

Annual Report

2019



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Bata



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Our Vision

To make great shoes accessible to everyone

Our Mission

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

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

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

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



Corporate Information

Board of Directors

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

Audit Committee

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

Human Resource and Remuneration Committee

Mr. Muhammad Maqbool	Chairman
Mr. Muhammad Imran Malik	Member
Mr. Toh Guan Kiat	Member

Chief Financial Officer (CFO)

Mr. Amjad Farooq

Company Secretary

Mr. Hafiz Mudassar Hassan Kamran

Auditors

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

Legal Advisor

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

Stock Exchange Listing

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

Bankers

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

Registered Office

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

Share Registrar

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

Factories

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

Maraka,

26 - Km, Multan Road, Lahore.

Liaison Office Karachi

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN TO ALL SHAREHOLDERS/MEMBERS that the 68th Annual General Meeting of Bata Pakistan Limited is scheduled to be held electronically (through video link) on Wednesday May 20, 2020 at 10:00 a.m. to transact the following business:

1. To confirm the minutes of the 67th Annual General Meeting held on April 25, 2019.
2. To receive, consider, and adopt the Annual Audited Accounts of the Company for the year ending on December 31, 2019 together with Directors' and Auditors' Reports.
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 900% (Rs. 90 per share of Rs. 10) already paid to the shareholders making total cash dividend of 1,500% (Rs.150 per share of Rs. 10).
4. To appoint Auditors and fix their remuneration for the year ending on December 31, 2020. The retiring Auditors, M/s A.F. Ferguson & Co. Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the Company.
5. To transact any other business with the permission of the Chairman.

By order of the Board

Batapur Lahore:
April 23, 2020

(Hafiz Mudassar Hassan Kamran)
Company Secretary

NOTES:

1. Annual Report

On account of the current lockdown situation, the Company is facing serious challenges for the printing and delivery of physical copies of the annual report to our shareholders. However, the annual report for the year ended 31.12.2019 has been posted on our website www.bata.com.pk. Those shareholders who also wish to obtain an electronic copy of the annual report via email are requested to send their request at the following email address: investorcare.pk@bata.com on or before May 10, 2020 and a PDF copy of Annual Report will be duly shared with them via email.

2. Closure of Shares Transfer Books

The Share Transfer Books of the Company will remain closed from May 13, 2020 to May 20, 2020 (both days included). Transfer Requests on prescribed format, received at the office of the Share Registrar of the Company, M/s. Corplink (Pvt) Ltd. 1-K Commercial, Model Town, Lahore on or before the close of business on May 12, 2020 will be treated 'in time' for the purpose of above entitlement to the transferees and for attending meeting by the transferees by electronic means.

3. Attendance of the Members:

a. For attending the meeting

In view of the current situation of pandemic (COVID-19) and to ensure safety & wellbeing of our shareholders, the Company has decided to convene this AGM through video link arrangements and there would be no specified location for the AGM.

- i. Members, either through their smartphone or computer devices can participate in the AGM. Link of the video conference shall be shared only to those members who shall provide their name, CNIC (both sides scanned copies), folio number, cell phone number and email address on or before 03:00 pm of May 18, 2020 at following Email address investorcare.pk@bata.com.
- ii. In addition to this, if members have any comments/suggestions for discussion on the agenda items of the AGM, they are required to send their queries on or before May 18, 2020 either through Email address stated above or on whatsapp number 0301 8511103. Any queries received after 18th May 2020 shall not be discussed in the meeting.
- iii. The Company will ensure that comments/suggestions of the members, submitted in accordance with clause (ii) above, will be read out at the meeting by the Company Secretary and the responses will be made part of the minutes of the meeting.

b. For appointing proxies

A member is entitled to appoint a proxy, who will have the right to attend, speak and vote in place of the appointing member, through video link. Proxy shall be appointed in the following manner:

- i) Soft Copy of the Proxy Form has been uploaded on our website www.bata.com.pk under the Investor Relations head in English & Urdu languages. The scanned copy of the filled form must be sent at the following Email address investorcare.pk@bata.com on or before 18th may 2020. Late submissions shall not be entertained.

- ii) Copy of valid CNIC or the valid passport of the members and their Proxy shall be furnished/attached along with Proxy Form.
- iii) In case of corporate entities, certified copy of Board of Directors' resolution / power of attorney along with specimen signatures and copy of valid CNIC of the person nominated by the corporate entity to represent and vote on its behalf, shall be submitted.

4. Mandatory Submission of CNIC Copies:

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

5. Dividend Bank Mandate:

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

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

6. Unclaimed Dividends and Share Certificates:

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

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

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

8. Tax Implications on Dividends:

Pursuant to the provisions of the Income Tax Ordinance 2001 (as amended through Finance Act 2019) the rates of withholding tax on dividend income shall apply in following:

- (a) 15% in case of filers of income tax returns. (b) 30% in case of non-filers of income tax returns.

A 'filer' is a taxpayer whose name appears in the Active Taxpayers List ("ATL") issued by the FBR from time to time and a 'non-filer' is a person other than a filer. The FBR has uploaded the ATL on its web-site which may be viewed at <http://fbr.gov.pk>.

The Company will ascertain the tax status of members on the first day of book closure and withholding tax at the rate of 30% will be applicable for members whose names shall not appear in the ATL and at the rate of 15% for members who are shown active on ATL by FBR.

9. Tax in case of Joint Shareholders:

For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue withholding tax will be determined separately on 'filer' and 'non-filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who are holding shares jointly are required to provide shareholding proportions of Principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in following format:

Company Name	Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

Messrs Corplink (Pvt.) Ltd.

Wings Arcade, 1-K Commercial, Model Town, Lahore Ph: 042-35916714, 35916719, Fax: 042-35869037

10. Valid Tax Exemption Certificate for Exemption from Withholding Tax:

Valid Tax Exemption Certificate is necessary for seeking as exemption from the deduction of withholding tax under Section 150 of the Income Tax ordinance, 2001. Members who qualify under Clause 47B of Part IV of the Second Schedule to the Income Tax ordinance, 2001 and wish to seek an exemption should provide a copy of their valid Tax Exemption Certificate to the Share Registrar prior to the date of book closure, otherwise tax will be deducted according to applicable law.

Contact Details

Company Secretary
Bata Pakistan Limited
G.T Road, Batapur Lahore
Pakistan
Email: investorcare.pk@bata.com
Tel: 0092 301 8511103

8. منافع پر ٹیکس کا اطلاق:

آکم ٹیکس آرڈیننس 2001 (ترمیم شدہ بذریعہ فنانس ایکٹ 2019) کی دفعات کے مطابق ڈیویڈنڈ اکم پر ود ہولڈنگ ٹیکس کے رٹس حسب ذیل ہیں:

(a) آکم ٹیکس ریٹرز کے فائلرز ہونے کی صورت میں: 15 فیصد
آکم ٹیکس ریٹرز کے نان فائلرز ہونے کی صورت میں: 30 فیصد

ایک فائلر وہ ہے جس کا نام ایف بی آر کی طرف سے وقتاً فوقتاً جاری کی جانے والی ایکٹیو ٹیکس پیپرز لسٹ (اے ٹی ایل) میں ظاہر ہو اور نان فائلر اس کے برعکس ہے۔ ایف بی آر نے اے ٹی ایل اپنی ویب سائٹ پر اپ لوڈ کر دی ہے جسے <http://fbr.gov.pk> پر دیکھا جاسکتا ہے۔

کمپنی کتاب بندی کے پہلے دن ممبرز کی ٹیکس کی حیثیت کا پتہ لگانے کی اور جن ممبرز کے نام ایف بی آر کی ایکٹیو ٹیکس پیپرز لسٹ (اے ٹی ایل) میں ظاہر نہیں ہوں گے ان پر ود ہولڈنگ ٹیکس 30% کی شرح سے اور جو ممبرز ایف بی آر کی اے ٹی ایل پر ایکٹیو ہوں گے ان پر 15% کی شرح سے لاگو ہوگا۔

9. مشترکہ شیئر ہولڈرز کی صورت میں ٹیکس:

ان شیئر ہولڈرز کیلئے جن کے شیئر مشترکہ ہیں، فیڈرل بورڈ آف ریونیو کی وضاحت کے تحت ود ہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر کے ساتھ ساتھ جوائنٹ 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 شیئر مشترکہ ہیں ان سے درخواست ہے کہ وہ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کے شیئرز کی بابت جو کہ ان کے پاس موجود ہیں، ہمارے شیئر رجسٹر اٹوٹھری طور پر مندرجہ ذیل طریقے سے شیئر ہولڈنگ کا تناسب فراہم کریں۔

کمپنی کا نام	فولیو/آئی سی اے اکاؤنٹ #	ٹوٹل شیئرز	پرنسپل شیئر ہولڈر		جوائنٹ شیئر ہولڈر	
			نام اور سی این آئی سی #	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	نام اور سی این آئی سی #	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)

میسرز کارپولیک (پرائیویٹ) لمیٹڈ

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

10. ود ہولڈنگ ٹیکس سے استثنیٰ کیلئے ٹیکس سے استثنیٰ کا درست سرٹیفکیٹ:

آکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت ود ہولڈنگ ٹیکس کی کوئی سے استثنیٰ کیلئے ٹیکس سے استثنیٰ کا درست سرٹیفکیٹ ضروری ہے۔ وہ ممبرز جو آکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے پارٹ IV کی شق 47B کے تحت کوالبغائی کرتے ہیں اور ٹیکس سے استثنیٰ چاہتے ہیں انہیں شیئر ٹرانسفر بکس بند ہونے کی تاریخ سے قبل ٹیکس سے استثنیٰ کے درست سرٹیفکیٹ کی کاپی ہمارے شیئر رجسٹر اٹوٹھرا کر فراہم کرنا ہوگی، بصورت دیگر لاگو قانون کے مطابق ٹیکس کی کوئی کی جائے گی۔

رابطہ:

کمپنی سیکریٹری

بانا پاکستان لمیٹڈ

جی۔ ٹی روڈ، بانا پور لاہور

پاکستان۔

ای میل: investercare.pk@bata.com

فون: 0092 301 8511103

(ii) علاوہ ازیں، اگر ممبران کے پاس ای۔ جی ایم کے مباحثے کے ایجنڈے کے بارے میں کچھ سوالات ہوں تو ان کو ضروری ہے کہ وہ اپنے سوالات 18 مئی 2020ء سے پہلے یا تو مذکورہ ای میل ایڈریس کے ذریعے یا واٹس ایپ نمبر پر 0301-8511103 پر بھیجیں۔ 18 مئی 2020ء کے بعد موصولہ سوالات پر اجلاس میں بات نہیں کی جائے گی۔

(iii) کمپنی اس بات کو یقینی بنائے گی کہ مذکورہ بالا شق (ii) کے مطابق پیش کردہ ممبران کے تاثرات / آراء، کمپنی سکرٹری کی جانب سے اجلاس میں پڑھ کر سنائے جائیں گے اور جو اب بات کو اجلاس کے کاروائی کا حصہ بنایا جائے گا۔

B- پراکسی تقرری کیلئے:

متبادل (پراکسی) کے ذریعے حاضری: کوئی بھی ممبر اپنا متبادل (جس کیلئے کمپنی کا ممبر ہونا ضروری نہیں) تعینات کر سکتا ہے جسے تعینات کرنے والے ممبر کی جگہ بذریعہ ویڈیو لنک اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کا حق حاصل ہوگا۔ متبادل (پراکسی) حسب ذیل طریقوں سے مقرر کیا جائے:

(i) پراکسی فارم کی سافٹ کاپی سیکشن انویسٹر ریلیشنز کے تحت ہماری ویب سائٹ www.bata.com.pk پر مہیا کر دیا گیا ہے۔ پُر شدہ فارم کی اسکین شدہ کاپی اس ای میل ایڈریس: investorcare.pk@bata.com پر 18 مئی 2020ء سے قبل ارسال کیا جائے۔ تاخیر سے ملنے والی گزارشات کو تسلیم نہیں کیا جائے گا۔

(ii) پراکسی فارم کے ساتھ پیشگی اوزر اور پراکسی کے موثر شناختی کارڈ کی مصدقہ نقول یا موثر پاسپورٹ فراہم کیا جائے۔

(iii) کارپوریٹ ادارے کی صورت میں ادارے کی جانب سے نامزد کردہ فرد کو نامزدگی کرنے اور ادارے کی جانب سے ووٹ دینے کیلئے نامزد کردہ فرد کے شناختی کارڈ کی تصدیق شدہ کاپی، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع اس کے دستخط کا نمونہ کمپنی کے سیکرٹری جرنل کو ارسال کیا جائے۔

4. سی این آئی سی کی کامیاب لازمی جمع کرانا:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹیفکیشن 2011/779 (1) SRO مورخہ 18 اگست 2011 کے مطابق وہ ممبرز / شیئرز ہولڈرز جنہوں نے اپنے درست سی این آئی سی کی فونو کاپی کمپنی کو جمع نہیں کروائی، ان کیلئے ضروری ہے کہ وہ اپنے سی این آئی سی کی کاپی جلد از جلد براہ راست کمپنی کے سیکرٹری جرنل / میسرز کارپانک (پرائیویٹ) لمیٹڈ، K-1 کرسٹل، ماڈل ٹاؤن، لاہور کو بھیجیں۔ ایس ای سی پی کی مذکورہ بالا SRO کے مطابق درست سی این آئی سی کی فونو کاپی موصول نہ ہونے کی صورت میں کمپنی مستقبل میں ان کے ڈیویڈنڈ کی منتقلی روک سکتی ہے۔

5. ڈیویڈنڈ بینک مینڈیٹ:

کینیڈا ایکٹ 2017ء کے سیکشن 242 کے تحت ممبرز سے درخواست ہے کہ وہ اپنا نقد منافع براہ راست بینک اکاؤنٹ میں وصول کرنے کیلئے اپنے سی این آئی سی اور بینک اکاؤنٹ کی تفصیل بشمول بینک کا نام، بینک برانچ کا پتہ اور انٹرنیشنل بینک اکاؤنٹ نمبر (آئی بی اے این) فراہم کریں۔ تاہم وہ تمام ممبرز جنہوں نے ابھی تک اپنے سی این آئی سی اور بینک اکاؤنٹ کی تفصیل فراہم نہیں کی انہیں ایک بار پھر یاد دہانی کرائی جارہی ہے کہ وہ فوری طور پر اپنے سی این آئی سی کی کاپی اور اپنا ڈیویڈنڈ بینک مینڈیٹ فارم پُر کر کے کمپنی کے سیکرٹری جرنل / میسرز کارپانک (پرائیویٹ) لمیٹڈ کو بھیجیں۔ بینک اکاؤنٹ کی درست تفصیلات اور سی این آئی سی کی غیر موجودگی میں اس حوالے سے کمیشن کے بنائے گئے ایکٹ اور ریگولیشنز کی دفعات کی تعمیل کے تحت ان کے منافع کی رقم روک لی جائے گی۔ ڈیویڈنڈ بینک مینڈیٹ فارم کمپنی کی ویب سائٹ www.bata.com.pk پر بھی دستیاب ہے۔ وہ ممبرز جن کے شیئرز سی این آئی سی اکاؤنٹس میں ہیں وہ اپنے بینک مینڈیٹ فارم اپنے متعلقہ شرکا / ایجنٹ کو فراہم کریں۔

6. غیر دعویٰ شدہ منافع اور شیئرز ٹیکس:

شیئرز ہولڈرز کو مطلع کیا جاتا ہے کہ کینیڈا ایکٹ 2017ء کے سیکشن 244 اور غیر دعویٰ شدہ شیئرز، مضاربہ ٹیکس، ڈیویڈنڈز، دیگر انٹرنیشنل اور آن ڈسٹری بیوٹڈ اسٹاکس ریگولیشنز 2017ء کے مطابق، کینیڈا کیلئے ایس ای سی پی ڈیویڈنڈز فیڈرل گورنمنٹ کے کریڈٹ میں اور شیئرز کو کمیشن میں جمع کروانا ضروری ہے جو ادائیگی کی تاریخ سے لے کر تین (3) سال یا زیادہ عرصہ سے غیر دعویٰ شدہ ہیں یا وصول نہیں کئے گئے۔ اس حوالے سے متعلقہ شیئرز ہولڈرز کو پہلے ہی نوٹس دیئے جا چکے ہیں۔

7. پتہ کی تبدیلی اور زکوٰۃ سے استثنیٰ کے ڈکلیمریشن کی اطلاع:

شیئرز ٹیکس رکھنے والے ممبران اپنے رجسٹرڈ پتہ میں تبدیلی کے بارے میں شیئرز رجسٹرار کو آگاہ کریں اور، اگر قابل اطلاق ہے تو، اپنے زکوٰۃ سے استثنیٰ کے ڈکلیمریشن فراہم کریں۔ وہ ممبر جن کے شیئرز سی این آئی سی / مشترک اکاؤنٹ میں ہیں وہ سی این آئی سی یا اپنے متعلقہ شرکا / سٹاک بروکرز کے ساتھ اپنا ایڈریس اپ ڈیٹ کریں اور، اگر قابل اطلاق ہے تو، اپنے زکوٰۃ سے استثنیٰ کے ڈکلیمریشن فراہم کریں۔

سالانہ اجلاس عام کی اطلاع

باٹا پاکستان لمیٹڈ

بذریعہ نوٹس ہذا تمام شیئرز ہولڈرز/ ممبرز کو مطلع کیا جاتا ہے کہ باٹا پاکستان کا 68 واں سالانہ عام اجلاس کمپنی کے رجسٹرڈ آفس ہاؤس باٹا پور، ضلع لاہور میں مورخہ 20 مئی 2020ء صبح 10:00 بجے مندرجہ ذیل کاروباری امور انجام دہی کیلئے منعقد ہوگا۔

- 1- مورخہ 25 اپریل 2019ء کو منعقد ہونے والے 67 ویں سالانہ اجلاس عام کی کارروائی کی توثیق۔
- 2- مورخہ 31 دسمبر 2019ء 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 900 فیصد (10 روپے کے فی شیئر پر 90 روپے) اضافی عبوری نقد منافع جو پہلے ہی شیئرز ہولڈرز کو دیا جا چکا ہے، جس سے کل نقد منافع 1500 فیصد (10 روپے کے فی شیئر پر 150 روپے) ہو جاتا ہے۔
- 4- 31 دسمبر 2020ء کو ختم ہونے والے سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔ ریٹائرڈ ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے، اہلیت کی بنا پر، خود کو دوبارہ کمپنی کے آڈیٹرز مقرر کئے جانے کی پیشکش کی ہے۔
- 5- چیئرمین کی اجازت سے معمول کی کوئی بھی دیگر سرگرمی۔

حسب الحکم بورڈ،

(حافظ مدثر حسن کامران)

کمپنی سیکریٹری

باٹا پور لاہور:

23 اپریل 2020

نوٹس:

1. سالانہ رپورٹ:

موجودہ لاک ڈاؤن کی وجہ سے، کمپنی کو سالانہ رپورٹ کی نقول کی پرنٹنگ اور شیئرز ہولڈرز کو ترسیل کے سلسلے میں مشکلات کا سامنا ہے۔ تاہم، 31 دسمبر 2019ء کو ختم ہونے والے سال کی سالانہ رپورٹ ہماری ویب سائٹ www.bata.com.pk سے ڈاؤن لوڈ کی جاسکتی ہے۔ وہ شیئرز ہولڈرز جو ای میل کے ذریعے سالانہ رپورٹ کی الیکٹرانک کاپی حاصل کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنی درخواست اس ای میل ایڈریس: investorcare.pk@bata.com پر مورخہ 10 مئی 2020ء کو یا اس سے پہلے ارسال کریں۔ انہیں سالانہ رپورٹ کی پی ڈی ایف کاپی بذریعہ ای میل ارسال کی جائے گی۔

2. شیئرز انسفر بکس کی بندش:

کمپنی کی شیئرز انسفر بکس مورخہ 13 مئی 2020ء سے 20 مئی 2020ء تک (بشمول دونوں ایام) بند رہیں گی جبکہ اس دوران رجسٹریشن کیلئے کمپنی شیئرز انسفر کی کوئی درخواست قبول نہیں کی جائے گی۔ کمپنی کے شیئرز رجسٹرار، میسر کارپلائک (پرائیویٹ) لمیٹڈ، K-1 کمرشل، ماڈل ٹاؤن، لاہور کو انسفر کیلئے مورخہ 12 مئی 2020ء کو کاروبار کے اختتام تک موصول ہونے والی درخواستوں کو ووٹ اور حتمی نقد منافع کے استحقاق کیلئے بروقت تصور کیا جائے گا۔

3. ممبران کی حاضری:

A- اجلاس میں شرکت کیلئے:

COVID-19 دباؤ کی وجہ سے پیدا ہونے والے خطرات اور ہمارے شیئرز ہولڈرز کے تحفظ کے پیش نظر، کمپنی نے سالانہ اجلاس عام الیکٹرانک طریقے سے ویڈیولنک کے ذریعے منعقد کرنے کا فیصلہ کیا ہے اور سالانہ اجلاس عام کے انعقاد کیلئے کوئی مخصوص جگہ نہیں ہوگی۔

(i) ممبران اجلاس میں حاضری کے تقاضوں کو مکمل کرنے کے بعد اپنے اسارٹ فون یا کمپیوٹر ڈیوائس کے ذریعے ویڈیولنک انتظامات میں لاگ ان کر سکتے ہیں جو ممبران کو شناخت اور توثیق کی باضابطہ کارروائی مکمل کرنے کے بعد فراہم کیے جائیں گے۔ ممبران سے گزارش ہے کہ وہ اپنا نام، قومی شناختی کارڈ (دونوں اطراف سے اسکن شدہ کاپیاں)، فوٹیو نمبر، موبائل فون نمبر اور ای میل ایڈریس مورخہ 18 مئی 2020ء کو سہ پہر 3:00 بجے تک یا اس سے پہلے اس ای میل ایڈریس: investorcare.pk@bata.com پر فراہم کریں۔ سالانہ اجلاس عام کے ویڈیولنک انتظامات کی تفصیلات صرف ان ممبران کو ارسال کی جائیں گی جو مذکورہ تاریخ اور وقت تک درج بالا تفصیلات فراہم کریں گے۔

Key Operating Highlights

Year		2019	2018	2017	2016	2015	2014	2013
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	7,444,589	7,491,327	7,126,724	6,662,594	6,051,192	5,255,391	4,500,647
Total assets	Rs. ' 000s	15,878,369	10,693,121	9,524,326	9,084,556	8,239,266	7,391,089	6,389,270
Property, plant and equipment	Rs. ' 000s	1,866,897	1,643,028	1,511,909	1,420,757	1,470,821	1,392,241	1,116,281
Provision for gratuity	Rs. ' 000s	83,476	81,421	76,030	72,150	68,805	53,135	54,424
Current assets	Rs. ' 000s	9,259,645	8,970,446	7,930,147	7,585,132	6,684,071	5,909,432	5,206,538
Current liabilities	Rs. ' 000s	4,325,671	3,051,863	2,235,773	2,264,332	2,025,534	1,977,587	1,746,343
Trading Results								
Sales	Rs. ' 000s	17,424,894	16,795,231	15,496,810	15,082,171	14,781,520	13,767,156	12,774,438
Gross profit	Rs. ' 000s	7,869,944	7,525,873	6,620,836	6,193,926	6,005,197	5,379,123	4,994,113
Operating profit	Rs. ' 000s	2,294,479	2,307,940	2,220,158	2,140,580	2,131,784	1,919,321	1,740,903
Profit before tax	Rs. ' 000s	1,504,279	2,265,902	2,180,270	2,100,645	2,101,280	1,887,916	1,714,388
Profit after tax	Rs. ' 000s	1,088,862	1,501,409	1,524,466	1,442,016	1,445,500	1,339,412	1,232,422
Distribution								
Interim cash dividend - paid	%	900.00	900.00	800.00	650.00	510.00	430.00	650.00
Final cash dividend - proposed/paid	%	600.00	600.00	600.00	600.00	450.00	340.00	350.00
Financial Ratios and Values								
Gross profit	%	45.16	44.81	42.72	41.07	40.63	39.07	39.09
Operating profit	%	13.17	13.74	14.33	14.19	14.42	13.94	13.63
Profit before tax	%	8.63	13.49	14.07	13.93	14.22	13.71	13.42
Profit after tax	%	6.25	8.94	9.84	9.56	9.78	9.73	9.65
Return on equity	%	14.63	20.04	21.39	21.64	23.89	25.49	27.38
Price earning ratio	Times	13.84	7.78	12.16	22.60	17.10	19.70	17.13
Dividend yield	%	7.02	9.71	5.71	2.55	2.69	2.23	3.15
Earnings per share	Rs.	144.03	198.60	201.65	190.74	191.20	177.17	163.02
Debt : equity ratio	Times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Current ratio	Times	2.14 : 1	2.94 : 1	3.55 : 1	3.35 : 1	3.30 : 1	2.99 : 1	2.98 : 1
Average stock turns - value	Times	2.38	2.49	2.78	3.03	3.08	3.29	3.40
Debtors turnover	Times	7.28	2.21	2.84	3.57	6.34	9.47	12.90
Average collection period	Days	50	165	129	102	58	39	28
Property, plant and equipment turnover	Times	9.33	10.22	10.25	10.62	10.05	9.89	11.44
Break up value per share	Rs.	984.73	990.92	942.69	881.30	800.42	695.16	595.32
Market price per share	Rs.	1,993.06	1,545.00	2,452.27	4,310.00	3,269.70	3,490.00	2,792.46
Market capitalization	Rs. ' 000s	15,067,534	11,680,200	18,539,161	32,583,600	24,718,932	26,384,400	21,110,998
Other information								
Permanent employees	Number	2,683	2,693	2,421	2,492	2,544	2,485	2,343
Retail outlets	Number	462	476	435	412	417	407	395
Wholesale depots	Number	10	12	12	13	13	13	13
Installed capacity	Pairs ' 000s	19,375	20,290	20,329	19,439	18,941	17,305	16,202
Actual production	Pairs ' 000s	15,647	15,832	16,932	16,545	16,123	17,117	16,491
Capacity utilization	%	80.76	78.03	83.29	85.11	85.12	98.91	101.78
Capital expenditure	Rs. ' 000s	482,170	387,501	311,326	177,751	340,725	505,102	332,942
Contribution to the National Exchequer	Rs. ' 000s	3,101,414	2,662,527	2,486,279	2,420,794	2,205,089	2,013,668	1,678,484

NEW
ARRIVALS
EVERY
FRIDAY



Surprisingly
Bata

A large red geometric shape, consisting of several overlapping triangles and polygons, occupies the bottom right portion of the page. The text is overlaid on this red area.

Corporate Social Responsibility



We organized health awareness camp for students of Government Girls Middle School Dogaich Lahore.



We arranged dental and hygiene awareness camps at Batapur and Maraka.



Under National Internship Program, fresh graduates from different areas of Pakistan completed their two months internship in factory.



We also donated pairs of shoes to the children studying in different schools.



Company arranged free medical camps in different villages with the help of our medical team.



Company organized annual sports function for children studying in Eisar Taleem-o-Tarbiat School.



A water filtration plant has been installed to provide clean and safe drinking water to the community at Maraka.

Value Added and its Distribution

To Buy Material, Finished Goods and Services

70.3%

To Employees Salaries, Wages and Benefits

9.8%

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

14.3%

Finance Cost

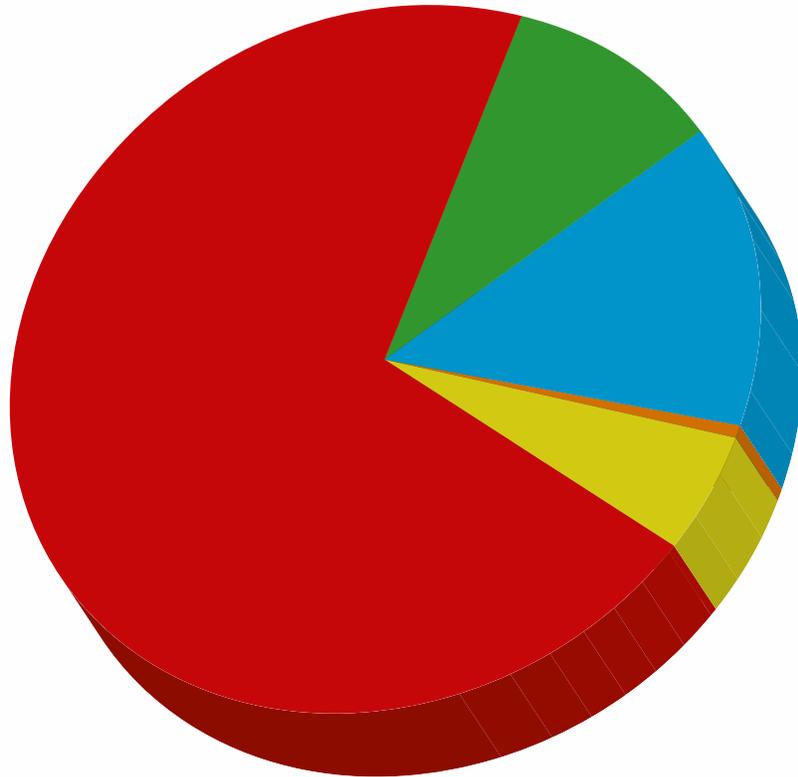
0.4%

To Shareholders Dividend

5.2%

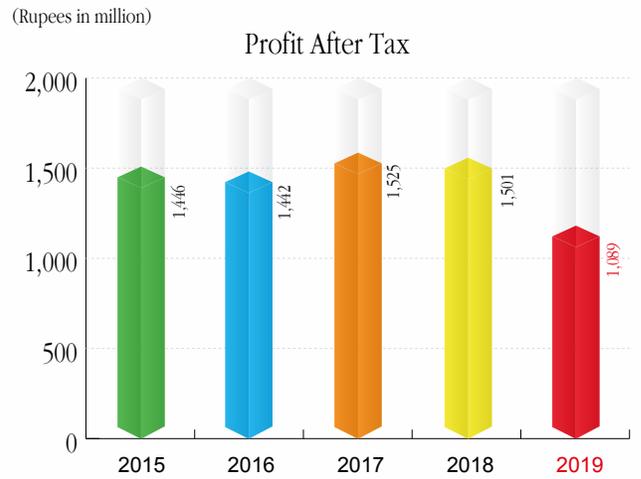
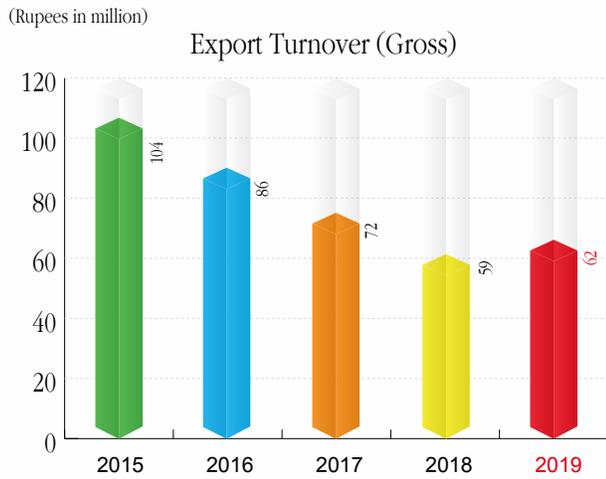
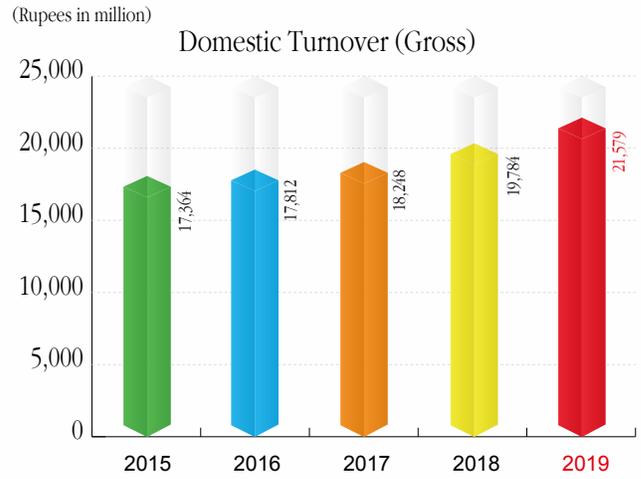
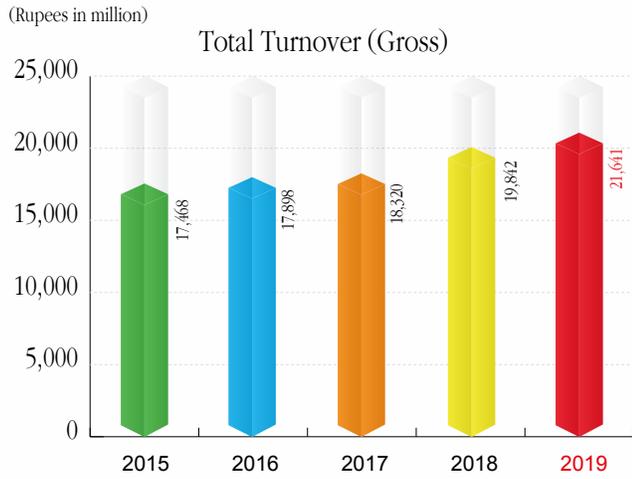
Retained in Business for Retail Expansion and Operations

0.0%



	2019		2018	
	Rs.000s	%	Rs.000s	%
Revenue Generated				
Sales	21,640,942		19,842,439	
Other Income	30,944		45,903	
	21,671,886	100	19,888,342	100
Revenue Distributed				
To Buy Material, Finished Goods and Services	15,222,445	70.3	13,668,492	68.8
To Employees - Salaries, Wages and Benefits	2,133,878	9.8	2,016,682	10.1
To Government - Income Tax, Sales Tax, Custom & Excise Duties, WWF, WPPF, EOBI, Social Security, Professional and Local Taxes	3,101,414	14.3	2,662,527	13.4
Finance Cost	80,149	0.4	42,038	0.2
To Shareholders - Dividend	1,134,000	5.2	1,134,000	5.7
Retained in Business - For Retail Expansion and Operations	–	0.0	364,603	1.8
	21,671,886	100	19,888,342	100

Operational Statistics



Chairman's Review Report

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

Bata Pakistan Limited complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors (the "Board") of Bata Pakistan Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed and implemented.

For the purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended December 31, 2019 and I report that:

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

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

1. Vision, Mission and Values:

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

2. Engagement in Strategic Planning:

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

3. Diligence:

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

4. Monitoring of Organization's Business Activities:

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

5. Diversity and Mix:

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

6. Governance and Control Environment:

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

7. Compliance with Regulatory Requirements:

The board has complied with all the regulatory requirements and acted in accordance with the applicable laws and best practices.

Furthermore, during the year all the significant issues were presented before the Board and its committees to strengthen and formalize the corporate decision making process, particularly all the related party transactions were approved by the Board on the recommendation of the Audit committee.

Batapur:
LAHORE: February 26, 2020

ROBERTO LONGO
CHAIRMAN

چیئر مین کی جائزہ رپورٹ

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

ہائیا پاکستان لمیٹڈ اپنی ترکیب، طریقہ کار اور بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاسوں کے حوالے سے کینیڈا ایکٹ 2017 اور سیکشن 192 (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں دیئے گئے تقاضوں پر پوری طرح عمل پیرا ہے۔ کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق ہائیا پاکستان لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز ("بورڈ") کی سالانہ جانچ کی جاتی ہے۔ اس جانچ کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور فعالیت کو ناپا جائے اور کمپنی کیلئے طے کردہ مقاصد کے تناظر میں توقعات کے مطابق اس کا معیار بنایا جائے۔ جن پہلوؤں میں بہتری کی ضرورت ہوتی ہے ان پر باقاعدگی سے غور کیا جاتا ہے اور عملی منصوبے تیار کر کے ان پر عمل درآمد کیا جاتا ہے۔

بورڈ کی جانچ کے مقصد کیلئے ایک جامع معیار تیار کیا گیا ہے۔ بورڈ نے 31 دسمبر 2019 کو ختم ہونے والے سال کیلئے حال ہی میں اپنی سالانہ ذاتی جانچ مکمل کی ہے اور میں رپورٹ کرتا ہوں کہ:

بورڈ کی سال کیلئے منظور شدہ معیار کی بنیادوں پر جانچی گئی مجموعی کارکردگی اطمینان بخش تھی۔

مجموعی تسلی بخش تین درج ذیل لازمی اجزاء کی جانچ کی بنیاد پر ہے، کمپنی کے مقاصد کے حصول میں جن کی براہ راست ذمہ داری بورڈ کے کردار پر عائد ہوتی ہے:

1. ویزن، مشن اور ویلیوز:

بورڈ ممبرز موجودہ ویزن، مشن اور ویلیوز سے پوری طرح واقف ہیں اور ان کی حمایت کرتے ہیں۔ بورڈ وقتاً فوقتاً مشن اور ویزن سٹیٹمنٹ کا اعادہ کرتا رہتا ہے۔

2. حکمت عملی سے متعلق منصوبہ بندی میں مصروفیت:

بورڈ اپنے متعلقین، جنہیں کمپنی خدمات فراہم کرتی ہے (شیئر ہولڈرز، کسٹمرز، ملازمین، ویڈرز، اور بڑے پیمانے پر معاشرہ) کی واضح سمجھ بوجھ رکھتا ہے۔ بورڈ حکمت عملی سے متعلق پوری بصیرت رکھتا ہے کہ ادارے کو اگلے تین سے پانچ سال میں آگے کیسے بڑھنا چاہیے۔ مزید برآں بورڈ کارکردگی کے تمام بڑے پہلوؤں کے حوالے سے انتظامیہ کیلئے سالانہ مقاصد اور اہداف مقرر کرتا ہے۔

3. جانفشانی:

بورڈ ممبرز نے پوری تندرستی سے اپنے فرائض سرانجام دیئے اور کاروباری حکمت عملی، کارپوریٹ مقاصد، منصوبوں، بجٹ، مالیاتی گوشواروں اور دیگر پورٹس کا بخوبی جائزہ لیا، ان پر تبادلہ خیال کیا اور ان کی منظوری دی۔ اس نے بورڈ اور کمیٹی کے اجلاسوں سے کافی وقت پہلے واضح ایجنڈے اور ان کی حمایت میں تحریری مواد حاصل کیا۔ بورڈ نے اپنی ذمہ داریوں کو موزوں طریقے سے انجام دینے کیلئے کثرت سے ملاقاتیں کی ہیں۔

4. ادارے کی کاروباری سرگرمیوں کی نگرانی:

بورڈ انتظامیہ، اندرونی اور بیرونی ڈیٹا اور دیگر آزاد کونسلٹنٹس کی طرف سے باقاعدگی کے ساتھ پریمیٹیشنز کے ذریعے کمپنی کے مقاصد کے حصول، اہداف، حکمت عملی اور مالیاتی کارکردگی سے باخبر رہا ہے۔ بورڈ نے بروقت بنیادوں پر نگرانی اور درست سمت میں رہنمائی فراہم کی ہے۔

5. تنوع اور مرکب:

بورڈ ممبرز موثر طریقے سے بورڈ میں تنوع لائے اور آزاد اور غیر انتظامی ڈائریکٹرز کا ایک مرکب تشکیل دیا۔ غیر انتظامی اور آزاد ڈائریکٹرز کو بورڈ کے اہم فیصلوں میں مساوی طور پر شامل کیا گیا۔

6. گورننس اور کنٹرول انوائرنمنٹ:

بورڈ نے گورننس کے ایک شفاف اور مضبوط نظام کے ذریعے موثر انداز میں اعلیٰ معیار قائم کیا ہے۔ یہ ایک موثر کنٹرول انوائرنمنٹ کے قیام، کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل اور پوری کمپنی میں اخلاقی اور مصفاہ رویے کے فروغ سے صاف ظاہر ہے۔

7. ریگولیٹری ضروریات کے مطابق تعمیل:

بورڈ نے تمام ریگولیٹری تقاضوں کی تعمیل کی ہے اور قابل اطلاق قوانین اور بہترین طریقوں کے مطابق کام کیا ہے۔

مزید برآں، کاروباری فیصلہ سازی کے عمل کو مضبوط اور باقاعدہ بنانے کیلئے پورے سال کے دوران تمام اہم معاملات کو بورڈ اور اس کی کمیٹیوں کے سامنے پیش کیا گیا، خاص طور پر تمام متعلقہ پارٹیوں کے ساتھ لین دین کو بورڈ کی طرف سے آڈٹ کمیٹی کی سفارشات پر منظور کیا گیا۔

بہتنام: ہائیا پور، لاہور

بتاریخ: 26 فروری 2020ء

راہول انگو

چیئر مین

NEW ARRIVALS EVERY FRIDAY



Surprisingly
Bata



Directors' Report To The Members

DIRECTORS' REPORT TO THE MEMBERS

Directors are pleased to submit this report and financial statements of the Company for the year ended December 31, 2019.

1. Principal Activity

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

2. Holding Company

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

3. Financial results

A brief financial analysis is presented as under:

Operating Results	2019	2018	Increase / (Decrease)
	Amount in (000's)		
Turnover	21,640,942	19,842,439	9.06%
Net Turnover	17,424,894	16,795,231	3.75%
Gross Profit	7,869,944	7,525,873	4.57%
Gross Profit %	45.16%	44.81%	35bps
Distribution Costs	4,304,357	3,951,287	8.94%
Administrative Expenses	1,124,464	1,101,934	2.04%
Operating Profit	2,294,479	2,307,940	(0.58)%
Profit After Tax	1,088,862	1,501,409	(27.48)%
Earnings per Share - Rupees	144.03	198.60	(27.48)%

4. Financial Results and Developments

The Company's business achieved net turnover of Rs. 17.425 billion showing a growth of 4% over last year. The gross profit was recorded at Rs. 7.870 billion against last year of Rs. 7.526 billion. Operating profit was Rs. 2.295 billion against Rs. 2.308 billion of last year. Profit after taxation was Rs. 1.089 billion compared to Rs. 1.501 billion of last year. The Company achieved earnings per share of Rs. 144.03 against Rs. 198.60 of last year.

Our retail division continues to grow with the current setup along with the new stores and achieved a growth of 6%. In order to sustain this growth and to provide friendly and modern atmosphere in the stores, an amount of Rs. 336 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 stores concept.

The Company has an effective cash flow management system in place whereby cash inflows and outflows are projected on regular basis. The profit on short term investments and bank deposits along with income/discounts from early payment to suppliers was Rs. 13.186 million. The Board is satisfied that there are no short or long term financial constraints at the close of the year.

The Company has adopted IFRS 9 using modified retrospective approach as permitted by this standard, according to which the Company is not required to restate the prior period results. The adoption of IFRS 9 has not resulted in an adjustment on the opening balance of un-appropriated profit. In respect of classification of financial assets, the Company's management has assessed which business models apply to the financial assets held by the company and has classified its financial instruments into the appropriate IFRS 9 categories.

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

During the period, the Company has adopted IFRS 16, 'Leases' from January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. It requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The Company has not restated comparatives

for the year ended December 31, 2018, as permitted under the specific transitional provisions in the standard. On adoption of IFRS 16, the company recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17 ‘Leases’. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019. Earnings per share decreased by Rs. 43.27 per share for the year ended December 31, 2019 as a result of the adoption of IFRS 16.

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

5. Earning per share

Earning per share for the year ended December 31, 2019 was Rs. 144.03 as against Rs. 198.60 of the preceding year.

6. Appropriation of Profit

The financial results of the Company are as under:

	Year ended December 31, 2019
	Rs. ('000)
Profit before taxation	1,504,279
Less: Provision for taxation	
Current	(564,154)
Prior years	34,385
Deferred	114,352
	(415,417)
Profit after tax	1,088,862
Unappropriated profit brought forward from last year	818,244
Experience adjustments - Employee Benefits	(1,600)
Profit available for appropriations	1,905,506
Final dividend 2018 @ Rs. 60.00 per share	(453,600)
Interim dividend 2019 @ Rs. 90.00 per share	(680,400)
Transfer to general reserve	(360,000)
	(1,494,000)
Unappropriated profit carried forward	411,506

The directors in their meeting held on February 26, 2020 have also proposed a final cash dividend Rs. 60 per share (2018: Final dividend Rs. 60.00 per share).

7. Principal Risk and Uncertainties

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

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

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

8. Corporate Social Responsibility

Under National Internship Program, 19 fresh graduates from different areas of Pakistan completed their two months internship in factory and sales. A water filtration plant has been installed to provide clean and safe drinking water to the community at Maraka. Company organized annual sports function for 900 children studying in Eisar Taleem-o-Tarbiat School and Presbyterian Education Board Lahore. Company organized scientific model project in a local school for underprivileged children, where the students presented their creations/projects made under the supervision of their mentors / teachers. We also donated 1872 pairs of shoes to the underprivileged children studying in different schools and arranged mentorship session in a local government school with the help of our volunteers who inspired the students in career counselling and creative writing skills.

Our volunteers spent quality time with the children of SOS Village Lahore and distributed gifts amongst them. Uniforms, books and shoes amongst 1,450 underprivileged children were distributed studying in different schools at Lahore. Winter School uniforms distributed amongst 1,700 children living in different orphanages and remote areas.

Company arranged free medical camps in different villages with the help of our medical team and volunteers and sponsored various fund raising functions arranged by different philanthropic organizations. We organized health awareness and medical camp for 260 students of Government Girls Middle school Dogaich Lahore. Besides, we arranged dental and hygiene awareness camps at Batapur and Maraka factories to spread awareness amongst our employees and also sponsored sports events arranged by federations affiliated with the Punjab Sports Board.

9. Environmental Impact

In order to impart our role for better environment, we planted more than 1,700 trees / saplings at Batapur and Branch Factory Maraka.

10. Future Outlook

Despite the tough economic environment especially slow down in economy and high inflation, Company remains fully committed and optimistic about the future growth of the business whereby it tries to present best products alongwith excellent shopping experience to its customers.

11. Internal Financial Controls

The Directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The Directors have completed their annual review and assessment for the year ended December 31, 2019.

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

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

The requirements of the Regulations relevant for the year ended December 31, 2019 have been adopted by the Company and have been fully complied with. A statement to this effect is annexed to the Report.

13. Corporate and Financial Reporting Framework

The Directors of your company state that:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and International Financial Reporting Standards, as applicable in Pakistan. These statements present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accordingly estimates are based on reasonable and prudent judgment. Change in accounting policy, if any has been adequately disclosed.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the internal audit department.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance as detailed in listing regulations of Pakistan Stock Exchange.
- h) Key operating and financial data of last six years is annexed to this report.
- i) Information about taxes and levies outstanding as at December 31, 2019 is given in the notes to the annexed financial statements.
- j) The valuation of investment made by the Provident Fund Trust Rs. 1.451 billion as on December 31, 2019 as per audited accounts.

- k) No trading in the shares of the Company was carried out by the Directors, CEO, CFO and Company Secretary, their spouses and minor children.

14. Composition of Board

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

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

* This includes one female director

The Board held five (5) meetings during the year. Attendance by each Director was as follows:

Directors' Name		Meetings Attended	Eligible to attend
Mr. Roberto Longo (Chairman of the Board)	Non - Executive Director	3	5
Mr. Muhammad Imran Malik	Executive Director	5	5
Mr. Amjad Farooq	Executive Director	3	3
Mr. Asad Ali Zaidi	Executive Director	3	3
Mr. Toh Guan Kiat	Non - Executive Director	3	5
Mr. Aamir Amin	Non - Executive Director	5	5
Mr. Muhammad Maqbool	Independent Director	5	5
Ms. Fatima Asad Khan	Independent Director	2	3
Mr. Kamal Monnoo	Independent Director	5	5
Resigned during the year			
Mr. Rafel Dasca Vinyals	Executive Director	2	2
Mr. Ijaz Ahmed Chaudhry	Non - Executive Director	2	2
Mr. Shahid Anwar	Non - Executive Director	-	1

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

On appointment as Chief Financial Officer, Mr. Amjad Farooq resigned from the position as Company Secretary and Mr. Hafiz Mudassar Hassan Kamran was appointed as Company Secretary of the Company.

The Company has already met the criteria specified in the Regulations till June 30, 2019 pertaining to Directors' training program. Therefore, no such training program was conducted during the year.

15. Remuneration of Non-Executive Directors

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

16. Audit Committee

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

		Meetings Attended	Eligible to attend
Mr. Muhammad Maqbool	Chairman	4	4
Mr. Roberto Longo	Member	3	4
Mr. Toh Guan Kiat	Member	1	2
Resigned during the year			
Mr. Ijaz Ahmed Chaudhry	Member	2	2

Mr. Ejaz Siddiqui resigned from the position as Secretary Audit Committee and Mr. Hafiz Mudassar Hassan Kamran was appointed as Secretary Audit Committee of the Company.

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

17. Human Resource and Remuneration Committee

The HR Committee held two (02) meetings during the year. Attendance by each member was as follows:

		Meetings Attended	Eligible to attend
Mr. Muhammad Maqbool	Chairman	2	2
Mr. Muhammad Imran Malik	Member	2	2
Mr. Toh Guan Kiat	Member	–	–
Resigned during the year			
Mr. Ijaz Ahmed Chaudhry	Member	1	1

Mr. Amjad Farooq resigned from the position as Secretary Human Resource and Remuneration Committee and Mr. Hafiz Mudassar Hassan Kamran was appointed as Secretary Human Resource and Remuneration Committee of the Company.

18. Auditors

The present Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire and offer themselves for re-appointment. The Board of Directors, on recommendation of Audit Committee, proposes the re-appointment of Messrs. A.F. Ferguson & Co., Chartered Accountants, for the year ending December 31, 2020.

19. The Pattern of Shareholding

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

20. Subsequent Events

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

21. Related Party Transactions

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

22. Acknowledgement

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

Place: Batapur, Lahore
Date: February 26, 2020

DIRECTOR

On behalf of the
BOARD OF DIRECTORS

MUHAMMAD IMRAN MALIK
CHIEF EXECUTIVE

19. شیئر ہولڈنگ کا خاکہ

31 دسمبر 2019ء کو شیئر ہولڈنگ کا خاکہ اور سٹاک کمپنیوں (کوڈ آف کارپوریشن گورننس) ضوابط، 2019 (ضوابط) کے تقاضوں کے مطابق اس کے افشاء کو اس رپورٹ میں شامل کیا گیا ہے۔

20. مابعد واقعات

جس مالی سال سے یہ مالیاتی گوشوارے تعلق رکھتے ہیں اس کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے دوران کوئی ایسی مادی تبدیلیاں یا معاہدات وقوع پذیر نہیں ہوئے جو کہ کمپنی کی مالی حیثیت پر اثر انداز ہوتے ہوں۔

21. متعلقہ پارٹی لین دین

متعلقہ فریقین اور وابستہ اداروں کے ساتھ لین دین آڈٹ کمیٹی کے سامنے رکھا گیا تھا اور اس کی سفارشات پر بورڈ آف ڈائریکٹرز نے منظوری دی تھی۔

22. اعتراف

ہم اس موقع پر ہماری مصنوعات میں اعتماد کیلئے اپنے کسٹمرز کا، کمپنی کیلئے کی گئی کوششوں کیلئے اپنے ملازمین کا، اور مسلسل معاونت کیلئے تمام دیگر متعلقین کے شکر گزار ہیں اور انہیں تبادلے سے خراج تحسین پیش کرتے ہیں۔

حسب الحکم

بورڈ آف ڈائریکٹرز

بہ مقام: بانا پور، لاہور

بتاریخ: 26 فروری 2020ء

ڈائریکٹر

محمد عمران ملک

چیف ایگزیکٹو

جوڈائزیکٹرز بورڈ کے کچھ اجلاسوں میں شرکت نہ کر سکے انہیں غیر حاضری کی رخصت دے دی گئی۔
 چیف فنانشل آفیسر کے طور پر تقرری کے موقع پر، جناب امجد فاروق نے کمپنی سیکریٹری کے عہدے سے استعفیٰ دے دیا اور جناب حافظ مدثر حسن کا مران کو کمپنی کا سیکریٹری مقرر کیا گیا۔
 کمپنی 30 جون 2019ء تک ڈائریکٹرز کی تربیت کے پروگرام سے متعلق ضوابط کے معیار کو پہلے ہی پورا کر چکی ہے۔ لہذا سال کے دوران اس طرح کا کوئی ترقیاتی پروگرام منعقد نہیں کیا گیا۔

15. غیر انتظامی ڈائریکٹرز کا معاوضہ

کمپنی اپنے غیر انتظامی ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے علاوہ کوئی معاوضہ ادا نہیں کرے گی۔ کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کیلئے ڈائریکٹرز کے سفر اور رہائش کے اخراجات اٹھائے گی یا ادا کرے گی۔ بورڈ آف ڈائریکٹرز وقتاً فوقتاً ڈائریکٹرز کی پالیسی کا جائزہ لے گا اور اس کی منظوری دے گا۔ انتظامی اور غیر انتظامی ڈائریکٹرز کے الگ الگ معاوضہ کی مجموعی رقم کی تفصیلات، بشمول تنخواہ/فیس، اضافی مراعات، فوائد اور کارکردگی سے جزی ترقیاتی منسلک مالیاتی گوشواروں میں سامنے لائی گئی ہے۔

16. آڈٹ کمیٹی

آڈٹ کمیٹی نے سال کے دوران چار (4) اجلاس منعقد کئے۔ ہر ممبر کی حاضری مندرجہ ذیل تھی۔

حاضری کی اہلیت	اجلاس میں حاضری	ممبر	مستعمل
4	4	چیئرمین	مسٹر محمد مقبول
4	3	ممبر	مسٹر رابرٹو لانگو
2	1	ممبر	مسٹر ٹوگوان کیات
			سال کے دوران مستعفی ہوئے
2	2	ممبر	مسٹر اعجاز احمد چوہدری

جناب اعجاز صدیقی سیکریٹری آڈٹ کمیٹی کے عہدے سے استعفیٰ دے دیا اور جناب حافظ مدثر حسن کا مران کو کمپنی کا سیکریٹری آڈٹ کمیٹی مقرر کیا گیا۔

آڈٹ کمیٹی نے سرمایہ، نصف سالانہ اور سالانہ مالیاتی گوشوارے بورڈ کو جمع کروانے اور اشاعت سے پہلے ان کا جائزہ لیا۔ سی ایف او، اندرونی آڈٹ کے سربراہ اور بیرونی آڈٹرز کے نمائندوں نے اجلاسوں میں شرکت کی جن میں اکاؤنٹس اور آڈٹ سے متعلق معاملات پر تبادلہ خیال کیا گیا۔ آڈٹ کمیٹی نے اندرونی آڈٹ نتائج کا بھی جائزہ لیا اور لسٹڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء (ضوابط) کے تقاضوں کے مطابق اندرونی اور بیرونی آڈٹرز کے ساتھ الگ اجلاس منعقد کئے۔ آڈٹ کمیٹی نے بیرونی آڈٹرز کے ساتھ ان کے انتظامیہ کے نام خط پر بھی تبادلہ خیال کیا۔ متعلقہ پارٹیوں کا لین دین بھی منظوری کیلئے بورڈ کو پیش کرنے سے قبل آڈٹ کمیٹی کے سامنے رکھا گیا۔

17. انسانی وسائل اور اجرت کمیٹی

ایچ آر کمیٹی نے سال کے دوران دو (2) اجلاس منعقد کئے۔ ہر ممبر کی حاضری مندرجہ ذیل تھی۔

حاضری کی اہلیت	اجلاس میں حاضری	ممبر	مستعمل
2	2	چیئرمین	مسٹر محمد مقبول
2	2	ممبر	مسٹر محمد عمران ملک
-	-	ممبر	مسٹر ٹوگوان کیات
			سال کی دوران مستعفی ہوئے
1	1	ممبر	مسٹر اعجاز احمد چوہدری

مسٹر امجد فاروق نے سیکریٹری انسانی وسائل اور اجرت کمیٹی سے استعفیٰ دیا اور مسٹر حافظ مدثر حسن کا مران کو سیکریٹری انسانی وسائل اور اجرت کمیٹی مقرر کیا گیا۔

18. آڈٹرز

موجودہ آڈٹرز، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس ریٹائر ہوئے اور انہوں نے اپنی دوبارہ تعیناتی کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر، 31 دسمبر 2020ء کو ختم ہونے والے سال کیلئے، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی دوبارہ تقرری کی تجویز پیش کی ہے۔

13. کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:
- (a) یہاں دیے گئے مالیاتی گوشوارے اور نوٹس کمپنی ایکٹ 2017ء اور پاکستان میں رائج انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کے مطابق تیار کئے گئے ہیں۔ یہ گوشوارے کمپنی کے معاملات، اس کے آپریشنز کے نتائج، نقد بہاؤ اور مالی حیثیت میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- (b) کمپنی کے حسابات کی کتب کو درست طریقے سے برقرار رکھا گیا ہے۔
- (c) مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اسی طرح تمام تخمینے مناسب اور محتاط اندازوں پر مبنی ہیں۔ اکاؤنٹ پالیسی میں تبدیلی، اگر کوئی ہو تو، مناسب طور پر سامنے لائی گئی ہے۔
- (d) مالیاتی گوشواروں کی تیاری کیلئے پاکستان میں رائج انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی پیروی کی گئی ہے۔
- (e) اندرونی کنٹرولز کا نظام ساخت کے اعتبار سے پوری طرح مستحکم ہے اور موثر طریقے سے لاگو کیا گیا ہے اور اندرونی آڈٹ ڈیپارٹمنٹ اس کا مسلسل جائزہ لے رہا ہے۔
- (f) کمپنی کو جاری رکھنے کی قابلیت پر کوئی نمایاں شکوک و شبہات نہیں ہیں۔
- (g) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں ہے جیسا کہ پاکستان سٹاک ایکسچینج کے قواعد میں تفصیل درج ہے۔
- (h) گزشتہ چھ سالوں کے اہم آپرٹنگ اور مالیاتی اعداد و شمار اس رپورٹ میں شامل ہیں۔
- (i) 31 دسمبر 2019ء تک واجب الادا ایکسز اور محصولات کے بارے میں معلومات نوٹس میں دی گئی ہیں جو کہ مالیاتی گوشواروں کا حصہ ہیں۔
- (j) آڈٹ شدہ اکاؤنٹس کے مطابق 31 دسمبر 2019ء تک پراویڈنٹ فنڈ ٹرسٹ کی سرمایہ کاری کی مالیت 1.451 ارب روپے ہے۔
- (k) ڈائریکٹرز ہی ای او، سی ایف اور کمپنی سیکریٹری، ان کے اہل خاندان اور چھوٹے بچوں کے ذریعے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی گئی۔

14. بورڈ کی ترکیب

بورڈ مندرجہ ذیل ترکیب کے ساتھ آٹھ (08) مرد اور ایک (01) خاتون ڈائریکٹرز پر مشتمل ہے:

آزاد ڈائریکٹرز	3
دیگر غیر انتظامی ڈائریکٹرز	3
انتظامی ڈائریکٹرز	3

* اس میں ایک خاتون ڈائریکٹر شامل ہے۔

بورڈ نے سال کے دوران پانچ (5) اجلاس منعقد کئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	اجلاس میں حاضری	حاضری کی اہلیت
مسٹر ابراہیم گوٹو (چیئرمین بورڈ)	3	5
مسٹر محمد عمران ملک	5	5
مسٹر امجد فاروق	3	3
مسٹر اسد علی زیدی	3	3
مسٹر ٹوگوان کیات	3	5
مسٹر عامر امین	5	5
مسٹر محمد مقبول	5	5
مسماة فاطمہ اسد خان	2	3
مسٹر کمال منوں	5	5
سال کے دوران مستعفی ہوئے		
مسٹر رافیل ڈاسکا وینا لوز	2	2
مسٹر انجنا ز احمد چوہدری	2	2
مسٹر شاہد انور	-	1

7. بڑا خطرہ اور غیر یقینی حالات

کمپنی کو بعض موردی خطرات اور غیر یقینی صورتحال کا سامنا ہے۔ تاہم درج ذیل کو ہم بنیادی خطرات سمجھتے ہیں:

- * ہماری پروڈکٹ گینکریز میں نمایاں کمپیشن۔
 - * غیر ملکی کرنسی کی شرح تبادلہ میں ناسازگار پمپل اور اشیاء کی قیمتیں؛ اور
 - * کمپنی کے خلاف اہم مقدمات میں قانونی دعووں کے خطرات۔
- کمپنی اندرونی اور بیرونی متعلقین کے ساتھ مل کر مذکورہ بالا خطرات میں کمی/تخفیف کر کے ان کے اثرات کو ایک قابل قبول حد تک لانے کیلئے کام کرتی ہے۔

8. کارپوریٹ سماجی ذمہ داری

نیشنل انٹرن شپ پروگرام کے تحت پاکستان کے مختلف علاقوں سے 19 فریڈ گریجویٹس نے فیکٹری اور سٹورز میں اپنی دو ماہ کی انٹرن شپ مکمل کی۔ مراکز کے لوگوں کو پینے کا صاف اور محفوظ پانی فراہم کرنے کیلئے ایک واٹر فلٹریشن پلانٹ لگا یا گیا ہے۔ کمپنی نے ایثار تعلیم و تربیت سکول اور پریسیپیٹو سین ایجوکیشن بورڈ لاہور میں زیر تعلیم 900 بچوں کیلئے سالانہ سپورٹس فنکشن کا اہتمام کیا۔ کمپنی نے کم مراعات یافتہ بچوں کیلئے ایک مقامی سکول میں سائنسی ماڈل پروجیکٹ کا اہتمام کیا، جہاں طلباء نے اپنے مشیروں/اساتذہ کی نگرانی میں اپنی تخلیقات/منصوبے پیش کئے۔ ہم نے مختلف سکولوں میں زیر تعلیم کم مراعات یافتہ بچوں میں شوژ کے 1872 جوڑے بھی تقسیم کئے اور اپنے رضا کاروں کی مدد سے ایک مقامی گورنمنٹ سکول میں مشاورتی سیشن ترتیب دیا جنہوں نے کیریئر کونسلنگ اور تخلیقی تحریری صلاحیتوں کیلئے طالب علموں کی حوصلہ افزائی کی۔

ہمارے رضا کاروں نے ایس او ایس ویلج کے بچوں کے ساتھ بہترین وقت گزارا اور ان میں تحائف تقسیم کئے۔ لاہور کے مختلف سکولوں میں زیر تعلیم 1450 کم مراعات یافتہ بچوں میں یونیفارمز، کتاہیں اور شور تقسیم کئے گئے۔ مختلف یتیم خانوں اور ڈورڈرز علاقوں میں رہنے والے 1700 بچوں میں سردیوں کے سکول یونیفارمز تقسیم کئے گئے۔

کمپنی نے اپنی میڈیکل ٹیم اور رضا کاروں کی مدد سے مختلف دیہات میں فری میڈیکل کیسپس کا اہتمام کیا اور مختلف فلاحی تنظیموں کے زیر اہتمام فنڈ ریزنگ فنکشنز کی سرپرستی کی۔ ہم نے گورنمنٹ گرلز سکول ڈوگچ لاہور کی 260 طالبات کیلئے صحت سے آگاہی اور میڈیکل کیسپ کا انعقاد کیا۔ اس کے علاوہ ہم نے اپنے ملازمین میں شعور بیدار کرنے کیلئے بائوپورا اور مراکھنڈیوں میں دانتوں اور حفظان صحت سے متعلق آگاہی کیسپوں کا اہتمام کیا اور پنجاب سپورٹس بورڈ سے وابستہ فیڈریشنز کے زیر اہتمام سپورٹس ایونٹس کو بھی سپانسر کیا۔

9. ماحولیاتی اثر

ماحول کو بہتر بنانے میں اپنا کردار ادا کرنے کیلئے ہم نے بائوپورا اور برانچ فیکٹری مراکز میں 1700 سے زائد درخت اُپودے لگائے۔

10. مستقبل کی توقعات

مشکل اقتصادی ماحول خاص طور پر معیشت کی سست روی اور بلند افراط زر کے باوجود، کمپنی مستقبل میں کاروبار کی ترقی کے بارے میں پوری طرح پُر عزم اور پُر امید ہے، اور اپنے صارفین کو خریداری کے بہترین تجربے کے ساتھ بہترین مصنوعات پیش کرنے کی کوشش کرتی ہے۔

11. اندرونی مالیاتی کنٹرولز

ڈائریکٹرز اور انتظامیہ کمپنی کے اندرونی کنٹرول کے نظام اور شیڈر ہولڈرز کو ان کی سرمایہ کاری پر ذمہ دارانہ تخمین اور خطرات کے نظم و نسق کے ساتھ ریٹرن کی فراہمی کی فعالیت کا سالانہ جائزہ لینے کے ذمہ دار ہیں۔ اس میں مالی، عملی اور تعمیل کے کنٹرولز کا جائزہ اور خطرات کے انتظام کے طریقہ ہائے کار اور ان کی فعالیت شامل ہیں۔ ڈائریکٹرز نے 31 دسمبر 2019ء کو ختم ہونے والے سالانہ جائزہ اور تخمین مکمل کر لی ہے۔

داخلی کنٹرول کے تقاضوں کو پورا کرنے کیلئے بورڈ اور آڈٹ کمیٹی کمپنی کے کنٹرول فریم ورک سے متعلق کمپنی کے اندرونی آڈٹ فنکشن اور رپورٹس کا باقاعدگی سے جائزہ لیتی ہے۔ کمپنی کا اندرونی آڈٹ فنکشن کنٹرول کی سرگرمیوں کی درستگی اور فعالیت کے جائزے سرانجام دیتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدگی سے رپورٹس فراہم کرتا ہے۔

12. لسٹڈ کمپنیوں کے ساتھ تعمیل (کوڈ آف کارپوریٹ گورننس) (ضوابط)

کمپنی نے 31 دسمبر 2019ء کو ختم ہونے والے سال کیلئے متعلقہ ضابطے کے تقاضوں کو اپنایا ہے اور اس کی مکمل پیروی کی گئی ہے۔ اس کی سٹیٹمنٹ رپورٹ کے ساتھ منسلک ہے۔

اس عرصہ کے دوران، کمپنی نے یکم جنوری 2019ء سے IFRS 16 'لیز' کو اپنایا ہے۔ اس معیار نے IAS 17 'لیز' میں موجود رہنمائی کی جگہ لے لی ہے، اور بالخصوص لیز پر لینے والے کے ذریعے اکاؤنٹنگ میں ایک دور رس تبدیلی ہے۔ اس میں لیز پر لینے والوں کو لیز کی ذمہ داری کو تسلیم کرنے کی ضرورت ہوتی ہے جو عملی طور پر لیز کے تمام معاہدوں کیلئے اٹائے کو استعمال کرنے کے حق اور آئندہ لیز کی ادائیگیوں کی عکاسی کرتی ہو۔ کمپنی نے معیار میں مخصوص عبوری دفعات کے تحت اجازت کے مطابق 31 دسمبر 2018ء کو ختم ہونے والے سال کیلئے تقابل کو بحال نہیں کیا ہے۔ IFRS 16 کو اپنانے پر، کمپنی نے ان لیز کے واجبات کو تسلیم کیا ہے جو پہلے IAS 17 'لیز' کے اصولوں کے تحت آپریٹنگ لیز کے طور پر درجہ بند کئے گئے تھے۔ یہ واجبات لیز کی باقی ماندہ ادائیگیوں کی موجودہ مالیت پر ناپی گئیں، جس کی بنیاد یکم جنوری 2019ء کی شرح سود ہے۔ IFRS 16 کو اپنانے کے نتیجے میں 31 دسمبر 2019ء کو ختم ہونے والے سال کیلئے حصص کی آمدنی میں 43.27 روپے فی شیئر کی واقع ہوئی ہے۔

ہمارے کاروبار کی ترقی انتہائی حد تک ہمارے اہلکاروں کو بہترین تربیت کے ذریعے فراہم کردہ مہارتوں پر منحصر ہے۔ کمپنی نے اس عرصہ کے دوران ٹیکنالوجی اور کاروباری نظم و نسق کے میدان میں جدید ترین ترقی کے حصول کیلئے انسانی وسائل پر کافی وقت اور پیسہ خرچ کیا ہے۔ یہ عمل آنے والے وقت میں بھی جاری رہے گا۔ اپنے ملازمین کی تربیت کو ہم نے ہمیشہ مستقبل کیلئے سرمایہ کاری تصور کیا ہے، اس مقصد کے ساتھ کہ انہیں کام کرنے کیلئے محفوظ اور صحتمند ماحول فراہم کیا جائے۔

5. کمائی فی شیئر

31 دسمبر 2019ء کو ختم ہونے والے سال کیلئے فی شیئر کمائی 144.03 روپے تھی اس کے مقابلے میں پچھلے سال یہ 198.60 روپے تھی۔

6. منافع کی تخصیص

کمپنی کے مالیاتی نتائج حسب ذیل ہیں:

31 دسمبر 2019ء کو ختم ہوا سال

روپے (,000)
1,504,279

(564,154)
34,385
114,352
(415,417)
1,088,862

عملی نتائج
ٹیکس سے پہلے منافع
کمپنی کی ادائیگی
حالیہ
سابقہ سال
موخر کردہ
ٹیکس کے بعد منافع

818,244
(1,600)
1,905,506

گزشتہ سال سے آگے لایا جانے والے غیر اختصاصی منافع
ایکسپیرینس ایڈجسٹمنٹ۔ ملازم کے مفادات
اختصاص کیلئے دستیاب منافع

(453,600)
(680,400)
(360,000)
(1,494,000)
411,506

حتمی منافع 2018ء بحساب 60.00 روپے فی شیئر
عبوری منافع 2019ء بحساب 90.00 روپے فی شیئر
عمومی ریزرو میں منتقلی
اگلے سال میں لے جایا جانے والے غیر اختصاصی منافع

ڈائریکٹرز نے اپنے اجلاس منعقدہ 26 فروری 2020ء کو حتمی نقد منافع بحساب 60 روپے فی شیئر بھی تجویز کیا ہے (2018: حتمی منافع بحساب 60 روپے فی شیئر)۔

ممبرز کیلئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کو یہ رپورٹ اور 31 دسمبر 2019ء کو ختم ہوئے سال کیلئے کمپنی کے مالیاتی گوشوارے پیش کرنے پر بے حد خوشی ہے۔

1. بنیادی سرگرمی

کمپنی کی بنیادی سرگرمی ہر قسم کے جوتے بنانا اور فروخت کرنا ہے اور اس کے ساتھ ساتھ یہ دیگر لوازمات اور ہوزری اشیاء بھی فروخت کرتی ہے۔

2. ہولڈنگ کمپنی

نیدر لینڈ میں واقع ہیفن بی۔وی۔ یاٹا پاکستان لمیٹڈ کی بیزنس کمپنی ہے، جبکہ حتمی بیزنس کمپنس لمیٹڈ، برمودا ہے۔

3. مالیاتی نتائج

عملی نتائج	رقم (ہزاروں میں)		اضافہ/ (کمی)
	2018	2019	
آمدن	19,842,439	21,640,942	9.06 فیصد
خالص آمدن	16,795,231	17,424,894	3.75 فیصد
کل منافع	7,525,873	7,869,944	4.57 فیصد
کل منافع %	44.81%	45.16%	35 bps
ڈسٹری بیوشن کی لاگت	3,951,287	4,304,357	8.94 فیصد
انتظامی اخراجات	1,101,934	1,124,464	2.04 فیصد
عملی منافع	2,307,940	2,294,479	(0.58 فیصد)
ٹیکس کے بعد منافع	1,501,409	1,088,862	(27.48 فیصد)
کمائی فی شیئر - روپے	198.6	144.03	(27.48 فیصد)

4. مالیاتی نتائج اور ڈیولپمنٹ

کمپنی کے کاروبار کو 17.425 ارب روپے خالص آمدنی حاصل ہوئی جس میں گزشتہ سال کی نسبت 4 فیصد اضافہ دیکھنے میں آیا۔ مجموعی منافع پچھلے سال کے 7.526 ارب روپے کے مقابلے میں 7.870 ارب روپے ریکارڈ کیا گیا۔ عملی منافع گزشتہ سال کے 2.308 ارب روپے کے مقابلے میں 2.295 ارب روپے تھا۔ ٹیکس کی ادائیگی کے بعد منافع 1.089 ارب روپے رہا جو کہ پچھلے سال 1.501 ارب روپے تھا۔ کمپنی کوئی شیئر 144.03 روپے کمائی ہوئی جو کہ گزشتہ برس 198.60 روپے تھی۔

ہمارے ریٹیل ڈویژن نے موجودہ سیٹ اپ سمیت نئے سٹورز کے ساتھ ترقی کو جاری رکھا ہے اور 6 فیصد ترقی حاصل کی ہے۔ اس ترقی کو برقرار رکھنے اور سٹورز میں جدید اور دوستانہ فضا فراہم کرنے کیلئے 336 ملین روپے کی رقم اہم کاروباری مقامات پر نئے سٹورز کھولنے اور موجودہ سٹورز کی تزئین و آرائش پر خرچ کی گئی ہے۔ زیادہ تر توسیع میں ہمارے جدید طرز کے سٹورز کو سٹیٹ پروجیکٹس پر توجہ مرکوز کی گئی۔

کمپنی ایک موثر کیش فلومینجمنٹ سسٹم کی حامل ہے جس میں نقد آمدنی اور اخراجات کو باقاعدہ بنیادوں پر پیش کیا جاتا ہے۔ مختصر مدت کی سرمایہ کاری اور بینک ڈیپازٹس سے حاصل ہونے والے منافع سمیت سپلائرز کو جلد ادائیگی سے حاصل ہونے والے ڈسکاؤنٹس/آمدنی کی رقم 13.186 ملین روپے تھی۔ بورڈ مٹمنٹ ہے کہ سال ختم ہونے پر کوئی مختصر یا طویل مدت کی مالی پابندیاں نہیں ہیں۔

کمپنی نے ترمیم شدہ ماضی کا طریقہ کار استعمال کرتے ہوئے IFRS 9 کو اپنایا ہے، جس کے مطابق کمپنی کو پیشگی مدت کے نتائج کو دوبارہ ترتیب دینے کی ضرورت نہیں ہے۔ IFRS 9 کو اپنانے کے نتیجے میں غیر مختص منافع کے اوپننگ بیلنس میں ایڈجسٹمنٹ نہیں ہوا ہے۔ مالیاتی اثاثوں کی درجہ بندی کے سلسلے میں کمپنی کی انتظامیہ نے اس بات کا اندازہ لگایا ہے کہ کمپنی کے موجودہ مالیاتی اثاثوں پر کون سے کاروباری ماڈلز کا اطلاق ہوتا ہے اور اس کے فیاضل انٹرومنٹس کو مناسب IFRS 9 زمروں میں درجہ بند کیا ہے۔

کمپنی نے ٹرانزیشن کیلئے ترمیم شدہ ماضی کا طریقہ کار استعمال کرتے ہوئے IFRS 15 کا اطلاق کیا ہے۔ اس طریقہ کار میں اداروں کو ابتدائی اطلاق کی مدت میں غیر مختص شدہ منافعوں کے اوپننگ بیلنس میں ایڈجسٹمنٹ کے طور پر IFRS 15 کے ابتدائی اطلاق کے مجموعی اثر کو قبول کرنے کی ضرورت ہوتی ہے۔ تقابلی سابقہ ادوار ایڈجسٹ نہیں کیا جائے گا۔ IFRS 15 کے اطلاق کا کمپنی کی آمدنی کو تسلیم کرنے کی پالیسی پر کوئی میٹریل امپیکٹ نہیں ہے اور اسی لئے ابتدائی اطلاق کی مدت میں غیر مختص شدہ منافعوں کے اوپننگ بیلنس میں ایڈجسٹمنٹ کے طور پر اس معیار کے ابتدائی اطلاق کا مجموعی اثر میٹریل نہیں ہے۔

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Corporate Governance

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

Name of Company: Bata Pakistan Limited
Year ended: December 31,2019

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

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

Category	Names
Independent Directors	Mr. Muhammad Maqbool Mr. Kamal Monnoo Ms. Fatima Asad Khan
Other non-Executive Directors	Mr. Roberto Longo Mr. Toh Guan Kiat Mr. Aamir Amin
Executive Directors	Mr. Muhammad Imran Malik Mr. Amjad Farooq Mr. Syed Asad Ali Zaidi
Female Directors	Ms. Fatima Asad Khan

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

12. The Board has formed Committees comprising of members given below:
- a) **Audit Committee**
 - 1. Mr. Muhammad Maqbool (Chairman)
 - 2. Mr. Roberto Longo
 - 3. Mr. Toh Guan Kiat
 - a) **Human Resource and Remuneration Committee**
 - 1. Mr. Muhammad Maqbool (Chairman)
 - 2. Mr. Muhammad Imran Malik
 - 3. Mr. Toh Guan Kiat
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the Committees were as per following:
- a) **Audit Committee**

Four quarterly meetings were held during the financial year ended December 31, 2019
 - a) **Human Resource and Remuneration Committee**

Two meetings were held during the financial year ended December 31, 2019
15. The Board has set up an effective internal audit function;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Batapur:
LAHORE: February 26, 2020

ROBERTO LONGO
CHAIRMAN

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Review Report To The Members



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bata Pakistan Limited

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

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

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

Lahore
Date: April 14, 2020

Name of Engagement Partner: Amer Raza Mir

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50-37; Fax: +92 (42) 3577 5754 www.pwc.com/pk

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Auditor's Report To The Members

INDEPENDENT AUDITOR'S REPORT

To the members of Bata Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Bata Pakistan Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

Sr. No	Key Audit Matters	How the matter was addressed in our audit
1	<p>First Time Adoption of IFRS 16 'Leases'</p> <p>(Refer note 2.2.1(d) to the financial statements)</p> <p>The Company has adopted IFRS 16 'Leases' from January 1, 2019 using the modified retrospective approach. The adoption of IFRS 16 Leases has resulted in the recognition of significant lease liabilities and corresponding right of use assets, in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.</p> <p>Determination of the impact of the transition required the management to exercise judgments regarding the discount rates used and the lease terms including termination and renewal options.</p> <p>Due to significance of amounts involved, and the use of significant management judgments, we considered the first time adoption of IFRS 16 'Leases', a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considered the appropriateness of the Company's lease accounting policies, including those relating to assessment of discount rates, lease term and extension options; • Evaluated the management's implementation process including a review of the IFRS 16 transition impact disclosure; • Assessed the appropriateness of the discount rates applied in determining lease liabilities; • Checked the accuracy of the underlying lease data by agreeing the lease information on a sample basis with the terms of lease contracts; • Recalculated the right of use asset and lease liability for a sample of leases and checked mathematical accuracy; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
 Tel: +92 (42) 3571 5868-71 / 3577 5747-50-37; Fax: +92 (42) 3577 5754 www.pwc.com/pk

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Sr. No	Key Audit Matters	How the matter was addressed in our audit
2	<p>Contingent Taxation Liabilities</p> <p>(Refer note 28.1 to the financial statements)</p> <p>The Company has contingent liabilities in respect of various income and sales tax matters, which are pending adjudication before the taxation authorities and the Courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income and sales tax, a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained and reviewed details of the pending tax matters and discussed the same with the Company's management. • Circularized confirmations to the Company's external tax counsels for their views on open tax assessments and matters. Furthermore, reviewed prior years' precedents of outcomes in favor of the Company at various forums related to matters under consideration which support the Company's stance. • Reviewed correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved. • Involved in-house tax specialists to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company. • Assessed the adequacy and appropriateness of disclosures made in respect of such tax matters.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

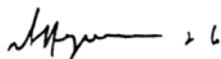
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

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

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



A.F.Ferguson & Co
Chartered Accountants

Lahore

Date: April 14, 2020

NEW
ARRIVALS
EVERY
FRIDAY



Surprisingly
Bata

NEW
ARRIVALS
EVERY
FRIDAY



Surprisingly
Bata



Financial Statements

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,866,897	1,643,028
Right of use assets	7	4,552,516	–
Intangible assets	8	44,328	578
Long term investments	9	45,032	45,008
Long term deposits and prepayments	10	39,284	34,061
Deferred taxation	11	70,667	–
		6,618,724	1,722,675
CURRENT ASSETS			
Stores and spares	12	540	–
Stock in trade	13	4,055,327	3,970,853
Trade debts - unsecured	14	2,621,262	2,167,114
Advances - unsecured	15	267,638	84,860
Trade deposits and short term prepayments	16	46,258	209,872
Other receivables	17	643,987	641,802
Interest accrued		1,224	752
Tax refunds due from Government	18	350,161	350,161
Cash and bank balances	19	1,273,248	1,545,032
		9,259,645	8,970,446
TOTAL ASSETS		15,878,369	10,693,121
EQUITY AND LIABILITY			
SHARE CAPITAL AND RESERVES			
Authorized share capital	20.1	100,000	100,000
Issued, subscribed and paid up capital	20.2	75,600	75,600
Reserves			
Capital reserve	21	483	483
Revenue reserves	22	7,368,506	7,415,244
		7,368,989	7,415,727
		7,444,589	7,491,327
NON-CURRENT LIABILITIES			
Lease liability	23	3,999,916	–
Long term deposits	24	24,717	24,171
Deferred liability - employee benefits	25	83,476	81,421
Deferred taxation	11	–	44,339
		4,108,109	149,931
CURRENT LIABILITIES			
Current portion of lease liability	23	984,652	–
Trade and other payables	26	2,722,185	2,312,920
Short term borrowings	27	–	–
Provision for taxation		564,154	691,073
Unclaimed dividend		54,680	47,870
		4,325,671	3,051,863
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		15,878,369	10,693,121

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
Sales	29	17,424,894	16,795,231
Cost of sales	30	(9,554,950)	(9,269,358)
Gross profit		7,869,944	7,525,873
Distribution cost	31	(4,304,357)	(3,951,287)
Administrative expenses	32	(1,124,464)	(1,101,934)
Other expenses	33	(177,588)	(210,615)
Other income	34	30,944	45,903
Finance cost	35	(790,200)	(42,038)
Profit before taxation		1,504,279	2,265,902
Taxation	36	(415,417)	(764,493)
Profit after taxation		1,088,862	1,501,409
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability - net of tax		(1,600)	(2,806)
Items that may be reclassified subsequently to profit or loss			
Other comprehensive loss for the year		(1,600)	(2,806)
Total comprehensive income for the year		1,087,262	1,498,603
Earnings per share - basic and diluted	37	Rs. 144.03	Rs. 198.60

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

	Share capital	Capital reserve	Revenue reserve		Total
			General reserve	Unappropriated profits	
(Rupees in '000)					
Balance as at January 1, 2018	75,600	483	6,132,000	918,641	7,126,724
Transfer to general reserve for 2017	-	-	465,000	(465,000)	-
Profit for the year ended December 31, 2018	-	-	-	1,501,409	1,501,409
Other comprehensive loss for the year	-	-	-	(2,806)	(2,806)
Total comprehensive income for the year	-	-	-	1,498,603	1,498,603
Transactions with owners in their capacity as owners:					
Final dividend for 2017 @ Rs. 60.00 per share	-	-	-	(453,600)	(453,600)
Interim dividend for 2018 @ Rs. 90.00 per share	-	-	-	(680,400)	(680,400)
Balance as at December 31, 2018	75,600	483	6,597,000	818,244	7,491,327
Transfer to general reserve for 2018	-	-	360,000	(360,000)	-
Profit for the year ended December 31, 2019	-	-	-	1,088,862	1,088,862
Other comprehensive loss for the year	-	-	-	(1,600)	(1,600)
Total comprehensive income for the year	-	-	-	1,087,262	1,087,262
Transactions with owners in their capacity as owners:					
Final dividend for 2018 @ Rs. 60.00 per share	-	-	-	(453,600)	(453,600)
Interim dividend for 2019 @ Rs. 90.00 per share	-	-	-	(680,400)	(680,400)
Balance as at December 31, 2019	75,600	483	6,957,000	411,506	7,444,589

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
CASH GENERATED FROM OPERATING ACTIVITIES			
Profit before taxation		1,504,279	2,265,902
Adjustments for:			
Depreciation of property, plant & equipment	6.1	256,983	226,862
Depreciation of right of use assets	7	1,125,278	-
Amortization of intangible assets	8	537	1,135
Provision for gratuity	25.3	10,577	6,857
Loss on disposal of property, plant and equipment		23,633	11,613
Income from short term investments	34	-	(8,368)
Income from long term investments	34	(4,681)	(2,828)
Exchange loss	33	22,453	24,724
Interest / markup costs	35	744,936	6,150
Loss allowance of trade debts	31 & 34	7,115	(165)
Reversal of provision for slow moving and obsolete stock - net	13.4	(2,991)	(1,928)
(Reversal of) / provision for obsolescence of raw material - net	13.1	(2,856)	2,015
Reversal of provision for obsolescence of stores and spares - net	12.1	(551)	(2,793)
		2,180,433	263,274
Operating profit before working capital changes		3,684,712	2,529,176
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spare parts		11	2,793
Stock in trade		(78,627)	(488,586)
Trade debts - unsecured		(461,263)	(603,516)
Advances - unsecured		(182,778)	336,717
Trade deposits and short term prepayments		145,124	(135,486)
Other receivables		(4,883)	(16,686)
Tax refunds due from Government		-	143,662
		(582,416)	(761,102)
Increase in current liabilities:			
Trade and other payables		384,308	664,354
Cash generated from operations			
		3,486,604	2,432,428
Interest / markup costs paid	35	(744,936)	(6,150)
Tax paid		(653,990)	(556,237)
Gratuity paid	25.2	(10,776)	(5,363)
		(1,409,702)	(567,750)
(Increase) / decrease in long term deposits and prepayments		(4,677)	1,496
Net cash generated from operating activities		2,072,225	1,866,174
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(345,827)	(286,004)
Increase in capital work in progress	6.2	(179,671)	(92,469)
Purchase of intangible assets	8	(44,287)	-
Proceeds from sale of property, plant and equipment	6.4	17,236	8,879
Increase in long term investments		(24)	(8)
Interest income received		4,209	12,195
		(548,364)	(357,407)
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,127,190)	(1,127,850)
Lease payments		(670,959)	-
Net cash used in financing activities		(1,798,149)	(1,127,850)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(274,288)	380,917
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,545,032	1,160,138
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		2,504	3,977
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	39	1,273,248	1,545,032

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. LEGAL STATUS AND OPERATIONS

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

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

The Company operates through retail outlets spread across the country with 7 outlets situated in Azad Kashmir, 6 in Balochistan, 15 in Islamabad Capital Territory, 1 in Gilgit Baltistan, 39 in Khyber Pakhtun Khwa, 317 in Punjab and 77 outlets in Sindh. The Company also has 7 wholesale depots in Punjab, 2 in Sindh and 1 in Khyber Pakhtun Khwa.

2. STATEMENT OF COMPLIANCE

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

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

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

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

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

2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on or after January 1, 2019 but are considered not to be relevant to the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. However, in respect of companies holding financial assets due from the Government of Pakistan, the SECP through SRO 985 (I) / 2019 dated September 2, 2019 has notified that the requirements contained in IFRS 9 with respect to Expected Credit Losses method shall not be applicable on such financial assets till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the Company has changed its accounting policies and followed the requirements of IFRS 9 for:

- classification and measurement of all financial assets; and

- recognition of loss allowance for financial assets other than financial assets due from the Government of Pakistan.

In respect of application of IFRS 9, the Company has adopted modified retrospective approach as permitted by this standard, according to which the Company is not required to restate the prior period results. The adoption of IFRS 9 has not resulted in an adjustment on the opening balance of un-appropriated profit. In respect of classification of financial assets, the Company's management has assessed which business models apply to the financial assets held by the company and has classified its financial instruments into the appropriate IFRS 9 categories, including 'amortised cost' as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Measurement category		Carrying amount as at January 1, 2019		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
(Rupees in thousand)					
Non-current financial assets					
Long term investments	Loans and receivables	Amortised cost	45,008	45,008	–
Long term deposits and prepayments	Held to maturity	Amortised cost	34,061	34,061	–
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	2,167,114	2,167,114	–
Advances - unsecured	Loans and receivables	Amortised cost	84,860	84,860	–
Trade deposits and short term prepayments	Loans and receivables	Amortised cost	162,338	162,338	–
Other receivables	Loans and receivables	Amortised cost	641,802	641,802	–
Interest accrued	Loans and receivables	Amortised cost	752	752	–
Tax refunds due from Government	Loans and receivables	Amortised cost	350,161	350,161	–
Cash and bank balances	Loans and receivables	Amortised cost	1,545,032	1,545,032	–

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue when the entity satisfies a performance obligation by transferring control of goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

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

(c) IFRIC 23, 'Uncertainty over Income Tax Treatments'

This interpretation became effective for annual periods beginning on or after January 1, 2019. The IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. In particular, it explains that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information. The IFRIC further explains that the entity should reflect the effect of the uncertainty in its income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment using either the most likely amount or the amount determined using the expected value method. The application of the interpretation does not have any material impact on the amounts recognized in the financial statements of the Company.

(d) IFRS 16, 'Leases'

Effective January 1, 2019, the company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An exemption exists for short term and low value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cashflows.

The accounting for lessors will not significantly change.

The company has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for the year ended December 31, 2018, as permitted under the specific transitional provisions in the standard. On adoption of IFRS 16, the company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 15.16% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

The following summary reconciles the company's operating lease commitments at December 31, 2018 as previously disclosed in the company's annual financial statements as at December 31, 2018 to the lease liabilities recognised on initial application of IFRS 16 at January 1, 2019.

	(Rupees in '000)
Operating lease commitments as at December 31, 2018	–
Discounted using the lessee's incremental borrowing rate at the date of initial application	–
Adjustments as a result of a different treatment of termination options	4,881,333
Lease liabilities recognised as at January 1, 2019	4,881,333
Of which are:	
Current lease liabilities	825,589
Non-current lease liabilities	4,055,744

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as on December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	(Rupees in '000)
Right-of-use assets recognised as at January 1, 2019	4,899,823

The change in accounting policy affected the following items in the balance sheet on January 1, 2019

	(Rupees in '000)
Right-of-use assets - increased by	4,899,823
Lease liabilities - increased by	4,881,333
Prepaid rent - decreased by	18,490

i) Practical expedients applied

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at January 1, 2019;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases; and
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

ii) The company's leasing activities and how these are accounted for

The company leases various retail stores and depots. Long term rental contracts are typically made for fixed periods of 2 to 15 years. Contracts may contain both lease and non lease components. The amounts attributable to each component are usually readily identifiable from the lease contracts. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year ended December 31, 2018, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the non cancellable period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. There are no low value assets under lease.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant to the company's operations and are, therefore, not detailed in these financial statements, except for the following:

Standards or interpretation	Effective date (accounting periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' regarding the definition of materiality	January 1, 2020
Revised Conceptual Framework for Financial Reporting	January 1, 2020

The above amendments are not expected to have a material impact on the Company's financial statements when they become effective.

3. BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

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

3.2 PRESENTATION CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Employee benefits

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

4.2 Taxation

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

4.3 Useful lives, residual values and impairment

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

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

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

4.5 Loss allowance for doubtful debts

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

4.6 Lease liability

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Employee Benefits

Defined Benefit Plan

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Actuarial valuation of defined benefit scheme is conducted annually and the most recent valuation was carried out as of December 31, 2019 using projected unit credit method. The significant assumptions used are detailed in note 25.

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

Defined Contribution Plan

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

5.2 Taxation

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

Current

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

Deferred

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

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

5.3 Property, plant and equipment

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

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

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets as at December 31, 2019 has not required any adjustment.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

5.4 Leases

The Company is both the lessor and the lessee.

5.4.1 Lessee accounting

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

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

5.4.2 Lessor accounting

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

5.5 Capital work in progress

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

5.6 Intangible assets

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

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

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

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

5.7 Investments

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

5.8 Stores and spare parts

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

5.9 Stock in trade

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

Raw material

Own production	–	at weighted average cost
Purchased	–	at weighted average cost
In transit	–	at actual cost
Goods in process	–	at production cost

Finished goods

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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

5.10 Trade debts and other receivables

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

5.11 Contingencies and commitments

Contingent liability is disclosed when:

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

5.12 Foreign currency transactions and translations

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

5.13 Borrowings

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

5.14 Provisions

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

5.15 Revenue recognition

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

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

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

The Company earns rental income on some of its property leased out. Rental income is recognized on accrual basis over the period of lease agreement as per the requirements of IFRS 16.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

5.16 Cash and cash equivalents

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

5.17 Financial Instruments

5.17.1 Financial assets

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

a) Financial assets at amortised cost

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

b) Financial assets at fair value through other comprehensive income

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

c) Financial assets at fair value through profit or loss

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

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

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

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

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5.17.2 Financial liabilities

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

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

5.18 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.19 Dividend and appropriation to reserves

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

5.20 Operating segments

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

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

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

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

	Note	2019	2018
(Rupees in '000)			
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,823,444	1,642,903
Capital work in progress	6.2	43,453	125
		<u>1,866,897</u>	<u>1,643,028</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019 (Rupees in '000)	2018
6.3 Allocation of depreciation expense			
The depreciation charge for the year has been allocated as follows:			
Cost of sales	30.1	51,446	49,257
Distribution cost	31.4	189,756	165,471
Administrative expenses	32	15,781	12,134
		256,983	226,862

6.4 Disposal of property, plant and equipment

Description of assets	2019						
	Particulars of Purchasers	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal
	(Rupees in '000)						
Plant and machinery							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	18,080	16,322	1,759	2,325	566	Negotiation
		18,080	16,322	1,759	2,325	566	
Office Equipment							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	150	135	15	–	(15)	Negotiation
		150	135	15	–	(15)	
Gas Installation							
Items having book value of less than Rs. 0.50 million each	Scrapped	2	2	–	–	–	Scrapped
		2	2	–	–	–	
Computers							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	7,480	5,975	1,505	719	(786)	Negotiation
		7,480	5,975	1,505	719	(786)	
Furniture, fixtures and fittings							
Items having book value of less than Rs. 0.50 million each	Miscellaneous	93,527	52,160	41,367	14,192	(27,175)	Negotiation / Scrapped
		93,527	52,160	41,367	14,192	(27,175)	
		119,239	74,594	44,646	17,236	(27,410)	
	2018						
Description of assets	Particulars of Purchasers	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal
	(Rupees in '000)						
Building							
Items having book value of less than Rs. 0.50 million each	M/S Muhammad Asghar	119	111	8	310	302	Negotiation
		119	111	8	310	302	
Plant and machinery							
12 Station machine & PVS machine	M/S Somi Enterprises	9,979	9,061	918	2,862	1,944	Negotiation
Items having book value of less than Rs. 0.50 million each	Miscellaneous	776	731	45	369	324	Negotiation
		10,755	9,792	963	3,231	2,268	
Computers							
CPUs, Computers & Printers	M/S Ilyas Ahmed	8,688	7,729	959	125	(834)	Negotiation
Items having book value of less than Rs. 0.50 million each	Miscellaneous	525	381	144	106	(38)	Negotiation
		9,213	8,110	1,103	231	(872)	
Furniture, fixtures and fittings							
Shop furniture & fittings	Miscellaneous	12,156	4,476	3,680	390	(3,290)	Negotiation
Items having book value of less than Rs. 0.50 million each	Miscellaneous	42,154	27,541	14,613	3,005	(11,608)	Negotiation
		54,310	36,017	18,293	3,395	(14,898)	
Vehicles							
Toyota Corolla	Mr. M. Awais	1,643	1,518	125	1,712	1,587	Negotiation
		1,643	1,518	125	1,712	1,587	
		76,040	55,548	20,492	8,879	(11,613)	

NOTES TO THE FINANCIAL STATEMENTS

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

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

7 Right of use assets

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

	2019	2018
	(Rupees in '000)	
Cost		
Opening balance as at January 1	–	–
Initial application of IFRS 16	4,899,823	–
Additions	826,815	–
Shops vacated during the year	(48,844)	–
Closing balance as at December 31	5,677,794	–
Depreciation		
Opening balance as at January 1	–	–
Charge for the year	1,125,278	–
Closing balance as at December 31	1,125,278	–
Book value as at December 31	4,552,516	–

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

NOTES TO THE FINANCIAL STATEMENTS

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	Note	2019	2018
(Rupees in '000)			
8 INTANGIBLES			
Intangibles - computer software	8.1	41	578
Capital work in process - computer software in the process of implementation		44,287	-
		44,328	578

8.1 Net carrying value basis

Year ended December 31, 2019

	2019
(Rupees in '000)	
Opening net book value (NBV)	578
Additions (at cost)	-
Amortization charge	(537)
Closing net book value (NBV)	41

Gross carrying value basis

As at December 31, 2019

Cost	31,654
Accumulated Amortization	(31,613)
Net book value (NBV)	41

Amortization Rate (%)

2018

Year ended December 31, 2018

	2018
(Rupees in '000)	
Opening net book value (NBV)	1,713
Additions (at cost)	-
Amortization charge	(1,135)
Closing net book value (NBV)	578

Gross carrying value basis

As at December 31, 2018

Cost	31,654
Accumulated Amortization	(31,076)
Net book value (NBV)	578

Amortization Rate (%)

33

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

8.3 The cost of fully depreciated assets which are still in use as at December 31, 2019 is Rs. 35,376 million (2018: Rs. 35,237 million).

	Note	2019	2018
(Rupees in '000)			
9 LONG TERM INVESTMENTS			
Term Deposit Receipts	9.1	45,032	45,008

9.1 The deposits are earmarked against the balances due to employees held as securities as stated in note 24. These carry mark-up at the rate of 13% (2018: 8.60%) per annum. These have been invested in accordance with the provisions of Section 217 of the Companies Act, 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
10 LONG TERM DEPOSITS AND PREPAYMENTS			
Security deposits	10.1	39,284	32,736
Prepaid rent	10.2	19,453	40,247
Less: Adjustable within one year	16	(19,453)	(38,922)
		-	1,325
		<u>39,284</u>	<u>34,061</u>

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

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

11 DEFERRED TAXATION

The (asset) / liability for deferred taxation comprises of temporary differences relating to:

	Note	2019	2018
(Rupees in '000)			
Accelerated tax depreciation		1,432,267	94,953
Lease liability		(1,445,527)	-
Deferred liability - employee benefits		(24,208)	(22,798)
Provision for stores and spare parts		(10,828)	(10,609)
Provision for stock in trade		(9,931)	(7,188)
Loss allowance on trade debts		(10,868)	(8,501)
Loss allowance on other debts		(1,572)	(1,518)
		<u>(70,667)</u>	<u>44,339</u>

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

Opening balance		44,339	40,799
(Credited) / charged to statement of profit or loss		(114,352)	4,631
Credited to other comprehensive income		(654)	(1,091)
Closing balance		<u>(70,667)</u>	<u>44,339</u>

12 STORES AND SPARES

Stores		2,910	3,254
Spares		34,429	34,636
		<u>37,339</u>	<u>37,890</u>
Less: provision for obsolescence	12.1	(37,339)	(37,890)
Spares in transit		540	-
		<u>540</u>	<u>-</u>

12.1 Provision for obsolescence

Opening provision		37,890	40,683
Reversal for the year		(551)	(2,793)
Closing provision		<u>37,339</u>	<u>37,890</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
13 STOCK IN TRADE			
Raw material			
In hand		180,385	144,341
In transit		10,632	53,010
		191,017	197,351
Less: Provision for obsolescence of raw material	13.1	(11,565)	(14,421)
		179,452	182,930
Goods in process	13.2	46,908	43,965
Finished goods			
Own production		1,450,595	1,286,635
Purchased		2,401,053	2,482,995
	13.3	3,851,648	3,769,630
Less: Provision for slow moving and obsolete items	13.4	(22,681)	(25,672)
		3,828,967	3,743,958
		4,055,327	3,970,853
13.1 Provision for obsolescence of raw materials			
Opening provision		14,421	12,406
Charge for the year		–	20,687
Reversal for the year		(2,856)	(18,672)
Closing provision		11,565	14,421

13.2 Included in goods in process is stock held by third parties amounting to Rs. 4.163 million (2018: Rs. 7.645 million).

13.3 Included in finished goods is stock held by third parties amounting to Rs. 210.599 million (2018: Rs. 223.807 million).

	Note	2019	2018
(Rupees in '000)			
13.4 Provision for slow moving and obsolete items			
Opening provision		25,672	27,600
Charge for the year		–	25,568
Reversal for the year		(2,991)	(27,496)
Closing provision		22,681	25,672
14 TRADE DEBTS - UNSECURED			
Considered good			
Due from customers	14.1	2,614,887	2,165,093
Due from associated undertakings	14.2	6,375	2,021
		2,621,262	2,167,114
Considered doubtful			
Due from customers	14.3	37,477	30,362
Less: Loss allowance		(37,477)	(30,362)
		–	–
		2,621,262	2,167,114

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	(Rupees in '000)	
14.2 Due from associated undertakings - unsecured		
Bata Shoe Company, Peru	–	2,021
Bata Shoe Singapore Pte Limited	6,375	–
	6,375	2,021

14.2.1 Maximum aggregate amount due from associated undertakings at the end of any month in the year was Rs. 6,375 million (2018: Rs. 3,319 million).
No interest has been charged on the amounts due from associated undertakings.

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

	Note	2019	2018
		(Rupees in '000)	
14.3 Movement in loss allowance is as follows:			
Opening provision		30,362	30,527
Charge for the year		8,803	5,219
Reversals for the year		(1,688)	(5,384)
Closing provision		37,477	30,362
15 ADVANCES - UNSECURED			
Considered good, non-interest bearing			
Advances to employees		169	1,085
Advances to suppliers		172,575	37,003
Letters of credit - margin		94,894	46,772
		267,638	84,860
16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits - Considered good, unsecured			
Custom duty and taxes		969	1,089
Letters of guarantee - margin		3,234	3,234
Others	16.1	5,480	115,878
		9,683	120,201
Short term prepayments			
Prepaid rent	10	19,453	38,922
Prepaid sales tax		–	42,137
Other prepaid expenses		17,122	8,612
		36,575	89,671
		46,258	209,872

16.1 Included in other deposits is an amount of Rs. 1.868 million (2018: Rs. 110.265 million) paid to custom authorities for provisional clearance of artificial leather goods imported at reduced rate of sales tax under Section 81 of the Customs Act, 1969.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
17 OTHER RECEIVABLES			
Considered good - secured			
Receivable from employees		22,585	14,356
Considered good - unsecured			
Export rebates		4,170	5,889
Insurance claims		10,097	12,203
Advance tax	17.1	592,953	595,651
Others	17.2	14,182	13,703
		621,402	627,446
Considered doubtful			
Advance rent		1,584	1,584
Others		3,838	3,838
		5,422	5,422
Less: Loss allowance	17.3	(5,422)	(5,422)
		-	-
		643,987	641,802
17.1 Advance tax			
Opening balance		595,651	703,220
Advance tax paid during the year		653,990	556,237
		1,249,641	1,259,457
Adjusted against:			
Provision for taxation		(691,073)	(595,017)
Provision for prior year tax		34,385	(68,789)
		(656,688)	(663,806)
Closing balance		592,953	595,651

17.2 Included in others is an amount of Nil (2018: Rs. 0.080 million) receivable from Bata Shoe Singapore Pte. Limited, an associated undertaking. Maximum aggregate amount due from associated undertaking at the end of any month in the year was Rs. 0.080 million (2018: Rs. 4.672 million)

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

	2019	2018
(Rupees in '000)		
18 TAX REFUNDS DUE FROM GOVERNMENT		
Tax Refunds Due From Government	350,161	350,161

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
19 CASH AND BANK BALANCES			
Bank balances in:			
Current accounts			
- Foreign currency		23,303	19,614
- Local currency		30,158	20,796
		53,461	40,410
Daily profit accounts	19.1	1,100,014	1,360,562
Cash in transit		115,759	137,432
Cash in hand:			
- Foreign currency		2,826	5,737
- Local currency		1,188	891
		4,014	6,628
		1,273,248	1,545,032

19.1 The rate of mark-up on these accounts ranges from 8.00% to 11.48% (2018: 3.88% to 8.25%) per annum.

20 SHARE CAPITAL

20.1 Authorized share capital

2019	2018		2019	2018
(Number of shares in '000)			(Rupees in '000)	
10,000	10,000	Ordinary shares of Rs. 10 each	100,000	100,000
10,000	10,000		100,000	100,000

20.2 Issued, subscribed and paid up capital

2019	2018		2019	2018
(Number of shares in '000)			(Rupees in '000)	
1,890	1,890	Ordinary shares of Rs. 10 each fully paid in cash	18,900	18,900
300	300	Ordinary shares of Rs. 10 each issued for consideration other than cash	3,000	3,000
5,370	5,370	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	53,700	53,700
7,560	7,560		75,600	75,600

20.2.1 Bafin B.V. (Nederland) (the parent company) holds 5,685,866 (2018: 5,685,866) ordinary shares of Rs. 10 each fully paid up which represents 75.21% (2018: 75.21%) of total paid up capital.

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

21 CAPITAL RESERVE

	2019	2018
(Rupees in '000)		
Capital reserve	483	483

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	(Rupees in '000)	
22 REVENUE RESERVES		
General Reserve:		
Opening balance	6,597,000	6,132,000
Transfer from unappropriated profit	360,000	465,000
	6,957,000	6,597,000
Unappropriated profit	411,506	818,244
	7,368,506	7,415,244
23 LEASE LIABILITY		
Long term lease liability	3,999,916	-
Current portion of lease liability	984,652	-
	4,984,568	-
23.1		
The company has obtained retail stores and wholesale depots on lease from different parties. Reconciliation of the carrying amount is as follows:		
	2019	2018
	(Rupees in '000)	
Opening balance	-	-
Initial application of IFRS 16 on January 1, 2019	4,881,333	-
Additions during the year	801,115	-
Interest on lease liability	710,051	-
Payments made during the year	(1,355,310)	-
	5,037,189	-
Shops vacated during the year	(52,621)	-
Lease liability as at December 31	4,984,568	-
Current portion shown under current liabilities	(984,652)	-
Long term lease liability as at December 31	3,999,916	-
23.2 Maturity analysis		
Gross lease liabilities - minimum lease payments:		
Not later than 1 year	1,477,872	-
Later than 1 year but not later than 5 years	5,216,843	-
Later than 5 years	612,499	-
	7,307,214	-
Future finance charge	(2,322,646)	-
Present value of finance lease liabilities	4,984,568	-
24 LONG TERM DEPOSITS		
Employees' securities and personal accounts	24,717	24,171

24.1 Employees' securities represent the securities deposited by the employees in accordance with the terms of employment. Interest at the rate of 13% (2018: 8.60%) per annum is being paid on the monthly outstanding balances.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
25 DEFERRED LIABILITY - EMPLOYEE BENEFITS			
25.1 Provision for gratuity - un-funded defined benefit plan		83,476	81,421
25.2 Changes in present value of defined benefit obligation			
Present value of defined benefit obligations as at January 01		81,421	76,030
Expense charged in statement of profit or loss		10,577	6,857
Benefits paid during the year		(10,776)	(5,363)
Remeasurement adjustments charged to other comprehensive income		2,254	3,897
Present value of defined benefit obligations as at December 31		83,476	81,421
25.3 The amount recognized in the statement of profit or loss is as follows			
Current service cost		3,177	1,102
Interest cost		7,400	5,755
Expense charged in statement of profit or loss		10,577	6,857
25.4 Charge for the year has been allocated as follows			
Cost of sales	30.2	6,138	3,621
Distribution cost	31.1	3,042	2,210
Administrative expenses	32.1	1,397	1,026
		10,577	6,857

25.5 Principal actuarial assumptions

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

	2019	2018
Expected rate of salary increase in future years	12.75%	8.75%
Discount rate	13.75%	9.75%
Expected mortality rate	SLIC 2001-2005	SLIC 2001-2005
Average duration of plan	5 Years	5 Years

25.6 Historical information

	2019	2018	2017	2016	2015
(Rupees in '000)					
Present value of defined benefit obligation	83,476	86,812	76,030	72,150	68,805
Experience adjustments on plan liabilities	2,254	3,897	2,652	(1,351)	10,289
Experience adjustments on plan liabilities as a percentage of defined benefit obligation	3%	5%	3%	2%	15%

25.7 Estimated expense to be charged to statement of profit or loss in 2020

	Amount
(Rupees in '000)	
Current service cost	4,654
Interest cost on defined benefit obligation	10,434
Amount chargeable to statement of profit or loss	15,088

25.8 Sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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

	2019	2018
	(Rupees in '000)	
Discount rate + 50 bps	80,481	79,402
Discount rate - 50 bps	86,852	83,576
Salary increase + 50 bps	85,080	82,174
Salary increase - 50 bps	81,985	80,688

25.9 Risk exposure

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

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

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

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

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

	Note	2019	2018
		(Rupees in '000)	
26 TRADE AND OTHER PAYABLES			
Creditors	26.1	2,041,060	1,508,497
Accrued liabilities		336,052	381,228
Deferred revenue		1,722	604
Advances from customers		370	363
Due to provident fund trust	46	21,168	18,903
Security deposits	26.2	98,922	100,017
Workers' profit participation fund	26.3	81,269	121,738
Workers' welfare fund		39,826	45,677
Sales tax payable		49,009	78,903
Taxes deducted at source payable		31,419	28,517
Other liabilities	26.4	21,368	28,473
		<u>2,722,185</u>	<u>2,312,920</u>
26.1 This includes amounts due to the following related parties:			
Bata Brand, Switzerland	26.1.1	1,082,537	348,947
Global Footwear Services, Singapore		287,074	47,062
Bata Malaysia		309	-
		<u>1,369,920</u>	<u>396,009</u>

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

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

26.2 This represents the security deposit received from the registered wholesale dealers, agency holders and business associates in accordance with the terms of the contract. These deposits carry interest at the rate of 13% (2018: 8.60%) per annum. These are repayable on termination / completion of the contract and on returning the Company's property already provided to them if any. As per the agreements signed with these parties, the Company has the right to utilize the amounts for the purpose of the business, hence, the amounts are not required to be kept in a separate bank account maintained in a scheduled bank.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
26.3 Workers' profit participation fund			
Opening balance		121,738	116,803
Allocation for the year	33	81,269	121,738
Interest on funds utilized in Company's business	35	1,962	1,440
		204,969	239,981
Less: Amount adjusted / paid to fund's trustees		123,700	118,243
Closing balance		81,269	121,738
26.4 Other liabilities			
Group insurance claims		2,547	2,992
Payable to former employees		6,071	3,923
Payable in respect of Bata mosque		-	1,004
Miscellaneous		12,750	20,554
		21,368	28,473

27 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs. 1,140.000 million (2018: Rs. 1,140.000 million). These include:

- Non funded facilities of letters of guarantee and letters of credit amounting to Rs. 740.000 million (2018: Rs. 740.000 million); and
- Cash finance facilities of Rs. 400.000 million (2018: Rs. 400.000 million).

Moreover, the Company can avail further cash finance facilities out of un-utilized unfunded facilities of Rs. 365.000 million (2018: Rs. 275.000 million) which also includes Rs. 35.000 million (2018: Rs. 35.000 million) of export finance facilities.

The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 553.041 million (2018: Rs. 558.661 million).

Mark up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2018: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks. While mark up on export finance is charged at SBP rate plus 1.00% (2018: 1.00%) per annum.

These finances are secured against hypothecation of stock in trade, stores and spares and receivables of the Company amounting to Rs. 1,194 million (2018: Rs. 1,194 million).

	Note	2019	2018
(Rupees in '000)			
28 CONTINGENCIES AND COMMITMENTS			
28.1 Contingent taxation liabilities			
The Company is contingently liable for:			
Order by sales tax department-under appeal	28.1.1	265,454	265,454
Order by sales tax department-under appeal	28.1.2	237,370	237,370
Order by income tax department-decided in Company's favour with the tax department having right to appeal	28.1.3	954,859	954,859
Order by income tax department-under appeal	28.1.4	1,027,460	1,027,460
Order by sales tax department-under appeal	28.1.5	79,982	79,982
Order by sales tax department-under appeal	28.1.6	52,134	52,134
Show cause notice by sales tax department against which stay order has been obtained	28.1.7	85,097	85,097
Order by income tax department-under appeal	28.1.8	254,038	254,038
Order by sales tax department-under appeal	28.1.9	60,732	60,732
Order by Collector of Customs-under appeal	28.1.10	23,975	23,975
Order by income tax department-under appeal	28.1.11	34,270	-
		3,075,371	3,041,101

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

- 28.1.1** The Assistant Commissioner Inland Revenue (ACIR) issued an order on September 30, 2011 raising a demand of Rs. 201.252 million in respect of tax period from July 2007 to December 2008 on account of non-payment of retail tax on sales made through retail outlets and inadmissible input tax adjustment claimed against retail supplies. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) whereby the appeal was decided against the Company. The Company also filed a complaint before the Federal Tax Ombudsman (FTO), who decided the case in favor of Company on January 11, 2012 and ordered the Commissioner Inland Revenue (CIR) to vacate the above order. The Company filed an appeal before Commissioner Inland Revenue (Appeals) to dispose of the original order. Commissioner Inland Revenue (Appeals) ordered that since the Learned FTO decided the case in favour of the Company there remains no cause of further action. Thereafter, the Company preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) for cancellation of impugned order, which is pending adjudication. Moreover, Deputy Commissioner Inland Revenue (DCIR) raised additional demand amounting to Rs 64.202 million on June 25, 2012 pertaining to period from July 2007 to October 2008 of the sales tax previously refunded to the Company and referred the case to concerned ACIR/DCIR for enforcement of the order. Thereafter, the Company filed an appeal with Commissioner Inland Revenue (Appeals), which is pending adjudication. Based on tax advisor's opinion, the Company's management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 28.1.2** The Tax Department issued 22 separate orders dated October 17, 2012 and November 14, 2012 in which sales tax refunds for the periods from November 2008 to December 2010 amounting to Rs. 237.370 million have been rejected on the grounds that input sales tax relating to retail turnover is not admissible. The Company filed separate appeals against these orders with Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided 19 appeals against the Company while 3 appeals were decided in favour of the Company. The Company filed 19 separate appeals while tax department filed 3 separate appeals with Appellate Tribunal Inland Revenue (ATIR). The ATIR decided all 22 appeals in favour of the Company on May 15, 2014. Thereafter, the Tax Department filed an appeal before the Honourable Lahore High Court, which is pending for adjudication. Based on tax advisor's opinion, the Company's management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 28.1.3** The Additional Commissioner Inland Revenue (ACIR) raised demand of Rs. 954.859 million vide order dated June 28, 2013 to the Company for the tax year 2011, whereby, the assessing officer added back certain expenses, disallowed certain amount of tax credit and also assessed that the Company has suppressed turnover amounting to Rs. 1,427.436 million. Being aggrieved, the Company preferred an appeal with Commissioner Inland Revenue (Appeals), which was decided in favour of the Company vide order dated October 2, 2013, by deleting all the add backs with the exception of the difference in the amount of tax credit which has been calculated under Section 65(b) of the Income Tax Ordinance, 2001. Being aggrieved, the Department filed an appeal against the order of Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR). ATIR vide order dated April 11, 2019 decided the appeal in favour of the Company. The Department has the right to file an appeal against the order. However, no such proceedings have yet been initiated by the Department.
- 28.1.4** The Additional Commissioner Inland Revenue (ACIR) raised demand of Rs. 1,027.460 million pertaining to the tax year 2012 vide order dated October 31, 2014, whereby, the assessing officer added back certain expenses & payments to non-residents on the basis of non deduction of withholding taxes, changed the basis of appropriation of expenses between export and local sales, disallowed certain amount of tax credit and also assessed that the Company has suppressed turnover amounting to Rs. 1,773.054 million. Being aggrieved, the Company preferred an appeal with the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the appeal in favour of the Company vide order dated January 14, 2015 by deleting almost all the add backs with the exception of the difference in the amount of tax credit which has been calculated under Section 65(b) of the Income Tax Ordinance, 2001 and the amount of expenditure disallowed on the basis of non deduction of withholding taxes. The Tax Department and the Company filed separate appeals against the order of the Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. Based on tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.
- 28.1.5** The Tax Department raised demand vide two separate orders dated June 25, 2014 and September 30, 2014 amounting to Rs. 46.693 million and Rs. 33.289 million respectively for certain tax periods from January 2012 to June 2013 and from October 2013 to March 2014, respectively, on account of adjustment of 100% input tax in violation of Section 8b of Sales Tax Act, 1990. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue Appeals (CIR) whereby the appeal was decided against the Company vide order dated September 9, 2014 and December 10, 2014. The Company preferred appeals against both the orders before the Appellate Tribunal Inland Revenue (ATIR) which was decided in favour of the Company vide orders dated December 10, 2014 and January 13, 2015, respectively. The Tax Department filed respective appeals before the Honourable Lahore High Court, which are pending adjudication. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 28.1.6** The Tax Department raised two separate demands vide orders dated December 06, 2014 amounting to Rs. 43.856 million and Rs. 8.278 million on account of further sales tax of 1% on unregistered customers for the period from October 2013 to July 2014 and August 2014 to September 2014 respectively. Being aggrieved, the Company preferred an appeals with Commissioner Inland Revenue (Appeals) who remanded back both the cases to adjudicating officer for fresh decision after allowing the appellant to produce relevant record. However the Commissioner Inland Revenue filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the said order, which is pending adjudication. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

- 28.1.7** The Tax Department issued show cause notice dated April 20, 2015, stating that adjustment of input sales tax of Rs. 85.097 million for the tax periods February, 2014 to January 2015 on Trade Mark License fee and Management Service Fee claimed by the Company is inadmissible and recoverable from the Company along with default surcharge. The Company filed a writ petition with the Honourable Lahore High Court (LHC) against show cause notice. The Honourable Lahore High Court granted stay against the show cause notice, however, the petition is still pending with the Honourable Lahore High Court for adjudication. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 28.1.8** The Additional Commissioner Inland Revenue (ACIR) raised demand vide order dated June 27, 2016 pertaining to tax year 2010 amounting to Rs. 363.683 million on account of certain issues which primarily include allocation of expenses between export and local sale, disallowance of rent on account of non deduction of withholding taxes, admissibility of deduction of interest on WPPF and provident fund, donation, and incorrect classification of WWF and WPPF. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) and also filed rectification application of the said order. The Commissioner Inland Revenue (Appeals) vide order dated September 16, 2016 decided the appeal in favor of the Company by deleting majority of the add backs with the exception of donations made to unapproved institutions and the disallowance of rent on account of non deduction of withholding taxes at the appropriate rate and remanded back the order with the direction to give consideration to the rectification application filed by the Company in respect of the proration of expenses made by the department. Based on the appeal disposed off by Commissioner Inland Revenue (Appeals), the ACIR issued revised demand amounting to Rs. 254.034 million vide order dated June 30, 2018. Being aggrieved, the Company again filed an appeal against the order with Commissioner Inland Revenue (Appeals) along with rectification application against the revised assessment order which is pending adjudication. Based on tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.
- 28.1.9** The Assistant Commissioner Sindh Revenue Board raised a demand vide order dated September 1, 2016 amounting to Rs. 60.732 million on account of non-payment of sales tax on trademark license fee and management services fee for the period from July 2011 to December 2012. Being aggrieved, the Company filed an appeal before Commissioner (Appeals) Sindh Revenue Board, who decided the matter in favour of the Company vide order dated February 10, 2018. The department filed an appeal against the order before Appellate Tribunal Sindh Revenue Board who remanded the case back to the assessing officer for fresh investigation vide order dated August 8, 2018. Subsequently, no further action has been initiated by the relevant officer of Sindh Revenue Board since the date of Appellate Tribunal Sindh Revenue Board order. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 28.1.10** The Collector of Customs Karachi issued a demand vide order dated November 7, 2018 amounting to Rs. 23.975 million for the tax period November 2017 to April 2018 disallowing the reduced rate of sales tax under SRO-1125(I) / 2011 utilized by the Company for clearance of imported footwear. Being aggrieved, the Company filed an appeal before the Custom Appellate Tribunal, Karachi, which is pending adjudication. Based on tax advisor's opinion, the Company's Management expects favourable outcome due to which no provision has been recorded in these financial statements.
- 28.1.11** The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated December 31, 2018 pertaining to tax year 2009 amounting to Rs. 34.270 million on account of certain issues which primarily include allocation of expenses between export, local sale of imported goods and other local sale, disallowance of certain management services and licensing fee account of non deduction of withholding taxes, admissibility of deduction of interest on WPPF and provident fund, and disallowance of certain advances to employees and suppliers and certain payables to suppliers on account of failure to produce underlying records. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) vide order dated October 18, 2019 decided the appeal in favour of the Company by deleting majority of the add backs with the exception of proration of expenses and addition made on account of advances to employees and suppliers. Based on the appeal disposed off by Commissioner Inland Revenue (Appeals), the Deputy Commissioner Inland Revenue (DCIR) has yet to issue a revised demand. The Company however, being aggrieved, has filed an appeal against the additions not deleted by the Commissioner Inland Revenue (Appeals). The Tax Department also has the right to file an appeal against the order. However, no such proceedings have yet been initiated by the Department.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
(Rupees in '000)			
28.2 Other contingent liabilities			
The Company is contingently liable for:			
Counter Guarantees given to banks		15,516	15,960
Indemnity Bonds given to Custom Authorities		30,093	52,435
Claims not acknowledged as debts - under appeal		17,178	9,881
		62,787	78,276
28.3 Commitments			
28.3.1 Commitments in respect of:			
Capital expenditure		64,299	19,881
Letters of credit and bank contracts		171,443	181,339
		235,742	201,220
29 SALES			
Shoes and accessories			
Local		21,504,963	19,688,208
Export		62,372	58,510
		21,567,335	19,746,718
Sundry articles and scrap material		73,607	95,721
		21,640,942	19,842,439
Less: Sales tax		2,243,731	1,301,667
Discounts to dealers and distributors		1,613,440	1,410,011
Commission to agents / business associates		358,877	335,530
		4,216,048	3,047,208
		17,424,894	16,795,231
30 COST OF SALES			
Cost of goods manufactured	30.1	4,472,467	4,151,872
Finished goods purchased		5,167,493	5,592,278
Add: Opening stock of finished goods		3,743,958	3,269,166
		13,383,918	13,013,316
Less: Closing stock of finished goods	13	3,828,967	3,743,958
		9,554,950	9,269,358
30.1 Cost of goods manufactured			
Raw material consumed			
Opening stock		182,930	163,690
Add: Purchases		3,576,122	3,400,804
		3,759,052	3,564,494
Less: Closing stock		179,451	182,930
		3,579,601	3,381,564
Store and spares consumed			
Fuel and power		11,685	9,496
Salaries, wages and benefits	30.2	160,890	116,308
Repairs and maintenance	30.3	587,381	508,677
Insurance		65,120	62,134
Depreciation	6.3	19,287	18,903
		51,446	49,257
		4,475,410	4,146,339
Add: Opening goods in process		43,965	49,498
		4,519,375	4,195,837
Less: Closing goods in process		46,908	43,965
		4,472,467	4,151,872

NOTES TO THE FINANCIAL STATEMENTS

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30.2 Included in salaries, wages and benefits is an amount of Rs. 16.937 million (2018: Rs. 16.453 million) and Rs. 6.138 million (2018: Rs. 3.621 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

30.3 Included in repairs and maintenance is reversal of provision for obsolescence of stores and spares amounting to Rs. 552 million (2018: Rs. 2.793 million).

	Note	2019	2018
(Rupees in '000)			
31 DISTRIBUTION COST			
Salaries and benefits	31.1	878,530	840,726
Freight		245,476	270,081
Advertising and sales promotion		204,251	194,376
Rent	31.2	388,750	1,490,871
Insurance		27,406	19,784
Trademark license fee	31.3	870,874	635,697
Fuel and power		290,301	261,022
Repairs and maintenance		54,010	52,868
Entertainment		17,063	15,139
Business and property taxes		4,458	4,203
Depreciation	31.4	1,315,034	165,471
Loss allowance		7,114	-
Miscellaneous		1,090	1,049
		4,304,357	3,951,287

31.1 Included in salaries and benefits is an amount of Rs. 27.417 million (2018: Rs. 29.921 million) and Rs. 3.042 million (2018: Rs. 2.210 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

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

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

	Note	2019	2018
(Rupees in '000)			
31.4 This represents depreciation expense relating to:			
Property, plant and equipment	6.3	189,756	165,471
Right of use assets	7.1	1,125,278	-
		1,315,034	165,471

32 ADMINISTRATIVE EXPENSES

Salaries and benefits	32.1	644,466	636,398
Employee welfare		23,501	30,881
Fuel and power		19,526	14,292
Telephone and postage		23,345	23,252
Insurance		5,535	3,036
Travelling		111,917	114,281
Repairs and maintenance		7,851	9,095
Printing and stationery		19,446	20,708
Donations and subscription	32.2	6,534	6,677
Legal and professional charges		8,643	14,435
Business and property taxes		2,726	3,801
Management service fee	32.3	206,365	188,438
Depreciation	6.3	15,781	12,134
Amortization on intangible assets	8.1	536	1,135
Miscellaneous		28,292	23,371
		1,124,464	1,101,934

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

32.1 Included in salaries and benefits is an amount of Rs. 28,976 million (2018: Rs. 20,973 million) and Rs. 1,397 million (2018: Rs. 1,026 million) in respect of contribution to provident fund trust and provision for gratuity respectively.

32.2 None of the directors of the Company or any of their spouses have any interest in the funds of donees. Furthermore, no donation exceeding Rs. 1 million has been made to any donee (2018: Nil).

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

	Note	2019	2018
(Rupees in '000)			
33 OTHER EXPENSES			
Workers' profit participation fund	26.3	81,269	121,738
Workers' welfare fund		39,826	45,677
Auditors' remuneration	33.1	6,630	6,863
Exchange loss		22,453	24,724
Loss on fixed assets sold / scrapped		27,410	11,613
		177,588	210,615
33.1 Auditors' remuneration			
Statutory audit		3,200	3,000
Review of interim accounts		1,150	1,150
Audit of US GAAP reporting package		881	881
Other reviews and certifications		1,099	1,580
Out of pocket expenses		300	252
		6,630	6,863
34 OTHER INCOME			
Income from financial assets			
Profit on long term investments		4,681	2,828
Profit on short term investment		-	8,368
Profit on bank deposits		12,948	21,217
Reversal of loss allowance		-	165
		17,629	32,578
Income from non - financial assets			
Rental Income		9,300	8,357
Miscellaneous		3,777	-
		13,077	8,357
Income from financial liability			
Early payment discount on supplier invoices		238	4,968
		30,944	45,903
35 FINANCE COSTS			
Interest / mark-up on:			
Lease liability	23.1	710,051	-
Workers' profit participation fund	26.3	1,962	1,440
Employees / agents' securities and personal accounts	35.1	8,783	4,710
Short term running finance		24,140	-
		744,936	6,150
Bank charges and commission		45,264	35,888
		790,200	42,038

35.1 These do not include any amounts on account of related parties (2018: Rs. Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

36 TAXATION

Current tax

- Current year
- Prior year

Deferred tax

	2019	2018
	(Rupees in '000)	
	564,154	691,073
	(34,385)	68,789
	529,769	759,862
	(114,352)	4,631
	415,417	764,493

36.1 Relationship between tax expenses and accounting profit

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

Tax expense for the year

	2019	2018
	(Rupees in '000)	
	29.00	29.00
	(0.13)	(0.07)
	0.05	0.01
	(2.29)	3.04
	-	1.98
	(0.19)	(0.15)
	0.11	(0.12)
	1.02	0.05
	(1.43)	4.74
	27.57	33.74

36.2 Section 5A of the Income Tax Ordinance, 2001 imposed income tax at the rate of 5% on accounting profit before tax where the Company derives profit for a tax year but does not distribute at least twenty percent of its after tax profits within six months of the end of the tax year through cash. The Company has distributed the requisite amount of dividend during the year through interim dividend and accordingly, no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 has been recognized in these financial statements for the year ended December 31, 2019.

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	2019	2018
		(Rupees in '000)	
Profit after taxation		1,088,862	1,501,409
Weighted average number of ordinary shares (in thousands)	20.2	7,560	7,560
Earnings per share - basic and diluted (Rupees per share)		144.03	198.60

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

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37. SEGMENT REPORTING

Segment result and profit reconciliation

	Retail		Wholesale		Export		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External Sales	12,553,232	11,853,674	4,741,287	4,790,697	62,373	58,510	68,002	92,350	17,424,894	16,795,231
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	12,553,232	11,853,674	4,741,287	4,790,697	62,373	58,510	68,002	92,350	17,424,894	16,795,231
Cost of sales	(5,961,159)	(5,644,757)	(3,510,599)	(3,506,161)	(40,508)	(41,863)	(42,684)	(76,577)	(9,554,950)	(9,269,358)
Gross profit	6,592,073	6,208,917	1,230,688	1,284,536	21,865	16,647	25,318	15,773	7,869,944	7,525,873
Distribution cost	(3,300,636)	(3,112,089)	(244,969)	(259,294)	(7,845)	(8,812)	-	-	(3,553,450)	(3,380,195)
Administrative expenses	(42,853)	(46,932)	(17,522)	(17,083)	(1,526)	(1,447)	-	-	(61,901)	(65,462)
Segment results	(3,343,469)	(3,159,021)	(262,491)	(276,377)	(9,371)	(10,259)	-	-	(3,615,351)	(3,445,657)
Unallocated operating expenses	3,248,584	3,049,896	968,197	1,008,159	12,494	6,388	25,318	15,773	4,254,593	4,080,216
Other operating expenses	-	-	-	-	-	-	-	-	(1,813,470)	(1,607,564)
Finance cost	-	-	-	-	-	-	-	-	(177,588)	(210,615)
Profit before taxation	9,018,951	4,221,022	3,488,814	3,015,461	12,949	9,924	-	-	30,944	45,905
Taxation	-	-	-	-	-	-	-	-	(790,200)	(42,038)
Profit after taxation	1,504,279	(415,417)	(415,417)	(764,495)	1,504,279	(415,417)	1,088,862	1,501,409	1,504,279	2,265,902
Other disclosures	-	-	-	-	-	-	-	-	(415,417)	(764,495)
Segment assets	-	-	-	-	-	-	-	-	12,520,714	7,246,407
Unallocated assets	-	-	-	-	-	-	-	-	3,557,655	3,446,714
Segment liabilities	-	-	-	-	-	-	-	-	15,878,369	10,693,121
Unallocated liabilities	-	-	-	-	-	-	-	-	5,141,606	153,537
Capital expenditures	-	-	-	-	-	-	-	-	3,292,174	3,048,257
Unallocated	-	-	-	-	-	-	-	-	8,433,780	3,201,794
Depreciation of property, plant and equipment	-	-	-	-	-	-	-	-	355,753	326,194
Unallocated	-	-	-	-	-	-	-	-	126,417	61,307
Amortization of intangible assets	-	-	-	-	-	-	-	-	482,170	387,501
Unallocated	-	-	-	-	-	-	-	-	189,894	173,492
	-	-	-	-	-	-	-	-	67,089	53,370
	-	-	-	-	-	-	-	-	256,983	226,862
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	537	1,135
	-	-	-	-	-	-	-	-	537	1,135

NOTES TO THE FINANCIAL STATEMENTS

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	Note	2019	2018
(Rupees in '000)			
39 CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	1,273,248	1,545,032

39.1 Reconciliation of liabilities arising from financing activities inclusive of current portion:

Financial institution	December 31, 2018	Recognized during the year	Cash flows	Non-cash flows		December 31, 2019
				Accrual	Other changes*	
(Rupees in '000)						
Unclaimed dividend	47,870	-	(1,127,190)	1,134,000	-	54,680
Lease	-	5,674,017	(670,959)	710,051	(728,541)	4,984,568

Financial institution	December 31, 2017	Recognized during the year	Cash flows	Non-cash flows		December 31, 2018
				Accrual	Other changes*	
(Rupees in '000)						
Unclaimed dividend	41,720	-	(1,127,850)	1,134,000	-	47,870
Lease	-	-	-	-	-	-

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

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

40 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	
	2019	2018	2019	2018	2019	2018
(Rupees in '000)						
Managerial remuneration	29,563	33,888	13,784	15,330	137,019	118,455
Provident fund contribution	-	-	769	-	12,440	13,034
Performance Bonus	8,279	20,709	976	2,532	21,902	19,513
Perquisites and allowances						
Housing	300	250	1,016	325	25,812	21,163
Leave passage	753	682	-	1,109	539	110
Conveyance	-	-	1,089	-	23,834	6,078
Medical expenses reimbursed	56	368	125	84	9,958	630
Utilities	-	-	625	-	1,216	1,811
Others	3,809	17,336	5,059	8,679	8,990	31,192
	42,760	73,233	23,443	28,059	241,710	211,986
Number of persons	1	1	2	2	60	54

40.1 In addition to the above, 7 (2018: 6) non executive directors were paid aggregated fee of Rs. 1.232 million (2018: Rs. 1.700 million) for attending meetings.

40.2 The Chief Executive is provided with a company-maintained car.

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41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

41.1 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.

41.1.1 Interest rate risk exposure

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

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

	2019	2018
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Long term investments	45,032	45,008
Financial Liabilities		
Long term deposits - employees' securities	(24,717)	(24,171)
Deposits - agents	(98,922)	(100,017)
Net exposure	<u>(78,607)</u>	<u>(79,180)</u>
Floating rate instruments:		
Financial assets		
Bank balance in daily profit account	1,100,014	1,360,562
Net exposure	<u>1,100,014</u>	<u>1,360,562</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for fixed rate instruments

No interest rate risk arises on fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

The Company has 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.

	2019	2018
	(Rupees in '000)	
Increase in basis points by 100	11,000	13,606
Decrease in basis points by 100	(11,000)	(13,606)

NOTES TO THE FINANCIAL STATEMENTS

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41.1.2 Currency risk

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

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

	2019	2018
	(Rupees in '000)	
Financial assets		
Trade debts - Export customers		
US Dollar	-	2,021
Singapore Dollar	6,375	-
Other receivables - Export receivables		
US Dollar	-	80
Cash in hand		
US Dollar	2,178	1,406
Euro	592	4,201
UAE Dirhams	56	65
Canadian Dollar	-	66
Cash in bank		
US Dollar	23,303	19,615
	<u>32,504</u>	<u>27,454</u>
Financial liabilities		
Trade and other Payables - Foreign suppliers		
US Dollar	5,334	55,373
Euro	-	-
Singapore Dollar	1,847	47,063
	<u>7,181</u>	<u>102,436</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. The Company's exposure to foreign currency changes for all other currencies is not material.

	2019	2018	2019	2018
	Percentage Change in Exchange Rate	Percentage Change in Exchange Rate	(Rupees in '000)	
			Effect on Profit Before Tax	Effect on Profit Before Tax
			+ / -	+ / -
Variation in USD to PKR	5.00%	5.00%	1,007	(1,613)
Variation in EURO to PKR	5.00%	5.00%	30	210
Variation in Singapore Dollar to PKR	5.00%	5.00%	226	(2,353)

41.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as it does not have any exposure in equity securities.

41.2 Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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. 4,134.692 million (2018: Rs. 4,002.677 million) following are subject to credit risk:

	2019	2018
	(Rupees in '000)'000)	
Financial Assets		
Long term investments	45,032	45,008
Long term deposits	39,284	32,736
Trade debts - unsecured	2,621,262	2,167,114
Deposits	8,714	119,112
Letters of credit - margin	94,894	46,772
Other receivables	51,034	46,151
Interest accrued	1,224	752
Cash at bank	1,153,475	1,400,972
	<u>4,014,919</u>	<u>3,858,617</u>

4.1.2.1 Long term investments

Financial institution	Ratings			Carrying Values	
	Agency	Long Term	Short term	2019	2018
				(Rupees in '000)	
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	45,032	45,008
				<u>45,032</u>	<u>45,008</u>

4.1.2.2 Out of the total trade receivables, 43.58% is concentrated in ten customers (2018: 37.35% in ten customers).

	2019	2018
	(Rupees in '000)'000)	
4.1.2.3 Trade debts - other than related parties		
Neither past due nor impaired	1,530,834	1,397,321
Past due but not impaired		
1-30 days	463,222	335,587
31-60 days	440,576	196,169
61-90 days	124,800	149,495
Over 90 days	55,455	86,521
	<u>1,084,053</u>	<u>767,772</u>
Past due and impaired		
1-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Over 90 days	37,477	30,362
	<u>37,477</u>	<u>30,362</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	(Rupees in '000)'000)	
41.2.4 Trade debts - receivable from related parties		
Neither past due nor impaired	6,375	2,021
Past due but not impaired	-	-
1-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Over 90 days	-	-

41.2.5 Impairment of financial assets

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

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

On that basis, the loss allowance as at December 31, 2019 and December 31, 2018 (on adoption of IFRS 9) was determined as follows:

As at December 31, 2019	Trade debts				
	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
	(Rupees in '000)				
Expected loss rate - %	0.00%	0.00%	50.00%	100.00%	
Gross carrying amount of trade debts	2,441,007	173,768	12,975	30,989	2,658,739
Loss allowance	-	-	6,488	30,989	37,477
As at December 31, 2018	Trade debts				
	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
	(Rupees in '000)				
Expected loss rate - %	0.00%	0.00%	50.00%	100.00%	
Gross carrying amount of trade debts	1,928,717	236,016	4,763	27,980	2,197,476
Loss allowance	-	-	2,382	27,980	30,362

41.2.6 Cash at bank

Financial institution	Ratings			2019	2018
	Agency	Long Term	Short term		
	(Rupees in '000)				
Habib Bank Limited	JCR-VIS	AAA	A-1+	829,281	1,077,568
MCB Bank Limited	PACRA	AAA	A1+	16,855	33,352
Habib Metropolitan Bank Limited	PACRA	AA+	A1+	22,948	14,944
Bank Al-Habib Limited	PACRA	AA+	A1+	136,884	120,638
National Bank of Pakistan	PACRA	AAA	A1+	2,737	1,791
United Bank Limited	JCR-VIS	AAA	A-1+	144,770	152,679
				1,153,475	1,400,972

41.3 Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2019 the Company had borrowing limits available from financial institutions at Rs. 1,140.000 million (2018: Rs. 1,140.000 million) and Rs. 1,273.248 million (2018: Rs. 1,545.032 million) in cash and bank balances. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

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

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

	2018				
	(Rupees in '000)				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Long term deposits	24,171	–	–	–	24,171
Trade and other payables	–	2,312,920	–	–	2,312,920
Unclaimed dividend	–	47,870	–	–	47,870
Lease	–	–	–	–	–

41.4 Fair value of the financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

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

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

41.5 Financial instruments by categories

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

	Financial assets at amortised cost	
	2019	2018
	(Rupees in '000)	
Assets		
Long term investments	45,032	45,008
Long term deposits	39,284	32,736
Trade debts - unsecured	2,621,262	2,167,114
Deposits	8,714	119,112
Letters of credit-Margin	94,894	46,772
Other receivables	51,034	46,151
Interest accrued	1,224	752
Cash at bank	1,273,248	1,545,032
	4,727,645	4,598,328

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Financial liabilities at amortised cost	
	2019	2018
	(Rupees in '000)	
Liabilities		
Trade and other payables	2,720,093	2,311,953
Unclaimed dividend	54,680	47,870
Lease liability	4,984,568	-
	7,759,341	2,359,823

42 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

- a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- 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 at reporting date is as follows:

	2019	2018
	(Rupees in '000)	
Net debt	-	-
Total equity	7,444,589	7,491,327
Capital gearing ratio	-	-

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

43 TRANSACTIONS WITH RELATED PARTIES

43.1 The related parties and associated undertakings comprise parent company, related group companies, provident fund trust, directors and key management personnel. Remuneration of Chief Executive and directors is also shown in Note 40. Transactions with related parties during the year are as follows;

Relationship with the Company	Nature of transactions	2019	2018
		(Rupees in '000)	
Common Control Companies	Purchase of goods and services	606,599	864,517
	Sale of goods and services	7,421	8,568
	Trademark license fee	870,874	635,697
	Management service fee	206,365	173,119
	IT charges	-	15,319
Holding company	Dividend paid	852,880	852,880
Staff Retirement Benefits	Contribution to provident fund trusts	73,341	67,347
Staff Retirement Benefits	Gratuity paid to outgoing employees	10,776	5,363

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

44. CAPACITY AND ACTUAL PRODUCTION

	No. of shifts worked		Installed capacity based on actual shifts worked		Actual production	
			Pairs in '000		Pairs in '000	
	2019	2018	2019	2018	2019	2018
Footwear in pairs						
Cemented	1 to 3	1 to 3	2,511	2,176	2,343	2,053
Polyurethane	1 to 3	1 to 3	4,720	5,653	3,540	4,526
Thongs	1 to 3	1 to 3	4,914	4,914	3,091	2,992
Directly injected plastic	3	3	4,229	4,493	4,089	4,050
Sandak	3	3	3,001	3,054	2,584	2,211
			19,375	20,290	15,647	15,832

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

45 NUMBER OF PERSONS EMPLOYED

	2019	2018
Number of persons employed as at year end	2,683	2,693
Average number of persons employed during the year	2,677	2,501

46 PROVIDENT FUND

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

	2019	2018
	(Rupees in '000)	
Size of the fund (total equity)	1,624,225	1,492,544
Percentage of investments made	89%	91%
Fair value of investments	1,451,332	1,358,677
Cost of investments made	1,451,332	1,358,677

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

	2019		2018	
	Investments (Rs. 000)	Investment as a % of size of the fund	Investments (Rs. 000)	Investment as a % of size of the fund
Pakistan Investment Bond	20,000	1.2%	20,000	1.3%
Term deposit receipts	1,431,332	88.1%	1,338,677	89.3%
	<u>1,451,332</u>		<u>1,358,677</u>	

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

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

47 EVENT AFTER THE REPORTING DATE

The Board of Directors have proposed a final dividend for the year ended December 31, 2019 of Rs. 60 per share, amounting to Rs. 453.6 million at their meeting held on February 26, 2020 for approval of the members at the Annual General Meeting to be held on May 20, 2020. These financial statements do not include the effect of the above dividend that will be accounted for in the period in which it is approved.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 26, 2020 by the Board of Directors of the Company.

49 CORRESPONDING FIGURES

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

Chief Executive

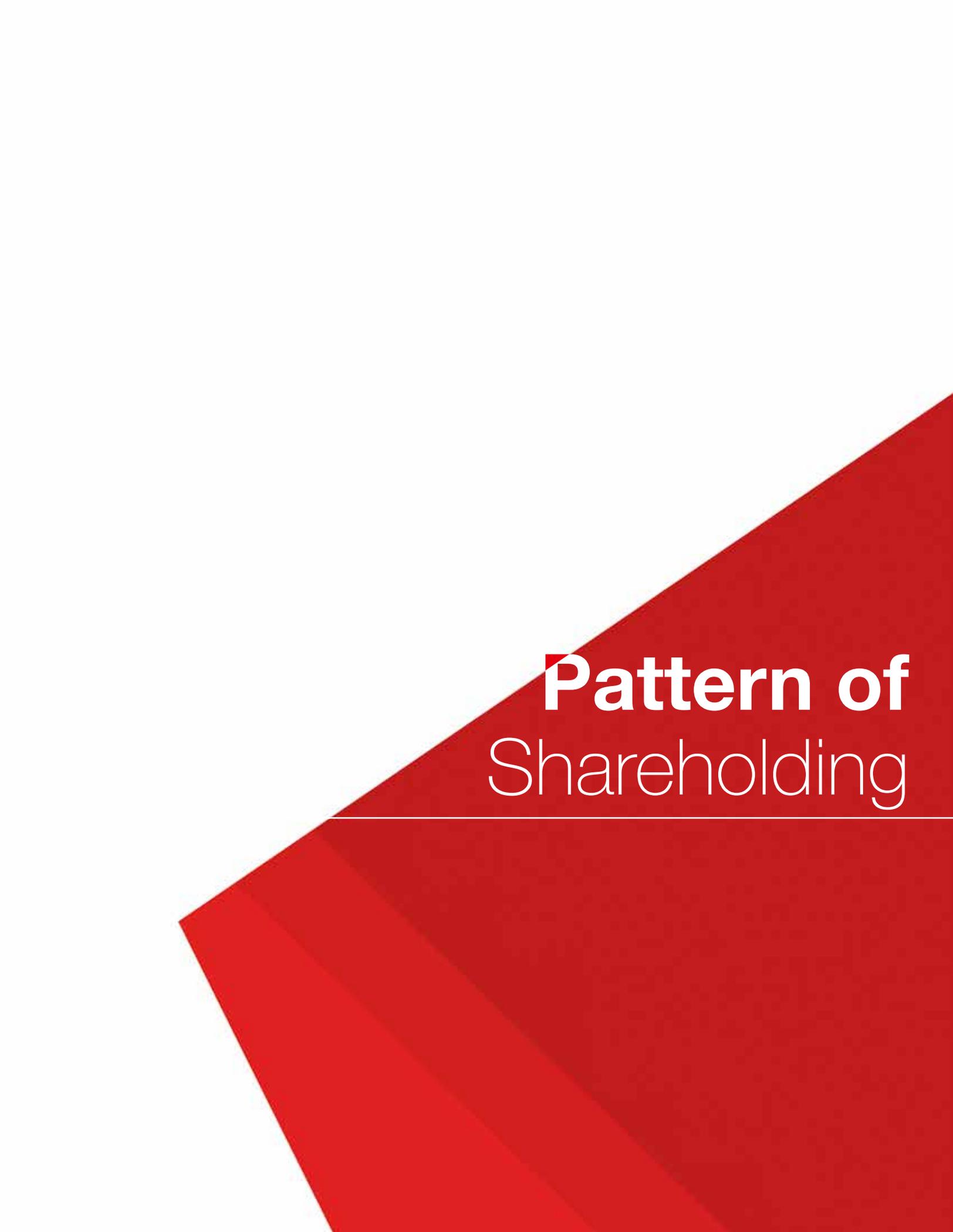
Chief Financial Officer

Director

NEW
ARRIVALS
EVERY
FRIDAY



Surprisingly
Bata



Pattern of Shareholding

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2019

No. of Shareholders	From	Shareholding	To	Total Shares held
839	1		100	32,191
414	101		500	102,132
75	501		1,000	58,245
63	1,001		5,000	127,724
8	5,001		10,000	55,810
1	10,001		15,000	11,392
2	15,001		20,000	35,840
1	20,001		25,000	21,000
1	25,001		30,000	28,076
1	30,001		35,000	30,416
1	45,001		50,000	47,940
1	50,001		55,000	51,940
1	80,001		85,000	81,520
1	95,001		100,000	99,674
1	1,090,001		1,095,000	1,090,234
1	5,685,001		5,690,000	5,685,866
1411				7,560,000

CATEGORIES OF SHAREHOLDERS

	Number of Shareholders	Total Shares held	Percentage
FOREIGN SHAREHOLDERS			
Bafin (Netherlands) B.V.	1	5,685,866	75.21
Habib Bank AG Zurich, Zurich, Switzerland (CDC)	1	19,840	0.26
Middle East North Africa Financial Investments W.L.L. (CDC)	1	10,000	0.13
Alpha Beta Finance Limited (CDC)	1	2,160	0.03
LOCAL SHAREHOLDERS			
Individuals	1,345	289,876	3.83
Industrial Development Bank of Pakistan IDBP (ICP Unit)	1	125	0.00
Trustee National Investment (UNIT) Trust (CDC)	1	1,090,234	14.42
National Investment Trust Limited (CDC)	1	28,076	0.37
National Investment Trust Limited administration Fund (CDC)	1	21,000	0.28
Nnational Bank of Pakistan (CDC)	1	611	0.01
Insurance Companies	4	49,188	0.65
Pension Fund	7	120,374	1.59
Joint Stock Companies	21	149,112	1.97
Modaraba & Mutual Fund	8	81,400	1.08
Other Companies	17	12,138	0.16
TOTAL SHAREHOLDERS	1411	7,560,000	100.00

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2019

Categories of Shareholders	Number of shares held
1. Directors, Chief Executive Officer, their spouses and minor children	
Chief Executive	-
Directors	
MR. MR. ROBERTO LONGO	1
MR. TOH GUAN KIAT	1
MR. KAMAL MONNOO	1
MR. MUHAMMAD MAQBOOL	1
MS. FATIMA ASAD KHAN	1
Directors' spouses and their minor children	-
2. Associated companies, undertakings and related parties (Parent Company)	
BAFIN (NETHERLANDS) 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)	30,416
HABIB INSURANCE CO. LIMITED. (CDC)	6,000
STATE LIFE INSURANCE CORP. OF PAKISTAN. (CDC)	11,382
DAWOOD FAMILY TAKAFUL LIMITED (CDC)	1,380
6. Foreign Companies	
HABIB BANK AG ZURICH, ZURICH, SWITZERLAND (CDC)	19,840
MIDDLE EAST NORTH AFRICA FINANCIAL INVESTMENTS W.L.L. (CDC)	10,000
ALPHA BETA FINANCE LIMITED (CDC)	2,160
7. Modarbas and Mutual Funds	
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND (CDC)	4,420
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	16,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	47,940
CDC - TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	1,080
CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	1,060
CDC TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	5,120
CDC - TRUSTEE NIT-EQUITY MARKET OPPRTUNITY FUND (CDC)	4,280
CDC - TRUSTEE UBL DEDICATED EQUITY FUND (CDC)	1,500
8. Pension Fund	
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEE PENSION FUND (CDC)	99,674
CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	4,900
CDC - TRUSTEE APF - EQUITY SUB FUND (CDC)	5,200
ICI PAKISTAN MANAGEMENT STAF PENSION FUND (CDC)	3,000
TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (CDC)	400
CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND (CDC)	4,880
CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND (CDC)	2,820
9. Joint Stock Companies	
FATEH INDUSTRIES LIMITED	160
NAEEM'S SECURITIES (PVT) LTD.	50
HONDA SOUTH (PRIVATE) LIMITED (CDC)	160
PROVIDUS INVESTMETNS (PRIVATE) LIMITED (CDC)	51,940
ARIF HABIB LIMITED - MF (CDC)	2,560
HILTON PHARMA (PVT.) LTD. (CDC)	81,520
IGI FINEX SECURITIES LIMITED (CDC)	1
IRHAN MAZHAR SECURITIES (PVT) LTD. (CDC)	540
ISPI CORPORATION (PRIVATE) LIMITED (CDC)	880
APPLE LEAF CAPITAL LIMITED (CDC)	1
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES(P)LTD - MF (CDC)	4,980
MUHAMMAD SHAFI TANNERIES (PVT) LIMITED (CDC)	500
NH SECURITIES (PVT.) LIMITED. (CDC)	135
SAGOO CAPITAL (PVT) LIMITED (CDC)	20
SARFRAZ MAHMOOD (PRIVATE) LTD (CDC)	25
SERVICE SALES CORPORATION (PRIVATE) LIMITED (CDC)	100
SHERMAN SECURITIES (PRIVATE) LIMITED (CDC)	2,000
STANLEY HOUSE INDUSTRIES (PVT) LTD. (CDC)	500
UHF CONSULTING (PRIVATE) LIMITED (CDC)	40
ISPI CORPORATION (PRIVATE) LIMITED (CDC)	2,100
HARAL SONS (PVT) LIMITED. (CDC)	700
10. Other companies	
TRUSTEES OF SULAIMANIYAH TRUST (CDC)	500
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	3,498
HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND (CDC)	900
TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEES GRATUITY FUND (CDC)	200
TRUSTEE OF HRSG OUTSOURCING (PVT) LIMITED EPF (CDC)	1,000
TRUSTEE OF TELENOR EMPLOYEES GRATUITY FUND (CDC)	1,000
TRUSTEES OF PAKISTAN HUMAN DEVELOPMENT FUND (CDC)	1,000
TRUSTEE PAK TOBACCO CO LTD EMPLOYEES GRATUITY FUND (CDC)	400
TRUSTEE OF BVA (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND (CDC)	60
TRUSTEE OF FA CONSULTING (PRIVATE) LIMITED - EPF (CDC)	180
TRUSTEE OF GATRON (INDUSTRIES) LIMITED STAFF PROVIDENT FUND (CDC)	200
TRUSTEE PAK TOBACCO CO LTD EMPLOYEES PROVIDENT FUND (CDC)	820
TRUSTEE PAK TOBACCO CO LTD MANAGEMENT PROV FUND (CDC)	1,380
TRUSTEES OF NOVO NORDISK PHARMA (PVT.) LTD. STAFF PROV. FUND (CDC)	80
TRUSTEES OF THAL LIMITED EMPLOYEES PROVIDENT FUND (CDC)	400
TRUSTEES OF TELENOR PAKISTAN PVT LTD EMPLOYEES PROVIDENT FUND (CDC)	460
TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEE PROVIDENT FUND (CDC)	60
11. General public	
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)	3,140
SHARES HELD BY THE GENERAL PUBLIC (LOCAL)	286,731
12. Executives, their spouses and minor children	-
	7,560,000
Shareholders holding more than 5 % 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

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children are as under:

	SALE	PURCHASE
1 MS. FATIMA ASAD KHAN	0	1

Surprisingly
Bata



FORM OF PROXY
68th ANNUAL GENERAL MEETING



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

I/We _____

of _____

being a member of Bata Pakistan Limited and holder of _____

_____ Ordinary Shares as per Register Folio

No. _____ and / or CDC Participant I.D. No. _____ and Sub Account No.

_____ hereby appoint _____ of _____

_____ or failing him _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 68th Annual General Meeting of the Company to be held on May 20, 2020 and at any adjournment thereof.

Signature: _____

Rs.10/- Revenue Stamp

Date: _____

WITNESSES:

1. Signature _____
Name _____
Address _____

CNIC No. _____
Passport No. _____

2. Signature _____
Name _____
Address _____

CNIC No. _____
Passport No. _____

Note:

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

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

AFFIX
CORRECT
POSTAGE

میں / ہم _____
ساکن _____ بحیثیت ممبر بانا پاکستان لمیٹڈ _____ عام حصص کا مالک / مستماتہ _____
ساکن _____ کو جبکہ فوئیو اسی ڈی سی اکاؤنٹ نمبر _____ یا اس کی عدم دستیابی کی صورت میں
مستماتہ / مستماتہ _____ ساکن _____
کو بطور پرائسی مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے 68 واں سالانہ عام اجلاس جو کہ مورخہ 20 مئی 2020ء کو منعقد
ہو رہا ہے اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے، بات کرے اور ووٹ ڈالے۔
میرے / ہمارے دستخط بتاریخ _____ 2020ء

10/- روپے کے ریونیو سٹامپ پر
دستخط

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

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

نوٹ:

a دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط کے مطابق ہونے چاہئیں۔

b نائب کے لئے کمپنی کارکن ہونا ضروری نہیں۔

c نیابت کا فارم (سکین شدہ نقلیں) مناسب طریقے سے پر کر کے قومی شناختی کارڈ کی تصدیق شدہ نقول کے ہمراہ یا نیابت کنندہ کے پاسپورٹ کے ہمراہ
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d نیابت فارم پر دو افراد کی گواہی موجود ہو اور دونوں گواہوں کے نام پتے اور قومی شناختی کارڈ نمبر درج ہوں۔

e کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط، نیابت کے فارم کے ہمراہ investorcare.pk@bata.com پر ارسال کریں۔

پوری ٹکٹ
لگانے کے بعد

جناب کمپنی سیکرٹری صاحب
باٹا پاکستان لمیٹڈ
بانا پور لاہور

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PAKISTAN LIMITED

P.O.BATAPUR, LAHORE
PAKISTAN

UAN: +92-42-111-044-055
FAX: +92-42-36581176
Website: www.bata.com.pk
E-mail: pk.bata@bata.com