

**NINE MONTHS  
ACCOUNTS  
MARCH,  
2020**

BIBOJEE GROUP



**BABRI COTTON MILLS LIMITED**

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# Babri Cotton Mills Limited

## COMPANY'S PROFILE

<b>BOARD OF DIRECTORS</b>	Mr. Raza Kuli Khan Khattak Dr. Shaheen Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Lt. Gen. (Rtd.) Ali Kuli Khan Khattak Mr. Gohar Ayub Khan Mr. Zahid Said Mr. Omar Khan Afridi Mr. Ahad Khattak Mr. Amin Ullah Khan Mrs. Shahnaz Sajjad Ahmed Mr. Saad Waheed Major (Rtd.) Muhammad Zia Mr. Muhammad Iftikhar Ali	Chief Executive Chairman
<b>AUDIT COMMITTEE</b>	Mr. Amin Ullah Khan Mr. Zahid Said Mr. Ahad Khattak	Chairman Member Member
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Mr. Omer Khan Afridi Mr. Raza Kuli Khan Khattak Mr. Zahid Said	Chairman Member Member
<b>COMPANY SECRETARY</b>	Mr. Naeem Ullah Malik - ACCA	
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Naeem Ullah Malik - ACCA	
<b>INTERNAL AUDITOR</b>	Mr. Nasir Ali Khan ACCA, APA	
<b>AUDITORS</b>	M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants	
<b>SHARE REGISTRARS</b>	Hameed Majeed Associates (Pvt.) Ltd., 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi Tel: (021) 32424826, 32412754 Fax: (021) 32424835	
<b>BANKERS</b>	National Bank of Pakistan The Bank of Khyber	
<b>Legal Adviser</b>	M/s Hassan & Hassan, Advocate Paaf building, 1-D Kashmir/Egerton road Lahore	
<b>Tax Consultant</b>	M. Nawaz Khan & Co. Ground Floor, Farrah Centre, 2- Mozang road, Lahore	
<b>REGISTERED OFFICE &amp; MILLS</b>	Habibabad, Kohat Tel: (0922) 862285 - 862284 Fax: (0922) 862283 Website: www.bcm.com.pk E-mail: info@bcm.com.pk	

# Babri Cotton Mills Limited

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Babri Cotton Limited presents the financial information of the company for the third quarter and nine months period ended on March 31, 2020. This financial information is submitted in accordance with Sec 227 of the Companies Act 2017.

### Financial Results:

	3 <sup>rd</sup> Quarter ended (Jan-Mar)		Cumulative (July-Mar)	
	2020	2019	2020	2019
	----- Rupees in thousand -----			
Sales net	572,378	574,580	1,469,913	1,652,950
Gross (Loss) / Profit	11,829	49,469	(20,007)	79,975
Loss from Operations	(23,629)	17,324	(106,836)	5,622
Loss before Taxation	(57,637)	(17,575)	(224,621)	(74,327)
Loss after Taxation	(66,440)	(20,306)	(226,387)	(32,574)
Loss Per Share	(18.19)	(5.56)	(61.99)	(8.92)

### Review of Operations:

During the nine month period under review, turnover of the company was reduced by Rs.183.037 million (11.07%) and the related cost of sales was also decreased by Rs.83.055 million (5.28%). Resulting in gross LOSS of Rs.20.007 million as compared to gross PROFIT of Rs.79.975 million during corresponding period of previous year. The company's loss before taxation of Rs.224.621 million, during the current reviewed period, has substantially increased by 202% from a loss of Rs.74.327 million as compared to previous period. The company has a reduced gross profit of Rs. 11.829 million (2.06% of sales) during third quarter ended march-20, as compared to gross profit of Rs. 49,469 million (8.6% of sales) to quarter of corresponding period.

Main reasons of increase in loss are uncontrollable factors such as:

- Withdrawal of zero-rating regime for five export-oriented sectors including textile industry with effect from 01 July, 2019
- Levy of 17% sales tax on sales to registered customers
- Further 3% tax on sales to unregistered customers.

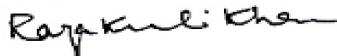
Moreover, during the period under review we have faced under-utilization of our production capacities due to shut down of Faisalabad market. Plus we had to suspend Mill operations due to evolving COVID-19 situation in Pakistan. This was done in compliance with the directives of the provincial government and labour department of KPK.

It is pertinent to mention that our company is striving to achieve better results by using every resource at its disposal.

### Acknowledgment:

The board would like to express its gratitude to all customers, suppliers, bankers, government authorities, shareholders and other stakeholders for their continuous support and cooperation. The directors also appreciate the hard work and commendable services rendered by staff and workers of the company.

For and on behalf of the board of directors



Raza Kuli Khan Khattak  
Chief Executive Officer / Director

Kohat  
Dated: 23 April 2020

## Babri Cotton Mills Limited

ڈائریکٹرز رپورٹ برائے حصص داران

بابری کائون ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2020 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہ کی مدت کے کمپنی لے کی مالی معلومات پیش کرتے ہیں۔ یہ مالیاتی معلومات کمپنیز ایکٹ 2017 کے سیکشن 227 کے مطابق جمع کروائی گئی ہے۔

کمپنی کے کاروباری نتائج

پچھلے دور کے مقابلے میں کمپنی کے آپریٹنگ نتائج درج ذیل ہیں۔

مجموعی (جولائی-مارچ)		تیسری سہ ماہی ختم (جنوری-مارچ)		
2019	2020	2019	2020	
				(روپے ہزاروں میں)
1,652,950	1,469,913	574,580	572,378	خالص فروخت
79,975	(20,007)	49,469	11,829	مجموعی منافع (خسارہ)
5,622	(106,836)	17,324	(23,629)	آپریٹنگ سے (خسارہ)
(74,327)	(224,621)	(17,575)	(57,637)	ٹیکس سے پہلے (خسارہ)
(32,574)	(226,387)	(20,306)	(66,440)	ٹیکس کے بعد (خسارہ)
(8.92)	(61.99)	(5.56)	(18.19)	(خسارہ) فی شیئر

آپریٹنگ کا جائزہ:

زیر غور نو ماہ کے عرصہ کے دوران، کمپنی کا کاروبار 183.037 ملین (11.07%) کم ہوا ہے اور فروخت سے متعلقہ لاگت میں بھی 83.055 ملین (5.28%) کی کمی واقع ہوئی ہے، جس کے نتیجے میں مجموعی نقصان 20.007 ملین روپے اس مدت کے دوران 79.975 ملین روپے کے مجموعی منافع کے مقابلے میں موجودہ نظر ثانی کی مدت کے دوران، کمپنی نے 224.621 ملین روپے ٹیکس لگانے سے پہلے ہونے والے نقصان میں گزشتہ ادوار کے مقابلے میں، 74.327 ملین روپے کے خسارے سے 202% کا کافی حد تک اضافہ کیا ہے۔ کمپنی نے مجموعی منافع میں 11.829 ملین روپے کمایا ہے (فروخت کا 2.06%) تیسری سہ ماہی کے دوران مارچ-20 کے اختتام پر مجموعی منافع کے مقابلے میں 49,469 ملین روپے (فروخت کا 8.6%) اسی مدت کے مقابلے میں۔

نقصان میں اضافے کی بنیادی وجوہات بے قابو عوامل ہیں جیسے:

1. 01 جولائی 2019 سے ٹیکسٹائل انڈسٹری سمیت پانچ برآمدگی شعبوں کے لئے صفر ریٹنگ والے نظام کی واپسی
2. رجسٹرڈ صارفین کو فروخت پر 17 فیصد سیلز ٹیکس عائد کرنا۔
3. مزید غیر رجسٹرڈ صارفین کو فروخت پر 3% ٹیکس۔

مزید برآں، جائزہ لینے کے دوران ہم نے فیصل آباد مارکیٹ بند ہونے کی وجہ سے اپنی پیداواری صلاحیتوں کے کم استعمال ہونے کا سامنا کیا ہے۔ اس کے علاوہ ہمیں پاکستان میں COVID-19 کی صورتحال کے بدلے ہوئے آپریٹنگ کو معطل کرنا پڑا۔ یہ صوبائی حکومت اور KPK کے محکمہ محنت کی ہدایت کی پیروی میں کیا گیا۔ یہ ذکر کرنا مناسب ہے کہ ہماری کمپنی ہر وسائل کو اپنے اختیار میں لے کر بہتر نتائج حاصل کرنے کے لئے کوشاں ہے۔

اعتراف:

بورڈ ان کے مستقل تعاون اور تعاون پر تمام صارفین، سپلائرز اور بینکروں، سرکاری حکام، حصص یافتگان اور دیگر اسٹیک ہولڈرز سے اظہار تشکر کرنا چاہتا ہے۔ ڈائریکٹرز سخت محنت اور قابل ستائش خدمات کی بھی تعریف کرتے ہیں جو کمپنی کے عملے اور کارکنوں نے دی ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

Razak Khan

رضاقلی خان خانک

چیف ایگزیکٹو آفیسر

کوہاٹ

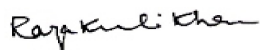
تاریخ: 23 اپریل 2020

# Babri Cotton Mills Limited

## Condensed Interim Statement of Financial Position as at March 31, 2020

		Mar. 31, 2020 Un-audited	June 30, 2019 Audited
	Note	Rupees in thousand	
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	6	1,713,566	1,714,667
Investments in an Associated Company	7	239,281	228,654
Long term loans		189	41
Security deposits		1,033	1,033
		1,954,069	1,944,395
<b>Current Assets</b>			
Stores, spares and loose tools		26,229	31,466
Stock-in-trade		528,458	885,385
Trade debts		6,869	308
Loans and advances		17,879	11,515
Prepayments		4,805	1,577
Other receivables		9,933	2,895
Sales tax refundable		0	79,971
Income tax refundable, advance tax and tax deducted at source		45,005	47,183
Cash and bank balances		7,778	2,952
		646,956	1,063,252
<b>Total Assets</b>		<b>2,601,025</b>	<b>3,007,647</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Authorised capital		250,000	250,000
Issued, subscribed and paid-up capital		36,522	36,522
Capital reserves			
- share premium		15,096	15,096
- revaluation surplus on property, plant and equipment	8	923,757	898,868
Revenue reserves			
- general reserve		88,000	88,000
- gain on remeasurement of forward foreign exchange contracts		2,063	2,139
- unappropriated profit		77,992	280,886
		1,143,430	1,321,511
<b>Shareholders' Equity</b>			
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Long term finances		143,314	186,718
Staff retirement benefits - gratuity		77,770	81,520
Long term deposit		1,444	868
Deferred taxation		4,130	9,204
		226,658	278,310
<b>Current Liabilities</b>			
Trade and other payables	9	407,020	373,287
Unclaimed dividends		2,431	2,431
Accrued interest / mark-up		31,874	33,407
Short term finances	10	709,614	929,483
Current portion of non-current liabilities		57,872	51,803
Taxation	11	22,126	17,415
		1,230,937	1,407,826
<b>Total Liabilities</b>		<b>1,457,595</b>	<b>1,686,136</b>
<b>Contingencies and Commitments</b>	12		
<b>Total Equity and Liabilities</b>		<b>2,601,025</b>	<b>3,007,647</b>

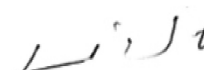
The annexed notes form an integral part of these condensed interim financial statements.



**Raza Kuli Khan Khattak**  
Chief Executive



**Naeem Ullah Malik**  
Chief Financial Officer



**Zahid Said**  
Director

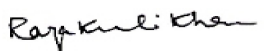


# Babri Cotton Mills Limited

## Condensed Interim Statement of Cash Flows (Un-audited) For the Nine Months Period Ended March 31, 2020

	Nine months period ended	
	Mar. 31, 2020	Mar. 31, 2019
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Loss for the period - before taxation and share of profit / (loss) on investments in an Associated Company	(223,614)	(74,822)
Adjustments for non-cash charges and other items:		
Depreciation	52,308	49,778
Loss on sale of operating fixed assets	6,807	0
Deferred income credited	0	0
Amortisation of gain on forward foreign exchange contracts	(76)	(80)
Staff retirement benefits - gratuity (net)	(3,750)	1,669
Finance cost	116,778	80,444
<b>Profit / (loss) before working capital changes</b>	<b>(51,547)</b>	<b>56,989</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spares and loose tools	5,237	(78)
Stock-in-trade	356,927	(115,912)
Trade debts	(6,561)	171
Loans and advances	(6,512)	1,166
Prepayments	(3,228)	(3,781)
Other receivables	(7,038)	1,804
Sales tax refundable	79,971	(25,198)
<b>(Decrease) / increase in trade and other payables</b>	<b>33,733</b>	<b>(33,524)</b>
	<b>452,529</b>	<b>(175,352)</b>
<b>Cash used in operations</b>	<b>400,982</b>	<b>(118,363)</b>
Taxes paid	(6,269)	(17,188)
<b>Net cash used in operating activities</b>	<b>394,713</b>	<b>(135,551)</b>
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(15,428)	(153,165)
Sale proceeds of operating fixed assets	1,056	0
Security deposits	0	76
<b>Net cash used in investing activities</b>	<b>(14,372)</b>	<b>(153,089)</b>
<b>Cash flow from financing activities</b>		
Long term finances - net	(37,335)	111,716
Lease finances repaid	0	0
Short term finances - net	(219,869)	233,576
Finance cost paid	(118,311)	(61,459)
<b>Net cash generated from financing activities</b>	<b>(375,515)</b>	<b>283,833</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>4,826</b>	<b>(4,807)</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>2,952</b>	<b>8,143</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>7,778</b>	<b>3,336</b>

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

  
Raza Kuli Khan Khattak  
Chief Executive

  
Naeem Ullah Malik  
Chief Financial Officer

  
Zahid Said  
Director

# Babri Cotton Mills Limited

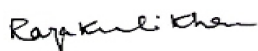
## Condensed Interim Statement of Changes in Equity (Un-audited) For the Nine Months Period Ended March 31, 2020

	Capital Reserves			Revenue Reserves			Total
	Share capital	Share premium reserve	Revaluation surplus on property, plant and equipment	General reserve	Gain on hedging instruments	Unappropriated profit	

----- Rupees in thousand -----

<b>Balance as at June 30, 2019 (audited)</b>	<b>36,522</b>	<b>15,096</b>	<b>898,868</b>	<b>88,000</b>	<b>2,139</b>	<b>280,886</b>	<b>1,321,511</b>
<b>Total comprehensive loss for the period ended March 31, 2020</b>	<b>0</b>	<b>0</b>	<b>36,748</b>	<b>0</b>	<b>0</b>	<b>(226,387)</b>	<b>(189,639)</b>
<b>Amortisation of gain on forward foreign exchange contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(76)</b>	<b>0</b>	<b>(76)</b>
<b>Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation</b>	<b>0</b>	<b>0</b>	<b>(11,055)</b>	<b>0</b>	<b>0</b>	<b>11,055</b>	<b>0</b>
<b>Share of revaluation surplus on property, plant and equipment of an Associated Company</b>	<b>0</b>	<b>0</b>	<b>(804)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(804)</b>
<b>Effect of items directly credited in equity by an Associated Company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,438</b>	<b>12,438</b>
<b>Balance as at March 31, 2020 (un-audited)</b>	<b>36,522</b>	<b>15,096</b>	<b>923,757</b>	<b>88,000</b>	<b>2,063</b>	<b>77,992</b>	<b>1,143,430</b>
<b>Balance as at June 30, 2018 (audited) - restated</b>	<b>36,522</b>	<b>15,096</b>	<b>915,635</b>	<b>88,000</b>	<b>2,245</b>	<b>311,253</b>	<b>1,368,751</b>
<b>Total comprehensive loss for the period ended March 31, 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,574)</b>	<b>(32,574)</b>
<b>Amortisation of gain on forward foreign exchange contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(80)</b>	<b>0</b>	<b>(80)</b>
<b>Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)</b>							
- on account of incremental depreciation for the period	0	0	(11,041)	0	0	11,041	0
- upon sale of revalued assets	0	0	0	0	0	0	0
<b>Share of revaluation surplus on property, plant and equipment of an Associated Company</b>	<b>0</b>	<b>0</b>	<b>(817)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(817)</b>
<b>Effect of items directly credited in equity by an Associated Company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>994</b>	<b>994</b>
<b>Balance as at March 31, 2018 (un-audited) - restated</b>	<b>36,522</b>	<b>15,096</b>	<b>903,777</b>	<b>88,000</b>	<b>2,165</b>	<b>290,714</b>	<b>1,336,274</b>

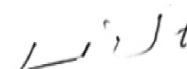
The annexed notes form an integral part of these condensed interim financial statements.



**Raza Kuli Khan Khattak**  
Chief Executive



**Naeem Ullah Malik**  
Chief Financial Officer



**Zahid Said**  
Director

# Babri Cotton Mills Limited

## Notes to the Condensed Interim Financial Statements (Un-audited) For the Nine Months Period Ended March 31, 2020

### 1. Legal Status and Operations

Babri Cotton Mills Limited (the Company) was incorporated in Pakistan on October 26, 1970 as a Public Company 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 yarn. The Company's registered office and Mills are located at Habibabad, Kohat.

### 2. Basis of Preparation

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

- International Accounting Standard (IAS) 34, "Interim financial reporting", 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3. Significant Accounting Policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2019, except for the adoption of IFRS 15 "Revenue from contracts with customers". The revised accounting policy adopted by the management is as follows:

#### **IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 has been notified by Securities and Exchange Commission of Pakistan to be effective for annual periods beginning on or after July 01, 2019. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

4. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. The figures of the condensed interim statement of profit or loss & other comprehensive income for the quarters ended March 31, 2020 and 2019 have not been reviewed by the statutory auditors of the Company. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2019.

## Babri Cotton Mills Limited

### 5. Accounting Estimates, Judgments and Financial Risk Management

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

### 6. Property, Plant and Equipment

	<b>Note</b>	<b>Un-audited Mar. 31, 2020 (Rupees in thousand)</b>	<b>Audited June 30, 2019</b>
Operating fixed assets	<b>6.1</b>	<b>1,679,947</b>	1,684,041
Capital work-in-progress - plant and machinery		<b>33,619</b>	30,626
		<b><u>1,713,566</u></b>	<u>1,714,667</u>
<b>6.1 Operating Fixed Assets</b>			
Book value as at June 30, 2019		<b>1,684,041</b>	
Revaluation increments / (deficit) incorporated during the period:			
- freehold land		<b>26,640</b>	
- buildings on freehold land		<b>5,665</b>	
- plant & machinery		<b>(22,495)</b>	
- generators		<b>31,067</b>	
		<b>40,877</b>	
Additions during the period:			
<b>Owned:</b>			
- plant & machinery		<b>6,418</b>	
- gas generators		<b>8,569</b>	
- tools & equipment		<b>308</b>	
- furniture & fixtures		<b>133</b>	
		<b>15,428</b>	
Deletion during the period:			
<b>Owned:</b>			
- plant & machinery		<b>(8,091)</b>	
Depreciation charge for the period		<b>(52,308)</b>	
Book value as at March 31, 2020		<b><u>1,679,947</u></b>	

## Babri Cotton Mills Limited

		Un-audited Mar. 31, 2020	Audited June 30, 2019
<b>7. Investments in an Associated Company - Quoted</b>			
		<b>(Rupees in thousand)</b>	
<b>Janana De Malucho Textile Mills Ltd. (JDM)</b>			
341,000 ordinary shares of Rs.10 each - <b>cost</b>		4,030	4,030
Equity held: 7.13%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM		64,064	60,461
Share of revaluation surplus on property, plant and equipment		162,711	163,515
Profit / (loss) for the period / year - net of taxation		(1,007)	610
Share of other comprehensive loss - net of taxation		9,483	38
		<b>239,281</b>	<b>228,654</b>
<b>7.1</b>	Although the Company has less than 20% voting rights in JDM as at March 31, 2020 and June 30, 2019, it is presumed that the Company has significant influence over JDM due to majority representation on the board of directors of JDM.		
<b>7.2 (a)</b>	Market value of the Company's investments in JDM as at March 31, 2020 was Rs.28.664 million (June 30, 2019: Rs.21.142 million).		
<b>(b)</b>	The management intends to carry-out impairment testing of its investments in JDM as at June 30, 2020.		
<b>7.3</b>	The management, as at June 30, 2019, had carried-out impairment testing of its investment in JDM as required under IAS 36, 'Impairment of assets'. The recoverable amount of investment in JDM amounted Rs.244.357 million. The recoverable amount of investment was determined using the 'value-in-use' computation. In assessing the value in use, estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflected current market assessment of the time value of money. The pre-tax discount rate applied to cash flow projections was 7.95%. As a result of the aforementioned impairment testing, the management had concluded that the carrying value of investment in JDM did not exceed its recoverable amount.		
<b>8. Revaluation surplus on property, plant and equipment - net</b>	<b>Note</b>	<b>Un-audited Mar. 31, 2020</b>	<b>Audited June 30, 2019</b>
		<b>(Rupees in thousand)</b>	
Revaluation surplus on the Company's property, plant & equipment		761,046	735,353
Share of revaluation surplus on property, plant and equipment of JDM	7	162,711	163,515
		<b>923,757</b>	<b>898,868</b>

## Babri Cotton Mills Limited

	<b>Un-audited Mar. 31, 2020</b>	<b>Audited June 30, 2019</b>
<b>(Rupees in thousand)</b>		
<b>9. Trade and Other Payables</b>		
Creditors	<b>266,678</b>	198,869
Due to an Associated Company (JDM)	<b>2,221</b>	0
Bills payable	<b>0</b>	71,232
Advances from customers	<b>16,604</b>	6,867
Accrued expenses	<b>60,860</b>	62,558
Interest free security deposits - repayable on demand	<b>170</b>	170
Due to Waqf-e-Kuli Khan	<b>12,048</b>	12,048
Income tax deducted at source	<b>10,400</b>	5,722
Sales tax payable	<b>37,123</b>	15,020
Others	<b>916</b>	801
	<b>407,020</b>	<b>373,287</b>
<b>10. Short term finances - secured</b>		
National Bank of Pakistan	<b>456,908</b>	630,002
The Bank of Khyber	<b>252,706</b>	299,481
	<b>709,614</b>	<b>929,483</b>

### 11. Taxation - net

**11.1** Income tax returns of the Company have been filed upto the tax year 2019, i.e. accounting year ended June 30, 2019.

**11.2** Provision for the current period represents tax payable under section 113 (Minimum tax on the income of certain persons) of the Ordinance.

**11.3** The Company's writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Ordinance is still pending adjudication. An adverse judgment by the Court will create tax liability under section 113 of the Ordinance aggregating Rs.39.712 million.

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

### 12. Contingencies and Commitments

**12.1** The Company had challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). GIDC was levied on supply of natural gas under the GIDC Act, 2011. Constitutionality of the said Act was challenged before the PHC, which had declared the same as constitutional. The order of the PHC was assailed before the Supreme Court of Pakistan (SCP), which met the same fate there. After enactment of the GIDC Act, 2015, it was challenged before the PHC, which dismissed the said petition. The Company, thereafter, has filed a petition before the SCP, which is pending adjudication.

Sui Northern Gas Pipelines Ltd., along with gas bill for the month of March, 2020, has raised GIDC demands aggregating Rs.679.401 million, which are payable in case of an adverse judgment by the SCP. Hearing of the case has been completed before the larger bench of SCP and judgment is still pending. Provisions for these GIDC demands pertaining to prior years and the current period have not been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

## Babri Cotton Mills Limited

**12.2** Guarantee amounting Rs.75 million issued by National Bank of Pakistan on behalf of the Company in favour of Sui Northern Gas Pipelines Ltd. was outstanding as at March 31, 2020.

	Un-audited Mar. 31, 2020	Audited June 30, 2019
	(Rupees in thousand)	
<b>12.3</b> Commitments against irrevocable letters of credit outstanding at the period / year-end were for:		
- raw materials	0	0
- spare parts	0	3,790
	0	3,790

### 13. Transactions with Related Parties

**13.1** Significant transactions made during the period with related parties were as follows:

Name	Nature of transaction	Cumulative	
		Jul. - Mar., 2020	Jul. - Mar., 2019
		(Rupees in thousand)	
<b>Associated Company - JDM</b>		<b>1,064</b>	1,388
	Residential rent paid		
	Utilities / expenses:		
	- recovered	0	43
	- paid	77	0
	Salaries paid	1,612	2,094
	Sale of Raw Cotton	32,777	0
<b>Associated Company - Rehman Cotton Mills Ltd.</b>		<b>40,101</b>	0
	Sale of Raw Cotton		
<b>Other related parties</b>			
Key Management Personnel	Salaries and benefits	<b>26,066</b>	27,027

**13.2** Payable to JDM as at March 31, 2020 is disclosed in note 9.

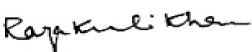
### 14. Corresponding Figures

**14.1** In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

**14.2** Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

### 15. Date of Authorisation for Issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on April 30, 2020.

  
**Raza Kuli Khan Khattak**  
Chief Executive

  
**Naeem Ullah Malik**  
Chief Financial Officer

  
**Zahid Said**  
Director