



# ANNUAL ACCOUNTS JUNE 2018



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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 Jawaidd Iqbal

Usman Muneer\*

### AUDIT COMMITTEE

#### CHAIRMAN

#### MEMBERS

Syed Jawaidd Iqbal

Sunnia Anwer

Saqib Zia

### HEAD OF INTERNAL AUDIT &

#### SECRETARY TO THE AUDIT COMMITTEE

Adnan Mudassar

### HUMAN RESOURCE &

#### REMUNERATION COMMITTEE

#### CHAIRMAN

#### MEMBERS

Usman Muneer\*

Sumika Farooqui

Khalid Ahmed Farid\*\*

### CHIEF EXECUTIVE OFFICER

Khalid Ahmed Farid

### CFO & COMPANY SECRETARY

Saad Un Nabi Khan

### AUDITORS

Deloitte Yousuf Adil, Chartered Accountants

### LEGAL ADVISORS

Surridge & 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, Marine Drive, Clifton,

Karachi - 75600, Pakistan.

Tel: + (92 21) 3520 5088

Fax: + (92 21) 3529 6150

Web: [www.gillettepakistan.com](http://www.gillettepakistan.com)

\*Mr. Usman has resigned from the Board wef July 23rd, 2018. The Board in its 138th Board meeting has filled the casual vacancy by appointing Mr. Sheikh Adil Hussain wef from Sep 24th, 2018.

\*\*Mr. Saqib Zia has replaced Mr. Khalid Ahmed Farid as member of HR & R Committee wef Sep 24th, 2018.



# 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 31st 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, 2018 along with my review on the performance of your Company.

### Economic Overview:

Pakistan has made great strides in improving its economic outcomes and reducing its macroeconomic vulnerability in the recent years. As a result, economic growth has continued to gain traction, albeit at varying speeds across the sectors, founded on the government's commitment to higher growth and low inflation. GDP continued to grow above 5 percent in each of the last 2 years reaching 5.79 percent highest in 13 years in the outgoing fiscal year FY2018 and 4 percent in each of the three preceding years. This achievement is remarkable as it has been accomplished in the face of global head winds.

This year's strong economic growth has been underpinned by supportive macro economic supply and demand policies, renewed confidence in the private sector and fiscal discipline. Major international institutions anticipate that global economic growth will increase from previously subdued levels, which is a welcome development for a broadly favorable outlook in Pakistan.

Regardless of the significant growth shown by numbers, there is growing skepticism on the sustainability of this growth momentum owing to continuing bulge in the current account deficit and falling foreign exchange reserves. Pakistan's exports have shown negative growth in previous four years and have only witnessed some growth in the current year whereas rising imports of capital equipment and fuel kept the import bill high. Imposition of additional regulatory duty has done little to slow down imports.

### Business Overview:

Fiscal year 2017-18 was a challenging year driven by macro-economic circumstances where we witnessed headwinds in the form of PKR devaluation coupled with increased duties that required us to price up leading to sales closing at breakeven vs last year. Despite the strong headwinds, we were able to turn around profitability to +11% vs. last year (closing at 6% vs. -5% last year)

During the year, the Company closely focused on distribution and coverage expansion. Major focus areas for this year were (i) balanced portfolio approach (ii) stronger trade plans and continued focus on fundamentals. In addition, we also continued to offer our consumers better value promo packs across our portfolio along with marketing campaigns and other consumer's touch point events. Because of these strategies, the business started to pick up momentum which however, slowed down in last quarter of this fiscal year due to pricing taken to cover macro-economic hurts.

Despite the challenges mentioned above, we were able to generate gross margin of 31% vs 18% last year and a before tax profit of 6% vs last year's loss of 5%. 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 by 10%.

The company was also facing liquidity issues since the start of fiscal year mainly due to cash margin requirement imposed by the State Bank of Pakistan on all imports. In order to reduce the liquidity problem, the company took multiple majors to operationalize productivity by focusing on fundamentals. As a result, we have reduced our inventory levels significantly. We are confident that by the end of Sep'18, our cash issues will be resolved as we are progressing in the right direction.

### 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 currency devaluation which has lost significant value in the past 6 months.

It is also worth mentioning that the Company has started the export operations in Afghanistan to capture the benefits of geographical expansion from April 2018. The total export sales of blades and razors during the year amounts to Rs. 24.7 million. We believe that this initiative will help the Company in building strong results.



**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 24, 2018



کمپنی کو مالی سال کے آغاز سے ہی لیکویڈیٹی کے مسائل کا سامنا تھا جس کی بڑی وجہ اسٹیٹ بینک آف پاکستان کی جانب سے تمام درآمدات پر کیش مارجن کی شرائط کا نفاذ تھا۔ لیکویڈیٹی کے مسائل کے حل کیلئے بنیادی ضروریات پر توجہ کے ذریعہ پیداواری عمل میں اضافہ کیلئے بڑے اقدامات کئے ہیں۔ اس کے نتیجے میں ہم نے اپنی انوٹری کی سطح کو نمایاں طور پر کم کر لیا ہے۔ ہمیں بھر سہ ہے کہ ستمبر 2018 کے اختتام تک ہمارے کیش کے مسائل حل ہو جائیں گے کیونکہ ہم صحیح سمت میں آگے بڑھ رہے ہیں۔

مستقبل کے امکانات

ہم آنے والے وقت میں بھرپور ترقی اور اپنے پورٹ فولیو میں صحیح توازن کے سبب مارکیٹ میں تخمیناً اضافہ سے بڑھ کر حاصل کرنے کی توقع رکھتے ہیں اور اس کے ساتھ صارف پر مرکوز مارکیٹنگ سے تقسیم کاری میں بڑے پیمانے پر اضافہ اور احاطہ کاری میں توسیع متوقع رکھتے ہیں۔ انتظامیہ کی مرکزی توجہ سیلز میں ترقی کے تسلسل کو یقینی بنانے پر ہے جس کیلئے ہمیں صارف پر مزید توجہ دینے اور مضبوط تر کاروباری منصوبہ بندی کرنا ہوگی۔

البتہ انتظامیہ کو کچھ مشکلات درپیش ہیں جس کی وجہ پیسہ کی قدر میں کمی ہے جو گذشتہ 6 مہینوں میں خاطر خواہ نقصان دہ ثابت ہوا ہے۔ یہاں یہ کہنا بھی ضروری ہے کہ کمپنی نے افغانستان میں برآمدات کا سلسلہ اپریل 2018 سے شروع کر دیا ہے تاکہ جغرافیائی توسیع سے فائدہ حاصل کر سکیں۔ اس سال کے دوران 24.7 ملین روپے کے بلیڈز اور ریزرز فروخت ہوئے۔ ہمیں یقین ہے کہ کمپنی اس ابتدا سے ایک مضبوط نتائج حاصل کرنے میں کامیاب ہوگی۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے شیئر ہولڈرز کے بھرپور اعتماد کرنے، اپنے سپلائرز کا مسلسل اور معیاری سپلائرز برقرار رکھنے پر، اپنی سرپرست اور ایسوسی ایٹس کا مستقل رہنمائی کرنے پر، اپنے معزز صارفین کا ہماری ممتاز پروڈکٹ لائن پر غیر متزلزل وابستگی کا اور ریگولیٹرز اور دیگر اسٹیک ہولڈرز کے اشتراک اور تعاون پیش کرنے پر تہ دل سے معترف ہوں۔ اس کے علاوہ میں بورڈ آف ڈائریکٹرز کا انتظامیہ کے ساتھ معاونت اور تمام ملازمین کا پورے سال مسلسل جدوجہد، انتھک محنت اور خلوص سے کام کرنے پر مشکور ہوں۔

منجانب بورڈ

ثاقب ضیاء

چیرمین

مؤرخہ 24 ستمبر 2018



## چیرمین کی جائزہ رپورٹ

آپ کو جیلیٹ پاکستان لمیٹڈ (کمپنی) کے اکتیسویں سالانہ اجلاس عام میں خوش آمدید کہتے ہوئے مجھے خوشی محسوس ہو رہی ہے اور میں بورڈ آف ڈائریکٹرز (بورڈ) کی جانب سے اکاؤنٹس کے آڈٹ شدہ اسٹیٹمنٹس برائے سال ختمہ 30 جون 2018 مع آپ کی کمپنی کی کارکردگی پر اپنا جائزہ پیش کر رہا ہوں۔

معاشی عمومی جائزہ:

پاکستان نے حالیہ برسوں میں اپنے معاشی نتائج کی بہتری اور اپنی میکرو اکنامک ضرر پذیری کو کم کرنے کیلئے بڑی جدوجہد کی ہے۔ اس کے نتیجے میں معاشی ترقی کا عمل آگے بڑھتا رہا ہے البتہ مختلف شعبوں میں اس کی رفتار میں کمی بیشی آتی رہی ہے جو حکومت کی جانب سے زیادہ ترقی اور کم افراط زر کے وعدوں پر مبنی رہی ہے۔ گزشتہ دو سالوں میں جی ڈی پی کی سالانہ شرح 5 فیصد سے زیادہ بڑھی اور مالی سال 2017-18 میں 5.79% تک پہنچ گئی جو گزشتہ 13 برسوں میں سب سے زیادہ ہے اور ان سے پچھلے تین برسوں میں ہر سال 4 فیصد رہی۔ یہ ایک شاندار حصول ہے کیونکہ یہ عالمی صورتحال کا مقابلہ کر کے حاصل ہوئی ہے۔

اس سال کی مضبوط معاشی ترقی میکرو اکنامک کی طلب و رسد کی معاون پالیسیوں، نجی شعبہ میں اعتماد کی بحالی اور مالیاتی تنظیم کی بناء پر ممکن ہوئی۔ کئی بڑے بین الاقوامی اداروں نے اندازہ پیش گوئی کی ہے کہ عالمی معاشی ترقی کا سلسلہ گزشتہ نچلی سطح سے اوپر اٹھنا شروع ہوگا جو پاکستان کے مستقبل کے منظر نامے میں بھی ترقی کے امکانات کو روشن کرے گا۔ اعداد و شمار کے حساب سے نمایاں ترقی سے قطع نظر ترقی کی اس رفتار کے برقرار رہنے میں شک و شبہ کا اظہار کیا جا رہا ہے جس کی وجہ کرٹ اکاؤنٹ کا بڑھتا ہوا خسارہ اور غیر ملکی زرمبادلہ کے ذخائر میں کمی کا سلسلہ ہے۔ پاکستان کی برآمدات میں بھی گزشتہ چار سالوں کے دوران میں منفی پیش رفت ہوئی اور صرف موجودہ سال میں تھوڑی سا اضافہ نظر آیا ہے جب کہ کیپٹل ایکویٹمنٹ اور فیول کی بڑھتی ہوئی درآمدات سے درآمدات کے بل میں اضافہ ہوا ہے۔ اضافی ریگولیٹری ڈیوٹی کے سبب درآمدات کی رفتار میں کچھ کمی آئی ہے۔

کاروبار کا جائزہ

مالی سال 2017-18 میکرو اکنامک وجوہات کی بناء پر ایک چیلنج والا سال رہا جس میں پاکستانی روپے کی قدر میں کمی اور اس کے ساتھ ڈیوٹیز میں اضافہ جیسے مخالف دباؤ کا سامنا کرنا پڑا جس کے باعث قیمتوں میں اضافہ ہونے سے سیلر گزشتہ سال کے برابر ریکارڈ کی گئی۔ اس سخت مخالفانہ دباؤ کے باوجود ہم نے گزشتہ سال کے مقابلے میں تقریباً 11% + زیادہ منافع کمایا (موجودہ سال بنسبت پچھلے سال منفی 5%) تھا۔

اس سال کے دوران میں کمپنی نے اپنی توجہ تقسیم کاری اور احاطہ کاری میں توسیع پر مرکوز رکھی۔ اس سال میں مندرجہ ذیل شعبے بڑی اہمیت کے تھے: متوازن پورٹ فولیو کا نقطہ نظر مضبوط تر کاروباری منصوبہ بندی اور بنیادی چیزوں پر مسلسل توجہ۔

اس کے علاوہ ہم نے اپنے پورے پورٹ فولیو میں صارفین کو بہتر اقدار کے پروموپیک پیش کئے اور مارکیٹنگ کی مہم چلائی نیز دوسرے صارفین کو راغب کرنے کی تقریبات کا اہتمام کیا۔ اس حکمت عملی کے سبب کاروبار میں ترقی کی رفتار تیز ہوئی جو مالی سال کی آخری سہ ماہی میں کم ہو گئی جس کا سبب میکرو اکنامک اثرات کو کم کرنے کیلئے قیمتوں میں اضافہ کیا جانا تھا۔

درج بالا چیلنجز کے باوجود ہم 31% مجموعی مارجن حاصل کرنے میں کامیاب ہوئے جو کہ گزشتہ سال 18% حاصل ہوا تھا اور قبل از ٹیکس منافع 6% رہا جب کہ اس کے مقابلے میں گزشتہ سال 5% نقصان ہوا تھا۔ اس کی وجہ ہماری انتظامیہ کی سپلائر کی قیمتوں پر گت و شنید کی کاوش تھی تاکہ قیمتیں مسابقتی رہیں اس کے علاوہ مجموعی تھخیر کاری میں 10% کمی بھی کی گئی۔



## 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, 2018, along with the auditors' report thereon.

### Financial Results:

The principal activities of the Company include marketing and selling of blades and razors, personal care products and beauty care appliances. Following are the financial results of the Company for the year ended June 30, 2018:

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----	
Sales - net	1,828,717	1,834,575
Cost of goods sold	(1,233,559)	(1,506,003)
<b>Gross profit</b>	<b>595,158</b>	328,572
GP Ratio	32.5%	17.9%
Selling, marketing and distribution expenses	(336,221)	(302,272)
Administrative expenses	(29,132)	(22,234)
Other operating expenses	(107,217)	(99,028)
Interest expense	(8,679)	-
Bank charges	(251)	(17)
Other income	2,910	11,562
<b>Profit / (loss) before tax</b>	<b>116,568</b>	(83,417)
BT Ratio	6.4%	-4.5%
Income tax expense	(112,246)	(110,045)
<b>Profit / (loss) after tax</b>	<b>4,322</b>	(193,462)
AT Ratio	0.2%	-10.5%
<b>Earnings / (loss) per share</b>	<b>0.23</b>	(10.1)

This fiscal year was yet another challenging year for the Company wherein macro-economic factors, such as increase in applicable duties and devaluation of local currency, were not favorable. These factors contribute major part in profitability of any import-based trading company. Our sales started to pick strong momentum during mid of the year but the pricing taken in last quarter to cover macro-economic hurts has slowed down the rising sales trend. We have taken major steps to curtail the pricing effect from our sales that will be materialized in the fiscal year 2018-19.

Despite the challenges mentioned above, we were able to generate gross margin of 33% vs 18% last year and a before tax profit of 6.4% vs last year's loss of 4.5%. This is due to the efforts placed by the management in negotiating our supply prices to ensure that our prices remain competitive.

There has been no significant variation in Administrative and Selling & Marketing expenses despite the fact that the management has reduced overall marketing spend pool by 10%. There is an increase in salaries expense as compared to prior year, but this increase is behind the fact that last year's expense was reduced due to a decrease in pension indexation from 7.75% to 4.75% amounting to Rs. 37 million. No major change has been executed during FY 1718 in this regard.





Other operating expenses includes foreign exchange loss and inventory write offs amounting to Rs. 63 million and Rs 42 million respectively. The significant increase in exchange loss is due to 16% devaluation hurt in fiscal year 2017-18. The company is trying to cover this hurt via pricing as well as cost optimization strategies. Had there been no major devaluation during the year, our profit before tax would have been increased by 4%.

The current inventory at the balance sheet date holds certain SKUs costing Rs.8.5 million which are being carried at net realizable value and the impact of this to the profit and loss account is a hurt of Rs. 3.9 million vs Rs. 11.9 million year ago. The net realizable value hurt has been improving year on year as the management continues to negotiate on supply prices of these SKUs with the parent company to ensure that they are in line with the related party pricing policy approved by the Board.

Further, to minimize the impact of significant changes in economic factors such as increase in applicable duty rate and devaluation of Pak Rupee against Euro, the Company successfully negotiated with the sole supplier of its products Procter and Gamble International Operations SA, for a reduction in purchase prices. The Company has also executed credit note with the above supplier in lieu of purchases made during the year to ensure that prices remain competitive in the market.

### Dividend:

The Board reviewed the financial results of the Company along with the financial position for the year ended June 30, 2018 and has decided to not pay dividend for the year.

### Board of Directors:

The term of directors expired during the fiscal year 2017-18 and a fresh election was conducted during the year in June 2018. The Company has ensured compliance with the requirements of Code of Corporate Governance 2017 while reconstituting the Board. The names of elected directors are as follows:

1. Mr. Saqib Zia – Chairman
2. Mr. Khalid Ahmed Farid
3. Syed Danish Hussain Shah
4. Ms. Sunnia Anwer
5. Ms. Sumika Farooqui
6. Syed Jawaidd Iqbal
7. Mr. Usman Muneer\*

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 Jawaidd Iqbal – Chairman
2. Mr. Saqib Zia
3. Ms. Sunnia Anwer

### Human Resource & Remuneration Committee

1. Mr. Usman Muneer –Chairman\*
2. Mr. Khalid Ahmed Farid\*\*
3. Ms. Sumika Farooqui

Further, there has been a change in CFO & Company Secretary of the Company during the year as the previous CFO left the company to pursue other opportunities.

### 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](http://www.gillettepakistan.com) as well.

\*Mr. Usman has resigned from the Board wef July 23rd, 2018. The Board, in its 138th Board meeting, has filled the casual vacancy by appointing Mr. Sheikh Adil Hussain wef from Sep 24th, 2018.

\*\*Mr. Saqib Zia has replaced Mr. Khalid Ahmed Farid as member of HR & R Committee wef Sep 24th, 2018.



### 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 these 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 91.39% 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 value of investments of provident and pension funds based on un-audited financial statements as at June 30, 2018 amounts to Rs 1.334 million and Rs. 125.5 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, 2018 is in "Annexure C" to the directors' report.
- There has been fresh election of directors during the fiscal year 2017-18. The Company has planned Director's Training Program for the newly elected directors in first half of FY 1819 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, 2019. The Board also recommend their reappointment.

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 and other stakeholders for their continued support and confidence in the Company.

On behalf of the Board,

**Khalid Ahmed Farid**  
Chief Executive Officer

**Saqib Zia**  
Director

Karachi  
September 24, 2018



## KEY OPERATING AND FINANCIAL DATA

Annexure "A"

		FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
INCOME STATEMENT							
Net Sales	Rs. in '000	1,769,225	2,060,302	2,079,790	1,902,154	1,834,575	1,828,717
Cost of Goods Sold	Rs. in '000	(1,143,145)	(1,600,903)	(1,551,442)	(1,472,853)	(1,506,003)	(1,233,559)
Gross Profit	Rs. in '000	626,080	459,399	528,348	429,301	328,572	595,158
<b>GP Ratio</b>	%	<b>35.4%</b>	<b>22.3%</b>	<b>25.4%</b>	<b>22.6%</b>	<b>17.9%</b>	<b>32.5%</b>
Other income	Rs. in '000	39,850	54,141	80,390	28,344	11,562	2,910
Selling, marketing and distribution expense	Rs. in '000	(257,467)	(288,009)	(313,440)	(291,378)	(302,272)	(336,221)
Administrative expenses	Rs. in '000	(47,379)	(56,525)	(58,328)	(72,678)	(22,234)	(29,132)
Other operating expenses	Rs. in '000	(29,373)	(5,452)	(4,470)	(19,068)	(99,028)	(107,217)
Finance Cost	Rs. in '000	(50)	(45)	(95)	(27)	(17)	(8,930)
Net Profit / (loss) before tax	Rs. in '000	331,661	163,509	232,405	74,494	(83,417)	116,568
<b>PBT Ratio</b>	%	<b>18.7%</b>	<b>7.9%</b>	<b>11.2%</b>	<b>3.9%</b>	<b>-4.5%</b>	<b>6.4%</b>
Income tax expense	Rs. in '000	(81,780)	(105,798)	(115,808)	(103,817)	(110,045)	(112,246)
Net Profit / (loss) after tax	Rs. in '000	249,881	57,711	116,597	(29,323)	(193,462)	4,322
<b>PAT Ratio</b>	%	<b>14.1%</b>	<b>2.8%</b>	<b>5.6%</b>	<b>-1.5%</b>	<b>-10.5%</b>	<b>0.2%</b>
<b>EPS</b>	(Rs./share)	13.01	3.01	6.07	(1.53)	(10.08)	0.23
<b>Dividends</b>	(Rs./share)	0.50	Nil	5.00	Nil	Nil	Nil
		FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
BALANCE SHEET							
Cash & cash equivalents	Rs. in '000	524,491	494,595	601,985	200,458	108,400	1,092
Trade Receivables	Rs. in '000	144,539	165,317	241,018	192,618	248,020	168,062
Other Receivables	Rs. in '000	6,925	29,099	21,560	13,119	402,703	203,941
Inventory	Rs. in '000	450,545	596,236	650,445	565,767	582,269	382,081
Net Property & Equipment	Rs. in '000	-	-	-	-	-	-
Other Assets	Rs. in '000	85,284	99,523	83,039	94,090	90,441	91,406
<b>Total Assets</b>	<b>Rs. in '000</b>	<b>1,211,784</b>	<b>1,384,770</b>	<b>1,598,047</b>	<b>1,066,052</b>	<b>1,431,833</b>	<b>846,582</b>
Trade Payables	Rs. in '000	458,838	587,578	605,665	221,809	727,722	43,997
Other Payables	Rs. in '000	84,628	73,510	149,923	121,578	172,999	114,736
Deferred liabilities	Rs. in '000	2,525	3,821	4,360	6,080	9,166	10,725
Short term running finance	Rs. in '000	-	-	-	-	-	144,774
Equity	Rs. in '000	665,793	719,861	838,099	716,585	521,946	532,350
<b>Total Liability and Equity</b>	<b>Rs. in '000</b>	<b>1,211,784</b>	<b>1,384,770</b>	<b>1,598,047</b>	<b>1,066,052</b>	<b>1,431,833</b>	<b>846,582</b>
Current ratio	Times	2.23	2.09	2.11	3.10	1.59	4.42
Quick ratio (inventory excluded)	Times	1.40	1.19	1.25	1.46	0.94	2.01
Book value per share	Rs. Per share	34.68	37.49	43.65	37.32	27.18	27.73
Receivable days	Days	29.82	29.29	42.30	36.96	49.35	33.54
Inventory days	Days	143.86	135.94	153.03	140.21	141.12	113.05
Payable days	Days	146.50	133.97	142.49	54.97	176.37	13.02



**Annexure “B”**

**Directors’ attendance in meetings**

During the year ended June 30, 2018, there were four meetings each of the Board of Directors and Audit Committee were held dated September 26, 2017, October 26, 2017, February 20, 2018 and April 20, 2018. The meetings were attended by the directors as under:

**Board of Directors’ meetings:**

Name of Directors	Meeting held during the tenure	Meetings attended
Mr. Omer Iqbal Awan – Chairman	4	1
Mr. Khalid Ahmed Farid	4	4
Mrs. Ghazala Nadeem*	4	3
Mr. Adrian Mark Janjua*	4	4
Mr. Faredoun Arjani	4	-
Mr. Samar Hayat	4	-
Syed Jawaidd Iqbal	4	4

\*Includes meeting attended by nominating an alternate director

**Audit Committee Meetings:**

Name of Directors	Meeting held during the tenure	Meetings attended
Syed Jawaidd Iqbal – Chairman	4	4
Mr. Omer Iqbal Awan	4	1
Mr. Adrian Mark Janjua*	4	4

\*Includes meeting attended by nominating an alternate director

**Human Resource and Remuneration Committee:**

In addition to above, two meetings of Human Resource and Remuneration Committee were held on December 12, 2017 and January 31, 2018 and these meeting were attended by directors as under:

Name of Directors	Meeting held during the tenure	Meetings attended
Mrs. Ghazala Nadeem – Chairman	2	2
Mr. Omer Iqbal Awan	2	2
Mr. Adrian Mark Janjua	2	2



Annexure "C"

Pattern of Shareholding:

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
483	1	100	28,378
161	101	500	46,282
27	501	1000	22,335
27	1001	5000	62,299
8	5001	10000	64,950
3	10001	15000	38,300
4	15001	20000	68,670
4	20001	25000	87,980
3	30000	35000	94,850
1	35001	40000	36,500
1	40001	45000	41,000
1	45001	50000	49,500
3	50001	55000	162,100
1	195001	200000	198,485
1	645001	650000	649,800
1	17500000	17600000	17,548,571
729			19,200,000

Shareholding by major category:

Shareholders Category	No. of shareholders	No. of Shares	%
Individuals	717	774,043	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	2	199,385	1.04
Associated Companies undertaking & related parties	1	17,548,571	91.40
Foreigners	1	300	0.00
Total:	729	19,200,000	100%





### Name wise shareholding by category:

Shareholder Category	Number of Shareholders	Number of Share held
<b>Associated Companies, Undertakings and Related Parties (name wise Details)</b>		
Series Acquisition B.V.	1	17,548,571
<i>Mutual Funds (name wise detail)</i>	Nil	Nil
<b>Directors, CEO and their spouse(s) and minor children (name wise details)</b>		
Syed Jawaid Iqbal	1	500
Mr. Khalid Ahmed Farid	1	100
<b>Public Sector Companies and Corporations</b>	Nil	Nil
Banks, Development Finance Institutions, Non- Banking Finance Companies, <b>Insurance Companies, Takaful, Modarabas and Pension funds.</b>	3	199,485
<b>Shareholders holding 5% or more voting rights in the listed company (name wise details)</b>		
Series Acquisition B.V.	1	17,548,571



اس کے علاوہ سال کے دوران میں کمپنی کے CFO اور کمپنی سیکرٹری میں بھی تبدیلی کی گئی کیونکہ گزشتہ CFO نے کسی دوسرے موقع کے حصول کی بناء پر کمپنی چھوڑ دی۔

### 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](http://www.gillettepakistan.com) پر بھی دستیاب ہے۔

### کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کی پیروی میں بورڈ کا بیانیہ 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۔
- 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 کافی 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 براؤننگ، B.V. نیدر لینڈز کا ذیلی ادارہ ہے جو P&G پوائس اے کی ذیلی کمپنی ہے۔ سرپرست کمپنی کے پاس اس کمپنی کے 91.39% شیئرز موجود ہیں۔
- کمپنی کی فی شیئر آمدنی کو مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔
- گزشتہ چھ سال کی بنیادی آپریشننگ اور مالیاتی معلومات اختصار کے ساتھ ڈائریکٹرز رپورٹ کے "ضمیمہ A" میں درج ہیں۔
- ٹیکسز اور محصولات کی معلومات مالیاتی گوشواروں کے نوٹس میں شامل ہیں۔
- 30 جون 2018 کی تاریخ پر غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر پراویڈنٹ اور پنشن فنڈز کی سرمایہ کاری کی قدر بالترتیب 1.334 ملین روپے اور 125.5 ملین روپے ہے۔
- بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور ہومن ریسورس اینڈ ریوژنیشن کمیٹی کے اجلاسوں میں ڈائریکٹرز کی حاضری کی تفصیلات ڈائریکٹرز رپورٹ کے "ضمیمہ B" میں درج ہیں۔
- شیئر ہولڈنگ کے طرز اور 30 جون 2018 کو شیئر ہولڈنگ کے طرز کی اضافی معلومات ڈائریکٹرز رپورٹ کے "ضمیمہ C" میں درج ہیں۔
- مالی سال 2017-18 کے دوران میں ڈائریکٹرز کے نئے الیکشن ہوئے۔ کمپنی نے نئے منتخب ہونے والے ڈائریکٹرز کیلئے مالی سال 2018-19 کی پہلی ششماہی میں ترتیبی پروگرام کی منصوبہ بندی کی ہے تاکہ کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 کی شرائط پر عمل درآمد کو یقینی بنایا جاسکے۔
- کمپنی کے کسی ایگزیکٹو کی جانب سے کمپنی کے شیئرز کی کوئی تجارت نہیں کی گئی۔
- ہم قصد کرتے ہیں کہ ہم سی 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 ڈیویٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہلیت کی بناء پر سال ختم 30 جون 2018-19 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۔

### منجانب بورڈ

خالد احمد فرید

چیف ایگزیکٹو آفیسر

کراچی 24 ستمبر 2018

ثاقب ضیاء

ڈائریکٹر



دیگر آپریٹنگ اخراجات میں غیر ملکی زرمبادلہ کے نقصان اور اسٹاکس کے رد کردینے سے بالترتیب 63 ملین روپے اور 42 ملین روپے کے اخراجات شامل ہیں۔ زرمبادلہ کے نقصان میں بڑے اضافہ کی وجہ مالی سال 2017-18 میں کرنسی کی قدر میں 16% کمی تھی۔ کمپنی قیمتوں میں رد و بدل کے علاوہ اخراجات کو کم سے کم کرنے کی حکمت عملی کے ذریعہ اس نقصان کا ازالہ کرنے میں کوشاں ہے۔ اگر اس سال کے دوران میں کرنسی کی قدر میں کمی نہ ہوتی تو ہمارے قبل از ٹیکس منافع میں 49% اضافہ ہو سکتا تھا۔

بیلنس شیٹ میں درج موجودہ سامان کی فہرست میں بعض اشیاء ایسی بھی ہیں جن کی مالیت 8.5 ملین روپے ہے جو خالص حقیقی قدر پر لائے گئے ہیں اور نفع نقصان کے حسابات پر گزشتہ سال اس کے اثر سے ہونے والے 11.9 ملین روپے کے نقصان کے مقابلے میں اس سال 3.9 ملین روپے کا نقصان ہوا۔ اس خالص حقیقی قدر میں سال بہ سال بہتری آرہی ہے اس کی وجہ انتظامیہ کی جانب سے ان SKUs کی فراہمی کی قیمت سے متعلق سرپرست کمپنی سے گفت و شنید ہے تاکہ وہ بورڈ کی منظور کردہ متعلقہ پارٹی کی قیمت کی پالیسی کے مطابق ہو جائے۔

اس کے علاوہ معاشی عوامل پر اثر انداز ہونے والی نمایاں تبدیلیوں جیسے لاگوڈ یوٹیز میں اضافہ اور یورو کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے اثر کو کم سے کم کرنے کے لئے کمپنی نے اپنی پروڈکٹس کی قیمت خرید میں کمی کرنے کیلئے اپنے سپلائر، پراکٹر اینڈ گیمبل انٹرنیشنل آپریشنز ایس اے کے ساتھ کامیاب گفت و شنید کی ہے۔ کمپنی نے مذکورہ سپلائر سے سال کے دوران میں کی جانے والی خریداری کیلئے کریڈٹ نوٹ کا استعمال کرنے کا معاملہ بھی طے کیا تاکہ مارکیٹ میں مسابقتی قیمتیں برقرار رہیں۔

ڈیویڈنڈ

بورڈ نے کمپنی کے مالیاتی نتائج کے ساتھ 30 جون 2018 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 2017-18 کے دوران ڈائریکٹرز کی معیاد ختم ہو چکی تھی اور اسی سال جون 2018 میں نئے الیکشن منعقد کرائے گئے۔ کمپنی نے بورڈ کی تشکیل نو کیلئے کوڈ آف کارپوریٹ گورننس 2017 کی شرائط پر عمل درآمد کو یقین بنایا۔ 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 سنجیہ انور

۵۔ محترمہ سمیکا فاروقی

۶۔ سید جاوید اقبال

۷۔ جناب عثمان منیر \*

بورڈ کی تشکیل اس طرح سے کی گئی ہے:

۱۔ ڈائریکٹرز 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 سنجیہ انور

ہیومن ریسورس اینڈ ریہنریشن کمیٹی:

۱۔ جناب عثمان منیر (چیئرمین) \*

۲۔ جناب خالد احمد فرید \*\*

۳۔ محترمہ سمیکا فاروقی

\* 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 مؤثر ہوگا۔

\*\* ہیومن ریسورس اینڈ ریہنریشن کمیٹی کے رکن کی حیثیت سے جناب ثاقب ضیاء کو جناب خالد احمد فرید کی جگہ پر مقرر کیا ہے۔ یہ تبدیلی 24 ستمبر 2018 سے مؤثر ہے۔



## ڈائریکٹرز رپورٹ

جیلٹ پاکستان لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز (بورڈ) کی جانب سے ہم بمسرت کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 جون 2018 اور ان کے ساتھ آڈیٹرز کی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج

کمپنی کی بنیادی سرگرمیوں میں بلیڈ اور ریزرز، پرسنل کیئر کی مصنوعات اور بیوٹی کیئر کیلئے استعمال ہونے والی اشیاء کی مارکیٹنگ اور فروخت شامل ہے۔ کمپنی کے مالیاتی نتائج سال ختمہ 30 جون 2018 درج ذیل ہیں:

نفع و نقصان کے حسابات برائے سال ختمہ 30 جون 2018

30 جون 2017	30 جون 2018	
----- '000 روپے میں -----		
1,834,575	1,828,717	سیلز - خالص
(1,506,003)	(1,233,559)	فروخت کئے گئے سامان کی قیمت
328,572	595,158	مجموعی منافع
17.9%	32.5%	مجموعی منافع کی شرح
(302,272)	(336,221)	فروخت، مارکیٹنگ اور ڈسٹری بیوشن کے اخراجات
(22,234)	(29,132)	انتظامی اخراجات
(99,028)	(107,217)	اخراجات
-	(8,679)	سود کے اخراجات
(17)	(251)	بینک چارجز
11,562	2,910	دیگر آمدنی
(83,417)	116,568	قبل از ٹیکس منافع / (نقصان)
-4.5%	6.4%	قبل از ٹیکس منافع / (نقصان) کی شرح
(110,045)	(112,246)	اکم ٹیکس کے اخراجات
(193,462)	4,322	بعد از ٹیکس منافع / (نقصان)
-10.5%	0.2%	بعد از ٹیکس منافع / (نقصان) کی شرح
(10.1)	0.23	فی شیئر آمدنی / (نقصان)

یہ مالی سال بھی میکرو اکنامک کے لحاظ سے کمپنی کیلئے ایک اور چیلنج والا سال تھا کیونکہ میکرو اکنامک معاملات جیسے لاگوڈیٹیز میں اضافہ، مقامی کرنسی کی قدر میں کمی کی صورتحال قطعی نا موافق تھی۔ یہ عوامل درآمدات پر مبنی تجارتی کمپنی کے منافع بڑا اثر ڈالتے ہیں۔ سال کے وسط میں ہماری سیلز میں تیزی سے اضافہ ہوا لیکن آخری سہ ماہی میں میکرو اکنامک کے اثرات کو کم کرنے کیلئے قیمتوں میں رد و بدل کے سبب سیلز میں اضافہ کے رجحان کی رفتار کم ہو گئی۔ ہم نے سیلز پر قیمتوں کے اثر کو کم سے کم کرنے کیلئے کئی اقدامات کئے ہیں جن پر مالی سال 2018-19 میں عمل درآمد ہوگا۔

درج بالا چیلنجز کے باوجود ہم 33% مجموعی راجن حاصل کرنے میں کامیاب ہوئے جبکہ گزشتہ سال 18% حاصل ہوا تھا اور قبل از ٹیکس منافع 6.4% رہا جب کہ اس کے مقابلے میں گزشتہ سال 4.5% نقصان ہوا تھا۔ اس کی وجہ ہماری انتظامیہ کی سپلائی کی قیمتوں پر گت و شنید کی کاوش تھی جس میں یقینی دہانی کرائی گئی کہ سپلائی کی قیمتیں مسابقتی رہیں گی۔

انتظامی سیلز اور مارکیٹنگ کے اخراجات میں کوئی نمایاں کمی بیشی نہیں ہوئی سوائے اس کے کہ انتظامیہ نے سیلز کے مجموعی اخراجات میں 10% کمی کری۔ گزشتہ سال کے مقابلے میں تنخواہوں کے اخراجات میں اضافہ ہوا۔ اس اضافہ کے پس منظر میں یہ حقیقت تھی کہ گزشتہ سال پنشن کی انڈیکریشن کو 7.75% سے 4.75% کرنے سے اخراجات میں 37 ملین روپے کمی آئی تھی۔ اس سلسلے میں مالی سال 17-18 میں کوئی اور بڑی تبدیلی واقع نہیں ہوئی۔



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2018

This statement is being presented to comply with the Code of Corporate Governance 2017 (CCG) contained in the regulations of Pakistan Stock Exchange for establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The total number of directors are seven as per the following:
  - a. Male Directors: Five
  - b. Female Directors: Two
2. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors (the Board). At as June 30, 2018, the Board includes:

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

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

\*Mr. Usman has resigned from the Board wef July 23rd, 2018. The Board, in its 138th Board meeting, has filled the casual vacancy by appointing Mr. Sheikh Adil Hussain wef from Sep 24th, 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 did not arrange Directors' Training program during the year. There has been fresh election of directors during the fiscal year 2017-18. The Company has planned Director's Training Program for all the newly elected directors in first half of FY 1819 to ensure compliance with CCG.
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 CCG 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. Usman Muneer* (Chairman) Mr. Khalid Ahmed Farid** Ms. Sumika Farooqui

\*Mr. Usman has resigned from the Board wef July 23rd, 2018. The Board, in its 138th Board meeting, has filled the casual vacancy by appointing Mr. Sheikh Adil Hussain wef from Sep 24th, 2018.

\*\*Mr. Saqib Zia has replaced Mr. Khalid Ahmed Farid as member of HR & R Committee wef Sep 24th, 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 Ernst & Young Ford Rhodes Sidat Hyder, 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, CCG 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 CCG Regulations have been complied with except the minutes of the 134th Board meeting were furnished to the directors within fifteen days of the date of meeting.

**Khalid Ahmed Farid**  
Chief Executive Officer

**Saqib Zia**  
Director

September 24, 2018  
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](http://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, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

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

<b>Note reference</b>	<b>Description</b>
18	The minutes of the 134th Board meeting were not furnished to the directors within fourteen days of the date of meeting



**Chartered Accountants**

**Engagement Partner:**  
Naresh Kumar

**Date:** September 29, 2018  
**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

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

#### 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, 2018, and the statement of profit or loss account 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, 2018 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><b>Revenue:</b></p> <p>Revenue from local sales of goods earned during the year was more than 95% of total sales made by the Company 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 the risks and rewards of the underlying products have been transferred to the customer, which in the case of the Company coincides with physical release of shipment of goods from warehouse of the Company to its sole distributor.</p>	<p>Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies, including those relating to transfer of risks and rewards of the underlying product and assessing compliance with the policies in terms of applicable accounting and reporting standards.</p> <p>We also reviewed the distribution agreement with the local sale distributor in order to confirm the management position with regards to transfer of risk and rewards of the underlying products and recognition of related revenue.</p>

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 3.6.12 to the financial statements</p>	<p>We tested the design, implementation and operating effectiveness of the Company's controls over local sale of goods as per the policy.</p> <p>For sales made during the year, we verified sales transactions on sample basis by obtaining supporting documents.</p> <p>We assessed sales transactions taking place at either side of the year-end as well as credit notes issued after the year end date to assess the appropriateness of revenue recognized during the period.</p>
2	<p><b>Valuation of Stock-in-trade</b></p> <p>The total Stock-in-trade as at year end represented 45% 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. The Company is facing intense competition; therefore, some inventory items are recorded at net realizable value, which involves consideration of future prices.</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 3.6.5 to the financial statements.</p>	<ul style="list-style-type: none"> <li>- 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"> <li>• subsequent selling prices verified through sales invoices issued after the year end;</li> <li>• less cost to sell which was based on the actual cost incurred during the year to sell the underlying products.</li> </ul> </li> <li>- Obtained details of stock items written off during the year and also checked them with supporting documents such as certificate of incinerations issued by third party.</li> <li>- We also performed list to floor test and floor to list test during physical inventory count procedures and verified the item quantity and its physical condition on sample basis. For damaged and obsolete inventory that were physically identifiable during stock count observation, we checked that whether the provision on damaged and obsolete inventory were recorded.</li> <li>- 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.</li> <li>- 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</li> </ul>

## 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



**Chartered Accountants**

### **Engagement Partner:**

Naresh Kumar

**Date:** September 29, 2018

**Place:** Karachi



# Statement of Financial Position

As at June 30, 2018

	Note	June 30 2018	June 30 2017
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Long-term deposits	4	616	616
<b>Current assets</b>			
Stock-in-trade	5	382,081	582,269
Trade debts	6	168,062	248,020
Advances, deposits and prepayments		5,988	7,945
Trade deposits		8,597	8,631
Interest receivable on term deposits		176	173
Other receivables	7	203,941	402,703
Other financial assets	8	-	89,536
Sales tax refundable		44,632	38,493
Taxation - net		31,397	39,583
Cash and bank balances	9	1,092	13,864
		845,966	1,431,217
<b>Total assets</b>		<b>846,582</b>	<b>1,431,833</b>
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorised capital 20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital	10	192,000	192,000
Unappropriated profit		340,350	329,946
<b>Total equity</b>		<b>532,350</b>	<b>521,946</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred liability - gratuity scheme	11	10,725	9,166
<b>Current liabilities</b>			
Trade and other payables	12	157,828	886,958
Unclaimed dividend		905	13,763
Short term running finance	13	144,774	-
		303,507	900,721
<b>Total equity and liabilities</b>		<b>846,582</b>	<b>1,431,833</b>
<b>Contingencies and commitments</b>	14		

The annexed notes 1 to 32 form an integral part of these financial statements.

**KHALID AHMED FARID**  
Chief Executive Officer

**SAAD UN NABI KHAN**  
Chief Financial Officer

**SAQIB ZIA**  
Director



## Profit and Loss Account

For the year ended June 30, 2018

	Note	June 30 2018	June 30 2017
----- (Rupees in '000) -----			
Sales - net	15	1,828,717	1,834,575
Cost of goods sold	16	(1,233,559)	(1,506,003)
<b>Gross profit</b>		<b>595,158</b>	<b>328,572</b>
Selling, marketing and distribution expenses	17	(336,221)	(302,272)
Administrative expenses	18	(29,132)	(22,234)
Other operating expenses	19	(107,217)	(99,028)
Interest expense	13	(8,679)	-
Bank charges		(251)	(17)
		(481,500)	(423,551)
Other income	20	2,910	11,562
<b>Profit / (Loss) before tax</b>		<b>116,568</b>	<b>(83,417)</b>
Income tax expense	21	(112,246)	(110,045)
<b>Profit / (Loss) after tax</b>		<b>4,322</b>	<b>(193,462)</b>
----- Rupees -----			
<b>Earnings / (Loss) per share - basic and diluted</b>	22	<b>0.23</b>	<b>(10.08)</b>

The annexed notes 1 to 32 form an integral part of these financial statements.

**KHALID AHMED FARID**  
Chief Executive Officer

**SAAD UN NABI KHAN**  
Chief Financial Officer

**SAQIB ZIA**  
Director



## Statement of Comprehensive Income

For the year ended June 30, 2018

	June 30 2018	June 30 2017
	----- (Rupees in '000) -----	
<b>Profit / (loss) for the year</b>	<b>4,322</b>	<b>(193,462)</b>
<b>Other comprehensive income for the year</b>		
<b>Items that may be reclassified subsequently to profit and loss account</b>	-	-
<b>Items that will not be reclassified to profit and loss account</b>		
Remeasurement of post retirement benefit obligations	6,082	(1,177)
<b>Total items that will not be reclassified to profit and loss account</b>	<b>6,082</b>	<b>(1,177)</b>
<b>Total comprehensive income for the year</b>	<b>10,404</b>	<b>(194,639)</b>

The annexed notes 1 to 32 form an integral part of these financial statements.



## Cash Flow Statement

For the year ended June 30, 2018

	Note	June 30 2018	June 30 2017
---- (Rupees in '000) ----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows from operations	24	(127,445)	23,573
Income taxes paid		(104,060)	(104,422)
Finance cost paid		(8,679)	-
Defined benefits paid - net	11	4,360	(27,651)
Net cash used in from operating activities		(235,824)	(108,500)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income received		1,600	11,442
Net cash generated from investing activities		1,600	11,442
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(12,858)	-
Net cash used in financing activities		(12,858)	-
Net decrease in cash and cash equivalents		(247,082)	(97,058)
Cash and cash equivalents at the beginning of the year		103,400	200,458
Cash and cash equivalents at the end of the year	23	(143,682)	103,400

The annexed notes 1 to 32 form an integral part of these financial statements.

**KHALID AHMED FARID**  
Chief Executive Officer

**SAAD UN NABI KHAN**  
Chief Financial Officer

**SAQIB ZIA**  
Director



## Statement of Changes In Equity

For the year ended June 30, 2018

	Issued, sub- scribed and paid-up capital	Unappro- priated profit	Total
	(Rupees in '000)		
<b>Balance as at July 1, 2016</b>	192,000	524,585	716,585
- Loss for the year	-	(193,462)	(193,462)
- Other comprehensive income	-	(1,177)	(1,177)
Total comprehensive income for the year ended June 30, 2017	-	(194,639)	(194,639)
<b>Balance as at June 30, 2017</b>	<b>192,000</b>	<b>329,946</b>	<b>521,946</b>
- Profit for the year	-	4,322	4,322
- Other comprehensive income	-	6,082	6,082
Total comprehensive income for the year ended June 30, 2018	-	10,404	10,404
<b>Balance as at June 30, 2018</b>	<b>192,000</b>	<b>340,350</b>	<b>532,350</b>

The annexed notes 1 to 32 form an integral part of these financial statements.

**KHALID AHMED FARID**  
Chief Executive Officer

**SAAD UN NABI KHAN**  
Chief Financial Officer

**SAQIB ZIA**  
Director





## Notes to the Financial Statements

For the year ended June 30, 2018

### 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 Companies Ordinance, 1984 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, personal care products and beauty care appliances.

The Company is a subsidiary of Series Acquisition B.V., Netherlands and the ultimate parent of the Company is The Procter & Gamble Company (P&G), USA.

### 2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- Due to significant changes in economic factors and write-offs during the year, the Company successfully negotiated a compensation from its sole finished product supplier, Procter and Gamble International Operations SA. The Company received three credit notes amounting to Rs. 505.98 million in total from the above supplier in lieu of purchases made to ensure that prices remain competitive in the market.
- The Company has started the export of blades and razors amounting to Rs. 24.7 million in Afghanistan during the year.

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) 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 has been followed.

#### 3.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. 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 Companies financial statements other than certain additional disclosures.



## Notes to the Financial Statements

For the year ended June 30, 2018

### Standards / amendments / interpretations

### Effective Date (accounting periods beginning on or after)

Amendments to IAS 7 'Statement of Cash Flows'  
- Amendments as a result of the disclosure initiative

January 01, 2017

Amendments to IAS 12 'Income Taxes'  
- Recognition of deferred tax assets for unrealised losses

January 01, 2017

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company including change in nomenclature of primary statements.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

Management anticipates that all the above mentioned amendments will be adopted in the Company's accounting policies for the first period beginning after the date of pronouncement. Information on the relevant amendments that are not yet effective have been provided below. The Company's management is yet to assess the impact of these amendments on the financial statements, unless specifically stated.

### 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.

### Effective Date (accounting periods 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.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.



## Notes to the Financial Statements

For the year ended June 30, 2018

### Effective Date (accounting periods beginning on or after)

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

July 01, 2018

Amendments to IFRS 9 'Financial Instruments'  
- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities

January 01, 2019

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

July 01, 2018

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 beginning on or after a date to be determined. Earlier application is permitted.

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.

January 01, 2019

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

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property

January 01, 2018.  
Earlier application is permitted.

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.  
Earlier application is permitted.

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

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, 2018

### 3.3 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 3.6.8 to these financial statements.

### 3.4 Functional and Presentation Currency

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

### 3.5 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 recognized prospectively commencing from the period of revision.

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 3.6.5);
- ii) Assumptions and estimates used in accounting for defined benefits plan (note 3.6.8 and note 11);
- iii) Provision for taxation (note 3.6.7 and note 21); and
- iv) Contingencies and commitments (note 14).

### 3.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.6.1 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.

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.



## Notes to the Financial Statements

For the year ended June 30, 2018

### 3.6.2 Impairment

#### 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 recognized 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.

#### Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that non-financial assets other than stock-in-trade may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount and reversal of impairment loss is recognized immediately in profit and loss account, but however the carrying amount is increased to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

### 3.6.3 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 14.2).

### 3.6.4 Investments

#### Recognition

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



## Notes to the Financial Statements

For the year ended June 30, 2018

### 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 recognized 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 recognized in the income statement when the investments are de-recognized or impaired, as well as through the amortization process.

### Derecognition

All investments are derecognized 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.

### 3.6.5 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.

### 3.6.6 Trade debts and other receivables

Trade debts and other receivables are recognized 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 recognized 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.

### 3.6.7 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 recognized as tax expense in the period in which related goods are sold.

#### 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.





## **Notes to the Financial Statements**

For the year ended June 30, 2018

### **3.6.8 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.

During the previous year, the management decided to increase the minimum pension payable per month to Rs 13,000, effective from September 01, 2015, for all existing and new pensioners, with no increase for pensioners already receiving pension higher than Rs 13,000. However, the management has now taken a decision to ensure pension indexation of 4.75% per annum effective from July 01, 2017.

Details of the plan are given in note 11 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.

### **3.6.9 Trade and other payables**

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

### **3.6.10 Provisions**

Provisions are recognized 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, 2018

### **3.6.11 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.

### **3.6.12 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

#### **Sale of goods**

Revenue from the sale of goods is recognized when the risks and rewards are transferred to the Customer, which coincides with physical release of shipment of goods from warehouse of the Company except in the case of exports where risks and rewards are only transferred to the Customer at designated points as agreed between the Company and the Customer.

#### **Interest and Investment income**

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

### **3.6.13 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and deposits in banks and short term liquid investments that are readily convertible to known amounts of cash.

### **3.6.14 Dividend**

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

### **3.6.15 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.

### **3.6.16 Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gains or loss on derecognition of financial assets and financial liabilities are taken to the profit and account currently.



## Notes to the Financial Statements

For the year ended June 30, 2018

Financial instruments carried on the balance sheet include loans, deposits, trade debts, accrued profit, other receivables, cash and bank balances and trade and other payables. The particular recognition method adopted are disclosed in the individual policy statements associated with each item.

### 3.6.17 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
<b>4. LONG-TERM DEPOSITS</b>			
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
		<u>616</u>	<u>616</u>

### 5. STOCK-IN-TRADE

#### 5.1 Breakup of stock-in-trade is as follows:

Finished goods			
- on hand	5.2 & 5.3	310,465	484,184
- in transit		113,861	151,029
Stock-in-trade before provision and written off		<u>424,326</u>	<u>635,213</u>
Provision due to slow-moving and obsolete inventory	5.4	(289)	(6,832)
Stock written off		<u>(41,956)</u>	<u>(46,112)</u>
		<u>382,081</u>	<u>582,269</u>

**5.2** Stock-in-trade includes goods costing Rs. 8.493 million (June 30, 2017: 80.304 million) written down by Rs. 3.943 million (June 30, 2017: Rs. 11.931 million) to net realizable value amounting to Rs. 4.586 million (June 30, 2017: 68.373 million).

**5.3** Finished goods are held at a third party warehouse under a service agreement.

**5.4** Movement of provision due to slow-moving and non-performing inventory is as follows:

	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----	
Opening balance	6,832	476
Transfer of provision to stock written-off	(6,832)	(476)
Charge for the year	289	6,832
Closing balance	<u>289</u>	<u>6,832</u>



## Notes to the Financial Statements

For the year ended June 30, 2018

	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----	
<b>6. TRADE DEBTS</b>		
Unsecured - considered good	<b>168,062</b>	248,020

**6.1** Trade receivables are non-interest bearing and the credit period on sale of goods ranges from 31 days to 32 days (June 30, 2017: 26 days to 40 days) for Blades & Razors products .

**6.2** In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt on each reporting period from the date when credit was initially granted. Accordingly, the management believe that no provision for doubtful debts is required, as there has not been a significant change in credit quality of the customer.

### 6.3 Aging of trade debts

June 30, 2018	1-26 days	27-96 days	Above 96 days
	----- Rupees in '000 -----		
Neither due nor impaired	<b>150,271</b>	-	-
Past due but not impaired	<b>17,725</b>	<b>50</b>	<b>16</b>
Past due and impaired	-	-	-
June 30, 2017	1-26 days	27-96 days	Above 96 days
	-----Rupees in '000 -----		
Neither due nor impaired	243,272	-	-
Past due but not impaired	-	4,748	-
Past due and impaired	-	-	-
	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	

### 7. OTHER RECEIVABLES

Cash margin on imports	7.1	<b>83,641</b>	369,138
Receivable from pension fund	11.1.2	<b>36,041</b>	32,090
Receivable from related party	7.2	<b>84,259</b>	1,467
Others		-	8
		<b>203,941</b>	402,703

**7.1** 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.



## Notes to the Financial Statements

For the year ended June 30, 2018

- 7.2** This represents an amount receivable from Procter and Gamble International Operations SA, Lancy. The maximum amount receivable was Rs. 248 million in the month of June 2018.

	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
<b>8. OTHER FINANCIAL ASSETS</b>			
Term deposits - held-to-maturity	8.1	-	89,536
		-	89,536

- 8.1** This represents term deposits, having maturity period of one day to three months and effective interest rates Nil (June 30, 2017: 4.10% to 5.19%) per annum.

	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
<b>9. CASH AND BANK BALANCES</b>			
Current account		592	624
Savings account	9.1	500	13,240
		<u>1,092</u>	<u>13,864</u>

- 9.1** These are balances maintained with commercial banks. The effective interest rate on the account is 5.5% (June 30, 2017: 4.10%) per annum.

### 10. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2018	June 30, 2017		June 30, 2018	June 30, 2017
			----- Rupees in '000 -----	
		Ordinary Shares of Rs. 10/-each fully paid:		
<b>15,936,000</b>	15,936,000	- In Cash	<b>159,360</b>	159,360
<b>3,264,000</b>	3,264,000	- Other than cash	<b>32,640</b>	32,640
<u><b>19,200,000</b></u>	<u>19,200,000</u>		<u><b>192,000</b></u>	<u>192,000</u>

- 10.1** The Series Acquisition B.V., Netherlands, and its nominees held 17,548,574 (91.4%) (June 30, 2017: 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.

- 10.2** 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.

- 10.3** The Company has no reserved shares for issuance under options and sales contracts.



## Notes to the Financial Statements

For the year ended June 30, 2018

### 11. STAFF RETIREMENT BENEFITS

#### 11.1 Funded post retirement pension and unfunded gratuity schemes

11.1.1 The actuarial valuation of pension plan was carried out at June 30, 2018. The projected unit credit method, using the following significant financial assumptions, has been used for the actuarial valuation:

	June 30, 2018		June 30, 2017	
	Pension	Gratuity	Pension	Gratuity
- Discount rate - per annum compound	10.00%	10.00%	9.25%	9.25%
- Expected rate of increase in salaries per annum	-	10.00%	-	9.25%
- Expected rate of return on plan assets per annum	10.00%	-	9.25%	-
- Pension indexation rate - per annum	4.75%	-	4.75%	-

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

	June 30, 2018		June 30, 2017	
	Pension	Gratuity	Pension	Gratuity
-----Rupees in '000-----				

#### 11.1.2 Balance sheet reconciliation

Fair value of plan assets	(130,902)	-	(129,955)	-
Present value of defined benefit obligation (Asset) / Liability carried forward in the balance sheet	94,861	10,725	97,865	9,166
	<u>(36,041)</u>	<u>10,725</u>	<u>(32,090)</u>	<u>9,166</u>

#### 11.1.3 Movement in fair value of plan assets

Fair value at beginning of the year	129,955	-	101,027	-
Interest income	11,627	-	10,672	-
Remeasurement on post retirement benefits	(2,174)	-	(4,359)	-
Benefits paid	(4,006)	-	(3,471)	-
(Withdrawals) / contribution made by the Company	(4,500)	-	26,086	-
Fair value at the end of the year	<u>130,902</u>	<u>-</u>	<u>129,955</u>	<u>-</u>





## Notes to the Financial Statements

For the year ended June 30, 2018

June 30, 2018		June 30, 2017	
Pension	Gratuity	Pension	Gratuity
-----Rupees in '000-----			

### 11.1.4 Movement in defined benefit obligation

Obligation at beginning of the year	97,865	9,166	127,113	6,080
Current service cost	-	1,249	-	3,166
Interest cost	8,867	841	11,911	503
Past service cost - vested	-	-	(34,391)	-
Transfer liability received from P&G Pakistan	-	-	-	4,138
Transfer liability payable to P&G Pakistan	-	-	-	(3,272)
Remeasurement on post retirement benefits	(7,865)	(391)	(3,297)	115
Benefits paid	(4,006)	(140)	(3,471)	(1,564)
Obligation at the end of the year	94,861	10,725	97,865	9,166

### 11.1.5 Charged to profit and loss account

Current service cost	-	1,249	-	3,166
Past service cost - vested	-	-	(34,391)	-
Net interest (income) / cost	(2,760)	841	1,239	503
	(2,760)	2,090	(33,152)	3,669

### 11.1.6 Recorded in statement of other comprehensive income

Remeasurement due to:

Financial assumptions	(8,127)	-	-	-
Experience adjustment	2,436	(391)	1,062	115
	(5,691)	(391)	1,062	115

### 11.1.7 Actual return on plan assets is as follows:

Interest income	11,627	-	10,672	-
Remeasurement on post retirement benefits	(2,174)	-	(4,359)	-
Actual return on plan assets	9,453	-	6,313	-

### 11.1.8 Detail of plan assets

Pakistan Investment Bonds	74,515	-	74,515	-
Term Deposit Receipts	49,899	-	47,019	-
Units of Mutual Funds	3,426	-	3,646	-
Cash at bank	3,062	-	4,775	-
	130,902	-	129,955	-



## Notes to the Financial Statements

For the year ended June 30, 2018

**11.1.9** 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
Discount rate	1%	85,497	105,940	9,458	12,275
Pension / Salary	1%	104,904	86,174	12,311	9,408
Mortality age	1 year	85,525	104,199	10,726	10,725

	June 30, 2018	
	Pension	Gratuity
<b>11.1.10</b> Weighted average plan duration	<b>11 years</b>	<b>11 years</b>

**11.1.11** The number of employees covered under the pension fund and gratuity scheme are Nil (2017: Nil) and 5 (2017: 6) respectively.

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

**11.2** 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, 2018	June 30, 2017
		----- Rupees in '000 -----	
<b>12. TRADE AND OTHER PAYABLES</b>			
Trade creditors	12.1	-	697,202
Other payable		43,997	30,521
Accrued liabilities	12.2	89,781	115,185
Advance from customer		14,986	33,680
Payable to Workers' Welfare Fund	12.3	9,064	10,371
		<b>157,828</b>	<b>886,958</b>

**12.1** This includes amount payable to related party, Procter and Gamble International Operations SA (PGIO).



## Notes to the Financial Statements

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
----- Rupees in '000 -----			
<b>12.2 This includes payable to following related parties:</b>			
Procter & Gamble Pakistan (Private) Limited		<b>14,206</b>	10,153
Procter & Gamble International Operations SA-ROHQ		<b>4,354</b>	964
		<b>18,560</b>	11,117

### 12.3 Movement of the Workers' Welfare Fund payable:

Opening balance		<b>10,371</b>	9,064
Payments made		-	-
(Reversal) / provision for the year	20.1	<b>(1,307)</b>	1,307
Closing balance		<b>9,064</b>	10,371

### 13. SHORT TERM RUNNING FINANCE

During the year 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.

	June 30, 2018	June 30, 2017
----- Rupees in '000 -----		
Opening as at July 01	-	-
Proceeds during the year	<b>2,448,503</b>	-
Repayments made during the year	<b>(2,303,729)</b>	-
Closing as at June 30	<b>144,774</b>	-

### 14. CONTINGENCIES AND COMMITMENTS

#### 14.1 Contingencies

**14.1.1** The income tax assessments of the Company have been completed up to and including tax year 2017 (i.e. year ended on June 30, 2017). The tax returns for the tax years from 2003 to 2017 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.



## Notes to the Financial Statements

For the year ended June 30, 2018

- 14.1.2** 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.
- 14.1.3** In 2007, a case had been filed by one of the ex-employee of the Company regarding payment of severance cost and provident fund amounting to Rs. 28.899 million in the High Court of Sindh (the Court). 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 due course. However, based on the advice from the Company's legal counsel, the Company anticipates that the case shall be decided in its favour. Hence, the management has not made any provision against this case in these financial statements.
- 14.1.4** During the year 2014, the Company received notice of selection for sales tax audit for the tax periods from July 2011 to June 2012 under section 72B of the Sales Tax Act, 1990. Subsequently, the Company through order dated May 30, 2014 received a demand issued by the Officer Inland Revenue for the period from July 2011 to June 2012 of Rs. 6.862 million along with penalty and default surcharge not yet computed alleging that the Company has claimed input tax which suppliers have not yet declared and therefore the subject input tax is allegedly not allowed under section 8(1) of the Sales Tax Act, 1990. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against Officer Inland Revenue demand for sales tax and the ATIR through order dated September 16, 2014 has remanded the case back to the department which is pending for re-adjudication. Therefore, no provision has been made in these financial statements.
- 14.1.5** During the year, 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. 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.



## Notes to the Financial Statements

For the year ended June 30, 2018

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

June 30,  
2017

### 14.2 Commitments

Rental due under operating lease arrangements in respect of vehicles:

Not later than one year	1,638	2,356
Later than one year but not later than five years	1,212	4,595
	<u>2,850</u>	<u>6,951</u>

**14.2.1** The commitment relates to operating leases of vehicles with lease term of 4 years. The Company does not have an option to purchase the vehicle at the expiry of the lease period.

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

June 30,  
2017

### 15. SALES - NET

Gross sales		2,387,897	2,483,314
- Local		24,697	-
- Export	15.1	40,311	-
- Scrap sales	15.2	<u>2,452,905</u>	<u>2,483,313</u>
Trade discounts		(277,229)	(287,915)
Sales tax		(346,959)	(360,823)
		<u>1,828,717</u>	<u>1,834,575</u>

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

**15.2** This represents export scrap sales made to a third party.

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

June 30,  
2017

### 16. COST OF GOODS SOLD

Opening stock of finished goods		582,269	565,767
Purchases of finished goods		1,033,371	1,522,505
		<u>1,615,640</u>	<u>2,088,272</u>
Closing stock of finished goods		(382,081)	(582,269)
	16.1	<u>1,233,559</u>	<u>1,506,003</u>

**16.1** Finished goods have been written down to net realizable value by Rs. 3.943 million (June 30, 2017: Rs. 11.931 million) and are charged to cost of goods sold.



## Notes to the Financial Statements

For the year ended June 30, 2018

	Note	June 30, 2018 ----- Rupees in '000 -----	June 30, 2017
<b>17. SELLING, MARKETING AND DISTRIBUTION EXPENSES</b>			
Advertising and sales promotion		223,201	249,223
Warehousing and transportation		71,485	33,127
Salaries, wages and other benefits		26,243	5,492
Traveling and conveyance		1,267	984
Rent, rates and taxes		13,525	12,633
Others		500	813
		<b>336,221</b>	<b>302,272</b>
<b>18. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits		9,562	3,480
Legal and outsourced professional services		8,606	7,141
Rent, rates and taxes		6,561	5,891
Auditors' remuneration	18.1	1,400	1,695
Traveling and conveyance		1,812	862
Others		1,191	3,165
		<b>29,132</b>	<b>22,234</b>
<b>18.1 Auditors' remuneration</b>			
Audit fee		840	838
Half yearly review		486	486
Review of compliance with Code of Corporate Governance		28	30
Other services		-	210
Out of pocket expenses		46	131
		<b>1,400</b>	<b>1,695</b>
<b>19. OTHER OPERATING EXPENSES</b>			
Workers' Welfare Fund		-	1,307
Exchange loss		63,457	31,524
Stocks written off		41,956	46,112
Provision for obsolete stock		289	6,832
Duties written off	19.1	-	12,367
Default surcharge and penalties	19.2	-	195
Others		1,515	691
		<b>107,217</b>	<b>99,028</b>
<b>19.1</b>	The Company has written off refundable claim lodged with Custom Authorities on account of duty refund on re-export of products.		
<b>19.2</b>	The Company has paid default surcharge under section 205 and penalty under section 182 of the Income Tax Ordinance, 2001 as a result of the order passed dated February 28, 2017 by Additional Commissioner Inland Revenue in respect of failing to withhold income tax on certain payments to service providers.		





## Notes to the Financial Statements

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
<b>20. OTHER INCOME</b>			
Interest income on term deposits and saving accounts		<b>1,603</b>	11,418
Reversal of Workers Welfare Fund (WWF)	20.1	<b>1,307</b>	-
Others		-	144
		<b>2,910</b>	<b>11,562</b>

- 20.1** 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 a result no provision has been booked in the current year along with the reversal of prior year provision, however, as a matter of prudence the Company has decided 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.

	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
<b>21. INCOME TAX EXPENSE</b>			
Current year tax	21.1	<b>112,246</b>	108,887
Prior year tax		-	1,158
		<b>112,246</b>	<b>110,045</b>

**21.1 The tax charge for the year includes the following:**

- tax under Final Tax Regime on commercial imports	<b>111,765</b>	105,363
- tax under Normal Tax Regime on interest income	<b>481</b>	3,524
	<b>112,246</b>	<b>108,887</b>

**21.2 Relationship between tax expense and accounting profit**

Accounting profit / (loss) for the year	<b>116,568</b>	(83,417)
Tax rate	<b>30%</b>	31%
Tax charge	<b>34,970</b>	(25,859)
Prior year tax	-	1,158
Effect of taxes paid under Final Tax Regime	<b>77,276</b>	134,746
	<b>112,246</b>	<b>110,045</b>



## Notes to the Financial Statements

For the year ended June 30, 2018

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

**21.4** 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 / (short)
2016 / 17	110,045	104,092	5,953
2015 / 16	103,817	102,680	1,137
2014 / 15	115,808	117,716	(1,908)
		June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	

### 22. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Profit / (Loss) for the year		4,322	(193,462)
		----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the year		19,200,000	19,200,000
		----- Rupees in '000 -----	
Earnings / (Loss) per share - basic and diluted		0.23	(10.08)
	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	

### 23. CASH AND CASH EQUIVALENTS

Cash and bank balances	9	1,092	13,864
Term deposits	8	-	89,536
Short term running finance	13	(144,774)	-
		(143,682)	103,400



## Notes to the Financial Statements

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
<b>24. CASH FLOWS FROM OPERATIONS</b>			
Profit / (Loss) before tax		<b>116,568</b>	(83,417)
<b>Adjustment for non-cash charges and other items:</b>			
Expense reversed on employee benefits - pension	11.1.5	<b>(2,760)</b>	(33,152)
Expense recognized on employee benefits - gratuity	11.1.5	<b>2,090</b>	3,669
Interest expense on short term borrowings	13	<b>8,679</b>	-
Exchange loss	16.1 & 19	<b>63,457</b>	31,524
Stock-in-trade written down to net realizable value	5.2	<b>3,907</b>	11,931
Provision for slow moving stock-in-trade	19	<b>289</b>	6,832
Stocks written off	19	<b>41,956</b>	46,112
Duties written off	19	<b>-</b>	12,367
Interest income on term deposits and saving accounts	20	<b>(1,603)</b>	(11,418)
Working capital changes	25	<b>(360,028)</b>	39,125
		<b>(127,445)</b>	23,573
<b>25. WORKING CAPITAL CHANGES</b>			
(Increase) / decrease in current assets:			
Stock-in-trade		<b>154,036</b>	(81,377)
Trade debts		<b>79,958</b>	(55,402)
Advances, deposits and prepayments		<b>1,957</b>	1,719
Trade deposits		<b>34</b>	2,752
Sales tax refundable		<b>(6,139)</b>	(11,469)
Other receivables		<b>202,713</b>	(369,861)
		<b>432,559</b>	(513,638)
(Decrease) / increase in current liabilities:			
Trade payables and advance from customer		<b>(792,587)</b>	552,763
		<b>(360,028)</b>	39,125
<b>26. TRANSACTIONS WITH RELATED PARTIES</b>			

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 27. Other significant transactions with related parties are as follows:



## Notes to the Financial Statements

For the year ended June 30, 2018

Name	Relationship with the Company	Nature of transaction	June 30, 2018	June 30, 2017
			----- Rupees in '000 -----	
Procter and Gamble International Operations SA, Lancy	Associate due to common parent company	Purchases of finished goods	1,041,221	1,495,325
		Reimbursement of expenses	1,422	1,467
Procter and Gamble Pakistan (Private) Limited	Associate due to common parent company	Expenses reimbursed to	102,737	60,203
		Expenses reimbursed from	26,455	20,699
Procter and Gamble International Operations S.A, ROHQ	Associate due to common parent company	Services received	3,986	2,894
Modern Products Company	Associate due to common parent company	Expenses reimbursed from	-	239
The Series Acquisition B.V., Netherlands	Holding Company	Payment of dividend	12,858	-
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	1,309	1,528
Gillette Pakistan Pension Fund	Retirement benefit plan	Income from pension fund	2,760	33,152

- 26.1** Procter & Gamble International Operations SA, Lancy (PGIO SA) is incorporated in Switzerland having a registered office at Operations 47, Route de Saint Georges Petit Lancy. Mr Gianni Ciserani is the Chief Executive Officer of PGIO SA. As per the latest financial statements, the same are prepared on going concern basis and the auditors have expressed an unmodified opinion. PGIO does not own any shares in the Company.
- 26.2** Procter and Gamble International Operations S.A - ROHQ (PGIO S.A - ROHQ) is incorporated in Philippines having registered address at 11F Net Park, 5th Avenue, Crescent Park, West Bonifacio Global City, Taguing. Mr. Debashish Mukherjee is the Principal director of PGIO S.A - ROHQ. As per the latest financial statements, the same are prepared on going concern basis and the auditors have expressed an unmodified opinion. PGIO does not own any shares in the Company.
- 26.3** Series Acquisition B.V., Netherlands is incorporated in Netherlands having a registered office at Watermanweg 100 Rotterdam, 3067 GG Netherlands. Mr. Malcolm Clark is the Chief Executive Officer of Series Acquisition B.V. As per the management the financial statements are prepared on a going concern basis. However, the Company does not get the same audited.



## Notes to the Financial Statements

For the year ended June 30, 2018

### 27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

27.1 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	
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
	----- Rupees in '000 -----			
Basic salary	6,383	5,813	7,307	8,431
Bonus	615	524	-	936
Housing allowance	2,872	2,616	3,288	4,261
Leave fare assistance allowance	957	581	1,096	947
Utilities allowance	638	872	731	1,420
Retirement benefits	1,147	581	943	947
Others	3,406	615	760	2,181
	<u>16,018</u>	<u>11,602</u>	<u>14,125</u>	<u>19,123</u>
Number of persons	<u>1</u>	<u>1</u>	<u>4</u>	<u>5</u>
			June 30, 2018	June 30, 2017
Number of employees as at year end			<u>5</u>	<u>6</u>
Average number of employees during the year			<u>6</u>	<u>6</u>

27.2 Chief Executive and another executive of the Company are also provided with free use of company maintained cars.

27.3 The aggregate amount of fees paid to one non-executive director was Rs. 240,000 (June 30, 2017: Rs. 150,000).



## Notes to the Financial Statements

For the year ended June 30, 2018

### 28 FINANCIAL RISK MANAGEMENT

#### 28.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below and disclosed in note 3.

discussed in Note 3.

	Held-to-maturity		Loans and receivable	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----			
<b>Assets as per balance sheet</b>				
Long-term deposits	-	-	616	616
Trade debts	-	-	168,062	248,020
Advances, deposits and prepayments	-	-	5,988	7,945
Interest receivable on term deposits	-	-	176	173
Other receivables	-	-	167,900	370,613
Other financial assets	-	89,536	-	-
Cash and bank balances	-	-	1,092	13,864
	-	89,536	343,834	641,231

<b>Financial liabilities at amortized cost</b>	
<b>June 30, 2018</b>	<b>June 30, 2017</b>
----- Rupees in '000 -----	

#### Liabilities as per balance sheet

Short-term running finance	145	-
Trade and other payables	133,793	876,587
Unclaimed dividend	905	13,763
	134,843	890,350

#### 28.2 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.

##### 28.2.1 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, 2018

### i. Interest rate risk

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

Carrying amount	
June 30, 2018	June 30, 2017
----- Rupees in '000 -----	

#### Fixed rate instruments

##### Financial assets

Other financial assets	-	89,536
Bank balances	500	13,240
	<u>500</u>	<u>102,776</u>

##### Financial liabilities

Short-term running finance	<u>144,774</u>	<u>-</u>
----------------------------	----------------	----------

#### Fair value 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.

The Company does not hold any variable rate financial instruments as at June 30, 2018, therefore, no sensitivity analysis is provided for this risk.

### 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.

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, 2018

### 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;

	June 30, 2018			Total
	GBP	USD	EURO	
	Rupees in '000			
Other receivables	-	-	84,259	84,259
Trade and other payables	(425)	(4,354)	-	(4,779)
<b>Net Exposure</b>	<b>(425)</b>	<b>(4,354)</b>	<b>84,259</b>	<b>79,480</b>

	June 30, 2017			Total
	GBP	USD	EURO	
	Rupees in '000			
Trade and other payables	-	(964)	(697,202)	(698,166)
<b>Net Exposure</b>	<b>-</b>	<b>(964)</b>	<b>(697,202)</b>	<b>(698,166)</b>

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:

	Average rate		Reporting date rate	
	2018	2017	2018	2017
<b>Rupees per</b>	Rupees			
USD	110.07	104.60	121.63	104.71
EURO	131.43	117.54	141.59	115.98
GBP	148.40	-	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		Effect on PBT			
		GBP	USD	EURO	Total
		Rupees in '000			
June 30, 2018	+10%	(43)	(435)	-	(435)
	-10%	43	435	-	435
June 30, 2017	+10%	-	(88)	(22,181)	(22,269)
	-10%	-	88	22,181	22,269



## Notes to the Financial Statements

For the year ended June 30, 2018

### 28.2.2 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, 2018	June 30, 2017
	----- Rupees in '000 -----	
Long-term deposits	616	616
Trade debts	168,062	248,020
Advances, deposits and prepayments	5,988	7,945
Interest receivable on term deposits	176	173
Other receivables	167,900	370,613
Other financial assets	-	89,536
Trade deposits	8,597	8,631
Bank balances	1,092	13,864
	<b>352,431</b>	<b>739,398</b>

Customer credit risk is managed as per the Company's established policy, procedures and control 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	A1
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA

### 28.2.3 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, 2018

Carrying Amount	Contractual Cash Flow	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
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Rupees in '000

### Financial Liabilities June 30, 2018

Trade and other payables	133,793	(133,793)	(133,793)	-	-	-	-
Short-term running finance	145	(145)	(145)	-	-	-	-
Unclaimed dividend	905	(905)	(905)	-	-	-	-

June 30, 2017

Trade and other payables	876,587	(876,587)	(723,571)	(153,017)	-	-	-
Short-term running finance	-	-	-	-	-	-	-
Unclaimed dividend	13,763	13,763	-	-	-	-	-

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

### 28.3 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.

#### 28.3.1 Fair Value Hierarchy

The following table provided 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).

As at June 30, 2018, the Company does not hold any financial instrument, which can be categorised in any of the above levels.



## Notes to the Financial Statements

For the year ended June 30, 2018

### 29. 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 2017.

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

### 30. CORRESPONDING FIGURES

**30.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and to reflect the substance of the transaction. No significant rearrangements or reclassifications were made in these financial statements except for the following:

Description	Reclassified		2017 Rupees in '000
	From	To	
<b>Balance Sheet</b>			
Term deposits	Other financial asset	Advances, deposits and prepayments	5,000
<b>Cash Flow Statement</b>			
Term deposits	Cash and cash equivalent	Advances, deposits and prepayments	5,000

### 31. 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 24, 2018.

### 32. GENERAL

Figures have been rounded off to the nearest thousand rupee.



## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 31th Annual General Meeting of the Company will be held on October 23, 2018 at the Amber Hall, Ramada Karachi Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi at 12:30pm to transact the following business:

1. To confirm the minutes of Extraordinary General Meeting of the Company held on June 13, 2018.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2018, together with reports of the directors and auditors.
3. To appoint auditors for the year ending June 30, 2019 and fix their remuneration. Messrs. 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

Saad Un Nabi Khan  
Company Secretary

October 01, 2018  
Karachi

### NOTES

**Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from October 15, 2018 till October 23, 2018 (both days inclusive) during which no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar, FAMCO Associates (Pvt) Ltd., 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal,, Karachi-75600 by close of business on October 12, 2018 will be treated in 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 valid original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting. In case of corporate entity / trust, the Board of Directors / Trustees resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting. The members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.

**B. E-Voting:** Members can exercise their right of 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 & National Tax Numbers [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 shares are requested to provide their IBAN information on a 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 the Members holding shares in electronic form for any change of bank particulars or bank mandates. The form is also available at the Company website i.e. [www.gillettepakistan.com](http://www.gillettepakistan.com).



- The designated bank account details should be of the titleholder of the shares or Account title in Central Depository System.
- The Individual Member 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 at the address given herein above. Please give Folio Number with the Copy of CNIC/NTN
- In case of non-receipt of valid IBAN given herein above and copy of valid CNIC or NTN, the Company would withhold further dividend payments to such shareholders as per the provisions of Section 243(3) of the Companies Act, 2017 and Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017.

**Circulation of Notice of Meeting & Annual Accounts:** The Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 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 Annual General Meeting held on October 24, 2017. Pursuant to the approval of members, as aforesaid, the Annual Audited Financial Statements of the Company for the year ended June 30, 2018, have been circulated to the members through CD/DVD/USB.

**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 addresses.

**Conversion of Shares in Book-Entry form:** Members holding shares in physical form are required to consider converting their shares from physical form to book-entry form to eliminate all risks associated with physical shares. Members can contact the Company Share Registrar for assistance in this regard.

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/Share Registrar.





(B) ای ووٹنگ: اراکین (کمپنیز - پوسٹ بیلٹ) ریگولیشنز 2018 کے قابل اطلاق شقوق 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 لمیٹڈ کمپنیز 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 ڈیوڈیز تفویض کردہ اختیار کے فارم کو کمپنی شیئر رجسٹرار کو ارسال کریں سی ڈی سی خاتے 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 شیئر 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](http://www.gillettepakistan.com) پر بھی موجود ہے۔

☆ 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 فوٹو کاپی پیش نہیں کی ہے ان کو ایک بار پھر یاد دہانی کرائی جا رہی ہے کہ وہ شیئر رجسٹرار کے پتے پر جلد از جلد ارسال کریں۔ براہ مہربانی شناختی کارڈ NTN کی نقل کے ساتھ فوٹو نمبر بھی دیں۔

☆ کمپنیز ایکٹ 2017 (ڈسٹریبیوشن آف ڈیوڈیز 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۔

اطلاع برائے اجلاس عام اور سالانہ مالیاتی گوشواروں کی ترسیل: سیکورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر اے 2016/1) 470 مورخہ 31 مئی 2016ء کے تعین کے تحت کمپنیز کو منظوری دی گئی ہے کہ وہ اپنے سالانہ منتخب شدہ اکاؤنٹ کی ممبران کو ترسیل بمعہ CD/DVD/USB ان کے رجسٹرڈ پتوں پر کر سکتی ہیں بجائے ہارڈ کاپی کے یہ حصص یافتگان کی منظوری سے مشروط ہے۔ مستقبل میں ہم اپنے ممبران کو سالانہ محاسب شدہ اکاؤنٹ کی ترسیل بمعہ CD/DVD/USB کی سہولت پیش کرتے ہوئے پرمسرت ہے۔ لہذا اسی سلسلے میں کمپنی نے اپنے تیسویں سالانہ اجلاس عام بتاریخ 24 اکتوبر 2017 میں حصص یافتگان سے منظوری لے لی ہے۔

اس منظوری کے تعاقب میں سالانہ محاسب شدہ مالیاتی گوشوارے ختم شدہ سال 30 جون 2018 اپنے ممبران CD/DVD/USB میں ترسیل کر دی ہیں۔ زکوٰۃ سے استثناء کی درخواست: حصص یافتگان سے درخواست ہے کہ زکوٰۃ عشر آردینس 1980 کے مطابق زکوٰۃ سے استثناء کے لئے اقرارنامہ جمع کروائیں اور اگر پتے میں کسی طرح کی تبدیلی ہے تو وہ بھی فراہم کریں۔

پتے کی تبدیلی: ممبران سے گزارش ہے کہ پتے میں ہونے والی کسی بھی تبدیلی کے بارے میں کمپنی کے رجسٹرار کو آگاہ کریں۔

حصص کا کتابی اندراج: اراکین جن کے پاس حصص مادی حال میں موجود ہیں ان سے درخواست ہے کہ وہ حصص کا کتابی اندراج کرالیں تاکہ مادی حصص سے منسلک تمام خدشات کو ختم کیا جاسکے۔ اراکین اس سلسلے میں مدد کے لیے کمپنی یا شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔ حصص یافتگان سے گزارش ہے کہ مندرجہ بالا معلومات / دستاویزات (I) متعلقہ سینٹرل ڈیپازٹری سسٹم (سی ڈی ایس) شرکاء اور (II) کمپنی مادی تمسکات / شیئر رجسٹرار یا کمپنی جمع کرائیں۔





## اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا اطلاع دی جاتی ہے کہ جلیٹ پاکستان لمیٹڈ کمپنی کا ۳۱ واں سالانہ اجلاس عام مورخہ 23 اکتوبر 2018 کو 12:30 بجے امبرہال، رمادا کراچی کریک، ذوالفقار اسٹریٹ نمبر 1، ڈی ایچ ایف VIII، کراچی۔ میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جا رہا ہے:-

- (1) 13 جون 2018 کو منعقد ہونے والے غیر معمولی 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 2018 معہ ڈائریکٹر ز اور آڈیٹر ز رپورٹ۔
- (3) 30 جون 2019 کیلئے آڈیٹر ز کا تقرر اور ان کے مشاہرے کا تعین۔ موجودہ آڈیٹر میسرز ڈیلوئٹ، یوسف عادل، چارٹرڈ اکاؤنٹنٹس جو کہ اپنی معیہ مدت پوری کر چکے ہیں، نے اپنی اہلیت کے بناء پر اپنی خدمات دوبارہ تفرری کے لیے پیش کی ہیں۔
- (4) چیئرمین کی اجازت سے کسی اور امر کی انجام دہی۔

بحکم بورڈ  
سعد النبی خان  
کمپنی سیکریٹری

اکتوبر 2018  
کراچی  
نوٹس:

حصص منتقلی کی کتب کی بندش: کمپنی کے حصص کی منتقلی کی کتب 15 اکتوبر 2018 سے 23 اکتوبر 2018 تک (بمشول دونوں دن) بند رہیں گی جس دوران تدوین کیلئے کسی بھی حصص کی منتقلی کو قبول نہیں کیا جائے گا۔ حصص کی منتقلی کی وہ درخواستیں جو درست حالت میں کمپنی کے شیئر رجسٹر اریفیکو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ، ۸- ایف نزد ہوٹل فاران، نرسری بلاک ۶، پی ای سی ایچ ایس، شاہراہ فیصل کراچی۔ ۷۵۶۰۰ پر 12 اکتوبر 2018 کو دفتری اوقات ختم ہونے سے قبل موصول ہونگی ان حصص یافتگان کو سالانہ اجلاس عام میں شرکت اور حق رائے کا استحقاق حاصل ہوگا۔

غیر معمولی 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 مقرر کرے 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 نظارت کے مطابق تصدیق شدہ کا پی اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری کو کمپنی کے رجسٹرڈ 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 ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ فرد کس 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 کمپیوٹرائزڈ 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 وار خانہ نمبر جو کہ سی ڈی ایس میں درج ہیں اپنے ساتھ لے کر آئیں۔



## 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 31st Annual General Meeting of the Company to be held on October 23, 2018 and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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.



پراکسی فارم

کمپنی سیکرٹری

جیلیٹ پاکستان لمیٹڈ

11 ویں منزل، دی ہاربر فرنٹ،

ڈالمین سٹی HC-3، بلاک 4،

عبدالستار ایدھی ایوینیو، کراچی 75600 پاکستان

فون: 5088 3520 (21 92) +

فیکس 6150 3529 (21 92) +

فولیونمبر

میں / ہم

بطور ممبر جلیٹ پاکستان لمیٹڈ \_\_\_\_\_ کو اور اس / ان کی عدم موجودگی کی صورت

[illegible]

سے 23 اکتوبر 2018 کو منعقد ہونے والے کمپنی کے 31 ویں سالانہ اجلاس عام / کسی التوا شدہ اجلاس میں شرکت کر سکے اور ووٹ دے سکے۔

گواہان کی موجودگی میں

دستخط \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2018

دستخط گواہان

ریونیواسٹمپ

نام

نام

اہم نوٹ:

i. دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہیے۔








ii. یہ پراسی فارم مکمل کر کے ریوینو اسٹمپ پر دستخط کے ساتھ کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے جمع کرانا لازمی ہے۔








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