

*Bata*<sup>®</sup>



# 2022 ANNUAL REPORT







# CONTENTS

**04**

Corporate Information

**05-10**

Notice of Annual General Meeting

**11**

Key Operating Highlights

**14-15**

Corporate Social Responsibility

**17-19**

Highlights Events

**20**

Value Added and Its Distribution

**21**

Operational Statistics

**22-23**

Chairman's Review Report

**26-39**

Directors' Report to the Members

**42-43**

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

**46**

Independent Auditor's Review Report To The Members on The Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

**50-52**

Independent Auditor's Report to the Members

**56**

Statement of Financial Position

**57**

Statement of Profit or Loss and other Comprehensive Income

**58**

Statement of Changes in Equity

**59**

Statement of Cash Flows

**60-100**

Notes to the Financial Statements

**102-105**

Pattern of Shareholding

Form of Proxy



**Bata**

*Bata*<sup>®</sup>



# OUR VISION

To make great shoes accessible to everyone.



**Bata**<sup>®</sup>



## OUR MISSION

We help people look and feel good by continuously focusing on product quality, innovation, and value.

We become the customer's destination of choice by offering a personal shopping experience to create long standing customer relationships.

We attract and retain the best people by showing great leadership, a passion for high standards our respect for diversity, and commitment to create exceptional opportunities for professional growth.

We remain the most respected footwear company by being socially responsible, ethical in everything we do, and a credit to every community in which we operate.





# Corporate Information

## Board of Directors

Mr. Roberto Longo	Chairman	Non - Executive Director
Mr. Muhammad Imran Malik	Director/Chief Executive	Executive Director
Mr. Amjad Farooq	Director/Chief Financial Officer	Executive Director
Mr. Syed Asad Ali Zaidi	Director	Executive Director
Mr. Toh Guan Kiat	Director	Non - Executive Director
Mr. Aamir Amin	Director	Non - Executive Director
Mr. Kamal Monnoo	Director	Independent Director
Mr. Muhammad Maqbool	Director	Independent Director
Ms. Fatima Asad Khan	Director	Independent Director

## Audit Committee

Mr. Muhammad Maqbool	Chairman
Mr. Roberto Longo	Member
Mr. Aamir Amin	Member
Mr. Toh Guan Kiat	Member

## Human Resource and Remuneration Committee

Ms. Fatima Asad Khan	Chairperson
Mr. Muhammad Imran Malik	Member
Mr. Toh Guan Kiat	Member

## Chief Financial Officer (CFO)

Mr. Amjad Farooq

## Auditors

A.F. Ferguson & Co.  
(a member firm of PwC Network)  
23-C, Aziz Avenue, Canal Bank,  
Gulberg V, Lahore.

## Legal Advisor

SurrIDGE & BeechENO  
60, Shahrah-e-Quaid-e-Azam,  
Ghulam Rasool Building,  
Lahore.

## Stock Exchange Listing

Bata Pakistan Limited is listed on Pakistan  
Stock Exchange under "Leather and Tanneries" sector.

## Web Presence

<https://www.bata.com.pk/>

## Bankers

Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Bank Al Habib Limited  
National Bank of Pakistan Limited  
United Bank Limited  
Meezan Bank Limited  
Allied Bank Limited

## Registered Office

Batapur,  
G. T. Road,  
P.O. Batapur, Lahore.

## Share Registrar

Corplink (Pvt.) Ltd.  
Wings Arcade, 1-K Commercial,  
Model Town, Lahore.

## Factories

Batapur,  
G. T. Road,  
P.O. Batapur, Lahore.

Maraka,  
26 - Km, Multan Road, Lahore.

## Liaison Office Karachi

138 C-II Commercial Area,  
P.E.C.H.S., Tariq Road, Karachi.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN TO ALL SHAREHOLDERS/MEMBERS** that the 71st Annual General Meeting of Bata Pakistan Limited will be held on Wednesday, April 19, 2023 at 10:00 a.m. at the Registered Office of the Company situated at G.T. Road, Batapur, Lahore to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on April 25, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended on December 31, 2022 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending on December 31, 2023. The Board of Directors upon recommendation of audit committee has recommended M/s A.F. Ferguson & Co. Chartered Accountants, being eligible, for reappointment as Auditors of the Company for year ending December 31, 2023.
4. To transact any other business with the permission of the Chairman.

By order of the Board

Batapur Lahore:  
February 28, 2023

Muhammad Arslan  
Company Secretary

## NOTES:

### 1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from April 13, 2023 to April 19, 2023 (both days included). Transfer requests on prescribed format, received at the office of the Share Registrar of the Company, M/s. Corplink (Pvt.) Ltd. 1-K Commercial, Model Town, Lahore on or before the close of business on April 12, 2023 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.

### 2. Participation in the Annual General Meeting:

All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e. [www.bata.com.pk](http://www.bata.com.pk) (in English and Urdu Language).

### 3. Participation in AGM through Electronic Means:

The shareholder of the Company desirous of attending the meeting through video link etc. may inform the Company and provide their details including name, CNIC scan (both sides), folio number, cell phone number and email address before close of business on April 12, 2023 at the email [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com). The video link of meeting shall be sent to the members on their registered email addresses.



#### **4. Attendance of the Members:**

##### **a. For attending the meeting**

- I. In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall authenticate his/her identity by showing his/ her valid original Computerized National Identity Card (CNIC) or original passport at the time of attending the Annual General Meeting.
- II. In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be produced at the time of the Annual General Meeting, unless it has been provided earlier.

##### **b. For appointing proxies**

- I. In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the mentioned requirements.
- II. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- III. Attested copies of the valid CNIC's or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
- IV. The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.
- V. In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Bank along with the proxy form unless the same has been provided earlier.

#### **5. Circulation of Annual Audited Accounts and Notice of AGM:**

The Company's Annual Report is also being circulated to the members through electronic in compliance of section 223(6) of the Companies Act, 2017 and the same is being placed on our website [www.bata.com.pk](http://www.bata.com.pk). Those shareholders who also wish to obtain an electronic copy of the annual report via email are requested to send their email address/consent at the following email address: [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com) on or before March 29, 2023, and a PDF copy of the Annual Report will be duly shared with them via email.

#### **6. Mandatory Submission of CNIC Copies:**

With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 779(1)2011 dated August 18, 2011, the Members/ Shareholders who have not yet submitted photo copy of their valid CNIC to the Company are required to send the same at the earliest directly to the Company's Share Registrar M/s. Corplink (Pvt.) Ltd. 1-K Commercial, Model Town, Lahore. In case of non-receipt of the copy of valid CNIC and non-compliance of the above mentioned SRO of SECP, the Company may be constrained to withhold transfer of dividend in the future if any.

#### **7. Dividend Bank Mandate:**

Pursuant to Section 242 of the Companies Act, 2017, members are requested to provide their CNIC's and bank account details including name of the bank, address of bank branch and International Bank Account Number (IBAN) to receive their cash dividend directly into their bank account. Therefore, all members who have not yet provided their CNIC and Bank Account details are once again reminded to immediately submit a copy of their CNIC and duly filled 'Dividend Bank Mandate Form' to the Company's Share Registrar or to the Company directly. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the provisions of Act and Regulations made thereunder by the Commission. The 'Dividend Bank Mandate Form' is available at the Company's website i.e. [www.bata.com.pk](http://www.bata.com.pk).

Members who hold shares in CDC accounts are required to provide their bank mandates to their respective participants.



**8. Unclaimed Dividends and Share Certificates:**

The Shareholders are hereby informed that in accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificate, Dividends, Others Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit such amounts to the credit of the Federal Government and the shares to the Commission, which are unclaimed/un-collected for a period of three (03) years or more from the date it is due and payable. The notices to this fact have already been given to the relevant shareholders.

**9. Conversion of Physical Securities into BookEntry Forms:**

As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with bookentry 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. Further, vide its letter dated March 26, 2021, SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into bookentry form.

In light of the aforementioned directives, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant/ CDC Investor Account Services and convert their existing physical securities into bookentry form.

**10. Intimation of Changes of Address and declaration for non-deduction of zakat:**

Members who hold shares certificates should notify any changes in their registered address and provide their declarations for non-deduction of zakat, if applicable, to the Share Registrar. Members who hold shares in CDC / participant accounts are required to update their address and submit their declarations for non-deduction of zakat, if applicable, to the CDC or their respective participants.

**Contact Details**

Company Secretary  
Bata Pakistan Limited  
G.T Road, Batapur Lahore, Pakistan  
Email: investorcare.pk@bata.com



کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ اور بینک کی تفصیلات نہ ہونے کی صورت میں ڈیویڈنڈ کی رقم کمیشن کے بنائے گئے ایکٹ اور ریگولیشنز کے مطابق روک لی جائے گی۔ ”ڈیویڈنڈ بینک مینڈیٹ فارم“ کمپنی کی ویب سائٹ [www.bata.com.pk](http://www.bata.com.pk) پر موجود ہے۔ جن ارکان کے شیئرز ڈی سی/سی ای کاؤنٹس میں ہیں ان کو ہدایت کی جاتی ہے کہ وہ اپنے بینک مینڈیٹس متعلقہ کھاتہ داروں کو دیں۔

### 8۔ غیر دعویٰ شدہ منافع اور شیئرز سرٹیفکیٹ:

شیئرز ہولڈرز کو مطلع کیا جاتا ہے کہ کمپنی 2017ء کے سیکشن 244 اور غیر دعویٰ شدہ شیئرز، مضاربہ ٹھوکلیٹ، ڈیویڈنڈ ز اور دیگر انسٹرومنٹس اور غیر تقسیم شدہ ایسٹس ریگولیشنز 2017ء کے مطابق کمپنی کے لئے ایسے کیش ڈیویڈنڈز فیڈل گورنمنٹ کے کریڈٹ میں اور شیئرز کمیشن میں جمع کرانا ہوں گی جو ادائیگی کی مقررہ تاریخ سے 3 سال سے زائد مدت کیلئے غیر دعویٰ شدہ ہے / غیر تقسیم شدہ ہیں۔ اس حوالے سے متعلقہ شیئرز ہولڈرز کو نوٹس پہلے ہی جاری کئے جا چکے ہیں۔

### 9۔ فزیکل سیکورٹیز کو بک انٹری فارمز میں تبدیل کرنا۔

کمپنی 2017ء کے سیکشن 72 کے مطابق ہر لسٹڈ کمپنی پر لازم ہے کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرے جیسا کہ بیان کیا گیا ہے اور کمیشن کی طرف سے مطلع کردہ تاریخ سے، اس مدت کے اندر جو کہ چار سال سے زیادہ نہ ہو۔ ایکٹ، یعنی 30 مئی 2017ء مزید، 26 مارچ 2021ء کے اپنے خط کے ذریعے، ایس ای سی پی نے تمام لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ اپنے شیئرز ہولڈرز کو اپنی فزیکل سیکورٹیز کو بک انٹری فارم میں تبدیل کرنے کے لیے رجوع کریں۔

انویسٹرز کا وٹس سروسز کے ساتھ سی ڈی سی/سی ای ڈی ایس مذکورہ بالا ہدایات کی روشنی میں، فزیکل شیئرز ہولڈنگ رکھنے والے شیئرز ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ اکاؤنٹ کھولیں اور اپنی موجودہ فزیکل سیکورٹیز کو بک انٹری فارم میں تبدیل کریں۔

### 10۔ پتہ کی تبدیلی زکوٰۃ نہ کالے جانے کا اعلامیہ:

ایسے ممبران جن کے پاس شیئرز سرٹیفکیٹس موجود ہیں وہ اپنے پتے میں کسی بھی قسم کی تبدیلی کے بارے میں شیئرز رجسٹرار کو فوری طور پر آگاہ کریں اور زکوٰۃ نہ کالے جانے کے بارے میں بیان جمع کرائیں، اگر لاگو ہے۔ ایسے ممبران جن کے شیئرز سی ڈی سی/پارٹنیشن (participant) اکاؤنٹس میں ہیں، ان سے بھی گزارش کی جاتی ہے کہ اپنے نئے پتے اور زکوٰۃ نہ کالے جانے کا بیان سی ڈی سی یا اپنے پارٹنیشن (participants) کے پاس درج کرائیں۔

کمپنی سیکرٹری

بانا پاکستان لمیٹڈ

جی ٹی روڈ، بانا پور، لاہور

پاکستان

ای میل: [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com)



#### 4- ممبرز کی شرکت:

الف) اجلاس میں شرکت کے لئے  
(۱) افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کی ریگولیشنز کے مطابق ہیں، انہیں سالانہ اجلاس عام میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ ظاہر کرنا ہوگا۔  
(۲) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزد کردہ کے نمونہ دستخط، سالانہ اجلاس عام کے وقت پیش کرنا ہوں گے (اگر پہلے ہی فراہم نہ کر دیا گیا ہو)۔

#### ب) پراکسی کی تقرری کیلئے

(۱) افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایہہ فرد جن کی رجسٹریشن کی تفصیلات سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کی ریگولیشنز کے مطابق اپ لوڈ ہیں، درج کردہ ضروریات کے مطابق پراکسی فارم جمع کرائیں۔  
(۲) پراکسی فارم کے دو گواہ ہونے چاہئیں جن کے نام، پتے اور سی این آئی سی نمبر پراکسی فارم پر درج ہوں۔  
(۳) بینیفشل مالک اور پراکسی کے کارآمدی سی این آئی سی یا پاسپورٹس کی تصدیق شدہ نقل، پراکسی فارم کے ساتھ منسلک کی جائیں۔  
(۴) پراکسی اجلاس میں شرکت کے وقت اپنا اصلی سی این آئی سی یا پاسپورٹ ظاہر کریں۔  
(۵) کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نمونہ دستخط کمپنی میں جمع کرائی جائیں۔ (اگر پہلے ہی فراہم نہ کر دیا گیا ہو)۔

#### 5- سالانہ رپورٹ:

کمپنیز ایکٹ 2017 کے سیکشن (6) 223 پر عمل درآمد کرتے ہوئے کمپنی کی سالانہ رپورٹ بھی ممبرز کو ای میل (الیکٹرونک موڈ) کے ذریعے دی جا رہی ہے اور ہماری ویب سائٹ [www.bata.com.pk](http://www.bata.com.pk) پر بھی جاری کی جا رہی ہے۔ ایسے شیئرز ہولڈرز جو ای میل کے ذریعے سالانہ رپورٹ کی کاپی وصول کرنا چاہتے ہیں تو وہ اپنا ای میل ایسے درخواست 29 مارچ 2023 تک [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com) پر بھیج دیں۔ سالانہ رپورٹ کی پی ڈی ایف کاپی آپ کو ای میل کر دی جائے گی۔

#### 6- کمپیوٹرائزڈ قومی شناختی کارڈ کی نقول جمع کرانا لازمی:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایت بذریعہ ایس آر او نمبر 2011(1) 779 مورخہ 18 اگست 2011ء کے مطابق، جن ممبرز/شیئرز ہولڈرز نے کمپنی کو تاحال اپنے کارڈ کمپیوٹرائزڈ قومی شناختی کارڈ کی نقول جمع نہیں کرائی، ان سے گزارش کی جاتی ہے کہ وہ کمپنی کے شیئرز رجسٹر اری میسرز کارپورٹ (پرائیویٹ) لمیٹڈ K-1 کمرشل، ماڈل ٹاؤن، لاہور کو جمع کرائیں۔ ایس ای سی پی کے درج بالا ایس آر او پر عدم تعمیل اور کارڈ کمپیوٹرائزڈ قومی شناختی کارڈ موصول نہ ہونے کی صورت میں کمپنی ڈیویڈنڈ، اگر کوئی ہے، کی منتقلی روکنے پر مجبور ہو سکتی ہے۔

#### 7- ڈیویڈنڈ بینک مینڈیٹ:

کمپنیز ایکٹ 2017 کی شق 242 کے مطابق ممبرز سے درخواست کی جاتی ہے کہ وہ کمپنی کے ڈیویڈنڈ کی اپنے اکاؤنٹ میں براہ راست منتقلی کے لئے اپنے کمپیوٹرائزڈ قومی شناختی کارڈ، بینک کی تفصیلات مع بینک کا نام، پتہ، برانچ اور انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) فراہم کریں۔ تاہم وہ تمام ممبران جنہوں نے ابھی تک کمپیوٹرائزڈ قومی شناختی کارڈ اور بینک کی تفصیلات فراہم نہیں کیں ان سے دوبارہ گزارش ہے کہ وہ فوراً اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل اور مکمل پر کردہ 'ڈیویڈنڈ بینک مینڈیٹ فارم' کمپنی کے شیئرز رجسٹرار یا کمپنی کو جمع کروائیں۔



## سالانہ اجلاس عام کی اطلاع

- تمام شیئرز ہولڈرز کو اطلاع دی جاتی ہے کہ باٹا پاکستان لمیٹڈ کا 71 واں سالانہ اجلاس عام بدھ، 19 اپریل 2023ء بوقت صبح 10:00 بجے رجسٹرڈ آفس، بمقام جی ٹی روڈ، باٹا پور، لاہور میں منعقد کیا جائے گا جس میں مندرجہ ذیل معاملات زیر بحث لائے جائیں گے:
- 1۔ مورخہ 25 اپریل 2022ء کو منعقدہ ہونے والے سالانہ اجلاس عام کی کاروائی کی توثیق
  - 2۔ مورخہ 31 دسمبر 2022ء کو ختم ہونے والے سال کیلئے سالانہ آڈٹ شدہ اکاؤنٹس مع آڈیٹرز اور ڈائریکٹرز کی رپورٹ کی وصولی، زیر غور لانا اور منظور کرنا
  - 3۔ 31 دسمبر 2023ء کو مکمل ہونے والے مالی سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔ ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنا پر، کمپنی کے آڈیٹرز کے طور پر خود کو تعیناتی کے لئے پیشکش کی ہے۔
  - 4۔ چیئرمین کی اجازت سے کوئی بھی اور معاملہ زیر بحث لانا۔

بجلم بورڈ

محمد ارسلان

کمپنی سیکرٹری

باٹا پور، لاہور:

28 فروری 2023ء

نوٹس

### 1۔ شیئر منتقلی کتابوں کی بندش:

کمپنی کی شیئر منتقلی کی کتابیں 13 اپریل 2023ء تا 19 اپریل 2023ء، (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے شیئرز رجسٹرار کے دفتر میسرز کارپ لنک (پرائیویٹ لمیٹڈ) K-1 کمرشل، ماڈل ٹاؤن، لاہور کوٹراؤنسر کے لئے مورخہ 12 اپریل 2023ء کو کاروبار کے اوقات بند ہونے تک موصول ہونے والی درخواستوں کو، اجلاس میں شامل ہونے کے لئے بروقت تصور ہوں گی۔

### 2۔ سالانہ اجلاس عام میں شرکت:

کمپنی کا کوئی بھی رکن جسے اجلاس میں شریک ہونے اور اس میں ووٹ کرنے کا حق حاصل ہے وہ کسی اور شخص کو اپنی جگہ شریک ہونے اور ووٹ کرنے کیلئے پراکسی کے طور پر مقرر کر سکتا ہے۔ پراکسی موثر ہونے کیلئے اجلاس کے انعقاد کیلئے طے شدہ وقت سے 48 گھنٹے قبل کمپنی کو رجسٹرڈ دفتر پر موصول ہونی چاہئے۔ سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکولر 1 مورخہ 26 جنوری 2000ء کی ہدایات پر عمل کرنا ہوگا۔ پراکسی فارم کمپنی کی ویب سائٹ [www.bata.com.pk](http://www.bata.com.pk) پر انگریزی اور اردو زبان میں موجود ہے۔

### 3۔ سالانہ اجلاس عام میں الیکٹرانک ذریعے سے شرکت:

سالانہ اجلاس عام میں ویڈیولنک کے ذریعے شرکت کے خواہشمند شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ خود کو رجسٹرڈ کرانے کیلئے اپنی متعلقہ معلومات بشمول نام سکین کمپیوٹرائزڈ شناختی کارڈ (دونوں اطراف)، فوٹو نمبر، ای میل ایڈریس [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com) پر 12 اپریل 2023ء کو کلوز آف برنس سے پہلے بھیج دیں۔ مینٹگ کا ویڈیولنک ممبران کو ان کے رجسٹرڈ ای میل ایڈریس پہ بھیجا جائیگا۔



# Key Operating Highlights

Year		2022	2021	2020	2019	2018	2017	2016
<b>Financial Position</b>								
Authorized capital	Rs. ' 000s	<b>100,000</b>	100,000	100,000	100,000	100,000	100,000	100,000
Paid up capital	Rs. ' 000s	<b>75,600</b>	75,600	75,600	75,600	75,600	75,600	75,600
Shareholders' equity	Rs. ' 000s	<b>5,673,657</b>	6,159,421	6,372,599	7,444,589	7,491,327	7,126,724	6,662,594
Total assets	Rs. ' 000s	<b>16,342,563</b>	15,602,503	14,005,481	15,878,369	10,693,121	9,524,326	9,084,556
Property, plant and equipment	Rs. ' 000s	<b>2,293,261</b>	1,935,392	1,949,867	1,866,897	1,643,028	1,511,909	1,420,757
Provision for gratuity	Rs. ' 000s	<b>56,587</b>	61,992	68,592	83,476	81,421	76,030	72,150
Current assets	Rs. ' 000s	<b>10,032,396</b>	9,505,254	7,602,604	9,259,645	8,970,446	7,930,147	7,585,132
Current liabilities	Rs. ' 000s	<b>7,022,900</b>	5,806,866	3,883,160	4,325,671	3,051,863	2,235,773	2,264,332
<b>Trading Results</b>								
Sales	Rs. ' 000s	<b>17,733,994</b>	13,983,497	11,710,771	17,424,894	16,795,231	15,496,810	15,082,171
Gross profit	Rs. ' 000s	<b>8,589,000</b>	6,475,390	4,370,967	7,869,944	7,525,873	6,620,836	6,193,926
Operating profit	Rs. ' 000s	<b>2,160,771</b>	1,525,927	(106,928)	2,294,479	2,307,940	2,220,158	2,140,580
Profit before tax	Rs. ' 000s	<b>1,411,074</b>	807,279	(908,049)	1,504,279	2,265,902	2,180,270	2,100,645
Profit after tax	Rs. ' 000s	<b>874,288</b>	546,089	(627,345)	1,088,862	1,501,409	1,524,466	1,442,016
<b>Distribution</b>								
Interim cash dividend - paid	%	<b>1,800.00</b>	1,000.00	–	900.00	900.00	800.00	650.00
Final cash dividend - proposed/paid	%	–	–	–	600.00	600.00	600.00	600.00
<b>Financial Ratios and Values</b>								
Gross profit	%	<b>48.43</b>	46.31	37.32	45.16	44.81	42.72	41.07
Operating profit	%	<b>12.18</b>	10.91	(0.91)	13.17	13.74	14.33	14.19
Profit before tax	%	<b>7.96</b>	5.77	(7.75)	8.63	13.49	14.07	13.93
Profit after tax	%	<b>4.93</b>	3.91	(5.36)	6.25	8.94	9.84	9.56
Return on equity	%	<b>15.41</b>	8.87	(9.84)	14.63	20.04	21.39	21.64
Price earning ratio	Times	<b>18.71</b>	30.06	(14.36)	13.84	7.78	12.16	22.60
Dividend yield	%	<b>4.62</b>	4.61	9.14	7.02	9.71	5.71	2.55
Earnings per share	Rs.	<b>115.65</b>	72.23	(82.98)	144.03	198.60	201.65	190.74
Debt : equity ratio	Times	<b>1.88 : 1</b>	1.53 : 1	1.20 : 1	1.13 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Current ratio	Times	<b>1.43 : 1</b>	1.64 : 1	1.97 : 1	2.77 : 1	2.94 : 1	3.55 : 1	3.35 : 1
Average stock turns - value	Times	<b>2.01</b>	2.21	2.16	2.38	2.49	2.78	3.03
Debtors turnover	Times	<b>19.69</b>	14.36	8.45	6.65	2.21	2.84	3.57
Average collection period	Days	<b>17</b>	25	43	55	165	129	102
Property, plant and equipment turnover	Times	<b>8.38</b>	7.20	6.02	9.33	10.22	10.25	10.62
Break up value per share	Rs.	<b>750.48</b>	814.74	819.70	984.73	990.92	942.69	881.30
Market price per share	Rs.	<b>2,163.29</b>	2,171.15	1,531.84	1,993.06	1,545.00	2,452.27	4,310.00
Market capitalization	Rs. ' 000s	<b>16,354,472</b>	16,413,894	11,580,710	15,067,534	11,680,200	18,539,161	32,583,600
<b>Other information</b>								
Permanent employees	Number	<b>2,142</b>	2,274	2,287	2,683	2,693	2,421	2,492
Retail outlets	Number	<b>444</b>	443	444	462	476	435	412
Wholesale depots	Number	<b>0</b>	0	0	11	12	12	13
Installed capacity	Pairs ' 000s	<b>18,378</b>	18,339	18,704	19,375	20,290	20,329	19,439
Actual production	Pairs ' 000s	<b>11,587</b>	11,572	11,186	15,641	15,832	16,932	16,545
Capacity utilization	%	<b>63.05</b>	63.10	59.81	80.73	78.03	83.29	85.11
Capital expenditure	Rs. ' 000s	<b>485,373</b>	309,746	417,237	482,170	387,501	311,326	177,751
<b>Contribution to the National Exchequer</b>	Rs. ' 000s	<b>3,500,728</b>	2,633,142	2,251,024	3,101,414	2,662,527	2,486,279	2,420,794



THE WORLD'S  
TRENDIEST HAVE  
ARRIVED IN STYLE

NEW  
*Spring*  
**SUMMER**  
COLLECTION

CHOOSE FROM TRENDING  
INTERNATIONAL STYLES



**Bata** RED LABEL

**Bata**  
COMFIT

**NORTH  
STAR**

LIVE OUTDOORS  
**WEINBRENNER**  
SINCE 1882

*Surprisingly*  
**Bata**

*Bata*<sup>®</sup>



# **CORPORATE SOCIAL**

Responsibility



Bata believes in leaving an impact in the lives of the Pakistani people and in ensuring a better standard of living for them. The products and the service are only a part of the story. The Bata Children's Program (BCP) comes together to fulfill its responsibility as a corporate citizen to ensure a bright future for the nation's children.

BCP does that with the help of its very talented employees, working as volunteers, to provide access to education and health to the underprivileged, especially in areas affected by the recent floods. BCP is responsible for helping in a plethora of other areas like infrastructural help to schools by carrying out renovations in South Punjab, KPK, and AJK. It also arranges personality development and career counselling workshops for students, teacher training workshops, health awareness camps, and provides school necessities to the students, just to name a few things.

The goal of the program is to build a generation that comes together to form a nation dictated by its potential to do more, free from any hindrances.



### Water Filtration Plant

Installation of water filtration plants was conducted in various parts of the country to ensure healthy, safe, and free drinking water for those who previously did not have access to it.

### Health Awareness & Medical Camp

Bata believes in giving back to its people and it did that by providing the underprivileged access to medical awareness and facilities by conducting health awareness and medical camps in various parts of the nation.



### Tree Plantation

Striving towards a green earth, Bata continuously conducts tree plantation drives both, independently and in collaboration with various institutes like the SOS Village to increase numbers in the cause.

### Volunteering Activity

Big on CSR, Bata employees are eager to help make a difference wherever possible by engaging in a plethora of volunteering activities.







### **Food Supply**

Looking after the people in the flood affected areas of Pakistan, Bata conducted various food drives to ensure an ample supply of food for them to cater to their nutritional needs.



### **World Environment Day**

With technologies like Eco Soft where materials are recycled into high quality products, Bata takes care of its environment in ensuring preservation and replenishment of the planet for future generations. It commemorated its efforts by celebrating World Environment Day.



### **School Uniforms**

Bata believes in the right to education for all and plays its part in helping the underprivileged children of Pakistan by providing them free uniforms in institutions like the SOS Village, Mumtaz Foundation, and so forth.



*Bata*<sup>®</sup>



# HIGHLIGHTS EVENTS

at Bata Family



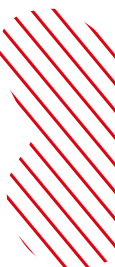
# Long Service Awards

The pillars of Bata Pakistan's workforce were celebrated at the Long Service Awards where employees who had been a part of the family for 25 years and more were glorified for their dedication and service.



# Family Gala

Bata cares for its employees' families just as much as it cares about them, and for that reason it hosted a family getaway to help them make some magical memories together.



# Town Hall

The Town Hall is a session that appreciates hard work, acts as a think tank for devising strategies, evaluates performances, and promotes growth, both within the company and outside of it.



# Coffee with CM

A coffee session was hosted in honor of the CM where great leadership was celebrated, and inspiration ran wild with success stories and strategies being discussed for Bata Pakistan's future.



# Bata Global Award



Bata Pakistan bagged the **Bata Global Marketing Award for the best Marketing Campaign 2022** for its 'Bhag Bacteria Bhag' campaign. The campaign was launched in **partnership with McDonald's Pakistan** to introduce its new range of anti-bacterial school shoes. The promotion offered a free McDonald's meal on every purchase of school shoes and school items worth PKR 2,500 or more.

Tapping into consumer preferences, Bata Pakistan was able to achieve a 269% increase in sales, and a footfall increase of 140%. The campaign was also **adapted by the APAC regions**, making it a success!



## Value Added and Its Distribution

To Buy Material, Finished Goods and Services

62.7%

To Employees Salaries, Wages and Benefits

11.8%

To Government Income Tax, Sales Tax, Custom & Excise Duties, Wwf, Wppf, Eobi, Social Security, Professional and Local Taxes

15.9%

Finance Cost

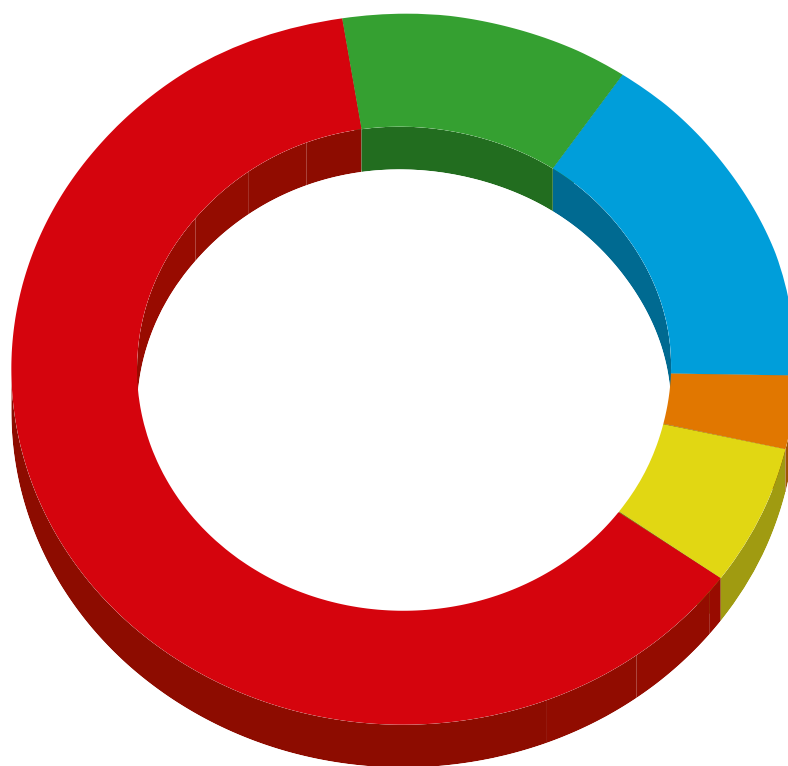
3.4%

To Shareholders Dividend

6.2%

Retained in Business for Retail Expansion and Operations

0.0%



### Revenue Generated

Sales

Other income

### Revenue Distributed

To Buy Materials, Finished Goods and Services

To Employees

Salaries, wages and benefits

To Government

Income Tax, Sales Tax, Custom & Excise Duties, WWF, WPPF, EOBI, Social Security, Professional and Local Taxes

Finance Cost

To Shareholders

Dividend

Retained in Business

For Retail Expansion and Operations

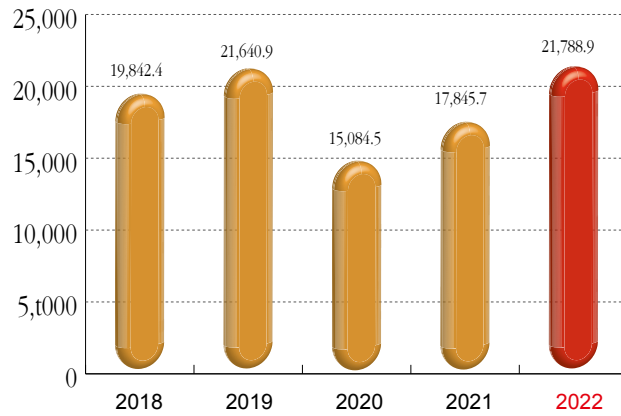
	2022		2021	
	Rs. '000s	%	Rs. '000s	%
Sales	21,788,892		17,845,728	
Other income	259,767		315,753	
	22,048,659	100%	18,161,481	100%
To Buy Materials, Finished Goods and Services	13,824,840	62.7%	11,915,076	65.3%
To Employees Salaries, wages and benefits	2,612,594	11.8%	2,138,615	12.2%
To Government Income Tax, Sales Tax, Custom & Excise Duties, WWF, WPPF, EOBI, Social Security, Professional and Local Taxes	3,500,728	15.9%	2,633,142	14.5%
Finance Cost	749,697	3.4%	718,648	5.1%
To Shareholders Dividend	1,360,800	6.2%	756,000	2.9%
Retained in Business For Retail Expansion and Operations	-	0.0%	-	0.0%
	22,048,659	100.0%	18,161,481	100.0%



# Operational Statistics

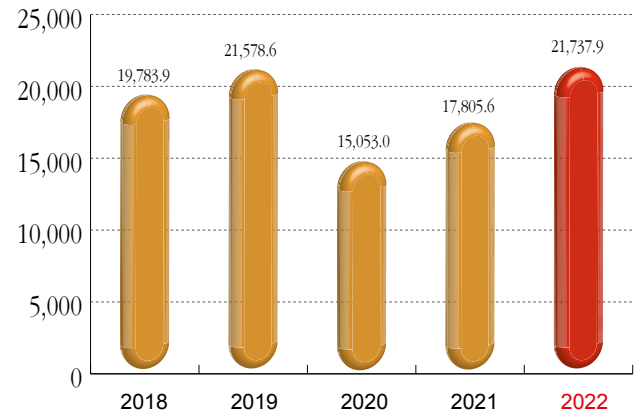
(Rupees in million)

### Total Turnover (Gross)



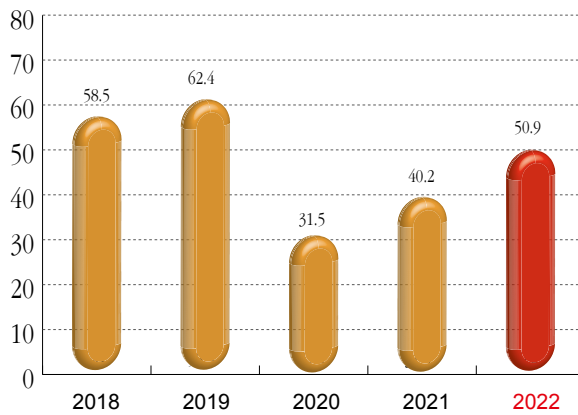
(Rupees in million)

### Domestic Turnover (Gross)



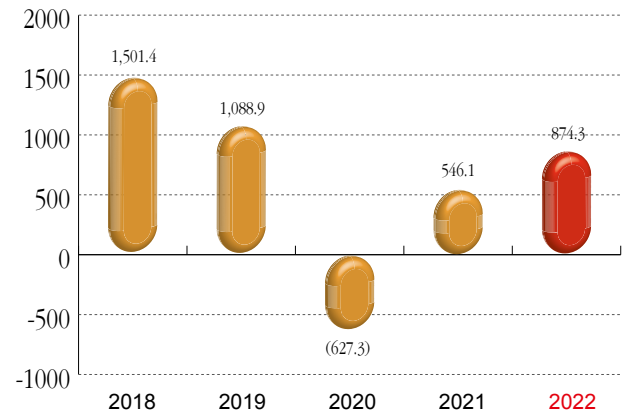
(Rupees in million)

### Export Turnover (Gross)



(Rupees in million)

### Profit / (Loss) after Tax



# CHAIRMAN'S REVIEW REPORT

On Board's overall Performance u/s 192 of the Companies Act 2017

Bata Pakistan Limited complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Bata Pakistan Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed and implemented.

For the Purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended December 31, 2022 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on the Board's role in achievement of Company's objectives:

## 1. Vision, mission and values:

The Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time.

## 2. Engagement in strategic planning:

The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the Organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas.

## 3. Diligence:

The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to Board and committee meetings. The Board met frequently enough to adequately discharge its responsibilities.

## 4. Monitoring of Organization's business activities:

The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

## 5. Diversity and mix:

The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.

## 6. Governance and Control Environment:

The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Company.

Batapur:  
LAHORE: February 28, 2023

**ROBERTO LONGO**  
CHAIRMAN





## چیئر مین کی جائزہ رپورٹ

کینیڈا ایکٹ 2017 کے سیکشن 192 کے تحت بورڈ کی مجموعی کارکردگی پر

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس طریقہ کار اور کمپوزیشن کے حوالے سے سلیڈ کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 اور کینیڈا ایکٹ 2017ء میں سیٹ کردہ تمام مندرجات پر پانچ سالوں کا عمل درآمد کرتا ہے۔ کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق پانچ سالوں کی مدت (دی "کمپنی" کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ انجام دیا جا رہا ہے۔ اس جائزے کا مقصد یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی کمپنی کے طے کردہ مقاصد اور توقعات کے مطابق ہے۔ ان باتوں کو زیر غور لایا جا رہا ہے جہاں بہتری کی ضرورت ہے اور منصوبوں کی تکمیل اور عمل درآمد کیا جا رہا ہے۔

بورڈ کے جائزے کے مقصد کیلئے ایک جامع معیار بنایا گیا ہے۔ بورڈ نے 31 دسمبر 2022ء کو ختم ہونے والے سال کیلئے اپنے جائزے کو حال ہی میں مکمل کیا ہے اور میں یہ رپورٹ کرتا ہوں کہ: منظور کردہ معیار کی بنیاد پر سال کیلئے بورڈ کی کارکردگی کو جانچا گیا جو تسلی بخش تھی۔

درج ذیل اہم امور کی بنیاد پر ہونے والا جائزہ اطمینان بخش تھا جس کا براہ راست اثر کمپنی کے مقاصد حاصل کرنے میں بورڈ کے کردار پر پڑتا ہے:

### 1- ویزن، مشن اور ویلیوز:

بورڈ ممبران موجودہ ویزن اور ویلیوز سے واقف ہیں اور سپورٹ کرتے ہیں۔ بورڈ ممبران وقتاً فوقتاً مشن اور ویزن اسٹیٹمنٹ کا جائزہ لیتے رہتے ہیں۔

### 2- حکمت عملی کی منصوبہ بندی میں شمولیت:

بورڈ اسٹریٹجک ہولڈرز کے بارے میں جانتا ہے (شیئر ہولڈرز، کسٹمرز، ملازمین، ویڈیوز، سوسائٹی) جن کو خدمات پیش کی جاتی ہیں۔ بورڈ کے پاس اسٹریٹجک ویزن موجود ہے کہ کس طرح ادارے کو آئندہ تین سے پانچ سالوں میں آگے لیکر جانا ہے۔ مزید یہ کہ بورڈ تمام شعبوں کی کارکردگی میں بیجمنٹ کے لئے سالانہ اہداف کا تعین کرتا ہے۔

### 3- محنت

بورڈ ممبران نے اپنے فرائض بھرپور محنت کے ساتھ انجام دیئے اور بزنس کی حکمت عملی، مقاصد، منصوبوں، مجلس مالیاتی اسٹیٹمنٹس اور دیگر رپورٹس کا مکمل جائزہ لیا اور بات چیت کے بعد منظور دی۔ بورڈ اور کمیٹی میٹنگز سے مناسب وقت پہلے واضح ایجنڈا اور تائیدی تحریری مواد موصول ہوا۔ بورڈ نے اپنی ذمہ داریوں کی ادائیگی کیلئے خاطر خواہ ملاقاتیں کیں۔

### 4- ادارے کی کاروباری سرگرمیوں کی نگرانی:

کمپنی کے اہداف حکمت عملی اور مالیاتی کارکردگی میں کامیابیوں کے بارے میں اندرونی و بیرونی آڈیٹرز اور دیگر آزاد کنسلٹنٹس بیجمنٹ کی جانب سے باقاعدہ پریزینٹیشن کے ذریعے بورڈ کو باخبر رہا۔ بورڈ کو بروقت اور موزوں ہدایات اور تجربے فراہم کئے۔

### 5- تنوع:

بورڈ ممبران نے نمونہ طریقے سے بورڈ میں تنوع ماحول تشکیل دیا اور انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹرز دونوں کو شامل کیا۔ بورڈ کے اہم فیصلوں میں انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹرز مساوی طور پر شامل رہے۔

### 6- گورننس اور کنٹرول ماحول:

بورڈ نے گورننس کا شفاف اور نمونہ نظام تشکیل دیا اور اس کی جھک ساری کمپنی میں بہترین اخلاقی رویے کے فروغ اور کارپوریٹ گورننس پر عمل درآمد میں دکھائی دیتی ہے۔

بمقام: بانا پور، لاہور

تاریخ: 28 فروری 2023ء

راہرو لاگو

چیئر مین



**STYLE  
JUST GOT  
FRESH**

**NEW**  
*Spring*  
**SUMMER**  
COLLECTION

CHOOSE FROM TRENDING  
INTERNATIONAL STYLES

**Bata** RED LABEL

**Bata**  
COMFIT

**NORTH  
STAR**

LIVE OUTDOORS  
**WEINBRENNER**  
SINCE 1892

*Surprisingly*  
**Bata**

*Bata*<sup>®</sup>



# **DIRECTOR'S REPORT**

To the Members



# DIRECTORS' REPORT TO THE MEMBERS

Directors are pleased to submit this report and financial statements of the Company for the year ended December 31, 2022.

## 1. Principal Activity

The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items.

## 2. Holding Company

The parent company of Bata Pakistan Limited is Bafin B. V. situated in Nederland, whereas the ultimate parent entity is Compass Limited, Bermuda.

## 3. Financial results

A brief financial analysis is presented as under:

Operating Results	2022	2021	Increase / (Decrease)
	Amount in (000's)		
Turnover	21,788,892	17,845,728	22.10%
Net Turnover	17,733,994	13,983,497	26.82%
Gross Profit	8,589,000	6,475,390	32.64%
Gross Profit %	48.43%	46.31%	+2.12bps
Distribution Costs	5,117,002	4,004,374	27.79%
Administrative Expenses	1,396,573	1,130,745	23.51%
Operating Profit	2,160,771	1,525,927	41.60%
Profit After Tax	874,288	546,089	60.10%
Earnings per Share - Rupees	115.65	72.23	60.11%

## 4. Financial Results and Developments

The Company's business achieved net turnover of Rs.17.734 billion showing a growth of 26.82% over last year. The gross profit was recorded at Rs. 8.589 billion against last year of Rs. 6.475 billion. Operating profit was Rs. 2.161 billion against Rs. 1.526 billion of last year. Profit after taxation was Rs. 874.288 million compared to Rs. 546.089 million of last year. The Company achieved earnings per share of Rs. 115.65 against Rs. 72.23 of last year.

Our retail division continues to grow with the current setup along with the new stores and achieved a growth of 34.8%. In order to sustain this growth and to provide friendly and modern atmosphere in the stores, an amount of Rs. 375 million has been spent to open new stores and to renovate existing stores at key business locations. Much of the expansion was focused on our modern format of stores concept.

The Company has an effective cash flow management system in place whereby cash inflows and outflows are projected on regular basis. The profit on short term investments and bank deposits along with income/discounts from early payment to suppliers was Rs. 61.4 million. The Board is satisfied that there are no short or long term financial constraints at the close of the year.

The growth of our business is highly dependent on the skills imparted to our personnel through sound training. The Company has invested a considerable time and money on human resource during the period to acquire latest developments in the field of technology and business administration. This would be the ongoing process for future periods. Training of our employees has always been considered as an investment for the future with the objective to provide them with safe and healthy working environment.

## 5. Earning per share

Earning per share for the year ended December 31, 2022 was Rs. 115.65 as against (Rs.72.23) of the preceding year.



## 6. Appropriation of Profit

The financial results of the Company are as under:

	Year ended December 31, 2022
	Rs. ('000)
Profit before taxation	1,411,074
Less: Provision for taxation	
Current	(381,702)
Prior years	(71,649)
Deferred	(83,435)
	(536,786)
Profit after tax	874,288
Unappropriated profit brought forward from last year	(873,662)
Experience adjustments - Employee Benefits	748
Profit available for appropriations	1,374
Final dividend 2022 @ Rs. 00.00 per share	—
Interim dividend 2022 @ Rs. 180.00 per share	(1,360,800)
Transfer from general reserve	2,400,000
	1,039,200
Unappropriated profit carried forward	1,040,574

## 7. Principal Risk and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Significant competition in our product categories;
- Adverse movement in foreign exchange rates and commodity prices; and
- Litigation risks involving significant cases against the company.

The Company works with internal and external stakeholders to mitigate/reduce to acceptable level the likely impacts of aforesaid risks.

## 8. Corporate Social Responsibility

A Water Filtration Plant was built at Ghurki Teaching Hospital Lahore in order to provide clean & safe drinking water for the patients and their attendants. Donated 1821 pairs of shoes to the underprivileged children studying in different schools. In order to support education of shining youth, adopted one student of National University of Sciences & Technology (NUST) for undergraduate degree by contributing his educational expenses for one year. To impart our role for better environment, Plant for Life campaign was launched with the participation of our employees and their children; and planted more than 2,500 trees / saplings in Batapur & Maraka along with nearby communities. Arranged Health Awareness & Medical Camp in school where 190 students and teachers were examined and provided with free medicines. Moreover, 120 tests of blood sugar, cholesterol, uric acid and hepatitis B & C were conducted with free consultation. In the wake of providing quality education to the underprivileged children, we supplied school uniforms, shoes, books & stationery to 418 students of Mumtaz Girls High School Lahore. To promote healthy culture, organized annual sports for girl students of our adopted school in Lahore. To strengthen school infrastructure for sustainable educational process, we renovated two classrooms in this school for underprivileged girl students.

Celebrated World Environment Day with the children of our employees; and explained them the importance of global warming, habitat loss and pollution hazards with the help of posters, videos and interactive sessions. BCP volunteers conducted mentoring sessions for school children to help them explore their strengths and decide their future paths. Celebrated International Youth Day with college students to raise awareness about certain barriers to inter-generational solidarity and measures to be taken to achieve the Sustainable Development Goals. To strengthen the teaching skills of school staff, a Teachers Training Workshop was arranged in a local school. As part of Founder's Day celebrations, BCP volunteers painted Dispensary and IT Lab at SOS Village Lahore. To support the people effected by the recent floods, food packets and shoes were supplied to the displaced families.



## 9. Environmental Impact

In order to impart our role for better environment and clean energy, we successfully installed 1 MW Solar Power Plant at our Branch Factory under Renewable Energy Scheme, this is in addition to already installed solar power plant of same capacity at our Batapur factory. Also, we planted more than 2,500 trees / saplings at Batapur and Branch Factory Maraka.

## 10. Future Outlook

Despite the tough economic environment especially slow down in economy and high inflation, Company remains fully committed and optimistic about the future growth of the business where it try to present best products along with excellent shopping experience to its customers.

## 11. Internal Financial Controls

The Directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The Directors have completed their annual review and assessment for the year ended December 31, 2022.

The Board and Audit Committee regularly review reports of the internal audit function of the Company related to the Company's control framework in order to satisfy the internal control requirements. The Company's internal audit function performs reviews of the integrity and effectiveness of control activities and provides regular reports to the Audit Committee and the Board.

## 12. Compliance with Listed Companies (Code Of Corporate Governance) Regulations, 2019 (the Regulations)

The requirements of the Regulations relevant for the year ended December 31, 2022 have been adopted by the Company and have been fully complied with. A statement to this effect is annexed to the Report.

## 13. Corporate and Financial Reporting Framework

The Directors of your company state that:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and International Financial Reporting Standards, as applicable in Pakistan. These statements present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accordingly estimates are based on reasonable and prudent judgment. Change in accounting policy, if any has been adequately disclosed.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the internal audit department.
- 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 the best practices of corporate governance as detailed in listing regulations of Pakistan Stock Exchange.
- h) Key operating and financial data of last six years is annexed to this report.
- i) Information about taxes and levies outstanding as at December 31, 2022 is given in the notes to the annexed financial statements.
- j) The valuation of investment made by the Provident Fund Trust Rs. 1.161 billion as on December 31, 2022 as per audited accounts.
- k) No trading in the shares of the Company was carried out by the Directors, CEO, CFO and Company Secretary, their spouses and minor children.



## 14. Composition of Board

The board consists of eight (08) male and one (01) female directors with following composition:

Independent directors *	3
Other non-executive directors	3
Executive directors	3

\* This includes one female director

The Board held five (05) meetings during the year. Attendance by each Director was as follows:

Directors' Name		Meetings Attended	Eligible to attend
Mr. Roberto Longo ( Chairman of the Board)	Non - Executive Director	5	5
Mr. Muhammad Imran Malik	Executive Director	5	5
Mr. Amjad Farooq	Executive Director	5	5
Mr. Syed Asad Ali Zaidi	Executive Director	5	5
Mr. Toh Guan Kiat	Non - Executive Director	4	5
Mr. Aamir Amin	Non - Executive Director	5	5
Mr. Muhammad Maqbool	Independent Director	5	5
Mr. Kamal Monnoo	Independent Director	5	5
Ms. Fatima Asad Khan	Independent Director	4	5

Leave of absence was granted to directors who could not attend some of the Board meetings.

Ms. Mahnoor Ather resigned from the position of Company Secretary and the position of Company Secretary of the Company is vacant on December 31, 2022.

The Company has already met the criteria specified in the Regulations till December 31, 2022 pertaining to Directors' training program. Therefore, no such training program was conducted during the year.

## 15. Remuneration of Non-Executive Directors

The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board and its Committees meetings. The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings. The Directors' Policy will be reviewed and approved by the Board of Directors from time to time. Details of aggregate amount of remuneration separately of executive and non-executive directors, including salary/fee, perquisites, benefits and performance-linked incentives are disclosed in the annexed financial statements.

## 16. Audit Committee

The Audit Committee held four (04) quarterly meetings during the year. Attendance by each member was as follows:

		Meetings Attended	Eligible to attend
Mr. Muhammad Maqbool	Chairman	4	4
Mr. Roberto Longo	Member	4	4
Mr. Aamir Amin	Member	4	4
Mr. Toh Guan Kiat	Member	2	4

Ms. Mahnoor Ather resigned from the position as Secretary Audit Committee and Mr. Muhammad Ejaz Siddiqui was appointed as Secretary Audit Committee of the Company.

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. CFO, Head of Internal Audit and a representative of external auditors attended the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed internal audit findings and held separate meetings with internal and external auditors as required under the Listed Companies (Code Of Corporate Governance) Regulations, 2019 (the Regulations). The Audit Committee also discussed with the external auditors their letter to the management. Related party transactions were also placed before the Audit Committee prior to approval of the Board.

## 17. Human Resource and Remuneration Committee

The HR Committee held three (03) meetings during the year. Attendance by each member was as follows:

		Meetings Attended	Eligible to attend
Ms. Fatima Asad Khan	Chairperson	3	3
Mr. Muhammad Imran Malik	Member	3	3
Mr. Toh Guan Kiat	Member	3	3

Ms. Mahnoor Ather resigned from the position as Secretary Human Resource and Remuneration Committee and Mr. Muhammad Ali Kazmi was appointed as Secretary Human Resource and Remuneration Committee of the Company.

## 18. Auditors

The present Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire and offer themselves for re-appointment. The Board of Directors, on recommendation of Audit Committee, proposes the re-appointment of Messrs. A.F. Ferguson & Co., Chartered Accountants, for the year ending December 31, 2023.

## 19. The Pattern of Shareholding

The pattern of shareholding as on December 31, 2022 and its disclosure according to the requirement of Listed Companies (Code Of Corporate Governance) Regulations, 2019 (the Regulations) is annexed to this report.

## 20. Subsequent Events

There are no subsequent events after the reporting date other than those mentioned in the financial statements.

## 21. Related Party Transactions

The transactions with the related parties and associated undertakings were placed before Audit Committee and upon its recommendations were approved by the Board of Directors.


## 22. Acknowledgement

We take this opportunity to express our gratitude and appreciation to our customers for their confidence in our products, our employees for their efforts and all other stakeholders for their continued support.

On behalf of the  
BOARD OF DIRECTORS

Place: Batapur, Lahore  
Date: February 28, 2023

  
DIRECTOR

  
MUHAMMAD IMRAN MALIK  
CHIEF EXECUTIVE





ہیومن ریسورس اینڈ ریوژنیشن کمیٹی مقرر کر دیا گیا۔

۱۸۔ آڈیٹرز:

موجودہ آڈیٹرز میسرز اے۔ ایف فیرگوسن اینڈ کو، چارٹرڈ اکاؤنٹینٹس، ریٹائر ہوئے اور انہیں دوبارہ تعیناتی کی پیش کش کی گئی۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 31 دسمبر 2023 کے اختتام پر میسرز اے۔ ایف فیرگوسن اینڈ کو، چارٹرڈ اکاؤنٹینٹس کو دوبارہ تعینات کیا۔

۱۹۔ شیئر ہولڈنگ کا پیٹرن:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (دی ریگولیشن) کے مطابق 31 دسمبر 2022 کو پیٹرن آف شیئر ہولڈنگ اور اس کی وضاحت اس رپورٹ کے ساتھ منسلک ہے۔

۲۰۔ مابعد واقعات:

مالی سال کے اختتام جس سے یہ فی نیشنل اسٹیٹمنٹس متعلقہ ہیں اور ڈائریکٹرز کی رپورٹ کی تاریخ کے دوران کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

۲۱۔ متعلقہ پارٹی لین دین:

متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز اور متعلقہ انڈریٹیلنگز آڈٹ کمیٹی کے سامنے رکھی گئیں اور ان کی سفارشات پر بورڈ آف ڈائریکٹرز کی جانب سے منظور کی گئیں۔

۲۲۔ اعتراف:

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے تمام معزز صارفین کا جنہیں ہماری پراڈکٹس پر اعتماد ہے، ہمارے ملازمین کی ان تھک محنت اور تمام اسٹیک ہولڈرز کے مسلسل تعاون کا شکریہ ادا کرتے ہیں۔


منجانب

بورڈ آف ڈائریکٹرز



ڈائریکٹر

بمقام: باٹاپور، لاہور  
مورخہ: 28 فروری 2023



جناب محمد عمران ملک  
چیف ایگزیکٹو



## ۱۶- آڈٹ کمیٹی:

آڈٹ کمیٹی نے اس سال 4 سہ ماہی میٹنگز کا انعقاد کیا۔ ہر ممبر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کا نام	میٹنگ میں شرکت	شرکت کی اہلیت
جناب محمد مقبول (چیئر مین)	4	4
جناب روبرٹو لوگو	4	4
جناب عامر امین	4	4
جناب تووگو آن کیات	2	4

محترمہ ماہ نور اطہر نے سیکرٹری آڈٹ کمیٹی کے عہدے سے استعفیٰ دے دیا اور جناب محمد اعجاز صدیقی کو آڈٹ کمیٹی کمپنی کا سیکرٹری مقرر کر دیا گیا۔ آڈٹ کمیٹی نے بورڈ کو پیش کرنے اور ان کی اشاعت سے قبل سہ ماہی، ششماہی اور سالانہ مالیاتی گوشواروں کا جائزہ لیا۔ CFO، ہیڈ آف انٹرنل آڈٹ اور ایکسٹرنل آڈیٹرز کے نمائندے نے میٹنگز میں شرکت کی جہاں اکاؤنٹس اور آڈٹ سے متعلق امور پر تبادلہ خیال کیا گیا۔ آڈٹ کمیٹی نے اندرونی آڈٹ کے نتائج کا بھی جائزہ لیا اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت ضرورت کے مطابق اندرونی اور بیرونی آڈیٹرز کے ساتھ الگ الگ میٹنگز کیں۔ آڈٹ کمیٹی نے بیرونی آڈیٹرز کے ساتھ انتظامیہ کو لکھے گئے خط پر بھی تبادلہ خیال کیا۔ بورڈ کی منظوری سے قبل متعلقہ پارٹی ٹرانزیکشنز کو بھی آڈٹ کمیٹی کے سامنے رکھا گیا تھا۔

## ۱۷- افرادی قوت اور معاوضہ کمیٹی:

اس سال HR کمیٹی نے تین میٹنگز کا انعقاد کیا۔ ہر ممبر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کا نام	میٹنگ میں شرکت	شرکت کے لئے اہل
فاطمہ اسد خان (چیئر پرسن)	3	3
جناب محمد عمران ملک	3	3
جناب تووگو آن کیات	3	3

محترمہ ماہ نور اطہر نے سیکرٹری ہیومن ریسورس اینڈ ریمونیشن کمیٹی کے عہدے سے استعفیٰ دے دیا اور جناب محمد علی کاظمی کو کمپنی کی سیکرٹری



اس سال بورڈ نے ۱۵ اجلاس منعقد کئے۔ ہر ڈائریکٹر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کا نام	میٹنگز میں شرکت	شرکت کی اہلیت
روبرٹو لوگو (چیئرمین آف دی بورڈ) نان ایگزیکٹو ڈائریکٹر	5	5
جناب محمد عمران ملک	5	5
جناب امجد فاروق	5	5
جناب سید اسد علی زیدی	5	5
جناب تو گوآن کیات	4	5
جناب عامر امین	5	5
جناب محمد مقبول	5	5
فاطمہ اسد خان	4	5
جناب کمال منو	5	5

غیر حاضری کی چھٹی ان ڈائریکٹرز کو دی گئی جو بورڈ کے کچھ اجلاسوں میں شرکت نہیں کر سکے۔

محترمہ ماہ نور اطہر نے کمپنی سیکرٹری کے عہدے سے استعفیٰ دے دیا اور کمپنی سیکرٹری کا عہدہ 31 دسمبر 2022 پر خالی ہے۔

کمپنی پہلے ہی ڈائریکٹرز کے تربیتی پروگرام سے متعلق 31 دسمبر 2022 تک ریگولیشنز میں بیان کردہ معیار پر پورا اتر چکی ہے۔ اس لیے سال بھر میں اس طرح کا کوئی تربیتی پروگرام منعقد نہیں کیا گیا۔

### ۱۵۔ نان۔ ایگزیکٹو ڈائریکٹرز کا معاوضہ:

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے میٹنگ فیس کے علاوہ معاوضہ ادا نہیں کرے گی۔ کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات کی ادائیگی برداشت کرے گی۔ ڈائریکٹرز کی پالیسی کا بورڈ آف ڈائریکٹرز وقتاً فوقتاً جائزہ لے گا اور اس کی منظوری دے گا۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے الگ الگ معاوضے کی مجموعی رقم کی تفصیلات بشمول تنخواہ/فیس، مراعات، فوائد اور کارکردگی سے منسلک مراعات کا انکشاف مالیاتی گوشواروں میں کیا گیا ہے۔



اے) مالیاتی گوشوارے نوٹس کے ساتھ منسلک کر کے اس طرح سے تیار کیے گئے ہیں کہ یہ کمپنیز ایکٹ 2017 کے ساتھ اور بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز جو کہ پاکستان میں لاگو ہیں سے مطابقت رکھے۔ یہ گوشوارے کمپنی کے معاملات، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو منصفانہ طریقے سے پیش کرتے ہیں۔

بی) کمپنی کے اکاؤنٹس کے باقاعدہ کھاتے بنائے گئے ہیں۔

سی) مالیاتی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیز پر عمل درآمد کیا جاتا رہا ہے اور اسی طرح تخمینے معقول اور محتاط فیصلوں کی بنیاد پر لگائے گئے ہیں۔ اکاؤنٹنگ پالیسی میں اگر کوئی تبدیلی ہے تو مناسب طریقے سے ظاہر کی گئی ہے۔

ڈی) مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہیں، پر عمل کیا گیا ہے۔

ای) انٹرنل کنٹرول سسٹم ساخت میں مضبوط ہے اور موثر انداز سے لاگو کیا گیا ہے اور ان کا اندرونی آڈٹ ڈیپارٹمنٹ کی جانب سے مسلسل جائزہ لیا گیا ہے۔

ایف) کمپنی کی اہلیت پر کسی قسم کے کوئی خدشات نہیں ہیں۔

جی) ریگولیشنز آف پاکستان اسٹاک ایکسچینج میں درج شدہ تفصیلات کے مطابق کارپوریٹ گورنس پر بہترین عمل درآمد میں کوئی کمی نہیں آئی۔

ایچ) گزشتہ چھ سال کا آپریٹنگ اور فنانشل ڈیٹا اس رپورٹ کے ساتھ منسلک ہے۔

آئی) مالیاتی گوشواروں کے ساتھ منسلک نوٹس میں 31 دسمبر 2022 تک کی اضافی لیویز اور ٹیکسز سے متعلق معلومات دی گئی ہیں۔

جے) آڈٹ شدہ اکاؤنٹس کے مطابق 31 دسمبر 2022 تک پروویڈنٹ فنڈ ٹرسٹ کی طرف سے ہونے والی سرمایہ کاری کے 1.161 ارب روپے کا جائزہ۔

کے) کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، اور کمپنی سیکرٹری، ان کے اہل و عیال اور چھوٹے بچوں کی جانب سے کمپنی کے شیئرز کی کوئی ٹریڈنگ نہیں کی گئی۔

### ۱۴۔ کمپوزیشن آف بورڈ:

بورڈ آف ممبرز اور ایک خاتون ڈائریکٹر پر مشتمل ہے جن کی کمپوزیشن درج ذیل ہے:

\* آزاد ڈائریکٹرز 3

دیگر نان ایگزیکٹو ڈائریکٹرز 3

ایگزیکٹو ڈائریکٹرز 3

\* اس میں ایک خاتون ڈائریکٹر شامل ہے۔



سکول کے عملے کی تدریسی صلاحیتوں کو تقویت دینے کے لیے مقامی اسکول میں اساتذہ کیلئے تربیتی ورکشاپ کا اہتمام کیا گیا۔  
 Founder's Day تقریبات کا حصہ بنتے ہوئے، BCP کے رضا کاروں نے ایس او ایس ویج لاہور میں ڈسپنری اور آئی ٹی لیب کو  
 پیٹ کیا۔ حالیہ سیلاب سے متاثرہ لوگوں کی امداد کے لیے بے گھر ہونے والے خاندانوں کو فوڈ پیکٹ اور جوتے فراہم کیے گئے۔

### ۹۔ ماحولیاتی اثرات:

بہتر ماحول اور کلین انرجی میں اپنا کردار ادا کرتے ہوئے، ہم نے ری نیو ایبل انرجی سکیم کے تحت اپنی برانچ فیکٹری میں 1 میگا واٹ سولر  
 پاور پلانٹ کا میابی سے نصب کیا اس کے علاوہ ہماری باٹا پور فیکٹری میں اسی صلاحیت کا حامل سولر پاور پلانٹ پہلے سے ہی نصب کیا جا چکا  
 ہے۔ مزید، ہم نے باٹا پور اور برانچ فیکٹری مارا کا میں 2,500 سے زیادہ درخت / پودے لگائے۔

### ۱۰۔ مستقبل کا لائحہ عمل:

سخت معاشی حالات خاص طور پر معیشت میں سست روی اور بلند افراط زر کے باوجود، کمپنی کاروبار کی مستقبل کی ترقی کے لیے پوری طرح  
 پرعزم اور پرامید ہے جہاں وہ اپنے صارفین کو اعلیٰ پراڈکٹس کے ساتھ ساتھ خریداری کے تجربے کو بھی بہترین بنانے کی کوشش کرتی ہے۔

### ۱۱۔ اندرونی مالیاتی کنٹرول:

ڈائریکٹرز اور مینجمنٹ، کمپنی کے اندرونی کنٹرول سسٹم کے لیے اور شیئر ہولڈرز کو ان کی سرمایہ کاری پر منافع فراہم کرنے پر سالانہ جائزہ لینے  
 کے لیے ذمہ دار ہیں جو خطرات کے ذمہ دارانہ تشخیص اور انتظام کے مطابق ہے۔ اس میں مالیاتی، آپریشنل اور کمپلائنس کنٹرولز اور رسک  
 مینجمنٹ کے طریقہ کار اور ان کی اثر اندازی کا جائزہ لینا شامل ہے۔ ڈائریکٹرز نے 31 دسمبر 2022 کے اختتام پر اپنا سالانہ جائزہ اور  
 تشخیص مکمل کر لی ہے۔

بورڈ اور آڈٹ کمیٹی باقاعدگی سے کمپنی کے اندرونی آڈٹ فنکشن کی رپورٹس کا جائزہ لیتی ہے جو کہ کمپنی کے کنٹرول فریم ورک سے تعلق رکھتا  
 ہے تاکہ اندرونی کنٹرول کی ضروریات کو پورا کیا جاسکے۔ کمپنی کا اندرونی آڈٹ فنکشن سالمیت اور موثر کنٹرول سرگرمیوں کا جائزہ لینے اور  
 باقاعدہ رپورٹس آڈٹ کمیٹی اور بورڈ کو فراہم کرنے کیلئے کیا جاتا ہے۔

### ۱۲۔ اندراج شدہ کمپنیوں کے ساتھ کمپلائنس (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (دی ریگولیشنز):

31 دسمبر 2022 کو ختم ہونے والے سال کیلئے متعلقہ ریگولیشنز کی ضروریات کو کمپنی کی جانب سے اپنایا گیا ہے اور اس کی مکمل طور  
 پر تعمیل کی گئی ہے۔ اس حوالے سے بیان رپورٹ کے ساتھ منسلک ہے۔

### ۱۳۔ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں:



## ۷۔ بنیادی خطرات اور غیر یقینی حالات:

کمپنی نے کچھ ذاتی خطرات اور غیر یقینی حالات کا سامنا کیا۔ تاہم، بنیادی خطرات درج ذیل ہیں:

۱۔ ہماری مصنوعات کی کیٹیگری میں سخت مقابلہ

۲۔ غیر ملکی زرمبادلہ کی شرح اور اشیاء کی قیمتوں میں رد و بدل

۳۔ کمپنی کے خلاف مقدمات کے خدشات

ان خدشات اور خطرات کے اثر کو کم کرنے کے لئے کمپنی مختلف اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ کام کرتی ہے۔

## ۸۔ فلاحی سماجی ذمہ داری (سی ایس آر)

گھر کی ٹیچنگ ہسپتال لاہور میں مریضوں اور ان کے لواحقین کو پینے کا صاف پانی مہیا کرنے کیلئے ایک واٹر فلٹریشن پلانٹ کا قیام کیا گیا۔ مختلف سکولوں میں زیر تعلیم پسماندہ بچوں کو 1821 جوتوں کے جوڑے عطیہ کئے گئے۔ تعلیمی میدان میں اپنی نوجوان نسل کو سہارا دینے کے لیے، نیشنل یونیورسٹی آف سائنسز اینڈ ٹیکنالوجی (NUST) کے ایک طالب علم کی انڈرگریجویٹ ڈگری کی تکمیل کے لیے ایک سال کے تعلیمی اخراجات کا ذمہ اٹھایا۔ بہتر ماحول کے لیے اپنا کردار ادا کرتے ہوئے، ملازمین اور ان کے بچوں کی مدد سے پلانٹ فار لائف مہم کا آغاز کیا گیا جس کے تحت 2,500 سے زیادہ درخت / پودے باٹاپور، مارا کا اور اُس کے قریبی علاقوں میں لگائے گئے۔

سکول میں صحت آگاہی اور طبی کمپ کا انعقاد کیا گیا جس میں 190 طلباء اور اساتذہ کو طبی معائنہ کی سہولت اور مفت ادویات بھی فراہم کی گئیں۔ اس کے علاوہ، بلڈ شوگر، کولیسٹرول، یورک ایسڈ اور پاپائٹس بی اور سی کے 120 ٹیسٹس مفت مشاورت سے کئے گئے۔ پسماندہ بچوں کو معیاری تعلیم فراہم کرنے کیلئے، ممتاز گریڈ ہائی سکول لاہور کی 418 طالبات کو سکول یونیفارم، جوتے، کتابیں اور سٹیشنری فراہم کی گئی۔ صحت مند ثقافت کے فروغ کے لیے، لاہور میں ہمارے اپنائے گئے سکول میں، طالبات کے لیے سالانہ کھیلوں کا انعقاد کیا گیا۔ محفوظ تعلیمی نظام کو برقرار رکھنے کیلئے سکول کے انفراسٹرکچر کو مضبوط کیا گیا ہے، اسی سکول میں پسماندہ طالبات کے لیے دو کلاس رومز کی تزئین و آرائش بھی کی گئی ہے۔

اپنے ملازمین کے بچوں کے ساتھ ماحولیات کا عالمی دن منایا اور انہیں پوسٹرز، ویڈیوز اور انٹرایکٹو سیشنز کی مدد سے گلوبل وارمنگ، تیزی سے ختم ہوتے جانوروں کے مسکن اور آلودگی کے خطرات کی اہمیت کے بارے میں آگاہ کیا۔ BCP رضا کاروں نے طالب علموں کی رہنمائی کیلئے متعدد سیشنز کا انعقاد کیا تاکہ بچوں میں چھپی صلاحیتوں کو اجاگر کیا جاسکے اور مستقبل کے راستوں کا درست تعین کرنے میں ان کی مدد کی جاسکے۔ نسل در نسل یکجہتی کی راہ میں حائل رکاوٹوں اور Sustainable Development Goals کے حصول کی خاطر اہم اقدامات اٹھانے کے حوالے سے شعور پیدا کرنے کیلئے کالج طلبہ کے ساتھ نوجوانوں کا عالمی دن منایا گیا۔



۶۔ منافع کا تخمینہ:  
کمپنی کے مالیاتی نتائج درج ذیل ہیں:  
31 دسمبر 2022 کے اختتام پر

Rs. ('000)  
1,411,074

منافع قبل از ٹیکس  
کمی: ٹیکس کی شرح

(381,702)  
(71,649)  
(83,435)  
(536,786)

حالیہ  
گزشتہ سال  
مؤخر کردہ

874,288  
(873,662)  
748  
1,374

منافع بعد از ٹیکس  
گزشتہ سال سے آگے لایا جانے والے غیر اختصاصی منافع  
ایکسپیرنس ایڈجسٹمنٹس۔ عملے کے مفادات  
اختصاص کیلئے دستیاب منافع

-  
(1,360,800)  
(2,400,000)  
(1,039,200)

مجموعی منافع 2022ء با حساب 00.00 روپے فی شیئر  
عبوری منافع 2022ء با حساب 180.00 روپے فی شیئر  
جنرل ریزورس سے منتقلی

(1,040,574)

اگلے سال میں لے جایا جانے والے غیر اختصاصی منافع



### ۴۔ مالی نتائج اور ترقی:

کمپنی نے مجموعی طور پر 17.734 ارب روپے کا کاروبار کیا جو گزشتہ سال کے مقابلے میں %26.82 اضافہ ظاہر کرتا ہے۔ گزشتہ سال کے 6.475 ارب روپے کے مقابلے میں کل منافع 8.589 ارب روپے ریکارڈ کیا گیا۔ عملی منافع گزشتہ سال کے 1.526 ارب روپے کے مقابلے میں 2.161 ارب روپے ہے۔ منافع بعد از ٹیکس گزشتہ سال کے 546.089 ملین روپے کے مقابلے میں 874.288 ملین روپے ہے۔ کمپنی کی فی شیئر کمائی گزشتہ سال کے 72.23 روپے کے مقابلے میں 115.6 روپے فی شیئر ہے۔

ہمارا ریٹیل ڈویژن موجودہ سیٹ اپ کے ساتھ اور نئے سٹورز کی مدد سے مسلسل بڑھ رہا ہے اور یہ اب تک %34.8 ترقی حاصل کر چکا ہے۔ اس ترقی کو برقرار رکھنے اور سٹورز میں دوستانہ اور جدید ماحول فراہم کرنے کی غرض سے 375 ملین روپے کی رقم خرچ کی گئی ہے تاکہ اہم کاروباری مقامات پر نئے اسٹورز کا قیام اور موجودہ سٹورز کی تزئین و آرائش کی جاسکے۔ زیادہ تر توسیع ہمارے جدید طرز کے سٹورز کو ذہن میں رکھتے ہوئے کی گئی ہے۔

کمپنی کے پاس ایک مؤثر کیش فلومینجمنٹ سسٹم ہے جس کے تحت کیش کی آمد اور اخراج کو باقاعدگی سے شمار کیا جاتا ہے۔ مختصر مدت کی سرمایہ کاری اور بینک ڈپازٹس پر منافع کے ساتھ ساتھ، سپلائرز کو وقت سے پہلے رقم کی ادائیگی کر کے حاصل ہونے والی آمدن اچت کی کل رقم 61.4 ملین روپے رہی۔ بورڈ اس بات سے مطمئن ہے کہ سال کے اختتام پر کوئی مختصر یا طویل مدتی مالیاتی رکاوٹیں نہیں ہیں۔

ہمارے کاروبار کی زیادہ تر ترقی ہمارے عملے کو بہترین ٹریننگ کے ذریعے دی گئی مہارت ہر منحصر ہے۔ ٹیکنالوجی اور بزنس ایڈمنسٹریشن کے شعبہ میں جدید ترقی کے حصول کیلئے اس عرصہ کے دوران کمپنی نے اپنے لوگوں پر کافی وقت اور رقم کو خرچ کیا ہے۔ اس عمل کو مستقبل میں بھی مسلسل جاری رکھا جائے گا۔ اپنے عملے کی بہترین تربیت کو ہم مستقبل کے لیے ہمیشہ ایک سرمایہ کاری سمجھتے ہیں جس کا مقصد انہیں محفوظ اور صحت مند کام کا ماحول فراہم کرنا ہے۔

### ۵۔ فی شیئر کمائی:

31 دسمبر 2022 کے اختتام پر فی شیئر کمائی گزشتہ سال کے 72.23 روپے کے مقابلے میں 115.6 روپے فی شیئر ہے۔





## ممبرز کیلئے ڈائریکٹرز کی رپورٹ

31 دسمبر 2022 کو ختم ہونے والے سال کے لئے کمپنی کا مالیاتی جائزہ اور یہ رپورٹ ڈائریکٹرز انتہائی مسرت کے ساتھ جمع کراتے ہیں

۱۔ بنیادی سرگرمی:

کمپنی کا بنیادی کام تمام اقسام کے جوتوں کی تیاری اور فروخت کے ساتھ ساتھ ان کی ایکسٹریز اور ہوزری آؤٹز کی فروخت ہے۔

۲۔ ہولڈنگ کمپنی:

باٹا پاکستان لمیٹڈ کی (آبائی کمپنی) Bafin.B.V ہے جو کہ نیدر لینڈ میں قائم ہے جبکہ ان سب پر حتمی کنٹرول رکھنے والی کمپنی

Compass لمیٹڈ ہے جو کہ برمودا میں قائم ہے۔

۳۔ مالیاتی نتائج:

مختصر مالیاتی جائزہ درج ذیل ہے:

عملی نتائج	رقم روپے میں		کمی / اضافہ
	2021	2022	
آمدن	17,845,728	21,788,892	22.10%
خالص آمدن	13,983,497	17,733,994	26.82%
کل منافع	6,475,390	8,589,000	32.64%
کل منافع %	46.31%	48.43%	+2.12bps
ڈسٹریبوشن لاگت	4,004,374	5,117,002	27.79%
انتظامی اخراجات	1,130,745	1,396,573	23.51%
عملی منافع	1,525,927	2,160,771	41.60%
منافع بعد از ٹیکس	546,089	874,288	60.10%
کمائی فی شیئر - روپے	72.23	115.65	60.11%



**NEW**

*Spring*  
**SUMMER**

**200+ NEW DESIGNS**

*Surprisingly*  
**Bata**

*Bata*<sup>®</sup>



# **CORPORATE**

Governance



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

**Name of Company: Bata Pakistan Limited**  
**Year ended: December 31,2022**

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('Regulations') in the following manner:

1. The total number of directors are Nine (09) as per the following.

- a) Male: Eight (08)
- b) Female: One (01)

2. The composition of the Board is as follows:

Category	Names
<b>i.</b> Independent directors	Mr. Muhammad Maqbool Mr. Kamal Monnoo Ms. Fatima Asad Khan
<b>ii.</b> Non-executive directors	Mr. Roberto Longo Mr. Toh Guan Kiat Mr. Aamir Amin
<b>iii.</b> Executive directors	Mr. Muhammad Imran Malik Mr. Amjad Farooq Mr. Syed Asad Ali Zaidi
<b>iv.</b> Female directors	Ms. Fatima Asad Khan

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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is 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 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The company has already met the criteria specified in the Regulations pertaining to Director's training program. Therefore, no such training program was conducted during the year.



10. The Board has approved appointment of chief financial officer, 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. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed Committees comprising of members given below:

**a) Audit Committee**

1. Mr. Muhammad Maqbool (Chairman)
2. Mr. Roberto Longo
3. Mr. Aamir Amin
4. Mr. Toh Guan Kiat

**b) Human Resource and Remuneration Committee**

1. Ms. Fatima Asad Khan (Chairperson)
2. Mr. Muhammad Imran Malik
3. Mr. Toh Guan Kiat

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly / half yearly / yearly) of the Committees were as per following:
  - a) Audit Committee  
Four quarterly meetings were held during the financial year ended December 31, 2022
  - b) Human Resource and Remuneration Committee  
Three meetings were held during the financial year ended December 31, 2022
15. The Board has set up an effective internal audit function.
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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
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; and
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Batapur:  
LAHORE: February 28, 2023

**ROBERTO LONGO**  
CHAIRMAN





FRESH  
NEW STYLES,  
NOT JUST  
OLD FAVORITES

**NEW**  
*Spring*  
**SUMMER**  
COLLECTION

PICK YOUR FAVOURITE  
FASHION TREND

**Bata** RED LABEL

**Bata**  
COMFIT

**NORTH  
STAR**

LIVE OUTDOORS  
**WEINBRENNER**  
SINCE 1862

*Surprisingly*  
**Bata**

*Bata*<sup>®</sup>



# REVIEW REPORT

To The Members





## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bata Pakistan 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 Bata Pakistan Limited for the year ended December 31, 2022 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 December 31, 2022.

**A.F. Ferguson & Co.**  
**Chartered Accountants**

**Name of engagement partner: Amer Raza Mir**  
**Lahore**

**Date: March 24, 2023**

**UDIN: CR202210118jsGjVgTE9**

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan  
Tel: +92 (42) 3571 5868-71 / 3577 5747-50-37; Fax: +92 (42) 3577 5754 www.pwc.com/pk*

• Karachi • Lahore • Islamabad





**NEW**

*Spring*  
**SUMMER**

**200+ NEW DESIGNS**

*Surprisingly*  
**Bata**

NEW

# Spring SUMMER

200+ NEW DESIGNS

Surprisingly  
**Bata**

*Bata*<sup>®</sup>



# AUDITOR'S REPORT

To The Members



**INDEPENDENT AUDITOR'S REPORT**

**To the members of Bata Pakistan Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of Bata Pakistan Limited (the Company), which comprise the statement of financial position as at December 31, 2022, 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 December 31, 2022 and of the profit and other comprehensive income, 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 Auditor's 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.

**Key Audit Matter**

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 period. 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	<p>Contingent Taxation Liabilities (Refer notes 5.2 and 31.1 to the financial statements)</p> <p>The Company has contingent liabilities in respect of various income and sales tax matters, which are pending adjudication before the taxation authorities and the Courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income and sales tax, a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained and examined details of the pending tax matters and discussed the same with the Company's management;</li> <li>• Circularized confirmations to the Company's external tax advisors for their views on open tax assessments and matters. Furthermore, examined prior years' precedents of outcomes in favor of the Company at various forums related to matters under consideration which support the Company's stance;</li> <li>• Examined correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>• Involved in-house tax specialists to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and</li> <li>• Assessed the adequacy and appropriateness of disclosures made in respect of such income and sales tax matters.</li> </ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
 23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan  
 Tel: +92 (42) 3571 5868-71 / 3577 5747-50-37; Fax: +92 (42) 3577 5754 www.pwc.com/pk

• Karachi • Lahore • Islamabad



**Information Other than the Financial Statements and Auditor's 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 auditor's 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.

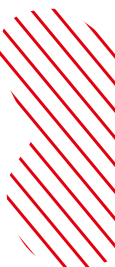
Board of directors are responsible for overseeing the Company's financial reporting process.

**Auditor's 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 auditor's 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 judgement 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 auditor's 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 auditor's 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.

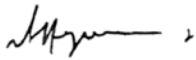
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



A.F.Ferguson & Co.  
Chartered Accountants

Lahore

Dated: March 24, 2023

UDIN: AR202210118st81G2Wva



LIVE OUTDOORS  
**WEINBRENNER**<sup>®</sup>  
• SINCE 1892 •



**TREAD THE  
OUTDOORS  
CAREFREE**

*Surprisingly*  
**Bata**



MC  
MARIE CLAIRE





# FINANCIAL

## Statements



# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,293,261	1,935,392
Right of use assets	7	3,374,702	3,427,313
Intangible assets	8	183,856	214,307
Long term investments	9	45,062	45,031
Long term deposits and prepayments	10	62,593	41,077
Deferred tax asset	11	350,693	434,129
		6,310,167	6,097,249
<b>CURRENT ASSETS</b>			
Stores and spare parts	12	–	–
Stock in trade	13	5,111,998	3,978,771
Trade debts - unsecured	14	827,409	973,880
Advances - unsecured	15	561,050	283,015
Trade deposits and short term prepayments	16	191,075	293,418
Other receivables	17	397,451	411,658
Interest accrued		7,306	5,781
Short term investments	18	500,000	1,100,000
Tax refunds due from Government	19	350,161	350,161
Cash and bank balances	20	2,085,946	2,108,570
		10,032,396	9,505,254
<b>TOTAL ASSETS</b>		<b>16,342,563</b>	<b>15,602,503</b>
<b>EQUITY AND LIABILITY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	21.1	100,000	100,000
Issued, subscribed and paid up capital	21.2	75,600	75,600
Reserves			
Capital reserve	22	483	483
Revenue reserves	23	5,597,574	6,083,338
		5,598,057	6,083,821
		5,673,657	6,159,421
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	24	3,451,948	3,500,649
Long term deposits	25	26,461	26,353
Deferred liability - employee benefits	26	56,587	61,992
Long term borrowing	27	111,010	47,222
		3,646,006	3,636,216
<b>CURRENT LIABILITIES</b>			
Current portion of lease liabilities	24	980,254	911,572
Current portion of long term borrowing	27	14,083	6,296
Trade and other payables	28	4,636,881	4,073,404
Short term borrowings	29	–	–
Provision for taxation		381,702	186,714
Unpaid dividend	30	921,110	568,587
Unclaimed dividend		88,870	60,293
		7,022,900	5,806,866
<b>CONTINGENCIES AND COMMITMENTS</b>	31		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,342,563</b>	<b>15,602,503</b>

The annexed notes 1 to 52 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
Sales	32	17,733,994	13,983,497
Cost of sales	33	(9,144,994)	(7,508,107)
Gross profit		8,589,000	6,475,390
Distribution cost	34	(5,117,002)	(4,004,374)
Administrative expenses	35	(1,396,573)	(1,130,745)
Other expenses	36	(174,421)	(130,097)
Other income	37	259,767	315,753
Finance costs	38	(749,697)	(718,648)
Profit before taxation		1,411,074	807,279
Taxation	39	(536,786)	(261,190)
Profit for the year		874,288	546,089
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability - net of tax		748	(3,267)
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income / (loss) for the year		748	(3,267)
Total comprehensive income for the year		875,036	542,822
Earnings per share - basic and diluted (Rupees per share)	40	115.65	72.23

The annexed notes 1 to 52 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Capital reserve	Revenue reserve		Total
			General reserve	Unappropriated profits / (losses)	
	(Rupees in '000)				
<b>Balance as at January 01, 2021</b>	75,600	483	6,957,000	(660,484)	6,372,599
Total comprehensive income for the year	-	-	-	542,822	542,822
Transactions with owners in their capacity as owners:					
Interim dividend for the year ended December 31, 2021 @ Rs. 100.00 per share	-	-	-	(756,000)	(756,000)
<b>Balance as at December 31, 2021</b>	75,600	483	6,957,000	(873,662)	6,159,421
Transfer from General Reserve	-	-	(2,400,000)	2,400,000	-
Total comprehensive income for the year	-	-	-	875,036	875,036
Transactions with owners in their capacity as owners:					
Interim dividend for the year ended December 31, 2022 @ Rs. 180.00 per share	-	-	-	(1,360,800)	(1,360,800)
<b>Balance as at December 31, 2022</b>	75,600	483	4,557,000	1,040,574	5,673,657

The annexed notes 1 to 52 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		1,411,074	807,279
Adjustments for:			
Depreciation of property, plant & equipment	6.2	303,628	278,815
Depreciation of right of use assets	7	1,101,377	1,126,172
Amortization of intangible assets	8	49,160	31,888
Provision for gratuity	26.3	9,123	10,277
Loss on disposal of property, plant and equipment	6.5	1,810	9,554
Gain of settlement of leases on vacation of shops	37	(11,114)	(14,552)
Rent concessions received	37	(82,990)	(172,351)
Income from short term investments	37	(50,627)	(64,711)
Income from long term investments	37	(5,016)	(3,074)
Exchange loss	36	62,512	58,472
Interest / markup costs	38	672,572	670,982
Early payment discount on supplier invoices	37	(10,753)	(17,409)
Reversal of loss allowance of trade debts	34	(45,186)	(3,583)
Loss allowance of advances to suppliers	15	-	6,930
Reversal of loss allowance of other receivables	17.2	(3,838)	-
Reversal of slow moving and obsolete stock - net	13.2	(24,341)	(28,386)
(Reversal of) / provision for obsolescence of raw material - net	13.1	(5,120)	18,121
Reversal of provision for obsolescence of stores and spare parts - net	12.1	(50)	(2,651)
		1,961,147	1,904,494
Operating profit before working capital changes		3,372,221	2,711,773
<b>Effect on cash flow due to working capital changes:</b>			
<b>Increase in current assets:</b>			
Stores and spare parts		50	2,651
Stock in trade		(1,103,766)	(1,155,694)
Trade debts - unsecured		191,657	415,320
Advances - unsecured		(278,035)	(173,939)
Trade deposits and short term prepayments		102,343	(125,423)
Other receivables		8,750	10,327
		(1,079,001)	(1,026,758)
<b>Increase in current liabilities:</b>			
Trade and other payables		503,625	1,254,823
Cash generated from operations		2,796,845	2,939,838
Interest / markup costs paid	38	(672,572)	(670,982)
Taxes paid	17.1	(249,068)	(316,171)
Gratuity paid	26.2	(13,411)	(21,479)
		(935,051)	(1,008,632)
Increase in long term deposits and prepayments		(21,408)	(3,385)
<b>Net cash generated from operating activities</b>		1,840,386	1,927,821
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(373,788)	(114,209)
Investment in capital work in progress	6.3	(305,061)	(174,190)
Acquisition of intangible assets		(18,709)	(81,451)
Proceeds from sale of property, plant and equipment	6.5	15,542	14,505
(Increase) / decrease in long term investments		(31)	63
Interest income received		54,118	65,344
<b>Net cash used in investing activities</b>		(627,929)	(289,938)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(979,700)	(181,614)
Long term borrowings obtained		77,871	-
Repayment of long term loan		(6,296)	(6,741)
Lease payments		(934,680)	(743,666)
Net cash used in financing activities		(1,842,805)	(932,021)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(630,348)	705,862
<b>Cash and cash equivalents at the beginning of the year</b>		3,208,570	2,499,740
<b>Effects of exchange rate changes on cash and cash equivalents</b>		7,724	2,968
<b>Cash and cash equivalents at the end of the year</b>	42	2,585,946	3,208,570

The annexed notes 1 to 52 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 1 LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company and its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Batapur, Lahore. The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items. The parent company of Bata Pakistan Limited is Bafin B.V. (Nederland), whereas the ultimate parent is Compass Limited, Bermuda. Furthermore, the Company has the following production facilities:

Sr. No	Business Units	Geographical Location
1	Batapur Factory	G.T. Road, P.O. Batapur, Lahore
2	Maraka Factory	26 - km, Multan Road, Lahore

The Company operates through retail outlets spread across the country with 8 outlets situated in Azad Kashmir, 8 in Balochistan, 13 in Islamabad Capital Territory, 2 in Gilgit Baltistan, 42 in Khyber Pakhtunkhwa, 306 in Punjab and 65 outlets in Sindh.

## 2 STATEMENT OF COMPLIANCE

2.1 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:

- i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Initial application of standards, amendments or an interpretation 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:

#### 2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year or have been early adopted by the Company

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on or after January 01, 2022 but are considered not to be relevant to 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:

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to June 30, 2022.

If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment. Since the Company had already applied the original practical expedient, therefore, it continues to apply it. As a result the Company has accounted for rent concessions amounting to Rs. 82.99 million (2021: Rs. 172.351 million) as 'other income' (note 37) in the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 2.2.2 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 accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

### (a) Amendments to IAS 8, 'Definition of Accounting Estimates'

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, effective for accounting periods beginning on or after January 01, 2023, 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 is in the process of assessing the impact of this amendment on the Company's financial statements.

### (b) Amendments to IAS 1, 'Classification of liabilities as current or non-current'

The narrow-scope amendments to IAS 1 Presentation of Financial Statements, effective for accounting periods beginning on or after January 01, 2024, 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 (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the settlement of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

These amendments are not expected to have a material impact on the Company's financial statements when they become effective.

### (c) Amendments to IAS 1 and IFRS 2 Practice Statement 2, 'Disclosure of Accounting Policies'

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The above mentioned amendments are effective for accounting periods beginning on or after January 01, 2023.

The Company is in the process of assessing the impact of these amendment on the Company's financial statements.

### (d) Amendments to IAS 12, 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments to IAS 12 Income Taxes, effective for accounting periods beginning on or after January 01, 2023, require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The Company is in the process of assessing the impact of these amendments on the Company's financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 3 BASIS OF PREPARATION

### 3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated.

### 3.2 Presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to nearest thousand of Rupees, unless otherwise stated

## 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's significant accounting policies are stated in note 5. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- Measurement of employee benefits - Note 5.1.
- Provision for current taxation - Note 5.2.
- Useful lives and residual values of property, plant and equipment - Note 5.3.
- Use of discount rates and interpretation of lease terms - Note 5.4.1.
- Provision for obsolescence of stock in trade - Note 5.9.
- Loss allowance for doubtful debts - Note 5.17.1.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 5.1 Employee Benefits

The main features of the schemes operated by the Company for its employees are as follows:

#### Defined Benefit Plan

The Company operates an un-funded gratuity scheme covering all employees, excluding managerial staff. The entitlement to gratuity is determined as follows:

- a) For employees, who are members of the provident fund scheme, the provision is calculated with reference to 3 weeks' basic salary for each completed year of service.
- b) For employees, who are not members of the provident fund scheme, provision is based on 30 days gross highest salaries / wages drawn during the year for each completed year of service.

Actuarial valuation of defined benefit scheme is conducted annually and the most recent valuation was carried out as of December 31, 2022 using projected unit credit method. The significant assumptions used are detailed in note 26.

The Company's policy with regard to experience gains and losses is to recognize them as they occur in other comprehensive income under IAS 19 'Employee Benefits'.

#### Defined Contribution Plan

The Company operates two recognized provident fund schemes that are defined contribution plans for all of its employees. Equal monthly contributions are made both by the Company and the employees to the Employees' Provident Fund and Managerial Staff Provident Fund at the rates of 8% and 10% of basic salary respectively.





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 5.2 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income as the case may be.

### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured and accounted for using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty. Such judgements are reassessed whenever circumstances have changed or there is new information that affects the judgements. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favour of the Company, the amounts are shown as contingent liabilities. In making a judgment and / or estimate relating to probability of outcome, the management considers laws, statutory rules, regulations and their interpretations. Where, based on management's estimate, a provision is required, the same is recorded in the financial statements.

### Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items charged or credited to equity or other comprehensive income, in which case it is included in the statement of changes in equity or statement of other comprehensive income as the case may be.

## 5.3 Property, plant and equipment

Operating fixed assets except freehold land and leasehold land with superstructure are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and leasehold land with superstructure is stated at cost less any identified impairment loss.

Depreciation is charged to the statement of profit or loss on the reducing balance method so as to write off the depreciable amount of an asset over its estimated useful life at annual rates mentioned in note 6.2 after taking into account their residual values.

The assets' useful lives and residual values are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets as at December 31, 2022 has not required any adjustment.

Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized or retired from active use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in the statement of profit or loss.

## 5.4 Leases

The Company is both the lessor and the lessee.

### 5.4.1 Lessee accounting

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For leases which are not short term (of a period less than twelve months) or of low monetary value, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses the recent third party financing received by the Company as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;
- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and
- makes adjustments specific to the lease e.g. terms and security.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). While making this assessment, the Company considers significant penalties to terminate (or not extend) as well as the significant cost of business disruption.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit and loss if the carrying amount of right of use asset has been reduced to zero. The rent concessions received by the Company as a result of the COVID-19 Pandemic have been accounted for in accordance with the amendment to IFRS-16 as explained in note 2.2.1

The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term and low value leases are recognised on a straight line basis as an expense in the statement of profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 5.4.2 Lessor accounting

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

## 5.5 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period and/or in transit are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use. Capital work in progress is stated at cost, less any identified impairment loss.

## 5.6 Intangible assets

Expenditure incurred to acquire and develop the point of sale (POS) and computer software is capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to statement of profit and loss using the straight line method, so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month of disposal. Amortization is being charged at the annual rate of 25% on computer software and 20% on POS software, on straight line basis.

Useful lives of intangible operating assets are reviewed, at each date of statement of financial position and adjusted if the impact of amortization is significant.

The Company assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

## 5.7 Investments

These represent investments with fixed maturity in respect of which Company has the positive intent and ability to hold till maturity. These are initially recognized at cost including transaction costs and are subsequently carried at amortized cost.

## 5.8 Stores and spare parts

These are valued at lower of weighted average cost or net realizable value except for items in transit which are stated at invoice value along with any other charges associated with buying the inventory for its intended use. The Company reviews the carrying amount of stores and spare parts on a regular basis for provision for obsolescence.

Provision for obsolescence of stores and spare parts is made on the basis of management's best estimate of usability of items and considering the ageing analysis prepared on an item by item basis.

## 5.9 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realizable value. Cost is determined as follows:

### Raw material

Purchased	–	at weighted average cost
In transit	–	at actual cost

**Goods in process** – at production cost

### Finished goods

Own production	–	at production cost on first in first out (FIFO) basis.
Purchased	–	at actual cost on first in first out (FIFO) basis
In transit	–	at actual cost

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Cost of work in process and finished goods comprises cost of direct materials, labor and related production overheads (based on normal operating capacity). Net realizable value is based on estimated selling price in the ordinary course of business less estimated cost to completion and estimated cost necessary to make the sale.

If the expected net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's best estimate, considering the aging analysis prepared on an item by item basis.

### 5.10 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method. The credit period for wholesale customers of the company is normally 60 days.

Trade debts and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than one year past due (considered as default).

### 5.11 Contingencies and commitments

Contingent liability is disclosed when:

- There is a possible obligation that arises from past events and 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
- There is a present 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.

Accounting policy in respect of contingent taxation liabilities is further elaborated in note 5.2.

### 5.12 Foreign currency transactions and translations

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

### 5.13 Borrowings

Loans and borrowings are initially recorded at fair value. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and is included in accrued finance cost to the extent of the amount remaining unpaid.

### 5.14 Provisions

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

### 5.15 Revenue recognition

Revenue is recognised when performance obligations are satisfied by transferring control of a promised good to a customer and the control transfers at a point in time. Revenue is measured at fair value of the consideration received or receivable excluding discounts allowed to customers. A contract liability is recorded for advances received from customers against which performance obligations have not been satisfied.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

The Company operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognized at the time of the sale. Revenue is recognized when the points are redeemed or when they expire.

### 5.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less which form an integral part of the Company's cash management.

### 5.17 Financial Instruments

#### 5.17.1 Financial assets

In accordance with the requirements of IFRS 9, the Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of profit or loss.

##### b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Income from such assets are recognized directly in other comprehensive income.

##### c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in statement of profit or loss. Dividends from such investments continue to be recognised in statement of profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## Impairment of financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The Company computes historical loss rates using the historical credit losses which are then adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For trade debts, the Company applied the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company recognises in statement of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

## 5.17.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

## 5.18 Trade and other payables

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 5.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

## 5.20 Dividend and appropriation to reserves

Dividend and other appropriation to reserves are recognized in the financial statements in the period in which these are approved.

## 5.21 Operating segments

Operating segments are reported in a manner consistent with the internal reports issued to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Based on internal management reporting structure, the Company is organized into four operating segments:

- Retail: This segment includes information relating to sales made from retail stores of the Company.
- Wholesale: This segment includes information relating to sales made to distributors of the Company.
- Export: This segment includes information regarding the exports made by the Company to both associated undertakings and other customers.
- Others: All other sales of the Company including sales of grinders and wastages are included in this segment.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.2	2,075,617	1,911,223
Capital work in progress	6.3	217,644	24,169
		<u>2,293,261</u>	<u>1,935,392</u>

6.1 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Sr. No.	Usage of Immovable Property	Location	Total Area (Square Feet)
1	Factory Area	Batapur Factory Area	740,880
2	Residential Area	Batapur Residential Area	1,936,922
3	Sports Ground	Batapur, Sports Ground	407,758
4	Factory Area	Maraka Factory Area	353,160
5	Retail Store	Bata Bazar Batapur, Lahore	4,099
6	Retail Store	Mini Price Batapur, Lahore	3,900
7	Retail Store	Maraka II, Lahore	9,832
8	Retail Store	Aabpara Market Islamabad	1,800
9	Retail Store	Jinnah Road Murree	3,230
10	Retail Store	Kashmir Road Rawalpindi	3,402
11	Retail Store	Haji Building Rawalpindi	2,650
12	Retail Store	Amin Bazar Sargodha	1,144
13	Retail Store	Khushab	580
14	Retail Store	Saddar Bazar Mandi Bahauddin	1,120
15	Retail Store	G. T. Road I Gujranwala	521
16	Retail Store	Paisa Akbar Anarkali Lahore	1,580
17	Retail Store	Abdul Karim Road, Lahore	1,800
18	Retail Store	Moon Plaza Liberty Market, Lahore	559
19	Retail Store	Marie Claire Liberty Market, Lahore	750
20	Retail Store	Shadman Market, Lahore	919
21	Retail Store	Shahdara Lahore	522
22	Retail Store	Katchery Bazar Faisalabad	2,126
23	Retail Store	Liaquat Bazar Quetta	377
24	Retail Store	Frere Road Sukkur	645
25	Retail Store	Tariq Road I, Karachi	7,560
26	Retail Store	Tariq Road Bubble Gummer, Karachi	1,200
27	Retail Store	Shah Faisal Colony I, Karachi	753
28	Retail Store	Clifton Karachi	1,144
29	Retail Store	Pakistan Chowk Karachi	2,628
30	Retail Store	Preeedy Street Karachi	4,440



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 6.2 Operating fixed assets

### Net carrying value basis

Year ended December 31, 2022  
 Opening net book value (NBV)  
 Additions (at cost)  
 Disposals (at NBV)  
 Depreciation charge  
 Closing net book value (NBV)

### Gross carrying value basis

As at December 31, 2022  
 Cost  
 Accumulated depreciation  
 Net book value (NBV)  
 Depreciation rate per annum

### Net carrying value basis

Year ended December 31, 2021  
 Opening net book value (NBV)  
 Additions (at cost)  
 Disposals (at NBV)  
 Depreciation charge  
 Closing net book value (NBV)

### Gross carrying value basis

As at December 31, 2021  
 Cost  
 Accumulated depreciation  
 Net book value (NBV)  
 Depreciation rate per annum

\* Freehold land represents the area of Batapur factory, Maraka factory and Peshawar land. Peshawar land is not saleable in the ordinary course of business.

\*\* Leasehold land represents a piece of land obtained from Capital Development Authority in 1965, measuring 1,800 square Feet situated in Islamabad.

6.2.1 The assets include furniture, fixtures & fittings and computers amounting to Rs. 192.012 million (2021: Rs. 192.012 million), which are in the name of the Company but are in possession of various business associates. These assets are provided under a contract, to run operations of the retail shops to sell Company's merchandise exclusively.

## 6.3 Capital work in progress

Freehold land*	(Rupees in '000)										Total
	Leasehold land with super structure**	Buildings on freehold Land- factory	Buildings on freehold land- others	Plant and machinery	Boiler	Gas installators	Office equipment	Computers	Furniture, fixtures and fittings	Vehicles	
2,508	35	158,577	39,405	439,769	7,502	622	1,842	158,586	1,092,862	9,515	1,911,223
-	-	21,085	5,538	74,952	-	-	470	57,988	325,342	-	485,375
-	-	-	-	(696)	-	-	(3)	(760)	(15,894)	-	(17,353)
-	-	(16,877)	(2,135)	(45,501)	(750)	(62)	(212)	(47,994)	(188,193)	(1,903)	(303,628)
2,508	35	162,785	42,898	468,524	6,752	560	2,097	167,820	1,214,117	7,612	2,075,617
0%	0%	10%	5%	10%	10%	10%	10%	25%	15%	-	20%
2,508	35	326,437	104,978	1,057,591	13,910	2,233	6,516	332,108	2,814,202	32,451	4,672,969
-	-	(163,652)	(62,170)	(569,067)	(7,158)	(1,673)	(4,419)	(164,288)	(1,600,085)	(24,839)	(2,597,352)
2,508	35	162,785	42,898	468,524	6,752	560	2,097	167,820	1,214,117	7,612	2,075,617
0%	0%	10%	5%	10%	10%	10%	10%	25%	15%	-	20%
2,508	35	169,294	40,714	477,444	8,335	664	2,046	68,623	1,122,794	11,894	1,904,351
-	-	6,415	750	10,526	-	26	-	132,714	159,315	-	309,746
-	-	-	-	(101)	-	-	-	(10,100)	(13,858)	-	(24,059)
-	-	(17,132)	(2,059)	(48,100)	(833)	(68)	(204)	(32,651)	(175,389)	(2,379)	(278,815)
2,508	35	158,577	39,405	439,769	7,502	622	1,842	158,586	1,092,862	9,515	1,911,223
0%	0%	10%	5%	10%	10%	10%	10%	25%	15%	-	20%
2,508	35	305,553	99,440	969,056	13,910	2,240	6,058	277,907	2,536,912	32,452	4,245,871
-	-	(146,776)	(60,095)	(529,287)	(6,408)	(1,618)	(4,216)	(119,321)	(1,444,050)	(22,937)	(2,334,648)
2,508	35	158,577	39,405	439,769	7,502	622	1,842	158,586	1,092,862	9,515	1,911,223
0%	0%	10%	5%	10%	10%	10%	10%	25%	15%	-	20%

2022

2021

	2022			2021		
	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance
Building	19,855	(19,855)	-	5,638	(5,638)	-
Furniture	1,937	29,729	31,666	32,432	(55,318)	1,937
Machinery	1,065	198,095	199,160	7,573	(6,883)	1,065
Computer	21,167	57,382	78,549	128,747	(127,698)	21,167
	24,169	305,061	329,230	174,190	(195,537)	24,169



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>6.4 Allocation of depreciation expense</b>			
The depreciation charge for the year has been allocated as follows:			
Cost of sales	33.1	63,159	66,099
Distribution cost	34.4	222,632	199,364
Administrative expenses	35	17,837	13,352
		<u>303,628</u>	<u>278,815</u>

## 6.5 Disposal of property, plant and equipment

Description of assets	Particulars of Purchasers	2022					Mode of disposal
		Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	
(Rupees in '000)							
<b>Plant and machinery</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	6,436	5,739	697	6,974	6,277	Negotiation
<b>Computers</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	3,786	3,025	761	475	(286)	Negotiation
<b>Furniture, fixtures and fittings</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	48,015	32,121	15,894	8,093	(7,801)	Negotiation / Scrapped
		<u>58,237</u>	<u>40,885</u>	<u>17,352</u>	<u>15,542</u>	<u>(1,810)</u>	

Description of assets	Particulars of Purchasers	2021					Mode of disposal
		Original Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	
(Rupees in '000)							
<b>Plant and machinery</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	1,827	1,726	101	893	792	Negotiation
<b>Computers</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	53,784	43,684	10,100	2,780	(7,320)	Negotiation / Scrapped
<b>Furniture, fixtures and fittings</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	48,776	34,918	13,858	10,832	(3,026)	Negotiation
		<u>104,387</u>	<u>80,328</u>	<u>24,059</u>	<u>14,505</u>	<u>(9,554)</u>	

6.5.1 The Company or any of its directors are not related to the purchasers.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 7 RIGHT OF USE ASSETS

This represents right of use assets (ROUA) (retail shops) obtained on lease. These are being depreciated on straight line basis over their lease term. Reconciliation of the carrying amount is as follows:

	2022	2021
	(Rupees in '000)	
<b>Cost</b>		
Opening balance as at January 01	6,923,933	6,055,680
Additions	278,568	293,088
Shops vacated during the year	(28,046)	(150,678)
Effect on ROUA due to renewals	798,244	725,843
Closing balance as at December 31	7,972,699	6,923,933
<b>Depreciation</b>		
Opening balance as at January 01	3,496,620	2,370,448
Charge for the year	1,101,377	1,126,172
Closing balance as at December 31	4,597,997	3,496,620
Book value as at December 31	3,374,702	3,427,313

7.1 The depreciation for the year on right of use assets has been charged to distribution cost as referred to in note 34.4.

## 8 INTANGIBLE ASSETS

Intangible assets - POS and computer software  
Capital work in process - computer software

Note	2022	2021
	(Rupees in '000)	
8.1	169,526	206,466
	14,330	7,841
	183,856	214,307

### 8.1 Net carrying value basis

#### Year ended December 31, 2022

Opening net book value (NBV)  
Additions (at cost)  
Amortization charge  
Closing net book value (NBV)

2022
(Rupees in '000)
206,466
12,220
(49,160)
169,526

#### Gross carrying value basis

##### As at December 31, 2022

Cost  
Accumulated Amortization  
Net book value (NBV)

287,658
(118,132)
169,526

Amortization rate is 25.00% for computer software and 20.00% for POS software at retail stores.

### Net carrying value basis

#### Year ended December 31, 2021

Opening net book value (NBV)  
Additions (at cost)  
Amortization charge  
Closing net book value (NBV)

2021
(Rupees in '000)
1,738
236,616
(31,888)
206,466



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## Gross carrying value basis

As at December 31, 2021

	2021
	(Rupees in '000)
Cost	275,402
Accumulated Amortization	(68,936)
Net book value (NBV)	<u>206,466</u>

Amortization rate is 33.33% for computer software and 25.00% for POS software at retail stores.

8.2 The amortization charge for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in '000)	
Distribution cost	34	47,149	31,125
Administrative expenses	35	2,011	763
		<u>49,160</u>	<u>31,888</u>

8.3 The cost of fully amortized intangible assets which are still in use as at December 31, 2022 is Rs. 36.833 million (2021: Rs. 36.833 million).

## 9 LONG TERM INVESTMENTS

	Note	2022	2021
		(Rupees in '000)	
Term deposit receipts	9.1	45,062	45,031

9.1 The deposits include those earmarked against the balances due to employees held as securities as stated in note 25. These carry mark-up at the rate of 14.70% (2021: 7.40%) per annum. These have been invested in accordance with the provisions of Section 217 of the Companies Act, 2017.

## 10 LONG TERM DEPOSITS AND PREPAYMENTS

	Note	2022	2021
		(Rupees in '000)	
Security deposits	10.1	41,912	38,630
Prepaid rent	10.2	80,257	50,571
Less: adjustable within one year	16	(59,576)	(48,124)
		<u>20,681</u>	<u>2,447</u>
		<u>62,593</u>	<u>41,077</u>

10.1 Included in the amount of security deposits are securities given to landlords in respect of leases of shops.

10.2 Prepaid rent is amount paid in advance to the respective landlord in accordance with the terms of rent agreements of short term leases. It is adjusted with the rent payable in accordance with the terms of rent agreements.

## 11 DEFERRED TAX ASSET

The deferred tax asset comprises of temporary differences relating to:

	2022	2021
	(Rupees in '000)	
Accelerated tax depreciation	(1,261,284)	(1,114,565)
Lease liabilities	1,462,626	1,279,544
Deferred liability - employee benefits	18,674	17,978
Provision for stores and spare parts	10,629	9,356
Provision for stock in trade	15,122	21,833

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
Loss allowance on trade debts		31,117	40,449
Loss allowance on other receivables		4,233	1,572
Loss allowance on advances		2,287	2,010
Minimum tax credit carried forward		–	94,305
Liabilities written back		67,289	81,647
		350,693	434,129
<b>11.1</b> The gross movement in net deferred tax asset during the year is as follows:			
Opening balance		434,129	521,813
Charged to statement of profit or loss		(83,067)	(89,019)
(Charged) / credited to other comprehensive income	11.2	(369)	1,335
Closing balance		350,693	434,129

**11.2** This represents tax impact of remeasurement of defined benefit obligation recognized in other comprehensive income.

	Note	2022	2021
(Rupees in '000)			
<b>12 STORES AND SPARE PARTS</b>			
Stores		2,804	2,400
Spare parts		29,407	29,861
		32,211	32,261
Less: provision for obsolescence	12.1	(32,211)	(32,261)
		–	–
<b>12.1 Provision for obsolescence</b>			
Opening provision		32,261	34,912
Reversal for the year		(50)	(2,651)
Closing provision		32,211	32,261
<b>13 STOCK IN TRADE</b>			
<b>Raw material</b>			
In hand		535,963	374,340
In transit		197	6,236
		536,160	380,576
Less: provision for obsolescence of raw material	13.1	(5,503)	(10,623)
		530,657	369,953
<b>Goods in process</b>			
		101,020	35,192
<b>Finished goods</b>			
Own production		2,010,241	1,713,117
Purchased		2,510,403	1,925,172
		4,520,644	3,638,289
Less: provision for slow moving and obsolete items	13.2	(40,323)	(64,663)
		4,480,321	3,573,626
		5,111,998	3,978,771



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>13.1 Provision for obsolescence of raw materials</b>			
Opening provision		10,623	9,878
Charge for the year		–	18,121
Written off during the year		–	(17,376)
Reversal for the year		(5,120)	–
Closing provision		5,503	10,623
<b>13.2 Provision for slow moving and obsolete items</b>			
Opening provision		64,663	93,049
Reversal for the year		(24,341)	(28,386)
Closing provision		40,322	64,663
<b>14 TRADE DEBTS - UNSECURED</b>			
<b>Considered good</b>			
Due from customers	14.1	826,393	973,880
Due from associated undertakings	14.2	1,016	–
		827,409	973,880
<b>Considered doubtful</b>			
Due from customers		94,294	139,480
Less: loss allowance	14.3	(94,294)	(139,480)
		–	–
		827,409	973,880

14.1 These customers have no recent history of default. For age analysis of these trade debts refer to note 44.2.3.

	2022	2021
(Rupees in '000)		
<b>14.2 Due from associated undertakings - unsecured</b>		
Bata Shoe Singapore Pte Limited	1,016	–

14.2.1 Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs. 2.059 million (2021: Rs. 2.639 million). No interest has been charged on the amounts due from associated undertakings.

14.2.2 For age analysis of these trade debts refer to note 44.2.4.

	2022	2021
(Rupees in '000)		
<b>14.3 Movement in loss allowance is as follows:</b>		
Opening provision	139,480	311,523
Charge for the year	–	1,760
Written off during the year	–	(168,460)
Reversals for the year	(45,186)	(5,343)
Closing provision	94,294	139,480



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>15 ADVANCES - UNSECURED</b>			
Considered good, non-interest bearing			
Advances to suppliers		537,014	141,573
Letters of credit - margin		24,036	141,442
		561,050	283,015
Considered doubtful, non-interest bearing			
Advances to suppliers		6,930	6,930
Less: provision for doubtful advances		(6,930)	(6,930)
		-	-
		561,050	283,015
<b>16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
<b>Deposits - Considered good, unsecured</b>			
Custom duty and taxes		2,350	23,811
Letters of guarantee - margin		129	129
Others		9,296	15,246
		11,775	39,186
<b>Short term prepayments</b>			
Prepaid rent	10	59,576	48,124
Prepaid sales tax		107,623	175,516
Other prepaid expenses		12,101	30,592
		179,300	254,232
		191,075	293,418
<b>17 OTHER RECEIVABLES</b>			
<b>Considered good - secured</b>			
Receivable from employees		18,166	8,747
Considered good - unsecured			
Export rebates		2,668	3,595
Insurance claims		274	13,648
Advance tax	17.1	374,600	383,895
Others		1,743	1,773
		379,285	402,911
<b>Considered doubtful</b>			
Advance rent		1,584	1,584
Others		-	3,838
		1,584	5,422
Less: loss allowance	17.2	(1,584)	(5,422)
		-	-
		397,451	411,658
<b>17.1 Advance tax</b>			
Opening balance		383,895	228,843
Advance tax paid during the year		249,068	316,171
		632,963	545,014
Adjusted against:			
Provision for taxation		(258,363)	(161,119)
Provision for prior year tax		-	-
		(258,363)	(161,119)
Closing balance		374,600	383,895



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	(Rupees in '000)	
<b>17.2 Loss allowance - Other receivables</b>		
Opening provision	5,422	5,422
Reversal for the year	(3,838)	-
Closing provision	<u>1,584</u>	<u>5,422</u>
<b>18 SHORT TERM INVESTMENTS</b>		
This includes the following term deposit receipts:		
Habib Metropolitan Bank Ltd.	<u>500,000</u>	<u>1,100,000</u>

**18.1** The range of rates of profits on these term deposits was between 10.00% and 15.50% (2021: 7.00% and 9.15%) per annum.

**18.2** The short term investments do not include any investment in related parties (2021: Nil).

	2022	2021
	(Rupees in '000)	
<b>19 TAX REFUNDS DUE FROM GOVERNMENT</b>		
Tax refunds due from Government	<u>350,161</u>	<u>350,161</u>

**19.1** This represents sales tax paid on raw materials used in zero-rated taxable footwear for which refund claims have been lodged with the Sales Tax Department.

	Note	2022	2021
		(Rupees in '000)	
<b>20 CASH AND BANK BALANCES</b>			
Bank balances in:			
Current accounts			
- Foreign currency		34,048	26,787
- Local currency		80,444	51,704
Daily profit accounts	20.1	114,492	78,491
Cash in transit		1,802,707	1,961,799
		162,186	65,398
Cash in hand:			
- Foreign currency		4,638	1,871
- Local currency		1,923	1,011
		<u>6,561</u>	<u>2,882</u>
		<u>2,085,946</u>	<u>2,108,570</u>

**20.1** The rate of mark-up on these accounts ranges from 4.5% to 14.5% (2021: 2.75% to 7.25%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 21 SHARE CAPITAL

### 21.1 Authorized share capital

2022	2021		2022	2021
(Number of shares in '000)			(Rupees in '000)	
10,000	10,000	Ordinary shares of Rs. 10 each	100,000	100,000
10,000	10,000		100,000	100,000

### 21.2 Issued, subscribed and paid up capital

2022	2021		2022	2021
(Number of shares in '000)			(Rupees in '000)	
1,890	1,890	Ordinary shares of Rs. 10 each fully paid in cash	18,900	18,900
300	300	Ordinary shares of Rs. 10 each issued for consideration other than cash	3,000	3,000
5,370	5,370	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	53,700	53,700
7,560	7,560		75,600	75,600

21.2.1 Bafin B.V. (Nederland) (the parent company) holds 5,685,866 (2021: 5,685,866) ordinary shares of Rs. 10 each fully paid up which represents 75.21% (2021: 75.21%) of total paid up capital.

21.2.2 Shares issued for consideration other than cash were issued against plant and machinery.

21.2.3 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

## 22 CAPITAL RESERVE

Capital reserve

2022	2021
(Rupees in '000)	
483	483

22.1 Capital reserve represents the balance of foreign shareholders' equity in Globe Commercial Enterprises Limited (an associated undertaking) gifted to the Company on its winding up, and is not available for distribution.

## 23 REVENUE RESERVES

General Reserve:

Opening balance

Transfer from unappropriated profit / (loss)

Unappropriated profit / (loss)

2022	2021
(Rupees in '000)	
6,957,000	6,957,000
(2,400,000)	-
4,557,000	6,957,000
1,040,574	(873,662)
5,597,574	6,083,338
3,451,948	3,500,649
980,254	911,572
4,432,202	4,412,221

## 24 LEASE LIABILITIES

Long term lease liabilities

Current portion of lease liabilities

24.1 The Company has leased retail stores from different parties. Reconciliation of the carrying amount is as follows:





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	(Rupees in '000)	
Opening balance	4,412,221	4,474,537
Additions during the year	278,568	293,088
Interest on lease liabilities	663,074	667,574
Payments made and rent concessions received during the year	(1,680,745)	(1,583,591)
	3,673,118	3,851,608
Shops vacated during the year	(39,160)	(165,230)
Effect on lease liabilities due to renewals	798,244	725,843
Lease liabilities as at December 31	4,432,202	4,412,221
Current portion shown under current liabilities	(980,254)	(911,572)
Long term lease liabilities as at December 31	3,451,948	3,500,649
<b>24.2 Maturity analysis</b>		
Gross lease liabilities - minimum lease payments:		
Not later than 1 year	1,577,956	1,465,802
Later than 1 year but not later than 5 years	4,032,959	3,910,151
Later than 5 years	631,561	787,528
	6,242,476	6,163,481
Future finance charge	(1,810,274)	(1,751,260)
Present value of lease liabilities	4,432,202	4,412,221

**24.3** The Company had total cash outflows for leases of Rs.1,597.755 million (2021: Rs. 1,411.240 million). The Company also had non-cash additions to right of use assets and lease liabilities of Rs. 1,076.812 million (2021: Rs. 1,018.931 million).

	2022	2021
	(Rupees in '000)	
<b>25 LONG TERM DEPOSITS</b>		
Employees' securities and personal accounts	26,461	26,353

**25.1** Employees' securities represent the securities deposited by the employees in accordance with the terms of employment. Interest at the rate of 15.5% (2021: 7.40%) per annum is being paid on the monthly outstanding balances.

**25.2** In accordance with provisions of Section 217 of the Companies Act, 2017, this amount has been invested in Term Deposit Receipts and is shown as long term investments in Note 9.

	2022	2021
	(Rupees in '000)	
<b>26 DEFERRED LIABILITY - EMPLOYEE BENEFITS</b>		
<b>26.1 Provision for gratuity - un-funded defined benefit plan</b>	56,587	61,992
<b>26.2 Changes in present value of defined benefit obligations</b>		
Present value of defined benefit obligations as at January 01	61,992	68,592
Expense charged in statement of profit or loss	9,123	10,277
Benefits paid during the year	(13,411)	(21,479)
Remeasurement adjustments charged to other comprehensive income:		
- Changes in financial assumptions	(7,494)	(1,499)
- Changes in demographic assumptions	(1,775)	-
- Experience adjustments	8,152	6,101
	(1,117)	4,602
Present value of defined benefit obligations as at December 31	56,587	61,992



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>26.3 The amount recognized in the statement of profit or loss is as follows:</b>			
Current service cost		3,587	4,552
Interest cost		5,536	5,725
Expense charged in statement of profit or loss		9,123	10,277
<b>26.4 Charge for the year has been allocated as follows</b>			
Cost of sales	33.4	5,328	4,891
Distribution cost	34.1	2,981	1,444
Administrative expenses	35.1	814	3,942
		9,123	10,277

## 26.5 Principal actuarial assumptions

The principal actuarial assumptions used in the actuarial valuation of this scheme by applying projected unit credit method as on December 31 are as follows:

	2022	2021
Expected rate of salary increase in future years	13.25%	9.25%
Discount rate	12.25%	9.75%
Expected mortality rate	SLIC 2001-2005	SLIC 2001-2005
Average duration of plan	6 Years	8 Years

## 26.6 Historical information

As at December 31	2022	2021	2022	2019	2018
(Rupees in '000)					
Present value of defined benefit obligation	56,587	61,992	68,592	83,476	86,812
Remeasurement of defined benefit obligation	(1,117)	4,602	(12,612)	2,254	3,897
Remeasurement of defined benefit obligation as a percentage of defined benefit obligation	7%	7%	18%	3%	5%

## 26.7 Estimated expense to be charged to statement of profit or loss in 2023

	Amount
(Rupees in '000)	
Current service cost	4,144
Interest cost on defined benefit obligation	6,758
Amount chargeable to statement of profit or loss	10,902

## 26.8 Sensitivity analysis

Significant assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

### Year and sensitivity analysis ( $\pm$ 100 basis points (bps)) on defined benefit obligation

	2022	2021
(Rupees in '000)		
Discount rate + 100 bps	55,108	59,793
Discount rate - 100 bps	58,182	64,379
Salary increase + 100 bps	57,257	62,867
Salary increase - 100 bps	55,967	61,176

## 26.9 Risk exposure

Through its defined benefit gratuity scheme, the Company is exposed to a number of risks, the most significant of which are detailed below:



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Changes in market yields on Government bonds - The discount rate used to compute the plan liabilities is based on the Government bond yields. A decrease in Government bond yields will increase the plan liabilities.

Inflation risk - The Company's gratuity obligation is linked to the salary of the members of the scheme. Therefore, increases in the salaries due to higher inflation will increase the plan liabilities.

Employee turnover - The plan obligations are to provide benefits for the period of employment of the members. Therefore, lower employee turnover will increase the plan liabilities.

Life expectancy - The plan obligations are to provide benefits for the period of employment of the members, so increase in life expectancy will result in an increase in plan liabilities.

	Note	2022	2021
(Rupees in '000)			
<b>27 LONG TERM BORROWING</b>			
Long term finance - secured	27.1	125,093	53,518
Less: current portion shown under current liabilities		(14,083)	(6,296)
		111,010	47,222

**27.1** The long term finance was obtained from Habib Bank Limited and MCB Bank Limited for import and installation of solar power machinery.

Under the arrangement with Habib Bank Limited, principal amount up to Rs. 80 million was repayable in 39 equal quarterly instalments beginning six months after the initial drawdown date. Interest was payable quarterly in arrears at the rate of 3 months State Bank of Pakistan (SBP) rate plus 1.5 percent per annum. The loan is secured by first hypothecation charge of Rs. 106.67 million on all present and future moveable fixed assets of the Company and a joint pari-passu charge on present and future moveable assets and contingent debts of the Company to the extent of Rs. 447 million.

Under the arrangement with MCB Bank Limited, principal amount up to Rs. 100 million was repayable in 39 equal quarterly instalments beginning six months after the initial drawdown date. Interest was payable quarterly in arrears at the rate of Kibor plus 1 percent per annum. The loan is secured by first hypothecation charge of Rs. 134 million on all present and future moveable fixed assets of the Company and a joint pari-passu charge on present and future moveable assets and contingent debts of the Company to the extent of Rs. 400 million.

	Note	2022	2021
(Rupees in '000)			
<b>28 TRADE AND OTHER PAYABLES</b>			
Creditors	28.1	3,592,790	3,119,419
Accrued liabilities		463,595	512,682
Deferred revenue		8,404	6,989
Advances from customers		88,161	175,137
Payable to provident fund trust		25,098	21,629
Security deposits	28.2	118,210	106,543
Workers' profit participation fund	28.3	75,873	40,033
Workers' welfare fund	28.4	26,700	15,129
Sales tax payable		63,736	22,659
Taxes deducted at source payable		120,643	15,831
Other liabilities	28.5	53,671	37,353
		4,636,881	4,073,404
<b>28.1</b> This includes amounts due to the following related parties:			
Bata Brand, Switzerland	28.1.1	1,726,312	1,048,042
Global Footwear Services, Singapore		317,909	604,537
Bata Malaysia		450	351
Bata Shoe, Singapore		-	14,776
Bata Centre S.R.O		8,314	4,885
Bata Shoe, Thailand		-	45
		2,052,985	1,672,636

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

**28.1.1** This includes amounts due in respect of trademark licence fee agreement. During the year ended December 31, 2018, BATA Pakistan Limited and BATA Brands SA, Switzerland revised the terms of the trade mark agreement wherein the royalty percentage was increased from 2% of the net revenue (net of taxes) to 5% of the net revenue (subject to deduction of applicable taxes). Certain minority shareholders have filed a suit against the Company claiming that the increase in royalty is unjustified and have claimed damages of Rs. 800.00 million. Initial proceedings of the case are currently underway and based on opinion of the management's legal counsel, the management is expecting a favorable outcome in this regard. However, State Bank of Pakistan has linked the approval of remittance of additional amount of royalty i.e. the difference between 5% and 2%, upon the decision of The Honorable Court.

**28.1.2** Maximum aggregate amount due to associated undertakings at the end of any month in the year was Rs 2,052.985 million (2021: Rs. 1,672.636 million). No interest has been paid / accrued on the amounts due to associated undertakings as they are in normal course of business.

**28.2** This represents the security deposit received from the registered agency holders and business associates in accordance with the terms of the contract. These deposits carry interest at the rate of 15.5% (2021: 7.4%) per annum. These are repayable on termination / completion of the contract and on returning the Company's property already provided to them if any. As per the agreements signed with these parties, the Company has the right to utilize the amounts for the purpose of the business, hence, the amounts are not required to be kept in a separate bank account maintained in a scheduled bank.

	Note	2022	2021
(Rupees in '000)			
<b>28.3 Workers' profit participation fund</b>			
Opening balance		40,033	-
Allocation for the year	36	75,873	40,033
Interest on funds utilized in Company's business	38	3,813	-
		119,719	40,033
Less: Amount adjusted / paid to fund's trustees		43,846	-
Closing balance		75,873	40,033
<b>28.4 Workers' welfare fund</b>			
Opening balance		15,129	-
Provision for the year		26,700	15,129
		41,829	15,129
Less: Amount adjusted during the year		(15,129)	-
Balance at the end of the year		26,700	15,129
<b>28.5 Other liabilities</b>			
Group insurance claims		5,742	4,492
Payable to former employees		22,603	19,619
Miscellaneous		25,326	13,242
		53,671	37,353

## 29 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs. 2,335 million (2021: Rs. 2,235 million). These include:

- Non funded facilities of letters of guarantee and letters of credit amounting to Rs. 455 million (2021: Rs. 455 million); and
- Cash finance facilities of Rs. 1,880 million (2021: Rs. 1,780 million).

Moreover, the Company can avail further cash finance facilities out of un-utilized unfunded facilities of Rs. 433.860 million (2021: Rs. 365.000 million) which also includes Rs. 35.000 million (2021: Rs. 35.000 million) of export finance facilities.

The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 1,883.674 million (2021: Rs. 1,879.458 million).

Mark up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2021: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks. While mark up on export finance is charged at SBP rate plus 1.00% (2021: SBP rate plus 1.00%) per annum.

These finances are secured against hypothecation of stock in trade, stores and spare parts and receivables of the Company amounting to Rs. 2,580.333 million (2021: Rs. 2,687 million).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 30 UNPAID DIVIDEND

This represents dividend payable to Bafin B.V. (Nederland), which was pending approval from State Bank of Pakistan as at December 31, 2022.

## 31 CONTINGENCIES AND COMMITMENTS

### 31.1 Contingent taxation liabilities

The Company is contingently liable for:

	Note	2022	2021
(Rupees in '000)			
Order by sales tax department - under appeal	31.1.1	265,454	265,454
Order by sales tax department - under appeal	31.1.2	237,370	237,370
Order by income tax department - under appeal	31.1.3	954,859	954,859
Order by income tax department - decided in Company's favour	31.1.4	1,027,460	1,027,460
Order by sales tax department - under appeal	31.1.5	79,982	79,982
Order by sales tax department - under appeal	31.1.6	52,134	52,134
Show cause notice by sales tax department against which stay order has been obtained	31.1.7	85,097	85,097
Order by income tax department - under appeal	31.1.8	254,038	254,038
Order by sales tax department - under appeal	31.1.9	60,732	60,732
Order by Collector of Customs - under appeal	31.1.10	23,975	23,975
Order by income tax department - under appeal	31.1.11	13,259	34,270
Order by income tax department - under appeal	31.1.12	4,985	4,985
Order by sales tax department-under appeal	31.1.13	90,315	90,315
Order by sales tax department-under appeal	31.1.14	48,046	48,046
Order by income tax department - under appeal	31.1.15	153,974	153,974
Order by sales tax department-under appeal	31.1.16	1,918,062	-
Order by sales tax department-under appeal	31.1.17	118,134	-
Order by income tax department - under appeal	31.1.18	92,095	-
		5,479,971	3,372,691

**31.1.1** The Assistant Commissioner Inland Revenue (ACIR) issued an order on September 30, 2011 raising a demand of Rs. 201.252 million in respect of tax period from July 2007 to December 2008 on account of non-payment of retail tax on sales made through retail outlets and inadmissible input tax adjustment claimed against retail supplies. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) whereby the appeal was decided against the Company. The Company also filed a complaint before the Federal Tax Ombudsman (FTO), who decided the case in favor of Company on January 11, 2012 and ordered the Commissioner Inland Revenue (CIR) to vacate the above order. The Company filed an appeal before Commissioner Inland Revenue (Appeals) to dispose of the original order. Commissioner Inland Revenue (Appeals) ordered that since the Learned FTO decided the case in favor of the Company there remains no cause of further action. Thereafter, the Company preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) for cancellation of impugned order, which is pending adjudication. Moreover, Deputy Commissioner Inland Revenue (DCIR) raised additional demand amounting to Rs. 64.202 million on June 25, 2012 pertaining to period from July 2007 to October 2008 of the sales tax previously refunded to the Company and referred the case to concerned ACIR / DCIR for enforcement of the order. Thereafter, the Company filed an appeal with Commissioner Inland Revenue (Appeals), which is pending adjudication. Based on tax advisor's opinion, the Company's management expects favorable outcome due to which no provision has been recorded in these financial statements.

**31.1.2** The Tax Department issued 22 separate orders dated October 17, 2012 and November 14, 2012 in which sales tax refunds for the periods from November 2008 to December 2010 amounting to Rs. 237.370 million have been rejected on the grounds that input sales tax relating to retail turnover is not admissible. The Company filed separate appeals against these orders with Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided 19 appeals against the Company while 3 appeals were decided in favor of the Company. The Company filed 19 separate appeals while tax department filed 3 separate appeals with Appellate Tribunal Inland Revenue (ATIR). The ATIR decided all 22 appeals in favor of the Company on May 15, 2014. Thereafter, the Tax Department filed an appeal before the Honorable Lahore High Court, which is pending for adjudication. Based on tax advisor's opinion, the Company's management expects favorable outcome due to which no provision has been recorded in these financial statements.

**31.1.3** The Additional Commissioner Inland Revenue (ACIR) raised demand of Rs. 954.859 million vide order dated June 28, 2013 to the Company for the tax year 2011, whereby, the assessing officer added back certain expenses, disallowed certain amount of tax credit and also assessed that the Company has suppressed turnover amounting to Rs. 1,427.436 million. Being aggrieved, the Company preferred an appeal with Commissioner Inland Revenue (Appeals), which was decided in favor of the Company vide order dated October 2, 2013, by deleting all the add backs with the exception of the difference in the amount of tax credit which has been calculated under Section 65(b) of the Income Tax Ordinance, 2001. Being aggrieved, the Tax Department filed an appeal against the order of Commissioner Inland Revenue (Appeals) with the Appellate Tribunal

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Inland Revenue (ATIR). ATIR vide order dated April 11, 2019 decided the appeal in favour of the Company. The Department filed a reference petition before Honorable Lahore High Court against the order of ATIR on June 22, 2021 which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.

- 31.1.4** The Additional Commissioner Inland Revenue (ACIR) raised demand of Rs. 1,027.460 million pertaining to the tax year 2012 vide order dated October 31, 2014, whereby, the assessing officer added back certain expenses & payments to non-residents on the basis of non deduction of withholding taxes, changed the basis of appropriation of expenses between export and local sales, disallowed certain amount of tax credit and also assessed that the Company has suppressed turnover amounting to Rs. 1,773.054 million. Being aggrieved, the Company preferred an appeal with the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the appeal in favor of the Company vide order dated January 14, 2015 by deleting almost all the add backs with the exception of the difference in the amount of tax credit which has been calculated under Section 65(b) of the Income Tax Ordinance, 2001 and the amount of expenditure disallowed on the basis of non deduction of withholding taxes. The Tax Department and the Company filed separate appeals against the order of the Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR) where appeal filed by Company have been decided in favour of the Company and appeal filed by Tax department have been disposed by the ATIR. As per the management's knowledge, the Department has not yet initiated any appeal against the order.
- 31.1.5** The Tax Department raised demand vide two separate orders dated June 25, 2014 and September 30, 2014 amounting to Rs. 46.693 million and Rs. 33.289 million respectively for certain tax periods from January 2012 to June 2013 and from October 2013 to March 2014, respectively, on account of adjustment of 100% input tax in violation of Section 8b of Sales Tax Act, 1990. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue Appeals (CIR) whereby the appeal was decided against the Company vide order dated September 9, 2014 and December 10, 2014. The Company preferred appeals against both the orders before the Appellate Tribunal Inland Revenue (ATIR) which was decided in favor of the Company vide orders dated December 10, 2014 and January 13, 2015, respectively. The Tax Department filed respective appeals before the Honorable Lahore High Court, which are pending adjudication. Based on tax advisor's opinion, the Company's Management expects favorable outcome due to which no provision has been recorded in these financial statements.
- 31.1.6** The Tax Department raised two separate demands vide orders dated December 06, 2014 amounting to Rs. 43.856 million and Rs. 8.278 million on account of further sales tax of 1% on unregistered customers for the period from October 2013 to July 2014 and August 2014 to September 2014 respectively. Being aggrieved, the Company preferred an appeals with Commissioner Inland Revenue (Appeals) who remanded back both the cases to adjudicating officer for fresh decision after allowing the appellant to produce relevant record. However the Commissioner Inland Revenue filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the said order, which is pending adjudication. Based on tax advisor's opinion, the Company's Management expects favorable outcome due to which no provision has been recorded in these financial statements.
- 31.1.7** The Tax Department issued show cause notice dated April 20, 2015, stating that adjustment of input sales tax of Rs. 85.097 million for the tax periods February, 2014 to January 2015 on Trade Mark License fee and Management Service Fee claimed by the Company is inadmissible and recoverable from the Company along with default surcharge. The Company filed a writ petition with the Honorable Lahore High Court (LHC) against show cause notice. The Honorable Lahore High Court granted stay against the show cause notice, however, the petition is still pending with the Honorable Lahore High Court for adjudication. Based on tax advisor's opinion, the Company's Management expects favorable outcome due to which no provision has been recorded in these financial statements.
- 31.1.8** The Additional Commissioner Inland Revenue (ACIR) raised demand vide order dated June 27, 2016 pertaining to tax year 2010 amounting to Rs. 363.683 million on account of certain issues which primarily include proration of expenses and disallowance of certain expenses. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) and also filed a rectification application of the said order. The Commissioner Inland Revenue (Appeals) vide order dated September 16, 2016 decided the appeal in favour of the Company by deleting majority of the add backs with certain exceptions and remanded back the order with the direction to give consideration to the rectification application filed by the Company in respect of the proration of expenses made by the Department. Based on the appeal disposed off by Commissioner Inland Revenue (Appeals), the ACIR issued revised demand amounting to Rs. 254.034 million vide order dated June 30, 2019. Being aggrieved, the Company again filed an appeal against the order with Commissioner Inland Revenue (Appeals) along with rectification application against the revised assessment order which was decided in favour of the Company vide order dated November 27, 2020. The Department has filed an appeal before the ATIR against the said order which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.
- 31.1.9** The Assistant Commissioner Sindh Revenue Board raised a demand vide order dated September 1, 2016 amounting to Rs. 60.732 million on account of non-payment of sales tax on trademark license fee and management services fee for the period from July 2011 to December 2012. Being aggrieved, the Company filed an appeal before Commissioner (Appeals) Sindh Revenue Board, who decided the matter in favor of the Company vide order dated February 10, 2019. The department filed an appeal against the order before Appellate Tribunal Sindh Revenue Board who remanded the case back to the assessing officer for fresh investigation vide order dated August 8, 2019. Subsequently, no further action has been initiated by the relevant officer of Sindh Revenue Board since the date of Appellate Tribunal Sindh Revenue Board order. Based on tax advisor's opinion, the Company's Management expects favorable outcome due to which no provision has been recorded in these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

- 31.1.10** The Collector of Customs Karachi issued a demand vide order dated November 7, 2019 amounting to Rs. 23,975 million for the tax period November 2017 to April 2018 disallowing the reduced rate of sales tax under SRO-1125(I) / 2011 utilized by the Company for clearance of imported footwear. Being aggrieved, the Company filed an appeal before the Custom Appellate Tribunal, Karachi, which is pending adjudication. Based on tax advisor's opinion, the Company's Management expects favorable outcome due to which no provision has been recorded in these financial statements.
- 31.1.11** The Deputy Commissioner Inland Revenue raised demand pertaining to Income Tax for tax year 2009 on account of certain issues. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) vide order dated October 18, 2019 decided the appeal in favor of the Company by deleting majority of the add backs with the exception of proration of expenses and addition made on account of advances to employees and suppliers. The Company, however, being aggrieved, has filed an appeal with Appellate Tribunal against the additions not deleted by the Commissioner Inland Revenue (Appeals). The Tax Department also has filed an appeal against the order of Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR). Further, on August 30, 2022, the taxation officer has given appeal effect to the CIR(A) order whereby the tax demand of Rs 34.27 million is reduced to 13.259 million. Being aggrieved by the appeal effect order, the company preferred an appeal to CIR(A) which is pending adjudication till date. Based on tax advisor's opinion, the Company's Management expects favorable outcome of the matter.
- 31.1.12** The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated March 02, 2020 pertaining to tax year 2017 amounting to Rs. 24.863 million on account of certain issues which primarily include disallowance of certain salaries due to non deduction of withholding tax, disallowance of Provident Fund contribution, disallowance of certain expenses such as tax loss claimed on the sales of fixed assets, exchange loss, and certain miscellaneous expenses. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) vide order dated December 31, 2021 decided the appeal in favor of the Company by allowing credit of payments in the sum of Rs. 129.295 million as a result the demand has been revised to Rs. 4.985 million. The Company however, being aggrieved, has filed an appeal against the revised demand by Commissioner Inland Revenue (Appeals). Based on tax advisor's opinion, the Company's Management expects favorable outcome due to which no provision has been recorded in these financial statements.
- 31.1.13** The Assistant Commissioner Inland Revenue (ACIR) raised demand vide Order dated February 28, 2020 amounting to Rs. 90.315 million in respect of sales tax charged for the period January 2019 to September 2019 on account of failure to charge further tax on supplies made to unregistered persons. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals), who remanded the case back to the Assistant Commissioner Inland Revenue (ACIR) to afford another opportunity of being heard to the Company. Being aggrieved, the Company filed an appeal before the ATIR. The ATIR remanded back the case to the assessing officer. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.
- 31.1.14** The Assistant Commissioner Inland Revenue (ACIR) raised demand vide Order dated March 10, 2020 amounting to Rs. 48.046 million in respect of sales tax for the period January 2019 to August 2019 on the basis that the Company has failed to maintain value addition at the rate of 4% as per the provisions of 'Eight Schedule' of the Sales tax Act, 1990. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals), who remanded the case back to the Assistant Commissioner Inland Revenue (ACIR) to afford another opportunity of being heard to the Company. Being aggrieved, the Company filed a reference in Honorable Lahore High Court (LHC) which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.
- 31.1.15** The Assistant Commissioner Inland Revenue (ACIR) raised demand vide order dated April 16, 2021 pertaining to tax year 2015 amounting to Rs. 153.974 million on account of certain issues which primarily include proration of expenses and disallowance of certain expenses. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) which has been decided in favour of the company vide order dated January 31, 2022. Thereafter, the tax department filed an appeal with Commissioner Inland Revenue (Appeals) on March 26, 2022 which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements
- 31.1.16** The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated January 17, 2022 amounting to Rs. 1,918.062 million on account of claiming credit notes in violation of the provisions of the Sales Tax Act, 1990 and the Sales Tax Rules, 2006. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals), which has been decided in favour of the Company vide order dated March 18, 2022. The Department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the said order which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.
- 31.1.17** The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated April 29, 2022 amounting to Rs. 1,200.458 million on account of suppression of sales, short payment of sales tax against incorrect declaration of sales / supplies made to wholesalers as retail sales, non-payment of further tax and illegal adjustment of input tax in violation of the Sales Tax Act, 1990. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the appeal in favor of the Company vide order dated June 15, 2022 by deleting the demand of sales tax of Rs. 1,082.324 million whereas, charge related to non payment of further tax of Rs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

118.134 million was remanded back to the assessing officer. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.

**31.1.18** The Additional Commissioner Inland Revenue (ACIR) raised demand vide Order dated June 30, 2022 amounting to Rs. 92.095 million on different issues such as allocation of expenses between export and local sale, claim of initial/normal depreciation, amortization of advertisement and promotional expense and provision of WPPF. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements

	Note	2022	2021
(Rupees in '000)			
<b>31.2 Other contingent liabilities</b>			
In addition to the contingencies disclosed in note 28.1.1 and note 31.1, the Company is contingently liable for:			
- Counter guarantees given to banks		2,171	2,171
- Indemnity bonds given to custom authorities		-	11,712
- Claims not acknowledged as debts - under appeal		22,265	770
		24,436	14,653
<b>31.3 Commitments</b>			
<b>31.3.1 Commitments in respect of:</b>			
Capital expenditure		42,423	3,465
Letters of credit and bank contracts		343,962	410,595
		386,385	414,060
<b>32 SALES</b>			
Shoes and accessories			
Local		21,658,940	17,730,967
Export		50,911	40,178
	32.1	21,709,851	17,771,145
Sundry articles and scrap material		79,041	74,583
		21,788,892	17,845,728
Less: Sales tax		2,859,947	2,104,825
Discounts to dealers and distributors		703,218	1,396,928
Commission to agents / business associates		491,733	360,478
		4,054,898	3,862,231
		17,733,994	13,983,497
<b>32.1</b> This represents revenue from contracts with customers.			
<b>33 COST OF SALES</b>			
Cost of goods manufactured	33.1	6,426,130	4,935,985
Finished goods purchased		3,625,558	3,624,422
Add: opening stock of finished goods		3,573,627	2,521,326
	33.2	13,625,315	11,081,733
Less: closing stock of finished goods	13	4,480,321	3,573,626
		9,144,994	7,508,107





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>33.1 Cost of goods manufactured</b>			
Raw material consumed			
Opening stock		369,953	250,947
Add: purchases		5,477,119	4,005,236
	33.3	5,847,072	4,256,183
Less: closing stock		530,656	369,953
		5,316,416	3,886,230
Store and spares consumed		15,266	9,762
Fuel and power		216,247	161,006
Salaries, wages and benefits	33.4	771,574	686,820
Repairs and maintenance	33.5	89,321	96,391
Insurance		19,975	24,329
Depreciation	6.4	63,159	66,099
		6,491,958	4,930,637
Add: opening goods in process		35,192	40,540
		6,527,150	4,971,177
Less: closing goods in process		101,020	35,192
		6,426,130	4,935,985

**33.2** This includes (reversal of) / charge of provision for slow moving and obsolete items amounting to Rs. (24.341) million (2021: Rs. 28.386 million).

**33.3** This includes charge of / (reversal of) provision for obsolescence of raw materials amounting to Rs. (5.120) million (2021: Rs.18.121 million) and direct write offs amounting to Nil (2021: 21.141 million).

**33.4** Included in salaries, wages and benefits is an amount of Rs. 19.760 million (2021: Rs. 16.592 million) and Rs. 5,328 million (2021: Rs. 4.891 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

**33.5** Included in repairs and maintenance is reversal of provision for obsolescence of stores and spare parts amounting to Rs. 0.05 million (2021: Rs. 2.651 million).

	Note	2022	2021
(Rupees in '000)			
<b>34 DISTRIBUTION COST</b>			
Salaries and benefits	34.1	1,070,940	789,203
Freight		264,906	214,030
Advertising and sales promotion		348,176	172,104
Rent	34.2	402,830	294,300
Insurance		59,815	25,944
Trademark license fee	34.3	886,700	698,933
Fuel and power		524,605	296,103
Repairs and maintenance		192,430	133,479
Entertainment		27,798	19,448
Business and property taxes		8,799	5,043
Depreciation	34.4	1,324,009	1,325,536
Amortization on intangible assets	8.2	47,149	31,125
Reversal of loss allowance on trade debts		(45,186)	(3,583)
Miscellaneous		4,031	2,709
		5,117,002	4,004,374

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

**34.1** Included in salaries and benefits is an amount of Rs. 25.772 million (2021: Rs. 23.335 million) and Rs. 2.981 million (2021: Rs. 1.444 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

**34.2** This represents expenses incurred on short term leases and variable lease expenses not included in lease liabilities.

**34.3** This represents the royalty fee of Bata Brands S.A.R.L., Switzerland an associated company situated in Avenue d'Ouchy 6, 1006 Lausanne, Switzerland.

**34.4** This represents depreciation expense relating to:

	Note	2022	2021
(Rupees in '000)			
Property, plant and equipment	6.4	222,632	199,364
Right of use assets	7	1,101,377	1,126,172
		<u>1,324,009</u>	<u>1,325,536</u>

### 35 ADMINISTRATIVE EXPENSES

Salaries and benefits	35.1	716,628	620,062
Employee welfare		53,452	42,530
Fuel and power		26,944	18,913
Telephone and postage		53,701	53,558
Insurance		11,065	17,587
Travelling		136,920	79,073
Repairs and maintenance		13,591	10,466
Printing and stationery		27,584	14,014
Donations and subscription	35.2	11,439	9,691
Legal and professional charges		30,744	7,420
Business and property taxes		3,725	4,036
Management service fee	35.3	280,683	227,269
Depreciation	6.4	17,837	13,352
Amortization on intangible assets	8.2	2,011	763
Miscellaneous		10,249	12,011
		<u>1,396,573</u>	<u>1,130,745</u>

**35.1** Included in salaries and benefits is an amount of Rs. 8.125 million (2021: Rs. 7.755 million) and Rs. 0.814 million (2021: Rs. 3.942 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

**35.2** None of the directors of the Company or any of their spouses have any interest in the funds of donees. Furthermore, no donation exceeding Rs. 1 million has been made to any donee.

**35.3** Management service fee represents amounts paid / payable to Global Footwear Services, related party, in respect of management services.

	Note	2022	2021
(Rupees in '000)			
Workers' profit participation fund	28.3	75,873	40,033
Workers' welfare fund		26,700	15,129
Auditors' remuneration	36.1	7,526	6,909
Exchange loss		62,512	58,472
Loss on fixed assets sold / scrapped		1,810	9,554
		<u>174,421</u>	<u>130,097</u>

### 36 OTHER EXPENSES



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>36.1 Auditors' remuneration</b>			
Statutory audit		3,525	3,234
Review of interim accounts		1,831	1,680
Audit of US GAAP reporting package		1,082	993
Other reviews and certifications		721	652
Out of pocket expenses		367	350
		7,526	6,909
<b>37 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Income from long term investments		5,016	3,074
Income from short term investments		50,627	64,711
Income from bank deposits		87,235	33,051
Rent concessions received	37.1	82,990	172,351
		225,868	273,187
<b>Income from non - financial assets</b>			
Rental Income		12,032	10,605
Gain on settlement of leases on vacation of shops		11,114	14,552
		23,146	25,157
<b>Income from financial liability</b>			
Early payment discount on supplier invoices		10,753	17,409
		259,767	315,753

**37.1** In accordance with the amendment to IFRS 16 which allows a Company to recognize rent concessions in the same way as they would if they were not lease modifications, the Company has applied this practical expedient to all leases that meet the conditions laid down by the said amendment. As a result an amount of Rs. 82.990 million (2021: Rs. 172.351 million) has been recognized as other income.

	Note	2022	2021
(Rupees in '000)			
<b>38 FINANCE COSTS</b>			
Interest / mark-up on:			
Lease liabilities	24.1	663,074	667,574
Workers' profit participation fund	28.3	3,813	-
Employees / agents' securities and personal accounts	38.1	5,685	1,706
Bank borrowings		-	1,702
		672,572	670,982
Bank charges and commission		77,125	47,666
		749,697	718,648

**38.1** These do not include any amounts on account of related parties (2021: Nil).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 39 TAXATION

Current tax  
- Current year  
- Prior year

Deferred tax

	2022	2021
	(Rupees in '000)	
	381,702	186,714
	71,649	(14,543)
	453,351	172,171
	83,435	89,019
	536,786	261,190

### 39.1 Relationship between tax expenses and accounting profit

Applicable tax rate  
Tax effect of:  
Super Tax Rate  
Impact of income subject to minimum tax and presumptive tax regime  
Effect of prior years tax  
Impact of permanent differences and others

Tax expense for the year

	2022	2021
	%	
	29.00	29.00
	3.80	-
	0.52	2.85
	5.06	(1.80)
	(0.34)	2.30
	9.04	3.35
	38.04	32.35

## 40 EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Note	2022	2021
		(Rupees in '000)	
Profit for the year - (Rupees in '000)		874,288	546,089
Weighted average number of ordinary shares (in thousands)	21.2	7,560	7,560
Earnings per share - basic and diluted (Rupees per share)		115.65	72.23

There is no dilutive effect on the basic earnings per share of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 41 SEGMENT REPORTING

### Segment result and profit reconciliation

	Retail		Wholesale		Export		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External sales	15,501,727	11,502,248	2,109,542	2,371,152	50,911	40,177	71,814	69,920	17,733,994	13,983,497
Inter segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	15,501,727	11,502,248	2,109,542	2,371,152	50,911	40,177	71,814	69,920	17,733,994	13,983,497
Cost of sales	(7,224,604)	(5,415,915)	(1,839,686)	(2,013,133)	(36,512)	(29,137)	(44,192)	(49,922)	(9,144,994)	(7,508,107)
<b>Gross profit</b>	8,277,123	6,086,333	269,856	358,019	14,399	11,040	27,622	19,998	8,589,000	6,475,390
Distribution cost	(4,522,642)	(3,504,858)	(99,230)	(116,144)	(7,381)	(7,608)	-	-	(4,629,253)	(3,628,610)
Administrative expenses	(137,998)	(74,641)	(12,103)	(8,290)	(631)	(588)	-	-	(150,732)	(83,519)
	(4,660,640)	(3,579,499)	(111,333)	(124,434)	(8,012)	(8,196)	-	-	(4,779,985)	(3,712,129)
<b>Segment results</b>	3,616,483	2,506,834	158,523	233,585	6,387	2,844	27,622	19,998	3,809,015	2,763,261
Unallocated operating expenses									(1,733,590)	(1,422,990)
Other operating expenses									(174,421)	(130,097)
Other operating income									259,767	315,753
Finance costs									(749,697)	(718,688)
Profit before taxation	9,024,477	8,163,045	1,246,596	1,232,098	13,061	14,432	-	-	10,284,134	9,409,575
Taxation									(6,058,429)	(6,166,085)
Profit for the year									16,342,563	15,575,660
<b>Other disclosures</b>									4,557,099	4,685,273
<b>Segment assets</b>									6,111,807	4,757,809
Unallocated assets									10,668,906	9,443,082
<b>Segment liabilities</b>									325,343	107,396
Unallocated liabilities									160,032	202,350
<b>Capital expenditures</b>									485,375	309,746
Unallocated									221,021	172,298
<b>Depreciation of property, plant and equipment</b>									82,607	106,517
Unallocated									303,628	278,815
<b>Amortization of intangible assets</b>									47,149	31,125
Unallocated									2,011	763
									49,160	31,888

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
(Rupees in '000)			
<b>42 CASH AND CASH EQUIVALENTS</b>			
Short term investments	18	500,000	1,100,000
Cash and bank balances	20	2,085,946	2,108,570
		<u>2,585,946</u>	<u>3,208,570</u>

42.1 Reconciliation of liabilities arising from financing activities inclusive of current portion:

Particulars	December 31, 2021	Recognized during the year	Cash flows	Non-cash flows		December 31, 2022
				Accrual	Other changes*	
(Rupees in '000)						
Unclaimed dividend	60,293	–	(411,113)	439,690	–	88,870
Unpaid dividend	568,587	–	(568,587)	921,110	–	921,110
Long term borrowing	53,518	77,871	(6,296)	–	–	125,093
Lease liabilities	4,412,221	278,568	(934,680)	663,073	13,020	4,432,202
(Rupees in '000)						
Particulars	December 31, 2020	Recognized during the year	Cash flows	Non-cash flows		December 31, 2021
				Accrual	Other changes*	
Unclaimed dividend	54,494	–	(181,614)	187,413	–	60,293
Unpaid dividend	–	–	–	568,587	–	568,587
Long term borrowing	60,259	–	(6,741)	–	–	53,518
Lease liabilities	4,474,537	293,088	(743,666)	667,574	(279,312)	4,412,221

\* Other changes include non cash movements, including accrued interest expense which will be presented as operating cashflows in the statement of cash flows at the time of payment.

42.2 Non-cash investing and financing activities comprise of acquisition of right of use assets as referred to in note 7.

## 43 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including all benefits to Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
(Rupees in '000)						
Managerial remuneration	34,482	34,292	16,514	15,230	138,665	124,608
Provident fund contribution	–	–	2,180	1,523	14,793	12,461
Performance Bonus	20,971	–	5,286	–	9,467	–
Perquisites and allowances						
Housing	300	300	1,216	1,216	19,566	19,875
Leave passage	1,026	725	–	–	–	–
Conveyance	–	–	949	917	7,332	18,691
Medical allowance / expense reimbursed	180	364	207	245	10,383	9,287
Utilities	2,956	–	407	257	2,495	1,854
Others	39,167	10,840	2,220	1,614	17,454	16,982
	<u>99,082</u>	<u>46,521</u>	<u>28,979</u>	<u>21,002</u>	<u>220,155</u>	<u>203,758</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>56</u>	<u>54</u>

43.1 In addition to the above, 4 (2021: 4) non executive directors were paid an aggregated fee of Rs. 2.023 million (2021: Rs. 1.615 million) for attending meetings.

43.2 The Chief Executive of the Company is provided with a Company-maintained car and housing facilities at the Company's premises.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk management is carried out by the Board of Directors (the Board). The Board has the overall responsibility for the establishment of a financial risk governance frame work. They provide assurance that the financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's risk management policies.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

### 44.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of three types of risks: interest rate risk, currency risk and other price risk such as equity risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

#### 44.1.1 Interest rate risk exposure

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from deposits in saving accounts with various commercial banks, short term and long term investments, other deposits and borrowings.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2022	2021
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Long term investments	45,062	45,031
Short term investments	500,000	1,100,000
<b>Financial Liabilities</b>		
Long term deposits - employees' securities	(26,461)	(26,353)
Deposits - agents	(118,210)	(106,543)
<b>Net exposure</b>	<u>400,391</u>	<u>1,012,135</u>
<b>Floating rate instruments:</b>		
Financial assets		
Bank balance in daily profit account	1,802,707	1,961,799
<b>Financial liabilities</b>		
Borrowing	(125,093)	(53,518)
<b>Net exposure</b>	<u>1,677,614</u>	<u>1,908,281</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 rate at the reporting date would not affect profit or loss of the Company.

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

No interest rate risk arises on fixed rate instruments.

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

The Company has some amounts invested in various daily profit accounts which offer a variable rate of return. Furthermore, the Company has entered in certain borrowing arrangements on variable interest rates. The following table demonstrate the sensitivity to a reasonably possible change interest rate, with all other variables held constant, on the Company's profit before tax.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	(Rupees in '000)	
Increase in basis points by 100	16,776	19,083
Decrease in basis points by 100	(16,776)	(19,083)

## 44.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from primarily with respect to the United States Dollar (USD), Singaporean Dollar, United Arab Emirates Dirham and Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from/payable to the foreign entities. The Company's exposure to currency risk is as follows:

	2022	2021
	(Rupees in '000)	
<b>Financial assets</b>		
Trade debts - Export customers		
US Dollar	1,016	-
Cash in hand		
US Dollar	4,156	1,601
Euro	481	269
UAE Dirham	1	1
Cash in bank		
US Dollar	34,048	26,787
	<u>39,702</u>	<u>28,658</u>
<b>Financial liabilities</b>		
Trade and other Payables - Foreign suppliers		
Euro	8,314	4,885
Singapore Dollar	317,909	-
	<u>326,223</u>	<u>4,885</u>

## Foreign Currency Sensitivity analysis

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in exchange rates of the major currencies involved in transactions with the foreign parties, keeping all other variables constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	2022	2021	2022	2021
	(Rupees in '000)			
	Percentage Change in Exchange Rate	Percentage Change in Exchange Rate	Effect on Profit Before Tax	Effect on Profit Before Tax
			+ / -	+ / -
Variation in Singapore Dollar to PKR	5.00%	5.00%	15,895	-

## 44.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as it does not have any exposure in equity securities.

## 44.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its long term advances, trade debts, advances deposits prepayments and other receivable and its balances at banks.





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The Company makes investment only in liquid securities and only with banks. Given their high credit ratings, management does not expect any counter party to fail to meet its obligation.

The management has a credit policy in place and exposure to credit risk is monitored on a continuous basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets. The Company, however, mitigates any possible exposure to credit risk by taking security deposits from its dealers and distributors as well as by executing formal agreements with them. Out of total financial assets of Rs. 3,563,947 million (2021: Rs. 4,456,472 million) following are subject to credit risk:

	2022	2021
	(Rupees in '000)	
<b>Financial assets</b>		
Long term investments	45,062	45,031
Long term deposits	41,912	38,630
Trade debts - unsecured (net)	827,409	973,880
Deposits	9,425	15,375
Letters of credit - margin	24,036	141,442
Other receivables	22,851	27,763
Interest accrued	7,306	5,781
Short term investments	500,000	1,100,000
Cash at bank	1,917,199	2,040,290
	<u>3,395,200</u>	<u>4,388,192</u>

## 44.2.1 Long term investments

Financial institution	Ratings			Carrying Values	
	Agency	Long Term	Short term	2022	2021
(Rupees in '000)					
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	45,062	45,031

44.2.2 Out of the total trade receivables, 94.0% is concentrated in ten customers (2021: 88.4% in ten customers).

## 44.2.3 Trade debts - other than related parties

	2022	2021
	(Rupees in '000)	
Neither past due nor impaired	706,646	732,347
Past due but not impaired		
1-30 days	66,402	170,796
31-60 days	37,677	33,530
61-90 days	15,668	37,207
Over 90 days	-	-
	<u>119,747</u>	<u>241,533</u>
<b>Past due and impaired</b>		
1-30 days	-	-
31-60 days	-	-
61-90 days	13,690	75,935
Over 90 days	80,604	63,545
	<u>94,294</u>	<u>139,480</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	(Rupees in '000)	
<b>44.2.4 Trade debts - receivable from related parties</b>		
<b>Neither past due nor impaired</b>	1,016	-
<b>Past due but not impaired</b>	-	-
1-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Over 90 days	-	-

## 44.2.5 Impairment of financial assets

The Company's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances and debt investments carried at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

On that basis, the loss allowance as at December 31, 2022 and December 31, 2021 was determined as follows:

As at December 31, 2022	Trade debts				
	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
	(Rupees in '000)				
Expected loss rate - %	0.00%	0.00%	50.00%	100.00%	
Gross carrying amount of trade debts - net of specific allowance	891,806	15,668	26,426	81,081	1,014,981
Loss allowance - general	-	-	13,213	81,081	94,294
Loss allowance - specific	-	-	-	-	-
Total Loss allowance	-	-	13,213	81,081	94,294
As at December 31, 2021	Trade debts				
	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
	(Rupees in '000)				
Expected loss rate - %	0.00%	0.00%	50.00%	100.00%	
Gross carrying amount of trade debts	929,422	27,450	34,017	32,408	1,023,297
Loss allowance - general	-	-	17,009	32,408	49,417
Loss allowance - specific	-	75,935	14,128	-	90,063
Total Loss allowance	-	75,935	31,137	32,408	139,480



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 44.2.6 Short term investments

Financial institution	Ratings			Carrying Values	
	Agency	Long Term	Short term	2022	2021
(Rupees in '000)					
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	500,000	1,100,000
<b>44.2.7 Cash at bank</b>					
Habib Bank Limited	VIS	AAA	A-1+	903,955	1,148,470
MCB Bank Limited	PACRA	AAA	A1+	702,381	533,645
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	55,108	58,177
Bank Al-Habib Limited	PACRA	AAA	A1+	173,194	81,308
National Bank of Pakistan	PACRA	AAA	A1+	1,987	1,436
United Bank Limited	VIS	AAA	A-1+	18,340	56,590
Meezan Bank Limited	VIS	AAA	A-1+	49,105	140,720
Allied Bank Limited	PACRA	AAA	A1+	10,458	19,944
Bank Alfalah	PACRA	AA+	A1+	2,671	-
				1,917,199	2,040,290

## 44.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2022 the Company had borrowing limits available from financial institutions at Rs. 2,335.000 million (2021: Rs. 2,235.000 million) and Rs. 2,085.946 million (2021: Rs. 2,108.570 million) in cash and bank balances. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

44.3.1 The following table shows the maturity profile of the Company's financial liabilities:

	2022				
	(Rupees in '000)				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	26,461	-	-	-	26,461
Long term borrowings	-	14,083	70,417	40,593	125,093
Trade and other payables	-	4,636,881	-	-	4,636,881
Unpaid dividend	-	921,110	-	-	921,110
Unclaimed dividend	-	88,870	-	-	88,870
Lease liabilities	-	1,577,956	4,032,959	631,561	6,242,476
	26,461	7,238,900	4,103,376	672,154	12,040,891
	2021				
	(Rupees in '000)				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	26,353	-	-	-	26,353
Long term borrowings	-	6,296	24,669	22,553	53,518
Trade and other payables	-	4,073,404	-	-	4,073,404
Unpaid dividend	-	568,587	-	-	568,587
Unclaimed dividend	-	60,293	-	-	60,293
Lease liabilities	-	1,465,802	3,910,151	787,528	6,163,481
	26,353	6,174,382	3,934,820	810,081	10,945,636

## 44.4 Fair value of the financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As of reporting date, there were no Level 1, 2 or 3 assets or liabilities during prior or current year.

## 44.5 Financial instruments by categories

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	At amortised cost	
	2022	2021
	(Rupees in '000)	
<b>Assets</b>		
Long term investments	45,062	45,031
Long term deposits	41,912	38,630
Trade debts - unsecured	827,409	973,880
Deposits	9,425	15,375
Letters of credit-Margin	24,036	141,442
Other receivables	22,851	27,763
Interest accrued	7,306	5,781
Short term investments	500,000	1,100,000
Cash at bank	2,085,946	2,108,570
	<u>3,563,947</u>	<u>4,456,472</u>
<b>Liabilities</b>		
Trade and other payables	4,355,937	3,852,788
Unpaid dividend	921,110	568,587
Unclaimed dividend	88,870	60,293
Lease liabilities	4,432,202	4,412,221
	<u>9,798,119</u>	<u>8,893,889</u>

## 45 CAPITAL RISK MANAGEMENT

The Company's policy is to safeguard the Company's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity.

The Company's objectives when managing risks are

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	(Rupees in '000)	
The debt-to-equity ratio as at reporting date is as follows:		
Net debt	125,093	53,518
Total equity	5,673,657	6,159,421
Capital gearing ratio	2.20%	0.87%

The Company is not subject to any externally-imposed capital requirements.

## 46 TRANSACTIONS WITH RELATED PARTIES

46.1 The related parties and associated undertakings comprise parent company, related group companies, provident fund trust, directors and key management personnel. Remuneration of Chief Executive and Directors is also shown in Note 43. Transactions with related parties during the year are as follows;

		2022	2021
		(Rupees in '000)	
Relationship with the Company	Nature of transactions		
Common Control Companies	Purchase of goods and services	144,748	153,876
	Sale of goods and services	-	4,841
	Trademark license fee	886,700	698,933
	Management service fee	280,683	227,269
Holding company	Dividend paid	568,587	-
Holding company	Dividend declared but unpaid	921,110	568,587
Directors	Dividend paid	711	395
Staff Retirement Benefits	Contribution to provident fund trusts	78,981	66,399
Staff Retirement Benefits	Gratuity paid to outgoing employees	13,411	21,479

46.2 The Company in normal course of business conducts transactions with its related parties. Balances of related parties at the reporting date have been shown under payables and receivables. The Company continues to have a policy, whereby, all transactions with related parties and common control companies are carried out at mutually agreed terms and conditions or comparable uncontrolled price method.

46.3 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Sr. No.	Company Name	Country of incorporation	Basis of Association	Aggregate % of Shareholding in the Company
1	Bafin B.V., Nederland	Netherlands	Parent Company	75.21%
2	Bata Brands S.A. Switzerland	Switzerland	Common group company	N/A
3	Bata Shoe (Singapore) Pte. Ltd.	Singapore	Common group company and common directorship	N/A
4	Bata (Thailand) Limited	Thailand	Common group company and common directorship	N/A
5	Empresas Comerciales S.A Bata Peru	Peru	Common group company	N/A
6	Global Footwear Services Pte. Ltd.	Singapore	Common group company and common directorship	N/A
7	Bata Centre S.R.O	Switzerland	Common group company	N/A
8	Bata Shoe Company (Bangladesh) Ltd.	Bangladesh	Common group company	N/A



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 47 CAPACITY AND ACTUAL PRODUCTION

	No. of shifts worked		Installed capacity based on actual shifts worked		Actual production	
			Pairs in '000		Pairs in '000	
	2022	2021	2022	2021	2022	2021
Footwear in pairs						
Cemented	1 to 3	1 to 3	2,806	2,636	2,722	2,364
Polyurethane	1 to 3	1 to 3	4,633	3,977	2,892	3,039
Thongs	1 to 3	1 to 3	3,770	5,056	1,519	1,867
Directly injected plastic	3	3	4,555	4,176	3,066	2,672
Sandak	3	3	2,614	2,494	1,388	1,630
			18,378	18,339	11,587	11,572

47.1 The deviation in actual production from installed capacity is due to rapidly growing trends as the Company has to change major shoe lines in accordance with the market trends. This involves change in manufacturing operations and product mix which causes variances not only between the installed capacity and actual production but also between the actual production of any two years.

## 48 NUMBER OF PERSONS EMPLOYED

	2022	2021
Number of persons employed as at year end	2,142	2,274
Average number of persons employed during the year	2,175	2,275

## 49 PROVIDENT FUND

Investments out of provident fund have been made in accordance with the provision of the section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

## 50 EVENTS AFTER THE REPORTING DATE

There are no subsequent events after the reporting date other than those mentioned in these financial statements.

## 51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 28, 2023 by the Board of Directors of the Company.

## 52 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary. However, no significant reclassifications have been made.



Chief Executive



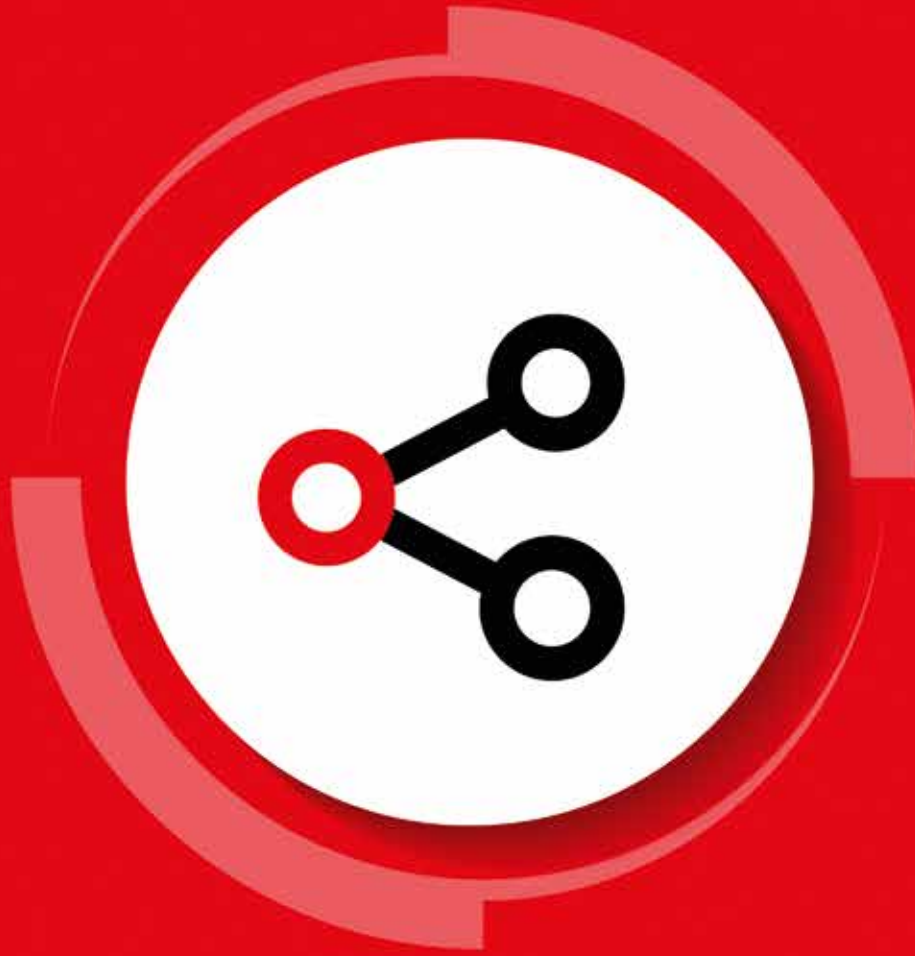
Chief Financial Officer



Director



*Bata*<sup>®</sup>



# **PATTERN OF** Shareholding



## PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

No. of Shareholders	From	Shareholding	To	Total Shares held
746	1		100	28,551
365	101		500	88,372
56	501		1,000	41,519
53	1,001		5,000	108,230
7	5,001		10,000	43,915
4	10,001		15,000	44,992
1	15,001		20,000	16,180
2	20,001		25,000	41,220
2	25,001		30,000	53,172
1	80,001		85,000	81,520
1	95,001		100,000	99,674
1	140,001		145,000	141,855
1	1,080,001		1,085,000	1,084,934
1	5,685,001		5,690,000	5,685,866
1241				7,560,000

## CATEGORIES OF SHAREHOLDERS

	Number of Shareholders	Number of Shares held	Percentage
<b>Foreign Shareholders</b>			
Bafin (Netherlands) B.V.	1	5,685,866	75.21
<b>Local Shareholders</b>			
Individuals	1,187	325,948	4.31
Industrial Development Bank of Pakistan IDBP (ICP Unit)	1	125	0.00
National Investment Trust Limited (CDC)	1	28,076	0.37
National Investment Trust Limited administration Fund (CDC)	1	21,000	0.28
Trustee National Investment (UNIT) Trust (CDC)	1	1,084,934	14.35
National Bank of Pakistan (CDC)	1	611	0.01
Insurance Companies	9	213,283	2.82
Pension Fund	6	130,414	1.73
Joint Stock Companies	17	8,001	0.11
Modaraba & Mutual Fund	5	36,765	0.49
Other Companies	11	24,977	0.33
<b>Total Shareholders</b>	<b>1241</b>	<b>7,560,000</b>	<b>100.00</b>





# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

Categories of Shareholders	Number of shares held	% AGE
<b>1. DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</b>		
1 MR. ROBERTO LONGO	1	0.0000%
2 MR. MUHAMMAD IMRAN MALIK	-	-
3 MR. AMJAD FAROOQ	-	-
4 MR. TOH GUAN KIAT	1	0.0000%
5 MR. KAMAL MONNOO	1	0.0000%
6 MR. MUHAMMAD MAQBOOL	1	0.0000%
7 MS. FATIMA ASAD KHAN	1	0.0000%
8 MR. SYED ASAD ALI ZAIDI	-	-
9 MR. AAMIR AMIN	-	-
	5	0.0001%
<b>2. ASSOCIATED COMPANIES</b>		
Associated Companies, Undertakings and Related Parties (Parent Company)		
1 BAFIN (NETHERLANDS) B.V.	5,685,866	75.2099%
<b>3. NIT &amp; ICP</b>		
1 IDBP (ICP UNIT)	125	0.0017%
2 NATIONAL INVESTMENT TRUST LIMITED (CDC)	28,076	0.3714%
3 NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND (CDC)	21,000	0.2778%
4 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,084,934	14.3510%
	1,134,135	15.0018%
<b>4. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS</b>		
1 NATIONAL BANK OF PAKISTAN (CDC)	611	0.01%
	611	0.01%
<b>5. INSURANCE COMPANIES</b>		
1 ADAMJEE LIFE ASSURANCE CO.LTD - DGF (CDC)	2,160	0.0286%
2 ADAMJEE LIFE ASSURANCE COMPANY LIMITED (CDC)	20,220	0.2675%
3 ADAMJEE LIFE ASSURANCE COMPANY LTD- AMMANAT FUND (CDC)	1,720	0.0228%
4 ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF (CDC)	141,855	1.8764%
5 EAST WEST INSURANCE CO.LTD (CDC)	200	0.0026%
6 EFU GENERAL INSURANCE LIMITED. (CDC)	25,096	0.3320%
7 HABIB INSURANCE CO.LIMITED. (CDC)	6,000	0.0794%
8 STATE LIFE INSURANCE CORP. OF PAKISTAN. (CDC)	11,392	0.1507%
9 DAWOOD FAMILY TAKAFUL LIMITED (CDC)	4,640	0.0614%
	213,283	2.8212%
<b>6. FOREIGN COMPANIES</b>		
	0	0.00%
<b>7. MODARABA &amp; MUTUAL FUND</b>		
1 CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	80	0.0011%
2 CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	12,180	0.1611%
3 CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	8,965	0.1186%
4 CDC TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	5,120	0.0677%
5 CDC - TRUSTEE NIT-EQUITY MARKET OPPRTUNITY FUND (CDC)	10,420	0.1378%
	36,765	0.4863%
<b>8. PENSION FUND</b>		
1 TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEE PENSION FUND (CDC)	99,674	1.3184%
2 PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND-DC SHARIAH (CDC)	3,580	0.0474%
3 TRUSTEE PAK. PETROLEUM EXEC. STAFF PEN. FUND DC CONVENTIONAL (CDC)	1,340	0.0177%
4 TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND (CDC)	16,180	0.2140%
5 TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF PENSION FUND (CDC)	6,300	0.0833%
6 CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND (CDC)	3,340	0.0442%
	130,414	1.7251%
<b>9. JOINT STOCK COMPANIES</b>		
1 FATEH INDUSTRIES LIMITED	160	0.0021%
2 STANLEY HOUSE INDUSTRIES (PRIVATE) LIMITED (CDC)	500	0.0066%
3 BAWANY SECURITIES (PRIVATE) LIMITED (CDC)	8	0.0001%
4 HARAL SONS (PVT) LIMITED (CDC)	400	0.0053%
5 IGI FINEX SECURITIES LIMITED (CDC)	1	0.0000%
6 IRFAN MAZHAR SECURITIES (PVT) LTD. (CDC)	540	0.0071%
7 MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000%

# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

Categories of Shareholders	Number of shares held	% AGE
8 NAEEM'S SECURITIES (PVT) LTD (CDC)	50	0.0007%
9 NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)	21	0.0003%
10 NH SECURITIES (PVT.) LIMITED. (CDC)	135	0.0018%
11 SAOO CAPITAL (PVT) LIMITED (CDC)	20	0.0003%
12 SARFRAZ MAHMOOD (PRIVATE) LTD (CDC)	25	0.0003%
13 SERVICE SALES CORPORATION (PRIVATE) LIMITED (CDC)	100	0.0013%
14 SOFCOM (PRIVATE) LIMKITED (CDC)	300	0.0040%
15 TOPLINE SECURITEIS LIMITED - MF (CDC)	2,500	0.0331%
16 KAISAR SHAHZADA (PVT)LTD. (CDC)	2,540	0.0336%
17 RAFUM CORPORATION (PRIVATE) LIMITED (CDC)	700	0.0093%
	8,001	0.1058%
<b>10. OTHER COMPANIES</b>		
1 TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	3,498	0.0463%
2 ALI GOHAR & COMPANY (PRIVATE) LIMITED STAFF PROVIDENT FUND (CDC)	1,020	0.0135%
3 CHEVRON PAKISTAN LUBRICANTS (PVT.) LTD. EPF (CDC)	260	0.0034%
4 GETZ PHARMA (PRIVATE) LIMITED EMPLOYEES PROVIDEWNT FUND (CDC)	2,060	0.0272%
5 TRUSTEE- GUL AHMED TEXTILE MILLS LTD. EMP. PROVIDENT FUND (CDC)	2,880	0.0381%
6 TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND (CDC)	1,820	0.0241%
7 TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND (CDC)	2,760	0.0365%
8 TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND (CDC)	2,280	0.0302%
9 TRUSTEE PAKISTAN PETROLEUM SENIOR PROVIDENT FUND (CDC)	5,540	0.0733%
10 TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF GRATUITY FUND (CDC)	144	0.0019%
11 TRUSTEES NESTLE PAKISTAN LTD. EMPLOYEES PROVIDENT FUND (CDC)	2,715	0.0359%
	24,977	0.3304%
<b>11. SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)</b>	200	0.0026%
<b>SHARES HELD BY THE GENERAL PUBLIC (LOCAL)</b>	325,743	4.3088%
	325,943	4.3114%
<b>TOTAL:</b>	7,560,000	100.00%

Categories of Shareholders	SHARES	% AGE
<b>1. SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL</b>		
<b>S.No NAME</b>		
1 BAFIN (NETHERLANDS) B.V.	5,685,866	75.2099%
2 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,084,934	
3 NATIONAL INVESTMENT TRUST LIMITED (CDC)	28,076	
4 NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUIND (CDC)	21,000	
5 NATIONAL BANK OF PAKISTAN (CDC)	611	
	1,134,621	15.0082%
	6,820,487	90.2181%

Categories of Shareholders	SHARES	% AGE
<b>2. SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL</b>		
<b>S.No NAME</b>		
1 BAFIN (NETHERLANDS) B.V.	5,685,866	75.2099%
2 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,084,934	
3 NATIONAL INVESTMENT TRUST LIMITED (CDC)	28,076	
4 NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUIND (CDC)	21,000	
5 NATIONAL BANK OF PAKISTAN (CDC)	611	
	1,134,621	15.0082%
	6,820,487	90.2181%

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S.No	NAME	SALE	PURCHASE
1	NIL	-	-



# BATA PAKISTAN LIMITED

## CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG) 2019

Sr. No.	Name	Number of shares held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>			
1	BAFIN (NETHERLANDS) B.V.	5,685,866	75.2099%
<b>Mutual Funds (Name Wise Detail)</b>			
1	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	80	0.0011%
2	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	12,180	0.1611%
3	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	8,965	0.1186%
4	CDC TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	5,120	0.0677%
5	CDC - TRUSTEE NIT-EQUITY MARKET OPPRTUNITY FUND (CDC)	10,420	0.1378%
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	MR. ROBERTO LONGO	1	0.0000%
2	MR. MUHAMMAD IMRAN MALIK	-	-
3	MR. AMJAD FAROOQ	-	-
4	MR. TOH GUAN KIAT	1	0.0000%
5	MR. KAMAL MONNOO	1	0.0000%
6	MR. MUHAMMAD MAQBOOL	1	0.0000%
7	MS. FATIMA ASAD KHAN	1	0.0000%
8	MR. SYED ASAD ALI ZAIDI	-	-
9	MR. AAMIR AMIN	-	-
<b>Executives:</b>			
<b>Public Sector Companies &amp; Corporations:</b>			
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>			
		344,308	4.5543%
<b>Shareholders holding (05) five percent or more voting interest in the listed company (Name Wise Detail)</b>			

Categories of Shareholders	Number of shares held	% AGE
<b>S.No NAME</b>		
1 BAFIN (NETHERLANDS) B.V.	5,685,866	75.2099%
2 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,084,934	
3 NATIONAL INVESTMENT TRUST LIMITED (CDC)	28,076	
4 NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUIND (CDC)	21,000	
5 NATIONAL BANK OF PAKISTAN (CDC)	611	
	1,134,621	15.0082%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	NIL	-	-





MC  
MARIE CLAIRE

**FORM OF PROXY**  
**71<sup>th</sup> ANNUAL GENERAL MEETING**



The Company Secretary  
Bata Pakistan Limited  
P.O. Batapur,  
Lahore

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of Bata Pakistan Limited and holder of \_\_\_\_\_

\_\_\_\_\_ Ordinary Shares as per Register Folio

No. \_\_\_\_\_ and / or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No.

\_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 71<sup>th</sup> Annual General Meeting of the Company to be held on April 19, 2023 and at any adjournment thereof.

Signature: \_\_\_\_\_

Rs.10/- Revenue Stamp

Date: \_\_\_\_\_

**WITNESSES:**

1. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No. \_\_\_\_\_

Passport No. \_\_\_\_\_

2. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No. \_\_\_\_\_

Passport No. \_\_\_\_\_

**Note:**

1. A member entitled to be present and vote at the meeting may appoint a proxy to attend, speak and vote for him/her. A proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the meeting.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their Computerize National Identity Card (CNIC) or passport with this proxy form.
4. In case of Joint Shareholders, the vote of senior who tenders a vote whether in person or proxy will be accepted to the exclusion of votes of other joint shareholders and for this purpose, seniority will be determined by the order in which names stand in the Register of the Members.
  - I. In case of Corporate entities, the Board of Director's Resolution/Power of attorney and specimen signature must be submitted (unless it has been provided earlier) along with proxy form to Share Registrar/Company.
  - II. Members are further requested:
    - a) To affix revenue stamp of Rs.10/- at the place indicated above.
    - b) To sign in the same style/pattern as is registered with Company.
    - c) To write down folio number in readable manner.

The Company Secretary  
**BATA PAKISTAN LIMITED**  
P.O. BATAPUR,  
LAHROE.

AFFIX  
CORRECT  
POSTAGE

کمپنی سیکرٹری  
بانا پاکستان لمیٹڈ  
بانا پور، لاہور

میں / ہم \_\_\_\_\_  
ساکن \_\_\_\_\_ بحیثیت ممبر بانا پاکستان لمیٹڈ \_\_\_\_\_ عام حصص کا مالک متسمی / استماتہ \_\_\_\_\_  
ساکن \_\_\_\_\_ کو جگہ فوئیو ای ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ یا اس کی عدم دستیابی کی صورت میں  
متسمی / استماتہ \_\_\_\_\_ ساکن \_\_\_\_\_  
کو بطور پراکسی مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے 71 واں سالانہ عام اجلاس جو کہ مورخہ 19 اپریل 2023ء کو منعقد ہو رہا ہے اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے، بات کرے اور ووٹ ڈالے۔

10/- روپے کے ریونیو شامپ

دستخط: \_\_\_\_\_ تاریخ: \_\_\_\_\_

گواہان:

(2) نام: \_\_\_\_\_

(1) نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ / پاسپورٹ نمبر: \_\_\_\_\_

شناختی کارڈ / پاسپورٹ نمبر: \_\_\_\_\_

دستخط: \_\_\_\_\_

دستخط: \_\_\_\_\_

نوٹ:

- 1- اجلاس میں شرکت کرنے اور ووٹ دینے کا حق اراکین اجلاس میں شریک ہونے اور ووٹ دینے کیلئے پراکسی مقرر کر سکتا ہے۔ پراکسی کیلئے کمپنی کا ممبر ہونا ضروری نہیں ہے۔
- 2- پراکسی کو ووٹ ہونے کیلئے اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونا لازمی ہے۔
- 3- سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز کیلئے پراکسی فارم کے ساتھ پاسپورٹ یا کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی تصدیق شدہ فوٹو کاپی منسلک کرنا ضروری ہے۔
- 4- جوائنٹ شیئر ہولڈرز کی صورت میں، سینئر کا ووٹ، چاہے وہ ذاتی طور پر ووٹ کرے یا پراکسی کے ذریعے سینیورٹی کا تعین ممبرز کے رجسٹرڈ میں درج ناموں کی ترتیب کے ذریعے کیا جائے گا۔

i. کارپوریٹ اداروں کی صورت میں، پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی ریویژن / اپورٹائن / انارٹی اور نمونہ کے دستخط (اگر پہلے سے فراہم نہیں کئے گئے ہوں تو) شیئر رجسٹرار / کمپنی کو جمع کروانا لازمی ہے۔

ii. ممبرز سے مزید درخواست کی جاتی ہے:

- (a) اوپر نشاندہی کی گئی جگہ پر۔ 10/- روپے کی رسیدی گٹ چیک نہیں۔
- (b) دستخط اسی طرز / نمونہ کے مطابق کریں جو کمپنی کے پاس رجسٹرڈ ہے۔
- (c) اپنے فوئیو نمبر کو واضح اور نمایاں طور پر لکھیں۔

پوری ٹکٹ  
لگانے کے بعد

جناب کمپنی سیکرٹری صاحب  
ہیٹا پاکستان لمیٹڈ  
ہیٹا پورہ لاہور







***Bata***<sup>®</sup>

**PAKISTAN LIMITED**  
P.O.BATAPUR, LAHORE  
PAKISTAN.

UAN: +92-42-111-044-055

FAX: +92-42-36581176

Website: [www.bata.com.pk](http://www.bata.com.pk)

E-mail: [pk.bata@bata.com](mailto:pk.bata@bata.com)