

# HALF YEARLY REPORT 2023

JAN-JUN





NEW

Spring  
**SUMMER**

200+ NEW DESIGNS

Surprisingly  
**Bata**

# CORPORATE INFORMATION

## Board of Directors

Mr. Roberto Longo	Chairman	Non - Executive Director
Mr. Muhammad Imran Malik	Director/Chief Executive	Executive Director
Mr. Amjad Farooq	Director/Chief Financial Officer	Executive Director
Mr. Syed Asad Ali Zaidi	Director	Executive Director
Mr. Toh Guan Kiat	Director	Non - Executive Director
Mr. Aamir Amin	Director	Non - Executive Director
Mr. Kamal Monnoo	Director	Independent Director
Mr. Muhammad Maqbool	Director	Independent Director
Ms. Fatima Asad Khan	Director	Independent Director

## Audit Committee

Mr. Muhammad Maqbool	Chairman
Mr. Roberto Longo	Member
Mr. Aamir Amin	Member
Mr. Toh Guan Kiat	Member

## Human Resource and Remuneration Committee

Ms. Fatima Asad Khan	Chairperson
Mr. Muhammad Imran Malik	Member
Mr. Toh Guan Kiat	Member

## Chief Financial Officer (CFO)

Mr. Amjad Farooq

## Company Secretary

Mr. Haroon Shoukat

## Auditors

A.F. Ferguson & Co.  
(a member firm of PwC Network)  
308-Upper Mall, Shahrah-e-Quaid-e-Aazam,  
P.O. Box 39, Lahore.

## Legal Advisor

SurrIDGE & Beecheno  
60, Shahrah-e-Quaid-e-Azam,  
Ghulam Rasool Building,  
Lahore.

## Stock Exchange Listing

Bata Pakistan Limited is listed on Pakistan Stock Exchange under "Leather and Tanneries" sector.

## Web Presence

<https://www.bata.com.pk/>

## Bankers

Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Bank Al Habib Limited  
National Bank of Pakistan Limited  
United Bank Limited  
Meezan Bank Limited  
Allied Bank Limited

## Registered Office

Batapur,  
G. T. Road,  
P.O. Batapur, Lahore.

## Share Registrar

Corplink (Pvt.) Ltd.  
Wings Arcade, 1-K Commercial,  
Model Town, Lahore.

## Factories

Batapur,  
G. T. Road,  
P.O. Batapur, Lahore.

## Maraka,

26 - Km, Multan Road, Lahore.

## Liaison Office Karachi

138 C-II Commercial Area,  
P.E.C.H.S., Tariq Road, Karachi.

# DIRECTORS' REVIEW

It is our pleasure to present the un-audited Condensed Interim Financial Information and brief review of the Company's operations for the six-month period ended 30 June 2023.

Net turnover in the period under review was Rs. 9,964 billion as compared to Rs. 8,346 billion for the corresponding period of last year showing a healthy growth of 19%. Profit before Tax during the current period was Rs. 701 million as compared to Rs. 651 million of last period. Profit after tax was Rs. 410.6 million as compared to Rs. 384.9 million of last period. Earnings per share was Rs. 54.31 against last period of Rs. 50.91.

Both retail and non-retail divisions remained under pressure due to inflation but showed remarkable results against corresponding period of last year. Unprecedented high inflation, devaluation of Pak Rupee and political instability resulted in upsurge in fuel and utility prices that adversely impacted the business along with restriction on business hours. Nevertheless, turnover of Retail division increased by 15% and non-retail division increased by 75% against the corresponding period of last year.


Our production facilities at Batapur and Maraka remained operational to meet the demand of our popular items. We are continually making investment in new moulds, the majority of which are proved very successful in the marketplace.

Our precedence remains to satisfy the demand of our valued customers and provide them with services exclusively and efficiently. In spite of bleak economic environment and competitive market conditions, we are preparing ourselves to grasp all opportunities that come our way this year. Our priority right now is to hit our target sales and stay connected with our customers through social media platforms and online campaigns.

The Company continued its Corporate Social Responsibilities (CSR) activities during the period under review. To strengthen school infrastructure for sustainable educational process, we renovated 6 schools in Layyah, Taunsa and Fazalpur, damaged by recent floods. In order to promote healthy culture, organized annual sports function for the students of an underprivileged school. To impart our role for better environment, Plant for Life campaign was launched and planted more than 2,500 trees / saplings in Batapur & Maraka and nearby communities. BCP volunteers conducted mentoring sessions at SOS Village Lahore focusing on character building, personality development and computer skills. To commemorate women's accomplishments, we celebrated International Women's Day by arranging activities in office and factories. Donated 973 pairs of shoes to the underprivileged children. Celebrated World Environment Day at Bata Stores. Arranged Health Awareness & Medical Camp in a village school and provided free medicines.

We are anticipating challenges but we are very much confident that with passion of our staff and unconditional support from our all stakeholders, we will not only achieve our goals for the year but also maintain a cohesion on national level by fulfilling our corporate responsibility to the society.

On behalf of the Board



MUHAMMAD IMRAN MALIK  
Chief Executive

## ڈائریکٹرز کا جائزہ

۳۰ جون ۲۰۲۳ کو ۲۰۲۳ سہ ماہ کی مدت کے لیے غیر آڈٹ شدہ کنٹریبنڈ عبوری مالیاتی معلومات اور کمپنی کے آپریشنز کا مختصر جائزہ پیش کرنا ہمارے لئے باعث مسرت ہے۔

زیر جائزہ مدت میں خالص کاروباری ٹرن اوور ۹.۹۶۴ بلین روپے رہا جو گزشتہ سال کی اسی مدت میں ۸.۳۴۶ بلین روپے تھا، یہ اعداد و شمار ۱۹ فیصد ترقی کو ظاہر کرتے ہیں۔ اس مدت کے دوران ٹیکس کی کٹوتی سے قبل منافع ۰.۱ بلین روپے رہا جس کے مقابلے میں گزشتہ سال یہی منافع ۶۵۱ بلین روپے تھا۔ ٹیکس کے بعد منافع ۲۱۰.۶ بلین روپے رہا جس کے مقابلے میں گزشتہ سال یہی منافع ۳۸۴.۹ بلین روپے تھا۔ فی شخص آمدنی ۵۴.۳۱ روپے رہی جس کے مقابلے میں پچھلے سال یہ آمدن ۵۰.۹۱ روپے فی شخص تھی۔

ریٹیل اور نان ریٹیل دونوں ڈویژن افراط زر کی وجہ سے دباؤ میں رہے اسکے باوجود گزشتہ سال کی اسی مدت کے مقابلے میں بہتر نتائج دیکھنے کو ملے۔ موہنگائی میں غیر معمولی اضافہ، پاکستانی روپے کی قدر میں کمی اور سیاسی عدم استحکام کے نتیجے میں فیول اور یوٹیلیٹی کی قیمتوں میں اضافہ ہوا جس نے کاروباری اوقات پر پابندی کے ساتھ کاروبار پر منفی اثر ڈالا۔ اس کے باوجود، ریٹیل ڈویژن کے کاروبار میں گزشتہ سال کی اسی مدت کے مقابلے میں ۱۵ فیصد اور نان ریٹیل ڈویژن میں ۵ فیصد اضافہ ہوا۔

باناپورا اور مراکہ میں ہماری پیداواری سہولیات ہماری مقبول اشیاء کی مانگ کو پورا کرنے کے لیے کام کرتی رہیں۔ ہم مسلسل نئے سانچوں (Moulds) میں سرمایہ کاری کر رہے ہیں، جن میں سے زیادہ تر مارکیٹ میں بہت کامیاب ثابت ہوئے ہیں۔

ہماری ترجیح اپنے قابل قدر صارفین کی مانگ کو پورا کرنے اور انہیں خصوصی طور پر اور موثر طریقے سے خدمات فراہم کرنا ہے۔ نامناسب اقتصادی ماحول اور مسابقتی مارکیٹ کے حالات کے باوجود ہم اس سال ہمارے سامنے آنے والے تمام مواقع کو سمجھنے کے لیے خود کو تیار کر رہے ہیں۔ اس وقت ہماری ترجیح اپنی ٹارگٹ سیکلز کو پورا کرنا اور سوشل میڈیا پلیٹ فارمز اور آن لائن اشتہارات کے ذریعے اپنے صارفین سے جڑے رہنا ہے۔

کمپنی نے زیر جائزہ مدت کے دوران اپنی کارپوریٹ سماجی ذمہ داریوں (CSR) کی سرگرمیوں کو جاری رکھا۔ پائیدار تعلیمی عمل کے لئے اسکولوں کے بنیادی ڈھانچے کو مضبوط کرنے کی خاطر ہم نے لید، ٹونس اور فاضل پور میں ۱۶ اسکولوں کی تزئین و آرائش کی جنہیں حالیہ سیلاب سے نقصان پہنچا تھا۔ صحت مند ثقافت کو فروغ دینے کے لیے ایک پوسٹ ماہر اسکول کے طلباء کے لیے سالانہ سیکھنے کی تقریب کا انعقاد کیا۔ بہتر ماحول کے لیے اپنا کردار ادا کرنے کے لئے پلانٹ فار لائف مہم کا آغاز کیا گیا اور باناپورا، مراکہ اور قریبی کمیونٹیوں میں ۲۵۰۰ سے زیادہ درخت اور پودے لگائے گئے۔ BCP رضا کاروں نے ایس او ایس ویلج لاہور میں رہنمائی کے سیشنز کا انعقاد کیا جس میں کردار سازی، پرسنلٹی ڈویلپمنٹ اور کمپیوٹر سیکرز پر توجہ دی گئی۔ خواتین کی کامیابیوں کی یاد دہانی کے لئے ہم نے خواتین کا عالمی دن دفتر اور خانوں میں مختلف سرگرمیوں کا اہتمام کر کے منایا۔ غریب بچوں میں جوتوں کے ۹۷۳ جوڑے عطیہ کئے گئے۔ باناسور میں ماحولیات کا عالمی دن منایا گیا۔ گاؤں کے اسکول میں صحت سے متعلق آگاہی اور میڈیکل کیمپ کا اہتمام کیا اور مفت ادویات فراہم کیں۔

ہمیں توقع ہے کہ آئیو اے وقت میں بہت سے چیلنجز کا سامنا کرنا ہوگا، لیکن ہمیں بہت زیادہ یقین ہے کہ ہمارے عملے کے جذبے اور اپنے تمام اسٹیک ہولڈرز کی غیر مشروط حمایت کے ساتھ ہم نہ صرف سال کے لیے اپنے اہداف حاصل کریں گے بلکہ معاشرے کے لیے اپنی کارپوریٹ ذمہ داری کو پورا کر کے قومی سطح پر ہم آہنگی بھی برقرار رکھیں گے۔



منجانب بورڈ

محمد عمران ملک

چیف ایگزیکٹو

باناپور:-

لاہور:- ۱۲۵ اگست ۲۰۲۳ء

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bata Pakistan Limited

### Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bata Pakistan Limited as at June 30, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended June 30, 2023 and June 30, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2023.

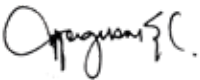
#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion..

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.



A. F. Ferguson & Co.  
Chartered Accountants

Lahore

Date: August 28, 2023

UDIN: RR202310070XUuB3A15P

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
308-Upper Mall, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.  
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# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS AT JUNE 30, 2023

	Note	(UN - AUDITED) 30 June 2023	(AUDITED) 31 December 2022
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,461,683	2,293,261
Right of use assets		3,475,788	3,374,702
Intangible assets		223,776	183,856
Long term investments	7	45,002	45,062
Long term deposits and prepayments		55,255	62,593
Deferred tax asset		582,821	350,693
		6,844,325	6,310,167
<b>CURRENT ASSETS</b>			
Stores and spare parts		-	-
Stock in trade	8	5,802,495	5,111,998
Trade debts - unsecured		768,990	827,409
Advances - unsecured		228,788	561,050
Trade deposits and short term prepayments		525,428	191,075
Other receivables		197,225	397,451
Interest accrued		28,854	7,306
Short term investments		1,300,000	500,000
Tax refunds due from Government	9	350,161	350,161
Cash and bank balances	10	1,522,975	2,085,946
		10,724,916	10,032,396
<b>TOTAL ASSETS</b>		17,569,241	16,342,563
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		100,000	100,000
Issued, subscribed and paid up capital		75,600	75,600
Reserves			
Capital reserve		483	483
Revenue reserves		6,008,130	5,597,574
		6,008,613	5,598,057
		6,084,213	5,673,657
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		3,475,450	3,451,948
Long term deposits		23,215	26,461
Long term borrowing	11	37,777	111,010
Deferred liability - employee benefits	12	50,684	56,587
		3,587,126	3,646,006
<b>CURRENT LIABILITIES</b>			
Current portion of lease liabilities		1,081,030	980,254
Current portion of long term borrowing		6,296	14,083
Trade and other payables		5,279,417	4,636,881
Unclaimed dividend		87,470	88,870
Unpaid dividend		921,110	921,110
Short term borrowings	13	-	-
Provision for taxation		522,579	381,702
		7,897,902	7,022,900
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		17,569,241	16,342,563

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

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

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

	Note	Three month period ended		Six month period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>(Rupees in '000)</b>					
Sales - net	15	5,846,989	5,127,793	9,964,292	8,346,113
Cost of sales	16	(3,187,771)	(2,733,895)	(5,154,443)	(4,309,955)
<b>Gross profit</b>		<b>2,659,218</b>	<b>2,393,898</b>	<b>4,809,849</b>	<b>4,036,158</b>
Distribution costs		(1,515,220)	(1,371,913)	(2,800,919)	(2,430,956)
Administrative expenses		(461,381)	(342,464)	(889,328)	(650,458)
Other expenses		(53,005)	(59,409)	(180,388)	(81,260)
Other income		99,729	92,947	153,712	129,162
Finance costs	17	(194,838)	(183,187)	(391,917)	(351,261)
<b>Profit before taxation</b>		<b>534,503</b>	<b>529,872</b>	<b>701,009</b>	<b>651,385</b>
Taxation		(248,840)	(226,005)	(290,453)	(266,534)
<b>Profit after taxation</b>		<b>285,663</b>	<b>303,867</b>	<b>410,556</b>	<b>384,851</b>
Other comprehensive income		-	-	-	-
Total comprehensive income		285,663	303,867	410,556	384,851
<b>Earnings per share</b>					
- Basic and diluted	20	Rs.37.79	Rs.40.19	Rs.54.31	Rs.50.91

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.







# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

	Share capital	Capital reserve	Revenue reserves			Total
			General reserve	Unappropriated profit / (loss)	Total revenue reserves	
<b>(Rupees in '000')</b>						
<b>Balance as at January 01, 2022</b>	75,600	483	6,957,000	(873,662)	6,083,338	6,159,421
Total comprehensive income for the six month period ended June 30, 2022	-	-	-	384,851	384,851	384,851
Transfer from general reserve to unappropriated profit / (loss)	-	-	(900,000)	900,000	-	-
<b>Balance as at June 30, 2022</b>	75,600	483	6,057,000	411,189	6,468,189	6,544,272
<b>Balance as at January 01, 2023</b>	75,600	483	4,557,000	1,040,574	5,597,574	5,673,657
Total comprehensive income for the six month period ended June 30, 2023	-	-	-	410,556	410,556	410,556
<b>Balance as at June 30, 2023</b>	75,600	483	4,557,000	1,451,130	6,008,130	6,084,213

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

	Note	Six month period ended	
		30 June	30 June
		2023	2022
<b>(Rupees in '000)</b>			
<b>CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		701,009	651,385
<b>Adjustment for:</b>			
Depreciation of property, plant and equipment		157,811	140,984
Depreciation of right of use assets		560,580	547,783
Amortization of intangible assets		144,019	24,198
Provision for gratuity		4,729	6,666
Loss on disposal of property, plant and equipment		1,317	(1,440)
Gain of settlement of leases on vacation of shops		(13,396)	(27,058)
Rent concessions received		-	(35,206)
Income from short term investments		(61,634)	(15,556)
Income from long term investments		(3,547)	(1,932)
Exchange loss		113,359	26,322
Interest / markup costs		391,917	351,261
Early payment discount on supplier invoices		-	(10,753)
Net charge of loss allowance of trade debts and advances		9,431	18,130
Provision for slow moving and obsolete stock - net		47,119	20,401
Provision / (reversal of provision) for obsolescence of raw material - net		35,013	(3,772)
Provision / (reversal of provision) for obsolescence of stores and spare parts - net		3,395	(21)
		1,390,113	1,040,007
<b>Operating profit before working capital changes (Increase) / decrease in current assets:</b>		2,091,122	1,691,392
Stores and spare parts		(3,395)	21
Stock in trade		(772,629)	(1,250,478)
Trade debts - unsecured		48,988	200,501
Advances - unsecured		332,262	17,627
Trade deposits and short term prepayments		(334,353)	(154,978)
Other receivables		(10,344)	11,932
		(739,471)	(1,175,375)
<b>Increase / (decrease) in current liabilities:</b>			
Trade and other payables		520,011	(739,765)
<b>Cash generated / (used in) operations</b>		1,871,662	(223,748)
Finance cost paid		(391,917)	(351,261)
Taxes paid		(171,134)	(110,771)
Gratuity paid		(10,632)	(4,579)
Interest income received		43,633	15,507
		(530,050)	(451,104)
Decrease / (increase) in long term prepayments		7,338	(32,652)
Decrease in long term deposits (liabilities)		(3,246)	(2,683)
<b>Net cash generated from / (used in) operating activities</b>		1,345,704	(710,187)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(252,275)	(186,131)
Investment in capital work in progress		(84,207)	(85,855)
Acquisition of intangible assets		(183,939)	(3,143)
Proceeds from sale of property, plant and equipment		8,932	4,467
Decrease in long term investments		60	30
<b>Net cash used in investing activities</b>		(511,429)	(270,632)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term borrowing		(81,020)	(3,148)
Principal repayments of lease		(523,992)	(452,017)
Dividend paid		(1,400)	(571,061)
<b>Net cash used in financing activities</b>		(606,412)	(1,026,226)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		227,863	(2,007,045)
<b>Cash and cash equivalents at the beginning of the period</b>		2,585,946	3,208,570
<b>Effects of exchange rate changes on cash and cash equivalents</b>		9,166	3,622
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	18	2,822,975	1,205,147

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

## 1 LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company and its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Batapur, Lahore. The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items. The parent company of Bata Pakistan Limited is Bafin B.V. (Nederland), whereas the ultimate parent is Compass Limited, Bermuda. Furthermore, the Company has the following production facilities:

Sr. No	Business Units	Geographical Location
1	Batapur Factory	G.T. Road, P.O. Batapur, Lahore
2	Maraka Factory	26 - km, Multan Road, Lahore

The Company operates through retail outlets spread across the country with 8 outlets situated in Azad Kashmir, 9 in Balochistan, 14 in Islamabad Capital Territory, 2 in Gilgit Baltistan, 50 in Khyber Pakhtunkhwa, 289 in Punjab and 70 retail outlets in Sindh.

## 2 STATEMENT OF COMPLIANCE

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

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

## 3 BASIS OF PRESENTATION AND MEASUREMENT

These condensed interim financial statements are un-audited but subject to limited scope review. These condensed interim financial statements do not include all the information and disclosures required in an audited financial statements and therefore should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2022.

These condensed interim financial statements have been prepared under the historic cost convention except certain employee benefits which are recognized on present value. These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

## 4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING STANDARDS

### 4.1 Standards, amendments and interpretations to published standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after January 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

### 4.2 Standards, amendments and interpretations to existing standards not yet effective and not applicable/relevant to the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements apart from those which have been disclosed in the annual audited financial statements of the Company for the year ended December 31, 2022.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

## 5 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Accounting policies, judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the audited financial statements as at and for the year ended December 31, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended December 31, 2022.

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

	Note	(UN - AUDITED)	(AUDITED)
		30 June 2023	31 December 2022
<b>(Rupees in '000)</b>			
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Property, plant and equipment	6.1	2,323,184	2,075,617
Capital work in progress	6.2	138,499	217,644
		<u>2,461,683</u>	<u>2,293,261</u>
<b>6.1</b> Opening net book value (NBV)		2,075,617	1,911,223
Add: additions / transfers during the period / year	6.1.1	415,627	485,375
		<u>2,491,244</u>	<u>2,396,598</u>
Less: disposals during the period / year (NBV)	6.1.1	(10,249)	(17,353)
Depreciation charged during the period / year		(157,811)	(303,628)
		<u>(168,060)</u>	<u>(320,981)</u>
		<u>2,323,184</u>	<u>2,075,617</u>

	(UN - AUDITED)		(AUDITED)	
	30 June 2023	30 June 2023	31 December 2022	31 December 2022
<b>6.1.1</b>	<b>Additions</b>	<b>Disposal (NBV)</b>	<b>Additions</b>	<b>Disposal (NBV)</b>
<b>(Rupees in '000)</b>				
Buildings				
- Factory	12,965	-	-	-
- Others	9,019	-	21,085	-
Plant & machinery	115,936	84	5,538	-
Boilers	-	-	74,950	696
Gas installations	-	-	-	-
Office equipment	-	0.42	-	3
Furniture, fixture and fittings	245,920	8,958	57,987	15,894
Computers	31,787	454	470	760
Vehicles	-	753	325,343	-
	<u>415,627</u>	<u>10,249</u>	<u>485,373</u>	<u>17,353</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

	Note	(UN - AUDITED)	(AUDITED)
		30 June 2023	31 December 2022
<b>(Rupees in '000)</b>			
6.2	Opening balance	217,644	24,169
	Add: additions during the period / year	84,207	305,061
		301,851	329,230
	Less: transfers during the period / year	(163,352)	(111,586)
		138,499	217,644
<b>7 LONG TERM INVESTMENTS</b>			
	PLS Term Deposit Receipts	45,002	45,062

7.1 The deposits include those earmarked against the balances due to employees held as securities. These carry mark-up at the rate of 19.00% (2022: 14.7%) per annum. These have been invested in accordance with the provisions of Section 217 of the Companies Act, 2017.

## 8 STOCK IN TRADE

This represents net amount after adjustment for provision against slow moving and obsolete stock amounting to Rs. 87.44 million (2022: Rs. 45.83 million)

	Note	(UN - AUDITED)	(AUDITED)
		30 June 2023	31 December 2022
<b>(Rupees in '000)</b>			
9	<b>TAX REFUNDS DUE FROM GOVERNMENT</b>		
	Tax refunds due from Government	350,161	350,161

9.1 This represents sales tax paid on raw materials used in zero-rated taxable shoes for which refund claims have been lodged with the Tax Department.

	Note	(UN - AUDITED)	(AUDITED)
		30 June 2023	31 December 2022
<b>(Rupees in '000)</b>			
<b>10 CASH AND BANK BALANCES</b>			
	Bank balances in		
	Current accounts		
	- Foreign currency	43,076	34,048
	- Local currency	104,143	80,444
		147,219	114,492
	Daily profit accounts	877,702	1,802,707
		1,024,921	1,917,199
	Cash in transit	489,719	162,186
	Cash in hand		
	- Foreign currency	7,330	4,638
	- Local currency	1,005	1,923
		8,335	6,561
		1,522,975	2,085,946

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

10.1 The rate of mark-up on these accounts ranges from 14.50% to 21.25% (2022: 4.50% to 14.5%) per annum.

10.2 These balances are maintained with commercial banks undertaking conventional and Islamic banking services.

	Note	(UN - AUDITED)	(AUDITED)
		30 June 2023	31 December 2022
<b>(Rupees in '000)</b>			
<b>11 LONG TERM BORROWING</b>			
Long term borrowing	11.1	44,074	111,010

11.1 The long term finance was obtained from Habib Bank Limited for import and installation of solar power machinery. Under the arrangement, principal amount upto Rs. 80 million was repayable in 39 equal quarterly instalments beginning six months after the initial drawdown date. Interest was payable quarterly in arrears at the rate of 3 months State Bank of Pakistan (SBP) rate plus 1.5 percent per annum. The loan is secured by first hypothecation charge of Rs. 106.67 million on all present and future moveable fixed assets of the Company and a joint pari-passu charge on present and future moveable assets and contingent debts of the Company to the extent of Rs. 447 million.

	(UN - AUDITED)	(AUDITED)
	30 June 2023	31 December 2022
<b>(Rupees in '000)</b>		
<b>12 DEFERRED LIABILITY- EMPLOYEE BENEFITS</b>		
Opening liability	56,587	61,992
Amount recognized during the period / year	4,729	9,123
Payments made by the Company during the period / year	(10,632)	(13,411)
Experience adjustment	-	(1,117)
Closing liability	50,684	56,587

The latest actuarial valuation was carried out as at December 31, 2022.

## 13 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs. 2,235 million (2022: Rs. 2,235 million). These include:

- Non funded facilities of letters of guarantee and letters of credit amounting to Rs. 455 million (2022: Rs. 455 million); and
- Cash finance facilities of Rs. 1,780 million (2022: Rs. 1,880 million).

Moreover, the Company can avail further cash finance facilities out of un-utilized unfunded facilities of Rs. Nil (2022: Rs. 433.860 million) which also includes Rs. 35 million (2022: Rs. 35 million) of export finance facilities.

The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 1,689.832 million (2022: Rs. 1,883.674 million).

Mark up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2022: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks. While mark up on export finance is charged at SBP rate plus 1.00% (2022: SBP rate plus 1.00%) per annum.

These finances are secured against hypothecation of stock in trade, stores and spare parts and trade debts of the Company amounting to Rs. 2,580.333 million (2022: Rs. 2,580.333 million).

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

## 14 CONTINGENCIES AND COMMITMENTS

There are no significant changes in contingencies since the date of preceding published annual financial statements for the year ended December 31, 2022 except the following:

**14.1.1** The Tax Department raised demand vide two separate orders dated June 25, 2014 and September 30, 2014 amounting to Rs. 46.693 million and Rs. 33.289 million respectively for certain tax periods from January 2012 to June 2013 and from October 2013 to March 2014, respectively, on account of adjustment of 100% input tax in violation of Section 8b of Sales Tax Act, 1990. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue Appeals (CIR) whereby the appeal was decided against the Company vide order dated September 9, 2014 and December 10, 2014. The Company preferred appeals against both the orders before the Appellate Tribunal Inland Revenue (ATIR) which was decided in favor of the Company vide orders dated December 10, 2014 and January 13, 2015, respectively. The Tax Department filed respective appeals before the Honorable Lahore High Court (LHC). The LHC vide its order set aside the appeal of Rs. 33.289 million. The Tax Department has the right to file an appeal against the order. However, no such proceedings have yet been initiated by the Department. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.

**14.1.2** The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated December 31, 2018 pertaining to tax year 2009 amounting to Rs. 34.270 million on account of certain issues which primarily include allocation of expenses between export, local sale of imported goods and other local sale, disallowance of certain management services and licensing fee account of non deduction of withholding taxes, admissibility of deduction of interest on WPPF and provident fund, and disallowance of certain advances to employees and suppliers and certain payables to suppliers on account of failure to produce underlying records. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) vide order dated October 18, 2019 decided the appeal in favor of the Company by deleting majority of the add backs with the exception of proration of expenses and addition made on account of advances to employees and suppliers. The Company however, being aggrieved, has filed an appeal against the additions not deleted by the Commissioner Inland Revenue (Appeals). The Tax Department also has filed an appeal against the order of Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR). Further, on August 30, 2022, the DCIR has given appeal effect to the CIR(A)'s order whereby the tax demand of Rs 34.27 million was reduced to 13.259 million. Being aggrieved by the appeal effect order, the company preferred an appeal to CIR(A) who remanded the case back to the relevant officer on May 18, 2023. The Tax Department has the right to file an appeal against the order. However, no such proceedings have yet been initiated by the Department. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.

### 14.2 Commitments in respect of:

- Capital expenditure
- Letters of credit and bank contracts

	(UN - AUDITED)	(AUDITED)
	31 March 2023	31 December 2022
	(Rupees in '000)	
	132,877	42,423
	513,319	343,962
	646,196	386,385

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	<b>(Rupees in '000)</b>			
<b>15 SALES - NET</b>				
Shoes and accessories				
Local	6,894,132	6,186,665	11,858,927	10,051,190
Export	56,127	17,806	70,698	26,217
	6,950,259	6,204,471	11,929,625	10,077,407
Sundry articles and scrap material	18,167	15,765	32,502	27,288
	6,968,426	6,220,236	11,962,127	10,104,695
Less: Sales tax	(810,124)	(726,625)	(1,452,049)	(1,250,945)
Discount to dealers and distributors	(170,790)	(229,587)	(294,077)	(275,752)
Commission to agents/business associates	(140,523)	(136,231)	(251,709)	(231,885)
	(1,121,437)	(1,092,443)	(1,997,835)	(1,758,582)
	5,846,989	5,127,793	9,964,292	8,346,113
<b>16 COST OF SALES</b>				
Raw material consumed	1,086,555	816,669	2,967,498	2,221,541
Stores and spare parts consumed	6,430	4,657	13,845	7,882
Fuel and power	36,609	37,726	109,689	94,800
Salaries, wages and benefits	142,196	104,692	338,768	303,754
Repairs and maintenance	23,808	20,891	40,564	40,025
Insurance	8,045	2,711	13,218	8,501
Depreciation on property, plant and equipment	18,104	15,296	34,067	30,477
	1,321,747	1,002,642	3,517,649	2,706,980
Add: Opening goods in process	114,518	85,464	101,020	35,192
	1,436,265	1,088,106	3,618,669	2,742,172
Less: Closing goods in process	(119,347)	(116,614)	(119,347)	(116,614)
Cost of goods manufactured	1,316,918	971,492	3,499,322	2,625,558
Add: Opening stock of finished goods	6,536,110	5,168,738	4,480,321	3,573,627
Finished goods purchased	460,832	1,015,918	2,300,888	2,533,023
	8,313,860	7,156,148	10,280,531	8,732,208
Less: Closing stock of finished goods	(5,126,089)	(4,422,253)	(5,126,088)	(4,422,253)
	3,187,771	2,733,895	5,154,443	4,309,955
<b>17 FINANCE COST</b>				
Interest / mark-up on:				
Long term borrowing	326	441	1,920	896
Employees / agents' securities and personal accounts	-	2,468	8,583	2,468
Lease liabilities	166,891	158,291	333,524	314,058
	167,217	161,200	344,027	317,422
Bank charges and commission	27,621	21,987	47,890	33,839
	194,838	183,187	391,917	351,261



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

	(UN - AUDITED)	
	30 June 2023	30 June 2022
	(Rupees in '000)	
18 CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,522,975	605,147
Short term investments	1,300,000	600,000
	2,822,975	1,205,147

## 19 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of parent company, related group companies, provident fund trusts, directors and key management personnel. Transactions with related parties during the period are as follows:

Relationship with the Company	Nature of transactions	(UN-AUDITED) Three month period ended		(UN-AUDITED) Six month period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		(Rupees in '000)			
Common control companies	Purchase of goods and services	5,480	37,364	7,608	131,298
	Reimbursement of expenses	2,778	-	10,148	-
	Dividend paid	-	-	-	568,587
	Trade mark license fee	292,594	256,720	498,215	417,305
	Management service fee	99,238	67,311	193,483	128,895
Staff Retirement Benefits	Contribution to provident fund trusts	25,619	21,393	48,026	37,419
Staff Retirement Benefits	Gratuity paid	4,878	49	10,632	4,579
Key management personnel	Remuneration	100,977	113,687	144,908	147,827

All transactions with related parties and common control companies are carried out at mutually agreed terms and conditions or comparable uncontrolled price method.

Period / year end balances	(UN - AUDITED)	(AUDITED)
	June 30, 2023	December 31, 2022
	(Rupees in '000)	
Receivable from related parties	-	-
Payable to related parties	2,700,309	2,621,572

	(UN-AUDITED) Three month period ended		(UN-AUDITED) Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in '000)			
20 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation attributable to ordinary share holders (Rupees in '000)	285,663	303,867	410,556	384,851
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - Basic (Rs.)	37.79	40.19	54.31	50.91

20.1 No figure for diluted earnings per share has been disclosed as the Company has not issued any instrument which would have a dilutive impact on earnings per share, when exercised.



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

	(UN-AUDITED)	(AUDITED)	(UN-AUDITED)	(AUDITED)
	Segment assets		Segment liabilities	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Rupees in '000)			
<b>22 SEGMENT ASSETS AND LIABILITIES</b>				
Retail	9,794,707	9,024,477	4,645,847	4,520,557
Wholesale	1,602,805	1,246,596	32,811	36,542
Export	95,889	13,061	–	–
Unallocated	6,075,840	6,058,429	6,806,370	6,111,807
	<u>17,569,241</u>	<u>16,342,563</u>	<u>11,485,028</u>	<u>10,668,906</u>

## 23 EVENTS AFTER THE REPORTING DATE

There are no subsequent events after the reporting date other than those mentioned in these condensed interim financial statements.

## 24 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors on August 25, 2023.

## 25 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Chief Executive



Director



Chief Financial Officer







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