے سال ختمہ 30 جون 2019 معہ ڈائریکٹرز اور آڈیٹرز رپورٹ۔
- (3) 30 جون 2020 کیلئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔ موجودہ آڈیٹرز میسرز ڈیلوئٹ، یوسف عادل، چارٹرڈ اکاؤنٹنٹس جو کہ اپنی معینہ مدت پوری کر چکے ہیں، نے اپنی اہلیت کے بناء پر اپنی خدمات دوبارہ تقرری کے لیے پیش کی ہیں۔
- (4) چیئرمین کی اجازت سے کسی اور امر کی انجام دہی۔

04 اکتوبر 2019

کراچی

نوٹس:

حصص منقولی کی کتب کی بندش: کمپنی کے حصص کی منقولی کی کتب 17 اکتوبر 2019 سے 25 اکتوبر 2019 تک (بشمول دونوں دن) بند رہیں گی جس دوران تدوین کیلئے کسی بھی حصص کی منقولی کو قبول نہیں کیا جائے گا۔ حصص کی منقولی کی ورہ درخواستیں جو درست حالت میں کمپنی کے شیئرز رجسٹرار فیکو ایسوی ایٹس (پرائیوٹ) لمیٹڈ، ۸- ایف نزد ہوٹل فاران، نرسری بلاک ۶، پی ای سی ایچ ایس، شاہراہ فیصل کراچی۔ ۵۶۰۰ پر 16 اکتوبر 2019 کو دفتری اوقات ختم ہونے سے قبل موصول ہوگی ان حصص یافتگان کو سالانہ اجلاس عام میں شرکت اور حق رائے کا استحقاق حاصل ہوگا۔

سالانہ اجلاس عام میں شرکت: مندرجہ بالا اجلاس عام میں شرکت، بولنے اور حق رائے استعمال کرنے کے مستحق ہر رکن کو یہ حق حاصل ہے کہ وہ شرکت، بولنے اور حق رائے استعمال کرنے کیلئے اپنی جگہ کسی (عیوضی/ نائب) پر کسی (کو حق رکھے اور ایسے مقرر کردہ عیوضی/ نائب) کو اجلاس میں شرکت، بولنے اور حق رائے استعمال کرنے کی نسبت سے وہی اختیارات حاصل ہونگے جو کہ بذات خود کمپنی کے رکن کو حاصل ہوتے ہیں۔

سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مراسلہ نمبر 1 مورخہ 26 جنوری 2000 میں موجود ہدایات پر بھی عمل کرنا ہوگا۔ عیوضی/ نائب مقرر کرنے کیلئے ہر لحاظ سے درست اور باقاعدہ مکمل، دستخط شدہ اور مہر شدہ پر کسی فارم (جیسا کہ منسلک ہے) اور دوسری حاکم مجاز کی دستخط یا نظرات کے مطابق تصدیق شدہ کاپی اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری کو کمپنی کے رجسٹرار آفس میں موصول ہونا ضروری ہے۔ عیوضی/ نائب کا بذات خود کمپنی کے حصص یافتگان میں سے ہونا ضروری نہیں۔

(A) اجلاس میں شرکت کے لئے: انفرادی فرد کی صورت میں اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈرز اور/یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کے ضوابط کے مطابق جمع کی کروائی گئی ہوں۔ وہ اصلی کمپیوٹر از قومی شناختی کارڈ یا اصلی پاسپورٹ کے ذریعے اجلاس میں شامل ہونے کیلئے اپنی شناخت کی تصدیق کروائیں۔

کارپوریٹ ادارہ/ٹرسٹ کی صورت میں اجلاس کے وقت، بورڈ آف ڈائریکٹرز/ٹرسٹیز کی قرارداد/مختار نامہ بمعہ نامزد فرد کے دستخط کے نمونے پیش کریں۔ سی ڈی سی پر رجسٹرڈ اراکین سے بھی درخواست ہے کہ وہ اپنی تفصیلات، آئی ڈی نمبر وارخانہ نمبر جو کہ سی ڈی ایس میں درج ہیں اپنے ساتھ لے کر آئیں۔

(B) ای وونگ: اراکین (کمپنیز۔ پوسٹ بیلٹ) ریگولیشنز 2018 کے قابل اطلاق شیئرز کے تحت اپنے ووٹ کا حق استعمال کر سکتے ہیں۔

نقد تقسیم شدہ منافع کی لازمی ادائیگی بذریعہ الیکٹرانک موڈ اور سی این آئی سی اور قومی ٹیکس نمبر (این ٹی این) سرٹیفیکٹ کی کاپی کو پیش کرنا:

☆ کمپنیز ایکٹ 2017 کے سیکشن 242 کی دفعات کے تحت تمام سیکورٹیز تقسیم شدہ منافع کی رقم کو حصص یافتگان کے منتخب شدہ بینک کے کھاتے میں براہ راست الیکٹرانک موڈ کے ذریعے جمع کرنا لازمی ہوگا۔ اس کے مطابق، مادی حصص رکھنے والے یافتگان اپنے IBAN کی معلومات ڈیویڈنڈرز تفویض کردہ اختیار کے فارم کو کمپنی شیئرز رجسٹرار کو ارسال کریں۔ سی ڈی سی کھاتے دار کی صورت میں وہی معلومات براہ راست سی ڈی ایس کے شرکاء/ سی ڈی سی انویسٹر اکاؤنٹ سروسز کو بھیجی جائے۔ کمپنی یا اس کا شیئرز رجسٹرار ان اراکین کے بینک کی تفصیلات یا بینک کے تفویض کردہ اختیار میں تبدیلی کی درخواست پر عمل نہیں کر سکتا جن کے پاس الیکٹرانک شکل میں حصص موجود ہوں۔ یہ فارم کمپنی کی ویب سائٹ www.gillettepakistan.com پر بھی موجود ہے۔



PROXY FORM

The Company Secretary
Gillette Pakistan Limited
11th Floor, The Harbour Front,
Dolmen City, HC-3, Block-4,
Abdul Sattar Edhi Avenue Clifton,
Karachi - 75600, Pakistan.
Tel: + (92 21) 3520 5088
Fax: + (92 21) 3529 6150

Folio No. _____

I / We _____

being a Member of Gillette Pakistan Limited hereby appoint _____

or failing him / her _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 32nd Annual General Meeting of the Company to be held on October 25, 2019 and at any adjournment thereof.

As witness my hand this _____ day of _____ 2019

Signed by the said _____

in the presence of _____



Revenue Stamp

Important:

1. Signatures should agree with the specimen signatures registered with the Company.
2. This form of proxy duly completed and signed across a revenue stamp, must be deposited at the Company's registered office not less than 48 hours before the time for holding the Meeting.



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