



GlaxoSmithKline Consumer  
Healthcare Pakistan Limited  
35 – Dockyard Road,  
West Wharf,  
Karachi 7400.  
Pakistan

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[www.gsk.com.pk](http://www.gsk.com.pk)

29 October 2021

The General Manager,  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

**Subject: Transmission of Quarterly Report for the Period Ended 30 September 2021**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended 30 September 2021 has been transmitted through PUCARS and is also available on the Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thank you.

For and on behalf of  
GlaxoSmithKline Consumer Healthcare Pakistan Limited

A handwritten signature in blue ink, appearing to be 'Mashal Mohammad', is located below the typed name. The signature is stylized and includes a circular flourish.

**Mashal Mohammad**  
Company Secretary



do more  
feel better  
live longer

# Third Quarterly Report **2021**

Glaxosmithkline Consumer  
Healthcare Pakistan Limited

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# the extra mile

# Corporate information

## Board of Directors

Mr. M.Z. Moin Mohajir  
(Chairperson)

Mr. Farhan Muhammad Haroon

Mr. Dilawar Meghani

Syed Anwar Mahmood

Ms. Ayesha Aziz

Mr. Oussama Abbas

Ms. Erum Shakir Rahim

## Management Committee

Mr. Farhan Muhammad Haroon  
(Chief Executive Officer)

Mr. Dilawar Meghani  
(Finance Director /Chief  
Financial Officer)

Syed Abrar Ali  
(Sales Director)

Mr. Salman Altaf  
(Director Marketing)

Mr. Faisal Rafiq  
(Head of Expert)

Mr. Khurram H. Khan  
(Head of Commercial Excellence)

Mr. Moien Ahmed Khan  
(Pakistan E2E SC and Jamshoro  
Site Lead)

Mr. Mazhar Shams  
(Regulatory Affairs Head)

Ms. Mashal Mohammad  
(Legal Director and Company  
Secretary)

## Integration Supply and Network Optimization Committee

Mr. Oussama Abbas  
(Chairperson)

Mr. Farhan Muhammad Haroon

Mr. Dilawar Meghani

## Secretary

Mr. Irfan Qureshi

## Human Resource and Remuneration Committee

Syed Anwar Mahmood  
(Chairperson)

Mr. M.Z. Moin Mohajir

Ms. Ayesha Aziz

## Secretary

Mr. Farqaleet Iqbal

## Board Audit Committee

Syed Anwar Mahmood  
(Chairperson)

Mr. M.Z. Moin Mohajir

Ms. Ayesha Aziz

## Secretary

Ms. Mariam Maqsood

## Company Secretary

Ms. Mashal Mohammad

## Chief Financial Officer

Mr. Dilawar Meghani

## Chief Internal Auditor

Ms. Mariam Maqsood

## Bankers

Citibank N.A  
Standard Chartered Bank  
(Pakistan) Limited

## Auditors

Yousuf Adil,  
Chartered Accountants

## Legal Advisors

ASPIRELAW

## GSKCH Shares Department

35 Dockyard Road, West  
Wharf, Karachi-74000

**Email:**  
chc.shareinfo@gsk.com

**Website:**  
www.pk-consumerhealthcare.gsk.com

**Registered Office:**  
35 Dockyard Road, West Wharf,  
Karachi-74000

# Directors' Report to the Shareholders

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present your Company's Un-audited Condensed financial information for the nine months ended September 30, 2021.

## Composition of the Board:

The total number of Directors are seven (7) as per the following:

**Male: 5**

**Female: 2**

The composition of the Board as at September 30, 2021 is as follows:

Category	Name
Independent Directors	Mr. M. Z. Moin Mohajir
	Syed Anwar Mehmood
	Ms. Ayesha Aziz
Executive Directors	Mr. Farhan Muhammad Haroon
	Mr. Dilawar Meghani
Non - Executive Directors	Mr. Oussama Abbas
	Ms. Erum Shakir Rahim



## Business Overview

Your Company continued to outperform the competition and gain market shares in all the categories it operates in. This year, however, has been dominated by the rising international commodity prices, global supply chain challenges coupled with high inflation, inconsistent demand patterns and uncertain exchange rates. Whilst these challenges resulted in cost escalation in each segment of our operations, we uphold our commitment to serve our consumers and patients in need, improve access to affordable healthcare solutions and deliver sustainable financial performance.



## Review of Operating Results

The turnover of your Company for the first nine months recorded at Rs. 18 billion; with the core business (excluding toll and exports) growing by 22% versus the same period last year (SPLY). The performance was mainly driven by increase in demand and underlying consumption trends. Our best in class supply chain and in market execution teams ensured that we were able to meet the consumer needs across all categories.

Within the Over the Counter (OTC) portfolio, both Nutrition & Digestive Health and Pain Management categories registered a growth of 23% whereas Oral Healthcare registered a growth of 28% over the corresponding period. Similarly, our toll manufacturing business of Rs 2.2 billion and the export business of Rs 135 million continued to contribute towards our revenue.

Gross profit margin at 27.6% of sales depicts a marginal decline versus H1 2021. Consequent to the closure of a major Chinese supplier of Paracetamol (i.e. the key raw material of Panadol), its prices have been constantly increasing since January 2021. In addition to these unsustainable levels of paracetamol prices, devaluation of Pakistani Rupee has added to the cost pressures during Q3 2021 and may continue to do so in the near future.

Delivering growth on our key brands with continued focus on sustainable gross margins, we have also been able to exercise due control on our cost levers. Total expenses to net sales ratio has improved from 18% to 16% as compared to SPLY. Further, the other income of the Company increased by Rs. 201 million vs SPLY mainly on account of better cashflow management and recovery of expenses from the group entities.

We are pleased to inform you that your Company posted a net profit after tax of Rs. 1.6 billion amounting to an Earnings Per Share (EPS) of Rs. 14.03 (Q3 2020: Rs. 8.37).



## Future Outlook and Challenges

Your Company has invested significant resources in preparing the organization to win in the emerging environment. We have committed to leverage digital technology and build capability across all parts of the organization to increase the value we bring to all of our valued stakeholders - patients, healthcare professionals, customers, partners and employees.

Global commodity prices and international logistical challenges nevertheless pose a risk to profitability in Q4-2021 and beyond. With current paracetamol prices escalating to multiple levels compared to last year and supply challenges, our Pain category may remain a margin diluter. However, the learnings of the past year have enabled us to develop a resilient, robust and flexible operating model which facilitates the business to quickly adapt to changing scenarios, whilst ensuring employee wellbeing, business continuity and growth.

To meet the current and future demands, your Company remains agile and proactively engaged in strengthening its pipeline of high-quality innovations. Conducive regulatory framework is however essential to enable an environment where innovative solutions can be fast tracked to cater unmet consumer needs. We believe that sustainable pricing and timely regulatory approvals are key pre-requisites, especially when innovations require high capital investment. Further, there is a need to devise an adequate mechanism for approval of hardship cases where emerging cost escalations can be timely addressed. Absence of such mechanism poses a serious risk towards access to essential medicines.



## Remuneration Policy

The Non-Executive Board Directors of GlaxoSmithKline Consumer Healthcare Pakistan Limited are entitled to a remuneration approved by the HR and Remuneration Committee, based on market benchmark of the Consumer Healthcare Industry and other similar type of businesses.



## Acknowledgment

The Board of Directors take this opportunity to thank all GSK employees for their outstanding, untiring work and dedication to ensure that the Company **DELIVERS BETTER EVERYDAY HEALTH WITH HUMANITY**. We would like to further extend our appreciation to our suppliers and partners for their continued support and dedication in the achievement of the Company's results.

### By the order of the Board

Sincerely,

**Farhan Muhammad Haroon**  
Chief Executive Officer  
26-October-2021

**Dilawar Meghani**  
Chief Financial Officer

## شیئر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

محترم شیئر ہولڈرز،

ہم نہایت مسرت کے ساتھ 30 ستمبر 2021 کو ختم ہونے والے کمپنی کے نو ماہ کے لیے غیر آڈٹ شدہ مالیاتی معلومات پیش کر رہے ہیں۔

### بورڈ کی کمپوزیشن:

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد سات (7) ہے۔

مرد حضرات: 5

خواتین: 2

30 ستمبر 2021 تک بورڈ کی کمپوزیشن ذیل کے مطابق ہے:

نام	کمپنیگری
جناب ایم زید معین مہاجر	خود مختار ڈائریکٹرز
سید انور محمود	
محترمہ عائشہ عزیز	
جناب فرحان محمد ہارون	ایگزیکٹو ڈائریکٹرز
جناب دلاور میگھانی	
جناب اُسامہ عباس	نان ایگزیکٹو ڈائریکٹرز
محترمہ ارم شاکر کریم	

### کاروباری جائزہ

آپ کی کمپنی، اپنی مسابقتی کمپنیوں کو مقابلے میں پیچھے چھوڑتے ہوئے مارکیٹ کی تمام کمپنیوں میں اپنا حصہ بڑھاتے ہوئے ترقی کرتی رہی۔ تاہم، اس سال عالمی سطح پر اشیاء کی قیمتوں میں ہونے والے اضافے، بڑھتی ہوئی افراط زر کے ساتھ گلوبل سپلائی چین چیلنجز، طلب کے رجحان میں تیزی میں ہوتا رد و بدل اور ایکسچینج ریٹ کی غیر یقینی صورتحال جیسے مسائل کا غلبہ رہا، جس کے نتیجے میں ہمارے عمل کے ہر قدم پر لاگت میں اضافہ ہوا لیکن پھر بھی ہم اپنے صارفین اور مریضوں کے لیے ہیلتھ کیئر کی کفایتی سہولیات کی فراہمی اور پائیدار مالیاتی کارکردگی کا مظاہرہ کرنے کے لیے پرعزم ہیں۔

## آپریٹنگ نتائج کا جائزہ

اس سال کے پہلے نو ماہ کے دوران آپ کی کمپنی کا منافع 18 ملین روپے رہا، بنیادی کاروبار (بغیر ٹول اور برآمدات) میں گزشتہ سال کی اسی مدت کے مقابلے میں 22 فیصد اضافہ ہوا۔ اس شاندار کارکردگی کا سبب طلب میں اضافہ اور استعمال کے بنیادی طریقہ کار میں تبدیلیاں ہیں۔ ہماری بہترین سپلائی چین اور مارکیٹ ایگزیکوشن ٹیموں نے اس بات کو یقینی بنایا کہ ہر کیٹیگری میں صارفین کی ضروریات برقت پوری کی جاسکیں۔

گزشتہ سال کی اسی مدت کے مقابلے میں اوور دی کاؤنٹر پورٹ فولیو بشمول غذائیت و نظام ہاضمہ اور پین مینجمنٹ کیٹیگریز میں 23 فیصد اضافہ ریکارڈ کیا گیا، جبکہ اوورل ہیلتھ میں 28 فیصد اضافہ ریکارڈ کیا گیا۔ اسی طرح، ہمارے ٹول مینوفیکچرنگ کے کاروبار نے 2.2 بلین روپے اور ایکسپورٹ کے کاروبار نے 135 ملین روپے کی شراکت داری سے ہماری آمدنی میں اپنا کردار ادا کیا۔

فروخت کے 27.6 فیصد پر مجموعی منافع مارچن 2021 کی پہلی ششماہی کے مقابلے میں معمولی کمی کو ظاہر کرتا ہے۔ پیراسیٹامول کے ایک بڑے چینی سپلائر (پینا ڈول کا ایک اہم خام مال) کی بندش کے نتیجے میں، اس کی قیمتیں جنوری 2021 سے مسلسل بڑھ رہی ہیں۔ پیراسیٹامول کی قیمتوں کی پائیدار سطح، پاکستانی روپے کی قدر میں کمی نے سال 2021 کی تیسری سہ ماہی کے دوران لاگت کے دباؤ میں اضافہ کیا ہے اور مستقبل قریب میں بھی ایسا جاری رکھ سکتی ہے۔

پائیدار مجموعی مارچن پر مسلسل توجہ کے ساتھ ہمارے کلیدی برانڈز میں ترقی کے رجحان کے ساتھ ہم اپنے اخراجات پر بھی مناسب کنٹرول حاصل کرنے میں کامیاب رہے ہیں۔ خالص فروخت کے تناسب سے کل اخراجات پچھلے سال کی اسی مدت کے مقابلے میں 18 فیصد سے 16 فیصد تک بہتر ہوئے ہیں مزید یہ کہ کمپنی کی دیگر آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 201 ملین روپے کا اضافہ ہوا جس کی بنیادی وجہ کیش فلو کے بہتر انتظام اور گروپ اداروں سے اخراجات کی وصولی ہے۔

ہمیں آپ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ آپ کی کمپنی نے ٹیکس ادائیگی کے بعد 1.6 ملین روپے کا خالص منافع کمایا ہے، جس سے آمدنی فی حصص (EPS) 14.03 روپے رہی (Q3 2020: Rs 8.37)۔

## مستقبل کے خدو خال اور مشکلات

آپ کی کمپنی نے تیزی سے بدلتے ہوئے کاروباری ماحول میں ترقی کے لیے درکار اہم وسائل پر سرمایہ کاری کی ہے۔ کمپنی نے ڈیجیٹل ٹیکنالوجی کا فائدہ اٹھانے اور کمپنی کے تمام حصوں میں صلاحیت بڑھانے کا عزم کیا ہے تاکہ ہم اپنے تمام قابل قدر اسٹیک ہولڈرز، مریضوں، صحت کی دیکھ بھال کرنے والے پیشہ ور افراد، صارفین، شراکت داروں اور ملازمین کو فائدہ پہنچا سکیں۔

اشیاء کی عالمی قیمتیں اور بین الاقوامی لاجسٹک چیلنجز پھر بھی سال 2021 کی چوتھی سہ ماہی اور اس سے آگے آنے والی مدت میں بھی منافع کے لیے خطرہ ہیں۔ موجودہ پیراسیٹامول کی قیمتوں میں پچھلے سال کے مقابلے میں کئی گنا تک اضافے اور سپلائی کے چیلنجز کے ساتھ، ہماری پین کیٹیگری میں شرح منافع کم ہو سکتا ہے۔ تاہم، پچھلے سال کے تجربے ہمیں ایک پگھلاؤ اور مضبوط آپریٹنگ ماڈل تیار کرنے کے قابل بنایا ہے جو کہ کاروبار کو تیزی سے بدلتے ہوئے منظر ناموں کے مطابق ڈھالنے میں سہولت فراہم کرتا ہے، جبکہ ملازم کی فلاح و بہبود، کاروباری تسلسل اور ترقی کو یقینی بناتا ہے۔

آپ کی کمپنی موجودہ اور مستقبل کے تقاضوں کو پورا کرنے کے لیے موثر اور فعال طور پر اپنی اعلیٰ معیار کی جدت طرازی کی آبیاری میں مصروف ہے۔ تاہم سازگار ریگولیٹری فریم ورک ایک ایسے ماحول کو فعال کرنے کے لیے ضروری ہے جہاں صارفین کی ضروریات کو جدید حل کے ذریعے پورا کیا جاسکے۔ ہم سمجھتے ہیں کہ مستقل مزاجی کے ساتھ قیمتوں کا تعین اور بروقت ریگولیٹری منظوری کلیدی ضروریات ہیں، خاص طور پر جب جدت طرازی میں زیادہ سرمایہ کاری کی ضرورت ہو۔ مزید برآں، hardship cases کی منظوری کے لیے ایک مناسب طریقہ کار وضع کرنے کی ضرورت ہے جہاں لاگت میں اضافے کو بروقت حل کیا جاسکے۔ اس طرح کے طریقہ کار کی عدم موجودگی ضروری ادویات تک رسائی کے لیے سنگین خطرہ ہے۔

## مشاہرے کی پالیسی

کمپنی کے نان ایگزیکٹو خود مختار بورڈ آف ڈائریکٹرز ہیومن ریسورس اور مشاہرے کی کمیٹی کی منظوری سے اُس مشاہرے کے حقدار ہیں جو کنزیومر ہیلتھ کیئر انڈسٹری اور اسی طرح کے دوسرے کاروباری اداروں میں مارکیٹ کی مناسبت سے رائج الوقت ہے۔

## اظہارِ تشکر

بورڈ آف ڈائریکٹرز اس موقع پر کمپنی کے تمام ملازمین کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے اپنی انتھک اور مسلسل محنت کے ذریعے اس بات کو یقینی بنایا کہ وائٹل اور روزمرہ استعمال کی پروڈکٹس ہمیشہ لوگوں کو ضرورت پڑنے کی صورت میں دستیاب رہیں۔ اس کے علاوہ، ہم کمپنی کے بہترین نتائج کے حصول میں اپنے سپلائرز اور پارٹنرز کا مسلسل سپورٹ مہیا کرنے پر تہ دل سے شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے،

نیک تمناؤں کے ساتھ



دلاور میگھانی  
چیف فنانشل آفیسر



فرحان محمد ہارون  
چیف ایگزیکٹو آفیسر

26-اکتوبر-2021

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

**AT SEPTEMBER 30, 2021**

Un-audited  
September 30,  
2021

Audited  
December 31,  
2020

Note ----- Rupees -----

## ASSETS

### Non-current assets

Property, plant and equipment	4	3,474,752,281	3,493,313,411
Intangible		127,674,000	127,674,000
Long-term loans to employees		8,342,676	9,259,701
Long-term deposits		10,429,608	8,069,898
		3,621,198,565	3,638,317,010

### Current assets

Stores and spares		107,478,880	61,955,626
Inventories	5	4,301,441,228	2,902,221,833
Trade debts		1,127,397,149	669,584,857
Loans and advances		277,263,040	491,187,380
Trade deposits and prepayments		32,584,994	42,947,491
Interest accrued		1,227,397	640,574
Refunds due from Government		45,979,585	32,391,291
Other receivables		262,889,293	333,738,818
Taxation - payments less provision		530,521,966	668,936,184
Bank balances	6	3,025,202,250	2,132,049,617
		9,711,985,782	7,335,653,671

### Total assets

13,333,184,347

10,973,970,681

## EQUITY AND LIABILITIES

### Share capital and reserves

Share capital		1,170,545,080	1,170,545,080
Reserves		5,050,732,586	3,993,383,399
		6,221,277,666	5,163,928,479

## LIABILITIES

### Non-current liabilities

Staff retirement benefits		95,373,123	88,029,023
Deferred taxation		158,351,081	151,724,857
		253,724,204	239,753,880

### Current liabilities

Trade and other payables	7	4,942,438,817	4,155,521,907
Mark-up accrued		-	2,768,521
Current portion of lease liability		-	2,300,837
Unpaid dividend		1,915,743,660	1,409,697,057
		6,858,182,477	5,570,288,322

### Total liabilities

7,111,906,681

5,810,042,202

### Total equity and liabilities

13,333,184,347

10,973,970,681

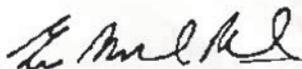
### Contingencies and commitments

8

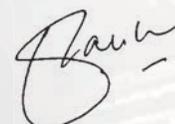
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2021 (UN-AUDITED)**

	Note	Nine months ended		Quarter ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Rupees					
Revenue from contracts with customers - net	9	18,002,446,089	14,489,452,714	6,079,604,690	5,281,070,998
Cost of sales		(13,030,741,772)	(10,504,606,977)	(4,532,972,815)	(3,921,720,533)
<b>Gross profit</b>		<b>4,971,704,317</b>	<b>3,984,845,737</b>	<b>1,546,631,875</b>	<b>1,359,350,465</b>
Selling, marketing and distribution expenses	10	(2,450,055,219)	(2,264,588,301)	(922,169,609)	(814,537,355)
Administrative expenses		(222,236,441)	(200,448,245)	(85,679,846)	(79,578,523)
Other operating expenses		(204,400,011)	(120,127,487)	(47,613,352)	(36,770,392)
Other income		242,817,422	41,703,208	40,866,066	18,133,428
<b>Operating profit</b>		<b>2,337,830,068</b>	<b>1,441,384,912</b>	<b>532,035,134</b>	<b>446,597,623</b>
Financial charges		(18,070,532)	(59,918,833)	(15,322,178)	(20,174,878)
<b>Profit before taxation</b>		<b>2,319,759,536</b>	<b>1,381,466,079</b>	<b>516,712,956</b>	<b>426,422,745</b>
Taxation		(677,137,809)	(401,908,085)	(152,819,442)	(130,463,408)
<b>Profit after taxation</b>		<b>1,642,621,727</b>	<b>979,557,994</b>	<b>363,893,514</b>	<b>295,959,337</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>1,642,621,727</b>	<b>979,557,994</b>	<b>363,893,514</b>	<b>295,959,337</b>
<b>Earnings per share</b>	11	<b>Rs. 14.03</b>	<b>Rs. 8.37</b>	<b>Rs. 3.11</b>	<b>Rs. 2.53</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

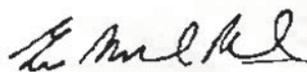
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (UN-AUDITED)**

	Share capital	Capital Reserves		Revenue Reserve	Total
		Reserve arising under the Scheme of Arrangement	Reserve arising on Amalgamation under the Scheme of Merger	Unappropriated profit	
		Rupees			
Balance as at January 01, 2020	1,170,545,080	101,913,533	728,725,969	2,499,419,353	4,500,603,935
<b>Transactions with owners</b>					
Final dividend for the year ended December 31, 2019 @ Rs. 5 per share	-	-	-	(585,272,540)	(585,272,540)
<b>Total comprehensive income for the nine months ended September 30, 2020</b>					
Profit after taxation for the nine months ended September 30, 2020	-	-	-	979,557,994	979,557,994
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-
	-	-	-	979,557,994	979,557,994
<b>Balance as at September 30, 2020</b>	<b>1,170,545,080</b>	<b>101,913,533</b>	<b>728,725,969</b>	<b>2,893,704,807</b>	<b>4,894,889,389</b>
Balance as at January 01, 2021	1,170,545,080	101,913,533	728,725,969	3,162,743,897	5,163,928,479
<b>Transactions with owners</b>					
Final dividend for the year ended December 31, 2020 @ Rs. 5 per share	-	-	-	(585,272,540)	(585,272,540)
<b>Total comprehensive income for the nine months ended September 30, 2021</b>					
Profit after taxation for the nine months ended September 30, 2021	-	-	-	1,642,621,727	1,642,621,727
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-
	-	-	-	1,642,621,727	1,642,621,727
<b>Balance as at September 30, 2021</b>	<b>1,170,545,080</b>	<b>101,913,533</b>	<b>728,725,969</b>	<b>4,220,093,084</b>	<b>6,221,277,666</b>

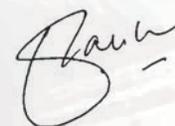
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS

**FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2021 (UN-AUDITED)**

	Note	Nine months ended	
		September 30, 2021	September 30, 2020
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	1,780,594,962	1,249,220,187
Staff retirement benefits paid		(60,544,778)	(54,214,383)
Bank charges / interest paid		(5,296,202)	(50,607,845)
Income taxes paid		(532,097,367)	(499,898,681)
Decrease in long-term loans to employees		917,025	853,392
Increase in long term-deposits		(2,359,710)	(1,573,700)
<b>Net cash generated from operating activities</b>		<b>1,181,213,930</b>	<b>643,778,970</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditures		(228,100,241)	(308,535,345)
Proceeds from sale of operating assets		26,263,898	4,005,340
Return received		118,778,423	23,960,803
<b>Net cash used in investing activities</b>		<b>(83,057,920)</b>	<b>(280,569,202)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid to shareholders		(79,225,937)	(79,842,563)
Lease principal repayments		(2,459,688)	(1,767,592)
<b>Net cash used in financing activities</b>		<b>(81,685,625)</b>	<b>(81,610,155)</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>1,016,470,385</b>	<b>281,599,613</b>
Cash and cash equivalents at beginning of the period	13	1,897,774,302	(120,338,720)
<b>Cash and cash equivalents at end of the period</b>	13	<b>2,914,244,687</b>	<b>161,260,893</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

**1.1** GlaxoSmithKline Consumer Healthcare Pakistan Limited (the Company) was incorporated in Pakistan as a public unlisted company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on March 31, 2015 principally to effect the demerger of consumer healthcare business of GlaxoSmithKline Pakistan Limited (GSK Pakistan) under a Scheme of Arrangement (the Scheme) which was approved by the Honourable High Court of Sindh (SHC) and its order was submitted to the Registrar of Companies on April 01, 2016. The Company is a subsidiary of GlaxoSmithKline Consumer Healthcare B.V. The ultimate parent of the Company is GlaxoSmithKline plc, UK. The Company is engaged in manufacturing, marketing and sale of consumer healthcare products. The Company has been listed at the Pakistan Stock Exchange Limited since March 22, 2017. The registered office of the Company is situated at 35-Dockyard Road, West Wharf, Karachi.

**1.2** Due to the pending transfer of marketing authorisations and certain permissions for Over the Counter (OTC) products of the Company with Drug Regulatory Authority of Pakistan (DRAP), GSK Pakistan, for and on behalf of the Company was engaged in the procurement, manufacturing and managing the related inventory and receivable balances pertaining to such products against a service fee charged by GSK Pakistan.

**1.3** The coronavirus (COVID-19) outbreak emerged last year (March 2020) has caused governments around the world to implement strict measures to control its spread. This includes smart lock-downs, travel bans, quarantines, social distancing, closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

**1.4** General economic activities in Pakistan were although affected but continued since then. However healthcare businesses were allowed to continue their operations by both provincial and federal governments in order to ensure availability of essential medicines in the market. Staff of the company were working without any disruption either from office or online remotely.

**1.5** The management of the Company is closely monitoring the situation, and there has not been any material impact on the financial performance of the Company as it is fully operational during the period.

### 2. BASIS OF PREPARATION

**2.1** These condensed interim 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 comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS-34), issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standard (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 from the requirements of IAS- 34 & IFASs standard, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2020.

## 2.2 Standards, interpretations and amendments to published approved accounting standards that became effective during the period

The following standards, amendments and interpretation are effective for the year ending December 31, 2021. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures;

	<b>Effective from accounting periods beginning on or after</b>
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021

## 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGEMENTS

### 3.1 Significant accounting policies

3.1.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2020.

3.1.2 Taxes on income are accrued using the average tax rate that is expected to be applicable to the full financial year.

### 3.2 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2020.

### 3.3 Estimates and judgments

Estimates and judgments made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2020.

	<b>Note</b>	<b>Un-audited September 30, 2021</b>	<b>Audited December 31, 2020</b>
		----- Rupees -----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	4.1	<b>2,787,123,449</b>	2,655,046,783
Capital work-in-progress		<b>687,132,990</b>	836,283,266
Right-of-use assets - building		<b>495,842</b>	1,983,362
		<b><u>3,474,752,281</u></b>	<u>3,493,313,411</u>

4.1 Details of additions to and disposals of operating assets are as follows:

	Nine months ended September 30, 2021		Nine months ended September 30, 2020	
	Un-audited		Un-audited	
	Additions - at Cost	Disposals - at net book value	Additions - at Cost	Disposals - at net book value
	Rupees		Rupees	
Building and improvements on leasehold land	11,798,760	-	35,780,003	-
Plant and machinery	213,684,203	8,184,952	204,915,869	3,383,367
Furniture and fixtures	11,243,850	81,433	29,372,947	-
Vehicles	99,648,510	15,947,483	43,242,000	66,667
Office equipments	40,875,194	3,125,007	40,827,039	285,062
	<u>377,250,517</u>	<u>27,338,875</u>	<u>354,137,858</u>	<u>3,735,096</u>

	Un-audited September 30, 2021	Audited December 31, 2020
	Rupees	

5. INVENTORIES

	Un-audited September 30, 2021	Audited December 31, 2020
	Rupees	
Raw and packing materials	2,162,507,301	1,582,789,812
Work-in-process	76,629,852	14,374,923
Finished goods	2,190,046,241	1,442,493,038
	<u>4,429,183,394</u>	<u>3,039,657,773</u>
Less: provision for slow moving, obsolete and damaged stock	(127,742,166)	(137,435,940)
	<u>4,301,441,228</u>	<u>2,902,221,833</u>

6. BANK BALANCES

With banks:		
on deposit accounts	-	1,300,000,000
on PLS savings accounts	3,015,852,199	561,897,202
on current accounts	9,350,051	270,152,415
	<u>3,025,202,250</u>	<u>2,132,049,617</u>

7. TRADE AND OTHER PAYABLES

Creditors and bills payable		1,617,373,446	752,424,873
Accrued liabilities		2,253,580,774	2,502,990,755
Contract liabilities		476,739,219	442,748,225
Book overdraft	7.1	110,957,563	234,275,315
Others		483,787,815	223,082,739
		<u>4,942,438,817</u>	<u>4,155,521,907</u>

7.1 This balance represents book overdraft against the cheques issued but not yet presented. As per arrangement with the bank, the payments to these cheques will be made by transferring balance from the savings account as and when presented.

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There is no change in status of pending tax and legal contingencies disclosed in note 21 to the annual audited financial statements of the Company for the year ended December 31, 2020, except that following matter arose during the period:

#### (a) Income tax

GlaxoSmithKline OTC (Private) Limited (now GlaxoSmithKline Consumer Healthcare Pakistan Limited) received a notice issued under section 161(1A) / 205 of the Income tax Ordinance, 2001 (Ordinance) for tax year 2017 whereby the authorities alleged that the Company did not deduct / withhold / collect tax on certain expenses and intended to recover Rs. 19.35 million along with default surcharge of Rs. 2.32 million. Subsequent to the show cause notice, the authorities passed the order dated January 30, 2019, raising demand of Rs. 4.43 million (inclusive of default surcharge Rs. 0.44 million and penalty Rs. 0.36 million). Against the order, the Company filed appeal before Commissioner Inland Revenue (Appeals) (CIRA). The CIRA, through his order dated June 22, 2021, has set-aside the demand raised by the Department. Further, the CIRA has directed the Department to re-examine issues, the proceedings of which are yet to be initiated.

(b) During the year ended December 31, 2020, the Assessing Officer (AO) amended the assessment of the Company and passed an order under section 122(5A) of the Ordinance raising demand of Rs. 80.45 million. Such demand is on account of Apportionment of various expenditures, Non declaration of FTR receipts of imports, Intercompany loan of Rs. 1,000 million added back, stock written off and provision for obsolete stock. The Company has filed an appeal against the said order before Commissioner Inland Revenue Appeals which is due for hearing and has also obtained stay order from Honorable Sindh High Court against any recovery proceedings.

The company had also filed a rectification application against the aforementioned order identifying apparent mistake in the order related to incorrect addition made on account of intercompany loan amounting to Rs 1,000 million, which the AO has accepted the contention and, accordingly, deleted such addition through order dated 24 June, 2021 passed under section 221 of the Ordinance.

The management is confident that the ultimate decisions in the above cases will be in favour of the Company, hence, no provision has been made in respect of the aforementioned tax demands

### 8.2 Commitments

8.2.1 Commitments for capital expenditure outstanding as at September 30, 2021, amount to Rs. 215.04 million (December 31, 2020: Rs. 400.07 million).

## 9. NET SALES

9.1 This includes sales amounting to Rs. 0.5 billion (September 30, 2020: Rs. 1.62 billion) made by GSK Pakistan on behalf of the Company (refer note 1.2).

## 10. SELLING, MARKETING AND DISTRIBUTION EXPENSES

This includes advertising and sales promotion expenses of Rs.1.72 billion (September 30, 2020: Rs. 1.45 billion).

	Nine months ended - Unaudited		Quarter ended - Unaudited	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Rupees		Rupees	
<b>11. EARNINGS PER SHARE</b>				
Profit after taxation	<u>1,642,621,727</u>	<u>979,557,994</u>	<u>363,893,514</u>	<u>295,959,337</u>
Weighted average number of shares outstanding during the period	<u>117,054,508</u>	<u>117,054,508</u>	<u>117,054,508</u>	<u>117,054,508</u>
Earnings per share - basic & diluted	<u>14.03</u>	<u>8.37</u>	<u>3.11</u>	<u>2.53</u>

	Note	Un-audited September 30, 2021	Un-audited September 30, 2020
		----- Rupees -----	
<b>12. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		2,319,759,536	1,381,466,079
<b>Add / (less): Adjustments for non-cash charges and other items</b>			
Depreciation and amortization		219,322,496	200,684,882
Bank charges / interest expense		2,686,532	42,484,126
Loss / (gain) on disposal of operating assets		1,074,977	(270,244)
Provision for slow moving, obsolete and damaged stock		129,553,899	150,706,791
Provision for staff retirement benefits		67,888,878	59,287,587
Interest income		(119,365,246)	(23,782,721)
Profit before working capital changes		2,620,921,072	1,810,576,500
<b>Effect on cash flow due to working capital changes</b>			
Decrease / (increase) in current assets			
Stores and spares		(45,523,254)	(12,194,163)
Inventories		(1,528,773,294)	(1,389,101,660)
Trade debts		(457,812,292)	(53,597,924)
Loans and advances		213,924,340	(91,142,391)
Trade deposits and prepayments		10,362,497	27,111,098
Refunds due from Government		(13,588,294)	(30,152,797)
Other receivables		70,849,525	104,905,042
Increase in current liabilities		(1,750,560,772)	(1,444,172,795)
Trade and other payables		910,234,662	882,816,482
		(840,326,110)	(561,356,313)
		1,780,594,962	1,249,220,187

	Note	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2020
		----- Rupees -----		
<b>13. CASH AND CASH EQUIVALENTS</b>				
Bank balances	6	3,025,202,250	2,132,049,617	652,124,263
Running finance		-	-	(490,863,370)
Book overdraft	7.1	(110,957,563)	(234,275,315)	-
		2,914,244,687	1,897,774,302	161,260,893

#### 14. TRANSACTIONS WITH RELATED PARTIES

The related parties include holding company, associated companies, directors of the Company, companies where directors also hold directorship and key management personnel of the Company. The transactions with related parties are carried out in the normal course of business at contracted rates. Details of transactions with related parties and balances with them at year end, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

Un-audited  
September 30,  
2021

Un-audited  
September 30,  
2020

Rupees

**14.1 Details of transactions carried out during the period with the related parties are as follows:**

Relationship	Nature of transactions		
Holding Company:	Dividend	<b>502,116,295</b>	502,116,295
Associated companies:	a. Purchase of goods and services	<b>2,122,586,418</b>	1,974,125,703
	b. Expenses cross charged by GSK Pakistan	<b>42,172,452</b>	74,494,180
	c. Services fee charged by GSK Pakistan	<b>9,000,000</b>	9,000,000
	d. Recovery of expenses	<b>107,554,992</b>	-
Staff retirement funds:	a. Expense charged for retirement benefit plans	<b>67,888,878</b>	59,287,587
	b. Payments to retirement benefit plans	<b>60,544,778</b>	54,214,383
Key management personnel:	a. Salaries and other employee benefits	<b>124,551,455</b>	109,627,878
	b. Post employment benefits	<b>11,785,562</b>	6,106,236
	c. Proceeds from sale of fixed assets	<b>8,271,350</b>	-

**15. FAIR VALUE MEASUREMENTS**

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at September 30, 2021, the Company does not have any financial instruments carried at fair values which are measured using methods falling under above categories, and the carrying values of financial assets and financial liabilities approximate their fair values at the reporting date.

**16. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on October 26, 2021.



Chief Financial Officer



Director



Chief Executive Officer



do more  
feel better  
live longer

GlaxoSmithKline Consumer Healthcare Pakistan Limited  
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