

JULY - SEP

2024

QUARTERLY REPORT



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CORPORATE INFORMATION

Board of Directors

Ms. Jin Zeng	Chairperson	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		Female/Independent Director

Audit Committee

Mr. Rashid Rahman Mir	Chairman
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

Auditors

A.F. Ferguson & Co.
(a member firm of PwC Network)
308-Upper Mall, Shahrah-e-Quaid-e-Azam
P.O Box-39, 54000, Lahore.

Legal Advisor

Surrige & 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
Bank Alfalah Limited
Standard Chartered Bank (Pakistan) 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 2024.

Net turnover in the period under review was Rs. 13,849 billion as compared to Rs. 14,421 billion for the corresponding period of last year. Profit before Tax during the current period was Rs. 840,222 million as compared to Rs. 904,479 million of last year. Profit after tax was Rs. 577,355 million as compared to Rs. 631,352 million of last year. Earnings per share was Rs. 76.37 against last year of Rs. 83.51.

Both retail and non-retail divisions remained under pressure due to challenging economic conditions. Consistent high inflation adversely impacted the purchasing power of the consumers which resulted in reduction in customer footfall and resultantly the business.

The pressure on turnover has an impact on inhouse production at both Batapur and Maraka plants. However, we are continuously trying to improve the efficiencies of our plants to remain competitive both in terms of quality and cost. 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 challenging 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, online campaigns and using stores as media.

The Company continued its Corporate Social Responsibilities (CSR) activities during the period under review. In order to promote physical fitness of the students, constructed a badminton court in a local government school. A blood donation camp was organized at Batapur in collaboration with Sundas Foundation to save lives of children with Thalassemia which was enthusiastically participated by our employees. In the wake of Founder's Day celebrations, Bata Children Programme (BCP) volunteers renovated science lab of Government Boys High School Attoke Awan Lahore by executing masonry and painting jobs and to promote sports culture amongst students, a football match was arranged between school teams and the players were presented with gifts. Company also donated shoes to the underprivileged children studying in Behbud School Karachi.

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 24, 2024

ڈائریکٹرز کا جائزہ

30 ستمبر 2024 کو ختم ہونے والی نو ماہی مدت کے لیے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی معلومات اور کمپنی کے آپریشنز کا مختصر جائزہ پیش کرتے ہوئے ہمیں خوشی ہے۔

زیر جائزہ مدت میں نیٹ ٹرن اور 13.849 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 14.421 بلین روپے تھا۔ موجودہ مدت کے دوران قبل از ٹیکس منافع 840.222 بلین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 904.479 بلین روپے تھا۔ بعد از ٹیکس منافع 577.355 بلین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 631.352 بلین روپے تھا۔ فی حصص آمدن 76.37 روپے رہی جس کے مقابلے میں گزشتہ برس فی حصص آمدن 83.51 روپے تھی۔

مشکل معاشی صورتحال کے سبب ریٹیل اور نائٹ ریٹیل دونوں ڈویژن دباؤ میں رہے۔ مسلسل بڑھتی ہوئی مہنگائی نے صارفین کی قوت خرید پر منفی اثرات مرتب کیے جس کے نتیجے میں صارفین کی تعداد میں کمی واقع ہوئی اور کاروبار بھی متاثر ہوا۔

ٹرن اور پر دباؤ کا اثر بنا پورا اور مرا کہ میں ہمارے دونوں پلانٹس کی پیداواری صلاحیت پر پڑتا ہے۔ تاہم، ہم معیار اور لاگت دونوں اعتبار سے مسابقتی سطح کو برقرار رکھنے کے لیے اپنے پلانٹس کی صلاحیت کو بہتر بنانے کی مسلسل کوشش کر رہے ہیں۔ ہم مسلسل نئے سائنچوں میں سرمایہ کاری کر رہے ہیں، جن میں سے زیادہ تر مارکیٹ میں کامیاب ثابت ہوئے ہیں۔

ہماری ترجیح ہمارے قابل قدر صارفین کی مانگ کو پورا کرنے اور انہیں خصوصی طور پر اور موثر طریقے سے خدمات فراہم کرنا ہے۔ مشکل اقتصادی ماحول اور مسابقتی مارکیٹ کے حالات کے باوجود، ہم اس سال ہر کاروباری موقع سے مستفید ہونے کی تیاری کر رہے ہیں۔ اس وقت ہماری ترجیح اپنی ٹارگٹ سیکڑ کو پورا کرنا اور سوشل میڈیا پلیٹ فارمز اور آن لائن کمپینز 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۔ طلباء کی جسمانی فٹنس کو فروغ دینے کے لیے مقامی سرکاری سکول میں ہیڈ مینشپ کو رٹ تعمیر کیا۔ تھیلیپیسیا میں ہینلا بچوں کی زندگیاں بچانے کے لیے سنڈس فاؤنڈیشن کے تعاون سے بانا پور میں خون کے عطیہ کیپ کا انعقاد کیا گیا جس میں ہمارے ملازمین نے جوش و خروش سے شرکت کی۔ یوم ہاٹیس کی تقریبات کے پیش نظر بانا چلڈرن پروگرام (BCP) کے رضا کاروں نے گورنمنٹ ہوائی سکول اتو کے اعوان لاہور کی سائنس لیب کی تزئین و آرائش کرتے ہوئے چٹائی اور پینٹنگ کا کام انجام دیا۔ طلباء میں اسپورٹس کلچر کو فروغ دینے کے لیے سکول کی ٹیموں کے درمیان فٹ بال میچ کا اہتمام کیا اور کھلاڑیوں کو تحائف سے نوازا گیا۔ کمپنی نے بہبود اسکول کراچی میں زیر تعلیم غریب بچوں کو جو تھی عطیہ کیے ہیں۔

ہمیں مزید چیلنجز اور معاشی مشکلات کا سامنا کرنا پڑ سکتا ہے لیکن ہمیں اپنے اسٹاف کے جذبے اور اپنے تمام اسٹیک ہولڈرز کی غیر مشروط حمایت کی بدولت یقین ہے کہ ہم نہ صرف سال کے لیے اپنے اہداف حاصل کریں گے بلکہ معاشرے کے لیے اپنی کارپوریٹ ذمہ داری کو پورا کرتے ہوئے قومی سطح پر ہم آہنگی بھی برقرار رکھیں گے۔

منجانب بورڈ



محمد عمران ملک

چیف ایگزیکٹو

باناپور:-

لاہور: 24 اکتوبر، 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS AT SEPTEMBER 30, 2024

	Note	(UN-AUDITED) 30 September 2024	(AUDITED) 31 December 2023
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,643,373	2,674,127
Right of use assets		2,934,505	2,984,862
Intangible assets		191,611	243,899
Long term deposits and prepayments		61,817	59,190
Deferred tax asset		695,950	486,719
		6,527,256	6,448,797
CURRENT ASSETS			
Stores and spare parts		–	–
Stock in trade		6,575,736	5,391,880
Trade debts – unsecured		1,113,681	848,554
Advances – unsecured		102,170	197,091
Trade deposits and short term prepayments		340,410	223,835
Other receivables		54,820	85,116
Income tax receivable		478,418	467,169
Interest accrued		16,237	21,240
Short term investments		45,221	945,011
Tax refunds due from Government		350,161	350,161
Cash and bank balances		1,383,834	1,570,298
		10,460,688	10,100,355
TOTAL ASSETS		16,987,944	16,549,152
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		6,183,296	5,605,941
		6,183,779	5,606,424
		6,259,379	5,682,024
NON-CURRENT LIABILITIES			
Lease liabilities		2,668,399	2,824,598
Long term deposits		20,062	23,991
Long term borrowing	7	29,907	34,630
Deferred liability – employee benefits		40,941	44,535
		2,759,309	2,927,754
CURRENT LIABILITIES			
Current portion of lease liabilities		1,135,802	851,483
Current portion of long term borrowing		6,296	6,296
Trade and other payables		6,284,581	5,900,155
Unclaimed dividend		70,480	71,658
Unpaid dividend		–	682,304
Short term borrowings from financial institutions – secured	8	–	–
Provision for taxation		472,097	427,478
		7,969,256	7,939,374
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	9	16,987,944	16,549,152

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

Note	Three month period ended		Nine month period ended		
	30 September 2024	30 September 2023	30 September 2024	30 September 2023	
(Rupees in '000)					
Revenue from contracts with customers – net	10	4,305,846	4,457,112	13,848,731	14,421,404
Cost of sales	11	(2,231,481)	(2,343,457)	(7,160,281)	(7,497,900)
Gross profit		2,074,365	2,113,655	6,688,450	6,923,504
Distribution costs		(1,309,026)	(1,360,583)	(4,002,644)	(4,149,015)
Administrative expenses		(514,684)	(488,095)	(1,513,225)	(1,377,423)
Net impairment loss on financial assets		(25,023)	(10,201)	(39,220)	(22,688)
Other expenses		(20,826)	(11,484)	(93,143)	(191,872)
Other income		35,226	159,890	293,730	313,602
Finance costs	12	(171,242)	(199,712)	(493,726)	(591,629)
Profit before income tax		68,790	203,470	840,222	904,479
Income tax		37,615	17,326	(262,867)	(273,127)
Profit for the period		106,405	220,796	577,355	631,352
Other comprehensive income for the period		–	–	–	–
Total comprehensive income for the period		106,405	220,796	577,355	631,352
Earnings per share					
– Basic and diluted (Rupees per share)		Rs.14.07	Rs.29.21	Rs.76.37	Rs.83.51

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Share capital	Capital reserve	Revenue reserves			Total
			General reserve	Unappropriated profit / (loss)	Total revenue reserves	
(Rupees in '000')						
Balance as at January 01, 2023 (audited)	75,600	483	4,557,000	1,040,574	5,597,574	5,673,657
Total comprehensive income for period	-	-	-	631,352	631,352	631,352
Balance as at September 30, 2023 (un-audited)	75,600	483	4,557,000	1,671,926	6,228,926	6,305,009
Balance as at January 01, 2024 (audited)	75,600	483	4,557,000	1,048,941	5,605,941	5,682,024
Total comprehensive income for period	-	-	-	577,355	577,355	577,355
Balance as at September 30, 2024 (un-audited)	75,600	483	4,557,000	1,626,296	6,183,296	6,259,379

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Note	Nine month period ended	
		30 September 2024	30 September 2023
		(Rupees in '000)	
Cash Flow From Operating Activities			
Cash generated from operations	13	1,266,084	2,528,587
Finance cost paid		(493,726)	(591,629)
Taxes paid		(416,230)	(365,960)
Gratuity paid		(8,476)	(21,218)
Interest income received		196,216	232,632
		(722,216)	(746,175)
Increase in long term prepayments		(2,627)	(144,981)
Increase in long term deposits		(3,929)	(4,732)
Net cash generated from operating activities		537,312	1,632,699
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(253,843)	(343,386)
Investment in capital work in progress		(36,933)	(95,071)
Acquisition of intangible assets		(5,719)	(80,549)
Proceeds from sale of property, plant and equipment		20,158	13,883
(Increase) / Decrease in long term investments		(210)	14
Net cash used in investing activities		(276,547)	(505,109)
Cash Flows From Financing Activities			
Repayment of long term borrowing		(4,723)	(82,594)
Principal elements of lease payments		(665,635)	(743,368)
Dividend paid		(683,482)	(945,504)
Net cash used in financing activities		(1,353,840)	(1,771,466)
Net Decrease In Cash and Cash Equivalents		(1,093,075)	(643,876)
Cash and cash equivalents at the beginning of the period		2,470,298	2,585,946
Effects of exchange rate changes on cash and cash equivalents		6,611	9,560
Cash And Cash Equivalents at The End The Of Period	13.1	1,383,834	1,951,630

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

1 LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited (the 'Company') was incorporated in Pakistan as a public company limited by shares under the repealed Companies Act, 1913 (now, the Companies Act, 2017) and its shares are quoted on the 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 7 outlets situated in Azad Kashmir, 7 in Balochistan, 11 in Islamabad Capital Territory, 2 in Gilgit Baltistan, 46 in Khyber Pakhtunkhwa, 266 in Punjab and 65 retail outlets in Sindh.

2 BASIS OF PREPARATION

2.1 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.

- 2.2 These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the 'Act').

These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended December 31, 2023. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

3 MATERIAL ACCOUNTING POLICIES

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 preceding annual published financial statements of the Company for the year ended December 31, 2023, except for the estimation of income tax (see note 5) and adoption of new and amended standards as set out in note 3.1.

3.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on January 1, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

3.2 Standards, amendments and interpretations to existing standards not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2025 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

4 ACCOUNTING ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Company for the year ended December 31, 2023, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5 INCOME TAX

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. Where different income tax rates apply to different categories of income, a separate rate is applied to each category of pre-tax income.

		(UN-AUDITED)	(AUDITED)
		30 September 2024	31 December 2023
Note		(Rupees in '000)	
6	PROPERTY, PLANT AND EQUIPMENT		
	Property, plant and equipment	2,613,120	2,623,235
	Capital work in progress	30,253	50,892
		<u>2,643,373</u>	<u>2,674,127</u>
6.1	Opening net book value (NBV)	2,623,235	2,075,618
	Add: additions / transfers during the period / year	311,415	914,738
		2,934,650	2,990,356
	Less: disposals during the period / year (NBV)	(20,157)	(20,964)
	Depreciation charged during the period / year	(301,373)	(346,157)
		(321,530)	(367,121)
		<u>2,613,120</u>	<u>2,623,235</u>

		(UN-AUDITED)		(AUDITED)	
		30 September 2024	30 September 2023	31 December 2023	31 December 2023
		Additions	Disposal (NBV)	Additions	Disposal (NBV)
6.1.1		(Rupees in '000)			
	Buildings				
	– Factory	10,634	–	22,916	–
	– Others	5,059	–	15,586	–
	Plant & machinery	7,868	–	236,681	1,940
	Office equipment	–	–	2,148	–
	Furniture, fixture and fittings	262,499	19,028	482,672	17,204
	Computers	21,332	1,129	154,735	1,067
	Vehicles	4,023	–	–	753
		<u>311,415</u>	<u>20,157</u>	<u>914,738</u>	<u>20,964</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	Note	(UN-AUDITED)	(AUDITED)
		30 September 2024	31 December 2023
(Rupees in '000)			
6.2	Opening balance	50,892	217,644
	Add: additions during the period / year	36,933	157,207
		87,825	374,851
	Less: transfers during the period / year	(57,572)	(323,959)
		30,253	50,892
7 LONG TERM FINANCES FROM FINANCIAL INSTITUTIONS – SECURED			
	Long term finance – secured	7.1 36,203	40,926
	Less: current portion shown under current liabilities	6,296	6,296
		29,907	34,630
7.1 The reconciliation of the carrying amount is as follows:			
	Opening balance	40,926	125,093
	Repayments during the period/year	(4,723)	(84,167)
	Closing balance	36,203	40,926
	Current portion shown under current liabilities	(6,296)	(6,296)
		29,907	34,630

8 SHORT TERM BORROWINGS FROM FINANCIAL INSTITUTIONS – SECURED

There is no significant change in the nature, terms and utilization of credit facilities available to the Company since the preceding published annual financial statements for the year ended December 31, 2023.

9 CONTINGENCIES AND COMMITMENTS

9.1 There are no significant changes in contingencies since the date of preceding published annual financial statements for the year ended December 31, 2023 except for the following:

- (i) With reference to the matter disclosed in note 31.1.16 of the annual audited financial statements of the Company for the year ended December 31, 2023 wherein 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. Being aggrieved, the Company had preferred an appeal before the Commissioner Inland Revenue (Appeals), who decided the appeal in favor of the Company vide order dated April 5, 2024 by reducing the amount of demand to the tune of Rs 2.880 million. Being aggrieved, the Company and the tax department, both have filed appeals before the Appellate Tribunal Inland Revenue (ATIR) that are pending adjudication as of the reporting date. Based on tax advisor's opinion, the Company's management expects favorable outcome due to which no provision has been recorded in these condensed interim financial statements.
- (ii) With reference to the matter disclosed in note 31.1.17 of the annual audited financial statements of the Company for the year ended December 31, 2023 wherein the DCIR issued an order on November 27, 2023, demanding Rs 36.427 million for tax year 2021 due to Federal Excise Duty not paid on royalty fees under section 3(1)(d) of the Federal Excise Act, 2005, read with rule 43-A of the Federal Excise Rules 2005 and Federal Excise General Order 05/2006 dated August 05, 2005. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals), who decided the appeal in favor of the Company vide order dated April 29, 2024 and annulled the impugned order.
- (iii) With reference to the matter disclosed in note 31.1.18 of the annual audited financial statements of the Company for the year ended December 31, 2023 wherein the DCIR issued an order on November 27, 2023, demanding Rs 30.058 million for tax year 2021. The Company had preferred an appeal before the Commissioner Inland Revenue (Appeals), who decided the appeal in favor of the Company vide order dated April 23, 2024, and disposed of

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

the case on account of the demand being unlawful and unjustified. Being aggrieved, the department has filed an appeal before the ATIR against the said order which is pending adjudication as of the reporting date. Based on tax advisor's opinion, the Company's management expects favorable outcome due to which no provision has been recorded in these condensed interim financial statements.

	(UN-AUDITED)	(AUDITED)
	30 September 2024	31 December 2023
	(Rupees in '000)	
9.2 Commitments in respect of:		
– Capital expenditure	84,505	66,414
– Letters of credit and bank contracts	97,727	356,192
	182,232	422,606

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Nine month period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)			
10 REVENUE FROM CONTRACTS WITH CUSTOMERS – NET				
SALES:				
Shoes and accessories				
Local	5,378,452	5,501,666	16,930,603	17,360,593
Export	5,415	10,626	121,152	81,324
	5,383,867	5,512,292	17,051,755	17,441,917
Sundry articles and scrap material	6,014	16,728	31,525	49,230
	5,389,881	5,529,020	17,083,280	17,491,147
Less: Sales tax	863,239	825,861	2,510,133	2,277,910
Discount to dealers and distributors	141,149	120,351	461,158	414,428
Commission to agents/business associates	79,647	125,696	263,258	377,405
	1,084,035	1,071,908	3,234,549	3,069,743
	4,305,846	4,457,112	13,848,731	14,421,404
11 COST OF SALES				
Raw material consumed	1,219,761	1,584,544	3,639,715	4,552,042
Stores and spare parts consumed	4,851	6,703	18,076	20,548
Fuel and power	37,724	56,324	145,947	166,013
Salaries, wages and benefits	191,418	183,582	543,170	522,350
Repairs and maintenance	23,540	20,209	60,717	60,773
Insurance	1,353	9,854	18,757	23,072
Depreciation on property, plant and equipment	20,981	19,408	62,201	53,475
	1,499,628	1,880,624	4,488,583	5,398,273
Add: Opening goods in process	87,775	119,347	72,532	101,020
	1,587,403	1,999,971	4,561,115	5,499,293
Less: Closing goods in process	141,679	172,557	141,679	172,557
Cost of goods manufactured	1,445,724	1,827,414	4,419,436	5,326,736
Add: Opening stock of finished goods	5,811,447	5,126,088	4,824,477	4,480,321
Finished goods purchased	850,246	497,184	3,792,304	2,798,072
	8,107,417	7,450,686	13,036,217	12,605,129
Less: Closing stock of finished goods	5,875,936	5,107,229	5,875,936	5,107,229
	2,231,481	2,343,457	7,160,281	7,497,900

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Nine month period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)			
12 FINANCE COST				
Interest / mark-up on:				
Long term borrowing	326	395	1,013	2,315
Workers' profit participation fund	-	-	16,457	8,583
Lease liabilities	166,324	177,097	463,692	510,621
	166,650	177,492	481,162	521,519
Bank charges and commission	4,592	22,220	12,564	70,110
	171,242	199,712	493,726	591,629

	(UN - AUDITED)	
	Nine month period ended	
	30 September 2024	30 September 2023
	(Rupees in '000)	
13 Cash generated from operations		
Profit before income tax	840,222	904,479
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	301,373	247,512
Depreciation of right of use assets	786,138	843,069
Amortization of intangible assets	58,007	38,773
Provision for gratuity	4,882	8,373
(Gain) / Loss on disposal of property, plant and equipment	(3,050)	5,243
Gain on lease modification	(45,664)	(34,326)
Income from short term investments	(184,666)	(250,951)
Income from long term investments	(6,547)	(5,732)
Exchange loss – net	23,189	99,204
Finance costs	493,726	591,629
Impairment loss on trade debts	39,220	22,688
Provision for slow moving and obsolete stock – net	67,592	37,346
Provision for obsolescence of raw material – net	11,826	44,581
(Reversal) / Provision of provision for obsolescence of stores and spare parts – net	(482)	36
	1,545,544	1,647,445
Profit before working capital changes	2,385,766	2,551,924
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets		
Stores and spare parts	482	(36)
Stock in trade	(1,197,636)	(1,066,707)
Trade debts	(304,347)	(7,949)
Advances	94,921	390,936
Trade deposits and short term prepayments	(116,575)	(457,903)
Other receivables	19,047	11,383
	(1,504,108)	(1,130,276)
Increase in current liabilities		
Trade and other payables	384,426	1,106,939
Effect on cash flow due to working capital changes	(1,119,682)	(23,337)
	1,266,084	2,528,587

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	(UN-AUDITED)	(AUDITED)
	30 September 2024	31 December 2023
	(Rupees in '000)	
13.1 CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,383,834	1,522,975
Short term investments	–	1,300,000
	<u>1,383,834</u>	<u>2,822,975</u>

14 TRANSACTIONS WITH RELATED PARTIES

The related parties include the parent company, group companies, key management personnel including directors, related parties on the basis of common directorship and provident fund trust. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions and balances with related parties are as follows:

Relationship with the Company	Nature of transactions	(UN-AUDITED)		(UN-AUDITED)	
		Three month period ended		Nine month period ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
		(Rupees in '000)			
Common control companies	Purchase of goods and services	–	998	–	8,606
	Sale of goods and services	5,416	–	78,052	5,272
	Reimbursement of expenses	731	983	5,514	5,859
	Dividend paid	–	921,110	682,304	921,110
	Trade mark license fee	215,057	222,855	688,562	721,070
	Management service fee	99,558	101,786	292,709	295,269
Staff Retirement Benefits	Contribution to provident fund trusts	21,862	22,451	67,110	70,477
Key management personnel	Remuneration	71,022	42,770	177,246	187,678

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	(UN-AUDITED) 30 September 2024	(AUDITED) 31 December 2023
	(Rupees in '000)	
Period / year end balances		
Receivable from related parties	14,163	7,981
Payable to related parties	3,351,030	3,296,913

	(UN-AUDITED) 30 September 2024	(AUDITED) 31 December 2023	(UN-AUDITED) 30 September 2024	(AUDITED) 31 December 2023
	Segment assets		Segment liabilities	
	(Rupees in '000)			
15 SEGMENT ASSETS AND LIABILITIES				
Retail	10,018,385	8,920,809	3,898,487	3,766,329
Wholesale	1,887,664	1,696,028	28,161	29,457
Export	34,937	32,895	-	-
Unallocated	5,046,958	5,899,420	6,801,917	7,071,342
	<u>16,987,944</u>	<u>16,549,152</u>	<u>10,728,565</u>	<u>10,867,128</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

(UN-AUDITED)
Nine month period ended

	Retail		Wholesale		Export		Others		Total	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)									
Net sales	12,176,098	12,568,098	1,523,913	1,728,595	121,152	81,324	27,568	43,387	13,868,731	14,421,404
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	12,176,098	12,568,098	1,523,913	1,728,595	121,152	81,324	27,568	43,387	13,868,731	14,421,404
Segment result before unallocated expenses	2,792,771	2,701,739	78,691	105,522	16,278	34,044	16,946	20,206	2,904,686	2,861,511
Unallocated operating expenses									(1,771,325)	(1,487,134)
Other expenses									(93,143)	(177,716)
Other income									295,730	299,447
Operating profit									1,333,948	1,496,108
Finance cost									(495,726)	(591,629)
Profit before income tax									840,222	904,479
Income tax									(262,867)	(273,127)
Profit for the period									577,355	631,352

(UN-AUDITED)
Three month period ended

	Retail		Wholesale		Export		Others		Total	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)									
Net sales	3,765,913	3,781,734	529,869	650,303	5,415	10,626	4,649	14,449	4,305,846	4,457,112
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	3,765,913	3,781,734	529,869	650,303	5,415	10,626	4,649	14,449	4,305,846	4,457,112
Segment result before unallocated expenses	775,662	707,717	46,833	241,78	2,843	2,991	4,182	7,299	827,520	714,125
Unallocated operating expenses									(601,888)	(487,349)
Other income									(20,826)	(11,484)
Operating profit									35,226	159,890
Finance cost									240,032	403,182
Profit before income tax									(68,790)	203,470
Income tax									37,615	17,326
Profit for the period									106,405	220,796

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Nine month period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in '000)			
17 EARNINGS PER SHARE – BASIC AND DILUTED				
Profit after taxation attributable to ordinary share holders (Rupees in '000)''	106,405	220,796	577,355	631,352
Weighted average number of ordinary shares – Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share – Basic (Rs.)	14.07	29.21	76.37	83.51

17.1 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.

18 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk

These condensed interim financial statements do not include all financial risk management information and disclosures 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, 2023.

There have been no significant changes in the risk management department or in risk management policies since the year ended December 31, 2023.

19 EVENTS AFTER THE REPORTING DATE

The Board of Directors have approved an interim cash dividend for the period ended September 30, 2024 of Rs. 130 per share, amounting to Rs. 982.8 million at their meeting held on October 24, 2024. 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.

20 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors on October 24, 2024.

21 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 preceding financial year, whereas, the 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 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, there were no material re-arrangements, other than the presentation of 'net impairment loss on financial assets' previously classified under 'Distribution costs', now presented as a separate line item on face of the condensed interim statement of profit or loss.



Chief Executive



Chief Financial Officer



Director

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