

Hoechst 
PAKISTAN

(formerly Sanofi Aventis Pakistan Limited)



CREATING A
BETTER
TOMORROW



Condensed Interim
Financial Statements for the
Three Months Period Ended
March 31, 2024 (Unaudited)

FIRST
QUARTER
REPORT
2024

Contents

	Page No.
Company Information	2
Directors' Report to the Shareholders (English)	3
Directors' Report to the Shareholders (Urdu)	5
Condensed Interim Statement of Financial Position	7
Condensed Interim Statement of Profit or Loss	8
Condensed Interim Statement of Other Comprehensive Income	9
Condensed Interim Statement of Changes in Equity	10
Condensed Interim Statement of Cash Flows	11
Notes to the Condensed Interim Financial Statements	12

Company Information

Board of Directors

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

Chief Executive Officer

Mr. Sajjad Iftikhar

Chief Financial Officer

Mr. Yasser Pirmuhammad

Company Secretary

Syed Muhammad Taha Naqvi

Head of Internal Audit

Mr. Feroze Polani

Auditors

A.F. Fergusons & Co.
Chartered Accountants

Legal Advisors

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

Share Registrar

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

Bankers

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

Registered Office

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

Postal Address

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

Contact

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

Web presence

www.hoechst.com.pk

Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Directors' Review Report to the Shareholders

The Directors are pleased to present the un-audited condensed interim financial statements of your Company, for the three-months period ended March 31, 2024. These un-audited condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and the provisions of and the directives issued under the Companies Act, 2017. In case requirements differ, the provisions of directives issued under the Companies Act, 2017 have been followed.

Key Financial Highlights

Amounts in Million	Three months period ended	
	March 31, 2024	March 31, 2023
Net Sales	6,287	4,763
Gross Profit	1,626	1,641
Gross Profit %	26%	34%
Operating Profit / (Loss)	692	(181)
Finance Cost	(33)	(108)
Profit / (Loss) After Tax	336	(357)
Earnings Per Share (Rupees)	34.82	(37.03)

Total net sales for the three-months period ended March 31, 2024, stand at PKR 6,287 million, which grew by 32% compared to the same period last year. This growth was mainly driven by Plavix®, Lantus® and Flagyl® which grew by 81%, 77% and 48% respectively.

The gross margin decreased to 26% from 34% when compared to the same period last year. Distribution and marketing expenses decreased to 11% 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 decreased significantly on account of favourable exchange rate movement during the current year first quarter resulting in net exchange gain of PKR 73 million as compared to net exchange loss of PKR 927 million during the same period last year.

Consequently, resulted in profit after tax for the three-months period ended March 31, 2024, amounting to PKR 336 million as compared to loss after tax of PKR 357 million during the corresponding period of the year 2023.

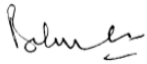
As we look to the year ahead, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. Your Company remains focused on delivering high-quality medicines to customers,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

Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

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

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

By order of the Board



Syed Babar Ali
Chairman



Sajjad Iftikhar
Chief Executive Officer

Karachi: April 24, 2024

بکسٹ پاکستان لمیٹڈ (سابق سنوفی اوینٹس پاکستان لمیٹڈ)

شیئر ہولڈرز کو ڈائریکٹرز کی روٹیورپورٹ

ڈائریکٹرز نہایت مسرت کے ساتھ 31 مارچ 2024 کو ختم ہونے والی نو ماہ کی مدت کے لیے آپ کی کمپنی کے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی بیانات پیش کر رہے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز - 34 (IAS) انٹرم فنانشل رپورٹنگ اور کمپنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات اور ان کی دفعات کے تقاضوں کے مطابق تیار کیے گئے ہیں۔ اگر ضروریات مختلف ہونے کی صورت میں کمپنیز ایکٹ، 2017 کے تحت جاری کردہ ہدایات کی دفعات پر عمل کیا گیا ہے۔

اہم مالیاتی جھلکیاں

سہ ماہی مدت		روپے ملین میں
2023، 31 مارچ	2024، 31 مارچ	
4,763	6,287	خالص فروخت
1,641	1,626	مجموعی منافع
34%	26%	مجموعی منافع %
(181)	692	آپریٹنگ منافع / (خسارہ)
(108)	(33)	مالیاتی لاگت
(357)	336	بعد از ٹیکس منافع / (خسارہ)
(37.03)	34.82	آمدنی فی حصص (روپے)

31 مارچ 2024 کو ختم ہونے والی تین ماہ کی مدت کے لیے کل خالص فروخت PKR 6,287 ملین ہے، جو پچھلے سال کی اسی مدت کے مقابلے میں 32% زیادہ ہے۔ یہ ترقی بنیادی طور پر [®]Lantus، [®]Plavix اور [®]Flagyl کے ذریعے چلائی گئی جس میں بالترتیب 81%، 77% اور 48% اضافہ ہوا۔

گزشتہ سال کی اسی مدت کے مقابلے میں مجموعی منافع 34% سے کم ہو کر 26% ہو گیا۔ تقسیم اور مارکیٹنگ کے اخراجات گزشتہ سال کی تقابلی مدت میں 14 فیصد سے کم ہو کر خالص فروخت کے 11 فیصد رہ گئے، بنیادی طور پر سفری اور پروموشنل سرگرمیوں میں کمی کی وجہ سے۔ انتظامی اخراجات خالص فروخت کے 4% پر مستحکم رہے۔ جیسا کہ وہ پچھلے سال اسی عرصے میں تھے۔

موجودہ سال کی پہلی سہ ماہی کے دوران شرح مبادلہ کی نقل و حرکت کی وجہ سے دیگر اخراجات میں نمایاں کمی واقع ہوئی جس کے نتیجے میں گزشتہ سال کی اسی مدت کے دوران PKR 927 ملین کے خالص زر مبادلہ کے نقصان کے مقابلے میں PKR 73 ملین کا خالص تبادلہ فائدہ ہوا۔

بکسٹ پاکستان لمیٹڈ (سابق سنوفی اوینٹس پاکستان لمیٹڈ)

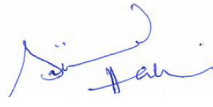
نتیجتاً، 31 مارچ 2024 کو ختم ہونے والی تین ماہ کی مدت کے لیے بعد از ٹیکس منافع ہوا، جو کہ 2023 کی اسی مدت کے دوران PKR 357 ملین کے بعد از ٹیکس نقصان کے مقابلے میں 336 ملین روپے ہے۔

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

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

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

بحکم بورڈ


سجاد افتخار
چیف ایگزیکٹو آفیسر


سید بابر علی
چیئر مین

کراچی: 24 اپریل 2024

Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited)

Condensed Interim Statement of Financial Position

As at March 31, 2024

	Note	March 31, 2024	December 31, 2023
		----- Rupees in '000 ----- (Un-audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,832,224	1,777,765
Intangible assets	5	8,695	13,081
Investment properties		30,775	31,212
Long-term loans		3,976	4,146
Long-term deposits		15,983	15,983
Deferred taxation - net		164,486	211,903
		<u>2,056,139</u>	<u>2,054,090</u>
CURRENT ASSETS			
Stores and spares		90,503	87,709
Stock-in-trade	6	4,546,805	4,094,840
Trade debts - net	7	684,289	572,014
Loans and advances		338,923	99,762
Trade deposits and short-term prepayments	8	486,255	451,443
Short-term investments	9	1,104,475	889,082
Other receivables		53,036	65,483
Taxation - net		1,331,758	1,438,566
Cash and bank balances		117,022	117,373
		<u>8,753,066</u>	<u>7,816,272</u>
TOTAL ASSETS		<u>10,809,205</u>	<u>9,870,362</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		96,448	96,448
Reserves	10	5,710,806	5,374,990
		<u>5,807,254</u>	<u>5,471,438</u>
NON-CURRENT LIABILITIES			
Deferred liabilities		-	-
CURRENT LIABILITIES			
Trade and other payables	11	4,790,581	4,272,677
Contract liabilities		189,566	104,714
Accrued mark-up		526	2,034
Bank overdraft		1,802	-
Current maturity of deferred liabilities		9,000	9,000
Unclaimed dividend		8,193	8,216
Unpaid dividend		2,283	2,283
		<u>5,001,951</u>	<u>4,398,924</u>
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		<u>10,809,205</u>	<u>9,870,362</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 period ended March 31, 2024 (Un-audited)

		March 31, 2024	March 31, 2023
	Note	----- Rupees in '000 -----	
REVENUE - NET	13	6,287,309	4,762,608
Cost of sales		(4,660,772)	(3,121,359)
GROSS PROFIT		<u>1,626,537</u>	<u>1,641,249</u>
Distribution and marketing costs		(672,686)	(664,633)
Administrative expenses		(259,578)	(181,415)
Other expenses		(62,314)	(992,992)
Other income		59,873	16,951
		<u>(934,705)</u>	<u>(1,822,089)</u>
OPERATING PROFIT / (LOSS)		<u>691,832</u>	<u>(180,840)</u>
Finance costs	14	(33,114)	(107,645)
PROFIT / (LOSS) BEFORE TAXATION		<u>658,718</u>	<u>(288,485)</u>
Taxation - Current		(275,485)	(99,474)
- Deferred		(47,417)	30,816
		<u>(322,902)</u>	<u>(68,658)</u>
PROFIT / (LOSS) FOR THE PERIOD		<u><u>335,816</u></u>	<u><u>(357,143)</u></u>
EARNINGS / (LOSS) PER SHARE - basic and diluted (Rupees)		<u><u>34.82</u></u>	<u><u>(37.03)</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 Comprehensive Income

For the period ended March 31, 2024 (Un-audited)

	March 31, 2024	March 31, 2023
	----- Rupees in '000 -----	
PROFIT / (LOSS) FOR THE PERIOD	335,816	(357,143)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>335,816</u>	<u>(357,143)</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 Changes in Equity

For the period ended March 31, 2024 (Un-audited)

	Capital Reserves				Revenue Reserves			Total
	Issued, subscribed and paid-up share capital	Long-term liabilities forgone	Other capital reserves	Difference of share capital under scheme of arrangement for amalgamation	Share-based payments reserve	General reserve	Unappropriated profit	
	----- Rupees '000 -----							
Balance as at January 01, 2023 (Audited)	96,448	5,935	-	18,000	366,704	3,535,538	1,007,067	5,029,692
Staff cost in relation to share-based payments	-	-	-	-	3,297	-	-	3,297
Loss for the period	-	-	-	-	-	-	(357,143)	(357,143)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(357,143)	(357,143)
Balance as at March 31, 2023 (Unaudited)	<u>96,448</u>	<u>5,935</u>	<u>-</u>	<u>18,000</u>	<u>370,001</u>	<u>3,535,538</u>	<u>649,924</u>	<u>4,675,846</u>
Balance as at January 01, 2024 (Audited)	96,448	5,935	-	18,000	375,210	3,535,538	1,440,307	5,471,438
Transfer from general reserves to capital reserves (note 10)	-	-	2,000,000	-	-	(2,000,000)	-	-
Profit for the period	-	-	-	-	-	-	335,816	335,816
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	335,816	335,816
Balance as at March 31, 2024 (Unaudited)	<u>96,448</u>	<u>5,935</u>	<u>2,000,000</u>	<u>18,000</u>	<u>375,210</u>	<u>1,535,538</u>	<u>1,776,123</u>	<u>5,807,254</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 period ended March 31, 2024 (Un-audited)

	March 31, 2024	March 31, 2023
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	658,718	(288,485)
Adjustment for non-cash items:		
Depreciation and amortization	72,850	76,353
Allowance for expected credit loss	51,122	2,364
Unrealised foreign exchange differences	153,190	773,491
Gain on disposal of operating fixed assets - net	(275)	(53)
Release of deferred liabilities	-	14,903
Staff cost in relation to share-based payments	-	3,297
Charge for defined benefit plans	12,882	36,225
Interest income	(1,029)	(467)
Dividend income on mutual funds	(40,462)	-
Income from investment properties	(16,098)	(16,432)
Finance costs	33,114	107,645
	<u>924,012</u>	<u>708,841</u>
Working capital changes:		
Decrease / (Increase) in current assets:		
Stores and spares	(2,794)	(3,094)
Stock-in-trade	(451,965)	(1,273,512)
Trade debts	(163,397)	219,164
Loans and advances	(239,161)	(77,560)
Trade deposits and short-term prepayments	(34,812)	799,685
Other receivables	(435)	3,934
	<u>(892,564)</u>	<u>(331,383)</u>
Increase in current liabilities:		
Contract liabilities	84,852	63,225
Trade and other payables (excluding liabilities for defined contribution fund)	365,062	450,786
	<u>481,362</u>	<u>891,469</u>
Cash generated from operations		
Finance costs paid	(34,622)	(49,112)
Interest received	1,029	467
Income tax paid	(168,677)	(187,247)
Long-term loans to employees - net	170	(1,056)
	<u>279,262</u>	<u>654,521</u>
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(134,664)	(56,854)
Sale proceeds from disposal of operating fixed assets	12,453	14,976
Short-term investments made	(4,065,393)	-
Sale proceeds from disposal of short-term investments	3,850,000	-
Dividend income received on mutual funds	40,462	-
Income from investment properties	16,098	16,432
	<u>(281,044)</u>	<u>(25,446)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(23)	(23)
Repayment of principal portion long-term financing	-	(41,053)
	<u>(23)</u>	<u>(41,076)</u>
Net cash used in financing activities		
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,805)</u>	<u>587,999</u>
NET FOREIGN EXCHANGE DIFFERENCES	(348)	16,656
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	117,373	(1,358,459)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>115,220</u>	<u>(753,804)</u>

15


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 period ended March 31, 2024 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

- 1.1** Hoechst Pakistan Limited (formerly Sanofi-Aventis Pakistan Limited) (the Company) was incorporated in Pakistan in 1967 as a Public Limited Company under Companies Act, 1913 [now Companies Act, 2017 (the Act)]. The shares of the Company are listed on Pakistan Stock Exchange Limited (PSX). The Company is engaged in the manufacturing, selling and trading of pharmaceutical and related products. The registered office of the Company is located at Plot 23, Sector 22, Korangi Industrial Area, Karachi.
- 1.2** On April 28, 2023, the Consortium led by Packages Limited that included IGI Investments (Pvt.) Limited, and affiliates of Arshad Ali Gohar Group acquired 52.87% shares of the Company held by Sanofi Foreign Participations B.V. (the Parent Company), registered in Netherlands under the Shares Purchase Agreement. Accordingly, effective April 29, 2023, Packages Limited became the parent company by virtue of 66.07% shareholding (including 41.07% direct shareholding) in the Company. The name of the Company was changed from Sanofi-Aventis Pakistan Limited to Hoechst Pakistan Limited effective from September 27, 2023.

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, 2023.

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 audited financial statements of the Company for the year ended December 31, 2023.
- 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 audited financial statements of the Company for the year ended December 31, 2023.

- 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.

	Note	March 31, 2024 ----- Rupees in '000 ----- (Un-audited)	December 31, 2023 ----- (Audited)
4			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,636,379	1,653,580
Capital work-in-progress	4.2 & 4.3	195,845	124,185
		<u>1,832,224</u>	<u>1,777,765</u>

4.1 Operating fixed assets

Opening net carrying value		1,653,580	1,606,792
Additions/transfers from			
capital work-in-progress	4.1.1	63,004	419,026
Disposals during the period / year	4.1.1	(12,178)	(69,303)
Depreciation charge for the period / year		(68,027)	(302,935)
Closing net carrying value		<u>1,636,379</u>	<u>1,653,580</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (at cost)		Disposals (at net carrying value)	
	(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	----- Rupees in '000 -----			
Buildings on leasehold land	-	70,328	-	-
Plant and machinery	58,507	206,248	-	456
Furniture and fixtures	-	766	-	-
Factory and office equipment	4,497	38,306	194	67
Motor vehicles	-	103,378	11,984	68,780
	<u>63,004</u>	<u>419,026</u>	<u>12,178</u>	<u>69,303</u>

	March 31, 2024 ----- Rupees in '000 ----- (Un-audited)	December 31, 2023 ----- (Audited)
4.2		
Capital work-in-progress		
Buildings on leasehold land	-	-
Plant and machinery	127,428	104,353
Others	68,417	19,832
	<u>195,845</u>	<u>124,185</u>

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

Opening balance	124,185	277,468
Additions during the period / year	71,660	200,497
Transferred to operating fixed assets	-	(353,780)
Closing balance	<u>195,845</u>	<u>124,185</u>

5 INTANGIBLE ASSETS

Includes additions during the period relating to software licenses amounting to Rs. Nil (December 31, 2023: Rs. 15.7 million).

	Note	March 31, 2024 ----- Rupees in '000 ----- (Un-audited)	December 31, 2023 ----- (Audited)
6 STOCK-IN-TRADE			
Raw and packing material			
In hand		1,965,173	2,000,372
In transit		257,394	312,670
		<u>2,222,567</u>	<u>2,313,042</u>
Provision against raw and packing material	6.1	<u>(40,633)</u>	<u>(57,430)</u>
		2,181,934	2,255,612
Work-in-process		178,612	99,848
Finished goods			
In hand		1,523,394	1,706,331
In transit		872,590	245,936
		<u>2,395,984</u>	<u>1,952,267</u>
Provision against finished goods	6.2	<u>(209,725)</u>	<u>(212,887)</u>
		<u>2,186,259</u>	<u>1,739,380</u>
		<u>4,546,805</u>	<u>4,094,840</u>

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

Opening balance	57,430	103,521
Charge for the period / year	9,087	31,245
Reversal for the period / year	(25,884)	(60,456)
Write-off during the period / year	-	(16,880)
Closing balance	<u>40,633</u>	<u>57,430</u>

6.2 Movement of provision against finished goods is as follows:

Opening balance	212,887	171,169
Charge for the period / year	53,326	127,433
Reversal for the period / year	(11,584)	(7,966)
Write-off during the period / year	(44,904)	(77,749)
Closing balance	<u>209,725</u>	<u>212,887</u>

7 TRADE DEBTS - NET

This is net of allowance for expected credit loss against the trade debts considered doubtful amounting to Rs. 305.3 million (December 31, 2023: Rs. 254.2 million). During the period, the Company has recognized charge amounting to Rs. 51 million (December 31, 2023: Rs. 63.4 million) in this respect.

8 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes margin against letters of credit amounting to Rs. 350 million (December 31, 2023: Rs. 288 million).

9 SHORT-TERM INVESTMENTS

At fair value through profit or loss

	March 31, 2024		December 31, 2023	
	Number of units	Rupees in '000	Number of units	Rupees in '000
	(Un-audited)		(Audited)	
Investment in mutual funds:				
Bank Al Habib Money Market Fund	6,593,373	659,339	8,867,360	887,680
NBP Income Fund - Cash Plan II	26,266,130	262,661	91,725	919
MCB Pakistan Cash Management Fund	3,615,672	182,475	9,557	483
	<u>36,475,175</u>	<u>1,104,475</u>	<u>8,968,642</u>	<u>889,082</u>

10 RESERVES

During the period, the Company has transferred Rs. 2,000 million from Revenue Reserves to Capital Reserves as approved by the Board of Directors in its meeting held on February 22, 2024.

11 TRADE AND OTHER PAYABLES

Trade creditors

	March 31, 2024	December 31, 2023
	----- Rupees in '000 ----- (Un-audited)	(Audited)
Related parties	18,752	5,041
Other trade creditors	<u>1,855,054</u>	<u>1,835,906</u>
	1,873,806	1,840,947

Other payables

Accrued liabilities	1,803,738	1,307,062
Refund liabilities	63,825	83,556
Infrastructure Development Cess	773,549	728,223
Workers' Profit Participation Fund	35,215	48,911
Workers' Welfare Fund	76,562	85,372
Central Research Fund	16,955	9,866
Compensated absences	114,565	122,434
Security deposits	15,576	15,576
Contractors' retention money	6,409	8,846
Sales tax payable	10,381	21,884
	<u>2,916,775</u>	<u>2,431,730</u>
	<u>4,790,581</u>	<u>4,272,677</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

12.1.1 The Deputy Commissioner Inland Revenue (DCIR) passed an order dated 30 April 2015 under section 122(5) of the Income Tax Ordinance, 2001 for the Tax Year 2013, increasing the tax liability of the Company by Rs.129.137 million on the contention that the Company understated the gain on sale of property and disallowed certain expenses related to sales promotion and advertisement. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], wherein the CIR(A) vide order dated July 19, 2018, deleted the addition for gain on disposal of property and remanded back the additions related to sales promotion and advertisements. An appeal dated 02 October 2018, was filed with the Appellate Tribunal Inland Revenue (ATIR) against the said decision of the CIR(A) on the issue remanded back.

The DCIR vide order dated 30 June 2021 passed an appeal effect order to give effect to matters remanded back and deleted by CIR(A). As a result the tax payable as per DCIR order dated 30 April 2015 was converted to tax refundable of Rs. 5.185 million. The Company filed a rectification application against this order in respect of the certain computational errors and after multiple hearings at appellate forums the tax refundable has been determined at Rs.19.735 million.

	March 31, 2024	December 31, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Audited)
12.2 Commitments		
Commitments for capital expenditure	<u>64,869</u>	<u>324,317</u>
Outstanding letters of credit	<u>457,826</u>	<u>568,377</u>
Outstanding bank guarantees	<u>968,881</u>	<u>845,428</u>
Outstanding bank contracts	<u>3,636,638</u>	<u>3,017,725</u>

	March 31, 2024	March 31, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Un-audited)
13 REVENUE - NET		
Gross sales		
Local	6,528,129	4,867,139
Export	<u>378,401</u>	<u>341,141</u>
	6,906,530	5,208,280
Toll manufacturing	-	-
	6,906,530	5,208,280
Less: Trade discount	(522,432)	(376,942)
Less: Sales returns	(20,360)	(13,660)
Less: Sales tax	<u>(76,429)</u>	<u>(55,070)</u>
	<u>6,287,309</u>	<u>4,762,608</u>

14 FINANCE COSTS

Includes bank charges amounting to Rs. 32.8 million (March 31, 2023: Rs. 26.1 million).

	March 31, 2024	December 31, 2023
	----- Rupees in '000 -----	
	(Un-audited)	(Audited)
15 CASH AND CASH EQUIVALENTS		
Cash and bank balances	117,022	117,373
Bank overdraft	<u>(1,802)</u>	-
	<u>115,220</u>	<u>117,373</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:

	March 31, 2024 (Un-audited)					March 31, 2023 (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	-	404	-	-	404	-	-	-	-	-
Purchase of goods	115,391	45,717	-	-	161,108	2,232,001	3,087	-	-	2,235,088
Purchase of services	13,344	-	-	-	13,344	-	-	-	-	-
Insurance claims received	-	-	-	-	-	-	15,891	-	-	15,891
Insurance premium	-	26,056	-	-	26,056	-	-	-	-	-
Subscription fee paid	-	-	-	-	-	-	50	-	-	50
Contribution paid:										
- Provident fund	-	-	19,028	-	19,028	-	-	16,782	-	16,782
Remuneration of key management personnel	-	-	-	103,916	103,916	-	-	-	81,826	81,826

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 audited financial statements for the year ended December 31, 2023. There have been no changes in any risk management policies since the year-end. The carrying amounts of all the financial instruments reflected in the condensed interim financial statements approximate to their fair value.

18 ENTITY WIDE INFORMATION

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

	March 31, 2024	March 31, 2023
----- Rupees in '000 -----		
	(Un-audited)	(Un-audited)
Sales to external customers - net of returns and discounts		
Pakistan	5,948,765	4,472,204
Afghanistan	338,544	290,404
	<u>6,287,309</u>	<u>4,762,608</u>

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 24, 2024 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



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