ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Asian Consumer Care Pakistan (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Asian Consumer Care Pakistan (Private) Limited (the Company), which comprise the statement of financial position as at March 31, 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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.

Emphasis of Matter

We draw attention to Note 1.2 to the financial statements wherein the matter of cancellation of all Forms "A" (Annual Return), filed by the Company in previous years, by the Securities & Exchange Commission of Pakistan has been explained. Our opinion is not modified in respect of this matter.

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 directors' report, but does not include the financial statements and our auditor's reports 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.

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■ KARACHI ■ LAHORE ■ ISLAMABAD

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.

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Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) 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 Syed Muhammad Hasnain.

AFerguson & Co.

A. F. Ferguson & Co.
Chartered Accountants

Karachi

Date: July 20, 2020

ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	**34,655,103**	10,881,151
Intangible assets	5	**671,044**	2,064,273
Long term deposits		**12,883,878**	13,752,747
Long term advances		**4,520,285**	1,561,920
		52,730,310	28,260,091
Current assets			
Inventories	6	**258,301,009**	168,048,097
Trade receivables	7	**20,880,747**	22,834,074
Advances and prepayments	8	**34,305,300**	31,876,669
Other receivables	9	**62,566,784**	61,440,430
Taxation - payments less provision		**4,512,625**	4,982,478
Deferred taxation - net		**14,390,862**	-
Cash and bank balances	10	**194,611,031**	12,296,092
		589,568,358	301,477,840
Total assets		**642,298,668**	329,737,931
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital - issued, subscribed and paid-up capital	11	**78,721,660**	78,721,660
Unappropriated profit		**288,567,773**	77,601,791
		367,289,433	156,323,451
LIABILITIES			
Current liabilities			
Trade and other payables	12	**266,076,060**	162,586,971
Sales tax payable		**8,933,175**	10,827,509
Total liabilities		**275,009,235**	173,414,480
Commitments	13		
Total equity and liabilities		**642,298,668**	329,737,931

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

Chief Executive

Director

ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2020

	Note	**2020** **Rupees**	2019 Rupees
Revenue from contracts with customers	14	**1,457,616,764**	1,117,599,225
Cost of sales	15	**(726,321,464)**	(687,742,211)
Gross profit		**731,295,300**	429,857,014
Distribution cost	16	**(308,111,926)**	(228,672,306)
Administrative expenses	17	**(142,911,074)**	(102,017,050)
Other income	18	**11,274,216**	9,892,274
Operating profit		**291,546,516**	109,059,932
Finance cost	19	**(3,052,219)**	(2,388,418)
Profit before income tax		**288,494,297**	106,671,514
Income tax expense	20	**(77,528,315)**	(53,873,741)
Profit / (loss) for the year		**210,965,982**	52,797,773
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**210,965,982**	52,797,773

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

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Chief Executive

Director

ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	**308,562,731**	134,607,194
Decrease / (Increase) in long term deposits		**868,869**	(941,400)
(Increase) / decrease in long term advances		**(2,958,365)**	4,731,841
Mark-up paid		**(10,526)**	(211,175)
Income tax paid		**(91,449,324)**	(48,359,992)
Net cash generated from operating activities		**215,013,385**	89,826,468
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(32,584,673)**	(8,894,560)
Proceeds from sale of property, plant and equipment		**134,807**	7,429
Proceeds from sale of intangibles		**11,420**	-
Purchase of intangibles		**(260,000)**	(158,000)
Net cash used in investing activities		**(32,698,446)**	(9,045,131)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		**-**	(96,823,648)
Net increase / (decrease) in cash and cash equivalents		**182,314,939**	(16,042,311)
Cash and cash equivalents at the beginning of the year	22	**12,296,092**	28,338,403
Cash and cash equivalents at the end of the year	22	**194,611,031**	12,296,092

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

Chief Executive

Director

ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	← Rupees		→
Balance as at March 31, 2018	78,721,660	121,627,666	200,349,326
Final dividend for the year ended March 31, 2018 @ Rs. 0.6 per preference share	-	(4,184,189)	(4,184,189)
Final dividend for the year ended March 31, 2018 @ Rs. 60 per ordinary share	-	(53,910,000)	(53,910,000)
Interim dividend for the year ended March 31, 2019 @ Rs. 40 per ordinary share	-	(35,940,000)	(35,940,000)
Interim dividend for the year ended March 31, 2019 @ Rs. 0.4 per preference share	-	(2,789,459)	(2,789,459)
Total comprehensive income for the year ended March 31, 2019			
- Profit for the year ended March 31, 2019	-	52,797,773	52,797,773
Balance as at March 31, 2019	78,721,660	77,601,791	156,323,451
Total comprehensive income for the year ended March 31, 2020			
- Profit for the year ended March 31, 2020	-	210,965,982	210,965,982
Balance as at March 31, 2020	**78,721,660**	**288,567,773**	**367,289,433**

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

Chief Executive

Director

ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is a private limited company incorporated and registered under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on February 20, 2006. It is a subsidiary of Excel Investments (FZC), Sharjah. The ultimate parent company is Dabur India Limited.

The Company is engaged in the business of import and sale of hair and personal care products in Pakistan.

The geographical location and address of the Company's business units is as under:

- The Company's registered office is situated at D-25, Block 5, KDA Scheme No. 5, Clifton, Karachi
- The Company has warehouses in Karachi and Lahore.

1.2 In the previous year, the Company received an Order under section 464 of The Companies Act 2017 from Securities and Exchange Commission of Pakistan (SECP). Through this Order, the Company was advised that all Forms "A" (Annual Return), filed by the Company in previous years, have been cancelled and accordingly stand rejected in terms of Companies Act 2017. This is consequent to regret letter received by SECP from Ministry of Interior in relation to security clearance of foreign shareholder of the Company – Dabur International Limited, Isle of Man (DIL) in pursuance of section of 461 of the Companies Act 2017 read conjunctively with the standing instruction of Ministry of Interior. Subsequently, DIL has sold its entire shareholding (898,500 ordinary shares and 6,973,648 preference shares) to Excel Investments (FZC), Sharjah. The Company has filed the statutory documents (Form 3A) with SECP on 29 August 2019. However, the Company is not in receipt of confirmation from SECP regarding acceptance of the said Forms.

1.3 After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in the last quarter of the financial year, a series of precautionary and control measures have been and continue to be implemented across the world and have affected the business and economic activities to some extent. With the increasing market uncertainty regarding the impact of COVID-19 outbreak, the Company will pay close attention to the development of the COVID-19 outbreak and evaluate the impact on its future financial position and operating results. As at the date on which this set of financial statements was authorised for issue, the Company was not aware of any material adverse effects on the 2020 financial statements as a result of the COVID-19 outbreak.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below:

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical judgements made by the Company's management in applying the accounting policies that would have the most significant effect on the amounts recognised in the financial statements.

2.1.3 Changes in accounting standards, interpretations and pronouncements

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

IFRS 9 Financial Instruments

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39 Financial Instruments. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model. The impact of the adoption of IFRS 9 on the Company's financial statements is disclosed in note 3.

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IFRS 15 Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' - IFRS 15 replaces the previous revenue standards: IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The impact of the adoption of IFRS 15 on the Company's financial statements is disclosed in note 3.

IFRS 16 Leases

IFRS 16, the accounting standard for leases, became effective for annual reporting periods commencing on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Company's financial statements is disclosed in note 3.

b) **Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after April 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

c) **Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

The new standards, certain amendments and interpretation that are mandatory for accounting period beginning on or after April 1, 2020 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged to income on assets-in-use, using the straight-line method to allocate their cost less residual value, if not insignificant, over the estimated useful lives. Depreciation on additions is charged from the month of addition. No depreciation in the month of disposal is charged for assets disposed off.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Company accounts for impairment, where indication exists, by reducing its carrying value to the estimated recoverable amount.

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Maintenance and normal repairs are charged to income as and when incurred. Also individual low value assets i.e. assets below Rs. 5,000 are fully charged out in the year of purchase. Major renewals and improvements are capitalised and assets so replaced, if any, are retired. Profit and loss on sale or retirement of property, plant and equipment is included in income currently.

2.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Major computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 3 years using the straight-line method.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when the assets are available for use.

2.5 Inventories

All inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method except for those in transit where it represents invoice value and other charges incurred thereon. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

2.6 Trade receivables

Trade receivables are recognised at fair value of consideration receivable. Provision is made against receivable considered doubtful of recovery. Doubtful receivable are written off when considered irrecoverable.

2.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise cash / cheques in hand and balances with banks.

2.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at the fair value of the consideration to be paid for goods and services.

2.9 Retirement Benefits

Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Company operates a provident fund for its permanent employees including Chief Executive Officer. The Company and the employees make equal monthly contributions to the fund at the rate of 10% of basic salary.

2.10 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalised as part of the cost of that asset.

2.11 Provisions

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

2.12 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

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Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are a portion of ECL that result from default events that are possible within 12 months after the reporting date.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

Financial assets - policy upto March 31, 2019

Trade debts and other receivables were recognised initially at fair value plus directly attributable, if any and subsequently, at amortised cost less impairment if any. A provision for impairment of trade and other receivable was established when there was an objective evidence that the Company will not be able to collect all amounts due according to terms of receivables. Trade receivables considered irrecoverable were written off.

2.13 Lease Liability and Right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control to the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments or an index or rate, in the Company's estimate of the amount expected to be payable under a residual value guarantee, or in its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient as not to recognise right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

2.14 Ijarah

In ijarah transactions, significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 - 'Ijarah' requires the recognition of 'ujrah payments' (lease rentals) against ijarah financing as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the ijarah term.

2.15 Foreign currency transactions and translations

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

Foreign currency transactions are translated into Pak Rupees using the exchange rate prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognised in the profit and loss account.

2.16 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.17 Revenue recognition

Revenue from contracts with customers is recognised at the transaction price which the Company expects to be entitled to. Revenue is recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the customers' acceptance of the product.

Revenue from sales of goods is recognised on despatch of goods to customers, i.e., when significant risk and rewards of ownership have been transferred to the customer.

2.18 Taxation

i) Current

Charge for the current taxation is based on applicable provisions of the Income Tax Ordinance, 2001.

ii) Deferred

Deferred tax is accounted for using the Statement of Financial Position liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged to or credited in the Statement of Profit or Loss.

2.19 Dividend

Dividend is recognised as a liability in the year in which it is approved.

3. CHANGE IN ACCOUNTING POLICIES

The Company has applied the following standards for the first time for its annual reporting period commencing April 1, 2019.

i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from April 1, 2019 resulted in changes in accounting policies.

The Company has applied IFRS 9 retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", however, it has elected not to restate comparative information as permitted under the transitional provisions of the standard. The reclassifications and adjustments arising from the new impairment rules are, therefore, not reflected in the statement of financial position as at March 31, 2019 and furthermore have not been recognised in the opening statement of financial position as on April 1, 2019 as the effects were not material.

Furthermore, on April 1, 2019, the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from the reclassification as at that date are as follows:

Particulars	Classification and measurement category		Carrying amount		
	Original (under IAS 39)	New (under IFRS 9)	Original (under IAS 39)	New (under IFRS 9)	Difference
			← Rupees →		
Non-current financial assets					
Long term deposits	Loans and Receivables	Amortised cost	13,752,747	13,752,747	-
Long term advances	Loans and Receivables	Amortised cost	1,561,920	1,561,920	-
Current financial assets					
Trade receivables	Loans and Receivables	Amortised cost	22,834,074	22,834,074	-
Other receivables	Loans and Receivables	Amortised cost	61,440,430	61,440,430	-
Cash and bank balances	Loans and Receivables	Amortised cost	12,296,092	12,296,092	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	156,937,008	156,937,008	-

No material differences were noted in prior year figures as a result of applying the new expected credit loss model on adoption of IFRS 9. The reclassifications of the financial instrument also did not result in any changes to measurements. Hence, there was no restatement of opening balances and reserves. Furthermore, there is no impact on the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows.

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ii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 - 'Revenue from Contracts with Customers' from April 1, 2019. IFRS 15 replaced IAS 18 - Revenue, IAS 11 - Construction Contracts and the related interpretations. According to IFRS 15, revenue is recognized, when control of goods or services has been transferred to the customers, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five step model that will apply to revenue earned from a contract with a customer. IFRS 15 allows for two methods of adoption:

- retrospectively to each prior period presented with or without practical expedients, or
- retrospectively with cumulative effect of adoption as an adjustment to opening retained earnings in the period of adoption.

The Company has evaluated the impact of the new revenue standard and has concluded that there is no significant adjustment that needs to be given effect in the financial statements.

iii) IFRS 16 - Leases

Effective April 1, 2019, the Company has adopted IFRS 16, 'Leases' which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has adopted IFRS 16 retrospectively from January 1, 2019. However, on adoption of IFRS 16, there is no adjustment that needs to be given effect in the financial statements.

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	2020 Rupees	2019 Rupees
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 4.1	**34,655,103**	10,881,151

4.1 Operating assets

	Plant & Machinery	Leasehold Improvements	Office and electrical equipment	Furniture, fixtures and fittings	Computers	Motor Vehicles	Total
	Rupees						
Net carrying value basis							
Year ended March 31, 2020							
Opening net book value (NBV)	5,614,590	255,894	825,684	788,401	3,388,786	7,796	10,881,151
Additions (at cost)	28,309,743	-	304,385	50,830	3,919,715	-	32,584,673
Disposal (at NBV)	-	-	-	-	(111,807)	-	(111,807)
Depreciation charge	(5,782,246)	(52,063)	(404,723)	(387,648)	(2,064,438)	(7,796)	(8,698,914)
Closing net book value (NBV)	**28,142,087**	**203,831**	**725,346**	**451,583**	**5,132,256**	**-**	**34,655,103**
Gross carrying value basis							
At March 31, 2020							
Cost	34,665,271	260,316	5,227,859	3,541,123	13,795,292	46,500	57,536,361
Accumulated depreciation	(6,523,184)	(56,485)	(4,502,513)	(3,089,540)	(8,663,036)	(46,500)	(22,881,258)
Net book value	**28,142,087**	**203,831**	**725,346**	**451,583**	**5,132,256**	**-**	**34,655,103**
Net carrying value basis							
Year ended March 31, 2019							
Opening net book value (NBV)	77,808	-	1,267,100	883,978	2,714,177	17,096	4,960,159
Additions (at cost)	5,652,800	260,316	70,880	289,539	2,621,025	-	8,894,560
Disposal (at NBV)	-	-	-	-	(7,429)	-	(7,429)
Depreciation charge	(116,018)	(4,422)	(512,296)	(385,116)	(1,938,987)	(9,300)	(2,966,139)
Closing net book value (NBV)	**5,614,590**	**255,894**	**825,684**	**788,401**	**3,388,786**	**7,796**	**10,881,151**
Gross carrying value basis							
At March 31, 2019							
Cost	6,355,528	260,316	4,923,474	3,490,293	11,417,226	46,500	26,493,337
Accumulated depreciation	(740,938)	(4,422)	(4,097,790)	(2,701,892)	(8,028,440)	(38,704)	(15,612,186)
Net book value	**5,614,590**	**255,894**	**825,684**	**788,401**	**3,388,786**	**7,796**	**10,881,151**
Depreciation rate % per annum	**20**	**20**	**20**	**20**	**33**	**20**	

4.2 Moulds amounting to Rs. 27.9 million are in possession of Sunrise Plastic Industries (Private) Limited as the Company has outsourced the production of Vatika bottles to Sunrise.

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		2020 Rupees	2019 Rupees
5.	**INTANGIBLE ASSETS**		
	Computer softwares - note 5.1	**671,044**	2,064,273
5.1	**Gross carrying value basis**		
	Cost	**8,440,631**	8,196,431
	Accumulated amortisation	**(7,769,587)**	(6,132,158)
	Net book value	**671,044**	2,064,273
	Net carrying value basis		
	Opening net book value	**2,064,273**	3,793,113
	Additions during the year	**260,000**	158,000
	Disposals during the year (NBV)	**(11,420)**	-
	Amortisation for the year	**(1,641,809)**	(1,886,840)
	Closing net book value	**671,044**	2,064,273
6.	**INVENTORIES**		
	Finished goods (including in transit Rs. 1.92 million; 2019: Rs. Nil)	**88,743,273**	87,249,298
	Provision for slow moving inventory and obsolescence - note 6.1	**(2,197,516)**	(3,170,651)
		86,545,757	84,078,647
	Raw and packing material (including in transit Rs. 37.56 million; 2019: Rs. 8.63 million)	**173,681,622**	84,978,033
	Provision for slow moving inventory and obsolescence - note 6.1	**(1,926,370)**	(1,008,583)
		171,755,252	83,969,450
		258,301,009	168,048,097
6.1	**Provision for slow moving inventory and obsolescence**		
	At 1 April	**4,179,234**	4,458,887
	Charge for the year	**2,912,508**	3,321,636
		7,091,742	7,780,523
	Written off during the year	**(2,967,856)**	(3,601,289)
	At 31 March	**4,123,886**	4,179,234

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		2020 Rupees	2019 Rupees
7.	**TRADE RECEIVABLES - Considered good**		
7.1	**Unsecured**		
	Not yet due	**19,776,243**	17,796,604
	Past due but not impaired		
	Up to 3 months	**1,010,637**	3,006,691
	3 to 6 months	**855,060**	652,712
	More than 6 months	**1,171,559**	1,378,067
		3,037,256	5,037,470
		22,813,499	22,834,074
	Less: loss allowance on doubtful receivables - note 7.1.1	**1,932,752**	-
		20,880,747	22,834,074

7.1.1	Balance at the beginning of the year	-	-
	Charge / (reversal) during the year - note 17	**1,932,752**	-
	Written off during the year	-	-
	Balance at the end of the year	**1,932,752**	-

8.	**ADVANCES AND PREPAYMENTS**		
	Advances to employees	**10,425**	323,769
	Advance lease rentals	**718,713**	2,152,856
	Advances against imports - note 8.1	**7,293,328**	6,502,850
	Advances to suppliers - note 8.2	**22,282,542**	17,166,870
		30,305,008	26,146,345
	Prepayments	**4,000,292**	5,730,324
		34,305,300	31,876,669

8.1 This represents amount kept with scheduled banks in accordance with the requirement of Circular No. 02 of 2017 of Banking Policy & Regulations Department issued by the State Bank of Pakistan, requiring 100% cash margin on the import of specified items.

8.2 This includes advances given to Dabur International Limited, Dubai, against import of goods amounting to Rs. 5,042,174 (2019: Rs. 15,068,614).

		2020 Rupees	2019 Rupees
9.	**OTHER RECEIVABLES**		
	Receivable from Dabur Pakistan (Private) Limited, (group company) - note 9.1 & 9.2	**62,566,784**	61,279,110
	Others	-	161,320
		62,566,784	61,440,430

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9.1 This represents receivable from Dabur Pakistan (Private) Limited (DPPL) in respect of expenditure incurred by the Company on behalf of DPPL. These are settled in the ordinary course of business without any defined payment terms.

9.2 The maximum amount outstanding at any time during the year was Rs. 62.6 million (2019: Rs. 104.5 million). This is calculated by reference to month end balances.

10. CASH AND BANK BALANCES

	2020 Rupees	2019 Rupees
Balances with banks:		
- on current accounts	**101,835,309**	801,304
- on savings account - note 10.1	**77,737,498**	10,054,079
Cheques in hand	**14,988,805**	1,350,709
Cash in hand	**49,419**	90,000
	194,611,031	12,296,092

10.1 Markup on savings account ranged from 8.75% to 11.25% (2019: 4% to 8.25%) per annum.

11. SHARE CAPITAL

Authorised share capital

2020	2019		2020 Rupees	2019 Rupees
8,000,000	8,000,000	5% Redeemable Preference Shares of Rs. 10 each	**80,000,000**	80,000,000
3,000,000	3,000,000	Ordinary Shares of Rs. 10 each	**30,000,000**	30,000,000
11,000,000	11,000,000		**110,000,000**	110,000,000

Issued, subscribed and paid up capital

5% Non-Cumulative Redeemable Preference Shares of Rs. 10 each				
6,973,648	6,973,648	For consideration other than cash	**69,736,480**	69,736,480
16	16	For consideration in cash	**160**	160
6,973,664	6,973,664		**69,736,640**	69,736,640
Ordinary Shares of Rs. 10 each				
898,502	898,502	For consideration in cash	**8,985,020**	8,985,020
7,872,166	7,872,166		**78,721,660**	78,721,660

11.1 During the year, 898,500 ordinary shares and 6,973,648 preference shares of the Company were transferred to Excel Investments (FZC), Sharjah. These shares were previously held by Dabur International Limited, Isle of Man (refer note 1.2).

	2020 Rupees	2019 Rupees
12. TRADE AND OTHER PAYABLES		
Creditors - note 12.1	**94,344,841**	48,869,475
Accrued liabilities	**146,351,897**	108,067,533
Advance from customers - unsecured	**25,379,322**	5,649,963
	266,076,060	162,586,971

12.1 This includes payable to the following related parties:

- Dabur India Limited - group company	**36,785**	12,869,861
- Dabur International Limited - group company	**36,662,218**	1,164,532
	36,699,003	14,034,393

13. COMMITMENTS

Aggregate commitments in respect of ujrah payments for ijarah financing of motor vehicles bearing a mark up ranging from six months KIBOR + 2.25% to six months KIBOR + 3% (2019: six months KIBOR + 2.25% to six months KIBOR + 3%) per annum for rentals payable monthly and quarterly as at March 31, 2020 amount to:

	2020 Rupees	2019 Rupees
Not later than one year	**9,704,922**	8,875,776
Over one year to five years	**16,089,750**	13,838,039
	25,794,672	22,713,815

14. REVENUE

Sale of goods	**1,998,550,769**	1,533,226,610
Less: Sales tax	**319,048,933**	254,097,762
	1,679,501,836	1,279,128,848
Less: Sales return	**4,704,280**	5,247,237
Rebates and allowances	**217,180,792**	156,282,386
	1,457,616,764	1,117,599,225

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15. COST OF SALES

	2020 Rupees	2019 Rupees
Manufactured goods		
Raw and packing materials consumed	**544,683,285**	172,220,806
Manufacturing charges to third party	**54,188,468**	18,283,541
Salaries, wages and other benefits	**2,170,016**	560,000
Depreciation / amortisation	**5,731,449**	45,547
Inbound freight	**13,895,234**	4,157,500
Travelling	**473,049**	1,026,077
Warehouse charges	**14,904,562**	1,664,094
Cost of goods manufactured	**636,046,063**	197,957,565
Opening inventory of finished goods	**65,482,771**	-
Closing inventory of finished goods	**(72,464,191)**	(65,482,771)
	629,064,643	132,474,794
Imported goods		
Opening inventory	**18,595,876**	88,914,014
Purchases	**92,742,511**	545,784,141
	111,338,387	634,698,155
Closing inventory	**(14,081,566)**	(18,595,876)
	726,321,464	748,577,073
Cost of samples	**-**	(60,834,862)
	726,321,464	687,742,211

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		2020 Rupees	2019 Rupees
16.	**DISTRIBUTION COST**		
	Salaries, wages and other benefits - note 16.1	**97,720,767**	78,702,432
	Lease rentals	**8,245,689**	4,667,406
	Travelling	**8,598,180**	8,690,933
	Warehousing charges	**592,201**	7,288,289
	Advertisement and trade promotion expenses	**156,202,248**	99,731,816
	Outward freight	**32,618,476**	28,991,977
	Others	**4,134,365**	599,453
		308,111,926	228,672,306

16.1 Salaries and other benefits include Rs. 4.3 million (2019: Rs. 3.1 million) in respect of Contributory Provident Fund.

		2020 Rupees	2019 Rupees
17.	**ADMINISTRATIVE EXPENSES**		
	Salaries, wages and other benefits - note 17.1	**74,941,419**	59,113,585
	Rent	**9,298,927**	7,494,725
	Lease rentals	**7,965,181**	5,404,907
	Travelling	**4,806,214**	2,791,037
	Security expenses	**1,031,136**	564,166
	Auditors' remuneration - note 17.2	**1,793,900**	1,471,400
	Utilities	**2,010,184**	1,891,206
	Printing and stationery	**1,088,600**	559,850
	Postage and communication	**414,073**	291,177
	Legal and professional services	**23,521,852**	12,999,521
	Depreciation	**2,967,465**	2,920,592
	Amortisation	**1,641,809**	1,886,840
	Repairs and maintenance	**2,093,607**	1,689,237
	Canteen expenses	**1,405,899**	1,074,459
	Insurance	**1,211,559**	471,552
	Provision for doubtful debts	**1,932,752**	-
	Others	**4,786,497**	1,392,796
		142,911,074	102,017,050

17.1 Salaries and other benefits include Rs. 3.6 million (2019: Rs. 2.7 million) in respect of Contributory Provident Fund.

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		2020 Rupees	2019 Rupees
17.2	**Auditors' remuneration**		
	Audit fee	**1,000,000**	900,000
	Fee for half year audit and carrying out extended audit procedures	**460,000**	464,400
	Out of pocket expenses	**333,900**	107,000
		1,793,900	1,471,400
18.	**OTHER INCOME**		
	Income from financial asset		
	Interest income	**11,240,616**	1,535,251
	Income from non-financial assets		
	Exchange gain	-	6,581,799
	Scrap sales	**33,600**	1,775,224
		11,274,216	9,892,274
19.	**FINANCE COST**		
	Bank charges	**1,636,806**	2,177,243
	Mark-up on short term borrowings	**10,526**	211,175
	Exchange loss	**1,404,887**	-
		3,052,219	2,388,418
20.	**INCOME TAX EXPENSE**		
	Current	**89,468,571**	53,873,741
	Prior	**2,450,606**	-
	Deferred	**(14,390,862)**	-
		77,528,315	53,873,741

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		2020 Rupees	2019 Rupees
20.1	**Relationship between tax expenses and accounting profit**		
	Accounting profit	**288,494,297**	-
	Tax at applicable rate of 29%	**83,663,346**	-
	Effect of:		
	- Temporary difference	**(1,602,661)**	-
	- Prior year charge	**2,450,606**	-
	- Minimum tax	**7,302,412**	-
	- Previously unrecognized deferred tax asset	**(16,434,138)**	-
	- Others	**2,148,750**	-
		(6,135,031)	-
		77,528,315	-

20.2 Relationship between tax expense and accounting profit for the year ended March 31, 2019 has not been presented as major portion of the tax had been computed under section 169 of Income Tax Ordinance, 2001 i.e. Final Tax Regime.

		2020 Rupees	2019 Rupees
21.	**CASH GENERATED FROM OPERATIONS**		
	Profit before income tax	**288,494,297**	106,671,514
	Add / (less): Adjustments for non-cash charges and other items		
	Depreciation	**8,698,914**	2,966,139
	Gain on disposal	**(23,000)**	-
	Amortisation	**1,641,809**	1,886,840
	Mark-up on short term borrowings	**10,526**	211,175
	Provision for slow moving inventory and obsolescence	**2,912,508**	3,321,636
	Profit before working capital changes	**301,735,054**	115,057,304
	EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
	(Increase) / decrease in current assets		
	Inventories	**(93,165,420)**	(82,455,719)
	Trade receivables	**1,953,327**	(5,491,080)
	Advances and prepayments	**(2,428,631)**	79,996,344
	Other receivables	**(1,126,354)**	(29,440,632)
		(94,767,078)	(37,391,087)
	Increase / (decrease) in current liabilities		
	Trade and other payables	**103,489,089**	35,526,241
	Sales tax payable	**(1,894,334)**	21,414,736
		101,594,755	56,940,977
	Cash generated from operations	**308,562,731**	134,607,194

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22. CASH AND CASH EQUIVALENTS

It comprises cash and bank balances amounting to Rs. 194,611,031 (2019: Rs. 12,296,092).

23. RUNNING FINANCE UNDER MARKUP ARRANGEMENTS

The facility for running finance available from bank amounts to Rs. 100 million (2019: Rs. 100 million), which was unutilised as at year end. The rate of mark-up on such facility is KIBOR + 1.75% per annum (2019: KIBOR + 1.75% per annum).

The facility for letter of credit and guarantee as at March 31, 2020 amounts to Rs. 175 million (2019: Rs. 175 million) out of which Rs. 4.1 million is utilised as at year end.

The arrangement is secured by way of first hypothecation charge of Company's trade debts and stocks with 25% margin.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

24.1 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
	Rupees						
FINANCIAL ASSETS							
Loans and receivables							
Long term deposits	-	-	-	-	12,883,878	12,883,878	12,883,878
Trade receivables	-	-	-	20,880,747	-	20,880,747	20,880,747
Other receivables	-	-	-	62,566,784	-	62,566,784	62,566,784
Cash and bank balances	77,737,498	-	77,737,498	116,873,533	-	116,873,533	194,611,031
March 31, 2020	**77,737,498**	**-**	**77,737,498**	**200,321,064**	**12,883,878**	**213,204,942**	**290,942,440**
March 31, 2019	10,054,079	-	10,054,079	86,516,517	13,752,747	100,269,264	110,323,343
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	-	-	-	240,696,738	-	240,696,738	240,696,738
March 31, 2020	**-**	**-**	**-**	**240,696,738**	**-**	**240,696,738**	**240,696,738**
March 31, 2019	-	-	-	156,937,008	-	156,937,008	156,937,008
ON STATEMENT OF FINANCIAL POSITION GAP							
March 31, 2020	**77,737,498**	**-**	**77,737,498**	**(40,375,674)**	**12,883,878**	**(27,491,796)**	**50,245,702**
March 31, 2019	10,054,079	-	10,054,079	(70,420,491)	13,752,747	(56,667,744)	(46,613,665)

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i) **Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The maximum exposure to the credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 254.25 million (2019: Rs. 110.32 million) the financial assets that are subject to credit risk amounted to Rs. 46.75 million (2019: Rs. 84.27 million).

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As of March 31, 2020, trade debts of Rs. 3.04 million (2019: Rs. 5.04 million) were past due but not impaired. The carrying amount of trade debts relates to a number of independent customers for whom there is no recent history of default.

Other receivables constitutes mainly receivables from related party, therefore, are not exposed to any significant risk.

Cash and bank balances represents low credit risk as they are placed with banks having good credit ratings assigned by credit rating agencies.

The management does not expect any losses from non-performance by these counter parties.

ii) **Liquidity risk**

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The company manages liquidity risk by maintaining sufficient cash and the availability of financing through banking arrangements.

iii) **Market risk**

a) **Foreign exchange risk**

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at March 31, 2020, financial assets of Rs. 5.04 million (2019: 15.07 million) were in foreign currency which were exposed to foreign currency risk.

As at March 31, 2019, if the Pakistani Rupee had weakened / strengthened by 10% (2019: 4%) against US Dollar with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.5 million (2019: Rs. 0.6 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar- denominated financial assets.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (six years) rates have moved on average basis by the mentioned percentage per annum.

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b) Interest rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at March 31, 2020 the Company's interest bearing financial assets amounted to Rs. 77.74 million (2019: Rs. 10.05 million), and had the interest rates varied by 1% with all the other variables held constant, profit before tax for the year would have been approximately lower / higher by Rs. 0.78 million (2019: Rs. 0.10 million).

The sensitivity of 1% movement in the interest rates has been used as historically (six years) floating interest rates have moved by an average of 1% per annum.

25. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal return on capital employed. The current capital structure of the company is equity based with no financing through borrowings.

25.1 Fair values of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximate their fair values.

26. RELATED PARTY DISCLOSURES

Disclosure of transactions between the Company and related parties :

	Relationship with the company	Nature of transactions	**2020 Rupees**	2019 Rupees
i.	Group companies	Purchase of goods	**181,277,036**	419,316,220
		Advances made	-	97,145,240
		Expense incurred by the group company	**8,063,801**	6,759,695
		Expenses incurred on behalf of group company	**24,978,250**	42,775,768
		Amount received in respect of expenses incurred on behalf of group company	**55,000,000**	50,310,000
ii.	Key management personnel	Salaries and other short-term employee benefits	**116,623,255**	99,376,782
		Post-employment benefits	**5,410,624**	4,649,461

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26.1 Outstanding balances with related parties as at year end have been included in other receivables and trade and other payables respectively. These are settled in ordinary course of business.

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

S.No.	Company Name	Basis of Association	Aggregate % of Shareholding
1	Excel Investments (FZC), Sharjah - note 26.2.1	Parent / Holding Company	100%
2	Dabur International Limited, Isle of Man - note 26.2.2	Group Company	N/A
3	Dabur International Limited, Dubai - note 26.2.3	Group Company	N/A
4	Dabur Pakistan (Private) Limited - note 26.2.4	Group Company	N/A
5	Dabur Egypt Limited - note 26.2.5	Group Company	N/A
6	Dabur India Limited - note 26.2.6	Group Company	N/A

26.2.1 It is a Company incorporated in Sharjah having registered address at SAIF Office Q1-06-127/A, Sharjah.

26.2.2 It is a Company incorporated in Isle of Man having registered address at 12-14 Finch Road, IM99 1TT, Douglas.

26.2.3 It is a Branch office of Dabur International Limited, Isle of Man having registered address at P.O Box 16944, Jebel Ali, Dubai.

26.2.4 It is a Company incorporated in Pakistan having registered address at D-25, Block 5, KDA Scheme No. 5, Clifton, Karachi.

26.2.5 It is a Company incorporated in Egypt having registered address at Plot 61/1-Gaafar Ibn aby taleb st. El-Yasmine 8 Service Center, 1st settlement, New Cairo, Egypt.

26.2.6 It is a Company incorporated in India having registered address at 8/3 Asaf Ali Road, New Delhi.

27. PROVIDENT FUND

The investments in collective investment schemes out of provident fund is in excess of the limit prescribed under the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder. However, the fund is in the process of ensuring compliance with the prescribed limits.

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28. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration including all benefits to chief executive are as follows:

	MANAGING DIRECTOR / CHIEF EXECUTIVE		EXECUTIVES	
	2020	**2019**	**2020**	**2019**
	Rupees			
Managerial remuneration and allowances	**24,583,312**	19,067,637	**54,150,954**	39,973,744
Bonus	**5,534,170**	4,286,162	**10,046,551**	7,341,562
Provident fund	**2,019,156**	1,566,125	**3,391,468**	2,641,270
Medical expenses	**178,200**	145,800	**787,374**	561,330
Car lease rentals	**5,054,400**	3,936,600	**7,125,467**	5,003,370
Vehicle expenses	**1,362,429**	1,184,991	**4,069,439**	2,950,050
Other expenses	**798,120**	428,126	**2,932,839**	1,804,895
	39,529,787	30,615,441	**82,504,092**	60,276,221
Number of persons	**1**	1	**13**	10

28.1 Remuneration of chief executive and executives is net of salary expense charged to Dabur Pakistan (Private) Limited (Group Company) under an arrangement for sharing of staff costs and other expenses. However, for the purpose of determination of executives as defined under the Companies Act 2017, the prescribed threshold has been applied to gross salaries of employees.

29. NUMBER OF EMPLOYEES

	2020	2019
Number of employees including contractual at March 31	**72**	70
Average number of employees during the year	**72**	64

30. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison, the effects of which are not material.

31. SUBSEQUENT EVENTS

At the Board of Directors meeting held on a final dividend in respect of 2020 of Rs. per preference share and Rs. per ordinary share amounting to a total dividend of Rs. million and Rs. million is proposed (2019: Nil).

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32. DATE OF AUTHORISATION

These financial statements were authorised for issue on 02-JUL-2020 by the Board of Directors of the company.

Chief Executive

Director