

BIBOJEE GROUP



**51st**  
**ANNUAL**  
**REPORT**  
**2021**

**BABRI**  
COTTON MILLS LIMITED



## CONTENTS

	Pages
COMPANY'S PROFILE .....	2
VISION STATEMENT .....	3
NOTICE OF ANNUAL GENERAL MEETING .....	4
CHAIRMAN'S REVIEW .....	7
DIRECTORS' REPORT TO SHAREHOLDER.....	10
KEY OPERATING & FINANCIAL DATA.....	22
PATTERN OF SHAREHOLDING.....	23
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE .....	26
REVIEW REPORT.....	29
AUDITORS' REPORT .....	30
STATEMENT OF FINANCIAL POSITION.....	34
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	35
STATEMENT OF CHANGES IN EQUITY .....	36
STATEMENT OF CASH FLOW .....	37
NOTES TO THE FINANCIAL STATEMENTS .....	38
PROXY FORM .....	77

## COMPANY'S PROFILE

BOARD OF DIRECTORS	Mr. Muhammad Iftikhar Ali Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Gohar Ayub Brig. (Retd.) Sajjad Azam Khan Brig. (Retd.) Abdul Ghaffar Khan	Chief Executive Chairman
AUDIT COMMITTEE	Brig. (Retd.) Sajjad Azam Khan Mr. Ahmad Kuli Khan Khattak Brig. (Retd.) Abdul Ghaffar Khan	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Brig. (Retd.) Sajjad Azam Khan Mr. Ahmad Kuli Khan Khattak Brig. (Retd.) Abdul Ghaffar Khan	Chairman Member Member
COMPANY SECRETARY	Mr. Abdul Moqeet Zaman Malik, BA, LLB	
CHIEF FINANCIAL OFFICER	Mr. Nasir Mehmood, MBA (Fin.)	
INTERNAL AUDITOR	Mr. Nasir Ali Khan ACCA, APFA	
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	

## **VISION STATEMENT**

**To be market leaders in yarn, building company's image through innovation and competitiveness, ensuring satisfaction to customers and stakeholders and to fulfill social obligations.**

## **MISSION STATEMENT**

**As lead producers of quality yarn we will build on our core competencies and achieve excellence in performance. We aim at exceeding expectations of all stakeholders. We target to achieve technological advancements and to inculcate the most efficient, ethical and time tested business practices in our management.**

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that an Annual General Meeting (AGM) of the Babri Cotton Mills Limited (hereinafter to be referred as the "Company") will be held on **Saturday the 23<sup>rd</sup> October 2021 at 12:15 P.M.** at its registered office, Habibabad, Kohat to transact the following business:-

#### **ORDINARY BUSINESS:**

1. To confirm the minutes of the Extra Ordinary General Meeting held on 13<sup>th</sup> March 2021.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended 30<sup>th</sup> June 2021 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. To appoint Auditors for the financial year 2021-22 and to fix their remuneration. The retiring Auditors M/s Shinewing Hameed Chaudhri and Company Chartered Accountants, Lahore being eligible have offered themselves for re-appointment.

#### **ANY OTHER BUSINESS:**

4. To transact any other business with the permission of the Chair.

By order of the Board



**ABDUL MOQEET ZAMAN MALIK**  
Company Secretary

Kohat

Dated: **2<sup>nd</sup> October 2021**

#### **NOTES:**

1. The register of members of the Company will remain closed from 16<sup>th</sup> October 2021 to 23<sup>rd</sup> October 2021 (both days inclusive). Transfers received in order by the Company's Shares Registrar, M/s. Hameed Majeed Associates (Pvt) Limited, 5<sup>th</sup> Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on 15<sup>th</sup> October, 2021 will be considered in time for registration in the name of the transferees, and be eligible for the purpose of attending and voting at the AGM.
2. A member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed must be deposited at the registered office of the company at least 48 hours before the time of meeting.
3. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

4. Any individual beneficial owner of CDC entitled to attend and vote at this meeting must bring his/her CNIC or Passport to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of Corporate entities should also bring Board's resolution/Power of Attorney with specimen signatures required for the purpose.
5. Pursuant to provisions of section 134 of the Companies Act, 2017 if the company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least Seven (7) days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.
6. Due to current Covid-19 situation, the AGM proceedings can also be attended via video link facility. Shareholders interested to participate in the AGM are requested to email their Name, Folio Number, Number of shares held in their name, Cell Number, CNIC Number (along with valid copy of both sides of CNIC) with subject "Registration for Participation in AGM" at [info@bcm.com.pk](mailto:info@bcm.com.pk). Video link and login credentials shall be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.
7. Members are requested to notify immediately of any change in their addresses.
8. The members who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services in the CDC.
9. As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.
10. The notice of Annual General Meeting and Audited financial statements for the year ended 30<sup>th</sup> June 2021 have been placed at the Company's website.

## اطلاع برائے سالانہ اجلاس عام

پڑیہ پڑا مطلع کیا جاتا ہے کہ باری کاشن ملز لمیٹڈ (یہاں بطور ایک "کمپنی") کا سالانہ اجلاس عام (AGM)، کمپنی کے رجسٹرڈ دفتر، حبیب آباد، کوہاٹر درج ذیل امور کی انجام دہی کیلئے بروز ہفتہ 23 اکتوبر 2021 کو دن 12:15 بجے منعقد ہوگا۔

عام امور:

- 1- 13 مارچ 2021 کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔
  - 2- 30 جن 2021 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالی حسابات معائنہ پر چیئرمین کا جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس پر غور و خوض اور منظوری دینا۔
  - 3- مالی سال 2021-22 کے لئے آڈیٹرز کا تقرر اور معاوضہ کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز شائن ونگ حید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور اہل ہونے کی بناء پر دوبارہ تقرر کیے لئے خود کو پیش کرتے ہیں۔
- دیگر امور
- 4- صاحب صدر کی اجازت سے کسی دیگر امور پر کارروائی کرنا۔

کوہاٹ

102 اکتوبر 2021ء

محکم پورڈ  
عبدالقیس زمان ملک  
کمپنی سیکرٹری

نوٹ:

- 1- کمپنی کے ممبران کا رجسٹر 16 اکتوبر 2021ء تا 23 اکتوبر 2021ء (بشمول دونوں ایام) بند رہے گا۔ مشکلیاں کمپنی کے شیئرز رجسٹرار کے دفتر، میسرز حید مجید ایسوسی ایشن (پرائیویٹ) لمیٹڈ، 5th فلور، کراچی جی بی روڈ، حسرت موہانی روڈ، کراچی میں 15 اکتوبر 2021ء کو کاروبار کے اختتام تک وصول ہونے والی سفری کے نام میں رجسٹریشن اور AGM میں شرکت اور ووٹنگ کے مقصد کے لئے بروقت تصور ہوگی۔
- 2- اجلاس میں شرکت اور ووٹ دینے کا مستحق کوئی ممبر اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر ممبر کو اپنا اپنی پراکسی مقرر کر سکتا رہسکتی ہے۔ باقاعدہ مکمل شدہ پراکسی فارم اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانی چاہئیں۔
- 3- سی ڈی سی اکاؤنٹ ہولڈرز کو برائے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری شدہ سرکلر نمبر 1 آف 2000 مورخہ 26 جنوری 2000 میں دی گئی گائیڈ لائنز کی پیروی کرنا ہوگی۔
- 4- سی ڈی سی اکاؤنٹ ہولڈرز کو برائے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری شدہ سرکلر نمبر 1 آف 2000 مورخہ 26 جنوری 2000 میں دی گئی گائیڈ لائنز کی پیروی کرنا ہوگی۔
- 5- کمپنی ایکٹ 2017 کے سیکشن 134 کی پروویژن کے مطابق، اگر کمپنی 10 فیصد یا اس سے زیادہ شیئرز ہولڈنگ رکھنے والے ارکان جو جغرافیائی محل وقوع میں رہائش پذیر ہوں ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کی رضامندی اجلاس کی تاریخ سے کم از کم سات (7) دن پہلے وصول کرتی ہے تو، کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی جو اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہے۔
- 6- Covid-19 کی موجودہ صورت حال کی وجہ سے، AGM کارروائی میں ووٹنگ سہولت کے ذریعے بھی شرکت کی جاسکتی ہے۔ ویڈیو کانفرنس کے ذریعے AGM میں شرکت کے خواہشمند حصص داروں سے درخواست کی جاتی ہے کہ وہ "info@bcm.com.pk" پر عنوان "AGM میں شرکت کے لئے رجسٹریشن" کے ساتھ اپنا نام، فوٹیو نمبر، ان کے نام میں ملکیتی حصص کی تعداد، موبائل نمبر، CNIC نمبر (کارآمد CNIC کے دونوں اطراف کی نقل کے ہمراہ) ای میل بھیج کر کمپنی کے ہاں اپنا اندراج کروائیں۔ کمپنی ووٹنگ اور لاگ ان کی تفصیلات صرف ان ممبران کو ارسال کرے گی، جن کی ای میل، تمام مطلوبہ کوائف کے بشمول AGM کے وقت سے کم از کم 48 گھنٹے قبل وصول ہو گئی ہوں۔
- 7- ارکان سے درخواست ہے کہ اپنے چوں میں کسی تبدیلی کی فوری اطلاع دیں۔
- 8- وہ ممبران جو ڈی مٹریٹائزڈ فارم میں شیئرز رکھتے ہیں ان سے درخواست کی جاتی ہے کہ وہ سی ڈی سی میں اپنے شرکاہ/سرکاریہ کارڈ کا ڈفٹ سرور کو مناسب طریقے سے بند شدہ ویڈیو پینل مینٹیننس فارم جمع کرائیں۔
- 9- کمپنی ایکٹ 2017 کے سیکشن 72 کے مطابق، ہر موجودہ سیکرٹری کو اپنے فزیکل شیئرز کو یکم اپریل 2021ء کے ساتھ کمپنی کی طرف سے مروجہ انداز میں اور نوٹیفائیڈ تاریخ سے ایکٹ کے آغاز یعنی 30 مئی 2017ء سے کم از کم چار سالوں کی مدت کے اندر تبدیل کرنے کی ضرورت ہوگی۔ فزیکل شیئرز ہولڈنگ رکھنے والے شیئرز ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ کسی بھی بروکر کے ہاں سی ڈی سی ڈیٹا اکاؤنٹ کھولیں یا براہ راست سی ڈی سی کے ہاں انویسٹر اکاؤنٹ کھولا جائے تاکہ وہ اپنے فزیکل شیئرز کو سکرپس لینسٹکل میں رکھ سکیں۔
- 10- 30 جن 2021 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالی حسابات اور اطلاع برائے سالانہ اجلاس عام کمپنی کی ویب سائٹ پر دستیاب ہیں۔

## **CHAIRMAN'S REVIEW**

I am pleased to present the review for the year ended June 30, 2021, highlighting the Company's performance and role of the Board of Directors (the Board) of Babri Cotton Mills Ltd. in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

### **REVIEW OF BOARD'S PERFORMANCE**

The board, being responsible for the management of the Company, devises all major policies and strategies to effectively and efficiently manage all the affairs of the Company.

The Board meets at least once every quarter to consider and approve the financial and operating results of the Company. During current financial year 2020-2021, six Board meetings and four audit committee meetings have been conducted. The Board strictly monitored its own performance along with the performance of its sub-committees and individual directors. Accordingly, the Board has completed its annual self-evaluation for the year 2020-21. In addition to it, the Board also ensured compliance with all applicable rules and best practices of the Company.

Best practices of corporate governance have been embedded into the Company's culture to maintain highest level of professionalism and business conduct. Risk management framework, effective internal controls and audit functions have been implemented to ensure that the day-to-day operations and activities follow the overall strategy formulated by the Board.

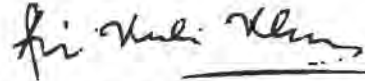
### **REVIEW OF BUSINESS PERFORMANCE**

The turnover of the Company, for the year ended June 30, 2021 has decreased by Rs.1,160.860 million as compared to the previous year. The turnover for the current year represents sale of leftover stock of raw cotton, manmade fiber and yarn lying in mills godowns as at June 30, 2020. Further, the Company, in the year under report, has incurred loss before tax amounting to Rs.227.657 million and loss after tax of Rs.272.144 million in comparison with loss before tax amounting to Rs.381.785 million and loss after tax amounting to Rs.387.598 million respectively, in the previous comparative year.

**ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I would like to acknowledge and express my appreciation for our Shareholders and Bankers for their absolute confidence in the Board of Directors and the Company's management. I would also like to put on record my utmost thanks to the Board of Directors for their contribution, the Management and the workforce for their efforts and hard work.

**Dated: September 23, 2021**



**Lt. Gen. (Retd) Ali Kuli Khan Khattak**  
**Chairman**

## چیرمین کا جائزہ

بورڈ آف ڈائریکٹرز کے چیرمین کی حیثیت سے، میں 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے کمپنی اور انتظامیہ کی کارکردگی پر جائزہ پیش کرتا ہے۔

### مالی جائزہ:

بورڈ، کمپنی کے انتظامات کا ذمہ دار ہے، تمام اہم پالیسیاں اور حکمت عملی تیار کرتا ہے۔ بورڈ پر متعلقہ قوانین و ضوابط اور اس کی ذمہ داری، حقوق و فرائض کے تحت کام کیا جاتا ہے، جیسا کہ متعلقہ قوانین و ضوابط میں متعین اور تجویز کیا گیا ہے۔

بورڈ عام طور پر کمپنی کے مالی اور آپریٹنگ نتائج پر غور اور منظوری کے لئے ہر سہ ماہی میں ایک بار ملتا ہے۔ موجودہ مالی سال 2020-21 کے دوران بورڈ کے چھ اجلاس ہوئے۔ بورڈ نے اپنی ذیلی کمیٹیوں کی کارکردگی کے ساتھ ساتھ اپنی کارکردگی پر بھی سختی سے نگرانی کی۔ اس کے علاوہ، بورڈ نے کمپنی کے تمام قابل اطلاق قوانین اور بہترین طریقوں کی تعمیل کو بھی یقینی بنایا۔

کارپوریٹ گورننس کے بہترین طریقوں کو اپنی درجے کی پیشہ ورانہ مہارت اور کاروباری طریقہ کار میں عمل کو برقرار رکھنے کے لئے کمپنی کے طریقہ کار میں تبدیلی کر لی گئی ہے۔ رسک مینجمنٹ فریم ورک، موثر اندرونی کنٹرول اور آڈٹ کے افعال کو نافذ کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ یومیہ آپریشن بورڈ کے ذریعہ وضع کردہ مجموعی حکمت عملی پر عمل ہو سکے۔

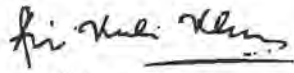
اس کے مطابق، بورڈ نے سال 2020-21 کے لئے اپنی سالانہ خود تفتیش مکمل کر لی ہے اور مجھے یہ خوشی ہوئی ہے کہ سال 2020-21 کے لئے مقرر کردہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار اطمینان بخش ہے۔

### کاروباری معاملات کا جائزہ:

30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کا کاروبار پچھلے سال کے مقابلے میں 1160.860 ملین روپے کم ہوا ہے۔ مزید یہ کہ کمپنی نے رپورٹ کے تحت اس سال میں ٹیکس سے پہلے 227.657 ملین روپے اور ٹیکس کے بعد 272.144 ملین روپے کے نقصان کے مقابلے میں گزشتہ سال 381.785 ملین روپے ٹیکس سے پہلے نقصان اور ٹیکس کے بعد نقصان پچھلے تقابلی سال میں بالترتیب 387.598 ملین روپے تھا۔

### اعتراف

بورڈ کی جانب سے، میں تمام افراد کی آپریشنل نقصانات اور معاشی بحرانوں کی وجہ سے ان کی طرف سے کی جانے والی غیر معمولی کوششوں کو تسلیم اور تعریف کرتا چاہتا ہوں۔ میں کمپنی کے تمام اسٹیک ہولڈرز بشمول ہمارے صارفین، مالیاتی اداروں، اور سپلائی چین کے افراد کے ساتھ ان کے مستقل تعاون کرنے پر اظہار تشکر کرتا ہوں۔

  
لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک  
چیرمین

ستمبر 2021، 23

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors of the Company present the 51<sup>st</sup> annual report of your company together with audited financial statements and auditors' report for the year ended June 30, 2021.

### **Company's Overview**

The principal activity of the Company is the manufacturing & sale of yarn. The Company temporarily suspended its operations from March 25, 2020 due to Covid-19 pandemic. However, the Company was unable to start its operations again due to heavy losses and laid off its employees / workers in the month of July, 2020 and closed the mills. Then, with the approval of its shareholders, the Company gave its plant & machinery on lease to Janana De Malauchio Textile Mills Ltd. (JDM), in order to keep its plant & machinery in excellent working condition.

The highlights of the Company's financial results as compared to the preceding year are as follows:

	<b>Year ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Rupees in thousands)</b>	
<b>Sales-net</b>	<b>388,102</b>	<b>1,548,962</b>
<b>Gross Loss</b>	<b>(134,966)</b>	<b>(118,061)</b>
<b>Operating Loss</b>	<b>(192,613)</b>	<b>(226,820)</b>
<b>Finance Cost</b>	<b>(54,407)</b>	<b>(147,730)</b>
<b>Loss before Taxation</b>	<b>(227,657)</b>	<b>(381,785)</b>
<b>Loss after Taxation</b>	<b>(272,144)</b>	<b>(387,598)</b>
	<b>-----Rupees-----</b>	
<b>Loss per share</b>	<b>(74.52)</b>	<b>(106.13)</b>

The turnover of the Company, for the year ended June 30, 2021 has decreased by Rs.1,160.860 million as compared to the previous year. The turnover for the current year represents sale of leftover stock of raw cotton, manmade fiber and yarn lying in mills godowns as at June 30, 2020. Further, the Company, in the year under report, has incurred loss before tax amounting to Rs.227.657 million and loss after tax of Rs.272.144 million in comparison with loss before tax amounting to Rs.381.785 million and loss after tax amounting to Rs.387.598 million respectively, in the previous comparative year.

We would like to further inform the shareholders, of the progress in the merger of the Company with JDM. The members of both the companies in their respective extra ordinary general meetings (EOGMs) held on 13<sup>th</sup> March 2021, have approved the merger / amalgamation of both the companies and have also given approval of 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 its approval of the merger of both the companies. The

Company is maintaining minimum staff of 03 currently, in order to transition towards a smooth merger process.

### **General Market Condition**

Pakistan capitalized well on the global supply chain disruptions, notably, the finished textile goods because the leading competitors in the field – India and Bangladesh – could not meet the demand due to an acute Covid situation. Pakistan successfully cashed in on this opportunity. Its exports recorded an impressive growth, driven by the textiles, with over 30 percent growth. This growth in exports may not be sustainable as it may hold good till such time the competitors, notably, India and Bangladesh do not stage a comeback in the global market.

### **Comments on “Emphasis of Matter” Paragraph in the Auditor’s Report:**

The Company has not made provisions against the levy of Gas Infrastructure Development Cess (GIDC) because the Company, after the decision of the Supreme Court of Pakistan (SCP) dated 13-08-2020 and its judgment of the review petition dated 02-11-2020, has challenged the levy of GIDC in the Peshawar High Court (PHC), on the basis of section 8(2) of the GIDC Act, 2015 which inter alia states that:

*“(2) Where any cess referred to in sub-section (1) has not been paid or realized before the coming into force of this Act or if so paid or realized, has been refunded to or adjusted against other fees or taxes or charges payable by the gas consumers or the company, the same shall be recoverable in accordance with the provisions of this Act:*

**Provided that the said cess shall not be collected from industrial sector excluding Fertilizer Fuel Stock, mentioned at S.No. 3 of the Second Schedule to both the Gas Infrastructure Development Cess Act, 2011 (XXI of 2011) and the Gas Infrastructure Development Cess Ordinance, 2014 (VI of 2014), if it has not been collected by it.**

- The PHC has granted a stay order against recovery of GIDC under Section 8(2) of the GIDC Act, 2015, because the Company, being a spinning unit and producing raw material for weaving sector has not passed on burden of GIDC to its customers. The yarn market is not a regulated market i.e., textile units are price takers not the price makers, therefore, spinning sector could not add GIDC in their prices and certainly has not collected the same from its customers.

The case is pending adjudication and the lawyers hired by KPTMA have said that our case is very strong and valid, so we are hopeful that the decision of the Courts will be in the favour of the Company and the spinning industry.

### **Comments on material uncertainty relating to Going Concern as pointed out in the Auditor’s Report**

These financial statements have been prepared on going concern basis as fixed assets of the Company are operational and have been leased till 30 June, 2022 and the Company's fixed assets are operational and are generating present and future economic benefits for JDM.

Moreover, during the year, the Company has also made payments of its long outstanding liabilities. The company has also paid its due mark-up over long term loan and short term loans and is timely paying the installments of long term loans. Further the Company has completely paid off the outstanding balance against NBP cash finance facility and hypothecation facility.

Further, the merger of the Company with JDM is in process and all the liabilities of the Company will be assumed by JDM after completion of merger of both entities. So, there is no doubt on Company's ability to pay its short term and long-term liabilities.

### **Future Outlook**

There are few challenges that are likely to keep on being faced by the textile industry. These challenges include energy affordability cost, shortage of quality raw material, infrastructure hurdles, skill development constraints, foreign exchange volatility.

### **Corporate Governance and Financial reporting methodologies**

The directors of the of the company are pleased to state that your company is compliant with the best practices of the Code of Corporate Governance Regulations, 2019, issued by the Securities and Exchange Commission of Pakistan. The board further states that:

- a) The financial statements, prepared by the management of the company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity. Proper books of accounts have been maintained by the company.
- b) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) International financial reporting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed and explained.
- e) The system of internal controls is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the company's ability to continue as a going concern.
- g) There has been no material departure from best practices of the Code of Corporate governance Regulation, 2019.
- h) The board has an established Audit Committee and Human Resource and Remuneration Committee, and an independent director has been appointed as a Chairman of these Committees in compliance with the code of corporate governance regulations.
- i) There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2021, except for those disclosed in the financial statements.

However, the Statutory Auditors of the Company have pointed out a non-compliance with the CCG Regulations in their Review Report on the Statement of Compliance. The point placed by the auditor's and managements comments on the point are given below:

SR. #	AUDITOR'S OBSERVATION	MANAGEMENT'S REPLY
1.	The Chief Financial Officer of the Company also held the office of the Company Secretary upto February 25, 2021.	The previous BOD had appointed the Company Secretary Mr. Naeem Ullah, to the position of Chief Financial Officer also. He continued to work on the position of CFO because we could not find any new candidate who was willing to come to Kohat because of its location and security situation in the area. However, a new CFO has been appointed by the BOD w.e.f. February 26, 2021.

### **Composition of the Board**

The Board comprised of two independent Directors, one executive Director and four non-executive Directors. The Directors of the Company were elected/re-elected in Extraordinary General Meeting of the Company held July 17, 2020.

### **Meetings and attendance by each director**

During the financial year 2020-21, following meetings were held. The number of meetings attended by each director during the year is given here under:

SR. NO.	DIRECTOR	STATUS	COMMITTEE MEMBERS		ATTENDANCE		
			BAC	HR&R	BOD	BAC	HR&R
1	Lt. Gen. (Retd) Ali Kuli Khan Khattak	Elected on July 17, 2020	-	-	6/6	-	-
2	Mr. Muhammad Iftikhar Ali	-do-	-	-	6/6	-	-
3	Mr. Ahmad Kuli Khan Khattak	-do-	✓	✓	6/6	4/4	1/1
4	Mr. Gohar Ayub Khan	Re-elected on July 17, 2020	-	-	5/6	-	-

5	Mrs. Shahnaz Sajjad Ahmad	Elected on July 17, 2020	-	-	6/6	-	-
6	Maj. (Retd.) Muhammad Zia	Elected on July 17, 2020 & resigned on 05-08-2020	✓	✓	1/1	-	-
7	Mr. Saad Waheed	Elected on July 17, 2020 & resigned on 24-10-2020	✓	✓	2/3	1/1	-
8	Mr. Shoaib Ahmad Khan	Co-opted on 12-08-2020 & resigned on 20-05-2021	✓	✓	2/4	2/4	1/1
9	Brig. (Retd) Sajjad Azam Khan	Co-opted on 22-01-2021	✓	✓	2/2	2/2	-
10	Brig. (Retd) Abdul Ghaffar Khan	Co-opted on 14-06-2021	✓	✓	-	-	-

Leave of absence was granted to the directors who were unable to attend its board meetings.

#### **Particulars of the members of Board Audit Committee**

- Brig. (Retd) Sajjad Azam Khan                      Chairman
- Mr. Ahmad Kuli Khan Khattak                      Member
- Brig. (Retd) Abdul Ghaffar Khan                      Member

#### **Particulars of the members of HR & R Committee**

- Brig. (Retd) Sajjad Azam Khan,                      Chairman
- Mr. Ahmad Kuli Khan Khattak                      Member
- Brig. (Retd) Abdul Ghaffar Khan                      Member

The terms of reference for these committees have been developed, communicated and properly implemented. The BAC meets quarterly and HR& R Committee meeting is held annually.

### **Remuneration to Directors**

No remuneration has been paid to directors of the company during the year. Further, no meeting fee is paid to directors. The board of directors have a formal policy and transparent procedures for remuneration of directors.

### **Performance evaluation of Directors on the Board**

The board has developed and adopted structured self-evaluation criteria and processes to evaluate its own performance, as well as individual performances of every member and its committees.

### **Health, Safety and Environment**

We feel our responsibility towards health and safety of our dedicated employees. Proper first aid medical assistance is provided at dispensary located at our premises in case of any injury. We are trying to establish and maintain best possible health, safety and cleanliness standards both at our premises as well as in nearby localities. Furthermore, in an effort to combat the COVID-19 impact on the society, the Company is fully compliant with all the SOPs. In addition to this, the Vaccination drive was arranged for the employees in order to ensure health and safety of the employees.

### **Correspondence with stakeholders**

The company's operational and financial results are placed on its official website [www.bcm.com.pk](http://www.bcm.com.pk).

### **Corporate social responsibility**

We strongly feel the importance in service to humanity and try to ensure that best possible benefits should pass on to the deserving. We also encourage our senior employees to dedicate their time for active participation in such activities.

### **Key Operating and Financial Data (Six Years Summary)**

Summarized key operating and financial results for last six years is annexed in the financial statements.

**Pattern of Shareholding**

The statement of pattern of shareholding of the company as at June 30, 2021 is attached with the Annual Report.

**Dividends**

Considering the current financial position, the directors have recommended cash dividend of Rs. Nil per share i.e. Nil% (June 30, 2020: Rs. Nil% per share).

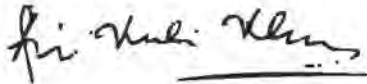
**Appointment of Auditors**

The company's present auditor's M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants H.M House 7-bank square Lahore, retire and are eligible, to offer themselves for reappointment. The Board and Board Audit Committee have recommended that the retiring auditors be re-appointed until the conclusion of the next Annual General meeting.

**Acknowledgement**

The board places on record its appreciation for the continued support extended to us by our customers, suppliers, bankers and other stake holders. The valuable services rendered by our work force and management are also gratefully acknowledged.

**On behalf of the Board of Directors**



**Lt. Gen. (Retd.) Ali Kuli Khan Khattak**  
Director



**Mr. Muhammad Iftikhar Ali**  
Chief Executive Officer

**Dated: September 23, 2021**

## ڈائریکٹر رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز کی جانب سے، 51 ویں سال 30 جون 2021 کے ختم ہونے پر کمپنی کے آڈیٹر کی جاری کردہ مالیاتی رپورٹ پیش کرتے ہیں۔

کمپنی کا جائزہ۔

کمپنی کی بنیادی سرگرمی سوئری تیار اور فروخت ہے۔ ممبروں کی منظوری کے بعد، کمپنی کی فیکٹری عمارتیں اور پلانٹ اور مشینری جانا نندی مالو چو ٹیکسٹائل ملز لمیٹڈ (جے ڈی ایم) کو لیز پر دی گئی ہیں تاکہ مشینری کو کام کرنے کی بہترین حالت میں رکھا جاسکے۔

پچھلے سال کے مقابلے میں کمپنی کے مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہیں۔

2020	2021	
		روپے ہزاروں میں
1,548,962	388,102	فروخت
(118,061)	(134,966)	عموری نقصان
(226,820)	(192,613)	آپریشن سے نقصان
(147,730)	(54,407)	ٹائرس کی لاگت
(381,785)	(227,657)	ٹیکس سے پہلے نقصان
(387,598)	(272,144)	ٹیکس سے بعد نقصان
		--- روپے ---
(106.13)	(74.52)	نقصان فی شیئر

30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کا کاروبار پچھلے سال کے مقابلے میں 1160.860 ملین روپے کم ہوا ہے۔ مزید یہ کہ کمپنی نے رپورٹ کے تحت سال میں ٹیکس سے پہلے 227.657 ملین روپے اور ٹیکس کے بعد 272.144 ملین روپے کے نقصان کے مقابلے میں 381.785 ملین روپے ٹیکس سے پہلے نقصان اور ٹیکس کے بعد نقصان پچھلے تقابلی سال میں بالترتیب 387.598 ملین روپے تھا۔

ہم شیئر ہولڈرز کو مزید بتانا چاہتے ہیں کہ کمپنی کے جے ڈی ایم کے ساتھ انضمام کی پیش رفت کے بارے میں۔ دونوں کمپنیوں کے ممبران نے 13 مارچ 2021 کو منعقد ہونے والی اپنی غیر معمولی عام مہینگز میں دونوں کمپنیوں کے انضمام کی منظوری دی ہے اور شیئرز کے تبادلے کے تناسب کی منظوری بھی دی ہے۔ انضمام پر کمپنی ممبران کی منظوری کے بعد، کمپنیوں کے متعلقہ غیر معمولی عام مہینگز میں، دونوں کمپنیوں کے انضمام کی منظوری کے لیے معزز پیشاور ہائی کورٹ میں ایک درخواست دائر کی گئی ہے۔

مارکیٹ کی عمومی حالت:

پاکستان نے عالمی سپلائی چین کی رکاوٹوں، خاص طور پر، ٹیکسٹائل کی تیار کردہ اشیاء کو اچھی طرح سے فائدہ پہنچایا کیونکہ فیلڈ کے معروف حریف۔ بھارت اور بنگلہ دیش۔ کوویڈ کی شدید صورتحال کی وجہ سے طلب کو پورا نہیں کر سکے۔ پاکستان نے اس موقع پر کامیابی سے فائدہ اٹھایا۔ اس کی برآمدات میں 30 فیصد سے زائد اضافے کے ساتھ، ٹیکسٹائل کے ذریعے متاثر کن اضافہ ریکارڈ کیا گیا۔ برآمدات میں یہ نمو پائیدار نہیں ہو سکتی کیونکہ یہ اس وقت تک اچھی ہو سکتی ہے جب تک کہ حریف، خاص طور پر، ہندوستان اور بنگلہ دیش عالمی منڈی میں داخلی نہ کریں۔

آڈیٹر کی رپورٹ میں دیئے گئے اعتراض کا جواب:

کمپنی نے گیس انفراسٹرکچر ڈیولپمنٹ سیس (جی آئی ڈی سی) کے لیوی کے خلاف کوئی رقم مختص نہیں کی گئی کیونکہ کمپنی، سپریم کورٹ آف پاکستان کے 02/11/2020 فیصلے کے بعد IGIDC ایکٹ 2015 کے سیکشن 8(2) کی بنیاد پر پیشاور ہائی کورٹ (پی ایچ سی) میں جی آئی ڈی سی کے لیوی کو چیلنج کیا ہے جس کے ساتھ یہ کہا گیا ہے کہ:

(2) جہاں ذیلی وفد (1) میں حوالہ دیا گیا کوئی بھی سیس اس ایکٹ کے نافذ ہونے سے پہلے ادا نہیں کیا گیا یا اس کی وصولی نہیں کی گئی ہے یا اگر ادا کی گئی ہے یا وصول کی گئی ہے تو اسے واپس کر دیا گیا ہے یا دیگر فیسوں یا ٹیکسوں یا ادائیگیوں کے مقابلے میں ایڈجسٹ کیا گیا ہے گیس صارفین یا کھیتی کے ذریعہ اس ایکٹ کی دفعات کے مطابق وصول کیا جائے گا:

بشرطیکہ مذکورہ سیس صنعتی شعبے سے جمع نہیں کیا جائے گا سوائے فریڈائز ریفریول اسٹاک کے، جس کا ذکر ایس ۳، دوسرے شیڈول جو کہ دونوں گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ، 2011 (2011 کا XXI) اور گیس انفراسٹرکچر ڈیولپمنٹ سیس آرڈیننس، 2014 (2014 کا VI) میں ہے۔

پشاور ہائی کورٹ نے جی آئی سی ایکٹ 2015 کے سیکشن 8 (2) کے تحت جی آئی سی کی وصولی کے خلاف حکم امتناعی دیا ہے، کیونکہ کھیتی، سپلائی یونٹ ہونے اور کپڑے بنانے والے سیکٹر کے لیے خام مال پیدا کرنے کے باعث ہے اور جی آئی سی کا بوجھ صارفین پر نہیں ڈالتی۔ یارن مارکیٹ ایک ریگولیٹڈ مارکیٹ نہیں ہے، یعنی ٹیکسٹائل یونٹ قیمت لینے والے ہیں نہ کہ قیمت بنانے والے ہیں، اس لیے اسپننگ سیکٹر GIDC کو ان کی قیمتوں میں شامل نہیں کر سکا اور جی آئی سی کے صارفین سے یہ وصول نہیں کیا۔

یہ سیس زیر التوا ہے اور کے پی ٹی ایم اے کی جانب سے رکھے گئے دکلاء نے کہا ہے کہ ہمارا سیس بہت مضبوط اور درست ہے، اس لیے ہم پر امید ہیں کہ ہدالتوں کا فیصلہ کھیتی اور اسپننگ انڈسٹری کے حق میں ہوگا۔

غیر جیٹنی صورتحال پر آڈیٹر کی رپورٹ میں دیئے گئے اعتراض کا جواب:

یہ مالیاتی بیانات توثیق کی بنیاد پر تیار کیے گئے ہیں کیونکہ کھیتی کے گلفڈ اٹاٹے آپریٹس ہیں اور 30 جون 2022 تک بے ڈی ایم کو لیز پر دیئے گئے ہیں اور یہ بے ڈی ایم کے لیے موجودہ اور مستقبل کے معاشی فوائد پیدا کر رہے ہیں۔

مزید یہ کہ سال کے دوران، کھیتی نے اپنی طویل ہفتا یا واجبات کی ادائیگی بھی کی ہے۔ کھیتی نے طویل مدتی قرضوں اور قلیل مدتی قرضوں پر اپنا واجب الادا رقم بھی ادا کر دی ہے اور طویل مدتی قرضوں کی قسطیں بروقت ادا کر رہی ہے۔ مزید یہ کہ کھیتی نے این بی بی ٹی کیش فنانس سہولت اور ہائپوٹھیکس سہولت کے خلاف ہفتا یا رقم کو مکمل طور پر ادا کر دیا ہے۔

مزید یہ کہ بے ڈی ایم کے ساتھ کھیتی کا انضمام عمل میں ہے اور دونوں اداروں کے انضمام کی تکمیل کے بعد بے ڈی ایم کھیتی کی تمام ذمہ داریاں قبول کرے گا۔ لہذا، کھیتی کی اپنی قلیل مدتی اور طویل مدتی ذمہ داریوں کی ادائیگی کی صلاحیت پر کوئی شک نہیں۔

مستقبل کا نقطہ نظر

کچھ چیلنجز ہیں جن کا سامنا ٹیکسٹائل انڈسٹری کو درپیش ہے۔ ان چیلنجوں میں توانائی کی سستی قیمت، معیاری خام مال کی کمی، بنیادی ڈھانچے کی رکاوٹیں، مہارت کی ترقی کی رکاوٹیں، زرمبادلہ میں اتار چڑھاؤ شامل ہیں۔

کارپورٹ گورننس اور مالی رپورٹنگ فریم ورک

کھیتی کے ڈائریکٹرز یہ بتاتے ہوئے خوش ہیں کہ آپ کی کھیتی سکیورٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے بہترین طریق کار کے مطابق ہے۔ بورڈ کا مزید کہنا ہے کہ:

- 1- کھیتی کے حسابات جس میں اکاؤنٹ کی کتابیں، نفع اور نقصان کا اکاؤنٹ، بیلنس شیٹ اور دیگر حسابات مروجہ قوانین کے تحت تیار کیے گئے ہیں۔
- 2- کھیتی کے حسابات تیار کرنے کے لیے مناسب مالیاتی پالیسیوں کا استعمال کیا ہے۔
- 3- کھیتی نے حسابات کی کتابیں موثر طریقے سے رکھی ہیں۔
- 4- بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں، ان کو مالیاتی حسابات کی تیاری میں اور اداروں میں اپنایا گیا ہے۔
- 5- اندرونی کنٹرول کا نظام درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا اور نگرانی کی گئی ہے۔ اندرونی کنٹرول کی نگرانی کے عمل کے کنٹرول کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ آگے بڑھتے ہوئے عملی طور پر جاری رہے گا۔
- 6- کھیتی کی توثیق کے بطور جاری رکھنے کی صلاحیت کے بارے میں کوئی اہم شہادت نہیں ہیں۔ جائزہ توثیق سے متعلق مادی غیر جیٹنی صورتحال پر، آڈیٹر کی رپورٹ میں بتایا گیا ہے۔ اور اس پر کھیتی کی رائے دی گئی ہے۔
- 7- لسٹڈ کمپنیوں (کارپوریٹ گورننس) کے ضابطوں، 2019 (سی سی جی ریگولیشنز) کے بہترین طریقوں کے مطابق ہیں۔
- 8- بورڈ کے پاس ایک قائم شدہ آڈٹ کمیٹی اور انسانی وسائل و معاوضے کی کمیٹی ہے، اور کارپوریٹ گورننس کے ضابطوں کے ضابطہ اخلاق کی تعمیل کے لئے ایک آزاد آڈیٹر کو ان کمیٹیوں کا چیئرمین مقرر کیا گیا ہے۔
- 9- 30/06/2021 پر کھیتی کے ذمہ کسی بھی قسم کا قانونی ٹیکس، لیوی یا چارج نہیں ہیں، سوائے ان ادائیگیوں کے جو ان حسابات میں بتائی گئی ہیں۔

تاہم، کمپنی کے آڈیٹر نے اپنی جائزہ رپورٹ میں سی سی جی ریگولیشنز کی تعمیل کی نشاندہی کی ہے۔ آڈیٹر کا اعتراض اور اس پر انتظامیہ کا جواب ذیل میں دیا گیا ہے۔

آڈیٹر کا اعتراض	انتظامیہ کا جواب
کمپنی کے چیف فنانسل آفیسر 25 فروری 2021 تک کمپنی سیکرٹری کے عہدے پر بھی فائزر ہے۔	کمپنی بورڈ آف ڈائریکٹرز نے کمپنی سیکرٹری مسٹر نسیم اللہ کو چیف فنانسل آفیسر کے عہدے پر بھی مقرر کیا تھا۔ اس نے چیف فنانسل آفیسر کے عہدے پر کام جاری رکھا کیونکہ میں کوئی نیا امیدوار پیش مل سکا جو کوہاٹ کے محل وقوع اور علاقے میں سیکورٹی کی صورتحال کی وجہ سے آنے کے لیے راضی ہو۔ تاہم، موجودہ بورڈ آف ڈائریکٹرز نے 26 فروری 2021 کو نیا چیف فنانسل آفیسر مقرر کیا ہے۔

بورڈ کی ساخت:

30 جون 2021 پر بورڈ کی تشکیل کچھ اس طرح ہے۔

ڈائریکٹرز کی کل تعداد	۷
مرد	۶
خاتون	۱
آزاد ڈائریکٹرز	۲
ایگزیکٹو ڈائریکٹر	۱
دوسرے غیر ایگزیکٹو ڈائریکٹر	۳

بورڈ اور اس کی کمیٹیوں کے اجلاس:

سال 2020-21 کے دوران، ڈائریکٹرز کی طرف سے شرکت کی میٹنگ کی تعداد یہاں درج کی گئی ہے۔

نمبر شمار	ڈائریکٹرز کے نام	17/07/2020 کو حالت	آؤٹ کمیٹی	انسانی وسائل اور معاہدے کی کمیٹی	بورڈ	آؤٹ کمیٹی	حاضری
۱۔	لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان ٹنک	منتخب ہوئے			6/6	*	*
۲۔	جناب محمد رفیع علی	منتخب ہوئے			6/6	*	*
۳۔	جناب احمد قلی خان ٹنک	منتخب ہوئے	X	X	6/6	X	4/4
۴۔	جناب گوہر ایوب خان	دوبارہ منتخب ہوئے			5/6	*	*
۵۔	سر شہناز سجاد احمد	منتخب ہوئی		X	6/6	X	*
۶۔	میمبر (ریٹائرڈ) محمد فیا	منتخب ہوئے اور 05/08/2020 کو استعفی دیا	X	X	1/1	X	*
۷۔	جناب سید وحید	منتخب ہوئے اور 24/10/2020 کو استعفی دیا	X	X	2/3	X	1/1

1/1	2/4	2/4	X	X	12/08/2021 کو منتخب ہوئے اور 20/05/2021 کو استعفیٰ دیا	جناب شعیب احمد خان	۸۔
*	2/2	2/2	X	X	22/01/2021 کو منتخب ہوئے	بریگیڈیر (ریٹائرڈ) سجاد اعظم خان	۹۔
*	*	*	X	X	14/06/2021 کو منتخب ہوئے	بریگیڈیر (ریٹائرڈ) عبدالغفار خان	۱۰۔

ڈائریکٹرز کی درخواست جس میں انہوں نے ذاتی مصروفیات کی بنا پر اجلاس میں حاضر ہونے سے معذرت کی جس کو قبول کیا گیا۔

#### بورڈ آف ڈائریکٹرز کی تفصیلات:

چیئرمین	۱۔	بریگیڈیر (ریٹائرڈ) سجاد اعظم خان
رکن	۲۔	جناب احمد علی خان خٹک
رکن	۳۔	بریگیڈیر (ریٹائرڈ) عبدالغفار خان

#### انسانی وسائل اور معاوضے کی کمیٹی کی تفصیلات:

چیئرمین	۱۔	بریگیڈیر (ریٹائرڈ) سجاد اعظم خان
رکن	۲۔	جناب احمد علی خان خٹک
رکن	۳۔	بریگیڈیر (ریٹائرڈ) عبدالغفار خان

ان کمیٹیوں کی کام کرنے کے اصول تیار کئے گئے اور ان پر عمل درآمد بھی ہو رہا ہے۔ بورڈ آف ڈائریکٹرز سال میں چار دفعہ اور انسانی وسائل اور معاوضے کی کمیٹی سال میں ایک دفعہ منعقد ہوتی ہیں۔

#### ڈائریکٹرز کا معاوضہ:

سال کے دوران کمیٹی کے ڈائریکٹرز کو معاوضے کی ادائیگی کی تفصیلات مالی حسابات میں فراہم کی جاتی ہیں۔ آزاد اور غیر انگریز کیٹو ڈائریکٹرز کو کوئی میٹنگ کی فیس ادا نہیں کی جاتی ہے۔ ہم سی ای جی ریگولیشنز اور کمپنیز ایکٹ 2017 میں فراہم کردہ رہنما اصولوں کے مطابق بھی اس کے لئے جامع پالیسی تشکیل دے رہے ہیں۔

#### بورڈ پر ڈائریکٹرز کی کارکردگی کا جائزہ:

بورڈ نے اپنی کارکردگی کا جائزہ لینے کے لئے خود تشخیصی ساختہ معیارات اور عمل تیار کیے ہیں، نیز ہر ممبر اور اس کی کمیٹیوں کی انفرادی کارکردگی کی جانچ پڑتال کرتا ہے۔

#### صحت، حفاظت اور ماحولیات

ہم صحت، حفاظت اور ماحولیات کے اعلیٰ ترین معیار کو برقرار رکھنے پر پختہ یقین رکھتے ہیں تاکہ ان لوگوں کی تلاش و بہبود کو یقینی بنایا جاسکے جو ہمارے ساتھ کام کرتے ہیں اور ان کیلئے بھی جہاں ہم کام کرتے ہیں۔ مزید یہ کہ، معاشرے پر COVID-19 کے اثرات کا مقابلہ کرنے کی کوشش میں، کمیٹی تمام SOPs کے ساتھ مکمل طور پر مطابقت رکھتی ہے۔ اس کے علاوہ ملازمین کے لئے ویکسینیشن ڈرائیو کا اہتمام کیا گیا تاکہ ملازمین کی صحت اور حفاظت کو یقینی بنایا جاسکے۔

#### اسٹیک ہولڈرز کے ساتھ خط و کتابت

کمیٹی کے آپریشن اور مالی نتائج اس کی سرکاری ویب سائٹ [www.bcm.com.pk](http://www.bcm.com.pk) پر رکھے گئے ہیں۔

کارپوریٹ سماجی ذمہ داری ہم انسانیت کی خدمت میں اہمیت کو پیش رو بناتے ہیں اور یہ یقینی بنانے کی کوشش کرتے ہیں کہ بہترین مکمل فوائد مستحق افراد تک پہنچائے جائیں۔ ہم اپنی اسٹرٹیجک ٹیم کے ممبروں کو بھی اس طرح کی سرگرمیوں میں فعال شرکت کے لئے اپنا وقت وقف کرنے کی ترغیب دیتے ہیں۔

جملہ آڈیٹنگ اور مالی اعداد و شمار (گزشتہ سہ سال کے)  
جملہ آڈیٹنگ اور مالی اعداد و شمار اس کتاب میں موجود ہیں۔

شیئر ہولڈر کا پتھرین  
30 جون، 2021 پر شیئر ہولڈنگ کے پتھرین اور اس سے متعلق اضافی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

ڈیویڈنڈ  
موجودہ مالیاتی پوزیشن کو دیکھتے ہوئے ڈائریکٹرز نے ڈیویڈنڈ نہ دینے کی سفارش کی ہے۔

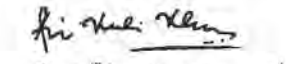
آڈیٹر کی تقرری  
کمپنی کے آڈیٹر جو کہ میسر شائن ونگ حید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، بے بینک سکور، لاہور جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمپنی کی بورڈ آف ڈائریکٹرز اور بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے سفارش کی ہے۔

اعتراف  
بورڈ آف ڈائریکٹرز، سپلائرز، منڈی فروشوں اور دیگر اسٹیک ہولڈرز کی طرف سے ہم تک جاری رکھی جانے والی حمایت کے لئے اس کی تعریف ریکارڈ کرتے ہیں۔ ہمارے افرادی قوت اور انتظامیہ کے ذریعہ پیش کردہ خدمات کا بھی شکریہ ادا کرتے ہوئے اعتراف کیا جاتا ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

تاریخ: 23 ستمبر 2021

  
محمد افتخار علی  
چیف ایگزیکٹو آفیسر

  
لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک  
ڈائریکٹر

## SUMMARY OF KEY OPERATING AND FINANCIAL DATA

		2016	2017	2018	2019	2020	2021
<b>CAPACITY AND PRODUCTION</b>							
Spindles installed	Nos	53,040	53,040	50,160	53,256	53,340	35,976
Average spindles worked during the year	Nos	49,598	49,566	49,212	50,464	41,397	-
Production for the year/period	Lbs in million	8.995	9.418	8.497	9.007	4.692	-
Average count spun during the year/period		56.38	54.51	58.86	57.87	63.66	-
<b>PROFIT AND LOSS ACCOUNT</b>							
Net Sales	Rupees in million	1,444.247	1,649.638	1,890.012	2,218.285	1,548.962	388.102
Gross Profit / (Loss)	Rupees in million	31.481	55.098	(33.522)	121.480	(118.061)	(134.966)
	%	2.18	3.34	(1.77)	5.48	(7.62)	(34.78)
Operating Profit / (Loss)	Rupees in million	(23.351)	(22.863)	(112.759)	19.901	(226.820)	(192.613)
	%	(1.62)	(1.39)	(5.97)	0.90	(14.64)	(49.63)
Profit / (Loss) before taxation	Rupees in million	(49.850)	(48.121)	(84.477)	(95.379)	(374.550)	(227.657)
	%	(3.45)	(2.92)	(4.47)	(4.30)	(24.18)	(58.66)
Profit / (Loss) after taxation	Rupees in million	(12.472)	(29.296)	(84.439)	(39.018)	(387.598)	(272.144)
	%	(0.86)	(1.78)	(4.47)	(1.76)	(25.02)	(70.12)
Earning/ (loss) per share-restated	Rupees	(3.41)	(8.02)	(23.12)	(10.68)	(106.13)	(74.52)
<b>BALANCE SHEET</b>							
Shareholders' equity (excluding surplus on revaluation of fixed assets)	Rupees in million	587.400	520.041	444.799	422.643	77.182	(207.378)
Demand finances/bills payable/Long term finances	- do-	-	-	73.344	238.521	201.187	177.371
Liabilities against assets subject to finance lease	- do-	33.052	13.824	-	-	-	-
Operating fixed assets	- do-	1,557.748	1,522.610	1,584.212	1,714.667	1,681.485	1,248.822
Additions in fixed assets	- do-	49.039	24.319	89.842	215.022	49.607	0.075
Current assets	- do-	457.202	723.756	815.533	1,063.252	532.353	339.476
Current liabilities	- do-	467.423	771.525	1,037.531	1,407.826	1,203.320	1,088.032
Break up value per share	Rupees	166.31	164.71	372.52	361.86	270.74	169.44
Employees at year end	Nos.	1,190	1,201	1,091	1,072	984	3

## FORM 34

THE COMPANIES ACT, 2017  
(Section 227(2) and 449)


## PATTERN OF SHAREHOLDING

1. CUIIN (Incorporation Number) 0 0 0 3 2 6 5

2. Name of the Company BABRI COTTON MILLS LIMITED

3. Pattern of holding of the shares held by the shareholders as at 3 0 0 6 2 0 2 1

4. No of shareholders	Shareholdings	Total shares held
1044	shareholding from 1 to 100 shares	25,721
360	shareholding from 101 to 500 shares	82,783
85	shareholding from 501 to 1000 shares	60,849
80	shareholding from 1001 to 5000 shares	159,062
16	shareholding from 5001 to 10000 shares	98,504
4	shareholding from 10001 to 15000 shares	54,810
2	shareholding from 20001 to 25000 shares	36,213
3	shareholding from 20001 to 25000 shares	69,983
1	shareholding from 40001 to 45000 shares	44,576
1	shareholding from 55001 to 60000 shares	57,638
1	shareholding from 80001 to 85000 shares	80,578
1	shareholding from 140001 to 145000 shares	144,421
1	shareholding from 585001 to 590000 shares	587,193
1	shareholding from 870001 to 875000 shares	872,600
1	shareholding from 1275001 to 1280000 shares	1,277,247
1601	Total	3,652,178

5. Categories of shareholders	share held	Percentage																
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	36,975	1.01																
5.2. Associated Companies, undertakings and related parties.	2,066,499	56.58																
5.3 NIT & ICP	82,062	2.25																
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	2,896	0.08																
5.5 Insurance Companies	57	0.00																
5.6 Modarabas and Mutual Funds	1,150	0.03																
5.7 Share holders holding 10% Bibojee Services (Pvt.) Ltd Mr. Sameer Randhawa Janana De Malucho Textile Mills Ltd.	1,277,247	34.97																
	872,600	23.89																
	587,193	16.08																
5.8 General Public a. Local b. Foreign	1,438,236	39.38																
	NIL	NIL																
5.9 Others (to be specified) Other Companies Administrator Abandoned Properties Secretary to Govt. of KPK																		
	8,560	0.23																
	1,728	0.05																
	14,015	0.38																
6. Signature of Secretary																		
7. Name of Signatory	ABDUL MOQEET ZAMAN MALIK																	
8. Designation	Company Secretary																	
9. NIC Number	<table border="1"> <tr> <td>3</td><td>6</td><td>3</td><td>0</td><td>2</td><td>-</td><td>5</td><td>7</td><td>1</td><td>0</td><td>9</td><td>1</td><td>0</td><td>-</td><td>1</td> </tr> </table>		3	6	3	0	2	-	5	7	1	0	9	1	0	-	1	
3	6	3	0	2	-	5	7	1	0	9	1	0	-	1				
10. Date	<table border="1"> <tr> <td colspan="2">Day</td> <td colspan="2">Month</td> <td colspan="4">Year</td> </tr> <tr> <td>3</td><td>0</td> <td>0</td><td>6</td> <td>2</td><td>0</td><td>2</td><td>1</td> </tr> </table>		Day		Month		Year				3	0	0	6	2	0	2	1
Day		Month		Year														
3	0	0	6	2	0	2	1											

DETAILS OF PATTERN OF SHAREHOLDING AS PER  
REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDERS		SHARES HELD
1.	ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES:	
	M/S BANNU WOOLLEN MILLS LTD,	144,421
	M/S.BIBOJEE SERVICES (PVT) LTD.	1,277,247
	M/S JANANA DE MALUCHO TEXTILE MILLS LTD.	587,193
	M/S WAQF-E-KULI KHAN	57,638
2.	NIT & I.C.P:	
	M/S. INVESTMENT CORPORATION OF PAKISTAN	1,291
	CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	80,578
	IDBP (ICP UNIT)	193
3.	DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:	
	LT. GEN. (RETD) ALI KULI KHAN KHATTAK CHAIRMAN	12,832
	MR. MUHAMMAD IFTIKHAR ALI CHIEF EXECUTIVE	100
	MR. AHMAD KULI KHAN KHATTAK DIRECTOR	13,981
	MR. GOHAR AYUB KHAN DIRECTOR	2,960
	MRS. SHAHNAZ SAJJAD AHMAD DIRECTOR	6,992
	BRIG. (RETD) SAJJAD AZAM KHAN DIRECTOR	100
	BRIG. (RETD) ABDUL GHAFAR KHAN DIRECTOR	10
4.	EXECUTIVES	NIL
5.	OTHER COMPANIES	8,560
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	=4,103
7.	SHAREHOLDERS HOLDING 10% OR MORE:	
	M/S.BIBOJEE SERVICES (PVT) LTD.	1,277,247
	MR. SAMEER RANDHAWA	872,600
	M/S JANANA DE MALUCHO TEXTILE MILLS LTD.	587,193
8.	GENERAL PUBLIC & OTHERS	1,453,979

**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019**

Name of Company BABRI COTTON MILLS LIMITED (THE COMPANY)

Year Ended 30<sup>TH</sup> JUNE 2021

The Company has complied with the requirements of the Regulations, in the following manner:

1. Total number of directors is Seven as per following:

a. Male: 6

b. Female: 1

2. The composition of the Board of Directors (the Board) is as follows:

CATEGORY	NAMES
Independent Directors	Brig. (Retd) Sajjad Azam Khan Brig. (Retd) Abdul Ghaffar Khan
Non-executive Directors	Lt. Gen. (Retd) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mr. Gohar Ayub Khan
Executive Directors	Mr. Muhammad Iftikhar Ali
Female Directors	Mrs. Shahnaz Sajjad Ahmad

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Three of our directors have already completed the Directors' Training Program (the Program), while one director has been given exemption from the program. Remaining Three Directors will undertake the Program with in the stipulated time.

10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

#### Audit Committee

- |    |                                 |          |
|----|---------------------------------|----------|
| a) | Brig. (Retd) Sajjad Azam Khan   | Chairman |
| b) | Mr. Ahmad Kuli Khan Khattak     | Member   |
| c) | Brig. (Retd) Abdul Ghaffar Khan | Member   |

#### Human Resource and Remuneration Committee

- |    |                                 |          |
|----|---------------------------------|----------|
| a) | Brig. (Retd) Sajjad Azam Khan   | Chairman |
| b) | Mr. Ahmad Kuli Khan Khattak     | Member   |
| c) | Brig. (Retd) Abdul Ghaffar Khan | Member   |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

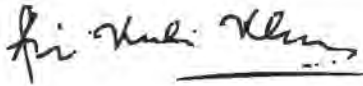
- |                                  |           |
|----------------------------------|-----------|
| a) Audit Committee               | Quarterly |
| b) HR and Remuneration Committee | Yearly    |

15. The Board has set up an effective internal audit department, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.



**Lt. Gen. (Retd.) Ali Kuli Khan Khattak**  
Director



**Mr. Muhammad Ifikhar Ali**  
Chief Executive Officer

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF  
BABRI COTTON MILLS LIMITED**

**Review Report on the Statement of Compliance contained in Listed Companies  
( Code of Corporate Governance ) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **BABRI COTTON MILLS LIMITED** (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

We highlight below an instance of non-compliance with the requirements of the Regulations:

The Chief Financial Officer of the Company also held the office of the Company Secretary upto February 25, 2021.

*Shinewing Hameed Chaudhri & Co.*

**SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**

**LAHORE; September 23, 2021**

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BABRI COTTON MILLS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **BABRI COTTON MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to note 27.1 to the financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.345.261 million demanded by Sui Northern Gas Pipelines Ltd. Our report is not modified in respect of this matter.

#### Material Uncertainty relating to Going Concern

We draw attention to note 1.2 in the financial statements, which indicates that the operations of the Company are closed since March, 2020; accumulated loss aggregated Rs.348.956 million and the Company's current liabilities exceeded its current assets by Rs.748.556 million on the reporting date. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S.No	Key audit matter	How the matter was addressed in our audit
1.	<b>Contingencies</b>  The Company is subject to material litigations involving different Courts pertaining to taxation and other matters, which require management to make assessments and judgments with respect to likelihood and impact of such litigations on the financial statements of the Company.  The management has engaged independent legal counsels on these matters.  The assessment of provisioning against such litigations is a complex exercise and requires significant judgments to determine the level of certainty on these matters.  The details of contingencies along with management's assessments are disclosed in note 27 to the financial statements.	In response to this matter, we performed following audit procedures:  - discussed legal cases with the internal legal department of the Company to understand the management's view point, obtained and reviewed the litigation documents to assess the facts and circumstances;  - obtained opinions from legal counsels dealing with such cases in the form of confirmations;  - evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and  - disclosures of legal exposures and provisions were assessed for completeness and accuracy.

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Nafees ud din.

*Shinewing Hameed Chaudhri & Co.*


**SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**

**LAHORE; September 23, 2021**

**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021**

	Note	2021 Rupees in thousand	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,248,822	1,681,485
Investments in an Associated Company	6	250,057	234,288
Long term loans	7	119	200
Security deposits		929	1,033
		<u>1,499,927</u>	<u>1,917,006</u>
<b>Current assets</b>			
Stores, spares and loose tools	8	15,318	23,951
Stock-in-trade	9	1,557	430,898
Trade debts	10	39,327	6,406
Security deposit	11	50,000	0
Loans and advances	12	7,829	12,849
Prepayments		435	2,751
Other receivables	13	2,895	5,887
Income tax refundable, advance tax and tax deducted at source		28,391	45,222
Cash and bank balances	14	25,562	4,389
Non-current assets held-for-sale	15	168,162	0
		<u>339,476</u>	<u>532,353</u>
<b>TOTAL ASSETS</b>		<u><b>1,839,403</b></u>	<u><b>2,449,359</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorised capital	16	250,000	250,000
Issued, subscribed and paid-up capital	17	36,522	36,522
Capital reserves			
- share premium	18	15,096	15,096
- revaluation surplus on property, plant and equipment	19	826,217	911,638
Revenue reserves			
- general reserve	18	88,000	88,000
- gain on remeasurement of forward foreign exchange contracts	18	1,960	2,032
Accumulated loss		<u>(348,956)</u>	<u>(64,468)</u>
<b>Shareholders' equity</b>		<u><b>618,839</b></u>	<u><b>988,820</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term finances	20	119,054	174,580
Staff retirement benefits - gratuity	21	4,270	73,431
Deferred taxation	22	9,208	9,208
		<u>132,532</u>	<u>257,219</u>
<b>Current liabilities</b>			
Trade and other payables	23	370,104	434,527
Advances received against sale of fixed assets	15	383,577	0
Unclaimed dividends		2,431	2,431
Accrued interest / mark-up	24	9,133	46,848
Short term finances	25	258,496	669,673
Current portion of long term finances	20	58,317	26,607
Taxation	26	5,974	23,234
		<u>1,088,032</u>	<u>1,203,320</u>
<b>Total liabilities</b>		<u><b>1,220,564</b></u>	<u><b>1,460,539</b></u>
<b>Contingencies and commitments</b>	27		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,839,403</b></u>	<u><b>2,449,359</b></u>

The annexed notes 1 to 48 form an integral part of these financial statements.

  
Muhammad Iftikhar Ali  
Chief Executive Officer

  
Lt. Gen. (Retd.) Ali Kuli Khan Khattak  
Director

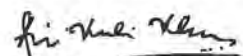
  
Nasir Mehmood  
Chief Financial Officer


**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 (Rupees in thousand)	2020
Sales	28	388,102	1,548,962
Cost of sales	29	523,068	1,667,023
Gross loss		(134,966)	(118,061)
Distribution cost	30	2,322	11,851
Administrative expenses	31	22,699	92,441
Other expenses	32	36,433	7,788
Other Income	33	(3,807)	(3,321)
		57,647	108,759
Loss from operations		(192,613)	(226,820)
Finance cost	34	54,407	147,730
		(247,020)	(374,550)
Share of profit / (loss) of an Associated Company	6	19,463	(7,235)
Impairment loss on investments in an Associated Company	6	(100)	0
		19,363	(7,235)
Loss before taxation		(227,657)	(381,785)
Taxation	35	(44,487)	(5,813)
Loss after taxation		(272,144)	(387,598)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- (loss) / gain on remeasurement of staff retirement benefit obligation	21	(27)	7,600
- impact of tax		8	(2,204)
		(19)	5,396
- surplus arisen upon revaluation of property, plant and equipment	5.2	(132,608)	40,877
- deferred taxation	19.4	38,456	(4,128)
		(94,152)	36,749
- share of other comprehensive (loss) / income of an Associated Company		(1,946)	14,284
- impact of tax		564	(4,142)
	6	(1,382)	10,142
		(95,553)	52,287
Total comprehensive loss		(367,697)	(335,311)
		----- Rupees -----	
Loss per share	36	(74.52)	(106.13)

The annexed notes 1 to 48 form an integral part of these financial statements.

  
Muhammad Iftikhar Ali  
Chief Executive Officer

  
Lt. Gen. (Retd.) Ali Kuli Khan Khattak  
Director

  
Nasir Mehmood  
Chief Financial Officer

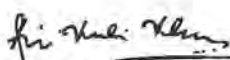
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021**

	Capital Reserves			Revenue Reserves			Total
	Share capital	Share premium reserve	Revaluation surplus on property, plant and equipment	General reserve	Gain on hedging instruments	Unappropriated profit / (accumulated loss)	
	Rupees in thousand						
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 year ended June 30, 2020:							
- loss for the year	0	0	0	0	0	(387,598)	(387,598)
- other comprehensive income	0	0	36,749	0	0	15,538	52,287
	0	0	36,749	0	0	(372,060)	(335,311)
Amortisation of gain on forward foreign exchange contracts	0	0	0	0	(107)	0	(107)
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)							
- on account of incremental depreciation for the year	0	0	(14,711)	0	0	14,711	0
- upon sale of revalued assets	0	0	(7,335)	0	0	7,335	0
Share of revaluation surplus on property, plant and equipment of an Associated Company	0	0	(1,933)	0	0	0	(1,933)
Effect of items directly credited in equity by an Associated Company	0	0	0	0	0	4,660	4,660
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 year ended June 30, 2021:							
- loss for the year	0	0	0	0	0	(272,144)	(272,144)
- other comprehensive loss	0	0	(94,152)	0	0	(1,401)	(95,553)
	0	0	(94,152)	0	0	(273,545)	(367,697)
Amortisation of gain on forward foreign exchange contracts	0	0	0	0	(72)	0	(72)
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)							
- on account of incremental depreciation for the year	0	0	(10,545)	0	0	10,545	0
- upon sale of revalued assets	0	0	20,686	0	0	(20,686)	0
Share of revaluation surplus on property, plant and equipment of an Associated Company	0	0	(1,410)	0	0	0	(1,410)
Effect of items directly credited in equity by an Associated Company	0	0	0	0	0	(802)	(802)
Balance as at June 30, 2021	36,522	15,096	826,217	88,000	1,960	(348,956)	618,839

The annexed notes 1 to 48 form an integral part of these financial statements.



**Muhammad Iftikhar Ali**  
Chief Executive Officer



**Lt. Gen. (Retd.) Ali Kuli Khan Khattak**  
Director



**Nasir Mehmood**  
Chief Financial Officer

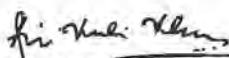
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Loss for the year - before taxation and share of profit / (loss) of an Associated Company	(247,020)	(374,550)
Adjustments for non-cash charges and other items:		
Depreciation	57,763	70,995
Loss on disposal of fixed assets	24,294	7,369
Gain on sale of stores and spares inventory	(2,726)	0
Amortisation of gain on forward foreign exchange contracts	(72)	(107)
Staff retirement benefits - gratuity (net)	(69,188)	(489)
Finance cost	53,156	147,177
<b>Loss before working capital changes</b>	<b>(183,793)</b>	<b>(149,605)</b>
<b>Effect on cash flows due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	2,691	7,515
Stock-in-trade	429,341	454,487
Trade debts	(32,921)	(6,098)
Loans and advances	5,020	(1,334)
Prepayments	2,316	(1,174)
Other receivables	2,992	(2,992)
Sales tax refundable	0	79,971
<b>(Decrease) / increase in trade and other payables</b>	<b>(64,421)</b>	<b>61,244</b>
	<b>345,018</b>	<b>591,619</b>
<b>Cash generated from operations</b>	<b>161,225</b>	<b>442,014</b>
Taxes paid	(6,452)	(4,365)
Long term loans - net	81	(159)
<b>Net cash generated from operating activities</b>	<b>154,854</b>	<b>437,490</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure - net	(77)	(18,981)
Advances received against sale of freehold land	383,577	0
Sale proceeds of operating fixed assets	49,911	14,676
Sale proceeds of stores & spares inventory (net of sales tax)	8,668	0
Security deposits	104	0
Security deposits with bank	(50,000)	0
Long term deposit	0	(868)
<b>Net cash generated from / (used in) investing activities</b>	<b>392,183</b>	<b>(5,173)</b>
<b>Cash flows from financing activities</b>		
Long term finances - net	(23,816)	(37,334)
Short term finances - net	(411,177)	(259,810)
Finance cost paid	(90,871)	(133,736)
<b>Net cash used in financing activities</b>	<b>(525,864)</b>	<b>(430,880)</b>
<b>Net increase in cash and cash equivalents</b>	<b>21,173</b>	<b>1,437</b>
<b>Cash and cash equivalents - at beginning of the year</b>	<b>4,389</b>	<b>2,952</b>
<b>Cash and cash equivalents - at end of the year</b>	<b>25,562</b>	<b>4,389</b>

The annexed notes 1 to 48 form an integral part of these financial statements.



**Muhammad Iftikhar Ali**  
Chief Executive Officer



**Lt. Gen. (Retd.) Ali Kuli Khan Khattak**  
Director



**Nasir Mehmood**  
Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 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 principal activity of the Company is manufacturing and sale of yarn. The Company's registered office and Mills are located at Habibabad, Kohat.

**1.2 Going concern basis**

These financial statements have been prepared on going concern basis despite the uncertainties detailed below that may cast doubt about the Company's ability to continue as a going concern:

- (a) the Company's production facilities are closed since March, 2020;
- (b) the Company has accumulated losses aggregating Rs.348.956 million and current liabilities exceeded its current assets by Rs.748.556 million as at June 30, 2021;
- (c) the Company's financial ratios are adverse; and
- (d) major quantities of finished goods inventories of the Company have been sold during the current year.

- 1.3** 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.

**1.4 Lease of factory buildings and plant & machinery**

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 JDM. The salient terms of this lease agreement are as follows:

- a) 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.
- b) 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.
- c) The term of lease has commenced from October 01, 2020 and shall continue till June 30, 2022.
- d) Both the companies have the option to terminate the lease with one month prior notice.
- e) The lease of assets is a stop gap / interim arrangement till the completion of merger of both the entities.

## 1.5 Merger of the Company with and into JDM

The members of the Company, at the extra ordinary general meeting held on March 13, 2021 through special resolutions, have approved the proposed Scheme of Arrangement of Merger / Amalgamation of the Company with JDM under sections 279 to 285 of the Companies Act, 2017.

The merger of the Company with JDM is necessary because otherwise it would be impossible for the Company to survive any further because of massive outstanding liabilities and huge gross, operating and net losses. The only viable solution is the merger of the Company with JDM as it would not be possible for the Company to continue its operations alone.

As per the proposed scheme of merger / amalgamation between the Company and JDM, all assets and liabilities of the Company will be transferred into JDM and the members of the Company will be issued shares of JDM in the ratio of 1 share of JDM for every 1.438 shares of the Company.

A petition has been filed with the Peshawar High Court for approval of merger of both the Companies.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except where otherwise specifically stated.

### 2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information has been rounded off to the nearest thousand of Rupees unless otherwise stated.

### 2.4 Critical accounting estimates, assumptions and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment. - notes 4.1 & 5.
- Provision for impairment of inventories - notes 4.3, 4.4, 8 & 9.
- Allowance for expected credit loss - note 4.5.
- Impairment loss of non-financial assets other than inventories - note 4.7.
- Staff retirement benefits (gratuity) - notes 4.9 & 21.
- Estimation of provisions - note 4.11.
- Estimation of contingent liabilities - notes 4.12 & 27
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.13, 22 & 26.

The revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

#### **3.1 Standards, amendments to published standards and interpretations that are effective during the current year**

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

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

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- (a) Classification of liabilities - Amendment to IAS 1 is effective for period beginning on April 01, 2021. The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of financial statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that;

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;
- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Company has assessed that the impact of this amendment is not expected to be significant.

- (b) Disclosure of accounting policies and definition of accounting estimates - Amendments to IAS 1 and IAS 8 are effective for period beginning on April 01, 2021. The IASB amended IAS 1, 'Presentation of financial statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to IAS 8, 'Accounting policies, changes in accounting estimates and errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Company has assessed that the impact of these amendments is not expected to be significant.

- (c) Amendment to IAS 16 'Property, plant and equipment' is effective from January 01, 2022; it prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

- (d) Amendments to IAS 37 Onerous contracts are effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2020.

##### 4.1 Property, plant and equipment and depreciation

###### Measurement

Items of property, plant and equipment other than freehold land, buildings on freehold land, plant & machinery, generators and capital work-in-progress are measured at cost less accumulated depreciation and impairment loss, if any.

Freehold land is stated at revalued amount whereas buildings on freehold land, plant & machinery and generators are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Capital work-in-progress is stated at cost less impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

###### Revaluation

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

###### Depreciation

Depreciation is charged so as to write-off the cost or revalued amount of assets (other than freehold land and capital work-in-progress) over their remaining useful lives, using the reducing balance method at rates specified in note 5 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

**Disposal**

Gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in other income in the statement of profit or loss. In case of the sale or retirement of revalued property, plant and equipment, the attributable revaluation surplus remaining in the revaluation surplus on property, plant and equipment is transferred directly to unappropriated profit / accumulated loss.

**Judgment and estimates**

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any change in estimates is accounted for on a prospective basis.

**4.2 Investments in Associated Companies**

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of investments is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

**4.3 Stores, spares and loose tools**

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the statement of financial position date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

**4.4 Stock-in-trade**

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials	
- at mills	- At lower of annual average cost and net realisable value.
- in transit	- At cost accumulated to the reporting date.
Work-in-process	- At cost
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.
- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.	

- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.
- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

#### **Judgments and estimates**

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

#### **4.5 Trade debts and other receivables**

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less allowance for Expected Credit Loss (ECL). Carrying amounts of trade debts and other receivables are assessed at each reporting date and allowance is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

#### **4.6 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash-in-hand and balances with banks.

#### **4.7 Impairment of non-financial assets other than inventories**

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### **4.8 Borrowings and borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

**4.9 Staff retirement benefits (defined benefit plan)**

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2021 on the basis of the projected unit credit method by an independent Actuary.

Actuarial gains and losses are recognised in other comprehensive income in the period in which these occur and past-service costs are recognised immediately in the statement of profit or loss.

**4.10 Trade and other payables**

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

**4.11 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**4.12 Contingent liabilities**

A contingent liability is disclosed when the Company

- has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or
- has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

**4.13 Taxation**

Taxation comprises of current tax and deferred tax.

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any, in which case the tax amounts are recognised directly in other comprehensive income or equity.

**(a) Current**

Current tax is the expected tax payable on the taxable income / turnover for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credits and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

**(b) Deferred**

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is charged or credited to the profit or loss except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

**4.14 Dividend and appropriation to reserves**

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

**4.15 Derivative financial instruments**

In relation to fair value hedges, which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instruments at fair value is recognised immediately in the statement of profit or loss. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the statement of profit or loss.

In relation to cash flow hedges, if a hedge of a forecast transaction which subsequently results in the recognition of a non-financial asset, the associated gains and losses (that were recognised directly in equity) are taken to statement of profit or loss in the same period during which the asset acquired effects the profit or loss.

**4.16 Financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

**a) Financial assets****Classification**

The Company classifies its financial assets in the following measurement categories:

- i) amortised cost where the effective interest rate method is applied;
- ii) fair value through profit or loss; and
- iii) fair value through other comprehensive income.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in statement of profit or loss or other comprehensive income (OCI).

**Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

**Definition of default**

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

**Impairment of financial assets**

The Company assesses on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its trade debts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Bank balances

**Simplified approach for trade debts**

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

**Recognition of loss allowance**

The Company recognises an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**Write-off**

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off result in impairment gains.

**b) Financial Liabilities****Classification, initial recognition and subsequent measurement**

Financial liabilities are classified in the following categories:

- i) fair value through profit or loss; and
- ii) other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

**i) Fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held-for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

**ii) Other financial liabilities**

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in profit or loss for the year, when the liabilities are derecognised as well as through effective interest rate amortisation process.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or expired.

**Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**4.17 Foreign currency transactions**

Foreign currency transactions are recorded in Pak Rupees using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are taken to statement of profit or loss.

**4.18 Revenue recognition**

Revenue from contracts with customers is recognised at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

**Contract assets**

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

**Contract liabilities**

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

**Others**

Return on deposits is accounted for on 'accrual basis'.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

**4.19 Segment reporting**

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 42 to these financial statements.

## 5. PROPERTY, PLANT AND EQUIPMENT ( Operating fixed assets - owned )

	Freehold land	Roads, paths and culverts on freehold land	Buildings on freehold land				Plant & machinery	Generators	Tools & equipment	Furniture & fixtures	Office equipment	Computers and accessories	Security & surveillance	Arms	Vehicles	Total
			Factory	Non-factory	Residential											
					officers	workers										
Rupees in thousand																
As at June 30, 2019																
Cost / revaluation	460,600	120	193,236	22,963	1,011	19,896	1,120,705	180,846	2,492	4,314	1,064	2,886	1,367	144	22,889	2,034,533
Accumulated depreciation	0	107	27,561	3,275	249	6,501	213,685	79,343	1,456	2,124	361	1,608	404	53	13,765	350,492
Book value	460,600	13	165,675	19,688	762	13,395	907,020	101,503	1,036	2,190	703	1,278	963	91	9,124	1,684,041
Year ended June 30, 2020:																
Additions	0	0	0	0	0	0	40,625	8,569	308	77	28	0	0	0	0	49,607
Revaluation adjustments																
Cost / revaluation	26,640	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26,640
Depreciation	0	0	1,215	2,981	0	1,469	(22,495)	31,067	0	0	0	0	0	0	0	14,237
Disposals:																
Cost / revaluation	0	0	0	0	0	0	(29,267)	0	0	0	0	(87)	0	0	(6,684)	(36,038)
Depreciation	0	0	0	0	0	0	11,722	0	0	0	0	56	0	0	2,215	13,993
Depreciation for the year	0	1	8,252	1,087	38	719	45,015	13,471	58	110	35	371	272	4	1,562	70,995
Book value	487,240	12	158,638	21,582	724	14,145	862,590	127,668	1,286	2,157	696	876	691	87	3,093	1,681,485
Year ended June 30, 2021:																
Additions	0	0	0	0	0	0	0	0	0	0	75	0	0	0	0	75
Revaluation adjustments																
Depreciation	0	0	(3,477)	(2,217)	0	259	(135,131)	7,958	0	0	0	0	0	0	0	(132,608)
Assets reclassified as																
held for sale (note 15)	(156,640)	0	0	0	0	(11,817)	0	0	0	0	0	0	0	0	0	(168,457)
Depreciation	0	0	0	0	0	295	0	0	0	0	0	0	0	0	0	295
Disposals:																
Cost / revaluation	0	0	0	0	0	0	(123,189)	0	0	0	0	0	0	0	(504)	(123,693)
Depreciation	0	0	0	0	0	0	49,019	0	0	0	0	0	0	0	469	49,488
Depreciation for the year	0	1	7,932	1,079	36	412	34,236	12,767	64	108	38	263	207	4	616	57,763
Book value	330,600	11	147,229	18,286	688	2,470	619,053	122,859	1,222	2,049	733	613	484	83	2,442	1,248,822
As at June 30, 2020																
Cost / revaluation	487,240	120	193,236	22,963	1,011	19,896	1,132,063	189,415	2,800	4,391	1,092	2,799	1,367	144	16,205	2,074,742
Accumulated depreciation	0	108	34,598	1,381	287	5,751	269,473	61,747	1,514	2,234	396	1,923	676	57	13,112	393,257
Book value	487,240	12	158,638	21,582	724	14,145	862,590	127,668	1,286	2,157	696	876	691	87	3,093	1,681,485
As at June 30, 2021																
Cost / revaluation	330,600	120	193,236	22,963	1,011	8,079	1,008,874	189,415	2,800	4,391	1,167	2,799	1,367	144	15,701	1,782,667
Accumulated depreciation	0	109	46,007	4,677	323	5,609	389,821	66,556	1,578	2,342	434	2,166	883	61	13,259	533,845
Book value	330,600	11	147,229	18,286	688	2,470	619,053	122,859	1,222	2,049	733	613	484	83	2,442	1,248,822
Depreciation rate (%)		5	5	5	5	5	5	10	5	5	5	30	30	5	20	

- 5.1 Freehold land represents 715,904 square feet of land situated at Habibabad Kohat out of which approximately 339,141 square feet represent covered area.
- 5.2 Revaluation (deficit) / surplus on each class of assets, as a result of latest revaluation as detailed in note 19.4, has been determined as follows:

Particulars	Buildings on freehold land						Total
	Freehold land	Factory	Non-factory	Residential	Plant & machinery	Generators	
	----- 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 surplus / (deficit)	0	(3,477)	(2,217)	259	(135,131)	7,958	(132,608)

- 5.3 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

Owned	2021	2020
	(Rupees in thousand)	
- freehold land	3,642	3,642
- buildings on freehold land	52,524	54,953
- plant & machinery	524,368	657,543
- generators	88,479	97,426
	<u>669,013</u>	<u>813,564</u>

- 5.4 Based on the revaluation report dated June 30, 2020, the forced sale values of the revalued items of property, plant and equipment have been assessed as follows:

	Rupees in thousand
Freehold land	389,792
Buildings on freehold land	151,144
Plant & machinery and generators	675,666
	<u>1,216,602</u>

**5.5 Depreciation for the year has been apportioned as under:**

- cost of sales

- administrative expenses

**2021**  
**(Rupees in thousand)**

**56,474**

**1,289**

**57,763**

**2020**

**67,682**

**3,313**

**70,995**

**5.6 Disposal of operating fixed assets:**

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Sold through negotiation to
----- Rupees in thousand -----						
<b>Plant &amp; machinery</b>						
5 Drawing machines	10,780	3,809	6,971	981	(5,980)	Ideal Trading Co.Ltd.,Office No. E-56, Main Kashmir Road, Amin Town, Faisalabad.
7 Auto cones	29,893	19,884	9,809	8,376	(1,433)	do
38 Ring frames	64,658	15,784	48,894	30,427	(18,467)	do
4 Simplex	7,458	4,483	2,965	3,085	120	do
1 Lathe machine	1,010	176	834	260	(574)	do
1 Willow machine	73	65	8	182	184	do
1 Diesel generator	4,041	1,358	2,683	1,368	(1,315)	do
2 Howa Japan cards	554	433	121	855	734	Mubashar Brothers, 316,E Block,Sir Syed Town, Faisalabad.
2 Auto cones	3,601	2,284	1,337	2,564	1,227	do
Blow room machinery	1,321	773	548	1,453	905	do
	123,189	49,019	74,170	49,571	(24,599)	
<b>Vehicle</b>						
Suzuki pick-up	504	469	35	340	305	Shah Toor Khan, Khushal Garh, Kohat.
<b>Total</b>	<b>2021</b>	<b>123,693</b>	<b>49,488</b>	<b>74,205</b>	<b>49,911</b>	<b>(24,294)</b>
<b>Total</b>	<b>2020</b>	<b>38,038</b>	<b>13,993</b>	<b>22,045</b>	<b>14,678</b>	<b>(7,369)</b>

**6. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted**

**Janana De Malucho Textile Mills Ltd. (JDM)**

341,000 (2020: 341,000) ordinary shares of Rs.10 each - cost

**4,030**

**4,030**

Shareholding held: 7.13% (2020: 7.13%)

Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM

**67,874**

**65,769**

Share of revaluation surplus on property, plant and equipment

**160,172**

**161,582**

Profit / (loss) for the year - net of taxation

**19,463**

**(7,235)**

Share of other comprehensive (loss) / income - net of taxation

**(1,382)**

**10,142**

**250,157**

**234,288**

Less: impairment loss

**(100)**

**0**

**250,057**

**234,288**

**6.1 Although the Company has less than 20% voting rights in JDM as at June 30, 2021 and 2020, JDM has been treated an Associated Company by virtue of common directorships.**

**6.2** Market value of the Company's investment in JDM as at June 30, 2021 was Rs.32.054 million (2020: Rs.26.813 million).

**6.3** JDM was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. It is principally engaged in manufacture and sale of yarn.

The summary of financial information of JDM based on its audited financial statements for the year ended June 30, 2021 is as follows:

	2021 (Rupees in thousand)	2020 Restated
<b>Summarised statement of financial position</b>		
Non-current assets	3,671,067	3,418,922
Current assets	1,604,525	1,633,393
	<u>5,275,592</u>	<u>5,052,315</u>
Non-current liabilities	379,621	297,008
Current liabilities	1,385,856	1,497,225
	<u>1,765,477</u>	<u>1,794,233</u>
<b>Net assets</b>	<u>3,510,115</u>	<u>3,258,082</u>
<b>Reconciliation to carrying amount</b>		
Opening net assets	3,258,082	3,217,359
Profit / (loss) for the year	273,104	(101,510)
Other comprehensive (loss) / income for the year	(19,389)	142,310
Other adjustments	(1,682)	(77)
Closing net assets	<u>3,510,115</u>	<u>3,258,082</u>
<b>Company's share percentage 7.13% (2020: 7.13%)</b>		
Company's share	250,271	232,301
Miscellaneous adjustments	(214)	1,987
Carrying amount of investment	<u>250,057</u>	<u>234,288</u>
<b>Summarised statement of profit or loss</b>		
Sales	5,610,298	2,754,564
Profit / (loss) before taxation	434,368	(60,203)
Profit / (loss) after taxation	<u>273,104</u>	<u>(101,510)</u>

- 6.4 The value of investments in JDM as at June 30, 2021 and June 30, 2020 is based on independent valuation carried-out by M/s Aamir Salman Rizwan; Chartered Accountants - a QCR rated firm, having office at 414-F, M.A. Johar Town, Lahore, engaged by the management. The recoverable amount has been estimated based on value in use calculations. These calculations have been made on discounted cash flow based valuation methodology, which assumes gross profit margin of 13.38% (2020: 10.55%), terminal growth rate of 3.31% (2020: 3.25%) and capital asset pricing model based discount rate of 9.84% (2020: 9.30%).

7. LONG TERM LOANS - Secured	Note	2021 (Rupees in thousand)	2020
Interest free loans to:			
- related parties - key management persons	7.1	305	305
- other employees	7.2	179	956
		<u>484</u>	<u>1,261</u>
Less: current portion grouped under current assets		365	1,061
		<u>119</u>	<u>200</u>

- 7.1 The year-end balance is recoverable in monthly instalments ending June, 2024. Maximum aggregate amount of loans at any month-end during the year was Rs.239 thousand (2020: Rs.472 thousand).

- 7.2 These loans are recoverable in monthly instalments, which vary from employee to employee and are adjustable against the gratuity benefits of the respective employee.

8. STORES, SPARES AND LOOSE TOOLS

Stores	6,393	12,777
Spares	8,893	11,135
Loose tools	32	39
	<u>15,318</u>	<u>23,951</u>

- 8.1 Also refer contents of note 33.1.

9. STOCK-IN-TRADE

Raw materials - at mills	9.1	1,557	359,803
Work-in-process		0	21,000
Finished goods	9.2	0	50,095
		<u>1,557</u>	<u>430,898</u>

- 9.1 Raw material inventories as at June 30, 2020 were stated at net realisable value; the amount charged to statement of profit or loss in respect of inventories write-down to net realisable value worked-out to Rs.24.815 million approximately.

- 9.2 Finished good inventories as at June 30, 2020 included inventories costing Rs.45.376 million, which were stated at net realisable value; the amount charged to statement of profit or loss in respect of inventories write-down to net realisable value worked-out to Rs.6.108 million approximately.

10. TRADE DEBTS - Unsecured

Balance at the year-end		39,746	6,825
Less: provision for impairment	10.1	419	419
		<u>39,327</u>	<u>6,406</u>

**10.1 Provision for Impairment**

	Note	2021 (Rupees in thousand)	2020
Balance at beginning of the year		419	2,290
Allowance for the year		0	419
Reversal during the year		0	(2,290)
Balance at end of the year		<u>419</u>	<u>419</u>

**11. SECURITY DEPOSIT**

This represents amount deposited with National Bank of Pakistan against guarantee amounting Rs.75 million, provided by NBP on behalf of the Company to Sui Northern Gas Pipelines Ltd. The guarantee is valid upto December 31, 2021.

**12. LOANS AND ADVANCES**

Current portion of long term loans	7	365	1,061
Due from an Associated Company (Rahman Cotton Mills Ltd.)		0	4,047
Advances (unsecured - considered good):			
- employees		75	708
- contractors and suppliers		7,389	7,033
		<u>7,829</u>	<u>12,849</u>

**13. OTHER RECEIVABLES**

Import letters of credit weight shortage claims		2,895	2,895
Balance of insurance claim receivable against loss of stocks due to fire		0	2,992
		<u>2,895</u>	<u>5,887</u>

**14. CASH AND BANK BALANCES**

Cash-in-hand		611	0
Cash at banks on:			
- current accounts		24,414	3,374
- dividend accounts		0	23
- PLS account	14.1	385	850
- PLS security deposit account	14.1	152	142
		<u>25,562</u>	<u>4,389</u>

**14.1** These carry profit at the rates ranging from 2.75% to 5.50% (2020: 3.25% to 10.25%) per annum.

**15. NON-CURRENT ASSETS HELD-FOR-SALE**

**2021**                      **2020**  
**(Rupees in thousand)**

Fixed assets to be transferred to Janana  
De Malucho Textile Mills Ltd.(JDM):

Freehold land	<b>156,640</b>	<b>0</b>
Residential buildings - workers	<b>11,522</b>	<b>0</b>
	<b>168,162</b>	<b>0</b>

**15.1** The Company has entered into 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 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.

**15.2** The Company, during the year, has entered in to further agreement with JDM; the Company is an exclusive owner of the area of land measuring 625 marlas and residential buildings on land and has agreed to sell the said land and buildings according to the terms of sale as under:

- a) the price of land is Rs. 600,000/- per marla and total consideration is Rs. 375 million;
- b) the covered area of the residential buildings is 55,392 square feet and value of residential buildings has been agreed at Rs. 214 per square feet as per survey by an independent party. The value of area of residential buildings on land worked out to Rs.11.854 million;
- c) the total value of land and residential buildings being sold aggregate Rs.386.854 million. JDM has paid Rs.171.177 million in advance to the Company;
- d) JDM has taken possession of the area of land and the area is secured with barbed wire;
- e) JDM can do any alteration on building structures or can construct any new building as it may deem fit;
- f) transfer of land in the name of JDM shall be done after completion of all legal formalities; and
- g) the total expenses on the execution of agreement, transfer of land, attorney fees, etc. shall be borne by JDM.

**16. AUTHORISED SHARE CAPITAL**

2021 --- Numbers ---	2020		2021 (Rupees in thousand)	2020
17,500,000	17,500,000	Ordinary shares of Rs.10 each	175,000	175,000
7,500,000	7,500,000	Redeemable cumulative preference shares of Rs.10 each	75,000	75,000
<b>25,000,000</b>	<b>25,000,000</b>		<b>250,000</b>	<b>250,000</b>

**17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2,896,000	2,896,000	Ordinary shares of Rs.10 each fully paid in cash	28,960	28,960
434,400	434,400	Ordinary shares of Rs.10 each issued as fully paid bonus shares	4,344	4,344
321,778	321,778	Ordinary shares of Rs.10 each issued to a Bank by conversion of long term liabilities	3,218	3,218
<b>3,652,178</b>	<b>3,652,178</b>		<b>36,522</b>	<b>36,522</b>

**17.1 Ordinary shares held by the Associated Companies and an Associate at the year-end:**

	2021 --- Numbers---	2020
Bibojee Services (Pvt.) Ltd.	1,277,247	1,277,247
Bannu Woollen Mills Ltd.	144,421	144,421
Janana De Malucho Textile Mills Ltd.	587,193	587,193
Waqf-e-Kuli Khan	57,638	57,638
	<b>2,066,499</b>	<b>2,066,799</b>

**18. RESERVES**

	Note	2021 (Rupees in thousand)	2020
Capital reserve	18.1	15,096	15,096
General reserve		88,000	88,000
Gain on remeasurement of forward foreign exchange contracts - cash flow hedge		1,960	2,032
		<b>105,056</b>	<b>105,128</b>

- 18.1** This represents share premium received @ Rs.6 per share on 1,000,000 right shares issued by the Company during the financial years ended September 30, 1992 & September 30, 1993 and @ Rs.15 per share on 896,000 ordinary shares issued as otherwise than right in accordance with the provisions of section 86(1) of the repealed Companies Ordinance, 1984 during the financial year ended June 30, 2008. The Company, during the financial year ended June 30, 2011, had issued 434,400 bonus shares out of this reserve. This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

**19. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - Net**

	Note	2021 (Rupees In thousand)	2020
Revaluation surplus on the Company's property, plant and equipment	19.1 to 19.4	666,045	750,056
Share of revaluation surplus on property, plant and equipment of an Associated Company	6	160,172	161,582
		<u>826,217</u>	<u>911,638</u>

**19.1** The Company had revalued its freehold land on September 30, 1998, September 30, 2004, January 31, 2007, June 27, 2009 and June 30, 2012. Buildings on freehold land, plant & machinery and generators were revalued on September 30, 2004, January 31, 2007 and June 30 2012. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.808.690 million.

**19.2** The Company, as at June 30, 2016, had again revalued its freehold land, buildings on freehold land, owned and leased plant & machinery and generators. This revaluation exercise was carried-out by independent Valuers - M/s Hamid Mukhtar & Co. (Pvt.) Ltd. (Consulting Engineers, Surveyors and Loss Adjusters, Valuation Consultants), 14 - Q, Gulberg - 2, Lahore. Freehold land was revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators were revalued on the basis of depreciated market values. The net appraisal surplus arisen on this revaluation aggregating Rs.209.017 million was credited to this account.

**19.3** The Company, during the preceding financial year, had again revalued its freehold land, buildings on freehold land, plant & machinery and generators. The revaluation exercise was carried-out by independent Valuers - Hamid Mukhtar & Co.(Pvt.) Ltd., Lahore. Freehold land was revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators were revalued on the basis of depreciated market values. The appraisal arisen on this revaluation aggregating Rs.40.877 million was credited to this account.

**19.4** The Company, during the current financial year, 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 year end balance has been arrived at as follows:

Opening balance		858,894	849,068
Add: (deficit) / surplus arisen on revaluation carried-out during the year	5.2	(132,608)	40,877
Less: transferred to unappropriated profit/(accumulated loss):			
- on account of incremental depreciation for the year		(14,851)	(20,719)
- upon sale of revalued assets		29,135	(10,332)
		<u>740,570</u>	<u>858,894</u>
Less: deferred tax on:			
- opening balance of surplus		108,838	113,715
- (deficit) / surplus arisen on revaluation carried-out during the year		(38,456)	4,128
- incremental depreciation for the year		(4,306)	(6,008)
- sale of revalued assets		8,449	(2,997)
		<u>74,525</u>	<u>108,838</u>
Closing balance		<u>666,045</u>	<u>750,056</u>

**20. LONG TERM FINANCES - Secured**

	Note	2021 (Rupees in thousand)	2020
The Bank of Khyber (BoK)			
- demand finance - I	20.1	111,917	121,792
- demand finance - II	20.2	18,922	30,840
Sindh Modaraba (SM)-diminishing musharaka	20.5	46,532	48,555
		<b>177,371</b>	<b>201,187</b>
Less: current portion grouped under current liabilities			
- demand finance - I		39,500	9,875
- demand finance - II		6,678	2,570
- diminishing musharaka			
- overdue instalments		0	2,023
- instalments due within next twelve months		12,139	12,139
		<b>58,317</b>	<b>26,607</b>
		<b>119,054</b>	<b>174,580</b>

**20.1** These finances have been obtained to retire letters of credit established for import of textile machinery for BMR. These finances carry mark-up at the rate of 6-months KIBOR + 2%; the effective mark-up rates charged by BoK during the year ranged from 8.95% to 9.35% (2020: 15.13% to 15.49%) per annum. These finances are repayable in 48 equal monthly instalments commenced from May, 2019.

**20.2** These finances have been obtained for acquisition of local textile machinery for BMR. These finances carry mark-up at the rate 6-months KIBOR + 2%; the effective mark-up rates charged by BoK during the year ranged from 8.95% to 9.35% (2020: 15.13% to 15.49%) per annum. These finances are repayable in 48 equal monthly instalments commenced from April, 2019.

**20.3** The finances obtained from BoK are secured against first joint pari passu charge on fixed assets of the Company and personal guarantees of three sponsoring directors of the Company.

**20.4** The BoK, vide its letter bearing Ref. # BoK / RABC / 2020 / 3218 dated April 30, 2020, has communicated its acceptance of the following:

- deferral of principal payments of DF-I and DF-II till March 31, 2021 under SBP BPRD Circular No.13 of 2020 dated March 26, 2020;
- temporary extension in expiry of credit limits upto June 30, 2020;
- mark-up due on all short term and long term facilities for the quarter ended March 31, 2020 to be paid by the Company on or before May 31, 2020; and
- waiver of 2% penalty if mark-up on short term and long term facilities is paid on or before May 31, 2020.

The BoK has also communicated the revised applicable repayment schedules.

**20.5** These finances have been obtained from SM against aggregate limit of Rs.50 million for the purpose of acquisition of plant and machinery. The facility tenor is five years and is secured against title of assets in the name of SM, registered charge of Rs.48.555 million over financed assets and personal guarantee of Ex-Chief Executive of the Company. The finance facility carries profit at 3-months KIBOR + 2.90% per annum. The effective profit rates during the year ranged from 9.59% to 11.44% (2020:11.44% to 16.76%) per annum. The finance facility is repayable in 48 equal monthly instalments with effect from May, 2020.

**20.6** The Company, vide its letter bearing Ref. # BCM / (Acctt.) C - 1709 dated March 31, 2020, has requested SM as follows:

- principal instalments of the facility falling due from March, 2020 till next one year to be deferred for a period of one year; and
- payment of mark-up on the facility to be relaxed as per the SBP's BPRD Circular 13 of 2020.

SM, vide its letter bearing Ref. # SM / 2020 / 09 / 5515 dated October 16, 2020, has communicated that its credit committee has formally approved the Company's request for rescheduling / deferment.

**21. STAFF RETIREMENT BENEFITS - Gratuity**

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

<b>Significant actuarial assumptions</b>	<b>2021</b>	<b>2020</b>
- discount rate	<b>10.00%</b>	8.50%
- expected rate of growth per annum in future salaries	<b>9.00%</b>	7.50%
- average expected remaining working life time of employees	<b>1 year</b>	5 years
- mortality rates	<b>SLIC 2001-2005</b>	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	<b>Age-based</b>	Age-based
- retirement assumption	<b>Age 60</b>	Age 60
<b>The amount recognised in the statement of financial position is as follows:</b>	<b>2021</b>	<b>2020</b>
	<b>(Rupees in thousand)</b>	
Net liability at beginning of the year	<b>73,431</b>	81,520
Charge to statement of profit or loss	<b>(1,436)</b>	26,038
Experience adjustments	<b>27</b>	(7,600)
Payments made during the year	<b>(61,799)</b>	(26,527)
Gratuity benefits of employees transferred to JDM	<b>(5,953)</b>	0
Net liability at end of the year	<b>4,270</b>	73,431

**The movement in the present value of defined benefit obligation is as follows:**

Opening balance	<b>73,431</b>	81,520
Current service cost	<b>563</b>	16,312
Gains and losses arising on plan settlements	<b>(2,303)</b>	0
Interest cost	<b>304</b>	9,726
Benefits paid	<b>(61,799)</b>	(26,527)
Gratuity benefits of employees transferred to JDM	<b>(5,953)</b>	0
Experience adjustments	<b>27</b>	(7,600)
Closing balance	<b>4,270</b>	73,431

**(Income) / expense recognised in statement of profit or loss**

	<b>2021</b> <b>(Rupees in thousand)</b>	<b>2020</b>
Current service cost	<b>563</b>	16,312
Gains and losses arising on plan settlements	<b>(2,303)</b>	0
Interest cost	<b>304</b>	9,726
Charge for the year	<b>(1,436)</b>	26,038

**(Income) / charge for the year has been allocated to:**

- cost of sales	<b>(1,221)</b>	22,133
- distribution cost	<b>(14)</b>	260
- administrative expenses	<b>(201)</b>	3,645
	<b>(1,436)</b>	26,038

**Remeasurement recognised in other comprehensive income**

Experience adjustments (net of deferred tax)	<b>19</b>	5,396
--	-----------	-------

Comparison of present value of defined benefit obligation and experience adjustments on obligation for five years is as follows:

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>(Rupees in thousand)</b>				
Present value of defined benefit obligation	<b>4,270</b>	73,431	81,520	78,326	69,140
Experience adjustments on obligation	<b>27</b>	(7,600)	(233)	14,401	(10,304)

**Year-end sensitivity analysis****Impact on defined benefit obligation**

	Changes in assumption	Increase	Decrease
Discount rate	1%	<b>4,213</b>	<b>4,338</b>
Salary growth rate	1%	<b>4,344</b>	<b>4,207</b>

**21.1** The average duration of the benefit obligation as at June 30, 2021 is 1 year.

**21.2** The expected contribution to defined benefit obligation for the year ending June 30, 2022 is Rs. 481 thousand.

**22. DEFERRED TAXATION - Net****Note****2021  
(Rupees in thousand)****2020**

This is composed of the following:

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowances	<b>122,946</b>	140,902
- surplus on revaluation of property, plant & equipment	<b>74,560</b>	108,838
	<b>197,506</b>	249,740

Deductible temporary differences arising in respect of:

- staff retirement benefits - gratuity	<b>(1,239)</b>	(21,295)
- provision for doubtful debts	<b>(122)</b>	(122)
- minimum tax recoverable against normal tax charge in future years	<b>(77,428)</b>	(71,405)
- unused tax losses	<b>(286,551)</b>	(253,440)
	<b>(365,340)</b>	(346,262)
	<b>(167,834)</b>	(96,522)

Deferred tax asset not recognised

**22.1****(177,042)** (105,730)**9,208** 9,208

**22.1** Deferred tax asset has not been recognised in these financial statements on the ground of prudence. The management intends to re-assess the recognition of deferred taxation as at June 30, 2022.

**23. TRADE AND OTHER PAYABLES**

Creditors	<b>220,596</b>	253,180
Due to an Associated Company (Janana De Malucho Textile Mills Ltd.)	<b>0</b>	4,851
Advances from customers - contract liabilities	<b>40,060</b>	20,001
Accrued expenses	<b>20,625</b>	83,292
Interest free security deposits		
- repayable on demand	<b>170</b>	170
Due to Waqf-e-Kuli Khan	<b>12,048</b>	12,048
Income tax deducted at source	<b>11,075</b>	12,089
Sales tax payable	<b>51,260</b>	47,967
Others	<b>14,270</b>	929
	<b>370,104</b>	434,527

**23.1** This represents amounts received from the Company's customers and service providers; this amount has been deposited with a scheduled bank.

**24. ACCRUED INTEREST / MARK-UP**

	Note	2021 (Rupees in thousand)	2020
Mark-up accrued on:			
- long term finances		3,281	13,035
- short term finances		5,852	33,813
		<u>9,133</u>	<u>46,848</u>

**25. SHORT TERM FINANCES - Secured**

Running finance facility available from The Bank of Khyber (BoK) amounts to Rs. 400 million and is secured against hypothecation charge over present and future current assets of the Company. The finance facility, during the year, carried mark-up at the rates ranging from 8.53% to 9.29% per annum. The finance facility is available upto January 31, 2022.

Facility available for opening letter of guarantee from National Bank of Pakistan (NBP) amounts to Rs.75 million ; the expiry date of the facility is December 31, 2021.

Short term finance facilities available from NBP and BoK under mark-up arrangements as at June 30, 2020 aggregated Rs.1,180 million and were secured against pledge of raw material and finished good stocks, first charge on current and fixed assets of the Company and personal guarantees of three sponsoring directors of the Company. These facilities, during the preceding year, carried mark-up at the rates ranging from 12.49% to 15.35% per annum. Facilities available for opening letters of credit and guarantee from NBP and BoK aggregated Rs.500 million out of which the amount remained unutilised as at June 30, 2020 was Rs.425 million. These facilities were secured against lien on import documents and first charge on current and fixed assets of the Company.

**26. TAXATION**

Opening balance		23,234	17,415
Provision / (reversal) made during the year:			
- current	26.2	5,974	23,234
- prior years	26.3	49	(11,089)
		6,023	12,145
Less: payments / adjustments made against completed assessments		23,283	6,326
		<u>5,974</u>	<u>23,234</u>

**26.1** Income tax returns of the Company have been filed upto the tax year 2020 i.e. accounting year ended June 30, 2020.

**26.2** No numeric tax rate reconciliation is presented in these financial statements as the Company is liable to pay tax due under section 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001 (the Ordinance).

**26.3** The Company had filed a writ petition before the Peshawar High Court (PHC) under article 199 of the constitution of Pakistan praying that amendments introduced in section 65B of the Ordinance, by inserting a proviso through Finance Act, 2019 whereby tax credit of 10% was reduced to 5% for the tax year 2019, be declared illegal, unlawful and void ab initio; further the said amendments could not be applied retrospectively. The PHC vide its order dated December 31, 2019 had ordered that the Company be allowed to submit its return manually or by making adjustment in e-portal / computer system as provisional interim arrangement, as per un-amended provisions of section 65B of the Ordinance (prior to amendment through the Finance Act, 2019). 2020 reversal represented short tax credit adjusted against tax provision for the year ended June 30, 2019, which was incorporated in the preceding year's financial statements.

- 26.4** Minimum tax under section 113 of the Ordinance relevant to tax years 2010, 2011 and 2012 has been deleted in the amended Finance Act, 2015 as per sub-clause (xx) of clause (11A) in part IV of the second schedule to the Ordinance. The Company's writ petition filed before the Islamabad High Court has been withdrawn on November 12, 2020 as the Company's grievance stood redressed and petition has become infructuous. The Company would not be liable for payment of any tax amount for the tax years 2010, 2011 and 2012.
- 26.5** As per the rectification order dated February 03, 2017, the Income Tax Department has charged tax under sections 161 / 205 of the Ordinance raising tax demands of Rs.4.885 million for the tax year 2015 against which the Company has filed an appeal on February 22, 2017 before the Commissioner Inland Revenue (Appeals), which is pending adjudication.

## **27. CONTINGENCIES AND COMMITMENTS**

- 27.1** Gas Infrastructure Development Cess (GIDC) was initially imposed as a levy on gas consumers during the year 2011 vide the GIDC Act, 2011. The said Act was challenged before the Peshawar High Court (PHC), which declared the levy of GIDC unconstitutional. The Government had challenged the PHC's judgment before the Supreme Court of Pakistan (SCP). The SCP had upheld the PHC's decision declaring GIDC a fee and not a tax that could not be introduced through money bill. Soon after the said judgement, GIDC Ordinance, 2014 was promulgated through which GIDC was again imposed. The Ordinance was also given retrospective effect from December 15, 2011. While the Ordinance was still in the field, the Government sought review of the SCP's judgment, which was also dismissed by the SCP.

During May, 2015, the Government had passed the GIDC Act, 2015 whereby GIDC was again imposed on gas consumers. The Company had filed the writ petition before the PHC and challenged the validity of the GIDC Act, 2015. The PHC had dismissed the writ petition of the Company vide its judgment dated May 31, 2017 and declared the GIDC Act, 2015 to be intra vires of the Constitution. The Company has preferred an appeal before the SCP against the said judgment of PHC. The SCP vide its detailed judgment dated August 13, 2020 has declared the GIDC Act, 2015 as valid and constitutional. The SCP in its said judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas, which on account of their industrial or commercial dealings had passed on the GIDC burden to their end customers / clients.

Subsequently, the Company has filed a review petition against the said judgement of the SCP 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. The SCP has dismissed the aforementioned review petition 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.

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.

Earlier, during the year 2018, the Company had filed writ petition before the PHC with the plea that the Company did not pass on the GIDC to its end customers and sought relief under Section 8 (2) of the GIDC Act, 2015. The PHC had granted interim relief and refrained SNGPL from recovering the GIDC from the Company. After the SCP's judgment dated August 13, 2020, the PHC had referred the case to OGRA 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. However, OGRA has expressed its inability to hear the case as according to OGRA it has no role in this scheme of law i.e. fixation or exemption from GIDC.

In February, 2021, the Company has filed a writ petition before the PHC claiming non-applicability of GIDC Act, 2015 and sought relief against the recovery of GIDC Instalment Bills. The PHC, vide its order dated March 03, 2021, has restrained SNGPL from taking any adverse action against the Company.

**27.2** Guarantee amounting Rs.75 million ( 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 June 30, 2021.

**27.3** No commitments were outstanding as at June 30, 2020 and June 30, 2021.

**28. SALES - Net**

	Note	2021 (Rupees in thousand)	2020
<b>Local</b>			
Own manufactured goods			
- Yarn		25,984	1,553,956
- Waste		94	92,281
		<u>26,078</u>	<u>1,646,237</u>
Trading activities - raw materials		404,146	163,573
		<u>430,224</u>	<u>1,809,810</u>
Less: sales tax		42,122	260,848
		<u>388,102</u>	<u>1,548,962</u>

**29. COST OF SALES**

Raw materials consumed	29.1	358,246	1,031,754
Packing materials consumed		134	21,637
Salaries, wages and benefits	29.2	12,776	253,782
Power and fuel		13,801	194,451
Repair and maintenance:			
- stores consumed		7,184	50,085
- expenses		2,469	6,827
		<u>9,653</u>	<u>56,912</u>
Depreciation	5.5	56,474	67,682
Insurance		889	3,693
		<u>451,973</u>	<u>1,629,911</u>
Adjustment of work-in-process			
Opening		21,000	51,436
Closing	9	0	(21,000)
		<u>21,000</u>	<u>30,436</u>
Cost of goods manufactured		<u>472,973</u>	<u>1,660,347</u>
Adjustment of finished goods			
Opening stock		50,095	56,771
Closing stock	9	0	(50,095)
		<u>50,095</u>	<u>6,676</u>
Cost of goods sold		<u>523,068</u>	<u>1,667,023</u>

**29.1 Raw materials consumed**

	Note	2021 (Rupees in thousand)	2020
Opening stock		359,803	777,178
Purchases (for manufacturing)		0	465,800
Cost of raw materials sold		0	154,320
		0	620,120
		359,803	1,397,298
Less: closing stock	9	1,557	359,803
		358,246	1,037,495
Cess on cotton consumed		0	232
Less: insurance claim received against loss of raw materials due to fire		358,246	1,037,727
		0	5,973
		358,246	1,031,754

**29.2** These include income of Rs.1,221 thousand (2020: expense of Rs.22,133 thousand) in respect of staff retirement benefits - gratuity.

**30. DISTRIBUTION COST**

Freight, loading, travelling and conveyance		774	2,291
Salaries and benefits	30.1	252	1,490
Commission		1,296	7,816
Others		0	254
		2,322	11,851

**30.1** These include income of Rs.14 thousand (2020: expense of Rs.260 thousand) in respect of staff retirement benefits - gratuity.

**31. ADMINISTRATIVE EXPENSES**

Salaries and benefits	31.1	8,574	62,916
Printing and stationery		415	815
Communication		747	1,083
Travelling and conveyance		641	3,479
Rent, rates and taxes		3,440	3,949
Insurance		0	615
Advertisement		276	41
Repair and maintenance		108	1,399
Vehicles' running		721	5,655
Guest house expenses and entertainment		492	1,567
Subscription		616	712
Auditors' remuneration:			
- statutory audit		1,233	1,169
- (excess) / short provisions for the preceding years		(95)	192
- half yearly review		212	182
- consultancy and certification charges		291	260
- out-of-pocket expenses		45	45
		1,686	1,848
Legal and professional charges (other than Auditors)		3,694	4,802
Depreciation	5.5	1,289	3,313
Others		0	247
		22,699	92,441

31.1 These include income of Rs.201 thousand (2020: expense of Rs.3,645 thousand) in respect of staff retirement benefits - gratuity.

**32. OTHER EXPENSES**

	Note	2021 (Rupees in thousand)	2020
Loss on disposal of fixed assets - net	5.6	24,294	7,369
Provision for impairment of trade debts	10.1	0	419
Penalty and default surcharge under the Income Tax Ordinance and the Sales Tax Act		12,139	0
		<u>36,433</u>	<u>7,788</u>

**33. OTHER INCOME**

**Income from financial assets**

Return on bank deposits		109	807
Amortisation of gain on forward foreign exchange contracts		72	107

**Income from non-financial assets**

Salvage sales - net of sales tax		0	2,407
Lease rental income	1.4	900	0
Gain on sale of stores and spares inventory	33.1	2,726	0
		<u>3,807</u>	<u>3,321</u>

33.1 Stores and spares inventory having cost of Rs.5.942 million has been sold during the year against sale proceeds of Rs.8.668 million (net of sales tax).

**34. FINANCE COST**

Mark-up on:

- long term finances	18,242	33,090
- short term finances	34,914	114,087

Bank charges	1,251	553
	<u>54,407</u>	<u>147,730</u>

**35. TAXATION**

Current

- for the year	5,974	23,234
- for prior years	49	(11,089)
	<u>6,023</u>	<u>12,145</u>

Deferred:

- for the year	38,464	(6,332)
	<u>44,487</u>	<u>5,813</u>

**36. LOSS PER SHARE**

There is no dilutive effect on loss per share of the Company, which is based on:

Loss after taxation attributable to ordinary shareholders	<u>(272,144)</u>	<u>(387,598)</u>
	(Number of shares)	

Weighted average number of ordinary shares in issue during the year

<u>3,652,178</u>	<u>3,652,178</u>
------------------	------------------

----- Rupees -----

Loss per share - basic

<u>(74.52)</u>	<u>(106.13)</u>
----------------	-----------------

**37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES****37.1 Financial instruments by category**

**2021**                      **2020**  
**(Rupees in thousand)**

**Financial assets****At amortised cost**

Loans and advances	7,948	13,049
Trade debts	39,746	6,825
Security deposit with bank	50,000	0
Other receivables	2,895	5,887
Bank balances	24,951	4,389
	<b>125,540</b>	<b>30,150</b>

**Financial liabilities****At amortised cost**

Long term finances	177,371	201,187
Trade and other payables	255,570	354,470
Unclaimed dividends	2,431	2,431
Accrued interest / mark-up	9,133	46,848
Short term finances	258,496	669,673
	<b>703,001</b>	<b>1,274,609</b>

**37.2 Financial Risk Factors**

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

**37.3 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

**(a) Currency risk**

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company was not exposed to foreign currency risk as at June 30, 2021 and June 30, 2020 as no foreign currency liability was outstanding on the aforesaid dates.

**(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2021 Effective rate %	2020 %	2021 Carrying amount (Rupees in thousand)	2020
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
Bank balances	2.75 to 5.50	3.25 to 10.25	<u>537</u>	<u>165</u>
<b>Variable rate instruments</b>				
<b>Financial liabilities</b>				
Long term finances	8.95 to 11.44	11.44 to 16.76	<u>177,371</u>	<u>201,187</u>
Short term finances	8.53 to 9.29	12.49 to 15.35	<u>258,496</u>	<u>669,673</u>

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit or loss.

#### Cash flow sensitivity analysis for variable rate instruments

At June 30, 2021, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss before taxation for the year would have been higher / lower by Rs.4.359 million (2020: Rs.8.709 million) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

#### (c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

#### 37.4 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

#### Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2021 along with comparative is tabulated below:

	2021 (Rupees in thousand)	2020
Security deposits	929	1,033
Trade debts	39,746	6,825
Security deposit with bank	50,000	0
Other receivables	2,895	5,887
Bank balances	24,951	4,389
	<b>118,521</b>	<b>18,134</b>

All the trade debts at the reporting date represent domestic parties.

The ageing of trade debts at June 30, 2021 was as follows:

Not past due	37,715
Past due above 365 days	2,031
	<b>39,746</b>

Trade debts are due from local customers for local sales. All the trade debts are unsecured and considered good. Management assesses the credit quality of local customers taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings.

The Company measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has not recognised any loss allowance during the current year; (2020: a loss allowance of Rs. 419 thousand was recognised against trade debts).

### 37.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
<b>----- Rupees in thousand -----</b>				
<b>2021</b>				
Long term finances	177,371	208,471	72,489	135,982
Trade and other payables	255,570	255,570	255,570	0
Unclaimed dividends	2,431	2,431	2,431	0
Accrued interest / mark-up	9,133	9,133	9,133	0
Short term finances	258,496	281,993	281,993	0
	<b>703,001</b>	<b>757,598</b>	<b>621,616</b>	<b>135,982</b>

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
Rupees in thousand				
<b>2020</b>				
Long term finances	201,187	277,295	62,333	214,962
Trade and other payables	354,470	354,470	354,470	0
Unclaimed dividends	2,431	2,431	2,431	0
Accrued interest / mark-up	46,848	46,848	46,848	0
Short term finances	669,673	715,361	715,361	0
	<b>1,274,609</b>	<b>1,396,405</b>	<b>1,181,443</b>	<b>214,962</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

### 38. MEASUREMENT OF FAIR VALUES

The management, during the current financial year, has engaged an independent external Valuer to carry out valuation of its freehold land, buildings on freehold land, plant & machinery and generators. Selection criteria included market knowledge, reputation, independence and whether professional standards were maintained. When measuring the fair value of an asset, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

### 39. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, mark-up bearing long and short term finances less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2021 and June 30, 2020 is as follows:

	2021	2020
	Rupees in thousand	
Long term finances	177,371	201,187
Short term finances	258,496	669,673
Cash and bank balances	(25,562)	(4,389)
<b>Net debt</b>	<b>410,305</b>	<b>866,471</b>
Share capital	36,522	36,522
Share premium reserve	15,096	15,096
Revaluation surplus on property, plant and equipment	826,217	911,638
General reserve	88,000	88,000
Gain on remeasurement of forward foreign exchange contracts	1,960	2,032
Accumulated loss	(348,956)	(64,468)
<b>Equity</b>	<b>618,839</b>	<b>988,820</b>
<b>Capital</b>	<b>1,029,144</b>	<b>1,855,291</b>
<b>Gearing ratio (Net debt / (Net debt + Equity))</b>	<b>39.87%</b>	<b>46.70%</b>

#### 40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

40.1 No remuneration was paid to Chief Executive, Directors and Executives during the current year.

40.2 Remuneration paid to Chief Executive, Directors and Executives during financial year ended June 30, 2020.

Particulars	Chief Executive	Director	Executives
	2020	2020	2020
----- Rupees in thousand -----			
Managerial remuneration	13,579	5,994	16,394
Retirement benefits	900	425	608
Utilities	1,109	0	0
Insurance	6	5	9
Medical	2	203	1,082
Leave encashment	0	0	1,301
	15,596	6,626	19,394
No. of persons	1	1	5

40.3 Chief executive, one director and four of the executives were provided with the Company maintained cars and residential telephones during the financial year ended June 30, 2020. However, no such benefits have been provided during the current year.

**40.4** The Company had provided rent free accommodation to two of its executives in the mills' colony during the financial year ended June 30, 2020. However, no such benefits have been provided during the current year.

**40.5** No meeting fee was paid to non-working directors during the current year; (meeting fees of Rs.780 thousand were paid to eight non-working directors during the financial year ended June 30, 2020).

**41. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES**

**41.1** The Company's shareholders vide a special resolution dated March 30, 2017 have enhanced the previous approved limit of Rs.5.000 million to Rs.12.500 million on account of transactions among Associated Companies of the Group, which fall under normal trade transactions for sale and purchase of store and spare parts, purchase of raw materials and certain other related transactions not falling within the preview of section 208 of the repealed Companies Ordinance, 1984 (now section 199 of the Companies Act, 2017) or the regulations made thereunder.

**41.2** Maximum aggregate debit balance of Associated Companies at any month-end during the year was Rs.29,920 thousand (2020: Rs.4,047 thousand).

**41.3** The related parties of the Company mainly comprise of associated undertakings, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Remuneration of directors and key management personnel are disclosed in note 40. There were no transactions with key management personnel other than under the terms of employment. The transactions with related parties are made at normal market prices.

Material transactions with Janana De Malucho Textile Mills Ltd. and Rahman Cotton Mills Ltd. (Associated Companies on the basis of common directorships) during the year were as follows:

<b>Janana De Malucho Textile Mills Ltd.</b>	<b>2021</b>	<b>2020</b>
	<b>(Rupees in thousand)</b>	
Residential rent paid	532	2,128
Utilities :		
- recovered	183,308	0
- paid	479	127
Salaries & benefits		
- paid	8,233	3,128
- recovered	1,202	0
Sale of raw materials	51,894	32,777
Sale of stores and spares	10,142	0
Purchase of stores and spares	2,753	0
Lease rentals received	900	0
Advances received against sale of freehold land and workers' residential buildings	383,577	0
<b>Rahman Cotton Mills Ltd.</b>		
Sale of raw materials	0	40,101
<b>41.4 Year-end balances were as follows:</b>		
Due from Rahman Cotton Mills Ltd.	0	4,047
Due to Janana De Malucho Textile Mills Ltd.	0	4,851

**42. OPERATING SEGMENT**

42.1 These financial statements have been prepared on the basis of single reportable segment.

42.2 Yarn sales represent 6.04% (2020: 85.80%) of the total sales of the Company.

42.3 All the Company's sales relate to customers in Pakistan.

42.4 All non-current assets of the Company as at June 30, 2021 are located in Pakistan.

42.5 One (2019: two) of the Company's customers contributed towards 66.13% (2020: 22.88%) of sales during the year aggregating Rs.284.510 million (2020: Rs.355.623 million).

**43. NUMBER OF EMPLOYEES****Note****2021                      2020****— Numbers —**

Number of employees as at June 30,

- permanent 3                      963

- contractual 0                      21

3 984

Average number of employees during the year

- permanent 15                      942

- contractual 1                      21

16 963

43.1 The Company had suspended its operations from March 25, 2020 due to COVID-19 pandemic and was unable to start its operations again due to heavy losses. The Company has laid-off its employees / workforce during July, 2020.

**44. CAPACITY AND PRODUCTION**

Spindles installed 44.1                      35,976                      53,340

Rotors installed 400                      400

Shifts worked for spindles 0                      810

Shifts worked for rotors 0                      143

Spindles / shifts worked 0                      33,531,442

Rotors' shifts worked 0                      147,600

Average count spun 0                      63.66

**---KGs---**

Actual production on rotors 0                      23,496

Actual production on spindles 0                      2,104,550

44.1 The Company has sold 17,364 spindles during the current financial year.

44.2 The Company's mills are closed since March, 2020 and no goods were manufactured during the current financial year.

## 45. IMPACT OF COVID-19 (CORONA VIRUS)

During March, 2020, Pakistan had enacted protection measures against COVID - 19 with a significant impact on daily life and supply chain. The evolution of COVID - 19 as well as its impact on Pakistan economy is very severe. The management has monitored the situation and introduced fool proof anti COVID - 19 measures.

On March 23, 2020, the Government of the Khyber Pakhtunkhwa announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company suspended its operations from March 25, 2020. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- the impairment of assets under IAS 36, 'Impairment of non-financial assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- deferred taxation in accordance with IAS 12, 'Income taxes'
- provisions and contingent liabilities under IAS 37 ; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there are significant accounting impacts of the effects of COVID-19 on these financial statements.

## 46. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Long term finances	Short term finances	Accrued interest / mark-up	Total
----- Rupees in thousand -----				
<b>Balance as at June 30, 2019</b>	<b>238,521</b>	<b>929,483</b>	<b>33,407</b>	<b>1,201,411</b>
<b>Changes from financing activities</b>				
<b>Finances repaid</b>	(37,334)	0	0	(37,334)
<b>Short term finances         obtained net of repayments</b>	0	(259,810)	0	(259,810)
<b>Finance cost paid</b>	0	0	(133,736)	(133,736)
	(37,334)	(259,810)	(133,736)	(430,880)
<b>Other changes</b>				
<b>Mark-up / Interest expense for the year</b>	0	0	147,177	147,177
<b>Balance as at June 30, 2020</b>	<b>201,187</b>	<b>669,673</b>	<b>46,848</b>	<b>917,708</b>
<b>Changes from financing activities</b>				
<b>Finances repaid</b>	(23,816)	0	0	(23,816)
<b>Short term finances         obtained net of repayments</b>	0	(411,177)	0	(411,177)
<b>Finance cost paid</b>	0	0	(90,871)	(90,871)
	(23,816)	(411,177)	(90,871)	(525,864)
<b>Other changes</b>				
<b>Mark-up / Interest expense for the year</b>	0	0	53,156	53,156
<b>Balance as at June 30, 2021</b>	<b>177,371</b>	<b>258,496</b>	<b>9,133</b>	<b>445,000</b>

**47. DATE OF AUTHORISATION FOR ISSUE**

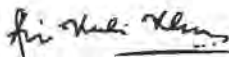
These financial statements were authorised for issue on September 23, 2021 by the board of directors of the Company.

**48. FIGURES**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements and re-classifications have been made in these financial statements..



**Muhammad Iftikhar Ali**  
Chief Executive Officer



**Lt. Gen. (Retd.) Ali Kuli Khan Khattak**  
Director



**Nasir Mehmood**  
Chief Financial Officer

**BABRI COTTON MILLS LTD.**

**FORM OF PROXY**

I \_\_\_\_\_, of \_\_\_\_\_ being a member of the **Babri Cotton Mills Limited** and holder of \_\_\_\_\_ Shares as per Folio No. \_\_\_\_\_ and/or CDC Participation ID # \_\_\_\_\_ and Sub Account # \_\_\_\_\_ do hereby appoint Mr. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her Mr. \_\_\_\_\_ of \_\_\_\_\_ having Folio No. \_\_\_\_\_ CDC Participation ID # \_\_\_\_\_ and Sub Account # \_\_\_\_\_ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the company scheduled to be held on **Saturday , the October 23, 2021 at 12:15 p.m.**, and at any adjournment thereof at registered office of the company Habibabad, Kohat.

At witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

1. Name \_\_\_\_\_

N.I.C \_\_\_\_\_

Address \_\_\_\_\_

Please affix  
Revenue Stamps  
of Rs. 5/-

2. Name \_\_\_\_\_

N.I.C \_\_\_\_\_

Address \_\_\_\_\_

**Member's signature**

(This signature should agree  
with specimen registered with  
the Company)

**Notes:**

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at the registered office Habibabad, Kohat not later than forty eight (48) hours before the time scheduled for the meeting.
6. The proxy shall produce his original CNIC or original Passport at the time of the Meeting.

بابری کاٹن ملز لمیٹیڈ  
پراکسی فارم

میں اہم۔ ساکن۔ ضلع۔

بحیثیت ممبر باری کاشن ملز لمیٹڈ۔ (شیرز کی تعداد)

رجسٹرڈ فوئیو نمبر۔ اور ای سی ڈی سی فوئیو کا آئی ڈی نمبر۔ اور ذیلی اکاؤنٹ نمبر۔

مسکی اسمائت۔ ساکن۔ کو

کمپنی کے اجلاس عام میں جو کہ 23 اکتوبر 2021 بروز ہفتہ دوپہر 12:15 بجے کمپنی کے رجسٹرڈ آفس، حبیب آباد، کوہاٹ میں منعقد ہوگا، میری اہماری طرف سے

بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

و دستخط حفص داران

(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

گواہان:

-----م

.....

.....

کپیوٹرائزڈ قومی شناختی کارڈ نمبر-----

ياسپورت نمبر -----

بتاریخ: \_\_\_\_\_

وَسُخْطُ

نام

.....<sup>22</sup>/<sub>25</sub>

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

یا سپورٹ نمبر

تاریخ:

نوٹ:

پراکسی کو فعال بنانے کے لئے ناگزیرگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہئے۔ نمائندہ کے کو کمپنی کارکن ہونا ضروری نہیں۔  
 حصص داران اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹر انڈرڈوم شیڈنٹی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ لف کریں۔