

JAN - SEP
2023

QUARTERLY
REPORT





Bata
COMFIT

ACTIVE COLLECTION

Softens every step

CORPORATE INFORMATION

Board of Directors

Mr. Roberto Longo	Chairman	Director
Mr. Muhammad Imran Malik	Chief Executive	Director
Mr. Amjad Farooq	Chief Financial Officer	Director
Mr. Reamgwut Chuenchomsakun		Director
Mr. Muhammad Maqbool		Director
Mr. Aamir Amin		Director
Mr. Kamal Monnoo		Independent Director
Mr. Rashid Rahman Mir		Independent Director
Ms. Fatima Asad Khan		Independent Director

Audit Committee

Mr. Rashid Rahman Mir	Chairman
Mr. Roberto Longo	Member
Mr. Aamir Amin	Member
Mr. Reamgwut Chuenchomsakun	Member

Human Resource and Remuneration Committee

Ms. Fatima Asad Khan	Chairperson
Mr. Muhammad Imran Malik	Member
Mr. Muhammad Maqbool	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-Azam,
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 nine-month period ended 30 September 2023.

Net turnover in the period under review was Rs. 14.421 billion as compared to Rs. 12.599 billion for the corresponding period of last year showing a healthy growth of 14%. Profit before Tax during the current period was Rs. 904 million as compared to Rs. 816 million of last year. Profit after tax was Rs. 631.352 million as compared to Rs. 466.624 million of last year. Earnings per share was Rs. 83.51 against last year of Rs. 61.72.

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 11% and non-retail division increased by 39% 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 Layya, Taunsa and Fazalpur, damaged by recent floods. As part of Founder's Day celebrations, BCP volunteers performed masonry and painting jobs at Government Boys High School Attoke Awan Lahore benefiting 1400 students and BCP volunteers conducted mentoring sessions at SOS Village Lahore focusing on character building and personality development skills. To impart our role for better environment, Plant for Life campaign was launched and planted more than 2,500 trees / saplings in Batapur and Maraka and nearby communities. To commemorate women's accomplishments, we celebrated International Women's Day by arranging activities in office and factories. Donated 1200 pairs of shoes to the underprivileged children. Celebrated World Environment Day at Bata Stores. Arranged Health Awareness and 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

Batapur:
Lahore: October 26, 2023

ڈائریکٹرز کا جائزہ

30 ستمبر 2023 کو ختم ہونے والی 9 ماہ کی مدت کے لیے غیر آڈٹ شدہ کنڈینڈ عبوری مالیاتی معلومات اور کمپنی کے آپریشنز کا مختصر جائزہ پیش کرنا ہمارے لئے باعث مسرت ہے۔

زیر جائزہ مدت میں خالص کاروباری ٹرن اور 14.421 بلین روپے رہا جو گزشتہ سال کی اسی مدت میں 12.599 بلین روپے تھا، یہ اعداد و شمار 14 فیصد ترقی کو ظاہر کرتے ہیں۔ اس مدت کے دوران ٹیکس کی کٹوتی سے قبل منافع 904 بلین روپے رہا جس کے مقابلے میں گزشتہ سال یہی منافع 816 بلین روپے تھا۔ ٹیکس کے بعد منافع 631.352 بلین روپے رہا جس کے مقابلے میں گزشتہ سال یہی منافع 466.624 بلین روپے تھا۔ فی شخص آمدنی 83.51 روپے رہی جس کے مقابلے میں پچھلے سال یہ آمدن 61.72 روپے فی شخص تھی۔

ریشیل اور نان ریشیل دونوں ڈویژن افرط زرکی وجہ سے دباؤ میں رہے اسکے باوجود گزشتہ سال کی اسی مدت کے مقابلے میں بہتر نتائج دیکھنے کو ملے۔ مہنگائی میں غیر معمولی اضافہ، پاکستانی روپے کی قدر میں کمی اور سیاسی عدم استحکام کے نتیجے میں فیول اور یٹیلیٹی کی قیمتوں میں اضافہ ہوا جس نے کاروباری اوقات پر پابندی کے ساتھ کاروبار پر منفی اثر ڈالا۔ اس کے باوجود، ریشیل ڈویژن کے کاروبار میں گزشتہ سال کی اسی مدت کے مقابلے میں 11 فیصد اور نان ریشیل ڈویژن میں 39 فیصد اضافہ ہوا۔

بانا پورا 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 پبلیٹی 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، تو نسہ اور فاضل پور میں 16 اسکولوں کی تزئین و آرائش کی جنہیں حالیہ سلاب سے نقصان پہنچا تھا۔ یوم تاسیس کی تقریبات کے ایک حصے کے طور پر، بی سی بی کے رضا کاروں نے گورنمنٹ بوائز ہائی سکول اتو کے احوال لاہور میں مینسٹری اور پینٹنگ کا کام انجام دیا جس سے 1400 طلباء مستفید ہوئے اور بی سی بی کے رضا کاروں نے ایس او ایس پٹیج لاہور میں رہنمائی کے سیشنز کا انعقاد کیا جس میں کردار سازی، شخصیت کی نشوونما کی مہارتوں پر توجہ مرکوز کی گئی۔ بہتر ماحول کے لیے اپنا کردار ادا کرنے کے لیے پلانٹ فار لائف مہم کا آغاز کیا گیا اور بانا پور، مراکہ اور قریبی کمیونٹیز میں 2500 سے زیادہ درخت اور پودے لگائے گئے۔ خواتین کی کامیابیوں کی یاد دہانی کے لئے ہم نے خواتین کا عالمی دن دفتر اور کارخانوں میں مختلف سرگرمیوں کا اہتمام کر کے منایا۔ غریب بچوں میں جوتوں کے 1200 جوڑے عطیہ کئے گئے۔ بانا سٹورز 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 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۔

مخائب بورڈ

بانا پور:-

محمد عمران ملک

لاہور: 26 اکتوبر، 2023

چیف ایگزیکٹو

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS AT SEPTEMBER 30, 2023

	Note	(UN - AUDITED) 30 September 2023	(AUDITED) 31 December 2022
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,465,080	2,293,261
Right of use assets		3,412,467	3,374,702
Intangible assets		225,632	183,856
Long term investments	7	45,048	45,062
Long term deposits and prepayments		207,574	62,593
Deferred tax asset		600,214	350,693
		6,956,015	6,310,167
CURRENT ASSETS			
Stores and spare parts		–	–
Stock in trade	8	6,096,778	5,111,998
Trade debts - unsecured		812,670	827,409
Advances - unsecured		170,114	561,050
Trade deposits and short term prepayments		648,978	191,075
Other receivables		370,324	397,451
Interest accrued		31,357	7,306
Short term investments		1,100,000	500,000
Tax refunds due from Government	9	350,161	350,161
Cash and bank balances	10	851,630	2,085,946
		10,432,012	10,032,396
TOTAL ASSETS		17,388,027	16,342,563
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		100,000	100,000
Issued, subscribed and paid up capital		75,600	75,600
Reserves			
Capital reserve		483	483
Revenue reserves		6,228,926	5,597,574
		6,229,409	5,598,057
		6,305,009	5,673,657
NON-CURRENT LIABILITIES			
Lease liabilities		3,445,951	3,451,948
Long term deposits		21,729	26,461
Long term borrowing	11	36,203	111,010
Deferred liability - employee benefits	12	43,742	56,587
		3,547,625	3,646,006
CURRENT LIABILITIES			
Current portion of lease liabilities		1,089,391	980,254
Current portion of long term borrowing		6,296	14,083
Trade and other payables		5,852,584	4,636,881
Unclaimed dividend		64,476	88,870
Unpaid dividend		–	921,110
Short term borrowings	13	–	–
Provision for taxation		522,646	381,702
		7,535,393	7,022,900
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		17,388,027	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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Note	Three month period ended		Nine month period ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(Rupees in '000)					
Sales - net	15	4,457,112	4,252,658	14,421,404	12,598,771
Cost of sales	16	(2,343,457)	(2,232,244)	(7,497,900)	(6,542,199)
Gross profit		2,113,655	2,020,414	6,923,504	6,056,572
Distribution costs		(1,370,784)	(1,298,967)	(4,171,703)	(3,729,923)
Administrative expenses		(488,095)	(384,364)	(1,377,423)	(1,034,822)
Other expenses		(11,484)	(43,554)	(191,872)	(124,814)
Other income		159,890	58,986	313,602	188,148
Finance costs	17	(199,712)	(187,598)	(591,629)	(538,859)
Profit before taxation		203,470	164,917	904,479	816,302
Taxation		17,326	(83,144)	(273,127)	(349,678)
Profit after taxation		220,796	81,773	631,352	466,624
Other comprehensive income		-	-	-	-
Total comprehensive income		220,796	81,773	631,352	466,624
Earnings per share					
- Basic and diluted	20	Rs.29.21	Rs.10.82	Rs.83.51	Rs.61.72

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 CHANGES IN EQUITY - UNAUDITED

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Share capital	Capital reserve	Revenue reserves			Total
			General reserve	Unappropriated profit / (loss)	Total revenue reserves	
(Rupees in '000')						
Balance as at January 01, 2022	75,600	483	6,957,000	(873,662)	6,083,338	6,159,421
Total comprehensive income for the six month period ended September 30, 2022	-	-	-	466,624	466,624	466,624
Transfer from general reserve to unappropriated profit / (loss)			(900,000)	900,000	-	-
Balance as at September 30, 2022	75,600	483	6,057,000	492,962	6,549,962	6,626,045
Balance as at January 01, 2023	75,600	483	4,557,000	1,040,574	5,597,574	5,673,657
Total comprehensive income for the six month period ended September 30, 2023	-	-	-	631,352	631,352	631,352
Balance as at September 30, 2023	75,600	483	4,557,000	1,671,926	6,228,926	6,305,009

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

CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Note	Nine month period ended	
		30 September	30 September
		2023	2022
		(Rupees in '000)	
CASH GENERATED FROM OPERATIONS			
Profit before taxation		904,479	816,302
Adjustment for:			
Depreciation of property, plant and equipment		247,512	220,312
Depreciation of right of use assets		843,069	820,247
Amortization of intangible assets		38,773	36,559
Provision for gratuity		8,373	10,245
(Gain)/Loss on disposal of property, plant and equipment		5,243	(1,448)
Gain of settlement of leases on vacation of shops		(34,326)	–
Rent concessions received		–	(80,679)
Income from short term investments		(250,951)	(83,154)
Income from long term investments		(5,732)	(3,199)
Exchange loss / (gain)		99,204	54,092
Interest / markup costs		591,629	538,859
Early payment discount on supplier invoices		–	(10,753)
Net charge / (reversal) of loss allowance of trade debts and advances		22,688	25,630
Provision for slow moving and obsolete stock - net		37,346	7,114
Reversal of provision for obsolescence of raw material - net		44,581	6,666
Reversal of provision for obsolescence of stores and spare parts - net		36	36
		1,647,445	1,540,527
Operating profit before working capital changes		2,551,924	2,356,829
(Increase) / decrease in current assets:			
Stores and spare parts		(36)	(36)
Stock in trade		(1,066,707)	(1,939,963)
Trade debts - unsecured		(7,949)	211,121
Advances - unsecured		390,936	111,799
Trade deposits and short term prepayments		(457,903)	(152,527)
Other receivables		11,383	6,209
		(1,130,276)	(1,763,397)
Increase / (Decrease) in current liabilities:			
Trade and other payables		1,106,939	(122,005)
Cash generated from operations		2,528,587	471,427
Finance cost paid		(591,629)	(538,859)
Taxes paid		(365,960)	(180,833)
Gratuity paid		(21,218)	(19,091)
Interest income received		232,632	89,535
		(746,175)	(649,248)
Increase in long term prepayments		(144,981)	(24,283)
Increase / (decrease) in long term deposits (liabilities)		(4,732)	418
Net cash generated from / (used in) operating activities		1,632,699	(201,686)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(343,386)	(300,466)
Investment in capital work in progress		(95,071)	(181,125)
Acquisition of intangible assets		(80,549)	(3,723)
Proceeds from sale of property, plant and equipment		13,883	6,916
Decrease in long term investments		14	26
Net cash used in investing activities		(505,109)	(478,372)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term borrowing		(82,594)	68,795
Principal elements of lease payments		(743,368)	(712,654)
Dividend paid		(945,504)	(571,110)
Net cash used in financing activities		(1,771,466)	(1,214,969)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(643,876)	(1,895,027)
Cash and cash equivalents at the beginning of the period		2,585,946	3,208,570
Effects of exchange rate changes on cash and cash equivalents		9,560	9,369
CASH AND CASH EQUIVALENTS AT THE END THE OF PERIOD	18	1,951,630	1,322,912

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 NINE-MONTH PERIOD ENDED SEPTEMBER 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, 293 in Punjab and 71 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 NINE-MONTH PERIOD ENDED SEPTEMBER 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 September 2023	31 December 2022
(Rupees in '000)			
6 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	6.1	2,325,557	2,075,617
Capital work in progress	6.2	139,523	217,644
		<u>2,465,080</u>	<u>2,293,261</u>
6.1 Opening net book value (NBV)		2,075,617	1,911,223
Add: additions / transfers during the period / year	6.1.1	516,578	485,375
		2,592,195	2,396,598
Less: disposals during the period / year (NBV)	6.1.1	(19,126)	(17,353)
Depreciation charged during the period / year		(247,512)	(303,628)
		(266,638)	(320,981)
		<u>2,325,557</u>	<u>2,075,617</u>

	(UN - AUDITED)		(AUDITED)	
	30 September 2023	30 September 2023	31 December 2022	31 December 2022
	Additions	Disposal (NBV)	Additions	Disposal (NBV)
(Rupees in '000)				
6.1.1				
Buildings				
- Factory	22,168	-	21,085	-
- Others	9,415	-	5,538	-
Plant & machinery	129,713	1,924	74,952	696
Gas installations	-	-	-	-
Office equipment	703	1	470	3
Furniture, fixture and fittings	310,140	15,907	325,342	15,894
Computers	44,439	541	57,988	760
Vehicles	-	753	-	-
	<u>516,578</u>	<u>19,126</u>	<u>485,375</u>	<u>17,353</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Note	(UN - AUDITED)	(AUDITED)
		30 September 2023	31 December 2022
(Rupees in '000)			
6.2 Opening balance		217,644	24,169
Add: additions during the period / year		95,071	305,061
		312,715	329,230
Less: transfers during the period / year		(173,192)	(111,586)
		139,523	217,644
7 LONG TERM INVESTMENTS			
PLS Term Deposit Receipts	7.1	45,048	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: 11.25%) 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. 81.927 million (2022: Rs. 89.066 million)

	Note	(UN - AUDITED)	(AUDITED)
		30 September 2023	31 December 2022
(Rupees in '000)			
9 TAX REFUNDS DUE FROM GOVERNMENT			
Tax refunds due from Government	9.1	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 September 2023	31 December 2022
(Rupees in '000)			
10 CASH AND BANK BALANCES			
Bank balances in			
Current accounts			
- Foreign currency		43,831	34,048
- Local currency		91,532	80,444
Daily profit accounts	10.1	135,363	114,492
	10.2	501,371	1,802,707
Cash in transit		636,734	1,917,199
Cash in hand		206,199	162,186
- Foreign currency		6,699	4,638
- Local currency		1,998	1,923
		8,697	6,561
		851,630	2,085,946

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

10.1 The rate of mark-up on these accounts ranges from 14.70% to 21.25% (2022: 4.50% to 15.5%) per annum.

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

	Note	(UN - AUDITED)	(AUDITED)
		30 September 2023	31 December 2022
(Rupees in '000)			
11 LONG TERM BORROWING			
Long term borrowing from:	11.1	42,499	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 September 2023	31 December 2022
(Rupees in '000)		
12 DEFERRED LIABILITY- EMPLOYEE BENEFITS		
Opening liability	56,587	61,992
Amount recognized during the period / year	8,373	9,123
Payments made by the Company during the period / year	(21,218)	(13,411)
Experience adjustment	-	(1,117)
Closing liability	43,742	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. 1,528.859 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

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).

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 Collector of Customs Karachi issued a demand vide order dated November 7, 2018 amounting to Rs. 23.975 million for the tax period November 2017 to April 2019 disallowing the reduced rate of sales tax under SRO-1125(D) / 2011 utilized by the Company for clearance of imported footwear. Being aggrieved, the Company filed an appeal before the Custom Appellate Tribunal, Karachi, who set aside order of the collector of customs being without jurisdiction under the Customs Act, 1969 vide order dated March 27, 2023. The Department of Inland Revenue has a right to initiate proceedings in such case. But, the department has not initiated any proceedings till now. Based on tax advisor's opinion, the Company's Management expects favorable outcome due to which no provision has been recorded in these financial statements.

14.1.2 The Deputy Commissioner Inland Revenue (DCIR) issued an order on June 19, 2023 (received on August 16, 2023) raising a demand of Rs. 1,827.399 million including penalty in respect of tax periods from January 2017 to December 2017 on account of inadmissible input tax adjustment claimed against retail supplies and services, short payment of sales tax, suppression of sales being difference of sales tax return and income tax return etc. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals), which is pending adjudication. Based on tax advisor's opinion, the Company's management expects favorable outcome due to which no provision has been recorded in these financial statements.

14.1.3 The Additional Commissioner Inland Revenue (ACIR) raised demand vide order dated June 30, 2022 amounting to Rs. 92.095 million on different issues such as allocation of expenses between export and local sale, claim of initial/normal depreciation, amortization of advertisement and promotional expense and provision of WPPF. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) who decided the case against the company vide order dated July 18, 2023. Being aggrieved by the CIR(A) order, the company preferred an appeal to the Appellate Tribunal Inland Revenue, which is pending adjudication. 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)
30 September 2023	31 December 2022
(Rupees in '000)	
349,898	42,423
2,171	343,962
352,069	386,385

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Nine month period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees in '000)			
15 SALES - NET				
Shoes and accessories				
Local	5,501,666	5,242,155	17,360,593	15,293,345
Export	10,626	7,059	81,324	33,276
	5,512,292	5,249,214	17,441,917	15,326,621
Sundry articles and scrap material	16,728	13,919	49,230	41,207
	5,529,020	5,263,133	17,491,147	15,367,828
Less: Sales tax	(825,861)	(710,957)	(2,277,910)	(1,961,902)
Discount to dealers and distributors	(120,351)	(173,982)	(414,428)	(449,734)
Commission to agents/business associates	(125,696)	(125,536)	(377,405)	(357,421)
	(1,071,908)	(1,010,475)	(3,069,743)	(2,769,057)
	4,457,112	4,252,658	14,421,404	12,598,771
16 COST OF SALES				
Raw material consumed	1,584,544	1,642,471	4,552,042	3,864,012
Stores and spare parts consumed	6,703	2,513	20,548	10,395
Fuel and power	56,324	66,323	166,013	161,123
Salaries, wages and benefits	183,582	229,656	522,350	533,410
Repairs and maintenance	20,209	23,827	60,773	63,852
Insurance	9,854	5,118	23,072	13,619
Depreciation on property, plant and equipment	19,408	15,707	53,475	46,184
	1,880,624	1,985,615	5,398,273	4,692,595
Add: Opening goods in process	119,347	116,614	101,020	35,192
	1,999,971	2,102,229	5,499,293	4,727,787
Less: Closing goods in process	(172,557)	(203,739)	(172,557)	(203,739)
Cost of goods manufactured	1,827,414	1,898,490	5,326,736	4,524,048
Add: Opening stock of finished goods	5,126,088	4,422,253	4,480,321	3,573,627
Finished goods purchased	497,184	705,173	2,798,072	3,238,196
	7,450,686	7,025,916	12,605,129	11,335,871
Less: Closing stock of finished goods	(5,107,229)	(4,793,672)	(5,107,229)	(4,793,672)
	2,343,457	2,232,244	7,497,900	6,542,199
17 FINANCE COST				
Interest / mark-up on:				
Long term borrowing	395	443	2,315	1,339
Employees / agents' securities and personal accounts	-	1,345	8,583	3,813
Lease liabilities	177,097	167,328	510,621	481,386
	177,492	169,116	521,519	486,538
Bank charges and commission	22,220	18,482	70,110	52,321
	199,712	187,598	591,629	538,859

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(UN - AUDITED)

Nine month period ended

30 September 2023 30 September 2022

(Rupees in '000)

18 CASH AND CASH EQUIVALENTS

Cash and bank balances
Short term investments

	851,630	822,912
	1,100,000	500,000
	<u>1,951,630</u>	<u>1,322,912</u>

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)		(UN-AUDITED)	
		Three month period ended		Nine month period ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(Rupees in '000)			
Common control companies	Purchase of goods and services	998	12,733	8,606	144,031
	Sale of goods and services	-	1,204	5,272	4,841
	Reimbursement of expenses	983	-	5,859	-
	Dividend paid	921,110	-	921,110	568,587
	Trade mark license fee	222,855	212,634	721,070	629,939
	Management service fee	101,786	75,987	295,269	204,882
Staff Retirement Benefits	Contribution to provident fund trusts	22,451	21,394	70,477	58,813
Staff Retirement Benefits	Gratuity paid	10,586	14,512	21,218	19,091
Key management personnel	Remuneration	42,770	31,629	187,678	179,456

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

(UN - AUDITED) (AUDITED)

September 30, 2023 December 31, 2022

Period / year end balances

Receivable from related parties
Payable to related parties

	(Rupees in '000)	
	2,329	-
	2,989,876	2,621,572

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	(UN-AUDITED) Three month period ended		(UN-AUDITED) Nine month period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
20 EARNINGS PER SHARE - BASIC AND DILUTED	(Rupees in '000)			
Profit after taxation attributable to ordinary share holders (Rupees in '000)	220,796	81,773	631,352	466,624
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - Basic (Rs.)	29.21	10.82	83.51	61.72

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(UN - AUDITED)
Nine Month period Ended

	Retail		Wholesale		Export		Others		Total	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	(Rupees in '000)									
Net sales	12,568,098	11,283,010	1,728,595	1,246,383	81,324	33,276	43,387	36,102	14,421,404	12,598,771
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	12,568,098	11,283,010	1,728,595	1,246,383	81,324	33,276	43,387	36,102	14,421,404	12,598,771
Segment result before unallocated expenses	2,701,739	2,251,132	10,522	31,416	34,044	4,402	20,206	18,154	2,805,511	2,305,124
Unallocated operating expenses										
Other expenses									(1,467,134)	(1,013,297)
Other income									(177,716)	(124,814)
Operating profit									299,447	188,148
Finance cost									1,496,108	1,355,161
Profit before taxation									(591,629)	(538,859)
Provision for taxation									904,479	816,302
Profit after taxation									(273,127)	(349,678)
									631,352	466,624

(UN - AUDITED)
Three Month period ended

	Retail		Wholesale		Export		Others		Total	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	(Rupees in '000)									
Net sales	3,781,734	3,609,883	650,303	624,368	10,626	7,059	14,449	11,348	4,457,112	4,252,658
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	3,781,734	3,609,883	650,303	624,368	10,626	7,059	14,449	11,348	4,457,112	4,252,658
Segment result before unallocated expenses	707,717	512,017	24,178	12,065	2,991	1,207	7,239	5,572	742,125	500,859
Unallocated operating expenses									(487,349)	(193,776)
Other expenses									(11,484)	(43,554)
Other income									159,890	58,986
Operating profit									403,182	352,515
Finance cost									(199,712)	(187,598)
Profit before taxation									203,470	164,917
Provision for taxation									17,326	(83,144)
Profit after taxation									220,796	81,773

	(UN-AUDITED)	(AUDITED)	(UN-AUDITED)	(AUDITED)
	Segment assets		Segment liabilities	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	(Rupees in '000)			
Retail	9,870,688	9,024,477	4,625,214	4,520,557
Wholesale	1,679,170	1,246,596	29,446	36,542
Export	5,601	13,061	–	–
Unallocated	5,832,568	6,058,429	6,428,358	6,111,807
	<u>17,388,027</u>	<u>16,342,563</u>	<u>11,083,018</u>	<u>10,668,906</u>

22 SEGMENT ASSETS AND LIABILITIES

23 EVENTS AFTER THE REPORTING DATE

The Board of Directors have approved an interim cash dividend for the period ended September 30, 2023 of Rs. 120 per share, amounting to Rs. 907.2 million at their meeting held on October 26, 2023. These condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

24 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors on October 26, 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 and condensed interim statement of changes in equity have 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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PAKISTAN LIMITED

P.O.BATAPUR, LAHORE PAKISTAN.

UAN: +92-42-111-044-055

FAX: +92-42-36581176

Website: www.bata.com.pk

E-mail: pk.bata@bata.com