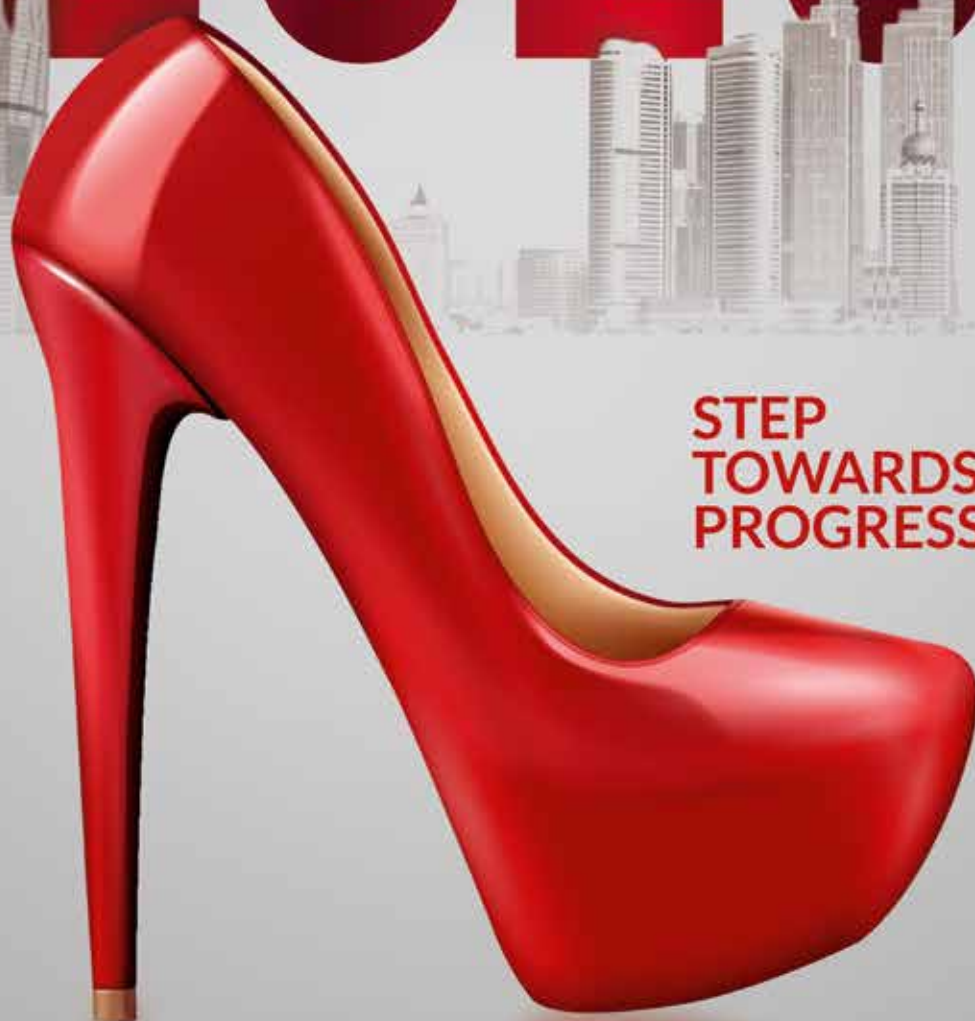


# ANNUAL REPORT

# 2020



STEP  
TOWARDS  
PROGRESS

*Surprisingly*  
**Bata**



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# VISION



## Our Vision

To make great shoes accessible to everyone

# Our Mission

We help people look and feel good by continuously focusing on product quality, innovation and value.

We become the customer's destination of choice by offering personal shopping experience to create long standing customer relationships.

We attract and retain the best people by showing great leadership, a passion for high standards our respect for diversity and commitment to create exceptional opportunities for professional growth.

We remain the most respected footwear company by being socially responsible and ethical in everything we do and a credit to every community in which we operate.





# Corporate Information

## Board of Directors

Mr. Roberto Longo	Chairman
Mr. Muhammad Imran Malik	Director/Chief Executive
Mr. Amjad Farooq	Director/Chief Financial Officer
Mr. Toh Guan Kiat	Director
Mr. Syed Asad Ali Zaidi	Director
Mr. Kamal Monnoo	Director
Mr. Muhammad Maqbool	Director
Ms. Fatima Asad Khan	Director
Mr. Aamir Amin (Nominee of NFI)	Director

## Audit Committee

Mr. Muhammad Maqbool	Chairman
Mr. Roberto Longo	Member
Mr. Aamir Amin	Member
Mr. Toh Guan Kiat	Member

## Human Resource and Remuneration Committee

Ms. Fatima Asad Khan	Chairperson
Mr. Muhammad Imran Malik	Member
Mr. Toh Guan Kiat	Member

## Chief Financial Officer (CFO)

Mr. Amjad Farooq

## Company Secretary

Mr. Hafiz Mudassar Hassan Kamran

## Auditors

A.F. Ferguson & Co.  
(a member firm of PwC Network)  
23-C, Aziz Avenue, Canal Bank,  
Gulberg V, Lahore.

## Legal Advisor

Surridge & Beecheno  
60, Shahrah-e-Quaid-e-Azam,  
Ghulam Rasool Building, Lahore.

## Stock Exchange Listing

Bata Pakistan Limited is listed on Pakistan  
Stock Exchange under “Leather and Tanneries” sector.

## Bankers

Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Bank Al Habib Limited  
National Bank of Pakistan Limited  
United Bank Limited  
Meezan Bank Limited  
Allied Bank Limited

## Registered Office

Batapur,  
G. T. Road,  
P.O. Batapur, Lahore.

## Share Registrar

Corplink (Pvt.) Ltd.  
Wings Arcade, 1-K Commercial,  
Model Town, Lahore.

## Factories Batapur,

G. T. Road,  
P.O. Batapur, Lahore.

## Maraka,

26 - Km, Multan Road, Lahore.

## Liaison Office Karachi

138 C-II Commercial Area,  
P.E.C.H.S., Tariq Road, Karachi.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN TO ALL SHAREHOLDERS/MEMBERS** that the 69th Annual General Meeting of Bata Pakistan Limited will be held at the Registered Office of the Company situated at G.T. Road, Batapur, Lahore on April 27, 2021 at 10:00 a.m. to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on September 23, 2020.
2. To receive, consider, and adopt the Annual Audited Accounts of the Company for the year ending on December 31, 2020 together with Directors' and Auditors' Reports.
3. To appoint Auditors and fix their remuneration for the year ending on December 31, 2021. The retiring Auditors, M/s A.F. Ferguson & Co. Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the Company.
4. To transact any other business with the permission of the Chairman.

By order of the Board

Batapur Lahore:  
February 26, 2021

(Hafiz Mudassar Hassan Kamran)  
Company Secretary

## NOTES:

### 1. Closure of Shares Transfer Books:

The Share Transfer Books of the Company will remain closed from April 21, 2021 to April 27, 2021 (both days included). Transfer requests on prescribed format, received at the office of the Share Registrar of the Company, M/s. Corplink (Pvt) Ltd. 1-K Commercial, Model Town, Lahore on or before the close of business on April 20, 2021 will be treated 'in time' for the purpose of above entitlement to the transferees and for attending meeting by the transferees by electronic means.

### 2. Participation in the Annual General Meeting:

All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e. [www.bata.com.pk](http://www.bata.com.pk) (in English and Urdu Language).

### 3. Participation in AGM through Electronic Means:

In light of the continuing threats posed due to COVID-19 pandemic and to protect wellbeing of the Shareholders, Securities & Exchange Commission of Pakistan ("SECP") vide its Circular No. 4 of 2021 dated 15th February, 2021 and subsequent directions required listed companies to hold general meetings through video link, webinar, zooming etc. in addition to the requirements of holding physical meeting. Accordingly, shareholders are encouraged to join the meeting through video link.

The shareholders interested in attending the AGM through webinar are requested to get themselves registered by sending their particulars to the Company Secretary, at the designated email address: [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com), mentioning their names, folio number, email address by the close of business hours on April 20, 2021. The Webinar link would be provided to the registered shareholders.

#### **4. Attendance of the Members:**

##### **a. For attending the meeting**

- (i) In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall authenticate his/her identity by showing his/ her valid original Computerized National Identity Card (CNIC) or original passport at the time of attending the Annual General Meeting.
- (ii) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be produced at the time of the Annual General Meeting, unless it has been provided earlier.

##### **b. For appointing proxies**

- (i) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the mentioned requirements.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.
- (v) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Bank along with the proxy form unless the same has been provided earlier.

#### **5. Annual Report:**

The Company's Annual Report is also being circulated to the members through DVD in compliance of section 223(6) of the Companies Act, 2017 and the same is being placed on our website [www.bata.com.pk](http://www.bata.com.pk). Those shareholders who also wish to obtain an electronic copy of the annual report via email are requested to send their email address/consent at the following email address: [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com) on or before April 05, 2021, and a PDF copy of the Annual Report will be duly shared with them via email.

#### **6. Mandatory Submission of CNIC Copies:**

With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 779(1)2011 dated August 18, 2011, the Members/ Shareholders who have not yet submitted photo copy of their valid CNIC to the Company are required to send the same at the earliest directly to the Company's Share Registrar M/s. Corplink (Pvt) Ltd. 1-K Commercial, Model Town, Lahore. In case of non-receipt of the copy of valid CNIC and non-compliance of the above mentioned SRO of SECP, the Company may be constrained to withhold transfer of dividend in the future if any.

#### **7. Dividend Bank Mandate:**

Pursuant to Section 242 of the Companies Act, 2017, members are requested to provide their CNIC's and bank account details including name of the bank, address of bank branch and International Bank Account Number (IBAN) to receive their cash dividend directly into their bank account. Therefore, all members who have not yet provided their CNIC and Bank Account details are once again reminded to immediately submit a copy of their CNIC and duly filled 'Dividend Bank Mandate Form' to the Company's Share Registrar or to the Company directly. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the provisions of Act and Regulations made thereunder by the Commission. The 'Dividend Bank Mandate Form' is available at the Company's website i.e. [www.bata.com.pk](http://www.bata.com.pk).

Members who hold shares in CDC accounts are required to provide their bank mandates to their respective participants.



**8. Unclaimed Dividends and Share Certificates:**

The Shareholders are hereby informed that in accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificate, Dividends, Others Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit such amounts to the credit of the Federal Government and the shares to the Commission, which are unclaimed/un-collected for a period of three (03) years or more from the date it is due and payable. The notices to this fact have already been given to the relevant shareholders.

**9. Intimation of Changes of Address and declaration for non-deduction of Zakat:**

Members who hold shares certificates should notify any changes in their registered address and provide their declarations for non-deduction of zakat, if applicable, to the Share Registrar. Members who hold shares in CDC / participant accounts are required to update their address and submit their declarations for non-deduction of zakat, if applicable, to the CDC or their respective participants.

**Contact Details**

Company Secretary  
Bata Pakistan Limited  
G.T Road, Batapur Lahore, Pakistan  
Email: investorcare.pk@bata.com

کمپیوٹرائزڈ قومی شناختی کارڈ اور بینک کی تفصیلات نہ ہونے کی صورت میں ڈیویڈنڈ کی رقم، کمیشن کے بنائے گئے ایکٹ اور ریگولیشنز کے مطابق روک لی جائے گی۔ ڈیویڈنڈ بینک مینڈیٹ فارم، کمپنی کی ویب سائٹ [www.bata.com.pk](http://www.bata.com.pk) پر موجود ہے۔ جن ارکان کے شیئرز سی ڈی سی اکاؤنٹس میں ہیں ان کو ہدایت کی جاتی ہے کہ وہ اپنے بینک مینڈیٹس متعلقہ کھاتہ داروں کو دیں۔

#### 8۔ غیر دعویٰ شدہ منافع اور شیئرز ٹیفیکیٹ:

شیئرز ہولڈرز کو مطلع کیا جاتا ہے کہ کمپنی 2017ء کے سیکشن 244 اور غیر دعویٰ شدہ شیئرز، مضاربہ سرٹیفیکیٹ، ڈیویڈنڈز اور دیگر انسٹرومنٹس اور غیر تقسیم شدہ ایسٹس ریگولیشنز 2017ء کے مطابق کمپنیز کے لئے ایسے کیش ڈیویڈنڈز فیڈل گورنمنٹ کے کریڈٹ میں اور شیئرز کمیشن میں جمع کرانا ہوں گی جو ادائیگی کی مقررہ تاریخ سے 3 سال سے زائد مدت کیلئے غیر داوہ شدہ ہے/ غیر تقسیم شدہ ہیں۔ اس حوالے سے متعلقہ شیئرز ہولڈرز کو نوٹسز پہلے ہی جاری کئے جا چکے ہیں۔

#### 9۔ پتہ کی تبدیلی زکوٰۃ نہ کالے جانے کا اعلامیہ:

ایسے ممبران جن کے پاس شیئرز سرٹیفیکیٹس موجود ہیں وہ اپنے پتے میں کسی بھی قسم کی تبدیلی کے بارے میں شیئرز رجسٹرار کو فوری طور پر آگاہ کریں اور زکوٰۃ نہ کالے جانے کے بارے میں بیان جمع کرائیں، اگر لاگو ہے۔ ایسے ممبران جن کے شیئرز سی ڈی سی / پارٹسپنٹ (participant) اکاؤنٹس میں ہیں، ان سے بھی گزارش کی جاتی ہے کہ اپنے نئے پتے اور زکوٰۃ نہ کالے جانے کا بیان، سی ڈی سی یا اپنے پارٹسپنٹس (participants) کے پاس درج کرا دیں۔

رابطہ:

کمپنی سیکرٹری

بانا پاکستان لمیٹڈ

جی ٹی روڈ، بانا پور، لاہور

پاکستان

ای میل: [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com)

#### 4- ممبرز کی شرکت:

الف) اجلاس میں شرکت کے لئے

- افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کی ریگولیشنز کے مطابق ہیں، انہیں سالانہ اجلاس عام میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ ظاہر کرنا ہوگا۔
- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع نامزد کردہ کے نمونہ دستخط، سالانہ اجلاس عام کے وقت پیش کرنا ہوں گے (اگر پہلے ہی فراہم نہ کر دیا گیا ہو)۔

بی) پراکسی کی تقرری کیلئے

- افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ فرد جن کی رجسٹریشن کی تفصیلات سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کی ریگولیشنز کے مطابق اپ لوڈڈ ہیں، درج کردہ ضروریات کے مطابق پراکسی فارم جمع کرائیں۔
- پراکسی فارم کے دو گواہ ہونے چاہئیں جن کے نام، پتے اور سی این آئی سی نمبر پراکسی فارم پر درج ہوں۔
- بنیفیشل مالک اور پراکسی کے کارآمدی سی این آئی سی یا پاسپورٹس کی تصدیق شدہ نقل، پراکسی فارم کے ساتھ منسلک کی جائیں۔
- پراکسی اجلاس میں شرکت کے وقت اپنا اصل سی این آئی سی یا پاسپورٹ ظاہر کرے۔
- کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع نمونہ دستخط کمپنی میں جمع کرائی جائیں۔ (اگر پہلے ہی فراہم نہ کر دیا گیا ہو)۔

#### 5- سالانہ رپورٹ:

کمپنیز ایکٹ 2017 کے سیکشن (6) 223 پر عمل درآمد کرتے ہوئے کمپنی کی سالانہ رپورٹ بھی ممبرز کو ڈی وی ڈی کے ذریعے دی جارہی ہے اور ہماری ویب سائٹ [www.bata.com.pk](http://www.bata.com.pk) پر بھی جاری کی جارہی ہے۔ ایسے شیئر ہولڈرز جو ای میل کے ذریعے سالانہ رپورٹ کی کاپی وصول کرنا چاہتے ہیں تو وہ اپنا ای میل / جمع درخواست 25 اپریل 2021 تک [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com) پر بھیج دیں۔ سالانہ رپورٹ کی پی ڈی ایف کاپی آپ کو ای میل کر دی جائے گی۔

#### 6- کمپیوٹرائزڈ قومی شناختی کارڈ کی نقول جمع کرانا لازمی:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایت بذریعہ ایس آر او نمبر 2011(1) 779 مورخہ 18 اگست 2011ء کے مطابق، جن ممبرز / شیئر ہولڈرز نے کمپنی کو تاحال اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ کی فوٹو کاپی جمع نہیں کرائی، ان سے گزارش کی جاتی ہے کہ وہ کمپنی کے شیئر رجسٹر اری میسرز کارپ لنک (پرائیویٹ) لمیٹڈ K-1 کمرشل، ماڈل ٹاؤن، لاہور کو جمع کرا دیں۔ ایس ای سی پی کے درج بالا ایس آر او پر عدم تعمیل اور کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ موصول نہ ہونے کی صورت میں کمپنی ڈیویڈنڈ، اگر کوئی ہے، کی منتقلی روکنے پر مجبور ہو سکتی ہے۔

#### 7- ڈیویڈنڈ بینک مینڈیٹ:

کمپنیز ایکٹ 2017 کی شق 242 کے مطابق، ممبرز سے درخواست کی جاتی ہے کہ وہ کیش ڈیویڈنڈ کی اپنے اکاؤنٹ میں براہ راست منتقلی کے لئے اپنے کمپیوٹرائزڈ قومی شناختی کارڈ، بینک کی تفصیلات مع بینک کا نام، پتہ، برانچ اور انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) فراہم کریں۔ تاہم وہ تمام ممبران جنہوں نے ابھی تک کمپیوٹرائزڈ قومی شناختی کارڈ اور بینک کی تفصیلات فراہم نہیں کیں ان سے دوبارہ گزارش ہے کہ وہ فوراً اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل اور مکمل پر کردہ ”ڈیویڈنڈ بینک مینڈیٹ فارم“ کمپنی کے شیئر رجسٹرار یا کمپنی کو جمع کروائیں۔ کارآمد

## سالانہ اجلاس عام کی اطلاع

تمام شیئر ہولڈرز / ممبرز کو اطلاع دی جاتی ہے کہ بائیکاٹ پاکستان لمیٹڈ کا 69 واں سالانہ اجلاس عام 27 اپریل 2021ء بوقت صبح 10:00 بجے رجسٹرڈ آفس بمقام جی ٹی روڈ، بانا پور، لاہور میں منعقد کیا جائے گا جس میں مندرجہ ذیل معاملات زیر بحث لائے جائیں گے:

- 1- 23 ستمبر 2020ء کو منعقدہ غیر معمولی اجلاس عام کی کاروائی کی تصدیق
- 2- 31 دسمبر 2020ء کو ختم ہونے والے سال کیلئے سالانہ آڈٹ شدہ اکاؤنٹس مع آڈیٹرز اور ڈائریکٹرز کی رپورٹ کو وصول کرنا، زیر غور لانا اور منظور کرنا
- 3- 31 دسمبر 2021ء کو مکمل ہونے والے مالی سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ ریٹائر ہونے والے آڈیٹر میسرز اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹنٹس، اہل ہونے کے ناطے، کمپنی کے آڈیٹرز کے طور پر خود کو تعیناتی کے لئے پیش کیا ہے۔
- 4- چیئرمین کی اجازت سے کوئی بھی اور معاملہ زیر بحث لانا۔

بحکم بورڈ

حافظ مدثر حسن کامران

کمپنی سیکرٹری

بانا پور، لاہور:

26 فروری 2021

نوٹس

### 1- شیئر منتقلی کتابوں کی بندش:

کمپنی کی شیئر منتقلی کی کتابیں 21 اپریل 2021ء تا 27 اپریل 2021ء (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار کے دفتر میسرز کارپ لنک (پرائیویٹ) لمیٹڈ K-1 کراشل، ماڈل ٹاؤ، لاہور کوٹرا سفر کے لئے مورخہ 20 اپریل 2021ء کو کاروبار کے اوقات بند ہونے تک موصول ہونے والی درخواستوں کو، اجلاس میں شامل ہونے کے لئے بروقت تصور ہوں گی۔

### 2- سالانہ اجلاس عام میں شرکت:

کمپنی کا کوئی بھی رکن جسے اجلاس میں شریک ہونے اور اس میں ووٹ کرنے کا حق حاصل ہے وہ کسی اور شخص کو اپنی جگہ شریک ہونے اور ووٹ کرنے کیلئے 'پراکسی' کے طور پر مقرر کر سکتا ہے۔ پراکسی موثر ہونے کیلئے اجلاس کے انعقاد کیلئے طے شدہ وقت سے 48 گھنٹے قبل کمپنی کو رجسٹرڈ دفتر پر موصول ہونی چاہئے۔ سی ڈی سی اکاؤنٹ ہولڈرز کو، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکلر 1 مورخہ 26 جنوری 2000ء کی ہدایات پر عمل کرنا ہوگا۔ پراکسی فارم کمپنی کی ویب سائٹ [www.bata.com.pk](http://www.bata.com.pk) پر (انگریزی اور اردو زبان میں) موجود ہے۔

### 3- سالانہ اجلاس عام میں الیکٹرانک ذریعے سے شرکت:

کورونائرس کے خدشات کو مد نظر رکھتے ہوئے اور شیئر ہولڈرز کو اس وائرس کے محفوظ رکھنے کے لئے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی مورخہ 15 فروری 2021 کو جاری کردہ سرکلر نمبر 4 آف 2021ء کی بابت لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ اجلاس عام کا انعقاد ویڈیو لنک، ویبینار، زومنگ وغیرہ کے ذریعے کر سکیں۔ اس لئے ویڈیو لنک کے ذریعے شیئر ہولڈرز کی اجلاس عام میں شرکت کی حوصلہ افزائی کی جائے گی۔ سالانہ اجلاس عام میں ویبینار کے ذریعے شرکت کے خواہشمند شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ خود کو رجسٹرڈ کرانے کیلئے اپنی متعلقہ معلومات بشمول نام، فوینومبر، ای میل ایڈریس، کمپنی سیکرٹری کو [investorcare.pk@bata.com](mailto:investorcare.pk@bata.com) پر 20 اپریل 2021 کو کلوز آف بزنس سے پہلے بھیج دیں۔ ویبینار کا لنک رجسٹرڈ شیئر ہولڈرز کو فراہم کر دیا جائے گا۔

## Key Operating Highlights

Year		2020	2019	2018	2017	2016	2015	2014
<b>Financial Position</b>								
Authorized capital	Rs. ' 000s	<b>100,000</b>	100,000	100,000	100,000	100,000	100,000	100,000
Paid up capital	Rs. ' 000s	<b>75,600</b>	75,600	75,600	75,600	75,600	75,600	75,600
Shareholders' equity	Rs. ' 000s	<b>6,372,599</b>	7,444,589	7,491,327	7,126,724	6,662,594	6,051,192	5,255,391
Total assets	Rs. ' 000s	<b>14,005,481</b>	15,878,369	10,693,121	9,524,326	9,084,556	8,239,266	7,391,089
Property, plant and equipment	Rs. ' 000s	<b>1,949,867</b>	1,866,897	1,643,028	1,511,909	1,420,757	1,470,821	1,392,241
Provision for gratuity	Rs. ' 000s	<b>68,592</b>	83,476	81,421	76,030	72,150	68,805	53,135
Current assets	Rs. ' 000s	<b>7,602,604</b>	9,259,645	8,970,446	7,930,147	7,585,132	6,684,071	5,909,432
Current liabilities	Rs. ' 000s	<b>3,883,160</b>	4,325,671	3,051,863	2,235,773	2,264,332	2,025,534	1,977,587
<b>Trading Results</b>								
Sales	Rs. ' 000s	<b>11,710,771</b>	17,424,894	16,795,231	15,496,810	15,082,171	14,781,520	13,767,156
Gross profit	Rs. ' 000s	<b>4,370,967</b>	7,869,944	7,525,873	6,620,836	6,193,926	6,005,197	5,379,123
Operating (loss) / profit	Rs. ' 000s	<b>(106,928)</b>	2,294,479	2,307,940	2,220,158	2,140,580	2,131,784	1,919,321
(Loss) / profit before tax	Rs. ' 000s	<b>(908,049)</b>	1,504,279	2,265,902	2,180,270	2,100,645	2,101,280	1,887,916
(Loss) / profit after tax	Rs. ' 000s	<b>(627,345)</b>	1,088,862	1,501,409	1,524,466	1,442,016	1,445,500	1,339,412
<b>Distribution</b>								
Interim cash dividend - paid	%	—	900.00	900.00	800.00	650.00	510.00	430.00
Final cash dividend - proposed/paid	%	—	600.00	600.00	600.00	600.00	450.00	340.00
<b>Financial Ratios and Values</b>								
Gross profit	%	<b>37.32</b>	45.16	44.81	42.72	41.07	40.63	39.07
Operating (Loss) / profit	%	<b>(0.91)</b>	13.17	13.74	14.33	14.19	14.42	13.94
(Loss) / profit before tax	%	<b>(7.75)</b>	8.63	13.49	14.07	13.93	14.22	13.71
(Loss) / profit after tax	%	<b>(5.36)</b>	6.25	8.94	9.84	9.56	9.78	9.73
Return on equity	%	<b>(9.84)</b>	14.63	20.04	21.39	21.64	23.89	25.49
Price earning ratio	Times	<b>(14.36)</b>	13.84	7.78	12.16	22.60	17.10	19.70
Dividend yield	%	<b>9.14</b>	7.02	9.71	5.71	2.55	2.69	2.23
(Loss) / earnings per share	Rs.	<b>(82.98)</b>	144.03	198.60	201.65	190.74	191.20	177.17
Debt : equity ratio	Times	<b>1.2 : 1</b>	1.13 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Current ratio	Times	<b>1.97 : 1</b>	2.77 : 1	2.94 : 1	3.55 : 1	3.35 : 1	3.30 : 1	2.99 : 1
Average stock turns - value	Times	<b>2.16</b>	2.38	2.49	2.78	3.03	3.08	3.29
Debtors turnover	Times	<b>8.45</b>	6.65	2.21	2.84	3.57	6.34	9.47
Average collection period	Days	<b>43</b>	55	165	129	102	58	39
Property, plant and equipment turnover	Times	<b>6.02</b>	9.33	10.22	10.25	10.62	10.05	9.89
Break up value per share	Rs.	<b>819.70</b>	984.73	990.92	942.69	881.30	800.42	695.16
Market price per share	Rs.	<b>1,531.84</b>	1,993.06	1,545.00	2,452.27	4,310.00	3,269.70	3,490.00
Market capitalization	Rs. ' 000s	<b>11,580,710</b>	15,067,534	11,680,200	18,539,161	32,583,600	24,718,932	26,384,400
<b>Other information</b>								
Permanent employees	Number	<b>2,287</b>	2,683	2,693	2,421	2,492	2,544	2,485
Retail outlets	Number	<b>444</b>	462	476	435	412	417	407
Wholesale depots	Number	<b>0</b>	11	12	12	13	13	13
Installed capacity	Pairs ' 000s	<b>18,704</b>	19,375	20,290	20,329	19,439	18,941	17,305
Actual production	Pairs ' 000s	<b>11,186</b>	15,641	15,832	16,932	16,545	16,123	17,117
Capacity utilization	%	<b>59.81</b>	80.73	78.03	83.29	85.11	85.12	98.91
Capital expenditure	Rs. ' 000s	<b>417,237</b>	482,170	387,501	311,326	177,751	340,725	505,102
<b>Contribution to the National Exchequer</b>	Rs. ' 000s	<b>2,251,024</b>	3,101,414	2,662,527	2,486,279	2,420,794	2,205,089	2,013,668

NEW  
**SPRING  
SUMMER**  
COLLECTION 2021



*Surprisingly*  
**Bata**





# Corporate Social Responsibility



Donated 1219 pairs of shoes to the underprivileged children studying in different schools.



Distributed books and uniforms among 830 children studying in different schools.



Bata globally launched a campaign to donate one million pairs of shoes to health care workers, volunteers and their families – fighting in front line against Covid-19. Being a part of this initiative, Bata Pakistan donated 100,000 pairs in leading hospitals of Karachi, Multan, Lahore, Faisalabad, Rawalpindi, Peshawar and Mingora.



During the wake of Covid-19, mask making was done at Upper Stitching School Batapur and distributed 25,000 masks in the employees as well as local community including residential areas, hospitals and roadside. This initiative was presented in global competition and won 'Bata Shoe Foundation Award.'



Feeling the miseries of Daily Wagers who became jobless due to lockdown imposed on account of Coronavirus, we provided ration bags to 375 families of these daily wagers.

## Value Added and its Distribution

To Buy Material, Finished Goods and Services

65.3%

To Employees Salaries, Wages and Benefits

12.2%

To Government Income Tax, Sales Tax, Custom  
& Excise Duties, Wwf, Wppf, Eobi, Social  
Security, Professional and Local Taxes

14.5%

Finance Cost

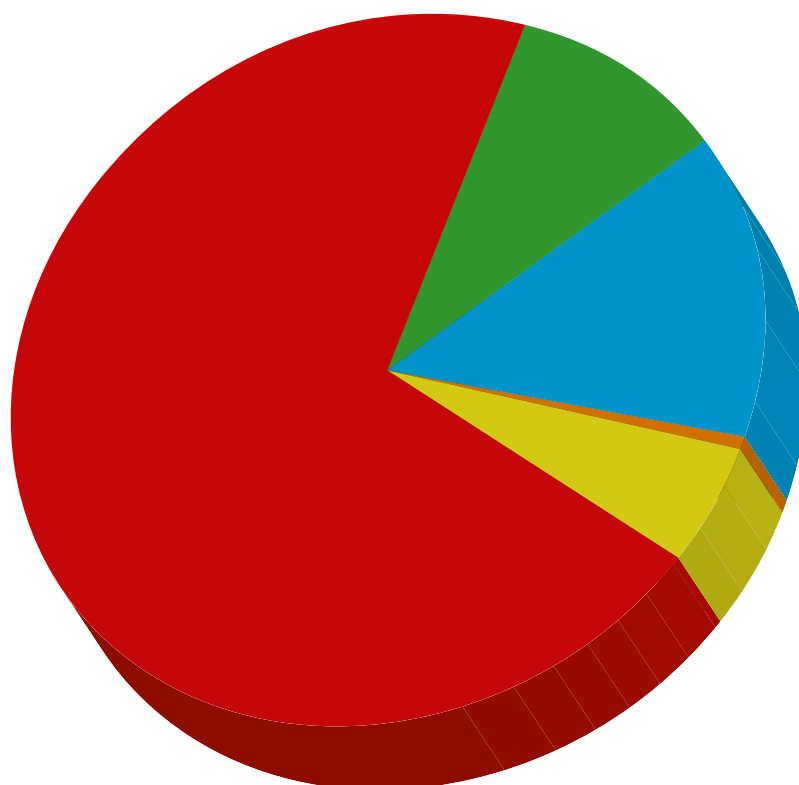
5.1%

To Shareholders Dividend

2.9%

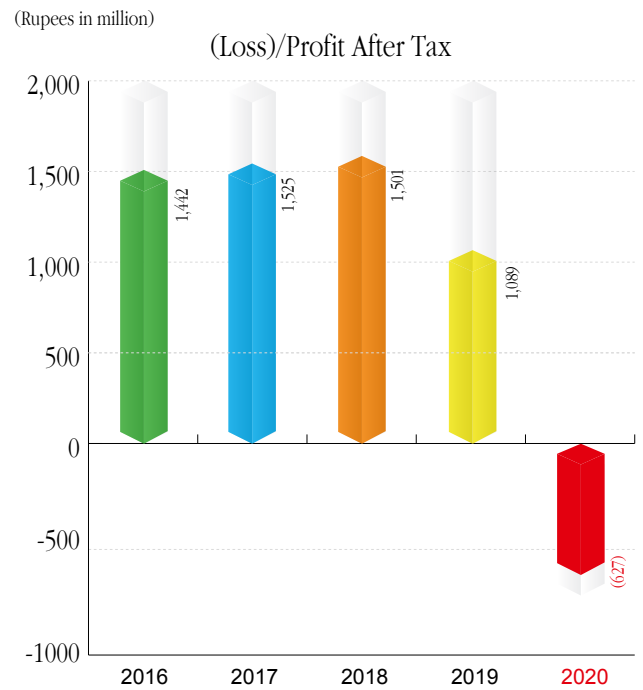
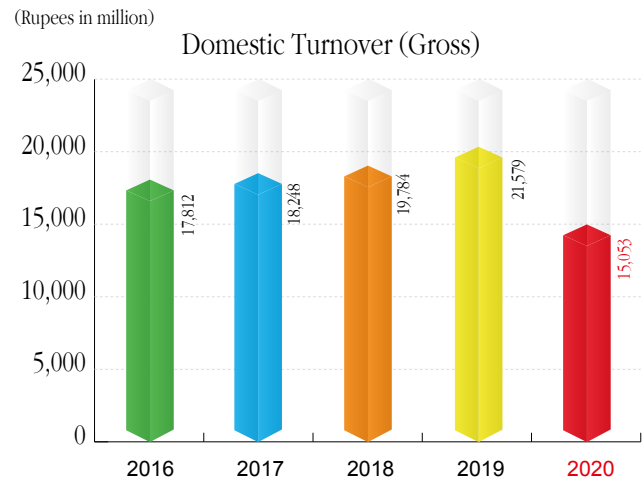
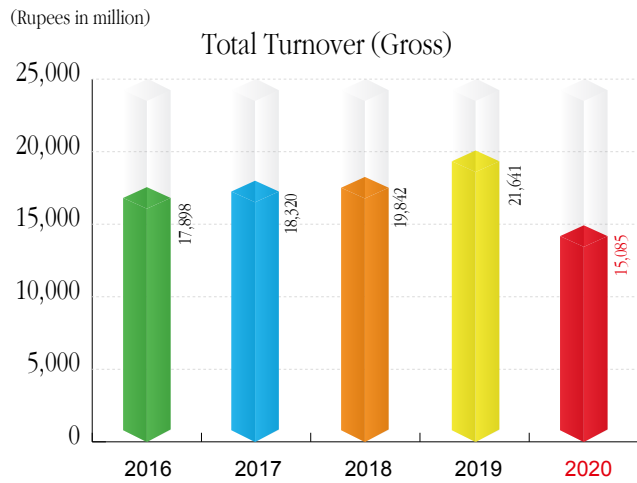
Retained in Business for Retail Expansion and  
Operations

0.0%



	2020		2019	
	Rs. '000s	%	Rs. '000s	%
<b>Revenue Generated</b>				
Sales	15,084,541		21,640,942	
Other income	473,283		30,944	
	15,557,824	100%	21,671,886	100%
<b>Revenue Distributed</b>				
To Buy Materials, Finished Goods and Services	10,158,749	65.3%	14,512,394	67.0%
To Employees Salaries, wages and benefits	1,893,331	12.2%	2,133,878	9.8%
To Government Income Tax, Sales Tax, Custom & Excise Duties, WWF, WPPF, EOBI, Social Security, Professional and Local Taxes	2,251,024	14.5%	3,101,414	14.3%
Finance Cost	801,120	5.1%	790,200	3.7%
To Shareholders Dividend	453,600	2.9%	1,134,000	5.2%
Retained in Business For Retail Expansion and Operations	–	0.0%	–	0.0%
	15,557,824	100.0%	21,671,886	100.0%

# Operational Statistics



# Chairman's Review Report

On Board's overall Performance u/s 192 of the Companies Act 2017

Bata Pakistan Limited complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Bata Pakistan Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed and implemented.

For the Purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended December 31, 2020 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on the Board's role in achievement of Company's objectives:

## **1. Vision, mission and values:**

The Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time.

## **2. Engagement in strategic planning:**

The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the Organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas.

## **3. Diligence:**

The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to Board and committee meetings. The Board met frequently enough to adequately discharge its responsibilities.

## **4. Monitoring of Organization's business activities:**

The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

## **5. Diversity and mix:**

The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.

## **6. Governance and Control Environment:**

The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behaviour across the Company.

Batapur:  
LAHORE: February 26, 2021

**ROBERTO LONGO**  
CHAIRMAN



## چیمبرمین کی جائزہ رپورٹ

کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت بورڈ کی مجموعی کارکردگی پر

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس، طریقہ کار اور کمپوزیشن کے حوالے سے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء اور کمپنیز ایکٹ 2017ء میں سیٹ کردہ تمام مندرجات پر، بانی پاکستان لمیٹڈ عمل درآمد کرتا ہے۔ کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق بانی پاکستان لمیٹڈ (دی ”کمپنی“) کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ انجام دیا جا رہا ہے۔ اس جائزے کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی کمپنی کے طے کردہ مقاصد اور توقعات کے مطابق ہے۔ ان باتوں کو زیر غور لایا جا رہا ہے جہاں بہتری کی ضرورت ہے اور منصوبوں کی تشکیل اور عمل درآمد کیا جا رہا ہے۔

بورڈ کے جائزے کے مقصد کیلئے ایک جامع معیار بنایا گیا ہے۔ بورڈ نے 31 دسمبر 2020ء کو ختم ہونے والے سال کیلئے اپنے جائزے کو حال ہی میں مکمل کیا ہے اور میں یہ رپورٹ کرتا ہوں کہ: منظور کردہ معیار کی بنیاد پر سال کیلئے بورڈ کی کارکردگی کو جانچا گیا جو کہ تسلی بخش تھی۔

درج ذیل اہم امور کی بنیاد پر ہونے والا جائزہ اطمینان بخش تھا جس کا براہ راست اثر کمپنی کے مقاصد حاصل کرنے میں بورڈ کے کردار پر پڑتا ہے:

### 1- ویژن، مشن اور ویلیوز:

بورڈ ممبران موجودہ ویژن، مشن اور ویلیوز سے واقف ہیں اور سپورٹ کرتے ہیں۔ بورڈ وقتاً فوقتاً مشن اور ویژن اسٹیمینٹ کا جائزہ لیتے رہتے ہیں۔

### 2- حکمت عملی کی منصوبہ بندی میں شمولیت:

بورڈ اسٹریٹجک ہولڈرز کے بارے میں جانتا ہے (شیر ہولڈرز، کسٹمرز، ملازمین، ویبڈرز، سوسائٹی) جن کو خدمات پیش کی جاتی ہیں۔ بورڈ کے پاس اسٹریٹجک ویژن موجود ہے کہ کس طرح ادارے کو آئندہ پانچ سالوں میں آگے لے کر جانا ہے۔ مزید یہ کہ بورڈ تمام شعبوں کی کارکردگی میں مینجمنٹ کے لئے سالانہ اہداف کا تعین کرتا ہے۔

### 3- محنت:

بورڈ ممبران نے اپنے فرائض بھرپور محنت کے ساتھ انجام دیے اور بزنس کی حکمت عملی، مقاصد، منصوبوں، پیکس، مالیاتی اسٹیمینٹس اور دیگر رپورٹس کا مکمل جائزہ لیا اور بات چیت کے بعد منظوری دی۔ بورڈ اور کمیٹی میٹنگز سے مناسب وقت پہلے واضح ایجنڈا اور تائیدی تحریری مواد موصول ہوا۔ بورڈ نے اپنی ذمہ داریوں کی ادائیگی کیلئے خاطر خواہ ملاقاتیں کیں۔

### 4- ادارے کی کاروباری سرگرمیوں کی نگرانی:

کمپنی کے اہداف، حکمت عملی اور مالیاتی کارکردگی میں کامیابیوں کے بارے میں اندرونی ویرونی آڈیٹرز اور دیگر آزاد کنسلٹنٹس، مینجمنٹ کی جانب سے باقاعدہ پریزنٹیشن کے ذریعے بورڈ کو باخبر رہا۔ بورڈ کے بروقت اور موزوں ہدایات اور تجزیے فراہم کئے۔

### 5- تنوع:

بورڈ ممبران نے موثر طریقے سے بورڈ میں متنوع ماحول تشکیل دیا اور انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹرز دونوں کو شامل کیا۔ بورڈ کے اہم فیصلوں میں انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹرز مساوی طور پر شامل رہے۔

### 6- گورننس اور کنٹرول ماحول:

بورڈ نے گورننس کا شفاف اور موثر نظام تشکیل دیا اور اس کی جھلک ساری کمپنی میں، بہترین اخلاقی رویے کے فروغ اور کارپوریٹ گورننس پر عمل درآمد میں دکھائی دیتی ہے۔

بمقام: بانی پور، لاہور

بتاریخ: 26 فروری 2021ء

راہرٹو لوگو

چیمبرمین



MC

MARIE CLAIRE

The background of the page features abstract, overlapping red geometric shapes, primarily triangles and polygons, creating a dynamic and modern aesthetic. The shapes are in various shades of red, from a deep crimson to a slightly lighter, more vibrant red.

# **Director's Report**

## To The Members

# DIRECTORS' REPORT TO THE MEMBERS

Directors are pleased to submit this report and financial statements of the Company for the year ended December 31, 2020.

## 1. Principal Activity

The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items.

## 2. Holding Company

The parent company of Bata Pakistan Limited is Bafin B. V. situated in Nederland, whereas the ultimate parent entity is Compass Limited, Bermuda.

## 3. Financial results

A brief financial analysis is presented as under:

Operating Results	2020	2019	Increase / (Decrease)
	Amount in (000's)		
Turnover	15,084,541	21,640,942	(30.30%)
Net Turnover	11,710,771	17,424,894	(32.79%)
Gross Profit	4,370,967	7,869,944	(44.46%)
Gross Profit %	37.32%	45.16%	837bps
Distribution Costs	3,749,248	4,304,357	(12.90%)
Administrative Expenses	1,113,188	1,124,464	(1.00%)
Operating (Loss) / Profit	(106,928)	2,294,479	(104.66%)
(Loss) / Profit After Tax	(627,345)	1,088,862	(157.61%)
(Loss) / Earnings per Share - Rupees	(82.98)	144.03	(157.61%)

## 4. Financial Results and Developments

The Company's business achieved net turnover of Rs. 11.711 billion. The gross profit was recorded at Rs. 4.370 billion against last year of Rs. 7.870 billion. Operating loss was Rs. 106.928 billion against Operating profit of Rs. 2.294 billion of last year. Loss after taxation was Rs. 627.345 million compared to Profit after tax of Rs. 1.089 billion of last year. The Company's loss per share was Rs. 82.98 against earning per share of Rs. 144.03 of last year.

Both retail and non-retail divisions remained under pressure due to COVID-19 impact and turnovers of both the divisions declined by 24% and 56% respectively against the corresponding period of last year. Our priority during lockdowns was to preserve our cash reserves and to keep the Company liquid in cash. Through effective cash flow management, the profit on short term investments and bank deposits along with income/discounts from early payment to suppliers was Rs. 63.898 million. The Board is satisfied that there are no short or long term financial constraints at the close of the year.

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees which might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. This amendment was applicable for accounting periods beginning on or after June 1, 2020, however, the company has decided to early adopt this amendment. As a result the Company has accounted for rent concessions amounting to Rs. 376.280 million (2019: Nil) in the financial statements.

The growth of our business is highly dependent on the skills imparted to our personnel through sound training. The Company has invested a considerable time and money on human resource during the period to acquire latest developments in the field of technology and business administration. This would be the ongoing process for future periods. Training of our employees has always been considered as an investment for the future with the objective to provide them with safe and healthy working environment.

"The Company has witnessed the brunt of the slowdown due to COVID-19. The overall confidence among consumers remained weak, as they struggled to preserve their purchasing power. The government of Pakistan and State Bank of Pakistan also announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID-19. With margins squeezed, Company scaled back its operations. In spite of setback due to COVID-19, we prepared ourselves to grasp all opportunities that came our way after all this is over. Company's priority was to preserve cash reserve that being the critical element of working capital. Re-negotiated rentals with Landlords and stayed connected with our customers through social media and online campaigns as



E-Commerce was the focal area during pandemic lockdown. The Company powered its way in a market that for all practical purposes, was feeling the full effects of economic slowdown in the country. However, the Company's sound finances, outstanding products, efficient production processes and spirited staff set new standards, thus laying the groundwork for further growth.

## 5. (Loss) / Earning per share

Loss per share for the year ended December 31, 2020 was Rs. (82.98) as against Earning per share Rs. 144.03 of the preceding year.

## 6. Appropriation of Profit / (Loss)

The financial results of the Company are as under:

	Year ended December 31, 2020
	Rs. ('000)
Loss before taxation	(908,049)
Less: Provision for taxation	
Current	175,662
Prior years	(1,563)
Deferred	(454,803)
	(280,704)
Loss after tax	(627,345)
Unappropriated profit brought forward from last year	411,506
Experience adjustments - Employee Benefits	8,955
Loss after adjustment of unappropriated profit	(206,884)
Final dividend 2019 @ Rs. 60.00 per share	(453,600)
Transfer to general reserve	-
	(453,600)
Loss carried forward	(660,484)

## 7. Principal Risk and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Significant competition in our product categories;
- Adverse movement in foreign exchange rates and commodity prices; and
- Litigation risks involving significant cases against the company.

The Company works with internal and external stakeholders to mitigate/reduce to acceptable level the likely impacts of aforesaid risks.

## 8. Corporate Social Responsibility

Donated 1219 pairs of shoes to the underprivileged children studying in different schools. Distributed books and uniforms among 830 children studying in different schools. During the wake of COVID-19, mask making was done at Upper Stitching School Batapur and distributed 25,000 masks in the employees as well as local community including residential areas, hospitals and roadside. This initiative was presented in global competition and won 'Bata Shoe Foundation Award.' Feeling the miseries of Daily Wagers who became jobless due to lockdown imposed on account of Coronavirus, we provided ration bags to 375 families of these daily wagers. Bata globally launched a campaign to donate one million pairs of shoes to health care workers, volunteers and their families – fighting in front line against COVID-19. Being a part of this initiative, Bata Pakistan donated 100,000 pairs in leading hospitals of Karachi, Multan, Lahore, Faisalabad, Rawalpindi, Peshawar and Mingora.

## 9 Future Outlook

This year has brought unprecedented times but resilience and passion of our staff and all stakeholders has enabled us to bounce back with more conviction and with more hope of not only getting back on track to attain our goals for the future but also to maintain a cohesion on national level by fulfilling our corporate responsibility to the society.

## 10 Internal Financial Controls

The Directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The Directors have completed their annual review and assessment for the year ended December 31, 2020.

The Board and Audit Committee regularly review reports of the internal audit function of the Company related to the Company's control framework in order to satisfy the internal control requirements. The Company's internal audit function performs reviews of the integrity and effectiveness of control activities and provides regular reports to the Audit Committee and the Board.

## 11. Compliance with Listed Companies (Code Of Corporate Governance) Regulations, 2019 (the Regulations)

The requirements of the Regulations relevant for the year ended December 31, 2020 have been adopted by the Company and have been fully complied with. A statement to this effect is annexed to the Report.

## 12. Corporate and Financial Reporting Framework

The Directors of your company state that:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and International Financial Reporting Standards, as applicable in Pakistan. These statements present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accordingly estimates are based on reasonable and prudent judgment. Change in accounting policy, if any has been adequately disclosed.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the internal audit department.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance as detailed in listing regulations of Pakistan Stock Exchange.
- h) Key operating and financial data of last six years is annexed to this report.
- i) Information about taxes and levies outstanding as at December 31, 2020 is given in the notes to the annexed financial statements.
- j) The valuation of investment made by the Provident Fund Trust Rs. 1.393 billion as on December 31, 2020 as per audited accounts.
- k) No trading in the shares of the Company was carried out by the Directors, CEO, CFO and Company Secretary, their spouses and minor children.

## 13. Composition of Board

The board consists of eight (08) male and one (01) female directors with following composition:

*Independent directors	3
Other non-executive directors	3
Executive directors	3

\* This includes one female director

Board of Directors were re-elected through voting in Extraordinary General Meeting dated September 23, 2020 with same directors.



The Board held six (6) meetings during the year. Attendance by each Director was as follows:

Directors' Name		Meetings Attended	Eligible to attend
Mr. Roberto Longo ( Chairman of the Board)	Non - Executive Director	5	6
Mr. Muhammad Imran Malik	Executive Director	6	6
Mr. Amjad Farooq	Executive Director	6	6
Mr. Asad Ali Zaidi	Executive Director	6	6
Mr. Toh Guan Kiat	Non - Executive Director	6	6
Mr. Aamir Amin	Non - Executive Director	6	6
Mr. Muhammad Maqbool	Independent Director	6	6
Ms. Fatima Asad Khan	Independent Director	6	6
Mr. Kamal Monnoo	Independent Director	6	6

Leave of absence was granted to the directors who could not attend one of the Board meetings.

The Company has already met the criteria specified in the Regulations till December 31, 2020 pertaining to Directors' training program. Therefore, no such training program was conducted during the year.

#### 14. Remuneration of Non-Executive Directors

The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board and its Committees meetings. The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings. The Directors' Policy will be reviewed and approved by the Board of Directors from time to time. Details of aggregate amount of remuneration separately of executive and non-executive directors, including salary/fee, perquisites, benefits and performance-linked incentives are disclosed in the annexed financial statements.

#### 15. Audit Committee

As a result of re-constitute of Audit Committee after EOGM, Mr. Aamir Amin was appointed as Member of Audit Committee.

The Audit Committee held four (4) quarterly meetings during the year. Attendance by each member was as follows:

		Meetings Attended	Eligible to attend
Mr. Muhammad Maqbool	Chairman	4	4
Mr. Roberto Longo	Member	3	4
Mr. Aamir Amin	Member	4	4
Mr. Toh Guan Kiat	Member	4	4

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. CFO, Head of Internal Audit and a representative of external auditors attended the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed internal audit findings and held separate meetings with internal and external auditors as required under the Listed Companies (Code Of Corporate Governance) Regulations, 2019 (the Regulations). The Audit Committee also discussed with the external auditors their letter to the management. Related party transactions were also placed before the Audit Committee prior to approval of the Board. Mr. Aamir Amin attended three (3) on invitation and one (1) as a member of the Audit Committee.

#### 16. Human Resource and Remuneration Committee

As a result of re-constitute of Human Resource and Remuneration Committee after EOGM, Ms. Fatima Asad Khan was appointed as Member/Chairperson of Human Resource and Remuneration Committee.

The HR Committee held one (01) meeting during the year. Attendance by each member was as follows:

		Meetings Attended	Eligible to attend
Ms. Fatima Asad Khan	Chairperson	1	1
Mr. Muhammad Imran Malik	Member	1	1
Mr. Toh Guan Kiat	Member	1	1
Mr. Muhammad Maqbool	Member	1	1

## **17. Auditors**

The present Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire and offer themselves for re-appointment. The Board of Directors, on recommendation of Audit Committee, proposes the re-appointment of Messrs. A.F. Ferguson & Co., Chartered Accountants, for the year ending December 31, 2021.

## **18. The Pattern of Shareholding**

The pattern of shareholding as on December 31, 2020 and its disclosure according to the requirement of Listed Companies (Code Of Corporate Governance) Regulations, 2019 (the Regulations) is annexed to this report.

## **19. Subsequent Events**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of directors' report.

## **20. Related Party Transactions**

The transactions with the related parties and associated undertakings were placed before Audit Committee and upon its recommendations were approved by the Board of Directors.

## **21. Acknowledgement**

We take this opportunity to express our gratitude and appreciation to our customers for their confidence in our products, our employees for their efforts and all other stakeholders for their continued support.

Place: Batapur, Lahore  
Date: February 26, 2021

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DIRECTOR

On behalf of the  
BOARD OF DIRECTORS

MUHAMMAD IMRAN MALIK  
CHIEF EXECUTIVE

**19- مابعد واقعات:**

مالی سال کے اختتام کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی تبدیلیاں رونما نہیں ہوئیں جس سے ان فنانس ایسٹیمٹس کا تعلق ہو۔

**20- متعلقہ پارٹی لین دین:**

متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز اور مسئلہ انڈریملنگ کو آڈٹ کمیٹی کے سامنے رکھی گئیں اور ان کی سفارشات پر بورڈ آف ڈائریکٹرز کی جانب سے منظوری گئیں۔

**21- اعتراف:**

ہم اپنی مصنوعات پر اپنے شراکت داروں اور صارفین کے اعتماد کا، ملازمین کی ان تھک محنت اور تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں۔

منجانب

بورڈ آف ڈائریکٹرز

محمد عمران ملک

چیف ایگزیکٹو

مقام: بانا پور، لاہور

مورخہ: 26 فروری 2021

ڈائریکٹر

رہائش کی مدد میں ہونے والے اخراجات کا معاوضہ دیا جائے گا۔ بورڈ آف ڈائریکٹرز کی جانب سے وقت بوقت ڈائریکٹرز پالیسی پر نظر ثانی اور منظوری دی جائے گی۔ مجموعی رقم کی تفصیلات علیحدہ علیحدہ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز بشمول تنخواہ/فیس، فوائد، اجازت نامے اور کارکردگی سے منسلک اضافی فوائد فنانسل ایسٹیمٹس میں ظاہر کئے گئے ہیں۔

#### 15- آڈٹ کمیٹی:

ای او جی ایم کے بعد آڈٹ کمیٹی کے ری کانسلٹیوٹ کے نتیجے کے طور پر عامر امین بطور ممبر آڈٹ کمیٹی مقرر ہوئے۔ آڈٹ کمیٹی نے اس سال 4 سہ ماہی میٹنگز کا انعقاد کیا۔ ہر ممبر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کا نام	میٹنگ میں شرکت	شرکت کے لئے اہل
محمد مقبول (چیئر مین)	4	4
روبرٹ لوانگو	3	4
عامر امین	4	4
توہ گوآن کیات	4	4

آڈٹ کمیٹی نے بورڈ کو جمع کرانے اور اس کی پہلی میٹنگ سے پہلے، سہ ماہی، ششماہی اور سالانہ فنانسل ایسٹیمٹس کا جائزہ لیا ہے۔ سی ایف او، ہیڈ آف انٹرنل آڈٹ اور ایکسٹرنل آڈیٹرز کے ایک نمائندے نے میٹنگ میں شرکت کی جس میں ایس او اینس اور آڈٹ سے متعلق مسائل پر بات چیت ہوئی۔ آڈٹ کمیٹی نے انٹرنل آڈٹ فنانسنگز کا جائزہ لیا اور انٹرنل اور ایکسٹرنل آڈیٹرز کے ساتھ الگ الگ میٹنگز کیں جیسا کہ لحد کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (دی ریگولیشنز) کی ضرورت ہے۔ آڈٹ کمیٹی نے ایکسٹرنل آڈیٹرز کے ساتھ ان کے خط میٹجمنٹ پر بات کی۔ بورڈ کی منظوری سے قبل آڈٹ کمیٹی کے سامنے متعلقہ پارٹی ٹرانزیکشنز بھی رکھی گئیں۔ عامر امین نے دعوت نامے پر 3 اور آڈٹ کمیٹی کے ممبر کے طور پر 1 میٹنگ میں شرکت کی۔

#### 16- افرادی قوت اور معاوضہ کمیٹی:

ای او جی ایم کے بعد افرادی قوت اور معاوضہ کمیٹی کے ری کانسلٹیوٹ کے نتیجے میں فاطمہ اسد خان بطور ممبر/چیئر پرسن افرادی قوت اور معاوضہ کمیٹی مقرر ہوئیں۔ اس سال ایچ آر کمیٹی نے ایک میٹنگ کا انعقاد کیا۔ ہر ممبر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کا نام	میٹنگ میں شرکت	شرکت کے لئے اہل
فاطمہ اسد خان (چیئر پرسن)	1	1
محمد عمران ملک	1	1
توہ گوآن کیات	1	1
محمد مقبول	1	1

#### 17- آڈیٹرز:

موجودہ آڈیٹرز میسرز اے۔ ایف فیرگوسن اینڈ کو، چارٹرڈ اکاؤنٹینٹس، ریٹائر ہوئے اور انہیں دوبارہ تعیناتی کی پیش کش کی گئی۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے میسرز اے۔ ایف فیرگوسن اینڈ کو، چارٹرڈ اکاؤنٹینٹس کو دوبارہ تعینات کیا گیا۔

#### 18- شیئرز ہولڈنگ کا پیئرین:

لحد کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (دی ریگولیشنز) کے مطابق 31 دسمبر 2020 اور اس کی وضاحت، پیئرین آف شیئرز ہولڈنگ اس رپورٹ کے ساتھ منسلک ہے۔

- (ای) انٹرل کنٹرولز کے سسٹم ڈیزائن میں مضبوط ہیں اور موثر انداز سے لاگو کئے گئے ہیں اور ان کا انٹرل آڈٹ ڈیپارٹمنٹ کی جانب سے مسلسل جائزہ لیا گیا ہے۔
- (ایف) کمپنی کی اہلیت پر کسی قسم کے کوئی خدشات نہیں ہیں۔
- (جی) ریگولیشنز آف پاکستان اسٹاک ایکسچینج میں درج شدہ تفصیلات کے مطابق کارپوریٹ گورنس پر بہترین عمل درآمد میں کوئی کمی نہیں آئی۔
- (ایچ) گزشتہ چھ سال کا آپریٹنگ اور فنانشل ڈیٹا رپورٹ کے ساتھ منسلک ہے۔
- (آئی) فنانشل اسٹیٹمنٹس کے ساتھ منسلک نوٹس میں 31 دسمبر 2020 تک کی لیویز اور ٹیکسز سے متعلق معلومات دی گئی ہیں۔
- (جے) آڈٹ شدہ اکاؤنٹس کے مطابق 31 دسمبر 2020 تک 1.393 ارب روپے کے پروویڈنٹ فنڈ ٹرسٹ کی طرف سے سرمایہ کاری کا جائزہ۔
- (کے) کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، اور کمپنی سیکرٹری، ان کے اہل و عیال، چھوٹے بچوں کی جانب سے کمپنی کے شیئرز کی کوئی ٹریڈنگ نہیں ہوئی۔

### 13- کمپوزیشن آف بورڈ:

درج ذیل کمپوزیشن کے ساتھ بورڈ 8 مرد اور ایک خاتون ڈائریکٹر پر مشتمل ہے:

3	* آزاد ڈائریکٹرز
3	دیگر نان ایگزیکٹو ڈائریکٹرز
3	ایگزیکٹو ڈائریکٹرز

### \* اس میں ایک خاتون ڈائریکٹر شامل ہے۔

انہیں ڈائریکٹرز کے ساتھ مورخہ 23 ستمبر 2020 کو غیر معمولی اجلاس عام میں ووٹنگ کے ذریعے بورڈ آف ڈائریکٹرز دوبارہ منتخب ہوئے۔ اس سال بورڈ نے 16 اجلاس منعقد کئے۔ ہر ڈائریکٹر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کا نام	میتنگ میں شرکت	شرکت کے لئے اہل
روبرٹو لانگو (چیرمین آف دی بورڈ) Roberto Longo	5	6
محمد عمران ملک	6	6
امجد فاروق	6	6
اسد علی زیدی	6	6
توہ گوآن کیات (Toh Guan Kiat)	6	6
عامر امین	6	6
محمد مقبول	6	6
فاطمہ اسد خان	6	6
کمال منو	6	6

ان ڈائریکٹرز کی عدم شرکت پر انہیں رخصت دی گئی جو کسی ایک بورڈ میتنگ میں شرکت نہیں کر سکے۔

ڈائریکٹرز کی ٹریڈنگ کے پروگرام سے متعلق، 31 دسمبر 2020 تک ریگولیشنز میں درج کردہ معیار پر پہلی ہی پورا اتر چکی ہے۔ اسی لئے رواں سال کے دوران ایسا کوئی ٹریڈنگ پروگرام منعقد نہیں ہوا۔

### 14- نان ایگزیکٹو ڈائریکٹرز کا معاوضہ:

بورڈ اور اس کی کمیٹیوں کی میتنگز میں شرکت کے لئے میتنگ فیس کے علاوہ، کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز کو معاوضہ نہیں دے گی۔ بورڈ اور اس کی کمیٹیوں کی میتنگ میں شرکت سے متعلق سفر اور

## 7- خطرات اور غیر یقینی:

کمپنی کو کچھ خطرات اور خدشات کا سامنا ہے۔ تاہم، درج ذیل خطرات قابل غور ہیں:

- ہماری مصنوعات کی کیلگری میں سخت مقابلہ

- غیر ملکی زرمبادلہ اور اشیاء کی قیمتوں میں رد و بدل

- کمپنی کے خلاف مقدمات کے خدشات

درج کردہ خدشات / خطرات کے اثرات کو کم کرنے کے لئے کمپنی مختلف انٹرنل اور ایکسٹرنل اسٹیک ہولڈرز کے ساتھ کام کر رہی ہے۔

## 8- کارپوریٹ سماجی ذمہ داری (سی ایس آر):

مختلف اسکولز میں پڑھنے والے مستحق بچوں کو جوٹوں کے 1,219 جوڑے عطیہ اور 830 بچوں کو کتابیں اور یونیفارم تقسیم کئے گئے۔ آپرائیٹنگ اسکول بٹاپور میں ماسک تیار کئے گئے اور 25000 ماسک ملازمین، اور مقامی کمیونٹی بشمول رہائشی علاقوں، ہسپتالوں اور راہ گروں میں بانٹے گئے۔ اس اقدام کو عالمی مقابلے میں پیش کیا گیا اور اس کو ”بٹاپور فاؤنڈیشن ایوارڈ“ ملا۔ کورونا وائرس سے متاثرہ، روزانہ اجرات پر کام کرنے والے مزدوروں کی تکلیف کا احساس کرتے ہوئے ہم نے ایسے 375 خاندانوں کو راشن بیگز فراہم کئے۔ بانٹنے والی سطح پر، کووڈ 19 کے خلاف برسرِ پیکار میڈیٹھ کیمرورکرز، رضا کار اور ان کے خاندانوں کو جوٹوں کے 10 لاکھ جوڑے عطیہ کرنے کی مہم شروع کی۔ اس مہم کا حصہ ہونے کے ناطے بانٹا پاکستان نے کراچی، ملتان، لاہور، فیصل آباد، راولپنڈی، پشاور اور مینگورہ کے بڑے ہسپتالوں میں جوٹوں کے 100,000 جوڑے عطیہ کئے۔

## 9- مستقبل کا لائحہ عمل:

اس سال پیش آنے والی مشکلات کے باوجود ہمارے اسٹاف اور اسٹیک ہولڈرز کی بھرپور محنت اور لگن کے ساتھ ہم ان مشکل ترین حالات کا ڈٹ کر مقابلہ کرنے میں کامیاب ہوئے اور ہم پر امید ہیں کہ نہ صرف اپنی کمپنی کو ترقی کی نئی راہوں پر گامزن کریں گے بلکہ اپنی قومی سماجی ذمہ داری میں بھی بڑھ چڑھ کر حصہ لیں گے۔

## 10- اندرونی مالیاتی کنٹرول:

ڈائریکٹرز اور مینجمنٹ، کمپنی کے انٹرنل کنٹرولز کے سسٹم اور سالانہ جائزہ کے ذمہ دار ہیں۔ اس میں مالیاتی جائزہ، آپریٹنگ کمپلائنس کنٹرول اینڈ رسک مینجمنٹ پراجیکٹز اور ان کی اثر اندازی شامل ہیں۔ ڈائریکٹرز نے 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے اپنا سالانہ جائزہ مکمل کر لیا ہے۔ بورڈ اور آڈٹ کمیٹی کی جانب سے، اندرونی کنٹرول کی ضروریات کو پورا کرنے کے لئے کمپنی کے کنٹرول فریم ورک سے متعلق کمپنی کے انٹرنل آڈٹ فنکشن کی رپورٹس کا جائزہ لیا جاتا ہے۔ کمپنی کا انٹرنل آڈٹ فنکشن، کنٹرول سرگرمیوں کے موثر ہونے کا جائزہ لیتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدہ رپورٹس فراہم کرتا ہے۔

## 11- اندراج شدہ کمپنیوں کے ساتھ کمپلائنس (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (دی ریگولیشنز):

31 دسمبر 2020 کو ختم ہونے والے سال کے لئے متعلقہ ریگولیشنز کی ضروریات کو کمپنی کی جانب سے اپنایا گیا ہے اور اس کی مکمل طور پر تعمیل کی گئی ہے۔ اس حوالے سے بیان رپورٹ کے ساتھ منسلک ہے۔

## 12- کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں:

(اے) نوٹس کے ساتھ مالیاتی جائزہ کمپنیز ایکٹ 2017 اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہیں، سے مطابقت رکھتے ہوئے تیار کی ہے۔ یہ اسٹینڈنٹس، کمپنی کے معاملات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو نصفانہ طریقے سے پیش کرتی ہیں۔

(بی) کمپنی کے اکاؤنٹس کے باقاعدہ کھاتے بنائے گئے ہیں۔

(سی) فنانشل اسٹینڈنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیز پر عمل درآمد کیا جاتا ہے اور اسی طرح تخمینہ معقول اور محتاط فیصلوں کی بنیاد پر لگائے گئے ہیں۔ اکاؤنٹنگ پالیسی میں تبدیلی، اگر کوئی ہے، مناسب طریقے سے ظاہر کی گئی ہے۔

(ڈی) فنانشل اسٹینڈنٹس کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہیں، پر عمل کیا گیا ہے۔



ہمارے کاروبار کے فروغ کا انحصار افرادی قوت کی بہترین تربیت اور مہارت پر ہوتا ہے۔ زیر جائزہ مدت میں ٹیکنالوجی اور بزنس ایڈمنسٹریشن کے شعبوں میں ہماری کمپنی نے افرادی قوت پر وقت اور رقم کی خاطر خواہ سرمایہ کاری کی ہے اور عمل مستقبل میں بھی جاری رہے گا۔ ہمارے ورکرز کی تربیت ہمارے کامیاب مستقبل کے لئے بہترین سرمایہ کاری کا درجہ رکھتی ہے اور اس تربیت کے مقاصد میں ورکرز کو کام کرنے کی جگہ پر صحت مند اور محفوظ ماحول کی فراہمی بھی شامل ہے۔

کورونا وائرس کی وجہ سے کمپنی دباؤ کا شکار رہی۔ صارفین کی قوت خرید میں کمی آنے کی وجہ سے خریداری میں کمی آئی۔ کورونا وائرس کے معاشی اثرات کو کم سے کم کرنے کے لئے حکومت پاکستان نے اسٹیٹ بینک آف پاکستان کے ساتھ مل کر مختلف مالیاتی اور پالیسی اقدامات کا اعلان کیا۔ منافع میں کمی کی صورت میں کمپنی نے اپنے آپریشنز میں کمی کی۔ کوویڈ 19 کی وجہ سے ہونے والے نقصانات کے باوجود ہم نے اس کے اختتام پر نئے مواقع تلاش کرنا شروع کئے جو ہمیں نئی منزلوں کی جانب گامزن کر سکتے تھے۔ نقد رقم کے ذخائر کو محفوظ کرنا کمپنی کی ترجیحات میں شامل تھا تا کہ کام کو چلایا جاسکے۔ ہم نے مالکان کے ساتھ ریٹ پر گفٹ و شنید کی اور اپنے صارفین کے ساتھ سوشل میڈیا اور آن لائن کمپین کے ذریعے مسلسل رابطے میں رہے کیونکہ اس عالمی وباء کی وجہ سے ہونے والے لاک ڈاؤن میں ای کامرس بہت اہمیت اختیار کر چکی تھی۔ کمپنی نے مشکل حالات کے باوجود خود کو مستحکم کرنے کی بھرپور کوشش کی۔ کمپنی کے بہتر مالی حالات، بہترین مصنوعات، اعلیٰ اور تیز پراڈکشن پرائسز اور مخلصی شفاف کی بدولت مزید ترقی کی راہیں ہموار ہوئیں۔

## 5- فی شیئر منافع / نقصان:

رواں سال کے 144.03 روپے فی شیئر منافع کے مقابلے میں 31 دسمبر 2020ء کو ختم ہونے والے سال کے لئے فی شیئر نقصان 82.98 روپے ہے۔

## 6- نفع / نقصان کا تحجیہ:

31 دسمبر 2020ء کو ختم ہوا سال

روپے (,000)

(908,049)

175,662

(1,563)

(454,803)

(280,704)

(627,345)

411,506

8,955

(206,884)

(453,600)

—

(453,600)

(660,484)

عملی نتائج

ٹیکس سے پہلے منافع

کمی: ٹیکس کی ادائیگی

حالیہ

سابقہ سال

موخر کردہ

ٹیکس کے بعد منافع

گزشتہ سال سے آگے لایا جانے والے غیر اختصافی منافع

ایکسچینج ٹرانزیکشنز ایڈجسٹمنٹ۔ ملازم کے مفادات

اختصاص کیلئے دستیاب منافع

عمومی منافع 2019ء بحساب 90.00 روپے فی شیئر

عمومی ریزرو میں منتقلی

اگلے سال میں لے جایا جانے والے غیر اختصافی منافع

## ممبرز کیلئے ڈائریکٹرز کی رپورٹ

31 دسمبر 2020 کو ختم ہونے والے سال کے لئے کمپنی کا مالیاتی جائزہ اور رپورٹ جمع کراتے ہوئے ڈائریکٹرز خوش محسوس کرتے ہیں۔

### 1- بنیادی سرگرمی:

کمپنی کا اہم کام تمام اقسام کے جوتوں کی تیاری اور فروخت کے ساتھ ساتھ ان کے لوازمات اور ہوزری آئٹمز کی فروخت ہے۔

### 2- ہولڈنگ کمپنی:

بانا پاکستان لمیٹڈ کی بنیادی کمپنی Bafin B.V. ہے جو نیدرلینڈز میں واقع ہے جبکہ اس کو کنٹرول کرنے والا ادارہ Compass لمیٹڈ، برمودا ہے۔

### 3- مالیاتی نتائج:

مختصر مالیاتی جائزہ درج ذیل ہے:

عملی نتائج	رقم (ہزاروں میں)		اضافہ/ (کی)
	2020	2019	
آمدن	15,084,541	21,640,942	( 30.30 فیصد )
خالص آمدن	11,710,771	17,424,894	( 32.79 فیصد )
کل منافع	4,370,967	7,869,944	( 44.46 فیصد )
کل منافع %	37.32%	45.16%	837 bps
ڈسٹری بیوشن کی لاگت	3,749,248	4,304,357	( 12.90 فیصد )
انتظامی اخراجات	1,113,188	1,124,464	( 1.00 فیصد )
عملی منافع	(106,928)	2,294,479	( 104.66 فیصد )
ٹیکس کے بعد منافع	(627,345)	1,088,862	( 157.61 فیصد )
کمائی فی شیئر - روپے	(82.98)	144.03	( 157.61 فیصد )

### 4- مالی نتائج اور ترقی:

کمپنی نے مجموعی طور پر 11.711 ارب روپے کا کاروبار کیا۔ گزشتہ سال کے 7.870 ارب روپے کے مقابلے میں کل منافع 4.370 ارب روپے ریکارڈ کیا گیا۔ گزشتہ سال کے 2.294 ارب روپے آپریٹنگ منافع کے مقابلے میں آپریٹنگ نقصان 106.928 ارب روپے تھا۔ گزشتہ سال کے 1.089 ارب روپے بعد از ٹیکس منافع کے مقابلے میں نقصان بعد از ٹیکس 627.345 ملین روپے تھا۔ گزشتہ سال کے 144.03 روپے فی شیئر منافع کے مقابلے میں کمپنی کا نقصان 82.98 روپے فی شیئر تھا۔

کورونا وائرس کے اثرات کی وجہ سے ریٹیل اور نان ریٹیل دونوں ڈویژنز دباؤ کا شکار رہے اور گزشتہ سال کی اسی دورانیے کی نسبت مجموعی کاروبار میں بالترتیب 24% اور 56% کی کمی آئی۔ لاک ڈاؤن کے دوران ہماری ترجیح یہ رہی کہ کمپنی کو چلانے کے لئے نقد رقم کو محفوظ رکھا جائے۔ کیش فلو کی بہتر مینجمنٹ کی بدولت، سپلائرز کو قبل از وقت ادائیگی سے، آمدن / ڈسکاؤنٹس کے ساتھ بینک ڈیپازٹس اور قلیل مدتی سرمایہ کاری پر منافع 63.898 ملین روپے تھا۔ بورڈ اس بات پر مطمئن ہے کہ سال کے اختتام پر کسی قسم کی کوئی قلیل یا طویل مدتی مالیاتی رکاوٹیں نہیں ہیں۔

کورونا وائرس کی عالمی وبا کے نتیجے میں لیز ریکوریٹ میں رعایت دی گئی جو ادائیگیوں میں تاخیر اور مقررہ وقت کے بعد ادائیگی کی چھوٹ کی صورت میں دی گئی۔ مئی 2020 میں IASB نے IFRS 16 لیزز میں ایک ترمیم کی جس سے لیز ریکوریٹ فراہم کیا گیا جس کے تحت ریٹ میں رعایت کے لئے اہل ہونے والوں سے ویبائی رویا اختیار کیا جانے کا جیسا کہ لیز میں کوئی ترمیم نہیں ہوئی۔ بہت سے کیسز میں ان کا نتیجہ، بطور ریہائیبل لیز پے منٹس، جس مدت کے لئے دی گئی تھی، رعایت کے لئے اکاؤنٹنگ کی صورت میں نکلے گا۔ یہ ترمیم کم جون 2020 یا اس کے بعد شروع ہونے والے اکاؤنٹنگ پیریڈز کے لئے قابل اطلاق تھی تاہم، کمپنی نے اس ترمیم کو جلد از جلد لاگو کرنے کا فیصلہ کیا۔ نتیجتاً، مالیاتی جائزہ میں کمپنی نے ریٹ میں رعایت کو 376.280 ملین روپے (2019: Nil) شمار کیا ہے۔



# Corporate Governance

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**Name of Company: Bata Pakistan Limited**  
**Year ended: December 31, 2020**

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('Regulations') in the following manner:

The total number of directors are Nine (09) as per the following:

1. **a)** Male: Eight (8)  
**b)** Female: One (1)
2. The composition of the board is as follows:

Category	Names
<b>Independent Directors</b>	Mr. Muhammad Maqbool Mr. Kamal Monnoo Ms. Fatima Asad Khan
<b>Other non-Executive Directors</b>	Mr. Roberto Longo Mr. Toh Guan Kiat Mr. Aamir Amin
<b>Executive Directors</b>	Mr. Muhammad Imran Malik Mr. Amjad Farooq Mr. Syed Asad Ali Zaidi
<b>Female Directors</b>	Ms. Fatima Asad Khan (Also an independent director)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Company has already met the criteria specified in the Regulations pertaining to Director's training program. Therefore, no such training program was conducted during the year.
10. The Board has approved appointment of chief financial officer, Company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed Committees comprising of members given below:

**a) Audit Committee**

1. Mr. Muhammad Maqbool (Chairman)
2. Mr. Roberto Longo
3. Mr. Aamir Amin
4. Mr. Toh Guan Kiat

**b) Human Resource and Remuneration Committee**

1. Ms. Fatima Asad Khan (Chairperson)
2. Mr. Muhammad Imran Malik
3. Mr. Toh Guan Kiat

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the Committees were as per following:

**a) Audit Committee**

Four quarterly meetings were held during the financial year ended December 31, 2020

**b) Human Resource and Remuneration Committee**

One meeting was held during the financial year ended December 31, 2020

15. The Board has set up an effective internal audit function;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, Company secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Batapur:  
LAHORE: February 26, 2021

**ROBERTO LONGO**  
CHAIRMAN

NEW  
**SPRING  
SUMMER**  
COLLECTION 2021



*Surprisingly*  
**Bata**





# **Review Report**

## To The Members

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of **Bata Pakistan Limited**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Bata Pakistan Limited for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.



**A.F. Ferguson & Co.**  
**Chartered Accountants**

**Lahore**  
**Date:** March 8, 2021

**Name of engagement partner: Amer Raza Mir**

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*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network*  
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# **Auditor's Report**

## To The Members



## INDEPENDENT AUDITOR'S REPORT

To the members of Bata Pakistan Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of Bata Pakistan Limited (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the Key Audit Matters:

Sr. No	Key audit matters	How the matter was addressed in our audit
1	<p>Impact of COVID-19 (Refer note 49 to the financial statements)</p> <p>Due to the COVID-19 pandemic, the Government enforced various measures which inter alia, included, temporary lockdown, temporary closure of businesses, curtailment of intercity movements and cancellation of major events. Such measures were in force during various periods since March 2020. As a result, the Company's operations and sales were adversely affected. This situation affected the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. In relation to the accounting and reporting obligations, management considered the following significant areas for assessing the impact of COVID-19 in the financial statements:</p> <ul style="list-style-type: none"> <li>expected credit losses (ECL) under IFRS 9, 'Financial Instruments';</li> <li>the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets';</li> <li>the net realisable value (NRV) of inventory under IAS 2, 'Inventories';</li> <li>the recoverability of deferred tax assets in accordance with IAS 12, 'Income taxes'; and</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy;</li> <li>For information/record provided by management in scanned form, the original record was checked subsequently;</li> <li>For confirmations received through email, the authenticity of the confirmations was ensured by performing alternate procedures such as making telephone calls to confirming parties;</li> <li>Assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model;</li> <li>Evaluated whether any impairment indicators exist that could trigger impairment for tangible assets;</li> <li>Obtained the computation of NRV of inventory and checked its reasonableness;</li> <li>Checked the recoverability of deferred tax asset;</li> </ul>

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Sr. No	Key audit matters	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>going concern assumption used for the preparation of the financial statements.</li> </ul> <p>The COVID-19 pandemic is a significant development during the year having the most significant impact on audit strategy and its execution and involved assessment of significant management judgments in the preparation of financial statements. Therefore, we considered it to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>Evaluated management's going concern assessment by examining the approved budget and assessed whether going concern assumption is appropriate; and</li> <li>Assessed the adequacy of the disclosures made by the Company under applicable accounting and reporting standards.</li> </ul>
2	<p>Contingent Taxation Liabilities (Refer note 30.1 to the financial statements)</p> <p>The Company has contingent liabilities in respect of various income and sales tax matters, which are pending adjudication before the taxation authorities and the Courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income and sales tax, a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained and examined details of the pending tax matters and discussed the same with the Company's management;</li> <li>Circularized confirmations to the Company's external tax counsels for their views on open tax assessments and matters. Furthermore, examined prior years' precedents of outcomes in favor of the Company at various forums related to matters under consideration which support the Company's stance;</li> <li>Examined correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>Involved in-house tax specialists to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and</li> <li>Assessed the adequacy and appropriateness of disclosures made in respect of such income and sales tax matters.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

#### Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



**A.F.Ferguson & Co**  
**Chartered Accountants**

Lahore  
Date: March 08, 2021

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# Financial Statements

# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,949,867	1,866,897
Right of use assets	7	3,685,232	4,552,516
Intangible assets	8	164,744	44,328
Long term investments	9	45,094	45,032
Long term deposits and prepayments	10	36,127	39,284
Deferred tax asset	11	521,813	70,667
		6,402,877	6,618,724
CURRENT ASSETS			
Stores and spares	12	–	540
Stock in trade	13	2,812,812	4,055,327
Trade debts - unsecured	14	1,385,617	2,621,262
Advances - unsecured	15	116,006	267,638
Trade deposits and short term prepayments	16	167,995	46,258
Other receivables	17	266,933	643,987
Interest accrued		3,340	1,224
Short term investments	18	1,950,000	–
Tax refunds due from Government	19	350,161	350,161
Cash and bank balances	20	549,740	1,273,248
		7,602,604	9,259,645
TOTAL ASSETS		14,005,481	15,878,369
EQUITY AND LIABILITY			
SHARE CAPITAL AND RESERVES			
Authorized share capital	21.1	100,000	100,000
Issued, subscribed and paid up capital	21.2	75,600	75,600
Reserves			
Capital reserve	22	483	483
Revenue reserves	23	6,296,516	7,368,506
		6,296,999	7,368,989
		6,372,599	7,444,589
NON-CURRENT LIABILITIES			
Lease liability	24	3,602,826	3,999,916
Long term deposits	25	24,788	24,717
Deferred liability - employee benefits	26	68,592	83,476
Long term borrowing	27	53,516	–
		3,749,722	4,108,109
CURRENT LIABILITIES			
Current portion of lease liability	24	871,711	984,652
Current portion of long term borrowing	27	6,743	–
Trade and other payables	28	2,774,550	2,722,185
Short term borrowings	29	–	–
Provision for taxation		175,662	564,154
Unclaimed dividend		54,494	54,680
		3,883,160	4,325,671
CONTINGENCIES AND COMMITMENTS	30		
TOTAL EQUITY AND LIABILITIES		14,005,481	15,878,369

The annexed notes 1 to 52 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
Sales	31	11,710,771	17,424,894
Cost of sales	32	(7,339,804)	(9,554,950)
Gross profit		4,370,967	7,869,944
Distribution cost	33	(3,749,248)	(4,304,357)
Administrative expenses	34	(1,113,188)	(1,124,464)
Other expenses	35	(88,743)	(177,588)
Other income	36	473,283	30,944
Finance cost	37	(801,120)	(790,200)
(Loss) / profit before taxation		(908,049)	1,504,279
Taxation	38	280,704	(415,417)
(Loss) / profit after taxation		(627,345)	1,088,862
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability - net of tax		8,955	(1,600)
Items that may be reclassified subsequently to profit or loss		–	–
Other comprehensive income / (loss) for the year		8,955	(1,600)
Total comprehensive (loss) / income for the year		(618,390)	1,087,262
(Loss) / Earnings per share - basic and diluted	39	(Rs. 82.98)	Rs. 144.03

The annexed notes 1 to 52 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

	Revenue reserve				
	Share capital	Capital reserve	General reserve	Unappropriated profits / (losses)	Total
	(Rupees in '000)				
Balance as at January 1, 2019	75,600	483	6,597,000	818,244	7,491,327
Transfer to general reserve for 2019	—	—	360,000	(360,000)	—
Profit for the year ended December 31, 2019	—	—	—	1,088,862	1,088,862
Other comprehensive loss for the year	—	—	—	(1,600)	(1,600)
Total comprehensive income for the year	—	—	—	1,087,262	1,087,262
Transactions with owners in their capacity as owners:					
Final dividend for 2018 @ Rs. 60.00 per share	—	—	—	(453,600)	(453,600)
Interim dividend for 2019 @ Rs. 90.00 per share	—	—	—	(680,400)	(680,400)
Balance as at December 31, 2019	75,600	483	6,957,000	411,506	7,444,589
Transfer to general reserve for 2020	—	—	—	—	—
Loss for the year ended December 31, 2020	—	—	—	(627,345)	(627,345)
Other comprehensive income for the year	—	—	—	8,955	8,955
Total comprehensive loss for the year	—	—	—	(618,390)	(618,390)
Transactions with owners in their capacity as owners:					
Final dividend for 2019 @ Rs. 60.00 per share	—	—	—	(453,600)	(453,600)
Balance as at December 31, 2020	75,600	483	6,957,000	(660,484)	6,372,599

The annexed notes 1 to 52 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
CASH GENERATED FROM OPERATING ACTIVITIES		(Rupees in '000)	
(Loss) / profit before taxation		(908,049)	1,504,279
Adjustments for:			
Depreciation of property, plant & equipment	6.1	273,591	256,983
Depreciation of right of use assets	7	1,245,170	1,125,278
Amortization of intangible assets	8	256	537
Provision for gratuity	26.3	15,088	10,577
Loss on disposal of property, plant and equipment	6.4	60,202	27,410
Gain of settlement of leases on vacation of shops		(22,728)	(3,777)
Income from short term investments	36	(8,840)	–
Income from long term investments	36	(3,975)	(4,681)
Exchange loss	35	21,126	22,453
Interest / markup costs	37	764,573	744,936
Early payment discount on supplier invoices	36	(3,209)	(238)
Loss allowance of trade debts	33	274,046	7,115
Provision for / (reversal of) slow moving and obsolete stock - net	13.4	70,368	(2,991)
Reversal of provision for obsolescence of raw material - net	13.1	(1,687)	(2,856)
Reversal of provision for obsolescence of stores and spares - net	12.1	(2,427)	(551)
		2,681,554	2,180,195
Operating profit before working capital changes		1,773,505	3,684,474
<b>Effect on cash flow due to working capital changes:</b>			
<b>Decrease / (increase) in current assets:</b>			
Stores and spare parts		2,967	11
Stock in trade		1,173,834	(78,627)
Trade debts - unsecured		961,599	(461,263)
Advances - unsecured		151,632	(182,778)
Trade deposits and short term prepayments		(133,254)	145,124
Other receivables		12,944	(4,883)
		2,169,722	(582,416)
<b>Increase in current liabilities:</b>			
Trade and other payables		33,793	384,546
<b>Cash generated from operations</b>		3,977,020	3,486,604
Interest / markup costs paid	37	(764,573)	(744,936)
Tax paid	17.1	(198,481)	(653,990)
Gratuity paid	26.2	(17,360)	(10,776)
		(980,414)	(1,409,702)
Decrease / (increase) in long term deposits and prepayments		3,228	(4,677)
<b>Net cash generated from operating activities</b>		2,999,834	2,072,225
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(73,289)	(345,827)
Investment in capital work in progress	6.2	(346,011)	(179,671)
Acquisition of intangible assets		(120,672)	(44,287)
Proceeds from sale of property, plant and equipment	6.4	2,537	17,236
Increase in long term investments		(62)	(24)
Interest income received		10,699	4,209
Net cash used in investing activities		(526,798)	(548,364)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(453,786)	(1,127,190)
Long term borrowings obtained		60,259	–
Lease payments		(853,672)	(670,959)
Net cash used in financing activities		(1,247,199)	(1,798,149)
<b>Net increase / (decrease) in cash and cash equivalents</b>		1,225,837	(274,288)
<b>Cash and cash equivalents at the beginning of the year</b>		1,273,248	1,545,032
<b>Effects of exchange rate changes on cash and cash equivalents</b>		655	2,504
<b>Cash and cash equivalents at the end of the year</b>	41	2,499,740	1,273,248

The annexed notes 1 to 52 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 1. LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company and its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Batapur, Lahore. The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items. The parent company of Bata Pakistan Limited is Bafin B.V. (Nederland), whereas the ultimate parent is Compass Limited, Bermuda. Furthermore, the Company has the following production facilities:

Sr. No	Business Units	Geographical Location
1	Batapur Factory	G.T. Road, P.O. Batapur, Lahore
2	Maraka Factory	26 - km, Multan Road, Lahore

The Company operates through retail outlets spread across the country with 9 outlets situated in Azad Kashmir, 6 in Balochistan, 13 in Islamabad Capital Territory, 1 in Gilgit Baltistan, 43 in Khyber Pakhtun Khwa, 305 in Punjab and 67 outlets in Sindh.

## 2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

### 2.2 Initial application of standards, amendments or an interpretation to existing standards

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

#### 2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year or have been early adopted by the Company

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on or after January 1, 2020 but are considered not to be relevant to the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' regarding the definition of materiality. This was effective for accounting periods beginning on or after January 1, 2020. This amendment does not have a material impact on the Company's financial statements.

- Revised Conceptual Framework for Financial Reporting which inter alia, has revised the definition of asset and liability, reinstated prudence as a component of neutrality and added guidance on different measurement basis. This was effective for accounting periods beginning on or after January 1, 2020. The applicability of the revised Conceptual Framework does not have a material impact on the Company's financial statements.

- Amendments to IFRS 16 'Leases' - COVID - 19 related rent concessions. As a result of the COVID-19 pandemic, rent concessions have been granted to lessees which might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. This amendment was applicable for accounting periods beginning on or after June 1, 2020, however, the company has decided to early adopt this amendment. As a result the Company has accounted for rent concessions amounting to Rs 376.280 million (2019: Nil) as 'other income' (note 36) in the financial statements.

#### 2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or material to the company's operations and are, therefore, not detailed in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 3. BASIS OF PREPARATION

### 3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except recognition of certain employee benefits on the basis mentioned in note 5.1 and lease liabilities on the basis mentioned in note 5.4.1.

### 3.2 PRESENTATION CURRENCY

These financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to nearest thousand of Rupees, unless otherwise stated

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's significant accounting policies are stated in note 5. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

### 4.1 Employee benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 5.1.

### 4.2 Taxation

Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty as explained in note 5.2.

### 4.3 Useful lives, residual values and impairment

The Company reviews the useful lives and residual value of property, plant and equipment on regular basis. The Company also reviews for any indicators for impairment of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

### 4.4 Provision for obsolescence of stores, spare parts and stock in trade

Provision for obsolescence of stores and spare parts is made on the basis of management's best estimate of usability of items and considering the ageing analysis prepared on an item-by-item basis. Provision for slow moving stock in trade is made on the basis of management's best estimate of net realizable value and ageing analysis prepared on an item-by-item basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

### 4.5 Loss allowance for doubtful debts

The loss allowance is calculated for trade debts using the expected credit loss method as explained in note 5.17.1.

### 4.6 Lease liability

The calculation of lease liability requires the use of judgements regarding the discount rates used and the lease terms including termination and renewal options as explained in note 5.4.1.

## 5. 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.

### 5.1 Employee Benefits

#### Defined Benefit Plan

The main features of the schemes operated by the Company for its employees are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2020

The Company operates an un-funded gratuity scheme covering all employees, excluding managerial staff. The entitlement to gratuity is determined as follows:

- a) For employees, who are members of the provident fund scheme, the provision is calculated with reference to 3 weeks' basic salary for each completed year of service
- b) For employees, who are not members of the provident fund scheme, provision is based on 30 days gross highest salaries / wages drawn during the year for each completed year of service.

Actuarial valuation of defined benefit scheme is conducted annually and the most recent valuation was carried out as of December 31, 2020 using projected unit credit method. The significant assumptions used are detailed in note 26.

The Company's policy with regard to experience gains and losses is to recognize as they occur in other comprehensive income approach under IAS 19 'Employee Benefits'.

### Defined Contribution Plan

The Company operates two recognized provident fund schemes that are defined contribution plans for all of its employees. Equal monthly contributions are made both by the Company and the employees to the Employees' Provident Fund and Managerial Staff Provident Fund at the rates of 8% and 10% of basic salary respectively.

## 5.2 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income as the case may be.

### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty. Such judgements are reassessed whenever circumstances have changes or there is new information that affects the judgements. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favour of the Company, the amounts are shown as contingent liabilities.

### Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items charged or credited to equity or other comprehensive income, in which case it is included in the statement of changes in equity or statement of other comprehensive income as the case may be.

## 5.3 Property, plant and equipment

Operating fixed assets except freehold land and leasehold land with superstructure are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and leasehold land with superstructure is stated at cost less any identified impairment loss.

Depreciation is charged to the statement of profit or loss on the reducing balance method so as to write off the depreciable amount of an asset over its estimated useful life at annual rates mentioned in note 6.1 after taking into account their residual values.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets as at December 31, 2020 has not required any adjustment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2020

Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized or retired from active use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in the statement of profit or loss.

### 5.4 Leases

The Company is both the lessor and the lessee.

#### 5.4.1 Lessee accounting

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses the recent third party financing received by the Company as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;
- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and
- makes adjustments specific to the lease e.g. terms and security.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). While making this assessment, the Company considers significant penalties to terminate (or not extend) as well as the significant cost of business disruption.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2020

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

### 5.4.2 Lessor accounting

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

### 5.5 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period and/or in transit are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use. Capital work in progress is stated at cost, less any identified impairment loss.

### 5.6 Intangible assets

Expenditure incurred to acquire and develop the computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income using the straight line method, so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month of disposal. Amortization is being charged at the annual rate of 33%.

Useful lives of intangible operating assets are reviewed, at each date of statement of financial position and adjusted if the impact of amortization is significant.

The Company assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

### 5.7 Investments

These represent investments with fixed maturity in respect of which Company has the positive intent and ability to hold till maturity. These are initially recognized at cost including transaction costs and are subsequently carried at amortized cost.

### 5.8 Stores and spare parts

These are valued at lower of weighted average cost or net realizable value except for items in transit which are stated at invoice value along with any other charges associated with buying the inventory for its intended use. The Company reviews the carrying amount of stores and spares on a regular basis for provision for obsolescence.

### 5.9 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realizable value. Cost is determined as follows:

#### Raw material

Own production	–	at weighted average cost
Purchased	–	at weighted average cost
In transit	–	at actual cost

**Goods in process** – at production cost

#### Finished goods

Own production	–	at production cost on first in first out (FIFO) basis.
Purchased	–	at actual cost on first in first out (FIFO) basis
In transit	–	at actual cost

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2020

Cost of work-in-process and finished goods comprises cost of direct materials, labour and related production overheads (based on normal operating capacity). Net realizable value is based on estimated selling price in the ordinary course of business less estimated cost to completion and estimated cost necessary to make the sale.

If the expected net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management's best estimate.

### 5.10 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

### 5.11 Contingencies and commitments

Contingent liability is disclosed when:

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

### 5.12 Foreign currency transactions and translations

Transactions in foreign currencies are translated in Pakistan rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange approximating those prevalent at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

### 5.13 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and is included in accrued finance cost to the extent of the amount remaining unpaid.

### 5.14 Provisions

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

### 5.15 Revenue recognition

Revenue is recognised when performance obligations are satisfied by transferring control of a promised good to a customer and the control transfers at a point in time. Revenue is measured at fair value of the consideration received or receivable excluding discounts allowed to customers. A contract liability is recorded for advances received from customers against which performance obligations have not been satisfied.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

The Company operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognized at the time of the sale. Revenue is recognized when the points are redeemed or when they expire.

Return on bank deposits is accrued on a time proportion basis, by reference to the principal outstanding, at the applicable rate of return.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 5.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less which form an integral part of the Company's cash management.

## 5.17 Financial Instruments

### 5.17.1 Financial assets

In accordance with the requirements of IFRS 9, the Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of profit or loss.

#### b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Income from such assets are recognized directly in other comprehensive income.

#### c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in statement of profit or loss. Dividends from such investments continue to be recognised in statement of profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

### Impairment of financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The Company computes historical loss rates using the historical credit losses which are then adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For trade debts, the Company applied the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company recognises in statement of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 5.17.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in respective carrying amounts is recognized in the statement of profit or loss.

## 5.18 Offsetting of financial assets and financial liabilities

Financial assets and financial 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 recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

## 5.19 Dividend and appropriation to reserves

Dividend and other appropriation to reserves are recognized in the financial statements in the period in which these are approved.

## 5.20 Operating segments

Operating segments are reported in a manner consistent with the internal reports issued to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Based on internal management reporting structure, the Company is organized into four operating segments:

- Retail: This segment includes information relating to sales made from retail stores of the Company.
- Wholesale: This segment includes information relating to sales made to distributors from wholesale depots of the Company.
- Export: This segment includes information regarding the exports made by the Company to both associated undertakings and other customers.
- Others: All other sales of the Company including sales of grindries and wastages are included in this segment.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Note	2020	2019
		(Rupees in '000)	
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	1,904,351	1,823,444
Capital work in progress	6.2	45,516	43,453
		<u>1,949,867</u>	<u>1,866,897</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
<b>6.3 Allocation of depreciation expense</b>			
The depreciation charge for the year has been allocated as follows:			
Cost of sales	32.1	57,726	51,446
Distribution cost	33.4	200,694	189,756
Administrative expenses	34	15,171	15,781
		<b>273,591</b>	<b>256,983</b>

## 6.4 Disposal of property, plant and equipment

Description of assets	2020						Mode of disposal
	Particulars of Purchasers	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	
	(Rupees in '000)						
<b>Plant and machinery</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	4,767	4,330	437	1,104	667	Negotiation
		4,767	4,330	437	1,104	667	
<b>Office Equipment</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	1,221	905	316	2	(314)	Negotiation /
		1,221	905	316	2	(314)	Scrapped
<b>Computers</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	17,949	15,839	2,110	262	(1,848)	Negotiation
		17,949	15,839	2,110	262	(1,848)	
<b>Furniture, fixtures and fittings</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	134,076	74,200	59,876	1,169	(58,707)	Negotiation /
		134,076	74,200	59,876	1,169	(58,707)	Scrapped
		158,013	95,274	62,739	2,537	(60,202)	

Description of assets	2019						Mode of disposal
	Particulars of Purchasers	Original Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	
	(Rupees in '000)						
<b>Plant and machinery</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	18,080	16,322	1,759	2,325	566	Negotiation
		18,080	16,322	1,759	2,325	566	
<b>Office Equipment</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	150	135	15	–	(15)	Negotiation
		150	135	15	–	(15)	
<b>Gas Installation</b>							
Items having book value of less than Rs. 0.50 million each	Scrapped	2	2	–	–	–	Scrapped
		2	2	–	–	–	
<b>Computers</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	7,480	5,975	1,505	719	(786)	Negotiation
		7,480	5,975	1,505	719	(786)	
<b>Furniture, fixtures and fittings</b>							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	93,527	52,160	41,367	14,192	(27,175)	Negotiation /
		93,527	52,160	41,367	14,192	(27,175)	Scrapped
		119,239	74,594	44,646	17,236	(27,410)	

6.4.1 The Company or any of its directors are not related to the purchasers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

6.5 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Sr. No.	Usage of Immovable Property	Location	Total Area (Square Feet)
1	Factory Area	Batapur Factory Area	740,880
2	Residential Area	Batapur Residential Area	1,936,922
3	Sports Ground	Batapur, Sports Ground	407,758
4	Factory Area	Maraka Factory Area	353,160
5	Retail Store	Bata Bazar Batapur, Lahore	4,099
6	Retail Store	Mini Price Batapur, Lahore	3,900
7	Retail Store	Maraka II, Lahore	9,832
8	Retail Store	Aabpara Market Islamabad	1,800
9	Retail Store	Jinnah Road Murree	3,230
10	Retail Store	Kashmir Road Rawalpindi	3,402
11	Retail Store	Haji Building Rawalpindi	2,650
12	Retail Store	Amin Bazar Sargodha	1,144
13	Retail Store	Khushab	580
14	Retail Store	Saddar Bazar Mandi Bahauddin	1,120
15	Retail Store	G. T. Road I Gujranwala	521
16	Retail Store	Paisha Akbar Anarkali Lahore	1,580
17	Retail Store	Abdul Karim Road, Lahore	1,800
18	Retail Store	Moon Plaza Liberty Market, Lahore	559
19	Retail Store	Marie Claire Liberty Market, Lahore	750
20	Retail Store	Shadman Market, Lahore	919
21	Retail Store	Shahdara Lahore	522
22	Retail Store	Katchery Bazar Faisalabad	2,126
23	Retail Store	Liaquat Bazar Quetta	377
24	Retail Store	Frere Road Sukkur	645
25	Retail Store	Tariq Road I, Karachi	7,560
26	Retail Store	Tariq Road Bubble Gummer, Karachi	1,200
27	Retail Store	Shah Faisal Colony I, Karachi	753
28	Retail Store	Clifton Karachi	1,144
29	Retail Store	Pakistan Chowk Karachi	2,628
30	Retail Store	Preedy Street Karachi	4,440

## 7 Right of use assets

This represents right-of-use assets obtained on lease. These are being depreciated on straight line basis over their lease term. Reconciliation of the carrying amount is as follows:

	2020	2019
	(Rupees in '000)	
<b>Cost</b>		
Opening balance as at January 1	5,677,794	—
Initial application of IFRS 16	—	4,899,823
Additions	352,116	826,815
Shops vacated during the year	(443,252)	(48,844)
Effect on ROU due to renewals	469,022	—
Closing balance as at December 31	6,055,680	5,677,794
<b>Depreciation</b>		
Opening balance as at January 1	1,125,278	—
Charge for the year	1,245,170	1,125,278
Closing balance as at December 31	2,370,448	1,125,278
Book value as at December 31	3,685,232	4,552,516

7.1 The depreciation for the year on right of use asset has been charged to distribution cost as referred to in note 31.4.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>8 INTANGIBLES</b>			
Intangibles - computer software	8.1	1,738	41
Capital work in process - computer software in the process of implementation		163,006	44,287
		164,744	44,328
<b>8.1 Net carrying value basis</b>			2020
<b>Year ended December 31, 2020</b>			(Rupees in '000)
Opening net book value (NBV)			41
Additions (at cost)			1,953
Amortization charge			(256)
Closing net book value (NBV)			1,738
<b>Gross carrying value basis</b>			
<b>As at December 31, 2020</b>			
Cost			38,786
Accumulated Amortization			(37,048)
Net book value (NBV)			1,738
Amortization Rate (%)			33
<b>Net carrying value basis</b>			2019
<b>Year ended December 31, 2019</b>			(Rupees in '000)
Opening net book value (NBV)			578
Additions (at cost)			—
Amortization charge			(537)
Closing net book value (NBV)			41
<b>Gross carrying value basis</b>			
<b>As at December 31, 2019</b>			
Cost			31,654
Accumulated Amortization			(31,613)
Net book value (NBV)			41
Amortization Rate (%)			33

**8.2** The amortization charge for the year has been allocated to administrative expenses as referred to in note 32.

**8.3** The cost of fully depreciated assets which are still in use as at December 31, 2020 is Rs. 36.833 million ( 2019: Rs. 35.376 million).

	Note	2020	2019
		(Rupees in '000)	
<b>9 LONG TERM INVESTMENTS</b>			
Term Deposit Receipts	9.1	45,094	45,032

**9.1** The deposits are earmarked against the balances due to employees held as securities as stated in note 24. These carry mark-up at the rate of 6.5% (2019: 13%) per annum. These have been invested in accordance with the provisions of Section 217 of the Companies Act, 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
(Rupees in '000)			
<b>10 LONG TERM DEPOSITS AND PREPAYMENTS</b>			
Security deposits	10.1	36,127	39,284
Prepaid rent	10.2	67,257	19,453
Less: Adjustable within one year	16	(67,257)	(19,453)
		—	—
		<u>36,127</u>	<u>39,284</u>

**10.1** Included in the amount of security deposits are securities given to landlords in respect of leases of shops.

**10.2** Prepaid rent is amount paid in advance to the respective landlord in accordance with the terms of rent agreements of short term leases. It is adjusted with the rent payable in accordance with the terms of rent agreements.

## 11 DEFERRED TAX ASSET

The deferred tax asset comprises of temporary differences relating to:

	Note	2020	2019
(Rupees in '000)			
Accelerated tax depreciation		(1,198,896)	(1,432,267)
Lease liability		1,290,076	1,445,527
Deferred liability - employee benefits		19,843	24,208
Provision for stores and spare parts		10,124	10,828
Provision for stock in trade		29,848	9,931
Loss allowance on trade debts		90,342	10,868
Loss allowance on other debts		1,572	1,572
Taxable loss carried forward		103,242	—
Minimum tax credit carried forward		175,662	—
		<u>521,813</u>	<u>70,667</u>

The gross movement in net deferred tax asset / (liability) during the year is as follows:

Opening balance		70,667	(44,339)
Credited to statement of profit or loss		454,803	114,352
(Charged) / credited to other comprehensive income		(3,657)	654
Closing balance		<u>521,813</u>	<u>70,667</u>

## 12 STORES AND SPARES

Stores		2,719	2,910
Spares		32,193	34,429
		<u>34,912</u>	<u>37,339</u>
Less: provision for obsolescence	12.1	(34,912)	(37,339)
Spares in transit		—	540
		<u>—</u>	<u>540</u>

### 12.1 Provision for obsolescence

Opening provision		37,339	37,890
Reversal for the year		(2,427)	(551)
Closing provision		<u>34,912</u>	<u>37,339</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>13 STOCK IN TRADE</b>			
Raw material			
In hand		259,653	180,385
In transit		1,170	10,632
		260,823	191,017
Less: Provision for obsolescence of raw material	13.1	(9,878)	(11,565)
		250,945	179,452
Goods in process	13.2	40,540	46,908
Finished goods			
Own production		1,309,789	1,450,595
Purchased		1,304,587	2,401,053
	13.3	2,614,376	3,851,648
Less: Provision for slow moving and obsolete items	13.4	(93,049)	(22,681)
		2,521,327	3,828,967
		2,812,812	4,055,327
<b>13.1 Provision for obsolescence of raw materials</b>			
Opening provision		11,565	14,421
Charge for the year		—	—
Reversal for the year		(1,687)	(2,856)
Closing provision		9,878	11,565

**13.2** Included in goods in process is stock held by third parties amounting to Rs. 12.672 million (2019: Rs. 7.645 million).

**13.3** Included in finished goods is stock held by third parties amounting to Rs. 459,816 million (2019: Rs. 210,599 million).

	Note	2020	2019
		(Rupees in '000)	
<b>13.4 Provision for slow moving and obsolete items</b>			
Opening provision		22,681	25,672
Charge for the year		70,368	—
Reversal for the year		—	(2,991)
Closing provision		93,049	22,681
<b>14 TRADE DEBTS - UNSECURED</b>			
<b>Considered good</b>			
Due from customers	14.1	1,384,097	2,614,887
Due from associated undertakings	14.2	1,520	6,375
		1,385,617	2,621,262
<b>Considered doubtful</b>			
Due from customers		311,523	37,477
Less: Loss allowance	14.3	(311,523)	(37,477)
		—	—
		1,385,617	2,621,262

**14.1** These customers have no recent history of default. For age analysis of these trade debts refer to note 41.2.3.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 14.2 Due from associated undertakings - unsecured

Bata Shoe Singapore Pte Limited

2020	2019
(Rupees in '000)	
1,520	6,375

14.2.1 Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs. 6.931 million (2019: Rs. 6.375 million).  
No interest has been charged on the amounts due from associated undertakings.

14.2.2 For age analysis of these trade debts refer to note 41.2.4.

## 14.3 Movement in loss allowance is as follows:

Opening provision  
Charge for the year  
Reversals for the year  
Closing provision

Note	2020	2019
	(Rupees in '000)	
	37,477	30,362
	274,046	8,803
	—	(1,688)
	311,523	37,477

## 15 ADVANCES - UNSECURED

Considered good, non-interest bearing  
Advances to employees  
Advances to suppliers  
Letters of credit - margin

—	169
75,438	172,575
40,568	94,894
116,006	267,638

## 16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

### Deposits - Considered good, unsecured

Custom duty and taxes  
Letters of guarantee - margin  
Others

16.1

3,620	969
129	3,234
3,762	5,480
7,511	9,683

### Short term prepayments

Prepaid rent  
Prepaid sales tax  
Other prepaid expenses

10

67,257	19,453
78,959	—
14,268	17,122
160,484	36,575
167,995	46,258

16.1 Included in other deposits is an amount of Nil (2019: Rs. 1.868 million) paid to custom authorities for provisional clearance of artificial leather goods imported at reduced rate of sales tax under Section 81 of the Customs Act, 1969.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>17 OTHER RECEIVABLES</b>			
<b>Considered good - secured</b>			
Receivable from employees		19,747	22,585
<b>Considered good - unsecured</b>			
Export rebates		4,119	4,170
Insurance claims		10,006	10,097
Advance tax	17.1	228,843	592,953
Others	17.2	4,218	14,182
		247,186	621,402
<b>Considered doubtful</b>			
Advance rent		1,584	1,584
Others		3,838	3,838
		5,422	5,422
Less: Loss allowance	17.3	(5,422)	(5,422)
		—	—
		266,933	643,987
<b>17.1 Advance tax</b>			
Opening balance		592,953	595,651
Advance tax paid during the year		198,481	653,990
		791,434	1,249,641
Adjusted against:			
Provision for taxation		(564,154)	(691,073)
Provision for prior year tax		1,563	34,385
		(562,591)	(656,688)
Closing balance		228,843	592,953

**17.2** Included in others is an amount of Nil (2019: Rs. 0.080 million) receivable from Bata Shoe Singapore Pte. Limited, an associated undertaking. Maximum aggregate amount due from associated undertaking at the end of any month in the year was Rs. 0.080 million (2019: Rs. 4.672 million).

**17.3** There has been no movement in loss allowance during the year.

	2020	2019
	(Rupees in '000)	
<b>18 SHORT TERM INVESTMENTS</b>		
This includes the following term deposit receipts:		
Habib Metropolitan Bank Ltd.	600,000	—
Meezan Bank Limited	300,000	—
United Bank Limited	1,050,000	—
	1,950,000	—

**18.1** The range of rates of profits on these term deposits was between 7.00% and 7.50% per annum (2019: Nil).

**18.2** The short term investments do not include any investment in related parties (2019: Nil).

	2020	2019
	(Rupees in '000)	
<b>19 TAX REFUNDS DUE FROM GOVERNMENT</b>		
Tax Refunds Due From Government	350,161	350,161

**19.1** This represents sales tax paid on raw materials used in zero-rated taxable footwear for which refund claims have been lodged with the Sales Tax Department.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>20 CASH AND BANK BALANCES</b>			
Bank balances in:			
Current accounts			
- Foreign currency		23,958	23,303
- Local currency		25,843	30,158
Daily profit accounts	20.1	49,801	53,461
Cash in transit		430,858	1,100,014
Cash in hand:		66,688	115,759
- Foreign currency		428	2,826
- Local currency		1,965	1,188
		2,393	4,014
		549,740	1,273,248

**20.1** The rate of mark-up on these accounts ranges from 2.84% to 5.50% (2019: 8.00% to 11.48%) per annum.

## 21 SHARE CAPITAL

### 21.1 Authorized share capital

2020	2019		2020	2019
(Number of shares in '000)			(Rupees in '000)	
10,000	10,000	Ordinary shares of Rs. 10 each	100,000	100,000
10,000	10,000		100,000	100,000

### 21.2 Issued, subscribed and paid up capital

2020	2019		2020	2019
(Number of shares in '000)			(Rupees in '000)	
1,890	1,890	Ordinary shares of Rs. 10 each fully paid in cash	18,900	18,900
300	300	Ordinary shares of Rs. 10 each issued for consideration other than cash	3,000	3,000
5,370	5,370	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	53,700	53,700
7,560	7,560		75,600	75,600

**21.2.1** Bafin B.V. (Nederland) (the parent company) holds 5,685,866 (2019: 5,685,866) ordinary shares of Rs. 10 each fully paid up which represents 75.21% (2019: 75.21%) of total paid up capital.

**21.2.2** Shares issued for consideration other than cash were issued against plant and machinery.

## 22 CAPITAL RESERVE

	2020	2019
	(Rupees in '000)	
Capital reserve	483	483

**22.1** Capital reserve represents the balance of foreign shareholders' equity in Globe Commercial Enterprises Limited (an associated undertaking) gifted to the Company on its winding up, and is not available for distribution.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 23 REVENUE RESERVES

General Reserve:

Opening balance

Transfer from unappropriated profit

Unappropriated profit

	2020	2019
	(Rupees in '000)	
	6,957,000	6,597,000
	–	360,000
	6,957,000	6,957,000
	(660,484)	411,506
	6,296,516	7,368,506
	3,602,826	3,999,916
	871,711	984,652
	4,474,537	4,984,568

## 24 LEASE LIABILITY

Long term lease liability

Current portion of lease liability

**24.1** The company has obtained retail stores and wholesale depots on lease from different parties. Reconciliation of the carrying amount is as follows:

	2020	2019
	(Rupees in '000)	
Opening balance	4,984,568	–
Initial application of IFRS 16 on January 1, 2020	–	4,881,333
Additions during the year	373,601	801,115
Interest on lease liability	736,832	710,051
Payments made during the year	(1,590,504)	(1,355,310)
	4,504,497	5,037,189
Shops vacated during the year	(465,980)	(52,621)
Effect on LL due to renewals	436,020	–
	4,474,537	4,984,568
Lease liability as at December 31	(871,711)	(984,652)
Current portion shown under current liabilities		
Long term lease liability as at December 31	3,602,826	3,999,916

### 24.2 Maturity analysis

Gross lease liabilities - minimum lease payments:

Not later than 1 year

Later than 1 year but not later than 5 years

Later than 5 years

Future finance charge

Present value of finance lease liabilities

	1,456,731	1,477,872
	4,059,050	5,216,843
	905,105	612,499
	6,420,886	7,307,214
	(1,946,349)	(2,322,646)
	4,474,537	4,984,568
	24,788	24,717

## 25 LONG TERM DEPOSITS

Employees' securities and personal accounts

**25.1** Employees' securities represent the securities deposited by the employees in accordance with the terms of employment. Interest at the rate of 6.50% (2019: 13%) per annum is being paid on the monthly outstanding balances.

**25.2** In accordance with provisions of Section 217 of the Companies Act, 2017, this amount has been invested in Term Deposit Receipts and is shown separately as long term investments in Note 9.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
(Rupees in '000)			
<b>26 DEFERRED LIABILITY - EMPLOYEE BENEFITS</b>			
<b>26.1 Provision for gratuity - un-funded defined benefit plan</b>		68,592	83,476
<b>26.2 Changes in present value of defined benefit obligation</b>			
Present value of defined benefit obligations as at January 01		83,476	81,421
Expense charged in statement of profit or loss		15,088	10,577
Benefits paid during the year		(17,360)	(10,776)
Remeasurement adjustments charged to other comprehensive income		(12,612)	2,254
Present value of defined benefit obligations as at December 31		68,592	83,476
<b>26.3 The amount recognized in the statement of profit or loss is as follows</b>			
Current service cost		4,654	3,177
Interest cost		10,434	7,400
Expense charged in statement of profit or loss		15,088	10,577
<b>26.4 Charge for the year has been allocated as follows</b>			
Cost of sales	32.2	7,180	6,138
Distribution cost	33.1	2,120	3,042
Administrative expenses	34.1	5,788	1,397
		15,088	10,577

## 26.5 Principal actuarial assumptions

The principal actuarial assumptions used in the actuarial valuation of this scheme by applying projected unit credit method as on December 31 are as follows:

	2020	2019
Expected rate of salary increase in future years	8.25%	12.75%
Discount rate	9.25%	13.75%
Expected mortality rate	SLIC 2001-2005	SLIC 2001-2005
Average duration of plan	7 Years	5 Years

## 26.6 Historical information

As at December 31	2020	2019	2018	2017	2016
(Rupees in '000)					
Present value of defined benefit obligation	68,592	83,476	86,812	76,030	72,150
Experience adjustments on plan liabilities	(12,612)	2,254	3,897	2,652	(1,351)
Experience adjustments on plan liabilities as a percentage of defined benefit obligation	18%	3%	5%	3%	2%

## 26.7 Estimated expense to be charged to statement of profit or loss in 2021

	Amount
(Rupees in '000)	
Current service cost	4,552
Interest cost on defined benefit obligation	5,725
Amount chargeable to statement of profit or loss	10,277

## 26.8 Sensitivity analysis

Significant assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## Year end sensitivity analysis (± 100 bps) on defined benefit obligation

	2020	2019
	(Rupees in '000)	
Discount rate + 100 bps	66,656	80,481
Discount rate - 100 bps	70,774	86,852
Salary increase + 100 bps	69,328	85,080
Salary increase - 100 bps	67,885	81,985

## 26.9 Risk exposure

Through its defined benefit gratuity scheme, the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in market yields on Government bonds - The discount rate used to compute the plan liabilities is based on the Government bond yields. A decrease in Government bond yields will increase the plan liabilities.

Inflation risk - The Company's gratuity obligation is linked to the salary of the members of the scheme. Therefore, increases in the salaries due to higher inflation will increase the plan liabilities.

Employee turnover - The plan obligations are to provide benefits for the period of employment of the members. Therefore, lower employee turnover will increase the plan liabilities.

Life expectancy - The plan obligations are to provide benefits for the period of employment of the members, so increases in life expectancy will result in an increase in plan liabilities.

	Note	2020	2019
		(Rupees in '000)	
<b>27 Long term borrowing</b>			
Long term finance-secured	27.1	60,259	–
Less: current portion shown under current liabilities		(6,743)	–
		<u>53,516</u>	<u>–</u>

**27.1** The long term finance was obtained from Habib Bank Limited for import and installation of solar power machinery. Under the arrangement, principal amount upto Rs 80 million was repayable in 39 equal quarterly instalments beginning six months after the initial drawdown date. Interest was payable quarterly in arrears at the rate of 3 months SBP rate plus 1.5 percent per annum. Effective rate of interest ranged from 3.5% to 9.81% per annum during the year.

The loan was secured by first hypothecation charge of Rs. 106.67 million on all present and future moveable fixed assets of the Company and a joint pari-passu charge on present and future moveable assets and contingent debts of the company to the extent of Rs 447 million.

	Note	2020	2019
		(Rupees in '000)	
<b>28 TRADE AND OTHER PAYABLES</b>			
Creditors	28.1	2,199,546	2,041,060
Accrued liabilities		347,676	336,052
Deferred revenue		5,066	1,722
Advances from customers		30,957	370
Due to provident fund trust	48	22,080	21,168
Security deposits	28.2	98,160	98,922
Workers' profit participation fund	28.3	–	81,269
Workers' welfare fund		–	39,826
Sales tax payable		–	49,009
Taxes deducted at source payable		19,650	31,419
Other liabilities	28.4	51,415	21,368
		<u>2,774,550</u>	<u>2,722,185</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>28.1</b>	This includes amounts due to the following related parties:		
	Bata Brand, Switzerland	608,989	1,082,537
	Global Footwear Services, Singapore	390,818	287,074
	Bata Malaysia	320	309
		<u>1,000,127</u>	<u>1,369,920</u>

**28.1.1** This includes amounts due in respect of trademark licence fee agreement. During the year ended December 31, 2018, BATA Pakistan Limited and BATA Brands SA, Switzerland revised the terms of the trade mark agreement wherein the royalty percentage was increased from 2% of the net revenue (net of taxes) to 5% of the net revenue (subject to deduction of applicable taxes). Certain minority shareholders have filed a suit against the Company claiming that the increase in royalty is unjustified and have claimed damages of Rs. 800.00 million. Initial proceedings of the case are currently underway and based on opinion of the management's legal counsel, the management is expecting a favourable outcome in this regard. However, State Bank of Pakistan has linked the approval of remittance of additional amount of royalty i.e. the difference between 5% and 2%, upon the decision of The Honorable Court.

**28.1.2** No interest has been paid / accrued on the amounts due to associated undertakings as they are in normal course of business.

**28.2** This represents the security deposit received from the registered wholesale dealers, agency holders and business associates in accordance with the terms of the contract. These deposits carry interest at the rate of 6.5% (2019: 13%) per annum. These are repayable on termination / completion of the contract and on returning the Company's property already provided to them if any. As per the agreements signed with these parties, the Company has the right to utilize the amounts for the purpose of the business, hence, the amounts are not required to be kept in a separate bank account maintained in a scheduled bank.

	Note	2020	2019
		(Rupees in '000)	
<b>28.3 Workers' profit participation fund</b>			
Opening balance		81,269	121,738
Allocation for the year	35	–	81,269
Interest on funds utilized in Company's business	37	1,002	1,962
		<u>82,271</u>	<u>204,969</u>
Less: Amount adjusted / paid to fund's trustees		82,271	123,700
Closing balance		<u>–</u>	<u>81,269</u>
<b>28.4 Other liabilities</b>			
Group insurance claims		5,992	2,547
Payable to former employees		20,561	6,071
Payable in respect of Bata mosque		113	–
Miscellaneous		24,749	12,750
		<u>51,415</u>	<u>21,368</u>

## 29 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs. 2,235 million (2019: Rs. 1,140 million). These include:

- Non funded facilities of letters of guarantee and letters of credit amounting to Rs. 455 million (2019: Rs. 740 million); and
- Cash finance facilities of Rs. 1,780 million ( 2019: Rs. 400 million).

Moreover, the Company can avail further cash finance facilities out of un-utilized unfunded facilities of Rs. 365.000 million (2019: Rs. 275.000 million) which also includes Rs. 35.000 million (2019: Rs. 35.000 million) of export finance facilities.

The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 553.041 million (2019: Rs. 558.661 million).

Mark up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2019: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks. While mark up on export finance is charged at SBP rate plus 1.00% (2019: 1.00%) per annum.

These finances are secured against hypothecation of stock in trade, stores and spares and receivables of the Company amounting to Rs. 2,654 million ( 2019: Rs. 1,194 million).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>30 CONTINGENCIES AND COMMITMENTS</b>			
<b>30.1 Contingent taxation liabilities</b>			
The Company is contingently liable for:			
Order by sales tax department-under appeal	30.1.1	265,454	265,454
Order by sales tax department-under appeal	30.1.2	237,370	237,370
Order by income tax department-decided in Company's favour	30.1.3	–	954,859
Order by income tax department-under appeal	30.1.4	1,027,460	1,027,460
Order by sales tax department-under appeal	30.1.5	79,982	79,982
Order by sales tax department-under appeal	30.1.6	52,134	52,134
Show cause notice by sales tax department against which stay order has been obtained	30.1.7	85,097	85,097
Order by income tax department-under appeal	30.1.8	254,038	254,038
Order by sales tax department-under appeal	30.1.9	60,732	60,732
Order by Collector of Customs-under appeal	30.1.10	23,975	23,975
Order by income tax department-under appeal	30.1.11	34,270	34,270
Order by income tax department-under appeal	30.1.12	24,863	–
Order by sales tax department-under appeal	30.1.13	90,316	–
Order by sales tax department-under appeal	30.1.14	48,046	–
		<b>2,283,737</b>	<b>3,075,371</b>

**30.1.1** The Assistant Commissioner Inland Revenue (ACIR) issued an order on September 30, 2011 raising a demand of Rs. 201.252 million in respect of tax period from July 2007 to December 2008 on account of non-payment of retail tax on sales made through retail outlets and inadmissible input tax adjustment claimed against retail supplies. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) whereby the appeal was decided against the Company. The Company also filed a complaint before the Federal Tax Ombudsman (FTO), who decided the case in favour of Company on January 11, 2012 and ordered the Commissioner Inland Revenue (CIR) to vacate the above order. The Company filed an appeal before Commissioner Inland Revenue (Appeals) to dispose of the original order. Commissioner Inland Revenue (Appeals) ordered that since the Learned FTO decided the case in favour of the Company there remains no cause of further action. Thereafter, the Company preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) for cancellation of impugned order, which is pending adjudication. Moreover, Deputy Commissioner Inland Revenue (DCIR) raised additional demand amounting to Rs 64.202 million on June 25, 2012 pertaining to period from July 2007 to October 2008 of the sales tax previously refunded to the Company and referred the case to concerned ACIR/DCIR for enforcement of the order. Thereafter, the Company filed an appeal with Commissioner Inland Revenue (Appeals), which is pending adjudication. Based on tax advisor's opinion, the Company's management expects favourable outcome due to which no provision has been recorded in these financial statements.

**30.1.2** The Tax Department issued 22 separate orders dated October 17, 2012 and November 14, 2012 in which sales tax refunds for the periods from November 2008 to December 2010 amounting to Rs. 237.370 million have been rejected on the grounds that input sales tax relating to retail turnover is not admissible. The Company filed separate appeals against these orders with Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided 19 appeals against the Company while 3 appeals were decided in favour of the Company. The Company filed 19 separate appeals while tax department filed 3 separate appeals with Appellate Tribunal Inland Revenue (ATIR). The ATIR decided all 22 appeals in favour of the Company on May 15, 2014. Thereafter, the Tax Department filed an appeal before the Honorable Lahore High Court, which is pending for adjudication. Based on tax advisor's opinion, the Company's management expects favourable outcome due to which no provision has been recorded in these financial statements.

**30.1.3** The Additional Commissioner Inland Revenue (ACIR) raised demand of Rs. 954.859 million vide order dated June 28, 2013 to the Company for the tax year 2011, whereby, the assessing officer added back certain expenses, disallowed certain amount of tax credit and also assessed that the Company has suppressed turnover amounting to Rs. 1,427.436 million. Being aggrieved, the Company preferred an appeal with Commissioner Inland Revenue (Appeals), which was decided in favor of the Company vide order dated October 2, 2013, by deleting all the add backs with the exception of the difference in the amount of tax credit which has been calculated under Section 65(b) of the Income Tax Ordinance, 2001. Being aggrieved, the Department filed an appeal against the order of Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR). ATIR vide order dated April 11, 2019 decided the appeal in favour of the Company. As per the management's knowledge, the Department has not yet initiated any appeal against the order.

**30.1.4** The Additional Commissioner Inland Revenue (ACIR) raised demand of Rs. 1,027.460 million pertaining to the tax year 2012 vide order dated October 31, 2014, whereby, the assessing officer added back certain expenses & payments to non-residents on the basis of non deduction of withholding taxes, changed the basis of appropriation of expenses between export and local sales, disallowed certain amount of tax credit and also assessed that the Company has suppressed turnover amounting to Rs. 1,773.054 million. Being aggrieved, the Company preferred an appeal

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with the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the appeal in favour of the Company vide order dated January 14, 2015 by deleting almost all the add backs with the exception of the difference in the amount of tax credit which has been calculated under Section 65(b) of the Income Tax Ordinance, 2001 and the amount of expenditure disallowed on the basis of non deduction of withholding taxes. The Tax Department and the Company filed separate appeals against the order of the Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. Based on tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.

- 30.1.5** The Tax Department raised demand vide two separate orders dated June 25, 2014 and September 30, 2014 amounting to Rs. 46.693 million and Rs. 33.289 million respectively for certain tax periods from January 2012 to June 2013 and from October 2013 to March 2014, respectively, on account of adjustment of 100% input tax in violation of Section 8b of Sales Tax Act, 1990. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue Appeals (CIR) whereby the appeal was decided against the Company vide order dated September 9, 2014 and December 10, 2014. The Company preferred appeals against both the orders before the Appellate Tribunal Inland Revenue (ATIR) which was decided in favour of the Company vide orders dated December 10, 2014 and January 13, 2015, respectively. The Tax Department filed respective appeals before the Honorable Lahore High Court, which are pending adjudication. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 30.1.6** The Tax Department raised two separate demands vide orders dated December 06, 2014 amounting to Rs. 43.856 million and Rs. 8.278 million on account of further sales tax of 1% on unregistered customers for the period from October 2013 to July 2014 and August 2014 to September 2014 respectively. Being aggrieved, the Company preferred an appeals with Commissioner Inland Revenue (Appeals) who remanded back both the cases to adjudicating officer for fresh decision after allowing the appellant to produce relevant record. However the Commissioner Inland Revenue filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the said order, which is pending adjudication. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 30.1.7** The Tax Department issued show cause notice dated April 20, 2015, stating that adjustment of input sales tax of Rs. 85.097 million for the tax periods February, 2014 to January 2015 on Trade Mark License fee and Management Service Fee claimed by the Company is inadmissible and recoverable from the Company along with default surcharge. The Company filed a writ petition with the Honorable Lahore High Court (LHC) against show cause notice. The Honorable Lahore High Court granted stay against the show cause notice, however, the petition is still pending with the Honorable Lahore High Court for adjudication. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 30.1.8** The Additional Commissioner Inland Revenue (ACIR) raised demand vide order dated June 27, 2016 pertaining to tax year 2010 amounting to Rs. 363.683 million on account of certain issues which primarily include allocation of expenses between export and local sale, disallowance of rent on account of non deduction of withholding taxes, admissibility of deduction of interest on WPPF and provident fund, donation, and incorrect classification of WWF and WPPF. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) and also filed rectification application of the said order. The Commissioner Inland Revenue (Appeals) vide order dated September 16, 2016 decided the appeal in favour of the Company by deleting majority of the add backs with the exception of donations made to unapproved institutions and the disallowance of rent on account of non deduction of withholding taxes at the appropriate rate and remanded back the order with the direction to give consideration to the rectification application filed by the Company in respect of the proration of expenses made by the department. Based on the appeal disposed off by Commissioner Inland Revenue (Appeals), the ACIR issued revised demand amounting to Rs. 254.034 million vide order dated June 30, 2019. Being aggrieved, the Company again filed an appeal against the order with Commissioner Inland Revenue (Appeals) along with rectification application against the revised assessment order which is pending adjudication. Based on tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.
- 30.1.9** The Assistant Commissioner Sindh Revenue Board raised a demand vide order dated September 1, 2016 amounting to Rs. 60.732 million on account of non-payment of sales tax on trademark license fee and management services fee for the period from July 2011 to December 2012. Being aggrieved, the Company filed an appeal before Commissioner (Appeals) Sindh Revenue Board, who decided the matter in favour of the Company vide order dated February 10, 2019. The department filed an appeal against the order before Appellate Tribunal Sindh Revenue Board who remanded the case back to the assessing officer for fresh investigation vide order dated August 8, 2019. Subsequently, no further action has been initiated by the relevant officer of Sindh Revenue Board since the date of Appellate Tribunal Sindh Revenue Board order. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 30.1.10** The Collector of Customs Karachi issued a demand vide order dated November 7, 2019 amounting to Rs. 23.975 million for the tax period November 2017 to April 2019 disallowing the reduced rate of sales tax under SRO-1125(I) / 2011 utilized by the Company for clearance of imported footwear. Being aggrieved, the Company filed an appeal before the Custom Appellate Tribunal, Karachi, which is pending adjudication. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

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- 30.1.11** The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated December 31, 2019 pertaining to tax year 2009 amounting to Rs. 34.270 million on account of certain issues which primarily include allocation of expenses between export, local sale of imported goods and other local sale, disallowance of certain management services and licensing fee account of non deduction of withholding taxes, admissibility of deduction of interest on WPPF and provident fund, and disallowance of certain advances to employees and suppliers and certain payables to suppliers on account of failure to produce underlying records. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) vide order dated October 18, 2020 decided the appeal in favour of the Company by deleting majority of the add backs with the exception of proration of expenses and addition made on account of advances to employees and suppliers. Based on the appeal disposed off by Commissioner Inland Revenue (Appeals), the Deputy Commissioner Inland Revenue (DCIR) has yet to issue a revised demand. The Company however, being aggrieved, has filed an appeal against the additions not deleted by the Commissioner Inland Revenue (Appeals). The Tax Department also has the right to file an appeal against the order. However, no such proceedings have yet been initiated by the Department.
- 30.1.12** The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated March 02, 2020 pertaining to tax year 2017 amounting to Rs. 24.863 million on account of certain issues which primarily include disallowance of certain salaries due to non deduction of withholding tax, disallowance of Provident Fund contribution, disallowance of certain expenses such as tax loss claimed on the sales of fixed assets, exchange loss, and certain miscellaneous expenses. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 30.1.13** The Assistant Commissioner Inland Revenue (ACIR) raised demand vide Order dated February 28, 2020 amounting to Rs. 90.316 million in respect of sales tax charged for the period January 2019 to September 2019 on account of failure to charge further tax on supplies made to unregistered persons. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals), who remanded the case back to the Assistant Commissioner Inland Revenue (ACIR) to afford another opportunity of being heard to the Company. However, no such proceedings have yet been initiated by the Department.
- 30.1.14** The Assistant Commissioner Inland Revenue (ACIR) raised demand vide Order dated March 10, 2020 amounting to Rs. 48.046 million in respect of sales tax for the period January 2019 to August 2019 on the basis that the Company has failed to maintain value addition at the rate of 4% as per the provisions of 'Eight Schedule' of the Sales tax Act, 1990. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals), who remanded the case back to the Assistant Commissioner Inland Revenue (ACIR) to afford another opportunity of being heard to the Company. However, no such proceedings have yet been initiated by the Department.

## 30.2 Other contingent liabilities

In addition to the contingency disclosed in note 28.1.1 the Company is contingently liable for:  
Counter Guarantees given to banks  
Indemnity Bonds given to Custom Authorities  
Claims not acknowledged as debts - under appeal

	2020	2019
	(Rupees in '000)	
	2,171	15,516
	3,573	30,093
	18,322	17,178
	<u>24,066</u>	<u>62,787</u>
	112,030	64,299
	159,931	171,443
	<u>271,961</u>	<u>235,742</u>

## 30.3 Commitments

### 30.3.1 Commitments in respect of:

Capital expenditure  
Letters of credit and bank contracts

# NOTES TO THE FINANCIAL STATEMENTS

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	Note	2020	2019
		(Rupees in '000)	
<b>31 SALES</b>			
Shoes and accessories			
Local		15,011,070	21,504,963
Export		31,537	62,372
		15,042,607	21,567,335
Sundry articles and scrap material		41,934	73,607
		15,084,541	21,640,942
Less: Sales tax		1,955,362	2,243,731
Discounts to dealers and distributors		1,103,568	1,613,440
Commission to agents / business associates		314,840	358,877
		3,373,770	4,216,048
		11,710,771	17,424,894
<b>32 COST OF SALES</b>			
Cost of goods manufactured	32.1	3,515,326	4,472,467
Finished goods purchased		2,516,837	5,167,493
Add: Opening stock of finished goods		3,828,967	3,743,958
		9,861,130	13,383,918
Less: Closing stock of finished goods	13	2,521,326	3,828,967
		7,339,804	9,554,950
<b>32.1 Cost of goods manufactured</b>			
Raw material consumed			
Opening stock		179,452	182,930
Add: Purchases		2,742,745	3,576,122
		2,922,197	3,759,052
Less: Closing stock		250,947	179,452
		2,671,250	3,579,600
Store and spares consumed		10,052	11,685
Fuel and power		126,601	160,890
Salaries, wages and benefits	32.2	552,512	587,381
Repairs and maintenance	32.3	70,043	65,120
Insurance		20,774	19,287
Depreciation	6.3	57,726	51,446
		3,508,958	4,475,409
Add: Opening goods in process		46,908	43,965
		3,555,866	4,519,374
Less: Closing goods in process		40,540	46,908
		3,515,326	4,472,466

**32.2** Included in salaries, wages and benefits is an amount of Rs. 20.624 million (2019: Rs. 16.937 million) and Rs. 7.180 million (2019: Rs. 6.138 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

**32.3** Included in repairs and maintenance is reversal of provision for obsolescence of stores and spares amounting to Rs. 2.426 million (2019: Rs. 0.552 million).

# NOTES TO THE FINANCIAL STATEMENTS

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	Note	2020	2019
		(Rupees in '000)	
<b>33 DISTRIBUTION COST</b>			
Salaries and benefits	33.1	691,904	878,530
Freight		189,853	245,476
Advertising and sales promotion		176,812	204,251
Rent	33.2	243,691	388,750
Insurance		27,224	27,406
Trademark license fee	33.3	364,269	870,874
Fuel and power		222,337	290,301
Repairs and maintenance		90,664	54,010
Entertainment		14,259	17,063
Business and property taxes		6,490	4,458
Depreciation	33.4	1,445,864	1,315,034
Loss allowance on trade debts		274,046	7,115
Miscellaneous		1,835	1,089
		<u>3,749,248</u>	<u>4,304,357</u>

**33.1** Included in salaries and benefits is an amount of Rs. 28,484 million (2019: Rs. 27,417 million) and Rs. 2,120 million (2019: Rs. 3,042 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

**33.2** This represents expenses incurred on short term leases and variable lease expenses not included in lease liabilities.

**33.3** This represents the royalty fee of Bata Brands S.A.R.L., Switzerland an associated company situated in Avenue d'Ouchy 6, 1006 Lausanne, Switzerland.

	Note	2020	2019
		(Rupees in '000)	
<b>33.4</b> This represents depreciation expense relating to:			
Property, plant and equipment	6.3	200,694	189,756
Right of use assets	7.1	1,245,170	1,125,278
		<u>1,445,864</u>	<u>1,315,034</u>

## 34 ADMINISTRATIVE EXPENSES

Salaries and benefits	34.1	617,814	644,466
Employee welfare		31,101	23,501
Fuel and power		15,164	19,526
Telephone and postage		43,532	23,345
Insurance		5,378	5,535
Travelling		74,785	111,917
Repairs and maintenance		9,801	7,851
Printing and stationery		13,117	19,446
Donations and subscription	34.2	35,254	6,534
Legal and professional charges		15,066	8,643
Business and property taxes		3,661	2,726
Management service fee	34.3	219,870	206,365
Depreciation	6.3	15,171	15,781
Amortization on intangible assets	8.1	256	536
Miscellaneous		13,218	28,292
		<u>1,113,188</u>	<u>1,124,464</u>

**34.1** Included in salaries and benefits is an amount of Rs. 9,598 million (2019: Rs. 28,976 million) and Rs. 5,788 million (2019: Rs. 1,397 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

**34.2** None of the directors of the Company or any of their spouses have any interest in the funds of donees. Furthermore, no donation exceeding Rs. 1 million has been made to any donee (2019: Nil).

**34.3** Management service fee represents amounts paid/payable to Global Footwear Services Pte Limited and Bata Brands S.A.R.L., Switzerland, related parties, in respect of management and information technology services, respectively

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>35 OTHER EXPENSES</b>			
Workers' profit participation fund	28.3	–	81,269
Workers' welfare fund		–	39,826
Auditors' remuneration	35.1	7,415	6,630
Exchange loss		21,126	22,453
Loss on fixed assets sold / scrapped		60,202	27,410
		<u>88,743</u>	<u>177,588</u>
<b>35.1 Auditors' remuneration</b>			
Statutory audit		3,064	2,850
Review of interim accounts		1,613	1,500
Audit of US GAAP reporting package		704	881
Other reviews and certifications		1,714	1,099
Out of pocket expenses		320	300
		<u>7,415</u>	<u>6,630</u>
<b>36 OTHER INCOME</b>			
Income from financial assets			
Profit on long term investments		3,975	4,681
Profit on short term investment		8,840	–
Profit on bank deposits		47,874	12,948
Rent concessions received	36.1	376,280	–
		<u>436,969</u>	<u>17,629</u>
Income from non - financial assets			
Rental Income		10,377	9,300
Miscellaneous		22,728	3,777
		<u>33,105</u>	<u>13,077</u>
Income from financial liability			
Early payment discount on supplier invoices		3,209	238
		<u>473,283</u>	<u>30,944</u>

**36.1** The Company has decided to early adopt the amendment to IFRS 16 which allows a Company to recognize rent concessions in the same way as they would if they were not lease modifications. It has applied this practical expedient to all leases that meet the conditions laid down by the said amendment. As a result an amount of Rs. 376.280 million has been recognized as other income.

	Note	2020	2019
		(Rupees in '000)	
<b>37 FINANCE COSTS</b>			
Interest / mark-up on:			
Lease liability	23.1	736,832	710,051
Workers' profit participation fund	28.3	1,002	1,962
Employees / agents' securities and personal accounts	37.1	3,887	8,783
Bank borrowings		22,852	24,140
		<u>764,573</u>	<u>744,936</u>
Bank charges and commission		36,547	45,264
		<u>801,120</u>	<u>790,200</u>

**37.1** These do not include any amounts on account of related parties (2019: Rs. Nil).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 38 TAXATION

Current tax  
- Current year  
- Prior year

Deferred tax

2020	2019
(Rupees in '000)	
175,662	564,154
(1,563)	(34,385)
174,099	529,769
(454,803)	(114,352)
(280,704)	415,417

### 38.1 Relationship between tax expenses and accounting profit

Applicable tax rate  
Tax effect of:  
Income not chargeable to normal tax  
Tax effect of expenses not allowed for tax  
Effect of prior years tax  
Tax credits  
Effect of change in tax rate  
Others

Tax expense for the year

2020	2019
%	
29.00	29.00
(0.01)	(0.13)
0.01	0.05
(0.17)	(2.29)
–	(0.19)
–	0.11
2.08	1.02
1.91	(1.43)
30.91	27.57

## 39 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

Basic (loss) / earnings per share are calculated by dividing net (loss) / profit for the year attributable to ordinary equity holders of the Company by weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Note	2020	2019
(Rupees in '000)			
(Loss) / profit after taxation - (Rupees in '000)		(627,345)	1,088,862
Weighted average number of ordinary shares (in thousands)	20.2	7,560	7,560
(Loss) / Earnings per share - basic and diluted (Rupees per share)		(82.98)	144.03

There is no dilutive effect on the basic (loss) / earnings per share of the Company.

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019	2020	2019	2020	2019	2020	2019
Rupees in ('000)								

[illegible]



**FOR THE YEAR ENDED DECEMBER 31, 2020**

**41.1** Reconciliation of liabilities arising from financing activities inclusive of current portion:

\* Other changes include non cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows at the time of payment.

**41.2** Non-cash investing and financing activities comprise of acquisition of right of use assets as referred to in note 7.

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including all benefits to Chief Executive, Directors and Executives of the Company are as follows:

**42.1** In addition to the above, 7 (2019: 7) non executive directors were paid aggregated fee of Rs. 1.275 million (2019: Rs. 1.232 million) for attending meetings.

**42.2** The Chief Executive of the Company is provided with a company-maintained car and housing facilities in Bata premises.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk management is carried out by the Board of Directors (the Board). The Board has the overall responsibility for the establishment of a financial risk governance frame work. They provide assurance that the financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's risk management policies.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

### 43.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of three types of risks: interest rate risk, currency risk and other price risk such as equity risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

#### 43.1.1 Interest rate risk exposure

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from deposits in saving accounts with various commercial banks.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2020	2019
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Long term investments	45,094	45,032
<b>Financial Liabilities</b>		
Long term deposits - employees' securities	(24,788)	(24,717)
Deposits - agents	(98,160)	(98,922)
<b>Net exposure</b>	<b>(77,854)</b>	<b>(78,607)</b>
<b>Floating rate instruments:</b>		
<b>Financial assets</b>		
Bank balance in daily profit account	430,858	1,100,014
<b>Net exposure</b>	<b>430,858</b>	<b>1,100,014</b>

#### 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 or loss of the Company.

#### Cash flow sensitivity analysis for fixed rate instruments

No interest rate risk arises on fixed rate instruments.

#### Cash flow sensitivity analysis for variable rate instruments

The Company has some amounts invested in various daily profit accounts which offer a variable rate of return and the following table demonstrate the sensitivity to a reasonably possible change interest rate, with all other variables held constant, on the Company's profit before tax.

	2020	2019
	(Rupees in '000)	
Increase in basis points by 100	4,309	11,000
Decrease in basis points by 100	(4,309)	(11,000)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 43.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from primarily with respect to the United States Dollar (USD), Singaporean Dollar and Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from/payable to the foreign entities. The Company's exposure to currency risk is as follows:

	2020	2019
	(Rupees in '000)	
Financial assets		
Trade debts - Export customers		
Singapore Dollar	1,520	6,375
Cash in hand		
US Dollar	939	2,178
Euro	1,425	592
UAE Dirhams	10	56
Cash in bank		
US Dollar	23,958	23,303
	27,852	32,504
Financial liabilities		
Trade and other Payables - Foreign suppliers		
US Dollar	320	5,334
Singapore Dollar	-	1,847
	320	7,181

## Foreign Currency Sensitivity analysis

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in exchange rates of the major currencies involved in transactions with the foreign parties, keeping all other variables constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	2020	2019	2020	2019
	Percentage Change in Exchange Rate	Percentage Change in Exchange Rate	(Rupees in '000)	
			Effect on Profit Before Tax	Effect on Profit Before Tax
			+ / -	+ / -
Variation in USD to PKR	5.00%	5.00%	1,229	1,007
Variation in EURO to PKR	5.00%	5.00%	71	30
Variation in Singapore Dollar to PKR	5.00%	5.00%	76	(92)

## 43.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as it does not have any exposure in equity securities.

## 43.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its long term advances, trade debts, advances deposits prepayments and other receivable and its balances at banks.

Investments are allowed only in liquid securities and only with banks. Given their high credit ratings, management does not expect any counter party to fail to meet its obligation.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2020

The management has a credit policy in place and exposure to credit risk is monitored on a continuous basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets. The Company, however, mitigates any possible exposure to credit risk by taking security deposits from its dealers and distributors as well as by executing formal agreements with them. Out of total financial assets of Rs. 4,052,467 million (2019: Rs. 4,134.692 million) following are subject to credit risk:

	2020	2019
	(Rupees in '000)'000)	
Long term investments	45,094	45,032
Long term deposits	36,127	39,284
Trade debts - unsecured	1,385,617	2,621,262
Deposits	3,891	8,714
Letters of credit - margin	40,568	94,894
Other receivables	38,090	51,034
Interest accrued	3,340	1,224
Short term investments	1,950,000	—
Cash at bank	480,659	1,153,475
	<b>3,983,386</b>	<b>4,014,919</b>

### 43.2.1 Long term investments

Financial institution	Ratings			Carrying Values	
	Agency	Long Term	Short term	2020	2019
				(Rupees in '000)	
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	45,094	45,032
				<b>45,094</b>	<b>45,032</b>

43.2.2 Out of the total trade receivables, 71.5% is concentrated in ten customers (2019: 43.58% in ten customers).

	2020	2019
	(Rupees in '000)'000)	
<b>43.2.3 Trade debts - other than related parties</b>		
Neither past due nor impaired	683,954	1,530,834
Past due but not impaired		
1-30 days	309,552	463,222
31-60 days	116,748	440,576
61-90 days	45,683	124,800
Over 90 days	228,160	55,455
	<b>700,143</b>	<b>1,084,053</b>
<b>Past due and impaired</b>		
1-30 days	—	—
31-60 days	—	—
61-90 days	—	—
Over 90 days	311,523	37,477
	<b>311,523</b>	<b>37,477</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	(Rupees in '000)'000)	
<b>43.2.4 Trade debts - receivable from related parties</b>		
Neither past due nor impaired	1,520	6,375
Past due but not impaired	–	–
1-30 days	–	–
31-60 days	–	–
61-90 days	–	–
Over 90 days	–	–

## 43.2.5 Impairment of financial assets

The Company's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances and debt investments carried at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

On that basis, the loss allowance as at December 31, 2020 and December 31, 2019 was determined as follows:

As at December 31, 2020	Trade debts				
	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
	(Rupees in '000)				
Expected loss rate - %	0.00%	0.00%	50.00%	100.00%	
Gross carrying amount of trade debts	1,272,712	46,587	132,636	245,205	1,697,140
Loss allowance	–	–	66,318	245,205	311,523
As at December 31, 2019	Trade debts				
	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
	(Rupees in '000)				
Expected loss rate - %	0.00%	0.00%	50.00%	100.00%	
Gross carrying amount of trade debts	2,441,007	173,768	12,975	30,989	2,658,739
Loss allowance	–	–	6,488	30,989	37,477

## 43.2.6 Cash at bank

Financial institution	Ratings				2020	2019
	Agency	Long Term	Short term			
(Rupees in '000)						
Habib Bank Limited	JCR-VIS	AAA	A-1+	334,020	829,281	
MCB Bank Limited	PACRA	AAA	A1+	3,730	16,855	
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	23,884	22,948	
Bank Al-Habib Limited	PACRA	AA+	A1+	65,071	136,884	
National Bank of Pakistan	PACRA	AAA	A1+	3,541	2,737	
United Bank Limited	JCR-VIS	AAA	A-1+	31,502	144,770	
Meezan Bank Limited	JCR-VIS	AA+	A-1+	12,023	–	
Allied Bank Limited	PACRA	AAA	A1+	6,888	–	
				480,659	1,153,475	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 43.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2020 the Company had borrowing limits available from financial institutions at Rs. 2,235.000 million (2019: Rs. 1,140.000 million) and Rs. 549.740 million (2019: Rs. 1,273.248 million) in cash and bank balances. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

43.3.1 The following table shows the maturity profile of the Company's financial liabilities:

	2020				
	(Rupees in '000)				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	24,788	–	–	–	24,788
Long term borrowings	–	6,743	31,490	22,043	60,276
Trade and other payables	–	2,774,550	–	–	2,774,550
Unclaimed dividend	–	54,494	–	–	54,494
Lease	–	1,456,731	4,059,050	905,105	6,420,886

	2019				
	(Rupees in '000)				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	24,717	–	–	–	24,717
Trade and other payables	–	2,722,185	–	–	2,722,185
Unclaimed dividend	–	54,680	–	–	54,680
Lease	–	1,477,872	5,216,843	612,499	7,307,214

## 43.4 Fair value of the 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. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As of reporting date, there were no Level 1, 2 or 3 assets or liabilities during prior or current year.

## 43.5 Financial instruments by categories

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Financial assets at amortised cost	
	2020	2019
	(Rupees in '000)	
<b>Assets</b>		
Long term investments	45,094	45,032
Long term deposits	36,127	39,284
Trade debts - unsecured	1,385,617	2,621,262
Deposits	3,891	8,714
Letters of credit-Margin	40,568	94,894
Other receivables	38,090	51,034
Interest accrued	3,340	1,224
Cash at bank	549,740	1,273,248
	<u>2,102,467</u>	<u>4,134,692</u>
<b>Liabilities</b>		
Trade and other payables	2,718,877	2,639,665
Unclaimed dividend	54,494	54,680
Lease liability	4,474,537	4,984,568
	<u>7,247,908</u>	<u>7,678,913</u>

## 44 Capital risk management

The Company's policy is to safeguard the company's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity.

The Company's objectives when managing risks are

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).

	2020	2019
	(Rupees in '000)	
The debt-to-equity ratio as at reporting date is as follows:		
Net debt	60,259	—
Total equity	6,372,599	7,444,589
Capital gearing ratio	0.95%	—

The Company is not subject to any externally-imposed capital requirements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

## 45 TRANSACTIONS WITH RELATED PARTIES

45.1 The related parties and associated undertakings comprise parent company, related group companies, provident fund trust, directors and key management personnel. Remuneration of Chief Executive and directors is also shown in Note 42. Transactions with related parties during the year are as follows;

Relationship with the Company	Nature of transactions	2020	2019
		(Rupees in '000)'000)	
Common Control Companies	Purchase of goods and services	41,367	606,599
	Sale of goods and services	3,017	7,421
	Trademark license fee	364,269	870,874
	Management service fee	219,870	206,365
Holding company	Dividend paid	341,152	852,880
Staff Retirement Benefits	Contribution to provident fund trusts	77,691	73,341
Staff Retirement Benefits	Gratuity paid to outgoing employees	17,360	10,776

45.2 The Company in normal course of business conducts transactions with its related parties. Balances of related parties at the reporting date have been shown under payables and receivables. The Company continues to have a policy, whereby, all transactions with related parties and common control companies are carried out at mutually agreed terms and conditions.

45.3 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Sr. No.	Company Name	Country of incorporation	Basis of Association	Aggregate % of Shareholding in the Company
1	Bafin B.V., Nederland	Netherlands	Parent Company	75.21%
2	Bata Brands S.A. Switzerland	Switzerland	Common group company	N/A
3	Bata Shoe (Singapore) Pte. Ltd.	Singapore	Common group company and common directorship	N/A
4	Bata (Thailand) Limited	Thailand	Common group company	N/A
5	Empresas Comerciales S.A Bata Peru	Peru	Common group company	N/A
6	Global Footwear Services Pte. Ltd.	Singapore	Common group company and common directorship	N/A

## 46 CAPACITY AND ACTUAL PRODUCTION

	No. of shifts worked		Installed capacity based on actual shifts worked		Actual production	
	2020	2019	Pairs in '000		Pairs in '000	
Footwear in pairs			2020	2019	2020	2019
Cemented	1 to 3	1 to 3	2,291	2,511	1,464	2,343
Polyurethane	1 to 3	1 to 3	4,334	4,720	2,576	3,540
Thongs	1 to 3	1 to 3	5,099	4,914	2,540	3,091
Directly injected plastic	3	3	4,442	4,229	2,681	4,089
Sandak	3	3	2,538	3,001	1,925	2,584
			18,704	19,375	11,186	15,647

46.1 The deviation in actual production from installed capacity is due to rapidly growing trends as the Company has to change major shoe lines in accordance with the market trends. This involves change in manufacturing operations and product mix which causes variances not only between the installed capacity and actual production but also between the actual production of any two years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>47 NUMBER OF PERSONS EMPLOYED</b>		
Number of persons employed as at year end	2,276	2,683
Average number of persons employed during the year	2,522	2,677

## 48 PROVIDENT FUND

The Company operates provident funds for its managers and other employees. The following information pertains to both the Employees Provident Fund and the Managerial Staff Provident Fund:

	2020	2019
	(Rupees in '000)	
Size of the fund (total equity)	1,642,823	1,624,225
Percentage of investments made	85%	89%
Fair value of investments	1,392,640	1,451,332
Cost of investments made	1,392,640	1,451,332

**48.1** Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2020		2019	
	Investments (Rs. 000)	Investment as a % of size of the fund	Investments (Rs. 000)	Investment as a % of size of the fund
Pakistan Investment Bond	1,239,940	75.5%	20,000	1.2%
Term Finance Certificates	10,000	0.6%	—	—
Term deposit receipts	142,700	8.7%	1,431,332	88.1%
	<u>1,392,640</u>		<u>1,451,332</u>	

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

**48.3** The above information is based on audited financial statements of the provident fund.

## 49 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

The pandemic COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lockdown as a measure to reduce the spread of COVID-19 which included measures such as temporary closure of businesses, curtailment of intercity movements and cancellation of major events etc. These measures were subsequently followed by other provinces as well. These measures have resulted in an overall economic slowdown and disruptions to various businesses. The Government of Pakistan and State Bank of Pakistan also announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID-19.

Complying with the lockdown, the Company temporarily suspended its operations from March 23, 2020. All retail stores and depots remained closed and production was ceased till the date the lockdown was lifted on May 11, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations from the month of May 2020 and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. Thereafter, the Government continued to enforce measures such as localized lock downs, curtailment of business hours and other measures to restrict movement of personnel. Such measures, were in force for various periods during the year. Furthermore, schools and other educational institutions remained closed for major part of the year.

The lockdown has caused disruptions in supply and distribution chain affecting the sales of the Company. It is also expected that the outbreak may affect the demand of the Company's products in future. In order to mitigate the effects of COVID-19, the management has adopted several measures such as consolidation of non retail businesses and introducing sales campaigns in order to generate revenue and negotiating with the landlords for a reduction in the lease rentals for the duration of the lockdown. The management has also assessed the accounting implications of these developments on these interim financial statements, including but not limited to the following areas:

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2020

According to management's assessment, as a result of COVID-19, there has been a substantial decrease in the revenue of the Company. Furthermore, there has been an increase in allowance for expected credit losses due to delayed recoveries from customers and increase in provision for slow moving / obsolete inventory due to build up of stocks. Cumulatively, the above have impacted the overall profitability of the entity for the year ended December 31, 2020.

However, the management is confident that the measures taken by it, which have been detailed above, and the subsequent easing of Government enforced measures and resumption of normal business activities, will result in a positive impact in the coming months and therefore the management does not foresee any effect on the use of going concern assumption.

### 50 EVENT AFTER THE REPORTING DATE

No significant events have occurred subsequent to the reporting date, other than those mentioned elsewhere in these financial statements.

### 51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 26, 2021 by the Board of Directors of the Company.

### 52 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary. However, no significant reclassifications have been made.

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Chief Executive

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Chief Financial Officer

---

Director

NEW  
**SPRING  
SUMMER**  
COLLECTION 2021



*Surprisingly*  
**Bata**

NEW  
**SPRING  
SUMMER**  
COLLECTION 2021



*Surprisingly*  
**Bata**



# Pattern of Shareholding



## PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

No. of Shareholders	From	Shareholding To	Total Shares held
902	1	100	35,467
444	101	500	109,835
72	501	1,000	53,691
56	1,001	5,000	118,419
7	5,001	10,000	45,890
3	10,001	15,000	37,392
1	15,001	20,000	16,000
1	20,001	25,000	21,000
2	25,001	30,000	53,172
1	45,001	50,000	50,000
1	60,001	65,000	61,840
1	80,001	85,000	81,520
1	95,001	100,000	99,674
1	1,090,001	1,095,000	1,090,234
1	5,685,001	5,690,000	5,685,866
1,494			7,560,000

## CATEGORIES OF SHAREHOLDERS

	Number of Shareholders	Total Shares held	Percentage
<b>FOREIGN SHAREHOLDERS</b>			
Bafin (Netherlands) B.V.	1	5,685,866	75.21
<b>Local Shareholders</b>			
Individuals	1,451	455,856	6.03
Industrial Development Bank of Pakistan IDBP (ICP Unit)	1	125	0.00
Trustee National Investment (Unit) Trust (CDC)	1	1,090,234	14.42
National Investment Trust Limited (CDC)	1	28,076	0.37
National Investment Trust Limited Administration Fund (CDC)	1	21,000	0.28
National Bank of Pakistan (CDC)	1	611	0.01
Insurance Companies	6	58,388	0.77
Pension Fund	4	107,334	1.42
Joint Stock Companies	17	5,332	0.07
Modaraba & Mutual Fund	8	103,380	1.37
Other Companies	2	3,798	0.05
	1,494	7,560,000	100.00



# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

Categories of Shareholders		Number of shares held
1.	<b>Directors, Chief Executive Officer, their spouses and minor children</b>	
	<b>Chief Executive</b>	–
	<b>Directors</b>	
	MR. ROBERTO LONGO	1
	MR. MUHAMMAD IMRAN MALIK	–
	MR. AMJAD FAROOQ	–
	MR. TOH GUAN KIAT	1
	MR. KAMAL MANNOO	1
	MR. MUHAMMAD MAQBOOL	1
	MS. FATIMA ASAD KHAN	1
	MR. SYED ASAD ALI ZAIDI	–
	MR. AAMIR AMIN	–
2.	<b>Directors' spouses and their minor children</b>	–
	<b>Associated companies, undertakings and related parties (Parent Company)</b>	
	BAFIN (NETHERLANDS) B.V.	5,685,866
3.	<b>NIT and ICP</b>	
	IDBP (ICP UNIT)	125
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,090,234
	NATIONAL INVESTMENT TRUST LIMITED (CDC)	28,076
	NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND (CDC)	21,000
4.	<b>Banks, DFI's and NBFIs</b>	
	NATIONAL BANK OF PAKISTAN (CDC)	611
5.	<b>Insurance companies</b>	
	ATLAS INSURANCE LIMITED (CDC)	8,800
	EAST WEST INSURANCE CO.LTD (CDC)	200
	EFU GENERAL INSURANCE LIMITED. (CDC)	25,096
	HABIB INSURANCE CO. LIMITED. (CDC)	6,000
	STATE LIFE INSURANCE CORP. OF PAKISTAN. (CDC)	11,392
	DAWOOD FAMILY TAKAFUL LIMITED (CDC)	6,900
6.	<b>Foreign Companies</b>	–
7.	<b>Modarbas and Mutual Funds</b>	
	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	4,900
	CDC - TRUSTEE APIF - EQUITY SUB FUND (CDC)	4,780
	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND (CDC)	3,220
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	16,000
	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	61,840
	CDC TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	5,120
	CDC - TRUSTEE NIT-EQUITY MARKET OPPRTUNITY FUND (CDC)	7,080
	CDC - TRUSTEE UBL RETIREMENT SAVING FUND - EQUITY SUB FUND (CDC)	440
8.	<b>Pension Fund</b>	
	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEE PENSION FUND (CDC)	99,674
	CDC - TRUSTEE MEEZAN TAHAFUZ PENSION FUND - EQUITY SUB FUND (CDC)	460
	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND (CDC)	4,380
	CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND (CDC)	2,820
9.	<b>Joint Stock Companies</b>	
	FATEH INDUSTRIES LIMITED	160
	NAEEM'S SECURITIES (PVT) LTD.	50

# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

Categories of Shareholders		Number of shares held
	STANLEY HOUSE INDUSTRIES (PVT) LTD. (CDC)	500
	IGI FINEX SECURITIES LIMITED (CDC)	1
	IRFAN MAZHAR SECURITIES (PVT) LTD. (CDC)	540
	MAPLE LEAF CAPITAL LIMITED (CDC)	1
	MRA SECURITIES LIMITED (CDC)	60
	MRA SECURITIES LIMITED - MF (CDC)	260
	NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)	20
	NH SECURITIES (PVT.) LIMITED. (CDC)	135
	SAAO CAPITAL (PVT) LIMITED (CDC)	20
	SARFRAZ MAHMOOD (PRIVATE) LTD (CDC)	25
	SERVICE SALES CORPORATION (PRIVATE) LIMITED (CDC)	100
	SHERMAN SECURITEIS (PRIVATE) LIMITED (CDC)	2,000
	ZAHID LATIF KHAN SECURITIES (PVT) LTD. (CDC)	560
	DREAMWORLD LIMITED (CDC)	200
	HARAL SONS (PVT) LIMITED. (CDC)	700
10.	<b>Other companies</b>	
	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	3,498
	GADITEK ASSOCIATES EMPLOYEES PROVIDENT FUND (CDC)	300
11.	<b>General public</b>	
	SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)	200
	SHARES HELD BY THE GENERAL PUBLIC (LOCAL)	455,651
12.	<b>Executives, their spouses and minor children</b>	–
		7,560,000
1.	<b>Shareholders holding 10% or more of total capital</b>	
	1 Bafin (Nederlands) B.v.	5,685,866
	2 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,090,234
	3 NATIONAL INVESTMENT TRUST LIMITED (CDC)	28,076
	4 NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND (CDC)	21,000
	5 NATIONAL BANK OF PAKISTAN (CDC)	611
		1,139,921
		6,825,787
2.	<b>Shareholders holding 5% or more of total capital</b>	
	1 Bafin (Nederlands) B.v.	5,685,866
	2 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	1,090,234
	3 NATIONAL INVESTMENT TRUST LIMITED (CDC)	28,076
	4 NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND (CDC)	21,000
	5 NATIONAL BANK OF PAKISTAN (CDC)	611
		1,139,921
		6,825,787

Due the financial year the trading in share of the Company by the Director, CEO, PFO, Company secretary and their seouses and minor children is as follows:

S.No	NAME	SALE	PURCHASE
1	NIL	0	0

**FORM OF PROXY**  
**69<sup>th</sup> ANNUAL GENERAL MEETING**



The Secretary  
Bata Pakistan Limited  
P.O. Batapur,  
Lahore

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of Bata Pakistan Limited and holder of \_\_\_\_\_

\_\_\_\_\_ Ordinary Shares as per Register Folio

No. \_\_\_\_\_ and / or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No.

\_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 69<sup>th</sup> Annual General Meeting of the Company to be held on April 27, 2021 and at any adjournment thereof.

Signature: \_\_\_\_\_

Rs.10/- Revenue Stamp

Date: \_\_\_\_\_

**WITNESSES:**

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Passport No. \_\_\_\_\_

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Passport No. \_\_\_\_\_

**Note:**

- The signature should match with the specimen signature registered with the Company.
- A Proxy need not be a member of the Company.
- Proxy Forms (scanned copies) properly completed along with attested copies of CNIC or the Passport of the Proxy shall be sent to investorcare.pk@bata.com not less than 48 hours (excluding closed days) before the Meeting.
- The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
- In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be sent at investorcare.pk@bata.com along with Proxy Form.

The Company Secretary

**BATA PAKISTAN LIMITED**

P.O. BATAPUR,  
LAHROE.

AFFIX  
CORRECT  
POSTAGE

میں / ہم \_\_\_\_\_  
 ساکن \_\_\_\_\_ بحیثیت ممبر بٹا پاکستان لمیٹڈ \_\_\_\_\_ عام حصص کا مالک / مستماتہ \_\_\_\_\_  
 ساکن \_\_\_\_\_ کو جبکہ فوئیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ یا اس کی عدم دستیابی کی صورت میں  
 مستماتہ / مستماتہ \_\_\_\_\_ ساکن \_\_\_\_\_  
 کو بطور پراکسی مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے 69 واں سالانہ عام اجلاس جو کہ مورخہ 27 اپریل 2021ء کو منعقد ہو رہا ہے اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے، بات کرے اور ووٹ ڈالے۔  
 میرے / ہمارے دستخط بتاریخ \_\_\_\_\_ 2021ء

-/10 روپے کے ریونیو سٹامپ پر  
دستخط

سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
پارٹیسپنٹ I.D	اکاؤنٹ نمبر	

گواہان: \_\_\_\_\_  
 نام: (1) \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 شناختی کارڈ نمبر: \_\_\_\_\_  
 دستخط: \_\_\_\_\_  
 نام: (2) \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 شناختی کارڈ نمبر: \_\_\_\_\_  
 دستخط: \_\_\_\_\_

نوٹ:

- a دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط کے مطابق ہونے چاہئیں۔  
 b نائب کے لئے کمپنی کا رکن ہونا ضروری نہیں۔  
 c نیابت کا فارم (سکین شدہ نقلیں) مناسب طریقے سے پر کر کے قومی شناختی کارڈ کی تصدیق شدہ نقول کے ہمراہ یا نیابت کنندہ کے پاسپورٹ کے ہمراہ investorcare.pk@bata.com پر اجلاس کے کم از کم 48 گھنٹے قبل (علاوہ تعطیلات) ارسال کریں۔

- d نیابت فارم پر دو افراد کی گواہی موجود ہو اور دونوں گواہوں کے نام پتے اور قومی شناختی کارڈ نمبر درج ہوں۔  
 e کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط، نیابت کے فارم کے ہمراہ investorcare.pk@bata.com پر ارسال کریں۔

پوری ٹکٹ  
لگانے کے بعد

جناب کمپنی سیکرٹری صاحب  
بٹاپاکستان لمیٹڈ  
بٹاپور لاہور







***Bata.***

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