

BIBOJEE GROUP



**62nd
ANNUAL
REPORT**

2022

BANNU
WOOLLEN MILLS LIMITED

Bannu Woollen Mills Ltd.

بِهِمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

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COMPANY'S PROFILE

Board Of Directors	Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Lt.Gen.(Retd) Ali Kuli Khan Khattak Dr. Shahin Kuli Khan Khattak Syed Zubair Ahmed Shah -NIT Mr. Abdul Rehman Qureshi (Independent) Brig(R) Agha Arshad Raza (Independent)	Chairman Chief Executive
Audit Committee	Mr. Abdul Rehman Qureshi Syed Zubair Ahmad Shah Brig(R) Agha Arshad Raza	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Abdul Rehman Qureshi Lt.Gen.(Retd) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Syed Zubair Ahmed Shah -NIT Brig(R) Agha Arshad Raza	Chairman Member Member Member Member
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 62ND ANNUAL GENERAL MEETING

Notice is hereby given that the 62ND Annual General Meeting (AGM) of the of the Company will be held on **Monday the October 17, 2022 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 16, 2021.
2. To receive, consider and adopt the annual audited Financial Statements of the Company for the year ended June 30, 2022 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the financial year 2022-23 and to fix their remuneration. The retiring auditors M/s ShineWing Hameed Chaudhri and Company, Chartered Accountants, Lahore being eligible have consented and offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and, if thought fit to pass the following Resolutions as 'Special Resolution' with or without modification:
 - A. **"RESOLVED THAT** (i) pursuant to Section 170 read with Section 208 of the Companies Act, 2017, the approval of the members of the Company be and is hereby accorded to the Board to appoint Dr. Shaheen Kuli Khan Khattak as Executive Director Public Relations at a gross salary of Rs. 600,000/- per month, in addition to other usual expenses such as utilities and other perquisites, with effect from July 01, 2022 shared by the following associated companies on pro rata basis, at the end of every quarter of the financial year:
 - i. Bannu Woollen Mills Ltd.
 - ii. Janana De Malucho Textile Mills Ltd.
 - iii. Ghandhara Nissan Ltd.
 - iv. Ghandhara Industries Ltd.
 - v. The Universal Insurance Company Ltd.
 - vi. Rahman Cotton Mills Limited

"(ii) FURTHER RESOLVED THAT the Chief Executive Officer and the Chief Financial Officer (hereinafter referred to as the "Authorized Officers") be and are hereby authorized jointly to complete all the necessary legal and corporate formalities pertaining to this resolution.

- B. **"RESOLVED THAT** (i) Approval be and is hereby accorded to enter into a rental agreement of residential apartment situated at 6th floor, 25 Park Lane Town, 172 Tufail Road, Lahore with Mr. Khalid Kuli Khan Khattak, Chief Operating Officer of Bannu Woollen Mills Ltd. for the monthly rent of Rs. 465,000/= per month in advance which shall be shared by following Associated Companies on pro rata basis w.e.f January 01, 2023 and subject to other terms and conditions disclosed to the members in the statement of material facts under section 134(3) of the Companies Act, 2017:

- i. Bannu Woollen Mills Ltd.
- ii. Janana De Malucho Textile Mills Ltd.
- iii. Rahman Cotton Mills Ltd.

(ii) “FURTHER RESOLVED THAT the Chief Executive Officer and the Chief Financial Officer (hereinafter referred to as the “Authorized Officers”) be and are hereby jointly authorized to complete all the necessary legal and corporate formalities pertaining to this resolution.

(iii) The Chief Executive Officer and the Chief Financial Officer, be and are also hereby jointly authorized to take any further modifications/amendments/corrections at a later stage if pointed out by Securities and Exchange Commission of Pakistan (SECP) and to take such other steps, execute such other documents and make necessary corporate and other filings as may be necessary or expedient for the purpose of giving effect to the above resolutions and all other matters incidental or ancillary thereto.”

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

C. (i) “RESOLVED that the transactions carried out in normal course of business with associated companies/ related parties during the year ended June 30, 2022 (as disclosed in Note-36 of Financial Statements for the year ended June 30, 2022) be and are hereby ratified, confirmed and approved.”

(ii) “RESOLVED that the Chief Executive Officer and the Chief Financial Officer of the Company be and are hereby authorized jointly to approve all the transactions carried out and to be carried out in normal course of business with associated companies/ related parties during the year ending June 30, 2023 and in this connection the Chief Executive Officer and the Chief Financial Officer jointly be and are hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.”

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

ANY OTHER BUSINESS

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

By the order of the Board



Jahanara Sajjad Ahmad, FCA
Company Secretary

Bannu
September 26, 2022

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The register of members of the Company will remain closed from October 10, 2022 to October 17, 2022 (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 07, 2022 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. 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:

<p><i>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 _____.</i></p> <p>_____</p> <p>Signature of Member</p>

7. The audited financial statements of the Company for the year ended June 30, 2022 have been posted and are made available on the Company's website www.bwm.com.pk.
8. Members are requested to replace their physical shares in Book-entry form and get their Names registered with the CDC, as early as possible, in compliance with the provisions of Section 72 (2) of the Companies Act, 2017.

9. The members holding physical shares are also required to bring their original CNIC and/ or copy of CNIC of shareholder(s) of whom he/ she/ they hold Proxy (ies). Without CNIC such shareholder(s) shall not be allowed to attend and/ or sign the Register of Shareholders/ Members at the AGM.
10. The members interested in attending the AGM virtually are requested to get themselves registered by sending their particulars at the designated email address corporate@bwm.com.pk mentioning their names, folio number, and email address by the close of business hours on October 15, 2022. The log-in credentials and link to participate in the AGM would be provided to the registered shareholders.

A. For Attending the Meeting:

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

B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/ her original CNIC or original passport at the time of the AGM.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES' ACT, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of Bannu Woollen Mills Ltd. ("the Company") to be held on October 17, 2022.

Item No. 04 of the Agenda

A. Approval of Remuneration of Non-Executive Director

Keeping in view the strategic communication from Associated Companies to the public and in order to develop and implement the Associated Companies public relations strategies, in accordance with the Company's approved Related Party Transactions Policy, the Board upon recommendation of its Audit Committee has recommended to appoint Dr. Shahin Kuli Khan Khattak as Executive Director Public Relations at a gross salary of Rs. 600,000/- per month in

addition to other usual expenses such as utilities and other perquisites, with effect from July 01, 2022. Further, keeping in view the austerity measures and to reduce the overhead expense of an Associated Company, the salary and other usual expenses such as utilities and other perquisites of the said Executive Director shall be shared by the following Associated Company on a pro rata basis by each Associated Company at the end of each & every quarter of the financial year:-

- A. Bannu Woollen Mills Ltd.
- B. Janana De Malucho Textile Mills Ltd.
- C. Ghandhara Nissan Ltd.
- D. Ghandhara Industries Ltd.
- E. The Universal Insurance Company Ltd.
- F. Rahman Cotton Mills Limited

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

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

B. Lease / Rent of Residential Premises owned by a Related Party:

The Company intends to enter into a contract for leasing / rent of premises for residence of its directors / senior executives of Textile division during attending meetings / visits / attending seminars in Lahore located at 25 Park Lane Town, 172 Tufail Road, Lahore from Chief Operating Officer, Mr. Khalid Kuli Khan Khattak at a monthly rent of Rs. 465,000 per month measuring total area of 3,200 square feet located at 6th floor along with one store & servant quarter located at 3rd floor of the building. The rent rates are in line with prevailing rent rates in the said locality. As the property will be jointly shared with other Associated Companies i.e. Janana De Malucho Textile Mills Ltd., Bannu Woollen Mills Ltd. and Rahman Cotton Mills Ltd. The other terms and conditions would be:

- a) Agreement tenor: 03 (three) years (renewable on mutual terms and conditions)
- b) 10% increase after each year
- c) Utility bills and taxes will be responsibility of the tenants
- d) Tenants will be responsible for the proper upkeep and maintenance of the building

Mr. Khalid Kuli Khan Khattak, the Chief Operating Officer of the Company owns the above premises and is, therefore, interested in the above agreement.

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

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

The Company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to "transactions with related parties" in the normal course of business. All transactions entered into with related parties require the recommendation of the Board's Audit Committee of the Company, which is chaired by an independent director of the company. Upon the recommendation of the Board's Audit Committee, such transactions are placed before the Board of Directors for approval. Since the majority of Directors were interested in this/these transactions(s) due to their common directorship and holding of shares in the associated companies, therefore these transactions have to be approved by the members of the company in the General Meeting.

Approval of the members is, therefore sought in order to comply with the requirements of Section 170 and 208 of the Companies Act, 2017.

- C. (i) Transactions carried out with associated companies during the year ended June 30, 2022 to be passed as a Special Resolution. The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis.

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

In view of the above, the transactions conducted during the financial year ended June 30, 2022 with associated companies and related parties as shown in relevant notes of the Audited Financial Statements are being placed before the members for their consideration, confirmation and approval.

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

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

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

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

- (ii) Authorization of the Chief Executive and the Chief Financial Officer jointly for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2023 to be passed as a Special Resolution.

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

The shareholders may authorize the Chief Executive and the Chief Financial Officer jointly to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2023.

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

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

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

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کا 62 واں سالانہ اجلاس عام (AGM)، کمپنی کے رجسٹرڈ دفتر، بنوں وولن ملز لمیٹڈ ڈی آئی خان روڈ، بنوں پر درج ذیل امور کی انجام دہی کیلئے بروز پیر 17 اکتوبر 2022ء کو صبح 09:00 بجے منعقد ہوگا۔

عام امور:

- 1- 16 اکتوبر 2021ء کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- 30 جون 2022ء کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالی حسابات معہ ان پر چیئرمین کا جائزہ، ڈائریکٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔
- 3- مالی سال 2022-23 کے لئے بیرونی آڈیٹرز کا تقرر اور ان کے صلہء خدمت کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز شیونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

خصوصی امور:

- 4- غور و خوض اور اگر بہتر خیال کیا گیا تو، درج ذیل قراردادوں کو ترمیم کے ساتھ یا اس کے بغیر بطور خصوصی قراردادیں پاس کرنا:
 - A- "قرار پایا کہ کمپنی ایکٹ 2017 کے سیکشن 208 ملا کر پڑھیں سیکشن 170 کے مطابق، کمپنی کے ممبران کی منظوری سے اور بذریعہ ہذا بورڈ آف ڈائریکٹرز کو ڈائریکٹرز کی خانہ خنک کو بطور ایکٹریٹو ڈائریکٹرز پبلک کمپنیشن -/600,000 روپے ماہانہ کی مجموعی تنخواہ، علاوہ دیگر معمول کے اخراجات جیسے کہ پینشنیز اور دیگر مراعات پر تعینات کرنے کی اجازت دی جاتی ہے، جو یکم جولائی 2022 سے مؤثر ہیں، درج ذیل ہر ایک ایسوسی ایٹڈ کمپنی کی طرف سے یکم جولائی 2022 سے شروع ہونے والی ہر مالی سال کی سرمایہ کے اختتام پر ادا کی جائے گی۔
 - i- چنانچہ دی مالوچو ٹیکسٹائل ملز لمیٹڈ ii- بنوں وولن ملز لمیٹڈ iii- گندھارا انسان لمیٹڈ iv- گندھارا انڈسٹریز لمیٹڈ v- یونیورسل انشورنس کمپنی لمیٹڈ vi- رحمن کاشن ملز لمیٹڈ
 - (ii) "مزید قرار پایا کہ چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور کمپنی سیکرٹری (یہاں "مجاز آفیسرز") مشترکہ طور پر اس قرارداد سے متعلق تمام ضروری قانونی اور کارپوریٹ سہی کارروائیوں کو مکمل کرنے کے مجاز ہیں۔
 - (iii) کمپنی کے لیے اور اس کی جانب سے اور کمپنی کے نام پر مندرجہ بالا قراردادوں کے مطابق مجاز آفیسرز کی طرف سے کیے گئے تمام اعمال، کام، اور چیزیں کمپنی کی طرف سے کیے گئے اعمال، کام اور چیزیں تصور ہوں گی۔
 - (iv) چیف ایگزیکٹو آفیسر اور کمپنی سیکرٹری مشترکہ طور پر مجاز ہیں کہ وہ بعد کے مرحلے میں مزید کوئی ترمیم/تذمیم/اصلاح کریں اگر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے نشاندہی کی جائے اور اس طرح کے دیگر اقدامات اٹھائے جائیں، اس طرح کے دیگر دستاویزات اور ضروری کارپوریٹ اور دیگر فائلنگز جو کہ مندرجہ بالا قراردادوں کو نافذ کرنے کے مقصد کے لئے ضروری یا مناسب ہو اور دیگر تمام واقعاتی یا ذیلی معاملات کریں۔
- B- "قرار پایا کہ (i) کمپنی کے ممبران کی منظوری سے اور بذریعہ ہذا کمپنی کے چیف آفیسر جناب خالد قلی خان خنک کے ساتھ رہائشی اپارٹمنٹ 6 ویں منزل، 25 پارک لین ٹاؤن، 172 طفیل روڈ پر واقع احاطے کو کمپنی گیسٹ ہاؤس کے طور پر استعمال کرنے کے مقصد کے لیے لیز پر کرایہ کا معاہدہ کرنے کی منظوری دی جاتی ہے۔
- (ii) مزید قرار پایا کہ بنوں وولن ملز لمیٹڈ کے چیف آفیسر جناب خالد قلی خان خنک کے 6 ویں منزل، 25 پارک لین ٹاؤن، 172 طفیل روڈ، لاہور پر واقع احاطے کا ماہانہ کرایہ -/465,000 روپے فی مہینہ پیشگی، 01 جنوری 2023 سے مؤثر درج ذیل ایسوسی ایٹڈ کمپنیوں سے مناسب شرح کی بنیاد پر اوکٹینز ایکٹ، 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کے بیان میں شیئر ہولڈرز کو بتائی گئی دیگر شرائط و ضوابط کے تابع ہوگا:
 - i- بنوں وولن ملز لمیٹڈ ii- چنانچہ دی مالوچو ٹیکسٹائل ملز لمیٹڈ iii- رحمان کاشن ملز لمیٹڈ
 - (iii) "مزید قرار پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر کمپنی کے اگلے سالانہ اجلاس عام تک مذکورہ بالا متعلقہ فریقوں کے ساتھ کئے گئے تمام لین دین اور کاروبار کے معمول کے مطابق منظور کرنے کے مجاز ہیں اور اس سلسلے میں کمپنی کے چیف ایگزیکٹو آفیسر کوئی بھی اور تمام ضروری کارروائی کرنے اور اس سلسلے میں درکار کسی بھی اور ایسے تمام دستاویزات/انڈسٹریز پر کمپنی کی جانب سے دستخط/عمل درآمد کرنے کے مجاز ہیں۔"
 - (iv) قرار پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر 30 جون 2023 ختم ہونے والے سال کے دوران متعلقہ کمپنیوں/متعلقہ فریقوں کے ساتھ کئے گئے تمام لین دین کو منظور کرنے اور کاروبار کے معمول کے مطابق کرنے کے مجاز ہیں اور اس سلسلے میں چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر مشترکہ طور پر کوئی بھی اور تمام ضروری کارروائی کرنے اور اس سلسلے میں درکار کسی بھی اور ایسے تمام دستاویزات/انڈسٹریز پر کمپنی کی جانب سے مشترکہ طور پر دستخط/عمل درآمد کرنے کے مجاز ہیں۔"

دیگر امور

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

بحکم بورڈ

Jalmanos

جہاں آراہیہ احمد ایف سی اے
کمپنی سیکرٹری

بنوں

26 ستمبر 2022ء

نوٹ:

1- حصص منتقلی کتابوں کی بندش

کمپنی کے ممبران کا رجسٹر 10 اکتوبر 2022ء تا 17 اکتوبر 2022ء (بشمول دونوں ایام) بند رہے گا۔ منتقلیاں کمپنی کے شیئرز رجسٹرار کے دفتر، میسرز ڈون کنسلٹنگ لمیٹڈ، C-3 ایل ڈی اے فلیٹس، پہلی منزل، لارنس روڈ، لاہور میں 107 اکتوبر 2022ء کو کاروبار کے اختتام تک وصول ہونے والی ٹرانسفریز کے نام میں رجسٹریشن اور AGM میں شرکت اور ووٹنگ کے مقصد کے لئے بروقت تصور ہوگی۔

2- سالانہ اجلاس عام میں شرکت

1- سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا مستحق کوئی ممبر اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر ممبر کو اپنا اپنی پراکسی مقرر کر سکتا رہتا ہے۔ پراکسی اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر ہولڈرز کو مطلع کرنا ضروری ہے، جن میں لازماً وصول ہو جانی چاہئیں۔

2- کمپنی کے ممبران سے درخواست ہے کہ اپنے تہوں میں تبدیلی اگر کوئی ہو، ہمارے شیئرز رجسٹرار کو فی الفور مطلع فرمائیں۔

3- سی ڈی سی اکاؤنٹ ہولڈرز کو مزید برآں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری شدہ سرکلر نمبر 1 آف 2000 مورخہ 26 جنوری 2000 میں دی گئی درج ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

4- سینٹرل ڈیپازٹری کمپنی ("CDC") میں اکاؤنٹ یا ذیلی اکاؤنٹ کا حامل کوئی بھی انفرادی ہنڈل اور، اس اجلاس میں ووٹ ڈالنے کا حقدار ہے، اسے اپنی شناخت ثابت کرنے کے لئے اپنا کمپیوٹرائزڈ قومی شناختی کارڈ ("CNIC") فراہم کرنا ہوگا، اور پراکسی کی صورت میں اپنے CNIC کی تصدیق شدہ کاپی منسلک کرنا ضروری ہے۔ کارپوریٹ اداروں کے نمائندوں کو بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی اور/یا اس طرح کی تمام دستاویزات جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1 کے مورخہ 26 جنوری 2000 تحت درکار ہیں کی تصدیق شدہ کاپیاں فراہم کرنی چاہئیں۔

5- ممبران کو بذریعہ ہذا مطلع کیا جاتا ہے کہ ایس ای سی پی کے ایس آر او 2014/1(787) مورخہ 8 ستمبر 2014 اوپنیز ایکٹ، 2017 کے مطابق، کمپنیوں کو اجازت دی گئی ہے کہ وہ سالانہ رپورٹیں اور این کیس کو ای میل کے ذریعے ترسیل کریں۔ اس مقصد کے لیے، ہم نے اپنی کمپنی کی ویب سائٹ www.bwm.com.pk پر فارم اپ لوڈ کیا ہے۔ جو ممبران اس سہولت سے فائدہ اٹھانا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ مناسب طریقے سے پُر شدہ درخواست فارم شیئرز رجسٹرار کو جمع کرائیں۔

6- اگر ممبران جوکل بیڈ اپ کیپٹل کے دس (10) فیصد کے مالک، کسی شہر میں سکونت ہیں تو ایسے ممبران کمپنی 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 کمپنی کو اس کے رجسٹرڈ پتے پر درج ذیل شرائط میں درخواست بھیجیں:

میں/ہم، _____ ساکن _____، بحیثیت رکن ہوں/ہمیں ملز لمیٹڈ، رجسٹرڈ
 فولیو/سی ڈی سی اکاؤنٹ نمبر _____ کے مطابق _____ عام حصص کے حامل ہیں، بذریعہ
 ہذا _____ میں ویڈیو لنک کی سہولت کا انتخاب کرتے ہیں۔

دستخط رکن

7- 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی حسابات کمپنی کی ویب سائٹ www.bwm.com.pk پر دستیاب کر دیئے گئے ہیں۔

8- تمام ممبران سے درخواست کی جاتی ہے کہ کمپنی ایکٹ، 2017 کے سیکشن 72(2) کے تحت اپنے فیزیبل شیئرز کو بک انٹری کی فارم میں جتنا جلدی ممکن ہو تبدیل کر والیں۔

9- فیزیبل شیئرز رکھنے والے شیئرز ہولڈرز کو چاہیے کہ وہ اپنا اصل CNIC اور/یا شیئرز ہولڈرز جس کے وہ پراکسی رکھتے ہیں کی کاپی بھی ہمراہ لائیں۔ CNIC کے بغیر ایسے شیئرز ہولڈرز کو AGM میں شرکت اور/یا شیئرز ہولڈرز/ممبروں کے رجسٹر پر دستخط کرنے کی اجازت نہیں ہوگی۔

10۔ سالانہ اجلاس عام میں شرکت کرنے میں دلچسپی رکھنے والے اراکین سے درخواست کی جاتی ہے کہ وہ 15 اکتوبر، 2022 کو کاروباری اوقات کے اختتام تک اپنے نام فونو نمبرز اور ای میل ایڈریسز کا ذکر کرتے ہوئے نامزد ای میل: corporate@bwm.com.pk پر اپنی تفصیلات بھیج کر خود کو رجسٹر کر لیں۔ رجسٹرڈ حصص داران کو لاگ ان کی اسناد اور AGM میں شرکت کے لئے لنک فراہم کئے جائیں گے۔

1۔ اجلاس میں شرکت کیلئے:

(i) بصورت انفرادی، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور ایجن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔

(ii) بصورت کارپوریٹ ایٹنٹی، بورڈ آف ڈائریکٹرز قرار دار اختیار نامہ مع نامزد نمونہ دستخط اجلاس کے وقت مہیا کرنا ہوئے (اگر پہلے فراہم نہیں کئے گئے)۔

2۔ پراکسیز کی تقرری کیلئے:

i۔ بصورت انفرادی، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور ایجن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو مذکورہ بالا ضروریات کے مطابق پراکسی فارم جمع کرانا ہوگا۔

ii۔ پراکسی فارم پر دو انفرادی گواہی ہوگی جن کے نام، پتے اور CNIC نمبرز فارم پر تحریر ہوئے۔

iii۔ پیشکش اور زاور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ جمع کرانا ہوگی۔

iv۔ پراکسی AGM کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا۔

کمپنیز ایکٹ، 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان

بیان ہذا 17 اکتوبر 2022 کو منعقد ہونے والے بنوں وولن ملز لمیٹڈ (کمپنی) کے سالانہ اجلاس عام میں خصوصی امور سے متعلق مادی حقائق کا تعین کرتا ہے۔

ایجنڈے کا آئٹم نمبر 04

A۔ نان ایگزیکٹو ڈائریکٹر کے معاوضے کی منظوری

ایسوسی ایٹڈ کمپنیوں کی طرف سے عوامی رابطے کو مد نظر رکھتے ہوئے اور متعلقہ پارٹی ٹرانزیکشنز کے حوالے سے کمپنیز ایکٹ 2017 کی دفعات کے مطابق، ایسوسی ایٹڈ کمپنیوں کے تعلقات عام کی حکمت عملیوں کو تیار کرنے اور لاگو کرنے کے لیے، بورڈ نے آڈٹ کمیٹی کی سفارش پر ڈائریکٹرز میں کئی خان خٹک کو ایگزیکٹو ڈائریکٹر پبلک ریلیشنز۔/600,000 روپے ماہانہ، علاوہ دیگر معمول کے اخراجات جیسے کہ پمپلینیز اور دیگر مراعات، 01 جولائی 2022 سے مؤثر مقرر کرنے کی منظوری دی ہے۔ مزید برآں، کفایت شعاری کے اقدامات کے مد نظر اور ایسوسی ایٹڈ کمپنی کے اور ہذا اخراجات کو کم کرنے کے لیے، مذکورہ ایگزیکٹو ڈائریکٹر کی تنخواہ اور اخراجات مندرجہ ذیل ایسوسی ایٹڈ کمپنی کے ذریعہ تناسب کی بنیاد یعنی ہر ایسوسی ایٹڈ کمپنی کے ذریعہ مالی سال کی ہر سہ ماہی کے اختتام پر شیئر کیے جائیں گے:-

A۔ بنوں وولن ملز لمیٹڈ B۔ جانا نودی مالو چوٹیکسٹائل ملز لمیٹڈ C۔ گندھارا انسان لمیٹڈ D۔ گندھارا انڈسٹریز لمیٹڈ E۔ یونیورسل انٹرنس کمپنی لمیٹڈ

F۔ رحمان کاش ملز لمیٹڈ

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

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک 2۔ جناب احمد قلی خان خٹک 3۔ مسز شہناز سجاد احمد 4۔ ڈائریکٹرز میں قلی خان خٹک

کمپنی متعلقہ فریقین کے ساتھ معمول کے کاروبار میں کیے گئے لین دین کی پالیسی ہے، تمام لین دین کی پالیسیوں کے متعلق آڈٹ کمیٹی کی سفارش سے جو کہ ایک خود مختار ڈائریکٹر فیصلہ کرتا ہے۔ اور اس کے بعد اسی لین دین سے متعلق بورڈ آف ڈائریکٹرز سے اجازت لی جاتی ہے، چونکہ ڈائریکٹرز کی اکثریت ایسوی ایفڈ کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں لہذا اس لین دین کی اجلاس عام میں ممبران سے منظوری درکار ہے۔

B- متعلقہ فریق کی ملکیت میں رہائشی احاطے کا لیز/کرایہ:

اجلاسوں/ دوروں/ سیمینار میں شرکت کے دوران کمپنی اپنے ڈائریکٹرز/ ایکسٹرنل ڈویژن کے سینئر ایگزیکٹوز کی رہائش گاہ جو 25 پارک لین ٹاؤن، 172 طفیل روڈ، لاہور میں 3,200 مربع فٹ کے کل رقبے کی پیمائش جو 6 ویں منزل پر واقع اور ساتھ ہی عمارت کی تیسری منزل پر واقع ایک سٹور اور سرورٹ کوارٹر کو چیف آفیسر جناب خالد قلی خان خٹک سے 465,000 روپے ماہانہ لیز/کرایہ پر لینے کا معاہدہ کرنے کا ارادہ رکھتی ہے۔ کرایہ کے نرخ مذکورہ علاقے میں موجودہ کرایہ کے نرخوں کے مطابق ہیں۔ چونکہ جائیداد کو دیگر ایسوی ایفڈ کمپنیوں یعنی جنانادی مالو چو بیٹا سٹائل ملز لمیٹڈ، بنوں وولن ملز لمیٹڈ اور رحمان کاشن ملز لمیٹڈ کے ساتھ مشترکہ طور پر شیئر کیا جائے گا، دیگر شرائط و ضوابط یہ ہوں گے:

(a) معاہدے کی مدت: 03 (تین) سال (باہمی شرائط و ضوابط پر قابل تجدید)

(b) ہر سال کے بعد 10% اضافہ

(c) یوٹیلیٹی بل اور ٹیکس کرایہ داروں کی ذمہ داری ہوں گے۔

(d) کرایہ دار عمارت کی مناسب دیکھ بھال اور مرمت کے ذمہ دار ہوں گے۔

کمپنی کے چیف آفیسر جناب خالد قلی خان خٹک مذکورہ بالا جگہ کے مالک ہیں اور اس لیے مذکورہ معاہدے میں دلچسپی رکھتے ہیں۔

درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلقات، مشترکہ ڈائریکٹر شپ اور ایسوی ایفڈ کمپنیوں میں اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک 2۔ جناب احمد قلی خان خٹک 3۔ مسز شہناز سجاد احمد 4۔ ڈاکٹر شاپن قلی خان خٹک

لہذا کمپنی ایک، 2017 کے سیکشن 170 اور 208 کے تقاضوں کی تعمیل مطابق اراکین کی منظوری درکار ہے۔

i۔ ایجنڈا آئٹم (I): 30 جون 2022 کو ختم ہونے والے سال کے دوران کئے گئے لین دین کی خصوصی قرارداد کے طور پر منظوری:

ایسوی ایفڈ کمپنیوں (متعلقہ فریقین) کے ساتھ معمول کے کاروبار میں کیے گئے لین دین کو سہ ماہی بنیادوں پر آڈٹ کمیٹی کی سفارش کے مطابق BOD نے منظور کیا۔ چونکہ ڈائریکٹرز کی اکثریت ایسوی ایفڈ کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں لہذا اس لین دین کی ممبران سے منظوری درکار ہے۔ ایسوی ایفڈ کمپنیوں اور متعلقہ فریقوں کے ساتھ 30 جون 2022 کو ختم ہونے والے مالی سال کے دوران کئے گئے لین دین جیسا کہ آڈٹ شدہ مالیاتی حسابات کے متعلقہ نوٹس میں ظاہر کیا گیا ہے، ممبران کے سامنے ان کے غور و خوض اور منظوری کے لیے پیش کیا جا رہا ہے۔

درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلق، اپنی مشترکہ ڈائریکٹر شپ اور متعلقہ کمپنیوں میں اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔

درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلقات، مشترکہ ڈائریکٹر شپ اور ایسوی ایفڈ کمپنیوں میں اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک 2۔ جناب احمد قلی خان خٹک 3۔ مسز شہناز سجاد احمد 4۔ ڈاکٹر شاپن قلی خان خٹک

ii ایجنڈا آئٹم (II): جاری سال جو کہ 30 جون 2023 کو ختم ہوگا کے دوران متعلقہ کمپنیوں کے ساتھ ہونے والے لین دین کے لئے مشترکہ طور پر چیف ایگزیکٹو اور چیف فنانشل آفیسر کی اجازت۔

کمپنی متعلقہ کمپنیوں کے ساتھ معمول کے کاروبار کے مطابق لین دین کرے گی۔ ڈائریکٹرز کی اکثریت اپنی مشترکہ ڈائریکٹر شپ اور متعلقہ کمپنیوں میں شیئر ہولڈنگ کی وجہ سے ان لین

دین میں دلچسپی رکھتے ہیں۔ اس لیے متعلقہ کمپنیوں کے ساتھ اس طرح کے لین دین کی مہمراں سے منظوری لینا ضروری ہے۔
شیئر ہولڈرز چیف ایگزیکٹو اور چیف فنانشل آفیسر کو مشترکہ طور پر جاری سال جو کہ 30 جون 2023 کو ختم ہوگا کے دوران متعلقہ کمپنیوں کے ساتھ کئے گئے لین دین کی منظوری دینے اور معمول کے کاروبار کے مطابق کرنے کا اختیار دے سکتی ہیں۔

ڈائریکٹرز اس قرارداد میں اپنی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔

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

- 1۔ لیٹیننٹ جنرل (ریٹائرڈ) علی قلی خان بٹک
- 2۔ جناب احمد قلی خان بٹک
- 3۔ مسز شہناز سجاد احمد
- 4۔ ڈاکٹر شاہین قلی خان بٹک

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, 2022.

BUSINESS REVIEW

Pakistan is facing economic challenges including inflation, foreign exchange reserves deterioration and high current account as well as fiscal deficit. However, your Company has been very fortunate to be able to face the challenges and achieve continuous business operations and add value to shareholders through sustainable growth.

Since the global economy is undergoing a severe correction, coupled with several internal factors, the current account deficit stood at USD 17.4 billion for 12MFY22 compared to USD 2.8 billion during the same period of last year. It was primarily driven by higher trade deficit as growth in imports picked up sharply by 43.45%. The rise in imports was due to a significant surge in global commodity (food and energy) prices on account of geopolitical situation and higher machinery imports under TERF. Moreover, the recent withdrawal of energy and fuel subsidies and significant increase in food and commodity prices caused inflation to reach 21.3% in June 2022 as against 9.7% in same month last year. With an aim to anchor inflation, the State Bank has recently raised the policy rate to 15%, an increase of 800 basis points since September 2021. Revenue collections stood at Rs. 6.1 trillion, a healthy growth of 29.1% over last year, driven by broad based and above target increase in tax collections. Going forward, in an attempt to narrow the fiscal deficit, the Government has recently passed Finance Act, 2022 which has proposed imposition of further taxes on targeted segments and withdrawal of certain tax credits.

Considering the overall ongoing global economic crisis, the Company was able to navigate challenges well. It is also the matter of pride for the Company and its stakeholders including associates and dealers that the Company has achieved milestone of gross sales turnover of over Rs. 1 billion first time ever in Company's history.

The Company has earned a profit of Rs 52.041 million before incorporating associated companies related profits and losses and, an after tax loss of Rs 662.395 m. This loss is mainly due to incorporating the impairment loss of Rs. 775.857 million, which is the unrealized share of loss on impairment of investment in the Associated Company Janana De Malucho Textile Mills Limited (JDM) for the year ended June 30, 2022.

However, we believe that JDM is a sound Company with a break -up value per share of Rs. 958 and your Company holds 1,659,643 shares on JDM. The financial highlights of the current year are:

Net sales increased by 38.67% to Rs. 969.515 million

Gross profit increased to Rs. 238.368 million from Rs. 189.883 million as compared to last year

Loss per share of Rs. (69.68)

OVERALL PERFORMANCE AND EFFECTIVENESS OF THE BOARD

The Board of Directors meets at least quarterly to review and approve the Company's financial and operating results. During the financial year under review, five Board meetings were held

and the Board effectively fulfilled its responsibility to the Company and conscientiously participated in all strategic matters. The Board monitored its own performance along with the performance of its committees through Board and Committee self- evaluations. In addition, the Board also ensured compliance with all applicable rules Company.

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

BUSINESS RISKS, CHALLENGES AND FUTURE OUTLOOK

The Country's macro-economic situation is expected to remain volatile in the near future. On the positive front, the government has taken a series of austerity measures to reduce the current account and fiscal deficit including increase in income taxes, increasing policy rates and discouraging imports of luxurious imported items. These measures are expected to have a positive impact on the corporate and industrial sectors including textile. Going forward, it is expected that pressure on foreign reserves of the country will also ease with the resumption of International Monetary Fund (IMF) program. As the economy returns to full capacity and recovery becomes durable, it is hoped that the textile sector maintains its growth momentum.

In line with the Company's vision and mission statement, the focus of the Company's management will be to be the market leaders in woollen and blended fabrics and remain competitive through innovation and sound business plan to the satisfaction of our stakeholders, without compromising on our social obligations. 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, are detailed in note number 32 of the financial statements.

The sales revenue is expected to grow during the year ending June 30, 2023 and resultantly the bottom line of the Company is expected to further improve. The liquidity issues will also resolve and sufficient working capital will be available to run the operations of the Company.

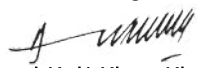
Under the present conditions, the Company will remain exposed to the risk of adverse fluctuation in the Pak Rupee vs. US\$ parity.

ACKNOWLEDGEMENT

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

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

September 22, 2022
Rawalpindi


(Ahmad Kuli Khan Khattak)
Chairman

DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, we are pleased to present the Directors' Report together with the 62nd Annual Report of the Company along with the Annual Audited Financial Statements of the Company for the year ended June 30, 2022.

SAD DEMISE OF OUR BOARD MEMBER

On behalf of the Company, its employees and workers, the Board of Directors express their deep sorrow on the passing of Mr. Raza Kuli Khan Khattak, director of the Company who left for his eternal journey on March 18, 2022. Mr. Raza will always be remembered in our prayers. Innalillahaywainnaelalayhayrajiun.

THE FINANCIAL HIGHLIGHTS OF THE COMPANY FOR THE YEAR ENDED JUNE 30, 2022 ARE AS FOLLOWS: -

	Year ended June, 30		Favorable / (Unfavorable) %
	2022	2021	
	Rs. In thousand		
Sales - net	969,515	699,135	38.67%
Gross Profit	238,368	189,883	25.53%
Profit from Operations	89,845	56,017	60.39%
(Loss) / profit before taxation	(646,211)	99,950	-546.53%
Taxation	(16,184)	(4,228)	282.78%
(Loss)/profit after taxation	(662,395)	95,722	-592.00%
(Loss)/earnings per share (Rupees)	(69.68)	10.07	

The Company has earned a profit of Rs. 52.041 million before adjustment of Rs. 698.252 million unrealized share of loss mainly relating to impairment of investment in the Associated Company Janana De Malucho Textile Mills Limited (JDM) for the year ended June 30, 2022. Primarily, due to the unrealized impairment loss routed through the profit or loss account, the profits of the Company have been reduced to a loss after tax of Rs. 662.395 million. This is an accounting adjustment made and should not affect the present cash flows of the Company. We believe that JDM, is a sound company with a breakup value per share of Rs. 958 per share and your Company holds 1,659,643 shares in JDM.

OPERATING PERFORMANCE REVIEW

With the installed capacity of 3,794 woollen spindles and 50 shuttle less looms (2021: capacity was 3,794 woollen spindles and 50 shuttle less looms), the Company has produced 1,170,720 Kgs of 5 Nm of count yarn and 1,443,118 meters cloth based on 30 picks in the current year as compared to 888,832 Kgs of 5 Nm of count yarn and 1,282,070 meters cloth based on 30 picks for the year ended June 30, 2021.

Finished production during the year increased by 306,426 meters (27.66%) as compared to the last year. The production of shirting cloth has increased by 28.12% over the last year as demand of this fabric increased over the past year. The production of coarse fabric remained on the lower side due to less demand from consumers.

DIVIDENDS AND TRANSFER

The Board of Directors recommended that no dividend shall be declared for the year ended June 30, 2022, as Company has to focus on expanding business while maintaining solvency and steady cash flows.

Considering that the share of loss is mainly relating to impairment of investment in the Associated Company Janana De Malucho Textile Mills Limited (JDM) for the year ended June 30, 2022, the Directors have recommended the following transfer;

	2022 Rs'000
Loss before appropriation	(347,341)
Appropriation: Transfer to unappropriated profit from General Reserve	<u>500,000</u>
Un-appropriated profit carried forward	<u>152,629</u>

CHAIRMAN'S REVIEW

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

ECONOMY OVERVIEW

The economy of Pakistan is experiencing high inflation and external sector pressures due to higher commodity prices both in the international and domestic market as well as exchange rate depreciation (Year on Year). However, the government is taking all possible measures to counter these pressures so that the growth momentum may remain intact.

Global and domestic uncertainties are still surrounding the economic outlook. In addition, recent flooding caused by abnormally heavy monsoon rains has negatively impacted economic activity in a number of cities, which may diminish economic prospects.

FUTURE PROSPECTS

The economic outlook will remain surrounded by global and domestic uncertainties. Geopolitical tensions remain a concern, global inflation and interest rates remains high, while the US dollar is strengthening. Pakistan's external environment therefore faces increasing challenges. The government has taken the necessary measures to comply with the IMF's demands. Though these measures have further increased inflation, at the same time it also have had a positive effect on easing external financing constraints. Recent floods caused by abnormally heavy monsoon rains have adversely affected crops, which can affect the economic outlook through agricultural performance. Productivity enhancement are the essential ingredients to upgrade Pakistan's sustainable long-run growth path.

Going forward, the management expects the sales revenue to grow during the coming year, as the Company's products demand has further increased for forthcoming winter season. This

will further strengthen the liquidity position of the Company enabling it to run the operations in a sustainable manner.

We remain committed to improve our operations, to be more innovative and efficient in order 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) in the following matters:

1. The financial statements, prepared by the management of Bannu Woollen Mills Ltd., present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.
4. International accounting standards/International Financial Reporting Standards as applied in Pakistan, have been followed in preparation of these financial statements and departures therefrom have been adequately disclosed.
5. The Company maintains a system of internal control which has been effectively implemented and is monitored. Monitoring of internal controls is an on-going process with the objective to strengthen the controls and bring improvements in the system.
6. There is no doubt 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, 2022, except for those disclosed in the financial statements.

COMPOSITION OF THE BOARD

The Board comprises two independent Directors, one executive Director and four non-executive Directors. The Directors of the Company were re-elected in the Extraordinary General meeting of the Company held on May 21, 2020 and one casual vacancy occurred due to the sad demise of Mr. Raza Kuli Khan Khattak, which was filled on April 19, 2022. The Company continues to maintain female representation on the Board of Directors and has two female Board members.

AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control, risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Audit Committee meetings by invitation to present the financial statements. After each meeting, the Chairman of the Committee reports to the Board. The Committee met five (05) times during the year 2021-2022. The names of committee members are as follows:

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

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

HR AND REMUNERATION COMMITTEE

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors. The CEO of the Company attended the Human Resource and Remuneration Committee meetings held during the year as member of the committee. The Committee met two (02) times during the year 2021-2022. The names of committee members are as follows:

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

MEETINGS OF BOARD AND ITS COMMITTEES IN 2021-22

During the year 2021-2022 five board meetings, five Audit Committee meetings and two HR & Remuneration Committee meetings were held. The attendance of the Directors and the number of their directorships in listed companies, including Bannu Woollen Mills Ltd. are given here under:

Sr. No.	Director	Direct- orship	Status (BOD)	Committee Members		Attendance		
				AC	HR & RC	Board Meetings	AC	HR & RC
1	Mr. Raza Kuli Khan Khattak	-	Passed away on March 18, 2022	-	-	2 / 3	-	-
2	Lt. Gen (Retd.) Ali Kuli Khan Khattak	7	Re-appointed on May 21, 2020	-	✓	4 / 5	-	2 / 2
3	Mrs. Shahnaz Sajjad Ahmed	5	Re-appointed on May 21, 2020	-	✓	5 / 5	-	2 / 2
4	Mr. Ahmed Kuli Khan Khattak	6	Re-appointed on May 21, 2020 on Board and April 19, 2022 on HR&RC	-	✓	3 / 5	-	1 / 2
5	Syed Zubair Ahmed	2	Re-appointed on May 21, 2020	✓	✓	5 / 5	5 / 5	2 / 2

6	Mr. Abdul Rehman Qureshi	5	Re-appointed on May 21, 2020	✓	✓	4 / 5	5 / 5	2 / 2
7	Brig (R) Agha Arshad Raza	1	Re-appointed on May 21, 2020	✓	✓	5 / 5	5 / 5	2 / 2
8	Shaheen Kuli Khan Khattak	2	Co-opted on April 19, 2022	-	-	2 / 2	-	-

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

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

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

DETAIL OF DIRECTORS REMUNERATION

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

MATERIAL CHANGES

There have been no material changes since June 30, 2022 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 2022-23.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at June 30, 2022 is annexed to this report.

THANKS AND APPRECIATION

We would like to place on record appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and dedication towards 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.

On behalf of the Board of Directors



LT. GEN ALI KULI KHAN KHATTAK (RETD)
DIRECTOR



(SHAHNAZ SAJJAD AHMAD)
CHIEF EXECUTIVE OFFICER

Rawalpindi: September 22, 2022

ڈائریکٹرز کی حصص داران کو رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2022 کو ختم ہونے والے سال کے لئے کمپنی کے سالانہ نظر ثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی 62 ویں سالانہ رپورٹ مع ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ہمارے بورڈ کے رکن کا افسوسناک انتقال

کمپنی، اس کے ملازمین اور کارکنوں کی جانب سے، بورڈ آف ڈائریکٹرز کمپنی کے ڈائریکٹر جناب رضا علی خان خٹک کے انتقال پر گہرے دکھ کا اظہار کرتے ہیں جو 18 مارچ 2022 کو اپنے ابدی سفر پر روانہ ہو گئے۔ جناب رضا ہمیشہ ہماری دعاؤں میں رہیں گے، اللہ وانا الیہ راجعون۔

30 جون 2022 کو ختم ہونے والے سال کے لئے کمپنی مالیاتی جھلکیاں حسب ذیل ہیں:

موزوں / (غیر موزوں) فیصد	30 جون 2021 ختم سال روپے ہزاروں میں	30 جون 2022 ختم سال	
38.67%	699,135	969,515	فروخت خالص
25.53%	189,883	238,368	مجموعی منافع
60.39%	56,017	89,845	آپریٹنگ منافع
-546.53%	99,950	(646,211)	ٹیکس سے قبل (نقصان) / منافع
282.78%	(4,228)	(16,184)	ٹیکسیشن
-592.00%	95,722	(662,395)	ٹیکس کے بعد (نقصان) / منافع
	10.07	(69.68)	(نقصان) / آمدنی فی شیئر (روپے)

کمپنی نے 698,252 ملین روپے نقصان کے غیر حقیقی حصہ جو بنیادی طور پر 30 جون 2022 کو ختم ہونے والے سال کے لیے ایسوسی ایٹڈ کمپنی جٹان دی مل کو ٹیکسٹائل ملز لمیٹڈ (JDM) میں سرمایہ کاری کی امپیرمنٹ سے متعلق ہے کی ایڈجسٹمنٹ سے پہلے 52,041 ملین روپے کا منافع کمایا ہے۔ بنیادی طور پر، نفع یا نقصان اکاؤنٹ کے ذریعے غیر حقیقی امپیرمنٹ نقصان کی وجہ سے کمپنی کا منافع 662,395 ملین روپے ٹیکس کے بعد خسارہ میں چلا گیا ہے۔ یہ ایک اکاؤنٹنگ ایڈجسٹمنٹ ہے اور اسے کمپنی کے موجودہ نقد بہاؤ کو متاثر نہیں کرنا چاہئے۔ ہمیں یقین ہے کہ JDM، ایک مستحکم کمپنی ہے جس کی فی حصص بریک اپ قیمت 958 روپے فی شیئر اور کمپنی JDM میں 1,659,643 شیئرز رکھتی ہے۔

آپریٹنگ کارکردگی کا جائزہ

کمپنی نے 3,794 دو لاکھ سینتالیس لاکھ اور 50 ٹن لوم (2021: 3,794 دو لاکھ سینتالیس لاکھ اور 50 ٹن لوم) کی لوم کی صلاحیت کی نصب صلاحیت کے ساتھ، 30 جون 2021 کو ختم ہونے والے سال کے لئے 30 پکس پرنٹی 888,832 کلوگرام 5 Nm شمارہ دھاگہ اور 1,282,070 میٹر کپڑے کے مقابلے رواں سال میں 30 پکس پرنٹی 1,170,720 کلوگرام 5 Nm شمارہ دھاگہ اور 1,443,118 میٹر کپڑے ایتار کیا۔

سال کے دوران تیار پیداوار گزشتہ سال کے مقابلے 306,426 میٹر (27.66 فیصد) تک زیادہ ہوئی۔ تمبیوں کے کپڑے کی پیداوار گزشتہ سال اس کپڑے کی زیادہ طلب کے مقابلے گزشتہ سال سے 28.12 فیصد تک زیادہ ہوئی۔ کورس کپڑے کی پیداوار صارفین سے کم طلب کی وجہ سے کم رہی۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لئے کسی نقد منافع کی سفارش نہیں کی ہے، کیونکہ کمپنی نے سالوینسی اور مسلسل نقدی بہاؤ کو برقرار رکھنے ہوئے کاروبار کی توسیع پر توجہ مرکوز کی ہے۔ اس بات کو مد نظر رکھتے ہوئے کہ نقصان کا حصہ بنیادی طور پر 30 جون 2022 کو ختم ہونے والے سال کے لئے متعلقہ کمپنی جٹان دی مل کو ٹیکسٹائل ملز لمیٹڈ (JDM) میں سرمایہ کاری کی خرابی سے متعلق ہے، ڈائریکٹرز نے درج ذیل تبادلوں کی سفارش کی ہے۔

2022 Rs'000
(347,341)
500,000
<u>152,629</u>

تخصیص سے پہلے نقصان:

اختصاص: جزیل ریزرو سے نامناسب منافع میں منتقلی

غیر مختص منافع کو آگے بڑھایا۔

چیئر مین کا جائزہ

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

اقتصادی جائزہ

پاکستان کی معیشت بین الاقوامی اور مقامی مارکیٹ دونوں میں ایشیا کی بلند قیمتوں کے ساتھ ساتھ شرح مبادلہ میں کمی (سال بہ سال) کی وجہ سے زیادہ افراط زر اور بیرونی شعبے کے دباؤ کا سامنا کر رہی ہے۔ تاہم حکومت ان دباؤ کا مقابلہ کرنے کے لیے تمام ممکنہ اقدامات کر رہی ہے تاکہ ترقی کی رفتار برقرار رہے۔

عالمی اور مقامی غیر یقینی صورتحال اب بھی معاشی نقطہ نظر کو گھیرے ہوئے ہیں۔ اس کے علاوہ، مومن سون کی غیر معمولی بارشوں کی وجہ سے آنے والے حالیہ سیلاب نے متعدد شہروں میں اقتصادی سرگرمیوں کو متاثر کیا، جس سے معاشی امکانات کم ہو سکتے ہیں۔

مستقبل کے امکانات

معاشی نقطہ نظر عالمی اور مقامی غیر یقینی صورتحال میں گھرا رہے گا۔ جغرافیائی سیاسی تناؤ، عالمی افراط زر اور بلند شرح سود، جبکہ امریکی ڈالر کی مضبوطی تشریح کا باعث ہے۔ اس لیے پاکستان کے بیرونی ماحول کو بڑھتے ہوئے چیلنجز کا سامنا ہے۔ حکومت نے آئی ایم ایف کے مطالبات ماننے کے لیے ضروری اقدامات کیے ہیں۔ اگرچہ ان اقدامات سے افراط زر میں مزید اضافہ ہوا ہے، لیکن ساتھ ہی اس نے بیرونی مالیاتی رکاوٹوں کو کم کرنے پر بھی مثبت اثر ڈالا ہے۔ مومن سون کی غیر معمولی بارشوں کی وجہ سے آنے والے حالیہ سیلاب نے فصلوں کو بری طرح متاثر کیا، جو زرعی کارکردگی کے ذریعے معاشی نقطہ نظر کو متاثر کر سکتا ہے۔ پیداواری صلاحیت میں اضافہ پاکستان کی پائیدار طویل مدتی ترقی کی راہ کو اپ گریڈ کرنے کے ضروری اجزاء ہیں۔

آگے بڑھتے ہوئے، انتظامیہ کو توقع ہے کہ آنے والے سال کے دوران فروخت آمدنی میں اضافہ ہوگا، کیونکہ آئندہ موسم سرما کے لیے کپنی کی مصنوعات کی مانگ میں مزید اضافہ ہوگا۔ اس سے کپنی کی لیکویڈیٹی پوزیشن مزید مستحکم ہوگی جس سے وہ پائیدار طریقے سے آپریشنز چلا سکے گی۔

ہم اپنے آپریشنز کو بہتر بنانے، ایسے حصص یافتگان کو پائیدار منافع دینے کے لیے زیادہ جدوجہد، موثر اور منافع بخش بننے کے لیے پُر عزم ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

ڈائریکٹرز مندرجہ ذیل معاملات میں سیکورٹیز ریگولیشنز (سیکچر کیٹیشن آف پاکستان اور سیکیورٹیز ایکٹ 2019 (دی سی سی جی ریگولیشنز) کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کی ہے کہ:

- 1- بنوں وول ٹریڈنگ کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 2- مالی حسابات کی تیاری میں مناسب کاؤٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ 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۔
- 6- داخلی کنٹرول کی نگرانی کو مکمل کنٹرول کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ مسلسل عمل کو جاری رکھے گا۔
- 7- کپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 8- کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔

بورڈ کی تشکیل

بورڈ دو آزاد ڈائریکٹرز، ایک ایگزیکٹو ڈائریکٹر اور چار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کپنی کے ڈائریکٹرز کا 21 مئی 2020 کو منعقدہ کپنی کے غیر معمولی اجلاس عام میں دوبارہ انتخاب کیا گیا اور جناب رضا علی خان خٹک کے فوسنسٹک انتقال کے باعث ایک آسامی خالی ہو گئی جسے 19 اپریل 2022 کو پُر کیا گیا۔ کپنی بورڈ میں دو خاتون ممبر کے ساتھ بورڈ آف ڈائریکٹرز میں خواتین کی نمائندگی کو برقرار رکھتی

ہے۔

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 فنانشل آفیسر مالی حسابات پیش کرنے کے لئے ہر قاعدہ طور پر آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں۔ ہر اجلاس کے بعد کمیٹی کا چیئر مین بورڈ کو رپورٹ کرتا ہے۔ کمیٹی نے سال 2021-2022 کے دوران پانچ (05) اجلاس منعقد کئے۔ کمیٹی 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 کمیٹی 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 کمیٹی نے چیف فنانشل آفیسر (CFO) اور ہیڈ آف انٹرنل آڈٹ (HIA) کے بغیر بیرونی آڈیٹرز سے ملاقات کی۔ آڈٹ کمیٹی نے داخلی آڈٹ کے سربراہ اور اندرونی آڈٹ فنکشن کے دیگر ممبران سے بھی ملاقات کی جن میں سی ایف او اور بیرونی آڈیٹرز موجود نہیں تھے۔

ایچ آر اینڈ ریمرٹیشن کمیٹی

کمیٹی سینئر ایگزیکٹو کے معاوضے سے متعلق معاوضہ، تنظیم اور ایپیلٹی ڈولپمنٹ 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۔ کمیٹی کے سی ای او نے کمیٹی کے رکن کی حیثیت سے سال کے دوران منعقدہ ہیومن ریورس ایجنڈ ریمرٹیشن کمیٹی کے اجلاسوں میں شرکت کی۔ کمیٹی کے سال 2021-2022 کے دوران دو اجلاس ہوئے۔ کمیٹی ممبران کے نام درج ذیل ہیں۔

i۔ جناب عبدالرحمن قریشی چیئر مین

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

iii۔ جناب احمد گل خان خٹک ممبر

iv۔ محترمہ شہناز سجاد احمد ممبر

v۔ سید زبیر احمد شاہ ممبر

vi۔ بریگیڈیئر (ریٹائرڈ) آغا ارشد رضا ممبر

سال 2021-22 میں بورڈ اور اس کی کمیٹیوں کے اجلاس

سال 2021-2022 کے دوران بورڈ کے پانچ اجلاس، آڈٹ کمیٹی کے پانچ اجلاس اور ایچ آر اینڈ ریمرٹیشن کمیٹی کے دو اجلاس منعقد ہوئے۔ بنوں وولن ملز لمیٹڈ سمیت مندرجہ کمیٹیوں میں ڈائریکٹرز کی حاضری اور ان کی ڈائریکٹرشپ کی تعداد حسب ذیل دی گئی ہے۔

نمبر شمار	ڈائریکٹر	ڈائریکٹر شپ	ٹینٹس (BOD)	کمیٹی ممبرز	شرکت
				آڈٹ کمیٹی	ایچ آر کے
				ایچ آر کے	ایچ آر کے
				ایچ آر کے	ایچ آر کے
				ایچ آر کے	ایچ آر کے
				ایچ آر کے	ایچ آر کے
				ایچ آر کے	ایچ آر کے
				ایچ آر کے	ایچ آر کے
				ایچ آر کے	ایچ آر کے
				ایچ آر کے	ایچ آر کے
				ایچ آر کے	ایچ آر کے

1	جناب رضا گل خان خٹک	-	18 مارچ 2022 کو انتقال کر گئے	-	-	2/3	-	-
2	لیفٹنٹ جنرل (ریٹائرڈ) علی گل خان خٹک	7	دو بارہ تقرری 21 مئی 2020	-	✓	4/5	-	2/2
3	محترمہ شہناز سجاد	5	دو بارہ تقرری 21 مئی 2020	-	✓	5/5	-	2/2
4	جناب احمد گل خان خٹک	6	دو بارہ تقرری 21 مئی 2020 کو بورڈ پر اور 19 اپریل 2022 کو HR&RC پر	-	✓	3/5	-	1/2
5	سید زبیر احمد	2	دو بارہ تقرری 21 مئی 2020	✓	✓	5/5	5/5	2/2
6	جناب عبدالرحمان قریشی	5	دو بارہ تقرری 21 مئی 2020	✓	✓	4/5	5/5	2/2
7	بریگیڈیئر (ریٹائرڈ) آغا شہد رضا	1	دو بارہ تقرری 21 مئی 2020	✓	✓	5/5	5/5	2/2
8	شائین گل خان خٹک	2	19 اپریل 2022 کو Co-opted	-	-	2/2	-	-

جوڈائیکل بورڈ کے اجلاسوں میں شرکت نہیں کر سکے کو عدم حاضری کی چھٹی 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 کی تفصیلات اور جاری بورڈ ڈیپنٹ 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 پر مبنی اس سال کے جائزہ کا مجموعی نتیجہ اطمینان بخش پایا گیا ہے۔

ڈائریکٹرز کا معاوضہ

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

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

ڈائریکٹرز کے معاوضے کی تفصیلات

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

مادی تبدیلیاں

30 جون 2022 سے رپورٹ کی تاریخ تک کوئی مادی تبدیلی 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 رابطے کو بہت اہمیت دیتی ہے۔ سالانہ، ہشماہی اور سہ ماہی رپورٹس کیپٹن ایکٹ، 2017 میں مقررہ وقت کے اندر تقسیم کی جاتی ہیں۔ کمپنی کی سرگرمیاں اس کی ویب سائٹ www.bwm.com.pk پر بروقت بنیاد پر اپ ڈیٹ کی جاتی ہیں۔

صحیح، حفاظت اور ماحولیات

ہم کمیونٹیز 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

کمپنی مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کو زیر غور لاتی ہے۔ کمپنی تمام اسٹیک ہولڈرز، خاص طور پر کمیونٹی جس میں ہم رہتے ہیں اور جو ہماری کسٹمر میں تشکیل دیتے ہیں کے مفاد کو زیر 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 لگب لگ ہیں۔

محاسب کا تقرر

کمپنی کے محاسب شیونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ایچ ایم ایس، 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 کمپنی نے سال 2022-23 کے لئے بطور کمپنی کے محاسب ان کی تقرری کی منظوری دے دی ہے۔

نمونہ حصص داری

30 جون 2022 کے مطابق کمپنی کا نمونہ حصص داری رپورٹ ہذا کے ہمراہ منسلک ہے۔

اعمال نظر اور اعتراف

ہم ایگزیکٹوز، افسران اور عملہ کے دیگر ممبران اور کارکنوں کی سخت محنت، تعاون اور بہترین ممکنہ نتائج کے حصول میں کمپنی کے لیے ان کی مخلصانہ کاوشوں کو سراہتے ہیں۔ بورڈ تمام بینکوں، گاہکوں اور سپلائرز کا کمپنی کو جوش اور لگن کے ساتھ مسلسل سپورٹ کرنے پر شکرگزار ہیں۔ انتظامیہ کو پورا یقین ہے کہ یہ تعلقات اور تعاون آئندہ سالوں میں جاری رہے گا۔

منجانب بورڈ آف ڈائریکٹرز

جیلانہ خان
(محکمہ جنرل ریٹائرڈ علی علی خان تنگ)
ڈائریکٹر

سید ابراہیم حسن
(شہناز سجاد صاحب)
چیف ایگزیکٹو آفیسر

راولپنڈی: 22 ستمبر 2022

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

	Rs. In million					
	2022	2021	2020	2019	2018	2017
		(Restated)	(Restated)		(Restated)	(Restated)
Sales (Net)	969.515	699.135	328.713	684.911	838.619	793.305
Gross Profit	238.368	189.883	108.010	166.969	272.834	262.013
Profit from operations	89.845	56.017	4.373	17.719	125.427	101.996
(Loss) / Profit Before Taxation	(646.211)	99.950	(122.436)	(22.794)	80.845	93.971
Taxation	16.184	4.228	(13.789)	(5.711)	29.542	26.246
(Loss) / Profit After Taxation	(662.395)	95.722	(108.647)	(17.083)	51.303	67.725
Dividend	0%	0%	0%	0%	0%	50%
(Loss) / Earning Per Share	-69.68	10.07	(11.43)	(1.80)	5.40	7.12
Break Up Value Per Share	44.31	110.97	102.29	106.29	113.13	112.16
Non-Current Assets	2,448.332	2,412.598	2,377.691	2,169.969	2,227.797	2,293.560
Current Assets	1,152.127	1,063.102	1,061.079	1,108.769	1,104.569	957.879
TOTAL ASSETS	3,600.449	3,475.700	3,438.770	3,278.738	3,332.366	3,251.439
Share Capital	95.063	95.063	95.063	95.063	95.063	95.063
Capital reserves						
- share premium	19.445	19.445	19.445	19.445	19.445	19.445
- surplus on revaluation of property, plant and equipment	2,472.015	1,771.898	1,783.140	1,591.081	1,606.310	1,620.656
Revenue Reserves	306.684	940.445	857.880	895.913	960.909	951.679
Shareholders' equity	2,893.207	2,826.851	2,755.528	2,601.502	2,681.727	2,686.843
Non-Current Liabilities	160.236	129.830	128.563	111.338	139.021	278.610
Current Liabilities	547.006	519.019	554.679	565.898	511.618	285.986
	707.242	648.849	683.242	677.236	650.639	564.596
TOTAL EQUITY AND LIABILITIES	3,600.449	3,475.700	3,438.770	3,278.738	3,332.366	3,251.439

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 Shareholders	Shareholdings	Total Number of Share Held
239	Shareholding from 1 To 100	7,248
298	Shareholding from 101 To 500	107,818
160	Shareholding from 501 To 1,000	139,698
278	Shareholding from 1,001 To 5,000	673,712
63	Shareholding from 5,001 To 10,000	500,008
17	Shareholding from 10,001 To 15,000	216,644
8	Shareholding from 15,001 To 20,000	140,789
4	Shareholding from 20,001 To 25,000	90,152
6	Shareholding from 25,001 To 30,000	166,673
2	Shareholding from 30,001 To 35,000	68,000
2	Shareholding from 35,001 To 40,000	77,145
4	Shareholding from 40,001 To 45,000	167,747
1	Shareholding from 45,001 To 50,000	50,000
2	Shareholding from 50,001 To 55,000	105,500
2	Shareholding from 55,001 To 60,000	113,090
2	Shareholding from 60,001 To 65,000	121,462
2	Shareholding from 70,001 To 75,000	144,790
1	Shareholding from 75,001 To 80,000	75,097
1	Shareholding from 80,001 To 85,000	83,176
2	Shareholding from 90,001 To 95,000	180,748
1	Shareholding from 95,001 To 100,000	95,062
2	Shareholding from 100,001 To 105,000	204,738
1	Shareholding from 120,001 To 125,000	123,318
1	Shareholding from 135,001 To 140,000	140,000
1	Shareholding from 195,001 To 200,000	200,000
1	Shareholding from 205,001 To 210,000	210,000
1	Shareholding from 235,001 To 240,000	239,500
2	Shareholding from 430,001 To 435,000	863,637
1	Shareholding from 730,001 To 735,000	731,626
1	Shareholding from 970,001 To 975,000	971,000
1	Shareholding from 2,495,001 To 2,500,000	2,497,872
1,107		9,506,250

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	550,022	5.79
5.2. Associated Companies, undertakings and related parties.	3,238,438	34.06
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	9,000	0.09
5.7 Shareholders holding 10%		
i. Bibojee Services (Pvt.) Ltd	2,497,872	26.28
ii. Miss Atiqa Begum	971,000	10.21
5.8 General Public		
a. Local	5,136,418	54.03
b. Foreign	NIL	NIL
5.9 Others		
Joint Stock Companies	60,449	0.64
NBP Employees Pension Fund	42,797	0.45
NBP Employees Benevolent Fund	1,501	0.02
Trustee Avari Hotels Limited Employees Provident fund	1,000	0.01
Trustees D.G.KHAN CEMENT CO.LTD.EMP. P.F	33,000	0.34

6. Signature of Secretary 

7. Name of Signatory 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 2

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

CATEGORIES OF SHAREHOLDERS	SHARES HELD
1. ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES:	
M/S JANANA DE MALUCHO TEXTILE MILLS LTD.	731,626
M/S.BIBOJEE SERVICES (PVT) LTD.	2,497,872
M/S UNIVERSAL INSURANCE CO. LTD.	8,940
2. N.I.T. & I.C.P:	
M/S.INVESTMENT CORPORATION OF PAKISTAN	937
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	431,637
3. DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:	
Lt.Gen. (Retd) Ali Kuli Khan Khattak Director	61,412
Mrs. Nelofar Ali Kuli Khan - Spouse	95,062
Mrs. Shahnaz Sajjad Ahmad Chief Executive	111,435
Mr. Ahmad Kuli Khan Khattak Chairman	56,517
Mrs. Nasreen Ahmed Kuli Khan - Spouse	101,238
Dr. Shahin Kuli Khan Khattak Director	123,318
Brig. (Retd.) Agha Arshad Raza Director	20
Syed Zubair Ahmad Shah (NIT) Director	1,000
Mr. Abdul Rehman Qureshi Director	20
4. EXECUTIVES	433,067
5. JOINT STOCK COMPANIES	60,449
6. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	10,051
7. SHAREHOLDERS HOLDING 10% OR MORE:	
M/S.BIBOJEE SERVICES (PVT) LTD.	2,497,872
MISS ATIQA BEGUM	971,000
8. GENERAL PUBLIC & OTHERS	4,781,649

During the year Lt.Gen. (Retd) Ali Kuli Khan Khattak - a Director purchased 7,336 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, 2022**

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

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

2. The composition of the Board is as follows:
 - a) Independent Directors**
 - i. Mr. Abdul Rehman Qureshi
 - ii. Brig. (Retd.) Agha Arshad Raza

 - b) Non-executive Directors (excluding Female Director)**
 - i. Lt. Gen. (Retd.) Ali Kuli Khan Khattak
 - ii. Mr. Ahmad Kuli Khan Khattak
 - iii. Syed Zubair Ahmad Shah
 - iv. Dr. Shahin Kuli Khan Khattak

 - c) Executive Directors**
 - i. Mrs. Shahnaz Sajjad Ahmad

 - d) Female Directors**
 - i. Mrs. Shahnaz Sajjad Ahmad
 - ii. Dr. Shahin Kuli Khan Khattak

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

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

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the 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 these Regulations. While the remaining director will undertake the Directors' Training Program within the financial year 2022-2023.
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 of the committees were as per following:
 - a) Audit Committee - Five meetings held during the year
 - b) HR and Remuneration Committee - Two meetings held during the year
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and in respect of regulation 6(i), the Company believes that the Board members have the requisite skill set, experience required and sufficient impartiality to be able to exercise independence in decision making within the Board and hence, does not require rounding off the fraction to 3 independent directors.

LT. GEN ALI KULI KHAN KHATTAK (RETD)
DIRECTOR

(SHAHNAZ SAJJAD AHMAD)
CHIEF EXECUTIVE OFFICER

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **BANNU WOOLLEN MILLS LIMITED** (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Shinewing Hameed Chaudhri & Co.

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

Engagement Partner: Nafees ud din

LAHORE; September 22, 2022

UDIN #: CR202210195EJMCJKU3I

**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, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2022 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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>Valuation of Investments</p> <p>Refer notes 4.3 and 7 to the financial statements.</p> <p>The Company's investments in an Associated Company having carrying value of Rs. 1,192 million represent 33% of the total assets at the reporting date. Investments in Associated Company are measured under equity method of accounting and at the reporting date the recoverable amount is estimated by an independent Valuer to determine the extent of impairment loss; carrying amount of investments is adjusted accordingly.</p>	<p>Our procedures in relation to assessment of carrying values of investments in Associated Company included the following:</p> <ul style="list-style-type: none"> - assessed the appropriateness of management's accounting for investments in Associated Company. - understood and evaluated the process by which the cash flow forecasts were prepared by the Valuer, including confirming the mathematical accuracy of the underlying calculations;

S.No.	Key audit matters	How the matter was addressed in our audit
	<p>The estimation of the recoverable amount involves significant judgment, including assumptions around the current and future market conditions, forecast cash flows and discount rates, etc.</p> <p>In view of significant judgment involved in the estimation of value in use, we consider this as a key audit matter.</p> <p>2. Valuation of stock-in-trade</p> <p>The value of stock-in-trade at the reporting date aggregated Rs. 671 million representing 58% of the Company's total current assets. Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 9).</p> <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods.</p> <p>We identified this as key audit matter in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.</p>	<ul style="list-style-type: none"> - evaluated the Valuer's competence, capability and objectivity and assessed the appropriateness of methodology adopted by the Valuer engaged by the management; - performed independently, a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions; and - assessed the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards. <p>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> - assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards; - attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; - assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; - tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; - assessed the management's determination of net realisable value of inventories by performing tests on sale prices secured by the Company for similar items; and - performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

ShineWing Hameed Chaudhri & Co.

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

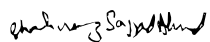
LAHORE; September 22, 2022

UDIN #: AR2022101951tJaR95sz


STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 Rupees in thousand	2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,252,019	1,256,023
Intangible assets	6	955	1,419
Investments in Associated Companies	7	1,191,554	1,151,362
Security deposits		3,794	3,794
		<u>2,448,322</u>	<u>2,412,598</u>
Current assets			
Stores and spares	8	127,287	86,202
Stock-in-trade	9	670,592	699,441
Trade debts	10	229,109	209,932
Advances to employees - unsecured, considered good		26,160	12,451
Advance payments		23,759	14,884
Prepayments and other receivables	11	906	841
Sales tax refundable		28,127	10,464
Income tax refundable, advance tax and tax deducted at source		15,176	12,954
Cash and bank balances	12	31,011	15,933
		<u>1,152,127</u>	<u>1,063,102</u>
Total assets		<u>3,600,449</u>	<u>3,475,700</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 20,000,000 (2021: 20,000,000) ordinary shares of Rs.10 each		200,000	200,000
Issued, subscribed and paid-up capital	13	95,063	95,063
Capital reserves			
- share premium	14.1	19,445	19,445
- revaluation surplus on property, plant and equipment	15	2,472,015	1,771,898
Revenue reserves			
- general reserve	14.2	154,055	654,055
- unappropriated profit		152,629	286,390
Shareholders' equity		<u>2,893,207</u>	<u>2,826,851</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	3,609	1,442
Staff retirement benefits - gratuity	17	101,747	77,582
Deferred taxation	18	54,880	50,806
		<u>160,236</u>	<u>129,830</u>
Current liabilities			
Trade and other payables	19	134,102	109,117
Unpaid dividends		3,452	3,452
Unclaimed dividends		4,780	6,087
Accrued mark-up		10,971	7,797
Short term finances	20	377,528	377,686
Current portion of lease liabilities	16	3,314	3,627
Taxation	21	12,859	11,253
		<u>547,006</u>	<u>519,019</u>
Total liabilities		<u>707,242</u>	<u>648,849</u>
Contingencies and commitments	22		
TOTAL EQUITY AND LIABILITIES		<u>3,600,449</u>	<u>3,475,700</u>

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


Shahnaz Sajjad Ahmad
Chief Executive

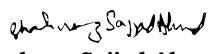

Lt. Gen. Retd. Ali Kuli Khan
Director


Azhar Iqbal
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees in thousand	2021
Sales	23	969,515	699,135
Cost of sales	24	731,147	509,252
Gross profit		238,368	189,883
Distribution cost	25	22,129	42,797
Administrative expenses	26	114,056	93,160
Other expenses	27	15,611	2,302
Other income	28	(3,273)	(4,393)
		148,523	133,866
Profit from operations		89,845	56,017
Finance cost	29	37,804	34,806
		52,041	21,211
Share of profit of an Associated Company (2021: Associated Companies) - net	7	84,573	78,715
Loss arisen upon merger of an Associated Company		(6,968)	0
Impairment (loss) / reversal on investments in Associated Companies	7	(775,857)	24
		(698,252)	78,739
(Loss) / profit before taxation		(646,211)	99,950
Taxation	30	16,184	4,228
(Loss) / profit after taxation		(662,395)	95,722
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
- loss on remeasurement of staff retirement benefit obligation	17	(9,693)	(3,964)
- share of other comprehensive loss of Associated Companies		(4,837)	(14,220)
- impact of tax	7	1,403	4,124
		(3,434)	(10,096)
		(13,127)	(14,060)
Total comprehensive (loss) / income		(675,522)	81,662
		----- Rupees -----	
(Loss) / earnings per share	31	(69.68)	10.07

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


Shahnaz Sajjad Ahmad
Chief Executive

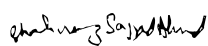

Lt. Gen. Retd. Ali Kuli Khan
Director

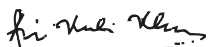

Azhar Iqbal
Chief Financial Officer

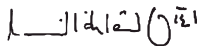
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	Reserves				Total	
	Capital		Revenue			
	Share premium	Revaluation surplus on property, plant and equipment	General	Unappropriated profit		
	----- Rupees in thousand -----					
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
Total comprehensive loss for the year ended June 30, 2022:						
- loss for the year	0	0	0	0	(662,395)	(662,395)
- other comprehensive loss	0	0	0	0	(13,127)	(13,127)
	0	0	0	0	(675,522)	(675,522)
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation) on account of:						
- incremental depreciation for the year	0	0	(4,861)	0	4,861	0
- revalued assets sold during the year	0	0	(170)	0	170	0
Share of revaluation surplus on property, plant and equipment of an Associated Company	0	0	705,148	0	0	705,148
Effect of items directly credited in equity by an Associated Company	0	0	0	0	34,942	34,942
Share of merger reserve of an Associated Company	0	0	0	0	1,788	1,788
Transfer	0	0	0	(500,000)	500,000	0
Balance as at June 30, 2022	95,063	19,445	2,472,015	154,055	152,629	2,893,207

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


Shahnaz Sajjad Ahmad
Chief Executive

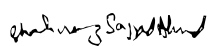

Lt. Gen. Retd. Ali Kuli Khan
Director

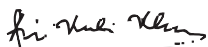

Azhar Iqbal
Chief Financial Officer

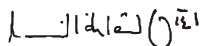
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	Rupees in thousand	
Cash flows from operating activities		
Profit for the year - before taxation and share of profit of Associated Companies - net	52,041	21,211
Adjustments for non-cash and other charges:		
Depreciation on property, plant and equipment	18,942	19,325
Depreciation on right of use assets	4,984	5,053
Amortisation	521	510
Provision for impairment of trade debts	10,249	191
Unclaimed payable balances written-back	0	(12)
Staff retirement benefits - gratuity (net)	14,472	6,522
Mark-up on bank deposits	(683)	(431)
Finance cost	37,804	34,806
Gain on sale of operating fixed assets	(1,814)	(55)
Profit before working capital changes	136,516	87,120
Effect on cash flows due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(41,085)	(14,550)
Stock-in-trade	28,849	(23,331)
Trade debts	(29,426)	72,759
Advances	(13,709)	(2,785)
Advance payments	(8,875)	(13,154)
Prepayments and other receivables	(65)	(40)
Sales tax refundable	(17,663)	(1,001)
Increase in trade and other payables	24,557	11,973
	(57,417)	29,871
Cash generated from operations	79,099	116,991
Taxes paid	(12,726)	(11,228)
Net cash generated from operating activities	66,373	105,763
Cash flows from investing activities		
Fixed capital expenditure	(13,910)	(1,521)
Sale proceeds of operating fixed assets	2,620	85
Intangible assets acquired	(57)	0
Mark-up received on bank deposits	683	431
Net cash used in investing activities	(10,664)	(1,005)
Cash flows from financing activities		
Lease rentals paid	(5,334)	(4,865)
Short term finances - net	(158)	(45,953)
Dividend paid	(1,307)	(211)
Finance cost paid	(33,832)	(39,690)
Net cash used in financing activities	(40,631)	(90,719)
Net increase in cash and cash equivalents	15,078	14,039
Cash and cash equivalents - at beginning of the year	15,933	1,894
Cash and cash equivalents - at end of the year	31,011	15,933

The annexed notes 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, 2022

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:

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

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

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 in the current year

There are certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 01, 2021 but do not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

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 standards and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 01, 2021. The standards and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2021.

4.1 Property, plant and equipment and depreciation

(a) Owned assets

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

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

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

Depreciation on additions to property, plant and equipment is charged from the 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 6.2.

4.3 Investments in Associated Companies

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

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

4.4 Stores and spares

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

4.5 Stock-in-trade

Basis of valuation are as follows:

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

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

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

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

4.6 Trade debts and other receivables

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

4.7 Cash and cash equivalents

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

4.8 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest 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**(a) Defined contribution plan**

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 8.33% of the basic salaries both by the employees and the company.

(b) Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2022 on the basis of the projected unit credit method by an independent Actuary.

4.10 Trade and other payables

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

4.11 Provisions

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

4.12 Taxation**(a) Current**

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

(b) Deferred

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

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

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

4.13 Contingent liabilities

A contingent liability is disclosed when the Company

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

4.14 Dividend and appropriation to reserves

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

4.15 Financial instruments

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

a) Financial assets**Classification**

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

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

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

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

Recognition and derecognition

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

Measurement

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

Definition of default

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

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

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

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

Impairment of financial assets

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

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

- Trade debts
- Bank balances

Simplified approach for trade debts

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

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

Recognition of loss allowance

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

Write-off

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

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

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

Financial liabilities are classified in the following categories:

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

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

i) Fair value through profit or loss

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

ii) Other financial liabilities

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

Derecognition of financial liabilities

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

Offsetting of financial assets and financial liabilities

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

4.16 Foreign currency translation

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

4.17 Revenue recognition

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

Contract assets

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

Contract liabilities

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

Others

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

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

4.18 Impairment of non-financial assets

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

4.19 Segment reporting

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2022 Rupees in thousand	2021
Operating fixed assets	5.1	1,247,261	1,252,394
Capital work-in-progress		0	277
Right of use assets	5.7	4,758	3,352
		<u>1,252,019</u>	<u>1,256,023</u>

5.1 Operating fixed assets - tangible

Particulars	Buildings on freehold land				Plant & machinery	Weigh-ment and material handling equip-ment	Tools and equip-ment	Furni-ture and fixtures	Electric fittings	Office equip-ment	Comp-uters and T.V.	Vehicles	Arms	Total
	Freehold land	Factory	Resid-ential	Others										
----- Rupees in thousand -----														
As at June 30, 2020														
Cost / revaluation	907,500	39,048	20,731	34,009	603,726	407	45	2,098	7,738	1,347	6,834	25,613	4,016	1,653,112
Accumulated depreciation	0	1,302	692	1,133	342,616	296	24	903	5,143	619	5,516	21,247	2,085	381,576
Book value	907,500	37,746	20,039	32,876	261,110	111	21	1,195	2,595	728	1,318	4,366	1,931	1,271,536
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
	0	0	0	0	30	0	0	0	0	0	0	0	0	30
Depreciation for the year	0	1,887	1,002	1,644	13,065	6	1	60	259	36	396	873	96	19,325
Book value	907,500	35,859	19,037	31,232	248,228	105	20	1,135	2,336	692	922	3,493	1,835	1,252,394
Year ended June 30, 2022:														
Additions	0	0	0	0	7,077	0	0	0	1,171	0	850	5,517	0	14,615
Disposals:														
- cost	0	0	0	0	930	0	0	0	0	0	0	2,377	0	3,307
- depreciation	0	0	0	0	692	0	0	0	0	0	0	1,809	0	2,501
	0	0	0	0	238	0	0	0	0	0	0	568	0	806
Depreciation for the year	0	1,793	952	1,562	12,606	5	1	57	287	35	315	1,237	92	18,942
Book value	907,500	34,066	18,085	29,670	242,461	100	19	1,078	3,220	657	1,457	7,205	1,743	1,247,261
As at June 30, 2021														
Cost / revaluation	907,500	39,048	20,731	34,009	603,826	407	45	2,098	7,738	1,347	6,834	25,613	4,016	1,653,212
Accumulated depreciation	0	3,189	1,694	2,777	355,598	302	25	963	5,402	655	5,912	22,120	2,181	400,818
Book value	907,500	35,859	19,037	31,232	248,228	105	20	1,135	2,336	692	922	3,493	1,835	1,252,394
As at June 30, 2022														
Cost / revaluation	907,500	39,048	20,731	34,009	609,973	407	45	2,098	8,909	1,347	7,684	28,753	4,016	1,664,520
Accumulated depreciation	0	4,982	2,646	4,339	367,512	307	26	1,020	5,689	690	6,227	21,548	2,273	417,259
Book value	907,500	34,066	18,085	29,670	242,461	100	19	1,078	3,220	657	1,457	7,205	1,743	1,247,261
Depreciation rate (%)		5	5	5	5	5	5	5	10	5	30	20	5	

5.2 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:

	2022	2021
	Rupees in thousand	
Freehold land	152	152
Buildings on freehold land	14,102	14,844
Plant & machinery	180,326	182,572
	<u>194,580</u>	<u>197,568</u>

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

5.4 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.

5.5 Depreciation for the year has been apportioned as under:

Cost of sales	14,692	15,218
Administrative expenses	4,250	4,107
	<u>18,942</u>	<u>19,325</u>

5.6 Disposal of operating fixed assets

Particulars	Cost / revaluation	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Sold to:
----- Rupees in '000 -----							
Plant and machinery							
Water Softening Plant	930	692	238	1,020	782	Negotiation	Mr. Rauf Khan, Scrap Dealer, Bannu.
Vehicle							
Toyota Corolla Grande	2,377	1,809	568	1,600	1,032	Negotiation	Mr. Faheem Tahir, employee.
Total - 2022	<u>3,307</u>	<u>2,501</u>	<u>806</u>	<u>2,620</u>	<u>1,814</u>		
Total - 2021	<u>113</u>	<u>83</u>	<u>30</u>	<u>85</u>	<u>55</u>		

5.7 Right of use assets	Note	2022	2021
		Rupees in thousand	
Balance at beginning of the year		3,352	7,374
Additions during the year		6,818	0
Impact of modification - net		(428)	1,031
Depreciation charged during the year	(a)	(4,984)	(5,053)
Book value at end of the year		<u>4,758</u>	<u>3,352</u>
(a) Depreciation for the year has been apportioned as under:			
Distribution cost		4,799	4,866
Administrative expenses		185	187
		<u>4,984</u>	<u>5,053</u>
(b) Right of use assets include Rs.1,304 thousand (2021: Rs.4,222 thousand) recognised against assets rented from related parties.			
6. INTANGIBLE ASSETS - Computer software			
Cost at beginning of the year		2,550	2,550
Additions during the year		57	0
Less: amortisation :			
- opening balance		1,131	621
- charge for the year		521	510
- as at June 30,		1,652	1,131
Book value as at June 30 ,		<u>955</u>	<u>1,419</u>
6.1 The Company, during the financial year ended June 30, 2020, has entered into SARP ERP Software Modules Implementation & Post Implementation Technical Support Services Agreement with Comsoft Business Solution (Pvt.) Ltd. The SARP ERP software costing Rs.2.200 million has been installed during the financial year ended June 30, 2020.			
6.2 Amortisation is charged to income applying straight-line method at the rate of 20% per annum.			

7. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted	2022	2021
	Rupees in thousand	
Babri Cotton Mills Ltd. (BCM)		
Nil shares (2021: 144,421 ordinary shares of Rs.10 each) - cost	0	1,632
Shareholding held: Nil (2021: 3.95%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	0	2,440
Loss for the preceding year - net of taxation	0	(10,282)
Share of other comprehensive loss - net of taxation	0	(3,778)
Share of revaluation surplus on property, plant and equipment	0	34,942
	0	24,954
Janana De Malucho Textile Mills Ltd. (JDM)		
1,559,230 (2021:1,559,230) ordinary shares of Rs.10 each - cost	27,762	27,762
100,413 shares of JDM received upon merger of BCM with and into JDM (note 7.1)	1,004	0
Total shares held at year-end 1,659,643 (2021: 1,559,230)		
Shareholding held: 25.24% (2021: 32.59%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM	383,702	301,023
Profit for the year - net of taxation	84,573	88,997
Share of other comprehensive loss - net of taxation	(3,434)	(6,318)
Share of merger reserve	1,788	0
Share of revaluation surplus on property, plant and equipment	1,472,474	732,384
	1,967,869	1,143,848
Carrying value under equity method of accounting	1,967,869	1,168,802
Less: impairment loss - BCM	0	(16,982)
- JDM	(776,315)	(458)
	(776,315)	(17,440)
	1,191,554	1,151,362

7.1 Merger of BCM with and into JDM

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

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

7.2 Market value of the Company's investment in JDM as at June 30, 2022 was Rs. 85.057 million (2021: Rs.146.568 million).

7.3 Market value of the Company's investment in BCM as at June 30, 2021 was Rs.7.972 million.

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

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

Summarised statement of financial position	2021
	Rupees in thousand
Non-current assets	1,499,927
Current assets	339,476
	<u>1,839,403</u>
Non-current liabilities	<u>132,532</u>
Current liabilities	<u>1,075,893</u>
	<u>1,208,425</u>
Net assets	<u>630,978</u>
Reconciliation to carrying amount	
Opening net assets	988,820
Loss for the year	(260,005)
Other comprehensive loss for the year	(95,553)
Other adjustments	(2,284)
Closing net assets	<u>630,978</u>
Company's share percentage 3.95%	
Company's share	24,924
Impairment loss / miscellaneous adjustments	(16,952)
Carrying amount of investment	<u>7,972</u>
Summarised statement of profit or loss	
Sales	<u>388,102</u>
Loss before taxation	<u>(215,518)</u>
Loss after taxation	<u>(260,005)</u>

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

The summary of financial information of JDM based on its audited financial statements for the year ended June 30, 2022 is as follows:

Summarised statement of financial position	Note	2022	2021
		Rupees in thousand	
Non-current assets		7,758,119	3,671,067
Current assets		2,281,606	1,604,525
		10,039,725	5,275,592
Non-current liabilities		992,370	379,623
Current liabilities		2,425,686	1,385,854
		3,418,056	1,765,477
Net assets		6,621,669	3,510,115

Reconciliation to carrying amount

Opening net assets	3,510,115	3,258,082
Profit for the year	169,836	273,104
Other comprehensive income / (loss) for the year	2,861,371	(19,389)
Other adjustments *	80,347	(1,682)
Closing net assets	6,621,669	3,510,115

* These mainly comprise of shares issued pursuant to scheme of merger by JDM, gain arisen under the scheme of merger and share of revaluation surplus on property, plant and equipment of an Associated Company.

Company's share percentage 25.24% (2021: 32.59%)

Company's share	1,671,309	1,143,946
Adjustments **	(479,755)	(556)

Carrying amount of investment	1,191,554	1,143,390
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** These adjustments have arisen due to valuation of investments based on their recoverable amount.

Summarised statement of profit or loss

Sales	7,155,722	5,610,298
Profit before taxation	189,742	434,368
Profit after taxation	169,836	273,104

7.6 The value of investment in BCM as at June 30, 2021 was 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 was determined based on fair value using quoted market value of shares as at June 30, 2021.

7.7 The value of investments in JDM as at June 30, 2022 and 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 359-G3, 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 11.60% (2021: 13.38%), terminal growth rate of 3.91% (2021: 3.31%) and capital asset pricing model based discount rate of 14.41% (2021: 9.84%).

8. STORES AND SPARES	Note	2022	2021
		Rupees in thousand	
Stores		27,760	34,261
Spares [including in transit inventory valuing Rs.24.586 million (2021: Rs.5.221 million)]		101,527	53,941
		<u>129,287</u>	<u>88,202</u>
Less: provision for slow moving stores and spares		2,000	2,000
		<u>127,287</u>	<u>86,202</u>
8.1 The Company does not hold any stores and spares for specific capitalisation.			
9. STOCK-IN-TRADE			
Raw materials:			
- at warehouse		101,304	90,563
- in transit		15,677	19,838
		<u>116,981</u>	<u>110,401</u>
Work-in-process	9.1	77,424	76,883
Finished goods- own manufactured	9.2	476,187	512,157
		<u>670,592</u>	<u>699,441</u>
9.1 Work-in-process valuing Rs.11.169 million (2021: Rs.4.365 million) was in possession of a third party for finishing purposes as at June 30, 2022.			
9.2 Raw materials and finished good inventories as at June 30, 2022 were pledged with National Bank of Pakistan as security for short term finance facilities (note 20).			
10. TRADE DEBTS - Unsecured			
Considered good		217,505	189,739
Considered doubtful		32,900	31,240
		<u>250,405</u>	<u>220,979</u>
Less: allowance for expected credit loss	10.1	(21,296)	(11,047)
		<u>229,109</u>	<u>209,932</u>
10.1 Allowance for expected credit loss			
Balance at beginning of the year		11,047	10,856
Charge for the year		10,249	191
		<u>21,296</u>	<u>11,047</u>

11. PREPAYMENTS AND OTHER RECEIVABLES	Note	2022	2021
Rupees in thousand			
Prepayments		210	0
Letters of credit		168	313
Others		528	528
		906	841
12. CASH AND BANK BALANCES			
Cash-in-hand		331	402
Cash at banks on:			
- current accounts		1,092	6,330
- dividend accounts		140	140
- PLS accounts	12.1	29,448	9,061
		30,680	15,531
		31,011	15,933
12.1	These carry profit at the rates ranging from 2.75% to 12.25% (2021: 2.75% to 5.50%) per annum.		
13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
		2022	2021
		---- Numbers ----	
2,259,375	2,259,375	Ordinary shares of Rs.10 each fully paid in cash	22,594
		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	72,469
9,506,250	9,506,250	95,063	95,063
13.1	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
13.2	Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.		

14. RESERVES	Note	2022	2021
Rupees in thousand			
14.1 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>
14.2 Revenue - general reserve		<u>154,055</u>	<u>654,055</u>
15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net			
Surplus on revaluation of the Company's property, plant and equipment	15.2	999,541	1,004,572
Share of surplus on revaluation of property, plant and equipment of Associated Companies	7	1,472,474	767,326
		<u>2,472,015</u>	<u>1,771,898</u>
15.1 The Company had revalued its freehold land on October 01, 1978, May 15, 1999, June 30, 2004, February 20, 2011, March 31, 2012 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.			
15.2 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		1,044,285	1,051,524
Less: transferred to unappropriated profit:			
-on account of incremental depreciation for the year		(6,847)	(7,209)
-upon sale of revalued assets		(239)	(30)
		<u>1,037,199</u>	<u>1,044,285</u>
Less: deferred tax on:			
- opening balance of surplus		39,713	41,813
- incremental depreciation for the year		(1,986)	(2,091)
- sale of revalued assets		(69)	(9)
		<u>37,658</u>	<u>39,713</u>
Closing balance		<u>999,541</u>	<u>1,004,572</u>

16. LEASE LIABILITIES	2022	2021
	Rupees in thousand	
Balance at beginning of the year	5,069	8,216
Additions during the year	6,819	0
Impact of modifications - net	(429)	1,030
Interest accrued	798	688
Repaid during the year	(5,334)	(4,865)
	<u>6,923</u>	<u>5,069</u>
Current portion grouped under current liabilities	(3,314)	(3,627)
Balance at end of the year	<u>3,609</u>	<u>1,442</u>

16.1 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.1,425 thousand (2021:Rs.3,997 thousand) due to Gammon Pakistan Ltd. (a related party).

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

Particulars	2022			2021		
	Upto one year	From one to three years	Total	Upto one year	From one to three years	Total
	----- Rupees in thousand -----					
Minimum lease payments	4,023	4,004	8,027	3,934	1,483	5,417
Less: finance cost allocated to future periods	(709)	(395)	(1,104)	(307)	(41)	(348)
Present value of minimum lease payments	<u>3,314</u>	<u>3,609</u>	<u>6,923</u>	<u>3,627</u>	<u>1,442</u>	<u>5,069</u>

17. STAFF RETIREMENT BENEFITS - Gratuity

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

Significant actuarial assumptions	2022	2021
- discount rate	13.25%	10.00%
- expected rate of growth per annum in future salaries	22.75%	18.30%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
		Setback 1 year
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

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

The movement in the present value of defined benefit obligation is as follows:	2022	2021
	Rupees in thousand	
Opening balance	77,582	67,096
Current service cost	10,866	7,779
Past service cost	0	1,091
Interest cost	7,560	5,375
Benefits paid	(3,954)	(7,723)
Remeasurements:		
- experience adjustments	595	(2,156)
- loss due to changes in financial assumptions	9,098	6,120
Closing balance	101,747	77,582
Expense recognised in statement of profit or loss :		
Current service cost	10,866	7,779
Past service cost	0	1,091
Interest cost	7,560	5,375
	18,426	14,245
Remeasurement recognised in other comprehensive income	9,693	3,964

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

	2022	2021	2020	2019	2018
	----- Rupees in thousand -----				
Present value of defined benefit obligation	101,747	77,582	67,096	57,304	70,973
Experience adjustments on obligation	9,693	3,964	(185)	1,206	2,279

Year-end sensitivity analysis:	Impact on defined benefit obligation		
	Change in assumption	Increase	Decrease
	Rupees in thousand		
Discount rate	1%	<u>94,032</u>	<u>110,673</u>
Salary growth rate	1%	<u>110,702</u>	<u>93,874</u>

17.3 The average duration of the defined benefit obligation as at June 30, 2022 is 8 years.

17.4 The expected contribution to defined benefit obligation for the year ending June 30, 2023 is Rs.27.623 million.

18. DEFERRED TAXATION - Net	Note	2022	2021
Rupees in thousand			
This is composed of the following:			
Taxable temporary differences arising in respect of :			
- accelerated tax depreciation allowances		40,059	39,735
- surplus on revaluation of property, plant & equipment	15.2	37,658	39,713
		77,717	79,448
Deductible temporary differences arising in respect of :			
- provision against slow moving stores and spares		(580)	(580)
- provision for impairment of trade debts		(6,176)	(3,204)
- minimum tax recoverable against normal tax charge in future years		(15,453)	(15,678)
- unused tax losses		0	(8,682)
- lease liabilities		(628)	(498)
		54,880	50,806
19. TRADE AND OTHER PAYABLES			
Due to a related party - Gammon Pakistan Ltd.		1,311	150
Creditors		7,579	4,835
Advances from customers - contract liabilities		2,540	3,330
Security deposits - interest free, repayable on demand	19.1	8,700	8,700
Accrued expenses		99,146	79,508
Due to Waqf-e-Kuli Khan		3,768	2,941
Tax deducted at source		5	10
Staff retirement benefits (gratuity) due but unpaid		1,272	1,407
Workers' (profit) participation fund	19.2	2,880	1,166
Workers' welfare fund		5,721	5,052
Staff provident fund payable		801	0
Others		379	2,018
		134,102	109,117
19.1 These represent interest free security deposits received from the Company's dealers. The amounts received have been utilised for the purpose of business in accordance with the written agreements entered into with the dealers.			
19.2 Workers' (profit) participation fund			
Opening balance		1,166	0
Add: allocation for the year		2,863	1,166
Less: payments made during the year		1,149	0
Closing balance		2,880	1,166

20. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.450 million (2021: Rs.450 million). NBP, during the year, charged mark-up on these finance facilities at the rates ranging from 9.45% to 13.95% (2021: 9.25% to 9.59%) per annum; mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.100 million (2021: Rs.100 million), which to the extent of Rs.58.231 million (2021: Rs.41.699 million) remained unutilised at the reporting date. The aggregate facilities are secured against pledge of stocks for Rs.333.340 million, first charge on current and fixed assets of the Company for Rs.193.330 million and Rs.280 million respectively and lien on import documents. These facilities were available upto March 31, 2023.

21. TAXATION - Net

	2022	2021
	Rupees in thousand	
Opening balance	11,253	5,885
Add: provision made during the year:		
- current	12,129	10,523
- prior year	(19)	0
	12,110	10,523
Less: payments / adjustments made during the year against completed assessments	10,504	5,155
Closing balance	12,859	11,253

- 21.1** Income tax assessments of the Company have been completed upto the tax year 2021 i.e. accounting year ended June 30, 2021.
- 21.2** Minimum tax under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) relevant to tax years 2010, 2011 and 2012 has been deleted in the amended Finance Act, 2015 as per sub-clause (xx) of clause (11A) in part IV of the second schedule to the Ordinance. The Company's writ petition filed before the Islamabad High Court has been withdrawn on November 12, 2020 as the Company's grievance stood redressed and petition has become infructuous. The Company would not be liable for payment of any tax amount for the tax years 2010, 2011 and 2012.
- 21.3** The Company has filed a reference application before the Lahore High Court on December 01, 1994 against the orders of the Appellate Tribunal Inland Revenue (ATIR) for setting-aside the decisions for the Assessment Years 1986-87 to 1988-89; however, no additional tax liability is likely to arise in case of an adverse judgment by the Court.
- 21.4** The Income Tax Department (the Department) for the tax year 2004 has charged tax under section 122(5A) of the Ordinance amounting Rs.1.781 million against which a reference application is pending adjudication before the Lahore High Court. The Department, however, on July 09, 2010 has issued an order under section 221 of the Ordinance creating demand of Rs.775 thousand.

- 21.5** The Commissioner Inland Revenue - Appeals (CIRA) for the tax year 2008 has decided the appeal in the Company's favour on December 12, 2014 and deleted the demand of Rs.4.368 million. The Department has filed further appeal before the ATIR on June 02, 2016, which is pending adjudication.
- 21.6** The Department for the tax year 2009 had charged tax under section 122(5A) of the Ordinance amounting Rs.3.553 million on November 25, 2014 against which the Company filed an appeal with the CIRA, who decided the appeal against the Company. The Company as well as the Department have filed further appeals before the ATIR on May 17, 2016, which are pending adjudication.
- 21.7** The Department for the tax year 2013 had charged tax under section 221 of the Ordinance (Rectification of mistakes) amounting Rs.28.673 million on April 08, 2013 against which the Company filed an appeal before the CIRA, who decided the appeal on August 18, 2015 against the Company. The Company as well as the Department have filed further appeals before the ATIR on August 26, 2015, which are pending adjudication. The Company, however, has paid the whole of the demand and no further provision is required.
- 21.8** The Assessing Officer, during the financial year ended June 30, 2017, had imposed tax amounting Rs.972 thousand on June 15, 2016 for late filing of statements under sections 165/182 of the Ordinance for some of the months of tax year 2016. The Company had filed an appeal before the CIRA, who decided the case in favour of the Company on November 22, 2017. The Department against the said order filed an appeal before the ATIR on January 19, 2018, which is pending adjudication.

22. CONTINGENCIES AND COMMITMENTS

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

	2022	2021
	Rupees in thousand	
22.2 Commitments against irrevocable letters of credit for raw materials and spare parts	<u>41,769</u>	<u>58,301</u>
23. SALES - Net		
Own manufactured:		
Fabrics and blankets	1,183,766	820,506
Waste	595	1,387
	<u>1,184,361</u>	<u>821,893</u>
Less: sales tax	172,034	122,747
discount	23.1 42,812	11
	<u>214,846</u>	<u>122,758</u>
	<u>969,515</u>	<u>699,135</u>

- 23.1** This represents discount shown on the sale invoices for the purpose of equating retail and wholesale prices; the Sales Tax Act, 1990 suggests different tax rates for both the sales i.e. 12% and 17% respectively.

24. COST OF SALES	Note	2022	2021
Rupees in thousand			
Raw materials consumed	24.1	311,015	299,524
Salaries, wages and benefits	24.2	230,792	174,711
Power and fuel		68,868	36,978
Stores and spares consumed		26,950	14,972
Repair and maintenance		37,623	23,155
Depreciation	5.5	14,692	15,218
Insurance		4,017	3,583
Others		1,761	2,725
		<u>695,718</u>	<u>570,866</u>
Adjustment of work-in-process			
Opening		76,883	51,795
Closing	9	(77,424)	(76,883)
		<u>(541)</u>	<u>(25,088)</u>
Cost of goods manufactured		<u>695,177</u>	<u>545,778</u>
Adjustment of finished goods			
Opening stock		512,157	475,631
Closing stock	9	(476,187)	(512,157)
		<u>35,970</u>	<u>(36,526)</u>
		<u>731,147</u>	<u>509,252</u>
24.1 Raw materials consumed			
Opening stock		110,401	148,684
Add: purchases		317,595	261,241
		<u>427,996</u>	<u>409,925</u>
Less: closing stock	9	116,981	110,401
		<u>311,015</u>	<u>299,524</u>
24.2			
These include contribution to staff provident fund aggregating Rs.2.808 million (2021: Rs.2.172 million). These also include staff retirement benefits - gratuity amounting Rs.16.397 million (2021: Rs.12.866 million).			
25. DISTRIBUTION COST			
Salaries and benefits	25.1	14,059	10,450
Travelling		627	327
Commission	25.2	0	23,930
Outward freight		501	874
Advertisement and sales promotion		722	317
Communication		323	364
Repair and maintenance		268	894
Vehicles' running		166	209
Depreciation on right of use assets	5.7	4,799	4,866
Others		664	566
		<u>22,129</u>	<u>42,797</u>

- 25.1** These include contribution to staff provident fund aggregating Rs.74 thousand (2021: Rs.68 thousand). These also include staff retirement benefits - gratuity amounting Rs.691 thousand (2021: Rs.466 thousand).
- 25.2** Commission to dealers has been discontinued with effect from current year.

26. ADMINISTRATIVE EXPENSES	Note	2022	2021
		Rupees in thousand	
Salaries and benefits	26.1	76,678	58,059
Travelling - directors		50	254
- others		1,366	905
Rent, rates and taxes		2,189	2,052
Entertainment / guest house expenses		5,579	3,971
Communication		905	712
Printing and stationery		1,062	871
Electricity		8,461	3,929
Insurance		105	84
Repair and maintenance		3,285	10,225
Vehicles' running		3,996	2,946
Advertisement		261	108
Subscription / papers and periodicals		833	777
Depreciation on operating fixed assets	5.5	4,250	4,107
Depreciation on right of use assets	5.7	185	187
Amortisation	6	521	510
Auditors' remuneration:			
- statutory audit		1,223	1,223
- half yearly review		232	232
- consultancy charges		255	217
- certification charges		0	19
- out-of-pocket expenses		45	45
		1,755	1,736
Legal and professional charges (other than Auditors)		2,575	1,727
		114,056	93,160
26.1 These include contribution to staff provident fund aggregating Rs.2.455 million (2021: Rs.1.734 million). These also include staff retirement benefits - gratuity amounting Rs.1,337 thousand (2021: Rs.912 thousand).			
27. OTHER EXPENSES			
Donation to Waqf-e-Kuli Khan	27.1	1,178	442
Workers' (profit) participation fund		2,863	1,166
Workers' welfare fund		1,321	503
Provision for impairment of trade debts - net	10.1	10,249	191
		15,611	2,302

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

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

28. OTHER INCOME	Note	2022	2021
Rupees in thousand			
Income from financial assets			
Mark-up earned on PLS accounts		683	431
Exchange fluctuation gain - net		0	1,493
		683	1,924
Income from other than financial assets			
Sale of empties / scrap		776	1,117
Unclaimed payable balances written-back		0	12
Gain on sale of operating fixed assets	5.6	1,814	55
Sale of trees		0	1,285
		2,590	2,469
		3,273	4,393
29. FINANCE COST			
Interest on lease liabilities	16	798	688
Mark-up on short term finances		36,911	33,609
Bank and other charges		95	509
		37,804	34,806
30. TAXATION			
Current:			
- for the year		12,129	10,523
- for prior year		(19)	0
	21	12,110	10,523
Deferred:			
- for the year	18	4,074	(6,295)
		16,184	4,228
30.1 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.			
31. (LOSS) / EARNINGS PER SHARE			
There is no dilutive effect on (loss) / earnings per share of the Company, which is based on:			
(Loss) / profit after taxation attributable to ordinary shareholders			
		(662,395)	95,722
- - - No. of shares - - -			
Weighted average number of shares in issue during the year		9,506,250	9,506,250
----- Rupees -----			
(Loss) / earnings per share - basic		(69.68)	10.07

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**32.1 Financial instruments by category**

2022 2021
Rupees in thousand

Financial assets**At amortised cost**

Advances to employees	26,160	12,451
Trade debts	229,109	209,932
Other receivables	528	528
Bank balances	30,680	15,531
	<u>286,477</u>	<u>238,442</u>

Financial liabilities**At amortised cost**

Lease liabilities	6,923	5,069
Trade and other payables	122,155	99,559
Unpaid dividends	3,452	3,452
Unclaimed dividends	4,780	6,087
Accrued mark-up	10,971	7,797
Short term finances	377,528	377,686
	<u>525,809</u>	<u>499,650</u>

32.2 Financial risk factors

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

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

32.3 Market risk

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

(a) Currency risk

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

Non-funded:

Outstanding letters of credit - U.S.\$ 169,115 and Euro.€ 32,126 (2021: U.S.\$ 194,441 and Euro.€ 145,835)	<u>41,769</u>	<u>58,301</u>
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The following exchange rates were applied:

	Average rate	Reporting date rate
2022		
U.S. \$ to Rupee	176.15	206.00
Euro.€ to Rupee	197.34	215.75
2021		
U.S. \$ to Rupee	161.64	158.30
Euro.€ to Rupee	196.24	188.71

Sensitivity analysis

Not applicable as no funded foreign currency liability was outstanding as at June 30, 2022 and June 30, 2021.

(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:

	2022 Effective rate %	2021 %	2022 Rupees in thousand Carrying amount	2021
Financial assets				
Bank balances	2.75% to 12.25%	2.75 to 5.50	29,448	9,061
Variable rate instruments				
Financial liabilities				
Short term finances	9.45% to 13.95%	9.25 to 9.59	377,528	377,686

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, 2022, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss before taxation for the year would have been higher / lower by Rs.3,775 thousand (2021: 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.

(c) Price risk

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

32.4 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 90 days (2021: 90 days) for all shirting fabrics including blankets and shawls and 90 days (2021: 90 days) for blazer cloth to reduce the credit risk. The credit quality of the Company's major bank balances can be assessed with reference to the external credit ratings as follows:

Banks	Short term rating	Long term rating	Agency
Allied Bank Ltd.	A1+	AAA	PACRA
Bank Alfalah Ltd.	A1+	AA+	PACRA
Meezan Bank Ltd.	A1+	AAA	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:

	2022	2021
	Rupees in thousand	
Security deposits	3,794	3,794
Trade debts	250,405	220,979
Bank balances	30,680	15,531
	284,879	240,304

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	34,286	4,754
Past due 1 - 30 days	17,029	4,381
Past due 30 - 90 days	32,974	15,953
Past due above 90 days	166,116	195,891
	250,405	220,979

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

The Company measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of Rs.10.249 million (2021: Rs.0.191 million) during the current year. At year-end provision for expected credit loss balance amounted Rs.21.296 million (2021: Rs.11.047 million).

32.5 Liquidity risk

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

Financial liabilities in accordance with their contractual maturities are presented 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, 2022			
Lease liabilities	6,923	4,023	4,004
Trade and other payables	122,155	122,155	0
Unpaid dividends	3,452	3,452	0
Unclaimed dividends	4,780	4,780	0
Accrued mark-up	10,971	10,971	0
Short term finances	377,528	430,193	0
	525,809	575,574	4,004
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
	499,650	533,450	1,483

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

33. MEASUREMENT OF FAIR VALUES

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.

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Executives	
	2022	2021	2022	2021
	----- Rupees in thousand -----			
Remuneration (including bonus)	6,428	5,758	56,107	48,518
Retirement benefits	556	529	3,683	2,651
House rent	1,715	1,715	1,454	1,431
Insurance	26	31	117	50
Reimbursement of medical and other expenses	0	0	1,724	2,623
Utilities	242	196	487	475
	8,967	8,229	63,572	55,748
Number of persons	1	1	10	10

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

34.2 In addition to above, meeting fees of Rs.980 thousand (2021: Rs.940 thousand) were also paid to six (2021: six) non-working directors.

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

	Lease liabilities	Short term finances	Dividend	Accrued mark-up	Total
----- Rupees in thousand -----					
Balance as at June 30, 2020	8,216	423,639	9,750	13,369	454,974
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	688	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
Changes from financing activities					
Lease liabilities - obtained	6,819	0	0	0	6,819
- repaid	(5,334)	0	0	0	(5,334)
Short term finances obtained net of repayments	0	(158)	0	0	(158)
Dividend paid	0	0	(1,307)	0	(1,307)
Finance cost paid	0	0	0	(33,832)	(33,832)
	1,485	(158)	(1,307)	(33,832)	(33,812)
Other changes					
Interest / mark-up expense	798	0	0	37,006	37,804
Impact of modification	(429)	0	0	0	(429)
	369	0	0	37,006	37,375
Balance as at June 30, 2022	6,923	377,528	8,232	10,971	403,654

36. TRANSACTIONS WITH RELATED PARTIES

- 36.1** The Company's shareholders vide a special resolution dated March 29, 2017 have enhanced the previous approved limit of Rs.5.000 million to Rs.12.500 million on account of transactions among Associated Companies of the Group, which fall under normal trade transactions for sale and purchase of store and spare parts, purchase of raw materials and certain other related transactions not falling within the preview of section 208 of the repealed Companies Ordinance, 1984 (now section 199 of the Companies Act, 2017) or the regulations made thereunder.
- 36.2** Maximum aggregate debit balance of Associated Companies at any month-end during the year was Rs.3,580 thousand (2021: Rs.2,925 thousand).
- 36.3** 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.

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

Janana De Malucho Textile Mills Ltd. 25.24% (2021: 32.59%) shares held in JDM.

Due to common directorships

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.

36.5 Significant transactions with the related parties

Name	Nature of relationship	Nature of transaction	2022 Rupees in thousand	2021
Janana De Malucho Textile Mills Ltd.	Associated Company	Purchase of raw-materials	8,999	7,001
		Utilities / expenses paid	155	123
		Salaries & benefits paid	2,451	2,274
Gammon Pakistan Ltd.	-do-	Rent accrued	3,109	3,632
		Utilities / expenses paid	637	0
Key management personnel		Salaries and benefits	57,610	49,915
Contribution towards provident fund			5,294	3,974

37. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, lease liabilities, mark-up bearing short term finances less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2022 and June 30, 2021 is as follows:

	2022	2021
	Rupees in thousand	
Lease liabilities	6,923	5,069
Short term finances	377,528	377,686
Cash and bank balances	(31,011)	(15,933)
Net debt	353,440	366,822
Share capital	95,063	95,063
Share premium reserve	19,445	19,445
Revaluation surplus on property, plant and equipment	2,472,015	1,771,898
General reserve	154,055	654,055
Unappropriated profit	152,629	286,390
Equity	2,893,207	2,826,851
Capital	3,246,647	3,193,673
Gearing ratio (Net debt / (Net debt + Equity))	10.89%	11.49%

38. OPERATING SEGMENT

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

- 38.1** Fabric and blanket sales represent 99.95% (2021: 99.83%) of the total gross sales of the Company.
- 38.2** All of the Company's sales relate to customers in Pakistan.
- 38.3** All non-current assets of the Company as at June 30, 2022 are located in Pakistan.
- 38.4** Seven (2021: seven) of the Company's customers having sales aggregating Rs.896.643 million (2021: Rs.609.220 million) contributed towards 75.80% (2021: 74.12%) of the Company's gross sales. Three (2021: four) out of seven customers individually exceeded 10% of total gross sales.

39. CAPACITY AND PRODUCTION

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

Yarn	2022	2021
Number of spindles installed	3,794	3,794
Number of spindles/shifts worked	1,857,960	1,408,064
Installed capacity at 5 Nm count (Kgs.)	2,391,094	2,391,094
Actual production converted into 5 Nm count (Kgs.)	1,170,720	888,832
Number of shifts worked	906	657
Cloth		
Number of looms installed	50	50
Number of looms/shifts worked	16,310	13,414
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)	1,443,118	1,282,070
Number of shifts worked	604	520

40. NUMBER OF EMPLOYEES

	----- Numbers -----	
Number of permanent persons employed as at June 30,	577	549
Average number of permanent employees during the year	569	483

41. PROVIDENT FUND RELATING DISCLOSURES

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

	Un-audited 2022	Audited 2021
	Rupees in thousand	
Size of the fund - total assets	<u>47,221</u>	<u>45,964</u>
Cost of investments made in Regular Income Certificates	<u>29,500</u>	<u>33,300</u>
Fair value of investments made	<u>29,500</u>	<u>33,300</u>
	----- % -----	
Percentage of investments made	<u>62.47</u>	<u>72.45</u>

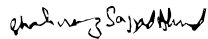
41.1 Investments out of the provident fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

42. DATE OF AUTHORISATION FOR ISSUE

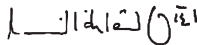
These financial statements were authorised for issue on September 22, 2022 by the board of directors of the Company.

43. CORRESPONDING FIGURES

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


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. Retd. Ali Kuli Khan
Director


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 **Monday, the October 17, 2022 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 _____ 2022.

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

Please affix
Revenue Stamps
of Rs. 5/-

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

Member's signature

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

Notes:

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

بنوں وولن ملز لمیٹیڈ

پراکسی فارم

میں / ہم ----- ساکن ----- ضلع -----
بحیثیت ممبر بنوں وولن ملز لمیٹیڈ -----
رجسٹرڈ کارڈ نمبر ----- اور ایسی ڈی سی فلیو کا آئی ڈی نمبر ----- اور ذیلی اکاؤنٹ نمبر -----
مسماں ----- ساکن ----- کو
کمپنی کے اجلاس عام میں جو کہ 17 اکتوبر 2022 بروز پیر صبح 09:00 بجے کمپنی کے رجسٹرڈ آفس، ڈی۔ آئی۔ خان روڈ، بنوں میں منعقد ہوگا، میری / ہماری طرف سے
بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط حصص داران

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

گواہان:

نام -----

پتہ: -----

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر -----

پاسپورٹ نمبر -----

بتاریخ: _____

دستخط -----

نام -----

پتہ -----

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر -----

پاسپورٹ نمبر -----

بتاریخ: _____

نوٹ:

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

