

Hoechst Pakistan Limited
(formerly sanofi-aventis Pakistan Limited)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023
(UN-AUDITED)

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Company Information

Board of Directors

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

Chief Executive Officer

Mr. Sajjad Iftikhar

Chief Financial Officer

Mr. Yasser Pirmuhammad

Company Secretary

Mr. Mir Zulfiqar Hussain Khan

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

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

Registrars & Share Transfer Office

FAMCO Associates (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.famco.com.pk

Contact

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

URL

www.sanofi.com.pk

Bankers

Standard Chartered Bank (Pakistan) Limited
MCB Bank Limited
Habib Bank Limited
Allied Bank Limited
Citibank, N.A.
Deutsche Bank AG
National Bank of Pakistan

Registered Office

Plot 23, Sector 22,
Korangi Industrial Area,
Karachi – 74900, Pakistan

Postal Address

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

Hoechst Pakistan Limited (formerly sanofi-aventis Pakistan Limited)

Directors' 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, 2023. These 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.

Total net sales for the nine-months period ended September 30, 2023, stand at Rs. 15,879 million, which grew by 13.1% compared to the same period last year. This growth was mainly driven by Enterogermina®, Clexane® and Lantus® which grew by 41%, 30% and 18% respectively.

The gross margin has remained constant at 27% when compared to the same period last year. Distribution and marketing expenses decreased to 12% of net sales from 14% in last year's comparative period mainly on account of curtailment of travelling and promotional activities. Administrative expenses remained stable at 4% of net sales; as they were in the same period last year.

Other expenses increased significantly to 10% of net sales from 4% in last year's comparative period primarily on account of adverse exchange rate movement resulting from an exchange loss of PKR 1,265 million during the period.

Furthermore, the challenging socio-political and macroeconomic factors including surging inflation, increasing policy rates and reduction in economic activity have a cascading impact on your Company's performance during the period under review. The cumulative impact of aforementioned factors has transpired into a loss after tax for the nine-months period ended September 30, 2023, amounting to PKR 52.8 million as compared to a profit after tax of Rs. 213.0 million during corresponding period of the year 2022.

During the period, an Investor Consortium led by Packages Limited (comprising Packages Limited, IGI Investments (Private) Limited and affiliates of Arshad Ali Gohar Group) acquired entire 52.87% shares held by Sanofi Foreign Participations B.V in the Company on April 28, 2023 in accordance with the terms of the Share Purchase Agreement executed between the parties on April 29, 2022. Earlier, Packages Limited also acquired a 6.07% shareholding in the Company as a result of mandatory tender offer on August 23, 2022, in accordance with the applicable Takeover Laws.

Accordingly, upon completion of applicable corporate approvals, the name of the Company has been changed to Hoechst Pakistan Limited with effect from September 27, 2023 and a Certificate of Incorporation on Change of Name has been issued by the Securities and Exchange Commission of Pakistan in this respect. This change of name shall have no effect on the principal line of business of the Company. The Company is now taking steps required for name change from Drug Regulatory Authority of Pakistan.


The new name encapsulates the rich legacy of the Company since making its footprint in Pakistan. The Company was incorporated in 1967, started manufacturing pharmaceuticals and specialty chemicals in 1972 and went public in 1977.

Hoechst Pakistan Limited (formerly sanofi-aventis Pakistan Limited)

The management of the Company is committed to navigate through the challenging economic conditions through enhanced focus on portfolio optimization, cost control, better working capital management and operations management.

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 21, 2023

پکسٹ پاکستان لمیٹڈ (سابق سنوفی اوینٹس پاکستان لمیٹڈ)

شیئر ہولڈرز کو ڈائریکٹرز کی رپورٹ

ڈائریکٹرز نہایت مسرت کے ساتھ 30 ستمبر 2023 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) انٹرنیشنل 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۔

30 ستمبر 2023 کو ختم ہونے والی نو ماہ کی مدت کے لیے کل خالص فروخت 15,879 ملین روپے رہی جس میں گزشتہ سال کی اسی مدت کے مقابلے میں 13.1 فیصد اضافہ ہوا ہے۔ یہ ترقی بنیادی طور پر Clexane®، Enterogermina® اور Lantus® کے ذریعے دیکھنے میں آئی جس میں بالترتیب 41%، 30% اور 18% اضافہ ہوا۔

مجموعی مارجن گزشتہ سال کی اسی مدت کے مقابلے میں 27 فیصد پر مستحکم رہا۔ ڈسٹریبیوشن اور مارکیٹنگ کے اخراجات گزشتہ سال کی تقابلی مدت میں 14 فیصد سے کم ہو کر خالص فروخت کا 12 فیصد رہ گئے جو سفری اور پروموشنل سرگرمیوں میں کمی کی وجہ سے ہوا۔ انتظامی اخراجات خالص فروخت کے 4 فیصد پر مستحکم رہی جیسا کہ گزشتہ سال اسی عرصے میں تھی۔

مزید برآں، چیلنجنگ سماجی-سیاسی اور میکرو اکنامک صورتحال بشمول بڑھتی ہوئی افراط زر، پالیسی کی شرح میں اضافہ اور اقتصادی سرگرمیوں میں کمی کے باعث زیر جائزہ مدت کے دوران آپ کی کمپنی کی کارکردگی پر بڑا اثر پڑا ہے۔ مذکورہ عوامل کا مجموعی اثر 30 ستمبر 2023 کو ختم ہونے والی نو ماہی کے لیے قبل از ٹیکس نقصان میں تبدیل ہو گیا ہے، جو کہ 2022 کی اسی مدت کے دوران 213 ملین روپے کے بعد از ٹیکس منافع کے مقابلے میں 52.8 ملین روپے ہے۔

اس مدت کے دوران، پیکجز لمیٹڈ (پیکجز لمیٹڈ، آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ اور ارشد علی گوہر گروپ کے ملحقہ اداروں پر مشتمل ایک انویسٹر کنسورشیم نے 28 اپریل 2023 کو کمپنی میں سنوفی فارن پارٹنیشنز بی۔ وی کے پاس موجود 52.87 فیصد حصص حاصل کیے تھے جو فریقین کے درمیان 29 اپریل 2023 کو شیئر پرجیز اگریمنٹ کی شرائط و ضوابط کے مطابق عمل میں لائے گئے۔ اس سے قبل پیکجز

ہکسٹ پاکستان لمیٹڈ (سابق سنوفی اوینٹس پاکستان لمیٹڈ)


لمیٹڈ نے بھی 23 اگست 2022 کو مینڈٹری ٹینڈر آفر کے نتیجے میں کمپنی میں 6.07 فیصد شیئر ہولڈنگ حاصل کی تھی۔


اس کے مطابق، قابل اطلاق کارپوریٹ منظوریوں کی تکمیل کے بعد، کمپنی کا نام 27 ستمبر 2023 سے تبدیل کر کے ہکسٹ پاکستان لمیٹڈ کر دیا گیا ہے اور اس میں پاکستان کی سیکورٹیز اینڈ ایکسچینج کمیشن کی طرف سے نام کی تبدیلی پر انکارپوریشن کا سرٹیفکیٹ جاری کیا گیا ہے۔ نام کی اس تبدیلی کا کمپنی کے کاروبار کی اصل لائن پر کوئی اثر نہیں پڑے گا۔ کمپنی اب ڈرگ ریگولیٹری اتھارٹی آف پاکستان سے نام کی تبدیلی کے لیے ضروری اقدامات کر رہی ہے۔

نیا نام پاکستان میں اپنے قدموں کے نشان بنانے کے بعد سے کمپنی کی بھرپور میراث کو سمیٹتا ہے۔ کمپنی کو 1967 میں وجود میں لایا گیا تھا، اس نے 1972 میں دواسازی اور خصوصی کیمیکلز کی تیاری شروع کی اور 1977 میں لسٹڈ ہوئی۔

کمپنی کی انتظامیہ پورٹ فولیو آپٹیمائزیشن، لاگت پر قابو پانے، بہتر ورکنگ کیپیٹل مینجمنٹ اور آپریشنز مینجمنٹ پر بہتر توجہ کے ساتھ چیلنجنگ معاشی حالات سے گزرنے کے لیے پرعزم ہے۔

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


سجاد افتخار
چیف ایگزیکٹو آفیسر

بحکم بورڈ

سید بابر علی
چیئر مین

کراچی: 21 اکتوبر 2023


Hoechst Pakistan Limited (formerly sanofi-aventis Pakistan Limited)


Condensed Interim Statement of Financial Position


As at September 30, 2023

		September 30, 2023	December 31, 2022
	Note	----- Rupees in '000 ----- (Un-audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	1,768,485	1,884,260
Investment properties		31,649	32,961
Intangible assets	5	14,012	2,657
		<u>1,814,146</u>	<u>1,919,878</u>
Long-term loans to employees		4,244	3,623
Long-term deposits		15,983	15,983
Deferred taxation - net		226,783	147,394
		<u>2,061,156</u>	<u>2,086,878</u>
CURRENT ASSETS			
Stores and spares		95,436	88,038
Stock-in-trade	6	4,312,764	4,550,693
Trade debts - net	7	459,897	857,348
Loans and advances		237,627	220,304
Trade deposits and short-term prepayments	8	1,098,770	2,499,808
Short-term investments	9	136,311	-
Other receivables		72,899	485,566
Taxation - net		1,442,444	1,309,840
Cash and bank balances		331,484	233,196
		<u>8,187,632</u>	<u>10,244,793</u>
TOTAL ASSETS		<u><u>10,248,788</u></u>	<u><u>12,331,671</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		96,448	96,448
Reserves		4,892,613	4,933,244
		<u>4,989,061</u>	<u>5,029,692</u>
NON-CURRENT LIABILITIES			
Deferred liabilities		4,500	9,000
Defined benefit plan - gratuity fund		69,691	32,844
		<u>74,191</u>	<u>41,844</u>
CURRENT LIABILITIES			
Contract liabilities		107,972	155,332
Trade and other payables	10	5,036,674	5,435,086
Current maturity of long-term financing		-	41,053
Current maturity of deferred liabilities		23,905	9,000
Accrued mark-up		6,461	17,440
Unclaimed dividend		8,241	8,286
Unpaid dividend		2,283	2,283
Bank overdraft		-	891,655
Short-term borrowings		-	700,000
		<u>5,185,536</u>	<u>7,260,135</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u><u>10,248,788</u></u>	<u><u>12,331,671</u></u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


Syed Babar Ali
Chairman


Sajjad Iftikhar
Chief Executive Officer


Yasser Pirmuhammad
Chief Financial Officer

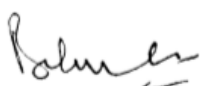
Hoechst Pakistan Limited (formerly sanofi-aventis Pakistan Limited)

Condensed Interim Statement of Profit or Loss

For the nine-months period and quarter ended September 30, 2023 (Un-audited)

	Note	Nine Months Ended		Quarter Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		----- Rupees in '000 -----			
NET SALES	12	15,879,229	14,045,248	5,831,380	4,521,404
Cost of sales		(11,547,720)	(10,209,007)	(4,046,218)	(3,392,044)
GROSS PROFIT		4,331,509	3,836,241	1,785,162	1,129,360
Distribution and marketing costs		(1,951,719)	(1,900,816)	(754,054)	(562,575)
Administrative expenses		(686,168)	(581,558)	(263,685)	(195,056)
Other expenses	13	(1,533,687)	(550,419)	(340,244)	(240,241)
Other income		269,967	52,104	173,034	13,176
		(3,901,607)	(2,980,689)	(1,184,949)	(984,696)
OPERATING PROFIT		429,902	855,552	600,213	144,664
Finance costs	14	(153,539)	(21,716)	(23,354)	(8,822)
PROFIT BEFORE TAXATION		276,363	833,836	576,859	135,842
Taxation - Current		(408,584)	(408,213)	(185,983)	(142,013)
- Prior		-	(187,700)	-	-
- Deferred		79,389	(24,911)	78,622	30,326
		(329,195)	(620,824)	(107,361)	(111,687)
(LOSS) / PROFIT FOR THE PERIOD		(52,832)	213,012	469,498	24,155
(LOSS) / EARNINGS PER SHARE - basic and diluted (Rupees)		(5.48)	22.09	48.68	2.50

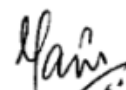
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Syed Babar Ali
Chairman



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 nine-months period and quarter ended September 30, 2023 (Un-audited)

	Nine Months Ended		Quarter Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----			
(LOSS) / PROFIT FOR THE PERIOD	(52,832)	213,012	469,498	24,155
Other comprehensive income - Items that will not be reclassified to profit or loss in subsequent periods (net of tax):				
Actuarial loss on defined benefit plans	-	(90,068)	-	-
Deferred tax on actuarial loss on defined benefit plans	-	(28,501)	-	-
TOTAL OTHER COMPREHENSIVE LOSS FOR THE PERIOD	-	(118,569)	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(52,832)	94,443	469,498	24,155

The annexed notes 1 to 20 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 Changes in Equity

For the nine-months period ended September 30, 2023 (Un-audited)

	Capital Reserves				Revenue Reserves		Total
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	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, 2022 (Audited)	96,448	5,935	18,000	349,967	3,535,538	1,212,633	5,218,521
Staff cost in relation to share-based payments	-	-	-	12,490	-	-	12,490
Final dividend @ Rs.30 per ordinary share for the year ended December 31, 2021	-	-	-	-	-	(289,343)	(289,343)
Profit for the period	-	-	-	-	-	213,012	213,012
Other comprehensive loss	-	-	-	-	-	(118,569)	(118,569)
Total comprehensive income for the period	-	-	-	-	-	94,443	94,443
Balance as at September 30, 2022 (Unaudited)	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>362,457</u>	<u>3,535,538</u>	<u>1,017,733</u>	<u>5,036,111</u>
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)	<u>96,448</u>	<u>5,935</u>	<u>18,000</u>	<u>378,905</u>	<u>3,535,538</u>	<u>954,235</u>	<u>4,989,061</u>

The annexed notes 1 to 20 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 nine-months period ended September 30, 2023 (Un-audited)

	September 30, 2023	September 30, 2022
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	276,363	833,836
Adjustment for non-cash items:		
Depreciation and amortization	225,216	211,598
Allowance for expected credit loss	126,449	43,245
Unrealised foreign exchange differences	284,035	103,525
Gain on disposal of operating fixed assets - net	(3,947)	(446)
Addition in/ (Amortization of) deferred liabilities	10,405	(10,147)
Expense related to share-based payments	12,201	12,490
Charge for defined benefit plans	74,285	204,735
Interest income	(81,459)	(955)
Income from investment properties	(44,716)	(41,404)
Finance costs	153,539	21,716
	<u>1,032,371</u>	<u>1,378,193</u>
Working capital changes:		
Decrease / (Increase) in current assets:		
Stores and spares	(7,398)	(11,664)
Stock-in-trade	237,929	(191,318)
Trade debts	271,002	(341,838)
Loans and advances	(17,323)	(71,081)
Trade deposits and short-term prepayments	1,401,038	(1,866,915)
Other receivables	424,380	(262,653)
	<u>2,309,628</u>	<u>(2,745,469)</u>
Increase in current liabilities:		
Contract liabilities	(47,360)	98,842
Trade and other payables (excluding liabilities for defined contribution fund)	(739,789)	1,125,412
Cash generated from operations	<u>2,554,850</u>	<u>(143,022)</u>
Finance costs paid	(164,518)	(20,552)
Interest on lease liabilities paid	-	(22)
Interest received	81,459	955
Income tax paid	(541,188)	(360,424)
Retirement benefits paid	-	(87,411)
Long-term loans to employees - net	(621)	(777)
Net cash generated from operating activities	<u>1,929,982</u>	<u>(611,253)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(174,694)	(294,065)
Investments made	(136,311)	-
Sale proceeds from disposal of operating fixed assets	59,157	46,289
Income from investment properties	44,716	41,404
Net cash used in investing activities	<u>(207,132)</u>	<u>(206,372)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(45)	(288,378)
Repayment of principal portion long-term financing	(41,053)	(117,088)
Repayment of principal portion of lease liabilities	-	(1,585)
Net cash used in financing activities	<u>(41,098)</u>	<u>(407,051)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,681,752</u>	<u>(1,224,676)</u>
NET FOREIGN EXCHANGE DIFFERENCES	8,191	10,871
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(1,358,459)	784,295
CASH AND CASH EQUIVALENTS - AT THE END OF THE PERIOD	<u>331,484</u>	<u>(429,510)</u>

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The annexed notes 1 to 20 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 nine-months period ended September 30, 2023 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

1.1 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 As fully explained in note 1.3 to the Company's annual financial statements for the year ended December 31, 2022, the Company's acquisition transaction was successfully completed on April 28, 2023, upon completion of all the contractual conditions and compliance with the applicable corporate and regulatory requirements. Accordingly, Packages Limited became the Parent Company by virtue of 41.07% shareholding in the Company as of the reporting date.

On completion of this transaction, the restricted share based compensation plan awarded to the Company's employees by Sanofi S. A. (France) stands cancelled and the related expense has been recognized in these condensed interim financial statements.

During the period, an Investor Consortium led by Packages Limited (comprising Packages Limited, IGI Investments (Private) Limited and affiliates of Arshad Ali Gohar Group) acquired entire 52.87% shares held by Sanofi Foreign Participations B.V in the Company on April 28, 2023 in accordance with the terms of the Share Purchase Agreement executed between the parties on April 29, 2022. Earlier, Packages Limited also acquired a 6.07% shareholding in the Company as a result of mandatory tender offer on August 23, 2022, in accordance with the applicable Takeover Laws.

Accordingly, upon completion of applicable corporate approvals, the name of the Company has been changed to Hoechst Pakistan Limited with effect from September 27, 2023 and a Certificate of Incorporation on Change of Name has been issued by the Securities and Exchange Commission of Pakistan in this respect. This change of name shall have no effect on the principal line of business of the Company. The Company is now taking steps required for name change from Drug Regulatory Authority of Pakistan.

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' (IAS 34), 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, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

3.1 The 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 financial statements of the Company for the year ended December 31, 2022.

3.2 There are certain amendments to published International Financial Reporting Standards that are mandatory for the financial year beginning on January 1, 2023. These are considered not to have any material impact on the Company's financial reporting and operations and therefore, have not been disclosed in these condensed interim financial statements.

3.3 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, 2022.

3.4 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, 2023	December 31, 2022
Note	----- Rupees in '000 ----- (Un-audited)	----- (Audited)

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	1,460,183	1,606,792
Capital work-in-progress	4.2 & 4.3	308,302	277,468
		<u>1,768,485</u>	<u>1,884,260</u>

4.1 Operating fixed assets

Opening net carrying value		1,606,792	1,489,951
Additions/transfers from capital work-in-progress	4.1.1	125,133	458,302
Disposals during the period / year	4.1.1	(55,210)	(60,991)
Depreciation charge for the period / year		(216,532)	(280,470)
Closing net carrying value		<u>1,460,183</u>	<u>1,606,792</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----			
Buildings on leasehold land	-	15,619	-	-
Plant and machinery	29,461	221,247	455	503
Furniture and fixtures	-	2,977	-	-
Factory and office equipment	24,024	57,537	48	53
Motor vehicles	71,648	160,922	54,707	60,435
	<u>125,133</u>	<u>458,302</u>	<u>55,210</u>	<u>60,991</u>

	September 30, 2023	December 31, 2022
	----- Rupees in '000 ----- (Un-audited)	----- Rupees in '000 ----- (Audited)
4.2 Capital work-in-progress		
Buildings on leasehold land	69,243	69,243
Plant and machinery	207,331	165,879
Others	31,728	42,346
	<u>308,302</u>	<u>277,468</u>

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

Opening balance	277,468	164,206
Additions during the period / year	129,679	298,926
Transferred to operating fixed assets	(98,845)	(185,664)
Closing balance	<u>308,302</u>	<u>277,468</u>

5. INTANGIBLE ASSETS

Includes additions during the period relating to software licenses amounting to Rs. 15.7 million (December 31, 2022: Rs. 0.5 million).

		September 30, 2023	December 31, 2022
	Note	----- Rupees in '000 ----- (Un-audited)	----- Rupees in '000 ----- (Audited)
6. STOCK-IN-TRADE			
Raw and packing material			
In hand		1,827,528	1,492,608
In transit		417,165	317,729
		<u>2,244,693</u>	<u>1,810,337</u>
Provision for impairment	6.1	(94,931)	(103,521)
		<u>2,149,762</u>	<u>1,706,816</u>
Work-in-process		109,891	120,918
Finished goods			
In hand		1,530,994	2,637,692
In transit		737,073	256,436
		<u>2,268,067</u>	<u>2,894,128</u>
Provision for impairment	6.2	(214,956)	(171,169)
		<u>2,053,111</u>	<u>2,722,959</u>
		<u>4,312,764</u>	<u>4,550,693</u>

6.1 Movement of provision against raw and packing material is as follows:

Note	September 30, 2023	December 31, 2022
	----- Rupees in '000 -----	
	(Un-audited)	(Audited)
Opening balance	103,521	134,457
Charge for the period / year	64,012	61,476
Reversal for the period / year	(56,645)	(20,285)
Write-off during the period / year	(15,957)	(72,127)
Closing balance	<u>94,931</u>	<u>103,521</u>

6.2 Movement of provision against finished goods is as follows:

Opening balance	171,169	108,146
Charge for the period / year	136,958	108,457
Reversal for the period / year	(25,642)	(8,386)
Write-off during the period / year	(67,529)	(37,048)
Closing balance	<u>214,956</u>	<u>171,169</u>

7. TRADE DEBTS - NET

This is net of allowance for expected credit loss against the trade debts considered doubtful amounting to Rs. 317.3 million (December 31, 2022: Rs. 190.8 million). During the period, the Company has recognized charge amounting to Rs. 126.4 million (December 31, 2022: Rs. 54.2 million) in this respect.

8. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes margin against letters of credit amounting to Rs. 915.4 million (December 31, 2022: Rs. 2,330.1 million). In year 2022, State Bank of Pakistan (SBP) instructed banks, to obtain 100 percent cash margin on the import of items through BPRD Circular Letter No. 9, of 2022. However, this condition of 100 percent margin was relaxed by SBP through BPRD Circular Letter No. 6, of 2023.

9. SHORT-TERM INVESTMENTS

Fair Value through Profit or Loss

Investment in mutual funds

Note	September 30, 2023	December 31, 2022
	----- Rupees in '000 -----	
	(Un-audited)	(Audited)
9.1	<u>136,311</u>	-

9.1

----- (Un-audited) -----		----- (Audited) -----	
September 30, 2023		December 31, 2022	
Number of units	Carrying value/ Market value	Number of units	Carrying value/ Market value

----- Rupees in '000 -----

At fair value through profit or loss

Al Habib Asset Management Limited

1,363,105	136,311	-	-
<u>1,363,105</u>	<u>136,311</u>	-	-

	September 30, 2023	December 31, 2022
	----- Rupees in '000 ----- (Un-audited)	----- Rupees in '000 ----- (Audited)
10. TRADE AND OTHER PAYABLES		
Trade creditors		
Related parties	13,079	2,207,657
Other trade creditors	<u>2,365,644</u>	<u>825,486</u>
	2,378,723	3,033,143
Other payables		
Accrued liabilities	1,605,738	1,477,507
Refund liabilities	67,856	31,400
Infrastructure Development Cess	688,428	589,833
Workers' Profit Participation Fund	14,131	43,253
Workers' Welfare Fund	81,437	96,813
Central Research Fund	2,826	7,868
Employees' defined contribution fund	37,438	-
Compensated absences	118,423	116,938
Security deposits	15,576	15,576
Contractors' retention money	8,846	8,223
Sales tax payable	17,252	14,532
	<u>2,657,951</u>	<u>2,401,943</u>
	<u>5,036,674</u>	<u>5,435,086</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no material changes in the contingencies as disclosed in note 23.1 to the annual financial statements of the Company for the year ended December 31, 2022 except for the following:

- 11.1.1** The Deputy Commissioner Inland Revenue (DCIR), issued a notice dated March 06, 2019 under section 177 read with 214C and clause 72B of part IV of Second Schedule of Income Tax Ordinance, 2001 for tax years 2017 and 2018 in lieu exemption granted to the Company for collection of tax at import stage. The Company had initially responded to the notice through various letters that the subject audit proceedings were time barred and hence without jurisdiction. Instead of replying to these jurisdictional objections, the DCIR again issued a notice dated February 16, 2023 for tax year 2018. The Company then filed a suit on legal grounds before High Court of Sindh who issued favourable order on March 30, 2023 and restrained the tax department from proceeding further on the notices till disposal of the case.
- 11.1.2** The Federal Government, vide Finance Act, 2023, increased the rates of super tax levy for tax year 2023 and onwards. The Company filed a civil petition in the Honorable Islamabad High Court against the retrospective increase of the rates of super tax for tax year 2023. The Court, in its interim order, has allowed the petition and granted the stay in favor of the Company and restrained the tax department from recovery of the super tax in excess of rate prescribed before the amendment for the tax year 2023.

The management, based on advice from its tax and legal advisors, is confident for a favorable outcome on above mentioned cases. Hence, no provision for has been made in these condensed interim financial statements in respect of these cases.

	September 30, 2023 ----- Rupees in '000 ----- (Un-audited)	December 31, 2022 ----- (Audited)
11.2 Commitments		
Commitments for capital expenditure	<u>380,377</u>	<u>119,048</u>
Outstanding letters of credit	<u>661,395</u>	<u>304,305</u>
Outstanding bank guarantees	<u>1,221,159</u>	<u>616,261</u>
Outstanding bank contracts	<u>2,596,150</u>	<u>2,594,854</u>

12. NET SALES

	Nine Months Ended (Un-audited)		Quarter Ended (Un-audited)	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees in '000-----			
Gross sales				
Local	16,857,452	14,615,110	6,119,145	4,506,113
Export	<u>580,180</u>	863,497	<u>239,039</u>	494,861
	17,437,632	15,478,607	6,358,184	5,000,974
Toll manufacturing	<u>125,690</u>	141,024	<u>43,505</u>	50,166
	17,563,322	15,619,631	6,401,689	5,051,140
Less: Trade discount	<u>(1,295,818)</u>	(1,366,706)	<u>(365,926)</u>	(421,499)
Less: Sales returns	<u>(207,385)</u>	(122,693)	<u>(135,039)</u>	(64,991)
Less: Sales tax	<u>(180,890)</u>	(84,984)	<u>(69,344)</u>	(43,246)
	<u>15,879,229</u>	14,045,248	<u>5,831,380</u>	4,521,404

13. OTHER EXPENSES

Includes net exchange loss amounting to Rs. 1,265.0 million (September 30, 2022: Rs. 380.9 million), as a result of significant devaluation of Pakistan Rupee during the period.

14. FINANCE COSTS

Includes bank charges amounting to Rs. 72.6 million (September 30, 2022: Rs. 16 million) and markup on running finance facilities amounting to Rs. 80.9 million (September 30, 2022: Rs. 5.7 million), at the rate of 1 to 3 months KIBOR plus spread ranging between 0.1% to 0.4% (December 31, 2022: 0.10% to 0.5%) per annum.

	September 30, 2023	December 31, 2022
	----- Rupees in '000 ----- (Un-audited)	----- Rupees in '000 ----- (Audited)
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	331,484	233,196
Bank overdraft	-	(891,655)
Short-term borrowings	-	(700,000)
	<u>331,484</u>	<u>(1,358,459)</u>

16. 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, 2023 (Un-audited)					September 30, 2022 (Un-audited)				
	Group Companies	Associated undertakings	Retirement benefits plans	Key management personnel	Total	Group Companies	Associated undertakings	Retirement benefits plans	Key management personnel	Total
	----- Rupees in '000 -----									
Sales	-	2,235	-	-	2,235	-	-	-	-	-
Purchase of goods	3,118,409	10,231	-	-	3,128,640	4,891,046	19,899	-	-	4,910,945
Purchase of services	5,416	85,467	-	-	90,883	54,424	24,981	-	-	79,405
Subscription fee paid	-	50	-	-	50	-	90	-	-	90
Contribution paid:										
- Provident fund	-	-	57,553	-	57,553	-	-	48,606	-	48,606
- Gratuity fund	-	-	-	-	-	-	-	33,146	-	33,146
- Pension fund	-	-	-	-	-	-	-	54,265	-	54,265
Remuneration of key management personnel	-	-	-	245,496	245,496	-	-	-	228,448	228,448

17. 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 financial statements for the year ended December 31, 2022. 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.

18. ENTITY WIDE INFORMATION

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

	September 30, 2023	September 30, 2022
	----- Rupees in '000 ----- (Un-audited)	----- Rupees in '000 ----- (Un-audited)
Sales to external customers - net of returns and discounts		
Pakistan	15,359,328	13,348,221
Afghanistan	519,901	697,027
	<u>15,879,229</u>	<u>14,045,248</u>

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 21, 2023 by the Board of Directors of the Company.

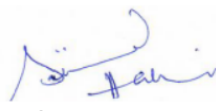
20. GENERAL

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

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



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer



Yasser Pirmuhammad
Chief Financial Officer