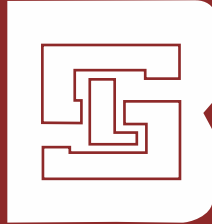


Nine Months
Accounts
Period Ended
March 31,
2021

BIBOJEE GROUP



BABRI COTTON MILLS LIMITED

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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 Mr. Shoaib Ahmad Khan Brig. (Retd.) Sajjad Azam Khan	Chairman Chief Executive
AUDIT COMMITTEE	Mr. Shoaib Ahmad Khan Mr. Ahmad Kuli Khan Khattak Brig. (Retd.) Sajjad Azam Khan	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Shoaib Ahmad Khan Mr. Ahmad Kuli Khan Khattak Brig. (Retd.) Sajjad Azam Khan	Chairman Member Member
COMPANY SECRETARY	Mr. Muhammad Shoaib, BA, LLB	
CHIEF FINANCIAL OFFICER	Mr. Nasir Mehmood, MBA (Fin)	
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' REVIEW REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors (BOD), we present the un-audited condensed financial statements of the Company for the 3rd quarter & nine months period ended 31st March 2021.

FINANCIAL HIGHLIGHTS

The financial statements have been prepared on a going concern basis as fixed assets of the Company are operational and have been leased to Janana De Malucho Textile Mills Ltd. (JDM). Further, the Company's liabilities will be assumed by JDM after completion of merger of both entities.

Key financial results of the Company for the reporting period and their comparison with the corresponding period of last year are tabulated below:

	Quarter Ended		Nine months Period Ended	
	Mar. 31, 2021	Mar.31, 2020	Mar. 31, 2021	Mar. 31, 2020
	----- Rs. in Millions -----			
Sales-net	0	572.378	357.797	1,469.913
Gross (loss) / profit	(13.689)	11.829	(122.246)	(20.007)
Loss from operations	(15.555)	(23.629)	(167.666)	(106.836)
Loss before taxation	(26.387)	(57.637)	(200.703)	(224.621)
Loss after taxation	(26.387)	(66.440)	(244.690)	(226.387)
	----- Rupees -----			
Loss per share	(7.22)	(18.19)	(67.00)	(61.99)

The turnover of the Company, for the nine months period ended 31 March, 2021 has decreased by Rs.1112.116 million as compared to the previous period. Further, the Company, in the period under report, has incurred loss before tax amounting to Rs.200.703 million and loss after tax of Rs.244.690 million in comparison with loss before tax amounting to Rs.224.621 million and loss after tax amounting to Rs.226.387 million respectively, in the previous comparative period.

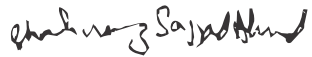
FUTURE OUTLOOK

We would like to inform the shareholders, about the progress of merger of the Company with JDM. The members of both the companies in their respective extra ordinary general meetings (EOGMs) held on 13th March 2021, approved the merger / amalgamation of both the companies along with the swap ratio of shares to be issued to the members of the Company upon merger. After the approval of members, in the respective EOGMs of the Companies, a petition has been filed with the Honorable Peshawar High Court for approval of the merger of both the companies.

ACKNOWLEDGMENT

The Board places on record its appreciation for the support of its bankers who have constantly facilitated the Company in financially difficult times and the hard work and diligence of the Company's senior management. We look forward to the 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: April 22, 2021

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2021 نو ماہ کی ختم ہونے والی مدت پر کمپنی کی مالیاتی رپورٹ پیش کرتے ہیں۔

کارکردگی کا جائزہ۔

مالیاتی رپورٹ یقینی صورت حال کی بنیاد پر تیار کیے گئے ہیں کیونکہ کمپنی کی موجودہ مشینری چل رہی ہے جو کہ جانانہ دی مالو چونیکسٹائل ملز لمیٹڈ (جے ڈی ایم) کو لیز پر دی گئی ہے۔ مزید یہ کہ، دونوں اداروں کے انضمام کی تکمیل کے بعد جے ڈی ایم اس کمپنی کی ذمہ داریاں سنبھال لے گا۔ آپ کی کمپنی کی مالیاتی نتائج کے اہم جھلکیاں مندرجہ ذیل ہیں۔

-----نوماہی-----		-----سہ ماہی-----		
2020 مارچ 31	2021 مارچ 31	2020 مارچ 31	2021 مارچ 31	
----- روپے ملین میں -----				
1,469.913	357.797	572.378	0	فروخت
(20.007)	(122.246)	11.829	(13.689)	عبوری نقصان / منافع
(106.836)	(167.666)	(23.629)	(15.555)	اپریٹن کے بعد نقصان
(224.621)	(200.703)	(57.637)	(26.387)	ٹیکس سے پہلے نقصان
(226.387)	(244.690)	(66.440)	(26.387)	ٹیکس سے بعد نقصان
----- روپے -----				
(61.99)	(67.00)	(18.19)	(7.22)	نقصان فی شیئر

31 مارچ 2021 کو ختم ہونے والی نو ماہ کی مدت میں کمپنی کا کاروبار گزشتہ ادوار کے مقابلے میں 1112.116 ملین روپے کم ہوئی ہے۔ مزید برآں، کمپنی نے، رپورٹ کے تحت، ٹیکس سے پہلے 200.703 ملین روپے اور 244.690 ملین روپے کا ٹیکس کے بعد نقصان ہوا ہے جبکہ اس سے پہلے پچھلے تقابلی عرصے میں بالترتیب ٹیکس سے پہلے 224.621 ملین روپے اور ٹیکس لگنے کے بعد 226.387 ملین روپے نقصان ہوا ہے۔

مستقبل کا نقطہ نظر


ہم حصص داروں کو جے ڈی ایم کے ساتھ کمپنی کے انضمام کی پیشرفت کے بارے میں بتانا چاہیں گے۔ دونوں کمپنیوں کے ممبروں نے 13 مارچ 2021 کو منعقدہ اپنے اپنے غیر معمولی عام اجلاس میں، کمپنیوں کے انضمام کی منظوری کے ساتھ ساتھ انضمام کے بعد کمپنی کے ممبروں کو شیئروں کے تبادلے کے تناسب کو بھی منظور کیا ہے۔ ممبران کی منظوری کے بعد، دونوں کمپنیوں کے انضمام کی منظوری کے لئے معزز پشاور ہائی کورٹ میں درخواست دائر کر دی گئی ہے۔

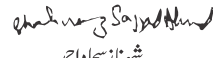
اعتراف

بورڈ آف ڈائریکٹرز کمپنی کے بینکاروں کی قدر کرتا ہے جو کہ مسلسل کمپنی کی مالی مشکلات میں بروقت مدد کرتے ہیں۔

تاریخ: 22 اپریل 2021

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے


محمد انور علی
چیف ایگزیکٹو آفیسر


شہباز سعید احمد
ڈائریکٹر

Babri Cotton Mills Limited

Condensed Interim Statement of Financial Position as at March 31, 2021

		Mar. 31, 2021	June 30, 2020
	Note	Un-audited Rupees in thousand	Audited
Assets			
Non-current Assets			
Property, plant and equipment	5	1,375,777	1,681,485
Investments in an Associated Company	6	241,997	234,288
Long term loans		410	200
Security deposits		929	1,033
		1,619,113	1,917,006
Current Assets			
Stores, spares and loose tools		21,420	23,951
Stock-in-trade		28,335	430,898
Trade debts		5,763	6,406
Loans and advances		7,586	12,849
Prepayments		145	2,751
Other receivables		5,887	5,887
Income tax refundable, advance tax and tax deducted at source		28,240	45,222
Cash and bank balances		6,599	4,389
Assets held for sale	7	56,640	0
		160,615	532,353
Total Assets		1,779,728	2,449,359
Equity and Liabilities			
Equity			
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	8	826,847	911,638
Revenue reserves			
- general reserve		88,000	88,000
- gain on remeasurement of forward foreign exchange contracts		1,960	2,032
- accumulated loss		(321,873)	(64,468)
Shareholders' Equity		646,552	988,820
Liabilities			
Non-current Liabilities			
Long term finances	9	130,038	174,580
Staff retirement benefits - gratuity	10	13,370	73,431
Deferred taxation		9,208	9,208
		152,616	257,219
Current Liabilities			
Trade and other payables		431,733	434,527
Advances received against sale of freehold land		212,400	0
Unclaimed dividends		2,431	2,431
Accrued interest / mark-up		9,117	46,848
Short term finances		258,496	669,673
Current portion of long term finances		60,901	26,607
Taxation	11	5,482	23,234
		980,560	1,203,320
Total Liabilities		1,133,176	1,460,539
Contingencies and Commitments	12		
Total Equity and Liabilities		1,779,728	2,449,359

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


Muhammad Iftikhar Ali
Chief Executive


Shahnaz Sajjad Ahmad
Director


Nasir Mehmood
Chief Financial Officer

Babri Cotton Mills Limited

Condensed Interim Statement of Profit or Loss & Other Comprehensive Income(Un-Audited) For The Quarter And Nine Months Period Ended March 31, 2021

	Note	For the 3rd Quarter		Cumulative	
		Jan. - Mar., 2021	Jan. - Mar., 2020	Jul. - Mar., 2021	Jul. - Mar., 2020
----- Rupees in thousand -----					
Sales - net		0	572,378	357,797	1,469,913
Cost of Sales		13,689	560,549	480,043	1,489,920
Gross (Loss) / Profit		(13,689)	11,829	(122,246)	(20,007)
Distribution Cost		9	3,304	2,289	10,166
Administrative Expenses		2,181	25,633	19,141	71,379
Other Expenses		0	6,807	27,464	6,807
Other Income		(324)	(286)	(3,474)	(1,523)
		1,866	35,458	45,420	86,829
Loss from Operations		(15,555)	(23,629)	(167,666)	(106,836)
Finance Cost		10,832	34,008	44,100	116,778
		(26,387)	(57,637)	(211,766)	(223,614)
Share of Profit / (Loss) of an Associated Company- net	6	0	0	11,063	(1,007)
Loss before Taxation		(26,387)	(57,637)	(200,703)	(224,621)
Taxation					
- current	11.2	0	8,803	5,482	22,059
- prior year		0	0	49	(11,089)
- deferred		0	0	38,456	(9,204)
		0	8,803	43,987	1,766
Loss after Taxation		(26,387)	(66,440)	(244,690)	(226,387)
Other Comprehensive (Loss) / Income					
Revaluation (deficit) / surplus on Property, plant and equipment		0	0	(132,608)	40,877
Deferred Tax		0	0	38,456	(4,129)
		0	0	(94,152)	36,748
Total Comprehensive Loss for the Period		(26,387)	(66,440)	(338,842)	(189,639)
		----- Rupees -----			
Loss per Share		(7.22)	(18.19)	(67.00)	(61.99)

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


Muhammad Iftikhar Ali
Chief Executive


Shahnaz Sajjad Ahmad
Director


Nasir Mehmood
Chief Financial Officer

Babri Cotton Mills Limited

Condensed Interim Statement of Cash Flows (Un-audited) For the Nine Months Period Ended March 31, 2021

	Nine months period ended March 31,	
	2021	2020
	(Rupees in thousand)	
Cash flow from operating activities		
Loss for the period - before taxation and share of profit / (loss) on investments in an Associated Company	(211,766)	(223,614)
Adjustments for non-cash charges and other items:		
Depreciation	44,371	52,308
Amortisation of gain on forward foreign exchange contracts	(72)	(76)
Loss on disposal of plant and machinery	27,464	6,807
Staff retirement benefits - gratuity (net)	(60,061)	(3,750)
Finance cost	44,100	116,778
Loss before working capital changes	(155,964)	(51,547)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	2,531	5,237
Stock-in-trade	402,563	356,927
Trade debts	643	(6,561)
Loans and advances	5,263	(6,512)
Prepayments	2,606	(3,228)
Other receivable	0	(7,038)
Sales tax refundable	0	79,971
(Decrease) / Increase in trade and other payables	(2,794)	33,733
	410,812	452,529
Cash generated from operations	254,848	400,982
Taxes paid	(6,300)	(6,269)
Long term loans - net	(210)	0
Net cash generated from operating activities	248,338	394,713
Cash flow from investing activities		
Fixed capital expenditure	(75)	(15,428)
Advances received against sale of freehold land	212,400	0
Proceeds from sale of operating fixed assets - net	44,700	1,056
Long term deposit	104	0
Net cash generated from / (used in) investing activities	257,129	(14,372)
Cash flow from financing activities		
Long term finances repaid	(10,248)	(37,335)
Short term finances - net	(411,177)	(219,869)
Finance cost paid	(81,832)	(118,311)
Net cash used in financing activities	(503,257)	(375,515)
Net increase in cash and cash equivalents	2,210	4,826
Cash and cash equivalents - at beginning of the period	4,389	2,952
Cash and cash equivalents - at end of the period	6,599	7,778

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


Muhammad Iftikhar Ali
Chief Executive


Shahnaz Sajjad Ahmad
Director


Nasir Mehmood
Chief Financial Officer

Babri Cotton Mills Limited

Condensed Interim Statement of Changes in Equity (Un-audited) For the Nine Months Period Ended March 31, 2021

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

----- Rupees in thousand -----

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 nine months period ended March 31, 2021	0	0	(94,152)	0	0	(244,690)	(338,842)
Amortisation of gain on forward foreign exchange contracts	0	0	0	0	(72)	0	(72)
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)							
- on account of incremental depreciation for the period	0	0	(7,777)	0	0	7,777	0
- upon sale of revalued assets	0	0	17,718	0	0	(17,718)	0
Share of revaluation surplus on property, plant & equipment of an Associated Company	0	0	(580)	0	0	0	(580)
Effect of items directly credited in equity by an Associated Company	0	0	0	0	0	(2,774)	(2,774)
Balance as at March 31, 2021 (un-audited)	36,522	15,096	826,847	88,000	1,960	(321,873)	646,552
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 nine months period ended March 31, 2020	0	0	36,748	0	0	(226,387)	(189,639)
Amortisation of gain on forward foreign exchange contracts	0	0	0	0	(76)	0	(76)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the nine months period ended March 31, 2020 - net of deferred taxation	0	0	(11,055)	0	0	11,055	0
Share of revaluation surplus on property, plant & equipment of an Associated Company	0	0	(804)	0	0	0	(804)
Effect of items directly credited in equity by an Associated Company	0	0	0	0	0	12,438	12,438
Balance as at March 31, 2020 (un-audited)	36,522	15,096	923,757	88,000	2,063	77,992	1,143,430


Muhammad Iftikhar Ali
Chief Executive


Shahnaz Sajjad Ahmad
Director


Nasir Mehmood
Chief Financial Officer

Babri Cotton Mills Limited

Notes to the Condensed Interim Financial Statements (Un-audited) For the Nine Months Period Ended March 31, 2021

1. Legal status and operations

- 1.1 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.
- 1.2 These financial statements have been prepared on going concern basis as fixed assets of the Company are operational and have been leased to Janana De Malucho Textile Mills Ltd. (JDM - an Associated Company). The Company's fixed assets are generating present and future economic benefits for JDM. Further, the Company's liabilities will be assumed by JDM after completion of merger of both entities.
- 1.3 The members of the Company in the annual general meeting held on October 21, 2020 have passed the special resolution whereby the Company has leased its factory buildings and plant & machinery to Janana De Malucho Textile Mills Ltd. (JDM - an Associated Company). The salient terms of this lease agreement are as follows:
- The lease rentals are Rs.100,000/- per month. The amount of lease rent has been determined on the basis that JDM shall bring back and keep the machinery of the Company in working condition.
 - JDM shall not only maintain the machinery by oiling & cleaning and also use the machinery for manufacturing purposes so that unit shall remain in good working condition.
 - The term of lease has commenced from October 01, 2020 and shall continue till June 30, 2022.
 - Both the companies have the option to terminate the lease with one month prior notice.
 - The lease of assets is a stop gap / interim engagement till the completion of merger of both the entities.

2. Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements of the Company 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 IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2020.
- 2.3 The comparative condensed interim statement of financial position presented in these condensed interim financial statement has been extracted from the audited financial statements of the Company for the year ended June 30, 2020, whereas the comparative 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 extracted from the un-audited condensed interim financial statements for the period ended March 31, 2020.

2.4 These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Ltd. vide section 237 of the Companies Act, 2017.

2.5 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity), which is determined on the present value of defined benefit obligations determined by an independent actuary and property, plant and equipment at revalued amounts assessed by an independent valuer.

2.6 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

3. Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended June 30, 2020.

3.1 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards, which are mandatory for the Company's annual accounting period commenced on July 01, 2020. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards, that will be mandatory for the Company's annual accounting periods commencing on or after January 01, 2021. However, these will not have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

4. Accounting estimates, judgments and financial risk management

4.1 The preparation of condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

4.2 The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited financial statements of the Company as at and for the year ended June 30, 2020.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2020.

Babri Cotton Mills Limited

5. Property, plant and equipment	Un-audited Mar. 31, 2021
	(Rupees in thousand)
Book value as at June 30, 2020	1,681,485
Movement during the period:	
Revaluation (deficit) / increment arisen upon latest revaluation incorporated:	
-buildings on freehold land	5.1 (5,435)
- plant & machinery	5.1 (135,131)
- generators	5.1 7,958
	(132,608)
Addition in office equipment	75
Book value of plant & machinery sold	(72,164)
Transfer of freehold land to held for sale category	(56,640)
Depreciation charge for the period	44,371
Book value as at March 31, 2021	1,375,777

- 5.1 Revaluation (deficit) / surplus on each class of assets, as a result of latest revaluation as detailed note 8.1, has been determined as follows:

Particulars	Freehold land	Buildings on freehold land			Plant & machinery	Generators	Total
		Factory	Non - factory	Residential			
----- Rupees in thousand -----							
Cost / revaluation as at June 30, 2020	487,240	193,236	22,963	19,896	1,132,063	189,416	2,044,814
Accumulated depreciation to June 30, 2020	0	34,598	1,381	5,751	269,473	61,747	372,950
Book value before revaluation adjustments as at June 30, 2020	487,240	158,638	21,582	14,145	862,590	127,669	1,671,864
Revalued amounts	487,240	155,161	19,365	14,404	727,459	135,627	1,539,256
Revaluation (deficit) / surplus	0	(3,477)	(2,217)	259	(135,131)	7,958	(132,608)

6. Investments in an Associated Company - Quoted Janana De Malucho Textile Mills Ltd. (JDM)	4,030
341,000 ordinary shares of Rs.10 each - cost-Equity held: 7.13%	4,030
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity	67,043
Share of revaluation surplus on property, plant and equipment	161,002
Profit for the period - net of taxation	11,063
Share of other comprehensive loss	(1,141)
	<u>241,997</u>

- 6.1 Although the Company has less than 20% voting rights in JDM as at March 31, 2021 and June 30, 2020, JDM has been treated as an Associated Company by virtue of common directorships.
- 6.2 Market value of the Company's investments in JDM as at March 31, 2021 was Rs.32.054 million (June 30, 2020: Rs.26.813 million).

7. Non-current assets held-for-sale

7.1 The Company, during the period, has entered in to an agreement with JDM (an Associated Company); the Company is an exclusive owner of the area of land measuring 354 marlas and has agreed to sell the said land according to the terms of sale as under:

- a) the price of land is Rs.600,000/- per marla and total consideration is Rs.212.400 million;
- b) the total amount has been paid in advance by JDM;
- c) JDM has taken possession of the area of land and the area is secured with barbed wire.
- d) JDM has purchased this land to construct quarters for its workers;
- e) transfer of land in the name of JDM shall be done after completion of all legal formalities; and
- f) the total expenses on the execution of agreement, transfer of land, attorney fees, etc. shall be borne by JDM.

8. Revaluation surplus on property, plant and equipment - net

	Note	Un-audited Mar. 31, 2021 (Rupees in thousand)	Audited June 30, 2020
Revaluation surplus on the Company's property, plant & equipment	8.1	665,845	750,056
Share of revaluation surplus on property, plant and equipment of an Associated Company	6	161,002	161,582
		826,847	911,638

8.1 The management of the Company, during the period, has again revalued its freehold land, buildings on freehold land, plant & machinery and generators. The revaluation exercise has been carried-out by independent Valuers - Hamid Mukhtar & Co. (Pvt) Ltd. Lahore. Freehold land has been revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators have been revalued on the basis of depreciated market values. The net deficit arisen on latest revaluation aggregating Rs.132.608 million has been debited to this account. The period-end balance has been arrived at as follows:

	Note	Un-audited Mar. 31, 2021 (Rupees in thousand)
Opening balance		858,894
Add: net deficit arisen on revaluation carried-out during the period	5.1	(132,608)
Less: transferred to accumulated loss:		
- on account of incremental depreciation for the period		(10,954)
- upon sale of revalued assets		24,955
		740,287
Less: deferred tax on:		
- opening balance of surplus		108,838
- deficit arisen on revaluation carried-out during the period		(38,456)
- incremental depreciation for the period		(3,177)
- sale of revalued assets		7,237
		74,442
		665,845

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9. Long term finances - secured	Un-audited Mar. 31, 2021 (Rupees in thousand)	Audited June 30, 2020
The Bank of Khyber		
- demand finance - I	121,792	121,792
- demand finance - II	20,592	30,840
Sindh Modaraba - diminishing musharaka	48,555	48,555
	190,939	201,187
Less: current portion grouped under current liabilities	60,901	26,607
	130,038	174,580

10. Staff retirement benefits - gratuity

The Company, during the period, has paid gratuity benefits aggregating Rs.60.061 million.

11. Taxation - net

11.1 Income tax return of the Company for tax year 2020 (accounting period ended June 30, 2020) has been filed during the period.

11.2 The provision for taxation for the current period represents minimum tax due under section 113 of the Income tax Ordinance, 2001 (the Ordinance).

11.3 The Company, has withdrawn the writ petition filed before the Islamabad High Court as the Company would not be liable for payment of any tax amount for the tax years 2010, 2011 and 2012 on the point of clause added in the Income Tax Ordinance, 2001 (the Ordinance) as clause (xx) of clause (11A) in part IV of the second schedule to the Ordinance through Finance Act, 2015.

11.4 There has been no significant change during the current period in the status of taxation matter as detailed in notes 26.3 & 26.5 to the audited financial statements of the Company for the year ended June 30, 2020.

12. Contingencies and commitments

12.1 The Company's review petition, against the judgment of the Supreme Court of Pakistan (SCP) dated August 13, 2020 in the matter of Gas Infrastructure Development Cess (GIDC), for waiver of the full amount of GIDC Cess on the ground that the Company, being spinning unit and producing raw materials for weaving sector, has not passed on the GIDC burden to its customers has been dismissed by the SCP vide its judgment dated November 02, 2020; however, the SCP, in its said judgment, has mentioned that the companies claiming any relief under GIDC Act, 2015 may approach the right forum. The Company's writ petition before the Peshawar High Court (PHC) on the same grounds has also been referred to Oil & Gas Regulatory Authority (OGRA) by PHC being the relevant authority for determining the fact whether the Company and other petitioners had passed the GIDC burden to their end customers or not. The matter is pending with OGRA for decision.

After the SCP's judgment dated August 13, 2020, the Company has received GIDC installment bills from Sui Northern Gas Pipelines Ltd.(SNGPL). The said GIDC bills have been challenged before the PHC wherein PHC granted stay order and restrained SNGPL from taking any coercive action against the Company and other petitioners. The matter is still pending before the court of law for judgment. The lawyers representing the Company in the subject case are very hopeful for favourable judgment.

SNGPL, along with gas bill for the month of August, 2020, has raised GIDC demands aggregating Rs.345.261 million against which provisions have not been recognised in the books of account.

12.2 Guarantee amounting Rs.75 million (June 30, 2020: Rs.75 million) issued by National Bank of Pakistan on behalf of the Company in favour of Sui Northern Gas Pipelines Ltd. was outstanding as at March 31, 2021.

12.3 No commitments were outstanding as at March 31, 2021 and June 30, 2020.

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13. Other expenses

It represents loss on sale of plant & machinery during the period.

14. Transactions with related parties

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

Name	Nature of transaction	Cumulative	
		Jul. - Mar., 2021	Jul. - Mar., 2020
		(Rupees in thousand)	
Associated Companies			
Janana De Malucho	Residential rent paid	532	1,064
Textile Mills Ltd.	Utilities / expenses:		
	- recovered	110,374	0
	- paid	479	77
	Salaries & benefits		
	- recovered	1,202	0
	- paid	2,281	1,612
	Sale of raw cotton	51,894	32,777
	Sale of stores and spares	8,998	0
	Purchase of stores and spares	2,753	0
	Lease rentals received	600	0
	Advances received against		
	sale of freehold land	212,400	0
Rahman Cotton Mills Ltd.	Sale of raw cotton	0	40,101
Other related parties			
Key management personnel	Salaries and benefits	0	26,066
14.2 Period-end balances were as follows:		Un-audited	Audited
		Mar. 31,	June 30,
		2021	2020
		(Rupees in thousand)	
	Due from Rahman Cotton Mills Ltd.	0	4,047
	Due to Janana De Malucho Textile Mills Ltd.	0	(4,851)

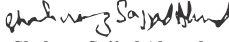
15. Corresponding figures

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.

16. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on April 22, 2021.


Muhammad Iftikhar Ali
Chief Executive


Shahnaz Sajjad Ahmad
Director


Nasir Mehmood
Chief Financial Officer

If undelivered please return to
Share Department
BABRI COTTON MILLS LIMITED
Habibabad - KOHAT