

**ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
MARCH 31, 2021**



## 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, 2021, 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, 2021 and of the profit, 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 Matters

We draw attention to:

- i. 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 (SECP) has been explained; and
- ii. Note 1.3 to the financial statements wherein the matter related to seizure of Goods in Transit and blocking of National Tax Number (NTN) on WEBOC has been explained.

Our opinion is not modified in respect of these matters.



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**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.

**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.

#### **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.



**A. F. Ferguson & Co.**  
**Chartered Accountants**

**Karachi**


**Date: May 20, 2021**

ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	27,331,840	34,655,103
Intangible assets	4	188,350	671,044
Long term deposits		20,008,378	12,883,878
Long term advances		4,411,936	4,520,285
Deferred taxation - net	5	15,898,166	14,390,862
		<u>67,838,670</u>	<u>67,121,172</u>
<b>Current assets</b>			
Inventories	6	323,575,256	258,301,009
Trade receivables	7	17,869,533	20,880,747
Advances and prepayments	8	12,814,122	34,305,300
Other receivables	9	120,407,748	62,566,784
Taxation - payments less provision		-	4,512,625
Short-term investment	10	249,898,577	-
Cash and bank balances	11	355,203,692	194,611,031
		<u>1,079,768,928</u>	<u>575,177,496</u>
<b>Total assets</b>		<u><b>1,147,607,598</b></u>	<u><b>642,298,668</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital - issued, subscribed and paid-up capital	12	78,721,660	78,721,660
Unappropriated profit		662,016,643	288,567,773
		<u>740,738,303</u>	<u>367,289,433</u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Long-term borrowing	13	12,183,221	-
<b>Current liabilities</b>			
Trade and other payables	14	342,822,184	266,076,060
Sales tax payable		31,996,578	8,933,175
Current maturity of long-term borrowing		15,488,823	-
Taxation - provision less payments		4,378,489	-
		<u>394,686,074</u>	<u>275,009,235</u>
<b>Total liabilities</b>		<u><b>406,869,295</b></u>	<u><b>275,009,235</b></u>
<b>Commitments</b>	15		
<b>Total equity and liabilities</b>		<u><b>1,147,607,598</b></u>	<u><b>642,298,668</b></u>

The annexed notes 1 to 31 form an integral part of these financial statements.

  
Chief Executive

  
Director

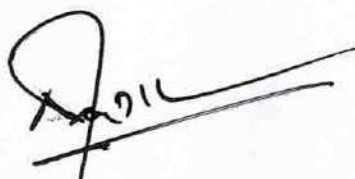


ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED MARCH 31, 2021

	Note	2021 Rupees	2020 Rupees
Revenue from contracts with customers	16	1,806,579,658	1,457,616,764
Cost of sales	17	(946,928,960)	(726,321,464)
Gross profit		859,650,698	731,295,300
Distribution cost	18	(239,492,977)	(308,111,926)
Administrative expenses	19	(129,272,120)	(142,911,074)
Other income	20	35,773,818	11,274,216
Operating profit		526,659,419	291,546,516
Finance cost	21	(3,167,495)	(3,052,219)
Profit before income tax		523,491,924	288,494,297
Income tax expense	22	(150,043,054)	(77,528,315)
Profit for the year		373,448,870	210,965,982
Other comprehensive income for the year		-	-
Total comprehensive income for the year		373,448,870	210,965,982

The annexed notes 1 to 31 form an integral part of these financial statements.

  
Chief Executive

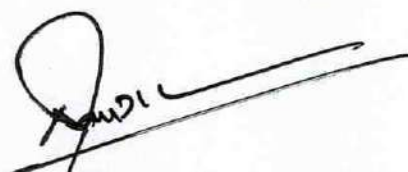
  
Director

ASIAN CONSUMER CARE PAKISTAN (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	23	535,287,673	308,562,731
(Increase) / decrease in long term deposits		(7,124,501)	868,869
Decrease / (increase) in long term advances		108,349	(2,958,365)
Mark-up paid		719,307	(10,526)
Income tax paid		(142,659,244)	(91,449,324)
Net cash generated from operating activities		386,331,584	215,013,385
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(4,656,057)	(32,584,673)
Proceeds from sale of property, plant and equipment		-	134,807
Proceeds from sale of intangibles		-	11,420
Purchase of intangibles		-	(260,000)
Net cash used in investing activities		(4,656,057)	(32,698,446)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from salary refinancing		32,932,241	-
Principal repayment of salary refinancing		(4,116,530)	-
Net increase in cash and cash equivalents		410,491,238	182,314,939
Cash and cash equivalents at the beginning of the year	24	194,611,031	12,296,092
Cash and cash equivalents at the end of the year	24	605,102,269	194,611,031

The annexed notes 1 to 31 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, 2021

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees		
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
Total comprehensive income for the year ended March 31, 2021			
- Profit for the year ended March 31, 2021	-	373,448,870	373,448,870
Balance as at March 31, 2021	<u>78,721,660</u>	<u>662,016,643</u>	<u>740,738,303</u>

The annexed notes 1 to 31 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, 2021

### 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 sale of hair and personal care products in Pakistan which are manufactured by a third party.

The geographical location and addresses 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

- 1.2 In the year 2019, 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 its Form "3", 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. Furthermore, Form "A" and Form "29" (Particulars of directors and other officer) have been duly filed by the Company for the year ended March 31, 2020. However, the Company is not in receipt of confirmation from SECP regarding acceptance of said forms.

- 1.3 During the period January to March 2020, certain consignments of the Company were held by the customs authorities of Pakistan on the basis that the goods were of Indian Origin and therefore fell under the category of Prohibited Goods in accordance with paragraph 5(A)(ii) of the Import Policy Order, 2016 (IPO 2016). Further, the Company's NTN/ User ID on the Customs online portal WeBOC was also blocked by the Customs authorities. The Company filed a petition before the Islamabad High Court (the Court) on the grounds that there is no legal prohibition on goods imported from countries like UAE, Tunisia and Singapore in paragraph 5(A)(ii) of the IPO 2016. The Court has passed a stay order prohibiting the concerned authorities to take any coercive action against the Company. The Company is waiting for a date of hearing to be fixed. Currently, the Company is importing raw materials and finished goods through various vendors.





#### **1.4 Impact of COVID-19 on the Financial Statements**

The spread of the COVID-19 pandemic (the virus) in the last quarter of previous financial year has resulted in authorities implementing numerous measures to contain the virus, such as travel bans and restrictions, quarantines and shutdowns. Consequently, the economic conditions has been increasingly volatile. The Company activated its response plan accordingly which included prioritizing the health and safety of its employees and dealers while maintaining business continuity in order to comply with directives issued by provincial government.

The Company has assessed that there is no material impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses as required under the accounting and reporting standards.

### **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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods which began on April 1, 2020. However, these do not have any significant impact on the Company's financial statements.

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

There are certain amendments and interpretations that are mandatory for accounting periods beginning on or after April 1, 2020 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

There are certain new standard, amendments and interpretation that are mandatory for accounting periods beginning on or after April 1, 2021 are considered not to be relevant for the 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 statement of profit or loss and other comprehensive income, 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. Depreciation on disposals is charged on proportionate

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

Maintenance and normal repairs are charged to income as and when incurred. 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 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise cash / cheques in hand, balances with banks and treasury bills maturing within 3 months.

## 2.7 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.

## 2.8 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.



## 2.9 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 statement of financial position date and adjusted to reflect current best estimate.

## 2.10 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.

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.

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### **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 statement of 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 statement of profit or loss and other comprehensive income. 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 statement of profit or loss and other comprehensive income, 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.

## 2.11 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 statement of profit or loss and other comprehensive income 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.

## 2.12 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.



### 2.13 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 statement of financial position date. Foreign exchange gains and losses on translation are recognised in the statement of profit and loss other comprehensive income.

### 2.14 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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.

### 2.15 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 delivery of goods and acknowledgement by customers.

### 2.16 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 and Other Comprehensive Income.

### 2.17 Dividend

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

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		2021 Rupees	2020 Rupees					
3.	PROPERTY, PLANT AND EQUIPMENT							
	Operating assets - note 3.1	<u>27,331,840</u>	<u>34,655,103</u>					
3.1	Operating assets							
		Plant & Machinery	Building	Office and electrical equipment	Furniture, fixtures and fittings	Computers	Motor Vehicles	Total
		←──						

**3.2** Moulds amounting to Rs. 19.48 million (2020: 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.

**3.3** Amla Hair Oil mixing, storage and filling machines amounting to Rs. 2.08 million are in possession of Dabur Pakistan (Private) Limited (DPPL) for toll manufacturing of products by DPPL including Dabur Amla Hair Oil under an agreement.

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	2021 Rupees	2020 Rupees
<b>4. INTANGIBLE ASSETS</b>		
Computer softwares - note 4.1	<u>188,350</u>	<u>671,044</u>
<b>4.1 Gross carrying value basis</b>		
Cost	8,440,631	8,440,631
Accumulated amortisation	<u>(8,252,281)</u>	<u>(7,769,587)</u>
Net book value	<u>188,350</u>	<u>671,044</u>
<b>Net carrying value basis</b>		
Opening net book value	671,044	2,064,273
Additions during the year	-	260,000
Disposals during the year (NBV)	-	(11,420)
Amortisation for the year	<u>(482,694)</u>	<u>(1,641,809)</u>
Closing net book value	<u>188,350</u>	<u>671,044</u>
<b>5. DEFERRED TAX ASSET</b>		
Credit / (debit) balance arising on account of		
- Accelerated tax depreciation allowances	1,925,506	263,633
- Provision for doubtful debt	-	560,498
- Provision for leave encashment	2,725,655	2,404,614
- Provision for stamp duty	1,700,701	2,371,591
- Provision for VPA	7,696,572	7,594,599
- Provision for slow moving, obsolete and damaged items	2,295,228	1,195,927
- Salary Refinancing	<u>(445,496)</u>	-
	<u>15,898,166</u>	<u>14,390,862</u>
<b>6. INVENTORIES</b>		
Finished goods (including in transit Rs. Nil; 2020: Rs. 1.92 million)	111,202,233	88,743,273
Provision for slow moving inventory and obsolescence - note 6.1	<u>(1,486,043)</u>	<u>(2,197,516)</u>
	109,716,190	86,545,757
Raw and packing material (including in transit Rs. 7.82 million; 2020: Rs. 37.56 million) - note 6.2	220,287,605	173,681,622
Provision for slow moving inventory and obsolescence - note 6.1	<u>(6,428,539)</u>	<u>(1,926,370)</u>
	213,859,066	171,755,252
	<u>323,575,256</u>	<u>258,301,009</u>

	2021 Rupees	2020 Rupees
<b>6.1 Provision for slow moving inventory and obsolescence</b>		
At 1 April	4,123,886	4,179,234
Charge for the year	42,749,259	2,912,508
	<u>46,873,145</u>	<u>7,091,742</u>
Written off during the year	(38,958,563)	(2,967,856)
At 31 March	<u>7,914,582</u>	<u>4,123,886</u>
<b>6.2 The stock in transit is seized by the customs authorities as mentioned in note 1.3.</b>		
	2021 Rupees	2020 Rupees
<b>7. TRADE RECEIVABLES - Considered good</b>		
<b>7.1 Unsecured</b>		
Not yet due	15,807,967	19,776,243
Past due but not impaired		
Up to 3 months	1,757,871	1,010,637
3 to 6 months	43,258	855,060
More than 6 months	260,437	1,171,559
	<u>2,061,566</u>	<u>3,037,256</u>
	17,869,533	22,813,499
Less: loss allowance on doubtful receivables - note 7.1.1	-	1,932,752
	<u>17,869,533</u>	<u>20,880,747</u>
<b>7.1.1 Balance at the beginning of the year</b>	1,932,752	-
Charge / (reversal) during the year - note 20	(1,256,296)	1,932,752
Written off during the year	(676,456)	-
Balance at the end of the year	<u>-</u>	<u>1,932,752</u>
<b>8. ADVANCES AND PREPAYMENTS</b>		
Advances to employees	573,581	10,425
Advance lease rentals	-	718,713
Advances against imports	-	7,293,328
Advances to suppliers	7,811,977	22,282,542
	<u>8,385,558</u>	<u>30,305,008</u>
Prepayments	4,428,564	4,000,292
	<u>12,814,122</u>	<u>34,305,300</u>





		2021 Rupees	2020 Rupees
<b>9. OTHER RECEIVABLES</b>			
Receivable from:			
- Dabur Pakistan (Private) Limited (DPPL)	} 9.1, 9.2 & 9.3	87,507,390	62,566,784
- Dabur International Limited (DIL)		32,900,358	-
		<u>120,407,748</u>	<u>62,566,784</u>
<b>9.1 Unsecured</b>			
Past due but not impaired			
Up to 3 months		7,988,725	33,722,735
3 to 6 months		39,750,939	8,632,919
More than 6 months		72,668,084	20,211,130
		<u>120,407,748</u>	<u>62,566,784</u>
<b>9.2</b>	These represent receivable in respect of expenditure incurred by the Company on behalf of DPPL and DIL. These are settled in the ordinary course of business without any defined payment terms.		
<b>9.3</b>	The maximum amount outstanding at any time during the year was Rs. 120.4 million (2020: Rs. 62.6 million). This is calculated by reference to month end balances.		
		2021 Rupees	2020 Rupees
<b>10. SHORT-TERM INVESTMENT</b>			
- Treasury Bills - note 10.1		<u>249,898,577</u>	<u>-</u>
<b>10.1</b>	This represents thirty days treasury bills at amortised cost. The yield on this investment is 7.1% per annum maturing on or before April 24, 2021.		
<b>11. CASH AND BANK BALANCES</b>		2021 Rupees	2020 Rupees
Balances with banks:			
- on current accounts		1,800,000	101,835,309
- on savings account - note 11.1		353,389,767	77,737,498
Cheques in hand		-	14,988,805
Cash in hand		13,925	49,419
		<u>355,203,692</u>	<u>194,611,031</u>
<b>11.1</b>	Markup on savings account ranged from 5.5% to 9.5% (2020: 8.75% to 11.25%) per annum.		

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## 12. SHARE CAPITAL

## Authorised share capital

2021	2020		2021 Rupees	2020 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
<u>11,000,000</u>	<u>11,000,000</u>		<u>110,000,000</u>	<u>110,000,000</u>

## 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
<u>6,973,664</u>	<u>6,973,664</u>		<u>69,736,640</u>	<u>69,736,640</u>

## Ordinary Shares of Rs. 10 each

898,502	898,502	For consideration in cash	8,985,020	8,985,020
<u>7,872,166</u>	<u>7,872,166</u>		<u>78,721,660</u>	<u>78,721,660</u>

- 12.1 In the prior 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).

	2021 Rupees	2020 Rupees
13. LONG-TERM BORROWING		
Salary Refinancing	32,932,241	-
Less:		
- Principal Repayment	(4,116,530)	-
- Current portion of salary refinancing	(15,488,823)	-
- Government grant recognised in income - note 20	(2,575,611)	-
- Unwinding of discount	1,431,944	-
	<u>12,183,221</u>	<u>-</u>

- 13.1 This represents salary financing obtained under SBP payroll refinance facility as a part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The Company will pay a quarterly mark up at a discounted rate of 3% per annum, with eight equal quarterly installments starting from January 2021.



	2021 Rupees	2020 Rupees
<b>14. TRADE AND OTHER PAYABLES</b>		
Creditors - note 14.1	88,544,541	94,344,841
Accrued liabilities	252,116,406	146,351,897
Advance from customers - unsecured	2,161,237	25,379,322
	<u>342,822,184</u>	<u>266,076,060</u>

**14.1** This includes payable to the following related parties:

- Dabur India Limited - group company	33,718	36,785
- Dabur International Limited - group company	38,528,509	36,662,218
	<u>38,562,227</u>	<u>36,699,003</u>

**15. COMMITMENTS**

Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing a mark up ranging from six months KIBOR + 2.25% to six months KIBOR + 3% (2020: six months KIBOR + 2.25% to six months KIBOR + 3%) per annum for rentals payable monthly and quarterly as at March 31, 2021 amount to:

	2021 Rupees	2020 Rupees
Not later than one year	10,373,183	9,704,922
Over one year to five years	11,771,344	16,089,750
	<u>22,144,527</u>	<u>25,794,672</u>

**16. REVENUE**

Sale of goods	2,460,307,131	1,998,550,769
Less:		
- Sales tax	388,227,615	319,048,933
- Sales return	6,300,939	4,704,280
- Rebates and allowances	259,198,919	217,180,792
	<u>1,806,579,658</u>	<u>1,457,616,764</u>

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	2021 Rupees	2020 Rupees
<b>17. COST OF SALES</b>		
Manufactured goods		
Raw and packing materials consumed	816,191,431	541,770,777
Provision for slow moving and obsolete stock	42,749,259	2,912,508
Manufacturing charges to third party	65,284,490	54,188,468
Salaries, wages and other benefits	1,835,292	2,170,016
Depreciation / amortisation	8,418,136	5,731,449
Inbound freight	15,979,873	13,895,234
Travelling	259,498	473,049
Warehouse charges	16,225,435	14,904,562
Cost of goods manufactured	966,943,414	636,046,063
Opening inventory of finished goods	72,464,191	65,482,771
Closing inventory of finished goods	(106,274,202)	(72,464,191)
	<u>933,133,403</u>	<u>629,064,643</u>
Imported goods		
Opening inventory	14,081,566	18,595,876
Purchases	4,642,022	92,742,511
	<u>18,723,588</u>	<u>111,338,387</u>
Closing inventory	(4,928,031)	(14,081,566)
	<u><u>946,928,960</u></u>	<u><u>726,321,464</u></u>



	2021 Rupees	2020 Rupees
<b>18. DISTRIBUTION COST</b>		
Salaries, wages and other benefits - note 18.1	116,473,589	97,720,767
Lease rentals	11,627,037	8,245,689
Travelling	6,292,895	8,598,180
Warehousing charges	644,429	592,201
Advertisement and trade promotion expenses	64,422,531	156,202,248
Outward freight	39,685,322	32,618,476
Others	347,174	4,134,365
	<u>239,492,977</u>	<u>308,111,926</u>

18.1 Salaries and other benefits include Rs. 5 million (2020: Rs. 4.3 million) in respect of Contributory Provident Fund.

	2021 Rupees	2020 Rupees
<b>19. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and other benefits - note 19.1	73,843,380	74,941,419
Rent	12,022,485	9,298,927
Lease rentals	6,816,534	7,965,181
Travelling	1,057,514	4,806,214
Security expenses	1,953,108	1,031,136
Auditors' remuneration - note 19.2	1,428,867	1,793,900
Utilities	1,444,707	2,010,184
Printing and stationery	568,889	1,088,600
Postage and communication	555,205	414,073
Legal and professional services	17,562,564	23,521,852
Depreciation	3,561,184	2,967,465
Amortisation	482,694	1,641,809
Repairs and maintenance	2,637,220	2,093,607
Canteen expenses	877,823	1,405,899
Insurance	1,719,428	1,211,559
Provision for doubtful debts	-	1,932,752
Others	2,740,518	4,786,497
	<u>129,272,120</u>	<u>142,911,074</u>

19.1 Salaries and other benefits include Rs. 3.4 million (2020: Rs. 3.6 million) in respect of Contributory Provident Fund.

	2021 Rupees	2020 Rupees
<b>19.2 Auditors' remuneration</b>		
Audit fee	1,000,000	1,000,000
Fee for half year audit and other services	360,000	460,000
Out of pocket expenses	68,867	333,900
	<u>1,428,867</u>	<u>1,793,900</u>
<b>20. OTHER INCOME</b>		
<b>Income from financial asset</b>		
Interest income	20,188,797	11,240,616
<b>Income from non-financial assets</b>		
Commission Income	5,027,954	-
Government grant	2,575,611	-
Exchange gain	1,937,701	-
Scrap sales	-	33,600
Others	6,043,755	-
	<u>35,773,818</u>	<u>11,274,216</u>
<b>21. FINANCE COST</b>		
Bank charges	1,037,111	1,636,806
Mark-up on short term borrowings	712,638	10,526
Unwinding of discount on long-term borrowing	1,417,746	-
Exchange loss	-	1,404,887
	<u>3,167,495</u>	<u>3,052,219</u>
<b>22. INCOME TAX EXPENSE</b>		
Current	153,585,792	89,468,571
Prior	(2,035,434)	2,450,606
Deferred	(1,507,304)	(14,390,862)
	<u>150,043,054</u>	<u>77,528,315</u>



	2021 Rupees	2020 Rupees
<b>22.1 Relationship between tax expenses and accounting profit</b>		
Accounting profit	<u>523,491,924</u>	<u>288,494,297</u>
Tax at applicable rate of 29%	151,812,658	83,663,346
Effect of:		
- Prior year (income) / charge	(2,035,434)	2,450,606
- Minimum tax	65,259	7,302,412
- Others	200,571	(15,888,049)
	<u>(1,769,604)</u>	<u>(6,135,031)</u>
	<u>150,043,054</u>	<u>77,528,315</u>
<b>23. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	523,491,924	288,494,297
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation	11,979,320	8,698,914
Gain on disposal	-	(23,000)
Amortisation	482,694	1,641,809
Mark-up on short term borrowings	712,638	10,526
Provision for slow moving inventory and obsolescence	42,749,259	2,912,508
Government Grant Income	(2,575,611)	-
Profit before working capital changes	<u>576,840,224</u>	<u>301,735,054</u>
<b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b>		
(Increase) / decrease in current assets		
Inventories	(108,023,506)	(93,165,420)
Trade receivables	3,011,214	1,953,327
Advances and prepayments	21,491,178	(2,428,631)
Other receivables	(57,840,964)	(1,126,354)
	<u>(141,362,078)</u>	<u>(94,767,078)</u>
Increase in current liabilities		
Trade and other payables	76,746,124	103,489,089
Sales tax payable	23,063,403	(1,894,334)
	<u>99,809,527</u>	<u>101,594,755</u>
Cash generated from operations	<u>535,287,673</u>	<u>308,562,731</u>
<b>24. CASH AND CASH EQUIVALENTS</b>		
- Cash and bank balances - note 11	355,203,692	194,611,031
- Short-term investment - note 10	249,898,577	-
	<u>605,102,269</u>	<u>194,611,031</u>

## 25. RUNNING FINANCE UNDER MARKUP ARRANGEMENTS

The facility for running finance available from bank amounts to Rs. 100 million (2020: Rs. 100 million), which was unutilised as at year end. The rate of mark-up on such facility is KIBOR + 1.75% per annum (2020: KIBOR + 1.75% per annum).

The facility for letter of credit and guarantee as at March 31, 2021 amounts to Rs. 175 million (2020: Rs. 175 million) out of which Rs. Nil (2020: 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.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 26.1 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 Rupees	Maturity after one year	Sub-Total	
FINANCIAL ASSETS							
Loans and receivables							
Long term deposits	-	-	-	-	20,008,378	20,008,378	20,008,378
Trade receivables	-	-	-	17,869,533	-	17,869,533	17,869,533
Other receivables	-	-	-	120,407,748	-	120,407,748	120,407,748
Cash and bank balances	353,389,767	-	353,389,767	1,813,925	-	1,813,925	355,203,692
Short-term investment	249,898,577	-	249,898,577	-	-	-	249,898,577
March 31, 2021	603,288,344	-	603,288,344	140,091,206	20,008,378	160,099,584	763,387,928
March 31, 2020	77,737,498	-	77,737,498	200,321,064	12,883,878	213,204,942	290,942,440
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	-	-	-	340,660,947	-	340,660,947	340,660,947
Long-term borrowing	15,488,823	12,183,221	27,672,044	-	-	-	27,672,044
March 31, 2021	15,488,823	12,183,221	27,672,044	340,660,947	-	340,660,947	368,332,991
March 31, 2020	-	-	-	240,696,738	-	240,696,738	240,696,738
ON STATEMENT OF FINANCIAL POSITION GAP							
March 31, 2021	587,799,521	(12,183,221)	575,616,300	(200,569,741)	20,008,378	(180,561,363)	395,054,937
March 31, 2020	77,737,498	-	77,737,498	(40,375,674)	12,883,878	(27,491,796)	50,245,702



**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. 763.39 million (2020: Rs. 290.94 million) the financial assets that are subject to credit risk amounted to Rs. 513.49 million (2020: Rs. 290.94 million).

For trade receivables, 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, 2021, trade receivables of Rs. 2.06 million (2020: Rs. 3.04 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, 2021, financial assets of Rs. 32.9 million (2020: 5.04 million) were in foreign currency which were exposed to foreign currency risk, whereas, financial liabilities of Rs. 38.6 million (2020: 36.7 million) were in foreign currency which were exposed to foreign currency risk.

As at March 31, 2021, if the Pakistani Rupee had strengthened / weakened by 10% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.57 million (2020: Rs. 3.17 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, 2021 the Company's interest bearing financial assets amounted to Rs. 603.29 million (2020: Rs. 77.74 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. 6.03 million (2020: Rs. 0.78 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.

**27. 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 consists of equity and borrowing.

**27.1 Fair values of the financial instruments**

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

**28. RELATED PARTY DISCLOSURES**

Disclosure of transactions between the Company and related parties :

	Relationship with the company	Nature of transactions	2021 Rupees	2020 Rupees
i.	Group companies	Purchase of goods	-	181,277,036
		Expense incurred by the group company	12,822,798	8,063,801
		Expenses incurred on behalf of group company	433,241	24,978,250
		Amount received in respect of expenses incurred on behalf of group company	-	55,000,000
ii.	Key management personnel *	Salaries and other short-term employee benefits	66,281,582	74,523,826
		Post-employment benefits	3,342,182	3,645,588

\* Key management personnel includes CEO, CFO and all Head of the departments.



28.1 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.

28.2 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 28.2.1	Parent / Holding Company	100%
2	Dabur International Limited, Isle of Man - note 28.2.2	Group Company	N/A
3	Dabur International Limited, Dubai - note 28.2.3	Group Company	N/A
4	Dabur Pakistan (Private) Limited - note 28.2.4	Group Company	N/A
5	Dabur Egypt Limited - note 28.2.5	Group Company	N/A
6	Dabur India Limited - note 28.2.6	Group Company	N/A

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

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

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

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

28.2.5 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.

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

## 29. 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	
	2021	2020	2021	2020
	← Rupees →			
Managerial remuneration and allowances	11,703,336	24,583,312	73,059,244	54,150,954
Bonus	2,632,105	5,534,170	13,358,827	10,046,551
Provident fund	961,256	2,019,156	4,817,148	3,391,468
Medical expenses	84,150	178,200	1,076,107	787,374
Car lease rentals	2,395,800	5,054,400	9,984,550	7,125,467
Vehicle expenses	495,000	1,362,429	4,465,739	4,069,439
Other expenses	529,106	798,120	4,876,313	2,932,839
	<u>18,800,753</u>	<u>39,529,787</u>	<u>111,637,928</u>	<u>82,504,092</u>
Number of persons	<u>1</u>	<u>1</u>	<u>14</u>	<u>13</u>

29.1 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.

29.2 No remuneration was paid to the chief executive since September 2020.

## 30. NUMBER OF EMPLOYEES

Number of employees including contractual  
at March 31

2021	2020
<u>70</u>	<u>72</u>
<u>72</u>	<u>72</u>

Average number of employees during the year



## 31. DATE OF AUTHORISATION

These financial statements were authorised for issue on **20 MAY 2021** by the Board of Directors of the company.

  
Chief Executive  
Director