

# Quarterly Accounts September 2019



**BABRI COTTON MILLS  
LIMITED**

## BABRI COTTON MILLS LIMITED

### COMPANY'S PROFILE

BOARD OF DIRECTORS	Mr. Raza Kuli Khan Khatak Chief Executive Mr. Gohar Ayub Khan Dr. Shaheen Kuli Khan Khattak Mr. Sikandar Kuli Khan Khatak Mr. Zahid Said Mr. Omar Khan Afridi Dr. Hamid Zeb Khan - Chairman (appointed on Oct 17, 2019) Mr. Ahad Khattak (appointed on Oct 17, 2019) Mr. Amin Ullah Khan (appointed on Oct 17, 2019)	
AUDIT COMMITTEE	Mr. Zahid Said Mr. Amin Ullah Khan Dr. Shaheen Kuli Khan Khattak	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Omar Khan Afridi Mr. Raza Kuli Khan Khattak Mr. Zahid Said	Chairman Member Member
COMPANY SECRETARY	Mr. Muhammad Ali Waqar ACCA	
CHIEF FINANCIAL OFFICER	Mr. Noor-un-Nabi ACA, APA	
INTERNAL AUDITOR	Mr. Nasir Ali Khan ACCA, APA	
AUDITORS	M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants	
SHARE REGISTRARS	Hameed Majeed Associates (Pvt.) Ltd., 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi Tel: (021)32424826, 32412754 Fax: (021)32424835	
BANKERS	National Bank of Pakistan The Bank of Khyber	
Legal Adviser	M/s Hassan & Hassan, Advocate Paaf building, 1-D, Kashmir/Egerton Road Lahore	
Tax Consultant	M. Nawaz Khan & Co. Ground Floor, Farrah Centre, 2-Mozang Road, Lahore	
REGISTERED OFFICE & MILLS	Habibabad, Kohat Tel: (0922) 862285-862284 Fax: (0922) 862283 Website: www.bcm.com.pk E-mail: info@bcm.com.pk	

# BABRI COTTON MILLS LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

The Board of Directors of the Company is pleased to present the unaudited condensed interim financial information of the Company for the first quarter ended September 30, 2019. Figures for the previous quarter ended September 30, 2018 are included for comparison.

### Financial Results

Current period results compared with previous period are given as under:

	Period ended Sept. 30,	
	2019	2018
	(Rupees in thousands)	
Sales	320,765	439,293
Gross (Loss) / Profit	(24,136)	33,091
Operating (Loss) / Profit	(44,511)	13,375
Finance Cost	(42,028)	(18,462)
Loss before Taxation	(86,539)	(5,087)
Loss after Taxation	(61,443)	(3,853)
	-----	-----
	Rupees	
Loss per Share	(16.82)	(1.06)
Basic and diluted Loss per share- Rs.	(16.82)	(1.06)

### Financial perspective

Turnover of the Company has reduced by 27% during the period under review as compared with corresponding period. Company has also declared a gross loss as compared to gross profit in the corresponding period. Therefore, this quarter has proved difficult for the Company.

Major reasons for incurring a loss during the current period are the changes that have been brought into the legislation through Finance Act, 2019. Post budget period has been difficult for the entire Textile Sector due to imposition of sales tax on the entire supply chain along with other measures taken by the Government which has put a halt on the economic cycle of the Textile Industry. Government has imposed 20% Sales Tax (including 3% on sales to unregistered parties) on the output of Textile Sector and has also made mandatory for the buyers to provide CNIC details. Over 90% of the Company customers are unregistered persons mainly from the Faisalabad market segment and introduction of the above-mentioned measures resulted in turbulence among the buyers causing a complete lockdown of yarn markets for major part of the period under review. It is also pertinent to mention the continued devaluation of PKR against U.S dollar and constant increase in mark-up rates which has resulted in increased cost of production and finance cost. However, the Company has managed to obtain sales tax refunds amounting to Rs.44.953 million which has helped your Company to maintain its liquidity in times of need.

### GENERAL MARKET CONDITIONS

The Textile Industry in Pakistan is being charged higher energy prices as compared to the regional competitors. The local cotton season has started, however the Govt. is unlikely to achieve the target of 15 million bales due to unseasonal and excessive rains in the cotton growing areas. The target is expected to be short by 5 million bales. The quality of cotton is also inferior to the regular produce due to rains; however the prices are on the increasing trend and are soaring around Rs.9000/maund. The local yarn market is very slow and lockdowns have become a daily routine, due to which stocks are piling up. This uncertainty of the market conditions due to ever changing Govt. policies have made it very difficult for the textile industry to take a long term view over their operations.

### FUTURE OUTLOOK

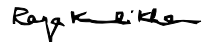
Going forward, gradual recovery in the economic activity is expected on the basis of improved market sentiment in the context of IMF program, but only for export oriented Industries, because the future is not bright for Industries supplying in the local markets only. There is a need for resolution of key structural issues to tread on the path of long term sustainable economic growth. The measures that the Govt. has undertaken to bring the undocumented economy in the light may be just but these are hurting the economy overall.

### ACKNOWLEDGMENT

The Board places on record its appreciation for the support of its bankers who have consistently facilitated the Company in difficult times. We would also like to highlight the hard work and diligence of the Company's Senior Management, support staff and the production workers. We look forward to same dedication and cooperation from them in the future as well.

behalf of the Board of Directors

  
Sikandar Kuli Khan Khattak  
Director

  
Raza Kuli Khan Khattak  
Chief Executive Officer

Dated: October 28, 2019

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# BABRI COTTON MILLS LIMITED

## ڈائریکٹرز رپورٹ برائے حصہ داران

### ڈائریکٹرز رپورٹ برائے حصہ داران

ختم شدہ کوارٹر ستمبر 30، 2019 کے لئے

محترم حصہ داران!

بابری کاٹن ملز کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019 کے اختتام پر موجودہ سال کی پہلی سرمایہ کے لئے کمپنی کی غیر منجمد کاڑھا عبوری مالی معلومات پیش کرنے پر خوش ہیں۔ مقابلہ کے لئے 30 ستمبر 2018 کو ختم ہونے والی پہلی سرمایہ کے اعداد و شمار شامل ہیں۔

مالی نتائج

چھٹلے دور کے مقابلہ میں موجودہ مدت کے نتائج ڈبل میں دیئے گئے ہیں۔

	مدت 30 ستمبر ختم ہوئی	
	2018	2019
	روپے ہزاروں میں	
خالص فروخت	439,293	320,765
مجموعی منافع (خرسارہ)	33,091	(24,136)
آپریٹنگ منافع (خرسارہ)	13,375	(44,511)
نفاذ اسٹاک	(18,462)	(42,028)
نگین سے پہلے (خرسارہ)	(5,087)	(86,539)
نگین کے بعد (خرسارہ)	(3,853)	(61,443)
	-----	-----
	روپے	
	(1.06)	(16.82)

نقصان فی شیئر:

بنیادی اور پتلا نقصان فی شیئر، روپے

مالی نقطہ نظر:

اسی مدت کے مقابلہ میں کمپنی کے کاروبار میں جائزہ کے دوران 27 فیصد کمی واقع ہوئی ہے۔ اسی مدت میں مجموعی منافع کے مقابلہ میں کمپنی نے بھی مجموعی نقصان کا اعلان کیا ہے۔ لہذا کمپنی کے لئے یہ سرمایہ مشکل ثابت ہوئی ہے۔ موجودہ مدت کے دوران نقصان اٹھانے کی بڑی وجوہات وجہ بن گئیں ہیں جو جنس اسٹاک 2019 ذریعہ قانون سازی میں لائی گئی ہیں۔ حکومت کے دیگر اقدامات کے ساتھ ٹیکسٹائل انڈسٹری کے معاشی چکر کو روکنے والی پوری تدابیر کے ساتھ پورے سال کی پین پر پیکرنگس لگانے کی وجہ سے پورے ٹیکسٹائل سیکٹر کے لئے بچت کے بعد کا دورانیہ مشکل ہو گیا ہے۔ ٹیکسٹائل سیکٹر کی پیکر اور حکومت نے 20 فیصد سٹیکنگ (غیر رجسٹرڈ فریقین کو فروخت پر 3 فیصد) نافذ کیا ہے اور پھر چاروں CNIC معلومات فراہم کرنا بھی لازمی قرار دے دیا ہے۔ کمپنی کے 90 فیصد سے زیادہ صارفین غیر رجسٹرڈ افراد ہیں جن کا تعلق بنیادی طور پر فیصل آباد مارکیٹ کے حصے سے ہے اور مذکورہ بالا اقدامات کے تعارف کے نتیجے میں خریداروں میں ہنگامہ برپا ہوا جس کی وجہ سے غیر نظر مدت کے اہم حصے میں سوت کی منڈیوں کو مکمل تالا لگا ہے۔ یہ بھی مناسب ہے کہ امریکی ڈالر کے مقابلہ میں PKR کی مسلسل قدر میں کمی اور مارک اپ ریت میں مستقل اضافے کا بھی ذکر کریں جس کے نتیجے میں پیکر اور اسٹاک اور مالیات کی لاگت میں اضافہ ہوا ہے۔ تاہم کمپنی نے 45.953 ملین روپے کی سٹیکنگس ریفرنڈ حاصل کرنے میں کامیابی حاصل کی ہے۔ جس کی وجہ سے آپ کی کمپنی کی ضرورت کے وقت اس کی لیکویڈیٹی برقرار رکھنے میں مدد ملی ہے۔

عام مارکیٹ کی شرائط:

علاقائی خرابیوں کے مقابلہ میں پاکستان میں ٹیکسٹائل انڈسٹری سے زیادہ توانائی کی قیمتیں وصول کی جا رہی ہیں۔ مقامی روٹی کا موسم شروع ہو چکا ہے، تاہم حکومت کاٹن کے اگلے واسلے علاقوں میں غیر موسمی اور ضرورت سے زیادہ بارش کی وجہ سے 15 ملین کانٹنوں کا حذف حاصل کرنے کا امکان نہیں ہے جو توقع ہے کہ اس ہدف میں 5 ملین کانٹنوں کی کمی ہوگی۔ بارش کی وجہ سے روٹی کا معیار مستقل پیداوار سے بھی کمتر ہے۔ تاہم قیمتیں بڑھتے ہوئے رجحان پر ہیں اور یہ 9000 روپے موند کے قریب بڑھ رہی ہیں۔ سوت کی مقامی منڈی بہت سست ہے اور لاک ڈاؤن روز کا معمول بن گیا ہے، جس کی وجہ سے اسٹاک ڈیجریز ہو رہا ہے۔ گورنمنٹ کو بحیثیت تبدیل کرنے کی وجہ سے مارکیٹ کے حالات کی یہ غیر یقینی صورتحال، پالیسیوں نے ٹیکسٹائل کی صنعت کے لئے ایسے کاموں پر طویل مدتی نقطہ نظر اختیار کرنا بہت مشکل بنا دیا ہے۔

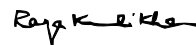
مستقبل کے نقطہ نظر:

آگے بڑھتے ہوئے اقتصادی سرگرمی میں تدریج بحالی کی توقع آئی ایم ایف پروگرام کے تناظر میں مارکیٹ کے ہجرت ہدایت کی بنیاد پر جانچنے کے بغیر صرف برآمدی صنعتوں کے لئے ایک محدود مستقبل صرف مقامی مارکیٹوں میں سپلائی کرنے والی صنعتوں کا مستقبل روشن نہیں ہے۔ طویل مدتی پائیدار معاشی نمو کی راہ پر گامزن ہونے کے لئے اہم سہمتی امور کے حل کی ضرورت ہے۔ حکومت جو اقدامات غیر دستاویزی معیشت کو روشنی میں لائے گا پیڑ واٹھایا ہے لیکن یہ معیشت کو کوئی طور پر نقصان پہنچا رہے ہیں۔

اختلاف:

یہ معیشت کو کچھ دیکھنے کی حمایت کے لئے اس کی تعریف کرتا ہے جنہوں نے مشکل اوقات میں کمپنی کو مستقل سہولت فراہم کی ہے۔ ہم کمپنی کے سینئر مینجمنٹ، معاون عملہ اور پرنسپل ورکرز کی محنت اور متحہ کو بھی ادا کرنا چاہتے ہیں۔ ہم مستقبل میں بھی ان کی طرف سے اسی یکن اور تعاون کے منتظر ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے



رضا قلی خان خٹک

چیف ایگزیکٹو آفیسر



سکندر قلی خان خٹک

ڈائریکٹر

مورخہ: 28 اکتوبر 2019

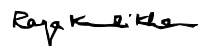
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# BABRI COTTON MILLS LIMITED

## Condensed Interim Statement of Financial Position as at September 30, 2019

		Sept. 30, 2019 Un-audited	June 30, 2019 Audited
	Note	Rupees in thousand	
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	6	1,705,027	1,714,667
Investments in an Associated Company		228,654	228,654
Long term loans		512	41
Security deposits		1,033	1,033
Deferred taxation		21,520	0
		<u>1,956,746</u>	<u>1,944,395</u>
<b>Current Assets</b>			
Stores, spares and loose tools		26,379	31,466
Stock-in-trade		734,090	885,385
Trade debts		675	308
Loans and advances		10,747	11,515
Prepayments		6,197	1,577
Other receivables		2,895	2,895
Sales tax refundable		35,018	79,971
Income tax refundable, advance tax and tax deducted at source		48,446	47,183
Cash and bank balances		5,737	2,952
		<u>870,184</u>	<u>1,063,252</u>
<b>Total Assets</b>		<u>2,826,930</u>	<u>3,007,647</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Authorised capital		250,000	250,000
Issued, subscribed and paid-up capital		36,522	36,522
Capital reserves			
- share premium		15,096	15,096
- revaluation surplus on property, plant and equipment	7	895,373	898,868
Revenue reserves			
- general reserve		88,000	88,000
- gain on remeasurement of forward foreign exchange contracts		2,112	2,139
- unappropriated profit		222,938	280,886
		<u>1,260,041</u>	<u>1,321,511</u>
<b>Shareholders' Equity</b>			
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Long term finances		171,239	186,718
Staff retirement benefits - gratuity		73,911	81,520
Long term deposit		1,084	868
Deferred taxation		0	9,204
		<u>246,234</u>	<u>278,310</u>
<b>Current Liabilities</b>			
Trade and other payables		299,657	373,287
Unclaimed dividends		2,431	2,431
Accrued interest / mark-up		39,853	33,407
Short term finances		900,833	929,483
Current portion of non-current liabilities		54,838	51,803
Taxation	8	23,043	17,415
		<u>1,320,655</u>	<u>1,407,826</u>
<b>Total Liabilities</b>		<u>1,566,889</u>	<u>1,686,136</u>
<b>Contingencies and Commitments</b>	9		
<b>Total Equity and Liabilities</b>		<u>2,826,930</u>	<u>3,007,647</u>

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

  
Raza Kuli Khan Khattak  
Chief Executive

  
Noor-un-Nabi (ACA, APA)  
Chief Financial Officer  
(4)

  
Sikandar Kuli Khan Khattak  
Director

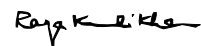
# BABRI COTTON MILLS LIMITED


## Condensed Interim Statement of Profit or Loss & Other Comprehensive Income (Un-audited)

### For the Quarter Ended September 30, 2019

		For the quarter ended	
	Note	Sept. 30 2019	Sept. 30 2018
		----- Rupees in thousand -----	
<b>Sales - net</b>		320,765	439,293
<b>Cost of Sales</b>		344,901	406,202
<b>Gross (Loss) / Profit</b>		<u>(24,136)</u>	<u>33,091</u>
<b>Distribution Cost</b>		2,961	3,635
<b>Administrative Expenses</b>		18,453	16,188
<b>Other Expenses</b>		0	0
<b>Other Income</b>		(1,039)	(107)
		<u>20,375</u>	<u>19,716</u>
<b>(Loss) / Profit from Operations</b>		<u>(44,511)</u>	<u>13,375</u>
<b>Finance Cost</b>		42,028	18,462
<b>Loss before Taxation</b>		<u>(86,539)</u>	<u>(5,087)</u>
<b>Taxation</b>			
- current	8	5,628	5,491
- deferred		(30,724)	(6,725)
		<u>(25,096)</u>	<u>(1,234)</u>
<b>Loss after Taxation</b>		<u>(61,443)</u>	<u>(3,853)</u>
<b>Other Comprehensive Income</b>		0	0
<b>Total Comprehensive Loss</b>			
<b>for the Period</b>		<u>(61,443)</u>	<u>(3,853)</u>
		----- Rupees -----	
<b>Loss per Share</b>		<u>(16.82)</u>	<u>(1.06)</u>

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

  
Raza Kuli Khan Khattak  
Chief Executive

  
Noor-un-Nabi (ACA, APA)  
Chief Financial Officer  
(5)

  
Sikandar Kuli Khan Khattak  
Director

**BABRI COTTON MILLS LIMITED**  
**Condensed Interim Statement of Cash Flows (Un-audited)**  
**For the Quarter Ended September 30, 2019**

	Quarter Ended	
	Sept. 30, 2019	Sept. 30, 2018
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Loss for the period - before taxation	(86,539)	(5,087)
Adjustments for non-cash charges and other items:		
Depreciation	17,168	16,120
Income on bank deposits	0	(79)
Amortisation of gain on forward foreign exchange contracts	(27)	(28)
Staff retirement benefits - gratuity (net)	(7,609)	(1,515)
Finance cost	42,028	18,462
<b>(Loss) / Profit before working capital changes</b>	<b>(34,979)</b>	<b>27,873</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spares and loose tools	5,087	(18,372)
Stock-in-trade	151,295	(163,349)
Trade debts	(367)	218
Loans and advances	768	1,131
Prepayments	(4,620)	(5,837)
Other receivables	0	1,207
Sales tax refundable	44,953	(9,968)
<b>(Decrease) / increase in trade and other payables</b>	<b>(73,630)</b>	<b>(3,305)</b>
	<b>123,486</b>	<b>(198,275)</b>
<b>Cash generated / (used in) operations</b>	<b>88,507</b>	<b>(170,402)</b>
Taxes paid	(1,263)	(7,302)
Long term loans - net	(471)	(7)
<b>Net cash generated / (used in) operating activities</b>	<b>86,773</b>	<b>(177,711)</b>
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(7,528)	(71,281)
Sale proceeds of operating fixed assets	0	0
Long term deposit	216	0
<b>Net cash used in investing activities</b>	<b>(7,312)</b>	<b>(71,281)</b>
<b>Cash flow from financing activities</b>		
Long term finances (repaid) / obtained	(12,444)	53,011
Short term finances - net	(28,650)	229,978
Finance cost paid	(35,582)	(15,070)
<b>Net cash (used in) / generated from financing activities</b>	<b>(76,676)</b>	<b>267,919</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,785</b>	<b>18,927</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>2,952</b>	<b>8,143</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>5,737</b>	<b>27,070</b>

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

  
Raza Kuli Khan Khattak  
Chief Executive

  
Noor-un-Nabi (ACA, APA)  
Chief Financial Officer

  
Sikandar Kuli Khan Khattak  
Director

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**BABRI COTTON MILLS LIMITED**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the Quarter Ended September 30, 2019**

	Share capital	Capital Reserves		Revenue Reserves			Total
		Share premium reserve	Revaluation surplus on property, plant and equipment	General reserve	Gain on hedging instruments	Unappropriated profit	
----- Rupees in thousand -----							
Balance as at June 30, 2018 - restated	36,522	15,096	915,635	88,000	2,245	302,936	1,360,434
Total comprehensive loss for the quarter ended September 30, 2018	0	0	0	0	0	(3,853)	(3,853)
Amortisation of gain on forward foreign exchange contracts	0	0	0	0	(29)	0	(29)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	(3,834)	0	0	3,834	0
Balance as at September 30, 2018 - restated	36,522	15,096	911,801	88,000	2,216	302,917	1,356,552
Total comprehensive loss for the nine months period ended June 30, 2019	0	0	0	0	0	(34,962)	(34,962)
Amortisation of gain on forward foreign exchange contracts	0	0	0	0	(77)	0	(77)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the nine months period ended June 30, 2019 - net of deferred taxation	0	0	(10,888)	0	0	10,888	0
Share of revaluation surplus on property, plant and equipment of an Associated Company	0	0	(2,045)	0	0	0	(2,045)
Effect of items directly credited in equity by an Associated Company	0	0	0	0	0	2,043	2,043
Balance as at June 30, 2019	36,522	15,096	898,868	88,000	2,139	280,886	1,321,511
Total comprehensive loss for the quarter ended September 30, 2019	0	0	0	0	0	(61,443)	(61,443)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the quarter ended September 30, 2019 - net of deferred taxation	0	0	(3,495)	0	0	3,495	0
Amortisation of gain on forward foreign exchange contracts	0	0	0	0	(27)	0	(27)
Balance as at September 30, 2019	36,522	15,096	895,373	88,000	2,112	222,938	1,260,041

  
Raza Kuli Khan Khattak  
Chief Executive

  
Noor-un-Nabi (ACA, APA)  
Chief Financial Officer

  
Sikandar Kuli Khan Khattak  
Director

(7)

# BABRI COTTON MILLS LIMITED

## Notes to the Condensed Interim Financial Information (Un-audited) For the Quarter Ended September 30, 2019

### 1. Legal Status and Operations

Babri Cotton Mills Limited (the Company) was incorporated in Pakistan on October 26, 1970 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company is principally engaged in manufacture and sale of yarn. The Company's registered office and Mills are located at Habibabad, Kohat.

### 2. Basis of Preparation

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 Standards 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 of and directives issued under the Companies Act, 2017 have been followed.

### 3. Accounting Policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2019, except for certain amendments which did not have any effect on these condensed interim financial statements.

The Company follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial information.

4. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. The figures of the condensed interim statement of profit or loss & other comprehensive income for the quarters ended September 30, 2019 and 2018 have not been reviewed by the statutory auditors of the Company. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2019.

### 5. Accounting Estimates, Judgments and Financial Risk Management

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

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

### 6. Property, Plant and Equipment

	Un-audited Sept. 30, 2019 (Rupees in thousand)	Audited June 30, 2019
<b>Note</b>		
Operating fixed assets	<b>6.1</b> 1,674,705	1,684,041
Capital work-in-progress	30,322	30,626
	<b>1,705,027</b>	<b>1,714,667</b>

#### 6.1 Operating Fixed Assets

Opening book value

1,684,041 1,535,925

Additions during the period / year:

**Owned:**

- plant & machinery
- generators
- tools and equipments
- furniture and fixtures
- office equipment
- computers and accessories

1,101	207,003
6,731	7,465
0	27
0	28
0	71
0	428

7,832 215,022

Depreciation charge for the period / year

(17,168) (66,906)

Closing book value

1,674,705 1,684,041

### 7. Revaluation surplus on property, plant and equipment - net

Revaluation surplus on the Company's property, plant and equipment

731,858 735,353

Share of revaluation surplus on property, plant and equipment of JDM

163,515 163,515

895,373 898,868

### 8. Taxation

- 8.1 The provision for the current period represents tax due under section 113 of the Income Tax Ordinance, 2001.

- 8.2 There has been no significant change in the status of tax litigations as reported in the preceding published annual financial statements of the Company for the year ended June 30, 2019.

### 9. Contingencies and Commitments

- 9.1 There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended June 30, 2019.

- 9.2 No Commitments were outstanding, against irrevocable letters of credit, as at September 30, 2019 (June 30, 2019: Rs. 3.790 million).

## BABRI COTTON MILLS LIMITED

### 10. Transactions with Related Parties

10.1 Significant transactions made during the period with related parties were as follows:

Name	Nature of transaction	Cumulative	
		Jul. - Sept., 2019	Jul. - Sept., 2018
Associated Company - JDM		(Rupees in thousand)	
	Sale of raw material	32,777	0
	Residential rent paid	0	463
	Utilities / expenses paid	0	15
	Salaries paid	0	389
Other related parties			
Key Management Personnel	Salaries and benefits	9,263	5,137

10.2 Trade and other payables include advance from Rahman Cotton Mills Limited - an Associated Company aggregating Rs. 36.055 million, against sale of raw material.

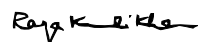
### 11. Corresponding Figures

11.1 In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss & 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.

11.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

### 12. Date of Authorisation for Issue

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on 28 October, 2019.

  
Raza Kuli Khan Khattak  
Chief Executive

  
Noor-un-Nabi (ACA, APA)  
Chief Financial Officer

  
Sikandar Kuli Khan Khattak  
Director

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