



Bata

ANNUAL
REPORT
2017



Bata PAKISTAN LIMITED



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& COMFORTABLE WITH IT

Bata



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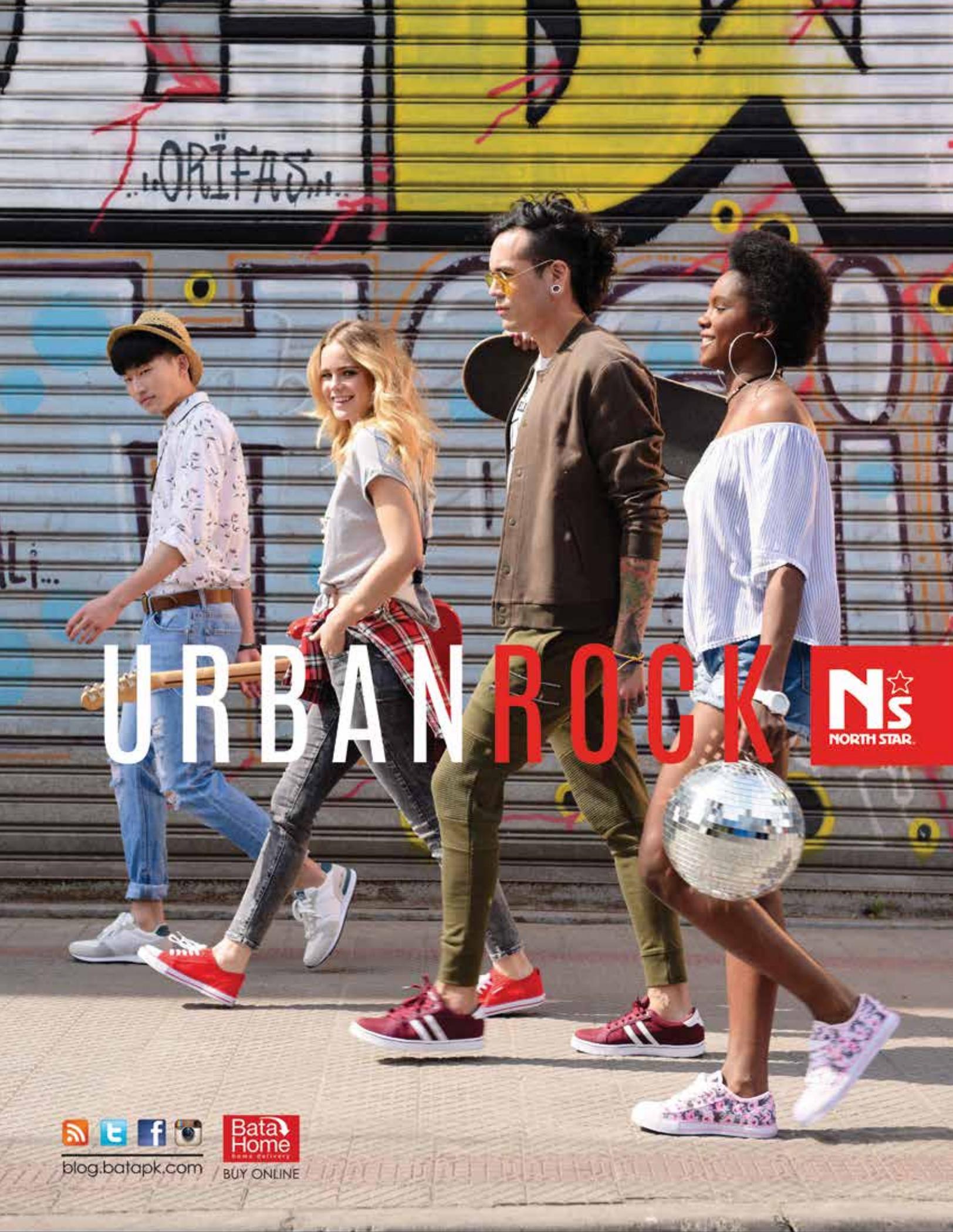


BUY ONLINE

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URBAN ROCK



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Corporate Social Responsibility



More than 1,000 trees were planted in Batapur and Branch Factory to create a better and healthier environment. ▶

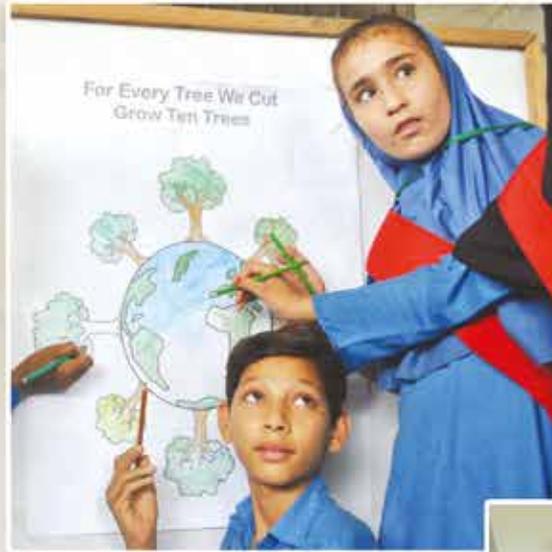


21 trainees were awarded Certificates & Stipend on successful completion of three months' Upper Stitching Training in Industrial School Batapur. ▼



▶ Free Hepatitis screening camps were arranged in Govt. Girls High School Batapur and Bata Residential Colony No. 3. Bata medical team screened more than 250 children, their parents and local community for Hepatitis B and C.

▶ Bata Pakistan and Pakistan Army collaborated to distribute 200 school bags, 1,000 sets of stationery and 1,500 pairs of shoes amongst poor and needy children of District Awaran (Balochistan).



◀ Mentorship session was arranged in a school at Model Town, Lahore with the help of Bata volunteers who explained to children the role of environmental protection to safeguard our planet earth.

Quality time was spent with the children of FH Model School Lahore helping them in studies, setting future goals, playing different games and finally distributed gifts amongst them.



▲ 732 pair of shoes were donated to the underprivileged children studying in different schools.

Health Awareness and Medical camp was held for children and local community in a rural school near Wagha Border Lahore. ▶





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Bata Home
home delivery

BUY ONLINE

VISION

To make great shoes
accessible to
everyone



MISSION

We help people look and feel good

by continuously focusing on product quality, innovation and value.

We become the customer's destination of choice

by offering personal shopping experience to create long standing customer relationships.

We attract and retain the best people

by showing great leadership, a passion for high standards our respect for diversity and commitment to create exceptional opportunities for professional growth.

We remain the most respected footwear company

by being socially responsible and ethical in everything we do and a credit to every community in which we operate.



Corporate Information

Board of Directors

Mr. Roberto Longo	Chairman
Mr. Muhammad Imran Malik	Chief Executive
Mr. Cesar Alex Panduro Arevalo	Director
Mr. Toh Guan Kiat	Director
Mr. Syed Asad Ali Zaidi	Director
Mr. Muhammad Maqbool	Director
Mr. Ijaz Ahmad Chaudhry	Director
Mr. Shahid Anwar (Nominee of NIT)	Director
Mr. Aamir Amin (Nominee of NIT)	Director

Audit Committee

Mr. Muhammad Maqbool	Chairman
Mr. Roberto Longo	Member
Mr. Ijaz Ahmad Chaudhry	Member

Human Resource and Remuneration Committee

Mr. Ijaz Ahmad Chaudhry	Chairman
Mr. Muhammad Imran Malik	Member
Mr. Muhammad Maqbool	Member

Chief Financial Officer (CFO)

Mr. Cesar Panduro

Company Secretary

Mr. Amjad Farooq

Auditors

EY Ford Rhodes
Chartered Accountants
4th Floor Pace Mall Building, 96-B-1,
Gulberg II, M.M. Alam Road,
Lahore.

Legal Advisor

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

Stock Exchange Listing

Bata Pakistan Limited is listed on Pakistan Stock Exchange.

The Company's shares are quoted in leading Newspapers under "Leather and Tanneries" sector.

Bankers

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

Registered Office

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

Share Registrar

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

Factories

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

Maraka,

26 - Km, Multan Road, Lahore.

Liaison Office

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 66th Annual General Meeting of Bata Pakistan Limited will be held at the Registered Office of the Company at Batapur, District Lahore on 23rd April, 2018 at 2.30pm to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 20th September, 2017.
2. To receive, consider, and adopt the Directors' Report, Audited Accounts of the Company and Auditors' Reports thereon, for the year ended 31 December, 2017.
3. To approve dividend as recommended by the Directors. The Directors have recommended a Final Cash Dividend of 600% (Rs.60 per share of Rs.10) in addition to the Interim Cash Dividend of 800% (Rs.80 per share of Rs.10) already paid to the shareholders making total cash dividend of 1,400% (Rs.140 per share of Rs.10).
4. To appoint Auditors and fix their remuneration for the year ending 31 December, 2018. The Board of Directors, on the recommendations of the Audit Committee, has proposed the appointment of M/s A.F. Ferguson & Co. Chartered Accountants as Auditors of the Company for the year ending 31 December, 2018.
5. To transact any ordinary business of the Company with the permission of the Chairman.

By order of the Board
Bata Pakistan Limited

Batapur
Lahore: 22nd February, 2018

Company Secretary

NOTES:

1. A member entitled to attend, speak 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. Members who hold shares certificates should notify any changes in their registered address to the Share Registrar. Members who hold shares in CDC / participant accounts should update their address to the CDC or their respective participants / stockbrokers.
4. The Share Transfer Books of the Company will remain closed from 16th April, 2018 to 23rd April, 2018 (both days inclusive). Transfers received at the office of the Share Registrar of the Company, M/s. Corplink (Pvt) Ltd. 1-K Commercial, Model Town, Lahore before the close of business on 15th April, 2018 will be treated in time for the purpose of above entitlement to the transferees and of attending meeting by the transferees.
5. With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 883(1)/2012 dated July 5, 2012, the Members/ Shareholders who have not yet submitted photo copy of their valid CNIC to the Company are required to send the same at the earliest directly to the Company's Share Registrar M/s. Corplink (Pvt) Ltd. 1-K Commercial, Model Town, Lahore. In case of non-receipt of the copy of valid CNIC and non-compliance of the above mentioned SRO of SECP, the Company may be constrained to withhold transfer of dividend in the future.
6. Pursuant to Section 242 of the Companies Act, 2017 cash dividend shall be paid only by electronic transfer into the bank account of the shareholder designated for the purpose. Accordingly the following information must be provided to our Share Registrar M/s. Corplink (Pvt) Ltd. 1-K Commercial, Model Town, Lahore, in writing as follows:

i) Shareholder details
Name of the Shareholder:
Folio No. / CDC participant ID & Sub Account No./CDC IAS:
CNIC/NICOP/Passport/NTN No. (Please attach copy):
Contact Number (landline & Cell Nos.):
Shareholder Address:
ii) Shareholder's Bank Account details
Title of Bank Account (must be in your name):

7- حکومت پاکستان نے فنانس ایکٹ 2017ء کے ذریعے آٹو ٹیکس آرڈیننس 2001ء کے سیکشن 150 میں بعض تبدیلیاں کی ہیں جس میں کمپنیز کی طرف سے ادا کئے گئے ڈیوٹیڈ ٹیکس کی مالیت پر وہ ہولڈنگ ٹیکس کے مختلف ریٹس مقرر کئے گئے ہیں۔ یہ ٹیکس ریٹس حسب ذیل ہیں:

(i) آٹو ٹیکس ریٹرز کے فائلرز کیلئے: 15 فیصد

(ii) آٹو ٹیکس ریٹرز کے نان فائلرز کیلئے: 20 فیصد

8- ان شیئر ہولڈرز کیلئے جن کے شیئرز مشترکہ ہیں، فیڈرل بورڈ آف ریونیو کی وضاحت کے تحت وہ ہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر کے ساتھ ساتھ جو انٹ ہولڈرز کے شیئر ہولڈنگ کے تناسب کی بنیاد پر ان کے ”فائلر/نان فائلر“ سٹیٹس کے مطابق الگ الگ ہوگا۔ لہذا وہ تمام شیئر ہولڈرز جن کے شیئرز مشترکہ ہیں ان سے درخواست ہے کہ وہ پرنسپل شیئر ہولڈر اور جو انٹ ہولڈرز کا بحوالہ شیئرز جو کہ ان کے پاس موجود ہیں، ہمارے شیئر رجسٹر اراکو تحریری طور پر مندرجہ ذیل طریقے سے شیئر ہولڈنگ کا تناسب فراہم کریں۔

کمپنی کا نام فولیو/سی ڈی سی اکاؤنٹ # نوٹل شیئرز پرنسپل شیئر ہولڈر جو انٹ شیئر ہولڈر

نام اور قومی شناختی کارڈ # شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)

میسرز کارپلنک (پرائیویٹ) لمیٹڈ

وگنڈ آر کیڈ، K-1 کمرشل، ماڈل ٹاؤن، لاہور، فون: 35916719، 042-35916714، فیکس: 042-35869037

9- آٹو ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت وہ ہولڈنگ ٹیکس کی کوئی سے استثنیٰ کیلئے ٹیکس سے استثنیٰ کا موثر سرٹیفکیٹ ضروری ہے۔ وہ ممبران جو آٹو ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے پارٹ IV کی شق 47B کے تحت کو الیفائی کرتے ہیں اور ٹیکس سے استثنیٰ چاہتے ہیں انہیں حصص کی کتب بند ہونے کی تاریخ سے قبل ٹیکس سے استثنیٰ کے موثر سرٹیفکیٹ کی کاپی ہمارے شیئر رجسٹر اراکو فراہم کرنا ہوگی، بصورت دیگر لاگو قانون کے مطابق ٹیکس کی کوئی کی جائے گی۔

10- شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017ء کے سیکشن 244 اور غیر دعویٰ شدہ شیئرز، مضاربہ سرٹیفکیٹ، ڈیوٹیڈ ٹیکس، دیگر انسٹرومنٹس اور آن ڈسٹری بیوٹڈ اسٹاکس ریگولیشنز 2017ء کے مطابق کمپنیز کیلئے ایسے کیش ڈیوٹیڈ ٹیکس اور گورنمنٹ کے کریڈٹ میں اور شیئرز کمیشن میں جمع کرنا ضروری ہے جن کیلئے ادا کی گئی کی تاریخ سے لے کر تین سال یا زیادہ عرصہ تک نہ تو کسی نے دعویٰ کیا ہے اور نہ ہی انہیں کسی نے وصول کیا ہے۔ اس حوالے سے متعلقہ شیئر ہولڈرز کو پہلے ہی نوٹس دینے چاہئے ہیں۔

11- مورخہ 8 ستمبر 2017ء کو جاری ہونے والے نوٹیفکیشن ایس آر او 2014/787(1) کے تحت کمپنیوں کو اجازت ہے کہ وہ شیئر ہولڈرز کو ایونٹل فنانشل سٹیٹمنٹ کے ساتھ ساتھ ایونٹل جرنل میننگ (ای۔ جی ایم) کا نوٹس بذریعہ ای میل سرکولٹ کریں۔ لہذا ممبران سے درخواست ہے کہ وہ ایک سٹیٹمنٹ ریفرنس فارم پر، جو کہ کمپنی کی ویب سائٹ <http://bata.pk> پر دستیاب ہے، بذریعہ ای میل اپنی رضامندی ظاہر کریں۔ علاوہ ازیں کمپنی کے شیئر رجسٹر اراکو اپنے رجسٹرڈ ای میل ایڈریس میں ہونے والی ممکنہ تبدیلی کے بارے میں بروقت مطلع کرنا بھی ممبران کی ذمہ داری ہے۔

12- ایس ای سی بی کے مورخہ 31 مئی 2016ء کو جاری کئے جانے والے نوٹیفکیشن ایس آر او نمبر 2016/470(1) کے تحت کمپنیوں کو اجازت دی گئی ہے کہ وہ آنے والے برسوں میں ممبرز کو اپنی سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ اکاؤنٹس، سالانہ اجلاس عام کا نوٹس اور کمپنی کی دیگر معلومات ہارڈ کاپیز کی بجائے سی ڈی یا ڈی وی ڈی یا ایو ایس بی کے ذریعے سرکولٹ کر سکتی ہیں۔ تاہم کمپنی شیئر ہولڈرز کے مطالبہ پر انہیں سالانہ آڈٹ شدہ اکاؤنٹس کی ہارڈ کاپی طلب کئے جانے کے ایک ہفتے کے اندر ان کے رجسٹرڈ ایڈریس پر بلا معاوضہ فراہم کرے گی۔

13- ممبرز ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ اس کیلئے براہ کرم درج ذیل فارم پُر کر کے سالانہ اجلاس عام کے انعقاد سے 10 دن پہلے کمپنی کے رجسٹرڈ ایڈریس پر جمع کروائیں۔ اگر کمپنی کو کسی مخصوص جغرافیائی مقام سے مجموعی طور پر 10 فیصد یا زائد حصص کے ساتھ ممبرز کی طرف سے اجلاس میں شرکت کیلئے اجلاس سے کم از کم 10 دن قبل رضامندی ملتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کا انتظام کرے گی (بشرطیکہ اس شہر میں ایسی کوئی سہولت میسر ہو)۔

ویڈیو کانفرنس کی سہولت کیلئے رضامندی کا فارم

میں/ہم، ساکن، باٹا پاکستان لمیٹڈ کا ممبر ہوں اور _____ شیئرز کا حامل ہوں۔ مطابق رجسٹرڈ فولیو # / سی ڈی سی اکاؤنٹ نمبر

_____ اپنے شہر _____ (جغرافیائی مقام) میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں۔

ممبر کے دستخط

سالانہ اجلاس عام کی اطلاع

مطلع کیا جاتا ہے کہ باٹا پاکستان 666 واں اجلاس عام کمپنی کے رجسٹرڈ آفس باٹا پور، ضلع لاہور میں مورخہ 23 اپریل 2018ء سے پہر 2:30 بجے مندرجہ ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

- 1- مورخہ 20 ستمبر 2017ء کو منعقد ہوئے اجلاس خاص کی کاروائی کی توثیق۔
- 2- مورخہ 31 دسمبر 2017ء کو ختم ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ حسابات بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- 3- ڈائریکٹرز کے تجویز کردہ منافع کا اعلان۔ ڈائریکٹرز نے 600 فیصد (10 روپے کے فی شیئر پر 60 روپے) حتمی نقد منافع کی تجویز پیش کی ہے، علاوہ 800 فیصد (10 روپے کے فی شیئر پر 80 روپے) اضافی عبوری نقد منافع جو پہلے ہی شیئر ہولڈرز کو دیا جا چکا ہے، جس سے کل نقد منافع 1400 فیصد (10 روپے کے فی شیئر پر 140 روپے) ہو جاتا ہے۔
- 3- 31 دسمبر 2018ء کو ختم ہونے والے سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر 31 دسمبر 2018ء کو ختم ہونے والے سال کیلئے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز مقرر کرنے کی تجویز پیش کی ہے۔
- 5- چیئر مین کی اجازت سے معمول کا کوئی بھی دیگر کاروباری لین دین۔

حسب الحکم بورڈ،

باٹا پاکستان لمیٹڈ،

کمپنی سیکریٹری

باٹا پور

لاہور: 22 فروری 2018ء

نوٹ:

- 1- اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل ممبران اپنی طرف سے ووٹ دینے کیلئے پراکسی (نمائندہ) مقرر کر سکتے ہیں۔ پراکسی کو ممبر کی جگہ حاضری بولنے اور ووٹ دینے کا حق حاصل ہے۔ پراکسی کیلئے ممبر ہونا ضروری نہیں ہے۔ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل جمع کرانا ضروری ہے۔
- 2- وہ ممبر جن کے شیئرز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کے سینٹرل ڈیپازٹری سسٹم میں ہیں وہ اجلاس میں شرکت کیلئے پراکسی کی تقرری کے سلسلہ میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی تجویز کردہ ہدایات پر عمل کریں۔
- 3- شیئرز سٹیک ہولڈرز کو اپنے رجسٹرڈ پتہ کی مکمل تبدیلی کے بارے میں شیئرز رجسٹر اراکونی الفورا گاہ کریں۔ تمام سی ڈی سی شیئرز ہولڈرز ممبران سے گزارش ہے کہ وہ سی ڈی سی یا اپنے متعلقہ شرکاء/اسٹاک بروکرز کے ساتھ اپنا ایڈریس اپ ڈیٹ کریں۔
- 4- کمپنی کے حصص کی کتب 16 اپریل 2018ء سے 23 اپریل 2018ء (بشمول دونوں ایام) بند رہیں گی۔ انتقال دہندگان کے مذکورہ بالا استحقاق اور اجلاس میں شمولیت کی غرض سے کمپنی کے شیئرز رجسٹرار، میسرز کارپلنک (پرائیویٹ) لمیٹڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور کو مورخہ 15 اپریل 2018ء کے روز کاروبار بند ہونے سے قبل موصول ہونے والی ٹرانسفرز بروقت تصدیق کرائیں گی۔
- 5- سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے مورخہ 5 جولائی 2012ء کو جاری کیے جانے والے نوٹیفیکیشن ایس آر او 2012/1(883) کے مطابق وہ ممبرز/شیئرز ہولڈرز جنہوں نے اپنے موٹر کمپیوٹرائزڈ قومی شناختی کارڈ (سی این سی) کی فوٹو کاپی کمپنی کو جمع نہیں کروائی، ان کیلئے ضروری ہے کہ وہ اپنے سی این سی کی کاپی جلد از جلد براہ راست کمپنی کے شیئرز رجسٹرار، میسرز کارپلنک (پرائیویٹ) لمیٹڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور کو جمع کرائیں۔ ایس ای سی پی کے مذکورہ بالا ایس آر او کے مطابق موٹر کمپیوٹرائزڈ قومی شناختی کارڈ کی فوٹو کاپی موصول نہ ہونے کی صورت میں کمپنی مستقبل میں ان کے ڈیوٹیڈ وارنٹس روک سکتی ہے۔
- 6- کمپنیز ایکٹ 2017ء کے سیکشن 242 کے مطابق نقد منافع صرف الیکٹرونک ٹرانسفر کی صورت میں شیئرز ہولڈرز کے اسی مقصد کیلئے متعین کئے گئے بینک اکاؤنٹ میں ادا ہوگا۔ اسی طرح ہمارے شیئرز رجسٹرار، میسرز کارپلنک (پرائیویٹ) لمیٹڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور کو رج ذیل معلومات تحریری صورت میں فراہم کرنا ضروری ہے۔

(i) شیئرز ہولڈرز کی تفصیلات

شیئرز ہولڈرز کا نام: فولیو نمبر/سی ڈی سی شمولیت آئی ڈی اور ذیلی اکاؤنٹ نمبر/سی ڈی سی آئی اے ایس:

سی این سی آئی سی/آئی سی او پی/پاسپورٹ/این ٹی این (براہ کرم کاپی منسلک کریں): رابطہ نمبر (لینڈ لائن اور موبائل نمبر): شیئرز ہولڈرز کا پتہ:

(ii) شیئرز ہولڈرز کے بینک اکاؤنٹ کی تفصیلات

بینک اکاؤنٹ کا نام (آپ کے نام ہونا ضروری ہے): آئی بی اے این نمبر (24 ہندسے) لازمی

براہ کرم اپنی متعلقہ بینک برانچ سے مشارکت کے بعد ملنے والے آئی بی اے این فراہم کریں تاکہ الیکٹرونک ریٹ براہ راست آپ کے اکاؤنٹ میں جمع ہو سکے۔ آئی بی اے این میں غلطی کی صورت میں کمپنی کے آپ کے نقد منافع کے نقصان یا ادائیگی میں تاخیر کیلئے ذمہ دار نہ ہوگی۔

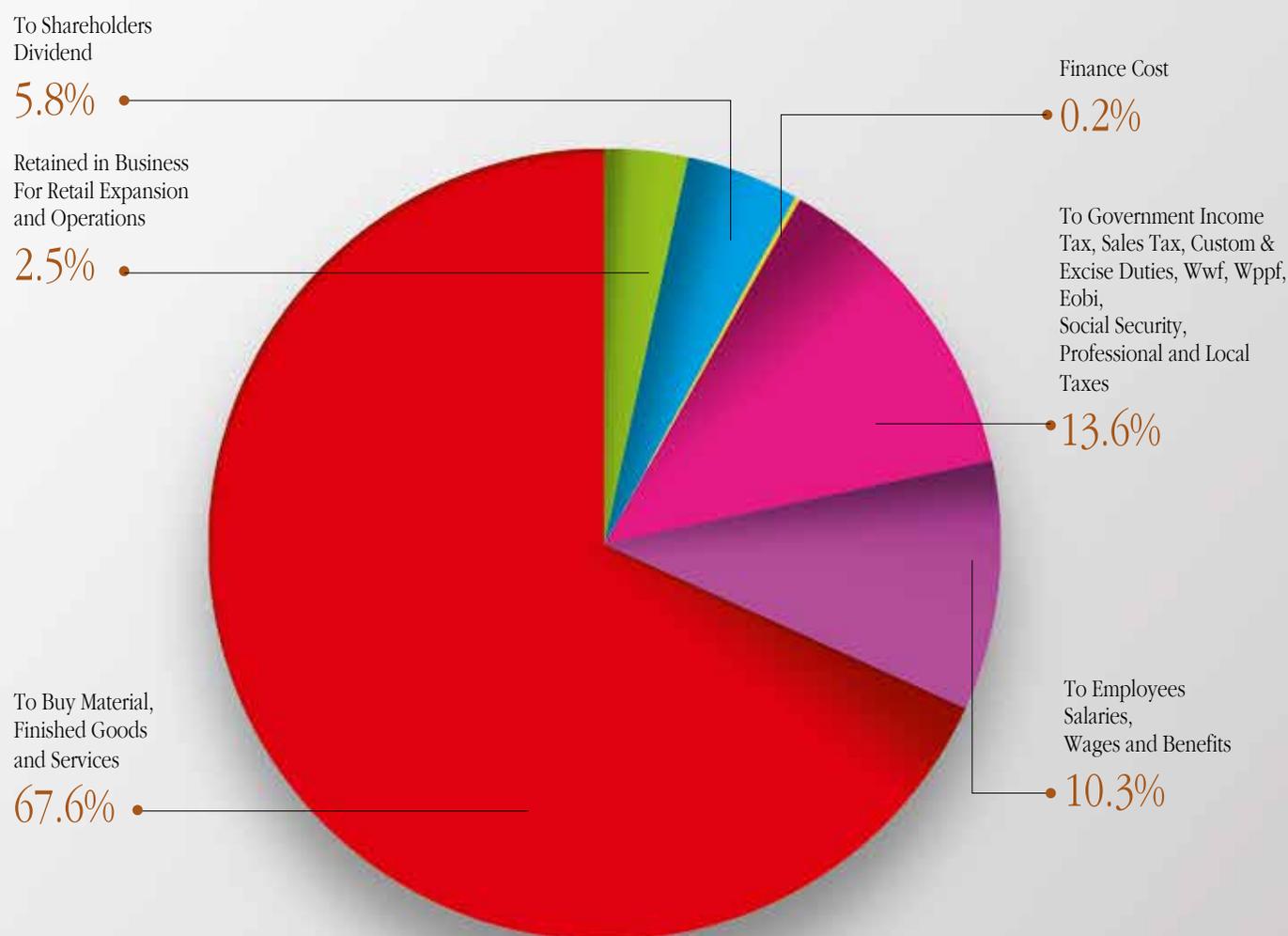
بینک کا نام: برانچ کا نام اور کوڈ نمبر: برانچ کا پتہ:

وہ ممبران جن کے شیئرز سی ڈی سی اکاؤنٹس میں ہیں اپنے بینک کی تفصیلات اپنے متعلقہ شرکاء کو فراہم کریں۔

Key Operating Highlights

Year		2017	2016	2015	2014	2013	2012 (Restated)	2011
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	7,126,724	6,662,594	6,051,192	5,255,391	4,500,647	3,933,505	3,277,790
Total assets	Rs. ' 000s	9,524,326	9,084,556	8,239,266	7,391,089	6,389,270	5,638,165	4,626,288
Property, plant and equipment	Rs. ' 000s	1,511,909	1,420,757	1,470,821	1,392,241	1,116,281	833,259	733,695
Provision for gratuity	Rs. ' 000s	76,030	72,150	68,805	53,135	54,424	85,010	79,262
Current assets	Rs. ' 000s	7,930,147	7,585,132	6,684,071	5,909,432	5,206,538	4,733,714	3,808,438
Current liabilities	Rs. ' 000s	2,235,773	2,264,332	2,025,534	1,977,587	1,746,343	1,554,782	1,198,488
Trading Results								
Sales	Rs. ' 000s	15,496,810	15,082,171	14,781,520	13,767,156	12,774,438	11,476,817	9,816,296
Gross profit	Rs. ' 000s	6,620,836	6,193,926	6,005,197	5,379,123	4,994,113	4,258,771	3,540,677
Operating profit	Rs. ' 000s	2,220,158	2,140,580	2,131,784	1,919,321	1,740,903	1,439,035	1,076,214
Profit before tax	Rs. ' 000s	2,180,270	2,100,645	2,101,280	1,887,916	1,714,388	1,385,586	1,025,008
Profit after tax	Rs. ' 000s	1,524,466	1,442,016	1,445,500	1,339,412	1,232,422	1,020,801	748,170
Distribution								
Interim cash dividend - paid	%	800.00	650.00	510.00	430.00	650.00	300.00	-
Final cash dividend - proposed/paid	%	600.00	600.00	450.00	340.00	350.00	230.00	200.00
Financial Ratios and Values								
Gross profit	%	42.72	41.07	40.63	39.07	39.09	37.11	36.07
Operating profit	%	14.33	14.19	14.42	13.94	13.63	12.54	10.96
Profit before tax	%	14.07	13.93	14.22	13.71	13.42	12.07	10.44
Profit after tax	%	9.84	9.56	9.78	9.73	9.65	8.89	7.62
Return on equity	%	21.39	21.64	23.89	25.49	27.38	26.04	22.83
Price earning ratio	Times	12.16	22.60	17.10	19.70	17.13	9.99	8.27
Dividend yield	%	5.71	2.55	2.69	2.23	3.15	3.71	2.44
Earnings per share	Rs.	201.65	190.74	191.20	177.17	163.02	135.03	98.96
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	3.55 : 1	3.35 : 1	3.30 : 1	2.99 : 1	2.98 : 1	3.04 : 1	3.18:1
Average stock turns - value	Times	2.78	3.03	3.08	3.29	3.40	3.24	3.33
Debtors turnover	Times	9.91	11.29	18.75	27.33	35.10	34.04	75.44
Average collection period	Days	37	32	19	13	10	11	5
Property, plant and equipment turnover	Times	10.25	10.62	10.05	9.89	11.44	13.77	13.38
Break up value per share	Rs.	942.69	881.30	800.42	695.16	595.32	520.30	433.57
Market price per share	Rs.	2,452.27	4,310.00	3,269.70	3,490.00	2,792.46	1,349.50	818.00
Market capitalization	Rs. ' 000s	18,539,161	32,583,600	24,718,932	26,384,400	21,110,998	10,202,220	6,184,080
Other information								
Permanent employees	Number	2,418	2,492	2,544	2,485	2,343	2,400	2,495
Retail outlets	Number	435	412	417	407	395	386	396
Wholesale depots	Number	12	13	13	13	13	13	13
Installed capacity	Pairs ' 000s	20,329	19,439	18,941	17,305	16,202	14,079	12,881
Actual production	Pairs ' 000s	16,932	16,545	16,123	17,117	16,491	11,837	11,204
Capacity utilization	%	83.29	85.11	85.12	98.91	101.78	84.08	86.98
Capital expenditure	Rs. ' 000s	311,326	177,751	340,725	505,102	332,942	217,054	209,712
Contribution to the National Exchequer	Rs. ' 000s	2,505,800	2,420,794	2,205,089	2,013,668	1,678,484	1,361,259	1,060,068

Value Added and its Distribution

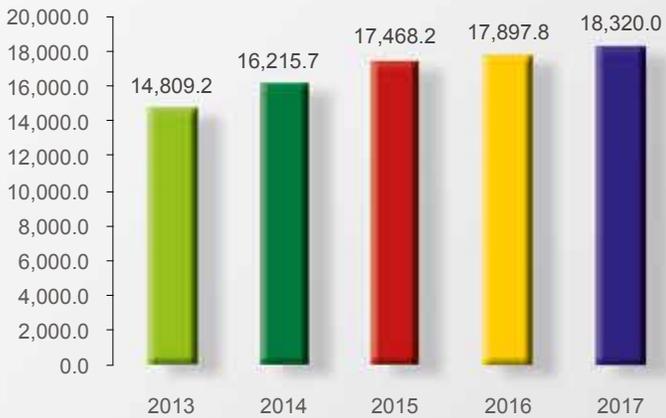


Revenue Generated	2017	%	2016	%
	Rs. '000s		Rs. '000s	
Sales	18,320,007		17,897,831	
Other Income	67,453		107,461	
	18,387,460	100%	18,005,292	100%
Revenue Distributed				
To Buy Material, Finished Goods and Services	12,427,062	67.6%	12,266,591	68.0%
To Employees - Salaries, Wages and Benefits	1,892,180	10.3%	1,834,970	10.2%
To Government - Income Tax, Sales Tax, Custom & Excise Duties, WWF, WPPF, EOBI, Social Security, Professional and Local Taxes	2,505,800	13.6%	2,420,794	13.4%
Finance Cost	39,888	0.2%	39,935	0.2%
To Shareholders - Dividend	1,058,400	5.8%	831,600	4.6%
Retained in Business - For Retail Expansion and Operations	464,130	2.5%	611,402	3.4%
	18,387,460	100.0%	18,005,292	99.8%

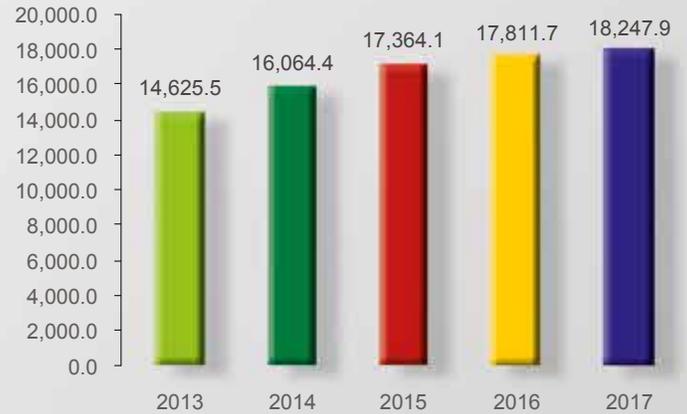
Operational Statistics

(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 66th 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, 2017.

The Company's business achieved net turnover of Rs. 15,497 billion showing a growth of 3% over last year. The gross profit was recorded at Rs. 6,621 billion (43% of the turnover) against last year of Rs. 6,194 billion (41% of the turnover). Operating profit increased from Rs. 2,141 billion to Rs. 2,220 billion. Profit after taxation was Rs. 1,524 billion compared to Rs. 1,442 billion of last year. Company achieved earnings per share of Rs. 201.65 (Rs. 190.74 in 2016).

The Company has during 2017, 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 invoices was Rs. 56,542 million. 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. 60 per share which in addition to an interim dividend of Rs. 80 per share totalize Rs. 140 of total dividend for the year 2017 and also proposed that Rs. 465 million to be transferred to general reserve to utilize for further growth of the business in the coming years.

Although non-retail division remained under stress during the period due to competition and bleak market conditions, our Retail division continues to grow with the current setup along with the new stores and achieved a growth of 8%. In order to sustain this growth and to provide friendly and modern atmosphere in the stores, an amount of Rs. 186 million has been spent to open new stores and to renovate existing stores at key business locations. Much of the expansion was focused on our modern format of stores concept.

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.

The Company continued to be a significant contributor to the National Exchequer and during 2017, paid Rs. 2.506 billion in Corporate Tax, Sales Tax, Custom Duty and other levies.

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 January 25, 2019 was negotiated and signed with them, which would provide increased benefits and higher income to our unionized staff. I hope that Management and the C.B.A. will maintain a satisfactory relationship to achieve better results for the benefit of all concerned.

The Company continued its Corporate Social Responsibilities (CSR) activities during the period under review. To impart our role for better environment, we planted more than 1,000 trees in Batapur and Branch Factory Maraka. 21 trainees were awarded Certificates & Stipend on successful completion of Upper Stitching Training in Industrial School, Batapur. Free Hepatitis screening camps in Govt. Girls High School Batapur and Bata Residential Colony No. 3 were arranged, where our medical team screened more than 250 children, their parents and local community against Hepatitis B and C.

In coordination with Pakistan Army, Company distributed school bags, stationery sets and pairs of shoes amongst deserving children of District Awaran (Balochistan). Company also arranged mentorship sessions for school children to signify the role of environmental protection to safeguard our planet earth.

Company also donated shoes to the underprivileged children studying in different schools, our volunteers spent joyous moments of Eid with the orphans / abandoned children and presented gifts and shoes. Company also organized health awareness and medical camp for children and local community in a rural school near Wahga Border, Lahore.

The Company is also investing a considerable time and money on human resource. Training of employees has always been considered as an investment for the future with the objective to provide them with safe and healthy work place.

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

On 20 September, 2017 at an Extraordinary General Meeting, the following nine Directors were elected for a three year term, under the provisions of the Company Act 2017:

Mr. Roberto Longo

Mr. M. Imran Malik

Mr. Cesar Panduro

Mr. Syed Asad Ali Zaidi

Mr. Anjad Farooq

Mr. Muhammad Maqbool

Mr. Ijaz Ahmad Chaudhry

Mr. Shahid Anwar

Mr. Syed Haroon Rashid

As we move forward, we are certain to face competitions and challenges due to ever changing economic and marketing conditions. General elections which are expected to be held in mid of the year 2018 may have a positive impact on economy in shape of increasing government expenditures and consumer spending but at the same time can have adverse impact on economy in case of hung parliament or political parties not accepting the elections results. Your Company in either of the situations will be ready to grab the opportunity or successfully overcome the challenge.

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.

Roberto Longo
Chairman



20 ستمبر 2017ء کو ایک غیر معمولی جہل اجلاس میں کمپنی ایکٹ 2017ء کے تحت تین سال کی مدت کے لیے مندرجہ ذیل نوڈائزڈ ایکٹرز منتخب کئے گئے تھے۔

جناب روبرٹو لوگو
جناب محمد عمران ملک
جناب ہیزر پیڈورو
جناب سید اسد علی زیدی
جناب احمد فاروق
جناب محمد مقبول
جناب اعجاز احمد چوہدری
جناب شاہد انور
جناب ہارون رشید

ہم یقینی طور پر کبھی بھی اقتصادی اور مارکیٹ حالات بدلنے سے پیدا ہونے والے چیلنجز کا سامنا اور مقابلہ کر سکتے ہیں۔ عام انتخاب جو سال 2018 کے درمیان میں منعقد ہونے کی توقع ہے۔ حکومتی اور صارفین کے اخراجات بڑھنے کی وجہ سے معیشت پر مثبت اثرات پڑ سکتے ہیں لیکن ایک ہی وقت میں ہنگ پارلیمنٹ اور سیاسی جماعتوں کے نتائج قبول نہ کرنے کی وجہ سے منفی اثرات بھی پڑ سکتے ہیں۔ آپ کی کمپنی کسی بھی حالات میں کسی بھی قسم کے چیلنجز کو کامیابی سے دور کرنے کے لئے تیار ہوگی۔

میں بورڈ کی جانب سے اس موقع پر اپنے خریداروں اس کمپنی کے تمام ملازمین اور تمام حصہ داروں کا شکریہ ادا کرتا ہوں اور ہماری مضامین پر اعتماد کرنے پر ان کا بے حد ممنون ہوں۔

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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 2017.

- 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:

	Rs. ('000)
Profit before taxation	2,180,270
Less: Provision for taxation	
Current	595,017
Prior years	59,752
Deferred	1,035
	655,804
Profit after tax	1,524,466
To this must be added	
Unappropriated profit brought forward from last year	952,511
Experience Adjustments - Employee Benefits	(1,936)
Profit available for appropriations	2,475,041
To this the following must be deducted:	
Final dividend 2016 @ Rs. 60.00 per share	453,600
Interim dividend 2017 @ Rs. 80.00 per share	604,800
Transfer to general reserve	498,000
	1,556,400
Leaving an unappropriated profit to be carried forward to next year	918,641

The directors in their meeting held on 22 February 2018 have also proposed a final cash dividend @ Rs. 60 per share (In addition to interim dividend of Rs. 80 per share). (2016: Final @ Rs. 60.00 per share) and transfer to general reserve amounting to Rs. 465 million for approval of members in the Annual General Meeting to be held on April 23, 2018.

3. Earning per share -Basic and diluted

Earning per share for the year ended 31 December, 2017 was Rs. 201.65 as against Rs. 190.74 of preceding year.

4. The pattern of shareholding

The pattern of shareholding as on 31 December 2017 and its disclosure according to the requirement of Code of Corporate Governance is annexed to this report.

5. Auditors

The present Auditors, Messrs EY Ford Rhodes, Chartered Accountants will retire in Annual General Meeting. In order to follow the best corporate governance practice of rotation of external auditors, the Board of Directors, on recommendation of Audit Committee, proposes the appointment of Messrs A.F. Ferguson and Co Chartered Accountants (a member firm of PWC) as external auditor of the Company for the year ending 31 December 2018.

6. Statement pursuant to clause XIX of Corporate Governance

As required under Code of Corporate Governance incorporated in the Listing Rules of The Pakistan Stock Exchange Limited, the board of directors are pleased to state as follows:

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

- e) The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the internal audit department.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance as detailed in listing regulations of Pakistan Stock Exchange except as stated in para 1 of the statement of compliance with code of corporate governance.
- 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) 1,554,486 as on 31 December 2017 as per its audited accounts. The value of assets includes accrued mark up.
- k) During the year 2017, six Board meetings, four Audit Committee meetings and two Human Resource and Remuneration Committee meetings were held

<u>Name of Director</u>	<u>Board of Directors</u>	<u>Audit Committee</u>	<u>HR & R Committee</u>
Mr. Roberto Longo	0	0	
Mr. Muhammad Imran Malik	2		1
Mr. Cesar Panduro	6		
Mr. Amjad Farooq	2		
Mr. Syed Asad Ali Zaidi	2		
Mr. Muhammad Maqbool	5	4	2
Mr. Ijaz Ahmad Chaudhry	6	4	2
Mr. Shahid Anwar	6		
Mr. Syed Haroon Rashid	6		
<u>Retired</u>			
Mr. Fernando Garcia	2		
Mr. Muhammad Qayyum	3		1
Mr. M. G. Middleton	4	3	
Mr. Muhammad Ali Malik	4		

- l) No trading in the shares of the Company was carried out by the Directors, CEO, CFO and Company Secretary, their spouses and minor children.
- m) 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.
- n) Outstanding taxes and levies are given in the relevant notes to the audited financial statements.
- o) The system of internal control is sound in design and has been effectively implemented and monitored.
- p) 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

MUHAMMAD IMRAN MALIK
CHIEF EXECUTIVE

Batapur
LAHORE: 22 February 2018

- ۳ مالیاتی اسٹیٹمنٹ کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اور مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ تخمینے موزوں اور محتاط اندازوں پر مبنی ہے۔ اکاؤنٹنگ پالیسی میں تبدیلی کا مناسب انکشاف کیا گیا ہے۔
- ۴ مالیاتی اسٹیٹمنٹ کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ سٹینڈرڈز پر عملدرآمد کیا گیا ہے اور اس کسی بھی انحراف کو وضاحت کے ساتھ سالانہ اکاؤنٹس میں بیان کیا گیا ہے۔
- ۵ اندرونی انحطاط کا نظام مضبوط و خالص ہے اور اسٹوار کیا گیا ہے اور انٹرنیشنل آڈٹ ڈیپارٹمنٹ کی طرف سے موثر اطلاق اور جانچ کی گئی ہے۔
- ۶ بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت پر کسی شک و شبہ کی گنجائش نہیں ہے۔
- ۷ کارپوریٹ گورننس کوڈ کے پیرا 11 کے مطابق پاکستان اسٹاک ایکسچینج کی لسٹنگ کے قواعد میں تفصیل کے بغیر کوئی بڑی تبدیلی نہیں ہے۔
- ۸ چھ سال کا اہم آپریٹنگ اور فنانشل مواد سالانہ رپورٹ سے منسلک ہے۔
- ۹ کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان سالانہ رپورٹ میں شامل ہے۔
- ۱۰ پریڈنٹ فنڈ ٹرسٹ کے اثاثوں کی قیمت سالانہ آڈیٹڈ رپورٹ برائے سال پر اختتام 31 دسمبر 2017ء 1,554,486 ہزار روپے ہے۔
- ۱۱ بورڈ آف ڈائریکٹرز کی سال کے دوران چھ اجلاسوں، چار آڈٹ کمیٹی اجلاس اور دو ہیومن ریسورس کمیٹی اور معاوضہ کمیٹی میں ڈائریکٹرز کی حاضری درج ذیل ہے۔

ڈائریکٹرز کا نام	حاضری اجلاس	آڈٹ کمیٹی	ہیومن ریسورس اور معاوضہ کمیٹی
جناب روبرٹ لوگو	0	0	
جناب محمد عمران ملک	2		1
جناب سیزر پنڈورو	6		
جناب سید اسد علی زیدی	2		
جناب احمد فاروق	2		
جناب محمد مقبول	5	4	2
جناب اعجاز احمد چوہدری	6	4	2
جناب شاہد انور	6		
جناب بارون رشید	6		
ریٹائرڈ			
جناب فریڈ ڈگلس	2		
جناب محمد قیوم	3		1
جناب ایم۔ جی میڈلین	4	3	
جناب محمد علی ملک	4		

- ۱۲ کمپنی کے حصص کی خرید و فروخت قطعی طور پر ڈائریکٹر CFO, CEO کمپنی سیکرٹری ان کی اہلیت یا بچوں نے نہ کی ہے۔
- ۱۳ آڈٹ کمیٹی نے سہ ماہی، شش ماہی اور سالانہ مالیاتی اسٹیٹمنٹ کا جائزہ بورڈ میں پیش کرنے اور اشاعت سے پہلے CFO انٹرنل آڈٹ کے سربراہ اور بیرونی آڈیٹر کے نمائندے نے ان اجلاس میں شرکت کی جہاں اکاؤنٹ اور آڈٹ سے متعلق معاملات پر بحث ہوئی۔ آڈٹ کمیٹی نے انٹرنل آڈٹ کے نتائج کا جائزہ لیا اور کوڈ آف کارپوریٹ گورننس کے معیار کے مطابق اندرونی اور بیرونی آڈیٹر کے ساتھ علیحدہ ملاقاتیں کی۔ آڈٹ کمیٹی نے بیرونی آڈیٹرز کے ساتھ (Letter of the Management) پر بھی بحث کی۔ بورڈ سے منظوری سے پہلے آڈٹ کمیٹی نے متعلقہ پارٹی سے لین دین کی تفصیل کا جائزہ بھی لیا۔
- ۱۴ ٹیکس اور لیویز کے بقایا جات کی تفصیل مالیاتی اسٹیٹمنٹ میں متعلقہ نوٹ کے ساتھ پیش کی ہیں۔
- ۱۵ اندرونی کنٹرول کا نظام بہت موثر ہے۔
- ۱۶ مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کے عرصے میں کوئی ایسی مواد تبدیلیاں نہ ہوئی ہیں جو کمپنی کے مالی پوزیشن پر اثر انداز ہوں۔

7. متعلقہ پارٹی سے لین دین

منسلک ذمہ داریوں اور متعلقہ پارٹیوں سے لین دین ان کی حیثیت کے مطابق کیا گیا ہے۔

منجانب برائے بورڈ آف ڈائریکٹرز

محمد عمران ملک

چیف ایگزیکٹو

بانا پور:-

لاہور: 22 فروری 2018ء

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور آڈٹ ہوئی مالیاتی برائے سال یہ اختتام 31 دسمبر 2017ء کو نہایت مسرت سے پیش کرتے ہیں۔

1. جیئرز میں ریوہ جو کہ اس رپورٹ کا ایک اہم جزو ہے کمپنی کی سال بھر کی سرگرمیاں مالیاتی امور اور مستقبل کے امکانات کا مجموعہ ہے اور ڈائریکٹرز نے اس کی توثیق کی ہے۔

2. مالیاتی نتائج

کمپنی کے مالی نتائج درج ذیل ہیں۔

ہزار روپے	منافع قبل از ٹیکس
2,180,270	ٹیکس
595,017	موجودہ سال
59,752	پچھلے سال
1,035	اسات سال
655,804	منافع بعد از ٹیکس
1,524,466	اقتصادی غیر تخصیص شدہ منافع
952,511	متعین ایسی پائلانز ہینٹ پلان کی دوبارہ پیمائش
(1,936)	تخصیص کیلئے دستیاب منافع
2,475,041	حتمی ڈیویڈنڈ @ 60.00 روپے فی حصص - 2016ء
453,600	عبوری کیش ڈیویڈنڈ @ 80.00 روپے فی حصص 2017ء
604,800	جزل ریزرو
498,000	اقتصادی غیر تخصیص شدہ منافع
1,556,400	
918,641	

ڈائریکٹرز نے 22 فروری 2018ء کی میٹنگ میں حتمی کیش ڈیویڈنڈ @ 60.00 روپے فی حصص (علاوہ عبوری کیش ڈیویڈنڈ @ 80.00 روپے فی حصص) اور جزل ریزرو میں منتقلی کیلئے 46.5 کروڑ روپے کی تجویز دی جو کہ 23 اپریل 2018ء کے سالانہ عام اجلاس منظوری کیلئے پیش کی جائے گی۔

3. فی حصص آمدنی

سال کی حصص آمدنی 201.65 روپے رہی جو سال 2016ء میں 190.74 روپے تھی۔

4. شیئرز ہولڈنگ کا انداز

کوڈ آف کارپوریٹ گورننس کے تحت کمپنی کا 31 دسمبر 2017ء کو شیئرز ہولڈنگ کا انداز اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

5. آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز ای۔ وائے فور ڈی روڈز (ای۔ وائے) چارٹرڈ اکاؤنٹنٹس سالانہ عام اجلاس میں رخصت ہو گئے۔ آڈٹ کمپنی کی تجویز پر بورڈ آف ڈائریکٹرز نے والے سالانہ عام اجلاس میں آڈیٹرز میسرز ای۔ ایف۔ فرگوسن کمپنی چارٹرڈ اکاؤنٹنٹس (پی ڈبلیو سی) کی مالی سال 2018ء کیلئے کمپنی کے قانونی آڈیٹرز کی تقرری کی سفارش کرتا ہے۔

6. کارپوریٹ گورننس کے تحت بیان

کمپنی نے کارپوریٹ گورننس کے تمام معیار اور شرائط کی مکمل پاسداری کی ہے۔ جو کہ پاکستان اسٹاک ایکسچینج کی جانب سے معین کردہ ہے بورڈ آف ڈائریکٹرز ہمسرت رپورٹ کرتے ہیں جو کہ مندر ذیل ہیں:-

- 1 کمپنی آرٹینس 1984ء کے مطابق نوٹس کے ساتھ تیار کردہ مالیاتی اسٹیٹمنٹ اس کی صورت حال کا ردگی نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کا واضح اظہار کرتی ہیں۔
- 2 کمپنی کے اکاؤنٹس کی مناسبت اور درست کتابیں تیار کی گئی ہیں۔



Corporate Governance



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31st DECEMBER, 2017

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Listing Regulation No. 5.19 Chapter 5 of the Pakistan Stock Exchange Limited 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 CCG in the following manner:

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

Category	Names
Independent Directors	Mr. Muhammad Maqbool Mr. Shahid Anwar Mr. Aamir Amin
Executive Directors	Mr. Muhammad Imran Malik Mr. Cesar Panduro Mr. Syed Asad Ali Zaidi
Non-Executive Directors	Mr. Roberto Longo Mr. Toh Guan Kiat Mr. Ijaz Ahmad Chaudhry

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

The Company remained non-compliant with clause (i)(d) of the Code from 20 September 2017 to 31 December 2017. However, to comply with the relevant provision of the Code, the Board of Directors subsequent to the year end, filled a casual vacancy of an executive director with a non-executive director bringing the total executive directors to one third of the elected directors.

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 NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. 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.
7. The meetings of the board were presided over by the Chairman and, in his absence, by the Chief Executive Officer and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Company arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities.

9. 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.
10. 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.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
12. 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.
13. The Company has complied with all the corporate and financial reporting requirements of the CCG.
14. The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the Internal Audit Department.
15. There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations of Pakistan Stock Exchange.
16. 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 is an independent director.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an HR and Remuneration Committee. It comprises of three members, of whom one is an independent director, the other is an executive director and the chairman of the committee is a non-executive director.
19. 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.
20. 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.
21. 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.
22. 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.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
24. The company has maintained the register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons.
25. We confirm that all other material principles enshrined in the CCG have been complied with except for as mentioned in para 1 of this statement.

Batapur:
LAHORE: 22 February 2018

MUHAMMAD IMRAN MALIK
CHIEF EXECUTIVE OFFICER



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 2017 to comply with the requirements of Listing Regulation 5.19 of the rule book of Pakistan Stock Exchange, where the Company is listed.

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

As part of our audit of 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 2017.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the paragraph reference where these are stated in the statement of Compliance:

Paragraph Reference Description

- | | |
|---|---|
| 1 | The Company remained non-compliant with clause (i)(d) of the Code from 20 September 2017 to 31 December 2017. However, to comply with the relevant provision of the Code, the Board of Directors subsequent to the year end, filled a casual vacancy of an executive director with a non-executive director bringing the total executive directors to one third of the elected directors. |
|---|---|

LAHORE: 15 March 2018

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Farooq Hameed



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Auditors' Report to the Members



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Bata Pakistan Limited (the Company) as at 31 December 2017 and the related statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'financial statements'), 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 statement of comprehensive income 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, statement of comprehensive income, 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 2017 and of the total comprehensive income, 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: 15 March 2018

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Farooq Hameed





Financial Statements

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,511,909	1,420,757
Intangible assets	7	1,713	2,079
Long term investments	8	45,000	45,000
Long term deposits and prepayments	9	35,557	31,588
		1,594,179	1,499,424
CURRENT ASSETS			
Stores and spare parts	10	–	248
Stock in trade	11	3,482,354	2,901,903
Trade debts - unsecured	12	1,563,635	1,336,061
Advances - unsecured	13	432,424	24,752
Deposits and short term prepayments	14	74,386	51,871
Other receivables	15	721,636	602,969
Interest accrued		1,751	1,790
Short term investment	16	550,000	1,600,000
Tax refunds due from the Government	17	493,823	508,597
Cash and bank balances	18	610,138	556,941
		7,930,147	7,585,132
TOTAL ASSETS		9,524,326	9,084,556
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	19	100,000	100,000
Issued, subscribed and paid up share capital	19	75,600	75,600
Reserves			
Capital reserve	20	483	483
Revenue reserves	21	7,050,641	6,586,511
		7,051,124	6,586,994
		7,126,724	6,662,594
NON-CURRENT LIABILITIES			
Long term deposits	22	45,000	45,000
Deferred liability - employee benefits	23	76,030	72,150
Deferred taxation	24	40,799	40,480
		161,829	157,630
CURRENT LIABILITIES			
Trade and other payables	25	1,640,756	1,656,060
Short term borrowings	26	–	–
Provision for taxation		595,017	608,272
		2,235,773	2,264,332
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		9,524,326	9,084,556

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
Sales	28	15,496,810	15,082,171
Cost of sales	29	8,875,974	8,888,245
Gross Profit		6,620,836	6,193,926
Distribution cost	30	3,312,220	3,030,729
Administrative expenses	31	979,398	959,975
Other expenses	32	176,513	170,103
		4,468,131	4,160,807
Other income	33	67,453	107,461
Operating profit		2,220,158	2,140,580
Finance cost	34	39,888	39,935
Profit before taxation		2,180,270	2,100,645
Taxation	35	655,804	658,629
Profit after taxation		1,524,466	1,442,016
Other Comprehensive Income (not to be reclassified to profit and loss)			
Remeasurement adjustments - employee benefits (net of tax)	23	(1,936)	986
Total comprehensive income for the Year		1,522,530	1,443,002
Earnings per share - Basic and Diluted	37	Rs. 201.65	Rs. 190.74

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
Profit before taxation		2,180,270	2,100,645
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant & equipment	6.1	207,249	204,835
Amortization of intangible assets	7	1,822	2,321
Provision for gratuity	23.2	6,024	8,469
Loss on disposal of property, plant and equipment	32	8,394	9,082
Income from short term investments	33	(31,641)	(57,591)
Income from long term investments	33	(2,557)	(2,782)
Exchange loss - net	32	7,987	4,107
Finance cost	34	7,645	5,644
Income from discounting of supplier invoices	33	(9,785)	(19,292)
Provision for trade debts and advances - net	30	417	4,114
Recognition / (reversal) of provision for slow moving and obsolete stock		5,070	(1,023)
Provision for raw material		4,900	1,608
(Reversal) / recognition of provision for obsolescence stores and spare parts	10.1	(2,437)	2,128
		203,088	161,620
Operating profit before working capital adjustments		2,383,358	2,262,265
Working capital adjustments:			
(Increase) / decrease in current assets:			
Stores and spare parts		2,685	(2,033)
Stock in trade		(590,421)	64,711
Trade debts - unsecured		(227,991)	(552,407)
Advances - unsecured		(407,672)	18,875
Deposits and short term prepayments		(22,515)	17,200
Other receivables		(4,045)	536
Tax refunds due from Government		14,774	-
		(1,235,185)	(453,118)
(Decrease) / increase in current liabilities:			
Trade and other payables		(24,043)	259,783
Cash generated from operations		1,124,130	2,068,930
Finance costs paid	34	(7,645)	(5,644)
Tax paid	15.1	(782,646)	(734,475)
Gratuity paid	23.2	(4,796)	(3,773)
Interest income received		34,237	60,876
		(760,850)	(683,016)
Long term deposits and prepayments - net		(3,969)	3,526
Net cash generated from operating activities	A	359,311	1,389,440
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		(270,714)	(125,806)
Addition in capital work in progress		(44,830)	(40,787)
Purchase of intangible assets	7	(1,456)	(140)
Proceeds from sale of property, plant and equipment	6.4	8,749	2,740
Net cash used in investing activities	B	(308,251)	(163,993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,047,863)	(823,840)
Net cash used in financing activities	C	(1,047,863)	(823,840)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	A+B+C	(996,803)	401,607
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,156,941	1,755,334
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	38	1,160,138	2,156,941

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Capital reserve	Revenue reserve		Total
			General reserve	Unappropriated profits	
(Rupees in '000)					
Balance as at 1 January 2016	75,600	483	4,922,000	1,053,109	6,051,192
Final dividend for 2015 @ Rs. 45.00 per share	-	-	-	(340,200)	(340,200)
Transfer to general reserve for 2015	-	-	712,000	(712,000)	-
Interim dividend for 2016 @ Rs. 65.00 per share	-	-	-	(491,400)	(491,400)
Profit for the year ended 31 December 2016	-	-	-	1,442,016	1,442,016
Other comprehensive income for the year	-	-	-	986	986
Total comprehensive income for the year	-	-	-	1,443,002	1,443,002
Balance as at 31 December 2016	75,600	483	5,634,000	952,511	6,662,594
Final dividend for 2016 @ Rs. 60.00 per share	-	-	-	(453,600)	(453,600)
Transfer to general reserve for 2016	-	-	498,000	(498,000)	-
Interim dividend for 2017 @ Rs. 80.00 per share	-	-	-	(604,800)	(604,800)
Profit for the year ended 31 December 2017	-	-	-	1,524,466	1,524,466
Other comprehensive income for the year	-	-	-	(1,936)	(1,936)
Total comprehensive income for the year	-	-	-	1,522,530	1,522,530
Balance as at 31 December 2017	75,600	483	6,132,000	918,641	7,126,724

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. LEGAL STATUS AND OPERATIONS

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

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 (repealed), provisions of and directives issued under the Companies Ordinance, 1984 (repealed). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 (repealed) shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its Circular No.23 dated 04 October 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Standards, interpretations and amendments to published approved accounting standards effective in 2017

The Company has adopted the following amendments to accounting standards which became effective during the year.

Standard

IAS 7	Financial Instruments: Disclosures - Disclosure Initiative-(Amendment)
IAS 12	Income Taxes-Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS12	Disclosure of Interests in Other Entities-Clarification of scope of the disclosure requirements in IFRS 12
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The adoption of the above amendments, interpretations and improvements did not have any material effect on the financial statements.

2.3 Standards, interpretations and improvements 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

	Standard or Interpretation	Effective date: (Periods beginning on or after)
IFRS 2	Share-based Payments –Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS9	Financial Instruments: Classification and Measurement	01 July 2018
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 July 2018
IFRS15	Revenue from Contracts with Customers	01 July 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 or later periods except for IFRS 15. The management is in the process of determining the effect of application of IFRS 15.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019. The Company expects that such improvements to the standards will not have any impact on 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.

	Standards	IASB effective date: (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 16	Leases	01 January 2019
IFRS 17	Insurance Contracts	01 January 2021

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application, except for IFRS 16. The management is in the process of determining the effect of application of IFRS 16.

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, 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 off to nearest thousand of Rupees, 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 an independent actuary. The actuarial valuation involves making assumptions about amongst others, 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 projections 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 decisions 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 judgments by tax authorities and/or courts of law.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 5.5, 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.

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 recently-held transactions and values expected to be recovered for sale in normal course of business less an estimate for expected selling costs.

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, pattern of recent transactions and credit ratings where available. 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. SUMMARY OF 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

The Company's defined benefit plan represents 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 last drawn 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 of service 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 2017 using projected unit credit method.

Remeasurement adjustments are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service cost, gain or losses on settlements, and net interest income (expenses). All other changes in net defined benefit liability are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The defined benefit liability comprises the present value of defined benefit obligation which is disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Provision of current tax is based on the taxable income, alternative corporate tax or minimum tax provisions in accordance with Income Tax Ordinance 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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, assets and liabilities 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, 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 are stated with the amount of sales tax included.

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 as per recognition criteria. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 operating fixed assets as and when assets become available for use. Capital work in progress is stated at cost, less any identified impairment loss.

5.4 Intangible assets

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, being the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the profit and loss account when the asset is derecognized.

5.5 Impairment of non-financial assets

At each balance sheet date, the carrying amount of assets (except for stores and spare parts and stock in trade) 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.

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.

5.6 Investments- Held to maturity

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:

Raw material

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

Goods in process - at production cost

Finished goods

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 statement of comprehensive income. Trade debts and other receivables are written off when considered irrecoverable.

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 date 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(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.

(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 Instruments

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. These financial assets and liabilities are subsequently measured at fair value or amortised cost as the case may be.

Major categories of financial assets represent investments, deposits, trade debts, other receivables, advances 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, deposits 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 de-recognized 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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 occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in profit and loss account.

5.19 Dividend and appropriation to reserves

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

5.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

Management has determined the operating segments based on the information that is presented to the chief operating decision-maker of the Company for allocation 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 result of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

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

	Note	2017	2016
6 PROPERTY, PLANT AND EQUIPMENT		(Rupees in '000)	
Operating fixed assets	6.1	1,502,756	1,415,822
Capital work in progress	6.2	9,153	4,935
		<u>1,511,909</u>	<u>1,420,757</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

6.1 Operating fixed assets

DESCRIPTION	2017						Depreciation Rate %	
	COST		ACCUMULATED DEPRECIATION			BOOK VALUE		
	As at 01 Jan	Additions	Disposals	As at 01 Jan	Charge for the year	Disposal		As at 31 Dec
Land	2,508	-	-	-	-	-	2,508	-
Freehold	35	-	-	-	-	-	35	-
Leasehold with super structure	180,209	7,722	-	83,657	10,012	-	93,669	10
Buildings on freehold land	92,883	-	-	49,727	2,158	-	51,885	5
Factory	753,516	41,609	(25,776)	376,558	39,049	(22,396)	393,211	10
Others	8,766	4,010	(1,402)	11,574	4,118	(1,320)	7,985	10
Plant and machinery	2,171	-	-	2,171	96	-	1,310	10
Boiler	6,762	153	-	6,915	299	-	4,220	10
Gas installations	139,450	19,618	(2,961)	87,840	14,606	(2,524)	99,922	25
Office equipment	1,661,778	238,214	(40,965)	1,859,027	139,349	(27,974)	912,068	15
Furniture, fixtures and fittings	21,364	-	(2,768)	18,596	15,892	(2,515)	14,466	20
Vehicles	2,869,442	311,326	(73,872)	1,453,620	207,749	(56,729)	1,604,140	-

(Rupees in '000)

DESCRIPTION	2016						Depreciation Rate %
	COST		ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at 01 Jan	Additions	Disposals	As at 01 Jan	Charge for the year	Disposal	

Land	2,508	-	-	-	-	-	2,508	-
Freehold	35	-	-	-	-	-	35	-
Leasehold with super structure	178,653	1,756	-	73,025	10,632	-	83,657	10
Buildings on freehold land	92,883	-	-	47,456	2,271	-	49,727	5
Factory	715,106	48,884	(10,474)	348,264	38,070	(9,776)	376,558	10
Others	8,766	-	-	8,766	516	-	4,648	10
Plant and machinery	2,186	-	(15)	2,171	107	(13)	1,214	10
Boiler	6,612	150	-	6,762	312	-	3,921	10
Gas installations	133,783	10,676	(5,009)	75,601	16,146	(3,907)	87,840	25
Office equipment	1,568,823	116,285	(23,350)	1,661,778	135,413	(13,310)	830,693	15
Furniture, fixtures and fittings	21,364	-	-	14,524	1,368	-	15,892	20
Vehicles	2,730,519	177,751	(38,828)	1,275,791	204,835	(27,006)	1,453,620	-

(Rupees in '000)

6.2 Capital work in progress

Tangible	2017		
	Opening Balance	Additions	Transfers
Furniture fixtures and fittings	4,935	724	(1,453)
Plant and machinery	-	44,106	(39,159)
	4,935	44,830	(40,612)
			9,153

Tangible	2016		
	Opening Balance	Additions	Transfers
Furniture fixtures and fittings	14,514	-	(9,570)
Plant and machinery	-	40,787	(40,787)
Computer	1,579	-	(1,579)
	16,093	40,787	(51,945)
			4,935

6.3

Allocation of depreciation expense

The depreciation charge for the year has been allocated as follows:

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Cost of sales	29.1	49,700	49,271
Distribution cost	30	146,205	142,872
Administrative expenses	31	11,344	12,692
		207,249	204,835

6.4

Disposal of property, plant and equipment

Description of assets	Particular of Buyer	Original cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal
Plant and machinery							
12 Station machine & PVS machine	M/S Zulfiqar Ali & Co.	9,860	8,405	1,455	624	(831)	Negotiation
Combing machine	M/S Delwar Enterprises	634	590	44	179	135	Negotiation
Sole Injection machine	M/S M. Saleem	11,998	10,299	1,699	861	(838)	Negotiation
San Pak machine	M/S Soni Enterprises	3,068	2,896	172	917	775	Negotiation
Air-conditioners and Fans	M/S Haji Azam	216	206	10	16	6	Negotiation
		25,776	22,396	3,380	2,627	(753)	
Boiler							
Thermax	Mr. Alankar Awani	1,402	1,320	82	2,143	2,061	Negotiation
		1,402	1,320	82	2,143	2,061	
Computers							
CPU	BSS Shadman	148	104	44	44	-	Management decision
Internet wireless bridge	M/S Cactus Network Solutions	300	282	18	30	12	Negotiation
CPUs, Computers & Printers	M/S Soni Enterprises	2,513	2,158	375	33	(342)	Negotiation
		2,961	2,524	437	107	(330)	
Furniture, fixtures and fittings							
Shop furniture & fittings	BSS Kohat II	5,418	3,318	2,100	2,100	-	Negotiation
ACs, Fans & Generator	M/S Muhammad Sharif	2,149	1,656	493	235	(258)	Negotiation
ACs & Fans	M/S Saad Traders	828	695	223	64	(159)	Negotiation
Shop furniture & fittings	M/S Rashid Butt	1,144	818	326	102	(224)	Negotiation
ACs & Fans	Farooque Electronics Khairpur	290	207	83	3	(80)	Negotiation
ACs, Fans & Generator	M/S Soni Enterprises	336	234	102	113	11	Negotiation
Shop furniture & fittings	Miscellaneous	167	146	21	36	15	Negotiation
Shop furniture & fittings	Scrapped	30,633	20,990	9,643	-	(9,643)	Scrapped
		40,965	27,974	12,991	2,653	(10,338)	
Vehicles							
Toyota Camry Car	Mr. Abid Ali Shah	2,768	2,515	253	1,219	966	Negotiation
		2,768	2,515	253	1,219	966	
		73,872	56,729	17,143	8,749	(8,394)	
		38,828	27,006	11,822	2,740	(9,082)	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

7. INTANGIBLE ASSETS

Description	COST			ACCUMULATED AMORTIZATION			BOOK VALUE	Amortization
	As at 01 Jan	Additions	As at 31 Dec	As at 01 Jan	Charge for the year	As at 31 Dec	As at 31 Dec	Rate %
(Rupees in '000)								
2017								
Computer Software	7,566	1,456	9,022	7,482	528	8,010	1,012	33
Licences	22,632	–	22,632	20,637	1,294	21,931	701	33
Total	30,198	1,456	31,654	28,119	1,822	29,941	1,713	
2016								
Computer Software	7,566	–	7,566	7,282	200	7,482	84	33
Licences	22,492	140	22,632	18,516	2,121	20,637	1,995	33
Total	30,058	140	30,198	25,798	2,321	28,119	2,079	

7.1 The amortization charge for the year has been allocated to administrative expenses as referred to in note 31.

8. LONG TERM INVESTMENTS

Held to maturity

PLS Term Deposit Receipts

Note	2017	2016
	(Rupees in '000)	
8.1	45,000	45,000

8.1 These deposits are earmarked against the balances due to employees held as securities and personal accounts as stated in note 22.1. These carry mark-up at the rate of 6.00% (2016: 5.50%) per annum.

9. LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits

Prepaid rent

Less: Adjustable within one year

9.1	31,889	28,726
9.2	33,215	35,517
14	(29,547)	(32,655)
	3,668	2,862
	35,557	31,588

9.1 This includes the amounts given as security to landlords in respect of operating leases of shops.

9.2 Prepaid rent is amortized as rent expense is incurred, in accordance with the terms of rent agreements.

10. STORES AND SPARE PARTS

Stores

Spare parts

Less: obsolescence reserve

Spare parts in transit

10.1 Obsolescence reserve

Opening reserve

(Reversal)/Charge for the year

Closing reserve

	3,409	3,126
	37,274	39,994
10.1	40,683	43,120
	(40,683)	(43,120)
	–	–
	–	248
	–	248
29.4	43,120	40,992
	(2,437)	2,128
	40,683	43,120

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
11. STOCK IN TRADE			
Raw material			
In hand		104,899	98,261
In transit		71,197	71,398
Less: Provision for raw material	11.1	176,096 (12,406)	169,659 (7,506)
Goods in process	11.2	163,690 49,498	162,153 40,996
Finished goods			
Own production		1,319,515	1,166,576
Purchased		1,977,251	1,554,708
Less: Provision for slow moving and obsolete items	11.3 11.4	3,269,766 (27,600)	2,721,284 (22,530)
		3,269,166	2,698,754
		3,482,354	2,901,903
11.1 Provision for raw material			
Opening provision		7,506	5,898
Charge for the year		14,652	7,994
Reversal during the year		(9,752)	(6,386)
Closing provision		12,406	7,506
11.2 This includes amounts aggregating to Rs. ('000) 11,142 (2016: Rs. ('000) 9,796) representing stock held by third parties.			
11.3 This includes amounts aggregating to Rs. ('000) 219,975 (2016: Rs. ('000) 166,666) representing stock held by third parties.			
11.4 Provision for slow moving and obsolete items			
Opening provision		22,530	23,553
Charge for the year		27,284	22,497
Reversal during the year		(22,214)	(23,520)
Closing provision		27,600	22,530
12. TRADE DEBTS - UNSECURED			
Considered good			
Due from customers	12.1	1,561,668	1,333,464
Due from associated undertakings	12.2	1,967	2,597
		1,563,635	1,336,061
Considered doubtful			
Due from customers	12.3	30,527	30,110
Less: Provision for doubtful debts		(30,527)	(30,110)
		-	-
		1,563,635	1,336,061
12.1 These customers have no recent history of default. For age analysis of these trade debts, referred to Note 40.2.3.			
12.2 Due from associated undertakings - unsecured			
Empresas Comerciales S.a (Bata Peru)		1,765	1,319
Bata Shoe (Singapore) Pte Limited		202	1,278
		1,967	2,597
12.2.1 Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs. ('000) 1,967 (2016: Rs. ('000) 6,753). No interest has been charged on the amounts due from associated undertakings.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
12.3			
Movement in the provision for doubtful debts is as follows:			
Balance as at 01 January		30,110	25,359
Charge for the year		9,353	9,353
Reversals during the year		(8,936)	(4,602)
Balance as at 31 December		30,527	30,110
12.4			
Aggregate amount due from Directors, Chief Executives and Executives of the Company is Rs. Nil (2016: Nil)			
13. ADVANCES - UNSECURED			
Considered Good, non-interest bearing			
Advances to employees		11,663	6,292
Advances to suppliers		31,846	18,460
Letters of Credit - Margin		388,915	-
		432,424	24,752
Considered doubtful, non-interest bearing			
Advances to suppliers		-	-
Less: Provision for doubtful debts	13.3	-	-
		432,424	24,752
13.1			
Aggregate amount due from Directors, Chief Executives and Executives of the Company is Rs. Nil (2016: Rs. Nil)			
13.2			
Aggregate amount due from related parties is Rs. Nil (2016: Rs. Nil)			
13.3			
Provision for doubtful debts			
Opening provision		-	637
Reversals during the year		-	(637)
Closing provision		-	-
14. DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits - Considered good, unsecured			
Custom duty and taxes		643	1,125
Letters of guarantee - Margin		3,234	3,234
Others		6,253	4,360
		10,130	8,719
Short term prepayments			
Current portion of long term prepaid rent	9	29,547	32,655
Prepaid sales tax		22,555	3,915
Other prepaid expenses		12,154	6,582
		64,256	43,152
		74,386	51,871
15. OTHER RECEIVABLES			
Considered good - unsecured			
Export rebates		5,989	5,456
Insurance claims		1,804	1,382
Advance tax	15.1	703,220	588,598
Others	15.2	10,623	7,533
		721,636	602,969
Considered doubtful			
Advance rent		1,584	1,584
Others		3,838	3,838
		5,422	5,422
Less: Provision for doubtful balances	15.3	(5,422)	(5,422)
		-	-
		721,636	602,969

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

19.2 Issued, subscribed and paid up capital

2017		2016	
(Number of shares in '000)			
1,890	1,890	Ordinary shares of Rs. 10/- each fully paid in cash	18,900
300	300	Ordinary shares of Rs. 10/- each issued for consideration other than cash	3,000
5,370	5,370	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	53,700
7,560	7,560		75,600

19.2.1 Bafin B.V. (Nederland) (the parent company) held 5,685,866 (2016: 5,685,866) ordinary shares of Rs. 10 each fully paid up which represents 75.21% (2016: 75.21%) of total paid up capital.

20. CAPITAL RESERVE

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

21. REVENUE RESERVES

General Reserve

Balance as at 01 January
Transfer from unappropriated profits

Unappropriated profit

22. LONG TERM DEPOSITS

Employees' securities and personal accounts

22.1 This represent 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 6.00% (2016: 5.50%) per annum is being paid on the monthly outstanding balances.

22.2 In accordance with provisions of the Companies Ordinance, 1984 / Companies Act, 2017, this amount has been invested in PLS Term Deposit Receipts and is shown separately as long term investments in Note 8.

23. DEFERRED LIABILITY - EMPLOYEE BENEFITS

23.1 Provision for gratuity - un-funded defined benefit plan

23.2 Changes in present value of defined benefit obligations/net liability

Present value of defined benefit obligations as at 01 January	72,150	68,805
Expense chargeable to profit and loss	6,024	8,469
Benefits paid during the year	(4,796)	(3,773)
Remeasurement adjustments	2,652	(1,351)
Present value of defined benefit obligation as at 31 December	76,030	72,150

23.3 The amount recognized in the profit and loss account is as follows:

Current service cost	954	3,773
Interest cost	5,070	4,696
Expense chargeable to profit and loss	6,024	8,469

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

23.4 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:

	2017	2016
Expected rate of salary increase in future years	7.00%	6.25%
Discount rate	8.00%	7.25%
Expected mortality rate (Mortality table)	SLIC 2001-2005	SLIC 2001-2005
Average duration of plan	3 years	3 years

23.5 Historical information

As at 31 December

	2017	2016	2015	2014	2013
	(Rupees in '000)				
Present value of defined benefit obligation	76,030	72,150	68,805	53,135	54,424
Remeasurement adjustments on plan liabilities	2,652	(1,351)	10,289	(7,480)	–
Remeasurement adjustments on plan liabilities as a percentage of defined benefit obligation	3%	2%	15%	14%	0%

(Rupees in '000)

23.6 Estimated expense to be charged to Profit and Loss in 2018

Current service cost	2,911
Interest cost on define benefit obligation	5,755
Amount chargeable to profit and loss	8,666

23.7 Sensitivity Analysis

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

23.8 Year and sensitivity analysis (\pm 50 bps) on defined benefit obligation

	2017	2016
	(Rupees in '000)	
Discount rate + 50 bps	(927)	(2,372)
Discount rate - 50 bps	1,068	2,540
Salary increase + 50 bps	747	841
Salary increase - 50 bps	(771)	(816)

24. DEFERRED TAXATION

Deferred tax liabilities

Accelerated tax depreciation	92,819	89,307
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Deferred tax assets

Deferred Liability - Employee Benefits	(20,528)	(19,481)
Stores and spare parts	(10,985)	(11,642)
Stock in trade	(10,801)	(8,110)
Trade debts	(8,242)	(8,130)
Other debts	(1,464)	(1,464)
	(52,020)	(48,827)

Net deferred tax liability

	40,799	40,480
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
25. TRADE AND OTHER PAYABLES			
Creditors	25.1	922,372	861,148
Accrued liabilities		330,765	359,111
Deferred revenue		985	19,869
Advances from customers		159	4,163
Due to provident fund trust		18,125	18,621
Deposits	25.2	91,570	85,009
Workers' profit participation fund	25.3	116,803	112,586
Workers' welfare fund		36,214	36,993
Sales tax payable		43,343	88,208
Income taxes deducted at source payable to Government		15,574	15,141
Unclaimed dividend		41,720	31,183
Other liabilities	25.4	23,126	24,028
		1,640,756	1,656,060
25.1 This includes amounts due to the following related parties:			
Bata Brands (Switzerland)		88,560	78,396
Bata Shoe Singapore Pte Limited		–	20
P.T. Sepatu Bata Tbk (Indonesia)		507	–
Global Footwear Services (Singapore)		9,543	8,365
		98,610	86,781

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

25.2 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 5.00% (2016: 5.50%) per annum. These are repayable on termination / completion of the contracts. The Company has a right to utilize these deposits in accordance with the terms of the agreements entered with agency holders.

	Note	2017	2016
(Rupees in '000)			
25.3 Workers' profit participation fund			
Balance as at 01 January		112,586	112,584
Allocation for the year	32	116,803	112,586
Interest on funds utilized in Company's business	34	2,776	1,495
		232,165	226,665
Less: Amount adjusted / paid to fund's trustees		115,362	114,079
Balance as at 31 December		116,803	112,586
25.4 Other liabilities			
Money on way		9,386	15,448
Group insurance claims		2,944	3,700
Personal account ex-employees		2,427	1,280
Bata mosque		1,685	1,255
Others		6,684	2,345
		23,126	24,028

26. SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs.700 million (2016: Rs. 700 million). These include cash finance facilities of Rs 665 million (2016: Rs 665 million) and export finance facility of Rs 35 million (2016: Rs. 35 million).

Mark up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2016: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks. Mark up on export finance is charged at 4.00% (2016: 4.00%) per annum.

In addition, non funded facilities of letters of guarantee and letters of credit amounting to Rs. 495 million (2016: Rs. 495 million) were also provided by these banks. The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 269 million (2016: Rs. 338 million).

These finances are secured against hypothecation of stock in trade, store and spares and receivables of the Company amounting to Rs. 1,194 million (2016: Rs. 1,194 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
27. CONTINGENCIES AND COMMITMENTS			
27.1 The Company is contingently liable for:			
Counter Guarantees given to banks		16,512	16,068
Indemnity Bonds given to Custom Authorities		9,800	46,209
Claims not acknowledged as debts - under appeal		13,183	13,053
Order by sales tax department	27.1.1	138,851	138,851
Order by sales tax department-under appeal	27.1.2	265,252	265,252
Order by sales tax department-under appeal	27.1.3	237,370	237,370
Order by sales tax department-under appeal	27.1.4	25,820	25,820
Order by income tax department-under appeal	27.1.5	954,859	954,859
Order by income tax department-under appeal	27.1.6	1,027,460	1,027,460
Order by sales tax department-under appeal	27.1.7	80,000	80,000
Order by sales tax department-under appeal	27.1.8	52,134	52,134
Order by sales tax department-under appeal	27.1.9	8,225	8,225
Show cause notice by sales tax department	27.1.10	85,000	85,000
Order by income tax department-under appeal	27.1.11	363,683	363,683
Order by sales tax department-under appeal	27.1.12	60,732	60,732
		3,338,881	3,374,716

- 27.1.1** The Tax Department issued an order dated 24 November 2008 raising tax demand amounting to Rs. 138.85 million in respect of tax periods from July 2005 to June 2007 on account of certain issues which majorly included sales tax on disposal of fixed assets, input tax on electricity bills, input tax on zero rated supplies and un reconciled output tax. Being aggrieved, the Company preferred an appeal before the Commissioner (Appeals) which was decided against the Company vide appellet order dated 31 January 2009. Thereafter, the Company preferred an appeal before the Appellate Tribunal Inland Revenue whereby the appeal was decided in favor of the Company. However, the Tax Department filed reference before the honorable Lahore High Court (LHC) LHC vide its order dated 16 May 2012, passed the set aside order and directed the tax department to reverify the records. Remand back proceedings were initiated on 08 July 2013, whereby the Company was required to furnish the documentary evidence / record, in response of which, the Company has duly responded. No further queries were raised by the tax department till date. Based on legal advisor's opinion, the Company expects a favorable outcome of the matter.
- 27.1.2** The Tax Department issued an order in 2011 raising tax demand amounting to Rs. 201 million in respect of tax period from July 2007 to December 2008 on account of non-payment of retail tax on sales made through retail outlets and inadmissible input tax adjustment claimed against zero-rated retail supplies. Being aggrieved, the Company preferred an appeal before the Commissioner (Appeals) whereby the appeal was decided against the Company. The Company also filed a complaint before the Federal Tax Ombudsman (FTO) who decided the case in favor of Company and ordered the CIR, Zone-I, LTU Lahore to vacate the above order. The Company filed an appeal before Commissioner (Appeals) to dispose of the order in which above demand was raised. Commissioner Appeal ordered that since the Learned FTO decided the case in favor of the Company there remains no cause of further action. Thereafter, the Company preferred an appeal before the (ATIR) for cancellation of impugned order, which is pending adjudication. Moreover on 25 June 2012, Company received an additional order from Deputy Commissioner Inland Revenue (DCIR) amounting to Rs. 64 million 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.
- 27.1.3** The Company received 22 separate orders dated 17 October 2012 and 14 November 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 favor of the Company on 15 May 2014. The sales tax department has filed a reference application with Lahore High Court which is pending for adjudication. Based on legal advisor's opinion, the Company expects a favorable outcome of the matter.
- 27.1.4** The Company received an order dated 18 October 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 May 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; if such an appeal is filed, the Company based on the opinion of the tax advisor, expects a favorable outcome.
- 27.1.5** 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. The Company, based on the opinion of the tax advisor, expects a favorable outcome.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

- 27.1.6** 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. 1.77 billion. Based on these add backs, he created the demand of Rs. 1.027 billion. The Company filed an appeal with Commissioner (Appeals). On 14 January 2015, Commissioner (Appeals) deleted almost all the add-backs and there is no liability against the Company against this order. The Tax Department filed an appeal against the order of Commissioner with ATIR which is pending for adjudication. Based on legal advisor's opinion, the Company expects a favorable outcome of the matter.
- 27.1.7** The Tax Department issued two separate orders dated 25 June 2014 and 30 September 2014 raising a tax demand amounting to Rs. 46.7 million and Rs. 33.3 million for the tax periods from January 2012 to June 2013 and from October 2013 to March 2014 alleging that the Company adjusted 100% input tax in violation of section 8b of Sales Tax Act. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue Appeals (CIR) whereby the appeal was decided against the Company vide order dated 9 September 2014 and 10 December 2014. The Company preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) which was decided in favor of the Company vide order dated 13 January 2014. Department filed a reference application in Lahore High Court, which is pending adjudication, No further date of hearing has been communicated. Based on tax advisor's opinion the case will be decided in favor of the Company.
- 27.1.8** The Tax Department issued two separate orders dated 6 December 2014 each raising a tax demand amounting to Rs.43.8 million and Rs. 8.3 million on account of further sales tax of 1% on unregistered customers. Being aggrieved, the Company preferred an appeals with Commissioner Inland Revenue (CIR) who remanded back both the cases to adjudicating officer for fresh decision after allowing the appellant to produce relevant record. However the Commissioner also filed an appeal in the ATIR against the said order. Thereafter, no further queries were raised by the tax department till date. The Company based on the advice of its tax advisor is confident that the matter will be decided in the favor of Company.
- 27.1.9** The Company 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. 15741/2013. The Company based on the advice of its tax advisor is confident that the matter will be decided in the favor of the Company.
- 27.1.10** The Company received a show cause notice from Sales Tax Department, stating that input sales tax of Rs. 85 million on Trade Mark License (TML) fee and Management Service Fee claimed by the Company should be recovered from it. The Company filed a writ petition with Lahore High Court (LHC) against show cause notice and LHC granted stay against the notice. The Company based on the advice of its tax advisor is confident that the case will be decided in favor of the Company.
- 27.1.11** The Tax Department issued an order dated 27 June 2016 raising a tax demand amounting to Rs. 363.36 million on account of certain issues which majorly included allocation of expenses between export and local sale, interest on WPPF and Provident Fund, donation, wrong classification of WWF and WPPF. Being aggrieved the Company preferred an appeal before the Commissioner Appeals and also filed rectification application of the said order whereby the Commissioner Appeal vide his order dated 16 September 2016 deleted entire add backs and remanded back the order with the direction to give consideration to the rectification application filed by the Company. Thereafter, the department preferred an appeal before the ATIR which is pending for adjudication. The Company based on the advice of its tax advisor is confident that the case will be decided in the favor of the Company.
- 27.1.12** Assistant Commissioner of Sindh Revenue Board issued a show cause notice dated 19 April 2016 on non-payment of sales tax on trademark license fee and management services fee. In reply of show cause notice, the Company apprised the Commissioner that trademark fees and management services were not exclusively consumed in the province of Sindh and the Company has already made payment of sales tax/FED on these amounts to Federal Government. However, the Commissioner raised a demand of Rs. 60.7 million without taking into account the reply of Company. The Company filed an appeal before Commissioner Appeals SRB, which is pending adjudication. Subsequent to the year end, Commissioner Appeals SRB has decided the case in favor of the Company via order dated 10 February 2018.

	2017	2016
	(Rupees in '000)	
27.2 Commitments		
27.2.1 Commitments in respect of:		
Capital expenditure	14,801	3,183
Letters of credit and bank contracts	513,632	383,604
	528,433	386,787

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
28. SALES			
Shoes and accessories			
Local		18,142,200	17,696,035
Export		72,109	86,175
		18,214,309	17,782,210
Sundry articles and scrap material		105,698	115,621
		18,320,007	17,897,831
Less: Sales tax		1,288,161	1,255,953
Discounts to dealers and distributors		1,240,952	1,306,856
Commission to agents / business associates		294,084	252,851
		2,823,197	2,815,660
		15,496,810	15,082,171
29. COST OF SALES			
Cost of goods manufactured	29.1	4,277,837	4,089,115
Finished goods purchased		5,168,549	4,744,025
Add: Opening stock of finished goods		2,698,754	2,753,859
		12,145,140	11,586,999
Less: Closing stock of finished goods	29.2	3,269,166	2,698,754
		8,875,974	8,888,245
29.1 Cost of goods manufactured			
Raw material consumed			
Opening stock		162,153	188,141
Add: Purchases		3,568,753	3,380,316
		3,730,906	3,568,457
Less: Closing stock	29.3	163,690	162,153
		3,567,216	3,406,304
Store and spares consumed		14,189	13,486
Fuel and power		111,063	104,844
Salaries, wages and benefits	29.4	488,220	475,594
Repairs and maintenance	29.5	42,929	43,610
Insurance		13,022	11,803
Depreciation	6.3	49,700	49,271
		4,286,339	4,104,912
Add: Opening goods in process		40,996	25,199
		4,327,335	4,130,111
Less: Closing goods in process		49,498	40,996
		4,277,837	4,089,115
29.2	This includes provision / (reversal) for slow moving and obsolete stock of Rs. ('000) 5,070 (2016: Rs. ('000) (1,023)).		
29.3	This includes provision for raw material of Rs. ('000) 4,900 (2016: Rs. ('000) 1,608).		
29.4	These include Rs. ('000) 16,523 (2016: Rs. ('000) 14,029) and Rs. ('000) 3,160 (2016: Rs. ('000) 4,048) in respect of contribution to provident fund trust and provision for gratuity, respectively.		
29.5	This includes provision for obsolescence of stores and spare parts amounting to Rs. ('000) 2,437 (2016: Rs. ('000) 2,128).		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
30. DISTRIBUTION COST			
Salaries and benefits	30.1	813,205	786,781
Freight		239,351	221,530
Advertising and sales promotion		175,173	124,750
Rent		1,246,476	1,078,490
Insurance		17,121	20,141
Trade mark license fee	30.2	388,158	379,687
Fuel and power		208,604	197,926
Repairs and maintenance		47,272	40,483
Entertainment		12,288	11,397
Business and property taxes		4,499	2,338
Discount on recovery		12,962	19,724
Depreciation	6.3	146,205	142,872
Provision for trade debts and advances		417	4,114
Miscellaneous		489	496
		<u>3,312,220</u>	<u>3,030,729</u>

30.1 These include Rs. ('000) 26,015 (2016: Rs. ('000) 28,024) and Rs. ('000) 1,978 (2016: Rs. ('000) 3,568) in respect of contribution to provident fund trust and provision for gratuity respectively.

30.2 This represents trade mark license fee of Bata Brands S.A.R.L. (Switzerland), a related party

	Note	2017	2016
(Rupees in '000)			
31. ADMINISTRATIVE EXPENSES			
Salaries and benefits	31.1	556,246	544,192
Management service fee	31.2	159,572	153,886
Employee welfare		34,509	28,403
Fuel and power		17,334	18,780
Telephone and postage		17,945	17,700
Insurance		3,719	5,075
Travelling		95,196	94,621
Repairs and maintenance		24,224	17,540
Printing and stationery		16,729	17,709
Donations and subscription	31.3	3,167	1,939
Legal and professional charges		5,110	8,460
Business and property taxes		2,717	3,509
Depreciation	6.3	11,344	12,692
Amortization	7.1	1,822	2,321
Miscellaneous		29,764	33,148
		<u>979,398</u>	<u>959,975</u>

31.1 These include Rs. ('000) 21,180 (2016: Rs. ('000) 17,170) and Rs. ('000) 886 (2016: Rs. ('000) 853) in respect of contribution to provident fund trust and provision for gratuity respectively.

31.2 This represents the fee paid/payable to Global Footwear Services Pte Limited and Bata Brands S.A.R.L (Switzerland), related parties, in respect of management and information technology services, respectively.

31.3 None of the directors of the Company or any of their spouses have any interest in the donees.

	Note	2017	2016
(Rupees in '000)			
32. OTHER EXPENSES			
Workers' profit participation fund	25.3	116,803	112,586
Workers' welfare fund		36,214	36,993
Auditors' remuneration	32.1	7,115	7,335
Exchange loss - net		7,987	4,107
Loss on disposal of property, plant and equipment	6.4	8,394	9,082
		<u>176,513</u>	<u>170,103</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
(Rupees in '000)			
32.1 Auditor's remuneration			
Statutory audit		3,000	3,345
Review of six monthly accounts		1,115	1,115
Audit of US GAAP reporting package		1,000	1,115
Other reviews and certifications		900	960
Out of pocket expenses		1,100	800
		7,115	7,335
33. OTHER INCOME			
Income from financial assets			
Profit on long term investments		2,557	2,782
Profit on short term investment		31,641	57,591
Profit on bank deposits		15,116	19,490
		49,314	79,863
Income from non - financial assets			
Rental Income		8,354	8,306
Income from financial liability			
Income from discounting of supplier invoices		9,785	19,292
		67,453	107,461
34. FINANCE COST			
Interest / mark - up on:			
Workers' profit participation fund	25.3	2,776	1,495
Employees / agents' securities and personal accounts	34.1	4,869	4,149
		7,645	5,644
Bank charges and commission		32,243	28,581
Early payment discount		-	5,710
		39,888	39,935
34.1 These do not include any amounts on account of related parties (2016: Rs. Nil)			
35. TAXATION			
Current tax			
Current year		595,017	608,272
Prior years		59,752	58,977
		654,769	667,249
Deferred tax			
Relating to originating and reversal of temporary difference		1,035	(7,048)
Income resulting from change of rate of tax		-	(1,572)
		655,804	658,629
Relationship between tax expenses and accounting profit			
Accounting profit before taxation		2,180,270	2,100,645
Tax at applicable tax rate of 30% (2016: 31%)		654,081	651,200
Tax effect of expenses not allowed for tax		299	246
Effect of tax on export sales, imported finished goods and rental income under Final Tax Regime		(58,328)	(51,794)
Effect of prior years tax		59,752	58,977
Tax expense for the year		655,804	658,629

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

36. SEGMENT REPORTING

Segment result and profit reconciliation

	Retail		Wholesale		Export		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net sales	10,887,367	10,116,152	4,436,112	4,767,308	72,109	86,175	101,222	112,536	15,496,810	15,082,171
Cost of sales	5,396,342	5,283,373	3,349,941	3,456,898	51,569	64,194	78,122	83,780	8,887,974	8,888,245
Gross profit	5,491,025	4,832,779	1,086,171	1,310,410	20,540	21,981	23,100	28,756	6,608,836	6,193,926
Distribution cost	2,806,583	2,501,363	272,359	259,416	9,096	8,089	-	-	3,088,038	2,768,868
Administrative expenses	38,527	36,651	17,148	19,637	1,083	1,239	-	-	56,738	57,527
	2,845,110	2,538,014	289,507	279,053	10,179	9,328	-	-	3,144,796	2,826,395
Segment results	2,645,915	2,294,765	796,664	1,031,357	10,361	12,653	23,100	28,756	3,476,040	3,367,531
Unallocated operating expenses									1,146,822	1,164,309
Other expenses									176,513	170,103
Other income									67,453	107,461
Operating profit									2,220,158	2,140,580
Finance cost									39,888	39,935
Profit before taxation									2,180,270	2,100,645
Taxation									655,804	658,629
Profit after taxation									1,524,466	1,442,016
Other disclosures										
Segment assets	3,570,415	2,992,231	2,412,037	2,049,961	8,738	8,340	-	-	5,991,190	5,050,532
Unallocated assets									3,533,136	4,034,024
									9,524,326	9,084,556
Segment liabilities	85,826	98,078	19,253	24,977	-	3,699	-	-	105,079	126,751
Unallocated liabilities									2,292,523	2,295,208
									2,397,602	2,421,962
Capital expenditures	248,448	112,409	1,318	8,991	-	-	-	-	249,766	121,400
Unallocated									61,560	56,351
									311,326	177,751
Depreciation	140,229	134,724	5,976	8,148	-	-	-	-	146,205	142,872
Unallocated									61,044	61,963
									207,249	204,835
Amortization of intangible assets	-	-	-	-	-	-	-	-	-	-
Unallocated									1,822	2,321
									1,822	2,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

37. 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:

	Note	2017	2016
Profit after taxation - (Rupees in '000)		1,524,466	1,442,016
Weighted average number of ordinary shares (in thousands)	19.2	7,560	7,560
Earnings per share - basic and diluted (Rupees per share)		201.65	190.74

There is no dilutive effect on the basic earnings per share of the Company.

38. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2017	2016
	(Rupees in '000)	
Short term investment	550,000	1,600,000
Bank balances in		
Current accounts	69,742	85,400
Daily profit accounts	434,311	413,442
Cash in transit	104,902	57,030
Cash in hand	1,183	1,069
	1,160,138	2,156,941

39. 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	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Managerial remuneration	28,289	16,306	21,281	15,457	74,407	49,621
Provident fund contribution	-	-	760	-	7,568	5,427
Performance bonus	4,849	7,030	973	3,130	2,369	9,224
Perquisites and allowances						
Housing	-	-	1,121	-	15,071	13,397
Leave passage	971	970	1,450	1,399	-	-
Conveyance	-	-	471	-	4,836	4,084
Medical expenses	307	143	488	278	970	590
Utilities	-	-	257	-	1,745	1,830
Others	11,862	4,580	14,076	9,293	25,796	18,743
Total (Note - 39.3)	46,278	29,029	40,877	29,557	132,762	102,916
Number of persons	1	1	3	1	38	27

39.1 In addition to the above, 6 (2016: 6) non executive directors were paid aggregated fee of Rs. ('000) 1,709 (2016: Rs. ('000) 1,724) for attending meetings.

39.2 The Chief Executive and one of the directors of the Company are provided with company-maintained cars and housing facilities in Bata premises.

39.3 This includes an amount of Rs. ('000) 16,088 (2016 : Rs. Nil) on account of 'severance pay' of Mr. Muhammad Qayyum, who left the Company with effect from 12 September 2017. Mr. Muhammad Imran Malik joined the Company as new Chief Executive replacing Mr. Muhammad Qayyum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

40 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, advances 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.

40.1 Market risk

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

40.1.1 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 variable	Effective rates		Rupees in ('000)	
		2017	2016	2017	2016
Financial Assets					
Long term investments	Fixed	6.00%	5.50%	45,000	45,000
Short term investments	Fixed	6.00 to 6.60%	5.90 to 7.36%	550,000	1,600,000
Bank Balance - daily profit account	Variable	3.88 to 5.50%	3.90 to 5.50%	434,311	413,442
				<u>1,029,311</u>	<u>2,058,442</u>
Financial Liabilities					
Long term deposits					
- employees' securities	Fixed	6.00%	5.50%	45,000	45,000
Deposits - agents	Fixed	5.00%	5.50%	91,570	85,009
				<u>136,570</u>	<u>130,009</u>

Sensitivity analysis for variable rate instruments

The Company has only one investment in variable rate instrument and the following table demonstrate the sensitivity to a reasonably possible change interest rate, with all other variables held constant, on the Company's profit before tax

	2017	2016
	(Rupees in '000)	
Increase in basis points by 100	4,343	4,134
Decrease in basis points by 100	(4,343)	(4,134)

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

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	2017	2016
	(Rupees in '000)	
Financial assets		
Trade debts - Export customers		
US Dollar	1,967	2,577
GBP	-	882
Cash in hand		
US Dollar	146	294
Euro	671	132
Cash in bank		
US Dollar	16,163	15,300
	<u>18,947</u>	<u>19,185</u>
Financial liabilities		
Trade and other Payables - Foreign suppliers		
US Dollar	78,387	31,123
Euro	142	3,433
Singapore Dollar	9,543	8,365
	<u>88,072</u>	<u>42,921</u>
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 2017 in the currencies involved.

	2017	2016	2017	2016
	Percentage Change in Exchange Rate	Percentage Change in Exchange Rate	(Rupees in '000)	
			Effect on Profit Before Tax	Effect on Profit Before Tax
			+ / -	+ / -
Variation in USD to PKR	5%	-0.20%	(3,814)	(57)
Variation in EURO to PKR	19%	4%	(27)	137
Variation in Singapore Dollar to PKR	16%	2%	(1,527)	167
Variation in GBP	14%	-17%	-	(150)

40.1.3 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.

40.2 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) 3,219,874 (2016: Rs. (000) 3,591,608) following are subject to credit risk:

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	2017	2016
	(Rupees in '000)	
Financial assets		
Long term investments	45,000	45,000
Long term deposits	31,889	28,726
Trade debts - unsecured	1,563,635	1,336,061
Deposits	9,487	7,594
Letters of credit-Margin	388,915	-
Other receivables	18,416	14,371
Interest accrued	1,751	1,790
Short term investment	550,000	1,600,000
Cash at bank	504,053	498,842
	3,113,146	3,532,384

40.2.1 Long term investments Financial institution

	Ratings			Carrying Values	
	Agency	Long Term	Short term	2017	2016
	(Rupees in '000)				
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	45,000	45,000
				45,000	45,000

40.2.2 Out of the total trade receivables, 35.84% is concentrated in ten customers (2016: 27.79% in ten customers)

40.2.3 Trade debts - other than related parties

	Carrying Values	
	2017	2016
	(Rupees in '000)	
Neither past due nor impaired	950,031	851,461
Past due but not impaired		
1-30 days	162,942	210,123
31-60 days	167,656	146,815
Over 60 days	281,039	125,065
	611,637	482,003
Past due and impaired		
1-30 days	-	-
31-60 days	-	-
Over 60 days	30,527	30,110
	30,527	30,110
40.2.4 Trade debts - receivable from related parties		
Neither past due nor impaired	1,967	2,597
Past due but not impaired		
1-30 days	-	-
31-60 days	-	-
Over 60 days	-	-
	-	-

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40.2.5 Short term investments

Financial institution	Ratings			2017	2016
	Agency	Long Term	Short term	(Rupees in '000)	
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	300,000	900,000
United Bank Limited	JCR-VIS	AA+	A-1+	250,000	700,000
				550,000	1,600,000

40.2.6 Cash at bank

Financial institution	Ratings			2017	2016
	Agency	Long Term	Short term	(Rupees in '000)	
Habib Bank Limited	JCR-VIS	AAA	A-1+	309,279	372,329
MCB Bank Limited	PACRA	AA+	A1+	51,603	25,622
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	22,228	6,161
Bank Al-Habib Limited	PACRA	AA+	A1+	82,121	43,528
National Bank of Pakistan	JCR-VIS	AAA	A-1+	3,077	787
United Bank Limited	JCR-VIS	AA+	A-1+	35,745	50,415
				504,053	498,842

40.3 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. 700 million at 31 December 2017 (2016: Rs. 700 million).

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

	2017				
	(Rupees in '000)				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	45,000	-	-	-	45,000
Trade and other payables	-	1,409,553	-	-	1,409,553

	2016				
	(Rupees in '000)				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	45,000	-	-	-	45,000
Trade and other payables	-	1,360,479	-	-	1,360,479

40.4 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.

41. Capital Risk Management

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

The Company's objectives when managing risks are

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

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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:

	2017	2016
	(Rupees in '000)	
Net debt	-	-
Total equity	7,126,724	6,662,594
Capital gearing ratio	-	-

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

42. TRANSACTIONS WITH RELATED PARTIES

42.1 The related parties and associated undertakings comprise parent company, related group companies, provident fund trust, directors and key management personnel. Remuneration of Chief Executive, directors and other executive is shown in Note 39. Transactions with related parties during the year are as follows;

		2017	2016
		(Rupees in '000)	
<u>Relationship with the Company</u>	<u>Nature of transactions</u>		
Common Control Companies	Purchase of goods and services	972,087	897,445
	Sale of goods and services	4,077	5,180
	Trade mark license fee	388,158	379,687
	Management service fee	144,767	141,537
	IT charges	14,805	13,602
Holding Company	Dividend paid	796,021	625,445
Staff Retirement Benefits	Contribution to provident fund trusts	63,719	59,222
Staff Retirement Benefits	Gratuity Paid to outgoing employees	6,674	3,773

42.2 The Company in normal course of business conducts transactions with its related parties. Balances of related parties at the reporting date have been shown under payables and receivables. The Company continues to have a policy, whereby, all transactions with related parties and common control companies are conducted at commercial terms using comparable uncontrolled price method.

43. CAPACITY AND ACTUAL PRODUCTION

	No. of shifts worked		Installed capacity based on actual shifts worked		Actual production	
	2017	2016	Pairs in '000		Pairs in '000	
			2017	2016	2017	2016
Footwear in pairs						
Cemented	1 to 3	1 to 3	3,068	2,868	2,637	2,700
Polyurethane	1 to 3	1 to 3	6,096	4,880	4,990	4,349
Thongs	1 to 3	1 to 3	3,514	4,446	2,774	3,270
Directly injected plastic	3	3	4,505	4,125	4,019	3,823
Sandak	3	3	3,146	3,120	2,512	2,403
			20,329	19,439	16,932	16,545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

43.1 The deviation in actual production from installed capacity is due to rapidly changing 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.

	2017	2016
44. NUMBER OF PERSONS EMPLOYED		
Number of persons employed as at year end	2,418	2,492
Average number of persons employed during the year	2,469	2,527

	2017	2016
	(Rupees in '000)	
45. PROVIDENT FUND		
Size of the fund (total equity)	1,554,486	1,615,522
Percentage of investments made	91%	93%
Fair value of investments	1,408,371	1,496,330
Cost of investments made	1,408,371	1,496,330

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

	2017		2016	
	(Rupees in '000)			
	Investments (Rs. 000)	Investments as a % of size of the fund	Investments (Rs. 000)	Investments as a % of size of the fund
Pakistan Investment Bond	20,000	1.3%	20,000	1.2%
Term deposit receipts	1,388,371	89.3%	1,476,330	91.4%
	<u>1,408,371</u>		<u>1,496,330</u>	

45.2 Investments out of provident fund have been made in accordance with the provision of the Companies Ordinance, 1984 / Companies Act, 2017 and the rules formulated for this purpose. The above information is based on audited financial statements of the provident fund.

46. POST BALANCE SHEET EVENTS

The Board of Directors at its meeting held on 22 February 2018 has approved a final dividend @ Rs. 60 per share for the year ended 31 December 2017 (2016: Rs. 60 per share) amounting to Rs. ('000) 453,600 (2016: Rs. ('000) 453,600) and transfer to general reserve amounting to Rs. ('000) 465,000 (2016: Rs. ('000) 498,000) for approval of the members at the Annual General Meeting to be held on 23 April 2018. The financial statements do not reflect the effect of above events.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 22 February 2018.

Chief Executive

Director

Chief Financial Officer



Pattern of Shareholding

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2017

No. of Shareholders	From	Shareholding	To	Total Shares held
644	1		100	24,892
353	101		500	85,699
73	501		1,000	54,046
48	1,001		5,000	88,393
3	5,001		10,000	21,990
1	10,001		15,000	11,392
1	15,001		20,000	16,420
2	20,001		25,000	43,542
1	25,001		30,000	28,076
1	95,001		100,000	99,674
1	305,001		310,000	309,776
1	1,090,001		1,695,000	1,090,234
1	5,685,001		5,690,000	5,685,866
1,130				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
Afc Umbrella Fund (CDC)	1	16,420	0.22
Credit Agricole (Suisse) S.A. (759-5) (CDC)	1	800	0.01
Tundra Pakistan Fund (CDC)	1	22,542	0.30
LOCAL SHAREHOLDERS			
Individuals	1,054	226,350	2.99
National Investment Trust Limited (CDC)	1	28,076	0.37
National Investment Trust Limited administration Fund (CDC)	1	21,000	0.28
Trustee National Investment (Unit) Trust	1	1,090,234	14.42
National Bank of Pakistan (CDC)	1	611	0.01
Industrial Development Bank of Pakistan IDBP (ICP Unit)	1	125	0.01
Pension Fund	13	108,354	1.43
Insurance Companies	5	327,768	4.34
Joint Stock Companies	15	3,472	0.05
Modarabas and Mutual Fund	4	7,167	0.09
Other Companies	30	21,215	0.28
	1,130	7,560,000	100.00

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2017

Categories of Shareholders	Number of shares held
1. Directors, Chief Executive Officer, their spouses and minor children	-
Chief Executive	
Directors	
Mr. Muhammad Maqbool	1
Mr. Ijaz Ahmad Chaudhry	1
Directors' spouses and their minor children	-
Associated companies, undertakings and related parties	
Bafin (Nederland) B.V.	5,685,866
3. NIT and ICP	
IDBP (ICP UNIT)	125
CDC - Trustee National Investment (Unit) Trust (CDC)	1,090,234
National Investment Trust Limited (CDC)	28,076
National Investment Trust Limited Administration Fund (CDC)	21,000
4. Banks, DFI's and NBFI's	
National Bank of Pakistan (CDC)	611
5. Insurance companies	
EFU General Insurance Limited. (CDC)	309,776
Habib Insurance Co. Limited. (CDC)	4,500
Habib Insurance Company Limited. (CDC)	1,500
State Life Insurance Corp. of Pakistan. (CDC)	11,392
Dawood Family Takaful Limited (CDC)	600
6. Foreign Companies	
AFC Umbrella Fund (CDC)	16,420
Credit Agricole (SUISSE) S.A. (759-5) (CDC)	800
Tundir Pakistan Fund (CDC)	22,542
7. Modarbas and Mutual Funds	
CDC - Trustee AKD Index Tracker Fund (CDC)	377
CDC Trustee Nit Islamic Equity Fund (CDC)	4,380
CDC - Trustee Nit-Equity Market Opportunity Fund (CDC)	1,860
CDC - Trustee Pakistan Capital Market Fund (CDC)	550
8. Pension Fund	
Trustee National Bank of Pakistan Employee Pension Fund (CDC)	99,674
Pfizer Pakistan DC Pension Fund (CDC)	980
Unilever Pakistan Dc Pension Fund (SUB Fund A) (CDC)	1,100
Unilever Pakistan Dc Pension Fund (SUB Fund B) (CDC)	901
Unilever Pension Plan (CDC)	30
Wyeth Pakistan Dc Pension Fund (CDC)	220
Trustee Pak Tobacco Co Ltd Staff DEF Contri PEN FD (CDC)	400
Trustees Indus Motor Company Limited Employees Pension Fund (CDC)	940
Trustee-Sanofi Aventis Pakistan Senior-Executive Pension FD (CDC)	550
Trustee-Shell Pakistan DC Pension Fund (CDC)	89
Trustee-Shell Pakistan Management Staff Pension Fund (CDC)	2,100
Trustee-Shell Pakistan Staff Pension Fund (CDC)	30
CDC-Trustee Pakistan Islamic Pension Fund - Equity Sub Fund (CDC)	1,540
9. Joint Stock Companies	
Patch Industries Limited	160
Naseem's Securities (Pvt) Limited.	50
Service Sales Corp. (Pvt) Limited.	100
Abbasi Securities (Private) Limited (CDC)	600
IGI Finex Securities Limited (CDC)	1
Irfan Mazhar Securities (Pvt) Ltd. (CDC)	540
Maple Leaf Capital Limited (CDC)	1
NC - PRE SETTLEMENT DELIVERY ACCOUNTS (CDC)	20
NFI Securities (Pvt.) Limited. (CDC)	135
Saoo Capital (Pvt) Limited (CDC)	20
Sarfraz Mahmood Securities (Pvt.) Ltd. (CDC)	25
STA NLEY HOUSE INDUSTRIES (PRIVATE) LIMITED (CDC)	500
TOPLINE COMMODITIES (PRIVATE) LIMITED (CDC)	120
TOPLINE SECURITIES LIMITED - MS (CDC)	500
Haral Sons (Smc-Pvt) Limited. (CDC)	700
10. Other companies	
Trustee National Bank of Pakistan EMP Benevolent Fund Trust (CDC)	3,498
Trustees of Magnus Investment Advisors Ltd. EMPL. Prov. Fund (CDC)	20
The Union Pakistan Provident Fund (CDC)	823
Unilever Pakistan Limited Non-Management Staff Gratuity Fund (CDC)	5
Trustees Lotte Chemical Pakistan Non Mgn Staff G. Fund (CDC)	7
Trustee-Rathan Best Foods Limited Employees Gratuity Fund (CDC)	22
Trustee Engro Corp Ltd Mpt Employees Def Cont Gratuity Fund (CDC)	2,300
Trustee Engro Corporation Ltd Gratuity Fund (CDC)	20
Trustees Glaxo Smithcline Pak Ltd. Employees Gratuity Fund (CDC)	2,260
Trustee International Steels Ltd Employees Gratuity Fund (CDC)	960
Trustees Lotte Chemical Pakistan Mngt Staff Gratuity Fund (CDC)	510
Trustees sanofi - Aventis Pakistan Employee Gratuity Fund (CDC)	400
Trustee-Shell Pakistan Labour & Clerical Staff Gratuity Fund (CDC)	180
Trustee-Shell Pakistan Management Staff Gratuity Fund (CDC)	40
Trustees of Pakistan Refinery Ltd Manag. Staff Gratuity Fund (CDC)	100
Trustee Pak Tobacco Co Ltd Employees Gratuity Fund (CDC)	400
Trustee Pak Tobacco Co Ltd Employees Provident Fund (CDC)	820
Trustee Pak Tobacco Co Ltd Management Prov Fund (CDC)	1,380
Trustee-Rathan Best Foods Limited Employees Provident Fund (CDC)	510
Trustees Glaxo Laboratories Pak Ltd. Local Staff P.F (CDC)	540
Trustees Glaxo Laboratories Pakistan Ltd. Provident Fund (CDC)	250
Trustees Indus Motor Company Ltd Employees Provident Fund (CDC)	1,600
Trustees International Steels Ltd Employees Provident Fund (CDC)	240
Trustees Lotte Chemical Pakistan MNG Staff Provident Fund (CDC)	530
Trustees of Pakistan Refinery Ltd Provident Fund (CDC)	1,000
Trustee-Sanofi Aventis Pakistan-Employees Provident Fund (CDC)	550
Trustees Smith Kline & French of Pak Ltd. Provident Fund (CDC)	1,100
Trustee-Shell Pakistan Labour Provident Fund (CDC)	180
Trustee-Shell Pakistan Management Staff Provident Fund (CDC)	920
Trustees Lotte Chemical Pakistan MGT. Staff DEF. Cont. S. Fund (CDC)	450
8. General public	226,348
9. Executives, their spouses and minor children	-
	7,560,000
Shareholders 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 (CDC)	1,090,234
National Investment Trust Limited (CDC)	28,076
National Investment Trust Limited Administration Fund (CDC)	21,000
National Bank of Pakistan (CDC)	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

66th ANNUAL GENERAL MEETING

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

I/We _____
of _____
being a member of Bata Pakistan Limited and holder of _____
_____ Ordinary Shares as per Share Register Folio
(No. of Shares)
No. _____ and / or CDC Participant I.D. No. _____
and Sub Account No. _____ hereby appoint _____
of _____
or failing him _____ of _____
as my/our proxy to vote for me/us and on my/our behalf at the 66th Annual General Meeting of the Company to be held on April 23, 2018 and at any
adjournment thereof.

Signed this _____ day of _____ 2018.

WITNESSES:

1. **Signature** _____
Name _____
Address _____

NIC or _____
Passport No. _____

2. **Signature** _____
Name _____
Address _____

NIC or _____
Passport No. _____

Signature on
Rs. 5/-
Revenue stamp

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

Note:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend, speak and vote for him/her. A proxy need not be a member of the Company.
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.

The Company Secretary
BATA PAKISTAN LIMITED
P.O. BATAPUR,
LAHROE.

AFFIX
CORRECT
POSTAGE

جناب کمپنی سیکرٹری صاحب
باٹا پاکستان لمیٹڈ باٹا پور لاہور

پراکسی فارم
66 واں سالانہ اجلاس عام
باٹا پاکستان لمیٹڈ

میں / ہم _____
ساکن _____ بحیثیت ممبر باٹا پاکستان لمیٹڈ _____ عام حصص کا مالک / مستماتہ _____
ساکن _____ کو جس کا فولیوس ڈی سی اکاؤنٹ نمبر _____ یا اس کی عدم دستیابی کی صورت میں
مستماتہ / مستماتہ _____ ساکن _____
کو بطور پراکسی مقرر کرتا ہوں / کرتی ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے 66 واں سالانہ عام اجلاس جو کہ مورخہ 23 اپریل 2018ء کو منعقد
ہورہا ہے اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے، بات کرے اور ووٹ ڈالے۔
میرے / ہمارے دستخط بتاریخ _____ 2018ء

پانچ روپیہ کے ریونیوشامپ پر
دستخط

دستخط رجسٹرڈ نمونے
سے مطابقت رکھتے ہوئے چاہیے

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

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

نوٹ:

- 1- اجلاس میں شرکت کرنے، ووٹ دینے کے اہل رکن کسی دوسرے رکن کو اپنا اپنی پراکسی مقرر کر سکتا ہے جس کو شرکت کرنے، بولنے اور ووٹ دینے کا حق حاصل ہوگا۔ پراکسی کے لئے کمپنی کا ممبر ہونا لازمی نہیں ہے۔
- 2- یہ مکمل پر کردہ اور دستخط شدہ پراکسی فارم کمپنی کے ہیڈ آفس میں اجلاس کے انعقاد سے 48 گھنٹے پہلے جمع کروانا چاہیے۔
- 3- سی ڈی سی اکاؤنٹ رکھنے والوں / کارپوریٹ اداروں کے لیے۔
 - مستفید مالکان اور پراکسی کا کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ مہیا کی جائیں گی۔
 - اجلاس کے موقع پر پراکسی اپنا اصل شناختی کارڈ یا پاسپورٹ مہیا کرے گا۔

پوری ٹکٹ
لگانے کے بعد

جناب کمپنی سیکرٹری صاحب
باٹا پاکستان لمیٹڈ
بانا پور لاہور



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Bata

PAKISTAN LIMITED

P.O. Batapur, Lahore, Pakistan

UAN: +92-42-111-044-055

Fax: +92-42-36581176

Web: www.bata.pk

E-mail: pk.bata@bata.com