

**56th  
Annual Report  
2016**



**BIBOJEE GROUP**



**JANANA DE MALUCHO  
TEXTILE MILLS LIMITED**

يَا رَبِّ الْعِزَّةِ  
بِهِمُ اللَّهُ الرَّحْمَنُ الرَّحِيمُ

## CONTENTS

	Pages
COMPANY'S PROFILE .....	2
VISION STATEMENT .....	3
NOTICE OF ANNUAL GENERAL MEETING .....	4
DIRECTORS' REPORT TO SHAREHOLDER .....	8
KEY OPERATING & FINANCIAL DATA .....	17
PATTERN OF SHAREHOLDING .....	18
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE .....	21
REVIEW REPORT .....	23
AUDITORS' REPORT .....	24
BALANCE SHEET .....	25
PROFIT & LOSS ACCOUNT .....	26
CASH FLOW STATEMENT .....	27
STATEMENT OF CHANGES IN EQUITY .....	28
NOTES TO THE FINANCIAL STATEMENTS .....	29

## COMPANY'S PROFILE

<b>BOARD OF DIRECTORS</b>	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MR. GOHAR AYUB KHAN MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN BRIG. (RETD) ABDUL SAMAD KHAN MR. SAAD WAHEED	Chairman Chief Executive
<b>AUDIT COMMITTEE</b>	BRIG. (RETD) ABDUL SAMAD KHAN MR. AHMAD KULI KHAN KHATTAK MR. RAZA KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Member Member Member
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA BRIG. (RETD) ABDUL SAMAD KHAN	Chairman Chief Executive / Member Member Member Member
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
<b>HEAD OF INTERNAL AUDIT</b>	MR. NADEEM AHMED, ACCA, CIA	
<b>AUDITORS</b>	SHINEWING HAMEED CHAUDHRI & CO., Chartered Accountants	
<b>BANKERS</b>	NATIONAL BANK OF PAKISTAN THE BANK OF KHYBER HABIB BANK LIMITED	
<b>LEGAL ADVISOR</b>	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
<b>TAX CONSULTANTS</b>	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
<b>REGISTRARS &amp; SHARES REGISTRATION OFFICE</b>	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI TEL. 021-35375127-29, FAX. 021-35820325 EMAIL registrationservices@live.co.uk	
<b>REGISTERED OFFICE &amp; MILLS</b>	HABIBABAD, KOHAT (KPK) TEL. 0922 - 862161 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana_textile@hotmail.com WEB SITE: www.jdm.com.pk	

## **VISION**

“TO BE MARKET LEADERS IN YARN, BUILDING COMPANY IMAGE THROUGH INNOVATION AND COMPETITIVENESS, ENSURING SATISFACTION TO CUSTOMERS' AND STAKEHOLDERS AND TO FULFILL SOCIAL OBLIGATIONS.”

## **MISSION STATEMENT**

“LEAD PRODUCER OF QUALITY YARN WE SHALL BUILD ON OUR CORE COMPETENCIES AND ACHIEVE EXCELLENCE IN PERFORMANCE. WE AIM AT EXCEEDING EXPECTATIONS OF ALL STAKEHOLDERS. WE TARGET TO ACHIEVE TECHNOLOGICAL ADVANCEMENTS TO INCULCATE THE MOST EFFICIENT, ETHICAL AND TIME TESTED BUSINESS PRACTICES IN OUR MANAGEMENT.

WE SHALL STRIVE TO INNOVATE AND INTRODUCE ALTERNATE USES OF PRODUCT TO BROADEN OUR CUSTOMER BASE TO HELP STRENGTHEN THE PHYSICAL INFRASTRUCTURE OF THE COUNTRY.”

## **OVER ALL CORPORATE STRATEGY**

1. TO ACHIEVE GROWTH BY MONITORING OUR MARKET NICHE IN SUPER FINE & FINE COUNTS, AND AT THE SAME TIME DIVERSIFYING OUR PRODUCTS RANGE TO ENTER NEW PROFITABLE MARKETS.
2. TO CONSTANTLY IMPROVE PRODUCTIVITY, QUALITY AND SERVICES WHICH WILL NOT ONLY SERVE THE MARKET CONSUMERS BUT WILL ALSO RESULT IN ENHANCED PAYMENT OF SALES TAX, INCOME TAX AND OTHER GOVERNMENT LEVIES.
3. TO PROVIDE CLEAN AND POLLUTION FREE ENVIRONMENT TO OUR EMPLOYEES FOR IMPROVING THEIR PERFORMANCE & CREATING A CORPORATE CULTURE THAT FOSTERS INITIATIVE IN ITS WORK FORCE.
4. TO CONSTANTLY STRIVE FOR INCREASING INVESTOR'S SHARE VALUE BY ACHIEVING COMMENDABLE RESULTS EVEN IN VERY DIFFICULT AND HIGHLY COMPETITIVE INTERNATIONAL & LOCAL MARKETS.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 56<sup>th</sup> Annual General Meeting of the Shareholders of Janana De Malucho Textile Mills Limited will be held at the registered office of the Company, Habibabad, Kohat on **Monday the 31<sup>st</sup> October 2016 at 11:30 A.M.** to transact the following business.

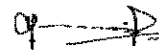
**A. ORDINARY BUSINESS:**

1. To confirm the minutes of the Annual General Meeting held on 25<sup>th</sup> October 2015.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30<sup>th</sup> June 2016 together with the directors' and auditors' reports thereon.
3. To consider and approve the payment of final cash dividend for the year ended 30<sup>th</sup> June 2016. The Board of Directors has recommended & approved the final cash dividend @12.50% i.e. Rs.1.25 per share for the year ended 30<sup>th</sup> June 2016.
4. To appoint Company's auditors for the year ending 30<sup>th</sup> June 2017 and to fix their remuneration.

**B. SPECIAL BUSINESS:**

5. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolutions as Ordinary Resolutions, with or without modification  
"Resolved that consent & approval of the members of Janana De Malucho Textile Mills Limited (the "Company") be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 June 2017 through CD or DVD or USB instead of transmitting the same in hard copies.  
Resolved Further that Chief Executive Officer or Company Secretary (any one of them) be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution".
6. That the following resolution be passed by the shareholders at the AGM as a Special Resolution to amend the Articles of Association of the Company, with or without modification in order to enable to arrange for the e-voting mechanism for the shareholders of the Company:  
"RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Article 78A immediately after the existing Article 78 to read as under:  
**78A ELECTRONIC VOTING:** The Company shall comply with the mandatory e-voting requirements as may be prescribed by the Securities and Exchange Commission of Pakistan from time to time and members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting only pursuant to this Article."  
Further resolved that the Chief Executive/Company Secretary (any one of them) be and is hereby authorized to complete all necessary legal and corporate formalities with regard to the above resolutions and take such actions as he may consider necessary or expedient to complete the process. Further resolved that in case of any omission or mistake if pointed out by the SECP or any other competent authority in the aforesaid resolutions the company Secretary be and is hereby authorized to make necessary corrections as permitted under the law."
7. To consider any other business with the permission of the Chair.

By order of the Board



AMIN-UR-RASHEED  
Company Secretary &

Sr. General Manager Corporate Affairs

Kohat

Dated: 05<sup>th</sup> October 2016

**NOTES:****BOOK CLOSURE:**

1. The Share transfer books of the Company shall remain closed from 22<sup>nd</sup> October 2016 to 31<sup>st</sup> October 2016 (both days inclusive). The shares received in the Company's Registrar office i.e. **Management & Registration Services (Pvt) Limited, Business Executive Centre, F-17/3, Block 8, Clifton, Karachi** before close of business hours on 21<sup>st</sup> October 2016 will be considered in order for registration in the name of the transferees.

**COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)**

- Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 779(I)/2011 dated August 18, 2011 has directed all listed companies to ensure that Dividend Warrants should bear the Computerized National identity Card (CNIC) Numbers of the registered members. Members who have not yet provided attested copies of their valid CNICs / NTN (in case of corporate entities) are requested to send the same directly to the Share Registrar at aforementioned address.

**REVISION OF WITHHOLDING TAX ON DIVIDEND INCOME UNDER SECTION 150 OF THE FINANCE ACT 2016:**

- Please note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2016 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 12.50% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer, Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

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

The required information must reach our Share Registrar by 21<sup>st</sup> October 2016 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s)  
 he required information must reach our Share Registrar by 21<sup>st</sup> October 2016 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s)

Shareholders are therefore requested to please check and ensure Filer status from Active Taxpayer List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that ,CNIC / passport number has been recorded by the participant / Investor Account Services by Share Registrar (in case of physical shareholding) Corporate bodies (non' individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant / Investor Account Services or in case of physical shareholding by Company's Share Registrar.

**DELIVERY OF THE UNCLAIMED / UNDELIVERED SHARES LYING WITH THE SHARE REGISTRAR:**

- As directed by SECP vide letter # SMD/CIW/Misc/14/2009 dated October 11, 2011 shareholders are requested to please contact / coordinate with Company's Share Registrar for collection of unclaimed / Undelivered Bonus Share Certificates.

**TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:**

- In pursuance of the directions given by SECP vide SRO 787(I)/2014 dated September 8, 2014, those shareholders who desire to receive Notice & Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. [www.idm.com.pk](http://www.idm.com.pk) and send the said form duly filled in and signed along with copy of his / her / its CNIC / Passport to the Company's Share Registrar. Please note that giving email address for receiving of Notice & Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, Notice & Annual Financial Statements will be sent at your registered address, as per normal practice.

**DIVIDEND MANDATE (OPTIONAL):**

- A shareholder may, if he so desires, direct the Company to pay dividend through his / her / its bank account. If you want to avail the facility of direct credit of dividend amount in your bank account, please provide the requisite information to Company's Share Registrar and CDC Shareholders are requested to send their bank account details to their respective Participant / Investor Account Services. In pursuance of directions given by SECP, kindly authorize the bank for direct credit of cash dividend in your bank account. (Please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, dividend will be paid through dividend warrant to your registered address, as per normal practice).

Standard request form is available at the Company's website i.e. [www.idm.com.pk](http://www.idm.com.pk)

**CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:**

7. Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio numbers.

**PARTICIPATION IN ANNUAL GENERAL MEETING:**

8. Any member entitled to attend and vote at this meeting shall be entitled to appoint any other member as his/her proxy to attend and vote in respect of him/her and the proxy instrument shall be received by the Company not later than 48 hours before the date of the meeting.

**INSTRUCTIONS FOR CDC ACCOUNT HOLDERS:**

9. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan;

**a. For attending the meeting:**

- i. In case of account holders of CDC their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original National Identity Card (N.I.C.) or Original Passport at the time of attending the Meeting.
- ii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with certified specimen signature of the nominee shall be produced at the time of the meeting.

**b. For appointing proxies:**

- i. In case of individuals account holder of CDC registration details are uploaded as per the regulations shall submit the proxy form as per the above requirements along with attested copies of N.I.C. or the Passport of the beneficial owner and shall be furnished with proxy form.
  - ii. The proxy shall produce his original N.I.C. or original Passport at the time of the meeting.
  - iii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with proxy form to the company.
- c. CDC Account Holders and Sub-account Holders, whose Registration details are available in Share Book Detail Report shall have to produce respective Original Computerized National Identity Cards (CNIC) or Original Passports for the purpose of identification to participate in the Annual General Meeting, Such Account Holders and Sub Account Holders should know the CNIC Numbers and CDC Account Number of the respective partner and should bring the same along with them. In case of Proxy, the person should positively attach the attested copy of the CNIC or passport. In case of corporate member's representative, usual documents should be accompanied for the same purpose.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE 1984 REGARDING SPECIAL BUSINESS:**

**Item No. 5 of the Notice: Circulations of Annual Reports through CD/DVD/USB**

Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolutions as proposed in the notice of meeting. The directors are not interested, directly or indirectly, in the above business except to the extent of their shareholding as has been detailed in the pattern of shareholding annexed to the Directors Report

**Item No. 6 of the Notice: Alteration in the Articles of Association**

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 78A therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. Accordingly, it has been proposed to pass the resolution as a Special Resolution for alteration in the Articles of Association of the Company, as specified in the notice of meeting.

The directors are not interested, directly or indirectly, in the above business except to the extent of their shareholding as has been detailed in the pattern of shareholding annexed to the Directors Report.



## DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company have pleasure in presenting the 56th Annual Report and Audited Financial Statements of the Company for the financial year ended 30th June, 2016.

### PERFORMANCE REVIEW

We are immensely pleased to report that your Company with the infinite benevolence of Allah Karim dealt with opportunities and threats as and when they came and despite heavy odds and a very difficult year due to rampant import of cheap Indian yarn and grey cloth, we have given positive results. The major highlights of the Company's financial results as compared to the preceding year are as follows:

Particulars	2016	2015
	Rupees in million	
Sales	2,497.962	2,542.780
Cost of sales	(2,339.861)	(2,344.655)
Gross profit	158.101	198.125
Profit from operations	58.097	95.883
Profit before taxation	14.114	14.721
Profit after taxation	12.894	16.271
	----- Rupees -----	
Earnings per share	2.69	3.40

### TURNOVER

Gross sales of yarn for the current year have decreased marginally i.e. by Rs.860 thousands as compared to previous year. However this figure does not reflect the true picture of the dismal market conditions faced by the Company during the year 2015-16. The Company has lost around Rs.164 million due to decrease in quantity sold during the year which has decreased by 888 thousands lbs in comparison with preceding year. The main reason of this decrease was import of cheap yarn from India which was duty free before imposition of 10% regulatory duty from November 01, 2015. However after the imposition of this regulatory duty, and change in Indian Govt. policy due to scare of cotton shortage resulted in to slight increase in cotton and yarn rates on exports to Pakistan. Resultantly sale rates improved and there has been an increase of Rs.12.68 per lbs in the sales rates as compared to previous year.

### GROSS PROFIT

Gross Profit of the Company, for the year has decreased by Rs.40.024 million in comparison with last year, mainly due to decrease in quantity of yarn sold, increase in minimum wages from Rs.12,000 to Rs.13,000 and due to increase in average raw material consumption rate by Rs.2.11 per lbs due to bulk import of cotton from India after complete failure of local cotton crop due to lukewarm attitude of agriculture department for research to uplift cotton production in the country.

### FINANCE COST

Finance cost has decreased by Rs.24.515 million from Rs.72.235 million of the previous year to Rs.47.720 million for the current year mainly due to decrease in KIBOR rates and effective utilization of finance facilities. Further, the management, at the time of renewal of the finance facilities, has successfully negotiated with the banks to lower their bank spread which also helped in decreasing the finance cost. The cash finance facilities, during the year under

review, carried mark-up at the rates ranging from 7.58% to 10.01% in comparison with rates ranging from 8.25% to 13.21% in the previous year.

### **GENERAL ECONOMIC REVIEW**

The economy of Pakistan, despite all Government claims did not show any improvement; rather all the economic variables show negative trends. For the last few years Pakistan's exports are showing a declining trend. Global trade without any quota restrictions has created opportunities for developing and emerging economies. Some countries like India, Bangladesh, Vietnam availed this opportunity and have doubled and consolidated their exports whereas others countries like Pakistan failed to take advantage. For the last few years Pakistan's exports are showing a declining trend and they have dropped to an eight year low of \$20.8 billion (12.11%) in the fiscal year of 2015-16, despite the preferential access to European markets and an ambitious government target of taking the proceeds to \$35 billion by 2018 but analysts and businessmen claim the government's export target cannot be achieved in the existing circumstances. As a result of steep fall in exports the trade deficit has also reached to an all-time high of \$23.96 billion in 2015-16 as against \$22.16 billion a year earlier.

The Economic Survey 2015-16 has acknowledged that the country's falling exports are alarming sign resulting into a lackluster economic growth, jittery global equity and current market weakening in China and policy reversal in the US as the main reasons behind it. A five year textile policy implemented by the government from July 1, 2015, which is laden with incentives for the value added sector, has also failed to boost exports. On the other hand, India and China had stolen Pakistan's share in the international market because their governments had helped their industries by keeping their cost down to protect jobs and foreign exchange revenues. While our competitors are pushing their exports to create jobs, our government is relying on foreign and local borrowing and home remittances of foreign expatriates to build its reserves leaving exports in a lurch even if it means shifting our jobs to our rivals.

Without a change in policies and attitude of government policy makers it is highly unlikely that the export situation, especially that of textile, can be changed or reverse by itself. A casual, lackadaisical nonchalance encompasses the top leadership of the ministries of finance and commerce with regard to Pakistan's falling exports percolating right up to the prime minister himself. For a supposedly pro-business government, this hands off and unconcerned attitude is shocking and is also testament to the lack of understanding and interest of parliament in holding economic policymakers accountable.

### **FUTURE PROSPECTS:**

The textile sector, which is considered to be back bone of economy, also show a 7% decrease in the exports for the fiscal year 2015-16, which have decreased to \$12.45 billion from \$13.45 billion in the year 2014-15. The situation in the local market is also not very well. While weaker global economic indicators and softer international commodity prices are partly to blame, shifting the blame away from endogenous, policy related factors is disingenuous as well as dangerous. Pakistan's current policy framework is anti-manufacturing and anti-export, particularly the policies such as, withheld refunds, advance taxes, additional levies such as the Gas Infrastructure Development Cess (GIDC), various surcharges on electricity including the one levied to recover the cost of power theft and losses from honest consumers, in combination with an overvalued exchange rate, have played havoc with the textile sector. As a result, export quantities, and not just unit prices, have fallen with the consequences most evident in Pakistan's main textile and clothing categories.

Though the Government has in theory declared the textile sector, along-with other export oriented sectors, as zero-rated, it has done nothing about local and innovative taxes such as sales tax and import duty on cotton, which form 8-9 percent of the manufacturing cost. All Pakistan Textile Mills Associations, in its latest bid to save the textile industry has made an appeal to the top government officials regarding the abysmal situation that the textile industry is currently in. It says that “every day one textile mill is closing down” and serious remedial measures are needed to be taken immediately to save the textile industry, our national asset. The remedial measures advocated by APTMA include, removal of GIDC and reduction in gas tariff, to make it at par with the competing countries, removal of all surcharges on Electricity Tariff, removal of cess on textile raw materials, provision of DLTL against exports of yarns, fabric and garments, inclusion of long term financing facility in indirect exports, imposing 30% regulatory duty on import of yarn from India and abolishing the turnover tax for next five years.

Unless the manufacturers are able to export or sell in the local market at competitive rates, the chances of further increase in losses and closures cannot be ruled out. Prices of cotton in the international market are also increasing at fast pace and the industry cannot boost sales unless the government helps it to slash cost which we feel shall be compatible with other competitors of doing business to make it competitive in the global as well as local markets.

All in all, despite all the above-mentioned negative indicators, we can still hope to find positives. We also hope and pray to Allah Karim that the next year will be better for textile industry in general and your Company in particular. This can only happen provided Government takes some corrective measures to save the textile industry.

**COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:**

As required under the Code of Corporate Governance the Directors are pleased to confirm that:

1. The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
3. Proper books of account of the Company have been maintained.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed and monitored.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 30 June, 2016, except for those disclosed in the notes to the accounts.
9. The pattern of shareholding and additional information regarding pattern of shareholding is included in this annual report.
10. No trades in the shares of Janana De Malucho Textile Mills Limited were carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year ended 30 June, 2016.

**STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING:**

The Company is compliant with the best practices of transfer pricing as contained in the Rule Book of The Pakistan Stock Exchange.

**BOARD AUDIT COMMITTEE**

The Board of Directors, in compliance with the Code of Corporate Governance, has established a Board Audit Committee:

1. Brig. (Retd.) Abdul Samad Khan	Chairman	Independent Director
2. Mr. Raza Kuli Khan Khattak	Member	Non-Executive Director
3. Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive Director
4. Mr. Mushtaq Ahmad Khan, FCA	Member	Non-Executive Director

**HUMAN RESOURCE AND REMUNERATION COMMITTEE**

In compliance with the clause (xxv) of the revised Code of Corporate Governance, the Board of Directors has established a Human Resource & Remuneration (HR&R) Committee. The composition of HR&R is as below.

1. Mr. Raza Kuli Khan Khattak	Chairman	Non-Executive Director
2. Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Member	Chief Executive Officer
3. Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive Director
4. Mr. Mushtaq Ahmad Khan, FCA	Member	Non-Executive Director
5. Brig. (Retd.) Abdul Samad Khan	Member	Independent Director

**BOARD MEETINGS AND ATTENDANCE OF EACH DIRECTOR****NUMBER**

Total number of Board meetings held during the year under review	4
--	---

**Attendance of each Director**

Mr. Raza Kuli Khan Khattak	3
Lt. Gen. (Retd.) Ali Kuli Khan Khattak	3
Mr. Ahmad Kuli Khan Khattak	3
Mr. Mushtaq Ahmad Khan, FCA	1
Mrs. Zeb Gohar Ayub (late) (died on 17-03-2016)	1
Mrs. Shahnaz Sajjad Ahmad	3
Dr. Shaheen Kuli Khan	3
Ch. Sher Muhammad (late) (died on 13-06-2016)	2
Brig. (Retd.) Abdul Samad Khan	3
Mr. Gohar Ayub Khan (appointed on 17-03-2016)	1
Mr. Saad Waheed (appointed on 13-06-2016)	NIL

The Board is pleased to report that Janana De Malucho Textile Mills Limited is compliant with the provisions of best practices of Code of Corporate Governance as on 30 June, 2016.

**KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY):**

Key operating and financial data of last six years is enclosed.

**PATTERN OF SHAREHOLDING:**

The statement of pattern of shareholding of the company as on 30 June, 2016 is enclosed. This statement is prepared in accordance with the Code of Corporate Governance and the provisions of Companies Ordinance, 1984 read with Companies (Amendment) Ordinance, 2002.

**CONTRIBUTION OF OUR COMPANY TOWARDS GOVERNMENT AND SOCIAL SECTOR:**

We wish to give hereunder our Company's revenue contribution towards the Government, Semi Government sectors, banks and Social sector during the year ended 30 June, 2016.

<b>I. GOVERNMENT SECTOR</b>	(Rs. In Million)
Income Tax paid	18.983
Power & Fuel	318.525
Financial Institution/ Banks	174.863
<b>II. SOCIAL SECTOR</b>	
Employees/Workers' salaries, Wages and other benefits	332.915

We are also providing employment to 1,104 permanent workers (1,104 families with an average of 8 family members in KPK province) the employment cost of which shall now be about Rs.450 million per annum.

**CORPORATE SOCIAL RESPONSIBILITY:**

We believe that education plays a vital role for economic development and poverty alleviation. Pakistan has an urgent need for excellent academic facilities, to develop and prepare young people to acquire skills and help them to utilize their highest potential. For this purpose we donate significant amounts to Waqf-e-Kuli Khan Trust every year.

**DIVIDEND:**

The Board has recommended a final cash dividend @ 12.50% i.e. Rs.1.25 per share for the year ended 30 June, 2016, in pursuance of section 5A of the Income Tax Ordinance, 2001.

**COMMENTS ON "EMPHASIS OF MATTER" PARAGRAPH IN THE AUDITOR'S REPORT:**

GIDC issue was fixed for hearing on 13-09-2016 but due to Eid-ul-Azha holidays; the case did not come up for hearing. Next date of hearing of GIDC case has not been fixed yet. The stay order in the GIDC issue is in field. APTMA has informed that in a meeting with our counsel on GIDC issue regarding the future strategy, he informed that our grounds in the GIDC case are very strong and valid, so we are hoping that the court decision will be in the favour of the industry. We have not made any provision against GIDC because the High Court and the Supreme Court of Pakistan in our earlier appeal have already declared GIDC Act, 2011 as unconstitutional. The Government has made no change in the new Act of GIDC of 2015 which is replete with the mistakes of 2011 Act and we are of the considered opinion that this Act will also be struck down by the learned courts.

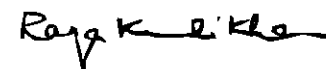
**APPOINTMENT OF AUDITORS:**

The Company's auditors M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, H. M. House, 7 – Bank Square, Lahore retire and offer themselves for reappointment. The Board of Directors of the Company as recommended by the Board Audit Committee hereby recommends that the retiring auditors be re-appointed.

**ACKNOWLEDGMENT:**

Your Directors wish to record their appreciations for the efforts made by the workers, staff and senior executives for achieving these results in the unprecedented difficult circumstances. We are grateful for the continued support of the financial institutions specially the National Bank of Pakistan since 1962 to sustain the production activities of the company.

For & on behalf of Board of Directors



RAZA KULI KHAN KHATTAK  
CHAIRMAN

Dated: 29, September, 2016

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

یورڈ آف ڈائریکٹرز کی جانب سے، 56 ویں سال 30 جون 2016 کو ختم ہونے کے لئے کمپنی کے آڈیٹر کی جاری کردہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ۔

ہم آپ کو بتاتے ہوئے خوشی محسوس کرتے ہیں کہ آپ کی کمپنی نے اللہ کریم کی لاجورد احسانات کے صدقے اس سال بھارتی سوت اور کپڑے کی بھاری درآمدات کے باوجود اچھے نتائج دے دیے ہیں۔ پچھلے سال کے مقابلے میں کمپنی کی مالیاتی نتائج کے اہم جھلکیاں مندرجہ ذیل ہیں۔

2015	2016	
		روپے لاکھوں میں
2,542.780	2,497.962	فروخت
(2,344.655)	(2,339.861)	فروخت کی لاگت
198.125	158.101	عمومی منافع
95.883	58.097	آپریشن سے منافع
14.721	14.114	ٹیکس سے پہلے منافع
16.271	12.894	ٹیکس سے بعد منافع
		آمدنی فی شیئر
3.40	2.69	

کاروبار۔

موجودہ سال کے لئے سوت کی مجموعی فروخت میں گزشتہ سال کے مقابلے میں 860 روپے (ہزاروں میں) کی معمولی کمی واقع ہوئی ہے۔ تاہم یہ مالی سال 16-2015 کے دوران کمپنی کو درپیش مایوس کن مارکیٹ کے حالات کی صحیح تصویر کی عکاسی نہیں کرتا۔ کمپنی کے اس مالی سال کے دوران فروخت مقدار گزشتہ سال کے مقابلے میں 888 ہزار پونڈ کی کمی واقع ہوئی ہے جس کی وجہ سے 164 ملین فروخت / سیل کم ہے۔ اس کمی کی بنیادی وجہ 01 نومبر 2015 سے 10% ریگولیشن کی ڈیوٹی عائد کرنے سے پہلے بھارت سے سوت کی درآمد ہے۔ تاہم بھارتی حکومت کی اس ریگولیشن کی ڈیوٹی عائد ہونے اور کپاس کی قلت کے خوف کی وجہ سے پاکستان کو سوت اور کپڑے کی درآمدات کم دی۔ جس کی وجہ سے پاکستانی کپاس اور سوت کی قیمتوں میں بھی معمولی اضافہ ہوا ہے۔ اس نتیجے کمپنی کی فروخت بہتر ہوئی اور فروخت کی ریٹ میں 12.68 روپے نی پونڈ کا اضافہ گزشتہ سال کے مقابلے میں آیا ہے۔

عمومی منافع

موجودہ سال عمومی منافع میں گزشتہ سال کے مقابلے میں 40.024 ملین روپے کمی واقع ہوئی ہے۔ اس کی بنیادی وجہ گزشتہ سال کے مقابلے میں سوت کی فروخت کی مقدار میں کمی، کپاس کی پاکستان میں فصل اچھی نہ ہونے کی وجہ سے آپ کی کمپنی نے کپاس درآمد کی جس کی وجہ سے خام مال کی قیمت 2.11 روپے نی پونڈ کا اضافہ ہوا ہے اور حکومت کے احکامات کے مطابق حدود روپے کم از کم تنخواہ 12,000 روپے فی مہینہ سے بڑھا کر 13,000 روپے فی مہینہ کی گئی۔ جسکی وجہ سے کمپنی کے اخراجات میں اضافہ ہوا۔

کپاس لاگت

موجودہ سال کی کپاس لاگت میں گزشتہ سال کے مقابلے میں 24.515 ملین روپے کمی واقع ہوئی ہے۔ جس کی بنیادی وجہ آپ کی کمپنی کا بینکوں سے کاروباری معاملات کا بھنداری سے استعمال کرنا۔ اس کے علاوہ KIBOR کے شرح میں کمی ہے۔

عمومی مارکیٹ کی حالت

پاکستان کی معیشت نے تمام سرکاری دھوؤں کے باوجود کوئی بہتری ظاہر نہیں کی بلکہ تمام اقتصادی اشاریوں نے ضمنی رجحانات دکھائے۔ گزشتہ چند سالوں سے پاکستان کی درآمدات میں لگا تار کمی کا رجحان دیکھا جا رہا ہے۔ عالمی تجارت نے کسی بھی کوئی پابندیوں کے بغیر ترقی اور معیشتوں کو ابھرنے کے لئے اپنے معنی شیبوں کے لیے مواقع پیدا کیے ہیں۔ بھارت، بنگلہ دیش، ویت نام جیسے بعض ممالک نے اس سے فائدہ اٹھا کر اپنی درآمدات دوگنی کر لیں۔ گزشتہ چند سالوں سے پاکستان کی درآمدات میں کمی کا رجحان رہا اور 16-2015 کے مالی سال میں 20.80 ملین ڈالر (12.11%) کمی جو کہ گزشتہ آٹھ سال کی کم تر سطح پر ہے۔ یورپی منڈیوں تک ترسیل رسائی اور 2018 تک 35 ارب ڈالر کی درآمدات کا حدف حاصل کرنے کے لیے حکومت کے ایک جرات مندانہ ٹارگٹ کے باوجود جو یہ کاروں اور تاجروں کا دعویٰ ہے کہ حکومت کی درآمدات کا ہدف موجودہ حالات میں حاصل نہیں کیا جاسکتا۔ اور درآمدات میں تیزی سے کمی کے نتیجے میں تجارتی خسارہ بھی گزشتہ سال کے 22.16 ملین ڈالر سے اس سال 16-2015 میں 23.96 ملین ڈالر کی ایک بہت اونچی سطح تک پہنچ گیا ہے۔

حکومت نے اقتصادی سروے 16-2015 میں تسلیم کیا ہے کہ ملک کی درآمدات کے گرنے کے پیچھے اہم وجوہات کے طور پر امریکہ اور چین میں کمزور اقتصادی ترقی کے نتیجے میں، دنیا کی موجودہ مارکیٹ معیشتی کمزوری ہے۔ 1 جولائی 2015 سے حکومت کی طرف سے لاگو ایک پانچ سال ٹیکسٹائل پالیسی، ویلیو ایڈڈ ٹیکسٹائل کے لئے ترغیبات کے باوجود درآمدات کو فروغ دینے میں ناکام رہی ہے۔ دوسری طرف، بھارت

اور چین کی حکومتوں کے روزگار اور غیر ملکی کرنسی کی آمدنی کو تحفظ فراہم کرنے کے لئے اپنے صنعتی شعبوں کی لاگت کو مد نظر رکھتے ہوئے اپنی صنعتوں کو مدافراہم کر رہے ہیں جس کی وجہ سے بین الاقوامی مارکیٹ میں پاکستان کا حصہ کم ہو رہا ہے۔ ہمارے حریف ملک ملائیشیہ کے مواقع پیدا کرنے کے لئے اپنی برآمدات بڑھا رہے ہیں، جبکہ ہماری حکومت ہمارے حریف ملکوں کے مقابلے میں زرمبادلہ کے ذخائر کی تعمیر کے لئے غیر ملکی قرضوں اور تارکین وطن کی ترسیلات زر پر انحصار کر رہے ہیں۔

خاص طور پر حکومتی پالیسی اور پالیسی بنانے والوں کے رویے میں تبدیلی کے بغیر ملکی برآمدات خاص طور پر ٹیکسٹائل کی برآمدات بہتر نہیں ہو سکتی۔ برآمدات کی بہتری کے لیے حکومت کو ملکی صنعت کیلئے کاروبار کے بہترین مواقع فراہم کرنے پڑیں گے۔ اس کے علاوہ حکومت کو ایسے پالیسی بنانے والوں کی خدمات حاصل کرنی چاہے جو کہ برآمدات بڑھانے میں مدد فراہم کریں۔

#### مستقبل کے نقطہ نظر

پاکستان ٹیکسٹائل انڈسٹری جو کہ ملکی معیشت کی ریڑھ کی ہڈی بھی جاتی ہے، اس سال 2015-16 میں 7% برآمدات کم دکھائی ہیں۔ اس کے علاوہ مقامی مارکیٹ کی صورت حال بھی درست نہیں ہے۔ دنیا کی معیشت کی کمزوری اور دنیا میں اشیاء کی قیمتوں میں کمی کی وجہ سے ہماری حکومتی پالیسی صنعتوں اور برآمدات کے لیے نقصان دہ ہے جس میں آگم اور سیلنگ کی رقوم کی واپسی، اضافی ٹیکس اور محصولات کا لگانا جیسے کریس انفراسٹرکچر ڈیولپمنٹ سیس، بجلی کے بلوں پر مختلف قسم کے سرجارج جس میں بجلی کی چوری کا خرچہ، حکومت کا بجلی پیدا کرنے کے لیے ایجنٹ کی درآمد پر نئے والے اخراجات شامل ہیں۔ اگرچہ حکومت نے ٹیکسٹائل کی صنعت دیگر برآمدات کرنے والی صنعت کے ساتھ سیلنگس مقرر فیصد کر دیا ہے۔ لیکن حکومت نے کاشن کی درآمد پر سیلنگس معاف نہیں کیا ہے۔ آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن حال ہی میں ٹیکسٹائل کی صنعت کو درپیش مشکلات کے بارے میں حکومت کے لیے آگامی کی ہم چلائی ہے۔ جس میں بتایا گیا ہے کہ ہر روز ایک ٹیکسٹائل ملز بند ہو رہی ہے۔ جس میں حکومت سے فوری طور پر چند اقدامات کرنے کی سفارش کی جا رہی ہے۔ جس میں ٹیکس کی رقوم کی واپسی، اضافی ٹیکس اور محصولات کا لگانا جیسے کریس انفراسٹرکچر ڈیولپمنٹ سیس اور بجلی کے بلوں پر مختلف قسم کے سرجارج کو ختم کرنے بجلی اور گیس کی قیمت علاقے کے دوسرے ممالک کے برابر کرنے، بھارت سے سوت اور پکڑ اور آمد کرنے پر 30% ڈیوٹی لگانے اور اگلے 5 سال تک کسی بھی قسم کا ٹیکسٹائل ملز کا مال فروخت پر ٹیکس نہ لگانے کی سفارش کی ہے۔

ان تمام باتوں کے باوجود ہم امید کرتے اور اللہ پاک سے دعا کرتے ہیں کہ ملکی ٹیکسٹائل کی صنعت اور آپ کی کمپنی کے حالات بہتر ہوں۔ یہ جب تک نہیں ہو سکتا جب تک حکومت ملکی ٹیکسٹائل کی صنعت کی بحالی کے لیے کام کرے۔

#### کارپوریٹ گورننس کے ضابطے کی تعمیل

کارپوریٹ گورننس کے کوڈ کے تحت یہ ڈائریکٹرز تصدیق کرتے ہوئے خوشی محسوس کرتے ہیں:

- 1- کمپنی کے حسابات جس میں اکاؤنٹ کی کتابیں، نفع اور نقصان کا اکاؤنٹ، بیلنس شیٹ اور دیگر حسابات موجود ہیں ان کے تحت تیار کیے گئے ہیں۔
- 2- کمپنی کا اندرونی آڈٹ کا نظام عمل اور اسکی موثر طریقے سے نگرانی کی جاتی ہے۔
- 3- کمپنی نے 30/06/2016 پر کسی قسم کا محصولات یا ٹیکس نہیں دیئے علاوہ ان تمام رقومات کے جن کا ذکر اس کتاب میں کیا گیا ہے۔
- 4- شیئر ہولڈر اور دیگر اضافی معلومات کا ذکر اس کتاب میں کیا گیا ہے۔
- 5- اس ملز کے ڈائریکٹر، چیف ایگزیکٹو، ایف او، کمپنی کے ممبروں، ان کے اہل خانہ اور ان کے چھوٹے بچوں نے کمپنی کے شیئر میں خرید و فروخت نہیں کی ہے۔

#### بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز کے بورڈ نے کارپوریٹ گورننس کے کوڈ کے تحت بورڈ آف ڈائریکٹرز کی کمیٹی بنائی ہے جس ارکان مندرجہ ذیل ہیں۔

1- بریگیڈیر (ریٹائرڈ) عبدالصمد خان	چیئر مین	آزاد ڈائریکٹر
2- جناب رضا علی خان خٹک	رکن	غیر ایگزیکٹو ڈائریکٹر
3- جناب احمد علی خان خٹک	رکن	غیر ایگزیکٹو ڈائریکٹر
4- جناب مشتاق احمد خان (ایف سی اے)	رکن	غیر ایگزیکٹو ڈائریکٹر

#### انسانی وسائل اور محاسبہ کی کمیٹی

کمپنی کے ڈائریکٹرز کے بورڈ نے کارپوریٹ گورننس کے کوڈ کے تحت انسانی وسائل اور محاسبہ کی کمیٹی بنائی ہے جس ارکان مندرجہ ذیل ہیں۔

1- جناب رضا علی خان خٹک	چیئر مین	غیر ایگزیکٹو ڈائریکٹر
2- جناب (ریٹائرڈ) علی قلی خان خٹک	رکن	غیر ایگزیکٹو ڈائریکٹر
3- جناب احمد علی خان خٹک	رکن	غیر ایگزیکٹو ڈائریکٹر
4- جناب مشتاق احمد خان (ایف سی اے)	رکن	غیر ایگزیکٹو ڈائریکٹر
5- بریگیڈیر (ریٹائرڈ) عبدالصمد خان	رکن	آزاد ڈائریکٹر

تعداد	پورڈ کے اجلاس اور ڈائریکٹرز کی حاضری
۴	پورڈ کے اجلاس کی کل تعداد جو اس سال منعقد ہوئی
	ڈائریکٹرز کی حاضری
۳	۱۔ جناب رضا علی خان تنگ
۳	۲۔ جناب (ریٹائرڈ) علی گلی خان تنگ
۳	۳۔ جناب احمد علی خان تنگ
۱	۴۔ جناب مشتاق احمد خان (ایف سی اے)
۱	۵۔ مرحوم سید گوہر ایوب (تاریخ وفات 17/03/2016)
۳	۶۔ مسز شہناز سجاد احمد
۳	۷۔ ڈاکٹر شاہین علی خان
۲	۸۔ مرحوم چوہدری شیر محمد (تاریخ وفات 13/06/2016)
۳	۹۔ بریگیڈیئر (ریٹائرڈ) عبدالصمد خان
۱	۱۰۔ جناب گوہر ایوب خان (تاریخ تقرری 17/03/2016)
کوئی نہیں	۱۱۔ جناب مسعود سعید (تاریخ تقرری 13/06/2016)

جانانہ ملز کا پورڈ کارپوریٹ گورننس کے دفعات کے مطابق کام کر رہے ہیں۔  
 شیئر ہولڈر اور جملہ آپریٹنگ اور مالی اعداد و شمار (گزشتہ چھ سال کے)  
 شیئر ہولڈر اور جملہ آپریٹنگ اور مالی اعداد و شمار اس کتاب میں موجود ہیں۔  
 حکومت اور سماجی شعبہ کی طرف سے ہماری کمپنی کی شرکت  
 اس سال آپ کی کمپنی نے حکومت اور سماجی شعبہ کو مندرجہ ذیل ادائیگی کی ہے۔

رقم ملین میں	
	۱۔ حکومتی اداروں کو ادا کیے
18.983	اکم ٹیکس کی مددیں
318.525	بلکی اور گیس کی مددیں
174.863	بیکوں کو ادائیگی
332.915	۲۔ ملازمین کی تنخواہوں، اجروں اور دیگر فوائد کی مددیں

ہم 1104 مستقل افراد کو ملازمت دے رہے ہیں جو کہ خیر بختوںخوا کے صوبے میں کم از کم 18 افراد پر مشتمل 1104 خاندان کے سہارا ہیں۔ جس کا سالانہ خرچہ 450 ملین روپے سالانہ ہے۔

سہ ماہی ڈیویڈنڈ کی پالیسی

ہمیں یہ یقین ہے کہ تقسیم اقتصادی ترقی اور غربت کے خاتمے کے لئے ایک اہم کردار ادا کرتی ہے۔ پاکستان کی ترقی کے لئے بہترین تعلیمی سہولیات مہیا کرنا ایک فوری ضرورت ہے اور ٹیکنیکی مہارت حاصل کرنے کے لئے نوجوان لوگوں کو تیار اور ان سب کو زیادہ صلاحیت کو استعمال کرنے میں مدد کے لیے ہم ہر سال وقف قلمی خان ٹرسٹ کو گرانڈ قدر رقم ادا کرتے ہیں۔ جو کہ ہونہار طلبہ کو بصورت و ضائف دی جاتی ہے تاکہ وہ اپنی تعلیمی صلاحیت کو بڑھا سکیں۔

ڈیویڈنڈ

پورڈ نے حتمی کیش ڈیویڈنڈ کی سفاشر کی ہے۔ جو کہ %12.50 یا 1.25 روپے فی شیئر جو کہ 5A سیکشن اکم ٹیکس ارڈیننس 2001 کے مطابق ہے۔

آڈیٹر کی رپورٹ کے چارجز

گیس انفراسٹرکچر ڈیولپمنٹ سیس کے کیس کی سماعت پشاور ہائی کورٹ نے 13/09/2016 کو مقرر ہوئی تھی۔ لیکن عدالت کی تعطیلات کی وجہ سے کیس کی سماعت نہیں ہو سکی۔ گیس انفراسٹرکچر ڈیولپمنٹ سیس کے کیس کی سماعت کی اگلی تاریخ ابھی تک اعلان نہیں کیا گیا ہے۔ گیس انفراسٹرکچر ڈیولپمنٹ سیس کے کیس میں پشاور ہائی کورٹ کا حکم اتنا ہی موجود ہے۔ اپنانے گیس انفراسٹرکچر ڈیولپمنٹ سیس کے معاملے پر ہمارے وکیل کے ساتھ ایک اجلاس میں مستقبل کی حکمت عملی کے بارے میں مطلع کیا ہے کہ وہ گیس انفراسٹرکچر ڈیولپمنٹ سیس معاملے میں ہمارے کیس کی بنیاد بہت مضبوط اور درست ہے کہ امید ہے کہ عدالت کا فیصلہ صنعت کے حق میں ہو جائے گا۔ ہائی کورٹ اور پاکستان کی سپریم کورٹ نے پہلے ہی ہماری اپیل میں گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2011 کو غیر آئینی قرار دیا تھا جبکہ حکومت نے گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2015 میں کوئی تبدیلی نہیں کی ہے یہ بھی گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2011 ہی طرح ہے جس کو کئی اعلیٰ عدالتوں نے مسترد کیا ہے۔ جس کی وجہ سے گیس انفراسٹرکچر ڈیولپمنٹ سیس کے خلاف ہم نے کوئی رقم نہیں رکھی ہے اور ہم امید رکھتے ہیں ہمارے ملک کی اعلیٰ عدالتیں اس ایکٹ کو بھی مسترد کریں گی۔



## آڈیٹر کی تقرری

کمپنی کے آڈیٹر جو کہ میسرز شانگونگ حیدر چودھری چارٹرڈ اکاؤنٹنٹ، ۷، پبلک سکور، لاہور جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمپنی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے سفارش کی ہے۔

## اعتراف

بورڈ آف ڈائریکٹرز کمپنی کے بینکاروں کی قدر کرتا ہے جو کہ مسلسل کمپنی کی مالی مشکلات میں بروقت مدد کرتے ہیں۔ اسکے علاوہ کمپنی کی انتظامیہ اور کارکنوں کی محنت کو بے مثال مشکل حالات میں بہتر نتائج حاصل کرنے پر شاہد دیتا ہے۔ اور امید کرتا ہے کہ مستقبل میں تمام کارکنان اسی لگن اور محنت سے کام کرتے رہیں گے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

Raza Khan

رضائل خان خانک

چیئرمین

تاریخ: 29 ستمبر 2016

**KEY OPERATING AND FINANCIAL DATA  
SIX YEARS SUMMARY**

		(Rs. in million)					
PARTICULARS		2016	2015	2014	2013	2012	2011
Spindles installed	Nos.	<b>62,304</b>	62,304	62,304	62,304	62,304	62,304
Rotors installed	Nos.	<b>600</b>	600	600	600	600	600
<b>PRODUCTION</b>	Lbs. in million	<b>12.483</b>	14.104	13.322	13.013	11.956	10.851
Sales - Net	Rs. in million	<b>2,497.962</b>	2,542.780	2,983.385	2,714.679	2,314.948	2,134.841
Gross Profit	----- " -----	<b>158.101</b>	198.125	429.024	468.880	243.563	190.198
Profit from operations	----- " -----	<b>58.097</b>	95.883	302.924	378.451	170.520	116.801
Profit before Taxation	----- " -----	<b>14.114</b>	14.721	249.465	319.789	109.559	111.058
Provision for Taxation	----- " -----	<b>1.220</b>	1.550	(68.868)	(83.999)	(35.103)	(40.990)
Profit after Taxation	----- " -----	<b>12.894</b>	16.271	180.597	235.790	144.662	152.048
Earning per share	Rupees	<b>2.69</b>	3.40	37.74	49.28	30.23	33.57
Breakup Value per share	----- " -----	<b>220.03</b>	218.22	213.86	174.63	125.56	91.50
<hr/>							
Total Assets	Rs. in million	<b>4,179.031</b>	3,487.615	3,576.849	3,339.138	3,183.565	2,725.271
Current Liabilities	----- " -----	<b>(607.450)</b>	(803.414)	(867.418)	(823.469)	(770.262)	(771.642)
	----- " -----	<b>3,571.581</b>	2,684.201	2,709.431	2,515.669	2,413.303	1,953.629
<hr/>							
<b>REPRESENTED BY:</b>							
Share Capital	Rs. in million	<b>47.848</b>	47.848	47.848	47.848	47.848	47.848
Reserves and Un-appropriated Profit	----- " -----	<b>3,089.808</b>	2,261.898	2,252.968	2,077.962	1,855.426	1,404.026
Equity	----- " -----	<b>3,137.656</b>	2,309.746	2,300.816	2,125.810	1,903.274	1,451.874
Long Term Loans	----- " -----	<b>0.000</b>	0.000	9.269	35.037	260.713	321.057
Deferred Liabilities	----- " -----	<b>433.925</b>	374.455	399.346	354.822	249.316	180.698
	----- " -----	<b>3,571.581</b>	2,684.201	2,709.431	2,515.669	2,413.303	1,953.629
<hr/>							

THE COMPANIES ORDINANCE 1984  
(Section 236(1) and 464)

**PATTERN OF SHAREHOLDING**

1. CUIIN (Incorporation Number) 

0	0	0	1	1	9	3
---	---	---	---	---	---	---

2. Name of the Company 

JANANA DE MALUCHO TEXTILE MILLS LIMITED
---

3. Pattern of holding of the shares held by the shareholders as at 

3	0
---	---

0	6
---	---

2	0	1	6
---	---	---	---

4. No of shareholders	<u>Shareholdings</u>	<u>Total shares held</u>
500	shareholding from 1 to 100 shares	16,069
365	shareholding from 101 to 500 shares	82,089
88	shareholding from 501 to 1000 shares	62,027
89	shareholding from 1001 to 5000	166,529
9	shareholding from 5001 to 10000	62,093
11	shareholding from 10001 to 15000	137,069
1	shareholding from 15001 to 20000	15,456
3	shareholding from 20001 to 25000	65,700
2	shareholding from 30001 to 35000	65,818
2	shareholding from 35001 to 40000	76,633
1	shareholding from 40001 to 45000	41,143
1	shareholding from 115001 to 120000	117,762
1	shareholding from 130001 to 135000	134,062
1	shareholding from 280001 to 285000	281,050
1	shareholding from 340001 to 345000	341,000
1	shareholding from 485001 to 490000	486,869
1	shareholding from 510001 to 515000	512,000
1	shareholding from 560001 to 565000	562,195
1	shareholding from 1555001 to 1560000	1,559,230
1079	Total	4,784,794

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	61,875	1.29
5.2. Associated Companies, undertakings and related parties.	2,462,425	51.46
5.3 ICP	620	0.01
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	492,205	10.29
5.5 Insurance Companies	38,422	0.80
5.6 Modarabas and Mutual Funds	NIL	NIL
5.7 Share holders holding 10%		
Bannu Woollen Mills Ltd	1,559,230	32.59
Bibojee Services (Pvt.) Ltd	562,195	11.75
National Bank of Pakistan	486,869	10.18
Sameer Randhawa	512,000	10.70
5.8 General Public		
a. Local	1,312,170	27.43
b. Foreign	NIL	NIL
5.9 Others (to be specified)		
Joint Stock Companies	1,952	0.04
Secretary to Govt. of KPK	134,062	2.80
Trusts	281,063	5.88

6. Signature of Secretary



7. Name of Signatory

**AMIN-UR-RASHEED**

8. Designation

Company Secretary &  
Sr. General Manager Corporate Affairs

9. NIC Number

1	4	3	0	1	-	4	5	7	5	7	6	4	-	3
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

10. Date

Day		Month		Year			
3	0	0	6	2	0	1	6

**DETAILS OF PATTERN OF SHAREHOLDING AS PER  
REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE**

<b>CATEGORIES OF SHAREHOLDERS</b>	<b>SHARES HELD</b>
1. ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES:	
M/S BANNU WOOLLEN MILLS LTD,	1,559,230
M/S.BIBOJEE SERVICES (PVT) LTD.	562,195
M/S BABRI COTTON MILLS LTD,	341,000
2. I.C.P:	
M/S. INVESTMENT CORPORATION OF PAKISTAN	620
3. DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:	
MR.RAZA KULI KHAN KHATTAK, Chairman	12,482
LT.GEN. (RETD) ALI KULI KHAN KHATTAK Chief Executive	11,114
MR.AHMED KULI KHAN KHATTAK Director	12,214
MR.MUSHTAQ AHMED KHAN (FCA) Director	13,241
MR. GOHAR AYUB KHAN Director	500
MRS.SHAHNAZ SAJJAD AHMED Director	6,107
DR. SHAHEEN KULI KHAN Director	6,107
BRIG. (RETD) ABDUL SAMAD KHAN Director	10
MR. SAAD WAHEED Director	100
4. EXECUTIVES	1,155
5. JOINT STOCK COMPANIES	1,952
6. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	530,627
7. SHAREHOLDERS HOLDING 10% OR MORE:	
M/S BANNU WOOLLEN MILLS LTD,	1,559,230
M/S.BIBOJEE SERVICES (PVT) LTD.	562,195
M/S.NATIONAL BANK OF PAKISTAN	486,869
MR. SAMEER RANDHAWA	512,000
8. GENERAL PUBLIC & OTHERS	1,726,140

## Statement of Compliance with the Code of Corporate Governance

Name of Company JANANA DE MALUCHO TEXTILE MILLS LIMITED  
 Year Ending 30<sup>TH</sup> JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange (PSX) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the code in the following manner:

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

CATEGORY	NAMES
Independent Directors	Brig. (Retd) Abdul Samad Khan
	Mr. Saad Waheed
Executive Directors	Lt. Gen. (Retd) Ali Kuli Khan Khattak
	Dr. Shaheen Kuli Khan
Non-Executive Directors	Mr. Raza Kuli Khan Khattak
	Mr. Ahmad Kuli Khan Khattak
	Mr. Mushtaq Ahmad Khan, FCA
	Mr. Gohar Ayub Khan
	Mrs. Shahnaz Sajjad Ahmad

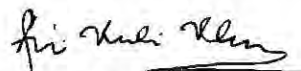
The independent directors meet the criteria of independence under clause i (b) of the code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Three casual vacancies occurred during the year in the Board of Directors of the Company, which were filled within the stipulated time frame under the Code.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statements, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year one of the newly appointed directors has been given exemption from the director training program, while six of our directors have already completed the program in the year 2010. Remaining two directors are not required to attend the program in view of the relaxation given till June 30, 2018 through amendment in the PSX Rule Book.

10. There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year ended 30<sup>th</sup> June 2016.
11. The directors' report for this year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the code.
15. The board has formed an Audit Committee. It comprises of four members, of whom three are non-executive directors and one is independent director, who is also Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company, as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of five members, of whom three are non-executive directors including Chairman of the committee, one independent director and one executive director, who is also CEO of the company.
18. The board has set up an effective internal audit function and the employees working therein are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the code have been complied with.

Signature

(Name in block letters)



LT. GEN. (RETD.) ALI KULI KHAN KHATTAK  
(Chief Executive)

NIC Number

37405 -0360603-3

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange, in which the Lahore and Islamabad Stock Exchanges have merged), where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

LAHORE: 29 September, 2016

*Shine Wing Hameed Chaudhri*  
**SHINEWING HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
Audit Engagement Partner: Nafees ud din



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company) as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

### **Emphasis of matter**

We draw attention to note 23.2 to the financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.213.476 million. Our report is not qualified in respect of this matter.

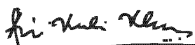
LAHORE: 29 September, 2016

*Shine Wing Hameed Chaudhri*  
**SHINEWINGHAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
 Audit Engagement Partner: Nafees ud din

**BALANCE SHEET AS AT JUNE 30, 2016**

<b>ASSETS</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>Rupees in thousand</b>	
<b>Non-current assets</b>			
Property, plant and equipment	5	3,129,440	2,265,866
Long term investments	6	176,521	202,278
Loans to employees	7	2,097	2,395
Security deposits		1,204	1,029
		<b>3,309,262</b>	<b>2,471,568</b>
<b>Current assets</b>			
Stores, spares and loose tools	8	57,474	73,339
Stock-in-trade	9	524,175	658,518
Trade debts - unsecured, considered good		104,989	36,777
Advances to employees		4,355	3,196
Advance payments	10	34,831	28,220
Trade deposits and prepayments	11	7,320	991
Other receivables		2,678	4,710
Sales tax refundable		29,293	32,800
Income tax refundable, advance tax and tax deducted at source		82,616	92,773
Cash and bank balances	12	22,038	84,723
		<b>869,769</b>	<b>1,016,047</b>
<b>TOTAL ASSETS</b>		<b>4,179,031</b>	<b>3,487,615</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorised capital	13	200,000	200,000
Issued, subscribed and paid-up capital	14	47,848	47,848
Reserves	15	389,983	389,983
Unappropriated profit		614,960	606,328
<b>Shareholders' equity</b>		<b>1,052,791</b>	<b>1,044,159</b>
<b>Surplus on revaluation of property, plant and equipment</b>	16	<b>2,084,865</b>	<b>1,265,587</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits - gratuity	17	148,929	108,911
Deferred taxation	18	284,996	265,544
		<b>433,925</b>	<b>374,455</b>
<b>Current liabilities</b>			
Trade and other payables	19	133,619	197,828
Accrued mark-up		10,593	8,287
Short term finances	20	441,436	572,609
Taxation	21	20,588	23,476
Preference shares redemption account	22	1,214	1,214
		<b>607,450</b>	<b>803,414</b>
<b>Total liabilities</b>		<b>1,041,375</b>	<b>1,177,869</b>
<b>Contingencies and commitments</b>	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,179,031</b>	<b>3,487,615</b>

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



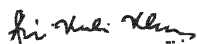
**Lt. Gen (Retd)**  
**Ali Kuli Khan Khattak**  
**Chief Executive**

  
**Ahmad Kuli Khan Khattak**  
**Director**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees in thousand	2015
Sales	24	2,497,962	2,542,780
Cost of Sales	25	2,339,861	2,344,655
<b>Gross Profit</b>		<b>158,101</b>	198,125
Distribution Cost	26	18,622	14,734
Administrative Expenses	27	93,570	83,562
Other Expenses	28	2,531	8,698
Other Income	29	(14,719)	(4,752)
		<b>100,004</b>	102,242
<b>Profit from Operations</b>		<b>58,097</b>	95,883
Finance Cost	30	47,720	72,235
		<b>10,377</b>	23,648
Share of Profit / (Loss) of Associated Companies - net	6.1	3,737	(8,927)
<b>Profit before Taxation</b>		<b>14,114</b>	14,721
Taxation	31	1,220	(1,550)
<b>Profit after Taxation</b>		<b>12,894</b>	16,271
<b>Other Comprehensive (Loss) / Income</b>			
Items that will not be reclassified to profit or loss:			
- loss on remeasurement of staff retirement benefit obligation (net of deferred tax)	17	(17,845)	0
- share of other comprehensive (loss) / income of Associated Companies (net of taxation)		(805)	738
		<b>(18,650)</b>	738
<b>Total Comprehensive (Loss) / Income</b>		<b>(5,756)</b>	17,009
----- Rupees -----			
Earnings per Share	32	<b>2.69</b>	3.40

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



**Lt. Gen (Retd)  
Ali Kuli Khan Khattak  
Chief Executive**

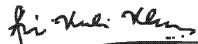


**Ahmad Kuli Khan Khattak  
Director**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
	Rupees in thousand	
<b>Cash flow from operating activities</b>		
Profit for the year - before taxation and share of profit / (loss) of Associated Companies	10,377	23,648
Adjustments for non-cash charges and other items:		
Depreciation	72,621	71,063
Gain on sale of vehicles	(1,971)	(1,486)
Excess provision of workers' welfare fund written-back	(7,005)	0
Provision for obsolete generators' parts	0	5,555
Staff retirement benefits - gratuity (net)	14,156	4,772
Finance cost	45,996	70,659
Profit on Defence Savings Certificates	(1,800)	0
<b>Profit before working capital changes</b>	<b>132,374</b>	<b>174,211</b>
<b>Effect on cash flow due to working capital changes</b>		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	15,865	(24,313)
Stock-in-trade	134,343	113,264
Trade debts	(68,212)	4,278
Loans and advances to employees	(861)	1,800
Advance payments	(6,611)	(1,130)
Trade deposits and prepayments	(6,329)	3,780
Due from Associated Companies	0	10,277
Other receivables	2,032	(4,710)
Sales tax refundable	3,507	(14,408)
(Decrease) / increase in trade and other payables	(51,668)	30,612
	<b>22,066</b>	<b>119,450</b>
<b>Cash generated from operations</b>	<b>154,440</b>	<b>293,661</b>
Taxes paid	(18,983)	(44,335)
<b>Net cash generated from operating activities</b>	<b>135,457</b>	<b>249,326</b>
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(52,655)	(18,986)
Sale proceeds of vehicles	2,370	2,440
Defence Savings Certificates redeemed / (purchased) - net	30,000	(30,000)
Profit on Defence Savings Certificates received	1,800	0
Security deposits	(175)	0
Dividend received	2,195	0
<b>Net cash used in investing activities</b>	<b>(16,465)</b>	<b>(46,546)</b>
<b>Cash flow from financing activities</b>		
Term finance certificates redeemed	0	(23,173)
Short term finances - net	(131,173)	(63,876)
Finance cost paid	(43,690)	(86,473)
Dividend paid	(6,814)	(11,617)
<b>Net cash used in financing activities</b>	<b>(181,677)</b>	<b>(185,139)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(62,685)</b>	<b>17,641</b>
<b>Cash and cash equivalents - at beginning of the year</b>	<b>84,723</b>	<b>67,082</b>
<b>Cash and cash equivalents - at end of the year</b>	<b>22,038</b>	<b>84,723</b>

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



**Lt. Gen (Retd)  
Ali Kuli Khan Khattak  
Chief Executive**



**Ahmad Kuli Khan Khattak  
Director**

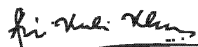
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2016**

Share capital	Reserves					Sub-total	Unappropriated profit	Total
	Capital			Revenue				
	Capital redemption	Tax holiday	Share premium	General				

----- Rupees in thousand -----

Balance as at June 30, 2014	47,848	6,694	350	11,409	371,530	389,983	585,489	1,023,320
Transaction with owners:								
Cash dividend at the rate of Rs. 3 per ordinary share	0	0	0	0	0	0	(14,354)	(14,354)
<b>Total comprehensive income for the year ended June 30, 2015:</b>								
- profit for the year	0	0	0	0	0	0	16,271	16,271
- other comprehensive income	0	0	0	0	0	0	738	738
	0	0	0	0	0	0	17,009	17,009
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)								
- on account of incremental depreciation for the year	0	0	0	0	0	0	16,036	16,036
- upon obsolescence of revalued assets	0	0	0	0	0	0	421	421
Effect of items directly credited in equity by Associated Companies - net								
	0	0	0	0	0	0	1,727	1,727
Balance as at June 30, 2015	47,848	6,694	350	11,409	371,530	389,983	606,328	1,044,159
Transaction with owners:								
Cash dividend at the rate of Rs. 1.50 per ordinary share	0	0	0	0	0	0	(7,177)	(7,177)
<b>Total comprehensive loss for the year ended June 30, 2016:</b>								
- profit for the year	0	0	0	0	0	0	12,894	12,894
- other comprehensive loss	0	0	0	0	0	0	(18,650)	(18,650)
	0	0	0	0	0	0	(5,756)	(5,756)
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on account of incremental depreciation for the year								
	0	0	0	0	0	0	18,059	18,059
Effect of items directly credited in equity by Associated Companies - net								
	0	0	0	0	0	0	3,506	3,506
Balance as at June 30, 2016	47,848	6,694	350	11,409	371,530	389,983	614,960	1,052,791

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



**Lt. Gen (Retd)  
Ali Kuli Khan Khattak  
Chief Executive**

  
**Ahmad Kuli Khan Khattak  
Director**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. LEGAL STATUS AND OPERATIONS**

Janana De Malucho Textile Mills Ltd. (the Company) was incorporated in Pakistan as a Public Company in the year 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore and Islamabad Stock Exchanges have been merged). The Company is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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

**2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

**(a) Property, plant and equipment**

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

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

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

**(c) Provision for impairment of trade debts**

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

**(d) Staff retirement benefits - gratuity**

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 17.

**(e) Income taxes**

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

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

**3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS****3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on July 01, 2015 and are considered to be relevant to the Company's operations:

**(a)** IFRS 12 'Disclosures of interests in other entities'. The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Company's accounting policy is in line with the requirements of this standard.

**(b)** IFRS 13 'Fair value measurement'. The standard establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial instruments: Disclosures. As a result, the Company has included additional disclosures in this regard in note 34 to these financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosure. Notwithstanding the above, the change had no impact on the measurements of the Company's assets and liabilities.

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

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2015 and have not been early adopted by the Company:

- (a) IFRS 9 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, which replaces the guidance in IAS 39. The final version includes the requirements on classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. This IFRS is under consideration of relevant committee of the Institute of Chartered Accountants of Pakistan. The Company has yet to assess the impact of these changes on its financial statements.
- (b) IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after January 01, 2017. This is a converged standard from the IASB and Financial Accounting Standards Board (FASB) on revenue recognition. The standard will improve the financial reporting of revenue. The Company shall apply this standard from July 01, 2017 and does not expect to have a material impact on its financial statements.
- (c) IAS 27 'Separate financial statements' is applicable on accounting periods beginning on or after January 01, 2016. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. It is unlikely that the amendment will have any significant impact on the Company's financial statements.
- (d) IAS 34 'Interim financial reporting' is applicable on accounting periods beginning on or after July 01, 2016. This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the amendment will have any significant impact on the Company's interim financial information.
- (e) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.
- (f) Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Company shall apply these amendments from July 01, 2016 and does not expect to have a material impact on its financial statements.



- (g) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable on annual periods beginning on or after January 01, 2016. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The Company has yet to assess the impact of these amendments on its financial statements.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 4.1 Property, plant and equipment and depreciation

These, other than freehold land, buildings on freehold land, plant & machinery, generators and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land, plant & machinery and generators are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Freehold land, buildings on freehold land, plant & machinery and generators have been revalued during prior years and on December 31, 2015. Surplus arisen on revaluation of these assets has been credited to surplus on revaluation of property, plant and equipment account in accordance with the requirements of section 235 of the Companies Ordinance, 1984 and shall be held on the balance sheet till realisation. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of these assets (net of deferred taxation) is transferred directly to equity.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

#### 4.2 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

#### 4.3 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

#### 4.4 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials:	
-At warehouses	- At lower of annual average cost and net realisable value.
-In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.
	- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.
	- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.
	- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

#### 4.5 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

**4.6 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

**4.7 Borrowings and borrowing costs**

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

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

**4.8 Staff retirement benefits (defined benefit plan)**

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2016 on the basis of the projected unit credit method by an independent Actuary.

**4.9 Trade and other payables**

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

**4.10 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**4.11 Taxation****(a) Current**

Provision for current taxation is based on taxable income / turnover at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments, where necessary, relating to prior years, which arise from assessments framed / finalised during the year.

**(b) Deferred**

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

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

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

**4.12 Dividend and appropriation to reserves**

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

**4.13 Financial instruments**

Financial instruments include security deposits, trade debts, bank balances, trade & other payables, accrued mark-up, short term finances and redeemable preference shares. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**4.14 Off-setting**

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

**4.15 Foreign currency translation**

Foreign currency transactions are recorded in Pak Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

**4.16 Revenue recognition**

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

- sales are recorded on dispatch of goods.
- return on deposits is accounted for on 'accrual basis'.
- dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

**4.17 Impairment of non financial assets**

Non financial assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

**4.18 Segment reporting**

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 38 to these financial statements.

## 5. Operating fixed assets - owned

Freehold land	Roads, paths and culverts	Buildings on freehold land				Plant & machinery	Generators	Workshop equipment	Furniture and fixtures	Office & other equipment	Computer equipment and accessories	Vehicles	Arms	Security & surveillance	Total
		Factory	Non-factory	Residential											
				Officers	Workers										

Rupees in thousand

As at June 30, 2014

Cost / revaluation	956,700	1,247	188,523	6,679	12,447	9,067	1,253,013	178,636	3,358	11,882	3,256	0	28,119	7,020	2,755	2,662,702
--------------------	---------	-------	---------	-------	--------	-------	-----------	---------	-------	--------	-------	---	--------	-------	-------	-----------

Accumulated depreciation	0	0	20,951	771	1,401	1,020	265,534	35,585	2,113	5,274	1,470	0	18,244	528	69	352,960
--------------------------	---	---	--------	-----	-------	-------	---------	--------	-------	-------	-------	---	--------	-----	----	---------

Book value	956,700	1,247	167,572	5,908	11,046	8,047	987,479	143,051	1,245	6,608	1,786	0	9,875	6,492	2,686	2,309,742
------------	---------	-------	---------	-------	--------	-------	---------	---------	-------	-------	-------	---	-------	-------	-------	-----------

Year ended June 30, 2015:

Additions	0	0	3,284	0	0	4,991	2,230	16,659	928	847	274	0	4,445	38	0	33,696
-----------	---	---	-------	---	---	-------	-------	--------	-----	-----	-----	---	-------	----	---	--------

Disposals &amp; transfer to stores &amp; spares inventory:

Cost	0	0	0	0	0	0	0	(8,806)	0	0	0	0	(7,045)	0	0	(15,851)
------	---	---	---	---	---	---	---	---------	---	---	---	---	---------	---	---	----------

Depreciation	0	0	0	0	0	0	0	3,251	0	0	0	0	6,091	0	0	9,342
--------------	---	---	---	---	---	---	---	-------	---	---	---	---	-------	---	---	-------

Depreciation for the year

	0	0	8,473	295	553	506	49,476	7,612	105	349	98	0	2,464	326	806	71,063
--	---	---	-------	-----	-----	-----	--------	-------	-----	-----	----	---	-------	-----	-----	--------

Book value	956,700	1,247	162,383	5,613	10,493	12,532	940,233	146,543	2,068	7,106	1,962	0	10,902	6,204	1,880	2,265,866
------------	---------	-------	---------	-------	--------	--------	---------	---------	-------	-------	-------	---	--------	-------	-------	-----------

Year ended June 30, 2016:

Additions	0	0	0	0	0	0	43,361	5,470	0	1,147	43	1,012	722	900	0	52,655
-----------	---	---	---	---	---	---	--------	-------	---	-------	----	-------	-----	-----	---	--------

Revaluation adjustments:

Cost / revaluation	719,800	0	65,231	662	(5,004)	(1,413)	0	0	0	0	0	0	0	0	0	779,276
--------------------	---------	---	--------	-----	---------	---------	---	---	---	---	---	---	---	---	---	---------

Depreciation	0	0	33,486	1,205	0	0	66,937	3,035	0	0	0	0	0	0	0	104,663
--------------	---	---	--------	-------	---	---	--------	-------	---	---	---	---	---	---	---	---------

Disposals

Cost	0	0	0	0	0	0	0	0	0	0	0	0	(3,708)	0	0	(3,708)
------	---	---	---	---	---	---	---	---	---	---	---	---	---------	---	---	---------

Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	3,309	0	0	3,309
--------------	---	---	---	---	---	---	---	---	---	---	---	---	-------	---	---	-------

Depreciation for the year

	0	0	10,486	324	393	584	49,806	7,350	104	372	99	54	2,145	340	564	72,621
--	---	---	--------	-----	-----	-----	--------	-------	-----	-----	----	----	-------	-----	-----	--------

Book value	1,676,500	1,247	250,614	7,156	5,096	10,535	1,000,725	147,698	1,964	7,881	1,906	958	9,080	6,764	1,316	3,129,440
------------	-----------	-------	---------	-------	-------	--------	-----------	---------	-------	-------	-------	-----	-------	-------	-------	-----------

As at June 30, 2015

Cost / revaluation	956,700	1,247	191,807	6,679	12,447	14,058	1,255,243	186,489	4,286	12,729	3,530	0	25,519	7,058	2,755	2,680,547
--------------------	---------	-------	---------	-------	--------	--------	-----------	---------	-------	--------	-------	---	--------	-------	-------	-----------

Accumulated depreciation	0	0	29,424	1,066	1,954	1,526	315,010	39,946	2,218	5,623	1,568	0	14,617	854	875	414,681
--------------------------	---	---	--------	-------	-------	-------	---------	--------	-------	-------	-------	---	--------	-----	-----	---------

Book value	956,700	1,247	162,383	5,613	10,493	12,532	940,233	146,543	2,068	7,106	1,962	0	10,902	6,204	1,880	2,265,866
------------	---------	-------	---------	-------	--------	--------	---------	---------	-------	-------	-------	---	--------	-------	-------	-----------

As at June 30, 2016

Cost / revaluation	1,676,500	1,247	257,038	7,341	7,443	12,645	1,298,604	191,959	4,286	13,876	3,573	1,012	22,533	7,958	2,755	3,508,770
--------------------	-----------	-------	---------	-------	-------	--------	-----------	---------	-------	--------	-------	-------	--------	-------	-------	-----------

Accumulated depreciation	0	0	6,424	185	2,347	2,110	297,879	44,261	2,322	5,995	1,667	54	13,453	1,194	1,439	379,330
--------------------------	---	---	-------	-----	-------	-------	---------	--------	-------	-------	-------	----	--------	-------	-------	---------

Book value	1,676,500	1,247	250,614	7,156	5,096	10,535	1,000,725	147,698	1,964	7,881	1,906	958	9,080	6,764	1,316	3,129,440
------------	-----------	-------	---------	-------	-------	--------	-----------	---------	-------	-------	-------	-----	-------	-------	-------	-----------

Depreciation rate (%)			5	5	5	5	5	5	5	5	5	30	20	5	30	
-----------------------	--	--	---	---	---	---	---	---	---	---	---	----	----	---	----	--

- 5.1 The management in order to ascertain the useful life of operating fixed assets had carried-out an internal exercise during the financial year ended June 30, 2007 and assessed the remaining useful life of depreciable assets other than vehicles. Keeping in consideration the assessed useful life of these assets, the depreciation rates of depreciable assets were found excessive and consequently depreciation rates were reduced to 5% from 10%. The management, in this regard, had also obtained opinion from independent Valuers [M/s. Dimen Associates (Pvt.) Ltd., approved Valuers of Pakistan Banks Association]; the Valuers had confirmed the depreciation rates adopted by the management.
- 5.2 Revaluation surplus / (deficit) on each class of assets, as a result of latest revaluation as detailed in note 16, has been determined as follows:

Particulars	Freehold land	Buildings on freehold land				Plant and machinery	Generators	Total
		Factory	Non-factory	Residential				
				Officers	Workers			
----- Rupees in thousand -----								
Cost / revaluation as at December 31, 2015	956,700	191,807	6,680	12,447	14,058	1,277,231	186,489	2,645,412
Accumulated depreciation to December 31, 2015	0	33,486	1,205	2,215	1,840	338,607	43,611	420,964
Book value before revaluation adjustments as at December 31, 2015	956,700	158,321	5,475	10,232	12,218	938,624	142,878	2,224,448
Revalued amounts	1,676,500	257,038	7,342	5,228	10,805	1,005,561	145,913	3,108,387
Revaluation surplus / (deficit)	719,800	98,717	1,867	(5,004)	(1,413)	66,937	3,035	883,939

- 5.3 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2016	2015
	Rupees in thousand	
Freehold land	340	340
Buildings on freehold land:		
Factory	40,469	42,572
Non-factory	877	923
Residential:		
- officers	154	162
- workers	7,372	7,755
Plant & machinery	644,412	634,067
Generators	136,209	137,570
	<b>829,833</b>	<b>823,389</b>

- 5.4 Depreciation for the year has been apportioned as under:

Cost of sales	68,329	66,173
Administrative expenses	4,292	4,890
	<b>72,621</b>	<b>71,063</b>

## 5.5 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)
-------------	------	--------------------------	------------	---------------	---------------

----- Rupees in thousand -----

## Vehicles

Nissan Sunny	1,181	1,041	140	425	285
Suzuki Mehran	459	400	59	220	161
Isuzu Bus	1,561	1,464	97	1,325	1,228
Suzuki pick-up	507	404	103	400	297
	<u>3,708</u>	<u>3,309</u>	<u>399</u>	<u>2,370</u>	<u>1,971</u>
2015	<u>15,851</u>	<u>9,342</u>	<u>6,509</u>	<u>2,440</u>	<u>(4,069)</u>

## Sold through negotiation to:

Mr. Faheem Ahmed, Islamabad.  
Mr. Spin Badshah, employee.  
Muhammad Yasir, Rawalpindi.  
Mr. Shabbir Khan, Kohat.

## 6. LONG TERM INVESTMENTS

	Note	2016 Rupees in thousand	2015
Investments in Associated Companies	6.1	176,521	172,278
Defence Savings Certificates (DSCs) - cost	6.7	0	30,000
		<u>176,521</u>	<u>202,278</u>

## 6.1 Investments in Associated Companies - Quoted

**Babri Cotton Mills Ltd. (BCM)**

587,493 (2015: 587,493) ordinary shares of  
Rs.10 each - **cost**

10,973 10,973

Equity held: 16.09% (2015: 16.09%)

Post acquisition profit and other comprehensive income  
brought forward including effect of items directly  
credited in equity by BCM

88,811 99,573

Loss for the year - net of taxation

(2,006) (13,768)

Share of other comprehensive (loss) / income - net of taxation

(155) 706

97,623 97,484

**Bannu Woollen Mills Ltd. (BWM)**

731,626 (2015: 731,626) ordinary shares of  
Rs.10 each - **cost**

7,697 7,697

Equity held: 7.70% (2015: 7.70%)

Post acquisition profit and other comprehensive income  
brought forward including effect of items directly  
credited in equity by BWM

68,303 62,224

Profit for the year - net of taxation

5,743 4,841

Share of other comprehensive (loss) / income - net of taxation

(650) 32

Dividend received

(2,195) 0

78,898 74,794

176,521 172,278

- 6.2** Market value of the Company's investments in BCM and BWM as at June 30, 2016 was Rs.60.018 million (2015: Rs.23.450 million) and Rs.38.893 million (2015: Rs.37.233 million) respectively.
- 6.3** BCM was incorporated in Pakistan on October 26, 1970 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in manufacture and sale of yarn.

The summary of financial information of BCM based on its audited financial statements for the year ended June 30, 2016 is as follows:

	2016	2015
	(Rupees in thousand)	
<b>Summarised Balance Sheet</b>		
Non-current assets	1,634,131	1,426,609
Current assets	457,202	407,179
	<u>2,091,333</u>	<u>1,833,788</u>
Surplus on revaluation of property, plant and equipment	763,234	595,508
Deferred income	5,698	9,296
Non-current liabilities	247,589	275,235
Current liabilities	467,423	346,710
	<u>1,483,944</u>	<u>1,226,749</u>
<b>Net assets</b>	<u>607,389</u>	<u>607,039</u>
<b>Reconciliation to carrying amount</b>		
Opening net assets	607,039	673,113
Loss for the year	(12,472)	(84,199)
Incremental depreciation for the year	12,534	14,465
Other comprehensive (loss) / income for the year	(961)	3,002
Other adjustments	1,249	658
Closing net assets	<u>607,389</u>	<u>607,039</u>
Company's share percentage 16.09% (2015: 16.09%)		
Company's share	97,729	97,673
Miscellaneous adjustments	(106)	(189)
Carrying amount of investment	<u>97,623</u>	<u>97,484</u>
<b>Summarised Profit and Loss Account</b>		
Sales	<u>1,444,247</u>	<u>1,757,969</u>
Loss before taxation	<u>(49,850)</u>	<u>(123,803)</u>
Loss after taxation	<u>(12,472)</u>	<u>(84,199)</u>



- 6.4** BWM was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in manufacture and sale of woollen yarn, cloth and blankets.

The summary of financial information of BWM based on its audited financial statements for the year ended June 30, 2016 is as follows:

	2016	2015
	(Rupees in thousand)	
<b>Summarised Balance Sheet</b>		
Non-current assets	1,512,569	1,229,960
Current assets	748,652	779,446
	<u>2,261,221</u>	<u>2,009,406</u>
Surplus on revaluation of property, plant and equipment	827,453	556,975
Non-current liabilities	267,015	237,009
Current liabilities	139,267	238,919
	<u>1,233,735</u>	<u>1,032,903</u>
<b>Net assets</b>	<u>1,027,486</u>	<u>976,503</u>
<b>Reconciliation to carrying amount</b>		
Opening net assets	976,503	901,923
Profit for the year	74,624	62,897
Dividend paid during the year	(28,519)	0
Incremental depreciation for the year	6,448	7,152
Other comprehensive (loss) / income for the year	(8,447)	414
Other adjustments	6,877	4,117
Closing net assets	<u>1,027,486</u>	<u>976,503</u>
Company's share percentage 7.70% (2015: 7.70%)		
Company's share	79,116	75,191
Miscellaneous adjustments	(218)	(397)
Carrying amount of investment	<u>78,898</u>	<u>74,794</u>
<b>Summarised Profit and Loss Account</b>		
Sales	749,408	796,977
Profit before taxation	102,562	96,330
Profit after taxation	<u>74,624</u>	<u>62,897</u>

- 6.5** The Company, during the financial years 1972-73 and 1973-74, had declared dividend in specie by distributing its investment in the share capital of Babri Cotton Mills Ltd. The Company wrote-back these unclaimed dividends in specie during the years 1989 and 1990 and incorporated these as investment. During the current and preceding years, no distribution by way of dividend in specie was made.
- 6.6** The management, as at June 30, 2016, has carried out impairment testing of its investments in the Associated Companies as required under IAS 36, 'Impairment of Assets'. The recoverable amount of investments in BCM and BWM amounted Rs.247.569 million (2015: Rs.309.531 million) and Rs.90.178 million (2015: Rs.85.167 million) respectively. The recoverable amounts of investments have been determined using the 'value-in-use' computations. In assessing the value in use, estimated future cash flows have been discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money. The pre-tax discount rates applied to cash flow projections by BCM and BWM are 7.04% (2015:8.05%) and 15.25% (2015:15.60%) respectively. As a result of the aforementioned impairment testing, the management has concluded that the carrying values of investments in Associated Companies do not exceed the recoverable amounts.
- 6.7** The Company, during the preceding year, had purchased 50 DSCs, having face value of Rs. one million each with maturity period of 10 years; however, DSCs valuing Rs.30 million have been encashed during the current year and DSCs valuing Rs.20 million were encashed during the preceding year to meet the Company's financing requirements.

<b>7. LOANS TO EMPLOYEES - Secured</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>Rupees in thousand</b>	
Loans to:			
- executives	<b>7.1</b>	<b>1,430</b>	1,790
- employees	<b>7.3</b>	<b>3,374</b>	2,677
		<b>4,804</b>	4,467
Less: current portion grouped under current assets		<b>2,707</b>	2,072
		<b>2,097</b>	2,395

**7.1 Movement in the account of loans to executives is as follows:**

Opening balance	<b>1,790</b>	3,900
Less: deductions made during the year	<b>(360)</b>	(2,110)
Closing balance	<b>1,430</b>	1,790

These interest free loans to three (2015: three) executives have been advanced for construction of house and certain other purposes. Out of the year-end receivable balance from the executives, the balance of Rs.830 thousand is receivable in equal monthly instalments whereas the balance of Rs.600 thousand is adjustable against final settlement of one executive.

- 7.2** The maximum aggregate amount of loans due from executives at any month-end during the year was Rs.1.930 million (2015: Rs.3.970 million).
- 7.3** These interest free loans to employees have been advanced for various purposes and are recoverable in instalments which vary from case to case.
- 7.4** These loans are secured against the gratuity benefits payable to respective employees.

8. STORES, SPARES AND LOOSE TOOLS	Note	2016 Rupees in thousand	2015
Stores			
- at mills		22,639	26,393
- in transit		1,796	16,096
Spares [including obsolete gas generators' parts inventory valuing Rs.16.305 million (2015: Rs.16.715 million)]		48,913	47,095
Loose tools		431	470
		<u>73,779</u>	<u>90,054</u>
Less: provision against obsolete gas generators' parts		16,305	16,715
		<u>57,474</u>	<u>73,339</u>
<b>9. STOCK-IN-TRADE</b>			
Raw materials:			
- at mills		409,111	501,937
- in transit		48,387	41,624
	9.1	<u>457,498</u>	<u>543,561</u>
Work-in-process		50,920	46,785
Finished goods	9.1	15,757	68,172
		<u>524,175</u>	<u>658,518</u>
<b>9.1</b>			
Raw materials and finished goods inventories are pledged with National Bank of Pakistan and The Bank of Khyber as security for short term finance facilities (note 20).			
<b>9.2</b>			
Finished goods inventory as at June 30, 2016 includes inventory costing Rs.1.587 million, which has been stated at net realisable value; the amount charged to profit and loss account in respect of inventory write down to net realisable value worked-out to Rs.166 thousand approximately.			
<b>10. ADVANCE PAYMENTS - Unsecured</b>			
- Considered good			
- Raw material suppliers		181	38
- Store suppliers		25,756	22,768
- Others		8,894	5,414
		<u>34,831</u>	<u>28,220</u>
<b>11. TRADE DEPOSITS AND PREPAYMENTS</b>			
Letters of credit		122	397
Prepayments		1,198	594
Advance payment to Peshawar Electric Supply Company		6,000	0
		<u>7,320</u>	<u>991</u>

**12. CASH AND BANK BALANCES**

	Note	2016 Rupees in thousand	2015
Cash-in-hand		1,053	1,672
Cash at banks on:			
- current accounts	12.1	19,758	81,988
- PLS security deposit account	12.2	168	164
- PLS account (employees/staff gratuity fund account)	12.2	661	629
- PLS account	12.2	14	13
- Dividend account		384	257
		<b>20,985</b>	83,051
		<b>22,038</b>	84,723

**12.1** These include foreign currency balance of U.S.\$ 4,455 (2015: U.S.\$ 4,455), which has been translated in Pak Rupees at the exchange rate ruling on the balance sheet date i.e. 1 U.S. \$ = Rs.104.50 (2015: 1 U.S.\$ = Rs.101.50).

**12.2** PLS accounts carry profit at the rates ranging from 3.88% to 4.25% (2015: 6% to 7%) per annum.

**13. AUTHORISED SHARE CAPITAL**

2016 --- Numbers ---	2015		2016 Rupees in thousand	2015
18,000,000	18,000,000	Ordinary shares of Rs.10 each	180,000	180,000
700,000	700,000	7.5% redeemable cumulative preference shares of Rs.10 each	7,000	7,000
1,300,000	1,300,000	10% redeemable cumulative preference shares of Rs.10 each	13,000	13,000
<b>20,000,000</b>	<b>20,000,000</b>		<b>200,000</b>	<b>200,000</b>

**14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

1,640,900	1,640,900	Ordinary shares of Rs.10 each fully paid in cash	16,409	16,409
2,130,544	2,130,544	Ordinary shares of Rs.10 each issued to Financial Institutions by conversion of loans and debentures	21,305	21,305
6,832	6,832	Ordinary shares of Rs.10 each issued by conversion of preference shares	68	68
1,006,518	1,006,518	Ordinary shares of Rs.10 each issued as fully paid bonus shares	10,066	10,066
<b>4,784,794</b>	<b>4,784,794</b>		<b>47,848</b>	<b>47,848</b>

<b>14.1 Ordinary shares held by the Associated Companies and an Associate at the year-end:</b>		<b>2016</b>	<b>2015</b>
		<b>Number of shares</b>	
Bibojee Services (Pvt.) Ltd.		<b>562,195</b>	562,195
Bannu Woollen Mills Ltd.		<b>1,559,230</b>	1,559,230
Babri Cotton Mills Ltd.		<b>341,000</b>	341,000
Waqf-e-Kuli Khan		<b>281,050</b>	281,050
		<b>2,743,475</b>	<b>2,743,475</b>

<b>15. RESERVES</b>		<b>2016</b>	<b>2015</b>
	<b>Note</b>	<b>Rupees in thousand</b>	
Capital:			
- capital redemption reserve		<b>6,694</b>	6,694
- tax holiday reserve		<b>350</b>	350
- share premium reserve	<b>15.1</b>	<b>11,409</b>	11,409
		<b>18,453</b>	18,453
Revenue - general reserve		<b>371,530</b>	371,530
		<b>389,983</b>	<b>389,983</b>

**15.1** This represents premium at the rate of Rs.10 per share received on 1,140,900 ordinary shares allotted during the financial year ended June 30, 2010.

#### **16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net**

**16.1** The Company had revalued its freehold land on September 30, 1998, September 30, 2004, June 30, 2007, March 31, 2010 and February 29, 2012. Buildings on freehold land, plant & machinery and generators were revalued on September 30, 2004, June 30, 2007, March 31, 2010 and February 29, 2012. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.1.539 billion.

**16.2** The Company, as at December 31, 2015, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers - M/s Hamid Mukhtar & Co. (Pvt.) Ltd., Consulting Engineers, Surveyors and Loss Adjusters, Valuation Consultants, 14-Q Gulberg-2, Lahore. Freehold land has been revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators have been revalued on the basis of depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.883.939 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	Note	2016 Rupees in thousand	2015
Opening balance		1,411,107	1,435,669
Add: surplus arisen on revaluation carried-out during the year	5.2	883,939	0
Less: transferred to unappropriated profit:			
- on account of incremental depreciation for the year		(26,557)	(23,934)
- upon obsolescence of generators' parts		0	(628)
		<b>2,268,489</b>	1,411,107
Less: deferred tax on:			
- opening balance of surplus		145,520	158,173
- surplus arisen during the year		52,525	0
- incremental depreciation for the year		(8,498)	(7,898)
- obsolescence of generators' parts		0	(207)
		<b>189,547</b>	150,068
		<b>2,078,942</b>	1,261,039
Resultant adjustment due to reduction in tax rate		5,923	4,548
Closing balance		<b>2,084,865</b>	1,265,587

#### 17. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	2016	2015
- discount rate	7.25%	13.25%
- expected rate of growth per annum in future salaries	6.25%	12.25%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

Amount recognised in the balance sheet is the present value of defined benefit obligation at the reporting date:

#### The movement in the present value of defined benefit obligation is as follows:

Opening balance		108,911	104,139
Current service cost		19,350	17,213
Interest cost		13,211	8,677
Benefits paid	17.1	(18,405)	(21,118)
Remeasurements: experience adjustments		25,862	0
Closing balance		<b>148,929</b>	108,911

	2016	2015
	Rupees in thousand	
<b>Expense recognised in profit and loss account</b>		
Current service cost	19,350	17,213
Interest cost	13,211	8,677
	<b>32,561</b>	<b>25,890</b>
<b>Charge for the year has been allocated to:</b>		
- cost of sales	24,421	19,417
- distribution cost	651	518
- administrative expenses	7,489	5,955
	<b>32,561</b>	<b>25,890</b>
<b>Remeasurement recognised in other comprehensive income</b>		
Experience adjustments (net of deferred tax)	(17,845)	0

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

	2016	2015	2014	2013	2012
	Rupees in thousand				
Present value of defined benefit obligation	148,929	108,911	104,139	88,912	76,102
Experience adjustments on obligation	25,862	0	22,368	(2,517)	0

Year-end sensitivity analysis:	Impact on defined benefit obligation		
	Change in assumption	Increase	Decrease
	Rupees in thousand		
Discount rate	1%	142,403	156,646
Salary growth rate	1%	156,815	142,137

- 17.1 Benefits paid, during the year, include partial payment of gratuity benefits to Finance Manager amounting Rs.4 million (2015: Rs. 10 million were paid to Executive Director Technical).
- 17.2 The average duration of the defined benefit obligation as at June 30, 2016 is 4 years.
- 17.3 The expected contribution to defined benefit obligation for the year ending June 30, 2017 is Rs.26.640 million.

18. DEFERRED TAXATION - Net		2016	2015
This is composed of the following:	Note	Rupees in thousand	
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		197,078	199,393
- surplus on revaluation of property, plant and equipment		183,622	145,519
		<b>380,700</b>	<b>344,912</b>
Deductible temporary differences arising in respect of:			
- staff retirement benefits - gratuity		(46,168)	(34,851)
- minimum tax recoverable against normal tax charge in future years		(49,536)	(39,168)
- provision against obsolete gas generators' parts		0	(5,349)
		<b>(95,704)</b>	<b>(79,368)</b>
		<b>284,996</b>	<b>265,544</b>
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors		24,105	25,578
Bills payable against imported:			
- plant and machinery		0	16,008
- raw materials		24,935	0
Advances from customers		3,956	42,616
Advance payments	19.1	184	184
Accrued expenses	19.2	69,061	90,183
Tax deducted at source		1,686	1,259
Due to Waqf-e-Kuli Khan	19.3	4,872	4,818
Security deposits repayable on demand - interest free		112	112
Workers' (profit) participation fund	19.4	609	1,339
Workers' welfare fund		916	12,904
Unclaimed dividend		3,100	2,737
Others		83	90
		<b>133,619</b>	<b>197,828</b>

19.1 These advances have been received against sale of land.

19.2 No amount was payable to Associated Companies at the end of current and preceding years.

19.3 Waqf-e-Kuli Khan (a Charitable Institution) is administered by the following directors of the Company:

- |   |                                 |
|---|---------------------------------|
| - Mr. Raza Kuli Khan Khattak                | - Mr. Ahmad Kuli Khan Khattak   |
| - Lt. General (Retd.) Ali Kuli Khan Khattak | - Dr. Shaheen Kuli Khan Khattak |
| - Mr. Mushtaq Ahmad Khan, FCA               | - Mrs. Shahnaz Sajjad Ahmad     |



19.4 Workers' (profit) participation fund (the Fund)*	Note	2016 Rupees in thousand	2015
Opening balance		1,339	12,389
Add: interest on funds utilised in the Company's business		44	1,066
		1,383	13,455
Less:			
- paid to workers		1,361	13,396
- deposited with the Government Treasury		22	59
		1,383	13,455
		0	0
Add: allocation for the year		609	1,339
Closing balance		609	1,339

\* The Fund's audit for the year ended June 30, 2015 was carried-out by M/s Inaam ul Haq & Co., Chartered Accountants, 33-A, Behind Queens Centre, Shahrah-e-Fatima Jinnah, Lahore.

## 20. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) and The Bank of Khyber (BoK) under mark-up arrangements aggregate Rs.1.130 billion (2015: Rs.1.130 billion) and are secured against pledge of raw materials & finished goods, first charge on current & fixed assets of the Company and personal guarantees of three directors of the Company. These facilities, during the year, carried mark-up at the rates ranging from 7.58% to 10.01% (2015: 8.25% to 13.21%) per annum.

Facilities available for opening letters of credit and guarantee from NBP and BoK aggregate Rs.375 million (2015: Rs.375 million) out of which facilities amounting Rs.250.933 million (2015: Rs.170.668 million) remained unutilised at the year-end. These facilities are secured against lien on import documents and the securities as detailed in the preceding paragraph.

These facilities are available upto December 31, 2016.

## 21. TAXATION - Net

Opening balance		23,476	27,234
Add: provision made / (written-back) during the year:			
<b>current</b> [net of tax credit for investment in plant & machinery under section 65B of the Income Tax Ordinance, 2001 amounting Rs.4.883 million; (2015: Rs.1.982 million)]	21.9	20,588	23,476
<b>prior year</b>		(235)	89
		20,353	23,565
		43,829	50,799
Less: payments/adjustments made against completed assessments		23,241	27,323
		20,588	23,476

21.1 Income tax returns of the Company have been filed upto the tax year 2015 i.e. accounting year ended June 30, 2015. The Income Tax Department (the Department) has charged tax under sections 161/236 G&H of the Income Tax Ordinance, 2001 (the Ordinance) amounting Rs. 6.995 million against which the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], which is pending adjudication.

- 21.2** Income tax return of the Company for tax year 2014 has been selected for audit through random computer balloting during September, 2015. The Company has filed the information as required by the Department and the proceedings are pending.
- 21.3** The Department has charged tax under sections 161/236 G&H of the Ordinance for tax years 2014 and 2015 at Rs.12.936 million and Rs.4.809 million respectively; the CIRA has decided the appeal against the Company against which the Company has filed further appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.
- 21.4** The Department has charged tax under section 122(5A) of the Ordinance for tax year 2004 at Rs.7.124 million; the CIRA has deleted the additions against which the Department has filed an appeal before the ATIR, which is pending adjudication. In case of an adverse decision, demand amounting Rs. 1.592 million is likely to be created, which has already been adjusted against the available refunds.
- 21.5** The Department has charged tax under section 122(5A) of the Ordinance for tax year 2005 at Rs.2.289 million against which the Company and the Department have filed appeals before the ATIR, which are pending adjudication.
- 21.6** The Department has charged tax under section 122(5A) of the Ordinance for tax year 2006 at Rs.894 thousand against which the Company has filed an appeal before the ATIR, which is pending adjudication. The Department has also charged tax under sections 161/205 of the Ordinance for tax year 2006 at Rs.560 thousand against which the Company and the Department have filed appeals before the ATIR, which are pending adjudication.
- 21.7** The CIR(A) has decided the appeal for tax year 2007 and allowed relief of Rs.3.361 million resulting therein no change in tax liability due to brought forward losses. The Company and the Department have filed appeals before the ATIR, which are pending adjudication.
- 21.8** The Department has charged tax under section 122(5A) of the Ordinance for tax year 2008 at Rs.214 thousand; the CIRA has decided the appeal against the Company against which the Company has filed further appeal before the ATIR, which is pending adjudication.
- 21.9** No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under sections 5 (Tax on dividends) and 113 (Minimum tax on turnover) of the Ordinance.
- 21.10** Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Ordinance starting from the tax year 2010. As per management's contention, exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company has filed a writ petition before the Islamabad High Court, Islamabad, praying exemption from levy of minimum tax under section 113 of the Ordinance, which is still pending adjudication. The Peshawar High Court, Peshawar, in an identical writ petition concerning exemption of minimum tax filed by a Group Company, had granted exemption from levy of minimum tax. The management is confident that Islamabad High Court will also grant exemption from levy of minimum tax; accordingly, no provision for minimum tax for the financial year ended June 30, 2012 was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.28.655 million were written-back in the books of account. An adverse judgment by the Islamabad High Court will create tax liability under section 113 of the Ordinance aggregating Rs.51.828 million.

The Finance Act, 2015 has omitted clause 126F of the Ordinance and inserted a new sub-clause (xx) of clause (11A) in part IV of the second schedule of the Ordinance wherein exemption from levy of minimum tax under section 113 of the Ordinance has been provided. The amendment would have a retrospective impact being related to tax years 2010, 2011 and 2012.

<b>22. PREFERENCE SHARES REDEMPTION ACCOUNT</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>Rupees in thousand</b>	
Amounts payable on:			
- 7.5% redeemable cumulative preference shares	<b>22.1</b>	<b>134</b>	134
- 10% redeemable cumulative preference shares	<b>22.2</b>	<b>1,080</b>	1,080
		<b>1,214</b>	1,214

**22.1** This represents the balance of total issue of 250,000 shares, which became convertible at par into ordinary shares of the Company or redeemable in cash at the option of the shareholders of the said class of shares after August 30, 1976. The Company had redeemed 118,828 shares during the year 1976, which were tendered for redemption in accordance with the terms of the issue.

3,060 shares were converted into ordinary shares of the Company after the year 1976 at the option exercised by the shareholders.

These shares totalling 128,112 could not be redeemed during the preceding years due to non-availability of adequate funds and incurrence of persistent losses. The Company's profitability and availability of funds in the recent past had allowed the management to redeem these shares fully as provided under section 85 of the Companies Ordinance, 1984. The Company, during the current year, had redeemed no further shares and the opening balance of 13,435 shares was outstanding as at June 30, 2016.

**22.2** This represents the balance of total issue of 426,250 shares, which were convertible at par into ordinary shares of the Company at the option of the shareholders of the said class of shares during the period from October 01, 1977 to October 01, 1981. As per terms of the issue, the unconverted shares were to be redeemed on October 01, 1982. However, 3,772 shares were converted into ordinary shares of the Company after the year 1984 at the request of the shareholders although the time for conversion as fixed by the Controller of Capital Issues had expired on October 01, 1981. These shares are due for redemption at par since October 01, 1982.

As stated in the preceding note, the Company's profitability and availability of funds in the recent past had allowed the management to redeem these shares also. The Company, upto June 30, 2013, had redeemed 314,377 shares whereas 106 further shares were redeemed during the financial year ended June 30, 2014.

## **23. CONTINGENCIES AND COMMITMENTS**

**23.1** The Company, vide show cause notice dated May 28, 2013, was directed to make payments aggregating Rs.75.698 million by way of sales tax under various sections of the Sales Tax Act, 1990 read with certain SROs. The Lahore High Court, Lahore had suspended the operation of the impugned show cause notice on September 12, 2013. The writ petition is still pending adjudication.

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

Sui Northern Gas Pipelines Ltd., along with gas bill for the month of June, 2016, has raised GIDC demands aggregating Rs. 213.476 million, which are payable in case of an adverse judgement by the PHC. The petition before the PHC is pending adjudication.

**23.3** The Company had received a show cause notice dated June 02, 2015 issued by the Deputy Commissioner Inland Revenue, Lahore wherein the Company was directed to make payment of Rs.6.766 million as sales tax. The Commissioner Inland Revenue (Appeals), Lahore, during the year, vide his order dated December 29, 2015 has annulled the said order.

**23.4** Counter guarantee given by the Company to a commercial bank outstanding as at June 30, 2016 was for Rs.75 million (2015: Rs.75 million).

	Note	2016 Rupees in thousand	2015
<b>23.5</b> Commitments against irrevocable letters of credit outstanding at the year-end were for:			
- stores and spares		0	2,177
- raw materials		24,132	111,147
		<b>24,132</b>	<b>113,324</b>

**23.6** Also refer contents of note 21.

**24. SALES - Net**

Yarn		2,541,436	2,542,297
Waste		75,305	73,344
Raw materials purchased for resale		2,143	0
		<b>2,618,884</b>	<b>2,615,641</b>
Less: sales tax		120,922	72,861
		<b>2,497,962</b>	<b>2,542,780</b>

**25. COST OF SALES**

Raw materials consumed	25.1	1,432,592	1,542,610
Packing materials consumed		45,533	49,482
Salaries, wages and benefits	25.2	332,915	301,696
Power and fuel		318,525	333,781
Stores consumed		72,339	70,457
Repair and maintenance		8,527	7,818
Depreciation	5.4	68,329	66,173
Insurance		10,391	10,059
Others		519	573
		<b>2,289,670</b>	<b>2,382,649</b>
Adjustment of work-in-process			
Opening		46,785	51,096
Closing	9	(50,920)	(46,785)
		<b>(4,135)</b>	<b>4,311</b>
Cost of goods manufactured		<b>2,285,535</b>	<b>2,386,960</b>
Adjustment of finished goods			
Opening stock		68,172	25,867
Closing stock	9	(15,757)	(68,172)
		<b>52,415</b>	<b>(42,305)</b>
Cost of goods sold - own manufactured		<b>2,337,950</b>	<b>2,344,655</b>
Cost of goods sold - raw materials purchased for resale		1,911	0
		<b>2,339,861</b>	<b>2,344,655</b>

		2016	2015
	Note	Rupees in thousand	
<b>25.1 Raw materials consumed</b>			
Opening stock		543,561	694,819
Purchases		1,346,053	1,390,531
		<u>1,889,614</u>	<u>2,085,350</u>
Less: closing stock	9	457,498	543,561
Raw materials issued		1,432,116	1,541,789
Cess on cotton consumed		476	821
		<u>1,432,592</u>	<u>1,542,610</u>
<b>25.2</b>	These include Rs.24.421 million (2015: Rs.19.417 million) in respect of staff retirement benefits - gratuity.		
<b>26. DISTRIBUTION COST</b>			
Salaries and benefits	26.1	12,066	8,787
Commission		4,199	3,726
Freight and handling		2,109	1,927
Gifts and samples		17	33
Others		231	261
		<u>18,622</u>	<u>14,734</u>
<b>26.1</b>	These include Rs.651 thousand (2015: Rs.518 thousand) in respect of staff retirement benefits - gratuity.		
<b>27. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	27.1	65,324	58,141
Printing and stationery		1,060	1,167
Travelling and conveyance - staff		1,286	1,180
Travelling - directors		169	258
Communication		1,823	1,616
Rent, rates and taxes		4,177	2,511
Guest house expenses and entertainment		829	947
Insurance		761	550
Vehicles' running and maintenance		5,719	6,035
Advertisement		55	83
Subscription		892	724
Repair and maintenance		1,370	660
Auditors' remuneration:			
- statutory audit		703	688
- half yearly review		190	190
- certification charges		15	10
- out-of-pocket expenses		45	45
- short provision for the preceding year		183	17
		1,136	950
Legal and professional charges (other than Auditors)		3,388	2,606
Depreciation	5.4	4,292	4,890
Others		1,289	1,244
		<u>93,570</u>	<u>83,562</u>

27.1 These include Rs.7.489 million (2015: Rs.5.955 million) in respect of staff retirement benefits - gratuity.

## 28. OTHER EXPENSES

	Note	2016 Rupees in thousand	2015
Donation to Waqf-e-Kuli Khan	19.3	236	646
Donations (without directors' interest)		20	0
Workers' (profit) participation fund	19.4	609	1,339
Workers' welfare fund		916	1,158
Provision against obsolete generators' parts	28.1	0	5,555
Zakat on Defence Savings Certificates		750	0
		<b>2,531</b>	<b>8,698</b>

28.1 Spare parts having book value of Rs. 5.555 million were transferred to stores and spares inventory during the preceding year after overhauling of the generators. These parts, due to continuous use, had fully exhausted their useful life.

## 29. OTHER INCOME

### Income from financial assets

Return on bank deposits		43	738
Profit on Defence Savings Certificates		1,800	0
Exchange fluctuation gain - net		13	96

### Income from non-financial assets

Sale of scrap - net of sales tax amounting Rs.706 thousand (2015: Rs.414 thousand)		3,755	2,300
Quarters' rent		132	132
Gain on sale of vehicles	5.5	1,971	1,486
Excess provision for workers' welfare fund written-back	29.1	7,005	0
		<b>14,719</b>	<b>4,752</b>

29.1 As the Company's income for tax years 2010, 2011 and 2012 was exempt from charge of tax under clause 126F of the second schedule to the Income Tax Ordinance, 2001, provision for workers' welfare fund aggregating Rs.6.246 million pertaining to these tax years and balance provision amounting Rs.759 thousand of prior years have been written-back during the year.

## 30. FINANCE COST

Mark-up on short term finances		45,952	69,593
Interest on workers' (profit) participation fund	19.4	44	1,066
Bank charges		1,724	1,576
		<b>47,720</b>	<b>72,235</b>

31. TAXATION	Note	2016 Rupees in thousand	2015
Current			
- for the year		20,588	23,476
- for prior years		(235)	89
	21	20,353	23,565
Deferred:			
- for the year		(25,056)	(29,663)
- resultant adjustment due to reduction in tax rate	16	5,923	4,548
		(19,133)	(25,115)
		1,220	(1,550)

### 32. EARNINGS PER SHARE

There is no dilutive effect on earnings per share of the Company, which is based on:

Profit after taxation attributable to ordinary shareholders	12,894	16,271
	<b>(Number of shares)</b>	
Weighted average number of ordinary shares in issue during the year	4,784,794	4,784,794
	----- Rupees -----	
Earnings per share - basic	2.69	3.40

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 33.1 Financial Risk Factors

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

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

#### 33.2 Market risk

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

**(a) Currency risk**

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

	Rupees	U.S.\$	Euro
	----- in thousand -----		
<b>2016</b>			
Bills payable	24,935	238	0
Bank balances	(466)	(5)	0
<b>Gross balance sheet exposure</b>	<b>24,469</b>	<b>233</b>	<b>0</b>
Outstanding letters of credit	24,132	231	0
<b>Net exposure</b>	<b>48,601</b>	<b>464</b>	<b>0</b>
<b>2015</b>			
Bills payable	16,008	158	0
Bank balances	(452)	(5)	0
Gross balance sheet exposure	15,556	153	0
Outstanding letters of credit	113,324	1,105	8
<b>Net exposure</b>	<b>128,880</b>	<b>1,258</b>	<b>8</b>

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2016	2015	2016	2015
U.S. \$ to Rupee	104.27	101.78	104.70	101.70
Euro to Rupee	-	123.57	-	113.79

**Sensitivity analysis**

At June 30, 2016, if Rupee had strengthened by 10% against U.S.\$ with all other variables held constant, profit after taxation for the year would have been higher by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial assets and liabilities.

	2016	2015
	Rupees in thousand	
<b>Effect on profit for the year:</b>		
U.S. \$ to Rupee	2,440	1,556

The weakening of Rupee against U.S. \$ would have had an equal but opposite impact on profit after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.



**(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2016 Effective rate %	2015 %	2016 Carrying amount Rupees in thousand	2015 Rupees in thousand
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
Bank balances	3.88 to 4.25	6 to 7	<u>182</u>	<u>177</u>
<b>Variable rate instruments</b>				
<b>Financial liabilities</b>				
Short term finances	7.58 to 10.01	8.25 to 13.21	<u>441,436</u>	<u>572,609</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 rates at the reporting date would not affect profit and loss account of the Company.

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

At June 30, 2016, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs.4.414 million (2015: Rs.5.726 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

**(c) Price risk**

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

**33.3 Credit risk exposure and concentration of credit risk**

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 10 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

**Exposure to credit risk**

The maximum exposure to credit risk at the reporting date along with comparative is tabulated below:

	2016	2015
	Rupees in thousand	
Security deposits	1,204	1,029
Trade debts	104,989	36,777
Bank balances	20,985	83,051
	<u>127,178</u>	<u>120,857</u>

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

The ageing of trade debts at the year-end was as follows:

Not past due	101,449	35,177
Past due more than one year	3,540	1,600
	<u>104,989</u>	<u>36,777</u>

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.101.499 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

**33.4 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows having maturity of less than one year
	Rupees in thousand	
<b>2016</b>		
Trade and other payables	130,224	130,224
Accrued mark-up	10,593	10,593
Short term finances	441,436	460,485
Redeemable preference shares	1,214	1,214
	<u>583,467</u>	<u>602,516</u>
<b>2015</b>		
Trade and other payables	182,142	182,142
Accrued mark-up	8,287	8,287
Short term finances	572,609	601,944
Redeemable preference shares	1,214	1,214
	<u>764,252</u>	<u>793,587</u>

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

#### 34. MEASUREMENT OF FAIR VALUES

The management, during the year, has engaged an independent external Valuer to carry out valuation of its freehold land, buildings on freehold land, plant & machinery and generators. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. When measuring the fair value of an asset, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

##### Financial assets not measured at fair value

	<b>2016 Carrying amount (Rupees in thousand)</b>
Trade debts	<b>104,989</b>
Bank balances	<b>20,985</b>
	<b>125,974</b>

##### Financial liabilities not measured at fair value

Creditors	<b>24,105</b>
-----------	---------------

Management has assessed that the fair values of trade debts, bank balances and creditors approximate their carrying amounts largely due to the short term maturities of these instruments.

##### Assets measured at fair value

Following details provide the fair value measurement hierarchy of the Company's assets measured at fair value:

<b>Assets measured at fair value</b>	Freehold land, buildings on freehold land, plant & machinery and generators.
<b>Date of valuation</b>	December 31, 2015
<b>Valuation approach and inputs used</b>	<p>The factors taken and critically evaluated by the Valuer for determining the current market value of freehold land and depreciated market values of buildings on freehold land, plant &amp; machinery and generators include the following:</p> <ul style="list-style-type: none"> <li>- prevailing market conditions;</li> <li>- Government future development measures in the vicinity;</li> <li>- threats and opportunities of real estate industry;</li> <li>- physical condition of buildings and civil structure;</li> <li>- design and utility of buildings and civil structure;</li> <li>- state of infrastructure in the vicinity;</li> <li>- type of construction and age;</li> <li>- availability of utilities connections;</li> <li>- existence, condition, level of maintenance, year of acquisition of plant &amp; machinery and generators;</li> <li>- obsolescence due to technological advancement;</li> <li>- inquiries from the market to obtain prevalent market values of similar local and imported plant &amp; machinery items and generators; and</li> <li>- determination of current market cost of plant &amp; machinery and generators adjusted for depreciation factor.</li> </ul>
<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>	<p>The fair values are subject to change owing to change in input. However, management does not expect material sensitivity to the fair values arising from the non-observable inputs.</p>

The fair value of freehold land, buildings on freehold land, plant & machinery and generators is a Level 3 recurring fair value measurement. A reconciliation of opening and closing fair value is given below:

	2016 (Rupees in thousand)
Opening book value	2,234,497
Additions during the year	48,831
Revaluation during the year	883,939
Depreciation for the year	(68,943)
<b>Closing book value</b>	<b>3,098,324</b>

### 35. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

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

### 36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executives	
	2016	2015	2016	2015	2016	2015

-----Rupees in thousand-----

Managerial remuneration	6,336	7,126	4,260	4,260	64,785	46,199
Bonus / ex-gratia	434	868	296	592	3,706	5,697
Retirement benefits	528	528	355	355	4,571	3,645
Leave salary	476	477	326	325	4,254	3,142
Medical	140	99	114	54	2,036	2,287
Utilities	711	762	188	154	627	422
	<b>8,625</b>	9,860	<b>5,539</b>	5,740	<b>79,979</b>	61,392
No. of persons	1	1	1	1	10	10

- 36.1** Meeting fees of Rs.200 thousand (2015: Rs.664 thousand) were also paid to six (2015: six) non-working directors during the year.
- 36.2** Chief executive, one (2015: one) working director and seven (2015: seven) of the executives are provided with free use of residential telephones and the Company maintained cars. Working director and executives are also provided with free housing facility.
- 36.3** Also refer contents of note 17.1.
- 37. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES**
- 37.1** The Company's shareholders, vide a special resolution, have authorised the chief executive to advance loans upto Rs.5.0 million to any of the Company's associates to meet the business transactions involving payment / reimbursement of branch office / other expenses incurred on the Company's behalf.
- 37.2** Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs.162 thousand (2015: Rs.9.767 million).
- 37.3** Mark-up on Associated Companies' balances has not been accrued during the current and preceding years as the Company has executed no such transactions attracting mark-up accrual.
- 37.4** The related parties of the Company comprise of associated undertakings, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Remuneration of directors and key management personnel, benefits paid and amounts due to / from them are disclosed in the relevant notes. There were no transactions with key management personnel other than under the terms of employment. The transactions with related parties are made at normal market prices.
- Material transactions with related parties during the year were as follows:

Name	Nature of relationship	Nature of transaction	2016 --- Rupees in '000 ---	2015
Babri Cotton Mills Ltd.	Associated Company	Residential expenses		
		- paid	5	5
		- received	132	132
		Utilities:		
		- paid	102	142
		- received	467	1,119
		Salaries		
		- paid	74	65
		- recovered	1,036	957
		Dividend paid	511	1,023
Sale of used machinery parts	410	0		
Bannu Woollen Mills Ltd.	-do-	Sale of raw materials	2,143	0
		Utilities received	29	305
		Salaries recovered	95	316
		Dividend paid	2,339	4,678
		Dividend received	2,195	0
Rahman Cotton Mills Ltd.	-do-	Utilities paid	0	337
Gammon Pakistan Ltd.	-do-	Rent paid	75	0
Bibojee Services (Pvt.) Ltd.	-do-	Dividend paid	843	1,687
Waqf-e-Kuli Khan	Associated Undertaking	Donation	236	646
		Dividend paid		
		Year ended June 30, 2014	843	0
		Year ended June 30, 2015	422	0

**38. OPERATING SEGMENT**

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

- 38.1** Yarn sales represent 96.99% (2015: 97.17%) of the total sales of the Company.
- 38.2** All of the Company's sales relate to customers in Pakistan.
- 38.3** All non-current assets of the Company as at June 30, 2016 are located in Pakistan.
- 38.4** Three (2015: three) of the Company's customers contributed towards 78.26% (2015: 80.72%) of the gross yarn sales during the year aggregating Rs.1.896 billion (2015: Rs.2.052 billion).

**39. CAPACITY AND PRODUCTION**

	2016	2015
	--- Numbers ---	
Spindles installed	62,304	62,304
Rotors installed	600	600
Shifts worked	1,096	1,093
Spindles / rotors shifts worked	66,992,426	66,856,508
	---KGs.---	
Installed capacity at 20's count on the basis of shifts worked	27,904,109	26,950,882
Actual production of yarn of all counts	5,662,436	6,397,481
Actual production converted into 20's count	27,122,192	26,211,759

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

**40. NUMBER OF EMPLOYEES**

Number of permanent employees as at June 30, 2016 was 1,104 (2015: 1,188) and average number of employees during the year was 1,133 (2015: 1,191).

**41. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on September 29, 2016 by the board of directors of the Company.

**42. EVENT AFTER THE REPORTING PERIOD**

The Board of Directors in its meeting held on September 29, 2016 has proposed a final cash dividend of Rs.1.25 per share (2015: Rs.1.50 per share) for the year ended June 30, 2016. The financial statements for the year ended June 30, 2016 do not include the effect of proposed dividend amounting Rs.5.981 million (2015: Rs.7.177 million), which will be accounted for in the financial statements for the year ending June 30, 2017 after approval by the members in the annual general meeting to be held on October 31, 2016. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001 as inserted through the Finance Act, 2015.

**43. FIGURES**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, except for the following, no material re-arrangements and re-classifications have been made in these financial statements.

Advances from customers aggregating Rs.42.616 million, which were grouped under creditors in the financial statements for the year ended June 30, 2015, have been reclassified and disclosed as a separate line item in the current year's financial statements (note 19).



**Lt. Gen (Retd)**  
**Ali Kuli Khan Khattak**  
**Chief Executive**



**Ahmad Kuli Khan Khattak**  
**Director**



**JANANA DE MALUCHO TEXTILE MILLS LTD.**

FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_ being in the district of \_\_\_\_\_ being a  
member of Janana De Malucho Textile Mills Limited and holder of \_\_\_\_\_  
\_\_\_\_\_ Ordinary Shares as per the Share Register Folio No. \_\_\_\_  
\_\_\_\_\_ and/or CD C Participant I.D. No. \_\_\_\_\_ and Sub-  
Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him/her \_\_\_\_\_ as my/our  
proxy to vote for me/us and on my/our behalf at the 56th Annual General Meeting of  
the Company to be held at Registered Office, Habibabad, Kohat on 31 October, 2016 at  
11:30 A.M and at any adjournment thereof.

**Witnesses:**

1. As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signed by the said member in the presence of \_\_\_\_\_

2. As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signed by the said member in the presence of \_\_\_\_\_

Please affix five rupees revenue stamp
--

Signatures of member

Please fill in the applicable columns:

For Physical shares	For CDC Account Holders		Shares Held
Folio No.	CDC Participant I.D. No.	Sub Account No.	

**Note:**

A member entitle to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy needs not to be a member of Company. If a member is unable to attend the meeting, he may complete and sign this form and send it the Company Secretary, Janana De Malucho Textile Mills Limited, Habibabad, Kohat so as to reach not less than 48 hours before the time appointed for holding the meeting.

**FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:**

In addition to the above the following requirements have to be met.

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC No. Shall be stated on the forms.
2. Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
3. The proxy shall produce his original CNIC or original passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors resolution/power of attorney with attested specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



















**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamaapunji application for mobile device
-  Online Quizzes



www.jamapunji.pk  
www.jamapunji.pk  
www.jamapunji.pk

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices