



Quarterly
ACCOUNTS
SEPTEMBER 30, 2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
MEMBERS

Muhammad Khurram Kidwai
Khalid Ahmed Farid
Muhammad Usman
Anam Parekh
Abdullah Saleh
Syed Jawaid Iqbal
Sheikh Adil Hussain

AUDIT COMMITTEE

CHAIRMAN
MEMBERS

Syed Jawaid Iqbal
Muhammad Khurram Kidwai
Abdullah Saleh

HEAD OF INTERNAL AUDIT

Saad Un Nabi Khan

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN
MEMBERS

Sheikh Adil Hussain
Muhammad Khurram Kidwai
Khalid Ahmed Farid

CHIEF EXECUTIVE OFFICER

Khalid Ahmed Farid

CHIEF FINANCIAL OFFICER

Syed Irshad Hassan

COMPANY SECRETARY & SECRETARY TO THE AUDIT COMMITTEE

Moosa Haroon

AUDITORS

Yousuf Adil, Chartered Accountants

LEGAL ADVISORS

Azeem Rashid

BANKERS

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

SHARE REGISTRAR

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

REGISTERED OFFICE

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



DIRECTORS REPORT

For the quarter period ended Sep 30, 2021

On behalf of the Board of Directors of Gillette Pakistan Limited ('the Company'), we are pleased to present the un-audited financial statements of the Company for the quarter ended Sep 30, 2021. The summary of the financial results are as follows:

| | | For the Quarter Ended | |
|--------------------------------------|--------------|-----------------------|-----------------------|
| | | September 30, 2021 | September 30, 2020 |
| Revenue from contract with customers | PKR in '000' | 617,804 | 484,195 |
| Gross Profit | PKR in '000' | 129,290 | 127,624 |
| GP | % | 20.9% | 22.3% |
| Profit before tax | PKR in '000' | 37,024 | 93,407 |
| Profit before tax | % | 5.9% | 19.3% |
| Profit/Loss after tax | PKR in '000' | -2,205 | 57,730 |
| Profit/Loss after tax | % | -0.4% | 11.9% |
| Earnings per share | PKR | -0.07 | 3.01 |

The quarterly results are closed with strong momentum where Revenue grew by 26% vs year ago. This is behind better sales mix which were further taken up by focusing on building business with higher distribution and better in-store strategies. However, Company faced many challenges in terms of macroeconomic headwinds on applicable duties which reduced our gross profit margin to 20.9%. Overall distribution and admin expenses remained in line vs. year ago. However, due to significant increase in forex rates, exchange loss of the quarter was very high which contributed to a low profit before tax and after-tax loss.

The structure of the Board and Committees:

Board of Directors:

| | |
|---------------------|----------------------|
| M Khurram Kidwai | Chairman |
| Khalid Ahmed Farid | CEO |
| Muhammad Usman | Director |
| Abdullah Saleh | Director |
| Anam Parekh | Director |
| Syed Jawaid Iqbal | Independent Director |
| Sheikh Adil Hussain | Independent Director |

Audit Committee:

| | |
|-------------------|----------|
| Syed Jawaid Iqbal | Chairman |
| M Khurram Kidwai | Member |
| Abdullah Saleh | Member |

HR & Remuneration Committee:

| | |
|---------------------|----------|
| Sheikh Adil Hussain | Chairman |
| M Khurram Kidwai | Member |
| Khalid Ahmed Farid | Member |

On behalf of the Board of Directors, we would like to express appreciation to our Shareholders for their absolute confidence, our valued Customers for their un-paralleled reliance in Company's illustrious product line and the Regulators and other stakeholders for their understanding and support.

On behalf of the Board,

M KHURRAM KIDWAI
Director

KHALID AHMED FARID

Chief Executive Officer

Oct 28, 2021

Karachi



ڈائریکٹرز رپورٹ

برائے سہ ماہی کی مدت چھتئمہ 30 ستمبر 2021
جیلٹ پاکستان لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 ستمبر 2021 کو ختم ہونے والے سہ ماہی کی مدت کے لیے کمپنی کے غیر آڈٹ شدہ مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ مالی نتائج کا خلاصہ مندرجہ ذیل ہے:

| For the Quarterly Ended | | | |
|-------------------------|-----------------------|-------------|--------------------------------|
| September 30, 2020 | September 30, 2021 | | |
| 484,195 | 617,804 | PKR in '000 | صارفین کے ساتھ معاہدے سے محصول |
| 127,624 | 129,290 | PKR in '000 | مجموعی منافع |
| 22.3% | 20.9% | % | مجموعی منافع کی شرح |
| 93,407 | 37,024 | PKR in '000 | نفع قبل از ٹیکس |
| 19.3% | 5.9% | % | نفع قبل از ٹیکس کی شرح |
| 57,730 | -2,205 | PKR in '000 | نفع بعد از ٹیکس |
| 11.9% | -0.4% | % | نفع بعد از ٹیکس کی شرح |
| 3.01 | -0.07 | PKR | ای پی ایل |

سہ ماہی نتائج میں نمو کی رفتار اچھی رہی جہاں آمدنی میں 26% اضافہ ہوا۔ یہ بہتر سیکلز، کمس، بہتر ڈسٹری بیوشن اور ان اسٹور کی حکمت عملی میں اضافہ کی وجہ سے ہوا۔ تاہم کمپنی کو بہت سے مسائل کا سامنا کرنا پڑا جس میں میکرو اکنامک صورتحال کا ڈیوٹیوں پر اثر قابل ذکر رہا۔ اس کی وجہ سے مجموعی منافع کا مارجن 20.9% تک رہا۔ تقسیم اور انتظامی اخراجات پچھلے سال کے سادے رہے۔ تاہم غیر ملکی کرنسی کی شرحوں میں منافع اضافہ کی وجہ سے دیگر اخراجات میں اضافہ ہوا۔ اس کی وجہ سے نفع بعد از ٹیکس میں منافع کمی آئی۔

بورڈ آف ڈائریکٹرز کی جانب سے، ہم اپنے شیئرز ہولڈرز کے مکمل اعتماد، کمپنی کی نمایاں پروڈکٹ لائن میں ان کے بے مثال انحصار اور ریگولیشنز اور دیگر اسٹیک ہولڈرز کو ان کی تقسیم اور مدد کے لیے اپنی نیک تمناؤں کا اظہار کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

محمد خزیم کلدانی
ڈائریکٹر

خالد احمد فرید
چیف ایگزیکٹو آفیسر

28 اکتوبر 2021

کراچی



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

| | Note | September 30, 2021 (Unaudited) | June 30, 2021 (Audited) |
|--|------|--------------------------------------|-------------------------------|
| ----- (Rupees in '000) ----- | | | |
| ASSETS | | | |
| Bank balances | 9 | 14,829 | 14,829 |
| Advance income tax - net | | 39,523 | 29,750 |
| Sales tax refundable - net | | 89,101 | 53,945 |
| Other financial assets | | 244,349 | 519,550 |
| Other receivables and prepayments | | 197,864 | 260,014 |
| Trade deposits | | 2,788 | 2,788 |
| Trade debts | | 250,288 | 131,198 |
| Inventories | | 708,204 | 648,844 |
| Total current assets | | 1,546,946 | 1,660,918 |
| Non-current assets | | | |
| Property, plant and equipment | | 390 | - |
| Right-of-use Assets | 7 | 18,828 | 20,650 |
| Long-term deposits | | 215 | 215 |
| Total non-current assets | | 19,433 | 20,865 |
| Total assets | | 1,566,379 | 1,681,783 |
| LIABILITIES AND EQUITY | | | |
| Trade and other payables | | 491,662 | 562,677 |
| Contract liabilities | | 76,169 | 118,916 |
| Current portion of lease liabilities | | 10,770 | 11,192 |
| Unclaimed dividend | | 13,367 | 13,368 |
| Total current liabilities | | 591,969 | 706,153 |
| Lease liabilities | | 12,051 | 12,330 |
| Retirement benefit obligation - gratuity scheme | | 26,369 | 25,100 |
| Total non-current liabilities | | 38,420 | 37,430 |
| Total liabilities | | 630,399 | 743,583 |
| Authorised capital 40,000,000 ordinary shares of Rs.10/- each | | 400,000 | 400,000 |
| Issued, subscribed and paid-up capital | | 318,720 | 318,720 |
| Unappropriated profit | | 617,700 | 619,480 |
| Total equity | | 935,990 | 938,200 |
| Total equity and liabilities | | 1,566,379 | 1,681,783 |
| Contingencies and commitments | 8 | | |

The annexed notes 1 to 11 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED JAWAID IQBAL
Director



Condensed Interim Profit or Loss and Other Comprehensive Income - (Unaudited)

For the Quarter Ended September 30, 2021

For the three months period ended

| | September 30, 2021 | September 30, 2020 |
|---|-------------------------------|-----------------------|
| | ----- (Rupees in '000) ----- | |
| Revenue from contract with customers - net | 617,804 | 484,195 |
| Cost of goods sold | (488,514) | (356,571) |
| Gross profit | 129,290 | 127,624 |
| Selling, marketing and distribution expenses | (58,073) | (61,526) |
| Administrative expenses | (17,011) | (15,861) |
| Other operating expenses | (21,510) | (4,310) |
| Other income | 5,033 | 48,296 |
| Interest expense | (594) | (726) |
| Bank charges | (111) | (90) |
| | (92,266) | (34,217) |
| Profit before tax | 37,024 | 93,407 |
| Income tax expense | (39,229) | (35,677) |
| Profit after tax | (2,205) | 57,730 |
| Other comprehensive income for the period | | |
| Items that may be reclassified subsequently to the statement of profit or loss | - | - |
| Items that will not be reclassified to the statement of profit or loss | - | - |
| Remeasurement of retirement benefit obligation | - | - |
| Total comprehensive income for the quarter | (2,205) | 57,730 |
| | ----- (Rupees in '000') ----- | |
| Earnings per share - basic and diluted | (0.07) | 3.01 |

The annexed notes 1 to 11 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED JAWAID IQBAL
Director



Condensed Interim Statement of Changes in Equity - (Unaudited)

For the Quarter Ended September 30, 2021

| | Issued, sub- scribed and paid- up capital | Unappropriated profit | Total |
|---|---|--------------------------|-----------------------|
| | ----- (Rupees in '000) ----- | | |
| Balance as at July 01, 2020 | 192,000 | 590,269 | 782,269 |
| - Profit after taxation for the quarter ended September 30, 2020 | - | 57,730 | 57,730 |
| - Other comprehensive income for the quarter ended September 30, 2020 | - | - | - |
| Total comprehensive income for the quarter ended September 30, 2020 | - | 57,730 | 57,730 |
| Balance as at September 30, 2020 | <u>192,000</u> | <u>647,999</u> | <u>839,999</u> |
| Balance as at July 01, 2021 | 318,720 | 619,480 | 938,200 |
| - Profit after taxation for the quarter ended September 30, 2021 | - | (2,205) | (2,205) |
| - Other comprehensive income for the quarter ended September 30, 2021 | - | - | - |
| Total comprehensive income for the period ended September 30, 2021 | - | (2,205) | (2,205) |
| Transactions with owners recorded directly in equity Issuance of ordinary shares | - | - | - |
| Balance as at September 30, 2021 | <u>318,720</u> | <u>617,275</u> | <u>935,995</u> |

The annexed notes 1 to 11 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED JAWAID IQBAL
Director



Condensed Interim Cash Flow Statement - (Unaudited)

For the Quarter Ended September 30, 2021

| Note | September 30, 2021 | September 30, 2020 |
|---|------------------------------|-----------------------|
| | ----- (Rupees in '000) ----- | |
| Profit before income taxation | 15,024 | 93,407 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Adjustment for non-cash charges and other items: | | |
| Inventories written down to net realizable value | 3,450 | 9,476 |
| Provision for slow moving and obsolete inventory | 993 | 3,184 |
| Interest income on term deposits and saving accounts | (4,985) | (6,457) |
| Inventories written-off | 2,069 | 1,581 |
| Depreciation on right-of-use asset | 7,534 | 7,093 |
| Interest expense on lease liabilities | 594 | 726 |
| Expense recognized for retirement benefit fund | 1,269 | 1,296 |
| | 10,924 | 16,899 |
| WORKING CAPITAL CHANGES | | |
| (Increase) / decrease in current assets: | | |
| Inventories | (65,872) | (161,978) |
| Trade debts | (119,090) | (46,555) |
| Trade deposits | - | (2,376) |
| Sales tax refundable - net | (35,156) | (13,880) |
| Other receivables and prepayments | 62,150 | (74,961) |
| | (157,968) | (299,750) |
| Increase/ (decrease) in current liabilities: | | |
| Trade and other payables | (49,015) | 54,998 |
| Contract liabilities | (42,747) | (5,322) |
| | (91,762) | 49,676 |
| Net cash generated from / (used in) operations | (223,782) | (139,768) |
| Income taxes paid | (49,002) | (34,806) |
| Net cash used in from operating activities | (272,784) | (174,574) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to capital work-in-progress | (390) | - |
| Investments matured | - | 265,000 |
| Interest income received | 4,985 | 6,457 |
| Net cash generated from investing activities | 4,595 | 271,457 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Lease payments - principal | (7,012) | (4,937) |
| Net cash used in financing activities | (7,012) | (4,937) |
| Net decrease in cash and cash equivalents | (275,201) | 91,946 |
| Cash and cash equivalents at the beginning of the year | 534,379 | 228,515 |
| Cash and cash equivalents at the end of the year | 9 | 320,461 |

The annexed notes 1 to 11 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED JAWAID IQBAL
Director



Notes to the Condensed Interim Financial Information - (Unaudited)

For the Quarter Ended September 30, 2021

1. STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim statement of financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the notes required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021.

2.2 These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2021.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use of judgements that affects the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021.



Notes to the Condensed Interim Financial Information - (Unaudited)

For the Quarter Ended September 30, 2021

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

6. Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation and tax paid on presumptive basis. Income tax paid at import stage has been changed by Finance Act, 2019 from Final Tax Regime to Minimum Tax Regime (MTR).

Deferred

Deferred tax asset is not recognized by the Company as timing of availability of sufficient taxable profit can not be determined due to applicability of minimum tax under section 113 of Income Tax Ordinance, 2001.

7. RIGHT OF USE ASSETS

The right of use assets comprise of lease of employees' cars from Deinfa Motors (Private) Limited.

8. CONTINGENCIES AND COMMITMENTS

The status of the contingencies and commitments which are reported in Note 17 to the annual financial statements of the Company for the year ended June 30, 2021 have not changed materially.

9. CASH AND CASH EQUIVALENTS

| | September 30, 2021 (Unaudited) | June 30, 2021 (Audited) | September 30, 2020 (Unaudited) |
|--|--------------------------------------|-------------------------------|--------------------------------------|
| | ----- Rupees in '000 ----- | | |
| Bank balances | 14,829 | 14,829 | 277,679 |
| Term deposits having maturity up to 3 months | 244,349 | 519,550 | 42,782 |
| | <u>259,178</u> | <u>534,379</u> | <u>320,461</u> |

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the holding company (The Series Acquisition B.V., Netherlands), the ultimate parent company (The Procter & Gamble Company, USA), related group companies, companies in which directors are interested, staff retirement benefit plans, key management personnel and close member of the family of all the aforementioned related parties. The Company carries out transactions with various related parties at agreed terms. Significant transactions with related parties are as follows:



Notes to the Condensed Interim Financial Information - (Unaudited)

For the Quarter Ended September 30, 2021

10.1 Significant transactions with related parties are as follows:

| Name | Relationship with the Company | Nature of transaction | September 30, 2021 (Unaudited) | September 30, 2020 (Unaudited) |
|--|--|--------------------------------|--------------------------------|--------------------------------|
| ---- Rupees in '000 ---- | | | | |
| Procter and Gamble International Operations | Associate due to common parent Company | Purchase of finished goods | 323,264 | 316,320 |
| Procter and Gamble Pakistan (Private) Limited | Associate due to common parent Company | Services received | 14,461 | 10,868 |
| | | Services rendered | 8,665 | 12,644 |
| Procter and Gamble International Operations SA, ROHQ | Associate due to common parent Company | Services received | 1,950 | 1,143 |
| Gillette Pakistan Provident Fund | Retirement benefits plan | Contribution to provident fund | 528 | 482 |
| Gillette Pakistan Pension Fund | Retirement benefits plan | Expense from pension fund | 107 | - |
| Key management personnel | | Short term compensation | 9,844 | 8,795 |

10.2 Amounts (due to) / due from related parties as at period end are shown as under:

| Name | Relationship with the Company | September 30, 2021 (Unaudited) | June 30, 2021 (Audited) |
|---|--|--------------------------------|-------------------------|
| ---- Rupees in '000 ---- | | | |
| Procter and Gamble International Operations SA, Lancy | Associate due to common parent Company | 163 | 1,450 |
| Procter and Gamble International Operations | Associate due to common parent Company | (519,146) | (504,946) |
| Procter and Gamble Pakistan (Private) Limited | Associate due to common parent Company | (5,796) | (3,644) |
| Procter and Gamble International Operations SA, ROHQ | Associate due to common parent Company | (28,477) | (26,527) |
| Series Acquisition BV | Associate due to common parent Company | (12,011) | (12,011) |
| Gillette Pakistan Pension Fund | Retirement benefits plan | (11,776) | (11,669) |

11 DATE AUTHORIZED FOR ISSUE

These condensed interim financial statements was authorized for issue by the Board of Directors of the Company on October 28, 2021.

KHALID AHMED FARID
Chief Executive Officer

SYED IRSHAD HASSAN
Chief Financial Officer

SYED JAWAID IQBAL
Director

