

**Quarterly
Accounts
September,
2020**

SIBOJEE GROUP



**BABRI COTTON MILLS
LIMITED**

BABRI COTTON MILLS LIMITED

COMPANY'S PROFILE

BOARD OF DIRECTORS	Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Muhammad Iftikhar Ali Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Gohar Ayub Khan Mr. Saad Waheed (resigned on 24-10-20) Mr. Shoaib Ahmad Khan	Chairman Chief Executive
AUDIT COMMITTEE	Mr. Shoaib Ahmad Khan Mr. Ahmad Kuli Khan Khattak Mr. Saad Waheed (resigned on 24-10-20)	Chairman Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Shoaib Ahmad Khan Mr. Ahmad Kuli Khan Khattak Mr. Saad Waheed (resigned on 24-10-20)	Chairman Member
COMPANY SECRETARY	Mr. Naeem Ullah Malik ACCA	
CHIEF FINANCIAL OFFICER	Mr. Naeem Ullah Malik ACCA	
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 ADVISOR	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' REVIEW REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we feel pleasure in presenting the un-audited financial statements of the Company for the 1st quarter ended 30th September, 2020.

FINANCIAL HIGHLIGHTS

During the first quarter, your Company has posted the following results:

	September 30,	
	2020	2019
	Rupees in million	
Sales-net	115.758	320.765
Gross Loss	(68.761)	(24.136)
Loss from Operations	(80.086)	(44.511)
Loss before Taxation	(99.844)	(86.539)
Loss after Taxation	(101.580)	(61.433)
	-----Rupees-----	
Loss per share	(27.81)	(16.82)

During the period under report, the turnover of the Company has decreased by Rs.205.007 million as compared to the previous period. Further, the Company, in the period under report, has incurred loss before tax amounting to Rs.99.844 million and loss after tax of Rs.101.580 million in comparison with loss before tax amounting to Rs.86.539 million and loss after tax amounting to Rs.61.433 million respectively, in the previous comparative period. The operations of the Company remained closed during the quarter and the Company made sales of poor cotton and defective yarn stock lying with it in godowns.

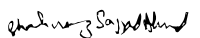
FUTURE OUTLOOK

The textile industry is likely to face two main issues in the near future. First is the increase in cotton prices because it has been reported that the country will not be able to achieve the target set for cotton production this year as the estimated production will be 8.597 million bales against a target of 10.89 million bales. This phenomenon of decrease in local cotton production also results in increase in the prices of imported cotton. The second major issue that may be faced by the textile industry is the lockdown of markets because a second wave of COVID is coming due to which the Govt. can announce lockdown which will halt the revival of industry.

ACKNOWLEDGMENT

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

On behalf of the Board of Directors



Shahnaz Sajjad Ahmad

Director



Muhammad Iftikhar Ali

Chief Executive Officer

Dated: October 24, 2020

بابری کاٹن ملز لمیٹڈ

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہورڈ آف ڈائریکٹرز کی جانب سے، 30 ستمبر 2020 سرمایہ کی ختم ہونے والی مدت پر کمپنی کی غیر آڈٹ شدہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔
کارکردگی کا جائزہ۔
آپ کی کمپنی کی مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہیں۔

سرمایہ		
2019	2020	
----- روپے بلین میں -----		
320.765	115.758	فروخت
(24.136)	(68.761)	عموری نقصان
(44.511)	(80.086)	آپریشن کے بعد نقصان
(86.539)	(99.844)	ٹیکس سے پہلے نقصان
(61.433)	(101.580)	ٹیکس کے بعد نقصان
----- روپے -----		
(16.82)	(27.81)	نقصان فی شیئر

رپورٹ کی جانے والی مدت کے دوران، کمپنی کے کاروبار میں گزشتہ عرصے کے مقابلے میں 205.007 ملین روپے کی کمی واقع ہوئی ہے۔ مزید، کمپنی نے اس سہ ماہی کی رپورٹ کے تحت، ٹیکس سے پہلے 99.844 ملین روپے نقصان اٹھایا ہے اور ٹیکس کے بعد 101.580 ملین روپے نقصان ہوا ہے جبکہ پچھلی تقابلی مدت میں باہر تیب ٹیکس سے پہلے 86.539 ملین روپے کا نقصان تھا اور ٹیکس کے بعد نقصان 61.433 ملین روپے تھا۔ اس سہ ماہی کے دوران کمپنی کی کارروائیاں یا اپریشن بند رہے اور کمپنی نے اپنے پاس موجود ناقص روٹی اور ناقص سوتے کے سٹاک کو فروخت کیا جو اس کے گوداموں میں موجود تھا۔

مستقبل کا نقطہ نظر


مستقبل قریب میں ممکن ہے کہ ٹیکسٹائل انڈسٹری کو دو اہم مسائل کا سامنا کرنا پڑے۔ سب سے پہلے کپاس کی قیمتوں میں اضافہ متوقع ہے کیونکہ یہ بتایا گیا ہے کہ ملک اس سال کپاس کی پیداوار کا مقرر کردہ ہدف حاصل نہیں کر سکے گا کیونکہ تخمینہ شدہ پیداوار 10.89 ملین گانٹھوں کے مقابلے میں 8.597 ملین گانٹھوں کی ہوگی۔ مقامی کپاس کی پیداوار میں کمی کے اس رجحان کے نتیجے میں درآمد شدہ روٹی کی قیمتوں میں بھی اضافہ ہوتا ہے۔ دوسرا اہم مسئلہ جس کا ٹیکسٹائل انڈسٹری کو سامنا کرنا پڑ سکتا ہے وہ ہے مارکیٹوں کا لاک ڈاؤن۔ کیونکہ COVID کی دوسری لہر آرہی ہے جس کی وجہ سے حکومت لاک ڈاؤن کا اعلان کر سکتی ہے جو صنعت کی بحالی کو روک دے گا۔

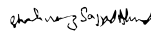
اعتراف

ہورڈ آف ڈائریکٹرز کمپنی کے بینکاروں کی قدر کرتا ہے جو کہ مسلسل کمپنی کی مالی مشکلات میں بروقت مدد کرتے ہیں۔ اسکے علاوہ کمپنی کی انتظامیہ اور کارکنوں کی مثال محنت کو مشکل حالات میں کام کرنے پر شکر یہ ادا کرتا ہے۔ اور امید کرتا ہے کہ مستقبل میں تمام کارکنان ای گن اور محنت سے کام کرتے رہیں گے۔

تاریخ: 24 اکتوبر 2020

کمپنی کے ہورڈ آف ڈائریکٹرز کی جانب سے


محمد تقی علی
چیف ایگزیکٹو آفیسر


محترمہ شہناز سجاد احمد
ڈائریکٹر

BABRI COTTON MILLS LIMITED

Condensed Interim Statement of Financial Position as at September 30, 2020

	Sept. 30, 2020	June 30, 2020
	Un-audited	Audited
Assets	Note	Rupees in thousand
Non-current Assets		
Property, plant and equipment	6	1,664,744
Investments in an Associated Company	7	234,288
Long term loans		164
Security deposits		929
		1,900,125
Current Assets		
Stores, spares and loose tools		26,084
Stock-in-trade		295,163
Trade debts		6,406
Loans and advances	8	15,762
Prepayments		1,283
Other receivables		5,887
Income tax refundable, advance tax and tax deducted at source		48,086
Cash and bank balances		16,235
		414,906
		23,951
		430,898
		6,406
		12,849
		2,751
		5,887
		45,222
		4,389
		532,353
Total Assets		2,315,031
Equity and Liabilities		
Equity		
Authorised capital		250,000
Issued, subscribed and paid-up capital		36,522
Capital reserves		
- share premium		15,096
- revaluation surplus on property, plant and equipment		908,039
Revenue reserves		
- general reserve		88,000
- gain on remeasurement of forward foreign exchange contracts		2,007
- accumulated loss		(162,449)
		988,820
Shareholders' Equity		887,215
Liabilities		
Non-current Liabilities		
Long term finances		164,158
Staff retirement benefits - gratuity		14,290
Deferred taxation		9,208
		187,656
Current Liabilities		
Trade and other payables	9	621,321
Unclaimed dividends		2,431
Accrued interest / mark-up		18,441
Short term finances		535,968
Current portion of non-current liabilities		37,029
Taxation	10	24,970
		1,240,160
		174,580
		73,431
		9,208
		257,219
		434,527
		2,431
		46,848
		669,673
		26,607
		23,234
		1,203,320
Total Liabilities		1,427,816
Contingencies and Commitments	11	1,460,539
Total Equity and Liabilities		2,315,031

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


Muhammad Iftikhar Ali
Chief Executive Officer


Shahnaz Sajjad Ahmad
Director


Naeem Ullah Malik
Chief Financial Officer

BABRI COTTON MILLS LIMITED

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

For the Three Months Period Ended September 30, 2020

	Note	Three Months Period ended Sep 30,	
		2020	2019
----- Rupees in thousand -----			
Sales - net		115,758	320,765
Cost of Sales		184,519	344,901
Gross Loss		(68,761)	(24,136)
Distribution Cost		372	2,961
Administrative Expenses		10,989	18,453
Other Income		(36)	(1,039)
		11,325	20,375
Loss from Operations		(80,086)	(44,511)
Finance Cost		19,758	42,028
Loss before Taxation		(99,844)	(86,539)
Taxation			
- current	10	1,736	5,628
- deferred		0	(30,724)
		1,736	(25,096)
Loss after Taxation		(101,580)	(61,443)
Other Comprehensive Income		0	0
Total Comprehensive Loss		(101,580)	(61,443)
----- Rupees -----			
Loss per Share		(27.81)	(16.82)

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


Muhammad Iftikhar Ali
 Chief Executive Officer


Shahnaz Sajjad Ahmad
 Director


Naeem Ullah Malik
 Chief Financial Officer

BABRI COTTON MILLS LIMITED
Condensed Interim Statement of Cash Flows (Un-audited)
For the Three Months Period Ended September 30, 2020

	Three Months Period ended Sep 30,	
	2020	2019
	(Rupees in thousand)	
Cash flow from operating activities		
Loss for the period - before taxation	(99,844)	(86,539)
Adjustments for non-cash charges and other items:		
Depreciation	16,741	17,168
Amortisation of gain on forward foreign exchange contracts	(25)	(27)
Staff retirement benefits - gratuity (net)	(59,141)	(7,609)
Finance cost	19,758	42,028
Loss before working capital changes	(122,511)	(34,979)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(2,133)	5,087
Stock-in-trade	135,735	151,295
Trade debts	0	(367)
Loans and advances	(2,913)	768
Prepayments	1,468	(4,620)
Sales tax refundable	0	44,953
Increase / (decrease) in trade and other payables	186,794	(73,630)
	318,951	123,486
Cash generated from operations	196,440	88,507
Taxes paid	(2,864)	(1,263)
Long term loans - net	36	(471)
Net cash generated from operating activities	193,612	86,773
Cash flow from investing activities		
Fixed capital expenditure	0	(7,528)
Long term deposit	104	216
Net cash generated from / (used in) investing activities	104	(7,312)
Cash flow from financing activities		
Long term finances repaid	0	(12,444)
Short term finances - net	(133,705)	(28,650)
Finance cost paid	(48,165)	(35,582)
Net cash used in financing activities	(181,870)	(76,676)
Net increase in cash and cash equivalents	11,846	2,785
Cash and cash equivalents - at beginning of the period	4,389	2,952
Cash and cash equivalents - at end of the period	16,235	5,737

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


Muhammad Iftikhar Ali
 Chief Executive Officer


Shahnaz Sajjad Ahmad
 Director


Naeem Ullah Malik
 Chief Financial Officer

BABRI COTTON MILLS LIMITED
Condensed Interim Statement of Changes in Equity (Un-audited)
For the Three Months Period Ended September 30, 2020

Share capital	Capital Reserves		Revenue Reserves			Total
	Share premium reserve	Revaluation surplus on property, plant and equipment	General reserve	Gain on hedging instruments	(Accumulated loss) / Unappropriated profit	

Balance as at June 30, 2020	36,522	15,096	911,638	88,000	2,032	(64,468)	988,820
Total comprehensive loss for the three months period ended September 30, 2020	0	0	0	0	0	(101,580)	(101,580)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the quarter ended September 30, 2020 - net of deferred taxation	0	0	(3,599)	0	0	3,599	0
Amortisation of gain on forward foreign exchange contracts	0	0	0	0	(25)	0	(25)
Balance as at September 30, 2020	36,522	15,096	908,039	88,000	2,007	(162,449)	887,215
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 three months period 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

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


Muhammad Iftikhar Ali
 Chief Executive Officer


Shahnaz Sajjad Ahmad
 Director


Naeem Ullah Malik
 Chief Financial Officer

BABRI COTTON MILLS LIMITED

Notes to the Condensed Interim Financial Information (Un-audited) For the Three Months Period Ended September 30, 2020

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, 2020, except for certain amendments which did not have any effect on these condensed interim financial statements.

4. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. 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, 2020.

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, 2020.

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, 2020.

6. Property, Plant and Equipment	Un-audited Sept. 30, 2020 Rupees in thousand
Book value of operating fixed assets as at June 30, 2020	1,681,485
Depreciation charge for the period	(16,741)
Book value of operating fixed assets as at September 30, 2020	<u>1,664,744</u>

7. Investments in an Associated Company

Market value of the Company's investments in Janana De Malucho Textile Mills Limited (JDM) as at September 30, 2020 were Rs.29.667 million (June 30, 2020: Rs.26.813 million).

8. Loans and advances

It includes Rs.4.047 million due from Rahman Cotton Mills Limited (an Associated Company) against sale of raw material.

9. Trade and other payables

	Un-audited Sept. 30, 2020 (Rupees in thousand)	Audited June.30, 2019
Creditors	262,333	253,180
Due to an Associated Company (JDM)	4,919	4,851
Advances from customers - contract liabilities	238,677	20,001
Accrued expenses	31,931	83,292
Interest free security deposits - repayable on demand	170	170
Due to Waqf-e-Kuli Khan	12,048	12,048
Income tax deducted at source	14,759	12,089
Sales tax payable	54,651	47,967
Others	1,833	929
	<u>621,321</u>	<u>434,527</u>

10. Taxation

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

10.2 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, 2020.

11. Contingencies and Commitments

11.1 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, 2020.

11.2 No Commitments were outstanding, against irrevocable letters of credit, as at September 30, 2020 and June 30, 2020.

12. Transactions with Related Parties

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

Name	Nature of transaction	Cumulative	
		Jul. - Sept., 2020	Jul. - Sept., 2019
Associated Company - JDM			
	Sale of raw material	40,897	32,777
	Residential rent paid	532	0
	Utilities / expenses paid	25	0
	Salaries paid	2,280	0
Other related parties			
	Key Management Personnel Salaries and benefits	1,497	9,263

12.2 Also refer to contents of notes 8.

13. Corresponding Figures

13.1 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

13.2 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.

14. 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 October 24, 2020.


Muhammad Iftikhar Ali
Chief Executive Officer


Shahnaz Sajjad Ahmad
Director


Naeem Ullah Malik
Chief Financial Officer