

BIBOJEE GROUP



60th
ANNUAL
REPORT

2020

BANNU
WOOLLEN MILLS LIMITED

Bannu Woollen Mills Ltd.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY'S PROFILE

Board Of Directors	Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Raza Kuli Khan Khattak Lt. Gen. (Retd.) Ali Kuli Khan Khattak Syed Zubair Ahmed Shah - NIT Mr. Abdul Rehman Qureshi - Independent Brig. (Retd.) Agha Arshad Raza - Independent	Chairman Chief Executive
Audit Committee	Mr. Abdul Rehman Qureshi Syed Zubair Ahmed Shah Brig. (Retd.) Agha Arshad Raza	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Abdul Rehman Qureshi Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Syed Zubair Ahmed Shah Brig. (Retd.) Agha Arshad Raza	Chairman Member Member Member Member
Chief Financial Officer	Mr. A.R. Tahir Chief Operating Officer (COO)	
Company Secretary	Mr. Azher Iqbal - ACA	
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 3-C, LDA Flats, First Floor, Lawrance. Road, Lahore. Tel: 042-36283096-97, Fax: 042-36312550 Email: 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 Bwmltd2K@Gmail.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.

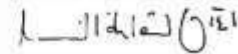
WE SHALL STRIVE TO INNOVATE AND INTRODUCE ALTERNATE USES OF PRODUCTS TO BROADEN OUR CUSTOMER BASE TO HELP STRENGTHEN THE PHYSICAL INFRASTRUCTURE OF THE COUNTRY.”

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 60th Annual General Meeting (AGM) of the of the Company will be held on Tuesday the **October 20, 2020** at 08:30 A.M. at its registered office, Bannu Woollen Mills Ltd., D. I. Khan Road, Bannu to transact the following business:-

1. To confirm the minutes of the extraordinary general meeting held on May 21, 2020.
2. To receive, consider and adopt the annual audited Financial Statements of the Company for the year ended June 30, 2020 together with directors' and auditors' reports thereon.
3. To appoint auditors for the financial year 2020-21 and to fix their remuneration. The retiring auditors M/s ShineWing Hameed Chaudhri and Company, Chartered Accountants, Lahore being eligible have offered themselves for re-appointment.
4. To consider any other business with the permission of the Chair.

By the order of the Board



Azher Iqbal
Company Secretary

Bannu
September 28, 2020

NOTES:

- i. The register of members of the Company will remain closed from October 12, 2020 to October 20, 2020 (both days inclusive). Transfers received in order by the Company's Shares Registrar, M/s. Vision Consulting Limited, 3-C LDA Flats, 1st Floor, Lawrence Road, Lahore by the close of business up to (5.00 pm) on October 09, 2020 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.
- ii. A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed must be deposited at the registered office of the company at least 48 hours before the time of meeting.
- iii. 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 Board's resolution/Power of Attorney with specimen signatures required for the purpose.
- iv. Pursuant to provisions of section 134 of the Act, if the company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least seven days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.
- v. Members are requested to notify immediately any change in their addresses.
- vi. The notice of Annual General Meeting has also been posted on the Company's website.

نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کا 60 واں سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر، ڈی آئی خان روڈ، بنوں میں بروز منگل 20 اکتوبر 2020ء کو صبح 08:30AM بجے مندرجہ ذیل کاروبار کے لین دین کے لئے منعقد ہوگا۔

- 1- 21 مئی 2020ء کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ سالانہ آڈیٹڈ مالیاتی تفصیلات 30 جون، 2020ء پر غور کرنا اور اس کا حصول اور منظوری۔
- 3- مالی سال 2020-2021 کے لئے آڈیٹرز کا تقرر اور معاوضہ طے کرنا۔ بطور آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ، لاہور نے خود کو دوبارہ تقرری کے لئے پیشکش کی ہے۔
- 4- صاحب صدر کی اجازت سے کسی دیگر امور پر غور و خوض۔

بحکم بورڈ

انجینئر نسیم الحق
اظہار اقبال
کمپنی سیکریٹری

بنوں

مورخہ: 28 ستمبر، 2020

نوٹس:

- 1- کمپنی کی حصص منتقلی کی کتابیں 12 اکتوبر 2020ء تا 20 اکتوبر 2020ء (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے حصص کی منتقلی بذریعہ شیئر رجسٹر اریسرز ویشن کنسلٹنگ لیمنڈ، C-3، ایل ڈی اے فلیٹس، فرسٹ فلور، لارنس روڈ، لاہور ہوئی ہیں، جس میں 09 اکتوبر، 2020ء کو شام 5 بجے تک کاروبار بند ہونے پر تبادلہ خیال کرنے والوں کے نام پر اندراج کے لئے غور کیا جائے گا، جو کہ سالانہ اجلاس عام میں شرکت اور ووٹنگ کے لئے اہل ہوں گے۔
- 2- اجلاس میں شرکت اور ووٹ دینے کا مستحق کوئی رکن اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر رکن کو اپنا اپنی پراکسی مقرر کر سکتا رہ سکتی ہے۔ پراکسی کی تقرری اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو لازماً وصول ہو جانی چاہئے۔
- 3- بصورت سی ڈی سی اکاؤنٹ ہولڈرز اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔ کارپوریٹ اداروں کے نمائندے اس مقصد کے لئے درکار نمونوں کے دستخط بمعہ بورڈ کی قرارداد / پاور آف اٹارنی ساتھ لائیں۔
- 4- کمپنیز ایکٹ 2017، سیکشن 134 کے تحت اگر کمپنی اجلاس میں حصہ لینے کے لئے جغرافیائی مقام پر رہنے والے مجموعی 10% یا اس سے زیادہ حصص رکھنے والے ارکان سے، اجلاس کی تاریخ سے 7 دن پہلے ویڈیو کانفرنس کے ذریعے رضامندی حاصل کرتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت مہیا کرے گی۔
- 5- ممبران سے درخواست ہے کہ اپنے پتوں میں تبدیلی اگر کوئی ہو تو کمپنی کو فی الفور مطلع فرمائیں۔
- 6- سالانہ اجلاس عام کا نوٹس کمپنی کی ویب سائٹ پر بھی شائع کیا گیا ہے۔

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, 2020.

BUSINESS REVIEW

The COVID-19 pandemic has appeared as a major event forcing the world into a lock-down and limiting the economic activity across the board. Countries around the globe have set-up relief programs to contain the social and economic consequences of the pandemic. For Pakistan, this has come at a time when the country was heading towards some economic stability. Emergence of the pandemic has dampened the country's economic growth. This has led to downside risks posed to consumer demand amidst temporary business shut-downs and delayed harvest of crops. As a result, the economy contracted to 1.91% in FY20 instead of previous growth target of 3%. The collective impact of higher sales tax, shrinking GDP, PKR devaluation and the COVID-19 lockdown, has greatly impacted the operations of the textile industry. The numerous financial stimulus packages by the Government are likely to mitigate the impact of the outbreak on the most vulnerable social segments while also extending much needed support to the affected businesses.

The overall economic situation along with outbreak of COVID-19 pandemic negatively impacted the Company's performance. Under these difficult circumstances, the Company incurred a loss after tax of Rs. 47.968 million compared to loss of Rs. 17.083 million in the last year. During the current year under review a substantial decline in sales revenue was witnessed. The financial highlights of the current year are:

Net sales decreased by 52.01% to Rs. 328.713 million

Gross profit decreased to Rs. 108.010 million from Rs. 166.969 million

Loss per share of Rs. 11.43

OVERALL PERFORMANCE AND EFFECTIVENESS OF THE BOARD

The Board meets once every quarter to consider and approve the financial and operating results of the Company. During current financial year 2019-2020, six board meetings have been conducted. The board strictly monitored its own performance along with the performance of its sub-committees. In addition, the board also ensured compliance with all applicable rules and best practices of the Company.

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

The Company has an independent Internal Audit department and follows a risk based audit methodology. Internal Audit reports are presented to Board audit committee on quarterly basis and areas for improvement are highlighted.

BUSINESS RISKS, CHALLENGES AND FUTURE OUTLOOK

The Government has taken several measures to revive the economy including significant cut in import duties, zero tariff for basic industrial raw materials and waiver of sales tax, income tax and additional income taxes. The COVID-19 indicators in Pakistan are showing a definite slowdown in Pakistan. More recently, the government has lifted restrictions for different economic sectors conditional on the future course of the pandemic and imposition of strict SOPs. If this easing continues smoothly, economic activity should pick up in coming months. Once the economy recoups, it is expected that it will resume its growth momentum which would boost the demand for the Company's products also.

In line with the Company's vision and mission statement, the focus of the Company's management will remain on delivery of quality products and sound business plans for overall success of the Company. I am confident that the Company will be successful in meeting the future challenges and will resume momentum in forthcoming winter season, resultantly will achieve budgeted targets. Financial and market risks relating to the business of the Company, please refer note 33 to the financial statements.

The sales revenue is expected to grow during the year ending June 30, 2021 and resultantly the bottom line of financials will also improve. The liquidity issues will also resolve and sufficient working capital will be available to run the operations of the Company.

Under the present conditions, the Company will remain exposed to the risk of adverse fluctuation in the Pak Rupee vs. US\$ parity, however, the impact will be diluted as declining trend is being witnessed in imported wool prices.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank all the customers, suppliers, banks and the shareholders for their trust, confidence and continuous support for the Company in these difficult times. I am hopeful that country's economic situation would improve which along with some positive measures by the Government to support textile industry would result in improvement in Company's performance.

I look forward to the next year with increased confidence in meeting the challenges ahead.

September 22, 2020
Rawalpindi


(Ahmad Kuli Khan Khattak)
Chairman

DIRECTORS' REPORT

The Directors of the company are pleased to present their report together with the annual report of the Company and the audited financial statements for the year ended June 30, 2020.

THE FINANCIAL HIGHLIGHTS OF THE COMPANY FOR THE YEAR ENDED JUNE 30, 2020 ARE AS FOLLOWS:-

	Year ended June, 30		Favorable / (Unfavorable) %
	2020	2019	
	Rs. In thousand		
Sales - net	328,713	684,911	(47.99)
Gross Profit	108,010	166,969	(64.69)
Profit from Operations	4,373	17,719	(24.68)
Loss before taxation	(122,436)	(22,794)	(537.14)
Taxation	(13,789)	(5,711)	(241.43)
Loss after taxation	(108,647)	(17,083)	(636.00)
Loss per share (Rupees)	(11.43)	(1.80)	

OPERATING PERFORMANCE REVIEW

With the installed capacity of 3,794 woollen spindles and 50 shuttle less looms (2019: capacity was 3,794 woollen spindles and 50 shuttle less looms), the Company has produced 474,274 Kgs of 5 Nm of count yarn and 494,507 meters cloth based on 30 picks in year under review as compared to 779,642 Kgs of 5 Nm of count yarn and 1,093,687 meters cloth based on 30 picks for the year ended June 30, 2019.

In order to fulfill the production orders of mills' dealers, the Board of directors of the Company decided to resume the second shift of production operations w.e.f. March 16, 2020 and decided to continue with two production shifts till further notice. It is to be noted that the depressed sales and higher finance cost during the current year under review have had a negative impact on financial performance.

DIVIDENDS

Considering the current financial position, the directors have recommended cash dividend of Rs. Nil per share i.e. Nil% (June 30, 2019: Rs. Nil% per share).

ECONOMY OVERVIEW

The COVID-19 pandemic has appeared as a major event forcing the world into a lock-down and limiting the economic activity across the board. Countries around the globe have set-up relief programs to contain the social and economic consequences of the pandemic. For Pakistan, this has come at a time when the country was heading towards some economic stability. Emergence of the pandemic has dampened the country's economic growth. This has led to downside risks posed to consumer demand amidst temporary business shut-downs. The collective impact of higher sales tax, shrinking GDP, PKR devaluation and the COVID-19 lockdown, has greatly impacted the operations of the textile industry.

The numerous financial stimulus packages by the Government helped to mitigate the impact of the outbreak on the most vulnerable social segments while also extending much needed support to the affected businesses. Substantial reduction in policy rate by State Bank of Pakistan (SBP) was also a good sign for capital markets and business environment in the country. Its impact on the economy is to be seen in FY 2021 and will have a positive impact on the Company.

FUTURE PROSPECTS

A relief from Covid-19 may bring some improvement for the textile industry and economy at large. ECC of the Cabinet approved a special relief package to further continue the provision of subsidized electricity at 7.5 US cents per KWH. Depreciation of Pak Rupee has been a concern, as the Company will remain exposed to the risk of adverse fluctuation in the Pak Rupee vs. US\$ parity. Financial and market risks relating to the business of the Company, please refer note 33 to the financial statements.

The management is confident to achieve the planned results for the next year. The sales revenue is expected to grow during the year ending June 30, 2021 and resultantly the bottom line of financials will also improve, as Byma cloth demand will increase in upcoming winter season which is not produced in last three years, also mill dealers have placed enough orders that sales revenue will exceed as compared to last year. The liquidity issues will also resolve and sufficient working capital will be available to run the operations of the Company.

Going forward, we remain committed to improve our operations, to be more innovative, efficient and profitable to deliver sustainable returns to our 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) for 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, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no 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 CCG Regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2020, except for those disclosed in the financial statements.

COMPOSITION OF THE BOARD

The Directors of the Company were re-elected in Extraordinary General meeting of the Company held on May 21, 2020. The Board comprised of two independent Directors, four other non-executive Directors and one executive Director.

Apart from their mandatory job requirements, the performance of the Board of our Company is evaluated annually along the following parameters, both individually and collectively:

1. Effectiveness in bringing in a mix of gender, talents, skills and diversified perspectives.
2. Integrity, credibility, trustworthiness and active participation of members.
3. Follow-up and review of annual targets set by the management.
4. Ability to provide guidance and direction to the Company.
5. Ability to identify aspects of the organization's performance requiring action.
6. Review of succession planning of management.
7. Ability to assess and understand the risk exposures of the Company.
8. Contribution and interest in regard to improving health safety and environment, employment and other policies and practices in the Company.
9. Safeguarding the Company against unnecessary litigation and reputational risk.

The overall performance of the Board measured on the basis of the above mentioned parameters for the year was satisfactory. The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The Board is also effective in formulating the corporate goals for the company.

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 and 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 2019-2020.

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 |

* Syed Zubair Ahmad Shah was appointed as member Audit Committee effective June 03, 2020

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 and other members of the internal audit function 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 meeting held during the year as member of the committee. The Committee met once during the year 2019-2020.

The names of committee members are as follows:

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

** Lt. Gen. (Retd.) Ali kuli Khan Khattak, Syed Zubair Ahmad Shah and Brig.(R.) Agha Arshad Raza were appointed as member Human Resource & Remuneration Committee effective June 03,2020.

MEETINGS OF BOARD AND ITS COMMITTEES IN 2019-20

During the year 2019-2020 six board meetings, five audit committee meetings and one HR & Remuneration committee meeting were held. The number of meetings attended by each director during the year is given here under:

Sr. No.	Director	Status (BOD)	Committee Members		Attendance		
			AC	HR & RC	Board Meetings	Audit Committee	HR & RC
1	Mr. Raza Kuli Khan Khattak	Appointed on May 21, 2020	-	-	0 / 2	-	-
2	Lt. Gen (Retd.) Ali Kuli Khan Khattak	Re-appointed on May 21, 2020	-	✓	5 / 6	-	-
3	Mrs. Shahnaz Sajjad Ahmed	Re-appointed on May 21, 2020	-	✓	6 / 6	-	1 / 1
4	Mr. Ahmed Kuli Khan Khattak	Re-appointed on May 21, 2020	-	-	4 / 6	3 / 5	1 / 1
5	Syed Zubair Ahmed (NIT)	Re-appointed on May 21, 2020	✓	✓	6 / 6	1 / 1	-
6	Mr. Abdul Rehman Qureshi	Re-appointed on May 21, 2020	✓	✓	6 / 6	5 / 5	1 / 1
7	Brig (R) Agha Arshad Raza	Re-appointed on May 21, 2020	✓	✓	5 / 6	4 / 5	-
8	Mr. Gohar Ayub Khan	Retired on May 21, 2020	-	-	4 / 4	-	-
9	Mr. Mushtaq Ahmed Khan, FCA	Retired on May 21, 2020	-	-	2 / 4	-	-
10	Mr. Muhammad Kuli Khan Khattak	Retired on May 21, 2020	-	-	3 / 4	-	-

The Board Committees were reconstituted in June 03, 2020.

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 CCG 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

Directors Fee is paid in line with Board approval and the Company has a formal policy in this regard in accordance with the Companies Act, 2017 and the CCG Regulations. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. For information on remuneration of Director and CEO in year 2019-2020, please refer note 35 to the Financial Statements.

MATERIAL CHANGES

There have been no material changes since June 30, 2020 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 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 in 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 2020-21.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at June 30, 2020 is annexed to this report.

THANKS AND APPRECIATION

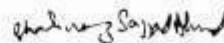
We would like to place on record deep appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and sincerity to the Company in achieving the best possible results. The Board also wishes to place on record the appreciations to all banks, customers and suppliers for continued support to the Company with zeal and dedication. The Management is quite confident that these relations and co-operation will continue in the years to come.

On behalf of the Board of Directors

On behalf of the Board of Directors



(SYED ZUBAIR AHMAD SHAH)
DIRECTOR



(SHAHNAZ SAJJAD AHMAD)
CHIEF EXECUTIVE OFFICER

Date: September 22, 2020

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ اپنی رپورٹ بمعہ 30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ اور آڈیٹڈ مالیاتی نتائج پیش کر رہے ہیں۔

کمپنی کے اس سال 30 جون 2020 کے نتائج پچھلے سال کے موازنہ کے ساتھ درج ذیل ہیں:

متغیر	سال کا اختتام	سال کا اختتام	
%	30 جون 2020	30 جون 2019	
	(روپے ہزاروں میں)		
(47.99)	328,713	684,911	خالص فروخت
(64.69)	108,010	166,969	مجموعی منافع
(24.68)	4,373	17,719	آپریٹنگ منافع
(537.14)	(122,436)	(22,794)	قبل از ٹیکس منافع
(241.43)	(13,789)	(5,711)	ٹیکس
(636.00)	(108,647)	(17,083)	بعد از ٹیکس منافع
(11.43)		(1.80)	نقصان فی حصص (روپے)

آپریٹنگ کارکردگی کا جائزہ:

3,794 ٹون سپنڈلز اور 50 لومز کا نصب صلاحیت کے ساتھ (3,794 سپنڈلز اور 50 لومز: 2019) کمپنی نے موجودہ سال میں 474,274 کلوگرام 5NM سوت اور 494,507 میٹر کپڑا 30 ٹیکس کی بنیاد پر تیار کیا جو کہ پچھلے سال 30 جون، 2019 کے جائزہ کے مطابق 779,642 کلوگرام 5Nm سوت اور 1,093,687 میٹر کپڑا 30 ٹیکس ہے۔

ملز کے ڈیلروں کی پروڈکشن آرڈرز کو پورا کرنے کے لئے، کمپنی کے بورڈ آف ڈائریکٹرز نے 16 مارچ، 2020 پیداواری کاموں کی دوسری شفٹ دوبارہ شروع کرنے کا فیصلہ کیا ہے اور اگلے نوٹس تک پروڈکشن دونوں شفٹوں کے ساتھ جاری رکھنے کا فیصلہ کیا ہے۔ واضح رہے کہ رواں سال زیر غور فروخت اور مالیات کی بڑی لاگت کا مالی کارکردگی پر منفی اثر پڑا ہے۔

منافع:

موجودہ مالیاتی پوزیشن پر غور کرنے کے بعد ڈائریکٹرز نے کیش ڈیویڈنڈ نہ دینے (صفر روپے فی حصص: 2019) کی سفارش کی ہے۔

معاشی جائزہ:

کوویڈ-19 ایک بڑے وبائی مرض کی صورت میں نمودار ہوئی ہے۔ دنیا بھر کے ممالک نے وبائی امراض کے معاشی اور معاشرتی نتائج پر قابو پانے کے لئے امدادی پروگرام ترتیب دیئے ہیں۔ یہ وبائی مرض، پاکستان کے لئے ایک ایسے وقت میں آیا ہے جب ملک معاشی استحکام کی طرف گامزن

تھا۔ اس وبا کی مرض کے ابھرنے سے ملک کی معاشی نموست ہوئی ہے۔ جس وجہ سے عارضی کاروبار بند ہونے سے صارفین کی مانگ کو منفی خطرہ لاحق ہے۔ سیکڑیکس کے مجموعی اثرات، کم ہوتی ہوئی جی ڈی پی، پاکستانی روپے کی قدر میں کمی اور کوویڈ 19 لاک ڈاؤن نے ٹیکسٹائل انڈسٹری کے کاموں کو بہت متاثر کیا ہے۔

حکومت کی طرف سے متعدد مالی ہیکچرز نے وبا کی مرض کے پھیلنے کے اثرات کو انتہائی خطرے سے دوچار معاشرتی طبقات پر قابو پانے میں مدد کی جبکہ متاثرہ کاروبار کو بھی ضروری مدد فراہم کی۔ اسٹیٹ بینک آف پاکستان کی طرف سے پالیسی کی شرح میں خاطر خواہ کمی بھی ملک میں کچھ مارکیٹوں اور کاروباری ماحول کے لئے اچھی علامت تھی۔

مستقبل کی امید:

کوویڈ 19 کی امداد، بڑے پیمانے پر ٹیکسٹائل کی صنعت اور معیشت میں کچھ بہتری لاسکتی ہے۔ کابینہ کی ای سی سی نے 7.5 فی کلوواٹ امریکی ڈالر سینٹ پر بجلی کی فراہمی جاری رکھنے کے لئے ایک خصوصی ریلیف پیکیج کی منظوری دی ہے۔ پاک روپے کی قدر میں کمی تشویش کا باعث بنی ہوئی ہے، کیونکہ اس دوران کمپنی پاک روپیہ بمقابلہ امریکی ڈالر کی برابری میں منفی اتار چڑھاؤ کے خطرہ کی زد میں رہے گی۔ کمپنی کے کاروبار سے متعلق مالی اور مارکیٹ کے خطرات، برائے مہربانی مالی تفصیلات کے نوٹ نمبر 33 سے ملاحظہ کیجئے۔

انتظامیہ اگلے سال کی منصوبہ بندی کے تحت بہترین نتائج حاصل کرنے کے لئے پراعتماد ہے۔ توقع کی جارہی ہے کہ 30 جون، 2021 کو ختم ہونے والے سال کے دوران فروخت کی آمدنی میں اضافہ ہوگا اور اس کے نتیجے میں مالی معاملات کی چلی سطح میں بھی بہتری آئے گی، کیونکہ آئینہ ہ سر دیوں کے موسم میں بیمہ کپڑے کی مانگ میں اضافہ ہوگا جو کہ پچھلے تین سالوں میں نہیں ہوا ہے، ملزڈیلرز کے مطابق پچھلے سال کے مقابلے آرڈرز کی تعداد سبز ریونیو سے زیادہ ہو جائے گی۔ لیکویڈیٹی کے معاملات بھی حل ہو جائیں گے اور کمپنی کے کاموں کو چلانے کے لئے کافی کاروباری سرمایہ دستیاب ہوگا۔

آگے بڑھتے ہوئے، ہم اپنے عمل کو بہتر بنانے، اپنے حصص یافتگان کی واپسی کو یقینی بنانے کے لئے زیادہ جدید، موثر اور منافع بخش بنانے کے لئے پرعزم ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کا نظام:

آپ کی کمپنی کے ڈائریکٹرز کوڈ آف کارپوریٹ گورننس میں پاکستان سٹاک ایکسچینج کے قوانین کی فہرست میں شامل اپنی ذمہ داریوں سے آگاہ ہیں جو کہ سکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق ہیں۔ آپ کی کمپنی نے بہتر کارپوریٹ گورننس اور ضابطہ 2019 کی مکمل تعمیل کے لئے ذیل شدہ تمام ضروری اقدامات اٹھائے ہیں۔

(1) بنوں وولن ملز لمیٹڈ کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی اسٹیٹمنٹ شفافیت کے ساتھ کمپنی کے اسٹیٹ آف افیئرز، آپریشنز کے نتائج، کیش کے بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتی ہے۔

(2) مالیاتی اسٹیٹمنٹ کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مسلسل لاگو کی جاتی ہیں اور مالیاتی تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہوتے ہیں۔

(3) کمپنی اکاؤنٹس کی کتب کو باقاعدہ مرتب رکھتی ہے۔

4) پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز پر مالیاتی اسٹیٹمنٹ کی تیاری میں عمل درآمد کیا جاتا ہے اور کسی بھی انحراف کو باقاعدہ ظاہر کیا جاتا ہے۔

5) اندرونی کنٹرول کا نظام بہترین انداز میں مرتب کیا گیا ہے۔ موخر انداز میں لاگو کیا گیا ہے اور ساتھ ساتھ اس کی باقاعدہ نگرانی بھی کی جاتی ہے اندرونی کنٹرول کی نگرانی کا عمل اس مقصد کے ساتھ جاری رہے گا کہ ان کنٹرولز کو مزید بہتر بنایا جائے۔

6) جاری و ساری منصوبوں اور امور کی انجام دہی کے لئے کمپنی کی بہترین صلاحیتوں پر کوئی شک نہیں کیا جاسکتا۔

7) لسٹنگ ریگولیشنز میں دی گئی تفصیل کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں کوئی بڑا انحراف نہیں جو بتایا گیا ہے۔

8) کسی بھی قسم کی ادائیگی، بطور ٹیکس فراہمی کی ادائیگی اور چارجز کی مد میں 30 جون 2020 کو واجب الدائمی ہے۔ علاوہ اس کے جو مالیاتی تفصیلات میں ظاہر کی گئی ہے۔

بورڈ کی تشکیل:

21 مئی، 2020 کو ہونے والے کمپنی کے غیر معمولی جنرل اجلاس میں کمپنی کے ڈائریکٹرز کا دوبارہ انتخاب ہوا، بورڈ میں دو آزاد ڈائریکٹرز، چار دیگر نان ایگزیکٹو، ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر شامل ہے۔

ان کے کاموں کے علاوہ، ہماری کمپنی کے بورڈ کی کارکردگی انفرادی اور ٹیم کی سطح دونوں کے مندرجہ ذیل متعین کے ساتھ باقاعدگی سے جانچا جاتا ہے۔

1) صنف، مہارت اور فلسفیانہ نظریات کے ایک مرکب میں لانے میں اثر اندازی۔

2) سلیت، بھروسہ، اعتماد اور رکن کی سرگرم شرکت۔

3) انتظامیہ کی طرف سے مقرر کردہ سالانہ اہداف کی پیروی اور جائزہ۔

4) کمپنی کو ہدایات اور رہنمائی فراہم کرنے کی صلاحیت۔

5) انتظامیہ کی کارکردگی کے پہلوؤں کی نشاندہی کرنے کی صلاحیت اور کارکردگی۔

6) انتظامیہ کی کامیابی کے منصوبہ بندی کا جائزہ۔

7) کمپنی کی سرمایہ کاری میں ریسک اور اسے سمجھنے کی صلاحیت۔

8) کمپنی میں صحت کی حفاظت، ملازمت و ماحول، دیگر پالیسیوں اور طریقوں کو بہتر بنانے کے حوالے سے شراکت اور دلچسپی دکھانا۔

9) ناممکن خدشات اور غیر ضروری مقدمات کے خلاف کمپنی کی حفاظت۔

مندرجہ بالا تعین کردہ ہدایات کی بنیاد پر بورڈ کی مجموعی سالانہ کارکردگی تسلی بخش ہے۔ بورڈ کے اراکین میں بورڈ کے لائحہ عمل کے تنوع کو موخر انداز میں ترتیب دیا جس میں آزاد اور نان ایگزیکٹو ڈائریکٹرز ہیں۔ بورڈ کمپنی کے متعین کردہ مقاصد کو تشکیل دینے میں بھی موخر ہے۔

آڈٹ کمیٹی:

آڈٹ کمیٹی نے بنیادی طور پر مالی اور غیر مالی معلومات کے مشترکہ حصول، داخلی کنٹرول کے نظام اور Risk کے انتظامات کے نظام اور آڈٹ کے عمل کے لئے اپنی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کی ہے۔ بورڈ انتظامیہ سے معلومات حاصل کرنے اور بیرونی آڈیٹرز یا مشیروں کے

ساتھ براہ راست مناسب مشورہ کرنے میں خود مختار ہے۔ چیف فنانشل آفیسر باقاعدگی سے اکاؤنٹس پیش کرنے کے لئے آڈٹ کمیٹی کے اجلاسوں میں دعوت کے ذریعے شرکت کرتے ہیں۔ ہر مینٹگ کے بعد چیئر مین کمیٹی نے بورڈ کو رپورٹ کی ہے، کمیٹی نے 2019-2020 کے دوران 5 بار ملاقات کی۔

ارکان کمیٹی کے نام درج ذیل ہیں:

- i. جناب عبدالرحمن قریشی چیئر مین
- ii. سید زبیر احمد شاہ ممبر
- iii. بریگیڈر (ر) آغا ارشد رضا ممبر

آڈٹ کمیٹی نے انٹرئل آڈٹ منصوبہ جات، آڈٹ کے نتائج کا مواد اور انٹرئل آڈٹ ڈیپارٹمنٹ کی تجویز کے علاوہ عبوری، ششماہی اور سالانہ مالی نتائج کا جائزہ لیا ہے۔ مندرجہ بالا کے علاوہ، آڈٹ کمیٹی ایکسٹرئل آڈیٹر سے چیف فنانشل آفیسر اور ہیڈ آف انٹرئل آڈیٹر کی غیر موجودگی میں سال میں ایک بار ملی ہے۔ آڈٹ کمیٹی ہیڈ آف انٹرئل آڈیٹر سے چیف فنانشل آفیسر اور ایکسٹرئل آڈیٹر کی غیر موجودگی میں بھی ملی ہے۔ انسانی وسائل کے انتظامات:

کمیٹی نے سینئر ایگزیکٹو کے معاوضہ سے متعلق، مینجمنٹ اور ورکرز کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے، سفارش کرنے اور انتظامی کمیٹی کے ممبران اور مینجمنٹ کمیٹی کے ممبران کے متعلق تمام معاملات کو منظور کرنے کے لئے ملاقات کی۔ کمیٹی کی CEO نے کمیٹی کے رکن کے طور پر منعقد ہونے والے انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 2019-2020 کے دوران ایک بار ملاقات کی۔

ارکان کمیٹی کے نام درج ذیل ہیں:

- i. جناب عبدالرحمن قریشی چیئر مین
- ii. لیفٹیننٹ جنرل (ر) علی قلی خان خٹک ممبر
- iii. محترمہ شہناز سجاد احمد ممبر
- iv. سید زبیر احمد شاہ ممبر
- v. بریگیڈر (ر) آغا ارشد رضا ممبر

سال 2019-20 میں بورڈ اور اس کی کمیٹیوں کے اجلاس:

سال 2019-20 کے دوران چھ بورڈ کے اجلاس، بورڈ آڈٹ کمیٹی کی چار، انسانی وسائل اور معاوضہ کمیٹی کی ایک مینٹگ منعقد کی گئی، ڈائریکٹرز کی اس سال کی حاضری درج ذیل ہے:-

ردیف	ڈائریکٹرز	اسٹینس (پورڈ آف ڈائریکٹر)	کمپنی اراکین		حاضری	
			پورڈ آف گھٹی	پورڈ آف ہائیڈرو پاور	پورڈ مینٹگ	پورڈ آف گھٹی
1	رضاقی خان خٹک	Appointed on May 21, 2020	-	-	0 / 2	-
2	لیٹنٹ ہنزل (ر) علی قلی خان خٹک	Re-appointed on May 21, 2020	-	✓	5 / 6	-
3	شہناز سجاد احمد	Re-appointed on May 21, 2020	-	✓	6 / 6	1 / 1
4	احمد علی خان خٹک	Re-appointed on May 21, 2020	-	-	4 / 6	3 / 5
5	سید زہرا احمد NIT	Re-appointed on May 21, 2020	✓	✓	6 / 6	1 / 1
6	عبدالرحمن قریشی (آزاد)	Re-appointed on May 21, 2020	✓	✓	6 / 6	5 / 5
7	برگینڈر (ر) آغا شدرضا	Re-appointed on May 21, 2020	✓	✓	5 / 6	4 / 5
8	گوہر ایوب خان	Retired on May 21, 2020	-	-	4 / 4	-
9	مشتاق احمد خان FCA	Retired on May 21, 2020	-	-	2 / 4	-
10	محمد علی خان خٹک	Retired on May 21, 2020	-	-	3 / 4	-

جو ڈائریکٹرز مینٹگ میں شرکت سے قاصر تھے انہیں چھٹی دے دی گئی۔

سی سی جی قواعد و ضابطہ کے مطابق، بورڈ نے تسلیم کیا ہے کہ اسے مستقل طور پر اپنی کارکردگی کی نگرانی اور اس میں بہتری لانے کی ضرورت ہے۔ یہ سالانہ کارکردگی کی جانچ اور بورڈ کی ترقیاتی سرگرمیوں کے ذریعے حاصل کیا جاتا ہے۔ اس ایک سال کے دوران، بورڈ نے کارکردگی کے ساتھ ساتھ انفرادی ڈائریکٹرز اور اس کی کمیٹیوں کا بھی جائزہ لیا ہے سال کے مقرر کردہ اہداف پر بورڈ کی کارکردگی تسلی بخش تھی۔

ڈائریکٹرز ریویو نیشن:

کمپنیز ایکٹ، 2017 اور CCG کے ضابطے کے مطابق اور بورڈ کی منظوری کے ساتھ ڈائریکٹرز کی فیس ادا کی جاتی ہے۔ کمپنی، مینٹگ میں شرکت کے لئے فیس کے علاوہ غیر ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی۔ 2019-2020 میں ڈائریکٹرز اور CEO کی مالی تفصیلات کی معلومات نوٹ نمبر 35 میں درج ہیں۔

مواد کی تبدیلی:

کمپنی رپورٹ کے مواد میں 30 جون، 2020 سے اب تک کوئی ایسی تبدیلی نہیں کی گئی جس کا کمپنی کی مالی حیثیت پر کوئی منفی اثر پڑے۔

مواصلات:

کمپنی حصص داران کے ساتھ مواصلات قائم رکھنے کی اہمیت پر توجہ مرکوز رکھتی ہے شیئر ہولڈرز کو سالانہ، ششماہی اور سہ ماہی رپورٹس کمپنیز ایکٹ، 2017 کے مطابق واضح کردہ وقت کے مطابق ارسال کی جاتی ہیں، کمپنی کی سرگرمیاں ویب سائٹ www.bwm.com.pk پر بروقت اپ ڈیٹ کی جاتی ہیں۔

صحت، تحفظ اور ماحول:

ہم اپنے ساتھ کام کرنے والے ورکرز، جو کام میں مکمل معاونت کرتے ہیں، ان کی صحت، تحفظ اور ماحول کا اعلیٰ معیار برقرار رکھنے کے لئے پراعتماد ہیں۔

اجتماعی سماجی ذمہ داری:

کمپنی مجموعی طور پر کاروباری حالات کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کے بارے میں غور و خوض رکھتی ہے۔ کمپنی اپنے تمام سٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لئے پرعزم ہے خاص طور پر اس کمیونٹی میں جس میں ہم رہتے ہیں جو کہ ہمارے لئے کسٹمرز بنانے کا باعث ہے۔

اہم آپریٹنگ اور مالیاتی اعداد و شمار (6 سالہ خلاصہ)

پچھلے 6 سال کے اہم آپریٹنگ اعداد و شمار اس رپورٹ میں منسلک ہیں۔

آڈیٹرز:

سکدوش ہونے والے آڈیٹرمیںرز شائن ونگ جمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کیا ہے، بورڈ آڈٹ کمیٹی نے آڈیٹرز کی سال 2020-21 کے لئے دوبارہ تقرری کے لئے سفارش کی ہے۔

شیئر ہولڈنگ کا طریقہ کار:

کمپنی کی 30 جون 2020 کی شیئر ہولڈنگ کا طریقہ کار اس رپورٹ میں درج ہے۔

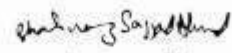
شکریہ اور قدردانی:

ہم اپنی انتظامی ٹیم کی مخلصانہ کوششوں کے بے حد شکر گزار ہیں جن کے تعاون اور اخلاص سے کمپنی نے اتنے اچھے نتائج حاصل کئے۔ بورڈ اپنے بکٹرز، کسٹمرز اور سپلائرز کا بھی بے حد ممنون و مشکور ہے جنہوں نے جوش اور لگن سے کمپنی کی مسلسل حمایت کی۔ انتظامیہ پر اعتماد ہے کہ آنے والے سالوں میں بھی یہ تعلقات اور تعاون جاری رکھے جائیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے


(سید زبیر احمد شاہ)
ڈائریکٹر

بورڈ آف ڈائریکٹرز کی جانب سے


(شہناز سجاد احمد)
چیف ایگزیکٹو آفیسر

تاریخ: 22 ستمبر 2020

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

Rs. In million

	2020	2019	2018	2017	2016	2015
			(Restated)	(Restated)		
Sales (Net)	328.713	684.911	838.619	793.305	749.408	796.977
Gross Profit	108.010	166.969	272.834	262.013	238.802	248.343
Operating Profit	4.373	17.719	125.427	101.996	104.360	106.707
Profit Before Taxation	(56.692)	(22.794)	446.922	93.971	102.562	96.330
Taxation	(13.789)	(5.711)	139.142	26.246	27.938	33.433
(loss) / Profit After Taxation	(108.647)	(17.083)	307.780	67.725	74.624	62.897
Dividend			25%	50%	50%	30%
Earning / (Loss) Per Share	(11.43)	(1.80)	32.38	7.12	7.85	6.62
Break Up Value Per Share - without revaluation surplus	102.82	106.29	109.09	80.96	108.09	102.72
Non-Current Assets	2,377.691	2,169.969	2,189.455	1,921.524	1,512.569	1,229.960
Current Assets	1,061.079	1,108.769	1,104.569	957.879	748.652	779.446
Total Assets	3,438.770	3,278.738	3,294.024	2,879.403	2,261.221	2,009.406
Share Capital	95.063	95.063	95.063	95.063	95.063	95.063
Revenue Reserves	882.389	915.358	942.012	674.580	932.423	881.440
	977.452	1,010.421	1,037.075	769.643	1,027.486	976.503
Surplus on revaluation of property, plant and equipment	1,783.140	1,591.081	1,606.310	1,620.656	827.453	556.975
Shareholders' equity	2,760.593	2,601.502	2,643.385	2,390.299	1,854.939	1,533.478
Non-Current Liabilities	123.498	111.338	139.021	203.118	267.015	237.009
Current Liabilities	554.679	565.898	511.618	285.986	139.267	238.919
	678.777	677.236	650.639	489.104	406.282	475.928
Total liabilities	3,438.770	3,278.738	3,294.024	2,879.403	2,261.221	2,009.406

FORM 34

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

PATTERN OF SHAREHOLDING

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

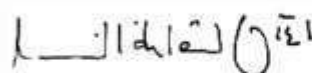
2. Name of the Company BANNU WOOLLEN MILLS LIMITED

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

4. No. of Shareholders	Shareholdings	Total Shareheld
232	Shareholding from 1 To 100	7,065
305	Shareholding from 101 To 500	111,011
185	Shareholding from 501 To 1,000	164,007
295	Shareholding from 1,001 To 5,000	718,130
63	Shareholding from 5,001 To 10,000	504,322
26	Shareholding from 10,001 To 15,000	335,472
15	Shareholding from 15,001 To 20,000	269,289
4	Shareholding from 20,001 To 25,000	90,152
6	Shareholding from 25,001 To 30,000	164,986
1	Shareholding from 30,001 To 35,000	35,000
4	Shareholding from 35,001 To 40,000	154,332
4	Shareholding from 40,001 To 45,000	170,247
2	Shareholding from 45,001 To 50,000	98,500
2	Shareholding from 50,001 To 55,000	107,076
2	Shareholding from 55,001 To 60,000	113,090
1	Shareholding from 60,001 To 65,000	60,050
1	Shareholding from 65,001 To 70,000	66,500
1	Shareholding from 70,001 To 75,000	74,290
1	Shareholding from 75,001 To 80,000	75,097
1	Shareholding from 80,001 To 85,000	83,176
3	Shareholding from 90,001 To 95,000	271,748
1	Shareholding from 95,001 To 100,000	95,062
1	Shareholding from 100,001 To 105,000	101,238
1	Shareholding from 120,001 To 125,000	123,318
1	Shareholding from 205,001 To 210,000	210,000
1	Shareholding from 240,001 To 245,000	241,500
2	Shareholding from 430,001 To 435,000	864,594
1	Shareholding from 730,001 To 735,000	731,626
1	Shareholding from 965,001 To 970,000	967,500
1	Shareholding from 2,495,001 To 2,500,000	2,497,872
1,164		9,506,250

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	495,941	5.22
5.2. Associated Companies, undertakings and related parties.	3,238,438	34.07
5.3 NIT and ICP	432,986	4.55
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,350	0.02
5.5 Insurance Companies	N.A	N.A
5.6 Modarabas and Mutual Funds	18,500	0.19
5.7 Share holders 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	4,900,789	51.55
b. Foreign	NIL	NIL
5.9 Others		
Joint Stock Companies	327,948	3.45
NBP Employees Pension Fund	42,797	0.45
NBP Employees Benevolent Fund	1,501	0.02
Trustee Avani Hotels Limited Employees Provident fund	1,000	0.01
Cdc - Trustee D. G. Khan Cement Ltd. Emp. P. Fund	45,000	0.47

6. Signature of Secretary



7. Name of Signatory

AZHER IQBAL

8. Designation

Company Secretary

9. NIC Number

3 6 3 0 2 - 6 0 3 4 6 2 2 - 7

10. Date

Day	Month	Year
3 0	0 6	2 0 2 0

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	1,349
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	431,637
3.	DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:	
	Mr. Raza Kuli Khan Khattak Director	56,573
	Mrs. Shahida Khatoon -Spouse	20,000
	Lt.Gen. (Retd) Ali Kuli Khan Khattak Director	54,076
	Mrs. Nelofar Ali Kuli Khan - Spouse	95,062
	Mrs. Shahnaz Sajjad Ahmed Chief Executive	111,435
	Mr. Ahmed Kuli Khan Khattak Chairman	56,517
	Mrs. Nasreen Ahmed Kuli Khan - Spouse	101,238
	Brig. (Retd.) Agha Arshad Raza Director	20
	Syed Zubair Ahmad Shah (NIT) Director	1,000
	Mr. Abdul Rehman Qureshi Director	20
4.	EXECUTIVES	477,554
5.	JOINT STOCK COMPANIES	327,948
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	19,850
7.	SHAREHOLDERS HOLDING 10% OR MORE:	
	M/S.BIBOJEE SERVICES (PVT) LTD.	2,497,872
	MISS ATIQA BEGUM	971,000
8.	GENERAL PUBLIC & OTHERS	4,513,533

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

Name of Company **BANNU WOOLLEN MILLS LIMITED**
 Year Ending **JUNE 30, 2020**

The Company has complied with the requirements of Code of Corporate Governance Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are seven as per the following:

a) Male	6
b) Female	1
2. The composition of the Board of Directors (the Board) is as follows:
 - a) Independent Directors**
 - i. Mr. Abdul Rehman Qureshi
 - ii. Brig. (Rtd.) Agha Arshad Raza
 - b) Other Non-executive Directors**
 - i. Lt. Gen. (Retd.) Ali Kuli Khan Khattak
 - ii. Mr. Raza Kuli Khan Khattak
 - iii. Mr. Ahmad Kuli Khan Khattak
 - iv. Syed Zubair Ahmad Shah
 - c) Executive Director**
 - i. Mrs. Shahnaz Sajjad Ahmad
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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. Out of the seven, six Directors have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per the clause 19(2) of these regulations. While the remaining director will undertake the Directors' Training Program within the stipulated time.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO 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 (R) Agha Arshad Raza | Member |

Human Resource and Remuneration Committee

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

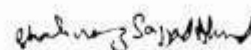
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

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

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 or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the 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 other requirements of the Regulations have been complied with.



(SYED ZUBAIR AHMAD SHAH)
DIRECTOR



(SHAHNAZ SAJJAD AHMAD)
CHIEF EXECUTIVE

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE STATEMENT
OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE
GOVERNANCE) REGULATIONS, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **BANNU WOOLLEN MILLS LIMITED** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2020.

LAHORE; September 22, 2020

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, 2020, 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, 2020 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.	Impact of COVID-19 As disclosed in note 43 to the financial statements, the COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities from March, 2020 in line with directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. In relation to the accounting and reporting obligations, the management has assessed the impact of COVID-19 related events on its financial statements. The management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas: - expected credit losses under IFRS 9, 'Financial Instruments'; - the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets'; - the net realisable value (NRV) of inventory under IAS 2, 'Inventories'; - deferred taxation in accordance with IAS 12, 'Income taxes'; - provisions and contingent liabilities under IAS 37 ; and - going concern assumption used for the preparation of these financial statements. In view of the unique nature of this event and its possible impacts on the business operations and financial reporting, we considered this area as a key audit matter to identify specific risks in relation to the financial statements and devise our audit strategy accordingly.	Our audit procedures, amongst others, included the following: - obtained an overall understanding of the impact on the financial reporting process and underlying controls in order to determine the appropriate audit strategy; - assessed the authenticity of the confirmations received; - checked subsequent recoveries, on a sample basis, and assessed the reasonableness of forward-looking factors used by the management in determination of expected credit loss for trade debts; - evaluated whether any impairment indicators exist that could trigger impairment for tangible and intangible assets; - evaluated management's assessment as to whether any provisions were required to be recorded as result of COVID-19; - checked the accuracy of deferred tax computation; - checked the reasonableness of the inputs used for calculation of NRV of inventories held to assess the adequacy of relevant provisions; - evaluated management's going concern assessment by reviewing the future projections and assessed whether going concern assumption is appropriate; and - checked the adequacy of the disclosures made by the Company under the applicable financial reporting framework.

S.No.	Key audit matters	How the matter was addressed in our Audit
2.	First time adoption of IFRS 16 As referred in note 3.1(d) to the financial statements, the Company has adopted IFRS 16 'Leases' (the standard) with effect from July 01, 2019. The standard has introduced a new accounting model for operating lease contracts for lessees. As per the new requirements, the Company is required to recognise right-of-use assets for leased assets and liabilities for the lease payments over the lease term. The application of the new standard requires management to make significant estimates and judgments such as determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgments in respect of the application of the new standard.	Our audit procedures to review the application of IFRS 16, amongst others, included the following: - evaluated the appropriateness of the new accounting policies for recognition, measurement, presentation and disclosure of lease contracts in the financial statements; - obtained an understanding of the process and controls in place for identification of lease contracts; - corroborated the completeness of leases identified by the management by reviewing and analysing the existing lease arrangements as of the date of initial application and reviewing the rent expense ledgers for the year; - performed independent checks of lease accounting computations for lease contracts through reperformance of such computations and tracing the terms with relevant contracts; - evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease terms; and - assessed the adequacy and appropriateness of disclosures in the financial statements as required under the standard and applicable financial reporting framework.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Shinewing Hameed Chaudhri & Co.

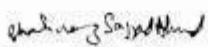
**SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

LAHORE; September 22, 2020

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

ASSETS		2020	2019
Non-current assets	Note	Rupees in thousand	
Property, plant and equipment	5	1,278,910	1,068,086
Intangible assets	6	1,929	277
Investments in Associated Companies	7	1,093,058	1,097,756
Advances	8	0	56
Security deposits		3,794	3,794
		2,377,691	2,169,969
Current assets			
Stores and spares	9	71,652	69,210
Stock-in-trade	10	676,110	533,053
Trade debts	11	282,882	483,727
Current portion of advances	8	97	193
Advances to employees - unsecured, considered good		9,569	6,618
Advance payments		1,730	2,896
Other receivables	12	801	643
Sales tax refundable		9,463	0
Income tax refundable, advance tax and tax deducted at source		6,881	7,044
Cash and bank balances	13	1,894	5,385
		1,061,079	1,108,769
TOTAL ASSETS		3,438,770	3,278,738
EQUITY AND LIABILITIES			
Equity			
Authorised capital			
20,000,000 ordinary shares of Rs.10 each		200,000	200,000
Issued, subscribed and paid-up capital	14	95,063	95,063
Capital reserves			
- share premium	15.1	19,445	19,445
- revaluation surplus on property, plant and equipment	16	1,783,140	1,591,081
Revenue reserves			
- general reserve	15.2	654,055	654,055
- unappropriated profit		208,890	241,858
Shareholders' equity		2,760,593	2,601,502
Liabilities			
Non-current liabilities			
Lease liabilities	17	4,366	0
Staff retirement benefits - gratuity	18	67,096	57,304
Deferred taxation	19	52,036	54,035
		123,498	111,339
Current liabilities			
Trade and other payables	20	98,186	150,457
Unpaid dividends		3,452	3,452
Unclaimed dividends		6,298	6,545
Accrued mark-up		13,369	11,172
Short term finances	21	423,639	385,248
Current portion of lease liabilities	17	3,850	0
Taxation	22	5,885	9,023
		554,679	565,897
Total liabilities		678,177	677,236
Contingencies and commitments	23		
TOTAL EQUITY AND LIABILITIES		3,438,770	3,278,738

The annexed notes 1 to 45 form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
 Chief Executive

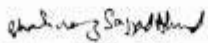

Syed Zubair Ahmad Shah
 Director


A. R. Tahir
 Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees in thousand	2019
Sales	24	328,713	684,911
Cost of sales	25	220,703	517,942
Gross profit		108,010	166,969
Distribution cost	26	22,996	43,253
Administrative expenses	27	86,979	94,289
Other expenses	28	169	12,728
Other income	29	(6,507)	(1,020)
		103,637	149,250
Profit from operations		4,373	17,719
Finance cost	30	61,065	41,759
		(56,692)	(24,040)
Share of (loss) / profit of Associated Companies - net	7	(48,280)	1,246
Impairment loss on investments in Associated Companies	7	(17,464)	0
		(65,744)	1,246
Loss before taxation		(122,436)	(22,794)
Taxation	31	(13,789)	(5,711)
Loss after taxation		(108,647)	(17,083)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
- gain / (loss) on remeasurement of staff retirement benefit obligation	18	185	(1,206)
- surplus arisen upon revaluation of property, plant and equipment	5.2	223,461	0
- deferred taxation	16.2	(16,954)	0
		206,507	0
- share of other comprehensive income of Associated Companies		68,231	258
- impact of tax	7	(19,787)	(75)
		48,444	183
		255,136	(1,023)
Total comprehensive income / (loss)		146,489	(18,106)
----- Rupees -----			
Loss per share	32	(11.43)	(1.80)

The annexed notes 1 to 45 form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive

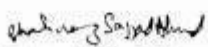

Syed Zubair Ahmad Shah
Director


A. R. Tahir
Chief Financial Officer

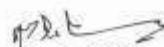
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Reserves					Total
	Capital		Revenue			
	Share capital	Share premium	Revaluation surplus on property, plant and equipment	General	Unappropriated profit	
-----Rupees in thousand-----						
Balance as at June 30, 2018	95,063	19,445	1,606,310	904,055	18,512	2,643,385
Transfer	0	0	0	(250,000)	250,000	0
Transaction with owners:						
Cash dividend at the rate of Rs.2.50 per ordinary share for the year ended June 30, 2018	0	0	0	0	(23,766)	(23,766)
Total comprehensive loss for the year ended June 30, 2019:						
- loss for the year	0	0	0	0	(17,083)	(17,083)
- other comprehensive loss	0	0	0	0	(1,023)	(1,023)
	0	0	0	0	(18,106)	(18,106)
Revaluation surplus on property, plant and equipment realised during the year on account of incremental depreciation (net of deferred taxation)						
	0	0	(5,216)	0	5,216	0
Share of revaluation surplus on property, plant and equipment of Associated Companies						
	0	0	(10,013)	0	0	(10,013)
Effect of items directly credited in equity by Associated Companies						
	0	0	0	0	10,002	10,002
Balance as at June 30, 2019	95,063	19,445	1,591,081	654,055	241,858	2,601,502
Total comprehensive income for the year ended June 30, 2020:						
- loss for the year	0	0	0	0	(108,647)	(108,647)
- other comprehensive income	0	0	206,507	0	48,629	255,136
	0	0	206,507	0	(60,018)	146,489
Revaluation surplus on property, plant and equipment realised during the year on account of incremental depreciation (net of deferred taxation)						
	0	0	(4,660)	0	4,660	0
Share of revaluation surplus on property, plant and equipment of Associated Companies						
	0	0	(9,788)	0	0	(9,788)
Effect of items directly credited in equity by Associated Companies						
	0	0	0	0	22,390	22,390
Balance as at June 30, 2020	95,063	19,445	1,783,140	654,055	208,890	2,760,593

The annexed notes 1 to 45 form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
 Chief Executive

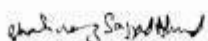

Syed Zubair Ahmad Shah
 Director


A. R. Tahir
 Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees in thousand	
Cash flows from operating activities		
Loss for the year - before taxation and share of (loss) / profit of Associated Companies - net	(56,692)	(24,040)
Adjustments for non-cash and other charges:		
Depreciation on property, plant and equipment	19,513	27,302
Depreciation on right of use assets	4,689	0
Amortisation	529	107
Provision for impairment of trade debts	150	10,706
Unclaimed payable balances written-back	(255)	(138)
Staff retirement benefits - gratuity (net)	9,977	(14,875)
Mark-up on bank deposits and dealers' balances	(2,316)	(568)
Finance cost	61,065	41,759
Gain on sale of vehicles	(1,652)	0
Loss on disposal of intangible assets	19	0
Profit before working capital changes	35,027	40,253
Effect on cash flows due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(2,442)	8,167
Stock-in-trade	(143,057)	86,236
Trade debts	200,695	(130,403)
Advances	(2,799)	13,017
Advance payments	1,166	(1,931)
Other receivables	(158)	(220)
Sales tax refundable	(9,463)	0
Decrease in trade and other payables	(52,016)	(59,517)
	(8,074)	(84,651)
Cash generated from / (used in) operations	26,953	(44,398)
Taxes paid	(8,139)	(25,310)
Net cash generated from / (used in) operating activities	18,814	(69,708)
Cash flows from investing activities		
Fixed capital expenditure	0	(5,649)
Sale proceeds of vehicles	2,150	0
Intangible assets acquired	(2,200)	0
Security deposits	0	(800)
Mark-up received on bank deposits and dealers' balances	2,316	568
Net cash generated from / (used in) investing activities	2,266	(5,881)
Cash flows from financing activities		
Lease rentals paid	(5,847)	0
Short term finances - net	38,391	135,104
Dividend paid	(247)	(20,390)
Finance cost paid	(56,868)	(35,466)
Net cash (used in) / generated from financing activities	(24,571)	79,248
Net (decrease) / increase in cash and cash equivalents	(3,491)	3,659
Cash and cash equivalents - at beginning of the year	5,385	1,726
Cash and cash equivalents - at end of the year	1,894	5,385

The annexed notes 1 to 45 form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
 Chief Executive


Syed Zubair Ahmad Shah
 Director


A. R. Tahir
 Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates, assumptions and judgments

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

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

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

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 18.

(e) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

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

3.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- (a)** Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', are effective for periods beginning on or after January 01, 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Company's financial statements.

- (b) IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments do not have any material impact on the Company's financial statements.
- (c) Amendments to IAS 28 'Investments in associates and joint ventures' are effective for annual periods beginning on or after January 01, 2019. The amendments clarify that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments do not have any significant impact on the Company's financial statements.
- (d) IFRS 16, 'Leases' primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors has not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right of use assets and lease liabilities for leases - i.e. these leases are now disclosed in the statement of financial position.

The Company has adopted IFRS 16 retrospectively from July 01, 2019, but has not restated comparatives for the year 2019, as allowed under the specific transitional provisions in the standard. On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognises the lease payments associated with these leases as an expense in statement of profit or loss.

The accounting policies relating to Company's right of use asset and related lease liabilities are disclosed in note 4.1(b), details pertaining to right of use assets are disclosed in note 5.9 and related lease liabilities are disclosed in note 17.

- (e) IFRIC 23, 'Uncertainty over income tax treatments' is effective for accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The amendments do not have any material impact on the Company's financial statements.

3.2 Standards and amendments to approved accounting standards that are not yet effective

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- (a) Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.
- (b) The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018, which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2019.

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. 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 month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

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. At initial recognition, liabilities have been discounted using the Company's incremental borrowing rates ranging from 13.69% to 16.06%. 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 Companies' equity that have not been recognised in the Associated Companies' statement of profit or loss. The Company's share of those changes is recognised directly in equity of the company.

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

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

4.9 Staff retirement benefits (defined benefit plan)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2020 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 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.

4.14 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 will either be 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 120 days past due for all shirting fabrics including blankets and shawls and 150 days past due for blazer cloth, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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
- Cash and 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 will 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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 39 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

		2020	2019
	Note	Rupees in thousand	
Operating fixed assets	5.1	1,271,536	1,068,086
Right of use assets	5.9	7,374	0
		<u>1,278,910</u>	<u>1,068,086</u>

5.1 Operating fixed assets - tangible

Particulars	Buildings on freehold land				Plant & machinery	Weigh-ment and material handling equip-ment	Tools and equip-ment	Furni-ture and fixtures	Electric fittings	Office equip-ment	Comp-uters and T.V.	Vehicles	Arms	Total
	Freehold land	Factory	Resid-ential	Others										
Rupees in thousand														
As at June 30, 2018														
Cost / revaluation	742,500	35,864	15,109	28,934	598,291	407	45	2,098	7,738	1,320	6,647	30,891	4,016	1,473,060
Accumulated depreciation	0	13,917	3,405	5,352	325,801	281	21	740	4,544	521	4,242	22,676	1,821	383,321
Book value	742,500	21,947	11,704	23,582	272,490	126	24	1,358	3,194	799	2,405	7,415	2,195	1,089,739
Year ended June 30, 2019:														
Additions	0	0	0	0	5,435	0	0	0	0	27	187	0	0	5,649
Depreciation for the year	0	1,619	863	1,739	20,320	9	2	100	311	60	708	1,409	162	27,302
Book value	742,500	20,328	10,841	21,843	257,605	117	22	1,258	2,883	766	1,884	6,006	2,033	1,068,086
Year ended June 30, 2020:														
Revaluation adjustments:														
- cost / revaluation	165,000	3,184	5,622	5,075	0	0	0	0	0	0	0	0	0	178,881
- depreciation	0	15,874	4,448	7,456	16,802	0	0	0	0	0	0	0	0	44,580
Disposals:														
- cost	0	0	0	0	0	0	0	0	0	0	0	4,478	0	4,478
- depreciation	0	0	0	0	0	0	0	0	0	0	0	3,980	0	3,980
	0	0	0	0	0	0	0	0	0	0	0	498	0	498
Depreciation for the year	0	1,640	872	1,498	13,297	6	1	63	288	38	566	1,142	102	19,513
Book value	907,500	37,746	20,839	32,876	261,110	111	21	1,195	2,595	728	1,318	4,366	1,931	1,271,536
As at June 30, 2019														
Cost / revaluation	742,500	35,864	15,109	28,934	603,726	407	45	2,098	7,738	1,347	6,834	30,891	4,016	1,478,709
Accumulated depreciation	0	15,536	4,268	7,091	346,121	290	23	840	4,855	581	4,950	24,085	1,983	410,623
Book value	742,500	20,328	10,841	21,843	257,605	117	22	1,258	2,883	766	1,884	6,006	2,033	1,068,086
As at June 30, 2020														
Cost / revaluation	907,500	39,048	20,731	34,089	603,726	407	45	2,098	7,738	1,347	6,834	25,613	4,016	1,653,112
Accumulated depreciation	0	1,302	692	1,133	342,616	296	24	903	5,143	619	5,516	21,247	2,085	381,576
Book value	907,500	37,746	20,039	32,876	261,110	111	21	1,195	2,595	728	1,318	4,366	1,931	1,271,536
Depreciation rate (%)		5	5	5	5	5	5	5	10	5	30	20	5	

- 5.2 Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 16.2, has been determined as follows:

Particulars	Freehold land	Buildings on freehold land			Plant and machinery	Total
		Factory	Residential	Others		
-----Rupees in thousand-----						
Cost / revaluation as at October 31, 2019	742,500	35,863	15,110	28,934	603,726	1,426,133
Accumulated depreciation to October 31, 2019	0	15,874	4,448	7,455	350,415	378,192
Book value before revaluation adjustments as at October 31, 2019	742,500	19,989	10,662	21,479	253,311	1,047,941
Revalued amounts	907,500	39,047	20,732	34,010	270,113	1,271,402
Revaluation surplus	165,000	19,058	10,070	12,531	16,802	223,461

- 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:

	2020	2019
	Rupees in thousand	
Freehold land	152	152
Buildings on freehold land	15,626	16,417
Plant & machinery	191,967	201,920
	<u>207,745</u>	<u>218,489</u>

- 5.4 Freehold land represents 83,466.405 square meters of land situated at D.I.Khan Road, Bannu.
- 5.5 The management as at January 01, 2019, in order to ascertain the useful life of buildings on freehold land, plant & machinery, weightment & material handling equipment, tools & equipment, furniture & fixtures, electrical fittings, office equipment and arms had carried-out an internal exercise and assessed the remaining useful life of these assets. Keeping in consideration the assessed useful life of these assets, the depreciation rates were found excessive and consequently reduced to 5% from 10% per annum except electrical fittings. The aforementioned revision was accounted for as a change in accounting estimate in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors'. The effect of this change in accounting estimate was recognised prospectively in the statement of profit or loss of the preceding financial year. Had there been no revision, loss before taxation for the preceding financial year would have been higher by Rs. 8.072 million and carrying value of operating fixed assets would have been lower by Rs. 8.072 million.
- 5.6 Based on the latest revaluation exercise carried-out on October 31, 2019, forced sale values of the Company's revalued assets have been assessed at Rs.1,057.807 million.
- 5.7 Depreciation for the year has been apportioned as under:

Cost of sales	15,233	22,261
Administrative expenses	4,280	5,041
	<u>19,513</u>	<u>27,302</u>

5.8 Disposal of vehicles

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Sold to:
----- Rupees in '000 -----							
Suzuki Wagon R	1,014	661	353	650	297	Negotiation	Mr. Shahid Mehmood, Rawalpindi.
Nissan X-Trail	3,464	3,319	145	1,500	1,355	Negotiation	Mr. Iftikhar Hussain, Islamabad.
	4,478	3,980	498	2,150	1,652		
2019	0	0	0	0	0		

5.9 Right of use assets

	Note	2020 Rupees in thousand	2019
Balance at beginning of the year		0	0
Transition effect on initial application		18,208	0
Impact of modification - net		(6,145)	0
Depreciation charged during the year	(a)	(4,689)	0
Book value at end of the year		7,374	0
(a) Depreciation for the year has been apportioned as under:			
Distribution cost		4,532	0
Administrative expenses		157	0
		4,689	0

(b) Right of use assets include Rs.4,646 thousand recognised against assets rented from related parties.

6. INTANGIBLE ASSETS - Computer software

Cost at beginning of the year		538	538
Additions during the year	6.1	2,200	0
Disposals during the year		(188)	0
Less: amortisation :			
- opening balance		261	154
- charge for the year		529	107
- on disposals		(169)	0
- as at June 30,		621	261
Book value as at June 30 ,		1,929	277

6.1 The Company has entered into SARP ERP Software Modules Implementation & Post Implementation Technical Support Services Agreement with Comsoft Business Solution (Pvt.) Ltd. The SARP ERP software costing Rs.2.200 million has been installed during the year.

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

7. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted
2020 2019
Rupees in thousand
Babri Cotton Mills Ltd. (BCM)

144,421 ordinary shares of Rs.10 each - cost **1,632** 1,632

Equity held: 3.95%

Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM **16,132** 16,588

Loss for the year - net of taxation **(15,198)** (1,543)

Share of other comprehensive income - net of taxation **2,069** 8

Share of revaluation surplus on property, plant and equipment **34,597** 35,545

39,232 52,230

Janana De Malucho Textile Mills Ltd. (JDM)

1,559,230 ordinary shares of Rs.10 - cost **27,762** 27,762

Equity held: 32.59%

Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM **291,403** 267,128

(Loss) / profit for the year - net of taxation **(33,082)** 2,789

Share of other comprehensive income - net of taxation **46,375** 175

Share of revaluation surplus on property, plant and equipment **738,832** 747,672

1,071,290 1,045,526

Carrying value under equity method of accounting **1,110,522** 1,097,756

Less: impairment loss - BCM **(17,464)** 0

1,093,058 1,097,756

7.1 Although the Company has less than 20 % voting rights in BCM as at June 30, 2020 and 2019, these Companies have been treated as Associated Companies by virtue of common directorships.

7.2 Market values of the Company's investments in BCM and JDM as at June 30, 2020 were Rs.7.896 million (2019: Rs.5.406 million) and Rs.122.602 million (2019: Rs.96.672 million) respectively.

7.3 BCM was incorporated in Pakistan on October 26, 1970 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 BCM based on its audited financial statements for the year ended June 30, 2020 is as follows:

	2020	2019
	Rupees in thousand	
Summarised statement of financial position		
Non-current assets	1,917,006	1,944,395
Current assets	532,353	1,063,252
	<u>2,449,359</u>	<u>3,007,647</u>
Non-current liabilities	257,219	278,310
Current liabilities	1,203,320	1,407,826
	<u>1,460,539</u>	<u>1,686,136</u>
Net assets	<u>988,820</u>	<u>1,321,511</u>
Reconciliation to carrying amount		
Opening net assets	1,321,511	1,360,434
Loss for the year	(387,598)	(39,018)
Other comprehensive income for the year	52,287	203
Other adjustments	2,620	(108)
Closing net assets	<u>988,820</u>	<u>1,321,511</u>
Company's share percentage 3.95% (2019: 3.95%)		
Company's share	39,058	52,200
Impairment loss / miscellaneous adjustments	(17,290)	30
Carrying amount of investment	<u>21,768</u>	<u>52,230</u>
Summarised statement of profit or loss		
Sales	<u>1,548,962</u>	<u>2,218,285</u>
Loss before taxation	<u>(381,785)</u>	<u>(95,379)</u>
Loss after taxation	<u>(387,598)</u>	<u>(39,018)</u>

7.4 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, 2020 is as follows:

Summarised statement of financial position

	2020	2019
	Rupees in thousand	
Non-current assets	3,418,922	3,437,965
Current assets	1,633,393	1,244,097
	<u>5,052,315</u>	<u>4,682,062</u>
Non-current liabilities	259,751	231,065
Current liabilities	1,497,225	1,204,244
	<u>1,756,976</u>	<u>1,435,309</u>
Net assets	<u>3,295,339</u>	<u>3,246,753</u>

Reconciliation to carrying amount

Opening net assets	3,246,753	3,238,110
(Loss) / profit for the year	(93,647)	6,296
Other comprehensive income for the year	142,310	537
Other adjustments	(77)	1,810
Closing net assets	<u>3,295,339</u>	<u>3,246,753</u>
Company's share percentage 32.59% (2019: 32.59%)		
Company's share	1,073,951	1,058,117
Miscellaneous adjustments	(2,661)	(12,591)
Carrying amount of investment	<u>1,071,290</u>	<u>1,045,526</u>

Summarised statement of profit or loss

Sales	2,754,564	3,379,664
(Loss) / profit before taxation	(60,203)	41,272
(Loss) / profit after taxation	<u>(93,647)</u>	<u>6,296</u>

- 7.5** The value of investment in BCM as at June 30, 2020 and June 30, 2019 is based on independent valuation carried-out by M/s Aamir Salman Rizwan; Chartered Accountants - a QCR rated firm, having office at 414-F, M.A. Johar Town, Lahore, engaged by the management. The recoverable amounts have been estimated based on value in use calculations. These calculations have been made on discounted cash flow based valuation methodology, which assumes gross profit margin of 9.10% (2019: 11.25%), terminal growth rate of 3.25% (2019: 5%) and capital asset pricing model based discount rate of 9.04% (2019: 12.43%).
- 7.6** The value of investments in JDM as at June 30, 2020 and June 30, 2019 is based on independent valuation carried-out by M/s Aamir Salman Rizwan; Chartered Accountants - a QCR rated firm, having office at 414-F, M.A. Johar Town, Lahore, engaged by the management. The recoverable amount has been estimated based on value in use calculations. These calculations have been made on discounted cash flow based valuation methodology, which assumes gross profit margin of 10.55% (2019: 10.90%), terminal growth rate of 3.25% (2019: 5%) and capital asset pricing model based discount rate of 9.30% (2019: 12.38%).

8. ADVANCES - Unsecured		2020	2019
Advances to employees against salary	Note	Rupees in thousand	
Opening balance		249	1,792
Add: advances made during the year		39	397
Less: deductions made during the year		(191)	(1,940)
		97	249
Less: recoverable within the following twelve months		(97)	(193)
Closing balance		0	56
9. STORES AND SPARES			
Stores		21,904	23,280
Spares		51,748	47,930
		73,652	71,210
Less: provision for slow moving stores and spares		2,000	2,000
		71,652	69,210

9.1 The Company does not hold any stores and spares for specific capitalisation.

10. STOCK-IN-TRADE

Raw materials - at warehouse	10.1	148,684	124,525
Work-in-process		51,795	37,841
Finished goods			
- own manufactured	10.2	475,631	370,283
- trading goods		0	404
		475,631	370,687
		676,110	533,053

10.1 No raw material inventory has been stated at net realisable value as at June 30, 2020 ; (raw material inventories as at June 30, 2019 included inventories costing Rs.29.260 million, which were stated at net realisable value; the amount charged to statement of profit or loss in respect of inventories write down to net realisable value worked-out to Rs.28.119 million approximately. These write downs were made based on management assessment of future usability of these inventory items comprising of wool and prevalent market conditions. The demand for coarse woollen products was declined significantly due to mild weather conditions and availability of cheap synthetic imported wool products over the past few years).

10.2 Raw materials and finished good inventories as at June 30, 2020 are pledged with National Bank of Pakistan as security for short term finance facilities (note 21).

11. TRADE DEBTS - Unsecured		2020	2019
	Note	Rupees in thousand	
Considered good		262,498	473,020
Considered doubtful		31,240	21,413
		293,738	494,433
Less: provision for impairment	11.1	(10,856)	(10,706)
		282,882	483,727

11.1 Provision for impairment

Balance at beginning of the year	10,706	0
Allowance for the year	841	10,706
Reversal during the year	(691)	0
	150	10,706
Balance at end of the year	10,856	10,706

12. OTHER RECEIVABLES

Letters of credit	102	0
Others	699	643
	801	643

13. CASH AND BANK BALANCES

Cash-in-hand	225	846
Cash at banks on:		
- current accounts	355	1,423
- dividend accounts	242	1,888
- PLS accounts	1,072	1,228
	1,669	4,539
	1,894	5,385

13.1 These carry profit at the rates ranging from 3.25% to 11.25% (2019: 2.40% to 10.25%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
--- Numbers ---			Rupees in thousand	
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
9,506,250	9,506,250		95,063	95,063

14.1 Ordinary shares held by the Associated Companies at the year-end:	2020	2019
	- - 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>

14.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

15. RESERVES	Note	2020	2019
		Rupees in thousand	
15.1 Capital - Share premium reserve:			
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>
15.2 Revenue - general reserve		<u>654,055</u>	<u>654,055</u>
16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net			
Surplus on revaluation of the Company's property, plant and equipment	16.2	1,009,711	807,864
Share of surplus on revaluation of property, plant and equipment of Associated Companies	7	773,429	783,217
		<u>1,783,140</u>	<u>1,591,081</u>

16.1 The Company had revalued its freehold land on October 01, 1978, May 15, 1999, June 30, 2004, February 20, 2011, March 31, 2012 and May 31, 2016. Buildings on freehold land and plant & machinery were revalued on October 01, 1978, June 30, 2004, February 20, 2011, March 31, 2012 and May 31, 2016. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.972.805 million.

16.2 The Company, during the year, has again revalued its freehold land, buildings on freehold land and plant & machinery. The revaluation exercise has been carried out by independent Valuers - M/s AXIS Consultants, 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.223.461 million has been credited to this account. The year-end balance has been arrived at as follows:

	Note	2020 Rupees in thousand	2019
Opening balance		834,626	841,973
Add: surplus arisen on revaluation carried-out during the year	5.2	223,461	0
Less: transferred to unappropriated profit on account of incremental depreciation for the year		(6,563)	(7,347)
		<u>1,051,524</u>	<u>834,626</u>
Less: deferred tax on:			
- opening balance of surplus		26,762	28,893
- surplus arisen on revaluation carried-out during the year		16,954	0
- incremental depreciation for the year		(1,903)	(2,131)
		<u>41,813</u>	<u>26,762</u>
Closing balance		<u>1,009,711</u>	<u>807,864</u>

17. LEASE LIABILITIES

Balance at beginning of the year	0	0
Impact of initial application of IFRS 16	18,208	0
Impact of modifications - net	(6,145)	0
Interest accrued	2,000	0
Adjusted / paid during the year	(5,847)	0
	<u>8,216</u>	<u>0</u>
Current portion grouped under current liabilities	(3,850)	0
Balance at end of the year	<u>4,366</u>	<u>0</u>

17.1 These represent lease contracts for retail outlets and marketing offices 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.5,164 thousand due to Gammon Pakistan Ltd. (a related party).

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

Particulars	Upto one year	From one to five years	Total 2020
	----- Rupees in thousand -----		
Minimum lease payments	4,743	4,780	9,523
Finance cost allocated to future periods	(893)	(414)	(1,307)
Present value of minimum lease payments	<u>3,850</u>	<u>4,366</u>	<u>8,216</u>

18. STAFF RETIREMENT BENEFITS - Gratuity

18.1 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	2020	2019
- discount rate	8.50%	14.25%
- expected rate of growth per annum in future salaries	7.50%	13.25%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

18.2 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:	2020	2019
	Rupees in thousand	
Opening balance	57,304	70,973
Current service cost	6,449	10,304
Interest cost	7,857	5,028
Benefits paid	(4,329)	(29,777)
Staff retirement benefit due but unpaid - classified as current liability	0	(430)
Remeasurements:		
- experience adjustments	502	660
- (gain) / loss due to changes in financial assumptions	(687)	546
Closing balance	67,096	57,304
Expense recognised in statement of profit or loss :		
Current service cost	6,449	10,304
Interest cost	7,857	5,028
	14,306	15,332
Remeasurement recognised in other comprehensive income	(185)	1,206

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

	2020	2019	2018	2017	2016
	----- Rupees in thousand -----				
Present value of defined benefit obligation	<u>67,096</u>	<u>57,304</u>	<u>70,973</u>	<u>203,118</u>	<u>185,062</u>
Experience adjustments on obligation	<u>(185)</u>	<u>1,206</u>	<u>2,279</u>	<u>(1,775)</u>	<u>2,332</u>

Year-end sensitivity analysis:

	Impact on defined benefit obligation		
	Change in assumption	Increase	Decrease
		Rupees in thousand	
Discount rate	1%	<u>61,810</u>	<u>73,233</u>
Salary growth rate	1%	<u>73,307</u>	<u>61,652</u>

18.3 The average duration of the defined benefit obligation as at June 30, 2020 is 9 years.

18.4 The expected contribution to defined benefit obligation for the year ending June 30, 2021 is Rs.11.913 million.

19. DEFERRED TAXATION - Net

This is composed of the following:

	Note	2020 Rupees in thousand	2019 Rupees in thousand
Taxable temporary differences arising in respect of :			
- accelerated tax depreciation allowances		<u>39,718</u>	<u>39,252</u>
- surplus on revaluation of property, plant & equipment	16.2	<u>41,813</u>	<u>26,762</u>
		<u>81,531</u>	<u>66,014</u>
Deductible temporary differences arising in respect of :			
- provision against slow moving stores and spares		<u>(580)</u>	<u>(580)</u>
- provision for impairment of trade debts		<u>(3,148)</u>	<u>(3,105)</u>
- minimum tax recoverable against normal tax charge in future years		<u>(5,155)</u>	<u>(8,294)</u>
- unused tax losses		<u>(15,303)</u>	<u>0</u>
- lease liabilities		<u>(244)</u>	<u>0</u>
- impairment loss provided for on investments in Associated Companies		<u>(5,065)</u>	<u>0</u>
		<u>52,036</u>	<u>54,035</u>

20. TRADE AND OTHER PAYABLES

Due to a related party - Gammon Pakistan Ltd.		<u>1,385</u>	<u>2,990</u>
Creditors		<u>14,108</u>	<u>13,434</u>
Advances from customers - contract liabilities		<u>2,245</u>	<u>3,463</u>
Security deposits - interest free, repayable on demand	20.1	<u>8,700</u>	<u>7,700</u>
Accrued expenses		<u>58,737</u>	<u>49,769</u>
Due to Waqf-e-Kuli Khan		<u>5,524</u>	<u>5,524</u>
Tax deducted at source		<u>44</u>	<u>3,163</u>
Workers' welfare fund		<u>4,549</u>	<u>4,549</u>
Sales tax payable		<u>0</u>	<u>28,577</u>
Staff retirement benefits (gratuity) due but unpaid	20.2	<u>1,942</u>	<u>30,940</u>
Others		<u>952</u>	<u>348</u>
		<u>98,186</u>	<u>150,457</u>

20.1 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.

20.2 During the financial year ended June 30, 2018 upon introduction of staff provident fund, gratuity benefits payable were reclassified and grouped under current liabilities. Major payments during the current financial year were as follows:

	2020 Rupees in thousand
Chief executive	9,548
Chief operating officer	12,042
Director finance	8,440

21. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.450 million (2019: Rs.450 million). NBP, during the year, charged mark-up on these finance facilities at the rates ranging from 13.22% to 15.85% (2019: 8.92% to 14.60%) per annum; mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.100 million (2019: Rs.100 million), which to the extent of Rs.76.164 million (2019: Rs.100 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 are available upto December 31, 2020.

22. TAXATION - Net

	2020 Rupees in thousand	2019 Rupees in thousand
Opening balance	9,023	37,769
Add: provision made during the year:		
- current [net of tax credit under section 65B of the Ordinance amounting Rs. Nil (2019: Rs.272 thousand)]	5,155	8,294
- prior year	9	9
	5,164	8,303
Less: payments / adjustments made during the year against completed assessments	8,302	37,049
Closing balance	5,885	9,023

22.1 Income tax assessments of the Company have been completed upto the tax year 2019 i.e. accounting year ended June 30, 2019.

- 22.2** The Company's writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) is still pending adjudication. An adverse judgment by the Court will create tax liability under section 113 of the Ordinance aggregating Rs.14.417 million.

The Finance Act, 2015 has omitted clause 126F of the Ordinance and inserted a new sub-clause (xx) of clause (11A) in part IV of the second schedule of the Ordinance wherein exemption from levy of minimum tax under section 113 of the Ordinance has been provided. The amendment would have a retrospective impact being related to tax years 2010, 2011 and 2012.

- 22.3** 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.
- 22.4** 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.
- 22.5** 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.
- 22.6** 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.
- 22.7** 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.
- 22.8** 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.

23. CONTINGENCIES AND COMMITMENTS

- 23.1** Refer contents of notes 22.2 to 22.8.

- 23.2** Commitments against irrevocable letters of credit for raw materials

2020 2019
Rupees in thousand

23,836 0

24. SALES - Net		2020	2019
	Note	Rupees in thousand	
Own manufactured:			
Fabrics and blankets		398,196	782,301
Waste		967	914
		399,163	783,215
Goods purchased for resale:			
Fabric lawn		155	14,251
		399,318	797,466
Less: sales tax		55,871	75,753
discount		14,734	36,802
		70,605	112,555
		328,713	684,911
25. COST OF SALES			
Raw materials consumed	25.1	128,796	219,395
Salaries, wages and benefits	25.2	141,444	179,434
Power and fuel		26,894	37,566
Stores and spares consumed		8,549	13,213
Repair and maintenance		13,256	14,337
Depreciation	5.7	15,233	22,261
Insurance		3,929	3,623
Others		1,500	1,920
		339,601	491,749
Adjustment of work-in-process			
Opening		37,841	29,217
Closing	10	(51,795)	(37,841)
		(13,954)	(8,624)
Cost of goods manufactured		325,647	483,125
Adjustment of finished goods			
Opening stock		370,283	389,745
Closing stock	10	(475,631)	(370,283)
		(105,348)	19,462
Cost of goods sold -own manufactured		220,299	502,587
Cost of goods sold -goods purchased for resale			
Opening stock		404	15,759
Less: closing stock	10	0	(404)
		404	15,355
		220,703	517,942

25.1 Raw materials consumed

	Note	2020 Rupees in thousand	2019
Opening stock		124,525	184,568
Add: purchases		152,955	159,352
		<u>277,480</u>	<u>343,920</u>
Less: closing stock	10	148,684	124,525
		<u>128,796</u>	<u>219,395</u>

25.2 These include contribution to staff provident fund aggregating Rs.2.544 million (2019: Rs.2.926 million). These also include staff retirement benefits - gratuity amounting Rs.13.218 million (2019: Rs.14.335 million).

26. DISTRIBUTION COST

Commission		7,138	20,967
Travelling		52	353
Rent		0	6,234
Salaries and benefits	26.1	9,065	10,508
Outward freight		290	344
Advertisement and sales promotion		279	1,079
Communication		299	586
Repair and maintenance		1,015	2,564
Vehicles' running		157	146
Depreciation on right of use assets	5.9	4,532	0
Others		169	472
		<u>22,996</u>	<u>43,253</u>

26.1 These include contribution to staff provident fund aggregating Rs.59 thousand (2019: Rs.68 thousand). These also include staff retirement benefits - gratuity amounting Rs.367 thousand (2019: Rs.491 thousand).

27. ADMINISTRATIVE EXPENSES

	Note	2020 Rupees in thousand	2019
Salaries and benefits	27.1	59,548	66,847
Travelling - directors		70	60
- others		609	627
Rent, rates and taxes		1,026	1,311
Entertainment / guest house expenses		3,190	2,121
Communication		866	785
Printing and stationery		810	870
Electricity		4,838	5,848
Insurance		84	84
Repair and maintenance		3,195	2,788
Vehicles' running		3,374	3,277
Advertisement		161	126
Subscription / papers and periodicals		701	708
Depreciation on operating fixed assets	5.7	4,280	5,041
Depreciation on right of use assets	5.9	157	0
Amortisation	6	529	107
Auditors' remuneration:			
- statutory audit		1,205	1,015
- half yearly review		217	175
- consultancy charges		246	216
- certification charges		19	16
- out-of-pocket expenses		45	45
		1,732	1,467
Legal and professional charges (other than Auditors)		1,809	2,222
		86,979	94,289

27.1 These include contribution to staff provident fund aggregating Rs.2.960 million (2019: Rs.3.581 million). These also include staff retirement benefits - gratuity amounting Rs.721 thousand (2019:Rs.506 thousand).

28. OTHER EXPENSES

Provision for impairment of trade debts - net	11.1	150	10,706
Exchange fluctuation loss-net		0	2,022
Loss on disposal of intangible assets		19	0
		169	12,728

29. OTHER INCOME

	Note	2020 Rupees in thousand	2019
Income from financial assets			
Mark-up earned on:			
- PLS accounts		709	568
- dealers' balances	29.1	1,607	0
Exchange fluctuation gain-net		2,039	0
		<u>4,355</u>	<u>568</u>
Income from other than financial assets			
Sale of empties / scrap		245	314
Unclaimed payable balances written-back		255	138
Gain on sale of vehicles	5.8	1,652	0
		<u>2,152</u>	<u>452</u>
		<u>6,507</u>	<u>1,020</u>

29.1 Mark-up has been charged on the dealers' balances due after normal credit term and grace period at the rates applicable on short term finance facilities as disclosed in note 21; (no mark-up was charged on dealers' balances during the preceding financial year).

30. FINANCE COST

Interest on lease liabilities	17	2,000	0
Mark-up on short term finances		58,894	41,638
Bank charges		171	121
		<u>61,065</u>	<u>41,759</u>

31. TAXATION

Current:			
- for the year		5,155	8,294
- for prior year		9	9
	22	<u>5,164</u>	<u>8,303</u>
Deferred:			
- for the year		(18,953)	(14,014)
		<u>(13,789)</u>	<u>(5,711)</u>

31.1 No numeric tax rate reconciliation for the current and preceding years is presented in these financial statements as the Company is liable to pay tax due under section 113 (Minimum tax on turnover) of the Income Tax Ordinance, 2001.

32. LOSS PER SHARE

	2020 Rupees in thousand	2019
There is no dilutive effect on loss per share of the Company, which is based on:		
Loss after taxation attributable to ordinary shareholders	<u>(108,647)</u>	<u>(17,083)</u>
	- - - No. of shares - - -	
Weighted average number of shares in issue during the year	<u>9,506,250</u>	<u>9,506,250</u>
	----- Rupees -----	
Loss per share - basic	<u>(11.43)</u>	<u>(1.80)</u>

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**33.1 Financial instruments by category**

2020 2019
Rupees in thousand

Financial assets**At amortised cost**

Advances to employees	9,666	6,867
Trade debts	282,882	483,727
Other receivables	699	643
Cash and bank balances	1,894	5,385
	<u>295,141</u>	<u>496,622</u>

Financial liabilities**At amortised cost**

Lease liabilities	8,216	0
Trade and other payables	91,348	110,705
Unpaid dividends	3,452	3,452
Unclaimed dividends	6,298	6,545
Accrued mark-up	13,369	11,172
Short term finances	423,639	385,248
	<u>546,322</u>	<u>517,122</u>

33.2 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.

33.3 Market risk

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

(a) Currency risk

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

	2020	2019
	Rupees in thousand	
Unfunded:		
Outstanding letters of credit - U.S.\$ 141,628 (2019: U.S.\$ Nil)	<u>23,836</u>	<u>0</u>

The following exchange rates have been applied:

	Average rate	Reporting date rate
U.S. \$ to Rupee	158.39	168.30

Sensitivity analysis

Not applicable as no funded foreign currency liability was outstanding as at June 30, 2020 and June 30, 2019.

(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:

	2020 Effective rate %	2019 %	2020 Rupees in thousand Carrying amount	2019 Rupees in thousand Carrying amount
Financial assets				
Bank balances	3.25 to 11.25	2.40 to 10.25	<u>1,072</u>	<u>1,228</u>
Variable rate instruments				
Financial liabilities				
Short term finances	13.22 to 15.85	8.92 to 14.60	<u>423,639</u>	<u>385,248</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

At June 30, 2020, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss before taxation for the year would have been higher / lower by Rs.4,236 thousand (2019: Rs.3,852 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.

33.4 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 120 days for all shirting fabrics including blankets and shawls and 150 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+	AA+	JCR - VIS
National Bank of Pakistan	A1+	AAA	PACRA

Exposure to credit risk

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

	2020	2019
	Rupees in thousand	
Security deposits	3,794	3,794
Trade debts	293,738	494,433
Bank balances	1,669	4,539
	299,201	502,766

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

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

	2020	2019
	Rupees in thousand	
Not past due	7,877	256,608
Past due 1 - 30 days	4,205	7,783
Past due 30 - 150 days	65,656	87,683
Past due above 150 days	216,000	142,359
	293,738	494,433

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.10.856 million (2019: Rs.10.706 million) against all local trade debts.

33.5 Liquidity risk

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

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

	Carrying amount	Contractual cash flows having maturity of less than one year	Contractual cash flows having maturity of more than one year
June 30, 2020	-----Rupees in thousand-----		
Lease liabilities	8,216	4,743	4,780
Trade and other payables	91,348	91,348	0
Unpaid dividends	3,452	3,452	0
Unclaimed dividends	6,298	6,298	0
Accrued mark-up	13,369	13,369	0
Short term finances	423,639	451,642	0
	546,322	570,852	4,780
June 30, 2019			
Trade and other payables	110,705	110,705	0
Unpaid dividends	3,452	3,452	0
Unclaimed dividends	6,545	6,545	0
Accrued mark-up	11,172	11,172	0
Short term finances	385,248	410,270	0
	517,122	542,144	0

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.

34. MEASUREMENT OF FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

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

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Working Director		Executives	
	2020	2019	2020	2019	2020	2019
	----- Rupees in thousand -----					
Remuneration (including bonus)	6,047	6,382	12,570	16,223	35,665	43,196
Retirement benefits	542	583	1,047	1,351	2,991	3,422
House rent	1,715	1,715	0	0	1,781	2,060
Insurance	0	0	0	0	17	16
Reimbursement of medical and other expenses	0	53	288	518	1,516	1,489
Utilities	179	136	660	671	519	580
	8,483	8,869	14,565	18,763	42,489	50,763
Number of persons	1	1	1	1	9	9

35.1 The chief executive, working director and executives have been provided with free use of the Company maintained cars. The chief executive and working director have also been provided with free use of residential telephone.

35.2 In addition to above, meeting fees of Rs.960 thousand (2019: Rs.940 thousand) were also paid to eight (2019: eight) non-working directors.

35.3 Also refer contents of note 20.2.

**36. 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, 2018	0	250,144	6,621	4,879	261,644
Changes from financing activities					
Short term finances obtained net of repayments	0	135,104	0	0	135,104
Dividend paid	0	0	(20,390)	0	(20,390)
Finance cost paid	0	0	0	(35,466)	(35,466)
	0	135,104	(20,390)	(35,466)	79,248
Other changes					
Mark-up expense	0	0	0	41,759	41,759
Dividend declared	0	0	23,766	0	23,766
	0	0	23,766	41,759	65,525
Balance as at June 30, 2019	0	385,248	9,997	11,172	406,417
Changes from financing activities					
Impact of initial application of IFRS 16	18,208	0	0	0	18,208
Liabilities repaid	(5,847)	0	0	0	(5,847)
Short term finances obtained net of repayments	0	38,391	0	0	38,391
Dividend paid	0	0	(247)	0	(247)
Finance cost paid	0	0	0	(56,868)	(56,868)
	12,361	38,391	(247)	(56,868)	(6,363)
Other changes					
Interest / mark-up expense	2,000	0	0	59,065	61,065
Impact of modification	(6,145)	0	0	0	(6,145)
	(4,145)	0	0	59,065	54,920
Balance as at June 30, 2020	8,216	423,639	9,750	13,369	454,974

37. TRANSACTIONS WITH RELATED PARTIES

37.1 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.

37.2 Maximum aggregate debit balance of Associated Companies at any month-end during the year was Rs.38 thousand (2019: Rs.54 thousand).

37.3 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.

37.4 Name and nature of relationship**Associated Companies and Undertaking****Due to significant influence**

Janana De Malucho Textile Mills Ltd.. (32.59% shares held in the Company)

Due to common directorships

Babri Cotton Mills Ltd.

Gammon Pakistan Ltd.

Bibojee Services (Pvt.) Ltd.

The Universal Insurance Company Ltd.

Waqf-e-Kuli Khan

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.

37.5 Significant transactions with the related parties

Name	Nature of relationship	Nature of transaction	2020 Rupees in thousand	2019
Janana De Malucho Textile Mills Ltd.	Associated Company	Dividend paid	0	1,829
		Purchase of raw-materials	463	1,014
		Utilities / expenses paid	2,058	1,806
		Salaries & benefits paid	868	438
Gammon Pakistan Ltd.	-do-	Rent paid	4,675	5,190
		Utilities / expenses paid	825	800
Bibojee Services (Pvt.) Ltd.	-do-	Dividend paid	0	6,245
The Universal Insurance Company Ltd.	-do-	Dividend paid	0	22
Key management personnel		Salaries and benefits	53,459	61,662

38. 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, 2020 and June 30, 2019 is as follows:

	2020	2019
	Rupees in thousand	
Lease liabilities	8,216	0
Short term finances	423,639	385,248
Cash and bank balances	(1,894)	(5,385)
Net debt	429,961	379,863
Share capital	95,063	95,063
Share premium reserve	19,445	19,445
Revaluation surplus on property, plant and equipment	1,783,140	1,591,081
General reserve	654,055	654,055
Unappropriated profit	208,890	241,858
Equity	2,760,593	2,601,502
Capital	3,190,554	2,981,365
Gearing ratio (Net debt / (Net debt + Equity))	13.48%	12.74%

39. OPERATING SEGMENT

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

- 39.1** Fabric and blanket sales represent 99.72% (2019: 98.21%) of the total gross sales of the Company.
- 39.2** All of the Company's sales relate to customers in Pakistan.
- 39.3** All non-current assets of the Company as at June 30, 2020 are located in Pakistan.
- 39.4** Five (2019: five) of the Company's customers having sales aggregating Rs.264.600 million (2019: Rs.671.266 million) contributed towards 66.42% (2019: 84.17%) of the Company's gross sales. Three (2019: two) out of five customers individually exceeded 10% of total gross sales.

40. 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:

	Note	2020	2019
Yarn			
Number of spindles installed		3,794	3,794
Number of spindles/shifts worked		837,710	1,463,923
Installed capacity at 5 Nm count (Kgs.)		2,391,094	2,391,094
Actual production converted into 5 Nm count (Kgs.)	40.1	474,274	779,642
Number of shifts worked		230	678
Cloth			
Number of looms installed		50	50
Number of looms/shifts worked		5,114	11,077
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)	40.1	494,507	1,093,687
Number of shifts worked		279	678

- 40.1** The shortfall in production capacity achieved was due to the low demand for the Company's products during the winter season as competitive products from China were available at low prices in the market. Accordingly, production shifts were curtailed as instructed by the board of directors. Number of production shifts worked during the current financial year, on an average, was 1.25 shifts as compared to 2.25 average shifts worked during the preceding financial year leading to shortfall in production capacity. Further, COVID-19 pandemic has also appeared as a major event forcing lock-downs and limiting the economic activity across the board. Presently, spinning department is operating two shifts whereas the other departments are working single shift.

41. NUMBER OF EMPLOYEES	2020	2019
	----- Numbers -----	
Number of permanent persons employed as at June 30,	396	467
Average number of permanent employees during the year	298	518

42. 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 un-audited / audited financial statements of the provident fund:

	Un-audited 2020	Audited 2019
	Rupees in thousand	
Size of the fund - total assets	39,812	26,382
Cost of investments made in Regular Income Certificates	33,300	21,500
Fair value of investments made	33,300	21,500
	----- % -----	
Percentage of investments made	83.64	81.49

- 42.1** 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.

43. IMPACT OF COVID-19 (CORONA VIRUS)

During March, 2020, Pakistan has enacted protection measures against COVID - 19 with a significant impact on daily life and supply chain. The evolution of COVID - 19 as well as its impact on Pakistan economy is very severe. The management has monitored the situation to ensure safety of its workers by introducing fool proof anti COVID - 19 measures and smooth operation of its business.

On March 23, 2020, the Government of the Khyber Pakhtunkhwa announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 24, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations with effect from April 10, 2020 and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. It is also expected that the outbreak may result in lower demand for the Company's shirting fabrics, blankets, shawls and blazer cloth in the foreseeable future. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial instruments ;
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';
- the net realisable value of inventory under IAS 2, 'Inventories ;
- deferred taxation in accordance with IAS 12, 'Income taxes'
- provisions and contingent liabilities under IAS 37 ; and
- going concern assumption used for the preparation of these financial statements.

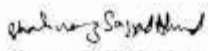
According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 22, 2020 by the board of directors of the Company.

45. 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


Syed Zubair Ahmad Shah
 Director


A. R. Tahir
 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 Tuesday, October 20, 2020 at 08:30 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 _____ 2020.

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 ولن ملز لمیٹڈ پراکسی فارم

میں اہم _____ ساکن _____ ضلع _____
 بحیثیت ممبر بنوں ولن ملز لمیٹڈ _____
 رجسٹرڈ کارڈ نمبر _____ اور ایسی ڈی سی فوکیو کا آئی ڈی نمبر _____ اور ذیلی اکاؤنٹ نمبر _____
 مسی / مساتہ _____ ساکن _____ کو
 کمپنی کے اجلاس عام میں جو کہ 20 اکتوبر 2020 بروز منگل صبح 08:30 بجے کمپنی کے رجسٹرڈ آفس، ڈی۔آئی۔خان روڈ، بنوں میں منعقد ہوگا، میری / ہماری طرف سے
 بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط حصص داران
 (دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو، ہو مطابق ہونا ضروری ہے)

گواہان:

نام _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

پاسپورٹ نمبر _____

بتاریخ: _____

دستخط _____

نام _____

پتہ _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

پاسپورٹ نمبر _____

بتاریخ: _____

نوٹ:

پراکسی کو فعال بنانے کے لئے نامزدگی کا فارم مینٹگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہئے۔ نمائندے کو کمپنی کا رکن 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۔