

SHOJEE GROUP



61st

ANNUAL

REPORT

2021

BANNU
WOOLLEN MILLS LIMITED

Bannu Woollen Mills Ltd.

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

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COMPANY'S PROFILE

Board Of Directors	<p>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(R) Agha Arshad Raza (Independent)</p>	<p>Chairman Chief Executive</p>
Audit Committee	<p>Mr. Abdul Rehman Qureshi Syed Zubair Ahmad Shah Brig(R) Agha Arshad Raza</p>	<p>Chairman Member Member</p>
Human Resource & Remuneration Committee	<p>Mr. Abdul Rehman Qureshi Lt.Gen.(Retd) Ali Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Syed Zubair Ahmed Shah -NIT Brig(R) Agha Arshad Raza</p>	<p>Chairman Member Member Member</p>
Chief Operating Officer (COO)	Mr. Khalid Kuli Khan Khattak	
Chief Financial Officer	Mr. Azher Iqbal - ACA	
Company Secretary	Ms. Jahanara Sajjad Ahmad- FCA	
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 E-Mail: info@vcl.com.pk	
Registered Office	Bannu Woollen Mills Ltd D.I.Khan Road, Bannu Tel. (0928) 615131, 611350 Fax. (0928) 611450 E-Mail bannuwoollen@yahoo.com Web Site: www.bwm.com.pk	
Mills	D.I.Khan Road, Bannu Tel. (0928) 613151, 611350 Fax (0928) 611450 E-Mail bannuwoollen@yahoo.com Web Site: www.bwm.com.pk	

VISION

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

MISSION STATEMENT

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting (AGM) of the of the Company will be held on **Saturday the October 16, 2021 at 09:00 A.M.** at its registered office, Bannu Woollen Mills Ltd., D. I. Khan Road, Bannu to transact the following business: -

ORDINARY BUSINESS:

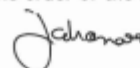
1. To confirm the minutes of the Annual General Meeting held on October 20, 2020.
2. To receive, consider and adopt the annual audited financial statements of the Company for the year ended June 30, 2021 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
3. To appoint external auditors for the financial year 2021-22 and to fix their remuneration. The retiring auditors M/s ShineWing Hameed Chaudhri and Company, Chartered Accountants, Lahore being eligible have offered themselves for re-appointment.

ANY OTHER BUSINESS

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

Bannu
September 24, 2021

By the order of the Board



Jahanara Sajjad Ahmad, FCA
Company Secretary

NOTES:**1. CLOSURE OF SHARE TRANSFER BOOKS**

The register of members of the Company will remain closed from October 09, 2021 to October 16, 2021 (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 (Share Registrar) by the close of business hours up to (5.00 pm) on October 08, 2021 will be considered in time for registration in the name of the transferees, and be eligible for the purpose of attending and voting at the AGM.

2. PARTICIPATION IN ANNUAL GENERAL MEETING:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to cast his/her vote by proxy. Proxies must be deposited at the Company's Registered Office at Bannu Woollen Mills Ltd, D.I Khan Road, Bannu, not later than forty-eight hours before the time for holding the meeting.
2. Members are requested to notify change in their address immediately to the share registrar, if any.
3. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Any individual beneficial owner having an account or sub-account with the Central Depository Company ("CDC"), is entitled to vote at this Meeting, must provide his/her Computerized National Identity Card ("CNIC") to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should provide attested copies of board of directors' resolution/powers of attorney and/or all such documents as are required under Circular No.1 dated 26th January 2000 issued by the Securities Exchange Commission of Pakistan for the purpose.
5. Members are hereby informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 and Companies Act, 2017, Companies have been allowed to circulate the Annual Reports to members through email. For this purpose, we have uploaded the Form on our company's website: www.bwm.com.pk. Members who want to avail this facility are requested to submit the request form duly filled to the Share Registrar.
6. Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in the Annual General Meeting held November 27, 2017.
7. The members who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services in the CDC.

8. If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video-link for attending the Meeting. If you wish to take benefit of this facility, please fill and send a request in the below terms to the Company at its registered address at least seven (7) days prior to the date of the Meeting:

I/We, _____ of _____, being a member of Bannu Woollen Mills Limited, holder of _____ ordinary share(s) as per Registered Folio/CDC Account No. _____ hereby opt for video link facility at _____.

Signature of Member

9. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.
10. In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, shareholders will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.
11. The audited financial statements of the Company for the year ended June 30, 2021 have been made available on the Company's website www.bwm.com.pk.
12. As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.
13. The shareholders are intimated to contact the Share Registrar for any unclaimed dividend/shares within a period of seven days after publishing this notice to meet the compliance of SECP direction #16 of 2017 dated 7 July, 2017. List of shareholders having unclaimed dividend/shares are available on the Company's website www.bwm.com.pk.
14. The shareholders holding physical shares are also required to bring their original CNIC and/ or copy of CNIC of shareholder(s) of whom he/ she/ they hold Proxy(ies). Without CNIC such shareholder(s) shall not be allowed to attend and/ or sign the Register of Shareholders/ Members at the AGM.

A. For Attending the Meeting:

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

B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/ her original CNIC or original passport at the time of the AGM.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

سالانہ اجلاس عام میں حصص یافتگان کی منظوری حاصل کرتی تھی۔

7۔ دو ممبران جنرل ڈی مندر یا انڈیا فورم میں شیئرز رکھنے میں ان سے درخواست کی جاتی ہے کہ وہ سی ڈی سی میں اپنے شرکاہدار یا بچہ اکاؤنٹ ہولڈرز کو مناسب طریقے سے نوٹیفکیشن فراہم کرنے کی اجازت دے۔

8۔ اگر ممبران جوگیل پیٹریولمنٹ کے بس (10) حصص کے مالک کسی شہر میں سکوتی ہیں تو ایسے ممبران کو کافی سے مطالبہ کر سکتے ہیں کہ وہ انہیں اجلاس میں شرکت کے لیے ویڈیو لنک کی سہولت فراہم کرے۔ اگر آپ اس سہولت سے فائدہ اٹھانا چاہتے ہیں تو براہ کرم اجلاس کی تاریخ سے کم از کم سات (7) دن پہلے کوئی ممبران کے دستخطوں کے ساتھ درخواست بھیجیں۔

میں نام، _____ ساکن _____، بحیثیت ممبران، وہاں مل جل جملہ دستخطوں کی سی ڈی سی اکاؤنٹ نمبر _____ کے مطابق _____ عام حصص کے حامل ہیں، بذریعہ _____ میں ویڈیو لنک کی سہولت کا انتخاب کرتے ہیں۔

دستخط

9۔ دو ممبران جنہوں نے ابھی تک اپنے ممبرانہ ذمہ داری کی شناختی کارڈ کی فراہمی نہیں کی ہے ان سے درخواست کی جاتی ہے کہ وہ اسے جلد از جلد ارسال کریں۔

10 کیپٹل (پولٹ) کے مطابق 2018 کے مطابق کیپٹل ایکٹ، 2017 کے مطابق 143 اور 144 کے قاعدوں سے شروع کی گئی ایجنڈا اسٹیم کے لیے اور نوٹہ کو باقاعدہ دیا گیا ہے موجودہ شرکاہدار کے مطابق شیئر ہولڈرز کو اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی۔

11۔ 30 جون 2021 کو ختم ہونے والے سال کے لیے کوئی کے آؤٹ شدہ مالی حسابات کو کافی کی ویب سائٹ www.bwm.com.pk پر دستیاب کر دیے گئے ہیں۔

12 کیپٹل ایکٹ، 2017 کے مطابق 72 کے مطابق، ہر موجودہ سلا کو اپنے فزیکل شیئرز کو ایک ایٹری فارم کے ساتھ کوئی کی طرف سے ممبرانہ میں اور نوٹہ ایجنڈا تاریخ سے ایکٹ کے آؤٹ شدہ 30 مئی 2017 سے کم از کم چار ماہوں کی مدت کے اندر تبدیل کرنے کی ضرورت ہوگی۔ فزیکل شیئر ہولڈنگ رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ کسی بھی بروکر کے پاس سی ڈی سی ایلی ایکٹ کا کوئی کھولیں یا واریسٹی سی ڈی سی کے پاس فزیکل ایکٹ کو اپنا حصے بنا کر اپنے فزیکل شیئرز کو سکرپٹس میں منتقل کر سکیں۔

13۔ شیئر ہولڈرز کو اطلاع دی جاتی ہے کہ وہ انٹرنیٹ سی ڈی سی کی پوری تاریخ 16 آگسٹ 2017 سے 7 جولائی 2017 کی تاریخ کے لئے نوٹس پڑا کی اشاعت کے بعد 7 دن کی مدت میں کسی بھی غیر رسمی شدہ ذمہ داری پورا کرنے کے لیے شیئر رجسٹر سے رابطہ کریں۔ غیر رسمی شدہ ذمہ داری پورا کرنے کے لیے www.bwm.com.pk پر دستیاب ہے۔

14۔ فزیکل شیئرز رکھنے والے شیئر ہولڈرز کو چاہیے کہ وہ اپنا اصل CNIC اور یا شیئر ہولڈرز جس کے وہ پراسی رکھتے ہیں کی CNIC کی کاپی بھی فراہم کریں۔ CNIC کے بغیر ایسے شیئر ہولڈرز کو AGM میں شرکت اور یا شیئر ہولڈرز ممبروں کے دستخط دیکھنے کرنے کی اجازت نہیں ہوگی۔

1۔ اجلاس میں شرکت کیلئے:

(i) بصورت انفرادی، اکاؤنٹ ہولڈرز یا جلی اکاؤنٹ ہولڈرز اور ایجنٹ کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات، ان کیلکولیشن کے مطابق اپ لوڈ ہیں، جو اجلاس میں شرکت کے وقت اپنا اصل کیپٹل یا ذمہ داری کی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھانا پڑے گا۔

(ii) بصورت کارپوریٹ، اجلی، بورڈ آف ڈائریکٹرز قرار دیا گیا ہے۔ ہر ممبر کے نمونہ دستخطوں کے ساتھ اجلاس کے وقت ممبرانہ کو ہونے (اگر پہلے فراہم نہیں کئے گئے)۔

2۔ پراسیور کی تقرری کیلئے

i۔ بصورت انفرادی، اکاؤنٹ ہولڈرز یا جلی اکاؤنٹ ہولڈرز اور ایجنٹ کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات، ان کیلکولیشن کے مطابق اپ لوڈ ہیں، کو نوٹہ والا ضروریات کے مطابق پراسیور کو فراہم کرنا ہوگا۔

ii۔ پراسیور کو فراہمی کوئی ایجنٹ کے نام سے ہے اور CNIC نمبر فراہم کرنا ہوگا۔

iii۔ ایجنٹس اور ذمہ داری پراسیور کی CNIC یا پاسپورٹ کی تصدیق فراہم کرنا ہوگی۔

iv۔ پراسیور کی AGM کے وقت اپنا اصل CNIC یا پاسپورٹ ممبرانہ کو دکھانا ہوگا۔

v۔ کارپوریٹ، اجلی کی صورت میں بورڈ آف ڈائریکٹرز قرار دیا گیا ہے۔ ہر ممبر کے نمونہ دستخطوں کے ساتھ اجلاس کے وقت پراسیور کو فراہم کرنا ہوگا (اگر پہلے فراہم نہیں کیا گیا)۔

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, 2021.

BUSINESS REVIEW

Pakistan has been fortunate to have been least affected by COVID-19 as it navigated the pandemic relatively well. Pakistan's economy suffered during the pandemic but a V-shaped recovery began at the mid of the reporting year. Your Company has been able to achieve continuous business operations and add value to shareholders through sustainable growth.

Economic activity has largely normalized with an improvement in the overall business environment. The effect of the pandemic has been well contained. The GDP growth rate of 3.94% exceeded all internal and external projections. Fiscal deficit was contained to 7% of GDP as compared to 8.1% during the same period last year. This mainly reflects healthy growth of 18% in FBR net tax revenue collection, which stood at Rs. 4.7 trillion. The headline inflation for 11MFY21 was recorded at 8.66% which was mainly driven by supply shocks to food, impact of energy tariff hikes and increasing commodity prices.

The overall economic situation along with well contained pandemic, the Company has encouraging results. Under these circumstances, the Company generated a profit after tax of Rs. 95.722 million compared to loss of Rs. 108.647 million in the last year. During the current year under review a substantial growth in sales revenue was witnessed. The financial highlights of the current year are:

Net sales increased by 112.69% to Rs. 699.135 million
 Gross profit increased to Rs. 189.883 million from Rs. 108.010 million
 Earnings per share of Rs. 10.07

OVERALL PERFORMANCE AND EFFECTIVENESS OF THE BOARD

The Board meets at least once every quarter to consider and approve the financial and operating results of the Company. During the financial year under review, five board meetings have been conducted and the Board has effectively discharged its responsibility towards the Company and participated in all strategic affairs diligently. The Board monitored its own performance along with the performance of its sub-committees through a Board and Committee evaluation exercise. 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 Board strives towards maintaining a healthy and safe working environment at the Company.

BUSINESS RISKS, CHALLENGES AND FUTURE OUTLOOK

The Country's financial year has commenced with positive indicators as business activity gets back to normal and investor confidence is restored. The improved vaccination drive has further

raised hopes of curbing the effect of the fourth wave of COVID 19 and aiding the economic turnaround. This will keep Pak rupee under pressure. Inflation is likely to remain elevated in the coming months due to the recent energy tariff hikes, rising food prices and potential expansionary policies. As the economy returns to full capacity and recovery becomes durable, the textile sector is expected to maintain its growth momentum.

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, with the aim to achieve a sustainable growth. Financial and market risks relating to the business of the Company, please refer note 34 to the financial statements.

The sales revenue is expected to grow during the year ending June 30, 2022 and resultantly the bottom line of financials will further 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 21, 2021
Rawalpindi


(Ahmad Kuli Khan Khattak)
Chairman

DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, we are pleased to present the Directors' Report and the audited financial statements of the Company for the year ended June 30, 2021.

THE FINANCIAL HIGHLIGHTS OF THE COMPANY FOR THE YEAR ENDED JUNE 30, 2021 ARE AS FOLLOWS:-

	Year ended June, 30		Favorable / (Unfavorable) %
	2021	2020	
	Rs. In thousand		
Sales - net	699,135	328,713	112.69%
Gross Profit	189,883	108,010	75.80%
Profit from Operations	56,017	4,373	1180.97%
Profit / (loss) before taxation	99,950	(122,436)	181.63%
Taxation	(4,228)	13,789	(130.66%)
Profit / (loss) after taxation	95,722	(108,647)	188.10%
Earnings / (loss) per share	10.07	(11.43)	

OPERATING PERFORMANCE REVIEW

With the installed capacity of 3,794 woollen spindles and 50 shuttle less looms (2020: capacity was 3,794 woollen spindles and 50 shuttle less looms), the Company has produced 888,832 Kgs of 5 Nm of count yarn and 1,282,070 meters cloth based on 30 picks in year under review as compared to 474,274 Kgs of 5 Nm of count yarn and 494,507 meters cloth based on 30 picks for the year ended June 30, 2020.

In order to fulfill the production orders of mills' dealers, the Board of directors of the Company decided to resume the third shift of production operations w.e.f. April 10, 2021 and decided to continue with three production shifts till further notice. It is to be noted that the increased sales revenue and lower finance cost during the current year under review has had a positive 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, 2020: Rs. Nil% per share).

CHAIRMAN'S REVIEW

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

ECONOMY OVERVIEW

Pakistan successfully dealt with the initial three waves of the COVID-19 pandemic with , smart lockdowns and improved containment strategies which aided in managing the reported cases and the resumption of economic activities. Pakistan is however, currently experiencing the fourth and most virulent wave of the pandemic.

The impact of the government's timely and appropriate measures is visible in the form of a V-shaped economic recovery on the back of broad-based growth across all sectors. The GDP growth rate for FY2021 stood at 3.94 percent, higher than the targeted growth of 2.1 percent, for the outgoing fiscal year. The government is monitoring the Country's situation actively and

is taking necessary measures to facilitate the agricultural and industrial sectors to avoid the downside risk and to further accelerate the economic recovery.

FUTURE PROSPECTS

With the revival of economic activities along with accelerated vaccination process, there are strong expectations about sustainable growth in FY2022. However, the risk of pandemic still exists. An increase in international commodity prices can build pressure on domestic inflation as well as on the Balance of Payments. However, the government measures to build strategic reserves especially related to food sector along with initiatives to enhance exports will act as mitigants to the associated risks. With such measures, the textile sector is expected to maintain its growth momentum.

The management expects the sales revenue to grow during the year ending June 30, 2022, as Company's products demand from our dealers has further increased for forthcoming winter season. The liquidity position will further strengthen to run the operations of the Company in a sustainable manner.

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, 2021, except for those disclosed in the financial statements.

COMPOSITION OF THE BOARD

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

equality, the Company continues to maintain female representation on the Board of Directors with one female member on the Board.

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.

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 2020-2021. The names of committee members are as follows:

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

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal audit department. In addition to above meetings, Audit Committee met with external auditors without Chief Financial Officer (CFO) and Head of Internal Audit (HIA). Audit Committee also met the head of internal audit 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 2020-2021. 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 |

MEETINGS OF BOARD AND ITS COMMITTEES IN 2020-21

During the year 2020-2021 five board meetings, five audit committee meetings and one HR & Remuneration Committee meeting were held. The attendance of the Directors and the number of their directorships in listed companies, including Bannu Woollen Mills Ltd. are given here under:

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

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 CEO in year 2020-2021, please refer note 36 to the Financial Statements.

MATERIAL CHANGES

There have been no material changes since June 30, 2021 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

COMMUNICATION

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

HEALTH, SAFETY AND ENVIRONMENT

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

CORPORATE SOCIAL RESPONSIBILITY

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

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY)

Key operating and financial data of last six years 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 2021-22.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at June 30, 2021 is annexed to this report.

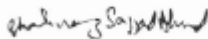
THANKS AND APPRECIATION

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



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



(SHAHNAZ SAJJAD AHMAD)
CHIEF EXECUTIVE OFFICER

Rawalpindi: September 21, 2021

ڈائریکٹرز کی حصص داران کورپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی گوشواروں اور ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی مالیاتی جھلکیاں حسب ذیل ہیں:

روپے ہزاروں میں

موزوں / (غیر موزوں) فیصد	30 جون 2020 مختتمہ سال	30 جون 2021 مختتمہ سال	
112.69%	328,713	699,135	فروخت خالص
75.80%	108,010	189,883	مجموعی منافع
1180.97%	4,373	56,017	آپریٹس سے منافع
181.63%	(122,436)	99,950	ٹیکس سے قبل منافع (تقصان)
(130.66%)	13,789	(4,228)	ٹیکسیشن
188.10%	(108,647)	95,722	ٹیکس کے بعد منافع (تقصان)
	(11.43)	10.07	آمدنی (تقصان) فی شیئر

آپریٹنگ کارکردگی کا جائزہ

کمپنی نے 30 جون 2020 کو ختم ہونے والے سال میں 3,794 دوٹن سپنڈلز اور 50 ہٹل بس لومز (2020: 3,794 دوٹن سپنڈلز اور 50 ہٹل بس لومز) کی صلاحیت کی نصب صلاحیت کے ساتھ، 30 پکس پمٹی 494,507 میٹر کپڑ اور 474,274 کلوگرام 5 Nm کاؤٹ یارن کے مقابلے میں زیر جائزہ سال میں 30 پکس پمٹی 1,282,070 میٹر کپڑ اور 888,832 کلوگرام 5 Nm کاؤٹ یارن پیدا کیا۔

ملوں کے ڈیپاز کے پروڈکشن آرڈر کو پورا کرنے کے لیے، کمپنی کے بورڈ آف ڈائریکٹرز نے پیداواری کاموں کی تیسری شفٹ 110 اپریل 2021 کو دوبارہ شروع کرنے کا فیصلہ کیا۔ اور اگلے نوٹس تک تین پیداواری شفٹوں کو جاری رکھنے کا فیصلہ کیا ہے۔ واضح رہے کہ زیر جائزہ رواں سال کے دوران فروخت آمدنی میں اضافہ اور کم فنانس لاگت نے مالی کارکردگی پر مثبت اثرات مرتب کیے ہیں۔

منافع منقسمہ

حالیہ مالی پوزیشن کو مد نظر رکھتے ہوئے، ڈائریکٹرز نے Nil روپے فی شیئر یعنی Nil% (30 جون 2020: Nil روپے فی شیئر) نقد منافع کی سٹارش کی ہے۔

چیزمین کا جائزہ

سالانہ رپورٹ میں شامل چیزمین کا جائزہ کاروباری جائزہ، کمپنی اور بورڈ کی کارکردگی، کاروباری خطرات، چیلنجز اور مستقبل کے نقطہ نظر سے متعلق ہے۔ ڈائریکٹرز

جیٹر مین کے جائزہ کے مندرجات کی توثیق کرتے ہیں۔

اقتصادی جائزہ

پاکستان نے COVID-19 وبائی بیماری کی ابتدائی تین لہروں کے ساتھ، سمارٹ لاک ڈاؤن اور روک تھام کی بہتر حکمت عملی کے ساتھ کامیابی سے نمٹا جس نے رپورٹ شدہ کیسز کو سنبھالنے اور معاشی سرگرمیوں کو دوبارہ بحال کرنے میں مدد کی۔ تاہم، پاکستان اس وقت وبا کی چوتھی اور انتہائی خطرناک لہر کا سامنا کر رہا ہے۔ حکومت کے بروقت اور مناسب اقدامات کا اثر تمام شعبوں میں وسیع بنیاد پر نمونہ پریشانی پریشانی کی صورت میں نظر آتا ہے۔ مالی سال 2021 کے لیے جی ڈی پی کی شرح نمو 3.94 فیصد رہی جو کہ رواں مالی سال کے لیے 2.1 فیصد کی ہدف نمو سے زیادہ ہے۔ حکومت ملک کی صورت حال فعال طور پر نگرانی کر رہی ہے اور زرعی اور صنعتی شعبوں کو سہولت پہنچانے کے لیے ضروری اقدامات کر رہی ہے تاکہ منفی خطرات سے بچا اور معاشی بحالی کو مزید تیز کیا جاسکے۔

مستقبل کے امکانات

ویکسینیشن کے عمل کی تیز رفتار کے ہمراہ معاشی سرگرمیوں کی بحالی کے ساتھ، مالی سال 2022 میں پائیدار نمو کے بارے میں مطمئن توقعات ہیں۔ تاہم، وبائی بیماری کا خطرہ اب بھی موجود ہے۔ بین الاقوامی ایشیا کی قیمتوں میں اضافہ مقامی افراط زر کے ساتھ ساتھ ادائیگیوں کے توازن پر بھی دباؤ ڈال سکتا ہے۔ تاہم، حکومتی اقدامات خاص طور پر فوڈ سیکورٹی سے متعلقہ اسٹریٹجک ذخائر کی تعمیر کے ساتھ ساتھ برآمدات بڑھانے کے اقدامات منسلک خطرات کے خاتمے کے لیے کام کریں گے۔ اس طرح کے اقدامات سے توقع ہے کہ ٹیکنالوجی سیکٹور اپنی نمو کی رفتار کو برقرار رکھے گا۔

جنیٹ کو وقوع ہے کہ 30 جون 2022 کو ختم ہونے والے سال کے دوران فروخت کی آمدنی میں اضافہ ہوگا، کیونکہ آئندہ موسم سرما میں ہمارے ڈیلروں سے کپنی کی مصنوعات کی طلب میں مزید اضافہ ہوا ہے۔ لیکویٹی پوزیشن کپنی کے آپریٹنگ کو پائیدار انداز میں چلانے کے لیے مزید مضبوط ہوگی۔ آگے بڑھتے ہوئے، ہم اپنے آپریٹنگ کو بہتر بنانے، اپنے حصص یافتگان کو پائیدار منافع دینے کے لیے زیادہ جدید موثر اور منافع بخش ہونے کے لیے بے غم ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

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

- 1۔ ہوں وولن ٹریڈنگ کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریٹنگ کے نتائج، بائبلٹی بھاء اور ایکٹیوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 2۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور آئندہ ان فیصلوں پر مبنی ہیں۔
- 3۔ کپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔
- 4۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔ کسی انحراف کی اچھی طرح سے وضاحت کی گئی ہے۔

- 5۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
 داخلی کنٹرول کی نگرانی کا عمل کنٹرول کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ مسلسل عمل کو جاری رکھے گا۔
- 6۔ کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7۔ کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- 8۔ ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو 30 جون 2021 میں بقایا ہوں، ماسوائے جن کا مالی حسابات میں انکشاف کیا گیا ہے:

بورڈ کی تشکیل

بورڈ دو آڈیٹرز، ایک ایگزیکٹو ڈائریکٹر اور چار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمپنی کے ڈائریکٹرز کا 21 مئی 2020 کو منعقدہ کمپنی کے غیر معمولی اجلاس عام میں دوبارہ انتخاب کیا گیا۔ صنعتی مساوات کی بورڈ پالیسی کے مطابق، کمپنی بورڈ میں ایک خاتون ممبر کے ساتھ بورڈ آف ڈائریکٹرز میں خواتین کی نمائندگی کو برقرار رکھتی ہے۔

ان کی ضروری جاب ریکوائریٹس کے علاوہ، کمپنی کے بورڈ کی کارکردگی انفرادی اور مجموعی دونوں، درج ذیل پیرامیٹرز کے ساتھ سالانہ تشخیص کی گئی ہے۔

- 1۔ صنف، ذہانت، مہارت اور متنوع نقطہ نظر کا استخراج لانے میں موثر۔
- 2۔ سالمیت، سادگی، اعتماد اور ممبروں کی فعال شرکت۔
- 3۔ انتظامیہ کی طرف سے مقرر کردہ سالانہ اہداف کی پیروی اور جائزہ۔
- 4۔ کمپنی کو رہنمائی اور دست فراہم کرنے کی صلاحیت۔
- 5۔ تنظیم کی کارکردگی کے پہلوؤں کو پہچاننے کی صلاحیت جس میں کارروائی ضروری ہو۔
- 6۔ انتظامیہ کی جانشینی منصوبہ بندی کا جائزہ۔
- 7۔ کمپنی کو درپیش خطرات کا جائزہ لینے اور سمجھنے کی صلاحیت۔
- 8۔ کمپنی میں صحت کی حفاظت اور ماحول، روزگار اور دیگر پالیسیوں اور طریقوں کو بہتر بنانے کے حوالے سے شراکت اور دلچسپی۔
- 9۔ غیر ضروری قانونی چارجے اور بدنامی کے خطرے سے کمپنی کی حفاظت کرنا۔

آڈٹ کمیٹی

آڈٹ کمیٹی بورڈ کی نگرانی کی ذمہ داریوں بنیادی طور پر شیئر ہولڈرز کو مالیاتی اور غیر مالیاتی معلومات کا جائزہ لینے اور رپورٹ کرنے میں، اندرونی کنٹرول کے نظام اور رسک مینجمنٹ اور آڈٹ عمل کو پورا کرنے میں اس کی مدد کرتی ہے۔ اسے اختیار حاصل ہے کہ وہ انتظامیہ سے معلومات طلب کرے اور مناسب سمجھے جانے والے بیرونی آڈیٹروں یا مشیروں سے براہ راست مشاورت کرے۔ چیف ٹرانزیکشن آفیسر مالی حسابات پیش کرنے کے لئے باقاعدہ طور پر آڈٹ کمیٹی کے اجلاسوں میں شرکت

کرتے ہیں۔ ہر اجلاس کے بعد کمپنی کا چیئر مین بورڈ کو رپورٹ کرتا ہے۔ کمپنی نے سال 2020-2021 کے دوران پانچ (05) اجلاس منعقد کئے۔ کمپنی ممبران کے نام درج ذیل ہیں۔

i۔ جناب عبدالرحمن قریشی چیئر مین

ii۔ سید زبیر احمد شاہ ممبر

iii۔ بریگیڈیئر (ریٹائرڈ) آغا ارشد رضا ممبر

آڈٹ کمپنی نے اندرونی آڈٹ پلان، میٹریل آڈٹ کے نتائج اور اندرونی آڈٹ ڈیپارٹمنٹ کی سفارشات کے علاوہ سماجی، ششماہی اور سالانہ مالیاتی حسابات کا جائزہ لیا ہے۔ مذکورہ بالا اجلاسوں کے علاوہ، آڈٹ کمپنی نے چیف فنانشل آفیسر (CFO) اور ہیڈ آف انٹرنل آڈٹ (HIA) کے بغیر بیرونی آڈیٹرز سے ملاقات کی۔ آڈٹ کمپنی نے داخلی آڈٹ کے سربراہ اور اندرونی آڈٹ فنکشن کے دیگر ممبران سے بھی ملاقات کی جن میں سی ایف او اور بیرونی آڈیٹرز موجود نہیں تھے۔

ایچ آرا اینڈ ریجنریشن کمپنی

کمپنی سینٹرا لیزنگ کمپوز کے معاوضے سے متعلق معاوضہ، تنظیم اور ایپوائنٹی ڈو پلینٹ پالیسیوں کے تمام عناصر کے جائزہ اور سفارش کرنے اور ایگزیکٹو ڈائریکٹرز کے معاوضوں سے متعلق تمام معاملات کی منظوری کے لیے اجلاس بلاتی ہے۔ کمپنی کے سی ای او نے کمپنی کے رکن کی حیثیت سے سال کے دوران منعقدہ بیومن ریپورس اینڈ ریویویشن کمپنی کے اجلاس میں شرکت کی۔ کمپنی کا سال 2020-2021 کے دوران اجلاس ایک بار ہوا۔ کمپنی ممبران کے نام درج ذیل ہیں۔

i۔ جناب عبدالرحمن قریشی چیئر مین

ii۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی گل خان خٹک ممبر

iii۔ محترمہ شہناز سجاد احمد ممبر

iv۔ سید زبیر احمد شاہ ممبر

v۔ بریگیڈیئر (ریٹائرڈ) آغا ارشد رضا ممبر

سال 2020-21 میں بورڈ اور اس کی کمیٹیوں کے اجلاس

سال 2020-2021 کے دوران بورڈ کے پانچ اجلاس، آڈٹ کمیٹی کے پانچ اجلاس اور ایچ آرا اینڈ ریجنریشن کمپنی کا ایک اجلاس منعقد ہوا۔ ان دنوں دو انٹرنیٹ میٹنگس منعقد کمپنیوں میں ڈائریکٹرز کی حاضری اور ان کی ڈائریکٹرشپ کی تعداد حسب ذیل دی گئی ہے۔

نمبر	ڈائریکٹر	ڈائریکٹر شپ	سٹینس (BOD)		کمپنی ممبرز			شرکت
			آؤٹ	ایچ آر	بورڈ کے	آؤٹ	ایچ آر	
1	جناب رضاعلی خان تنک	5	تقرری 21 مئی 2020	-	-	3/5	-	-
2	لیٹنٹ جنرل (ریٹائرڈ) علی علی خان تنک	6	دو بارہ تقرری 21 مئی 2020	-	✓	5/5	-	1/1
3	محترمہ شہناز سجاد	7	دو بارہ تقرری 21 مئی 2020	-	✓	5/5	-	1/1
4	جناب احمد علی خان تنک	7	دو بارہ تقرری 21 مئی 2020	-	-	5/5	-	-
5	سید زہیر احمد (NIT)	1	دو بارہ تقرری 21 مئی 2020	✓	✓	5/5	5/5	1/1
6	جناب مہارامان قریشی	5	دو بارہ تقرری 21 مئی 2020	✓	✓	5/5	5/5	1/1
7	بریگیڈیئر (ریٹائرڈ) آغا شدر رضا	1	دو بارہ تقرری 21 مئی 2020	✓	✓	5/5	4/5	1/1

جوڈائریکٹرز بورڈ کے اجلاسوں میں شرکت نہیں کر سکے کو عدم حاضری کی پمٹنی دی گئی۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کی تفصیلات

CCG ریگولیشنز کے مطابق، بورڈ تسلیم کرتا ہے کہ اسے اپنی کارکردگی کی مسلسل نگرانی اور بہتری کی ضرورت ہے۔ یہ سالانہ کارکردگی تفصیلات اور جاری بورڈ ڈویلپمنٹ سرگرمیوں کے ذریعے حاصل کی جاتی ہے۔ سال کے دوران، بورڈ نے مجموعی طور پر بورڈ کے ساتھ ساتھ انفرادی ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا ہے۔ دستیاب رائے پمٹنی اس سال کے جائزہ کا مجموعی نتیجہ اطمینان بخش پایا گیا ہے۔

ڈائریکٹرز کا معاوضہ

ڈائریکٹرز کی فیس بورڈ کی منظوری کے مطابق ادا کی جاتی ہے اور کمپنی اس حوالے سے کمیٹی ایکٹ 2017 اور سی سی جی ریگولیشنز کے مطابق باضابطہ پالیسی رکھتی ہے۔ کمپنی نان ایگزیکٹو ڈائریکٹرز کو اجلاسوں میں شرکت کی فیس کے سوائے کوئی معاوضہ ادا نہیں کرتی ہے۔ سال 2020-2021 میں سی ای او کے معاوضے کے بارے میں معلومات کے لیے، براہ کرم مالی حسابات کا نوٹ 36 ملاحظہ کریں۔

مادی تہدیلیاں

30 جون 2021 سے رپورٹ کی تاریخ تک کوئی مادی تہدیلی نہیں آئی ہے اور کمپنی نے اس عرصہ کے دوران کوئی وعدہ نہیں کیا، جس سے کمپنی کی مالی پوزیشن پر منفی اثر پڑے گا۔

مواصلات

کمپنی شیئر ہولڈرز کے ساتھ رابطہ کو بہت اہمیت دیتی ہے۔ سالانہ، ششماہی اور سہ ماہی رپورٹس کنٹریباٹ، ایکٹ، 2017 میں مقررہ وقت کے اندر تسلیم کی جاتی ہیں۔ کمپنی

کی سرگرمیاں اس کی ویب سائٹ www.bwm.com.pk پر بروقت بنیاد پر اپ ڈیٹ کی جاتی ہیں۔

صحت، حفاظت اور ماحولیات

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

کارپوریٹ سماجی ذمہ داری

کپنی مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کو زیرِ غور لاتی ہے۔ کپنی تمام اسٹیک ہولڈرز، خاص طور پر کیونٹی جس میں ہم رہتے ہیں اور جو ہماری کسٹمر ہیں تشکیل دیتے ہیں کے مفاد کو زیرِ غور لانے اور توازن کی شعوری کوشش کے لئے پُر عزم ہیں۔

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

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

آڈیٹرز کا تقرر

محاسب کا تقرر

کپنی کے محاسب ٹیگ ہنگ جمیڈ چوہدری اینڈ کپنی، چارٹرڈ اکاؤنٹنٹس، ایچ ایم باؤس، 7 بینک اسکوائر، لاہور ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کپنی نے سال 2022-22 کے لئے بطور کپنی کے محاسب ان کی تقرری کی منظوری دے دی ہے۔

عمومہ حصص داری

30 جون 2021 کے مطابق کپنی کا عمومہ حصص داری رپورٹ ہذا کے ہمراہ منسلک ہے۔

اطہار تفکر اور اعتراف

ہم ایگزیکٹوز، افسران اور عملہ کے دیگر ممبران اور کارکنوں کی سخت محنت، تعاون اور بہترین ممکن نتائج کے حصول میں کپنی کے لیے ان کی مخلصانہ کوششوں کو سراہتے ہیں۔ پورے تمام چیکوں، گاہکوں اور سپلائرز کا کپنی کو جوش اور لگن کے ساتھ مسلسل سپورٹ کرنے پر شکر گزار ہیں۔ انتظامیہ کو پورا یقین ہے کہ یہ تعلقات اور تعاون آئندہ سالوں میں جاری رہے گا۔

منجانب بورڈ آف ڈائریکٹرز

(مخلص جزل ریچ نرڈ علی علی خان تنگ)

ڈائریکٹر

(شہناز سجاد احمد)

چیف ایگزیکٹو آفیسر

راولپنڈی: 21 ستمبر 2021

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

	Rs. In million					
	2021	2020	2019	2018	2017	2016
		(Restated)	(Restated)		(Restated)	(Restated)
Sales (Net)	699.135	328.713	684.911	838.619	793.305	749.408
Gross Profit	189.883	108.010	166.969	272.834	262.013	238.802
Profit from operations	56.017	4.373	17.719	125.427	101.996	104.360
Profit/ (Loss) Before Taxation	99.950	(122.436)	(22.794)	80.845	93.971	102.562
Taxation	4.228	(13.789)	(5.711)	29.542	26.246	27.938
Profit / (Loss) After Taxation	95.722	(108.647)	(17.083)	51.303	67.725	74.624
Dividend	0%	0%	0%	0%	50%	50%
Earning / (Loss) Per Share	10.07	(11.43)	(1.80)	5.40	7.12	7.85
Break Up Value Per Share	110.97	102.29	106.29	113.13	112.16	107.89
Non-Current Assets	2,412.598	2,377.691	2,169.969	2,227.797	2,293.560	2,318.011
Current Assets	1,063.102	1,061.079	1,108.769	1,104.569	957.879	748.652
TOTAL ASSETS	3,475.700	3,438.770	3,278.738	3,332.366	3,251.439	3,066.663
Share Capital	95.063	95.063	95.063	95.063	95.063	95.063
Capital reserves						
- share premium	19.445	19.445	19.445	19.445	19.445	19.445
- surplus on revaluation of property, plant and equipment	1,771.898	1,783.140	1,591.081	1,606.310	1,620.656	1,634.781
Revenue Reserves	940.445	857.880	895.913	960.909	951.679	911.092
Shareholders' equity	2,826.851	2,755.528	2,601.502	2,681.727	2,686.843	2,660.381
Non-Current Liabilities	129.830	128.563	111.338	139.021	278.610	267.015
Current Liabilities	519.019	554.679	565.896	511.618	285.986	139.267
	648.849	683.242	677.236	650.639	564.596	406.282
TOTAL EQUITY AND LIABILITIES	3,475.700	3,438.770	3,278.738	3,332.366	3,251.439	3,066.663

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

PATTERN OF SHAREHOLDING

1. CUIIN (Incorporation Number)
2. Name of the Company
3. Pattern of holding of the shares held by the shareholders as at

4. Number of Shareholder	Shareholdings	Total Number of Shareholder
226	Shareholding from 1 To 100	7,033
284	Shareholding from 101 To 500	100,992
156	Shareholding from 501 To 1,000	136,365
268	Shareholding from 1,001 To 5,000	664,323
62	Shareholding from 5,001 To 10,000	481,322
20	Shareholding from 10,001 To 15,000	259,472
14	Shareholding from 15,001 To 20,000	257,289
4	Shareholding from 20,001 To 25,000	89,652
5	Shareholding from 25,001 To 30,000	134,986
2	Shareholding from 30,001 To 35,000	68,000
3	Shareholding from 35,001 To 40,000	114,332
4	Shareholding from 40,001 To 45,000	166,747
1	Shareholding from 45,001 To 50,000	50,000
3	Shareholding from 50,001 To 55,000	159,576
3	Shareholding from 55,001 To 60,000	173,090
1	Shareholding from 60,001 To 65,000	60,050
2	Shareholding from 70,001 To 75,000	149,290
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
2	Shareholding from 95,001 To 100,000	191,062
1	Shareholding from 100,001 To 105,000	101,238
1	Shareholding from 110,001 To 115,000	113,000
1	Shareholding from 120,001 To 125,000	123,318
1	Shareholding from 195,001 To 200,000	200,000
1	Shareholding from 205,001 To 210,000	210,000
2	Shareholding from 430,001 To 435,000	864,594
1	Shareholding from 730,001 To 735,000	731,626
1	Shareholding from 970,001 To 975,000	971,000
1	Shareholding from 2,495,001 To 2,500,000	2,497,872
1,075		9,506,250

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	480,941	5.06
5.2. Associated Companies, undertakings and related parties.	3,238,438	34.07
5.3 NIT and ICP	432,574	4.55
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,051	0.01
5.5 Insurance Companies	N.A	N.A
5.6 Modarabas and Mutual Funds	8,500	0.09
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	4,897,499	51.51
b. Foreign	NIL	NIL
5.9 Others		
Joint Stock Companies	368,949	3.88
NBP Employees Pension Fund	42,797	0.45
NBP Employees Benevolent Fund	1,501	0.02
Trustee Avari Hotels Limited Employees Provident Fund	1,000	0.01
Cdc - Trustee D. G. Khan Cement Ltd. Emp. P. Fund	33,000	0.35

6. Signature of Secretary



7. Name of Signatory

JAHANARA SAJJAD AHMAD

8. Designation

Company Secretary

9. NIC Number

1 7 3 0 1 - 1 3 6 3 1 3 0 - 6

10. Date

Day	Month	Year
3 0	0 6	2 0 2 1

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

CATEGORIES OF SHAREHOLDERS	SHARES HELD
1. ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES:	
M/S JANANA DE MALUCHO TEXTILE MILLS LTD,	731,626
M/S BIBOJEE SERVICES (PVT) LTD.	2,497,872
M/S UNIVERSAL INSURANCE CO. LTD,	8,940
2. N.I.T. & I.C.P:	
M/S.INVESTMENT CORPORATION OF PAKISTAN	937
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	431,637
3. DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:	
Mr. Raza Kuli Khan Khattak Director	56,573
Mrs. Shahida Khatoon -Spouse	5,000
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	435,504
5. JOINT STOCK COMPANIES	368,949
6. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	9,551
7. SHAREHOLDERS HOLDING 10% OR MORE:	
M/S.BIBOJEE SERVICES (PVT) LTD.	2,497,872
MISS ATIQA BEGUM	971,000
8. GENERAL PUBLIC & OTHERS	4,540,293

During the year Mrs. Shahida Khatoon - spouse of a Director sold 15,000 shares of the Company. The requisite returns in this respect were filed with the regulatory authorities in addition to informing the Board and the Pakistan Stock Exchange of the said transactions as required under the CCG. Other than these, the directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the financial year.

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

Name of Company **BANNU WOOLLEN MILLS LIMITED**

Year Ended **JUNE 30, 2021**

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

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

a) Male	6
b) Female	1

2. The composition of the Board is as follows:
 - a) Independent Directors
 - i. Mr. Abdul Rehman Qureshi
 - ii. Brig. (Retd.) 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/ Female 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. The board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the 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 (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee

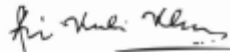
- | | |
|------------------------------------|----------|
| i. Mr. Abdul Rehman Qureshi | Chairman |
| ii. Syed Zubair Ahmad Shah | Member |
| iii. Brig (Retd.) Agha Arshad Raza | Member |

Human Resource and Remuneration Committee

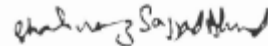
- | | |
|---|----------|
| i. Mr. Abdul Rehman Qureshi | Chairman |
| ii. Ltd. Gen. (Retd.) Ali Kuli Khan Khattak | Member |
| iii. Mr. Ahmad Kuli Khan Khattak | Member |
| iv. Syed Zubair Ahmad Shah | Member |
| v. Mrs. Shahnaz Sajjad Ahmad | Member |
| vi. Brig (Retd.) Agha Arshad Raza | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
 - a) Audit Committee - Five meetings held during the year
 - b) HR and Remuneration Committee - Yearly (one meeting held during the year)

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



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



(SHAHNAZ SAJJAD AHMAD)
CHIEF EXECUTIVE

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE STATEMENT
OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE
GOVERNANCE) REGULATIONS, 2019**

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

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

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

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

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

LAHORE; September 21, 2021

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, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Property, plant and equipment</p> <p>The Company's property, plant and equipment represent 52% of its total non-current assets; further, these represent 36% of its total assets at the reporting date. Judgement is exercised in determining the following:</p> <ul style="list-style-type: none"> - useful lives and residual values; - assessing whether there are any indicators of impairment present; and 	<p>The following was performed on the assessment of useful lives and residual values:</p> <ul style="list-style-type: none"> - obtained the useful lives and residual values assessment and confirmed that this was reviewed and considered in the year under review - followed up on changes made to useful lives and corroborated by inspection of assets and discussion with operational personnel that the amendment was appropriate; and

S.No.	Key audit matters	How the matter was addressed in our audit
2.	<p>- when performing impairment assessments where indicators have been identified.</p> <p>Based on value of the balance at the reporting date as well as the judgement involved in determining useful lives and residual values, this has been identified as a key audit matter.</p> <p>2. Valuation of stock-in-trade</p> <p>The value of stock-in-trade at the reporting date aggregated Rs. 699 million representing 66% of the Company's total current assets. Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 11).</p> <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods.</p> <p>We identified this as key audit matter in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.</p>	<p>- confirmed by inspection of the fixed assets register and discussion with operational management that there were no material assets still in use with a nil value.</p> <p>- in considering whether impairment is required, the Company's consideration of impairment indicators such as reduced capacity, forecasts, market demand for products and the condition of the plants was reviewed. In addition, the following were performed:</p> <p>- discussions were held with the management, engineers and other technicians to identify any potential impairments; and</p> <p>- production analysis at the mills were performed and compared to standard capacity to assist in identifying possible impairment indicators.</p> <p>Based on the tests performed, we are of the view that property, plant and equipment appear to be valued appropriately.</p> <p>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:</p> <p>- assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards;</p> <p>- attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data;</p> <p>- assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis;</p> <p>- tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories;</p> <p>- assessed the management's determination of net realisable value of inventories by performing tests on sale prices secured by the Company for similar items; and</p> <p>- performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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.

Shinewling Hameed Chaudhri & Co.

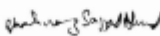
SHINEWLING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

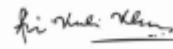
LAHORE; September, 21 2021


STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

		2021	July 01, 2020 (Restated)	2019
--- Rupees in thousand ---				
ASSETS				
Non-current assets				
Property, plant and equipment	6	1,256,023	1,278,910	1,068,086
Intangible assets	7	1,419	1,929	277
Investments in Associated Companies	8	1,151,362	1,093,058	1,097,756
Advances	9	0	0	56
Security deposits		3,794	3,794	3,794
		<u>2,412,598</u>	<u>2,377,691</u>	<u>2,169,969</u>
Current assets				
Stores and spares	10	86,202	71,652	69,210
Stock-in-trade	11	699,441	676,110	533,053
Trade debts	12	209,932	282,882	483,727
Current portion of advances	9	55	97	193
Advances to employees - unsecured, considered good		12,396	9,569	6,618
Advance payments		14,884	1,730	2,896
Other receivables	13	841	801	643
Sales tax refundable		10,464	9,463	0
Income tax refundable, advance tax and tax deducted at source		12,954	6,881	7,044
Cash and bank balances	14	15,933	1,894	5,385
		<u>1,063,102</u>	<u>1,061,079</u>	<u>1,108,769</u>
Total assets		3,475,700	3,438,770	3,278,738
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised capital				
20,000,000 ordinary shares of Rs.10 each		200,000	200,000	200,000
Issued, subscribed and paid-up capital	15	95,063	95,063	95,063
Capital reserves				
- share premium	16.1	19,445	19,445	19,445
- revaluation surplus on property, plant and equipment	17	1,771,898	1,783,140	1,591,081
Revenue reserves				
- general reserve	16.2	654,055	654,055	654,055
- unappropriated profit		286,390	203,825	241,858
Shareholders' equity		2,826,851	2,755,528	2,601,502
LIABILITIES				
Non-current liabilities				
Lease liabilities	18	1,442	4,366	0
Staff retirement benefits - gratuity	19	77,582	67,096	57,304
Deferred taxation	20	50,806	57,101	54,035
		<u>129,830</u>	<u>128,563</u>	<u>111,339</u>
Current liabilities				
Trade and other payables	21	109,117	98,186	150,457
Unpaid dividends		3,452	3,452	3,452
Unclaimed dividends		6,087	6,298	6,545
Accrued mark-up		7,797	13,389	11,172
Short term finances	22	377,686	423,639	385,248
Current portion of lease liabilities	18	3,627	3,850	0
Taxation	23	11,253	5,885	9,023
		<u>519,019</u>	<u>554,679</u>	<u>565,897</u>
Total liabilities		648,849	683,242	677,236
Contingencies and commitments	24			
TOTAL EQUITY AND LIABILITIES		3,475,700	3,438,770	3,278,738

The annexed notes 1 to 46 form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive

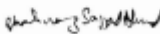

Lt. Gen. Rettd. Ali Kuli Khan
Director

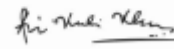

Azhar Iqbal
Chief Financial Officer

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

	Note	2021 Rupees in thousand	2020
Sales	25	699,135	328,713
Cost of sales	26	509,252	220,703
Gross profit		189,883	108,010
Distribution cost	27	42,797	22,996
Administrative expenses	28	93,160	86,979
Other expenses	29	2,302	169
Other income	30	(4,393)	(6,507)
		133,866	103,637
Profit from operations		56,017	4,373
Finance cost	31	34,806	61,065
		21,211	(56,692)
Share of profit / (loss) of Associated Companies - net	8	78,715	(48,280)
Impairment reversal / (loss) on investments in Associated Companies	8	24	(17,464)
		78,739	(65,744)
Profit / (loss) before taxation		99,950	(122,436)
Taxation	32	4,228	(13,789)
Profit / (loss) after taxation		95,722	(108,647)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
- (loss) / gain on remeasurement of staff retirement benefit obligation	19	(3,964)	185
- surplus arisen upon revaluation of property, plant and equipment		0	223,461
- deferred taxation	17.2	0	(16,954)
		0	206,507
- share of other comprehensive (loss) / income of Associated Companies		(14,220)	68,231
- impact of tax		4,124	(19,787)
	8	(10,096)	48,444
		(14,060)	255,136
Total comprehensive income		81,662	146,489
		----- Rupees -----	
Earnings / (loss) per share	33	10.07	(11.43)

The annexed notes 1 to 46 form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive

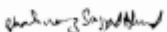

Lt. Gen. Retd. Ali Kuli Khan
Director



Azhar Iqbal
Chief Financial Officer

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

Share capital	Reserves				Total	
	Capital		Revenue			
	Share premium	Revaluation surplus on property, plant and equipment	General	Unappropriated profit		
----- Rupees in thousand -----						
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
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (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
Effect of retrospective restatement of deferred taxation on impairment loss on investments (note 5)	0	0	0	0	(5,065)	(5,065)
Balance as at July 01, 2020 - restated	95,063	19,445	1,783,140	654,055	203,825	2,755,528
Total comprehensive income for the year ended June 30, 2021:						
- profit for the year	0	0	0	0	95,722	95,722
- other comprehensive loss	0	0	0	0	(14,060)	(14,060)
	0	0	0	0	81,662	81,662
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation) on account of:						
- incremental depreciation for the year	0	0	(5,118)	0	5,118	0
- revalued assets sold during the year	0	0	(21)	0	21	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	(6,103)	0	0	(6,103)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	(4,236)	(4,236)
Balance as at June 30, 2021	95,063	19,445	1,771,898	654,055	286,390	2,826,851

The annexed notes 1 to 46 form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
 Chief Executive

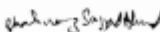

Lt. Gen. Retd. Ali Kuli Khan
 Director



Azhar Iqbal
 Chief Financial Officer

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

	2021	2020
	Rupees in thousand	
Cash flows from operating activities		
Profit / (loss) for the year - before taxation and share of profit / (loss) of Associated Companies - net	21,211	(56,692)
Adjustments for non-cash and other charges:		
Depreciation on property, plant and equipment	19,325	19,513
Depreciation on right of use assets	5,053	4,689
Amortisation	510	529
Provision for impairment of trade debts	191	150
Unclaimed payable balances written-back	(12)	(255)
Staff retirement benefits - gratuity (net)	6,522	9,977
Mark-up on bank deposits and dealers' balances	(431)	(2,316)
Finance cost	34,806	61,065
Workers' welfare fund	1,166	0
Gain on sale of operating fixed assets	(55)	(1,652)
Loss on disposal of intangible assets	0	19
Profit before working capital changes	88,286	35,027
Effect on cash flows due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(14,550)	(2,442)
Stock-in-trade	(23,331)	(143,057)
Trade debts	72,759	200,695
Advances	(2,785)	(2,799)
Advance payments	(13,154)	1,166
Other receivables	(40)	(158)
Sales tax refundable	(1,001)	(9,463)
Increase / (decrease) in trade and other payables	10,807	(52,016)
	28,705	(8,074)
Cash generated from operations	116,991	26,953
Taxes paid	(11,228)	(8,139)
Net cash generated from operating activities	105,763	18,814
Cash flows from investing activities		
Fixed capital expenditure	(1,521)	0
Sale proceeds of operating fixed assets	85	2,150
Intangible assets acquired	0	(2,200)
Mark-up received on bank deposits and dealers' balances	431	2,316
Net cash (used in) / generated from investing activities	(1,005)	2,266
Cash flows from financing activities		
Lease rentals paid	(4,865)	(5,847)
Short term finances - net	(45,953)	38,391
Dividend paid	(211)	(247)
Finance cost paid	(39,690)	(56,868)
Net cash used in financing activities	(90,719)	(24,571)
Net increase / (decrease) in cash and cash equivalents	14,039	(3,491)
Cash and cash equivalents - at beginning of the year	1,894	5,385
Cash and cash equivalents - at end of the year	15,933	1,894

The annexed notes 1 to 46 form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. Retd. Ali Kuli Khan
Director


Azhar Iqbal
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 19.

(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 to published standards and interpretations that are effective during the current year

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

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

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

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

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

In particular, the amendment clarifies that;

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

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

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

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

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

- (c) Amendment to IAS 16 'Property, plant and equipment' is effective from January 01, 2022; it prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.
- (d) Amendments to IAS 37 Onerous contracts are effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment and depreciation

(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 6.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the 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 9.03% to 9.58%. 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 7.2.

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 rate method.

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

4.9 Staff retirement benefits (defined benefit plan)

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

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 are either recorded in statement of profit or loss or other comprehensive income (OCI).

Recognition and derecognition

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

Measurement

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

Definition of default

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

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

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

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

Impairment of financial assets

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

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

- Trade debts
- 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 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 40 to these financial statements.

5. RESTATEMENT

The management, during the year, has decided to discontinue recognition of deferred taxation on impairment loss of investments in Associated Companies for fair and better presentation. Accordingly, corresponding figures have been restated retrospectively. The effect of this restatement has been disclosed in the statement of changes in equity.

The effect of restatement is summarised below:

	As previ- ously reported	Re- statement	As restated
	-----Rs in thousand-----		
As at June 30, 2020			
Effect on statement of financial position:			
Deferred taxation	<u>52,036</u>	<u>5,065</u>	<u>57,101</u>
Unappropriated profit / (accumulated loss)	<u>208,890</u>	<u>(5,065)</u>	<u>203,825</u>

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2021 Rupees in thousand	2020
Operating fixed assets	6.1	1,252,394	1,271,536
Capital work-in-progress	6.7	277	0
Right of use assets	6.8	3,352	7,374
		<u>1,256,023</u>	<u>1,278,910</u>

6.1 Operating fixed assets - tangible

Particulars	Buildings on freehold land			Plant & machinery	Weight and material handling equipment	Tools and equipment	Furniture and fixtures	Electric fittings	Office equipment	Computers and T.X.	Vehicles	Arms	Total	
	Freehold land	Factory	Residential											Others
Rupees in thousand														
As at June 30, 2019														
Cost / revaluation	742,500	35,864	15,189	26,024	603,726	407	45	2,098	7,738	1,347	6,834	30,081	4,016	1,478,708
Accumulated depreciation	0	15,536	4,268	7,091	346,121	296	23	840	4,855	581	4,950	24,085	1,983	410,623
Book value	742,500	20,328	10,921	21,943	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	15,674	4,448	7,456	16,882	0	0	0	0	0	0	0	0	44,560
Disposals:														
- cost	0	0	0	0	0	0	0	0	0	0	0	0	4,478	4,478
- depreciation	0	0	0	0	0	0	0	0	0	0	0	0	3,968	3,968
Depreciation for the year	0	1,640	872	1,489	13,297	6	1	63	288	38	568	1,142	102	19,513
Book value	907,500	37,746	20,039	32,676	261,110	111	21	1,195	2,995	728	1,318	4,366	1,931	1,271,536
Year ended June 30, 2021:														
Additions	0	0	0	0	213	0	0	0	0	0	0	0	0	213
Disposals:														
- cost	0	0	0	0	113	0	0	0	0	0	0	0	0	113
- depreciation	0	0	0	0	83	0	0	0	0	0	0	0	0	83
Depreciation for the year	0	1,887	1,062	1,644	13,065	6	1	60	299	38	386	873	96	19,325
Book value	907,500	35,869	19,037	31,232	248,228	105	20	1,135	2,336	682	922	3,483	1,835	1,282,384
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	1,362	682	1,133	342,616	296	24	960	5,143	619	5,516	21,247	2,085	381,576
Book value	907,500	37,746	20,039	32,676	261,110	111	21	1,195	2,995	728	1,318	4,366	1,931	1,271,536
As at June 30, 2021														
Cost / revaluation	907,500	39,048	20,731	34,089	603,826	407	45	2,098	7,738	1,347	6,834	25,613	4,016	1,653,212
Accumulated depreciation	0	3,189	1,684	2,777	355,586	302	25	963	5,402	655	5,912	22,129	2,181	480,818
Book value	907,500	35,869	19,037	31,232	248,228	105	20	1,135	2,336	682	922	3,483	1,835	1,282,384
Depreciation rate (%)		5	5	5	5	5	5	5	10	5	38	28	5	

- 6.2 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:

	2021	2020
	Rupees in thousand	
Freehold land	152	152
Buildings on freehold land	14,844	15,626
Plant & machinery	182,572	191,967
	<u>197,568</u>	<u>207,745</u>

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

- 6.4 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.

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

Cost of sales	15,218	15,233
Administrative expenses	4,107	4,280
	<u>19,325</u>	<u>19,513</u>

- 6.6 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Sold to:
----- Rupees in '000 -----							
Transformer 100KV	113	83	30	85	55	Negotiation	Ittefaq Transformer Workshop, Bannu.
2020	<u>4,478</u>	<u>3,960</u>	<u>498</u>	<u>2,150</u>	<u>1,652</u>		

- 6.7 Capital work-in-progress

Plant and machinery	<u>277</u>	<u>0</u>
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6.8 Right of use assets	Note	2021	2020
Rupees in thousand			
Balance at beginning of the year		7,374	0
Transition effect on initial application		0	18,208
Impact of modification - net		1,031	(6,145)
Depreciation charged during the year	(a)	(5,053)	(4,689)
Book value at end of the year		<u>3,352</u>	<u>7,374</u>
(a) Depreciation for the year has been apportioned as under:			
Distribution cost		4,866	4,532
Administrative expenses		187	157
		<u>5,053</u>	<u>4,689</u>
(b) Right of use assets include Rs.4,222 thousand (2020: Rs.4,646 thousand) recognised against assets rented from related parties.			
7. INTANGIBLE ASSETS - Computer software			
Cost at beginning of the year		2,550	538
Additions during the year	7.1	0	2200
Disposals during the year		0	(188)
Less: amortisation :			
- opening balance		621	261
- charge for the year		510	529
- on disposals		0	(169)
- as at June 30,		1,131	621
Book value as at June 30 ,		<u>1,419</u>	<u>1,929</u>
7.1 The Company, during the preceding year, 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 preceding year.			
7.2 Amortisation is charged to income applying straight-line method at the rate of 20% per annum.			

8. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted	2021	2020
	Rupees in thousand	
Babri Cotton Mills Ltd. (BCM)		
144,421 ordinary shares of Rs.10 each - cost	1,632	1,632
Shareholding held: 3.95%		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	2,440	16,132
Loss for the year - net of taxation	(10,282)	(15,198)
Share of other comprehensive (loss)/income - net of taxation	(3,778)	2,069
Share of revaluation surplus on property, plant and equipment	34,942	34,597
	<u>24,954</u>	<u>39,232</u>
Janana De Malucho Textile Mills Ltd. (JDM)		
1,559,230 ordinary shares of Rs.10 - cost	27,762	27,762
Shareholding held: 32.59%		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM	301,023	291,403
Profit / (loss) for the year - net of taxation	88,997	(33,082)
Share of other comprehensive (loss)/income - net of taxation	(6,318)	46,375
Share of revaluation surplus on property, plant and equipment	732,384	738,832
	<u>1,143,848</u>	<u>1,071,290</u>
Carrying value under equity method of accounting	<u>1,168,802</u>	<u>1,110,522</u>
Less: impairment loss - BCM	(16,982)	(17,464)
- JDM	(458)	0
	<u>(17,440)</u>	<u>(17,464)</u>
	<u>1,151,362</u>	<u>1,093,058</u>

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

8.2 Market values of the Company's investments in BCM and JDM as at June 30, 2021 were Rs.7.972 million (2020: Rs.7.896 million) and Rs.146.568 million (2020: Rs.122.602 million) respectively.

8.3 BCM was incorporated in Pakistan on October 26, 1970 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. The principal activity of BCM is manufacturing and sale of yarn.

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

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

Summarised statement of financial position	2021	2020
	Rupees in thousand	
Non-current assets	1,499,927	1,917,006
Current assets	339,476	532,353
	<u>1,839,403</u>	<u>2,449,359</u>
Non-current liabilities	132,532	257,219
Current liabilities	1,075,893	1,203,320
	<u>1,208,425</u>	<u>1,460,539</u>
Net assets	<u>630,978</u>	<u>988,820</u>
Reconciliation to carrying amount		
Opening net assets	988,820	1,321,511
Loss for the year	(260,005)	(387,598)
Other comprehensive (loss) / income for the year	(95,553)	52,287
Other adjustments	(2,284)	2,620
Closing net assets	<u>630,978</u>	<u>988,820</u>
Company's share percentage 3.95% (2020: 3.95%)		
Company's share	24,924	39,058
Impairment loss / miscellaneous adjustments	(16,952)	(17,290)
Carrying amount of investment	<u>7,972</u>	<u>21,768</u>
Summarised statement of profit or loss		
Sales	<u>388,102</u>	<u>1,548,962</u>
Loss before taxation	<u>(215,518)</u>	<u>(381,785)</u>
Loss after taxation	<u>(260,005)</u>	<u>(387,598)</u>

- 8.4 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 yam.

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

Summarised statement of financial position	2021	2020
	Rupees in thousand	
Non-current assets	3,671,067	3,418,922
Current assets	1,604,525	1,633,393
	<u>5,275,592</u>	<u>5,052,315</u>
Non-current liabilities	379,621	297,008
Current liabilities	1,385,856	1,497,225
	<u>1,765,477</u>	<u>1,794,233</u>
Net assets	<u>3,510,115</u>	<u>3,258,082</u>
Reconciliation to carrying amount		
Opening net assets	3,258,082	3,217,359
Profit / (loss) for the year	273,104	(101,510)
Other comprehensive (loss) / income for the year	(19,389)	142,310
Other adjustments	(1,682)	(77)
Closing net assets	<u>3,510,115</u>	<u>3,258,082</u>
Company's share percentage 32.59% (2020: 32.59%)		
Company's share	1,143,946	1,061,809
Miscellaneous adjustments	(556)	9,481
Carrying amount of investment	<u>1,143,390</u>	<u>1,071,290</u>
Summarised statement of profit or loss		
Sales	<u>5,610,298</u>	<u>2,754,564</u>
Profit / (loss) before taxation	<u>434,368</u>	<u>(60,203)</u>
Profit / (loss) after taxation	<u>273,104</u>	<u>(101,510)</u>

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

9. ADVANCES - Unsecured	Note	2021	2020
Advances to employees against salary		Rupees in thousand	
Opening balance		97	249
Add: advances made during the year		63	39
Less: deductions made during the year		(105)	(191)
		<u>55</u>	<u>97</u>
Less: recoverable within the following twelve months		(55)	(97)
Closing balance		<u>0</u>	<u>0</u>
10. STORES AND SPARES			
Stores		34,261	21,904
Spares [including in transit inventory valuing Rs.5.221 million (2020: Rs. Nil)]		53,941	51,748
		<u>88,202</u>	<u>73,652</u>
Less: provision for slow moving stores and spares		2,000	2,000
		<u>86,202</u>	<u>71,652</u>
10.1	The Company does not hold any stores and spares for specific capitalisation.		
11. STOCK-IN-TRADE			
Raw materials:			
- at warehouse		90,563	148,684
- in transit		19,838	0
		<u>110,401</u>	<u>148,684</u>
Work-in-process	11.1	76,883	51,795
Finished goods- own manufactured	11.2	512,157	475,631
		<u>699,441</u>	<u>676,110</u>
11.1	Work-in-process valuing Rs.4.365 million was in possession of a third party for finishing purposes as at June 30, 2021.		
11.2	Raw materials and finished good inventories as at June 30, 2021 were pledged with National Bank of Pakistan as security for short term finance facilities (note 22).		
12. TRADE DEBTS - Unsecured			
Considered good		189,739	262,498
Considered doubtful		31,240	31,240
		<u>220,979</u>	<u>293,738</u>
Less: allowance for expected credit loss	12.1	(11,047)	(10,856)
		<u>209,932</u>	<u>282,882</u>

12.1 Provision for impairment	Note	2021	2020
		Rupees in thousand	
Balance at beginning of the year		10,856	10,706
Charge for the year		191	841
Reversal during the year		0	(691)
		191	150
Balance at end of the year		11,047	10,856
13. OTHER RECEIVABLES			
Letters of credit		313	102
Others		528	699
		841	801
14. CASH AND BANK BALANCES			
Cash-in-hand		402	225
Cash at banks on:			
- current accounts		6,330	355
- dividend accounts		140	242
- PLS accounts	14.1	9,061	1,072
		15,531	1,669
		15,933	1,894
14.1	These carry profit at the rates ranging from 2.75% to 5.50% (2020: 3.25% to 11.25%) per annum.		
15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
		2021	2020
		---- Numbers ----	
2,259,375	2,259,375	Ordinary shares of Rs.10 each fully paid in cash	22,594
			22,594
7,246,875	7,246,875	Ordinary shares of Rs.10 each issued as fully paid bonus shares	72,469
			72,469
9,506,250	9,506,250		95,063
			95,063
15.1	Ordinary shares held by the Associated Companies at the year-end:		
		-- 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
		3,238,438	3,238,438
		3,238,438	3,238,438

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

16. RESERVES	Note	2021	2020
Rupees in thousand			
16.1 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>
16.2 Revenue - general reserve		<u>654,055</u>	<u>654,055</u>
17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net			
Surplus on revaluation of the Company's property, plant and equipment	17.2	1,004,572	1,009,711
Share of surplus on revaluation of property, plant and equipment of Associated Companies	8	767,326	773,429
		<u>1,771,898</u>	<u>1,783,140</u>
17.1 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.			
17.2 The Company, on October 31, 2019, has again revalued its aforementioned operating fixed assets. The latest 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:			
Opening balance		1,051,524	834,626
Add: surplus arisen on revaluation carried-out during the preceding year		0	223,461
Less: transferred to unappropriated profit:			
-on account of incremental depreciation for the year		(7,209)	(6,563)
-upon sale of revalued assets		(30)	0
		<u>1,044,285</u>	<u>1,051,524</u>
Less: deferred tax on:			
- opening balance of surplus		41,813	26,762
- surplus arisen on revaluation carried-out during the preceding year		0	16,954
- incremental depreciation for the year		(2,091)	(1,903)
- sale of revalued assets		(9)	0
		<u>39,713</u>	<u>41,813</u>
Closing balance		<u>1,004,572</u>	<u>1,009,711</u>

18. LEASE LIABILITIES	2021	2020
	Rupees in thousand	
Balance at beginning of the year	8,216	0
Impact of initial application of IFRS 16	0	18,208
Impact of modifications - net	1,030	(6,145)
Interest accrued	688	2,000
Adjusted / paid during the year	(4,865)	(5,847)
	<u>5,069</u>	<u>8,216</u>
Current portion grouped under current liabilities	(3,627)	(3,850)
Balance at end of the year	<u>1,442</u>	<u>4,366</u>

18.1 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.3,997 thousand (2020:Rs.5,164 thousand) due to Gammon Pakistan Ltd. (a related party).

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

Particulars	2021			2020		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
	----- Rupees in thousand -----					
Minimum lease payments	3,934	1,483	5,417	4,743	4,780	9,523
Less: finance cost allocated to future periods	(307)	(41)	(348)	(893)	(414)	(1,307)
Present value of minimum lease payments	<u>3,627</u>	<u>1,442</u>	<u>5,069</u>	<u>3,850</u>	<u>4,366</u>	<u>8,216</u>

19. STAFF RETIREMENT BENEFITS - Gratuity

19.1 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	2021	2020
- discount rate	10.00%	8.50%
- expected rate of growth per annum in future salaries	18.30%	7.50%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

- 19.2 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:	2021	2020
	Rupees in thousand	
Opening balance	67,096	57,304
Current service cost	7,779	6,449
Past service cost	1,091	0
Interest cost	5,375	7,857
Benefits paid	(7,723)	(4,329)
Remeasurements:		
- experience adjustments	(2,156)	502
- loss / (gain) due to changes in financial assumptions	6,120	(687)
Closing balance	<u>77,582</u>	<u>67,096</u>
Expense recognised in statement of profit or loss :		
Current service cost	7,779	6,449
Past service cost	1,091	0
Interest cost	5,375	7,857
	<u>14,245</u>	<u>14,306</u>
Remeasurement recognised in other comprehensive income	<u>3,964</u>	<u>(185)</u>

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

	2021	2020	2019	2018	2017
	----- Rupees in thousand -----				
Present value of defined benefit obligation	<u>77,582</u>	<u>67,096</u>	<u>57,304</u>	<u>70,973</u>	<u>203,118</u>
Experience adjustments on obligation	<u>3,964</u>	<u>(185)</u>	<u>1,206</u>	<u>2,279</u>	<u>(1,775)</u>

Year-end sensitivity analysis:

	Impact on defined benefit obligation		
	Change in assumption	Increase	Decrease
	Rupees in thousand		
Discount rate	1%	<u>71,415</u>	<u>84,738</u>
Salary growth rate	1%	<u>84,766</u>	<u>71,281</u>

- 19.3 The average duration of the defined benefit obligation as at June 30, 2021 is 9 years.
- 19.4 The expected contribution to defined benefit obligation for the year ending June 30, 2022 is Rs.18.374 million.

20. DEFERRED TAXATION - Net	Note	2021	2020
This is composed of the following:			
		Rupees in thousand	
Taxable temporary differences arising in respect of :			Restated
- accelerated tax depreciation allowances		39,735	39,718
- surplus on revaluation of property, plant & equipment	17.2	39,713	41,813
		<u>79,448</u>	<u>81,531</u>
Deductible temporary differences arising in respect of :			
- provision against slow moving stores and spares		(580)	(580)
- provision for impairment of trade debts		(3,204)	(3,148)
- minimum tax recoverable against normal tax charge in future years		(15,678)	(5,155)
- unused tax losses		(8,682)	(15,303)
- lease liabilities		(498)	(244)
		<u>50,806</u>	<u>57,101</u>
21. TRADE AND OTHER PAYABLES			
Due to a related party - Gammon Pakistan Ltd.		150	1,385
Creditors		4,835	14,108
Advances from customers - contract liabilities		3,330	2,245
Security deposits - interest free, repayable on demand	21.1	8,700	8,700
Accrued expenses		79,508	58,737
Due to Waqf-e-Kuli Khan		2,941	5,524
Tax deducted at source		10	44
Staff retirement benefits (gratuity) due but unpaid	21.2	1,407	1,942
Workers' (profits) participation fund - allocation for the current year		1,166	0
Workers' welfare fund		5,052	4,549
Others		2,018	952
		<u>109,117</u>	<u>98,186</u>
21.1 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.			
21.2 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 preceding financial year were as follows:			
Chief executive			9,548
Chief operating officer			12,042
Director finance			8,440

22. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.450 million (2020: Rs.450 million). NBP, during the year, charged mark-up on these finance facilities at the rates ranging from 9.25% to 9.59% (2020: 13.22% to 15.85%) per annum; mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.100 million (2020: Rs.100 million), which to the extent of Rs.41.699 million (2020: 76.164 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 March 31, 2022.

23. TAXATION - Net

	2021	2020
	Rupees in thousand	
Opening balance	5,885	9,023
Add: provision made during the year:		
- current	10,523	5,155
- prior year	0	9
	10,523	5,164
Less: payments / adjustments made during the year against completed assessments	5,155	8,302
Closing balance	11,253	5,885

- 23.1** Income tax assessments of the Company have been completed upto the tax year 2020 i.e. accounting year ended June 30, 2020.
- 23.2** Minimum tax under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) relevant to tax years 2010, 2011 and 2012 has been deleted in the amended Finance Act, 2015 as per sub-clause (xx) of clause (11A) in part IV of the second schedule to the Ordinance. The Company's writ petition filed before the Islamabad High Court has been withdrawn on November 12, 2020 as the Company's grievance stood redressed and petition has become infructuous. The Company would not be liable for payment of any tax amount for the tax years 2010, 2011 and 2012.
- 23.3** 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.
- 23.4** 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.

- 23.5** 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.
- 23.6** 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.
- 23.7** 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.
- 23.8** 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.

24. CONTINGENCIES AND COMMITMENTS

- 24.1** Refer contents of notes 23.3 to 23.8.

	2021	2020
	Rupees in thousand	
24.2 Commitments against irrevocable letters of credit for raw materials and spare parts	58,301	23,836
25. SALES - Net		
Own manufactured:		
Fabrics and blankets	820,506	398,196
Waste	1,387	967
	821,893	399,163
Goods purchased for resale:		
Fabric lawn	0	155
	821,893	399,318
Less: sales tax	122,747	55,871
discount	11	14,734
	122,758	70,605
	699,135	328,713

26. COST OF SALES	Note	2021	2020
Rupees in thousand			
Raw materials consumed	26.1	299,524	128,796
Salaries, wages and benefits	26.2	174,711	141,444
Power and fuel		36,978	26,894
Stores and spares consumed		14,972	8,549
Repair and maintenance		23,155	13,256
Depreciation	6.5	15,218	15,233
Insurance		3,583	3,929
Others		2,725	1,500
		<u>570,866</u>	<u>339,601</u>
Adjustment of work-in-process			
Opening		51,795	37,841
Closing	11	(76,883)	(51,795)
		<u>(25,088)</u>	<u>(13,954)</u>
Cost of goods manufactured		545,778	325,647
Adjustment of finished goods			
Opening stock		475,631	370,283
Closing stock	11	(512,157)	(475,631)
		<u>(36,526)</u>	<u>(105,348)</u>
Cost of goods sold -own manufactured		<u>509,252</u>	<u>220,299</u>
Cost of goods sold -goods purchased for resale			
Adjustment of opening stock		0	404
		<u>509,252</u>	<u>220,703</u>
26.1 Raw materials consumed			
Opening stock		148,684	124,525
Add: purchases		261,241	152,955
		<u>409,925</u>	<u>277,480</u>
Less: closing stock	11	110,401	148,684
		<u>299,524</u>	<u>128,796</u>
26.2 These include contribution to staff provident fund aggregating Rs.2.172 million (2020: Rs.2.544 million). These also include staff retirement benefits - gratuity amounting Rs.12.866 million (2020: Rs.13.218 million).			

27. DISTRIBUTION COST	Note	2021	2020
Rupees in thousand			
Commission		23,930	7,138
Travelling		327	52
Salaries and benefits	27.1	10,450	9,065
Outward freight		874	290
Advertisement and sales promotion		317	279
Communication		364	299
Repair and maintenance		894	1,015
Vehicles' running		209	157
Depreciation on right of use assets	6.8	4,866	4,532
Others		566	169
		<u>42,797</u>	<u>22,996</u>
27.1 These include contribution to staff provident fund aggregating Rs.68 thousand (2020: Rs.59 thousand). These also include staff retirement benefits - gratuity amounting Rs.466 thousand (2020: Rs.367 thousand).			
28. ADMINISTRATIVE EXPENSES			
Salaries and benefits	28.1	58,059	59,548
Travelling - directors		254	70
- others		905	609
Rent, rates and taxes		2,052	1,026
Entertainment / guest house expenses		3,971	3,190
Communication		712	866
Printing and stationery		871	810
Electricity		3,929	4,838
Insurance		84	84
Repair and maintenance		10,225	3,195
Vehicles' running		2,946	3,374
Advertisement		108	161
Subscription / papers and periodicals		777	701
Depreciation on operating fixed assets	6.5	4,107	4,280
Depreciation on right of use assets	6.8	187	157
Amortisation	7	510	529
- statutory audit		1,223	1,205
- half yearly review		232	217
- consultancy charges		217	246
- certification charges		19	19
- out-of-pocket expenses		45	45
		1,736	1,732
Legal and professional charges (other than Auditors)		1,727	1,809
		<u>93,160</u>	<u>86,979</u>

28.1 These include contribution to staff provident fund aggregating Rs.1,734 million (2020: Rs.2,960 million). These also include staff retirement benefits - gratuity amounting Rs.912 thousand (2020: Rs.721 thousand).

29. OTHER EXPENSES	Note	2021	2020
Rupees in thousand			
Donation to Waqf-e-Kuli Khan	29.1	442	0
Workers' (profit) participation fund		1,166	0
Workers' welfare fund		503	0
Provision for impairment of trade debts - net	12.1	191	150
Loss on disposal of intangible assets		0	19
		<u>2,302</u>	<u>169</u>

29.1 The amount has been donated to Waqf-e-Kuli Khan, (a Charitable Institution) administered by the following directors of the Company:

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

30. OTHER INCOME

Income from financial assets

Mark-up earned on:

- PLS accounts		431	709
- dealers' balances	30.1	0	1,607
Exchange fluctuation gain - net		1,493	2,039

1,924 4,355

Income from other than financial assets

Sale of empties / scrap		1,117	245
Unclaimed payable balances written-back		12	255
Gain on sale of operating fixed assets	6.6	55	1,652
Sale of trees		1,285	0
		<u>2,469</u>	<u>2,152</u>
		<u>4,393</u>	<u>6,507</u>

30.1 No mark-up has been charged on dealers' balances during the current financial year; (2020: mark-up was 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 22).

31. FINANCE COST	Note	2021	2020
Rupees in thousand			
Interest on lease liabilities	18	688	2,000
Mark-up on short term finances		33,609	58,894
Bank and other charges		509	171
		<u>34,806</u>	<u>61,065</u>
32. TAXATION			
Current:			
- for the year		10,523	5,155
- for prior year		0	9
	23	<u>10,523</u>	<u>5,164</u>
Deferred:			
- for the year	20	(6,295)	(18,953)
		<u>4,228</u>	<u>(13,789)</u>
32.1	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.		
33. EARNINGS / (LOSS) PER SHARE			
There is no dilutive effect on earnings / (loss) per share of the Company, which is based on:			
Profit / (loss) after taxation attributable to ordinary shareholders		<u>95,722</u>	<u>(108,647)</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 -----	
Earnings / (loss) per share - basic		<u>10.07</u>	<u>(11.43)</u>
34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES			
34.1 Financial instruments by category			
Financial assets			
At amortised cost			
Advances to employees		12,451	9,666
Trade debts		209,932	282,882
Other receivables		528	699
Cash and bank balances		15,933	1,894
		<u>238,844</u>	<u>295,141</u>

Financial liabilities	2021	2020
At amortised cost	Rupees in thousand	
Lease liabilities	5,069	8,216
Trade and other payables	99,559	91,348
Unpaid dividends	3,452	3,452
Unclaimed dividends	6,087	6,298
Accrued mark-up	7,797	13,369
Short term finances	377,686	423,639
	<u>499,650</u>	<u>546,322</u>

34.2 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.

34.3 Market risk

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

(a) Currency risk

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

Unfunded:

Outstanding letters of credit - U.S.\$ 194,441 and Euro.€ 145,835 (2020: U.S.\$ 141,628)

<u>58,301</u>	<u>23,836</u>
---------------	---------------

The following exchange rates were applied:

	Average rate	Reporting date rate
2021		
U.S. \$ to Rupee	161.64	158.30
Euro.€ to Rupee	196.24	188.71
2020		
U.S. \$ to Rupee	158.39	168.30

Sensitivity analysis

Not applicable as no funded foreign currency liability was outstanding as at June 30, 2021 and June 30, 2020.

(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:

	2021 Effective rate %	2020 3.25 to 11.25 %	2021 Rupees in thousand Carrying amount	2020 1,072
Financial assets				
Bank balances	2.75% to 5.50%	3.25 to 11.25	<u>9,061</u>	<u>1,072</u>
Variable rate instruments				
Financial liabilities				
Short term finances	9.25% to 9.59%	13.22 to 15.85	<u>377,686</u>	<u>423,639</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, 2021, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs.3,776 thousand mainly as a result of higher / lower interest expense on variable rate financial liabilities; (2020: loss before taxation would have been higher by Rs.4,236 thousand).

(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.

34.4 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 90 days (2020: 120 days) for all shirting fabrics including blankets and shawls and 90 days (2020: 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+	AAA	JCR - VIS
National Bank of Pakistan	A1+	AAA	PACRA
The Bank of Khyber	A-1	A+	JCR - VIS

Exposure to credit risk

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

	2021	2020
	Rupees in thousand	
Security deposits	3,794	3,794
Trade debts	220,979	293,738
Bank balances	15,531	1,669
	<u>240,304</u>	<u>299,201</u>

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

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

Not past due	4,754	7,877
Past due 1 - 30 days	4,381	4,205
Past due 30 - 90 days	15,953	65,656
Past due above 90 days	195,891	216,000
	<u>220,979</u>	<u>293,738</u>

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.11.047 million (2020: Rs.10.856 million) against all local trade debts.

34.5 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
-----Rupees in thousand-----			
June 30, 2021			
Lease liabilities	5,069	3,934	1,483
Trade and other payables	99,559	99,559	0
Unpaid dividends	3,452	3,452	0
Unclaimed dividends	6,087	6,087	0
Accrued mark-up	7,797	7,797	0
Short term finances	377,686	412,621	0
	<u>499,650</u>	<u>533,450</u>	<u>1,483</u>
June 30, 2020			
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
	<u>546,322</u>	<u>570,852</u>	<u>4,780</u>

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.

35. 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.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Working Director		Executives	
	2021	2020	2021	2020	2021	2020
	----- Rupees in thousand -----					
Remuneration (including bonus)	5,758	6,047	0	12,570	48,518	35,665
Retirement benefits	529	542	0	1,047	2,651	2,991
House rent	1,715	1,715	0	0	1,431	1,781
Insurance	31	0	0	0	50	17
Reimbursement of medical and other expenses	0	0	0	288	2,623	1,516
Utilities	196	179	0	660	475	519
	8,229	8,483	0	14,565	55,748	42,489
Number of persons	1	1	0	1	10	9

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

36.2 In addition to above, meeting fees of Rs.940 thousand (2020: Rs.960 thousand) were also paid to six (2020: eight) non-working directors.

36.3 Also refer contents of note 21.2.

37. 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, 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
Lease 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	464,974
Changes from financing activities					
Lease liabilities repaid	(4,865)	0	0	0	(4,865)
Short term finances obtained net of repayments	0	(45,953)	0	0	(45,953)
Dividend paid	0	0	(211)	0	(211)
Finance cost paid	0	0	0	(39,690)	(39,690)
	(4,865)	(45,953)	(211)	(39,690)	(90,719)
Other changes					
Interest / mark-up expense	658	0	0	34,118	34,806
Impact of modification	1,030	0	0	0	1,030
	1,718	0	0	34,118	35,836
Balance as at June 30, 2021	5,069	377,686	9,539	7,797	400,091

38. TRANSACTIONS WITH RELATED PARTIES

38.1 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.

38.2 Maximum aggregate debit balance of Associated Companies at any month-end during the year was Rs.2,925 thousand (2020: Rs.38 thousand).

38.3 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.

38.4 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.

38.5 Significant transactions with the related parties

Name	Nature of relationship	Nature of transaction	2021 Rupees in thousand	2020
Janana De Malucho Textile Mills Ltd.	Associated Company	Purchase of raw-materials	7,001	463
		Utilities / expenses paid	123	2,058
		Salaries & benefits paid	2,274	868
Gammon Pakistan Ltd.	-do-	Rent accrued	3,632	4,675
		Utilities / expenses paid	0	825
Key management personnel		Salaries and benefits	49,915	53,459

39. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, 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, 2021 and June 30, 2020 is as follows:

	2021	2020
	Rupees in thousand	
Lease liabilities	5,069	8,216
Short term finances	377,686	423,639
Cash and bank balances	(15,933)	(1,894)
Net debt	366,822	429,961
Share capital	95,063	95,063
Share premium reserve	19,445	19,445
Revaluation surplus on property, plant and equipment	1,771,898	1,783,140
General reserve	654,055	654,055
Unappropriated profit	286,390	203,825
Equity	2,826,851	2,755,528
Capital	3,193,673	3,185,489
Gearing ratio (Net debt / (Net debt + Equity))	11.49%	13.50%

40. OPERATING SEGMENT

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

- 40.1** Fabric and blanket sales represent 99.83% (2020: 99.72%) of the total gross sales of the Company.
- 40.2** All of the Company's sales relate to customers in Pakistan.
- 40.3** All non-current assets of the Company as at June 30, 2021 are located in Pakistan.
- 40.4** Seven (2020: five) of the Company's customers having sales aggregating Rs.609.220 million (2020: Rs.264.600 million) contributed towards 74.12% (2020: 66.42%) of the Company's gross sales. Four (2020: three) out of seven customers individually exceeded 10% of total gross sales.

41. CAPACITY AND PRODUCTION

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

Yarn	2021	2020
Number of spindles installed	3,794	3,794
Number of spindles/shifts worked	1,408,064	837,710
Installed capacity at 5 Nm count (Kgs.)	2,391,094	2,391,094
Actual production converted into 5 Nm count (Kgs.)	888,832	474,274
Number of shifts worked	657	230
Cloth		
Number of looms installed	50	50
Number of looms/shifts worked	13,414	5,114
Installed capacity of 50 operational looms at 30 picks (Meters) (single shift)	1,647,752	1,647,752
Actual production converted into 30 picks (Meters) (03 shifts)	1,282,070	494,507
Number of shifts worked	520	279

42. NUMBER OF EMPLOYEES

----- Numbers -----

Number of permanent persons employed as at June 30,	549	396
Average number of permanent employees during the year	483	298

43. 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 financial statements of the provident fund:

	2021	2020
	Rupees in thousand	
Size of the fund - total assets	<u>45,964</u>	<u>39,812</u>
Cost of investments made in Regular Income Certificates	<u>33,300</u>	<u>33,300</u>
Fair value of investments made	<u>33,300</u>	<u>33,300</u>
	----- % -----	
Percentage of investments made	<u>72.45</u>	<u>83.64</u>

- 43.1** 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.

44. 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.

During the preceding year, 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. 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.

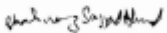
According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

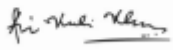
45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September, 21 2021 by the board of directors of the Company.

46. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, except for restatement detailed in note 5, no material re-arrangements and re-classifications have been made in these financial statements.


Shahnaz Sajjad Ahmad
 Chief Executive


Lt. Gen. Rettd. Ali Kuli Khan
 Director


Azhar Iqbal
 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 **Saturday, the October 16, 2021 at 09:00 a.m.**, and at any adjournment thereof at registered office of the company D.I Khan Road, Bannu

At witness my/our hand this _____ day of _____ 2021.

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

Please affix
Revenue Stamps
of Rs. 5/-

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

Member's signature

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

Notes:

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

