



QUARTERLY
ACCOUNTS
MARCH 31, 2020



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
MEMBERS

Muhammad Arsalan Siddiqui
Khalid Ahmed Farid
Syed Danish Hussain Shah
Abdullah Saleh
Anam Parekh
Syed Jawaid Iqbal
Sheikh Adil Hussain

AUDIT COMMITTEE

CHAIRMAN
MEMBERS

Syed Jawaid Iqbal
Muhammad Arsalan Siddiqui
Abdullah Saleh

HEAD OF INTERNAL AUDIT

Saad Un Nabi Khan

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN
MEMBERS

Sheikh Adil Hussain
Khalid Ahmed Farid
Muhammad Arsalan Siddiqui

CHIEF EXECUTIVE OFFICER

Khalid Ahmed Farid

CHIEF FINANCIAL OFFICER

Syed Irshad Hassan

COMPANY SECRETARY & SECRETARY TO THE AUDIT COMMITTEE

Moosa Haroon

AUDITORS

Deloitte Yousuf Adil, Chartered Accountants

LEGAL ADVISORS

SurrIDGE & BeechENO

BANKERS

Citibank, N.A.
Standard Chartered Bank

SHARE REGISTRAR

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

REGISTERED OFFICE

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



DIRECTORS REPORT

For the Nine Months Period Ended March 31, 2020

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 nine months ended March 31, 2020. The summary of the financial results are as follows:

		For the Nine Month Period Ended	
		March	March
		31, 2020	31, 2019
Revenue from contract with customers	PKR in '000'	1,533,346	1,389,790
Gross Profit	PKR in '000'	589,112	406,644
GP	%	38.4%	29.3%
Profit before tax	PKR in '000'	380,580	131,898
Profit before tax	%	24.82%	9.49%
Profit after tax	PKR in '000'	274,399	71,538
Profit after tax	%	17.89%	5.15%
Earnings per share	PKR	14.29	3.73

For the nine months ended, the Company has delivered strong results with revenue increasing by 10% vs year ago. This is behind a combination of a smart pricing and improved sales mix. Focus on building business with higher distribution and better in-store strategies reflect in the above as well. Despite macroeconomic headwinds on applicable duties and devaluation of the local currency, the Company has been able to grow profit before tax to 25% vs 9% year ago.

The management has also placed efforts in reducing overall marketing spend pool of the Company by way of optimization without impacting business growth. Moving forward we expect the business to continue achieving growth ahead of market behind focus on all lineups coupled with high levels of distribution behind coverage expansion.

However, the management foresees challenges ahead at behest of the ongoing COVID-19 situation in the country and across the borders. Our supplier is also indicating purchase price increases given the increased cost of doing business during these difficult circumstances which is likely to impact future profitability. Further, uncertainty on local macro-economic fronts may hinder growth. Though, the Company is taking up automation strategies and business continuity plans to counter the risk on imports and distributions which have been effective.

The structure of the Board and Committees:

Board of Directors:

M Arsalan Siddiqui	Chairman
Khalid Ahmed Farid	CEO
Syed Danish Hussain Shah	Director
Abdullah Saleh	Director
Anam Parekh	Director
Syed Jawaid Iqbal	Independent Director
Sheikh Adil Hussain	Independent Director



Audit Committee:

Syed Jawaid Iqbal	Chairman
M Arsalan Siddiqui	Member
Abdullah Saleh	Member

HR & Remuneration Committee:

Sheikh Adil Hussain	Chairman
M Arsalan Siddiqui	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. We would, accordingly, put on thanks to the Board of Directors for their contribution, the management and employees for their persistent and untiring commitment, arduous work and co-operation throughout the year.

On behalf of the Board,

KHALID AHMED FARID
Chief Executive Officer

M ARSALAN SIDDIQUI
Director

April 27, 2020
Karachi



بورڈ اور کمیٹیوں کا ڈھانچہ:

بورڈ آف ڈائریکٹرز:

ایم ارسلان صدیقی	چیرمین
خالد احمد فرید	سی ای او
سید دانش حسین شاہ	ڈائریکٹر
عبداللہ صالح	ڈائریکٹر
انعم پارکھی	ڈائریکٹر
سید جاوید اقبال	آزاد ڈائریکٹر
شیخ عادل حسین	آزاد ڈائریکٹر

آڈٹ کمیٹی:

سید جاوید اقبال	چیرمین
ایم ارسلان صدیقی	ممبر
عبداللہ صالح	ممبر

افراد کی قوت اور معاوضہ کمیٹی:

شیخ عادل حسین	چیرمین
ایم ارسلان صدیقی	ممبر
خالد احمد فرید	ممبر

بورڈ آف ڈائریکٹرز کی جانب سے، ہم اپنے شیئر ہولڈرز کے مکمل اعتماد، کمیٹی کی نمایاں پروڈکٹ لائن میں ان کے بے مثال انحصار اور ریگولیشنز اور دیگر اسٹیک ہولڈرز کو ان کی تعظیم اور مدد کے لیے اپنی نیک تمناؤں کا اظہار کرتے ہیں۔ اسی مناسبت سے ہم پورے سال، بورڈ آف ڈائریکٹرز کے تعاون، انتظامیہ اور ملازمین کی انتھک محنت، عزم، جانفشانی اور تعاون کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

خالد احمد فرید
چیف ایگزیکٹو آفیسر

ایم ارسلان صدیقی
ڈائریکٹر

2020 اپریل 27

کراچی



Condensed Interim Statement of Financial Position

As At March 31, 2020

	Note	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Right of use asset		37,522	-
Long-term deposits		616	616
		38,138	616
Current assets			
Stock-in-trade	6	423,697	326,792
Trade debts		331,139	156,356
Trade deposits		15,548	9,493
Other receivables		301,189	81,130
Other financial assets		607,247	557,312
Sales tax refundable		-	27,192
Taxation - net		-	25,479
Cash and bank balances	9	49,604	5,625
		1,728,424	1,189,379
Total assets		1,766,562	1,189,995
EQUITY			
Share capital and reserves			
Authorised capital 20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital		192,000	192,000
Unappropriated profit		657,113	449,914
Total equity		849,113	641,914
LIABILITIES			
Non-current liabilities			
Lease liability		35,555	-
Deferred liability - gratuity scheme		14,249	11,572
		49,804	11,572
Current liabilities			
Trade and other payables		635,799	449,186
Contract liabilities		184,995	82,943
Current portion of finance lease liability		8,364	-
Income tax payable		11,597	-
Sales tax payable		13,121	-
Unclaimed dividend		13,769	4,380
		867,645	536,509
Total equity and liabilities		1,766,562	1,189,995
Contingencies and commitments			

The annexed notes 1 to 13 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Condensed Interim Profit and Loss Account - (Unaudited)

For the Quarter and Nine Months Period Ended March 31, 2020

	For the nine months period ended		For the Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----			
Revenue from contract with customers	1,533,346	1,389,790	548,771	524,957
Cost of goods sold	(944,234)	(983,146)	(342,047)	(367,042)
Gross profit	589,112	406,644	206,724	157,915
Selling, marketing and distribution expenses	(205,574)	(257,444)	(73,444)	(91,372)
Administrative expenses	(41,343)	(24,270)	(26,979)	(8,736)
Other operating expenses	(4,932)	(3,432)	(5,132)	4,223
Interest expense	(3,854)	(7,376)	(1,746)	-
Bank charges	(142)	(78)	(36)	(49)
	(255,845)	(292,600)	(107,337)	(95,934)
Other income	47,313	17,854	(7,745)	11,425
Profit before tax	380,580	131,898	91,642	73,406
Income tax expense	(106,181)	(60,360)	(21,440)	(19,815)
Profit after tax	274,399	71,538	70,202	53,591
	----- (Rupees) -----			
Earnings per share - basic and diluted	14.29	3.73	3.66	2.79

The annexed notes 1 to 13 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Condensed Interim Statement of Comprehensive Income - (Unaudited)

For the Quarter and Nine Months Period Ended March 31, 2020

	For the nine months period ended		For the Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----			
Profit for the period	274,399	71,538	70,202	53,591
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit and loss account				
Items that will not be reclassified to profit and loss account				
Remeasurement of post retirement benefit obligations	-	-	-	-
Total items that will not be reclassified to profit and loss account	-	-	-	-
Total comprehensive income for the period	<u>274,399</u>	<u>71,538</u>	<u>70,202</u>	<u>53,591</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Condensed Interim Cash Flow Statement - (Unaudited)

For the Nine Months Period Ended March 31, 2020

	Note	March 31, 2020	March 31, 2019
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	8	183,027	585,524
Income taxes paid		(69,104)	(61,934)
Finance cost paid		(3,854)	(7,454)
Defined benefits paid - net		-	26,876
Net cash used in from operating activities		110,069	543,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		47,975	15,389
Net cash generated from investing activities		47,975	15,389
CASH FLOWS FROM FINANCING ACTIVITIES			
Principle repayment		(6,318)	-
Dividend paid		(57,812)	(20,740)
Net cash used in financing activities		(64,130)	(20,740)
Net decrease in cash and cash equivalents		93,914	537,661
Cash and cash equivalents at the beginning of the period		562,937	(143,682)
Cash and cash equivalents at the end of the period	9	656,851	393,979

The annexed notes 1 to 13 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Condensed Interim Statement of Changes in Equity - (Unaudited)

For the Nine Months Period Ended March 31, 2020

	Issued, sub- scribed and paid-up capital	Unappropriated profit	Total
	----- (Rupees in '000) -----		
Balance as at June 30, 2018	192,000	340,350	532,350
Impact of change in accounting policy	-	(31,291)	(31,291)
Balance as at June 30, 2018 restated	192,000	309,059	501,059
- Profit for the period	-	71,538	71,538
- Other comprehensive income	-	-	-
Total comprehensive income for the period ended	-	71,538	71,538
Interim dividend @ Rs. 1.25 per share for the year	-	(24,000)	(24,000)
Balance as at March 31, 2019	<u>192,000</u>	<u>356,597</u>	<u>548,597</u>
Balance as at June 30, 2019	192,000	449,914	641,914
- Profit for the period	-	274,399	274,399
- Interim dividend @ Rs 3.5 per share	-	(67,200)	(67,200)
Total comprehensive income for the period	-	207,199	207,199
Balance as at March 31, 2020	<u>192,000</u>	<u>657,113</u>	<u>849,113</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Nine Months Period Ended March 31, 2020

1. STATUS AND NATURE OF BUSINESS

- 1.1 Gillette Pakistan Limited ("the Company") was incorporated on December 9, 1986 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act 2017) and is a subsidiary of The Series Acquisition B.V. Netherlands (which is a wholly owned subsidiary of The P&G Company, USA). The registered office of the Company is situated at 11th Floor, Harbour Front, Dolmen City, HC-3, Block-4, 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 This condensed interim financial information of the Company for the quarter ended March 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' and the provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. This condensed interim financial information does not include all information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

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, 2019 except for the IFRS 16 'Leases' where:

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as premised under the specific transitional provisions in the standard. The impact of adoption of this standard is therefore recognized in the opening statement of financial position on July 1, 2019.

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, 2019.



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Nine Months Period Ended March 31, 2020

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, 2019.

6 STOCK IN TRADE

Stock-in-trade includes goods costing Rs. 44,999 million (June 30, 2019: Nil) written down by Rs. 4.813 million (June 30, 2019: Rs. Nil) to net realizable value amounting to Rs. 40.146 million (June 30, 2019: Nil).

7 CONTINGENCIES AND COMMITMENTS

The status of the contingencies and commitments which are reported in note 16 to the annual financial statements of the Company for the year ended June 30, 2019 have not changed materially except for the operating leases which are now removed from the commitments after adoption of IRFR 16 'Leases'.

8 CASH FLOWS FROM OPERATIONS

	Note	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
----- Rupees in '000 -----			
Profit before taxation		380,580	131,898
Adjustment for non-cash charges and other items:			
Stock-in-trade written down to net realizable value	6	4,813	3,632
Stock written off		6,095	4,512
Provision for slow moving stock-in-trade		161	93
Provision for post retirement benefits		901	(1,168)
Provision for Transport and warehousing		13,610	-
Depreciation on right of use asset		7,917	-
Interest income on term deposits and saving accounts		(47,975)	(15,758)
Finance cost		3,854	7,454
Working capital changes	8.1	(186,929)	391,347
		<u>183,027</u>	<u>522,010</u>

8.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stock-in-trade	(86,720)	91,108
Trade debts	(174,783)	(8,412)
Loans and advances	-	899
Trade deposits	(6,055)	(7,562)
Sales tax refundable	40,313	30,960
Other receivables	(214,241)	12,198
	<u>(441,486)</u>	<u>119,191</u>

Increase in current liabilities:

Trade and other payables	152,505	272,156
Contract liabilities	102,052	-
	<u>(186,929)</u>	<u>391,347</u>



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Nine Months Period Ended March 31, 2020

March 31,
2020
(Unaudited)
----- Rupees in '000 -----

June 30,
2019
(Audited)

9 CASH AND CASH EQUIVALENTS

Cash and bank balances	49,604	5,625
Other financial assets	607,247	557,312
	656,851	562,937

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:

Name	Relationship with the Company	Nature of transaction	March 31, 2020 ----- Rupees in '000 -----	March 31, 2019
Procter and Gamble International Operations	Associate	Purchases of finished goods	934,793	723,234
Procter and Gamble Pakistan (Private) Limited.	Associate	Services received	51,563	57,345
Procter and Gamble International Operations SA ROHQ	Associate	Services received	6,956	4,185
Procter and Gamble Pakistan (Private) Limited.	Associate	Services rendered	36,288	15,695
Gillette Pakistan Provident Fund	Retirement benefit plan	Contribution to provident fund	1,196	1,524
Gillette Pakistan Pension Fund	Retirement benefit plan	Expense from pension fund	(537)	(2,703)
Key Management Personnel		Salaries and benefits	19,743	19,396



Notes to the Condensed Interim Financial Statements - (Unaudited)

For the Nine Months Period Ended March 31, 2020

10.1 Amounts due from / (due to) related parties are shown as under:

Name	Relationship with the Company	March 31,	June 30,
		2020	2019
		----- Rupees in '000 -----	
Procter and Gamble International Operations	Associate	(509,859)	(235,245)
Procter and Gamble Pakistan (Private) Limited.	Associate	(11,416)	(23,684)
Procter and Gamble International Operations SA ROHQ	Associate	(16,134)	(9,848)
Series Acquisition BV	Associate	(12,011)	(3,161)
Gillette Pakistan Pension Fund	Retirement benefit plan	5,282	4,924

11 EVENTS AFTER THE BALANCE SHEET DATE

During the period, the Coronavirus disease (COVID-19) was declared as pandemic on March 11, 2020. The Company is observing developments related to COVID-19 and evaluating the extent to which this may affect Company's operations in the short and long term. With high level of uncertainty surrounding the situation and potential additional initiatives by authorities, it is very difficult to predict the full financial impact that said situation may have on the Company.

However, management has been addressing the challenges posed by COVID-19 through strong business-continuity-plan and streamlining the processes automations to ensure its imports and distribution continue uninterrupted. The Company is currently continuing its operation without any material disruption and are not foreseeing any material interruption at the moment.

12 DATE AUTHORIZED FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on April 27, 2020.

13 GENERAL

Figures have been rounded off to the nearest thousand rupee.

KHALID AHMED FARID
Chief Executive Officer

SYED IRHAD HASSAN
Chief Financial Officer

SHEIKH ADIL HUSSAIN
Director

