45th
Annual Report 2015

BCM

BIBOJEE GROUP

BABRI
COTTON MILLS LIMITED

بسم الله الرحمن الرحيم

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COMPANY'S PROFILE

BOARD OF DIRECTORS	Mr. Raza Kuli Khan Khattak Chief Executive	
	Mr. Ahmed Kuli Khan Khattak	
	Mrs. Zeb Gohar Ayub	
	Mrs. Shahnaz Sajjad Ahmad	
	Dr. Shaheen Kuli Khan Khattak -Chair Person	
	Mr. Muhammad Ayub	
	Ch. Sher Muhammad	
	Dr. Hamid Zeb Khan	
AUDIT COMMITTEE	Mr. Ahmed Kuli Khan Khattak	Chairman
	Mrs. Shahnaz Sajjad Ahmad	Member
	Ch. Sher Muhammad	Member
	Mr. Muhammad Ayub	Member
HUMAN RESOURCES AND REMUNERATION COMMITTEE	Ch. Sher Muhammad	Chairman
	Mr. Raza Kuli Khan Khattak	Member
	Mr. Ahmed Kuli Khan Khattak	Member
	Mr. Muhammad Ayub	Member
COMPANY SECRETARY	Mr. Ali Waqas, ACCA	
CHIEF FINANCIAL OFFICER	Mr. Ali Waqas, ACCA	
INTERNAL AUDITOR	Mr. Nasir Ali Khan, ACCA	
AUDITORS	M/s Hameed Chaudhri & Co., Chartered Accountants.	
SHARE REGISTRARS	Hameed Majeed Associates (Pvt) Ltd., 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi Tel : (021) 32424826, 32412754 Fax: (021) 32424835	
BANKERS	National Bank of Pakistan Saudi Pak Industrial and Agricultural Investment Co. Ltd.	
REGISTERED OFFICE & MILLS	Habibabad, Kohat Tel : (0922) 862285 - 862292 Fax : (0922) 862283 web site: www.bcm.com.pk. Email: info@bcm.com.pk.	

VISION STATEMENT

To be market leaders in yarn, building company's image through innovation and competitiveness, ensuring satisfaction to customers and stakeholders and to fulfill social obligations.

MISSION STATEMENT

As lead producers of quality yarn we will build on our core competencies and achieve excellence in performance. We aim at exceeding expectations of all stakeholders. We target to achieve technological advancements and to inculcate the most efficient, ethical and time tested business practices in our management.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General Meeting of the shareholders of Babri Cotton Mills Limited (the Company) will be held at the registered office of the Company at Habibabad, Kohat on 25 October, 2015 at 12.00 P.M to transact the following business:

1. To confirm minutes of the Annual General Meeting held on October 27th, 2014.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending June 30, 2016 and to fix their remuneration.
4. To consider any other business with the permission of the Chair.

Ali Waqas
Company Secretary

Kohat
Dated: September 28 , 2015

NOTES:

1. The share transfer books of the Company will remain closed from October 16, 2015 to October 23, 2015 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for his/her behalf. Proxy instrument in order to be effective must be received at the registered office of the Company duly stamped and signed not less than 48 hours before the time of holding the meeting.
3. Individual shareholder/proxy shall produce his/her original national identity card or original passport at the time of attending the meeting and nominee of corporate entity shall produce the board of directors' resolution/power of attorney containing specimen signature of the nominee attending the meeting.
4. The shareholders registered on CDC are also requested to bring their Participants' ID numbers and accounts numbers in CDC. Further, CDC Account Holders will have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan for attending the meeting and appointment of proxies.
5. Shareholders are requested to notify the change of their addresses, if any, to Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 5th Floor, Karachi Chamber, Hasrat Mohani Road, Karachi. Tel No. 021-32424826

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors are pleased to present 45th annual report of your company together with audited financial statements and auditors' report thereon for the year ended June 30, 2015. The directors' report, prepared under section 236 of the companies ordinance, 1984 and clause of (xix) of the code of corporate governance will be put forward to members at the 45th annual general meeting of the company to be held on 25 October, 2015. Figures for the previous year ended June 30, 2014 are included for comparison.

General Overview

Textile sector contributes significant portion to the economy of Pakistan and currently it is facing grim challenges due to depressed market demand for yarn. Lower demand of yarn in local and international markets has severely affected the profitability during the fiscal year 2014-2015. Due to decline in yarn export abundant supply of yarn is available in local market which is major cause of decrease in yarn prices. With the grant of GSP+ status to the Pakistan by the European Union, it was expected the financial year 2014-2015 would bring in higher orders and better textile exports for the country. However the overall expected growth in textile exports was dampened by the slump in US and European markets. Resultantly, the textile export targets were not achieved as expected.

Financial Results

Current year's results compared with previous year are given as under:

	Year ended June 30,	
	2015	**2014**
	(Rupees in thousands)	
Sales	**1,757,969**	1,927,396
Gross Profit/(Loss)	**(6,285)**	233,713
Operating Profit/(Loss)	**(76,329)**	142,465
Finance Cost	**(48,634)**	41,421
Profit/(Loss) before Taxation	**(123,803)**	113,915
Profit/(Loss) after Taxation	**(85,587)**	82,020
	----------Rupees----------	
Earnings/(Loss) per share	**(23.43)**	22.46

The current fiscal year has not been very good for the textile industry as a whole. Textile business is facing number of challenges and stiff competition. The previous three years had been excellent for the spinning sector as both the demand and margins were high. During the current financial year, the company has registered sales of Rs.1.758 billion as compared to Rs.1.927 billion of corresponding financial year ended 30 June, 2014. Main reason for heavy losses is due to high labor cost & increase in power tariff. Unfavorable market rates also affected the performance adversely.

The volume of yarn production has improved to 4,738,775 Kgs as compared to 4,704,560 Kgs during the last financial year, which is 34,215 Kgs (0.73%) higher than preceding year.
Due to this reason the management of the company has been making efforts to revive the operation of the mill and is fully aware of the present challenges prevailing in the textile industry and is hopeful that its efforts will be successful. The board of directors is cognizant of these facts and strives to take all necessary steps to protect the interests of its stakeholders.

The company has also accounted for its share of profit of Janana De Malucho Textile Mills Limited (an Associated Company) amounting Rs.1.160 million during the current year as against profit of Rs.12.871 million in 2014.

The break-up value of company's share (excluding surplus on revaluation of fixed assets) stands at Rs.166.21 per share as at June 30, 2015 (2014: Rs.184.31 per share).

Status of Financial Facilities

During the year, the company has repaid whole liability against demand finances. A finance lease of Rs.63.00 million was obtained from Saudi Pak Industrial and agricultural investment company limited for lease of one generator and four simplex. Rs.12.614 million against subject to finance lease has been paid during the year.

The company has fulfilled all its financial commitments during the year under review and subsequently as well. The financial position of the company is sound as reflected by the current, debt/equity ratios and break-up value of share.

Future Prospects

Ongoing power shortage and increase in cost of electricity and gas prices are still playing havoc on the textile industry even after getting the GSP plus status, due to which the industry's export has reduced by 3.83 percent in the month of June, 2015. Incumbent government must initiate serious efforts in order to ensure benefits of GSP Plus status, smooth running and growth for textile industry by providing low cost un-interrupted power supply, better law and order situation and improved textile policy.

The management is fully abreast of the conditions it is being faced with and will strive to ensure continued growth, operational efficiency and optimum results for the company and its valued stake holders. In order to improve the quality of yarn we have imported compact system for 10 ring frame valuing Rs.15.476 million and a LC for Rs.18.279 million for import of one Automatic Cone Winder model Q-Pro has been opened.

Appropriation of dividend

Keeping in view the financial commitments of the company and difficult economic/ industry scenario, the board of directors has decided not to recommend any dividend for the year under review.

Contribution of Our Company towards Government and Social Sector

We would like to give here under our company's revenue contribution toward the government sector, bank and social sector during the year ended 30-06-2015.

		Rs. In Million
1. **Government Sector**		
(i)	Income/Sales Tax	68.736
(ii)	Power & Fuel	212.006
(iii)	Financial institution/Banks	48.653
2. **Social Sector**		
	Employees/Workers salaries/Wages and other benefits	298.057

We are also providing employment to 1155 permanent workers (1155 families with an average 5 family member in the most affected area of KPK province) the employment cost of which will now be about Rs.315 million.

Reply to Auditors' Observation

Posts of CFO & Company secretary were advertised in Dawn news paper dated April 20th 2015. Due to turbulent law and order situation in Khyber Pukhtun Khawa no positive response was received. However, now Mr. Ali Waqas has been appointed as CFO and Company Secretary.

Corporate and Financial Reporting Frame Work

The board regularly reviews the company's strategic direction and sets annual plans and performance targets. The targets are regularly checked to find out whether they are being achieved by the management. The board assures the share holders that the company is abiding with the provisions of code of corporate governance implemented through the listing regulations of the Karachi Stock Exchange Limited. The board further states that:

a) There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations of The Karachi Stock Exchange Limited.

b) The financial statements, prepared by the management of the company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.

c) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.

d) International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.

e) The system of internal controls is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the company's ability to continue as a going concern.

g) Summary of key operating and financial data of the past seven years is annexed.

h) Pattern of share holdings of the company as at June 30, 2015 is annexed.

i) No trades in shares of the company were carried out by directors, Chief executive officer, Chief financial officer, company secretary and their spouses and minor children during the year.

j) The board in compliance with the code of corporate governance has established an Audit Committee and Human Resource & Remuneration Committee comprising of four members each.

Board meetings and attendance by each director

During the year five board meetings were held. The number of meetings attended by each director during the year is given here under.

Name of Directors	Number of meetings attended
Mr. Raza Kuli Khan Khattak	5
Mr. Ahmed Kuli Khan Khattak	3
Mrs. Zeb Gohar Ayub	3
Mrs. Shahnaz Sajjad Ahmed	4
Dr. Shaheen Kuli Khan Khattak	4
Ch. Sher Muhammad	1
Mr. Muhammad Ayub	5
Dr. Hamid Zeb Khan	3

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

Key Operating and Financial Data (Seven Years Summary)

Pattern of Shareholding

The statement of pattern of shareholding of the company as at June 30, 2015 is enclosed. This statement is prepared in accordance with the code of corporate governance and the provisions of Companies Ordinance, 1984 read with Companies (Amendment) Ordinance, 2002.

Appointment of Auditors

The company's present auditors M/s Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board and Board Audit Committee have recommended that the retiring auditors be re-appointed until the conclusion of the next annual general meeting.

Acknowledgment

The board places on record its appreciation for the continued support extended to us by our customers, suppliers, bankers and other stake holders. The valuable services rendered by our work force and management are also gratefully acknowledged.

For & on behalf of the Board of Directors,

Raza Kuli Khan

Raza Kuli Khan Khattak
Chief Executive Officer

Dated:23 September, 2015

SUMMARY OF KEY OPERATING AND FINANCIAL DATA

		2009	2010	2011	2012	2013	2014	2015
CAPACITY AND PRODUCTION								
Spindles installed	Nos	44,400	53,040	53,040	53,040	53,040	53,040	53,040
Average spindles worked during the year	Nos	44,094	49,285	51,314	52,103	51,690	51,905	50,777
Production for the year/period	Lbs in million	7.438	8.322	8.735	9.341	9.970	10.372	10.447
Average count spun during the year/period		60.41	56.52	56,057.00	53.66	51.11	51.30	49.08
PROFIT AND LOSS ACCOUNT								
Net Sales	Rupees in million	746.961	1,195.591	1,705.170	1,663.021	2,064.442	1,927.396	1,757.969
Gross Profit / (Loss)	Rupees in million	51.207	275.022	199.633	177.873	450.017	233.713	(6.285)
	%	6.86	23.00	11.71	10.69	21.80	12.13	(0.36)
Operating Profit / (Loss)	Rupees in million	25.333	234.337	143.820	115.641	331.442	142.465	(76.329)
	%	3.39	19.60	8.43	6.95	16.05	7.39	(4.34)
Profit / (Loss) before taxation	Rupees in million	(104.001)	154.897	131.960	61.963	302.336	113.915	(123.803)
	%	(11.07)	12.96	7.74	3.72	14.64	5.91	(7.04)
Profit / (Loss) after taxation	Rupees in million	(73.683)	102.343	122.571	88.036	215.388	82.020	(85.587)
	%	(3.86)	8.56	7.19	5.29	10.43	4.26	(4.87)
Earning/ (loss) per share-restated	Rupees	(25.44)	30.73	35.24	24.11	58.98	22.46	(23.43)
BALANCE SHEET								
Shareholders' equity (excluding surplus on revaluation of fixed assets	Rupees in million	28.724	133.425	265.191	359.854	591.066	673.113	607.039
Term finance certificates	- do-	-	-	56.481	44.714	35.301	16.474	-
Demand finances/ bills payable	- do-	217.250	217.250	214.467	183.368	54.422	23.323	-
Liabilties against assets subject to finance lease	- do-	86.064	86.064	59.401	43.032	21.516	-	50.386
Operating fixed assets	- do-	1,000.084	1,005.891	1,035.313	1,344.558	1,305.295	1,374.837	1,350.262
Additions in fixed assets	- do-	15.607	39.930	70.369	49.024	12.204	120.706	37.328
Current assets	- do-	349.881	349.792	434.382	391.668	437.584	698.576	407.179
Current liabilties	- do-	526.995	404.356	436.013	329.883	299.397	571.684	346.710
Others								
Break up value per share	Rupees	9.92	46.07	72.61	98.53	161.84	184.31	166.21
Employees at year end	Nos.	879	1,143	1,078	965	1,110	1,285	1,195

PATTERN OF SHARE HOLDING AS AT 30 JUNE, 2015

Number of Shareholder	Shareholding		Shares Held	Percentage
	From	To		
1,008	1	100	24,517	0.67
372	101	500	88,118	2.41
117	501	1,000	90,187	2.47
112	1,001	5,000	229,036	6.27
17	5,001	10,000	113,572	3.11
7	10,001	15,000	91,652	2.51
3	15,001	20,000	51,713	1.42
3	20,001	25,000	65,000	1.78
2	30,001	35,000	66,000	1.81
1	35,001	40,000	35,452	0.97
1	40,001	45,000	40,576	1.11
1	50,001	55,000	48,500	1.33
1	55,001	60,000	57,638	1.58
2	65,001	70,000	132,700	3.63
1	80,001	85,000	80,578	2.21
1	105,001	110,000	106,000	2.90
1	140,001	145,000	144,421	3.95
1	320,001	325,000	321,778	8.81
1	585,001	590,000	587,493	16.09
1	1,275,001	1,280,000	1,277,247	34.97
1,653			**3,652,178**	**100.00**

Categories of Shareholders	Shares	Percentage
Directors, Chief Executive Officer and their spouses and minor children	60,457	1.66
Associated Companies, Undertakings and Related Parties	2,066,799	56.59
NIT & ICP	82,062	2.25
Banks, Development Finance Institutions, Non Banking Financial Institutions	391,567	10.72
Insurance Companies	57	0.00
Modarabas & Mutual Funds	1,150	0.03
General Public (Local)	1,020,767	27.95
Others Companies	27,591	0.76
Administrator Abandoned Properties	1,728	0.05

Ali Waqas
Company Secretary

DETAIL OF PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF COPORATE GOVERNANCE.

SR #	Categories of Share Holders	Shares	Percentage
1	**Directors, CEO and their spouses and minor children**		
	Mr. Raza Kuli Khan Khattak (Chief Executive)	13,982	0.383
	Mr. Ahmed Kuli Khan Khattak (Director)	13,981	0.383
	Mr. Ch. Sher Muhammad (Director)	2,875	0.079
	Mr. Muhammad Ayub (Director)	2,875	0.079
	Dr. Hamid Zeb (Director)	918	0.025
	Mrs. Zeb Gohar Ayub (Director)	11,842	0.324
	Mrs. Shahnaz Sajjad Ahmad (Director)	6,992	0.191
	Dr. Shaheen Kuli Khan Khattak (Chair Person / Director)	6,992	0.191
2	**Associated Companies, Undertaking and Related Parties**		
	Bannu Woollen Mills Limited	144,421	3.954
	Bibojee Services (Pvt) Limited	1,277,247	34.972
	Janana De Malucho Textile Mills Limited	587,493	16.086
	Waqf-e-Kuli Khan	57,638	1.578
3	**NIT & ICP**		
	Investment Corporation of Pakistan	1,291	0.035
	CDC- Trustee National Investment (Unit) Trust	80,578	2.206
	IDBP (ICP UNIT)	193	0.005
4	**Banks, Development Financial Institutions, Non Banking Finance Institutions**	391,567	10.721
5	**Insurance Compaines**		
	The New Jubilee Insurance Co Ltd	57	0.002
6	**Modarabas & Mutual Funds**		
	First UDL Modaraba	1,150	0.031
7	**General Public (Local)**	1,020,767	27.950
8	**Others Companies**	27,591	0.76
9	**Administrator Abandoned Properties**	1,728	0.047
10	**Shareholders Holding 05% Or More**		
	Bibojee Services (Pvt) Limited	1,277,247	34.972
	Janana De Malucho Textile Mills Limited	587,493	16.086
	Mr. Muhammad Ahmed	217,500	5.955

Statement of Compliance with the Code of Corporate Governance

For the year ended 30 June, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance (CCG) in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Muhammad Ayub
Executive Director	Mr. Raza Kuli Khan Khattak
Non-Executive Directors	Mr. Ahmed Kuli Khan Khattak Mrs. Zeb Gohar Ayub Mrs. Shahnaz Sajjad Ahmed Dr. Shaheen Kuli Khan Khattak Ch. Sher Muhammad Dr. Hamid Zeb Khan

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No Casual vacancy occurred on the board during the year.

5. 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.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged no training program for its directors during the year as all the directors held adequate exposure to discharge their duties and responsibilities.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fullydescribes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises four members, of whom three are non-executive directors including the chairman of committee and one is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed a Human Resource and Remuneration Committee. It comprises four members, of whom two are non-executive directors, one is executive director and one is an independent director.

18. The board has set up an effective internal audit function.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with, except for which are not yet applicable during the current financial year, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

Raza Kuli Khan

(Raza Kuli Khan Khattak)
Chief Executive Officer

Kohat
Dated: September 23, 2015

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **BABRI COTTON MILLS LIMITED** (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No.35 of the Karachi Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As 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 Code requires 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 distinguishing between transactions carried-out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried-out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015. We, however, highlight that the Company's Chief Financial Officer and Secretary had resigned on December 31, 2014 and both of these posts were vacant at the reporting date.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE; September 23, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BABRI COTTON MILLS LIMITED** (the Company) as at June 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2015 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE; September 23, 2015

BALANCE SHEET AS AT JUNE 30, 2015

ASSETS	Note	2015 (Rupees in thousand)	2014
Non-current assets			
Property, plant and equipment	5	1,350,262	1,374,837
Investments in an Associated Company	6	74,415	73,430
Long term loans	7	781	1,365
Security deposits		1,151	1,151
		1,426,609	1,450,783
Current assets			
Stores, spares and loose tools	8	18,177	19,299
Stock-in-trade	9	309,812	609,172
Trade debts	10	165	367
Loans and advances	11	5,553	11,179
Prepayments		609	535
Due from Associated Companies	12	0	1,092
Other receivables	13	6,007	2,832
Sales tax refundable		16,017	15,500
Income tax refundable, advance tax and tax deducted at source		43,100	32,894
Cash and bank balances	14	7,739	5,706
		407,179	698,576
TOTAL ASSETS		1,833,788	2,149,359
EQUITY AND LIABILITIES			
Equity			
Authorised capital	15	250,000	250,000
Issued, subscribed and paid-up capital	16	36,522	36,522
Reserves	17	105,697	105,834
Unappropriated profit		464,820	530,757
Shareholders' equity		607,039	673,113
Term finance certificates	18	0	7,062
Surplus on revaluation of property, plant and equipment	19	595,508	606,387
Deferred income	21.3	9,296	0
Liabilities			
Non-current liabilities			
Liabilities against assets subject to finance lease	21	33,272	0
Staff retirement benefits - gratuity	22	62,500	55,797
Deferred taxation	23	179,463	235,316
		275,235	291,113
Current liabilities			
Trade and other payables	24	115,557	138,152
Accrued interest / mark-up	25	6,376	11,334
Short term finances	26	193,653	380,546
Current portion of non-current liabilities	27	17,114	32,736
Taxation	28	14,010	8,916
		346,710	571,684
Total liabilities		621,945	862,797
Contingencies and commitments	29		
TOTAL EQUITY AND LIABILITIES		1,833,788	2,149,359

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

Raza Kuli Khan Khattak
Chief Executive

Dr. Shaheen Kuli Khan Khattak
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales	30	**1,757,969**	1,927,396
Cost of Sales	31	**1,764,254**	1,693,683
Gross (Loss) / Profit		**(6,285)**	233,713
Distribution Cost	32	**9,451**	9,644
Administrative Expenses	33	**62,849**	64,213
Other Expenses	34	**5,391**	22,848
Other Income	35	**(7,647)**	(5,457)
		70,044	91,248
(Loss) / Profit from Operations		**(76,329)**	142,465
Finance Cost	36	**48,634**	41,421
		(124,963)	101,044
Share of Profit of an Associated Company	6	**1,160**	12,871
(Loss) / Profit before Taxation		**(123,803)**	113,915
Taxation	37	**(38,216)**	31,895
(Loss) / Profit after Taxation		**(85,587)**	82,020
Other Comprehensive (Loss) / Income			
Items that will not be reclassified to profit or loss:			
- gain / (loss) on remeasurement of staff retirement benefit obligation (net of deferred tax)	22	**4,337**	(3,528)
- share of other comprehensive income / (loss) of an Associated Company (net of taxation)	6	**53**	(1,150)
		4,390	(4,678)
Total Comprehensive (Loss) / Income		**(81,197)**	77,342
		------- Rupees -------	
(Loss) / Earnings per Share	38	**(23.43)**	22.46

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

Raza Kuli Khan Khattak
Chief Executive

Dr. Shaheen Kuli Khan Khattak
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	(Rupees in thousand)	
Cash flow from operating activities		
(Loss) / profit for the year - before taxation and share of profit of an Associated Company	(124,963)	101,044
Adjustments for non-cash charges and other items:		
Depreciation	52,444	49,366
Loss on disposal of fixed assets - net	5,391	13,427
Deferred income credited	(3,299)	0
Unclaimed payable balances written-back	(38)	0
Amortisation of gain on forward foreign exchange contracts	(137)	(144)
Amortisation of restructuring cost on demand finances	(47)	(63)
Staff retirement benefits - gratuity (net)	11,040	8,718
Finance cost	48,285	40,877
(Loss) / profit before working capital changes	(11,324)	213,225
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	1,122	(3,671)
Stock-in-trade	299,360	(261,145)
Trade debts	202	10,661
Loans and advances	5,626	(108)
Prepayments	(74)	(201)
Due from Associated Companies	1,092	(20)
Other receivables	(3,175)	1,542
Sales tax refundable	(517)	(1,590)
(Decrease) / increase in trade and other payables	(22,557)	6,245
	281,079	(248,287)
Cash generated from / (used in) operations	269,755	(35,062)
Taxes paid	(19,163)	(15,434)
Long term loans - net	584	(599)
Net cash generated from / (used in) operating activities	251,176	(51,095)
Cash flow from investing activities		
Fixed capital expenditure - net	(22,420)	(135,614)
Sale proceeds of operating fixed assets	1,755	3,279
Security deposits	0	(88)
Dividend received	1,023	0
Net cash used in investing activities	(19,642)	(132,423)
Cash flow from financing activities		
Term finance certificates redeemed	(16,475)	(18,826)
Demand finances repaid	(23,276)	(31,036)
Lease finances - net	50,386	(21,516)
Short term finances - net	(186,893)	292,225
Finance cost paid	(53,243)	(36,409)
Net cash (used in) / generated from financing activities	(229,501)	184,438
Net increase in cash and cash equivalents	2,033	920
Cash and cash equivalents - at beginning of the year	5,706	4,786
Cash and cash equivalents - at end of the year	7,739	5,706

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

Raza Kuli Khan Khattak
Chief Executive

Dr. Shaheen Kuli Khan Khattak
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Reserves				Unappropriated profit	Total
		Share premium reserve	General reserve	Gain on hedging instruments	Sub-total		
	---------- Rupees in thousand ----------						
Balance as at June 30, 2013	36,522	15,096	88,000	2,882	105,978	433,041	575,541
Total comprehensive income for the year ended June 30, 2014:							
- profit for the year	0	0	0	0	0	82,020	82,020
- other comprehensive loss	0	0	0	0	0	(4,678)	(4,678)
	0	0	0	0	0	77,342	77,342
Amortisation of gain on forward foreign exchange contracts	0	0	0	(144)	(144)	0	(144)
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation):							
- on account of incremental depreciation for the year	0	0	0	0	0	13,383	13,383
- upon sale of revalued assets	0	0	0	0	0	4,707	4,707
Effect of items directly credited in equity by an Associated Company	0	0	0	0	0	2,284	2,284
Balance as at June 30, 2014	36,522	15,096	88,000	2,738	105,834	530,757	673,113
Total comprehensive (loss) / income for the year ended June 30, 2015:							
- loss for the year	0	0	0	0	0	(85,587)	(85,587)
- other comprehensive income	0	0	0	0	0	4,390	4,390
	0	0	0	0	0	(81,197)	(81,197)
Amortisation of gain on forward foreign exchange contracts	0	0	0	(137)	(137)	0	(137)
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation):							
- on account of incremental depreciation for the year	0	0	0	0	0	12,645	12,645
- upon sale of revalued assets	0	0	0	0	0	1,820	1,820
Effect of items directly credited in equity by an Associated Company	0	0	0	0	0	795	795
Balance as at June 30, 2015	**36,522**	**15,096**	**88,000**	**2,601**	**105,697**	**464,820**	**607,039**

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

Raza Kuli Khan Khattak
Chief Executive

Dr. Shaheen Kuli Khan Khattak
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND OPERATIONS

Babri Cotton Mills Limited (the Company) was incorporated in Pakistan on October 26, 1970 as a Public Company. Its shares are quoted on Karachi Stock Exchange Limited. It 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

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The are as where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 22.

(e) Income taxes

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

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

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on July 01, 2014:

(a) IAS 32 (Amendments) 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32 ,'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

(b) IAS 36 (Amendment) 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has no material impact on the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards and amendments to existing approved accounting standards that are effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company:

(a) IFRS 9 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.

(b) IFRS 12 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

(c) IFRS 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

(d) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34,'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment and depreciation

These, other than freehold land, buildings on freehold land, plant & machinery, generators 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, plant & machinery and generators 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.

Freehold land, buildings on freehold land, plant & machinery and generators were revalued during prior years. Surplus arisen on revaluation of these assets has been credited to surplus on revaluation of property, plant and equipment account in accordance with the requirements of section 235 of the Companies Ordinance, 1984 and shall be held on the balance sheet till realisation. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of these assets (net of deferred taxation) is transferred directly to equity.

Depreciation is taken to profit and loss account 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 profit and loss account. Major improvements and modifications 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 profit and loss account.

4.2 Assets subject to finance lease

Lease where the Company has substantially all the risks and rewards of ownership is classified as finance lease. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term

Depreciation on assets subject to finance lease is charged to income at the rates stated in note 5.1 applying reducing balance method to write-off cost of the assets over their estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off

Finance cost and depreciation on leased assets are charged to income currently.

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 and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. 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' 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 profit or loss.

4.4 Stores, spares and loose tools

Stores, spares and loose tools 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 balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools 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:

Particulars	Mode of valuation
Raw materials	
- at mills	- At lower of annual average cost and net realisable value.
- in transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.
- 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 provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision 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 balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks

4.8 Borrowings and borrowing costs

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

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

4.9 Staff retirement benefits (defined benefit plan)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2015 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 balance sheet date and adjusted to reflect the current best estimate.

4.12 Taxation

(a) Current

Provision for current taxation is based on taxable income / turnover 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 profit and loss account except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

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

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

4.13 Dividend and appropriation to reserves

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

4.14 Derivative financial instruments

In relation to fair value hedges, which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instruments at fair value is recognised immediately in the profit and loss account. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the profit and loss account.

In relation to cash flow hedges, if a hedge of a forecast transaction which subsequently results in the recognition of a non-financial asset, the associated gains and losses (that were recognised directly in equity) are taken to profit and loss account in the same period during which the asset acquired effects the profit and loss account.

4.15 Financial instruments

Financial instruments include deposits, trade debts, due from Associated Companies, other receivables, bank balances, term finance certificates, demand finances, lease finances, trade & other payables, accrued interest / mark-up and short term finances. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.16 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.17 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 balance sheet date. Exchange gains and losses are taken to profit and loss account.

4.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded on dispatch of goods.
- 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.

4.19 Impairment of non financial assets

Non financial assets are reviewed at each balance sheet 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.

4.20 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 43 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		(Rupees in thousand)	
Operating fixed assets	5.1	**1,350,262**	1,359,929
Capital work-in-progress - generators	5.6	**0**	14,908
		1,350,262	1,374,837

5.1 Operating fixed assets

	Owned													Leased		Total
	Freehold land	Roads, paths and culverts on freehold land	Buildings on freehold land				Plant & machinery	Generators	Tools & equipment	Furniture & fixtures	Office equipment	Security & surveillance	Arms	Vehicles	Plant & machinery	Generators	
			Factory	Non-factory	Residential officers	Residential workers											
	Rupees in thousand																
As at June 30, 2013																	
Cost / Revaluation	355,320	120	134,762	14,105	1,011	14,637	698,397	31,748	1,822	3,377	2,069	0	144	17,897	49,801	75,000	1,400,210
Accumulated depreciation	0	102	6,686	705	50	3,466	34,825	27,333	1,155	1,409	764	0	20	9,505	2,491	6,404	94,915
Book value	355,320	18	128,076	13,400	961	11,171	663,572	4,415	667	1,968	1,305	0	124	8,392	47,310	68,596	1,305,295
Year ended June 30, 2014:																	
Additions	0	0	13,888	819	0	0	36,252	67,329	0	484	591	1,343	0	0	0	0	120,706
Disposals:																	
Cost	0	0	0	0	0	0	(9,117)	(15,000)	0	0	0	0	0	0	0	0	(24,117)
Depreciation	0	0	0	0	0	0	5,508	1,903	0	0	0	0	0	0	0	0	7,411
Transfer:																	
Cost	0	0	0	0	0	0	49,801	75,000	0	0	0	0	0	0	(49,801)	(75,000)	0
Depreciation	0	0	0	0	0	0	(3,871)	(8,405)	0	0	0	0	0	0	3,871	8,405	0
Depreciation for the year	0	1	6,479	675	48	559	34,421	1,878	33	112	85	9	6	1,679	1,380	2,001	49,366
Book value	355,320	17	135,485	13,544	913	10,612	707,724	123,364	634	2,340	1,811	1,334	118	6,713	0	0	1,359,929
Year ended June 30, 2015:																	
Additions	0	0	1,069	0	0	0	18,398	17,323	299	177	38	24	0	0	30,000	40,000	107,328
Disposals:																	
Cost	0	0	0	0	0	0	0	(7,500)	0	0	(64)	0	0	(3,940)	0	0	(11,504)
Depreciation	0	0	0	0	0	0	0	979	0	0	4	0	0	3,375	0	0	4,358
Sale and lease-back of assets (note 21):																	
Cost	0	0	0	0	0	0	(27,891)	(29,995)	0	0	0	0	0	0	0	0	(57,886)
Depreciation	0	0	0	0	0	0	232	249	0	0	0	0	0	0	0	0	481
Depreciation for the year	0	1	6,823	678	46	530	34,243	5,298	45	125	90	68	6	1,283	1,375	1,833	52,444
Book value	355,320	16	129,731	12,866	867	10,082	664,220	99,122	888	2,392	1,699	1,290	112	4,865	28,625	38,167	1,350,262
As at June 30, 2014																	
Cost / Revaluation	355,320	120	148,650	14,924	1,011	14,637	775,333	159,077	1,822	3,861	2,660	1,343	144	17,897	0	0	1,496,799
Accumulated depreciation	0	103	13,165	1,380	98	4,025	67,609	35,713	1,188	1,521	849	9	26	11,184	0	0	136,870
Book value	355,320	17	135,485	13,544	913	10,612	707,724	123,364	634	2,340	1,811	1,334	118	6,713	0	0	1,359,929
As at June 30, 2015																	
Cost / Revaluation	355,320	120	149,719	14,924	1,011	14,637	765,840	138,905	2,121	4,038	2,634	1,367	144	13,957	30,000	40,000	1,534,737
Accumulated depreciation	0	104	19,988	2,058	144	4,555	101,620	39,783	1,233	1,646	935	77	32	9,092	1,375	1,833	184,475
Book value	355,320	16	129,731	12,866	867	10,082	664,220	99,122	888	2,392	1,699	1,290	112	4,865	28,625	38,167	1,350,262
Depreciation rate (%)	5	5	5	5	5	5	5	5	5	5	5	5	5	20	5	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:

	2015	2014
	(Rupees in thousand)	
Owned		
- freehold land	**3,642**	3,642
- buildings on freehold land	**65,080**	67,433
- plant & machinery	**394,578**	423,890
- generators	**98,657**	120,158
	561,957	615,123

5.3 **Depreciation for the year has been apportioned as under:**

- cost of sales	**50,473**	47,097
- administrative expenses	**1,971**	2,269
	52,444	49,366

5.4 **Disposal of operating fixed assets**

Particulars	Cost / revaluation	Accumulated depreciation	Book value	Sale proceeds	(Loss) / gain	
Generators	------- Rupees in thousand -------					
- gas generators' parts (note 5.5)	7,500	979	6,521	0	(6,521)	Written-off.
Office equipment						Sold through negotiation to:
- Laptop	64	4	60	60	0	- Mr. Arshian Mahboob, Ex-employee.
Vehicles						
- Nissan Sunny	1,273	794	479	479	0	- do -
- Nissan Sunny	411	409	2	172	170	- Mr. Umar Farooq, Employee.
- Nissan Sunny	753	721	32	422	390	- Mr. Rajab Khan, Kohat.
- Nissan Sunny	778	749	29	305	276	- Mr. Haris Dilawar, Kohat.
- Nissan Sunny	725	702	23	317	294	- Mr. Zakir Hussain, Karachi.
	3,940	3,375	565	1,695	1,130	
	11,504	4,358	7,146	1,755	(5,391)	

5.5 These parts having book value of Rs. 6.521 million (2014: Rs.13.097 million) were written-off during the year after overhauling of the generators. These parts, due to continuous use, had fully exhausted their useful life; accordingly, the management decided to write-off thise parts.

5.6 **Capital work-in-progress**

	(Rupees in thousand)
Additions during the year:	
Balance as at June 30, 2014 - generators	**14,908**
- generators	**978**
- plant and machinery	**15,476**
	16,454
Transferred to operating fixed assets during the year	**(31,362)**
Balance as at June 30, 2015	**0**

6.	**INVESTMENTS IN AN ASSOCIATED COMPANY** - Quoted	Note	2015	2014
			(Rupees in thousand)	
	Janana De Malucho Textile Mills Ltd. (JDM)			
	341,000 (2014: 341,000) ordinary shares of Rs.10 each - cost		**4,030**	4,030
	Equity held: 7.13% (2014: 7.13%)			
	Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM		**70,195**	57,679
	Dividend received		**(1,023)**	0
	Profit for the year - net of taxation		**1,160**	12,871
	Share of other comprehensive income / (loss) - net of taxation		**53**	(1,150)
			74,415	73,430

6.1 Market value of the Company's investment in JDM as at June 30, 2015 was Rs.31.450 million (2014: Rs.28.303 million).

6.2 Summarised financial information of JDM, based on the audited financial statements for the year ended June 30, 2015, is as follows:

- equity as at June 30,	**1,044,159**	1,023,320
- total assets as at June 30,	**3,487,615**	3,576,849
- total liabilities as at June 30,	**1,177,869**	1,276,033
- revenue for the year ended June 30,	**2,542,780**	2,983,385
- profit before taxation for the year ended June 30,	**14,721**	249,465
- profit after taxation for the year ended June 30,	**16,271**	180,597
- other comprehensive income / (loss) for the year ended June 30,	**738**	(16,133)

6.3. The management, as at June 30, 2015, has 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. 175.677 million. The recoverable amount of investment has been determined using the 'value-in-use' computation. In assessing the value in use, estimated future cash flows have been discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money. The pre-tax discount rate applied to cash flow projections is 8.42%. As a result of the aforementioned impairment testing, the management has concluded that the carrying value of investment in JDM does not exceed its recoverable amount.

7.	**LONG TERM LOANS** - Secured			
	Interest free loans to:			
	- executives	**7.1**	**310**	3,452
	- employees	**7.2**	**1,764**	2,451
			2,074	5,903
	Less: current portion grouped under current assets		**1,293**	4,538
			781	1,365
7.1	Balance at beginning of the year		**3,452**	1,790
	Add: disbursements made during the year		**700**	5,160
			4,152	6,950
	Less: recoveries / adjustments made during the year		**3,842**	3,498
	Balance at end of the year		**310**	3,452

(a) The year-end balance is recoverable in monthly instalments ending September, 2016.

(b) Maximum aggregate amount of advances due from executives at any month-end during the year was Rs.2.972 million (2014: Rs.3 million).

7.2 These loans are recoverable in monthly instalments, which vary from employee to employee and are adjustable against the gratuity benefits of the respective employee.

7.3 The fair value adjustments as required by IAS 39 (Financial instruments: recognition and measurement) arising in respect of staff loans are not considered material and hence not recognised.

8. STORES, SPARES AND LOOSE TOOLS	Note	2015	2014
		(Rupees in thousand)	
Stores		**6,693**	6,727
Spares including in-transit inventory valuing Nil (2014: Rs.1.494 million)		**11,445**	12,521
Loose tools		**39**	51
		18,177	19,299

9. STOCK-IN-TRADE			
Raw materials including in-transit inventory valuing Rs.35.931 million (2014: Rs.11.190 million)	9.1	**214,131**	399,795
Work-in-process		**36,801**	35,702
Finished goods	9.2	**58,880**	173,675
		309,812	609,172

9.1(a) Raw material stocks valuing Rs.186.477 million (2014: Rs.295.722 million) were pledged with National Bank of Pakistan as at June 30, 2015 as security for short term finance facilities (note 26.1).

(b) Raw materials inventory as at June 30, 2015 includes inventory costing Rs.84.395 million, which has been stated at net realisable value; the amount charged to profit and loss account in respect of inventory written down to net realisable value worked-out to Rs.8.277 million approximately.

9.2 Finished good inventories as at June 30, 2015 include inventories costing Rs.37.594 million, which has been stated at net realisable value; the amount charged to profit and loss account in respect of inventories write-down to net realisable value worked-out to Rs.6.459 million approximately.

10. TRADE DEBTS - Unsecured		
Balance at the year-end	**2,455**	2,657
Less: provision made against doubtful debts	**2,290**	2,290
	165	367

11. LOANS AND ADVANCES			
Current portion of long term loans - secured	7	**1,293**	4,538
Advances (unsecured - considered good):			
- employees		**1,939**	2,951
- contractors and suppliers		**2,321**	3,690
		5,553	11,179

12. DUE FROM ASSOCIATED COMPANIES

	Note	2015 (Rupees in thousand)	2014
Bannu Woollen Mills Ltd.		0	546
Rehman Cotton Mills Ltd.		0	546
		0	1,092

12.1 These balances had arisen on account of sharing of combined expenses with the Associated Companies.

13. OTHER RECEIVABLES

Other receivables balance as at June 30, 2015 includes import letters of credit weight shortage claims aggregating Rs. 1.983 million and letters of credit margin deposit amounting Rs. 3.655 million.

14. CASH AND BANK BALANCES

Cash-in-hand		12	34
Cash at banks on:			
- current accounts		2,300	282
- dividend accounts		57	57
- term deposit receipt	14.1	5,200	5,200
- PLS account	14.2	44	14
- PLS security deposit account	14.2	126	119
		7,727	5,672
		7,739	5,706

14.1 This carries profit at the rate of 5.29% (2014: 8.3%) per annum and is under lien of a commercial bank against guarantee issued by it in favour of Sui Northern Gas Pipelines Ltd.

14.2 These carry profit at the rates of 4.5% to 7% (2014: 5% to 6%) per annum.

15. AUTHORISED SHARE CAPITAL

2015	2014		2015	2014
---- Numbers ----				
17,500,000	17,500,000	Ordinary shares of Rs.10 each	175,000	175,000
7,500,000	7,500,000	Redeemable cumulative preference shares of Rs.10 each	75,000	75,000
25,000,000	25,000,000		250,000	250,000

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2,896,000	2,896,000	Ordinary shares of Rs.10 each fully paid in cash	28,960	28,960
434,400	434,400	Ordinary shares of Rs.10 each issued as fully paid bonus shares	4,344	4,344
321,778	321,778	Ordinary shares of Rs.10 each issued to a Bank by conversion of long term liabilities	3,218	3,218
3,652,178	3,652,178		36,522	36,522

16.1 Ordinary shares held by the Associated Companies and an Associate at the year-end:

	2015	2014
	---- Numbers ----	
Bibojee Services (Pvt.) Ltd.	1,277,247	1,277,247
Bannu Woollen Mills Ltd.	144,421	144,421
Janana De Malucho Textile Mills Ltd.	587,493	587,493
Waqf-e-Kuli Khan	57,638	57,638
	2,066,799	2,066,799

17. RESERVES

	Note	2015	2014
		(Rupees in thousand)	
Capital reserve	17.1	**15,096**	15,096
General reserve		**88,000**	88,000
Gain on remeasurement of forward foreign exchange contracts - cash flow hedge		**2,601**	2,738
		105,697	105,834

17.1 This represents share premium received @ Rs.6 per share on 1,000,000 right shares issued by the Company during the financial years ended September 30, 1992 & September 30, 1993 and @ Rs.15 per share on 896,000 ordinary shares issued as otherwise than right in accordance with the provisions of section 86(1) of the Companies Ordinance, 1984 during the financial year ended June 30, 2008. The Company, during the financial year ended June 30, 2011, had issued 434,400 bonus shares out of this reserve.

18. TERM FINANCE CERTIFICATES (TFCs) - Secured

Opening balance		**16,475**	35,301
Less: TFCs redeemed during the year		**16,475**	18,826
Closing balance	**18.1**	**0**	16,475
Less: current portion grouped under current liabilities		**0**	9,413
		0	7,062

18.1 Mark-up portion of finance facilities

National Bank of Pakistan (NBP) had allowed the Company to repay the aggregate overdue (frozen) mark-up of Rs.56.481 million in respect of finance facilities through the proceeds of issuance of privately placed TFCs with nil mark-up rate. NBP had subscribed these TFCs during the financial year ended June 30, 2011. Significant terms and conditions of this TFCs issue were as follows:

Total issue size	Rs. 56.481 million
Instrument	Unrated, unlisted and secured TFCs issued as redeemable capital under section 120 of the Companies Ordinance, 1984.
Purpose of issuance of TFCs	To pay overdue mark-up of NBP (TFC holder) against demand finance facilities availed by the Company during the period from December, 2008 to December, 2010.
Tenor	6 years from the issue date i.e. January 12, 2011.
Security	First charge on fixed assets of the Company for Rs.700 million.
Profit rate	Nil
Profit payment	None
Principal repayment	6 years with the condition that at least 10% of the original TFCs amount was redeemed each year. The outstanding balance of TFCs as at June 30, 2014 was fully redeemed during the current year.

19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

19.1 The Company had revalued its freehold land on September 30, 1998, September 30, 2004, January 31, 2007 and June 27, 2009. Buildings on freehold land, plant & machinery and generators were revalued on September 30, 2004 and January 31, 2007. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs. 506.250 million.

19.2 The Company, as at June 30, 2012, has again revalued its freehold land, buildings on freehold land, plant & machinery and generators (owned and leased). The revaluation exercise has been carried-out by independent Valuers - SAS International Corporation (Muccadum & Valuators), Gulberg, Lahore. Freehold land has been revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators have been revalued on the basis of depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.302.440 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	Note	2015	2014
		(Rupees in thousand)	
Opening balance		**731,842**	759,251
Less: transferred to unappropriated profit:			
- on account of incremental depreciation for the year		**(18,872)**	(20,277)
- upon sale of revalued assets		**(2,716)**	(7,132)
		710,254	731,842
Less: deferred tax on:			
- opening balance of surplus		**125,455**	138,574
- incremental depreciation for the year		**(6,227)**	(6,894)
- sale of revalued assets		**(896)**	(2,425)
		118,332	129,255
		591,922	602,587
Resultant adjustment due to reduction in tax rate		**3,586**	3,800
Closing balance		**595,508**	606,387

20. DEMAND FINANCES - Secured

National Bank of Pakistan (NBP)		
Balance of rescheduled demand finances as at June 30,	**0**	23,276
Restructuring cost balance as at June 30,	**0**	47
	0	23,323
Less: current portion grouped under current liabilities	**0**	23,323
	0	0

20.1 The outstanding balance of these finances was fully repaid during the year. These finances, during the year, carried mark-up at the rates ranging from 11.38% to 11.92% (2014: 10.84% to 11.90%) per annum and were secured against first charge on fixed assets of the Company for Rs. 700 million.

21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

21.1 The Company, during the year, has entered into a sale and lease-back financing facility with Saudi Pak Industrial and Agricultural Investment Company Limited subject to the following terms and conditions:

- Assets	Gas fired power generator of Austrian origin and four Simplex machines of Chinese origin
- Lease amount	Rs.70 million
- Tenor	3.5 years
- Mark-up rate	6 months KIBOR plus 300 bps
- Security deposit	10% of the cost of machinery
- Residual value	10% of the cost of machinery
- Security	Title of leased assets in the name of lessor and ranking charge on fixed assets of the Company
- Rental frequency	42 monthly instalments in arrears as detailed below:

Particulars	2015		
	Upto one year	From one to three years	Total
	-------- Rupees in thousand --------		
Minimum lease payments	22,038	36,730	58,768
Less: finance cost allocated to future periods	4,924	3,458	8,382
Present value of minimum lease payments	17,114	33,272	50,386

21.2 These finances, during the year, carried finance cost at the rates ranging from 11.53% to 13.17% per annum.

21.3 Deferred income arisen on sale and lease-back arrangement has been worked-out as follows:	2015 (Rupees in thousand)
Lease amount	70,000
Carrying value of assets	57,405
Total deferred income	12,595
Less: credited to profit and loss account during the year	3,299
Balance as at June 30, 2015	9,296

22. STAFF RETIREMENT BENEFITS - Gratuity

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	2015	2014
- discount rate	9.75%	13.25%
- expected rate of growth per annum in future salaries	8.75%	12.25%
- average expected remaining working life time of employees	8 years	8 years

	2015	2014
The amount recognised in the balance sheet is as follows:	(Rupees in thousand)	
Present value of defined benefit obligation	**62,500**	55,631
Payable to outgoing members	**0**	166
Net liability at end of the year	**62,500**	55,797
Net liability at beginning of the year	**55,797**	43,551
Charge to profit and loss account	**23,371**	16,954
Experience adjustments	**(4,337)**	3,528
Payments made during the year	**(12,331)**	(8,236)
Net liability at end of the year	**62,500**	55,797
The movement in the present value of defined benefit obligation is as follows:		
Opening balance	**55,631**	40,835
Current service cost	**16,806**	12,965
Interest cost	**6,565**	3,989
Benefits paid	**(12,165)**	(5,580)
Benefits payable to outgoing members	**0**	(106)
Experience adjustments	**(4,337)**	3,528
Closing balance	**62,500**	55,631
Expense recognised in profit and loss account		
Current service cost	**16,806**	12,965
Interest cost	**6,565**	3,989
Charge for the year	**23,371**	16,954
Charge for the year has been allocated to:		
- cost of sales	**19,866**	14,411
- distribution cost	**233**	170
- administrative expenses	**3,272**	2,373
	23,371	16,954
Remeasurement recognised in other comprehensive income		
Experience adjustments	**(4,337)**	3,528

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

	2015	2014	2013	2012	2011
	Rupees in thousand				
Present value of defined benefit obligation	**62,500**	55,631	40,835	43,012	46,136
Experience adjustment on obligation	**(4,337)**	3,528	14,142	1,370	4,068

Year-end sensitivity analysis	Changes in assumption	Impact on defined benefit obligation: Increase	Decrease
		Rupees in thousand	
Discount rate	1%	57,696	68,179
Salary growth rate	1%	68,303	57,502

22.1 Benefits paid during the year include payment of gratuity benefits to Ex. Chief Financial Officer amounting Rs.2.800 million.

22.2 The average duration of the benefit obligation as at June 30, 2015 is 8 years.

22.3 The expected contribution to defined benefit obligation for the year ending June 30, 2016 is Rs.13.201 million.

23. DEFERRED TAXATION - Net

	Note	2015	2014
		(Rupees in thousand)	
This is composed of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**153,829**	143,178
- surplus on revaluation of property, plant & equipment		**114,743**	125,455
		268,572	268,633
Deductible temporary difference arising in respect of:			
- staff retirement benefits - gratuity		**(20,000)**	(18,413)
- provision for doubtful debts		**(733)**	(756)
- minimum tax recoverable against normal tax charge in future years		**(28,158)**	(14,148)
- unused tax losses		**(40,218)**	0
		(89,109)	(33,317)
		179,463	235,316

24. TRADE AND OTHER PAYABLES

Due to Associated Companies		**0**	2,240
Creditors		**22,581**	23,277
Bills payable	**24.1**	**11,284**	11,133
Advances from customers		**3,265**	6,097
Accrued expenses		**55,954**	64,690
Interest free security deposits - repayable on demand		**170**	170
Workers' (profit) participation fund	**24.2**	**0**	5,520
Waqf-e-Kuli Khan	**34.1**	**12,048**	12,048
Workers' welfare fund		**6,889**	8,383
Income tax deducted at source		**846**	2,149
Unclaimed dividends		**2,431**	2,431
Others		**89**	14
		115,557	138,152

24.1 These are secured against lien on import documents.

	Note	2015	2014
24.2 Workers' (profit) participation fund (the Fund)*		(Rupees in thousand)	
Opening balance		**5,520**	15,619
Add: interest on funds utilised in the Company's business		**370**	743
Less: paid to workers		**(5,890)**	(16,362)
		0	0
Add: allocation for the year		**0**	5,520
Closing balance		**0**	5,520

* The Fund's audit for the year ended June 30, 2014 was carried-out by M/s Inaam ul Haq & Co., Chartered Accountants, 33-A, Behind Queens Centre, Shahrah-e-Fatima Jinnah, Lahore.

25. ACCRUED INTEREST / MARK-UP			
Interest / mark-up accrued on:			
- demand finances		**0**	691
- short term finances		**5,989**	10,643
Lease finance charges		**387**	0
		6,376	11,334
26. SHORT TERM FINANCES			
Secured	**26.1**	**193,653**	379,054
Unsecured - temporary bank overdrafts		**0**	1,492
		193,653	380,546

26.1 Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.630 million (2014: Rs.630 million) and are secured against pledge of raw material stocks, first charge on current and fixed assets of the Company and personal guarantee of a director of the Company and an Associated Person. These facilities, during the year, carried mark-up at the rates ranging from 8.98% to 12.18% (2014: 11.08% to 12.18%) per annum. Facilities available for opening letters of credit and guarantee from NBP aggregate Rs.300 million (2014: Rs.300 million) out of which the amount remained unutilised at the year-end was Rs.174.062 million (2014: Rs.227.667 million). These facilities are secured against lien on import documents, first charge on current and fixed assets of the Company and personal guarantee of a director These facilities are available upto December 31, 2015.

27. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Term finance certificates	**18**	**0**	9,413
Demand finances	**20**	**0**	23,323
Liabilities against assets subject to finance lease	**21**	**17,114**	0
		17,114	32,736
28. TAXATION			
Opening balance		**8,916**	10,339
Provision made during the year:			
- current [net of tax credit under section 65B of the Ordinance amounting Rs.3.602 million (2014: Rs.10.358)]	**28.2**	**14,010**	8,916
- prior years		**41**	(445)
		14,051	8,471
Less: payments / adjustments made against completed assessments		**8,957**	9,894
		14,010	8,916

28.1 Income tax assessments of the Company have been completed upto the Tax Year 2014 i.e. upto the accounting year ended June 30, 2014.

28.2 Provisions for the current and preceding years represent minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance).

28.3 Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Ordinance starting from the tax year 2010. As per management's contention, exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company has filed a writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Ordinance, which is still pending adjudication. The Peshawar High Court, Peshawar, in an identical writ petition concerning exemption of minimum tax filed by a Group Company, had granted exemption from levy of minimum tax. The management is confident that Islamabad High Court will also grant exemption from levy of minimum tax; accordingly, no provision for minimum tax for the financial year ended June 30, 2012 was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.23.055 million were written-back in the books of account. An adverse judgment by the Islamabad High 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 has 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.

28.4 The Deputy Commissioner Inland Revenue (the Assessing Officer), for the tax year 2006, has raised tax demands under sections 161 / 205 of the Ordinance aggregating Rs.5.468 million. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the aforementioned order, who during the financial year ended June 30, 2013 had remanded the order back to the Assessing Officer for reconsideration of payments already made by the Company.

29. CONTINGENCIES AND COMMITMENTS

29.1 The Company has filed a writ petition before the Peshawar High Court (PHC) against the Government of Khyber Pakhtunkhwa and Others in respect of minimum wages Notification dated September 09, 2014 whereby minimum wages of workers were enhanced upto Rs.15,000 per month. The PHC has admitted the writ petition and granted an interim order against the enhancement of minimum wages. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.4.214 million approximately.

29.2 The Company, during the year, has challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the PHC. The PHC has stayed the levy / cess charged through GIDC Act, 2015 and the Respondents were directed to submit their comments. Earlier, the Supreme Court of Pakistan had dismissed the appeal of Federation on the same matter on August 22, 2014, wherein it was held that the levy under the GIDC Act, 2011 was not covered under any entry relating to the imposition or levy of a tax as envisaged in the Constitution.

Sui Northern Gas Pipelines Ltd., along with gas bill for the month of June, 2015, has raised GIDC demands aggregating Rs.89.876 million, which are payable in case of an adverse judgement by the PHC. The petition before the PHC is pending adjudication.

29.3 Guarantees aggregating Rs.55.200 million (2014: Rs.55.200 million) issued by commercial banks on behalf of the Company in favour of Sui Northern Gas Pipelines Ltd. were outstanding as at June 30, 2015. Guarantee amounting Rs.50 million is secured against the securities as detailed in note 26.1 whereas guarantee amounting Rs.5.200 million is secured against term deposit receipt of the equivalentamount as stated in note 14.1. Guarantee amounting Rs.50 million is valid upto December 31, 2015 whereas guarantee amounting Rs.5.200 million is valid upto April 7, 2016.

29.4 Also refer contents of note 28.3.

	Note	2015	2014
29.5 Commitments against irrevocable letters of credit outstanding at the year-end were for:		(Rupees in thousand)	
- raw materials		**46,381**	0
- spare parts		**18,263**	0
		64,644	0
30. SALES - Net			
Local			
- Yarn		**1,769,782**	1,937,547
- Waste		**39,343**	44,233
		1,809,125	1,981,780
Less: sales tax		**51,156**	54,384
		1,757,969	1,927,396
31. COST OF SALES			
Raw materials consumed	**31.1**	**1,043,906**	1,223,300
Packing materials consumed		**31,282**	32,112
Salaries, wages and benefits	**31.2**	**248,626**	234,960
Power and fuel		**212,084**	251,441
Repair and maintenance:			
- stores consumed		**48,833**	50,963
- expenses		**9,693**	9,771
		58,526	60,734
Depreciation		**50,473**	47,097
Insurance		**5,661**	4,557
		1,650,558	1,854,201
Adjustment of work-in-process			
Opening		**35,702**	31,777
Closing		**(36,801)**	(35,702)
		(1,099)	(3,925)
Cost of goods manufactured		**1,649,459**	1,850,276
Adjustment of finished goods			
Opening stock		**173,675**	17,082
Closing stock		**(58,880)**	(173,675)
		114,795	(156,593)
Cost of goods sold		**1,764,254**	1,693,683

31.1 Raw materials consumed	Note	2015	2014
		(Rupees in thousand)	
Opening stock		**399,795**	299,168
Purchases		**856,741**	1,322,951
		1,256,536	1,622,119
Less: closing stock		**214,131**	399,795
Raw materials issued		**1,042,405**	1,222,324
Cess on cotton consumed		**1,501**	976
		1,043,906	1,223,300

31.2 These include Rs.19,866 thousand (2014: Rs.14,411 thousand) in respect of staff retirement benefits - gratuity.

32. DISTRIBUTION COST

Freight, loading, travelling and conveyance		**2,134**	2,222
Salaries and benefits	32.1	**6,698**	5,165
Commission		**184**	1,527
Others		**435**	730
		9,451	9,644

32.1 These include Rs.233 thousand (2014: Rs.170 thousand) in respect of staff retirement benefits - gratuity.

33. ADMINISTRATIVE EXPENSES

Salaries and benefits	33.1	**42,824**	44,984
Printing and stationery		**724**	901
Communication		**1,027**	1,149
Travelling and conveyance		**1,446**	2,242
Rent, rates and taxes		**2,674**	2,057
Insurance		**407**	376
Advertisement		**81**	69
Repair and maintenance		**2,646**	1,419
Vehicles' running		**3,779**	2,609
Guest house expenses and entertainment		**1,337**	2,077
Subscription		**662**	465
Auditors' remuneration:			
- statutory audit		**825**	605
- half yearly review		**150**	127
- consultancy charges		**65**	50
- certification charges		**42**	10
- out-of-pocket expenses		**45**	42
		1,127	834
Legal and professional charges (other than Auditors)		**2,144**	2,762
Depreciation		**1,971**	2,269
		62,849	64,213

33.1 These include Rs.3,272 thousand (2014: Rs.2,373 thousand) in respect of staff retirement benefits - gratuity.

34. OTHER EXPENSES

	Note	2015	2014
		(Rupees in thousand)	
Loss on disposal of operating fixed assets - net	5.4	5,391	13,427
Donations		0	30
Donation to Waqf-e-Kuli Khan	34.1	0	1,773
Workers' (profit) participation fund	24.2	0	5,520
Workers' welfare fund		0	2,098
		5,391	22,848

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

- Mr. Raza Kuli Khan Khattak
- Mr. Ahmad Kuli Khan Khattak
- Mrs. Zeb Gohar Ayub Khan
- Mrs. Shahnaz Sajjad Ahmad
- Dr. Shaheen Kuli Khan Khattak

35. OTHER INCOME

Income from financial assets			
Return on bank deposits		887	1,176
Amortisation of gain on forward foreign exchange contracts		137	144
Income from non-financial assets			
Salvage sales		3,239	4,074
Amortisation of restructuring cost on demand finances	20	47	63
Deferred income - credited	21.3	3,299	0
Unclaimed payable balances written-back		38	0
		7,647	5,457

36. FINANCE COST

Mark-up on demand finances		692	4,352
Lease finance charges		6,401	930
Mark-up on short term finances		40,822	34,852
Interest on workers' (profit) participation fund	24.2	370	743
Bank charges		349	544
		48,634	41,421

37. TAXATION

Current			
- for the year		14,010	8,916
- for prior years		41	(445)
	28	14,051	8,471
Deferred:			
- for the year	23	(55,853)	19,624
- resultant adjustment due to reduction in tax rate	19	3,586	3,800
		(52,267)	23,424
		(38,216)	31,895

38. (LOSS) / EARNINGS PER SHARE

	2015	2014
	(Rupees in thousand)	
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	(85,587)	82,020
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	3,652,178	3,652,178
	------- Rupees -------	
(Loss) / earnings per share - basic	(23.43)	22.46

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

39.1 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.

39.2 Market risk

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

(a) Currency risk

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

	2015		
	Rupees	U.S.$	Euro
	------ in thousand ------		
Funded:			
Bills payable	11,284	111	0
Unfunded:			
Outstanding letters of credit	64,644	456	161
	75,928	567	161

	2014		
	Rupees	U.S.$	Euro
	------ in thousand ------		
Funded:			
Bills payable	11,133	113	0

The following exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2015	2014	**2015**	2014
U.S. $ to Rupee	**101.95**	103.86	**101.70**	98.75
Euro to Rupee	**126.50**	-	**113.79**	-

Sensitivity analysis

At June 30, 2015, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, loss after taxation for the year would have been lower (2014: profit after taxation would have been higher) by the amount shown below mainly as a result of foreign exchange gains on translation of foreign currency financial liabilities.

	2015	2014
Effect on loss (2014: profit) for the year:	**Rupees in thousand**	
U.S. $ to Rupee	**1,129**	1,116

The weakening of Rupee against U.S. $ would have had an equal but opposite impact on loss (2014: profit) after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effect on loss (2014: profit) for the year and liabilities of the Company.

(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:

	2015	2014	**2015**	2014
	Effective rate		**Carrying amount**	
	%	**%**	**(Rupees in thousand)**	
Fixed rate instruments				
Financial assets				
Bank balances	**4.5 to 7**	5 to 8.3	**5,370**	5,333
Variable rate instruments				
Financial liabilities				
Demand finances	-	10.84 to 11.90	**0**	23,276
Liabilities against assets subject to finance lease	**11.53 to 13.17**	-	**50,386**	0
Short term finances	**8.98 to 12.18**	11.08 to 12.18	**193,653**	379,054

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 profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2015, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been higher / lower by Rs.2.440 million; (2014: profit after taxation for the year would have been Rs.4.023 million lower / higher) 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.

39.3 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. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2015 along with comparative is tabulated below:

	2015	2014
	(Rupees in thousand)	
Security deposits	**1,151**	1,151
Trade debts	**165**	367
Due from Associated Companies	**0**	1,092
Other receivables	**6,007**	2,832
Bank balances	**7,727**	5,672
	15,050	11,114

All the trade debts at the balance sheet date represent domestic parties.

39.4 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:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 3 years
	---------- Rupees in thousand ----------			
2015				
Liabilities against assets subject to finance lease	**50,386**	**50,386**	**17,114**	**33,272**
Trade and other payables	**104,557**	**104,557**	**104,557**	**0**
Accrued interest / mark-up	**6,376**	**6,376**	**6,376**	**0**
Short term finances	**193,653**	**202,277**	**202,277**	**0**
	354,972	**363,596**	**330,324**	**33,272**
2014				
Term finance certificates	16,475	16,475	9,413	7,062
Demand finances	23,276	23,710	23,710	0
Trade and other payables	116,003	116,003	116,003	0
Accrued interest / mark-up	11,334	11,334	11,334	0
Short term finances	380,546	395,040	395,040	0
	547,634	562,562	555,500	7,062

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

39.5 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates. At June 30, 2015, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loans to employees, which are valued at their original costs less repayments.

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Executives	
	2015	2014	2015	2014
	---------- Rupees in thousand ----------			
Managerial remuneration	**6,931**	7,336	**24,485**	27,843
Bonus / ex-gratia	**868**	868	**3,785**	1,926
Retirement benefits	**0**	0	**856**	1,901
Utilities	**1,044**	815	**211**	601
Insurance	**6**	6	**17**	12
Medical	**23**	89	**649**	943
	8,872	9,114	**30,003**	33,226
No. of persons	**1**	1	**13**	12

40.1 Chief executive and four (2014: three) of the executives have been provided with Company maintained cars and residential telephones.

40.2 The Company has provided rent free accommodation to four (2014: four) of its executives in the mills' colony.

40.3 In addition to above, meeting fees of Rs.740 thousand (2014: Rs.1,040 thousand) were paid to seven (2014: seven) non-working directors during the year.

41. TRANSACTIONS WITH RELATED PARTIES

41.1 The Company's shareholders, vide a special resolution, had authorised the Chief Executive to advance loans upto Rs.5.0 million to any of the Company's Associated Companies to meet the business transactions involving payment / reimbursement of branch office / other expenses incurred on the Company's behalf.

41.2 Maximum aggregate debit balance of Associated Companies at any month-end during the year was Rs.1.092 million (2014: Rs.1.092 million).

41.3 The related parties of the Company mainly comprise of associated undertakings, its directors and key management personnel. The Company in the normal course of business caries-out transactions with various related parties. Amounts due from and to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes. There were no transactions with key management personnel other than under the terms of employment. The transactions with related parties are made at normal market prices.

Material transactions with related parties during the year were as follows:

Name	Nature of relationshi	Nature of transaction	2015	2014
			--- Rupees in '000 ---	
Janana De Malucho Textile Mills Ltd.	Associated Company	Residential rent:		
		- paid	**132**	132
		- received	**5**	101
		Utilities paid	**987**	1,015
		Salaries paid	**892**	801
		Dividend received	**1,023**	0
The Universal Insurance Co. Ltd.	-do-	Insurance premium	**0**	1,433
		Rent expensed	**0**	409
		Insurance claim	**0**	115
Waqf-e-Kuli Khan Trust	Associated Undertaking	Donation	**0**	1,773

42. 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 dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of current ratio under the financing agreements.

43. OPERATING SEGMENT

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

43.1 Yarn sales represent 97.83% (2014: 97.77%) of the total sales of the Company.

43.2 All the Company's sales relate to customers in Pakistan.

43.3 All non-current assets of the Company as at June 30, 2015 are located in Pakistan.

43.4 Four (2014: two) of the Company's customers contributed towards 49.68% (2014: 49.41%) of net sales during the year aggregating Rs.854.004 million (2014: Rs.952.282 million)

44. CAPACITY AND PRODUCTION

		2015	2014
Number of spindles installed		**53,040**	53,040
Number of rotors installed		**400**	400
Number of shifts worked for spindles		**1,089**	1,095
Number of shifts worked for rotors		**1,089**	1,095
Number of spindles / shifts worked		**55,296,512**	56,785,418
Number of rotors' shifts worked		**217,800**	218,700
Average count spun		**49.08**	51.30
Rotors' capacity	**Kgs**	**370,475**	372,176
Actual production of yarn of all counts	**Kgs**	**4,738,775**	4,704,560

44.1 It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles' speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

45. NUMBER OF EMPLOYEES

	2015	2014
	------ Numbers ------	
Number of persons employed as at June 30,		
- permanent	**1,155**	1,224
- contractual	**40**	61
Average number of employees during the year		
- permanent	**1,189**	1,217
- contractual	**49**	59

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 23, 2015 by the board of directors of the Company.

47. 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.

Raza Kuli Khan Khattak
Chief Executive

Dr. Shaheen Kuli Khan Khattak
Director

BABRI COTTON MILLS LTD.

FORM OF PROXY

I/We_____
of _____being a member of Babri Cotton Mills Limited, holder of_____ Ordinary Shares as per Share Register Folio No._____and/or CDC Participant I.D. No._____and Sub Account No._____hereby appoint_____of_____or failing him/her _____of_____member(s) of the Company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the45th Annual General Meeting of the Company to be held on 25th October, 2015 at 12:00 p.m. at registered office of the company at Habibabad, Kohat and at any adjournment thereof.

As witness my hand this.....day of..... 2015

Witnesses:

Signature

1. Signature: _____
   Name: _____
   Address: _____
   _____
   _____
   NIC or
   Passport No: _____

Please affix five rupees revenue stamp

2. Signature: _____
   Name: _____
   Address: _____
   _____
   _____
   NIC or
   Passport No: _____

Signature should agree with the specimen signature registered with the Company

Note: Proxies in order to be effective must be received by the company not less than 48 hours before the meeting. No person shall be appointed a proxy who is not a member of the Company qualified to vote except that a corporation being a member may appoint proxy as a person who is not a member.

Individual CDC account holders and their proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this proxy form before submission to the Company. Corporate entities shall submit attested photocopy of the Board of Directors' Resolution/Power of Attorney containing specimen signature of the nominee along with proxy form to the Company. The proxy shall produce his/her original NIC or original passport at the time of the meeting.

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