

Hoechst
PAKISTAN 

(formerly Sanofi Aventis Pakistan Limited)



CREATING A
BETTER
TOMORROW



Condensed Interim
Financial Statements for the
Nine Months Period Ended
September 30, 2024
(Unaudited)

**THIRD
QUARTER
REPORT
2024**

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Company Information

Board of Directors

Syed Babar Ali (Chairman)
Syed Hyder Ali
Mr. Arshad Ali Gohar
Mr. Imtiaz Ahmed Husain Laliwala
Syed Anis Ahmad Shah
Mr. Muhammad Salman Burney
Ms. Saadia Naveed
Ms. Iqra Sajjad
Mr. Sajjad Iftikhar

Chief Executive Officer

Mr. Sajjad Iftikhar

Chief Financial Officer

Mr. Yasser Pirmuhammad

Company Secretary

Syed Muhammad Taha Naqvi

Head of Internal Audit

Mr. Feroze Polani

Auditors

A.F. Fergusons & Co.
Chartered Accountants

Legal Advisors

Khalid Anwer & Co.
Saadat Yar Khan & Co.
Ghani Law Associates
THS & Co.

Share Registrar

FAMCO Share Registration Services (Private) Limited
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi
Tel: +92 21 34380101-5
URL: www.famcosrs.com

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Deutsche Bank AG
Habib Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered (Pakistan) Limited

Registered Office

Plot 23, Sector 22, Korangi Industrial Area,
Karachi - 74900

Postal Address

P.O. Box No. 4962, Karachi - 74000

Contact

Tel: +92 21 35060221-35
Email: contact.pk@hoechst.com.pk

Web presence

www.hoechst.com.pk

Hoechst Pakistan Limited (formerly Sanofi Aventis Pakistan Limited)

Directors' Review Report to the Shareholders

The Directors are pleased to present the un-audited condensed interim financial statements of your Company, for the nine months period ended September 30, 2024. These un-audited condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Act, 2017. In case requirements differ, the provisions of directives issued under the Companies Act, 2017 have been followed.

Key Financial Highlights

Amounts in Million	Nine months ended		Quarter ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net Sales	20,517	15,879	7,186	5,831
Gross Profit	6,293	4,332	2,508	1,785
Gross Profit %	31%	27%	35%	31%
Operating Profit	2,579	430	900	600
Finance Cost	(83)	(154)	(23)	(23)
Profit / (Loss) After Tax	1,205	(53)	379	469
Earnings Per Share (Rupees)	124.93	(5.48)	39.29	48.68

Total net sales for the nine months ended September 30, 2024, stand at PKR 20,517 million, which grew by 29% compared to the same period last year. This growth was mainly driven by business growth in brands operating in Diabetes, Consumer Healthcare and GenMed Classics portfolio.

The gross margin increased to 31% from 27% when compared to the same period last year. The Company has managed to maintain its Distribution and Administrative costs at 12% and 4% of net sales in line with same period last year ratios that indicates enhanced focus on supply chain and production efficiencies. The exchange rate remained stable during the nine months of 2024 as compared to 27% devaluation during same period last year that resulted in exchange loss of PKR 1,265 million last year.

It is pertinent to mention that the Company has posted Profit after tax of PKR 1,205 million during the nine months period ended September 30, 2024 as compared to loss after tax of PKR 53 million in corresponding period of 2023.

The management will continue to focus on working capital management, increasing product availability, production and supply chain efficiencies to generate better operating results during the last quarter of 2024.

Incorporation of new subsidiary

The Board of Directors of the Company in its meeting held on April 24, 2024 has approved formation of a wholly owned local subsidiary, which will be engaged in the business of manufacturing and distributing wellness and nutraceutical products subject to applicable regulatory approvals. The Company is in the process of completion of formalities for incorporation of the subsidiary company.

Hoechst Pakistan Limited (formerly Sanofi Aventis Pakistan Limited)


Future outlook

As we look to the year ahead, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. Your Company remains focused on delivering high-quality medicines to customers, while also making concrete efforts to improve profitability through innovation, improved efficiency and effective cost containment initiatives to maximize shareholders' returns.

The Company continues to face the dual challenges of escalation in costs owing to inflation and other macroeconomic indicators which may adversely affect the Company's operations. However, we are confident that through effective management and leadership, the Company would be able to navigate through those challenges.

The Board of Directors would like to acknowledge the efforts and commitment of the employees.

By order of the Board



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer

Karachi: October 23, 2024

پاکستان لمیٹڈ (سابق سنوفی اوینٹس پاکستان لمیٹڈ)

شیئر ہولڈرز کو ڈائریکٹرز کی روٹیورپورٹ

ڈائریکٹرز نہایت مسرت کے ساتھ 30 ستمبر 2024 کو ختم ہونے والی نو ماہ کی مدت کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی بیانات پیش کر رہے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز - 34 (IAS) انٹرم فنانشل رپورٹنگ اور کمپنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات اور ان کی دفعات کے تقاضوں کے مطابق تیار کیے گئے ہیں۔ اگر ضروریات مختلف ہونے کی صورت میں کمپنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات کی دفعات پر عمل کیا گیا ہے۔

اہم مالیاتی جھلکیاں

سہ ماہی مدت		نو ماہی مدت		روپے ملین میں
ستمبر 30، 2023	ستمبر 30، 2024	ستمبر 30، 2023	ستمبر 30، 2024	
5,831	7,186	15,879	20,517	خالص فروخت
1,785	2,508	4,332	6,293	مجموعی منافع
31%	35%	27%	31%	مجموعی منافع %
600	900	430	2,579	آپریٹنگ منافع
(23)	(23)	(154)	(83)	مالیاتی لاگت
469	379	(53)	1,205	بعد از ٹیکس منافع / (خسارہ)
48.68	39.29	(5.48)	124.93	آمدنی فی حصص (روپے)

30 ستمبر 2024 کو ختم ہونے والے نو ماہ کے لیے کل خالص فروخت 20,517 ملین روپے ہے، جو گزشتہ سال کی اسی مدت کے مقابلے میں 29 فیصد زیادہ ہے۔ یہ ترقی بنیادی طور پر ذیابیطس، کنزیومر ہیلتھ کیئر اور جنرل میڈ کلاسکس کے پورٹ فولیو میں کام کرنے والے برانڈز میں کاروبار کی ترقی کی وجہ سے ہوئی۔

مجموعی مارجن گزشتہ سال کی اسی مدت کے مقابلے میں 27% سے بڑھ کر 31% ہو گیا۔ کمپنی نے گزشتہ سال کی اسی مدت کے تناسب کے مطابق اپنی تقسیم اور مارکیٹنگ اور انتظامی اخراجات کو خالص فروخت کے 12% اور 4% پر برقرار رکھنے کا انتظام کیا ہے جو سپلائی چین اور پیداواری صلاحیتوں پر توجہ مرکوز کرنے کی نشاندہی کرتا ہے۔ ایکسچینج ریٹ 2024 کے نو ماہ کے دوران مستحکم رہا جبکہ گزشتہ سال کی اسی مدت کے دوران 27 فیصد کی قدر میں کمی ہوئی جس کے نتیجے میں 1,265 ملین روپے کا ایکسچینج نقصان ہوا۔

یہ بات قابل ذکر ہے کہ کمپنی نے 2024 کے نو ماہ میں 1,205 ملین روپے کا بعد از ٹیکس منافع حاصل کیا ہے جبکہ 2023 کی اسی مدت میں بعد از ٹیکس نقصان 53 ملین روپے رہا۔

بکسٹ پاکستان لمیٹڈ (سابق سنوفی اوینٹس پاکستان لمیٹڈ)

کمپنی کی انتظامیہ 2024 کے بقیہ حصے کے دوران بہتر آپریٹنگ نتائج پیدا کرنے کے لیے ورکنگ کیپیٹل مینجمنٹ، مصنوعات کی دستیابی میں اضافہ، پیداوار اور سپلائی چین کی افادیت پر توجہ مرکوز رکھے گی۔

نئی ذیلی کمپنی کی تشکیل

کمپنی کے بورڈ آف ڈائریکٹرز نے 24 اپریل 2024 کو ہونے والی اپنی میٹنگ میں ایک مکمل ملکیتی مقامی ذیلی کمپنی کے قیام کی منظوری دی ہے، جو صحت اور غذائیت سے متعلق مصنوعات کی تیاری اور تقسیم کے کاروبار میں مصروف ہوگی۔ یہ تشکیل قابل اطلاق ریگولیٹری منظوریوں سے مشروط ہے۔ کمپنی ذیلی کمپنی کی تشکیل کے لیے رسمی کارروائیوں کی تکمیل کے عمل میں ہے۔


مستقبل کا نقطہ نظر

جیسا کہ ہم اس سال میں آگے کی طرف دیکھتے ہیں، ہم اپنی قابلیت کو بڑھانا جاری رکھیں گے اور اپنی حکمت عملیوں کا جائزہ لیتے رہیں گے تاکہ یہ یقینی بنایا جا سکے کہ وہ مقامی اور عالمی مارکیٹ میں بدلتی ہوئی حرکیات کے مطابق متعلقہ اور موزوں رہیں۔ آپ کی کمپنی صارفین کو اعلیٰ معیار کی ادویات کی فراہمی پر توجہ مرکوز رکھتی ہے، جبکہ حصص یافتگان کے منافع کو زیادہ سے زیادہ کرنے کے لیے جدت، بہتر کارکردگی اور مؤثر لاگت پر قابو پانے کے اقدامات کے ذریعے منافع کو بہتر بنانے کے لیے ٹھوس کوششیں بھی کرتی ہے۔

کمپنی کو افراط زر اور دیگر معاشی اشاریوں کی وجہ سے اخراجات میں اضافے کے دوہری چیلنجوں کا سامنا کرنا پڑ رہا ہے جو کمپنی کے کاموں کو بری طرح متاثر کر سکتے ہیں۔ تاہم، ہمیں یقین ہے کہ موثر انتظام اور قیادت کے ذریعے، کمپنی ان چیلنجوں سے گزرنے کے قابل ہوگی۔

بورڈ آف ڈائریکٹرز ملازمین کی کوششوں اور ان کی لگن کو سراہتے ہیں۔

بحکم بورڈ



سجاد افتخار
چیف ایگزیکٹو آفیسر



سید بابر علی
چیئر مین

کراچی: 23 اکتوبر 2024


Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)


Condensed Interim Statement of Financial Position

As at September 30, 2024

		September 30, 2024	December 31, 2023
	Note	----- Rupees in '000 ----- (Un-audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,914,620	1,777,765
Intangible assets		6,169	13,081
Investment properties		29,900	31,212
Long-term loans		4,428	4,146
Long-term deposits		27,446	15,983
Deferred taxation - net	5	224,799	211,903
		<u>2,207,362</u>	<u>2,054,090</u>
CURRENT ASSETS			
Stores and spares		88,512	87,709
Stock-in-trade	6	8,248,631	4,094,840
Trade debts - net	7	713,826	572,014
Loans and advances	8	552,401	99,762
Trade deposits and short-term prepayments	9	906,908	451,443
Other receivables		47,160	65,483
Short-term investments	10	-	889,082
Taxation - net		1,032,837	1,438,566
Cash and bank balances		14,819	117,373
		<u>11,605,094</u>	<u>7,816,272</u>
		<u>13,812,456</u>	<u>9,870,362</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		96,448	96,448
Reserves	11	6,049,437	5,374,990
		<u>6,145,885</u>	<u>5,471,438</u>
Defined benefit plan - gratuity fund		12,764	-
		<u>12,764</u>	<u>-</u>
CURRENT LIABILITIES			
Trade and other payables	12	6,333,125	4,272,677
Contract liabilities		106,483	104,714
Accrued mark-up		7,105	2,034
Short-term borrowings		500,000	-
Bank overdraft		689,926	-
Deferred liabilities		4,500	9,000
Unclaimed dividend		10,191	8,216
Unpaid dividend		2,477	2,283
		<u>7,653,807</u>	<u>4,398,924</u>
CONTINGENCIES AND COMMITMENTS			
	13		
		<u>13,812,456</u>	<u>9,870,362</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


Syed Babar Ali
Chairman


Sajjad Iftikhar
Chief Executive Officer


Yasser Pirmuhammad
Chief Financial Officer


Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)


Condensed Interim Statement of Profit or Loss

For the period ended September 30, 2024 (Un-audited)

	Note	Nine Months Ended		Quarter Ended	
		September 30, 2024	September 30, 2023 (Restated)	September 30, 2024	September 30, 2023 (Restated)
----- Rupees in '000 -----					
REVENUE FROM CONTRACT WITH CUSTOMERS - NET	14	20,516,760	15,879,229	7,185,969	5,831,380
Cost of sales		(14,224,194)	(11,547,720)	(4,678,174)	(4,046,218)
GROSS PROFIT		6,292,566	4,331,509	2,507,795	1,785,162
Distribution and marketing costs		(2,505,565)	(1,951,719)	(992,906)	(754,054)
Administrative expenses		(788,359)	(686,168)	(264,137)	(263,685)
Other expenses	15	(611,238)	(1,533,687)	(391,983)	(340,244)
Other income		191,141	269,967	40,803	173,034
		(3,714,021)	(3,901,607)	(1,608,223)	(1,184,949)
OPERATING PROFIT		2,578,545	429,902	899,572	600,213
Finance costs	16	(82,935)	(153,539)	(22,646)	(23,354)
PROFIT BEFORE MINIMUM TAX DIFFERENTIAL, FINAL TAX AND INCOME TAX		2,495,610	276,363	876,926	576,859
Minimum tax differential		(310,997)	(212,924)	(133,921)	(143)
Final tax		(35,019)	(6,992)	(4,080)	(4,088)
PROFIT BEFORE INCOME TAX		2,149,594	56,447	738,925	572,628
Taxation - Current		(957,581)	(188,668)	(392,118)	(181,752)
- Deferred		12,896	79,389	32,099	78,622
		(944,685)	(109,279)	(360,019)	(103,130)
PROFIT / (LOSS) FOR THE PERIOD		1,204,909	(52,832)	378,906	469,498
EARNINGS / (LOSS) PER SHARE - basic and diluted (Rupees)		124.93	(5.48)	39.29	48.68

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


Syed Babar Ali
Chairman


Sajjad Iftikhar
Chief Executive Officer


Yasser Pirmuhammad
Chief Financial Officer


Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Condensed Interim Statement of Comprehensive Income

For the period ended September 30, 2024 (Un-audited)

	Nine Months Ended		Quarter Ended	
	September 30, 2024	September 30, 2023 (Restated)	September 30, 2024	September 30, 2023 (Restated)
	----- Rupees in '000 -----			
PROFIT / (LOSS) FOR THE PERIOD	1,204,909	(52,832)	378,906	469,498
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>1,204,909</u>	<u>(52,832)</u>	<u>378,906</u>	<u>469,498</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


Syed Babar Ali
Chairman


Sajjad Iftikhar
Chief Executive Officer


Yasser Pir Muhammad
Chief Financial Officer


Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)


Condensed Interim Statement of Changes in Equity

For the period ended September 30, 2024 (Un-audited)

	Capital Reserves				Revenue Reserves		Total	
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Other capital reserves	Difference of share capital under scheme of arrangement for amalgamation	Share-based payments reserve	General reserve		Unappropriated profit
----- Rupees '000 -----								
Balance as at January 01, 2023 (Audited)	96,448	5,935	-	18,000	366,704	3,535,538	1,007,067	5,029,692
Staff cost in relation to share-based payments	-	-	-	-	12,201	-	-	12,201
Loss for the period	-	-	-	-	-	-	(52,832)	(52,832)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(52,832)	(52,832)
Balance as at September 30, 2023 (Unaudited)	96,448	5,935	-	18,000	378,905	3,535,538	954,235	4,989,061
Balance as at January 01, 2024 (Audited)	96,448	5,935	-	18,000	375,210	3,535,538	1,440,307	5,471,438
Transfer from general reserves to capital reserves (note 11)	-	-	2,000,000	-	-	(2,000,000)	-	-
Final dividend @ Rs. 30 per ordinary share for the year ended December 31, 2023	-	-	-	-	-	(289,343)	-	(289,343)
Interim dividend @ Rs. 25 per ordinary share for the half year ended June 30, 2024	-	-	-	-	-	(241,119)	-	(241,119)
Profit for the period	-	-	-	-	-	-	1,204,909	1,204,909
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	1,204,909	1,204,909
Balance as at September 30, 2024 (Unaudited)	96,448	5,935	2,000,000	18,000	375,210	1,005,076	2,645,216	6,145,885

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


Syed Babar Ali
Chairman


Sajjad Iftikhar
Chief Executive Officer


Yasser Pirmuhammad
Chief Financial Officer


Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)


Condensed Interim Statement of Cash Flows

For the period ended September 30, 2024 (Un-audited)

	September 30, 2024	September 30, 2023 (Restated)
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	2,149,594	56,447
Adjustment for non-cash items:		
Depreciation and amortization	227,513	225,216
Allowance for expected credit loss	101,199	126,449
Unrealised foreign exchange differences	188,229	284,035
Gain on disposal of operating fixed assets - net	(716)	(3,947)
Addition in / (Release) of deferred liabilities	(4,500)	10,405
Staff cost in relation to share-based payments	-	12,201
Charge for defined benefit plans	42,000	74,285
Interest income	(3,104)	(81,459)
Dividend income on mutual funds	(102,749)	-
Income from investment properties	(48,293)	(44,716)
Finance costs	82,935	153,539
Minimum tax differential	310,997	212,924
Final tax	35,019	6,992
	<u>2,978,124</u>	<u>1,032,371</u>
Working capital changes:		
(Increase) / Decrease in current assets:		
Stores and spares	(803)	(7,398)
Stock-in-trade	(4,153,791)	237,929
Trade debts	(243,011)	271,002
Loans and advances	(452,639)	(17,323)
Trade deposits and short-term prepayments	(455,465)	1,401,038
Other receivables	(7,199)	424,380
	<u>(5,312,908)</u>	<u>2,309,628</u>
(Decrease) / Increase in current liabilities:		
Contract liabilities	1,769	(47,360)
Trade and other payables	1,872,665	(739,789)
	<u>(460,350)</u>	<u>2,554,850</u>
Cash (used in) / generated from operations		
Finance costs paid	(77,864)	(164,518)
Interest received	3,104	81,459
Minimum tax differential paid	(310,997)	(212,924)
Final tax paid	(22,352)	(6,992)
Income tax paid	(564,519)	(321,272)
Retirement benefits paid	(3,713)	-
Long-term loans to employees - net	(282)	(621)
Long-term deposits	(11,463)	-
	<u>(1,448,436)</u>	<u>1,929,982</u>
Net cash (used in) / generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(387,774)	(174,694)
Sale proceeds from disposal of operating fixed assets	32,346	(136,311)
Short-term investments made	(22,670,507)	59,157
Sale proceeds from disposal of short-term investments	23,559,589	-
Dividend income received on mutual funds	102,749	-
Income from investment properties	48,293	44,716
	<u>684,696</u>	<u>(207,132)</u>
Net cash generated from / (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(528,293)	(45)
Repayment of principal portion long-term financing	-	(41,053)
	<u>(528,293)</u>	<u>(41,098)</u>
Net cash used in financing activities		
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,292,033)</u>	<u>1,681,752</u>
NET FOREIGN EXCHANGE DIFFERENCES	(447)	8,191
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	117,373	(1,358,459)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>(1,175,107)</u></u>	<u><u>331,484</u></u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.


Syed Babar Ali
Chairman


Sajjad Iftikhar
Chief Executive Officer


Yasser Pirmuhammad
Chief Financial Officer

Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Notes to the Condensed Interim Financial Statements

For the period ended September 30, 2024 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

- 1.1** Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited) (the Company) was incorporated in Pakistan in 1967 as a Public Limited Company under Companies Act, 1913 [now Companies Act, 2017 (the Act)]. The shares of the Company are listed on Pakistan Stock Exchange Limited (PSX). The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.
- 1.2** On April 28, 2023, the Consortium led by Packages Limited that included IGI Investments (Private) Limited, and affiliates of Arshad Ali Gohar Group acquired 52.87% shares of the Company held by Sanofi Foreign Participations B.V. (the Former Parent Company), registered in Netherlands under the Shares Purchase Agreement. Accordingly, effective April 29, 2023, Packages Limited became the parent company by virtue of 66.07% shareholding (including 41.07% direct shareholding) in the Company. The name of the Company was changed from Sanofi-Aventis Pakistan Limited to Hoechst Pakistan Limited effective from September 27, 2023. This change of name had no effect on the principal line of business of the Company. The Company is now in the process of seeking approvals for name change on its products from Drug Regulatory Authority of Pakistan.
- 1.3** The Board of Directors of the Company in its meeting held on April 24, 2024 has approved formation of a wholly owned local subsidiary, which will be engaged in the business of manufacturing and distributing wellness and nutraceutical products subject to all applicable regulatory approvals. As of reporting date, the Company is in process of completion of formalities for incorporation of subsidiary company.

2 STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan for interim financial reporting which comprise of:
- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Act; and
 - Provisions of and directives issued under the Act.

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

- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2023.

3 MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN

- 3.1** The material accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2023, except for the following:

The Institute of Chartered Accountants of Pakistan has issued application guidance on accounting of minimum and final taxes vide its circular No. 07/2024 dated May 15, 2024 (the Guidance), whereby unrecoupable minimum taxes in excess of normal tax liability and tax deducted at source under final tax regime are out of scope of IAS 12 'Income Taxes' and fall in the ambit of IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Accordingly, the Company in line with the Guidance has changed its accounting policy to recognise such taxes as 'levies' which were previously being recognised as 'income tax'. Such a change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures for condensed interim statement of profit and loss, condensed interim statement of comprehensive income and condensed interim statement of cashflows have been restated. The change has no impact on profit / (loss) after tax, earnings / (loss) per share and other comprehensive income of the Company.

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
----- Rupees in '000 -----			
Effects on condensed interim statement of profit or loss			
For the nine months period ended September 30, 2024			
Minimum tax differential	-	(310,997)	(310,997)
Final tax	-	(35,019)	(35,019)
Profit before income tax	2,495,610	(346,016)	2,149,594
Income tax	(1,290,701)	346,016	(944,685)
For the quarter ended September 30, 2024			
Minimum tax differential	-	(133,921)	(133,921)
Final tax	-	(4,080)	(4,080)
Profit before income tax	876,926	(138,001)	738,925
Income tax	(498,020)	138,001	(360,019)
For the nine months period ended September 30, 2023			
Minimum tax differential	-	(212,924)	(212,924)
Final tax	-	(6,992)	(6,992)
Profit before income tax	276,363	(219,916)	56,447
Income tax	(329,195)	219,916	(109,279)
For the quarter ended September 30, 2023			
Minimum tax differential	-	(143)	(143)
Final tax	-	(4,088)	(4,088)
Loss before income tax	576,859	(4,231)	572,628
Income tax	(107,361)	4,231	(103,130)
Effects on condensed interim statement of comprehensive income			
For the nine months period ended September 30, 2024			
Other comprehensive income	-	-	-
For the quarter ended September 30, 2024			
Other comprehensive income	-	-	-
For the nine months period ended September 30, 2023			
Other comprehensive income	-	-	-
For the quarter ended September 30, 2023			
Other comprehensive income	-	-	-

The related changes to the statement of comprehensive income and statement of cashflows with respect to the amount of profit / (loss) before taxation have been made as well.

3.2 There are certain amendments to accounting and reporting standards which became effective during the current period. However, these are considered not to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

3.3 There are certain standards and amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

3.4 The preparation of these condensed interim financial statements, in conformity with approved accounting and 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. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual financial statements of the Company for the year ended December 31, 2023.

3.5 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

	September 30, 2024	December 31, 2023
Note	----- Rupees in '000 ----- (Un-audited)	(Audited)

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	1,713,759	1,653,580
Capital work-in-progress	4.2 & 4.3	200,861	124,185
		<u>1,914,620</u>	<u>1,777,765</u>

4.1 Operating fixed assets

Opening net carrying value		1,653,580	1,606,792
Additions/transfers from capital work-in-progress	4.1.1	308,463	419,026
Disposals during the period / year	4.1.1	(31,630)	(69,303)
Depreciation charge for the period / year		(216,654)	(302,935)
Closing net carrying value		<u>1,713,759</u>	<u>1,653,580</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) September 30, 2024	(Audited) December 31, 2023	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----			
Buildings on leasehold land	-	70,328	-	-
Plant and machinery	101,008	206,248	-	456
Furniture and fixtures	261	766	-	-
Factory and office equipment	49,864	38,306	275	67
Motor vehicles	157,330	103,378	31,355	68,780
	<u>308,463</u>	<u>419,026</u>	<u>31,630</u>	<u>69,303</u>

September 30, 2024	December 31, 2023
----- Rupees in '000 -----	
(Un-audited)	(Audited)

4.2 Capital work-in-progress

Buildings on leasehold land	-	-
Plant and machinery	118,928	104,353
Others	81,933	19,832
	<u>200,861</u>	<u>124,185</u>

4.3 Movement in capital work-in-progress is as follows:

Opening balance	124,185	277,468
Additions during the period / year	274,339	200,497
Transferred to operating fixed assets	(197,663)	(353,780)
Closing balance	<u>200,861</u>	<u>124,185</u>

5 DEFERRED TAX ASSET - NET

Deferred tax is recognised for tax losses, minimum tax, alternative corporate tax, depreciation and other deductible temporary differences available for carry forward to the extent that realisation of the related tax benefit through future taxable profits, based on projections, is probable. As of reporting date, deferred tax asset amounting to Rs. 16.23 million (December 31, 2023: Rs. 16.23 million), in respect of minimum tax credits, has not been recognised in these condensed interim financial statements.

Note	September 30, 2024	December 31, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Audited)

6 STOCK-IN-TRADE

Raw and packing material

In hand		2,560,946	2,000,372
In transit		306,421	312,670
		<u>2,867,367</u>	<u>2,313,042</u>
Provision against raw and packing material	6.1	(62,821)	(57,430)
		<u>2,804,546</u>	<u>2,255,612</u>

Work-in-process		228,054	99,848
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Finished goods

In hand		4,428,179	1,706,331
In transit		879,227	245,936
		<u>5,307,406</u>	<u>1,952,267</u>
Provision against finished goods	6.2	(91,375)	(212,887)
		<u>5,216,031</u>	<u>1,739,380</u>
		<u>8,248,631</u>	<u>4,094,840</u>

	Note	September 30, 2024 ----- Rupees in '000 ----- (Un-audited)	December 31, 2023 ----- (Audited)
6.1	Movement of provision against raw and packing material is as follows:		
		57,430	103,521
		26,088	31,245
		(20,628)	(60,456)
		(69)	(16,880)
		<u>62,821</u>	<u>57,430</u>

6.2	Movement of provision against finished goods is as follows:		
		212,887	171,169
		41,796	127,433
		(10,788)	(7,966)
		(152,520)	(77,749)
		<u>91,375</u>	<u>212,887</u>

7 TRADE DEBTS - NET

This is net of allowance for expected credit loss against the trade debts considered doubtful amounting to Rs. 355.4 million (December 31, 2023: Rs. 254.2 million). During the period, the Company has recognized charge amounting to Rs. 101.2 million (December 31, 2023: Rs. 63.4 million) in this respect.

8 LOANS AND ADVANCES

Includes advances to contractors and suppliers amounting to Rs. 539.4 million (December 31, 2023: Rs. 91.3 million).

9 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes margin against letters of credit amounting to Rs. 764 million (December 31, 2023: Rs. 288 million).

10 SHORT-TERM INVESTMENTS

At fair value through profit or loss

	September 30, 2024		December 31, 2023	
	Number of units (Un-audited)	Rupees in '000	Number of units (Audited)	Rupees in '000
Investment in mutual funds:				
Faysal Islamic Cash Fund	-	-	-	-
Bank Al Habib Money Market Fund	-	-	8,867,360	887,680
NBP Income Fund - Cash Plan II	-	-	91,725	919
MCB Pakistan Cash Management Fund	-	-	9,557	483
	<u>-</u>	<u>-</u>	<u>8,968,642</u>	<u>889,082</u>

11 RESERVES

During the period, the Company has transferred Rs. 2,000 million from Revenue Reserves to Capital Reserves as approved by the Board of Directors in its meeting held on February 22, 2024 for the purposes of issuance of bonus shares, if any, from time to time as the Board may deem fit. Such a transfer has been made under the Securities and Exchange Commission of Pakistan circular no. 4 of 2024 dated February 15, 2024.

September 30, December 31,
2024 2023
----- Rupees in '000 -----
(Un-audited) (Audited)

12 TRADE AND OTHER PAYABLES

Trade creditors

Related parties	50,690	5,041
Other trade creditors	<u>2,275,075</u>	<u>1,835,906</u>
	2,325,765	1,840,947

Other payables

Accrued liabilities	2,520,110	1,307,062
Refund liabilities	101,416	83,556
Infrastructure Development Cess	952,457	728,223
Workers' Profit Participation Fund	134,282	48,911
Workers' Welfare Fund	121,303	85,372
Central Research Fund	26,991	9,866
Compensated absences	111,520	122,434
Security deposits	15,576	15,576
Contractors' retention money	6,359	8,846
Sales tax payable	17,346	21,884
	<u>4,007,360</u>	<u>2,431,730</u>
	<u>6,333,125</u>	<u>4,272,677</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There are no material changes in the contingencies as disclosed in note 23.1 to the annual audited financial statements of the Company for the year ended December 31, 2023 except for the following:

- 13.1.1** The Deputy Commissioner Inland Revenue (DCIR) passed an order dated April 30, 2015 under section 122(1) of the Income Tax Ordinance, 2001 (ITO) for the Tax Year 2013, increasing the tax liability of the Company by Rs.179.153 million on the contention that the Company understated the gain on sale of property and disallowed certain expenses related to sales promotion and advertisement. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], wherein the CIR(A) vide order dated July 19, 2018, deleted the addition for gain on disposal of property and remanded back the additions related to sales promotion and advertisements. An appeal dated October 2, 2018, was filed with the Appellate Tribunal Inland Revenue (ATIR) against the said decision of the CIR(A) on the issue remanded back which is still pending.

The DCIR vide order dated June 30, 2021 passed an appeal effect order to give effect to matters remanded back and deleted by CIR(A). The Company also filed rectification appeal against the order for certain computational errors and not giving credit for refund adjustment at Rs 72.137 million [debited from the tax year 2014] which was rectified by DCIR vide its order dated July 29,2021 and accordingly the Company's tax refundable was increased to Rs. 110.343 million.

The Company filed an appeal with CIR(A) against the said order of DCIR in respect of certain additions maintained, which was concluded on January 26, 2023 and the refund adjustment was reversed among other aspects addressed, resulting in tax refundable of Rs. 49.460 million. Based on verification of the refund filed by the Company, the DCIR through its order dated April 2, 2024 under section 170(4) of the ITO has issued tax refund of Rs. 19.734 million under section 170 of the ITO whilst the remaining refund of Rs. 29.917 million is pending for verification with tax authorities.

13.1.2 In respect of the matter disclosed in note 23.1.9 to the annual financial statements, during the period on March 15, 2024, the Islamabad High Court (IHC) issued a favourable order, whereby, the IHC decided that 6% incremental super tax is not applicable retrospectively on tax year 2023 and prior periods. Further, the IHC also ruled that the super tax should be calculated excluding all the income which falls under the final tax regime. The Federal Board of Revenue (FBR) has filed an intra court appeal with the IHC against the said order, which is pending adjudication. Accordingly, the Company on account of prudence has continued to maintain its provision in respect of 6% incremental super tax in these condensed interim financial statements.

	September 30, 2024	December 31, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Audited)
Commitments for capital expenditure	<u>41,350</u>	<u>324,317</u>
Outstanding letters of credit	<u>546,600</u>	<u>568,377</u>
Outstanding bank guarantees	<u>1,662,488</u>	<u>845,428</u>
Outstanding bank contracts	<u>2,030,719</u>	<u>3,017,725</u>

14 REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	Nine Months Ended (Un-audited)		Quarter Ended (Un-audited)	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----			
Gross sales				
Local	21,420,179	16,857,452	7,574,351	6,119,145
Export	<u>1,039,716</u>	580,180	<u>252,510</u>	239,039
	22,459,895	17,437,632	7,826,861	6,358,184
Toll manufacturing	<u>51,673</u>	125,690.00	<u>38,259</u>	43,505
	22,511,568	17,563,322	7,865,120	6,401,689
Less: Trade discount	(1,705,939)	(1,295,818)	(590,261)	(365,926)
Less: Sales returns	(72,898)	(207,385)	(14,538)	(135,039)
Less: Sales tax	<u>(215,971)</u>	(180,890)	<u>(74,352)</u>	(69,344)
	<u>20,516,760</u>	<u>15,879,229</u>	<u>7,185,969</u>	<u>5,831,380</u>

15 OTHER EXPENSES

Includes net exchange gain amounting to Rs. 80.8 million (September 30, 2023: net exchange loss of Rs. 1,264.9 million).

16 FINANCE COSTS

Includes bank charges amounting to Rs. 75.9 million (September 30, 2023: Rs. 72.6 million).

	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Un-audited)
17 CASH AND CASH EQUIVALENTS		
Cash and bank balances	14,819	331,484
Bank overdraft	(689,926)	-
Short-term borrowings	(500,000)	-
	<u>(1,175,107)</u>	<u>331,484</u>

18 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of group companies, associated undertakings, employees' retirement funds, directors and key management personnel. All transactions with related parties are executed at agreed terms duly approved by the Board of Directors of the Company. There are no transactions with key management personnel other than under the terms of employment.

Details of transactions with related parties during the period are as follows:

	September 30, 2024 (Un-audited)						September 30, 2023 (Un-audited)					
	Parent Company (Note 1.2)	Former Parent and Group Companies (Note 1.2)	Associated undertakings	Retirement benefits plans	Key management personnel	Total	Parent Company (Note 1.2)	Former Parent and Group Companies (Note 1.2)	Associated undertakings	Retirement benefits plans	Key management personnel	Total
----- Rupees in '000 -----												
Sales	-	-	8,506	-	-	8,506	-	-	2,235	-	-	2,235
Purchase of goods	-	-	461,479	-	-	461,479	5,416	3,086,631	42,009	-	-	3,134,056
Group shared services received	90,965	-	25,656	-	-	116,621	-	-	-	-	-	-
Group shared services rendered	193	-	-	-	-	193	-	-	-	-	-	-
Insurance claims received	-	-	15,194	-	-	15,194	-	-	-	-	-	-
Insurance premium	-	-	182,863	-	-	182,863	-	-	85,467	-	-	85,467
Subscription fee paid	-	-	-	-	-	-	-	-	50	-	-	50
Donations paid	-	-	7,216	-	-	7,216	-	-	-	-	-	-
Contribution paid:												
- Provident fund	-	-	-	57,023	-	57,023	-	-	-	57,553	-	57,553
- Gratuity fund	-	-	-	3,713	-	3,713	-	-	-	-	-	-
Remuneration of key management personnel	-	-	-	-	423,222	423,222	-	-	-	-	245,496	245,496

19 FINANCIAL RISK MANAGEMENT

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2023. There have been no changes in any risk management policies since the year-end. The carrying amounts of all the financial instruments reflected in the condensed interim financial statements approximate to their fair value.

20 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values.

Fair value hierarchy

The Company classifies its financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:** Input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company held the following financial assets measured at fair values:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments in units of mutual funds				
- September 30, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- December 31, 2023	<u>-</u>	<u>889,082</u>	<u>-</u>	<u>889,082</u>

21 ENTITY WIDE INFORMATION

- 21.1** The Company constitutes a single reportable segment. Information about geographical areas of the Company are as follows:

	September 30, 2024	September 30, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Un-audited)
Sales to external customers - net of returns and discounts		
Pakistan	19,715,086	15,359,328
Afghanistan	801,674	519,901
	<u>20,516,760</u>	<u>15,879,229</u>

22 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 23, 2024 by the Board of Directors of the Company.

23 GENERAL

23.1 Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand Pakistan Rupees, unless otherwise stated.

23.2 Corresponding figures have been rearranged and reclassified, whenever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification during the period.



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer



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