

Bata PAKISTAN LIMITED

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Corporate Social Responsibility



To mark our role for a good environment, we planted more than 300 trees in Bata Colony.

Furnished one classroom with furniture at Rising Sun Institute for Special Children, Lahore – and donated one computer as well, for education and training of mentally retarded children.







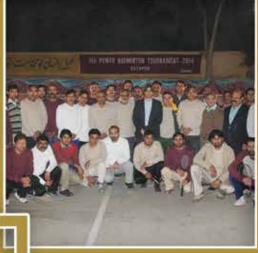
A Jogging Track was made in Bata Colony, Batapur for providing healthy environment to the families of Bata employees.

Mentorship sessions were held in different government schools by Bata employees (Volunteers) who inspired the children in career counselling and personality building. Launched Polio Eradication campaign in Bata Dispensary for providing maximum polio vaccination coverage to under-five year children of Bata employees and nearby community.

Reconstructed / renovated eight schools in Muzaffarabad and Neelum Valley (Azad Jammu Kashmir). Also donated 300 school chairs and 931 pairs of shoes amongst students of these schools.









Bata

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MD Bata Pakistan Mr. Muhammad Qayyum with the participants of the 4th Power Badminton Tournament 2014 held at Batapur.

MD Bata Pakistan Mr. Muhammad Qayyum presenting 4th Power Badminton Tournament Trophy to the winner.





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Our Vision

To make great shoes accessible to everyone

Our Mission

We help people to look and feel good

by continuously focusing on product quality, innovation and value.

We become the customer's destinaiton of choice

by offering a 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. Fernando Garcia	Chairman
Mr. Muhammad Qayyum	Chief Exe
Mr. M. G. Middleton	Director
Mr. Cesar Panduro	Director
Mr. Muhammad Ali Malik	Director
Mr. Muhammad Maqbool	Director
Mr. Ijaz Ahmad Chaudhry	Director
Mr. Shahid Anwar (Nominee of NIT)	Director
Mr. Syed Haroon Rashid (Nominee of NIT)	Director

Audit Committee

Mr. Muhammad Maq	bool
Mr. Ijaz Ahmad Chau	ldhry
Mr. M. G. Middleton	

Chairman Member Member

Chairman

Member

Member

cutive

Human Resource and Remuneration Committee

Mr.	Ijaz Ahmad Chaudhry
Mr.	Muhammad Qayyum
Mr.	Muhammad Maqbool

Chief Financial Officer (CFO)

Mr. Cesar Panduro

Company Secretary

Mr. S. M. Ismail

Auditors

Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Mall View Building, 4 - Bank Square P.O. Box No. 104, Lahore.

Legal Advisor

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

Stock Exchange Listing

Bata Pakistan Limited is listed on Karachi and Lahore Stock Exchanges.

The Company's shares are quoted in leading Newspapers under "Personal Goods" sector.

Bankers

Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Bank Al Habib Limited National Bank of Pakistan Limited United Bank Limited Barclays Bank PLC

Registered Office

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

Share Registrar

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

Factories

Batapur,

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

Maraka, 26 - Km, Multan Road, Lahore.

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

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 63rd Annual General Meeting of Bata Pakistan Limited will be held at the Registered Office of the Company at Batapur, District Lahore on 16th April, 2015 at 11:00 a.m. to transact the following business:

- 1. To confirm the minutes of the Extra-Ordinary General Meeting held on 26th August, 2014.
- 2. To receive, consider, and adopt the Directors' Report, Audited Accounts of the Company and Auditors' Report thereon, for the year ended 31st December 2014.
- 3. To declare dividend as recommended by the Directors.
- 4. To appoint Auditors and fix their remuneration for the year ending 31st December 2015.
- 5. To transact any ordinary business of the Company with the permission of the Chairman.

Batapur Lahore: 18.02.2015 By order of the Board Bata Pakistan Limited Company Secretary

NOTES:

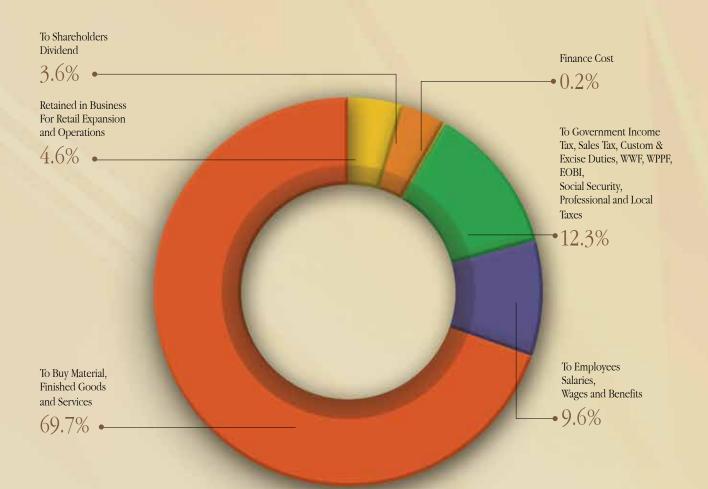
- 1. A member entitled to attend and vote at the meeting may appoint any person as his proxy to attend the meeting and vote instead of him. The proxy shall have the right to attend, speak and vote in place of the member appointing him at the meeting. A proxy need not be a member of the Company. Proxy form must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.
- 2. The members whose shares are maintained on Central Depository System with the Central Depository Company of Pakistan Limited should follow the guidelines for attending the General Meetings and appointment of proxies as laid down by the Securities and Exchange Commission of Pakistan.
- 3. Shareholders (non-CDC) are requested to promptly notify the Company of any change in their addresses. All the CDC shareholders are requested to please update their address with the CDC participants.
- 4. The Share Transfer Books of the Company will remain closed from 10th to 16th April 2015 (both days inclusive).

Key Operating Highlights

Year		2014	2013	2012 (Restated)	2011	2010	2009	2008
Financial Position								
Authorized capital	Rs. ' 000s	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Paid up capital	Rs. ' 000s	75,600	75,600	75,600	75,600	75,600	75,600	75,600
Shareholders' equity	Rs. ' 000s	5,255,391	4,500,647	3,933,505	3,277,790	2,741,300	1,960,727	1,435,695
Total assets	Rs. ' 000s	7,391,089	6,389,270	5,638,165	4,626,288	4,177,050	3,230,187	2,276,936
Property, plant and equipment	Rs. ' 000s	1,392,241	1,116,281	833,259	733,695	630,754	582,411	548,222
Provision for gratuity	Rs. ' 000s	53,135	54,424	72,096	79,262	74,211	69,196	62,780
Current assets	Rs. ' 000s	5,909,432	5,206,538	4,733,714	3,808,438	3,459,297	2,577,448	1,652,271
Current liabilities	Rs. ' 000s	1,977,587	1,746,343	1,554,782	1,198,488	1,300,867	1,147,336	734,907
Trading Results								
Sales	Rs. ' 000s	13,767,156	12,774,438	11,476,817	9,816,296	8,329,829	6,428,490	5,106,578
Gross profit	Rs. ' 000s	5,379,123	4,994,113	4,258,771	3,540,677	3,331,928	2,672,213	2,164,146
Operating profit	Rs. ' 000s	1,919,321	1,740,903	1,412,039	1,076,214	1,228,756	848,205	691,095
Profit before tax	Rs. ' 000s	1,887,916	1,714,388	1,385,586	1,025,008	1,189,021	813,022	663,822
Profit after tax	Rs. ' 000s	1,339,412	1,232,422	1,020,801	748,170	871,293	585,512	477,775
Distribution								
Interim cash dividend - paid	%	430.00	650.00	300.00	-	-	-	-
Final cash dividend - proposed / paid	%	340.00	350.00	230.00	200.00	280.00	120.00	80.00
Financial Ratios and Values								
Gross profit	%	39.07	39.09	37.11	36.07	40.00	41.57	42.38
Operating profit	%	13.94	13.63	12.30	10.96	14.75	13.19	13.53
Profit before tax	%	13.71	13.42	12.07	10.44	14.27	12.65	13.00
Profit after tax	%	9.73	9.65	8.89	7.62	10.46	9.11	9.36
Return on equity	%	25.49	27.38	25.95	22.83	31.78	29.86	33.28
Price earning ratio	Times	19.70	17.13	9.99	8.27	5.73	12.64	11.82
Dividend yield	%	2.23	3.15	3.71	2.44	4.24	1.23	1.07
Earnings per share	Rs.	177.17	163.02	135.03	98.96	115.25	77.45	63.20
Debt : equity ratio	Times	0.00:1	0.00:1	0.00:1	0.00:1	0.00:1	0.00:1	0.00:1
Current ratio	Times	2.99:1	2.98:1	3.04:1	3.18:1	2.66:1	2.25 : 1	2.25 : 1
Average stock turns - value	Times	3.29	3.40	3.24	3.33	3.56	2.94	2.88
Debtors turnover	Times	27.33	35.10	34.04	75.44	373.12	270.84	54.03
Average collection period	Days	13	10	11	5	1	1	7
Property, plant and equipment turnover	Times	9.89	11.44	13.77	13.38	13.21	11.04	9.31
Break up value per share	Rs.	695.16	595.32	520.30	433.57	362.61	259.36	189.91
Market price per share	Rs.	3,490.00	2,792.46	1,349.50	818.00	660.00	979.00	747.00
Market capitalization	Rs. ' 000s	26,384,400	21,110,998	10,202,220	6,184,080	4,989,600	7,401,240	5,647,320
Other information								
Permanent employees	Number	2,485	2,343	2,400	2,495	2,585	2,652	2,712
Retail outlets	Number	407	395	386	396	380	369	365
Wholesale depots	Number	13	13	13	13	13	12	12
Installed capacity	Pairs ' 000s	21,434	21,074	14,079	12,881	11,154	8,050	8,737
Actual production	Pairs ' 000s	17,117	16,491	11,837	11,204	11,540	10,394	9,476
Capacity utilization	%	79.86	78.25	84.08	86.98	103.46	129.12	108.46
Capital expenditure	Rs. ' 000s	505,102	332,942	217,054	209,712	142,222	119,255	214,200
Contribution to the National Exchequer	Rs. ' 000s	2,013,668	1,678,484	1,361,259	1,060,068	814,445	555,950	453,885



Value Added and its Distribution

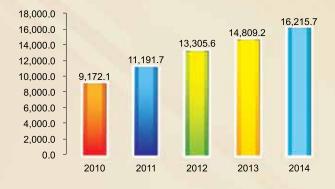


Revenue Generated	2014 Rs. '000s	%	2013 Rs. '000s	%
Sales	16,215,650		14,809,158	
Other Income	163,316		85,635	
	16,378,966	100%	14,894,793	100%
Revenue Distributed				
To Buy Material, Finished Goods and Services	11,424,083	69.7 %	10,628,746	71.3%
To Employees - Salaries, Wages and Benefits	1,565,386	9.6%	1,328,626	8.9%
To Government - Income Tax, Sales Tax, Custom & Excise Duties, WWF, WPPF, EOBI, Social Security, Professional and Local Taxes	2,013,668	12.3%	1,678,484	11.3%
Finance Cost	31,405	0.2%	26,515	0.2%
To Shareholders - Dividend	589,680	3.6%	665,280	4.5%
Retained in Business - For Retail Expansion and Operations	754,744	4.6%	567,142	3.8%
	16,378,966	100%	14,894,793	100%

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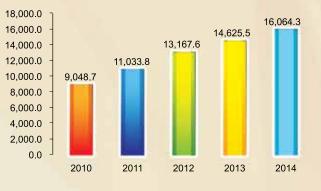
Operational Statistics

(Rupees in million)

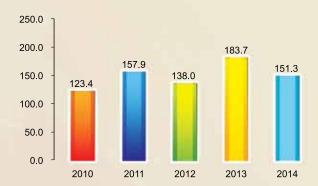


Total Turnover (Gross)

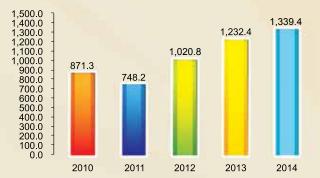
Domestic Turnover (Gross)



Export Turnover (Gross)



Profit After Tax





Chairman's Review

On behalf of the Board, I welcome you all to the 63rd Annual General Meeting of the Company and feel pleased to present the annual review of the Company's performance and the audited financial statements for the year ended 31 December 2014.

The year 2014 showed another good results in the history of the Company. The high operational performance, in terms of sales, production and profitability were achieved under the strong guidance of our management team despite constant power crises, bleak law and order situation, uncertain political environment and severe floods in the country.

The Company's business witnessed its record level with net turnover of Rs. 13.767 billion representing a growth of 7.77% over last year. The gross profit was recorded at Rs. 5.379 billion against last year of Rs. 4.994 billion. Operating profit increased from Rs. 1.741 billion to Rs. 1.919 billion showing a healthy increase of 10.25% as compared to previous year. Profit after taxation was Rs. 1.339 billion compared to Rs. 1.232 billion of last year. It is also worth mentioning here that our Company achieved earnings per share of Rs. 177.17 (Rs. 163.02 in 2013).

The Company has, during the 2014, an effective cash flow management system in place whereby cash inflows and outflows are projected on regular basis. The profit on short term investment and bank deposits along with income from discounting of supplier's invoices increased 21.76% from one year to another. The Board is satisfied that there are no short or long term financial constraints at the close of the year.

Based on the performance and progress made by the Company, your Directors have decided to recommend a final dividend of Rs. 34 per share which in addition to an interim dividend of Rs. 43 per share making total dividend of Rs.77 per share for the year 2014 and also proposed that Rs. 765 million to be transferred to general reserve to utilize for further growth of the business for the coming years supported by a strategic business plan presented to the Board.

Our Retail division continues to grow with the current setup along with the new stores having achieved a growth of 12.12%. In order to sustain this growth and to provide friendly and modern atmosphere in the stores, an amount of Rs. 270 million has been spent to open new stores and renovate our existing stores at key business locations. Much of the expansion was focused on our modern format of stores concept. During 2014 we closed number of stores which were under minimum benchmark of sales and profitability.

The non retail sales division played a vital role during 2014 to support our production facilities despite the tight market and economic conditions. This division showed tremendous turnover growth in previous years was almost at the same level during the year under review as compared to previous year. We will continue with our strategy to grow implementing new strategies and good products to improve the business and profitability of this division.

In our manufacturing operations we undertook some further restructuring in line with Company objectives. As a result, our production facilities at Batapur and Maraka remained fully loaded throughout the period to meet the demand of higher value products particularly in PU and DIP footwear. These facilities produced 17.1 million pairs against 16.5 million pairs in the last year. The increase in the production was facilitated by the investment in a new machinery to improve the efficiency and reduce the cost of production.

The Company continued to be a significant contributor to the National Exchequer and was among the 100 highest tax payers of the country in companies category announced by the Federal Board of Revenue in February 2014. For the year ended 2014, Company paid Rs. 2.014 billion in Corporate Tax, Sales Tax, Custom Duty and other levies which was 20% more than the last year.





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 development 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.

During the year, the newly elected Collective Bargaining Agent (C.B.A.) served the Company with a Charter of Demand. A two-year agreement, expiring on June 22, 2016 was negotiated and signed with them, to provide increased benefits and higher income to the unionized staff. I hope that the Management and the C.B.A. will maintain a satisfactory relationship to achieve better results for the benefits of all concerned, like it was in the past years.

The Company along with Bata Children Foundation (BCP) continued its Corporate Social Responsibility (CSR) activities during this year also. The Company donated shoes, school bags and computers and also furnished class room for underprivileged communities and orphanage. The mentorship sessions were held in different government schools by Bata employees (volunteers) who inspired the children in career counselling, shoe designing and personality building.

The rains and floods played havoc in Azad Jammu Kashmir and Punjab during August and September and life in those areas was paralyzed. The Company came forward in this difficult time and started rehabilitation programme for schools. In this regard, the Company also received generous donations from other overseas Bata companies under Bata Children Programme (BCP). Under this programme, Company reconstructed / renovated eight schools in Muzaffarabad and Neelum Valley (Azad Jammu Kashmir) and also donated chairs and shoes amongst students of these schools.

Our Environmental Mission Statement is "To protect our people, customers and communities and to protect our natural environment in order to help sustain human development globally". For accomplishing our mission we are committed to provide a safe and healthy working environment to our employees and the nearby community. For this the Company took a lot of initiatives in the past, which includes complete elimination of solvent based adhesives and





primers from the factories, strict use of PPEs (Personal Protective Equipment) on hazardous operations, recycling of waste, water conservation projects, fire safety and general safety measures etc. In addition to above, for workers' health & safety, factory atmosphere tests regarding chemical dust, noise and heat were introduced. For conservation of water it has been now made mandatory to install cooling tower for water recycling in operations where water is used as cooling agent.

For sport activities, the Company this year did three events where the employees were involved. The sports played this year were soccer, cricket and badminton at our own premises.

To finalize this report I want to congratulate the Board of Directors and the Management of the Company for being second year in a row in the list of the top 25 companies at Karachi Stock Exchange for the year 2013 having this time the position No. 7 (In 2012 position was No 23) on the basis of comprehensive criteria, which includes dividend payout, capital efficiency, profitability, free-float of shares, transparency, investors relation and compliance with listing regulations. This award is given only to the companies recognizing their excellent financial and managerial performance.

As we move forward, we are certain to face competitions and challenges due to ever changing economic and marketing conditions. Based on our strengths we are confident to successfully overcome all the challenges in future.

On behalf of your Board, I take this opportunity to express my 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.

Fernando Garcia Chairman





elegance personified

ambassador by Bata

High quality leather | Hand crafted | Masterpiece designs

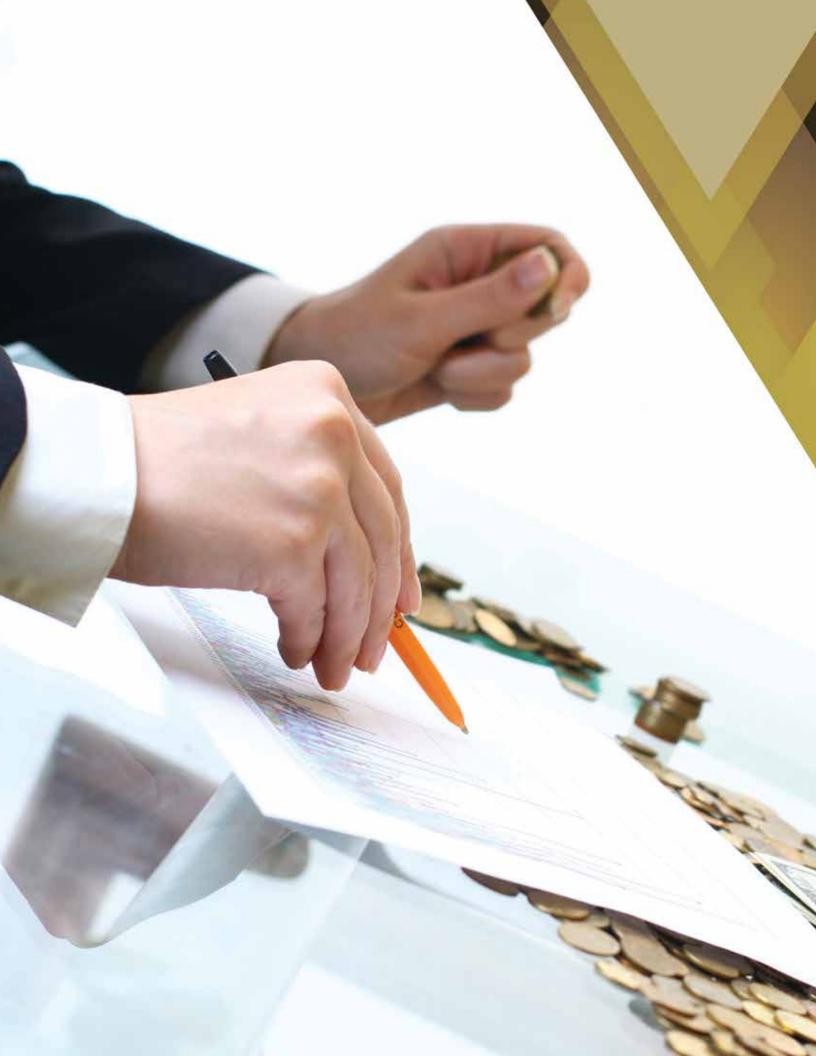
Ambassedor is a brand that mirrors excellence, experience and a classic style. Looking at the brand on its own, sophistication comes to mind. The themes and captions will play around such elegance.



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Directors' Report to the Members



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their report and financial statements of the Company for the year ended 31 December 2014.

1. The Chairman's Review which is an integral part of this report deals with the year's activities, financial affairs and future prospects of the Company, the contents of which are endorsed by the directors.

2. Financial results

The financial results of the Company are as under:

The infancial results of the Company are as under:	KS. (000)
Profit before taxation	1,887,916
Less: Provision for taxation	, ,
Current	522,880
Prior years	10,970
Deferred	14,654
	548,504
Profit after tax	1,339,412
To this must be added	
Unappropriated profit brought forward from last year	757,564
Experience Adjustments - Employee Benefits	5,012
Profit available for appropriations	2,101,988
To this the following must be deducted:	, ,
Final dividend 2013 @ Rs. 35.00 per share	264,600
Interim dividend 2014 @ Rs. 43.00 per share	325,080
Transfer to general reserve	490,000
0	1,079,680
Leaving an unappropriated profit to be carried forward to next year	1,022,308

Leaving an unappropriated profit to be carried forward to next year

The directors in their meeting held on 18 February 2015 have also proposed a final cash dividend @ Rs. 34 per share (in addition to interim dividend of Rs. 43 per share). (2013: Final @ Rs. 35 per share) and transfer to general reserve amounting to Rs.765 million for approval of members in the Annual General Meeting to be held on 16 April 2015.

- 3. Earning per share -Basic and diluted Earning per share for the year ended 31 December 2014 was Rs. 177.17 as against Rs. 163.02 of preceding year.
- 4. The pattern of shareholding

The pattern of shareholding as on 31 December 2014 and its disclosure according to the requirement of Code of Corporate Governance is annexed to this report.

5. Auditors

The present Auditors, Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and offer themselves for re-appointment. The Board of Directors, on recommendation of Audit Committee, proposes the re-appointment of Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, for the year ending 31 December 2015.

6. Statement pursuant to clause XIX of Corporate Governance

The Company had complied with all the requirements of the Code of Corporate Governance as required by the listing regulations.

Accordingly, the Directors are pleased to confirm the following:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the results of its operations, cash flow 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 Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure there from, if any, has been adequately disclosed.

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- 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 Stock Exchanges in Pakistan.
- h) Key operating and financial data of last six years is annexed to this report.
- i) Statement of compliance with the Code of Corporate Governance is annexed.
- j) Value of assets of Provident Fund Trusts was Rupees ('000) 1,647,564 as on 31 December 2014 as per its audited accounts. The value of assets includes accrued interest.
- k) In an Extraordinary General Meeting held on 26 August 2014, nine (9) persons were elected as Directors under the provisions of the Companies Ordinance 1984 for a 3-year term, effective from 25 Spetember 2014.
- l) Attendance at five (5) meetings of the Board of Directors held during the year under review was as under:

Name of Director	e of Director Meetings held during the tenor in the year	
Mr. Fernando Garcia	5	-
Mr. Muhammad Qayyum	5	5
Mr. M. G. Middleton	5	5
Mr. Cesar Panduro	5	5
Mr. Muhammad Ali Malik	5	5
Mr. Ijaz Ahmad Chaudry	5	5
Mr. Shahid Anwar	5	4
Mr. Muhammad Maqbool	2	2
Mr. Syed Haroon Rashid	2	2
Retired		
Mr. Fakir Syed Aijazuddin	3	3
Mr. Waseem-ul-Haq Haqqie	3	2
Mr. Malik Arif Hayat	3	2

- m) No trading in the shares of the Company was carried out by the Directors, CEO, CFO and Company Secretary, their spouses and minor children.
- n) The Audit Committee met four times during the year under reference. 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 Code of Corporate Governance. The Audit Committee also discussed with the external auditors their letter to the management. related parties transactions were also placed before the Audit Committee prior to approval of the Board.
- o) Outstanding taxes and levies are given in the relevant notes to the audited financial statements.
- p) An orientation course was arranged for the Directors to acquaint them with their duties & responsibilities and to enable them to manage affairs of the Company on behalf of the shareholders and in this regard one director undertook training under Directors Training Programme.
- q) The directors of the Company having 15 years of experience on the board of directors of a listed company are exempt from the requirements of directors training programme.
- r) 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.

7. Related party transactions

The transactions with the related parties and associated undertakings were made at arm's length prices.

On behalf of the BOARD OF DIRECTORS

Batapur LAHORE: 18 February 2015 MUHAMMAD QAY YUM CHIEF EXECUTIVE



Corporate Governance



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER, 2014

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 35 Chapter XI of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

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

Category	Names	
Independent Directors	Mr. Muhammad Maqbool	
	Mr. Shahid Anwar	
	Mr. Syed Haroon Rashid	
Non-Executive Directors	Mr. Fernando Garcia	
	Mr. M. G. Middleton	
	Mr. Muhammad Ali Malik	
	Mr. Ijaz Ahmad Chaudhry	
Executive Directors	Mr. Muhammad Qayyum	
	Mr. Cesar Panduro	

The independent directors meet the criteria of independence under clause I (b) of the CCG.

- 2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4. On 26 August 2014, at an Extraordinary General Meeting, nine (9) persons were elected as Directors for a three year term, under provisions of the Companies Ordinance, 1984.
- 5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
- 8. The meetings of the board were presided over by the Chairman and, in his absence, by the Chief Executive. The board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9. The Company arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. One of the directors has acquired certification under director's training programme conducted by Pakistan Institute of Corporate Governance during the year.

- 10. The Board has approved all the transactions entered into by the Company with related parties during the year. A complete party wise record of related parties transactions has been maintained by the Company.
- 11. There were no new appointments of the Chief Financial Officer (CFO), Company Secretary and the Head of Internal Audit during the year.
- 12. The Director's Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 16. The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the Internal Audit Department.
- 17. There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations of Stock Exchanges in Pakistan.
- 18. The board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors and the chairman of the committee who was appointed during the year, is an Independent director.
- 19. The board has formed a Human Resource and Remuneration Committee. It comprises of three (3) members, of whom two are non-executive directors and the remaining one is executive director.
- 20. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 21. The Board has set-up an effective internal audit function with suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company.
- 22. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 24. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
- 25. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 26. We confirm that all other material principles enshrined in the Code have been complied with.

Batapur: LAHORE: 18 February 2015 MUHAMMAD QAY YUM CHIEF EXECUTIVE



Review Report to the Members



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Bata Pakistan Limited (the Company) for the year ended 31 December 2014 to comply with the Listing Regulation No. 35 Chapter XI of the Karachi Stock Exchange Limited and Listing Regulation No. 35 Chapter XI of Lahore Stock Exchange Limited, where the Company is listed.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2014.

LAHORE: 18 February 2015

ERNST & YOUNG FORD RHODES SIDAT HYDER CHARTERED ACCOUNTANTS Audit Engagement Partner's Name: Farooq Hameed



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Auditors' Report to the Members



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Bata Pakistan Limited (the Company) as at 31 December 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 2.2 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the profits, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, 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.

LAHORE: 18 February 2015

ERNST & YOUNG FORD RHODES SIDAT HYDER CHARTERED ACCOUNTANTS Audit Engagement Partner's Name: Farooq Hameed





Financial Statements

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014	2013
		(Rupee	s in '000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,392,241	1,116,281
Intangibles	7	4,929	4,941
Long term investments	8	38,000	38,001
Long term deposits and prepayments	9	46,487	23,509
CURRENT ASSETS		1,481,657	1,182,732
Stores and spare parts	10	77	_
Stock in trade	11	2,729,707	2,368,302
Trade debts - unsecured	12	503,726	363,975
Advances - unsecured	13	60,596	27,979
Deposits, short term prepayments and			
other receivables	14	589,113	522,131
Interest accrued		3,927	7,615
Short term investment	15	1,130,000	968,000
Tax refunds due from Government	16	508,597	508,597
Cash and bank balances	17	383,689	439,939
		5,909,432	5,206,538
TOTAL ASSETS		7,391,089	6,389,270
EQUITY AND LIABILITY			
SHARE CAPITAL AND RESERVES			
Authorized share capital	18.1	100,000	100,000
Issued, subscribed and paid up capital Reserves	18.2	75,600	75,600
Capital reserve	19	483	483
Revenue reserves	20	5,179,308	4,424,564
		5,179,791	4,425,047
		5,255,391	4,500,647
NON-CURRENT LIABILITIES			
Long term deposits	21	38,000	38,001
Deferred liability - employee benefits	22	53,135	54,424
Deferred taxation	23	66,976	49,855
		158,111	142,280
CURRENT LIABILITIES			
Trade and other payables	24	1,454,707	1,275,552
Short term borrowings	25	-	-
Provision for taxation		522,880	470,791
		1,977,587	1,746,343
CONTINGENCIES AND COMMITMENTS TOTAL EQUITY AND LIABILITIES	26	7,391,089	6,389,270
		7,371,007	0,309,270

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

Chief Executive

Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		(Rupee	s in '000)
SALES	27	13,767,156	12,774,438
COST OF SALES	28	8,388,033	7,780,325
GROSS PROFIT		5,379,123	4,994,113
DISTRIBUTION COST	29	2,604,190	2,374,414
ADMINISTRATIVE EXPENSES	30	877,256	817,317
OTHER EXPENSES	31	141,672	147,114
		3,623,118	3,338,845
OTHER INCOME	32	163,316	85,635
OPERATING PROFIT		1,919,321	1,740,903
FINANCE COST	33	31,405	26,515
PROFIT BEFORE TAXATION		1,887,916	1,714,388
TAXATION	34	548,504	481,966
PROFIT AFTER TAXATION		1,339,412	1,232,422
OTHER COMPREHENSIVE INCOME (not to be reclassified to profit and loss) Experience Adjustment - Employee Benefits (net of tax)	22	5,012	
Experience Adjustment - Employee Denents (net of tax)	22),012	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,344,424	1,232,422
EARNINGS PER SHARE - BASIC AND DILUTED	36	Rs. 177.17	Rs. 163.02

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

Chief Executive

Director

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		(Rupees	in '000)
CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,887,916	1,714,388
Non-cash adjustment to reconcile profit before tax to net cash flows:		1(0.0=/	
Depreciation of property, plant & equipment		168,974	131,405
Impairment		2,352	4,982
Amortization of intangible assets		3,211	6,227
Provision for gratuity		9,347	(13,740)
(Gain)/Loss on disposal of property, plant and equipment		(51,931)	2,362
Income from short term investments		(42,187)	(62,971)
Income from long term investments		(3,614)	(3,911)
Exchange loss		1,550	17,165
Finance cost		6,303	5,242
Provision for trade and other debts (net)		2,383	15,172
(Reversal)/Provision for slow moving and obsolete stock (net)		(1,066)	4,658
Provision for obsolescence - stores and spare parts		4,790	915
		100,112	107,506
Operating profit before working capital changes		1,988,028	1,821,894
Working capital adjustments:			
(Increase) / decrease in current assets:		(4,867)	(((0))
Stores and spare parts Stock in trade			(668)
		(360,339)	(167,930)
Trade debts - unsecured		(142,602)	(36,944)
Advances - unsecured		(32,504)	(20,441)
Deposits, short term prepayments and other receivables		16,318	(17,872)
Increases / (decreases) in asympt lightlifes		(523,994)	(243,855)
Increase / (decrease) in current liabilities: Trade and other payables		17/ 757	63,441
* *		174,757	
Cash generated from operations		1,638,791	1,641,480
Finance costs paid		(6,303)	(5,242)
Tax paid		(564,707)	(438,982)
Gratuity paid		(3,156)	(3,932)
Interest income received		49,489	64,313
		(524,677)	(383,843)
(Increase)/decrease in long term prepayments		(22,978)	2,671
Increase in long term deposits		(1)	1,001
Net cash generated from operating activities	А	1,091,135	1,261,309
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6.1	(505,102)	(332,942)
Decrease/(increase) in capital work in progress	6.2	50,526	(105,824)
Purchase of intangible assets	7	(3,199)	(3,156)
Proceeds from sale of property, plant and equipment	6.4	59,221	16,995
Decrease/(Increase) in long term investments	0.4	1	(1,001)
Net cash used in investing activities	В	(398,553)	(425,928)
CASH FLOWS FROM FINANCING ACTIVITIES	D	(570,555)	(12),720)
Dividends paid		(586,832)	(660,637)
Net cash used in financing activities	С	(586,832)	(660,637)
NET INCREASE IN CASH AND CASH EQUIVALENTS	A+B+C	105,750	174,744
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,407,939	1,233,195
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	1,513,689	1,407,939
-	5.	,,,,,,,,	
The appayed notes from 1 to 16 form an integral part of these financial statements			

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

Chief Executive



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital	Capital reserve	General reserve	Unappropriated profits	Total
			Rupees in '000		
Balance as at 1 January 2013	75,600	483	3,047,000	810,422	3,933,505
Final dividend 2012 @ Rs. 23 per share	-	-	-	(173,880)	(173,880)
Transfer to general reserve for 2012	-	-	620,000	(620,000)	-
Interim dividend for 2013 @ Rs. 65 per share	-	-	-	(491,400)	(491,400)
Total comprehensive income for the year	-	-	-	1,232,422	1,232,422
Balance as at 31 December 2013	75,600	483	3,667,000	757,564	4,500,647
Final dividend for 2013 @ Rs. 35.00 per share	-	-	-	(264,600)	(264,600)
Transfer to general reserve for 2013	-	-	490,000	(490,000)	-
Interim dividend for 2014 @ Rs. 43.00 per share	-	-	-	(325,080)	(325,080)
Total comprehensive income for the year	-	-	-	1,344,424	1,344,424
Balance as at 31 December 2014	75,600	483	4,157,000	1,022,308	5,255,391

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

Chief Executive

Director

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FOR THE YEAR ENDED 31 DECEMBER 2014

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 Lahore and Karachi Stock Exchanges. 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.

2. STATEMENT OF COMPLIANCE

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

2.2 Standards, interpretations and amendments to published approved accounting standards effective in 2014

The Company has adopted the following new and amended IFRS interpretations which became effective during the year.

Standard or Interpretation

IFAS 3	Profit and Loss Sharing on Deposit
IAS 32	Financial Instruments : Presentation - (Amendment)
	Amendments enhancing offsetting of financial assets and financial liabilities
IAS 36	Impairment of Assets - (Amendment)
	Recoverable amount disclosures for non-financial assets
IAS 39	Financial Instruments : Recognition and Measurement - (Amendment)
	Novation of derivatives and continuation of hedge accounting
IFRIC 21	Levies

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date
	Standard or Interpretation	(Periods beginning on or after)
IFRS 10	Consolidated Financial Statements	01 January 2015
IFRS 11	Joint Arrangements	01 January 2015
IFRS 12	Disclosure of Interests in Other Entities	01 January 2015
IFRS 13	Fair Value Measurement	01 January 2015
IAS 1	Presentation of Financial Statements- (Amendment) Disclosures initiative	01 January 2016
IAS 16 and	Property, Plant and Equipment and Intangible Asstes (Amendment)	
IAS 38	Clarification of accpetable method of Depreciation and Amortization	01 January 2016
IAS 16 and	Property, Plant and Equipment and Agriculture-(Amendment)-	
IAS 41	Agriculture: Bearer Plants	01 January 2016
IAS 19	Employee Benefits - (Amendment)- Defined Benefit Plan	
	Employee Contributions	01 July 2014

FOR THE YEAR ENDED 31 DECEMBER 2014

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

	hibb checuve date
Standards	(annual periods beginning on or after)
Financial Instruments: Classification and Measurement	01 January 2018
Regulatory Deferral Accounts	01 January 2016
Revenue from contracts with Customers	01 January 2017
	Financial Instruments: Classification and Measurement Regulatory Deferral Accounts

IASB effective date

3. BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 5.1. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

3.2 PRESENTATION CURRENCY

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if revision affects both current and future periods. 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 cost of defined benefit retirement plan (gratuity) is determined using actuarial valuations (projected unit credit method) performed by independent actuaries. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. All assumptions are reviewed at each reporting date and take into account factors such as prevailing interest rates, increments and promotions awarded by the Company in the recent past and projected for the future, health and age profile of employees.

4.2 Taxation

In making the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. The Company consults its tax advisor and takes into account factors including industry practice and recent judgements by tax authorities and/or courts of law.

4.3 Useful Lives, residual values, pattern of flow of economic benefits and impairment

Estimates with respect to depreciable lives, residual values and pattern of flow of economic benefits are based on the analysis of the management of the Company based on historical pattern of use, economic utility, technological advancement, expected re-sale values and expected usual wear and tear. Further, as explained in Note 5.4, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

FOR THE YEAR ENDED 31 DECEMBER 2014

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

Provision for obsolescence of stores, spare parts and stock in trade is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis. Net realizable value calculations are estimated based on last recently held transactions and values expected to be recovered for sale in normal course of business.

4.5 Provision for doubtful debts

The Company reviews its trade and other receivables at each reporting date to assess whether provision should be recorded in profit and loss account for any doubtful receivables. Especially, judgment by management is required in the estimation of the amount and timing of future cash flows while determining the extent of provision required. Such estimates are based on assumption about a number of factors including credit history of counter party. Actual cash flows may differ resulting in subsequent changes to the provisions.

Other areas where estimates and judgments are involved have been disclosed in respective notes to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated in note 2.2.

5.1 Employee Benefits

Defined Benefit Plan

A defined benefit involves a defined amount of gratuity that an employee will receive on retirement, which is usually dependent on one or more factors such as age, years of service and compensation.

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 31 December 2014 using projected unit credit method.

Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The defined benefit liability comprises the present value of defined benefit obligation which is disclosed in note 22.

Defined Contribution Plan

The Company operates a recognized provident fund schemes for its employees. Equal monthly contributions by the Company and employees at the rates of 8% and 10% of the basic salary are made to employees' provident fund and managerial staff provident fund, respectively.

5.2 Taxation

Current

The charge for current taxation is provided on taxable income relatable to local sales at current rate of tax after recognizing tax credit, rebates and exemptions available, if any. In case of import and export of shoes, the current taxation is provided on the basis of presumptive tax regime in accordance with the provisions of the Income Tax Ordinance, 2001.

FOR THE YEAR ENDED 31 DECEMBER 2014

Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference, carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the balance sheet date.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of expense as applicable.
- Receivables and payable that are stated with the amount of sales tax included.

The net amount of sales tax receivable from, or payable to, the taxation authority is included as part of receivable or payable in the financial statements.

5.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except land which is stated at cost.

Depreciation is charged to income applying reducing balance method at the rates prescribed in note 6.1 of these financial statements to write off the cost over the useful lives of these assets. Depreciation on additions to property, plant and equipment 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 disposed off.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other expenditure in the form of normal repair and maintenance is charged to profit and loss account as and when incurred.

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 as an income or expense.

Capital work in progress

Capital work in progress represents expenditure on property, plant and equipment in course of construction, installation and/or in transit. Transfers are made to relevant category of property, plant and equipment as and when assets become available for use. Capital work in progress is stated at cost, less any identified impairment loss.

5.4 Impairment of non-financial assets

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account as incurred. The recoverable amount is higher of an asset's fair value less cost to sell and value in use.

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FOR THE YEAR ENDED 31 DECEMBER 2014

When conditions giving rise to impairment loss subsequently reverse, impairment loss is reversed and carrying amount of the asset is increased to the revised recoverable amount. Revised carrying amount is limited to carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized in profit and loss account.

5.5 Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses if any.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit and loss account in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit and loss account when the asset is derecognized.

5.6 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.

5.7 Stores and spare parts

These have been valued on the following basis subject to an estimated obsolescence reserve for net realizable value.

Purchased	-	at weighted average cost.
In transit	_	at actual cost.

5.8 Stock in trade

These are stated at lower of cost and net realizable value. The methods used for calculation of cost are as follows:

Own production Purchased In transit	 at weighted average cost. at weighted average cost. at actual cost.
Goods in process	- at production cost
Finished goods	
Own production Purchased In transit	 at production cost on first in first out (FIFO) basis. at actual cost on first in first out (FIFO) basis. at actual cost

Cost is calculated as the cost of materials, direct labour and appropriate production overheads estimation based on normal capacity levels. 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.

5.9 Provision for doubtful debts

A provision for doubtful debts / other receivables is based on management's assessment of customers' outstanding balances and credit worthiness. The amount of the provision is recognized in the profit and loss account. Trade debts and other receivables are written off when considered irrecoverable.

FOR THE YEAR ENDED 31 DECEMBER 2014

5.10 Contingencies and commitments

Contingent liabilities are 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.
- 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.

5.11 Foreign currency transactions and translations

Foreign currency transactions are recorded at the rate of exchange approximating those prevailing on the dates of transactions. Monetary assets and liabilities in foreign currency are reported in Pak rupees at the rate of exchange approximating those prevailing at the balance sheet date. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

Foreign exchange gains and losses are presented in the profit and loss account within 'other income' and 'other expenses' respectively.

5.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of borrowings using the effective interest method.

5.13 Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is made using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5.14 Revenue recognition

(i) Sale of goods - Wholesale

The Company manufactures, imports and sells a range of footwear products in the wholesale market. Sales of goods are recognized when the Company has delivered products to the wholesaler.

(ii) Sale of goods - Retail

The Company operates a chain of retail outlets for selling shoes and other products. Sales are recognized when product is sold to the customer. Sales are usually in cash or by credit card.

(iii) Loyalty Programmes

IFRIC 13 requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognized as revenue over the period that the award credits are redeemed.

FOR THE YEAR ENDED 31 DECEMBER 2014

(iv) Profit on investments

Profit on investments is accounted for on accrual basis using effective interest method.

(v) Profit on bank deposits

Profit on bank deposits is accounted for on accrual basis.

(vi) Operating lease arrangement

Rental income is recognized on accrual basis over the period of lease agreement.

5.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits with banks, other short term investments with original maturities of three months or less and bank overdrafts.

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand, cash in transit, bank balances and short term investments..

5.16 Financial Instrument

Recognition and measurement

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets and liabilities are initially measured at fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be.

Major categories of financial assets represent investments, deposits, trade debts, other receivables and cash and bank balances.

Financial liabilities are classified according to substance of the contractual arrangements entered into and mainly comprise of creditors, accrued expenses and other payables.

The Company derecognizes financial assets or a portion of financial assets when, and only when, the Company loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is derecognized from the balance sheet when, and only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss for the period in which they arise.

Held-to-maturity investments represent financial instruments which the Company has the positive intent and ability to hold to maturity. These are measured at amortized cost using the effective interest method, less any impairment.

5.17 Offsetting of financial assets and financial liabilities

A financial asset and liability is offset against each other and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously. Corresponding income from the financial asset and charge on the financial liability is also off set.

5.18 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

FOR THE YEAR ENDED 31 DECEMBER 2014

Evidence of the impairment may include indicators that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occuring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in profit and loss account.

5.19 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length price on the same terms and conditions as third party transactions using comparable uncontrolled price method.

Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

5.20 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.

5.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The management has determined the operating segments based on the information that is presented to the chief operating decision-maker of the Company for allocating of resources and assessment of performance. Based on internal management reporting structure the Company is organized into four operating segments: -Retail

- -Wholesale
- -Export
- -Others

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

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

		Note	2014	2013
			(Rup	pees in '000)
6.	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	6.1	1,336,943	1,010,457
	Capital work-in-progress	6.2	55,298	105,824
			1,392,241	1,116,281

FOR THE YEAR ENDED 31 DECEMBER 2014

Operating fixed assets						2014					
DECUBICIÓN		Ğ	COST			ACCUMU	ACCUMULATED DEPRECIATION	RECIATION		Book value	
	As at 01 Jan	Additions	Disposals	As at 31 Dec	As at 01 Jan	Charge for the year	Disposals	Impairment	As at 31 Dec	As at 31 Dec	Rate %
					(Rupee	(Rupees in '000)					
Land Freehold Leasehold with super structure	2,508 35		1 1	2,508 35		1 1				2,508 35	
Buildings on freehold land Factory Others	69,089 75,180	86,681 294 111 716	(931)	155,770 74,543 653,654	57,175 44,953 203 450	5,254 1,507 23,682	- (720) (19.051)		62,429 45,740 210,100	93,341 28,803 255 465	01 × 01
r tauti anto macumiety Boiler Gas installations	1,200 8,766 1,294	952 952	- - -	0/2,024 8,766 2,246	2,390 2,390 988	20,002 638 62	(10,4,01) - -		316,109 3,028 1,050	5,738 5,738 1,196	999
Office equipment Computers Furmiture, fixtures and fittings Vehicles	$\begin{array}{c} 6,045\\ 95,689\\ 1,107,662\\ 21,495\end{array}$	566 26,989 277,904	$\begin{array}{c} - \\ (3,052) \\ (16,391) \\ (131) \end{array}$	$\begin{array}{c} 6,611\\ 119,626\\ 1,369,175\\ 21,364\end{array}$	3,196 50,045 487,864 10,808	296 15,092 110,306 2,137	(2,610) (12,436) (131)	- - 2,352 -	3,492 62,527 588,086 12,814	3,119 57,099 781,089 8,550	10 25 20
	1,971,334	505,102	(42,138)	2,434,298	960,877	168,974	(34,848)	2,352	1,097,355	1,336,943	
						500					
						C102					
DESCRIPTION	Ac at	ŭ	COST	Ae at	Ae 04	ACCUMU Charge for	ACCUMULATED DEPRECIATION	RECIATION	Acat	Book value	Bate %
	01 Jan	Additions	Disposals	31 Dec	01 Jan	the year	Disposals	Impairment	31 Dec	31 Dec	Matc /0
					(Rupee	(Rupees in '000)					
Land Freehold Leasehold with super structure	2,508 35			2,508 35						2,508 35	
Buildings on freehold land Factory Others Plant and machinery	$\begin{array}{c} 68,126\\74,161\\522,636\end{array}$	963 1,019 77,626	- - (16,691)	69,089 75,180 583,571	55,945 43,396 284,467	$1,230 \\ 1,557 \\ 27,151$	- - (13,142)	4,982	57,175 44,953 303,458	11,914 30,227 280,113	10 5 10
Boiler Gas installations	2,943 1,276	6,477 18	(654)	8,766 1,294	2,737 956	271 32	(618)	1 I	2,390 988	6,376 306	10
Office equipment Computers Furmiture, fixtures and fittings Vehicles	5,540 83,779 926,682 15,046	759 18,593 220,019 7,468	(254) (6,683) (39,039) (1,019)	$\begin{array}{c} 6.045\\ 95,689\\ 1,107,662\\ 21,495\end{array}$	3,036 42,698 426,002 10,236	$288 \\ 87,137 \\ 1,477$	$(128) \\ (4,915) \\ (25,275) \\ (905) \\ (28) $		3,196 50,045 487,864 10,808	2,849 45,644 619,798 10,687	20 21 25 20
	1,702,732	332,942	(64,340)	1,971,334	869,473	131,405	(44,983)	4,982	960,877	1,010,457	
6.2 Capital work-in-progress						Opening Balance	Balance	2014 (Rupees in '000) Additions Tr	ansfers	Closing Balance	
Tangible Building on free-hold Land Runiture, Fixture and Fittings Plant and machinery							63,871 23,879 18,074	25,926 155,015 78,490	(82,716) (130,818) (96,423)	7,081 48,076 141	
							105,824	259,431	(309,957)	55,298	
;						Opening Balance	Balance	2013 (Rupees in '000) Additions Ti	ansfers	Closing Balance	
1 angubte Building on free-hold Land Furniture, frixture and Fittings Plant and machinery								63,871 23,879 18,074		63,871 23,879 18,074	
								105,824		105,824	

6.1

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6.3	Allocation of depreciation expense						Note	2014	2013
	The depreciation charge for the year has been allocated as follows:	tted as follows:				I		(Rup	(Rupees in '000)
	Cost of sales Distribution cost Administrative expenses						28.1 29 30	39,604 117,220 12,150	28,668 93,909 8,828
6.4	Disposal of property, plant and equipment							168,974	131,405
	Description of assets	Name of Buyer		Original cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / A (loss) (doss)	Mode of disposal
	Building Bata Shop at Masjid Road Quetta Bata Shop Urdu Bazar Guranwala	Mr. Muhammad Hussain, Masjid Road Quetta Mr. Zafar Naseer, Guitanwala	Ita	432 499	(Rupe 325 395	(Rupees in '000) 107 104	41,100 10,000	40,993 N 9,896 N	Negotiation Negotiation
				931	720	211	51,100	1.1	0
	Plant and machinery Pvc Paleitzing plant, sewing machine etc.	Mr. Mian Khalid Waheed, Lahore Mr. Theor Abrood Boccorror Tabooc		3,938 573	2,888 510	1,050 57	1,390		Negotiation
	Air Compressor Air Compressor	ML 11yas Aututau, Natuputa, Latiore M/S Somi Enterprises		972 982	904 904	118 118	90 90	(22) N	Negotiation
	Two Colour Dipping Machine	M/S Universal Footwear		6,891 0.055	6,891 6 7 4 2	- 1 21 2	369 640		Negotiation
	overvax, r o pounig inactime Different Equipment	Mr. Mian Khalid Waheed, Lahore		309	222 222	71C'T	326 326		Negotiation
	AIL CONDITIONERS & FOR LITTERS	various parties		21.633	18.951	2.682	3// 3.314		Negouation
	Computers Natabooks	Mr Saiid Mahmood Tahora		5 66 <u>4</u>	2 227	33.7	Υ.	1	endiation
	Notebook	Mr. Hamid Qadir Ex-Employee		155	103	22	£. €		Management decision
	Ticket Printer, CPU and Monitor	Various parties		233	175 2.610	58 447	2 <u>5</u>	36 N	Negotiation
	Furniture, fixtures and fittings			1000	010	1	1/1		
	Furniture & fixture, Masjid Road Quetta Burniture & fixture, Khoneina II	Mr. Muhammad Hussain, Masjid Road Quetta	letta	66 09c c	59 1 /17	40 8/8		(40) N (9/8)	Negotiation
	Furmiture & fixture, Bahawalpur	Scrapped		2,463	1/1/1	292			Scrapped
	Air Conditioner	Mr. Mian Khalid Waheed, Lahore		560	465	-95 1	119		Negotiation
	Generator, Stabilizer and Fans Air Conditioner and Fans	Mr. Mustata Ali, Karachi M/S Zulfigar Ali & Co.		2,9/0 5.062	2,200 3.733	/10 1.329	805 804	N 661 N (525)	Negotiation Negotiation
	Air Conditioner and Fans	M/S Somi Enterprises		577	401	176	72		Negotiation
	Air Conditioner and Fans	Various parties		623	396	227	37		Negotiation
	iron kack Assets having book value below Rs. 50,000	scrapped Various		1,002 1,169	1,248 985	24 184	2,105	(54) X 1,921 N	ocrapped Negotiation
	1			16,391	12,436	3,955	4,000		1
	Vehicles Trucks	Mr. Shahid Butt, Lahore		131	131		610	610 N	Negotiation
				131	131	- -	610		
	2014			42,138	54,848	067'/	177,66	166,16	
	2013			64,340	44,983	19,357	16,995	(2,362)	
7.	INTANGIBLE ASSETS								
			COST		ACCUMUL	ACCUMULATED AMORTIZATION	IZATION	BOOK VALUE	
	Software Licences	As at 01 Jan	Additions /	As at 31 Dec.	As at 01 Jan	Charge for	As at 31 Dec	As at 31 Dec.	Amortization
			Transfers			the year			Rate %
				(Rupces in '000)	(000, ui				
	2014	24,528	3,199	27,727	19,587	3,211	22,798	4,929	33
	2013	21,372	3,156	24,528	13,360	6,227	19,587	4,941	33

The amortization charge for the year has been allocated to administrative expenses as referred to in note 30. 7.1

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Under the intervention of the probability of the proba			Note	2014	2013
Held to maturity at cost8.138,000PIS Term Deposit Receipts8.138,00038,0018.1These carry marked against the balances due to employees held as securities and prosonal accounts as stand in node 21. These carry marked against the balances due to 29,30%71,1009.LONG TERM DEPOSITS AND PREPAYMENTS9.124,12717,100Security deposits9.124,12714,80744,207Pepaid rent9.263,33744,20714,807Less Adjustable within one year1446,08722,3006,4009.1This includes the amounts given as securities to handlords in respect of operating lesses of shops.3,2483,3469.2Propatil rent is anotrolic as rent express is incurred, in accordance with the terms of ent agreements.3,2493,34630.5Stores3,2483,3463,04920,4299.2Frogatil artis anotrolic as rent express is incurred. In accordance3,2493,34630.6Stores3,2493,3463,04930.7	0	LONG TEDM INVESTMENTS		(Rupees in	n '000)
8.1 These deposits are semanticed against the balance due to in note 21. These carry mark-up at the rate of 9.30% (2013-9.25% to 9.60%) per annun. 24.127 17.109 9. LONG TERM DEPOSITS AND PREPAYMENTS 9.2 66.357 44.207 Security deposits 9.1 24.127 17.109 14.0537 44.207 Prepaid rent 9.2 66.357 44.207 14.0537 44.207 22. See due to a subscript of operating lease of datas. 9.2 6.400 46.487 23.509 9.1 This includes the amounts given as securities to landlords in respect of operating lease of datas. 3.248 3.366 9.2 Frepaid rent is amouncidal sent expresse is incurred, in accordance with the terms of ent agreements. 3.219 26.268 10. STORES AND SPARE PARTS 3.248 3.366 Stores Stores 3.1.1 34.219 24.429 Stores Stores 3.2.29 26.514 50.683 Change for the year 29.429 28.514 3.1.12 27.77 -2.1.12 10.1 Opering reserve 31.219 24.29 24.29 11. Stores 3.3.1.1 14.6.44	0.				
employees held a securities and personal accounts as stated in choice 21. These carry multicly at the rate of 930% (2013; 925% to 960%) per aname. 9. LONG TERM DEPOSITS AND PREPAYMENTS Security deposits 9,1 Prepaid rent cost duration of the securities to landlords in respect of operating leases of shops. 9,2 9.1 This includes the amounts given as securities to landlords in respect of operating leases of shops. 9,2 9.2 Prepaid rent is anotated as sent energence is incurred, in accordance with the terms of run regrements. 3,248 9.5 STORES AND SPARE PARTS 3,248 Stores Syare parts 3,249 9.5 Stores 3,249 Syare parts 3,249 28,514 10.1 0,24,219 29,429 Spare parts 10,1 3,42,129 29,429 Spare parts in transit 77 10.1 Opening reserve Charge for the year 28,049 Closing reserve 11.1 14,779 11.5 STOCK IN TRADE 12,870 Raw material In transi 11.2 25,09,21 Owin poducation Parchased 12,59,22 <		PLS Term Deposit Receipts	8.1	38,000	38,001
Security deposits 9.1 24,127 17,109 Prepaid rent Less Adjustable within one year 9.2 63,357 44,207 14 9.2 63,357 44,207 22,360 6,400 22,360 6,400 22,360 6,400 23,509 6,400 9.1 This includes the amounts given as securities to landlords in respect of operating leases of shops. 9.2 Frequit ent is moticated as rent expense is incurred, in accordance with the terms of rent agreements. 30,971 26,083 10. Stores spare parts 30,971 26,083 3,346 Spare parts 10.1 34,219 29,429 28,514 11.1 0pening reserve 10.1 34,219 29,429 12. Store kin transit 77 -7 -7 10.1 Opening reserve 10.1 34,219 29,429 28,514 13. Store kin transit 77 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 <t< td=""><td></td><td>employees held as securities and personal accounts as stated in note 21. These carry mark-up at the rate of 9.30%</td><td></td><td></td><td></td></t<>		employees held as securities and personal accounts as stated in note 21. These carry mark-up at the rate of 9.30%			
Prepaid cm 9.2 43.337 44.207 Lass: Adjustable within one year 14 6,400 22,500 6,400 2.2.50 0 permiting leases of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of opermiting leases of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of opermiting leases of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of opermiting leases of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of opermiting leases of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of opermiting leases of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of shops. 9.2 Prepaid rent's amounts given as securities to landlords in respect of shops. 9.2 Prepaid rent's amounts given as securities amounts given as securities amounts given as securities amounting to Res (2005) Prepaid rent's amounts given as securities amounting to Res (2005) Prepaid rent's amounts given as securities amounting to Res (2005) Prepaid rent's amounts given as securities amounting to Res (2005) Prepaid rent's amounts given as securities amounting to Res (2005) Prepaid rent's amounting to Res (2005) <td>9.</td> <td>LONG TERM DEPOSITS AND PREPAYMENTS</td> <td></td> <td></td> <td></td>	9.	LONG TERM DEPOSITS AND PREPAYMENTS			
Lesi: Adjustable within one year 14 40.997 41.807 22350 6,400 46,687 23,599 9.1 This includes the amounts given as securities to landlords in respect of operating leases of shops. 9.2 Frequal rent is amonized as rent expense is incurred, in accordance with the terms of rent agreements. 3.248 3.346 9.2 Frequal rent is amonized as rent expense is incurred, in accordance with the terms of rent agreements. 3.218 3.346 10. STORES SAND SPARE PARTS 3.218 3.346 Stores 3.0271 26.683 Spare parts 3.4219 29.429 Spare parts in transit 77 - 10.1 Opening reserve 29.429 28.514 Closing reserve 29.429 28.514 29.429 21. STOCK IN TRADE Raw material 146,447 161,702 In hand 146,447 19.870 175,621 181,722 Goods in process 11.1 14,779 73,511 Own production 10.300,759 12,756,232 2,117,662 Que production Particle stock held by third parties amounting to Rs: (00012,159, (2015, Rs: (00012,450). <td< td=""><td></td><td>Security deposits</td><td>9.1</td><td>24,127</td><td>17,109</td></td<>		Security deposits	9.1	24,127	17,109
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		Prepaid rent Less: Adjustable within one year	· · · ·		
9.1 This includes the amounts given as securities to landlords in respect of operating leases of shops. 23,509 9.2 Prepuid rent is amotized as rent expense is incurred, in accordance with the terms of rent agreements. 3,248 8.0 STORES AND SPARE PARTS 3,248 Stores 30,971 26,083 June 2010 34,219 29,429 Spare parts 30,971 26,083 Less: obsolescence reserve 10,1 34,219 29,429 Spare parts in transit 77 - - 10.1 Opening reserve 29,429 28,514 - Closing reserve 34,219 29,429 28,514 Closing reserve 29,429 28,514 - Closing reserve 34,219 29,429 29,429 11. STOCK IN TRADE Raw material - - - Raw material 11,1 147,79 7,5511 - Finished goods 10,90,759 12,556,232 2,117,663 - Own production 2,569,524 2,556,932 2,117,663 - -		icss. Adjustable within one year	14		
92 Prepair ent is another spense is incurred, in accordance with the terms of rent agreements. 10. STORES AND SPARE PARTS Stores 3,248 Spare parts 30,071 Stores 30,071 Spare parts 30,071 Spare parts 30,071 Spare parts 34,219 Spare parts in transit 77 10.1 Opening reserve Charge for the year 29,429 Closing reserve 29,429 28,219 29,429 29,429 29,429 20,10 Opening reserve Closing reserve 29,429 28,214 4,790 9,15 Closing reserve 20,10 Opening reserve 11. STOCK IN TRADE Raw material 146,447 In transit 28,974 10,90,755 142,039 Own production 10,90,755 Purchased 11,2 Charge for the year 2,50,524 2,117,662 2,729,707 2,368,302 11,3004 11.1					,
Stores Spare parts 3,248 30,971 3,346 20,083 Less: obsolescence reserve 10.1 34,219 29,429 Spare parts in transit 77 - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 78 - - 10.1 Opening reserve - 11. STOCK IN TRADE - Raw material 1 146,447 161,702 11 transit 146,447 161,702 195 75,421 181,572 - 198,709 91,590,769 1,239,759 1,275,623 2,117,662 0xn production </td <td></td> <td>operating leases of shops.9.2 Prepaid rent is amortized as rent expense is incurred, in accordance</td> <td></td> <td></td> <td></td>		operating leases of shops.9.2 Prepaid rent is amortized as rent expense is incurred, in accordance			
Spare parts 30.971 26.083 Less: obsolescence reserve 10.1 34.219 29.429 Spare parts in transit 77 - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 77 - - 78 - - 79 - - 79 - - 79 - - 101 - - - 11 - - - - 11 - - - - 11 - - -<	10.	STORES AND SPARE PARTS			
Less: obsolescence reserve 10.1 34,219 29,429 Spare parts in transit 77 - 10.1 Opening reserve 29,429 28,514 Charge for the year 29,429 28,514 Closing reserve 34,219 29,429 Closing reserve 34,219 29,429 11. STOCK IN TRADE 4,790 Raw material 146,447 161,702 In transit 28,974 19,870 175,421 181,572 181,572 Goods in process 11.1 14,779 73,511 Finished goods 1,030,755 842,039 Own production 1,030,755 842,039 Own production 2,510,524 2,117,662 Less: Provision for slow moving and obsolete items 11.2 2,556,932 2,113,004 1.11 This includes stock held by third parties amounting to Rs. (0000 12,153 (2013; Rs. (0000 12,450). 4,658 - 11.2 Opening provision 3,592 4,658 - 11.2 Opening provision				30,971	26,083
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		Less: obsolescence reserve	10.1		
10.1 Opening reserve Charge for the year Closing reserve 29,429 4,790 28,514 915 11. STOCK IN TRADE 146,447 161,702 Raw material In hand In transit 146,447 161,702 IV Devision Purchased 11.1 147,79 73,511 Finished goods Own production Purchased 11.1 14,779 73,511 Less: Provision for slow moving and obsolete items 11.2 2,540,524 2,117,662 Less: Provision for slow moving and obsolete items 11.2 2,540,524 2,113,004 In transit 2,536,332 2,113,004 2,575 215 In transit 2,729,707 2,368,302 11.1 14,658 - In transit 12 0,592 4,658 - 2,729,707 2,368,302 11.1 This includes stock held by third parties amounting to Rs. (000) 12,153 (2013; Rs. (000) 12,450). 4,658 - - 11.2 Opening provision Charge for the year Reversals during the year 4,658 - -		Spare parts in transit			-
Charge for the year 4,790 915 Closing reserve 34,219 29,429 11. STOCK IN TRADE 146,447 161,702 Raw material 146,447 19,870 In transit 146,447 19,870 Goods in process 11.1 147,799 73,511 Finished goods 11.030,755 842,039 1,275,623 Qvm production 1,030,755 1,275,623 2,117,662 Less: Provision for slow moving and obsolete items 11.2 2,540,524 2,117,662 In transit 2,536,932 2,113,004 2,575 215 In transit 2,536,032 2,113,004 2,566,302 4,658 In transit 2,536,032 2,113,004 2,566,302 2,113,004 In transit 2,536,032 2,113,004 2,568,302 4,658 - 11.1 This includes stock held by third parties amounting to Rs. (000) 12,153 (2013: Rs. (000) 12,450). 4,658 - 11.2 Opening provision 3,592 4,658 - Charge for the year 3,592 4,658 - Reversals durin				77	-
11. STOCK IN TRADE Raw material In hand In transit 28,974 19,870 175,421 181,572 Goods in process 11.1 146,447 19,870 175,421 181,572 Goods in process 11.1 14,779 73,511 Finished goods Own production Purchased Less: Provision for slow moving and obsolete items 11.2 2,540,524 2,540,524 2,117,662 2,540,524 2,117,662 Less: Provision for slow moving and obsolete items 11.2 2,555 215 2,729,707 2,368,302 11.1 This includes stock held by third parties amounting to Rs. (000) 12,450). 11.2 Opening provision Charge for the year 3,592 Reversals during the year 4,658 - 3,592 (4,658) -					
Raw material 146,447 161,702 In hand 146,447 19,870 In transit 28,974 19,870 T75,421 181,572 Goods in process 11.1 14,779 73,511 Finished goods 1,030,755 842,039 Own production 1,509,769 1,275,623 Purchased 11.2 2,540,524 2,117,662 Less: Provision for slow moving and obsolete items 11.2 2,536,932 2,113,004 In transit 2,575 215 2,729,707 2,368,302 11.1 This includes stock held by third parties amounting to Rs. (0000 12,450). 4,658 - 11.2 Opening provision Charge for the year Reversals during the year 4,658 -		Closing reserve		34,219	29,429
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	11.	STOCK IN TRADE			
In transit 28,974 19,870 In transit 175,421 181,572 Goods in process 11.1 14,779 73,511 Finished goods 1,030,755 842,039 1,275,623 Own production 1,030,755 842,039 1,275,623 Purchased 11.2 2,540,524 2,117,662 Less: Provision for slow moving and obsolete items 11.2 2,536,932 2,113,004 In transit 2,575 215 2,729,707 2,368,302 11.1 This includes stock held by third parties amounting to Rs. (000) 12,153 (2013: Rs. (000) 12,450). 4,658 - 11.2 Opening provision Charge for the year Reversals during the year 4,658 -		Raw material			
Goods in process11.1175,421181,572Finished goods Own production Purchased1.114,77973,511Einished goods Own production Purchased1.030,755 1,509,769842,039 1,275,623Less: Provision for slow moving and obsolete items11.2 $2,540,524$ (4,658) $2,117,662$ (4,658)In transit2,536,932 2,575 $2,113,004$ 2,575 215 215In transit2,729,707 $2,368,302$ 11.1This includes stock held by third parties amounting to Rs. (000) 12,153 (2013: Rs. (000) 12,450). $4,658$ 3,592 $-$ 11.2 $4,658$ 3,592 $-$ 11.2 $2,592,007$ $2,368,302$					
Goods in process 11.1 14,779 73,511 Finished goods 1,030,755 842,039 Own production 1,509,769 1,275,623 Purchased 11.2 2,540,524 2,117,662 Less: Provision for slow moving and obsolete items 11.2 2,536,932 2,113,004 In transit 2,575 215 2,250 2,113,004 11.1 This includes stock held by third parties amounting to Rs. (000) 12,153 (2013: Rs. (000) 12,450). 4,658 3,592 4,658 11.2 Opening provision Charge for the year Reversals during the year 4,658 4,658 -		In transit			
Finished goods 1,030,755 842,039 Own production 1,509,769 1,275,623 Purchased 2,540,524 2,117,662 Less: Provision for slow moving and obsolete items 11.2 2,536,932 2,113,004 In transit 2,575 215 215 In transit 2,729,707 2,368,302 11.1 This includes stock held by third parties amounting to Rs. ('000) 12,153 (2013: Rs. ('000) 12,450). 4,658 11.2 Opening provision Charge for the year Reversals during the year 4,658 - (4,658) - 3,592 4,658 -					,
Own production 1,030,755 842,039 Purchased 1,509,769 1,275,623 Less: Provision for slow moving and obsolete items 11.2 2,540,524 2,117,662 In transit 2,536,932 2,113,004 2,575 215 2,729,707 2,368,302 2,113,004 2,575 215 11.1 This includes stock held by third parties amounting to Rs. ('000) 12,153 (2013: Rs. ('000) 12,450). 4,658 - 11.2 Opening provision Charge for the year Reversals during the year 4,658 -		-	11.1	14,779	73,511
Less: Provision for slow moving and obsolete items 11.2 2,540,524 (3,592) 2,117,662 (4,658) In transit 2,536,932 2,575 2,113,004 2,575 11.1 This includes stock held by third parties amounting to Rs. ('000) 12,153 (2013: Rs. ('000) 12,450). 2,368,302 11.2 Opening provision Charge for the year Reversals during the year 4,658 3,592 -		Own production			842,039 1,275,623
In transit 2,536,932 2,575 2,113,004 215 11.1 This includes stock held by third parties amounting to Rs. ('000) 12,153 (2013: Rs. ('000) 12,450). 2,368,302 11.2 Opening provision Charge for the year Reversals during the year 4,658 3,592 - 4,658		Lass Provision for slow moving and obsolate itams	11.2	2,540,524	2,117,662
In transit 2,575 215 2,729,707 2,368,302 11.1 This includes stock held by third parties amounting to Rs. ('000) 12,153 (2013: Rs. ('000) 12,450). 4,658 11.2 Opening provision Charge for the year Reversals during the year 4,658		icos. Hovision for slow moving and obsolete terns	11.2		
11.1 This includes stock held by third parties amounting to Rs. ('000) 12,153 (2013: Rs. ('000) 12,450). 11.2 Opening provision Charge for the year Reversals during the year 4 ,658 (4,658)		In transit			215
Rs. ('000) 12,153 (2013: Rs. ('000) 12,450). 11.2 Opening provision Charge for the year Reversals during the year (4,658)				2,729,707	2,368,302
Charge for the year3,5924,658Reversals during the year(4,658)-					
Reversals during the year (4,658)		11.2 Opening provision			-
		Charge for the year Reversals during the year		3,592 (4,658)	4,658
		· ·			4,658

FOR THE YEAR ENDED 31 DECEMBER 2014

		Note	2014	2013
12.	TRADE DEBTS - UNSECURED		(Rupees	s in '000)
	Considered good			
	Due from customers Due from associated undertakings	12.1 12.2	500,974 2,752	359,937 4,038
	Considered doubtful		503,726	363,975
	Due from customers Less: Provision for doubtful debts	12.3	19,012 (19,012)	16,161 (16,161)
			503,726	
	12.1 These customers have no recent history of default. For age analysis of these trade debts, referred to Note 39.2.3.			
	12.2 Due from associated undertakings - unsecured Bata Shoe Company (Sri Lanka) Bata Shoe Company (Chile)		2,359	2,800 460
	Bata Shoe Company (South Africa)		393	778
			2,752	4,038
	12.2.1 Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs. ('000) 6,239 (2013: Rs. ('000) 6,753). No interest has been charged on the amounts due from associated undertakings.			
	12.3 Movement in the provision for doubtful debts is as follows:			
	At 1 January Charge for the year Reversals during the year		16,161 3,405 (554)	6,037 10,337 (213)
	At 31 December		19,012	16,161

12.4 Aggregate amount due from Directors, Chief Executives and Executives of the Company is Rs. ('000) Nil (2013: Rs. ('000) Nil)

	Note	2014	2013
13. ADVANCES - UNSECURED Considered good, non-interest bearing		(Rupees	in '000)
Advances to employees Advances to suppliers		9,111 51,485 60,596	6,970 21,009 27,979
Considered doubtful, non-interest bearing			
Advances to suppliers Less: Provision for doubtful debts	13.3	1,229 (1,229)	1,342 (1,342)
		60,596	27,979
13.1 Aggregate amount due from Directors, Chief Executives and Executives of the Company is Rs. ('000) Nil (2013: Rs. ('000) Nil)			
13.2 Aggregate amount due from related parties is Rs. ('000) Nil (2013: Rs. ('000) Nil)		
13.3 Opening provision Charge for the year		1,342	1,342
Reversals during the year		(113)	-
Closing provision		1,229	1,342

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FOR THE YEAR ENDED 31 DECEMBER 2014

			Note	2014	2013
				(Rupees in	(000)
14. DEPOSITS, SHORT TERM PREPAYMENTS OTHER RECEIVABLES	S AND				
Deposits - Considered good, unsecured				7 15 /	2766
Custom duty and taxes Letters of guarantee - Margin				7,154 3,234	2,766 3,234
Others				5,256	4,826
				15,644	10,826
Short term prepayments Prepaid rent			9	40,997	41,807
Prepaid sales tax			,	5,699	6,103
Other prepaid expenses				9,046	6,875
Other receivables				55,742	54,785
Considered good, unsecured					
Export rebates				4,465	5,441
Insurance claims Advance tax			14.1	7,613 504,133	29,142 421,188
Others			14.2	1,516	749
				517,727	456,520
Considered doubtful				150/	1.505
Advance rent Others				1,584 3,838	1,585 4,192
Olicio				5,422	5,777
Less: Provision for doubtful balances			14.3	(5,422)	(5,777)
				-	-
				589,113	522,131
14.1 Advance tax Balance as at 01 January				421,188	348,787
Advance tax paid during the year				564,706	436,880
				985,894	785,667
Adjustment against:				(/70,701)	(2((501)
Provision for tax Prior year				(470,791) (10,970)	(366,581) 2,102
				(481,761)	(364,479)
Balance as at 31 December				504,133	421,188
14.2 Other receivables do not include any amounts receiv	able from	Directors, Chief Ex	recutives,		, , ,
Executives and related parties (2013: Rs. ('000) Nil)).				
14.3 Opening provision				5,777	2,071
Charge for the year				887	3,706
Reversals during the year				(1,242)	-
Closing provision				5,422	5,777
15. SHORT TERM INVESTMENTS Held to maturity at cost					
This includes the following term deposits receipts:					
~ · · ·	ate of	Period of			
re	eturn	deposit			
Habib Metropolitan Bank Limited	9 30%	1 month		530,000	-
Habib Metropolitan Bank Limited	9.30% 9.75%	1 month		-	220,000
Habib Metropolitan Bank Limited Bank Al-Habib Limited	9.55% 9.50%	1 month 1 month		450,000	300,000
Bank Al-Habib Limited Bank Al-Habib Limited	9.45% 9.70%	1 month 1 month		150,000	220,000
Habib Bank Limited	9.70% 9.80%	1 month			228,000
		valated partics (201		1,130,000	968,000

15.1 The short term investments do not include any investments in related parties (2013: Nil)

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		Note	2014	2013
			(Ru	pees in '000)
16.	TAX REFUNDS DUE FROM GOVERNMENT			
	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.			
17.	CASH AND BANK BALANCES			
	Bank balances in Current accounts Daily profit accounts Cash in transit Cash in hand	17.1	69,923 274,823 37,774 1,169 383,689	75,637 334,240 28,125 1,937 439,939
	17.1 The rate of mark-up on these accounts ranges from			
	6.55% to 7.45% (2013: 7.00% to 7.45%) per annum.			
18.	SHARE CAPITAL			
	18.1 Authorized share capital			
	2014 2013			
	(Number of shares in 600) 10,000 10,000 Ordinary shares of Rs. 10/- ea	ch	100,000	100,000
	10,000 10,000 Ordinary shares of KS. 10,- ear		100,000	100,000
	18.2 Issued, subscribed and paid up capital		,	
	2014 2013			
	(Number of shares in '000)			
	1,890 1,890 Ordinary shares of Rs. 10/- ea fully paid in cash		18,900	18,900
	300 300 Ordinary shares of Rs. 10/- eau issued for consideration other		3,000	3,000
	5,370 5,370 Ordinary shares of Rs. 10/- ea issued as fully paid bonus sha	ich	53,700	53,700
	7,560 7,560		75,600	75,600
10	 18.2.1 Bafin B.V. (Nederland) (the parent company) holds 5,68 (2013: 5,685,866) ordinary shares of Rs. 10 each fully paid which represents 75.21% (2013: 75.21%) of total paid up 	d up		
19.	CAPITAL RESERVE This represents the balance of foreign shareholders' equity i	in Globe		
	Commercial Enterprises Limited (an associated undertaking to the Company on its winding up, and is not available for c) gifted		
20.	REVENUE RESERVES			
	General Reserve			
	Balance as at 01 January Transfer from Profit and loss account		3,667,000 490,000	3,047,000 620,000
	manyer from Front and 1055 account		4,157,000	3,667,000
	Unappropriated profit		1,022,308	757,564
			5,179,308	4,424,564

FOR THE YEAR ENDED 31 DECEMBER 2014

		Note	2014	2013
21.	LONG TERM DEPOSITS		(Rupe	es in '000)
	Employees' securities and personal accounts		38,000	38,001
	21.1 This represents the securities deposited by the employees in accordance with the terms of employment and the amounts credited on account of commission etc. to the sales staff. Interest at the rate of 8.50% (2013: 6.8%) per annum is being paid on the monthly outstanding balances.			
	21.2 In accordance with provisions of Section 226 of the Companies Ordinance, 1984, this amount has been invested in PLS Term Deposit Receipts and is shown separately as long term investments in Note 8.			
22.	DEFERRED LIABILITY - EMPLOYEE BENEFITS			
	22.1 Provision for gratuity - un-funded defined benefit plan		53,135	54,424
	22.2 Changes in present value of defined benefit obligations / net lia	bility		
	Present value of defined benefit obligations as at 1 January Expense chargeable to Profit and Loss Benefits paid during the year Actuarial Adjustment Experience adjustments		54,424 9,347 (3,156) (7,480)	72,096 6,582 (3,932) (20,322)
	Present value of defined benefit obligations as at 31 December		53,135	54,424
	22.3 The amount recognized in the profit and loss account is as follow	ws:		
	Current service cost Interest cost Actuarial gains recognized during the year		2,922 6,425	763 5,819
	Expense chargeable to Profit and loss		9,347	6,582
	22.4 Principal actuarial assumptions			
	The principal actuarial assumptions used in the actuarial valuation of this scheme by applying projected unit credit method as on 31 December are as follows:			
	Expected rate of salary increase in future years Discount rate Expected mortality rate		12.25% 13.25% EFU (61-66) Mortality table	11% 12% EFU (61-66) Mortality table

22.5 Historical information

As at 31 December	2014	2013	2012 Restated	2011	2010
			(Rupees in '000)		
Present value of defined benefit obligation Experience adjustments on plan liabilities	53,135 7,480	54,424	72,096	66,655	74,211 13,099
Experience adjustments on plan liabilities as a percentage of defined benefit obligation	14%	0%	0%	0%	18%

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			Amount
22.6 Estimated expense to be charged to Profit and Loss in	2015	(Rupees in	n '000)
Current service cost	1 2013		2,6
Interest cost on define benefit obligation			6,8
Interest income on plan assets			
Amount chargeable to P&L			9,4
	Note	2014	2013
		(Rupees i	n '000)
22.7 Year end sensitivity analysis (± 50 bps) on defined ber	nefit obligation		
Discount rate + 50 bps		51,693	52,
Discount rate - 50 bps		54,653	56,2
Salary increase + 50 bps		53,907	55,3
Salary increase - 50 bps		52,387	53,
The average duration of the defined benefit obligation is 6 years			
DEFERRED TAXATION			
Deferred tax liabilities		10/ 272	0(
Accelerated tax depreciation		104,272	86,1
Deferred tax assets			
Provision for: Deformed Liebility, Employee Percenter		(17,535)	(18,
Deferred Liability - Employee Benefits Trade debts		(6,274)	(10,
Other debts		(2,195)	(2,
Obsolescence of inventory		(11,292)	(10,
		(37,296)	(36,
Net deferred tax liability		66,976	49,
TRADE AND OTHER PAYABLES			
Creditors	24.1	850,587	724,
Accrued liabilities	24.2	257,606	290,
Advances from customers Due to provident fund trust		7,479 13,301	3, 11,
Deposits	24.3	71,871	11, 61,
Workers' profit participation fund	24.4	100,946	90,
Workers' welfare fund		29,402	25,
Sales tax payable		65,207	21,
Taxes deducted at source payable		15,759	16,
Unclaimed dividend	0/ <i>-</i>	15,255	12,
Other liabilities	24.5	27,294	18,
		1,454,707	1,275,5

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		(Rupees	in '000)
 24.1 This includes amounts due to the following related parties: Bata Shoe Singapore Pte Limited Bata Brands (Switzerland) Global Footwear Services (Singapore) Bata Malaysia Compass Limited Bermuda 		25,387 71,691 10,739 1,366 - 109,183	19,241 68,112 11,673 1,401 100,427
24.1.1No interest has been paid / accrued on the amounts due to associated undertakings as they are in normal course of business.			
24.2 These include an amount of Rs. ('000) 1,342 (2013: ('000) 1,303) in relation to deferred revenue pertaining to Bata Loyalty Cards scheme.			
24.3 These represent the security money received from the registered wholesale dealers, agency holders and other customers in accordance with the terms of the contract with them. Deposits from agency holders carry interest at the rate of 8.5% (2013: 6.8%) per annum. These are repayable on termination / completion of the contract and on returning the Company's property already provided to them. The Company has a right to utilize these deposits in accordance with the terms of the agreements entered with agency holders.			
24.4 Workers' profit participation fund			
Balance as at 01 January Allocation for the year Interest on funds utilized in Company's business		90,509 100,946 651	74,004 90,509 350
Less: Amount adjusted / paid to fund's trustees		192,106 91,160	164,863 74,354
Balance as at 31 December		100,946	90,509
24.5 Other Liabilites			
Money on-way Group insurance claims Personal account ex-employees Bata Mosque Others		12,995 3,909 2,627 1,228 6,535	7,881 2,192 1,895 769 6,141
		27,294	18,878

25. SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs.535 million (2013: Rs. 685 million). These include cash finance facilities of Rs 500 million (2013: Rs 650 million) and export finance facility of Rs 35 million (2013: Rs. 35 million).

Mark up on cash finance is based on 3 months KIBOR plus 1% (2013: 3 months KIBOR plus 1%) as per agreements with banks. While mark up on export finance is charged at 8.50% (2013: 9.40%) per annum.

In addition, non funded facilities of letters of guarantee and letters of credit amounting to Rs. 305 million (2013: Rs. 355 million) were also provided by these banks. The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 154 million (2013: Rs. 218 million).

These finances are secured against hypothecation of stock in trade, store and spares and receivables of the Company amounting to Rs. 825 million (2013: Rs. 1,194 million).

FOR THE YEAR ENDED 31 DECEMBER 2014

		Note	2014	2013
			(Rupees	in '000)
26.	CONTINGENCIES AND COMMITMENTS			
	26.1 The Company is contingently liable for:			
	Counter Guarantees given to banks		5,847	5,474
	Indemnity Bonds given to Custom Authorities		17,373	13,110
	Claims not acknowledged as debts - under appeal		9,583	22,449
	Order by sales tax department	26.1.1	138,851	138,851
	Order by sales tax department-under appeal	26.1.2	201,252	201,252
	Order by sales tax department-under appeal	26.1.3	237,370	237,370
	Order by sales tax department-under appeal	26.1.4	25,820	25,820
	Order by income tax department-under appeal	26.1.5	954,859	954,859
	Order by income tax department-under appeal	26.1.6	1,027,460	-
	Order by sales tax department-under appeal	26.1.7	80,000	-
	Order by sales tax department-under appeal	26.1.8	52,100	-
	Order by sales tax department-under appeal	26.1.9	8,225	8,225
	Order by income tax department		, - -	491
	Order by sales tax department		-	18,697
			2,758,740	1,626,598

26.1.1 The Sales Tax Department has issued a show-cause notice followed by an order amounting to Rs. 138.8 million in respect of the period from July 2005 to June 2007 for non payment of sales tax on certain items including disposal of property, plant and equipment , inadmissible input tax claimed on electricity bills of retail outlets, inadmissible input tax adjustment claimed against zero rated retail supplies and less declaration of output sales tax in returns when compared with final accounts. The Company filed an appeal against the order before Commissioner Sales Tax (Appeals) who has dismissed the appeal vide order dated 31-01-2009. Thereafter, the Company filed an appeal against the stated order before Appellate Tribunal Inland Revenue (ATIR) who has decided the appeal in favor of the Company. The Sales Tax Department filed a reference application in Honorable Lahore High Court (LHC). LHC vide its order dated 16-05-2012 disposed off the reference application. However, at the year end, the Company is not aware if any leave for appeal has been made by the Sales Tax Department. Moreover, on 08-07-2013, Company received a letter from sales tax department asking for documentary evidence/record that no input tax has been claimed against retail sales during above mentioned period. The Company has given a comprehensive reply to this letter and is of the opinion that this matter has already been decided by ATIR in favour of the Company and has attained finality as has been quoted by Commissioner (Appeals) in one of his orders.

- 26.1.2 The Company has received an order from sales tax department amounting to Rs. 201 million for non-payment of retail tax on sales made through retail outlets and inadmissible input tax adjustment claimed against zero-rated retail supplies for the period from July 2007 to December 2008. The Company filed an appeal against the order before the Commissioner Sales Tax (Appeals) which was not decided in favour of the Company. The Company has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. Moreover, on 25-06-2012, Company received an additional order from Deputy Commissioner Inland Revenue (DCIR) amounting to Rs. 64 milion pertaining to period from July 2007 to December 2008 of the sales tax previously refunded to the Company. The case has been referred to concerned ACIR/DCIR enforcement against the order. Company has filed an appeal with CIR(Appeals) which is pending adjudication. Based on legal advisor's opinion, the Company expects a favorable outcome of the matter.
- 26.1.3 The Company has received 22 separate orders dated 17-10-2012 and 14-11-2012 in which sales tax refunds for the periods from November 2008 to December 2010 amounting to Rs. 237.37 million have been rejected on the grounds that input sales tax relating to retail turnover is not admissible. Company filed separate appeals against these orders with Commissioner (Appeals). The Commissioner (Appeals) decided 19 appeals against while 3 appeals in favor 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 15-05-2014. However at the period end, the Company is not aware if any leave for appeal has been made by the Sales Tax Department.
- 26.1.4 The Company has received an order dated 18-10-2012 from Sales tax department demanding Rs. 25.820 million on the basis that Company has wrongly adjusted input sales tax against output sales tax for the month of April 2011. Company filed an appeal with Commissioner (Appeals) who decided the appeal in favor of the Company. However the department filed appeal with Appellate Tribunal Inland Revenue (ATIR) who on 19-05-2014 rejected the department's appeal. However at the period end, the Company is not aware if any leave for appeal has been made by the Sales Tax Department.
- 26.1.5 On 21 August 2013, Company received an assessment order from Deputy Commissioner Inland Revenue (DCIR) for the tax year 2011, adding back different provisions and liabilities and also assessing that Company has suppressed turnover to the tune of Rs. 1.427 billion. Based on these add backs the DCIR created a demand of Rs. 954.859 million. The Company filed an appeal with Commissioner (Appeals), who deleted almost all the add backs and there is no liability against the Company against this order. However Department filed an appeal against the order of Commissioner with ATIR which is pending for adjudication. Company based on the opinion of the tax advisor expects a favourable outcome.

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- 26.1.6 On 31 October 2014, Company received an assessment order from income tax authorities for the tax year 2012. In the order, the assessing officer added back different provisions and liabilities and also assessed that Company has suppressed turnover to the tune of Rs. 1.773 billion. Based on these add backs, the department created a demand of Rs. 1.027 billion. The Company filed an appeal with Commissioner (Appeals). Subsequent to year end on 14 January 2015, Commissioner (Appeals) deleted almost all the addbacks and there is no liability against the Company against this order. However the Company is not aware if any leave for appeal has been made by the Income Tax department against the said order.
- 26.1.7 The Company has received two separate orders from Deputy Commissioner Inland Revenue dated 25 June 2014 and 30 September 2014 and created a demand amounting to Rs. 46.7 million and Rs. 33.3 million on the basis that Company has adjusted 100% input tax in violation of Section 8-B of Sales Tax Act for the periods from January 2012 to June 2013 and from October 2013 to March 2014. Company filed appeals with Commissioner Inland Revenue Appeals (CIR). CIR (Appeals) in his orders dated 9 September 2014 and 10 December 2014 decided against the Company. The Company filed appeals with Appellate Tribunal Inland Revenue (ATIR). The ATIR in its orders dated 10 December 2014 and 13 January 2015 decided both the cases in favour of the Company. However, the Company is not aware if any leave of appeal has been made by the Sales Tax Department.
- **26.1.8** The Company has received two separate orders from Deputy Commissioner Inland Revenue dated 6 December 2014 each and created a demand amounting to Rs.43.8 million and Rs. 8.3 million on the basis that Company has not charged further sales tax of 1% on unregistered customers. The Company filed appeals with Commissioner Inland Revenue Appeals (CIR) which are pending for adjudication. The Company based on the advice of its tax advisor is confident that the case will be decided in the favour of the Company.
- **26.1.9** The Company has received a demand notice of Rs. 8.225 million stating that the input tax claimed by the company did not match with sales tax return of suppliers. The demand notice was however, subsequently suspended by the decision of the Lahore High Court through writ petition no. 15721/2013. The Company based on the advice of its tax advisor is confident that the writ petition will be decided in the favour of the Company.

26.2 Commitments

26.2.1 The Company has entered into rent agreements for retail shops. There are no restrictions placed upon the Company by entering into these agreements. Future minimum lease payable under these agreements as at 31 December are as follows:

		Note	2014	2013
			(Ruped	es in '000)
After o	n one year one year but not more than five years han five years		792,183 2,940,827 1,089,687	575,383 1,828,794 1,083,789
26.2.2	Commitments in respect of:		4,822,697	3,487,966
	Capital expenditure Letters of credit and bank contracts		62,485 410,302	20,873 573,346
			472,787	594,219
SALES				
Shoes	and accessories			
	Local Export		16,041,009 151,326	14,594,739 183,687
Sundry	y articles and scrap material		16,192,335 23,315	14,778,426 30,732
			16,215,650	14,809,158
Γ	ales tax Discounts to dealers and distributors Commission to agents / business associates		1,073,028 1,128,149 247,317	764,079 1,059,957 210,684
			2,448,494	2,034,720
			13,767,156	12,774,438

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	Note	2014	2013
		(Rupees	in '000)
28. COST OF SALES			
Cost of goods manufactured Finished goods purchased Add: Opening stock of finished goods	28.1	4,202,548 4,611,773 2,113,219	3,734,123 4,177,706 1,981,715
Less: Closing stock of finished goods	28.2	10,927,540 2,539,507	9,893,544 2,113,219
28.1 Cost of goods manufactured		8,388,033	7,780,325
Raw material consumed Opening stock Add: Purchases		181,572 3,463,545	177,448 3,166,761
Less: Closing stock		3,645,117 175,421	3,344,209 181,572
Store and spares consumed Fuel and power Salaries, wages and benefits Repairs and maintenance Insurance Depreciation	28.3 28.4 6.3	3,469,696 8,999 176,137 381,136 57,296 10,949 39,604	3,162,637 13,410 163,376 324,879 59,976 8,821 28,668
Add: Opening goods in process		4,143,817 73,510	3,761,767 45,866
Less: Closing goods in process		4,217,327 14,779	3,807,633 73,510
		4,202,548	3,734,123

28.2 This includes closing provision of Rs. ('000) 3,592 (2013: Rs. ('000) 4,658) in respect of provision for slow moving and obsolete stock.

- 28.3 These include Rs. ('000) 11,137 (2013: Rs. ('000) 9,899) and Rs. ('000) 3,465 (2013: Rs. ('000) 2,904) in respect of contribution to provident fund trust and provision for gratuity respectively.
- 28.4 This includes provision for obsolescence of stores and spares amounting to Rs. ('000) 4,790 (2013: Rs. ('000) 915).

	Note	2014	2013
		(Rupees in	'000)
29. DISTRIBUTION COST			
Salaries and benefits	29.1	703,366	603,817
Freight		238,700	207,890
Advertising and sales promotion		170,121	192,466
Rent		783,105	638,228
Insurance		18,972	17,250
Trade mark license fee	29.2	286,244	344,544
Fuel and power		221,250	204,572
Repairs and maintenance		47,506	44,689
Entertainment		11,216	9,237
Depreciation	6.3	117,220	93,909
Business and property taxes		3,715	2,300
Provision for trade and other debts		2,383	15,172
Miscellaneous		392	340
		2,604,190	2,374,414

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- 29.1 These include Rs. ('000) 24,368 (2013: Rs. ('000) 21,352) and Rs. ('000) 2,276 (2013: Rs. ('000) 2,988) in respect of contribution to provident fund trust and provision for gratuity respectively.
- 29.2 This represents the royalty fee of Bata Brands S.A.R.L. (Luxembourg).

	Note	2014	2013
		(Rupees	in '000)
30. ADMINISTRATIVE EXPENSES			
Salaries and benefits	30.1	452,383	373,854
Employee welfare		28,501	26,076
Fuel and power		22,474	22,661
Telephone and postage		20,554	18,846
Insurance		6,646	3,724
Travelling		93,884	101,684
Repairs and maintenance		19,257	24,184
Printing and stationery		20,455	19,550
Donations and subscription	30.2	2,075	2,190
Legal and professional charges		7,260	8,625
Business and property taxes		1,145	13,032
Management service fee	30.3	165,085	166,051
Depreciation	6.3	12,150	8,828
Amortization on intangible assets	7.1	3,211	6,227
Miscellaneous		22,176	21,785
		877,256	817,317

30.1 These include Rs. ('000) 11,591 (2013: Rs. ('000) 10,767) and Rs. ('000) 3,606 (2013: Rs. ('000) 689) in respect of contribution to provident fund trust and provision for gratuity respectively.

- 30.2 None of the directors of the Company or any of their spouses have any interest in the funds of donees.
- **30.3** This represents the fee paid to Global Footwear Services Pte Limited and Euro Footwear Holding related parties, in respect of management and information technology services respectively.

		Note	2014	2013
			(Rupees	in '000)
31.	OTHER EXPENSES			
	Workers' profit participation fund	24.4	100,946	90,509
	Workers' welfare fund		29,402	25,263
	Auditors' remuneration	31.1	7,422	6,833
	Exchange loss		1,550	17,165
	Loss on fixed assets sold / scrapped		-	2,362
	Impairment loss	6.1	2,352	4,982
			141,672	147,114
	31.1 Auditors' remuneration			
	Statutory audit		4,248	3,911
	Review of six monthly accounts		1,062	978
	Other reviews and certifications		917	844
	Out of pocket expenses		1,195	1,100
			7,422	6,833

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		Note	2014	2013
			(Rupees	in '000)
32.	OTHER INCOME			
	Income from financial assets			
	Profit on long term investments Profit on short term investments Profit on bank deposits		3,614 42,187 19,861	3,911 34,945 28,026
	Income from non - financial assets		65,662	66,882
	Rental Income Gain on disposal of property, plant and equipment Reversal of property taxes Income from discounting of supplier invoices	6.4	7,547 51,931 9,500 28,676 97,654	7,217 - 11,536 18,753
33.	FINANCE COSTS		163,316	85,635
	Interest / mark-up on:			
	Workers' profit participation fund Employees / agents' securities and personal accounts	24.4 33.1	651 5,652	350 4,892
	Bank charges and commission		6,303 25,102 31,405	5,242 21,273 26,515

33.1 These do not include any amounts on account of related parties (2013: Rs. ('000) Nil)

		Note	2014	2013
			(Rupee	es in '000)
34.	TAXATION			
	Current			
	For the year		522,880	470,791
	For prior years		10,970	2,102
			533,850	472,893
	Deferred			
	Relating to originating and reversal of temporary differences		16,120	10,238
	Income resulting from change of rate of tax		(1,466)	(1,165)
			548,504	481,966
	Relationship between tax expenses and accounting profit			
	Accounting profit before taxation		1,887,916	1,714,388
	Tax at applicable tax rate of 33% (2013: 34%)		623,012	582,892
	Tax effect of expenses not allowed for tax		303	46
	Effect of tax on export sales, imported finished goods and rental income			
	under Final Tax Regime		(85,781)	(103,074)
	Effect of prior years tax		10,970	2,102
	Tax expense for the year		548,504	481,966

35 SEGMENT REPORTING

	H	Retail	WF	Wholesale	Ex	Export	Others	lers	Ŧ	Total
Segment result and profit reconciliation	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
					(Rupces in '000)	(000, u				
Net sales	8,824,912	7,871,080	4,771,918	4,694,742	151,326	183,687	19,000	24,929	13,767,156	12,774,438
Cost of sales	4,591,169	4,052,500	3,682,342	3,596,112	114,522	131,713			8,388,033	7,780,325
Gross profit	4,233,743	3,818,580	1,089,576	1,098,630	36,804	51,974	19,000	24,929	5,379,123	4,994,113
Distribution cost Administrative expenses	2,105,095 46,518	1,816,088 44,570	246,462 24,847	240,332 25,444	12,877 2,577	15,023 2,110			2,364,434 73,942	2,071,443 72,124
	2,151,613	1,860,658	271,309	265,776	15,454	17,133			2,438,376	2,143,567
Segment results	2,082,130	1,957,922	818,267	832,854	21,350	34,841	19,000	24,929	2,940,747	2,850,546
Unallocated operating expenses Other expenses Other income									$\begin{array}{c} 1,043,070\\ 141,672\\ 163,316\end{array}$	$\begin{array}{c} 1,048,164\\ 147,114\\ 85,635\end{array}$
Operating profit Finance cost									1,919,321 31,405	1,740,903 26,515
Profit before taxation Taxation									1,887,916 548,504	1,714,388 481,966
Profit after taxation									1,339,412	1,232,422
Other disclosures										
Segment assets Unallocated assets	2,600,300	2,143,061	1,296,027	663,916	1,803	1,709		ı	3,898,130 3,492,959	2,808,686 3,580,584
									7,391,089	6,389,270
Segment liabilities Unallocated liabilities	31,453	29,125	11,855	6,212		I			43,308 2,092,390	35,337 1,853,286
									2,135,698	1,888,623
Capital expenditures Unallocated	268,006	209,076	12,444	15,496		15,000	,		280,450 224,652	239,572 93,370
									505,102	332,942
Depreciation of property, plant and equipment Unallocated	111,799	90,459	4,978	3,433	15	17			116,792 52,182	93,909 37,496
									168,974	131,405
Amortization of intangible assets Unallocated	2,101	3,643	39	39		·	,		2,140 1,071	3,682 2,545
									3,211	6,227

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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	Note	2014	2013
		(Rupees	s in '000)
36. EARNINGS PER SHARE - BASIC AND DILUTED			
Basic earnings per share are calculated by dividing net 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:			
Profit after taxation - (Rupees in '000)		1,339,412	1,232,422
Weighted average number of ordinary shares (in thousands)	18.2	7,560	7,560
Earnings per share - basic and diluted (Rupees per share)		177.17	163.02
There is no dilutive effect on the basic earnings per share of the Company.			
37. CASH AND CASH EQUIVALENTS			
For the purpose of the cash flow statement, cash and cash equivalents comprise the following: Short term investment Bank balances in		1,130,000	968,000
Current accounts		69,923	75,637
Daily profit accounts Cash in transit		274,823 37,774	334,240 28,125
Cash in hand		1,169	1,937
		1,513,689	1,407,939

38. REMUNERATION OF DIRECTORS AND EXECUTIVES

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:

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
			(Rupees	s in '000)		
Managerial remuneration	20,957	25,871	16,894	13,430	114,084	91,638
Company's contribution						
to provident fund	-	-	-	-	8,656	6,936
Perquisites and allowances						
Housing	-	-	-	-	27,992	27,868
Leave passage	1,270	1,873	1,600	2,141	-	-
Conveyance	-	-	-	-	8,435	6,534
Medical expenses reimbursed	117	111	1,146	333	5,631	5,110
Utilities	-	-	-	-	8,435	6,534
Others	3,505	-	9,003	6,569	23,315	20,454
	25,849	27,855	28,643	22,473	196,548	165,074
Number of persons	1	1	1	2	85	73

38.1 In addition to the above, 9 (2013: 8) non executive directors were paid aggregated fee of Rs. ('000) 1,726 (2013: Rs. ('000) 1,075) for attending meetings.

38.2 The Chief Executive and one of the directors of the Company are provided with company-maintained cars.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise long term deposits and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company's financial assets mainly comprise long term investments, security deposits, trade and other receivables, and cash and cash equivalent that arrive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors (the Board) reviews and agrees policies for the management of these risks. 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.

39.1 Market risk

Market risk is the risk of that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise 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.

39.1.1 Interest rate risk exposure

Interest rate risk is 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 exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations, which are borrowed at floating interest rates. The Company's policy is to keep its short term running finances at the lowest level by effectively utilizing positive cash and bank balances. Further, the Company also minimizes the interest rate risk by investing in fixed rate investments like term deposit-receipts.

The Company's exposure to interest rate risk on its financial assets and liabilities is summarized below:

	Fixed or	2014	2013	2014	2013
	variable	Effe	ective rates	Rupe	ees in ('000)
Financial Assets					
Long term investments	Fixed	9.30%	9.25 to 9.60%	38,000	38,001
Short term investments	Fixed	9.30 to 9.50%	9.55 to 9.80%	1,130,000	968,000
Bank balance in daily profit account	Fixed	6.55 to 7.45%	7.00 to 7.45%	274,823	334,240
				1,442,823	1,340,241
Financial Liabilities					
Long term deposits - employees' securities	Fixed	8.50%	6.80%	38,000	38,001
Deposits - agents	Fixed	8.50%	6.80%	71,871	61,337
				109,871	99,338
Sensitivity analysis for variable rate instr	uments				

The Company has all its investments in fixed rate instruments hence it is not subject to any fluctuation in market interest rates.

39.1.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The management has assessed that hedging its foreign currency payables will be more expensive than self assuming the risk. The foreign exchange risk management policy is reviewed each year on the basis of market conditions. The Company is mainly exposed to fluctuations in US Dollar, Euro and Singapore Dollar against Pak Rupee.

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The assets / liabilities subject to currency risk are detailed below:

	2014	2013
	(Rupees	in '000)
Financial assets		
Trade debts - Export customers		
US Dollar	2,359	4,038
Euro	-	-
Pound sterling	-	-
	2,359	4,038
Financial liabilities		
Trade and other Payables - Foreign suppliers		
US Dollar	25,342	19,241
Euro	71,691	68,112
Singapore Dollar	10,690	11,673
	107,723	99,026
voign Curronau Songitivity analysis		

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. Range of variation has been taken after considering the variation in year 2014 in the currencies involved.

	2014	2013	2014	2013
	Percentage	Percentage	(Rupee	s in '000)
	Change in Exchange Rate	Change in Exchange Rate	Effect on Profit Before Tax	Effect on Profit Before Tax
			+ / -	+ / -
Variation in USD to PKR	4%	8%	919	611
Variation in EURO to PKR	16%	10%	11,471	1,924
Variation in Singapore Dollar to PKR	8%	5%	855	3,406

39.1.3 Equity price risk

Equity price risk is the risk of loss due to susceptibility of equity instruments towards market price risk arising from uncertainties about future values of the investment securities. The Company is not exposed to any equity price risk as the Company does not have any investment in equity shares at the balance sheet date.

39.2 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date, if counter parties fail to perform their contractual obligations. The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset.

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.

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.('000) 2,104,175 (2013: Rs. ('000) 1,851,655) following are subject to credit risk:

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	(R	Rupees in '000)
Financial assets		
Long term investments	38,000	38,001
Long term deposits	24,127	17,109
Trade debts - unsecured	503,726	363,975
Deposits and other receivables	21,625	17,016
Interest accrued	3,927	7,615
Short term investment	1,130,000	968,000
Cash at bank	344,746	409,877
	2,066,151	1,821,593

39.2.1 Long term investments

Financial institution		Ratings		Carryin	g Values
	Agency	Long Term	Short term	2014	2013
				(Rupee	s in '000)
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	38,000	38,001

39.2.2 Out of the total trade receivables, 28.81% is concentrated in ten customers (2013: 17.35% in ten customers)

39.2.3 Trade debts - other than related parties

61-90 days 2,307 5,12 Over 90 days 27,323 26 60,657 15,75 Past due and impaired 60,657 15,75 1-30 days - - 31-60 days - - 61-90 days - - 0ver 90 days - - Over 90 days - - 0ver 90 days - - 19,012 16,16 - 19,012 16,16 - 19,012 16,16 - 19,012 16,16 - 19,012 16,16 - 19,012 16,16 - 13,160 days - - 31-60 days - - 04ays -		Carr	ying Values
Neither past due nor impaired 440,317 344,18 Past due but no impaired - - 1-30 days 31,027 10,37 31-60 days 2,307 5,12 Over 90 days 27,323 26 60,657 15,75 Past due and impaired - 1-30 days - 31-60 days - 31-60 days - - - - - 1-30 days - 31-60 days - - - - - 1-30 days - 31-60 days - - - <t< th=""><th></th><th></th><th></th></t<>			
Hard Line but no impaired 440,317 344,18 1-30 days 31,027 10,37 31-60 days 31,027 10,37 61-90 days 2,307 5,12 Over 90 days 27,323 26 60,657 15,75 15,75 Past due and impaired - - 1-30 days - - 31-60 days - - 1-30 days - - 1-30 days - - 0/40 ays - - 0/100 days - - 0/200 days - - 1/30 days - - 31-60 days - - 0/200 days - - 0/200 days - - 0/200 days - -		(Rup	ees in '000)
Past due but no impaired - 1-30 days 31,027 10,37 31-60 days 31,027 10,37 61-90 days 2,307 5,12 Over 90 days 27,323 26 60,657 15,75 Past due and impaired - 1-30 days - 31-60 days - 61-90 days - 0ver 90 days - Over 90 days - 0ver 90 days - 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 1,473 1,45 ast due but not impaired - 1-30 days - 31-60 days - 61-90 days - Over 90 days </td <td>Neither past due nor impaired</td> <td>440 317</td> <td>2/// 195</td>	Neither past due nor impaired	440 317	2/// 195
31-60 days 31,027 10,37 61-90 days 2,307 5,12 Over 90 days 27,323 26 60,657 15,75 Past due and impaired 60,657 15,75 1-30 days - - 31-60 days - - 61-90 days - - 0/40 days - - 1/40 days - - 1/40 days - - 0/40 days - - 0/40 days - - 0/40 days - - 0/40 days -	Past due but no impaired	440,017	=
31-60 days 31,027 10,37 61-90 days 2,307 5,12 Over 90 days 27,323 26 60,657 15,75 Past due and impaired 60,657 15,75 1-30 days - - 31-60 days - - 61-90 days - - 0/40 days - - 1/40 days - - 1/40 days - - 0/40 days - - 0/40 days - - 0/40 days - - 0/40 days -	1-30 days	-	-
Over 90 days 27,323 26 Past due and impaired 60,657 15,75 1-30 days - - 31-60 days - - 61-90 days - - Over 90 days 19,012 16,16 19,012 16,16 19,012 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 10,16 1,473 1,473 1,473 1,473 1,473 1,40 493 15 786 0ver 9		31,027	10,370
Past due and impaired 60,657 15,75 1-30 days - - 31-60 days - - 61-90 days - - Over 90 days - 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 1,473 1,473 1,45 ast due but not impaired - - 1-30 days 493 15 61-90 days 493 15 0rey 0 days - 2,43		2,307	5,121
Past due and impaired - 1-30 days - 31-60 days - 61-90 days - Over 90 days 19,012 16,16 19,012 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 14,73 1,45 ast due but not impaired - 1-30 days - 31-60 days 493 0ver 90 days - Over 90 days - 2,43	Over 90 days	27,323	261
1-30 days -		60,657	15,752
31-60 days -	Past due and impaired		
$\begin{array}{c c} 61-90 \text{ days} & & & & & \\ \hline Over 90 \text{ days} & & & & \\ 19,012 & & 16,16 \\ \hline 19,012 & & 16,16 \\ \hline 19,012 & & 16,16 \\ \hline 19,012 & & & \\ \hline 16,16 \\ \hline 19,012 & & & \\ \hline 16,16 \\ \hline 19,012 & & & \\ \hline 16,16 \\ \hline 19,012 & & & \\ \hline 10,16 \\ \hline 10,16 \\ \hline 10,12 \\ \hline 10,16 \\ \hline $	1-30 days	-	
Over 90 days 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 19,012 16,16 1,473 1,45 ast due but not impaired - 1-30 days 493 61-90 days 786 Over 90 days - 2,43 -		-	
19,01216,16rade debts - receivable from related parties1Ieither past due nor impaired1,4731-30 days49331-60 days49361-90 days786Over 90 days-2,43		-	
rade debts - receivable from related parties leither past due nor impaired 1,473 1,45 ast due but not impaired 1-30 days 493 15 61-90 days 786 Over 90 days - 2,43	Over 90 days	19,012	16,161
Jeither past due nor impaired1,4731,453ast due but not impaired1-30 days4931531-60 days4931561-90 days7862,43		19,012	16,161
Jeither past due nor impaired1,4731,453ast due but not impaired1-30 days4931531-60 days4931561-90 days7862,43			
Jeither past due nor impaired1,4731,453ast due but not impaired1-30 days4931531-60 days4931561-90 days7862,43			
ast due but not impaired - 1-30 days - 31-60 days 493 61-90 days 786 Over 90 days - 2,43	rade debts - receivable from related parties		
1-30 days 493 15 31-60 days 493 15 61-90 days 786 2,43 Over 90 days - 2,43	Jeither past due nor impaired	1,473	1,457
31-60 days 493 15 61-90 days 786 2,43 Over 90 days - 2,43	ast due but not impaired		
61-90 days Over 90 days - 2,43	1-30 days	-	
- 2,43			151
		786	
1,279 2,58	Over 90 days	-	2,430
		1,279	2,581

39.2.4

FOR THE YEAR ENDED 31 DECEMBER 2014

39.2.5 Short term investments

		Ratings		2014	2013
Financial institution	Agency	Long Term	Short term	(Rupe	es in '000)
Habib Metropolitan Bank Ltd.	PACRA	AA+	A1+	530,000	520,000
Habib Bank Limited	JCR-VIS	AAA	A-1+	-	228,000
Bank Al-Habib Limited	PACRA	AA+	A1+	600,000	220,000
				1,130,000	968,000

39.2.6	Cash at bank		Ratings		2014	2013
	Financial institution	Agency	Long Term	Short term	(Rupees	s in '000)
	Habib Bank Limited	JCR-VIS	AAA	A-1+	217,942	133,978
	MCB Bank Limited	PACRA	AAA	A1+	28,076	70,247
	Habib Metropolitan Bank Limited	PACRA	AA+	A1+	2,276	2,602
	Bank Al-Habib Limited	PACRA	AA+	A1+	29,194	5,138
	Summit Bank Limited	JCR-VIS	A-	A-1	· -	935
	National Bank of Pakistan	JCR-VIS	AAA	A-1+	140	640
	United Bank Limited	JCR-VIS	AA+	A-1+	48,280	42,933
	Barclays Bank PLC	Standard & Poor's	А	A-1	18,838	153,404
					344,746	409,877

39.3 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet its commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions. The Company follows a cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The Company had un-utilized short term borrowing facilities available from various Commercial banks aggregating to Rs. 535 million at 31 December 2014 (2013: Rs. 685 million).

2014

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

2014					
		(R	upees in '000)		
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	38,000	-	-	-	38,000
Trade and other payables		1,447,228	-	-	1,447,228
			2013		
		(R	upees in '000)		
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	38,001	-	-	-	38,001
Trade and other payables	-	1,272,276	-	-	1,272,276

39.4 Fair value of the financial instruments

Fair value is measured on the basis of objective evidence at each reporting date. The carrying value of all the financial instruments reflected in the financial statements approximates their fair value and accordingly, detailed disclosures of fair value are not being presented in these financial statements.

40. 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:

a) 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

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FOR THE YEAR ENDED 31 DECEMBER 2014

b) 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).

The debt - to- equity ratio as to 31 December is as follows:	2014	2013
	(Rupees	s in '000)
Net debt	-	-
Total equity	5,255,391	4,500,647
Capital gearing ratio	-	-
The Company is not subject to any externally-imposed capital requirements.		

41. TRANSACTIONS WITH RELATED PARTIES

41.1 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 37. Transactions with related parties during the year are as follows;

		2014	2013
		(1	Rupees in '000)
Relationship with the Company	Nature of transactions		
Common Control Companies	Purchase of goods and services	1,279,161	1,277,346
	Sale of goods and services	12,343	4,510
	Trade mark license fee	323,643	300,472
	Management service fee & IT charges	165,084	166,051
Holding company	Dividend paid	443,497	450,321
Staff Retirement Benefits	Contribution to provident fund trusts	47,096	42,018
Staff Retirement Benefits	Gratuity Paid	3,292	3,932
Key Management Personnel	Remuneration	98,621	90,808

41.2 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, where by, all transactions with related parties and common control companies are conducted at arm's length price on the same terms and conditions as third party transactions using comparable uncontrolled price method.

42. CAPACITY AND ACTUAL PRODUCTION

	Installed capacity No. of shifts based on actual worked shifts worked				Actual production	
			Pairs	in '000	Pairs	in '000
	2014	2013	2014	2013	2014	2013
Footwear in pairs						
Leather	1 to 3	1 to 3	18,284	17,636	14,471	13,899
Plastic	3	3	3,150	3,438	2,646	2,592
			21,434	21,074	17,117	16,491

42.1 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.

FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
		(R	upees in '000)
43.	NUMBER OF PERSONS EMPLOYED		
	Number of persons employed as at year end Average number of persons employed during the year	2,485 2,418	2,343 2,364
44.	PROVIDENT FUND		
	Size of the fund (total equity) Percentage of investments made Fair value of investments Cost of investments made	1,607,559 94% 1,518,920 1,518,920	1,552,417 92% 1,433,402 1,371,475

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

	2	014	2	2013
		(Rupees in	n '000)	
	Investments (Rs. 000)	Investments % of size of the fund	Investments (Rs. 000)	Investments % of size of the fund
Pakistan Investment Bond	20,000	1%	20,000	1%
Term deposit receipts Mutual fund units	1,498,920	93%	1,333,100 80,320	86% 5%
	1,518,920	-	1,433,420	_

44.2 Investments out of provident fund have been made in accordance with the provision of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

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

45. POST BALANCE SHEET EVENTS

The Board of Directors at its meeting held on 18 February 2015 has approved a final dividend @ Rs. 34 per share for the year ended 31 December 2014 (2013: Rs. 35 per share) amounting to Rs. ('000) 257,040 (2013: Rs. ('000) 264,600) and transfer to general reserve amounting to Rs. ('000) 765,000 (2013: Rs. ('000) 490,000) for approval of the members at the Annual General Meeting to be held on 16 April 2015. The financial statements do not reflect the effect of the above events.

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 18 February 2015.

Pattern of Shareholding

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2014

No. of	Share	cholding	Total
Shareholders	From	То	Shares held
627	1	100	25,714
366	101	500	89,075
63	501	1,000	47,728
47	1,001	5,000	87,513
5	5,001	10,000	34,710
1	10,001	15,000	11,392
1	20,001	25,000	21,000
2	25,001	30,000	57,318
1	95,001	100,000	99,674
1	305,001	310,000	309,776
1	1,090,001	1,095,000	1,090,234
1	5,685,001	5,690,000	5,685,866
1,116			7,560,000

CATEGORIES OF SHAREHOLDERS

	Number of Shareholders	Total Shares held	Percentage
FOREIGN SHAREHOLDERS			
Bafin (Nederland) B.V.	1	5,685,866	75.21
LOCAL SHAREHOLDERS			
Individuals	1,068	245,355	3.2500
National Investment Trust	2	49,076	0.6500
Trustee National Investment (Unit) Trust	1	1,090,234	14.4200
National Bank of Pakistan	1	611	0.0100
Industrial Development Bank of Pakistan (ICP)	1	125	0.0100
Pension Fund	5	104,534	1.3900
Insurance Companies	4	327,528	4.3300
Investment/Joint Stock Companies	19	42,427	0.5600
Modarabas and Mutual Funds	5	9,506	0.1300
Other Companies	9	4,738	0.0600
	1,116	7,560,000	100.00

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2014

Categ	ories of Shareholders	Number of shares held
•	Directors, Chief Executive Officer, their spouses and minor children Chief Executive	_
	Directors Mr. Muhammad Ali Malik Mr. Jjaz Ahmad Chaudhry	1
	Directors' spouses and their minor children	
•	Associated companies, undertakings and related parties Bafin (Netherlands) B.V.	5,685,866
	NIT and ICP CDC-Trustee National Investment (Unit) Trust National Investment Trust Ltd. National Investment Trust Ltd. Admn. Fund Industrial Development Bank of Pakistan	1,090,234 28,076 21,000 125
	Banks, DFI's and NBFI's National Bank of Pakistan	611
	Insurance Companies	
	EFU General Insurance Limited Habib Insurance Company Limited State Life Insurance Corporation of Pakistan Alfalah Insurance Company Limited	309,776 6,000 11,392 360
•	Investment Companies Tundra Pakistan Fond	29,242
	Modarbas and Mutual Funds CDC-Trustee AKD Index Tracker Fund CDC-Trustee Pakistan Capital Market Fund CDC-Trustee Pakistan Stock Market Fund CDC-Trustee Pak. Int. Element Islamic Asset Allocation Fund MCBGSL-Trustee ABL Islamic Stock Fund	406 2,880 2,540 3,620 60
	Pension Fund CDC-Trustee NAFA Islamic Pension Fund Equity Account CDC-Trustee NAFA Pension Fund Equity Sub-Fund Account Trustee National Bank of Pakistan Employment Pension Fund CDC-Trustee Pakistan Pension Fund Equity Sub-Fund CDC-Trustee Pakistan Islamic Pension Fund Equity Sub-Fund	160 340 99,674 2,100 2,260
	Joint Stock Companies Fatch Industries Limited Nacem's Securities (Ptv.) Limited Service Sales Corp. (Ptv.) Limited Paradigm Factors Ptv. Ltd. Darson Securities Private Ltd. Elixir Securities Private Ltd. Elixir Securities Private Ltd. IGF Finex Securities Limited Irfan Mazhar Securities Limited Irfan Mazhar Securities Limited Infan Mazhar Securities Ptv. Ltd. Mapel Leaf Capital Limited) NCC-Pre Settlement Delivery Account NH Securities Ptv. Ltd. Shaff Foods Ptv. Ltd. Shaff Foods Ptv. Ltd. Shaff Efestyle Ptv. Ltd. Shaff Efestyle Ptv. Ltd. Stock Master Securities Ptv. Ltd. UHF Consulting Ptv. Ltd.	$\begin{array}{c} 160\\ 50\\ 100\\ 60\\ 2\\ 100\\ 1,780\\ 6,720\\ 20\\ 135\\ 25\\ 940\\ 1,780\\ 50\\ 22\\ 700\\ \end{array}$
D.	Benevolent Fund Trustee National Bank of Pakistan Employment Benevolent Fund Trust	3,498
1.	Other Companies Descon Chemicals Ltd, Gratuity Fund Descon Oxychem Ltd, Employee Strovident Fund Inspectest Pvt. Ltd. Employee Provident Fund Trust Trustee of Feroze 1888 Mills Ltd. Employee Provident Fund Trust Trustee Shezan International Ltd. Employee Provident Fund Trust Trustees Ghani Gases Employee Provident Fund Trust Trustees of Ali Gohar & Co. Pvt. Ltd. Staff Provident Fund Descon Power Solutions Pvt. Ltd. Employee Provident Fund	$20 \\ 40 \\ 20 \\ 860 \\ 20 \\ 40 \\ 140 \\ 100$
2. 3.	General Public Executives, their spouses and minor children	245,353
	· •	7,560,000
hareh	olders holding more than 10 % voting interest in the Company Bafin (Nederland) B.V.	5,685,866
	National Investment Trust	
	CDC-Trustee National Investment (Unit) Trust National Investment Trust I.d. National Investment Trust I.d. Admn. Fund National Bank of Pakistan	1,090,234 28,076 21,000 611
		1,139,921
		6,825,787

During the financial year the trading in shares of the Company by the Directors, CEO, CFO, Company Secretary and their Spouses and minor children is NIL.



FORM OF PROXY

63rd ANNUAL GENERAL MEETING

					The Secretary Bata Pakistan Limited P.O. Batapur, Lahore.
I/W	e				Larrore.
of					
bein	ng a member of Ba	ta Pakistan Limited and holder c			
	. of Shares)			Ordinary	Shares as per Share Register Folio
No.			and / or CDC Participant I.D. No.		
and	Sub Account No.		hereby appoint		
of _					
or fa	ailing him		of		
			nalf at the 63 rd Annual General Meeting o		
		one for me/us and on my/our der	iali at the 65 th Annual General Meeting 0.	the Company to be niec	i on April 10, 2015 and at any
adjo	ournment thereof.				
Sign	ed this	day of	2015.		
WIT	'NESSES:				
1.	Signature				
	Name				
	Address				
					Signature on
	NIC or				Rs. 5/-
	Passport No.				Revenue stamp
2.	Signature				
	Name				
	Address				ould agree with the specimen istered with the Company)
	NIC or			signature reg	stered with the Company)
	Passport No.				
	1 100000111101		-		
No	to.				
1 NO 1.		-	at the Meeting may appoint a proxy to at	tend and vote for him/he	r. A proxy need not be a member

2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.

3. CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or passport with this proxy form.



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