

BIBOJEE GROUP



**63rd
ANNUAL
REPORT
2023**

BANNU
WOOLLEN MILLS LIMITED

Bannu Woollen Mills Ltd.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY'S PROFILE

| | | |
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| Board Of Directors | Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Lt Gen. (Retd.) Ali Kuli Khan Khattak Dr. Shahin Kuli Khan Khattak Syed Zubair Ahmed Shah Mr. Abdul Rehman Qureshi (Independent) Brig(R.) Agha Arshad Raza (Independent) | Chairman Chief Executive |
| Audit Committee | Mr. Abdul Rehman Qureshi Syed Zubair Ahmad Shah Brig(R.) Agha Arshad Raza | Chairman Member Member |
| Human Resource & Remuneration Committee | Mr. Abdul Rehman Qureshi Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Syed Zubair Ahmed Shah Brig(R.) Agha Arshad Raza | Chairman Member Member Member Member |
| Chief Operating Officer (COO) | Mr. Khalid Kuli Khan Khattak | |
| Chief Financial Officer | Mr. Kalim Aslam | |
| Company Secretary | Mr. Azmat Khan | |
| Head Of Internal Audit | Mr. Salman Khan - ACA | |
| Auditors | M/S. ShineWing Hameed Chaudhri & Co Chartered Accountants | |
| Bankers | National Bank Of Pakistan Bank Alfalah Ltd. | |
| Legal Adviser | M/S Hassan & Hassan, Advocates Paaf Building, 1-D, Kashmir/ Egerton Road, Lahore | |
| Tax Consultant | M. Nawaz Khan & Co 1-Ground Floor, Farrah Centre, 2 Mozang Road, Lahore | |
| Registrars & Shares Registration Office | Vision Consulting Limited. 5-C, LDA Flats, First Floor, Lawrance. Road, Lahore. Tel: 042-36283096-97, Fax: 042-36312550 E-Mail: info@vcl.com.pk | |
| Registered Office | Bannu Woollen Mills Ltd D.I.Khan Road, Bannu Tel. (0928) 615131, 611350 Fax. (0928) 611450 E-Mail bannuwoollen@yahoo.com Web Site: www.bwm.com.pk | |
| Mills | D.I.Khan Road, Bannu Tel. (0928) 613151, 611350 Fax (0928) 611450 E-Mail bannuwoollen@yahoo.com Web Site: www.bwm.com.pk | |

VISION

“TO BE MARKET LEADERS IN WOOLLEN/BLENDED FABRICS, BLANKETS & SHAWLS, BUILDING COMPANY IMAGE THROUGH INNOVATION AND COMPETITIVENESS, ENSURING SATISFACTION TO CUSTOMERS' AND STAKEHOLDERS AND TO FULFILL SOCIAL OBLIGATIONS.”

MISSION STATEMENT

“LEAD PRODUCER OF QUALITY WOOLLEN/BLENDED FABRICS, BLANKETS & SHAWLS, WE SHALL BUILD ON OUR CORE COMPETENCIES AND ACHIEVE EXCELLENCE IN PERFORMANCE. WE AIM AT EXCEEDING EXPECTATIONS OF ALL STAKEHOLDERS. WE TARGET TO ACHIEVE TECHNOLOGICAL ADVANCEMENTS TO INCULCATE THE MOST EFFICIENT, ETHICAL AND TIME TESTED BUSINESS PRACTICES IN OUR MANAGEMENT.

WE SHALL STRIVE TO INNOVATE AND INTRODUCE ALTERNATE USES OF PRODUCTS TO BROADEN OUR CUSTOMER BASE TO HELP STRENGTHEN THE PHYSICAL INFRASTRUCTURE OF THE COUNTRY.”

NOTICE OF 63RD ANNUAL GENERAL MEETING

Notice is hereby given that the 63RD Annual General Meeting (AGM) of the of the Company will be held on **Monday the October 23, 2023 at 09:00 A.M.** at its registered office, Bannu Woollen Mills Ltd., D. I. Khan Road, Bannu to transact the following business: -

ORDINARY BUSINESS:

1. To confirm the minutes of the Extraordinary General Meeting held on May 20, 2023.
2. To consider and approve the annual audited Financial Statements of the Company for the year ended June 30, 2023 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the financial year 2023-24 and to fix their remuneration. The retiring auditors M/s ShineWing Hameed Chaudhri and Company, Chartered Accountants, Lahore being eligible have consented and offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and, if thought fit to pass the following Resolutions as 'Special Resolution' with or without modification:

A. To ratify and approve transactions entered into by the company and the related parties in its ordinary course of business by passing the following special resolution

“RESOLVED THAT the transactions carried out in normal course of business with associated companies/ related parties during the year ended June 30, 2023 (as disclosed in Note-36 of Financial Statements for the year ended June 30, 2023) be and are hereby ratified, confirmed and approved.”

A statement of material facts under Section 134 (3) of the Companies Act, 2017 pertaining to the Special Business as stated above is annexed to this notice of meeting being sent to the members.

B. To Circulate the Annual Audited Financial Statements / Annual Report to the Members Through QR Enabled Code and Web link:

To consider dissemination of annual audited financial statements through QR enabled code and web link instead of transmitting the same in the form of CD/DVD/USB and approve the following resolution as a special resolution with or without modification:

“RESOLVED THAT dissemination of information regarding annual audited financial statements to the shareholders through QR enabled code and web link as notified by the securities and Exchange commission of Pakistan vide its S.R.O 389 (I)/2023 dated March 21, 2023 be and is hereby approved.

“FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all acts, deeds and things, take or cause to be taken any action as may be necessary, incidental or consequential to give effect to this resolution.”

A statement of material facts under Section 134 (3) of The Companies Act, 2017 in respect of above-mentioned Special Businesses is attached herewith.

ANY OTHER BUSINESS

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

By the order of the Board

Bannu
September 30, 2023


Azmat Khan
Company Secretary

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The register of members of the Company will remain closed from October 16, 2023 to October 23, 2023 (both days inclusive). Transfers received in order by the Company's Shares Registrar, M/s. Vision Consulting Limited, 5-C LDA Flats, 1st Floor, Lawrence Road, Lahore (Share Registrar) by the close of business hours up to (5.00 pm) on October 13, 2023 will be considered in time for registration in the name of the transferees, and be eligible for the purpose of attending and voting at the AGM.

2. PARTICIPATION IN ANNUAL GENERAL MEETING:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/her vote by proxy. Proxies must be deposited at the Company's Registered Office at Bannu Woollen Mills Ltd, D.I.Khan Road, Bannu, not later than forty-eight hours before the time for holding the meeting.
2. Any individual beneficial owner of CDC entitled to attend and vote at this meeting must bring his/her CNIC or Passport to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of Corporate entities should bring attested copies of Board's resolution/Power of Attorney with specimen signatures required for the purpose and all such documents as are required under Circular No.1 dated 26th January 2000 issued by the Securities Exchange Commission of Pakistan for the purpose.
3. Members (Non-CDC) are requested to notify the Share Registrar immediately any change in their addresses.
4. Members are hereby informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 and Companies Act, 2017, Companies have been allowed to circulate the Annual Reports to members through email. For this purpose, we have uploaded the Form on our company's website: www.bwm.com.pk. Members who want to avail this facility are requested to submit the request form duly filled to the Share Registrar.

5. If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video-link for attending the AGM. If you wish to take benefit of this facility, please fill and send a request in Standard Form placed in annual report which is also available on website of the Company to the Share Registrar at its address given hereinabove at least seven (7) days prior to the date of the Meeting.
6. The audited financial statements of the Company for the year ended June 30, 2023 have been posted and are made available on the Company's website www.bwm.com.pk.
7. Members are requested to replace their physical shares in Book-entry form and get their Names registered with the CDC, as early as possible, in compliance with the provisions of Section 72 (2) of the Companies Act, 2017.
8. Pursuant to the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations. The shareholders shall ensure that duly filled and signed ballot papers along with copy of valid Computerized National Identity Card (CNIC)/ copy of passport (non-resident) should reach the Chairman of the meeting through post on the Company's registered address, D.I Khan Road, Bannu, KPK, or e-mail at corporate@bwm.com.pk on or before October 20, 2023 during working hours. The signatures on the ballot paper shall match with the signature on CNIC.
9. The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends and undelivered share certificates in accordance with the law. Shareholders, whose dividends still remain unclaimed and/or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company to claim their outstanding dividend amounts and/or undelivered share certificates.
10. The members holding physical shares are also required to bring their original CNIC and/ or copy of CNIC of shareholder(s) of whom he/ she/ they hold Proxy (ies). Without CNIC such shareholder(s) shall not be allowed to attend and/ or sign the Register of Shareholders/ Members at the AGM.
11. The members interested in attending the AGM virtually are requested to get themselves registered by sending their particulars at the designated email address corporate@bwm.com.pk mentioning their names, folio number, and email address by the close of business hours on October 20, 2023. The log-in credentials and link to participate in the AGM would be provided to the registered shareholders.

A. For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/ her identity by showing his/ her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above 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 CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the AGM.

Statement under section 134(3) of the Companies Act, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of Bannu Woollen Mills Ltd. ("the Company") to be held on October 23, 2023.

Item No. 04 of the Agenda**A. Transactions with Related parties:**

(i) Transactions carried out with associated companies during the year ended June 30, 2023 to be passed as a Special Resolution. The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis.

Since the majority of Directors were interested in this/these transactions due to their common directorship and holding of shares in the associated companies, therefore these transactions which have to be approved by the members in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2023 with associated companies and related parties as shown in relevant notes of the Audited Financial Statements are being placed before the members for their consideration, confirmation and approval.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

The following Directors are interested in the resolution to the extent of their relation, common directorships and their shareholding in the Associated Companies:

1. Lt. Gen (Retd.) Ali Kuli Khan Khattak
2. Mr. Ahmad Kuli Khan Khattak
3. Mrs. Shahnaz Sajjad Ahmad
4. Dr. Shahin Kuli Khan Khattak

Approval of the members is, therefore sought in order to comply with the requirements of Section 208 of the Companies Act, 2017.

- (ii) Authorization of the Chief Executive and the Chief Financial Officer jointly for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2024 to be passed as a Special Resolution.

The Company would be conducting transactions with associated companies in the normal course of business. Majority of the Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the members.

The shareholders may authorize the Chief Executive and the Chief Financial Officer jointly to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2024.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

The following Directors are interested in the resolution to the extent of their relation, common directorships and their shareholding in the Associated Companies:

1. Lt. Gen (Retd.) Ali Kuli Khan Khattak
2. Mr. Ahmad Kuli Khan Khattak
3. Mrs. Shahnaz Sajjad Ahmad
4. Dr. Shahin Kuli Khan Khattak

B. Dissemination of information regarding Annual Financial Statements to the shareholders through QR enabled code and web link:

In order to implement SECP notification with respect to transmission/circulation of information such as annual audited financial statements through QR enables code and web link instead of CD/DVD/USB, and will also be provided through email if they desire to receive the same at their email addresses. Special Resolution is a part of the notice for concurrence of shareholders to adopt the newly introduced mode of transmission. However, for convenience of shareholders standard, request form is available on Company's website for those who wish to receive the hard copy of the annual audited financial statements with relevant documents at their registered addresses.

اطلاع برائے سالانہ اجلاس عام

بذریعہ ذیل اطلاع کیا جاتا ہے کہ کینیڈا 83 ماہ سالانہ اجلاس عام (AGM)، کینیڈا کے رجسٹرڈ دفتر، بھولن ملز لمیٹڈ ڈی آئی خان روڈ، بھولن پورج ڈیل امور کی انجام دہی کیلئے، روز پیر 23 اکتوبر 2023 کو صبح 09:00 بجے منعقد ہوگا۔

عام امور:

- 1- 20 مئی 2023 کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- 30 جون 2023 کو ختم ہونے والے سال کے لئے کینیڈا کے نظریاتی شدہ مالی حسابات معائنہ پینتھر میں کا جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، فورورخوض اور منظوری دینا۔
- 3- مالی سال 2023-24 کے لئے بیرونی آڈیٹرز کی تقرری اور ان کی خدمات کے عوض ان کے معاوضے کا تھین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرٹائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور اہل ہونے کی بنیاد پر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

خصوصی امور:

- 4- فورورخوض اور اکر بہتر خیال کیا گیا تو درج ذیل قراردادوں کو ترمیم کے ساتھ یا اس کے بغیر بطور خصوصی قراردادیں پاس کرنا:
 - A- مندرجہ ذیل خصوصی قراردادوں کو پاس کر کے کینیڈا اور مختلف فریقوں کی طرف سے عام کاروبار میں کئے گئے لین دین کی توثیق اور منظوری دینا۔
 - "قرارداد" کہ 30 جون 2023 کو ختم ہونے والے سال کے دوران مختلف کمپنیوں/مختلف فریقوں کے ساتھ کاروبار کے معمول کے مطابق کیے گئے لین دین (جیہا کہ 30 جون 2023 کو ختم ہونے والے سال کے لیے مالیاتی گوشواروں کے نوٹ 38 میں ظاہر کیا گیا ہے) اور اس کی توثیق، تصدیق اور منظور کیا جاتا ہے۔"
 - کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان جو خصوصی امور سے متعلق ہے جیسا کہ اوپر بیان کیا گیا ہے ممبران کو ارسال کئے جانے والے اجلاس کے اس نوٹس کے ساتھ منسلک ہے۔
 - "B- سالانہ آڈٹ شدہ مالیاتی گوشواروں/سالانہ رپورٹ کو QR فعال کوڈ اور ویب لنک کے ذریعے ارسال کرنا:
 - سالانہ آڈٹ شدہ مالیاتی گوشواروں کو CD/DVD/USB کی شکل میں منتقل کرنے کے بجائے QR فعال کوڈ اور ویب لنک کے ذریعے ارسال کرنے پر فورورخوض اور درج ذیل قراردادوں کو ترمیم کے ساتھ یا اس کے بغیر خصوصی قرارداد کے طور پر منظور کرنا:
 - "قرارداد" کہ شیئر ہولڈرز کو سالانہ آڈٹ شدہ مالیاتی گوشواروں سے متعلق معلومات کی QR فعال کوڈ اور ویب لنک کے ذریعے ارسال جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے S.R.O 2023 (I) 389 مورچہ 21 مارچ 2023 کے ذریعے مطلع اور اس کی منظوری دی ہے۔
 - "مزید قرارداد" کہ کینیڈا کے بیرونی آڈیٹرز کو مادی حقائق کا بیان ارسال کرنے کے لیے تمام کارروائیاں، اعمال اور چیزوں کو کرنے کے مجاز ہیں۔"
 - ذکورہ بالا خصوصی امور کے سلسلے میں کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تحت مادی حقائق کا بیان ہذا ساتھ منسلک ہے۔

کوئی دیگر امور

5- صاحب صدر کی اجازت سے کسی دیگر امور پر کارروائی کرنا۔

محکم پورڈ

علیہ خان
کینیڈا بیکری

بھولن

30 ستمبر 2023ء

نوٹ:

1- حصص منتقلی کتابوں کی بندش

کینیڈا کے ممبران کا رجسٹر 116 اکتوبر 2023ء تا 23 اکتوبر 2023ء (بشمول دونوں ایام) بند رہے گا۔ منگلیاں کینیڈا کے شیئرز رجسٹر کے دفتر، میسرز ڈون کسٹنٹ لمیٹڈ، C-3 ایل ڈی ایے فلیٹس، بجلی منزل، لارنس روڈ، لاہور میں 13 اکتوبر 2023ء کو کاروبار کے اختتام تک وصول ہونے والی ہائرسنگز کے نام میں رجسٹریشن اور AGM میں شرکت اور ونگ کے مقصد کے لئے بروقت تصدیق ہوگی۔

کمپنیز ایکٹ، 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان
 بیان 23 اکتوبر، 2023 کو منظور ہونے والے ہونوں وولن وولن لمیٹڈ (کمپنی) کے سالانہ اجلاس عام میں خصوصی امور سے متعلق مادی حقائق کا تعین کرتا ہے۔

A۔ متعلقہ فریقوں کے ساتھ لین دین:

(i) 30 جن 2023 کو ختم ہونے والے سال کے دوران متعلقہ کمپنیوں کے ساتھ کیے گئے لین دین کو خصوصی قرار داد کے طور پر منظور کیا گیا۔ واپس کمپنیوں (متعلقہ فریقین) کے ساتھ معمول کے کاروبار میں کیے گئے لین دین کو سرمایہ بنیادوں پر آؤٹ کسٹی کی سفارش کے مطابق یورو کے ذریعے منظور کیا گیا ہے۔

چونکہ ڈائریکٹرز کی اکثریت اپنی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں شیئرز رکھتی ہے اس لیے ان لین دین میں دلچسپی رکھتی تھی، اس لیے یہ لین دین جن کی اجلاس عام میں ممبران کو منظوری دینی ہوتی ہے۔

مذکورہ بالا کو مدنظر رکھتے ہوئے متعلقہ کمپنیوں اور متعلقہ فریقوں کے ساتھ 30 جن 2023 کو ختم ہونے والے مالی سال کے دوران کیے گئے لین دین جیسا کہ آؤٹ شدہ مالیاتی گوشواروں کے متعلقہ نوٹس میں ظاہر کیا گیا ہے، اراکین کے سامنے ان کے خوردخوش، تصدیق اور منظوری کے لیے رکھا جا رہا ہے۔

ڈائریکٹرز اس قرار داد میں اپنی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں اپنے شیئرز ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔

درج ذیل ڈائریکٹرز اس قرار داد میں اپنے تعلقات، مشترکہ ڈائریکٹرشپ اور ایسوسی ایٹڈ کمپنیوں میں اپنے شیئرز ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی گل خان خٹک

2۔ جناب احمد علی خان خٹک

3۔ محترمہ شہناز سجاد

4۔ ڈاکٹر شاپن گل خان خٹک

لہذا کمپنیز ایکٹ، 2017 کے سیکشن 208 کے تقاضوں کی تعمیل کرنے کے لیے اراکین کی منظوری طلب کی جاتی ہے۔

(ii) 30 جن 2024 کو ختم ہونے والے آئندہ سال کے دوران متعلقہ کمپنیوں کے ساتھ کیے جانے والے لین دین کے لیے مشترکہ طور پر چیف ایگزیکٹو اور چیف فنانس آفیسر کی اجازت ایک خصوصی قرار داد کے طور پر منظور کی جائے گی۔

کمپنی متعلقہ کمپنیوں کے ساتھ کاروبار کے معمول کے مطابق لین دین کرے گی۔ مزید برآں ڈائریکٹرز ان کی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں اپنے شیئرز ہولڈنگ کی وجہ سے ان لین دین میں دلچسپی رکھتے ہیں۔ لہذا متعلقہ کمپنیوں کے ساتھ اس طرح کے لین دین کو ممبران سے منظور ہونا ضروری ہے۔

شیئرز ہولڈرز چیف ایگزیکٹو اور چیف فنانس آفیسر کو مشترکہ طور پر 30 جن 2024 کو ختم ہونے والے آئندہ سال کے دوران متعلقہ کمپنیوں کے ساتھ کیے گئے لین دین کی منظوری دینے اور کاروبار کے معمول کے مطابق کرنے کا اختیار دیتے ہیں۔

ڈائریکٹرز اس قرار داد میں اپنی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں اپنی شیئرز ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔

درج ذیل ڈائریکٹرز اس قرار داد میں اپنے تعلقات، مشترکہ ڈائریکٹرشپ اور ایسوسی ایٹڈ کمپنیوں میں اپنی شیئرز ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی گل خان خٹک

2۔ جناب احمد علی خان خٹک

3۔ محترمہ شہناز سجاد

4۔ ڈاکٹر شاپن گل خان خٹک

B۔ QR فعال کوڈ اور ویب لنک کے ذریعے شیئرز ہولڈرز کو سالانہ مالیاتی گوشواروں سے متعلق معلومات کی ترسیل:

معلومات کی ترسیل / سرکولیشن کے حوالے سے SECP نوٹیفکیشن کو لاگو کرنے کے لیے جیسا کہ سالانہ آؤٹ شدہ مالیاتی گوشوارے USB / DVD / CD کے بجائے QR این ایبل کوڈ اور ویب لنک کے ذریعے ترسیل کے قابل بنانا ہے، اور اگر وہ اسے حاصل کرنا چاہتے ہیں تو ای میل کے ذریعے ان کے ای میل ایڈریس پر بھی فراہم کیا جائے گا۔ خصوصی قرار داد کو حصص یافتگان کی رضامندی کے لیے نوٹس کا ایک حصہ ہے کہ کئی ڈائریکٹرز کو متعارف کرایا جائے۔ تاہم، شیئرز ہولڈرز کی سہولت کے لیے معیاری درخواست فارم کمپنی کی ویب سائٹ پر ان لوگوں کے لیے دستیاب ہے جو اپنے رجسٹرڈ ایڈریس پر متعلقہ

دستاویزات کے ساتھ سالانہ آؤٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپی حاصل کرنا چاہتے ہیں۔

CHAIRMAN'S REVIEW

I am pleased to present the Annual Report of Bannu Woollen Mills Ltd. highlighting the Company's performance and achievements for the year ended June 30, 2023 as mandated by Section 192 of the Companies Act 2017.

BUSINESS REVIEW

The financial year 2022-23 (FY-23) has posed exceptional economic difficulties, political uncertainty, and extensive suffering due to flooding in Pakistan. The country's economy has confronted significant challenges, registering a minimal GDP growth of 0.29 percent during FY-23, a stark contrast to the robust 6.1 percent growth observed in the preceding year. The industrial sector was heavily impacted by stringent import restrictions aimed at averting a sovereign default, leading to a contraction of 2.94 percent. Looking towards the future, there is a forecasted GDP growth of 3.5 percent for the year 2023-24.

Pakistan's economy is presently grappling with substantial hurdles, encompassing foreign exchange difficulties, elevated levels of external debts, security challenges, and political instability. The nation has encountered difficulties in securing financial support from both bilateral and multinational institutions, and the status of the critical IMF program remains uncertain. Inflation has surged to 29.2 percent, driven by the devaluation of the rupee and consistently elevated commodity and energy prices. The trade deficit and foreign direct investment have both witnessed declines, while per-capita income has dwindled by 12.2 percent. These economic factors have collectively contributed to a complex and challenging operational environment. On a global landscape, the prolonged insurgence in the Russia-Ukrainian conflict strongly impacted oil and gas prices, as well as other commodities, stoking global inflation at a time where the world was still recovering from COVID induced supply side shocks.

The Company incurred loss after taxation of Rs. 343.161 million (2022: Rs. 662.395 million) during the year ended June 30, 2023 after adjustment of Rs. 366.668 million (2022: Rs. 698.252 million) unrealized share of loss mainly relating to impairment of investment in the Associated Company Janana De Malucho Textile Mills Limited (JDM) the unrealized impairment loss routed through the profit or loss account. This is an accounting adjustment made and should not affect the present cash flows of the Company. We believe that JDM, is a sound company with a breakup value per share of Rs. 950 (2022: Rs. 958 per share) and your Company holds 1,659,643 shares in JDM.

The financial highlights of the current year are:

Net sales increased by 7.14% to Rs. 1,038.734 million

Gross profit increased to Rs. 266.833 million from Rs. 238.368 million as compared to last year

Loss per share of Rs. (36.10) (2022:Rs.69.68)

OVERALL PERFORMANCE AND EFFECTIVENESS OF THE BOARD

The Board of Directors meets at least quarterly to review and approve the Company's financial and operating results. During the financial year under review, seven Board meetings were held and the Board effectively fulfilled its responsibility to the Company and conscientiously participated in all strategic matters. The Board monitored its own performance along with the performance of its committees through Board and Committee self- evaluations. In

addition, the Board also ensured compliance with all applicable rules of the Company. Improvements are an ongoing process leading to action plans. For the financial year ended June 30, 2023, the Board's overall performance and effectiveness has been assessed as satisfactory. The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The Board meets frequently enough to adequately discharge its responsibilities.

The Board places increased emphasis on incorporating best corporate governance practices within the Company to maintain the highest level of professionalism and business conduct. A risk management framework, effective internal control and audit functions have been put in place to ensure day-to-day operations adhere to the overall strategy articulated by the Board. The Board strives to maintain a healthy and safe working environment in the Company. The Company also has an independent Internal Audit function which follows a risk based methodology. Internal Audit reports are presented to Board audit committee on quarterly basis and area for improvement are highlighted.

BUSINESS RISKS, CHALLENGES AND FUTURE OUTLOOK

The sharp devaluation of the Pakistani rupee, the challenges posed by soaring inflation rates, limitations on imports, and the increasing discount rate collectively created significant difficulties during FY-23. The textile industry's performance will likely remain constrained due to strategies aimed at curbing imports, tighter monetary policies, and reduced consumer purchasing power. Additionally, a spike in lead prices, combined with political instability, is expected to exacerbate supply chain bottlenecks. Looking ahead to Fiscal Year 2024, there are signs of economic improvement. In July 2023, the IMF approved a \$3 billion bailout, preventing an immediate default, bolstering international reserves, and paving the way for additional funding from other lenders. However, stringent foreign exchange controls have resulted in a scarcity of dollars, leading to the suspension of operations in some factories.

In accordance with our company's vision and mission, our top priority for management is to secure a dominant position in the market for woolen and blended fabrics. We are committed to upholding our competitiveness by fostering innovation and implementing a robust business strategy, all while ensuring the satisfaction of our stakeholders. Throughout this journey, we remain steadfast in our commitment to fulfilling our social responsibilities. I have full confidence that the company will effectively confront future challenges and regain momentum in the upcoming winter season, all with the ultimate aim of achieving sustainable growth. For a comprehensive understanding of the financial and market risks associated with our business, please consult note number 32 in the financial statements.

We anticipate an increase in sales revenue for the financial year ending June 30, 2024, which should lead to further improvement in the Company's bottom line. Additionally, the liquidity challenges we have faced are expected to be resolved, ensuring ample working capital for the Company's operations.

However, it is important to note that, given the current circumstances, the Company will continue to be vulnerable to the risk of adverse fluctuations in the exchange rate between

the Pakistani Rupee and the US Dollar and the importation of raw materials is contingent upon economic circumstances and the capacity of banks to issue Letters of Credit.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I extend our sincere gratitude to our valued customers, suppliers, banks, and shareholders for their unwavering trust, confidence, and steadfast support during these trying times. We remain optimistic that the country's economic conditions will see improvement, and when coupled with positive governmental initiatives to bolster the textile industry, we anticipate an upturn in the Company's performance.

As we move forward, I eagerly anticipate the upcoming year with heightened confidence in our ability to tackle the challenges that lie ahead.

September 30, 2023
Rawalpindi



(Ahmad Kuli Khan Khattak)
Chairman

DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, we are pleased to present the Directors' Report together with the 63rd Annual Report of the Company along with the Annual Audited Financial Statements of the Company for the year ended June 30, 2023.

THE FINANCIAL HIGHLIGHTS OF THE COMPANY FOR THE YEAR ENDED JUNE 30, 2023 ARE AS FOLLOWS: -

| | Year ended June, 30 | | Favorable / (Unfavorable) % |
|-------------------------|---------------------|-----------|-----------------------------------|
| | 2023 | 2022 | |
| | Rs. In thousand | | |
| Sales - net | 1,038,734 | 969,515 | 7.14% |
| Gross Profit | 266,833 | 238,368 | 11.94% |
| Profit from Operations | 107,825 | 89,845 | 20.01% |
| Loss before taxation | (329,620) | (646,211) | 151.01% |
| Taxation | (13,541) | (16,184) | 16.33% |
| Loss after taxation | (343,161) | (662,395) | 151.81% |
| Loss per share (Rupees) | (36.10) | (69.68) | 151.81% |

The Company incurred loss after taxation of Rs. 343.161 million (2022: Rs. 662.395 million) during the year ended June 30, 2023 after adjustment of Rs. 366.668 million (2022: Rs. 698.252 million) unrealized share of loss mainly relating to impairment of investment in the Associated Company Janana De Malucho Textile Mills Limited (JDM) the unrealized impairment loss routed through the profit or loss account. This is an accounting adjustment made and should not affect the present cash flows of the Company. We believe that JDM, is a sound company with a breakup value per share of Rs. 950 (2022: Rs. 958 per share) and your Company holds 1,659,643 shares in JDM.

OPERATING PERFORMANCE REVIEW

With the installed capacity of 3,794 woollen spindles and 50 shuttle less looms (2022: capacity was 3,794 woollen spindles and 50 shuttle less looms), the Company has produced 1,008,516 Kgs of 5 Nm of count yarn and 1,223,495 meters cloth based on 30 picks in the current year as compared to 1,170,720 Kgs of 5 Nm of count yarn and 1,443,118 meters cloth based on 30 picks for the year ended June 30, 2022.

Finished production during the year decreased by 85,836 meters (71.66%) as compared to the last year. The production of shirting cloth has almost remained same. The production of coarse fabric increased by 30,817 meters (42.65%) due to high demand from consumers while the production of blankets and shawls decreased by 116,014 meters (51.42%) due to less demand from consumers.

DIVIDENDS AND TRANSFER

The Board of Directors recommended that no dividend shall be declared for the year ended June 30, 2023, as Company has to focus on expanding business while maintaining solvency and steady cash flows.

CHAIRMAN'S REVIEW

The Chairman's review included in the Annual Report deals inter alia with the business review, performance of the Company and Board, business risks, challenges and future outlook. The Directors endorse the contents of the Chairman's review.

GENERAL ECONOMY OVERVIEW

Pakistan encountered several difficulties, primarily stemming from political and economic instability, as well as the devastating impact of floods. The country's GDP growth rate was a mere 0.29%, a significant drop from the 6.1% growth recorded in 2021-22.

The situation in Pakistan worsened due to a rising current account deficit, substantial currency devaluation, increasing foreign debt, and diminishing foreign exchange reserves. To address these challenges, the State Bank of Pakistan (SBP) took swift action by raising interest rates significantly to curb inflation. Additionally, the SBP implemented various import restrictions in an attempt to halt the decline of foreign currency reserves, which, in turn, put a squeeze on economic activity.

FUTURE PROSPECTS

The sharp devaluation of the Pakistani rupee, the challenges posed by soaring inflation rates, limitations on imports, and the increasing discount rate collectively created significant difficulties during FY-23. The textile industry's performance will likely remain constrained due to strategies aimed at curbing imports, tighter monetary policies, and reduced consumer purchasing power. Additionally, a spike in lead prices, combined with political instability, is expected to exacerbate supply chain bottlenecks. Looking ahead to Fiscal Year 2024, there are signs of economic improvement. In July 2023, the IMF approved a \$3 billion bailout, preventing an immediate default, bolstering international reserves, and paving the way for additional funding from other lenders. However, stringent foreign exchange controls have resulted in a scarcity of dollars, leading to the suspension of operations in some factories.

Despite these developments, the economic outlook continues to be clouded by both global and domestic uncertainties. Persistent geopolitical tensions, elevated global inflation, and high interest rates, along with the strengthening US dollar, pose ongoing challenges for Pakistan's external economic environment.

We anticipate an increase in sales revenue for the financial year ending June 30, 2024, which should lead to further improvement in the Company's bottom line. Additionally, the liquidity challenges we have faced are expected to be resolved, ensuring ample working capital for the Company's operations.

We are steadfast in our commitment to enhancing operational efficiency and fostering innovation. Our goal is to consistently deliver sustainable returns to our valued shareholders.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the CCG Regulations) in the following matters:

1. The financial statements, prepared by the management of Bannu Woollen Mills Ltd., present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.
4. International accounting standards/International Financial Reporting Standards as applied in Pakistan, have been followed in preparation of these financial statements and departures therefrom have been adequately disclosed.
5. The Company maintains a system of internal control which has been effectively implemented and is monitored. Monitoring of internal controls is an on-going process with the objective to strengthen the controls and bring improvements in the system.
6. There are no significant doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the Code of Corporate Governance Regulations as detailed in listing regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2023, except for those disclosed in the financial statements.

COMPOSITION OF THE BOARD

The Board comprises two independent Directors, one executive Director and four non-executive Directors. The Directors of the Company were re-elected in the Extraordinary General meeting of the Company held on May 20, 2023. The Company continues to maintain female representation on the Board of Directors and has two female Board members.

AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control, risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Audit Committee meetings by invitation to present the financial statements. After each meeting, the Chairman of the Committee reports to the Board. The Committee met five (05) times during the year 2022-2023. The names of committee members are as follows:

- | | | |
|------|--------------------------------|----------|
| i. | Mr. Abdul Rehman Qureshi | Chairman |
| ii. | Syed Zubair Ahmad Shah | Member |
| iii. | Brig. (Retd.) Agha Arshad Raza | Member |

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal audit department. In addition to above meetings, Audit Committee met with external auditors without Chief Financial Officer (CFO) and Head of Internal Audit (HIA). Audit Committee also met the head of internal audit without the CFO and the external auditors being present.

HR AND REMUNERATION COMMITTEE

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors. The CEO of the Company attended the Human Resource and Remuneration Committee meetings held during the year as member of the committee. The Committee met two (02) times during the year 2022-2023. The names of committee members are as follows:

- | | | |
|------|--|----------|
| i. | Mr. Abdul Rehman Qureshi | Chairman |
| ii. | Lt. Gen. (Retd.) Ali Kuli Khan Khattak | Member |
| iii. | Mr. Ahmad Kuli Khan Khattak | Member |
| iv. | Mrs. Shahnaz Sajjad Ahmad | Member |
| v. | Syed Zubair Ahmad Shah | Member |
| vi. | Brig. (Retd.) Agha Arshad Raza | Member |

MEETINGS OF BOARD AND ITS COMMITTEES IN 2022-23

During the year 2022-2023 seven board meetings, four Audit Committee meetings and two HR & Remuneration Committee meetings were held. The attendance of the Directors and the number of their directorships in listed companies, including Bannu Woollen Mills Ltd. are given here under:

| Sr. No. | Director | Direct - orship | Status (BOD) | Committee Members | | Attendance | | |
|---------|---------------------------------------|-----------------|------------------------------|-------------------|---------|----------------|----|---------|
| | | | | AC | HR & RC | Board Meetings | AC | HR & RC |
| 1 | Lt. Gen (Retd.) Ali Kuli Khan Khattak | 7 | Re-appointed on May 20, 2023 | - | ✓ | 7 / 7 | - | 2 / 2 |
| 2 | Mrs. Shahnaz Sajjad Ahmed | 5 | Re-appointed on May 20, 2023 | - | ✓ | 7 / 7 | - | 2 / 2 |
| 3 | Mr. Ahmed Kuli Khan Khattak | 6 | Re-appointed on May 20, 2023 | - | ✓ | 3 / 7 | - | 1 / 2 |

| | | | | | | | | |
|---|------------------------------|---|------------------------------|---|---|-------|-------|-------|
| 4 | Syed Zubair Ahmed | 3 | Re-appointed on May 20, 2023 | ✓ | ✓ | 7 / 7 | 4 / 4 | 2 / 2 |
| 5 | Mr. Abdul Rehman Qureshi | 6 | Re-appointed on May 20, 2023 | ✓ | ✓ | 7 / 7 | 4 / 4 | 2 / 2 |
| 6 | Brig (R) Agha Arshad Raza | 1 | Re-appointed on May 20, 2023 | ✓ | ✓ | 7 / 7 | 4 / 4 | 2 / 2 |
| 7 | Dr. Shahin Kuli Khan Khattak | 1 | Re-appointed on May 20, 2023 | - | - | 7 / 7 | - | - |

Leave of absence was granted to the directors unable to attend the Board meetings.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Pursuant to the Code of Corporate Governance Regulations, the Board recognizes that it continually needs to monitor and improve its performance. This is achieved through the annual performance evaluation and ongoing Board development activities. During the year, the Board has appraised the performance of Board as a whole as well as individual director and its committees. The overall conclusion of this year's review based on available feedback has been found satisfactory.

DIRECTORS' REMUNERATION

The Company has an approved 'Remuneration Policy for Directors'; the salient features of which are:

- The Company will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred for attending meetings of the Board, its Committees and/or General Meetings of the Company.
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a director, may be paid such extra remuneration.

DETAIL OF DIRECTORS REMUNERATION

For information on remuneration of Directors and the CEO, Please refer to note no 34 of the Financial Statements.

RELATED PARTY TRANSACTIONS

The Company has executed all transactions with its related parties at agreed terms duly approved by the Board of Directors. The details of all related party transactions were placed before the Audit Committee and upon its recommendation the same were approved by the Board of Directors.

EMPLOYEES RETIREMENT BENEFITS

The Company operates recognized provident fund and non-contributory gratuity fund for its employees. Value of investments of Provident fund and the balance of Gratuity funds was Rs 47.50 million and Rs. 131.25 million respectively as on June 30, 2023.

MATERIAL CHANGES

There have been no material changes since June 30, 2023 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

COMMUNICATION

The Company places great importance on the communication with the shareholders. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The Company's activities are updated on its web site www.bwm.com.pk, on a timely basis.

HEALTH, SAFETY AND ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate.

CORPORATE SOCIAL RESPONSIBILITY

The Company considers social, environmental and ethical matters in the context of the overall business environment. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and who form our customer base.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY)

Key operating and financial data of last six years is enclosed.

APPOINTMENT OF AUDITORS

The Company's auditors M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, HM House, 7 Bank Square, Lahore retire and being eligible, offer themselves for reappointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2023-24.

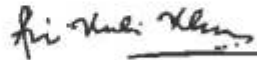
PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at June 30, 2023 is annexed to this report.

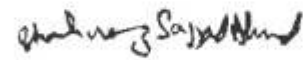
THANKS AND APPRECIATION

We want to formally express our gratitude for the dedication and hard work demonstrated by our executives, officers, staff members, and workers in contributing to the Company's exceptional results. Additionally, the Board extends its appreciation to all banks, customers, and suppliers for their unwavering support and commitment to the Company.

For and on behalf of the Board of Directors



LT. GEN. ALI KULI KHAN KHATTAK (RETD)
DIRECTOR



(SHAHNAZ SAJJAD AHMAD)
CHIEF EXECUTIVE OFFICER

Rawalpindi: September 30, 2023

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2023 کو ختم ہونے والے سال کے لئے کمپنی کے سالانہ نظر ثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی 63 ویں سالانہ رپورٹ مع ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

30 جون 2023 کو ختم ہونے والے سال کے لئے کمپنی کی مالیاتی جھلکیاں حسب ذیل ہیں:

| موزوں / (غیر موزوں) فیصد | اختتام سال 30 جون 2023 روپے ہزاروں میں | اختتام سال 30 جون 2022 روپے ہزاروں میں | |
|-----------------------------|--|--|-----------------------------|
| 7.14% | 1,038,734 | 969,515 | فروخت خالص |
| 11.94% | 266,833 | 238,368 | مجموعی منافع |
| 20.01% | 107,825 | 89,845 | آپریٹنگ سے منافع |
| 151.01% | (329,620) | (846,211) | ٹیکس سے قبل منافع / (تقصان) |
| 16.33% | (13,541) | (16,184) | ٹیکسیشن |
| 151.81% | (343,161) | (862,395) | ٹیکس کے بعد منافع / (تقصان) |
| 151.81% | (36.10) | (89.68) | آمدنی / (تقصان) فی شیئر |

کمپنی کا 343,161 ٹین روپے کا نقصان بعد از ٹیکس (2022: 662,395 ٹین روپے) کا غیر حتمی حصہ جو بنیادی طور پر 30 جون 2023 کو ختم ہونے والے سال کے لیے ایسوی ایڈجسٹمنٹ جانا نڈی باؤنڈنگ ٹیکسٹائل ٹریڈنگ (JDM) میں سرمایہ کاری کی اٹھارہ منٹ سے متعلق ہے ایڈجسٹمنٹ کے بعد 366,668 ٹین روپے (2022: 698,252 ٹین روپے) لٹخ / نقصان کے ذریعے غیر حتمی شمارہ ہے۔

یا ایک اکاؤنٹنگ ایڈجسٹمنٹ ہے اور کمپنی کے موجودہ پیش گوئیوں کو متاثر نہیں کرے گا۔ ہمیں یقین ہے کہ JDM، ایک منظم کمپنی ہے جس کی فی حصص بریک اپ واپس 950 روپے (2022: 958 روپے فی حصص) ہے اور آپ کی کمپنی JDM میں 1,659,643 شیئرز میں حصہ رکھتی ہے۔

آپریٹنگ کارکردگی کا جائزہ:

کمپنی نے 3,794 دوہن پنڈل اور 50 مشل بس لوس کی صلاحیت (2022: 3,794 دوہن پنڈل اور 50 مشل بس لوس) کی نصب صلاحیت کے ساتھ 30 جون 2022 کو ختم ہونے والے سال کے لئے 30 ٹکس پینٹ 1,170,720 کلوگرام 5 شماری دھا کا اور 1,443,118 میٹر کپڑا کے مقابلے میں 30 ٹکس پینٹ 1,008,516 کلوگرام 5 شماری دھا کا اور 1,223,495 میٹر کپڑا تیار کیا۔

سال کے دوران تیار ہونے والے گزشتہ سال کے مقابلے میں 85,836 میٹر (71.66 فیصد) تک کم ہوئی۔ ٹھوڑے کمپنی کے کپڑے کی پیداوار گزشتہ سال کے مقابلے میں ہی تھی۔ کورس کپڑے کی پیداوار میں 30,817 میٹر (42.65%) میں اضافہ ہوا جبکہ بلنکٹ اور مثال کپڑے کی پیداوار میں صارفین کی جانب سے طلب نہ ہونے کی وجہ سے 116,014 میٹر (51.42%) تک خاطر غواہ کی ہوئی۔

منافع منقسمہ:

بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لئے کسی نقد منافع کی سٹارٹش نہیں کی کیونکہ کمپنی نے سالانہ ایسوی اور مسلسل نقدی بہاؤ کو برقرار رکھنے کے لئے کاروبار کی توسیع پر توجہ مرکوز کی

ہے۔

چیمبر مین کا تجزیہ:

سالانہ رپورٹ میں شامل چیمبر مین کا کاروبار کے بارے میں جائزہ، کھٹی اور بورڈ کی کارکردگی، کاروباری خطرات، چیلنجز اور مستقبل کے نقطہ نظر سے متعلق ہے۔ ڈائریکٹرز چیمبر مین کے جائزہ کے مندرجات کی توثیق کرتے ہیں۔

عام اقتصادی جائزہ:

بنیادی طور پر پاکستان کو کئی مشکلات کا سامنا کرنا پڑا جس میں سیاسی، معاشی عدم استحکام کے ساتھ ساتھ سیلاب کے تباہ کن اثرات، اور ملک کی بی ڈی پی کی شرح نمو محض 0.29 فیصد ریکارڈ کی گئی، جو کہ گزشتہ سال 2021-22 میں 6.1 فیصد تھی۔

بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، کرنسی کی قدر میں خاطر خواہ کمی، غیر ملکی قرضوں میں اضافے اور زرمبادلہ کے ذخائر میں کمی کی وجہ سے پاکستان کی صورت حال مزید خراب ہوئی۔ ان چیلنجز سے نمٹنے کے لئے سٹیٹ بینک آف پاکستان نے مہنگائی کو روکنے کے لئے شرح سود میں اضافہ کرتے ہوئے فوری کارروائی کی۔ مزید برآں سٹیٹ بینک نے غیر ملکی کرنسی کے ذخائر میں کمی کو روکنے کی کوشش میں مختلف درآمدی پابندیوں لاکھیں، جن کے نتیجے میں معاشی سرگرمیاں متاثر ہوئیں۔

مستقبل کے امکانات:

پاکستانی روپے کی قدر میں تیزی سے کمی، افراط زر کی بڑھتی ہوئی شرح سے درپیش چیلنجز، درآمدات پر پابندیاں اور بڑھتی ہوئی رعایتی شرح نے مجموعی طور پر مالی سال 2023 کے دوران اہم مشکلات پیدا کیں۔ درآمدات کو روکنے، سخت مالیاتی پالیسیوں اور صارفین کی قوت خرید کی وجہ سے ٹیکسٹائل اور مشینری کی کارکردگی تکثر طور پر محدود رہے گی۔ مزید برآں، سیاسی عدم استحکام اور سیکیورٹی صورتحال میں اضافے سے سلامتی چین کی رکاوٹوں میں اضافہ متوقع ہے۔ مالی سال 2024 میں معاشی بہتری کے آثار نظر آ رہے ہیں۔ جولائی 2023 میں IMF نے 3 بلین ڈالرز کے نئے آؤٹ کی منظوری دی ہے جس سے فوری ڈیپلائٹ کو روکا گیا، بین الاقوامی ڈائریکٹوریٹ نے فوری قرض دہندگان سے اضافی قرضوں کی راہ ہموار ہوئی۔ تاہم غیر ملکی کرنسی کے سخت کنٹرول کے نتیجے میں ڈالر کی قلت پیدا ہوئی۔ جس کی وجہ سے کچھ ٹیکسٹائل میں کام مشکل ہو گیا ہے۔

ان پیش رفتوں کے باوجود، اقتصادی نقطہ نظر مالی اور ڈومیسٹک دونوں طرح کی غیر یقینی صورتحال پر بدستور چھائی ہوئی ہے۔ مسلسل غیر یقینی سیاسی تناؤ، بلند ہوتی ہوئی عالمی افراط زر اور بلند شرح سود، امریکی ڈالر کی مطابقت کے ساتھ، پاکستان کے بیرونی اقتصادی ماحول کے لئے جاری چیلنجز ہیں۔ ہم 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے سیکلر یونیٹ میں اضافے کی توقع کرتے ہیں جو کھٹی کی ملٹی لائن میں مزید بہتری کا باعث بنے گی۔ مزید برآں ہمیں درپیش لیگنڈی چیلنجز کے حل ہونے کی امید ہے، جس سے کھٹی کے آپریشنز کے لئے کافی ورکنگ کپٹل چھٹی ہوگا۔ ہم آپریشنل کارکردگی کو بڑھانے اور جدت کو فروغ دینے کے لئے اپنے سٹریٹجی پر توجہ دے رہے ہیں۔ ہمارا مقصد اپنے قابل قدر شیئر ہولڈرز کو مستقل طور پر پائیدار نتائج فراہم کرنا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

ڈائریکٹرز مندرجہ ذیل معاملات میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سیکورٹیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (CCG) ریگولیشنز کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کی ہے کہ:

- 1- ہوں وہ ان ملازمین کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور آپریشنز کے نتائج، نقلی رہا اور ان کی کھٹی میں تبدیلیوں کو متصفانہ طور پر ظاہر کرتے ہیں۔
- 2- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاکھیا گیا ہے اور اکاؤنٹنگ کے تجدید جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 3- کھٹی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔
- 4- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بیرونی کی گئی ہے۔ کسی انحراف کی اچھی طرح سے وضاحت کی گئی ہے۔
- 5- اندرونی کنٹرول کے نظام کا ڈیزائن معقول ہے اور اس کی سٹریٹجی سے عملدرآمد اور گورننس کی جاتی ہے۔ داخلی کنٹرول کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ مسلسل عمل کو جاری رکھا جائے گا۔

- 6- کمپنی کے دو ماہوں کے درمیان ہونے کی صلاحیت پر کوئی قابل ذکر ٹھوک و شہادت نہیں ہیں۔
- 7- کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی اعتراف نہیں کیا گیا ہے جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- 8- ٹیکس، ڈیوٹی، لیڈ پر اور چارجز کی عد میں کوئی قانونی ادائیگیاں نہیں ہیں۔ 30 جون 2023 میں چھاپا ہوا، ماسوائے جن کا مالی حسابات میں انکشاف کیا گیا ہے۔

بورڈ کی تشکیل:

بورڈ دو آزاد ڈائریکٹرز، ایک ایگزیکٹو ڈائریکٹر اور چار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے ڈائریکٹرز 2023 مئی 2023 کو منصفہ کمپنی کے غیر معمولی اجلاس عام میں دوبارہ انتخاب کیا گیا اور کمپنی بورڈ میں دو خاتون ممبر کے ساتھ بورڈ آف ڈائریکٹرز میں خواتین کی نمائندگی کو برقرار رکھا گیا۔

آڈٹ کمیٹی:

آڈٹ کمیٹی بورڈ کی گورننس کی ذمہ داریوں بنیادی طور پر شیئر ہولڈرز کو مالیاتی اور غیر مالیاتی معلومات کا جائزہ لینے اور رپورٹ کرنے میں، اندرونی کنٹرول کے نظام اور رسک مینجمنٹ اور آڈٹ کے عمل کو پورا کرنے میں اس کی مدد کرتی ہے۔ اسے اختیار حاصل ہے کہ وہ انتظامیہ سے معلومات طلب کرے اور مناسب کبھی جانے والے بیرونی آڈیٹرز یا مشیروں سے براہ راست مشاورت کرے۔ چیف ٹیکسٹائل آفیسر مالی حسابات پیش کرنے کے لئے باقاعدہ طور پر آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں۔ ہر اجلاس کے بعد کمیٹی کا چیئر مین بورڈ کو رپورٹ کرتا ہے۔ کمیٹی نے سال 2022-2023 کے دوران باغی (05) اجلاس منعقد کئے۔ کمیٹی ممبران کے نام درج ذیل ہیں۔

1- جناب مہدائش قریشی چیئر مین

II- سید سید احمد شاہ ممبر

III- بریگیڈیئر (ریٹائرڈ) آغا شہد رضا ممبر

آڈٹ کمیٹی نے اندرونی آڈٹ پلان، میٹریل آڈٹ کے نتائج اور اندرونی آڈٹ ڈیپارٹمنٹ کی سفارشات کے علاوہ سہ ماہی، شش ماہی اور سالانہ مالیاتی حسابات کا جائزہ لیا ہے۔ مذکورہ بالا اجلاسوں کے علاوہ، آڈٹ کمیٹی نے چیف ٹیکسٹائل آفیسر (CFO) اور ہیڈ آف انٹرنل آڈٹ (HIA) کے بغیر بیرونی آڈیٹرز سے ملاقات کی۔ آڈٹ کمیٹی نے داخلی آڈٹ کے سربراہ اور اندرونی آڈٹ فنکشن کے دیگر ممبران سے بھی ملاقات کی جن میں CFO اور بیرونی آڈیٹرز موجود ہیں۔

ایچ آر ایچ ریٹائرمنٹ کمیٹی:

کمیٹی ہینڈلڈ ایگزیکٹو کے معاوضے سے متعلق معاوضہ، تنقیم اور ایپلوائی ڈیوٹی پلینٹ پالیسیوں کے تمام عناصر کے جائزہ اور سفارش کرنے اور ایگزیکٹو ڈائریکٹرز کے معاوضوں سے متعلق تمام معاملات کی منظوری کے لئے اجلاس بلائی ہے۔ کمیٹی کے اسی اوتنے کمیٹی کے رکن کی حیثیت سے سال کے دوران منعقد ہونے والے ریٹائرمنٹ کمیٹی کے اجلاسوں میں شرکت کی۔ کمیٹی کے سال 2022-2023 کے دوران دو اجلاس ہوئے۔ کمیٹی ممبران کے نام درج ذیل ہیں۔

1- جناب مہدائش قریشی چیئر مین

II- لیٹیننٹ جنرل (ریٹائرڈ) علی علی خان ٹنک ممبر

III- جناب اسماعیل خان ٹنک ممبر

IV- محترمہ شہناز سہارا ممبر

V- سید سید احمد شاہ ممبر

VI- بریگیڈیئر (ریٹائرڈ) آغا شہد رضا ممبر

سال 2022-23 میں بورڈ اور اس کی کمیٹیوں کے اجلاس:

سال 2022-2023 کے دوران بورڈ کے سات اجلاس، آڈٹ کمیٹی کے چار اجلاس اور ایچ آر ایچ ریٹائرمنٹ کمیٹی کے دو اجلاس منعقد ہوئے۔ نئے دو این ٹول لپلائیٹ سیٹ رجسٹرڈ کمپنیوں میں ڈائریکٹرز کی حاضری اور ان کی ڈائریکٹرشپ کی تعداد حسب ذیل دی گئی ہے۔

| نمبر شمار | ڈائریکٹر | ڈائریکٹر شپ | ٹیلنس (BOD) | کمپنی نمبرز | | حزرت | |
|-----------|---|-------------|--------------------------|-------------|---------------|-----------|----------------|
| | | | | آؤٹ آری | بورڈ کے اجلاس | آؤٹ کمپنی | ایچ آر ایف آری |
| 1 | ایم ایف جنرل (ریٹائرڈ) علی گللی خان تنگ | 7 | دوبارہ تقرری 20 مئی 2023 | - | حاضر | 7/7 | - |
| 2 | مختصر مشہد شاہد | 5 | دوبارہ تقرری 20 مئی 2023 | - | حاضر | 7/7 | - |
| 3 | جناب امجد علی خان تنگ | 6 | دوبارہ تقرری 20 مئی 2023 | - | حاضر | 3/7 | - |
| 4 | سید زبیر احمد | 3 | دوبارہ تقرری 20 مئی 2023 | حاضر | حاضر | 7/7 | 4/4 |
| 5 | جناب مہر ارمان قریشی | 6 | دوبارہ تقرری 20 مئی 2023 | حاضر | حاضر | 7/7 | 4/4 |
| 6 | بریگیڈیئر (ریٹائرڈ) آثار شورشہ | 1 | دوبارہ تقرری 20 مئی 2023 | حاضر | حاضر | 7/7 | 4/4 |
| 7 | شاہین گللی خان تنگ | 1 | دوبارہ تقرری 20 مئی 2023 | - | - | 7/7 | - |

جو ڈائریکٹر بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے ان کو عدم حاضری کی بنیاد پر معافی دی گئی۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کی تشخیص:

کوڈ آف کارپورٹ ریکولیشنز کے مطابق، بورڈ تسلیم کرتا ہے کہ اسے اپنی کارکردگی کی مسلسل نگرانی اور بہتری کی ضرورت ہے۔ یہ سالانہ کارکردگی تشخیص اور جاری بورڈ ڈولپمنٹ سرگرمیوں کے ذریعے حاصل کی جاتی ہے۔ سال کے دوران، بورڈ نے مجموعی طور پر بورڈ کے ساتھ ساتھ انگریزی ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا ہے۔ دستیاب رائے چینی اس سال کے جائزہ کا مجموعی نتیجہ اطمینان بخش پایا گیا ہے۔

ڈائریکٹرز کا معاوضہ:

کمپنی کے پاس ڈائریکٹرز کے معاوضے کی پالیسی، منظور شدہ ہے، جن کی نمایاں خصوصیات یہ ہیں:

- کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے اجلاس فیس کے علاوہ کوئی معاوضہ ادا نہیں کرتے گی۔
- بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کا معاوضہ دیا جاتا ہے جو بورڈ آف ڈائریکٹرز کے ذریعے طے اور منظور کیا جائے گا۔
- ایک ڈائریکٹر کو بورڈ اجلاسوں، اس کی کمیٹیوں اور یا کمیٹی کے عام اجلاسوں میں شرکت کے لیے ہونے والے تمام سفری، بورڈنگ، قیام اور دیگر اخراجات فراہم یا معاوضہ دیا جائے گا۔
- کوئی بھی ڈائریکٹر بورڈ کی رائے میں اگر ڈائریکٹر کے قانونی فرانسز کے دائرہ سے باہر کوئی خدمات سرانجام دیتا ہے تو اس کا انسانی معاوضہ ادا کیا جاسکتا ہے۔

ڈائریکٹرز کے معاوضے کی تفصیل:

ڈائریکٹرز اور سی ای او کے معاوضے کے بارے میں معلومات کے لیے، براہ کرم مالیاتی حسابات کا نوٹ نمبر 34 دیکھیں۔

متعلقہ پارٹیوں سے لین دین:

کمپنی نے اپنے متعلقہ فریقین کے ساتھ تمام لین دین کو بورڈ آف ڈائریکٹرز کے ذریعے منظور شدہ حتمی شرائط پر انجام دیا ہے۔ تمام متعلقہ پارٹی لین دین کی تفصیلات آؤٹ کمپنی کے سامنے رکھی گئی ہیں اور اس کی سفارش پر بورڈ آف ڈائریکٹرز نے ان کی منظوری دی ہے۔

ملازمین کے ریٹائرمنٹ کے فوائد:

کمپنی اپنے ملازمین کے لئے تسلیم شدہ پراویڈنٹ فنڈ اور نان کنٹری بیٹری گریجویٹ فنڈ چلاتی ہے۔ 30 جون 2023 تک کمپنی کے پراویڈنٹ فنڈ کی سرمایہ کاری اور گریجویٹ فنڈ کے ٹیلنس کی مالیت

بالترتیب 47.50 ملین روپے اور 131.25 ملین روپے تھی۔

مادی تبدیلیاں:

30 جون 2023 سے رپورٹ کی تاریخ تک کوئی مادی تبدیلی نہیں آئی ہے اور کھیتی لے اس عرصہ کے دوران کوئی وعدہ نہیں کیا، جس سے کھیتی کی مالی پوزیشن پر منفی اثر پڑے گا۔

مواصلات:

کھیتی شیئر ہولڈرز کے ساتھ رابطے کو بہت اہمیت دتی ہے۔ سالانہ، ششماہی اور سہ ماہی رپورٹس کنٹریکٹ، 2017 میں مقررہ وقت کے اندر تقسیم کی جاتی ہیں۔ کھیتی کی سرگرمیاں اس کی ویب سائٹ www.bwm.com.pk پر بروقت اپ ڈیٹ کی جاتی ہیں۔

صحت، حفاظت اور ماحولیات:

ہم کیوشیر اور ہمارے ساتھ کام کرنے والے لوگوں کی بھلائی کو یقینی بنانے کے لئے صحت، حفاظت اور ماحولیات (HSE) میں اعلیٰ معیار کو برقرار رکھنے پر مضبوط یقین رکھتے ہیں۔

کارپوریٹ سماجی ذمہ داری:

کھیتی جمعی کاروباری ماحول کے فائدے میں سماجی، ماحولیاتی اور اخلاقی معاملات کو زبرد فور لاتی ہے۔ کھیتی تمام اسٹیک ہولڈرز، خاص طور پر کمیونٹی جس میں ہم رہتے ہیں اور جو ہماری کسٹمر ہیں، تکھیل دیتے ہیں کے مفاد کو زبرد فور لانے اور توازن کی شعوری کوشش کے لئے مہم چلاتے ہیں۔

کلیدی آپریٹنگ اور فنانشل اعداد و شمار (چھ سالہ خلاصہ):

گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور فنانشل اعداد و شمار ہیں۔

آڈیٹرز کی تقرری:

کھیتی کے آڈیٹرز شائین ونگ میڈیچو ہدیری اینڈ کھیتی، چارٹرڈ اکاؤنٹنٹس، ایچ ایم ایس، 7 چیک اسکاٹرا، لاہور رینڈرو گے ہیں اور اہل ہونے کی بنیاد پر اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کھیتی نے سال 2023-24 کے لئے بطور کھیتی کے بحساب ان کی تقرری کی منظوری دے دی ہے۔

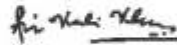
شمونہ حصص داری:

30 جون 2023 کے مطابق کھیتی کا شمونہ حصص داری رپورٹ ہذا کے ساتھ منسلک ہے۔

انکھار تشکر اور اعتراف:

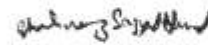
ہم باضابطہ طور پر اس گن اور صحت کا انکھار کرنا چاہے ہیں جس کا مظاہرہ ہمارے ایگزیکٹوز، افسران اور عملے کے دیگر ممبران اور کارکنوں کی سخت محنت اور بھروسہ نکلنے کے حصول کے لیے کیا، مزید برآں ہر روز تمام بھنگوں، گا کوں اور سیلائرز کا کھیتی کے لئے جوش اور گن کے ساتھ مسلسل حمایت اور بھروسہ نکلنے حاصل کرنے پر شکر گزار ہے۔

منجانب بیورو آف ڈائریکٹرز



(ایمضے جنرل ریٹائرڈ علی خان ملک)
ڈائریکٹر

راولپنڈی: 30 ستمبر 2023



(شہناز سجاد)
چیف ایگزیکٹو آفیسر

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

| | Rs. in million | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| | | | (Restated) | (Restated) | | (Restated) |
| Sales (Net) | 1,038.734 | 969.515 | 699.135 | 328.713 | 684.911 | 838.619 |
| Gross Profit | 266.833 | 238.368 | 189.883 | 108.010 | 166.969 | 272.834 |
| Profit from operations | 107.825 | 89.845 | 56.017 | 4.373 | 17.719 | 125.427 |
| (Loss) / Profit Before Taxation | (329.620) | (646.211) | 99.950 | (122.436) | (22.794) | 80.845 |
| Taxation | 13.541 | 16.184 | 4.228 | (13.789) | (5.711) | 29.542 |
| (Loss) / Profit After Taxation | (343.161) | (662.395) | 95.722 | (108.647) | (17.083) | 51.303 |
| Dividend | 0% | 0% | 0% | 0% | 0% | 0% |
| (Loss) / Earning Per Share (Rupees) | (36.10) | (69.68) | 10.07 | (11.43) | (1.80) | 5.40 |
| Break Up Value Per Share (Rupees) | 8.090 | 44.31 | 106.29 | 113.13 | 112.16 | 107.89 |
| Non-Current Assets | 2,410.250 | 2,448.332 | 2,412.598 | 2,377.691 | 2,169.969 | 2,227.797 |
| Current Assets | 1,231.653 | 1,152.127 | 1,063.102 | 1,061.079 | 1,108.769 | 1,104.569 |
| TOTAL ASSETS | 3,641.903 | 3,600.459 | 3,475.700 | 3,438.770 | 3,278.738 | 3,332.366 |
| Share Capital | 95.063 | 95.063 | 95.063 | 95.063 | 95.063 | 95.063 |
| Capital reserves | | | | | | |
| - share premium | 19.445 | 19.445 | 19.445 | 19.445 | 19.445 | 19.445 |
| - surplus on revaluation of property, plant and equipment | 2,766.738 | 2,472.015 | 1,771.898 | 1,783.140 | 1,591.081 | 1,606.310 |
| Revenue Reserves | (37.615) | 306.684 | 940.445 | 857.880 | 895.913 | 960.909 |
| Shareholders' equity | 2,843.631 | 2,893.207 | 2,826.851 | 2,755.528 | 2,601.502 | 2,681.727 |
| Non-Current Liabilities | 214.496 | 160.236 | 129.830 | 128.563 | 111.338 | 139.021 |
| Current Liabilities | 583.776 | 547.006 | 519.019 | 554.679 | 565.898 | 511.618 |
| | 798.272 | 707.242 | 648.849 | 683.242 | 677.236 | 650.639 |
| TOTAL EQUITY AND LIABILITIES | 3,641.903 | 3,600.449 | 3,475.700 | 3,438.770 | 3,278.738 | 3,332.366 |

THE COMPANIES ACT, 2017
Section 227(2)(f)

PATTERN OF SHAREHOLDING

1. CUIIN (Incorporation Number) 0 0 0 1 0 8 0

2. Name of the Company BANNU WOOLLEN MILLS LIMITED

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

| 4. Number of Shareholders | Shareholdings | Total Number of Share Held |
|---------------------------|--|----------------------------|
| 242 | Shareholding from 1 To 100 | 7,080 |
| 283 | Shareholding from 101 To 500 | 100,672 |
| 160 | Shareholding from 501 To 1,000 | 140,223 |
| 283 | Shareholding from 1,001 To 5,000 | 675,976 |
| 58 | Shareholding from 5,001 To 10,000 | 457,608 |
| 17 | Shareholding from 10,001 To 15,000 | 208,894 |
| 13 | Shareholding from 15,001 To 20,000 | 233,289 |
| 5 | Shareholding from 20,001 To 25,000 | 113,652 |
| 6 | Shareholding from 25,001 To 30,000 | 168,173 |
| 2 | Shareholding from 30,001 To 35,000 | 68,000 |
| 2 | Shareholding from 35,001 To 40,000 | 77,145 |
| 3 | Shareholding from 40,001 To 45,000 | 127,797 |
| 1 | Shareholding from 45,001 To 50,000 | 50,000 |
| 3 | Shareholding from 50,001 To 55,000 | 105,500 |
| 2 | Shareholding from 55,001 To 60,000 | 113,090 |
| 2 | Shareholding from 60,001 To 65,000 | 121,462 |
| 1 | Shareholding from 70,001 To 75,000 | 69,625 |
| 1 | Shareholding from 75,001 To 80,000 | 74,290 |
| 2 | Shareholding from 80,001 To 85,000 | 152,597 |
| 1 | Shareholding from 90,001 To 95,000 | 83,176 |
| 2 | Shareholding from 95,001 To 100,000 | 180,748 |
| 3 | Shareholding from 100,001 To 105,000 | 295,062 |
| 1 | Shareholding from 120,001 To 125,000 | 101,238 |
| 1 | Shareholding from 135,001 To 140,000 | 123,318 |
| 1 | Shareholding from 195,001 To 200,000 | 153,500 |
| 1 | Shareholding from 205,001 To 210,000 | 210,000 |
| 1 | Shareholding from 235,001 To 240,000 | 230,000 |
| 2 | Shareholding from 430,001 To 435,000 | 863,637 |
| 1 | Shareholding from 730,001 To 735,000 | 731,626 |
| 1 | Shareholding from 970,001 To 975,000 | 971,000 |
| 1 | Shareholding from 2,495,001 To 2,500,000 | 2,497,872 |
| 1,107 | | 9,506,250 |

| 5. Categories of shareholders | share held | Percentage |
|---|------------|------------|
| 5.1 Directors, Chief Executive Officer, and their spouse and minor children. | 550,022 | 5.83 |
| 5.2. Associated Companies, undertakings and related parties. | 3,238,438 | 34.06 |
| 5.3 NIT and ICP | 433,574 | 4.56 |
| 5.4 Banks Development Financial Institutions, Non-Banking Financial Institutions. | 1,551 | 0.01 |
| 5.5 Insurance Companies | N.A | N.A |
| 5.6 Modarabas and Mutual Funds | 8,000 | 0.08 |
| 5.7 Shareholders holding 10% | | |
| i. Bibojee Services (Pvt.) Ltd. | 2,497,872 | 26.28 |
| ii. Miss Atiqa Begum | 971,000 | 10.21 |
| 5.8 General Public | | |
| a. Local | 5,137,918 | 54.04 |
| b. Foreign | NIL | NIL |
| 5.9 Others | | |
| Joint Stock Companies | 53,449 | 0.56 |
| NBP Employees Pension Fund | 42,797 | 0.45 |
| NBP Employees Benevolent Fund | 1,501 | 0.02 |
| Trustee Avari Hotels Limited Employees Provident fund | 1,000 | 0.01 |
| Trustees D.G.KHAN CEMENT CO.LTD.EMP. P.F | 33,000 | 0.34 |

6. Signature of Secretary



7. Name of Signatory

AZMAT KHAN

8. Designation

Company Secretary

9. NIC Number

1 3 5 0 3 - 4 9 6 6 0 6 7 - 5

10. Date

| | | |
|-----|-------|---------|
| Day | Month | Year |
| 3 0 | 0 6 | 2 0 2 3 |

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

| CATEGORIES OF SHAREHOLDERS | SHARES HELD |
|--|------------------|
| 1. ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES: | |
| M/S JANANA DE MALUCHO TEXTILE MILLS LTD. | 731,626 |
| M/S.BIBOJEE SERVICES (PVT) LTD. | 2,497,872 |
| M/S UNIVERSAL INSURANCE CO. LTD. | 8,940 |
| 2. N.I.T. & I.C.P: | |
| M/S.INVESTMENT CORPORATION OF PAKISTAN | 937 |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 431,637 |
| 3. DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN: | |
| Lt.Gen. (Retd.) Ali Kuli Khan Khattak Director | 61,412 |
| Mrs. Nelofar Ali Kuli Khan - Spouse | 95,062 |
| Mrs. Shahnaz Sajjad Ahmad Chief Executive | 111,435 |
| Mr. Ahmad Kuli Khan Khattak Chairman | 56,517 |
| Mrs. Nasreen Ahmed Kuli Khan - Spouse | 101,238 |
| Dr. Shahin Kuli Khan Khattak Director | 123,318 |
| Brig. (Retd.) Agha Arshad Raza Director | 20 |
| Syed Zubair Ahmad Shah Director | 1,000 |
| Mr. Abdul Rehman Qureshi Director | 20 |
| 4. EXECUTIVES | 432,967 |
| 5. JOINT STOCK COMPANIES | 53,449 |
| 6. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS | 9,551 |
| 7. SHAREHOLDERS HOLDING 10% OR MORE: | |
| M/S.BIBOJEE SERVICES (PVT) LTD. | 2,497,872 |
| MISS ATIQA BEGUM | 971,000 |
| 8. GENERAL PUBLIC & OTHERS | 4,789,249 |

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

Name of Company **BANNU WOOLLEN MILLS LIMITED**
 Year Ended **JUNE 30, 2023**

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

1. The total number of directors are seven as per the following:
 - a) Male 5
 - b) Female 2

2. The composition of the Board is as follows:
 - a) Independent Directors
 - i. Mr. Abdul Rehman Qureshi
 - ii. Brig. (Retd.) Agha Arshad Raza
 - b) Non-executive Directors
 - i. Lt. Gen. (Retd.) Ali Kuli Khan Khattak
 - ii. Mr. Ahmad Kuli Khan Khattak
 - iii. Syed Zubair Ahmad Shah
 - c) Executive Directors
 - i. Mrs. Shahnaz Sajjad Ahmad
 - ii. Dr. Shahin Kuli Khan Khattak
 - d) Female Directors
 - i. Mrs. Shahnaz Sajjad Ahmad
 - ii. Dr. Shahin Kuli Khan Khattak

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 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 Companies Act, 2017 ("the Act") and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the seven Directors have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per these Regulations.
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. 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:

Audit Committee

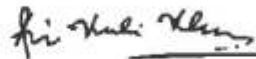
- | | |
|------------------------------------|----------|
| i. Mr. Abdul Rehman Qureshi | Chairman |
| ii. Syed Zubair Ahmad Shah | Member |
| iii. Brig (Retd.) Agha Arshad Raza | Member |

Human Resource and Remuneration Committee

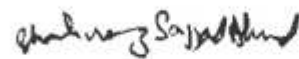
- | | |
|--|----------|
| i. Mr. Abdul Rehman Qureshi | Chairman |
| ii. Lt. Gen. (Retd.) Ali Kuli Khan Khattak | Member |
| iii. Mr. Ahmad Kuli Khan Khattak | Member |
| iv. Syed Zubair Ahmad Shah | Member |
| v. Mrs. Shahnaz Sajjad Ahmad | Member |
| vi. Brig (Retd.) Agha Arshad Raza | Member |

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

14. The frequency of meetings of the committees were as per following:
- a) Audit Committee - Four meetings held during the year
b) HR and Remuneration Committee - Two meetings held during the year
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan 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.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and in respect of regulation 6(i), the Company believes that the Board members have the requisite skill set, experience required and sufficient impartiality to be able to exercise independence in decision making within the Board and hence, does not require rounding off the fraction to 3 independent directors.



LT. GEN ALI KULI KHAN KHATTAK (RETD)
DIRECTOR



(SHAHNAZ SAJJAD AHMAD)
CHIEF EXECUTIVE OFFICER

Rawalpindi: September 30, 2023

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF
BANNU WOOLLEN MILLS LIMITED**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **BANNU WOOLLEN MILLS LIMITED** (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

LAHORE; SEPTEMBER 30, 2023

UDIN: CR202310195fzmiMwBnY

Shinewing Hameed Chaudhri & Co.

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

Engagement Partner: Nafees ud din

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BANNU WOOLLEN MILLS LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **BANNU WOOLLEN MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2023, 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, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

| S.No. | Key audit matters | How the matter was addressed in our audit |
|-------|--|--|
| 1. | <p>Revaluation of property, plant and equipment (note 5.2)</p> <p>Under IAS 16 (Property, plant and equipment), the management carries its freehold land, buildings on freehold land and plant & machinery under revaluation model.</p> | <p>Our audit procedures, amongst others, included the following:</p> <p>- evaluated the competence, capabilities and objectivity of the independent external property valuation Expert engaged by the management as management Expert for valuation;</p> |

| S.No. | Key audit matters | How the matter was addressed in our audit |
|-------|--|---|
| | <p>Under the said model, if fair value can be measured reliably, an entity may carry all items of property, plant and equipment of a class at a revalued amount, which is the fair value of the items at the date of revaluation less any subsequent accumulated depreciation.</p> <p>As at June 30, 2023 the carrying value of freehold land, buildings on freehold land and plant & machinery aggregated Rs.1,529.416 million. The fair value of the Company's freehold land, buildings on freehold land and plant & machinery were assessed by management based on independent valuation performed by an external property valuation Expert as at November 30, 2022.</p> <p>Freehold land has been revalued on the basis of present market value whereas buildings on freehold land and plant & machinery have been revalued on the basis of depreciated fair market values.. This technique requires significant judgment as to estimating the revalued amount in terms of their quality, structure, layout and locations.</p> <p>We identified valuation of property plant and equipment as a key audit matter due to the significant carrying values and the significant management judgment and estimation involved in determining their values due to factors described above.</p> | <ul style="list-style-type: none"> - obtained understanding of the valuation process and techniques adopted by the valuation Expert to assess the reasonableness of the report; - obtained the valuation report of external valuation Expert and tested mathematical accuracy of the report; and - assessed the adequacy of the related disclosures in the annexed financial statements. |

| S.No. | Key audit matters | How the matter was addressed in our audit |
|-------|--|---|
| 2. | <p>Valuation of investments</p> <p>Refer notes 4.3 and 7 to the financial statements.</p> <p>The Company's investments in an Associated Company having carrying value of Rs. 831.635 million represent 23% of the total assets at the reporting date. Investments in Associated Company are measured under equity method of accounting and at the reporting date the recoverable amount is estimated by an independent Valuer to determine the extent of impairment loss; carrying amount of investments is adjusted accordingly.</p> <p>The estimation of the recoverable amount involves significant judgment, including assumptions around the current and future market conditions, forecast cash flows and discount rates, etc.</p> <p>In view of significant judgment involved in the estimation of value in use, we consider this as a key audit matter.</p> | <p>Our procedures in relation to assessment of carrying values of investments in Associated Company included the following:</p> <ul style="list-style-type: none"> - assessed the appropriateness of management's accounting for investments in Associated Company. - understood and evaluated the process by which the cash flow forecasts were prepared by the Valuer, including confirming the mathematical accuracy of the underlying calculations; - evaluated the Valuer's competence, capability and objectivity and assessed the appropriateness of methodology adopted by the Valuer engaged by the management; - performed independently, a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions; and - assessed the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards. |
| 3. | <p>Valuation of stock-in-trade</p> <p>The value of stock-in-trade at the reporting date aggregated Rs. 647 million representing 53% of the Company's total current assets. Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 9).</p> | <p>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> - assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards; |

| S.No. | Key audit matters | How the matter was addressed in our audit |
|-------|---|---|
| | <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods.</p> <p>We identified this as key audit matter in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.</p> | <ul style="list-style-type: none"> - attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; - assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; - tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; - assessed the management's determination of net realisable value of inventories by performing tests on sale prices secured by the Company for similar items; and - performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices. |

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

LAHORE; September 30, 2023
UDIN: AR202310195h7W2SskHK

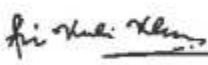
Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

| ASSETS | Note | 2023 | 2022 |
|---|-------------|---------------------------|------------------|
| | | Rupees in thousand | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 1,574,146 | 1,252,019 |
| Intangible assets | 6 | 675 | 955 |
| Investments in Associated Company | 7 | 831,635 | 1,191,554 |
| Security deposits | | 3,794 | 3,794 |
| | | 2,410,250 | 2,448,322 |
| Current assets | | | |
| Stores and spares | 8 | 111,787 | 127,287 |
| Stock-in-trade | 9 | 647,293 | 670,592 |
| Trade debts | 10 | 291,499 | 229,109 |
| Advances to employees - unsecured, considered good | | 37,857 | 26,160 |
| Advance payments | | 70,940 | 23,759 |
| Prepayments and other receivables | 11 | 913 | 906 |
| Sales tax refundable | | 0 | 28,127 |
| Income tax refundable, advance tax and tax deducted at source | | 16,178 | 15,176 |
| Cash and bank balances | 12 | 55,186 | 31,011 |
| | | 1,231,653 | 1,152,127 |
| Total assets | | 3,641,903 | 3,600,449 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised capital 20,000,000 (2022: 20,000,000) ordinary shares of Rs.10 each | | 200,000 | 200,000 |
| Issued, subscribed and paid-up capital | 13 | 95,063 | 95,063 |
| Capital reserves | | | |
| - share premium | 14.1 | 19,445 | 19,445 |
| - revaluation surplus on property, plant and equipment | 15 | 2,766,738 | 2,472,015 |
| Revenue reserves | | | |
| - general reserve | 14.2 | 154,055 | 154,055 |
| - (accumulated loss) / unappropriated profit | | (191,670) | 152,829 |
| Shareholders' equity | | 2,843,631 | 2,893,207 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | 16 | 12,718 | 3,609 |
| Staff retirement benefits - gratuity | 17 | 131,259 | 101,747 |
| Deferred taxation | 18 | 70,519 | 54,880 |
| | | 214,496 | 160,236 |
| Current liabilities | | | |
| Trade and other payables | 19 | 114,231 | 131,562 |
| Contract liabilities | | 1,204 | 2,540 |
| Unpaid dividends | | 3,452 | 3,452 |
| Unclaimed dividends | | 4,746 | 4,780 |
| Accrued mark-up | | 22,298 | 10,971 |
| Short term finances | 20 | 416,745 | 377,528 |
| Current portion of lease liabilities | 16 | 7,365 | 3,314 |
| Taxation | 21 | 13,735 | 12,859 |
| | | 583,776 | 547,006 |
| Total liabilities | | 798,272 | 707,242 |
| Contingencies and commitments | 22 | | |
| TOTAL EQUITY AND LIABILITIES | | 3,641,903 | 3,600,449 |

The annexed notes form 1 to 43 an integral part of these financial statements.


Shahnaz Sajjad Ahmad
 Chief Executive


Lt. Gen. Retd. Ali Kuli Khan
 Director

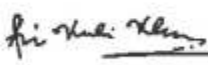

Kalim Aslam
 Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

| | Note | 2023 Rupees In thousand | 2022 |
|--|------|----------------------------|-----------|
| Sales | 23 | 1,038,734 | 969,515 |
| Cost of sales | 24 | 771,901 | 731,147 |
| Gross profit | | 266,833 | 238,368 |
| Distribution cost | 25 | 36,392 | 22,129 |
| Administrative expenses | 26 | 122,719 | 114,056 |
| Other expenses | 27 | 3,829 | 15,611 |
| Other income | 28 | (3,932) | (3,273) |
| | | 159,008 | 148,523 |
| Profit from operations | | 107,825 | 89,845 |
| Finance cost | 29 | 70,777 | 37,804 |
| | | 37,048 | 52,041 |
| Share of (loss) / profit of Associated Company | 7 | (15,156) | 84,573 |
| Loss arisen upon merger of Associated Company | | 0 | (6,968) |
| Impairment loss on Investments In Associated Company | 7 | (351,512) | (775,857) |
| | | (366,668) | (698,252) |
| Loss before taxation | | (329,620) | (646,211) |
| Taxation | 30 | 13,541 | 16,184 |
| Loss after taxation | | (343,161) | (662,395) |
| Other comprehensive (loss) / income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| - loss on remeasurement of staff retirement benefit obligation | 17 | (8,037) | (9,693) |
| - surplus arisen upon revaluation of property, plant and equipment | 5.2 | 314,222 | 0 |
| - deferred taxation | | (19,349) | 0 |
| | | 294,873 | 0 |
| - share of other comprehensive loss of Associated Company | | 1,277 | (4,837) |
| - impact of tax | 7 | (370) | 1,403 |
| | | 907 | (3,434) |
| | | 287,743 | (13,127) |
| Total comprehensive loss | | (55,418) | (675,522) |
| | | ----- Rupees ----- | |
| Loss per share | 31 | (36.10) | (69.68) |

The annexed notes form 1 to 43 an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. Retd. Ali Kuli Khan
Director

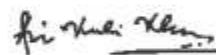

Kalim Aslam
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

| | Reserves | | | | | Total |
|---|---------------|--|-----------|-----------------------|-----------|-----------|
| | Capital | | Revenue | | | |
| | Share premium | Revaluation surplus on property, plant and equipment | General | Unappropriated profit | | |
| Rupees in thousand | | | | | | |
| Balance as at June 30, 2021 | 95,063 | 19,445 | 1,771,898 | 654,055 | 286,390 | 2,826,851 |
| Total comprehensive loss for the year ended June 30, 2022: | | | | | | |
| - loss for the year | 0 | 0 | 0 | 0 | (682,395) | (682,395) |
| - other comprehensive loss | 0 | 0 | 0 | 0 | (13,127) | (13,127) |
| | 0 | 0 | 0 | 0 | (675,522) | (675,522) |
| Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation) on account of: | | | | | | |
| - incremental depreciation for the year | 0 | 0 | (4,861) | 0 | 4,861 | 0 |
| - revalued assets sold during the year | 0 | 0 | (170) | 0 | 170 | 0 |
| Share of revaluation surplus on property, plant and equipment of Associated Company | 0 | 0 | 705,148 | 0 | 0 | 705,148 |
| Effect of items directly credited in equity by Associated Company | 0 | 0 | 0 | 0 | 34,942 | 34,942 |
| Share of merger reserve of Associated Company | 0 | 0 | 0 | 0 | 1,788 | 1,788 |
| Transfer | 0 | 0 | 0 | (500,000) | 500,000 | 0 |
| Balance as at June 30, 2022 | 95,063 | 19,445 | 2,472,015 | 154,055 | 152,629 | 2,893,207 |
| Total comprehensive loss for the year ended June 30, 2023: | | | | | | |
| - loss for the year | 0 | 0 | 0 | 0 | (343,161) | (343,161) |
| - other comprehensive income | 0 | 0 | 294,873 | 0 | (7,130) | 287,743 |
| | 0 | 0 | 294,873 | 0 | (350,291) | (55,418) |
| Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation) on account of incremental depreciation for the year | 0 | 0 | (5,992) | 0 | 5,992 | 0 |
| Share of revaluation surplus on property, plant and equipment of Associated Company | 0 | 0 | 5842 | 0 | 0 | 5842 |
| Balance as at June 30, 2023 | 95,063 | 19,445 | 2,766,738 | 154,055 | - 191,670 | 2,843,631 |

The annexed notes form 1 to 43 an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. Retd. Ali Kuli Khan
Director


Kalim Aslam
Chief Financial Officer

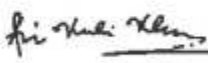
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

FOR THE YEAR ENDED JUNE 30, 2023

| | 2023 | 2022 |
|---|--------------------|-----------------|
| | Rupees in thousand | |
| Cash flows from operating activities | | |
| Profit for the year - before taxation and share of loss of Associated Company | 37,048 | 52,041 |
| Adjustments for non-cash and other charges: | | |
| Depreciation on property, plant and equipment | 21,710 | 18,942 |
| Depreciation on right of use assets | 8,856 | 4,984 |
| Amortisation | 530 | 521 |
| Provision for impairment of trade debts | 272 | 10,249 |
| Staff retirement benefits - gratuity (net) | 21,475 | 14,472 |
| Mark-up on bank deposits | (2,250) | (883) |
| Finance cost | 70,777 | 37,804 |
| Gain on sale of operating fixed assets | (13) | (1,814) |
| Profit before working capital changes | 158,405 | 136,516 |
| Effect on cash flows due to working capital changes | | |
| Decrease / (increase) in current assets | | |
| Stores and spares | 15,500 | (41,085) |
| Stock-in-trade | 23,299 | 28,849 |
| Trade debts | (62,662) | (29,426) |
| Advances to employees | (11,697) | (13,709) |
| Advance payments | (47,181) | (8,875) |
| Prepayments and other receivables | (7) | (65) |
| Sales tax refundable | 28,127 | (17,663) |
| (Decrease) / increase in trade and other payables and contract liabilities | (18,666) | 24,557 |
| | (73,287) | (57,417) |
| Cash generated from operations | 85,118 | 79,099 |
| Taxes paid | (17,377) | (12,726) |
| Net cash generated from operating activities | 67,741 | 66,373 |
| Cash flows from investing activities | | |
| Fixed capital expenditure | (19,106) | (13,910) |
| Sale proceeds of operating fixed assets | 20 | 2,620 |
| Intangible assets acquired | (250) | (57) |
| Mark-up received on bank deposits | 2,250 | 883 |
| Net cash used in investing activities | (17,086) | (10,664) |
| Cash flows from financing activities | | |
| Lease rentals paid | (8,907) | (5,334) |
| Short term finances - net | 39,217 | (158) |
| Dividend paid | (34) | (1,307) |
| Finance cost paid | (56,756) | (33,832) |
| Net cash used in financing activities | (26,480) | (40,631) |
| Net increase in cash and cash equivalents | 24,175 | 15,078 |
| Cash and cash equivalents - at beginning of the year | 31,011 | 15,933 |
| Cash and cash equivalents - at end of the year | 55,186 | 31,011 |

The annexed notes form 1 to 43 an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. Retd. Ali Kuli Khan
Director


Kalim Aslam
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1. LEGAL STATUS AND OPERATIONS

Bannu Woollen Mills Limited (the Company) was incorporated in Pakistan as a Public Company in the year 1960 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company is principally engaged in manufacture and sale of woollen yarn, cloth and blankets.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

| Bannu | Purpose |
|-------------------|---------------------------|
| D.I.Khan Road | Registered office / Mills |
| Rawalpindi | |
| Raja Bazar | Retail outlet |

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates, assumptions and judgments

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

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

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

- Useful lives, residual values and depreciation method of property, plant and equipment - notes 4.1 and 5.1.
- Useful lives, residual values and amortisation method of intangible assets - notes 4.2 and 6.
- Provision for impairment of inventories - notes 4.4, 4.5, 8 and 9.
- Allowance for expected credit loss - notes 4.6 and 10.
- Impairment loss of non-financial assets other than inventories - note 4.18.
- Staff retirement benefits - gratuity - notes 4.9 and 17.
- Estimation of provisions - note 4.11.
- Estimation of contingent liabilities - notes 4.13 and 22.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.12, 18 and 21.

2.5 No critical judgment has been used in applying the accounting policies.

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

The following amendments and interpretations to published accounting and reporting standards that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 Amendments and interpretations to accounting and reporting standards that became effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 01, 2022 but does not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

3.2 Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 01, 2022. The standard and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

4. 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.

4.1 Property, plant and equipment and depreciation

(a) Owned assets

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

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

Depreciation is taken to statement of profit or loss applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the date the asset acquired or capitalised has become available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Normal repairs and replacements are taken to statement of profit or loss as and when incurred. Major renewals and replacements are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.

(b) Right of use assets and related liabilities

The Company generally leases retail outlets and marketing offices. At the 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. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. During the current financial year, liabilities have been discounted using the Company's incremental borrowing rates ranging from 17.57% to 24.33%. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities 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 assets are 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 carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right to use assets equal to the present value of lease payments.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.2 Intangible assets and amortisation thereon

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation. Amortisation is taken to statement of profit or loss applying straight-line method to amortise the cost of intangible assets over their estimated useful life. Rate of amortisation is stated in note 6.2.

4.3 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost. The Company's share of post acquisition profit or loss is recognised in the statement of profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Company's equity that have not been recognised in the Associated Companies statement of profit or loss. The Companies share of those changes is recognised directly in equity of the Company.

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

4.4 Stores and spares

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

4.5 Stock-in-trade

Basis of valuation are as follows:

| <u>Particulars</u> | <u>Mode of valuation</u> |
|--------------------|---|
| Raw materials: | |
| - at warehouses | - At lower of annual average cost and net realisable value. |
| - in transit | - At cost accumulated to the reporting date. |
| Work-in-process | - At lower of cost and net realisable value. |
| Finished goods | - At lower of cost and net realisable value. |

| <u>Particulars</u> | <u>Mode of valuation</u> |
|--------------------|--|
| Usable waste | - At estimated realisable value. |
| Trading goods | - At lower of cost and net realisable value. |

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost, which consists of prime cost and appropriate manufacturing overheads.

Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.6 Trade debts and other receivables

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

4.7 Cash and cash equivalents

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

4.8 Borrowings and borrowing cost

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

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

4.9 Staff retirement benefits

(a) Defined contribution plan

The Company is operating a provident fund scheme for Executive / Officers only equal monthly contribution to the fund is made at the rate of 8.33% of the basic salaries both by the employees and the Company.

(b) Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2023 on the basis of the projected unit credit method by an independent Actuary.

4.10 Trade and other payables

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

4.11 Provisions

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

4.12 Taxation**(a) Current**

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments, where necessary, relating to prior years, which arise from assessments framed / finalised during the year.

(b) Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the statement of profit or loss except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to statement of other comprehensive income.

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

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

4.13 Contingent liabilities

A contingent liability is disclosed when the Company

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

4.14 Dividend and appropriation to reserves

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

4.15 Financial instruments

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

a) Financial assets**Classification**

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

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

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

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

Recognition and derecognition

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

Measurement

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

Definition of default

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

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

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 90 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Board has approved 90 days credit policy for all mills' dealers on all products of the Company.

Impairment of financial assets

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

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

- Trade debts
- Bank balances

Simplified approach for trade debts

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

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

Recognition of loss allowance

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

Write-off

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

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

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

Financial liabilities are classified in the following categories:

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

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

i) Fair value through profit or loss

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

ii) Other financial liabilities

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

Derecognition of financial liabilities

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

Offsetting of financial assets and financial liabilities

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

4.16 Foreign currency translation

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

4.17 Revenue recognition

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

Contract assets

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

Contract liabilities

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

Others

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

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

4.18 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.19 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 38 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2023 Rupees in thousand | 2022 |
|------------------------|------|----------------------------|------------------|
| Operating fixed assets | 5.1 | 1,558,872 | 1,247,261 |
| Right of use assets | 5.8 | 15,274 | 4,758 |
| | | <u>1,574,146</u> | <u>1,252,019</u> |

5.1 Operating fixed assets - tangible

| Particulars | Buildings on freehold land | | | Plant & machinery | Weigh-ment and material handling equipment | Tools and equipment | Furniture and fixtures | Electric fittings | Office equipment | Computers and T.V. | Vehicles | Arms | Total | |
|---------------------------|----------------------------|---------|-------------|-------------------|--|---------------------|------------------------|-------------------|------------------|--------------------|----------|--------|-------|-----------|
| | Freehold land | Factory | Residential | | | | | | | | | | | Others |
| Rupees in thousand | | | | | | | | | | | | | | |
| As at June 30, 2021 | | | | | | | | | | | | | | |
| Cost / revaluation | 907,596 | 39,040 | 20,731 | 34,009 | 685,826 | 487 | 45 | 2,090 | 7,738 | 1,347 | 6,834 | 25,613 | 4,816 | 1,683,212 |
| Accumulated depreciation | 0 | 1,190 | 1,894 | 2,777 | 305,588 | 282 | 25 | 963 | 5,482 | 605 | 5,912 | 22,128 | 2,181 | 408,018 |
| Book value | 907,596 | 37,850 | 18,837 | 31,232 | 380,238 | 195 | 20 | 1,126 | 2,256 | 742 | 922 | 3,485 | 1,635 | 1,275,194 |
| Year ended June 30, 2022: | | | | | | | | | | | | | | |
| Additions | 0 | 0 | 0 | 0 | 7,877 | 0 | 0 | 0 | 1,171 | 0 | 850 | 5,617 | 0 | 14,815 |
| Disposals: | | | | | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 958 | 0 | 0 | 0 | 0 | 0 | 0 | 2,377 | 0 | 3,301 |
| - depreciation | 0 | 0 | 0 | 0 | 682 | 0 | 0 | 0 | 0 | 0 | 0 | 1,086 | 0 | 2,501 |
| Depreciation for the year | 0 | 1,793 | 952 | 1,682 | 12,866 | 5 | 1 | 57 | 267 | 35 | 315 | 1,237 | 92 | 18,942 |
| Book value | 907,596 | 34,056 | 18,885 | 29,550 | 342,461 | 190 | 19 | 1,070 | 2,228 | 687 | 1,457 | 7,265 | 1,743 | 1,247,261 |
| Year ended June 30, 2023: | | | | | | | | | | | | | | |
| Additions | 0 | 0 | 0 | 0 | 1,388 | 0 | 0 | 0 | 474 | 0 | 0 | 17,234 | 0 | 19,106 |
| Revaluation adjustments: | | | | | | | | | | | | | | |
| - Cost / revaluation | 247,596 | 82,513 | 7,181 | 11,571 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 278,360 |
| - depreciation | 0 | 5,891 | 3,822 | 4,957 | 22,187 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,857 |
| Disposals: | | | | | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 88 | 0 | 0 | 88 |
| - depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61 | 0 | 0 | 61 |
| Depreciation for the year | 0 | 2,202 | 1,191 | 1,647 | 12,646 | 5 | 1 | 54 | 321 | 33 | 437 | 2,786 | 87 | 21,710 |
| Book value | 1,155,096 | 49,869 | 27,997 | 44,251 | 253,489 | 95 | 18 | 1,024 | 3,373 | 624 | 1,013 | 21,653 | 1,836 | 1,558,872 |
| As at June 30, 2022 | | | | | | | | | | | | | | |
| Cost / revaluation | 907,596 | 39,040 | 20,731 | 34,009 | 686,573 | 487 | 45 | 2,090 | 8,969 | 1,347 | 7,684 | 26,753 | 4,816 | 1,664,530 |
| Accumulated depreciation | 0 | 4,982 | 2,846 | 4,329 | 367,512 | 367 | 25 | 1,000 | 5,689 | 688 | 6,227 | 21,848 | 2,273 | 417,259 |
| Book value | 907,596 | 34,056 | 18,885 | 29,680 | 342,461 | 190 | 19 | 1,070 | 3,228 | 687 | 1,457 | 7,265 | 1,743 | 1,247,261 |
| As at June 30, 2023 | | | | | | | | | | | | | | |
| Cost / revaluation | 1,155,096 | 51,911 | 27,912 | 45,583 | 811,371 | 487 | 45 | 2,068 | 9,383 | 1,347 | 7,616 | 45,887 | 4,816 | 1,981,923 |
| Accumulated depreciation | 0 | 1,403 | 815 | 1,329 | 357,371 | 312 | 27 | 1,074 | 6,016 | 723 | 6,803 | 24,334 | 2,368 | 403,051 |
| Book value | 1,155,096 | 49,869 | 27,997 | 44,251 | 253,489 | 95 | 18 | 1,024 | 3,373 | 624 | 1,013 | 21,653 | 1,836 | 1,558,872 |
| Depreciation rate (%) | 0 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 10 | 5 | 30 | 28 | 5 | |

- 5.2 Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 15.2, has been determined as follows:

| Particulars | Freehold land | Buildings on freehold land | | | Plant & machinery | Total |
|---|---------------|----------------------------|-------------|--------|-------------------|-----------|
| | | Factory | Residential | Others | | |
| ----- Rupees ----- | | | | | | |
| Cost / revaluation as at November 30, 2022 | 907,500 | 39,047 | 20,732 | 34,010 | 609,971 | 1,611,260 |
| Accumulated depreciation to November 30, 2022 | 0 | 5,692 | 3,022 | 4,957 | 372,563 | 386,234 |
| Book value before revaluation adjustments as at November 30, 2022 | 907,500 | 33,355 | 17,710 | 29,053 | 237,408 | 1,225,026 |
| Revalued amounts | 1,155,000 | 51,199 | 27,913 | 45,581 | 259,595 | 1,539,248 |
| Revaluation surplus | 247,500 | 17,804 | 10,203 | 16,528 | 22,187 | 314,222 |

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

| | 2023 | 2022 |
|----------------------------|--------------------|----------------|
| | Rupees in thousand | |
| Freehold land | 152 | 152 |
| Buildings on freehold land | 13,447 | 14,102 |
| Plant & machinery | 172,832 | 180,326 |
| | 186,431 | 194,580 |

- 5.4 Freehold land represents 83,466.405 square meters of land situated at D.I.Khan Road, Bannu.

- 5.5 Based on the latest revaluation exercise carried-out on November 30, 2022, forced sale values of the Company's revalued assets have been assessed at Rs.1,308.361 million.

- 5.6 Depreciation for the year has been apportioned as under:

| | | |
|-------------------------|---------------|---------------|
| Cost of sales | 15,176 | 14,692 |
| Administrative expenses | 6,534 | 4,250 |
| | 21,710 | 18,942 |

5.7 Disposal of operating fixed assets

| Particulars | Cost | Accumulated depreciation | Book value | Sale proceeds | Gain | Mode of disposal | Sold to: |
|----------------------------|-------|--------------------------|------------|---------------|-------|------------------|------------------------------|
| ————— Rupees in '000 ————— | | | | | | | |
| Computers and T.V. | | | | | | | |
| Laptop | 68 | 81 | 7 | 20 | 13 | Negotiation | Mr. Sana Ullah, ex-employee. |
| 2022 | 3,307 | 2,501 | 806 | 2,620 | 1,814 | | |

5.8 Right of use assets

| | Note | 2023 | 2022 |
|--|------|---------------|--------------|
| Rupees in thousand | | | |
| Balance at beginning of the year | | 4,758 | 3,352 |
| Additions during the year | | 21,440 | 6,818 |
| Impact of modification - net | | (2,068) | (428) |
| Depreciation charged during the year | (a) | (8,856) | (4,984) |
| Book value at end of the year | | <u>15,274</u> | <u>4,758</u> |
| (a) Depreciation for the year has been apportioned as under: | | | |
| Distribution cost | | 8,698 | 4,799 |
| Administrative expenses | | 158 | 185 |
| | | <u>8,856</u> | <u>4,984</u> |
| (b) Right of use assets include Rs.29,431 thousand (2022: Rs.1,304 thousand) recognised against assets rented from related parties. | | | |

6. INTANGIBLE ASSETS - Computer software

| | | |
|-------------------------------|------------|------------|
| Cost at beginning of the year | 2,607 | 2,550 |
| Additions during the year | 250 | 57 |
| Less: amortisation : | | |
| - opening balance | 1,652 | 1,131 |
| - charge for the year | 530 | 521 |
| - as at June 30, | 2,182 | 1,652 |
| Book value as at June 30 , | <u>675</u> | <u>955</u> |

6.1 The Company, during the financial year ended June 30, 2020, has entered into SARP ERP Software Modules Implementation & Post Implementation Technical Support Services Agreement with CosmoSoft Business Solutions (Pvt.) Ltd. The SARP ERP software costing Rs.2.200 million has been installed during the financial year ended June 30, 2020.

6.2 Amortisation is charged to income applying straight-line method at the rate of 20% per annum.

| 7. INVESTMENTS IN ASSOCIATED COMPANY - Quoted | 2023 | 2022 |
|---|--------------------|------------------|
| | Rupees in thousand | |
| Janana De Malucho Textile Mills Ltd. (JDM) | | |
| 1,559,230 (2022:1,559,230) ordinary shares of Rs.10 each - cost | 27,762 | 27,762 |
| 100,413 shares of JDM received upon merger of BCM with and into JDM (note 7.1) | 1,004 | 1,004 |
| Total shares held at year-end 1,659,643 (2022: 1,659,643) Shareholding held: 25.24% (2022: 25.24%) | | |
| Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM | 466,629 | 383,702 |
| (Loss) / profit for the year - net of taxation | (15,156) | 84,573 |
| Share of other comprehensive income / (loss) - net of taxation | 907 | (3,434) |
| Share of merger reserve | 0 | 1,788 |
| Share of revaluation surplus on property, plant and equipment | 1,478,316 | 1,472,474 |
| Carrying value under equity method of accounting | <u>1,959,462</u> | <u>1,967,869</u> |
| Less: impairment loss | | |
| opening balance | (776,315) | (458) |
| charge for the year | (351,512) | (775,857) |
| closing balance | <u>(1,127,827)</u> | <u>(776,315)</u> |
| | <u>831,635</u> | <u>1,191,554</u> |

7.1 Merger of BCM with and into JDM

The members of Babri Cotton Mills Ltd.(BCM), at the extra ordinary general meeting held on March 13, 2021 through special resolution, had approved the Scheme of Arrangement of Merger / Amalgamation of BCM with JDM under sections 279 to 285 of the Companies Act, 2017.

As per the Scheme of Merger / Amalgamation between BCM and JDM, all assets and liabilities of BCM were transferred into JDM and the members of BCM were issued shares of JDM in the ratio of 1 share of JDM for every 1.438 shares of BCM. Accordingly, the Company was allotted 100,413 shares of JDM during the preceding financial year.

7.2 Market value of the Company's investment in JDM as at June 30, 2023 was Rs.66.801 million (2022: Rs.85.057 million).

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

The summary of financial information of JDM based on its audited financial statements for the year ended June 30, 2023 is as follows:

| Summarised statement of financial position | 2023 | 2022 |
|--|--------------------|------------------|
| | Rupees in thousand | |
| Non-current assets | 7,681,012 | 7,758,119 |
| Current assets | 1,955,374 | 2,281,606 |
| | 9,636,386 | 10,039,725 |
| Non-current liabilities | 772,410 | 992,370 |
| Current liabilities | 2,295,847 | 2,425,686 |
| | 3,068,257 | 3,418,056 |
| Net assets | 6,568,129 | 6,621,669 |
| Reconciliation to carrying amount | | |
| Opening net assets | 6,621,669 | 3,510,115 |
| (Loss) / profit for the year | (80,276) | 169,836 |
| Other comprehensive income for the year | 3,592 | 2,861,371 |
| Other adjustments | 23,144 | 80,347 |
| Closing net assets | 6,568,129 | 6,621,669 |

The other adjustments mainly comprised of shares issued pursuant to the scheme of merger by JDM, gain arisen under the scheme of merger and share of revaluation surplus on property, plant and equipment of an Associated Company.

Company's share percentage 25.24% (2022: 25.24%)

| | | |
|-------------------------------|----------------|------------------|
| Company's share | 1,657,796 | 1,671,309 |
| Adjustments ** | (826,161) | (479,755) |
| Carrying amount of investment | 831,635 | 1,191,554 |

** These adjustments have arisen due to valuation of investments based on their recoverable amount.

Summarised statement of profit or loss

| | | |
|---------------------------------|------------------|-----------|
| Sales | 6,016,527 | 7,155,722 |
| (Loss) / profit before taxation | (102,686) | 189,742 |
| (Loss) / profit after taxation | (80,276) | 169,836 |

- 7.4 The value of investments in JDM as at June 30, 2023 and June 30, 2022 is based on independent valuation carried-out by M/s Aamir Salman Rizwan, Chartered Accountants - a QCR rated firm, having office at 275, Block H1, M.A. Johar Town, Lahore, engaged by the management. The recoverable amount has been estimated based on value in use calculations. These calculations have been made on discounted cash flow based valuation methodology, which assumed gross profit margin of 10.80% (2022: 11.60%), terminal growth rate 3.82% (2022: 3.91%) and capital asset pricing model based discount rate of 19.09% (2022: 14.41%).

7.5 The decrease in Value in Use (VIU) of investment in JDM is primarily attributed to the challenging economic situation in Pakistan, marked by increasing inflation, low GDP growth, and a significant rise in the applicable discount rate from 14.41% to 19.42% during the financial year 2022-23. These factors collectively impacted the VIU calculations and necessitated the recognition of impairment losses, as per the relevant International Financial Reporting Standards.

| 8. STORES AND SPARES | Note | 2023 | 2022 |
|---|------|----------------|----------------|
| Rupees in thousand | | | |
| Stores | | 72,975 | 27,760 |
| Spares [including in transit inventory valuing Rs. Nil (2022: Rs.24.586 million)] | | 40,812 | 101,527 |
| | | <u>113,787</u> | <u>129,287</u> |
| Less: provision for slow moving stores and spares | | 2,000 | 2,000 |
| | | <u>111,787</u> | <u>127,287</u> |
| 8.1 The Company does not hold any stores and spares for specific capitalisation. | | | |
| 9. STOCK-IN-TRADE | | | |
| Raw materials: | | | |
| - at warehouse | | 52,915 | 101,304 |
| - in transit | | 0 | 15,677 |
| | | <u>52,915</u> | <u>116,981</u> |
| Work-in-process | 9.1 | 59,527 | 77,424 |
| Finished goods- own manufactured | 9.2 | 534,851 | 476,187 |
| | | <u>647,293</u> | <u>670,592</u> |
| 9.1 No work-in-process was in possession of third party as at June 30, 2023; (work-in-process valuing Rs.11.169 million was in possession of a third party for finishing purposes as at June 30, 2022). | | | |
| 9.2 Raw materials and finished good inventories as at June 30, 2023 were pledged with National Bank of Pakistan as security for short term finance facilities (note 20). | | | |
| 10. TRADE DEBTS - Unsecured | | | |
| Considered good | | 290,167 | 217,505 |
| Considered doubtful | | 22,900 | 32,900 |
| | | <u>313,067</u> | <u>250,405</u> |
| Less: allowance for expected credit loss | 10.1 | (21,568) | (21,296) |
| | | <u>291,499</u> | <u>229,109</u> |
| 10.1 Allowance for expected credit loss | | | |
| Balance at beginning of the year | | 21,296 | 11,047 |
| Charge for the year | | 272 | 10,249 |
| Balance at end of the year | | <u>21,568</u> | <u>21,296</u> |
| 11. PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Prepayments | | 385 | 210 |
| Letters of credit | | 0 | 168 |
| Others | | 528 | 528 |
| | | <u>913</u> | <u>906</u> |

| 12. CASH AND BANK BALANCES | Note | 2023 | 2022 |
|---|------------------|---|------------------|
| | | Rupees in thousand | |
| Cash-in-hand | | 296 | 331 |
| Cash at banks on: | | | |
| - current accounts | | 2,405 | 1,092 |
| - dividend accounts | | 56 | 140 |
| - PLS accounts | 12.1 | 52,429 | 29,448 |
| | | <u>54,890</u> | <u>30,680</u> |
| | | <u>55,186</u> | <u>31,011</u> |
| 12.1 These carry profit at the rates ranging from 6.5% to 19.50% (2022: 2.75% to 12.25%) per annum. | | | |
| 13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | | |
| | | 2023 | 2022 |
| | | — Numbers — | |
| 2,259,375 | 2,259,375 | Ordinary shares of Rs.10 each fully paid in cash | 22,594 |
| | | | 22,594 |
| 7,246,875 | 7,246,875 | Ordinary shares of Rs.10 each issued as fully paid bonus shares | 72,469 |
| | | | 72,469 |
| <u>9,506,250</u> | <u>9,506,250</u> | <u>95,063</u> | <u>95,063</u> |
| 13.1 Ordinary shares held by the Associated Companies at the year-end: | | | |
| | | 2023 | 2022 |
| | | -- Number of shares -- | |
| Janana De Malucho Textile Mills Ltd. | | 731,626 | 731,626 |
| Bibojee Services (Pvt.) Ltd. | | 2,497,872 | 2,497,872 |
| The Universal Insurance Company Ltd. | | 8,940 | 8,940 |
| | | <u>3,238,438</u> | <u>3,238,438</u> |
| 13.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the shares rank equally with regard to the Company's residual assets. | | | |
| 13.3 The Company has one class of ordinary shares, which carries no right to fixed income. | | | |
| 13.4 The Company has no reserved shares for issuance under options and sale contracts. | | | |
| 13.5 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding. | | | |
| 14. RESERVES | | | |
| | | 2023 | 2022 |
| 14.1 Capital - Share premium reserve: | | | |
| Rupees in thousand | | | |
| 859,375 shares @ Rs.7.50 per share issued during the financial year 1991-92 | | 6,445 | 6,445 |
| 650,000 right shares @ Rs.20.00 per share issued during the financial year 1993-94 | | 13,000 | 13,000 |
| | | <u>19,445</u> | <u>19,445</u> |
| 14.2 Revenue - general reserve | | <u>154,055</u> | <u>154,055</u> |

| 15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net | Note | 2023 Rupees in thousand | 2022 |
|---|------|----------------------------|------------------|
| Surplus on revaluation of the Company's property, plant and equipment | 15.2 | 1,288,422 | 999,541 |
| Share of surplus on revaluation of property, plant and equipment of an Associated Company | 7 | 1,478,316 | 1,472,474 |
| | | <u>2,766,738</u> | <u>2,472,015</u> |
| | | | |
| <p>15.1 The Company had revalued its freehold land on October 01, 1978, May 15, 1999, June 30, 2004, February 20, 2011, March 31, 2012, May 31, 2016 and October 31, 2019. Buildings on freehold land and plant & machinery were revalued on October 01, 1978, June 30, 2004, February 20, 2011, March 31, 2012, May 31, 2016 and October 31, 2019. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.1,196.266 million.</p> | | | |
| <p>15.2 The Company, on November 30, 2022, on the request of National Bank of Pakistan has again revalued its freehold land, buildings on freehold land and plant & machinery. The latest revaluation exercise has been carried out by independent Valuers - AXIS Consultants (Smc - Pvt.) Ltd., Deans Trade Centre, Peshawar Cantt. Freehold land has been revalued on the basis of current market value whereas buildings on freehold land and plant & machinery have been revalued on the basis of depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs.314.222 million has been credited to this account. The year-end balance has been arrived at as follows:</p> | | | |
| Opening balance | | 1,037,199 | 1,044,285 |
| Add: surplus arisen on revaluation carried-out during the year | 5.2 | 314,222 | 0 |
| Less: transferred to unappropriated profit: | | | |
| - on account of incremental depreciation for the year | | (8,439) | (6,847) |
| - upon sale of revalued assets | | 0 | (239) |
| | | <u>1,342,982</u> | <u>1,037,199</u> |
| Less: deferred tax on: | | | |
| - opening balance of surplus | | 37,658 | 39,713 |
| - surplus arisen on revaluation carried-out during the year | | 19,349 | 0 |
| - incremental depreciation for the year | | (2,447) | (1,986) |
| - sale of revalued assets | | 0 | (69) |
| | | <u>54,560</u> | <u>37,658</u> |
| Closing balance | | <u>1,288,422</u> | <u>999,541</u> |

| 16. LEASE LIABILITIES | 2023 | 2022 |
|---|--------------------|--------------|
| | Rupees in thousand | |
| Balance at beginning of the year | 6,923 | 5,069 |
| Additions during the year | 21,441 | 6,819 |
| Impact of modifications - net | (2,068) | (429) |
| Interest accrued | 2,694 | 798 |
| Repaid during the year | (8,907) | (5,334) |
| | <u>20,083</u> | <u>6,923</u> |
| Current portion grouped under current liabilities | (7,365) | (3,314) |
| Balance at end of the year | <u>12,718</u> | <u>3,609</u> |

16.1 These represent lease contracts for retail outlets, marketing offices and Lahore guest house used in the Company's operations having lease terms of three years. These have been discounted using incremental borrowing rate of the Company and include Rs.12,830 (2022:Rs.1,425 thousand) due to Gammon Pakistan Ltd. (an Associated Co.) and Rs.3,460 thousand (2022:Rs. Nil) due to a related party.

16.2 The future minimum lease payments to which the Company is committed under the lease agreements will be due as follows:

| Particulars | 2023 | | | 2022 | | |
|--|--------------------|-------------------------|---------------|---------------|-------------------------|--------------|
| | Upto one year | From one to three years | Total | Upto one year | From one to three years | Total |
| | Rupees in thousand | | | | | |
| Minimum lease payments | 11,418 | 15,108 | 26,526 | 4,023 | 4,004 | 8,027 |
| Less: finance cost allocated to future periods | (4,053) | (2,390) | (6,443) | (709) | (395) | (1,104) |
| Present value of minimum lease payments | <u>7,365</u> | <u>12,718</u> | <u>20,083</u> | <u>3,314</u> | <u>3,609</u> | <u>6,923</u> |

17. STAFF RETIREMENT BENEFITS - Gratuity

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

| Significant actuarial assumptions | 2023 | 2022 |
|--|----------------|-----------|
| - discount rate | 16.25% | 13.25% |
| - expected rate of growth per annum in future salaries | 22.75% | 22.75% |
| - mortality rates | SLIC | SLIC |
| | 2001-2005 | 2001-2005 |
| | Setback 1 year | |
| - withdrawal rates | Age-based | Age-based |
| - retirement assumption | Age 60 | Age 60 |

17.2 Amount recognised in the statement of financial position is the present value of defined benefit obligation at the reporting date.

| The movement in the present value of defined benefit obligation is as follows: | 2023 | 2022 |
|---|---------------------------|----------------|
| | Rupees in thousand | |
| Opening balance | 101,747 | 77,582 |
| Current service cost | 14,841 | 10,866 |
| Interest cost | 13,056 | 7,560 |
| Benefits paid | (6,422) | (3,954) |
| Remeasurements: | | |
| - experience adjustments | (410) | 595 |
| - loss due to changes in financial assumptions | 8,447 | 9,098 |
| Closing balance | <u>131,259</u> | <u>101,747</u> |
| Expense recognised in statement of profit or loss : | | |
| Current service cost | 14,841 | 10,866 |
| Interest cost | 13,056 | 7,560 |
| | <u>27,897</u> | <u>18,426</u> |
| Remeasurement recognised in other comprehensive income | <u>8,037</u> | <u>9,893</u> |

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|---------------------------|----------------|---------------|---------------|---------------|
| | Rupees in thousand | | | | |
| Present value of defined benefit obligation | <u>131,259</u> | <u>101,747</u> | <u>77,582</u> | <u>67,096</u> | <u>57,304</u> |
| Experience adjustments on obligation | <u>8,037</u> | <u>9,893</u> | <u>3,964</u> | <u>(185)</u> | <u>1,206</u> |

| Year-end sensitivity analysis: | Impact on defined benefit obligation | | |
|---------------------------------------|---|----------------|----------------|
| | Change in assumption | Increase | Decrease |
| | Rupees in thousand | | |
| Discount rate | 1% | <u>121,543</u> | <u>142,484</u> |
| Salary growth rate | 1% | <u>142,555</u> | <u>121,319</u> |

17.3 The average duration of the defined benefit obligation as at June 30, 2023 is 8 years.

17.4 The expected contribution to defined benefit obligation for the year ending June 30, 2024 is Rs.39.605 million.

| 18. DEFERRED TAXATION - Net | Note | 2023 | 2022 |
|---|------|--------------------|----------------|
| | | Rupees in thousand | |
| This is composed of the following: | | | |
| Taxable temporary differences arising in respect of : | | | |
| - accelerated tax depreciation allowances | | 38,474 | 40,059 |
| - surplus on revaluation of property, plant & equipment | 15.2 | 54,560 | 37,658 |
| | | <u>93,034</u> | <u>77,717</u> |
| Deductible temporary differences arising in respect of : | | | |
| - provision against slow moving stores and spares | | (580) | (580) |
| - provision for impairment of trade debts | | (6,255) | (6,176) |
| - minimum tax recoverable against normal tax charge in future years | | (14,286) | (15,453) |
| - lease liabilities | | (1,394) | (628) |
| | | <u>70,519</u> | <u>54,880</u> |
| 19. TRADE AND OTHER PAYABLES | | | |
| Due to a related party - Gammon Pakistan Ltd. | | 0 | 1,311 |
| Creditors | | 4,502 | 7,579 |
| Security deposits - interest free, repayable on demand | 19.1 | 8,700 | 8,700 |
| Accrued expenses | | 85,610 | 99,146 |
| Due to Waqf-e-Kull Khan | | 4,104 | 3,768 |
| Tax deducted at source | | 90 | 5 |
| Staff retirement benefits (gratuity) due but unpaid | | 1,272 | 1,272 |
| Workers' (profit) participation fund | 19.2 | 2,036 | 2,880 |
| Workers' welfare fund | | 5,070 | 5,721 |
| Sales tax payable | | 2,442 | 0 |
| Staff provident fund payable | | 0 | 801 |
| Others | | 405 | 379 |
| | | <u>114,231</u> | <u>131,562</u> |
| 19.1 These represent interest free security deposits received from the Company's dealers. The amounts received have been utilised for the purpose of business in accordance with the written agreements entered into with the dealers. | | | |
| 19.2 Workers' (profit) participation fund | | | |
| Opening balance | | 2,880 | 1,166 |
| Add: allocation for the year | | 2,030 | 2,863 |
| Less: payments made during the year | | 2,874 | 1,149 |
| Closing balance | | <u>2,036</u> | <u>2,880</u> |

20. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.450 million (2022: Rs.450 million). NBP, during the year, charged mark-up on these finance facilities at the rates ranging from 17.41% to 24.23% (2022: 9.45% to 13.95%) per annum; mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.100 million (2022: Rs.100 million), which to the extent of Rs.100 million (2022: Rs.58.231 million) remained unutilised at the reporting date. The aggregate facilities are secured against pledge of stocks for Rs.333.340 million, first charge on current and fixed assets of the Company for Rs.193.330 million and Rs.280 million respectively and lien on import documents. These facilities were available upto March 31, 2023 and have been renewed during August, 2023. The renewed facilities will be available upto January 31, 2024.

21. TAXATION - Net

| | 2023 | 2022 |
|--|--------------------|--------|
| | Rupees in thousand | |
| Opening balance | 12,859 | 11,253 |
| Add: provision made during the year: | | |
| - current | 13,005 | 12,129 |
| - prior year | 4,246 | (19) |
| | 17,251 | 12,110 |
| Less: payments / adjustments made during the year against completed assessments | (16,375) | 10,504 |
| Closing balance | 13,735 | 12,859 |

- 21.1** Income tax assessments of the Company have been completed upto the tax year 2022 i.e. accounting year ended June 30, 2022.
- 21.2** Minimum tax under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) relevant to tax years 2010, 2011 and 2012 has been deleted in the amended Finance Act, 2015 as per sub-clause (xx) of clause (11A) in part IV of the second schedule to the Ordinance. The Company's writ petition filed before the Islamabad High Court has been withdrawn on November 12, 2020 as the Company's grievance stood redressed and petition has become infructuous. The Company would not be liable for payment of any tax amount for the tax years 2010, 2011 and 2012.
- 21.3** The Company has filed a reference application before the Lahore High Court on December 01, 1994 against the orders of the Appellate Tribunal Inland Revenue (ATIR) for setting-aside the decisions for the Assessment Years 1986-87 to 1988-89; however, no additional tax liability is likely to arise in case of an adverse judgment by the Court.
- 21.4** The Income Tax Department (the Department) for the tax year 2004 has charged tax under section 122(5A) of the Ordinance amounting Rs.1.781 million against which a reference application is pending adjudication before the Lahore High Court. The Department, however, on July 09, 2010 has issued an order under section 221 of the Ordinance creating demand of Rs.775 thousand.
- 21.5** The Commissioner Inland Revenue - Appeals (CIRA) for the tax year 2008 has decided the appeal in the Company's favour on December 12, 2014 and deleted the demand of Rs.4.368 million. The Department has filed further appeal before the ATIR on June 02, 2016, which is pending adjudication.

- 21.6** The Department for the tax year 2009 had charged tax under section 122(5A) of the Ordinance amounting Rs.3.553 million on November 25, 2014 against which the Company filed an appeal with the CIRA, who decided the appeal against the Company. The Company as well as the Department have filed further appeals before the ATIR on May 17, 2016, which are pending adjudication.
- 21.7** The Department for the tax year 2013 had charged tax under section 221 of the Ordinance (Rectification of mistakes) amounting Rs.28.673 million on April 08, 2013 against which the Company filed an appeal before the CIRA, who decided the appeal on August 18, 2015 against the Company. The Company as well as the Department have filed further appeals before the ATIR on August 26, 2015, which are pending adjudication. The Company, however, has paid the whole of the demand and no further provision is required.
- 21.8** The Assessing Officer, during the financial year ended June 30, 2017, had imposed tax amounting Rs.972 thousand on June 15, 2016 for late filing of statements under sections 165/182 of the Ordinance for some of the months of tax year 2016. The Company had filed an appeal before the CIRA, who decided the case in favour of the Company on November 22, 2017. The Department against the said order filed an appeal before the ATIR on January 19, 2018, which is pending adjudication.

22. CONTINGENCIES AND COMMITMENTS

- 22.1** Refer contents of notes 21.3 to 21.8.

| | Note | 2023 Rupees in thousand | 2022 Rupees in thousand |
|---|------|----------------------------|----------------------------|
| 22.2 Commitments against irrevocable letters of credit for raw materials and spare parts | | <u>0</u> | <u>41,769</u> |
| 23. SALES - Net | | | |
| Own manufactured: | | | |
| Fabrics and blankets | | 1,223,546 | 1,183,766 |
| Waste | | 74 | 595 |
| | | <u>1,223,620</u> | <u>1,184,361</u> |
| Less: sales tax | | <u>184,886</u> | 172,034 |
| discount | 23.1 | <u>0</u> | 42,812 |
| | | <u>184,886</u> | 214,846 |
| | | <u>1,038,734</u> | <u>969,515</u> |

- 23.1** This represented discount shown on the sale invoices for the purpose of equating retail and wholesale prices; the Sales Tax Act, 1990 suggests different tax rates for both the sales i.e. 12% and 17% respectively. This practice has been discontinued during the current financial year.

| 24. COST OF SALES | Note | 2023 | 2022 |
|--|------|-----------------|----------------|
| Rupees in thousand | | | |
| Raw materials consumed | 24.1 | 374,631 | 311,015 |
| Salaries, wages and benefits | 24.2 | 245,772 | 230,792 |
| Power and fuel | | 72,624 | 68,868 |
| Stores and spares consumed | | 31,891 | 26,950 |
| Repair and maintenance | | 65,623 | 37,623 |
| Depreciation | 5.6 | 15,176 | 14,692 |
| Insurance | | 5,269 | 4,017 |
| Others | | 1,682 | 1,761 |
| | | <u>812,668</u> | <u>695,718</u> |
| Adjustment of work-in-process | | | |
| Opening | | 77,424 | 76,883 |
| Closing | 9 | (59,527) | (77,424) |
| | | <u>17,897</u> | <u>(541)</u> |
| Cost of goods manufactured | | <u>830,565</u> | <u>695,177</u> |
| Adjustment of finished goods | | | |
| Opening stock | | 476,187 | 512,157 |
| Closing stock | 9 | (534,851) | (476,187) |
| | | <u>(58,664)</u> | <u>35,970</u> |
| | | <u>771,901</u> | <u>731,147</u> |
| 24.1 Raw materials consumed | | | |
| Opening stock | | 116,981 | 110,401 |
| Add: purchases | | 310,565 | 317,595 |
| | | <u>427,546</u> | <u>427,996</u> |
| Less: closing stock | 9 | 52,915 | 116,981 |
| | | <u>374,631</u> | <u>311,015</u> |
| 24.2 | | | |
| These include contribution to staff provident fund aggregating Rs.3.100 million (2022: Rs.2.808 million). These also include staff retirement benefits - gratuity amounting Rs.24.331 million (2022: Rs.16.397 million). | | | |
| 25. DISTRIBUTION COST | | | |
| Salaries and benefits | 25.1 | 17,354 | 14,059 |
| Travelling | | 428 | 627 |
| Rental arrears of prior years - net | | 7,341 | 0 |
| Outward freight | | 351 | 501 |
| Advertisement and sales promotion | | 399 | 722 |
| Communication | | 463 | 323 |
| Repair and maintenance | | 147 | 268 |
| Vehicles' running | | 220 | 166 |
| Depreciation on right of use assets | 5.8 | 8,698 | 4,799 |
| Others | | 991 | 664 |
| | | <u>36,392</u> | <u>22,129</u> |

25.1 These include contribution to staff provident fund aggregating Rs.80 thousand (2022: Rs.74 thousand). These also include staff retirement benefits - gratuity amounting Rs.1,327 thousand (2022: Rs.691 thousand).

| 26. ADMINISTRATIVE EXPENSES | Note | 2023 | 2022 |
|--|------|--------------------|----------------|
| | | Rupees in thousand | |
| Salaries and benefits | 26.1 | 75,711 | 76,678 |
| Travelling - directors | | 75 | 50 |
| - others | | 1,814 | 1,366 |
| Rent, rates and taxes | | 3,015 | 2,189 |
| Entertainment / guest house expenses | | 3,951 | 5,579 |
| Communication | | 1,126 | 905 |
| Printing and stationery | | 2,072 | 1,062 |
| Electricity | | 11,250 | 8,461 |
| Insurance | | 111 | 105 |
| Repair and maintenance | | 3,696 | 3,285 |
| Vehicles' running | | 6,171 | 3,996 |
| Advertisement | | 670 | 261 |
| Subscription / papers and periodicals | | 794 | 833 |
| Depreciation on operating fixed assets | 5.6 | 6,534 | 4,250 |
| Depreciation on right of use assets | 5.8 | 158 | 185 |
| Amortisation | 6 | 530 | 521 |
| Auditors' remuneration: | | | |
| - statutory audit | | 1,362 | 1,223 |
| - half yearly review | | 254 | 232 |
| - certification charges | | 235 | 255 |
| - out-of-pocket expenses | | 40 | 45 |
| | | 1,891 | 1,755 |
| Legal and professional charges (other than Auditors) | | 3,150 | 2,575 |
| | | 122,719 | 114,056 |

26.1 These include contribution to staff provident fund aggregating Rs.2.119 million (2022: Rs.2.455 million). These also include staff retirement benefits - gratuity amounting Rs.2,240 thousand (2022: Rs.1,337 thousand).

| 27. OTHER EXPENSES | | | |
|---|------|--------------|---------------|
| Donation to Waqf-e-Kuli Khan | 27.1 | 719 | 1,178 |
| Workers' (profit) participation fund | | 2,030 | 2,883 |
| Workers' welfare fund | | 808 | 1,321 |
| Provision for impairment of trade debts - net | 10.1 | 272 | 10,249 |
| | | 3,829 | 15,611 |

27.1 This represents provision made for donation to be made to Waqf-e-Kuli Khan, (a Charitable Institution) administered by the following directors of the Company:

- Mr. Ahmad Kuli Khan Khattak
- Mrs. Shahnaz Sajjad Ahmad
- Lt. General (Retd.) Ali Kuli Khan Khattak
- Dr. Shahin Kuli Khan Khattak

| 28. OTHER INCOME | Note | 2023 | 2022 |
|--|------|-----------|-----------|
| Rupees in thousand | | | |
| Income from financial assets | | | |
| Mark-up earned on PLS accounts | | 2,250 | 683 |
| Income from other than financial assets | | | |
| Sale of empties / scrap | | 1,669 | 776 |
| Gain on sale of operating fixed assets | 5.7 | 13 | 1,814 |
| | | 1,682 | 2,590 |
| | | 3,932 | 3,273 |
| 29. FINANCE COST | | | |
| Interest on lease liabilities | 16 | 2,694 | 798 |
| Mark-up on short term finances | | 67,916 | 36,911 |
| Bank and other charges | | 167 | 95 |
| | | 70,777 | 37,804 |
| 30. TAXATION | | | |
| Current: | | | |
| - for the year | | 13,005 | 12,129 |
| - for prior year | | 4,246 | (19) |
| | 21 | 17,251 | 12,110 |
| Deferred: | | | |
| - for the year | 18 | (3,710) | 4,074 |
| | | 13,541 | 16,184 |
| 30.1 No numeric tax rate reconciliation for the current and preceding years is presented in these financial statements as the Company is mainly liable to pay tax due under section 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001. | | | |
| 31. LOSS PER SHARE | | | |
| There is no dilutive effect on loss per share of the Company, which is based on: | | | |
| Loss after taxation attributable to ordinary shareholders | | | |
| | | (343,161) | (662,395) |
| --- No. of shares --- | | | |
| Weighted average number of shares in issue during the year | | | |
| | | 9,506,250 | 9,506,250 |
| ----- Rupees ----- | | | |
| Loss per share - basic | | | |
| | | (36.10) | (69.88) |

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

| 32.1 Financial instruments by category | 2023 | 2022 |
|---|---------------------------|----------------|
| | Rupees in thousand | |
| Financial assets | | |
| At amortised cost | | |
| Advances to employees | 37,857 | 26,160 |
| Trade debts | 291,499 | 229,109 |
| Other receivables | 528 | 528 |
| Bank balances | 54,890 | 30,680 |
| | <u>384,774</u> | <u>286,477</u> |
| Financial liabilities | | |
| At amortised cost | | |
| Lease liabilities | 20,083 | 6,923 |
| Trade and other payables | 104,593 | 122,155 |
| Unpaid dividends | 3,452 | 3,452 |
| Unclaimed dividends | 4,746 | 4,780 |
| Accrued mark-up | 22,298 | 10,971 |
| Short term finances | 416,745 | 377,528 |
| | <u>571,917</u> | <u>525,809</u> |

32.2 Financial risk factors

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

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

32.3 Market risk

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

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to currency risk on import of plant & machinery, raw materials and stores & spares denominated mainly in U.S. \$ and Euro.€. The Company's exposures to foreign currency risk for U.S. \$ and Euro.€ at the reporting date were as follows:

| | | |
|---|---------------------------|----------------------------|
| Non-funded: | 2023 | 2022 |
| | Rupees in thousand | |
| Outstanding letters of credit - U.S.\$ Nil and Euro.€ Nil (2022: U.S.\$ 169,115 and Euro.€ 32,126) | <u>0</u> | <u>41,769</u> |
| The following exchange rates were applied | | |
| 2023 | Average rate | Reporting date rate |
| U.S. \$ to Rupee | 216.35 | 285.99 |
| Euro.€ to Rupee | 227.50 | 312.93 |
| 2022 | | |
| U.S. \$ to Rupee | 176.15 | 206.00 |
| Euro.€ to Rupee | 197.34 | 215.75 |

Sensitivity analysis

Not applicable as no funded foreign currency liability was outstanding as at June 30, 2023 and June 30, 2022.

(b) Interest rate risk

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

| | 2023 | 2022 | 2023 | 2022 |
|----------------------------------|-----------------------|-----------------|---------------------------|----------------|
| | Effective rate | | Rupees in thousand | |
| | % | % | Carrying amount | |
| Financial assets | | | | |
| Bank balances | 6.5% to 19.50% | 2.75% to 12.25% | <u>52,429</u> | <u>29,448</u> |
| Variable rate Instruments | | | | |
| Financial liabilities | | | | |
| Short term finances | 17.41% to 24.23% | 9.45 to 13.95 | <u>416,745</u> | <u>377,528</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 statement of profit or loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

higher / lower with all other variables held constant, loss before taxation for the year would have been higher / lower by Rs. 4,167 thousand (2022: Rs.3,775 thousand) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

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

32.4 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 90 days (2022: 90 days) for all shirting fabrics including blankets and shawis and 90 days (2022: 90 days) for blazer cloth to reduce the credit risk. The credit quality of the Company's major bank balances can be assessed with reference to the external credit ratings as follows:

| Banks | Short term rating | Long term rating | Agency |
|---------------------------|-------------------|------------------|--------|
| Allied Bank Ltd. | A1+ | AAA | PACRA |
| Bank Alfalah Ltd. | A1+ | AA+ | PACRA |
| Meezan Bank Ltd. | A1+ | AAA | VIS |
| National Bank of Pakistan | A1+ | AAA | PACRA |
| The Bank of Khyber | A-1 | A+ | VIS |
| SAMBA Bank Ltd. | A-1 | AA | VIS |

Exposure to credit risk

Maximum exposure to credit risk at the reporting date along with comparative is tabulated below:

| | 2023 | 2022 |
|-------------------|--------------------|----------------|
| | Rupees in thousand | |
| Security deposits | 3,794 | 3,794 |
| Trade debts | 313,067 | 250,405 |
| Bank balances | 54,890 | 30,680 |
| | 371,751 | 284,879 |

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

The ageing of trade debts at the year-end was as follows:

| | | |
|------------------------|----------------|----------------|
| Not past due | 93,828 | 34,286 |
| Past due 1 - 30 days | 21,848 | 17,029 |
| Past due 30 - 90 days | 45,743 | 32,974 |
| Past due above 90 days | 151,648 | 166,116 |
| | 313,067 | 250,405 |

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

The Company measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of Rs.272 thousand (2022: Rs.10,249 million) during the current year. At year-end provision for expected credit loss balance amounted Rs.21.568 million (2022: Rs.21.296 million).

32.5 Liquidity risk

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

Financial liabilities in accordance with their contractual maturities are presented

| | Carrying amount | Contractual cash flows having maturity of less than one year | Contractual cash flows having maturity of more than one year |
|--------------------------|-----------------|--|--|
| —Rupees in thousand— | | | |
| June 30, 2023 | | | |
| Lease liabilities | 20,083 | 11,418 | 15,108 |
| Trade and other payables | 104,593 | 104,593 | 0 |
| Unpaid dividends | 3,452 | 3,452 | 0 |
| Unclaimed dividends | 4,746 | 4,746 | 0 |
| Accrued mark-up | 22,298 | 22,298 | 0 |
| Short term finances | 416,745 | 517,722 | 0 |
| | 571,917 | 664,229 | 15,108 |
| June 30, 2022 | | | |
| Lease liabilities | 6,923 | 4,023 | 4,004 |
| Trade and other payables | 122,155 | 122,155 | 0 |
| Unpaid dividends | 3,452 | 3,452 | 0 |
| Unclaimed dividends | 4,780 | 4,780 | 0 |
| Accrued mark-up | 10,971 | 10,971 | 0 |
| Short term finances | 377,528 | 430,193 | 0 |
| | 525,809 | 575,574 | 4,004 |

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

33. MEASUREMENT OF FAIR VALUES

The management, as at November 30, 2022, has engaged an independent external Valuer to carry out valuation of its freehold land, buildings on freehold land and plant & machinery. Selection criteria included market knowledge, reputation, independence and whether professional standards are maintained. When measuring the fair value of an asset, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

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

34. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES

| Particulars | Chief Executive | | Executive Director | | Total | | Executives | |
|---|--------------------|--------------|--------------------|----------|---------------|--------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | Rupees in thousand | | | | | | | |
| Remuneration (including bonus) | 6,788 | 6,428 | 1,200 | 0 | 7,988 | 6,428 | 61,981 | 56,107 |
| Retirement benefits | 542 | 556 | 0 | 0 | 542 | 556 | 3,953 | 3,683 |
| House rent | 1,715 | 1,715 | 0 | 0 | 1,715 | 1,715 | 2,184 | 1,454 |
| Insurance | 31 | 26 | 0 | 0 | 31 | 26 | 81 | 117 |
| Reimbursement of medical and other expenses | 0 | 0 | 0 | 0 | 0 | 0 | 1,778 | 1,724 |
| Utilities | 308 | 242 | 31 | 0 | 339 | 242 | 852 | 487 |
| | 9,384 | 8,967 | 1,231 | 0 | 10,615 | 8,967 | 70,807 | 63,572 |
| Number of persons | 1 | 1 | 1 | 0 | 2 | 1 | 13 | 10 |

34.1 The chief executive and executives have been provided with free use of the Company maintained cars. The chief executive has also been provided with free use of residential telephone.

34.2 In addition to above, meeting fees of Rs.3.240 million (2022: Rs.980 thousand) were also paid to six (2022: six) non-working directors.

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

| | Lease liabilities | Short term finances | Dividend | Accrued mark-up | Total |
|--|-------------------|---------------------|----------|-----------------|----------|
| Rupees in thousand | | | | | |
| Balance as at June 30, 2021 | 5,069 | 377,686 | 9,539 | 7,797 | 400,091 |
| Changes from financing activities | | | | | |
| Lease liabilities - obtained | 6,819 | 0 | 0 | 0 | 6,819 |
| - repaid | (5,334) | 0 | 0 | 0 | (5,334) |
| Short term finances obtained net of repayments | 0 | (158) | 0 | 0 | (158) |
| Dividend paid | 0 | 0 | (1,307) | 0 | (1,307) |
| Finance cost paid | 0 | 0 | 0 | (33,832) | (33,832) |
| | 1,485 | (158) | (1,307) | (33,832) | (33,812) |
| Other changes | | | | | |
| Interest / mark-up expense | 798 | 0 | 0 | 37,006 | 37,804 |
| Impact of modification | (429) | 0 | 0 | 0 | (429) |
| | 369 | 0 | 0 | 37,006 | 37,375 |
| Balance as at June 30, 2022 | 6,923 | 377,528 | 8,232 | 10,971 | 403,654 |
| Changes from financing activities | | | | | |
| Lease liabilities - obtained | 21,441 | 0 | 0 | 0 | 21,441 |
| - repaid | (6,907) | 0 | 0 | 0 | (6,907) |
| Short term finances obtained net of repayments | 0 | 39,217 | 0 | 0 | 39,217 |
| Dividend paid | 0 | 0 | (34) | 0 | (34) |
| Finance cost paid | 0 | 0 | 0 | (56,756) | (56,756) |
| | 12,534 | 39,217 | (34) | (56,756) | (5,039) |
| Other changes | | | | | |
| Interest / mark-up expense | 2,694 | 0 | 0 | 66,083 | 70,777 |
| Impact of modification | (2,068) | 0 | 0 | 0 | (2,068) |
| | 626 | 0 | 0 | 66,083 | 66,709 |
| Balance as at June 30, 2023 | 20,083 | 416,745 | 8,198 | 22,298 | 467,324 |
| As per Balance Sheet | 20,083 | 416,745 | 8,198 | 22,298 | 467,324 |

36. TRANSACTIONS WITH RELATED PARTIES

- 36.1** The Company's shareholders vide a special resolution dated March 29, 2017 have enhanced the previous approved limit of Rs.5.000 million to Rs.12.500 million on account of transactions among Associated Companies of the Group, which fall under normal trade transactions for sale and purchase of store and spare parts, purchase of raw materials and certain other related transactions not falling within the preview of section 208 of the repealed Companies Ordinance, 1984 (now section 199 of the Companies Act, 2017) or the regulations made thereunder.
- 36.2** Dr. Shahin Kuli Khan Khattak, a non-executive director with effect from July 01, 2022, has been appointed as Executive Director Public Relations (EDRP) at a gross salary of Rs.600,000 per month in addition to utilities and other perquisites. The salary and other expenses of EDPR are being shared with five other Associated Companies on a pro rata basis.
- 36.3** The Company, Janana De Malucho Textile Mills Ltd. and Rahman Cotton Mills Ltd. (Associated Companies), on January 01, 2023, have entered into a lease rental agreement with the Company's Chief Operating Officer (COO) whereby property owned by COO situated at Tufail Road, Lahore has been rented at monthly rent of Rs.465,000. The rent and utilities are being shared by the Company and above mentioned Associated Companies on a pro rata basis.

36.4 Maximum aggregate debit balance of Associated Companies at any month-end during the year was Rs.11,213 thousand (2022: Rs.3,580 thousand).

36.5 The related parties of the Company comprise of Associated Companies, its directors, key management personnel and employees' provident fund. The Company in the normal course of business carries-out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Amounts due to / from them are disclosed in the relevant notes. The transactions with related parties are made at normal market prices.

36.6 Name and nature of relationship

Associated Companies and Undertaking

Due to significant influence

Janana De Malucho Textile Mills Ltd. 25.24% (2022: 25.24%) shares held in JDM.

Due to common directorships

Rahman Cotton Mills Ltd.

Gammon Pakistan Ltd.

Bibojee Services (Pvt.) Ltd.

The Universal Insurance Company Ltd.

Waqf-e-Kuli Khan

The Ghandhara Tyre and Rubber Company of Pakistan Ltd.

Ghandhara Automobiles Ltd.

Ghandhara Industries Ltd.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

36.7 Significant transactions with the related parties

| Name | Nature of relationship | Nature of transaction | 2023 Rupees in thousand | 2022 |
|--------------------------------------|------------------------|---|----------------------------|--------|
| Janana De Malucho Textile Mills Ltd. | Associated Company | Purchase of raw-materials | 4,128 | 8,999 |
| | | Utilities / expenses paid | 274 | 155 |
| | | Salaries & benefits paid | 2,320 | 2,451 |
| Gammon Pakistan Ltd. | -do- | Rent accrued: | | |
| | | - current year | 4,292 | 3,109 |
| | | - prior years | 7,230 | 0 |
| | | Utilities / expenses paid | 637 | 637 |
| Chief Operating Officer | | Rental paid | 1,860 | 0 |
| The Universal Insurance Company Ltd. | | Share in salaries & benefits paid to EDPR | 1,590 | 0 |
| Ghandhara Automobiles Ltd. | | Purchase of vehicles | 16,820 | 0 |
| Key management personnel | | Salaries and benefits | 45,013 | 57,610 |
| Contribution towards provident fund | | | 5,308 | 5,294 |

37. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, lease liabilities, mark-up bearing short term finances less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2023 and June 30, 2022 is as follows:

| | 2023 | 2022 |
|---|--------------------|------------------|
| | Rupees in thousand | |
| Lease liabilities | 20,083 | 6,923 |
| Short term finances | 416,745 | 377,528 |
| Cash and bank balances | (55,186) | (31,011) |
| Net debt | 381,642 | 353,440 |
| Share capital | 95,063 | 95,063 |
| Share premium reserve | 19,445 | 19,445 |
| Revaluation surplus on property, plant and equipment | 2,766,738 | 2,472,015 |
| General reserve | 154,055 | 154,055 |
| (Accumulated loss) / unappropriated profit | (191,670) | 152,629 |
| Equity | 2,843,631 | 2,893,207 |
| Capital | 3,225,273 | 3,246,647 |
| Gearing ratio (Net debt / (Net debt + Equity)) | 11.83% | 10.89% |

38. OPERATING SEGMENT

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

- 38.1** Fabric and blanket sales represent 99.99% (2022: 99.95%) of the total gross sales of the Company.
- 38.2** All of the Company's sales relate to customers in Pakistan.
- 38.3** All non-current assets of the Company as at June 30, 2023 are located in Pakistan.
- 38.4** Eight (2022: seven) of the Company's customers having sales aggregating Rs.946.183 million (2022: Rs.896.643 million) contributed towards 77.33% (2022: 75.80%) of the Company's gross sales. Three (2022: Three) out of eight (2022: seven) customers individually exceeded 10% of total gross sales.

39. CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in woollen spinning / weaving mills since it fluctuates widely depending on various factors such as types of material used, count of yarn spun, spindles' speed, twist, the present working condition of the machinery, specification of various products manufactured from time to time and power break downs, etc. Estimated capacity based on single working shift along with the actual production based on three shifts working is given below:

| Yarn | 2023 | 2022 |
|---|------------------|-------------|
| Number of spindles installed | 3,794 | 3,794 |
| Number of spindles/shifts worked | 1,620,603 | 1,857,960 |
| Installed capacity at 5 Nm count (Kgs.) | 2,391,094 | 2,391,094 |
| Actual production converted into 5 Nm count (Kgs.) | 1,008,516 | 1,170,720 |
| Number of shifts worked | 747 | 906 |
| Cloth | | |
| Number of looms installed | 50 | 50 |
| Number of looms/shifts worked | 14,634 | 16,310 |
| Installed capacity of 50 operational looms at 30 picks (Meters) (single shift) | 1,647,752 | 1,647,752 |
| Actual production converted into 30 picks (Meters) (03 shifts) | 1,223,495 | 1,443,118 |
| Number of shifts worked | 638 | 604 |

39.1 The Company's mills, during the current financial year ended June 30, 2023, had remained closed for 48 days due to current economic situation and its effect on the inability of the banks to open letters of credit for import of raw materials.

39.2 The management, subsequent to the reporting date due to shortage of raw materials, has decided to temporarily shut down its production activities from July 02, 2023 to July 15, 2023.

39.3 During the financial year ended June 30, 2023, the Company produced 74,348 meters (2022: 32,455 meters) of cotton fabric externally by outsourcing.

40. NUMBER OF EMPLOYEES

| | ---- Numbers ---- | |
|---|--------------------------|-----|
| Number of permanent persons employed as at June 30, | 579 | 577 |
| Average number of permanent employees during the year | 569 | 569 |

41. PROVIDENT FUND RELATING DISCLOSURES

The Company, during the financial year ended June 30, 2018, has introduced funded contributory employees' provident fund scheme for all its permanent and eligible employees. The following information is based on the audited financial statements of the provident fund:

| | 2023 | 2022 |
|---|--------------------|---------------|
| | Rupees in thousand | |
| Size of the fund - total assets | <u>52,721</u> | <u>47,221</u> |
| Cost of investments made in Regular Income Certificates | <u>47,500</u> | <u>29,500</u> |
| Fair value of investments made | <u>47,500</u> | <u>29,500</u> |
| | ----- % ----- | |
| Percentage of investments made | <u>90.10</u> | <u>62.47</u> |


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

42. DATE OF AUTHORISATION FOR ISSUE

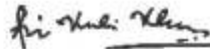
These financial statements were authorised for issue on September 30, 2023 by the board of directors of the Company.

43. CORRESPONDING FIGURES

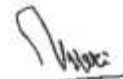
Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements and re-classifications have been made in these financial statements.



Shahnaz Sajjad Ahmad
Chief Executive



Lt. Gen. Retd. Ali Kuli Khan
Director



Kalim Aslam
Chief Financial Officer

BANNU WOOLLEN MILLS LIMITED

FORM OF PROXY

I _____, of _____ being a member of the Bannu Woollen Mills Limited and holder of _____ Shares as per Folio No. _____ and/or CDC Participation ID # _____ and Sub Account # _____ do hereby appoint Mr. _____ of _____ or failing him/her Mr. _____ of _____ having Folio No. _____ CDC Participation ID # _____ and Sub Account # _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the company scheduled to be held on Monday, the October 23, 2023 at 09:00 a.m., and at any adjournment thereof at registered office of the company D.I. Khan Road, Bannu

At witness my/our hand this _____ day of _____ 2023.

1. Name _____
 N.I.C _____
 Address _____

Please affix
 Revenue Stamps
 of Rs. 5/-

2. Name _____
 N.I.C _____
 Address _____

Member's signature

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

Notes:

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

بنوں وولن ملز لمیٹیڈ پراکسی فارم

میں ام۔ ساکن۔ ضلع۔
 بحیثیت ممبر بنوں وولن ملز لمیٹیڈ۔ (شیرز کی تعداد)
 رجسٹرڈ کارڈ نمبر۔ اور ایسی ڈی سی فو لیکو آئی ڈی نمبر۔ اور ڈی ای اکاؤنٹ نمبر۔
 مسی اسماء۔ ساکن۔ کو
 کمپنی کے اجلاس عام میں جو کہ 23 اکتوبر 2023 بروز جمعرات 09:00 بجے کمپنی کے رجسٹرڈ آفس، ڈی۔ آئی۔ خان روڈ، بنوں میں منعقد ہوگا، میری انہاری طرف سے
 بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں کرتے ہیں۔

دستخط حصص داران

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

گواہان:

نام۔

پتہ۔

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر۔

پاسپورٹ نمبر۔

تاریخ: _____

دستخط۔

نام۔

پتہ۔

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر۔

پاسپورٹ نمبر۔

تاریخ: _____

نوٹ:

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

