55th
Annual Report
2015

JDM

BIBOJEE GROUP

JANANA DE MALUCHO
TEXTILE MILLS LIMITED

يَارَبُّ الْعِزَّةِ

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِيْمِ

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COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK	Chairman
	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK,	Chief Executive
	MR. AHMAD KULI KHAN KHATTAK	
	MR. MUSHTAQ AHMAD KHAN, FCA	
	MRS. ZEB GOHAR AYUB	
	MRS. SHAHNAZ SAJJAD AHMAD	
	DR. SHAHEEN KULI KHAN	
	CH.SHER MUHAMMAD	
	BRIG. (RETD) ABDUL SAMAD KHAN	
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN	Chairman
	MR. RAZA KULI KHAN KHATTAK	Member
	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMAD KHAN, FCA	Member
	CH.SHER MUHAMMAD	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	MR. RAZA KULI KHAN KHATTAK	Chairman
	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK	Chief Executive / Member
	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMAD KHAN, FCA	Member
	BRIG. (RETD) ABDUL SAMAD KHAN	Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
HEAD OF INTERNAL AUDIT	MR. NADEEM AHMED, ACCA, CIA	
AUDITORS	HAMEED CHAUDHRI & CO., Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED	
LEGAL ADVISOR	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
REGISTRARS & SHARES REGISTRATION OFFICE	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	
REGISTERED OFFICE & MILLS	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

A. TO ACHIEVE GROWTH BY MONITORING OUR MARKET NICHE IN SUPER FINE COUNTS, AND AT THE SAME TIME DIVERSIFYING OUR PRODUCTS RANGE TO ENTER NEW PROFITABLE MARKETS.

B. 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?

C. 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.

D. 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 55th 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 **Sunday** the **25th October 2015** at **11:30 A.M.** to transact the following business.

1. To confirm the minutes of Annual General Meeting held on 27th October 2014.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2015 together with the directors' and auditors' reports thereon.
3. To consider and approve the payment of final cash dividend for the year ended 30th June 2015. The Board of Directors has recommended & approved the final cash dividend @15% i.e. Rs.1.50 per share for the year ended 30th June 2015.
4. To appoint auditors for the year ending 30th June 2016 and to fix their remuneration.
5. To consider any other business with the permission of the Chair.

By order of the Board

Kohat
Dated: 28th September, 2015

AMIN-UR-RASHEED
Company Secretary &
Sr. General Manager Corporate Affairs

NOTES:
BOOK CLOSURE:

1. The Share transfer books of the Company shall remain closed from 16th October 2015 to 23rd October 2015 (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 15th October 2015 will be considered in order for registration in the name of the transferees.

COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

2. Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 779 (l)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 / NTNs (in case 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 2015:

3. Please note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2015 withholding tax on dividend income will be deducted for 'Filer' and 'Non- Filer' shareholders @ 12.50% and 17.50% 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 be reached to our Share Registrar by 15th October 2015 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:

4. 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:

5. 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.jdm.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):

6. 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 in 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.jdm.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.

INSTRUCTION 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 and Exchange commission of Pakistan;
   a. **For attending the meeting:**
      i. In case of account holder 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company have pleasure in presenting the 55th Annual Report and Audited Financial Statements of the Company for the financial year ended 30th June, 2015.

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 have given positive results. The major highlights of the Company's financial results as compared to the preceding year are as follows:

Particulars	**2015**	2014
	Rupees in million	
Sales	**2,542.780**	2,983.385
Cost of sales	**(2,344.655)**	(2,554.361)
Gross profit	**198.125**	429.024
Profit from operations	**95.883**	302.924
Profit before taxation	**14.721**	249.465
Profit after taxation	**16.271**	180.597
	------ Rupees -----	
Earnings per share	**3.40**	37.74

TURNOVER

Gross sales of yarn for the current year have decreased by Rs.439.986 million due to dumping of 50,000,000 kgs cheap duty-free Indian yarn & cheaper grey cloth predominantly fine counts which is hurting the local textile and grey cloth industry very badly. India has imposed 10 percent customs duty on yarn import besides 12 percent CVD and 4 percent Special CVD, which brings the cumulative impact of 30 percent to block the import of yarn into India. Whereas Pakistan has allowed almost duty free import of Indian yarn in Pakistan. Pakistan yarn market is already in a glut with the yarn of local spinning units. The rampant import of Indian yarn resulted into decrease in quantum of sales and steep decline in gross profit & EPS. This phenomenon has decreased the sale rate by about Rs.33.73 per lbs i.e. decrease of about 15% in sale rates of the current year viz-a-viz 2014 which has reduced the sales of yarn by Rs.439.986 million.

GROSS PROFIT

Gross Profit of the Company, for the year has decreased by Rs.230.899 million in comparison with last year, mainly due to decrease in sale rates as narrated above, increase in minimum wages from Rs.10,000 to Rs.12,000, higher depreciation expense due to capitalization of assets in previous as well as in current period and increase in electricity and gas charges by about 40% which were beyond the control of the company's management.

FINANCE COST

Finance cost has decreased by Rs.4.549 million from Rs.76.784 million of the previous year to Rs.72.235 million for the current year mainly due to effective utilization of finance facilities.

The Company had fully paid all the interest bearing demand finance loans in the preceding financial year. During the current financial year, the Company has fully redeemed all non-interest bearing term finance certificates amounting Rs.23.173 in spite of very severe financial constraints and without hampering the smooth working of the company.

GENERAL ECONOMIC REVIEW

Pakistan is losing its export market and it is stagnant under $14 billion despite depreciation of 19 percent in the value of Pak Rupee and advantage of GSP+ status by the EU. The textile industry has been struggling for many years. Between 2006 and 2013, Indian exports are up by 94 percent, Vietnam's sales to the world have grown by a whopping 230 percent and in Bangladesh's case; by 160 percent. Pakistan's exports growth was only 22 percent, during this period. The government has imposed massive surcharge on electricity to industry since June; which has increased unit cost from Rs.10.45 to Rs.14.25 per unit (36 percent) and was significantly higher as compared to Rs.9 in India, Rs.8.5 in China and Rs.7.3 in Bangladesh. The rate of corporate tax of 32 percent was also higher in Pakistan. The Government should take concrete steps for resolving the textile related issues immediately otherwise the GSP plus advantage will be lost. GIDC on captive power has been increased by around 25 percent as well; which corresponds to a per unit rate hike from Rs.6 to Rs.8.

FUTURE PROSPECTS:

The government is not serious in implementation of Textile Policy to increase the country's exports. The amount of Rs.188 million allocated by the government in textile policy 2009-14 has only been utilized to the extent of 15 percent. The next Five-Year Policy from 2014-2019 with an outlay of Rs.64 billion has not even been notified by the government yet. The industry was able to add only 1 million spindles and 1,300 shuttle-less / Airjet looms. In contrast, the effective implementation of India's two five year textile policies have led to an increase of 76 percent ($16 billion) in their exports and creation of 16 million direct jobs.

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 or at least impose counter vailing duty on Indian yarn to stop rampant import of Indian yarn.

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 Janana De Malucho Textile Mills Ltd 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 for the year ended 30-06-2015 and accounting estimates are based on reasonable and prudent judgment.
3. Proper books of account of Janana De Malucho Textile Mills Limited have been maintained.

4. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no doubts upon Janana De Malucho Textile Mills Limited'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 2015, except for those disclosed in the financial statements.
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^{th} June 2015.

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 listing regulations of The Karachi Stock Exchange Limited.

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
5.	Ch. Sher Muhammad	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	4
Lt. Gen. (Retd). Ali Kuli Khan Khattak	4
Mr. Ahmad Kuli Khan Khattak	3
Mr. Mushtaq Ahmad Khan, FCA	3
Mrs. Zeb Gohar Ayub	2
Mrs. Shahnaz Sajjad Ahmad	4
Dr. Shaheen Kuli Khan	3
Ch. Sher Muhammad	1
Brig. (Retd.) Abdul Samad Khan	3

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 30th June 2015.

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 30th June 2015 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 30th June 2015.

		2015
I.	**GOVERNMENT SECTOR**	(Rs. In Million)
	Income Tax paid	44.335
	Power & Fuel	333.781
	Financial Institution/ Banks	185.140
II.	**SOCIAL SECTOR**	
	Employees/Workers' salaries, Wages and other benefits	301.696

We are also providing employment to 1,188 permanent workers (1,188 families with an average of 8 family members in KPK province) the employment cost of which shall now be about Rs.400 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 @ 15% i.e Rs.1.5 per share for the year ended June 30, 2015.

APPOINTMENT OF AUDITORS:

The Company's auditors M/s 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.

ACKNOWLEDGEMENT:

Your Directors wish to record their appreciations for the efforts made by the workers, staff and senior executives for achieving these results in the present difficult circumstances and 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 K. Khan

RAZA KULI KHAN KHATTAK
CHAIRMAN

Dated: 23 September, 2015

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

PARTICULARS		2015	2014	2013	2012	2011	2010
Spindles installed	Nos.	**62,304**	62,304	62,304	62,304	62,304	64,704
Rotors installed	Nos.	**600**	600	600	600	600	600
PRODUCTION	Lbs. in million	**14.104**	13.322	13.013	11.956	10.851	10.213
Sales - Net	Rs. in million	**2,542.780**	2,983.385	2,714.679	2,314.948	2,134.841	1,454.537
Gross Profit	----- " -----	**198.125**	429.024	468.880	243.563	190.198	311.726
Profit from operations	----- " -----	**95.883**	302.924	378.451	170.520	116.801	257.257
Profit before Taxation	----- " -----	**14.721**	249.465	319.789	109.559	111.058	174.411
Provision for Taxation	----- " -----	**1.550**	(68.868)	(83.999)	(35.103)	(40.990)	57.769
Profit after Taxation	----- " -----	**16.271**	180.597	235.790	144.662	152.048	116.642
Earning per share	Rupees	**3.40**	37.74	49.28	30.23	33.57	30.54
Breakup Value per share	----- " -----	**218.22**	213.86	174.63	125.56	91.50	61.15
Total Assets	Rs. in million	**3,487.615**	3,576.849	3,339.138	3,183.565	2,725.271	2,444.962
Current Liabilities	----- " -----	**(803.414)**	(867.418)	(823.469)	(770.262)	(771.642)	(559.916)
	----- " -----	**2,684.201**	2,709.431	2,515.669	2,413.303	1,953.629	1,885.046
REPRESENTED BY:							
Share Capital	Rs. in million	**47.848**	47.848	47.848	47.848	47.848	43.064
Reserves and Un-appropriated Profit	----- " -----	**2,261.898**	2,252.968	2,077.962	1,855.426	1,404.026	1,248.711
Equity	----- " -----	**2,309.746**	2,300.816	2,125.810	1,903.274	1,451.874	1,291.775
Long Term Loans	----- " -----	**0.000**	9.269	35.037	260.713	321.057	361.228
Deferred Liabilities	----- " -----	**374.455**	399.346	354.822	249.316	180.698	232.043
	----- " -----	**2,684.201**	2,709.431	2,515.669	2,413.303	1,953.629	1,885.046

FORM 34

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

PATTERN OF SHAREHOLDING

1. CUIN (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 | 5 |

4. No of shareholders	Shareholdings	Total shares held
494	shareholding from 1 to 100 shares	16,349
383	shareholding from 101 to 500 shares	90,963
107	shareholding from 501 to 1000 shares	81,528
100	shareholding from 1001 to 5000	197,694
11	shareholding from 5001 to 10000	76,773
13	shareholding from 10001 to 15000	159,069
2	shareholding from 15001 to 20000	34,956
3	shareholding from 20001 to 25000	72,200
1	shareholding from 25001 to 30000	30,000
1	shareholding from 30001 to 35000	31,000
2	shareholding from 35001 to 40000	76,633
1	shareholding from 40001 to 45000	41,143
1	shareholding from 45001 to 50000	49,818
1	shareholding from 95001 to 100000	100,000
1	shareholding from 110001 to 115000	114,000
1	shareholding from 115001 to 120000	117,762
2	shareholding from 130001 to 135000	264,562
1	shareholding from 28 0001 to 285000	281,050
1	shareholding from 340001 to 345000	341,000
1	shareholding from485001 to 490000	486,869
1	shareholding from 560001 to 565000	562,195
1	shareholding from 1555001 to 1600000	1,559,230
1129	**Total**	**4,784,794**

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	74 183 ,	1.55
5.2. Associated Companies, undertakings and related parties.	2,462,425	51.46
5.3 NIT and ICP	114,770	2.40
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
5.8 General Public		
a. Local	1,069,212	22.35
b. Foreign	NIL	NIL
5.9 Others (to be specified)		
Institute of Business & Technology	100,500	2.10
Joint Stock Companies	17,952	0.38
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	5

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

CATEGORIES OF SHAREHOLDERS			SHARES HELD
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.	N.I.T. & I.C.P:		
	M/S. NATIONAL INVESTMENT TRUST LTD		114,000
	M/S. INVESTMENT CORPORATION OF PAKISTAN		770
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
	MRS.ZEB GOHAR AYUB	Director	12,808
	MRS.SHAHNAZ SAJJAD AHMED	Director	6,107
	DR. SHAHEEN KULI KHAN	Director	6,107
	CH. SHER MUHAMMAD	Director	100
	BRIG. (RETD) ABDUL SAMAD KHAN	Director	10
4.	EXECUTIVES		1,155
5.	JOINT STOCK COMPANIES		17,952
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
8.	GENERAL PUBLIC & OTHERS		1,583,682

Statement of Compliance with the Code of Corporate Governance [See clause (xi)]

Name of Company JANANA DE MALUCHO TEXTILE MILLS LIMITED
Year Ending 30TH JUNE 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Limited 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 CCG in the following manner:

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

CATEGORY	NAMES
Independent Director	Brig. (Retd) Abdul Samad Khan
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 Mrs. Zeb Gohar Ayub Mrs. Shahnaz Sajjad Ahmad Ch. Sher Muhammad

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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors of the Company during the year ended 30th June 2015.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by 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. The Directors are well conversant with the legal requirements and such are fully aware of their duties and responsibilities.
10. There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year ended 30th June 2015.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
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 CCG.
15. The board has formed an Audit Committee. It comprises four members, of whom three are non-executive directors including the 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 and as required by the CCG. 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 Five members, of whom two are non-executive directors, one is independent director and the chairman of the committee is a non executive director.
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 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 exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG 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 enclosed 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, 2015 to comply with the requirements of Regulation No.35 of Chapter XI contained in the Listing Regulations issued by the Karachi Stock Exchange Limited where the Company is listed.

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

As part of our audit of 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 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 the 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, 2015.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE; September 23, 2015

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, 2015 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, 2015 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 Central Zakat Fund established under section 7 of that Ordinance.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE; September 23, 2015

BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015	2014
ASSETS		**Rupees in thousand**	
Non-current assets			
Property, plant and equipment	5	**2,265,866**	2,324,453
Long term investments	6	**202,278**	178,740
Loans to employees	7	**2,395**	4,400
Security deposits		**1,029**	1,029
		2,471,568	2,508,622
Current assets			
Stores, spares and loose tools	8	**73,339**	49,026
Stock-in-trade	9	**658,518**	771,782
Trade debts - unsecured, considered good		**36,777**	41,055
Advances to employees		**3,196**	2,991
Advance payments	10	**28,220**	27,090
Trade deposits and prepayments	11	**991**	4,771
Due from Associated Companies	12	**0**	10,277
Other receivables		**4,710**	0
Sales tax refundable		**32,800**	18,392
Income tax refundable, advance tax and tax deducted at source		**92,773**	75,761
Cash and bank balances	13	**84,723**	67,082
		1,016,047	1,068,227
TOTAL ASSETS		**3,487,615**	3,576,849
EQUITY AND LIABILITIES			
Equity			
Authorised capital	14	**200,000**	200,000
Issued, subscribed and paid-up capital	15	**47,848**	47,848
Reserves	16	**389,983**	389,983
Unappropriated profit		**606,328**	585,489
Shareholders' equity		**1,044,159**	1,023,320
Term finance certificates	17	**0**	9,269
Surplus on revaluation of property, plant and equipment	18	**1,265,587**	1,277,496
Liabilities			
Non-current liabilities			
Staff retirement benefits - gratuity	19	**108,911**	104,139
Deferred taxation	20	**265,544**	295,207
		374,455	399,346
Current liabilities			
Trade and other payables	21	**197,828**	164,480
Accrued mark-up / interest		**8,287**	24,101
Short term finances	22	**572,609**	636,485
Current portion of term finance certificates		**0**	13,904
Taxation	23	**23,476**	27,234
Preference shares redemption account	24	**1,214**	1,214
		803,414	867,418
Total liabilities		**1,177,869**	1,266,764
Contingencies and commitments	25		
TOTAL EQUITY AND LIABILITIES		**3,487,615**	3,576,849

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, 2015

	Note	2015	2014
		Rupees in thousand	
Sales	26	**2,542,780**	2,983,385
Cost of Sales	27	**2,344,655**	2,554,361
Gross Profit		**198,125**	429,024
Distribution Cost	28	**14,734**	15,440
Administrative Expenses	29	**83,562**	79,371
Other Expenses	30	**8,698**	33,924
Other Income	31	**(4,752)**	(2,635)
		102,242	126,100
Profit from Operations		**95,883**	302,924
Finance Cost	32	**72,235**	76,784
		23,648	226,140
Share of (Loss) / Profit of Associated Companies - net	6.1	**(8,927)**	23,325
Profit before Taxation		**14,721**	249,465
Taxation	33	**(1,550)**	68,868
Profit after Taxation		**16,271**	180,597
Other Comprehensive Loss			
Items that will not be reclassified to profit or loss:			
- loss on remeasurement of staff retirement benefit obligation (net of deferred tax)		**0**	(14,987)
- share of other comprehensive income / (loss) of Associated Companies (net of taxation)		**738**	(1,146)
		738	(16,133)
Total Comprehensive Income		**17,009**	164,464
		------- Rupees -------	
Earnings per Share	34	**3.40**	37.74

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, 2015

	2015	2014
	Rupees in thousand	
Cash flow from operating activities		
Profit for the year - before taxation and share of profit / (loss) of Associated Companies	23,648	226,140
Adjustments for non-cash charges and other items:		
Depreciation	71,063	67,722
Gain on sale of vehicles	(1,486)	0
Provision for obsolete generators' parts	5,555	11,160
Amortisation of restructuring cost on demand finances	0	(278)
Staff retirement benefits - gratuity (net)	4,772	(7,141)
Finance cost	70,659	75,367
Profit before working capital changes	174,211	372,970
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(24,313)	426
Stock-in-trade	113,264	(83,681)
Trade debts	4,278	(31,651)
Loans and advances to employees	1,800	(913)
Advance payments	(1,130)	6,547
Trade deposits and prepayments	3,780	(3,157)
Due from Associated Companies	10,277	9,931
Other receivables	(4,710)	1,844
Sales tax refundable	(14,408)	11,908
Increase/(decrease) in trade and other payables	30,612	(20,479)
	119,450	(109,225)
Cash generated from operations	293,661	263,745
Taxes paid	(44,335)	(18,906)
Net cash generated from operating activities	249,326	244,839
Cash flow from investing activities		
Fixed capital expenditure	(18,986)	(132,883)
Sale proceeds of vehicles	2,440	0
Investment in Defence Savings Certificates - net	(30,000)	0
Net cash used in investing activities	(46,546)	(132,883)
Cash flow from financing activities		
Term finance certificates redeemed	(23,173)	(25,490)
Demand finances repaid	0	(29,329)
Short term finances - net	(63,876)	51,373
Preference shares redeemed	0	(1)
Finance cost paid	(86,473)	(54,847)
Dividend paid	(11,617)	0
Net cash used in financing activities	(185,139)	(58,294)
Net increase in cash and cash equivalents	17,641	53,662
Cash and cash equivalents - at beginning of the year	67,082	13,420
Cash and cash equivalents - at end of the year	84,723	67,082

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, 2015

	Share capital	Reserves					Unappr-opriated profit	Total
		Capital			Revenue	Sub-total		
		Capital redemp-tion	Tax holiday	Share premium	General			
	------------------------------------ Rupees in thousand ------------------------------------							
Balance as at June 30, 2013	47,848	6,694	350	11,409	371,530	389,983	397,753	835,584
Total comprehensive income for the year ended June 30, 2014:								
- profit for the year	0	0	0	0	0	0	180,597	180,597
- other comprehensive loss	0	0	0	0	0	0	(16,133)	(16,133)
	0	0	0	0	0	0	164,464	164,464
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	16,690	16,690
- upon obsolescence of revalued assets	0	0	0	0	0	0	833	833
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	5,749	5,749
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)
Total comprehensive income for the year ended June 30, 2015:								
- 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

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, 2015

1. LEGAL STATUS AND OPERATIONS

Janana De Malucho Textile Mills Ltd. (the Company) was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange Limited. It 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) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

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 Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, 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 areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(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 19.

(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

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on July 01, 2014:

(a) IAS 32 (Amendments) 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32 ,'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

(b) IAS 36 (Amendment) 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has no material impact on the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following are the new standards and amendments to existing approved accounting standards that are effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company:

(a) IFRS 9 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.

(b) IFRS 12 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

(c) IFRS 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

(d) 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.

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 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 were revalued during prior years. 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 5.1. 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:

Particulars	Mode of valuation
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, 2014 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, due from Associated Companies, bank balances, term finance certificates, trade & other payables, accrued mark-up / interest, 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 39 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	**2015**	2014
		Rupees in thousand	
Operating fixed assets - tangible	**5.1**	**2,265,866**	2,309,742
Capital work-in-progress	**5.5**	**0**	1,421
Stores held for capital expenditure		**0**	13,290
		2,265,866	2,324,453

5.1 Operating fixed assets - owned

	Freehold land	Roads, paths and culverts	Buildings on freehold land				Plant & machinery	Genera-tors	Work-shop equip-ment	Furnitur e and fixtures	Office & other equip-ment	Vehicles	Arms	Secur-ity & survei-llance	Total
			Factory	Non-factory	Residential										
					Officers	Workers									
	---------- Rupees in thousand ----------														
As at June 30, 2013															
Cost / revaluation	956,700	1,247	185,816	6,679	12,447	9,067	1,207,255	132,102	3,358	11,461	3,067	26,298	6,645	0	2,562,142
Accumulated depreciation	0	0	12,238	460	820	597	215,767	37,067	2,047	4,936	1,381	16,183	194	0	291,690
Book value	956,700	1,247	173,578	6,219	11,627	8,470	991,488	95,035	1,311	6,525	1,686	10,115	6,451	0	2,270,452
Year ended June 30, 2014:															
Additions	0	0	2,707	0	0	0	45,758	64,146	0	421	189	1,821	375	2,755	118,172
Transfer to stores & spares inventory															
Cost	0	0	0	0	0	0	0	(17,612)	0	0	0	0	0	0	(17,612)
Depreciation	0	0	0	0	0	0	0	6,452	0	0	0	0	0	0	6,452
Depreciation for the year	0	0	8,713	311	581	423	49,767	4,970	66	338	89	2,061	334	69	67,722
Book value	956,700	1,247	167,572	5,908	11,046	8,047	987,479	143,051	1,245	6,608	1,786	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	4,445	38		33,696
Disposal/Transfer to stores & spares inventory (note 5.7):															
Cost	0	0	0	0	0	0	0	(8,806)	0	0	0	(7,045)	0	0	(15,851)
Depreciation	0	0	0	0	0	0	0	3,251	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	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	10,902	6,204	1,880	2,265,866
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	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	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	9,875	6,492	2,686	2,309,742
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	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	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	10,902	6,204	1,880	2,265,866
Depreciation rate (%)			5	5	5	5	5	5	5	5	5	20	5	30	

5.2 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.

5.3 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:

	2015	2014
	Rupees in thousand	
Freehold land	**340**	340
Buildings on freehold land:		
Factory	**42,572**	41,454
Non-factory	**923**	971
Residential:		
- officers	**162**	170
- workers	**7,755**	3,019
Plant & machinery	**634,067**	665,200
Generators	**137,570**	132,978
	823,389	844,132

5.4 Depreciation for the year has been apportioned as under:

Cost of sales	**66,173**	63,939
Administrative expenses	**4,890**	3,783
	71,063	67,722

5.5 Capital work-in-progress

Buildings	**0**	22
Plant and machinery	**0**	130
Advance payment made for overhauling of gas generators and other expenses	**0**	1,269
	0	1,421

5.6 Disposal of operating fixed assets.

Particulars	Cost / revaluation	Accumulated depreciation	Book value	Sale proceeds	(Loss) / gain	
	------- Rupees in thousand -------					
Plant & machinery						
- generators' parts (note 5.7)	**8,806**	**3,251**	**5,555**	**0**	**(5,555)**	**Transferred to stores and inventory.**
Vehicles						**Sold through negotiation to:**
Nissan Sunny	**1,169**	**986**	**183**	**400**	**217**	**M.T. Supervisor.**
X-trail Jeep	**3,170**	**2,739**	**431**	**1,275**	**844**	**Mr. Kashif Burhan, Rawalpindi.**
Nissan Sunny	**1,352**	**1,189**	**163**	**305**	**142**	**Mr. Bakhtiar, Mills Manager.**
Nissan Sunny	**1,354**	**1,177**	**177**	**460**	**283**	**Mr. Fawad Anwer, Lahore.**
	7,045	**6,091**	**954**	**2,440**	**1,486**	
	15,851	**9,342**	**6,509**	**2,440**	**(4,069)**	

5.7 These parts having book value of Rs. 5.555 million (2014: Rs.11.160 million) were transferred to stores and spares inventory during the year after overhauling of the generators. These parts, due to continuous use, had fully exhausted their useful life. The management intends to sell these parts in the foreseeable future.

		Note	2015	2014
6.	**LONG TERM INVESTMENTS**		**Rupees in thousand**	
	Investments in Associated Companies	**6.1**	**172,278**	178,740
	Defence Savings Certificates (DSCs) - cost	**6.7**	**30,000**	0
			202,278	178,740
6.1	**Investments in Associated Companies -** Quoted			
	Babri Cotton Mills Ltd. (BCM)			
	587,493 (2014: 587,493) ordinary shares of Rs.10 each - cost		**10,973**	10,973
	Equity held: 16.09% (2014: 16.09%)			
	Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM		**99,573**	85,175
	(Loss) / profit for the year - net of taxation		**(13,768)**	13,194
	Share of other comprehensive income / (loss) - net of taxation		**706**	(752)
			97,484	108,590
	Bannu Woollen Mills Ltd. (BWM)			
	731,626 (2014: 731,626) ordinary shares of Rs.10 each - cost		**7,697**	7,697
	Equity held: 7.70% (2014: 7.70%)			
	Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM		**62,224**	52,716
	Profit for the year - net of taxation		**4,841**	10,131
	Share of other comprehensive income / (loss) - net of taxation		**32**	(394)
			74,794	70,150
			172,278	178,740

6.2 Market value of the Company's investment in BCM and BWM as at June 30, 2015 was Rs.23.450 million (2014: Rs.42.893 million) and Rs.37.233 million (2014: Rs.54.945 million) respectively.

6.3 Summarised financial information of BCM, based on the audited financial statements for the year ended June 30, 2015, is as follows:

	2015	2014
- equity as at June 30,	**607,039**	673,113
- total assets as at June 30,	**1,833,788**	2,149,359
- total liabilities as at June 30,	**621,945**	869,859
- revenue for the year ended June 30,	**1,757,969**	1,927,396
- (Loss) / profit before taxation for the year ended June 30,	**(123,803)**	113,915
- (Loss) / profit after taxation for the year ended June 30,	**(85,587)**	82,020
- other comprehensive income / (loss) for the year ended June 30,	**4,390**	(4,678)

6.4 Summarised financial information of BWM, based on the audited financial statements for the year ended June 30, 2015, is as follows:

	Note	2015	2014
		Rupees in thousand	
- equity as at June 30,		**976,503**	901,923
- total assets as at June 30,		**2,009,406**	1,918,192
- total liabilities as at June 30,		**475,928**	453,055
- revenue for the year ended June 30,		**796,977**	788,882
- profit before taxation for the year ended June 30,		**96,330**	152,076
- profit after taxation for the year ended June 30,		**62,897**	131,640
- other comprehensive income / (loss) for the year ended June 30,		**414**	(5,120)

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, 2015, 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.309.531 million and 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 a 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 8.05% and 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 year, purchased 50 DSCs, having face value of Rs. one million each with maturity period of 10 years; however 20 DSCs valuing Rs. 20 million were encashed during the year to meet the Company's financing requirements.

7. LOANS TO EMPLOYEES - Secured

	Note	2015	2014
Loans to:			
- executives	**7.1**	**1,790**	3,900
- employees	**7.3**	**2,677**	2,524
		4,467	6,424
Less: current portion grouped under current assets		**2,072**	2,024
		2,395	4,400

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

	2015	2014
Opening balance	**3,900**	2,400
Loans advanced during the year	**0**	1,700
Less: deductions made during the year	**(2,110)**	(200)
Closing balance	**1,790**	3,900

These interest free loans to three (2014: four) 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.1,190 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. 3.970 million (2014: Rs.4.200 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 The fair value adjustments as required by IAS 39 (Financial instruments: recognition and measurement) arising in respect of staff loans are not considered material and hence not recognised.

		Note	2015	2014
			Rupees in thousand	
8.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores			
	- at mills		**26,393**	23,120
	- in transit		**16,096**	1,002
	Spares (including transfer of obsolete gas generators' parts as detailed in note 5.7)		**47,095**	35,647
	Loose tools		**470**	417
			90,054	60,186
	Less: provision against obsolete gas generators' parts	5.7	**16,715**	11,160
			73,339	49,026
9.	**STOCK-IN-TRADE**			
	Raw materials:			
	- at mills		**501,937**	653,282
	- in transit		**41,624**	41,537
		9.1	**543,561**	694,819
	Work-in-process		**46,785**	51,096
	Finished goods	9.1	**68,172**	25,867
			658,518	771,782

9.1 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 22).

10.	**ADVANCE PAYMENTS** - Unsecured		
	- Considered good		
	- Raw material suppliers	**38**	38
	- Store suppliers	**22,768**	20,878
	- Others	**5,414**	6,174
		28,220	27,090
11.	**TRADE DEPOSITS AND PREPAYMENTS**		
	Letters of credit	**397**	118
	Prepayments	**594**	653
	Advance payment to Peshawar Electric Supply Company	**0**	4,000
		991	4,771

		Note	2015	2014
			Rupees in thousand	
12.	**DUE FROM ASSOCIATED COMPANIES**			
	Babri Cotton Mills Ltd.		**0**	2,787
	The Universal Insurance Company Ltd.		**0**	6,811
	Bannu Woollen Mills Ltd.		**0**	82
	Bibojee Services (Pvt.) Ltd.		**0**	597
			0	10,277

12.1 2014 balances included mark-up aggregating Rs. 628 thousand accrued on short term advances made to Associated Companies.

13. CASH AND BANK BALANCES

	Note	2015	2014
		Rupees in thousand	
Cash-in-hand		**1,672**	84
Cash at banks on:			
- current accounts	13.1	**81,988**	16,832
- PLS security deposit account	13.2	**164**	154
- PLS account (employees/staff gratuity fund account)	13.2	**629**	50,000
- PLS account	13.2	**13**	12
- Dividend account		**257**	0
		83,051	66,998
		84,723	67,082

13.1 These include foreign currency balance of U.S.$ 4,455 (2014: U.S.$ 46,955), which has been translated in Pak Rupees at the exchange rate ruling on the balance sheet date i.e. 1 U.S. $ = Rs.101.50 (2014: 1 U.S.$ = Rs.98.55).

13.2 PLS accounts carry profit at the rates ranging from 6% to 7% (2014: 6% to 7%) per annum.

14. AUTHORISED SHARE CAPITAL

2015	2014		2015	2014
---- Numbers ----			Rupees in thousand	
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
20,000,000	20,000,000		**200,000**	200,000

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
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
4,784,794	4,784,794		**47,848**	47,848

15.1 Ordinary shares held by the Associated Companies at the year-end are as follows:

	2015	2014
	Number of shares	
Bibojee Services (Pvt.) Ltd.	**562,195**	562,195
Bannu Woollen Mills Ltd.	**1,559,230**	1,559,230
Babri Cotton Mills Ltd.	**341,000**	341,000
	2,462,425	2,462,425

16. RESERVES

	Note	2015	2014
		Rupees in thousand	
Capital:			
- capital redemption reserve		**6,694**	6,694
- tax holiday reserve		**350**	350
- share premium reserve	**16.1**	**11,409**	11,409
		18,453	18,453
Revenue - general reserve		**371,530**	371,530
		389,983	389,983

16.1 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.

17. TERM FINANCE CERTIFICATES - Secured

	Note	2015	2014
Balance as at June 30,	**17.1**	**0**	23,173
Less: current portion grouped under current liabilities		**0**	13,904
		0	9,269

17.1 National Bank of Pakistan (NBP) had allowed the Company to repay the aggregate overdue (frozen) mark-up of Rs.76.470 million in respect of finance facilities through the proceeds of issuance of privately placed Term Finance Certificates (TFCs) with nil mark-up rate. NBP had subscribed these TFCs during the financial year ended June 30, 2011. Significant terms and conditions of this TFCs issue were as follows:

Total issue size	Rs.76.470 million
Instrument	Unrated, unlisted and secured TFCs issued as redeemable capital under section 120 of the Companies Ordinance, 1984.
Purpose of issuance of TFCs	To pay overdue mark-up of NBP (TFC holder) against demand finance facilities availed by the Company during the period from December, 2008 to December, 2010.
Tenor	6 years from the issue date i.e. January 12, 2011.
Security	First charge on entire fixed assets of the Company for Rs.1.160 billion.
Profit rate	Nil
Profit payment	None
Principal repayment	6 years with the condition that at least 10% of the original TFCs amount was redeemed each year. The outstanding balance of TFCs as at June 30, 2014 was fully redeemed during the current financial year.

18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

18.1 The Company had revalued its freehold land on September 30, 1998, September 30, 2004, June 30, 2007 and March 31, 2010. Buildings on freehold land, plant & machinery and generators were revalued on September 30, 2004, June 30, 2007 and March 31, 2010. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs. 1.173 billion.

18.2 The Company, as at February 29, 2012, again revalued its freehold land, buildings on freehold land, plant & machinery and generators. The revaluation exercise was carried-out by independent Valuers - M/s Yunus Mirza & Co., Architects, Engineers and approved Surveyors, I.I. Chundrigar Road, Karachi. Freehold land was revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators were revalued on the basis of depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.366.113 million was 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	2015	2014
		Rupees in thousand	
Opening balance		**1,435,669**	1,462,217
Less: transferred to unappropriated profit:			
- on account of incremental depreciation for the year		**(23,934)**	(25,287)
- upon obsolescence of generators' parts		**(628)**	(1,261)
		1,411,107	1,435,669
Less: deferred tax on:			
- opening balance of surplus		**158,173**	171,991
- incremental depreciation for the year		**(7,898)**	(8,597)
- obsolescence of generators' parts		**(207)**	(428)
		150,068	162,966
		1,261,039	1,272,703
Resultant adjustment due to reduction in tax rate		**4,548**	4,793
Closing balance		**1,265,587**	1,277,496

19. 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	**2015**	2014
- discount rate	**13.25%**	13.25%
- expected rate of growth per annum in future salaries	**12.25%**	12.25%

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:

	Note	2015	2014
Opening balance		**104,139**	88,912
Current service cost		**17,213**	13,941
Interest cost		**8,677**	8,171
Benefits paid	19.1	**(21,118)**	(29,253)
Remeasurements: experience adjustments		**0**	22,368
Closing balance		**108,911**	104,139

	2015	2014
	Rupees in thousand	
Expense recognised in profit and loss account		
Current service cost	**17,213**	13,941
Interest cost	**8,677**	8,171
	25,890	22,112

	2015	2014
Charge for the year has been allocated to:		
- cost of sales	**19,417**	16,584
- distribution cost	**518**	442
- administrative expenses	**5,955**	5,086
	25,890	22,112

Remeasurement recognised in other comprehensive income

Experience adjustments (net of deferred tax)	**0**	(14,987)

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

	2015	2014	2013	2012	2011
	------------------- Rupees in thousand -------------------				
Present value of defined benefit obligation	**108,911**	104,139	88,912	76,102	64,433
Experience adjustment on obligation	**0**	22,368	(2,517)	0	11,028

Year-end sensitivity analysis:	**Impact on defined benefit obligation**		
	Change in assumption	Increase	Decrease
		Rupees in thousand	
Discount rate	1%	105,001	113,714
Salary growth rate	1%	113,722	105,010

19.1 Benefits paid, during the year, include partial payment of gratuity benefits to Executive Director Technical amounting Rs. 10 million.

19.2 The average duration of the defined benefit obligation as at June 30, 2015 is 4 years.

19.3 The expected contribution to defined benefit obligation for the year ending June 30, 2016 is Rs.7.063 million.

	Note	2015	2014
		Rupees in thousand	
20. DEFERRED TAXATION - Net			
This is composed of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**199,393**	204,222
- surplus on revaluation of property, plant and equipment		**145,519**	158,173
		344,912	362,395
Deductible temporary differences arising in respect of:			
- staff retirement benefits - gratuity		**(34,851)**	(34,366)
- minimum tax / alternative corporate tax recoverable against normal tax charge in future years		**(39,168)**	(32,822)
- provision against obsolete gas generators' parts		**(5,349)**	0
		(79,368)	(67,188)
		265,544	295,207

21. TRADE AND OTHER PAYABLES	Note	2015	2014
		Rupees in thousand	
Creditors		**68,194**	23,997
Bills payable against imported:			
- plant and machinery		**16,008**	0
- raw materials		**0**	19,642
Advance payments	**21.1**	**184**	184
Accrued expenses	**21.2**	**90,183**	90,656
Tax deducted at source		**1,259**	1,097
Due to Waqf-e-Kuli Khan	**21.3**	**4,818**	4,543
Security deposits repayable on demand - interest free		**112**	112
Workers' (profit) participation fund	**21.4**	**1,339**	12,389
Workers' welfare fund		**12,904**	11,746
Unclaimed dividend		**2,737**	0
Others		**90**	114
		197,828	164,480

21.1 These advances have been received against sale of land.

21.2 No amount was payable to Associated Companies as at June 30, 2015; (2014: these included payable to Associated Companies aggregating Rs. 414 thousand).

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

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

	Note	2015	2014
		Rupees in thousand	
21.4 Workers' (profit) participation fund (the Fund) *			
Opening balance		**12,389**	14,859
Add: interest on funds utilised in the Company's business		**1,066**	383
		13,455	15,242
Less:			
- paid to workers		**13,396**	15,195
- deposited with the Government Treasury		**59**	47
		13,455	15,242
		0	0
Add: allocation for the year		**1,339**	12,389
Closing balance		**1,339**	12,389

* The Fund's audit for the year ended June 30, 2014 was carried-out by M/s Inaam ul Haq & Co., Chartered Accountants, 33-A, Behind Queens Centre, Shahrah-e-Fatima Jinnah, Lahore.

22. 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 (2014: 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 8.25% to 13.21% (2014: 10.46% to 13.17%) per annum.

Facilities available for opening letters of credit and guarantee from NBP and BoK aggregate Rs.375 million (2014: Rs.360 million) out of which facilities amounting Rs.170.668 million (2014: Rs.246.958 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, 2015.

	Note	2015	2014
		Rupees in thousand	
23. TAXATION - Net			
Opening balance		**27,234**	5,369
Add: provision made / (written-back) during the year:			
current [net of tax credit for investment in plant & machinery under section 65B of the Income Tax Ordinance, 2001 amounting Rs. 1.982 million; (2014: Rs.10.990 million)]	23.2	**23,476**	27,454
prior year		**89**	(57)
		23,565	27,397
		50,799	32,766
Less: payments/adjustments made against completed assessments		**27,323**	5,532
		23,476	27,234

23.1 Income tax assessments of the Company have been completed upto the tax year 2014 i.e. accounting year ended June 30, 2014. The Company has filed a rectification application for the tax year 2014 for allowing tax credit amounting Rs. 5.136 million, which could not be claimed in the return of income for lack of verification of challans for the tax paid at import stage. The Tax Department (the Department), for the tax year 2014, has charged tax under sections 161/236G & 236H of the Income Tax Ordinance, 2001 (the Ordinance) amounting Rs. 12.936 million against which an appeal has been filed before the Commissioner Inland Revenue (Appeals) [CIR(A)], which is pending adjudication.

23.2 Provision for the current year mainly represents minimum tax payable under section 113 of the Ordinance; (2014: alternative corporate tax payable under section 113(c) of the Ordinance).

23.3 The Department, for the tax year 2015 (half-year ended December 31, 2014), has charged tax under sections 161/236G & 236H of the Ordinance amounting Rs. 4.809 million against which the Company has filed an appeal before the CIR(A), which is pending adjudication.

23.4 The CIR(A), during the financial year ended June 30, 2013, had vacated the order and held that workers' welfare demand amounting Rs.3.488 million for the tax year 2010 was not chargeable in case of the Company. The Department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the CIR(A)'s order, which is pending adjudication.

23.5 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 has 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.

23.6 The CIR(A) has decided the appeal for the tax year 2008 (income year ended June 30, 2008) and allowed no relief against which the Company has filed a further appeal before the ATIR, which is pending adjudication.

23.7 The Department charged tax under section 221 of the Ordinance amounting Rs.2.772 million for the tax year 2007 against which an appeal has been filed with the CIR(A), who has remanded back the matter to the concerned officer.

23.8 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.1.641 million for the tax year 2007. The CIR(A), during the preceding financial year, has decided the appeal and allowed relief of Rs.3.361 million resulting therein no change in tax liability due to brought forward losses. The Company has filed an appeal before the ATIR, which is pending adjudication.

23.9 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.0.894 million for the tax year 2006 against which an appeal has been filed with the CIR(A), which is pending adjudication.

23.10 The Department has charged tax under sections 161/205 of the Ordinance amounting Rs.0.560 million for the tax year 2006 against which the Company and the Department have filed appeals with the ATIR, which are pending adjudication.

23.11 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.2.289 million for the tax year 2005 against which the Company and the Department have filed appeals with the ATIR, which are pending adjudication.

23.12 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.7.123 million for the tax year 2004; the CIR(A) deleted the additions against which the Department has filed an appeal with the ATIR, which is pending adjudication.

24. PREFERENCE SHARES REDEMPTION ACCOUNT

	Note	2015	2014
		Rupees in thousand	
Amounts payable on:			
- 7.5% redeemable cumulative preference shares	24.1	134	134
- 10% redeemable cumulative preference shares	24.2	1,080	1,080
		1,214	1,214

24.1 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, 2015.

24.2 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 preceding financial year.

25. CONTINGENCIES AND COMMITMENTS

25.1 The Enquiry Officer of the Government of Pakistan had raised demands for war risk insurance premium (including surcharge and interest) amounting Rs.655 thousand against which the Company made provision to the tune of Rs.403 thousand. The Company has filed an appeal with the Secretary, Ministry of Commerce, which is pending for decision. The Company, however, had paid Rs.201 thousand towards this demand.

25.2 Pakistan Industrial Development Corporation (Pvt.) Limited (PIDC) had filed a case against the Company during the year 1975 for recovery of Rs.1.674 million payable to Bannu Sugar Mills Limited (an ex-associated company). The management had filed an affidavit with the Sindh High Court challenging the suit against the Company as the said amount was subject to adjustment against compensation payable to one of its Associated Company {Bibojee Services (Pvt.) Limited}.

A Government Committee, during the year 1985, had decided the compensation claims of Bibojee Services (Pvt.) Limited according to which no amount was payable to PIDC. Negotiations for withdrawal of the suit are still in process between Bibojee Services (Pvt.) Limited and PIDC.

25.3 Central Excise and Land Customs Department claimed additional duty on count variation amounting Rs.51 thousand. However, the Lahore High Court, on an appeal filed by the Company, ordered for reassessment of the case.

25.4 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.

25.5 The Company, during the 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, 2015, has raised GIDC demands aggregating Rs.105.637 million, which are payable in case of an adverse judgement by the PHC. The petition before the PHC is pending adjudication.

25.6 The Company has filed a writ petition before the PHC against the Government of Khyber Pakhtunkhwa and Others in respect of minimum wages Notification dated September 09, 2014 whereby minimum wages of workers were enhanced upto Rs.15,000 per month. The PHC has admitted the writ petition and granted an interim order against the enhancement of minimum wages. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.35.997 million approximately.

25.7 The Company has 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 Company has responded to this show cause notice and the matter is pending with the Department.

25.8 Counter guarantee given by the Company to a commercial bank outstanding as at June 30, 2015 was for Rs.75 million (2014: Rs.60 million).

			2015	2014
			Rupees in thousand	
25.9	Commitments against irrevocable letters of credit outstanding at the year-end were for:			
	- stores and spares		**2,177**	4,554
	- raw materials		**111,147**	28,846
			113,324	33,400
25.10	Also refer contents of note 23.			
26.	**SALES** - Net			
	Yarn		**2,542,297**	2,982,283
	Waste		**73,344**	83,749
	Raw materials purchased for resale		**0**	3,524
			2,615,641	3,069,556
	Less: sales tax		**72,861**	86,171
			2,542,780	2,983,385
27.	**COST OF SALES**			
	Raw materials consumed	**27.1**	**1,542,610**	1,662,729
	Packing materials consumed		**49,482**	42,197
	Salaries, wages and benefits	**27.2**	**301,696**	303,158
	Power and fuel		**333,781**	333,034
	Stores consumed		**70,457**	70,880
	Repair and maintenance		**7,818**	9,426
	Depreciation		**66,173**	63,939
	Insurance		**10,059**	8,181
	Others		**573**	300
			2,382,649	2,493,844
	Adjustment of work-in-process			
	Opening		**51,096**	51,857
	Closing		**(46,785)**	(51,096)
			4,311	761
	Cost of goods manufactured		**2,386,960**	2,494,605
	Adjustment of finished goods			
	Opening stock		**25,867**	82,980
	Closing stock		**(68,172)**	(25,867)
			(42,305)	57,113
	Cost of goods sold - own manufactured		**2,344,655**	2,551,718
	Cost of goods sold - raw materials purchased for resale		**0**	2,643
			2,344,655	2,554,361
27.1	**Raw materials consumed**			
	Opening stock		**694,819**	553,264
	Purchases		**1,390,531**	1,803,664
			2,085,350	2,356,928
	Less: closing stock		**543,561**	694,819
	Raw materials issued		**1,541,789**	1,662,109
	Cess on cotton consumed		**821**	620
			1,542,610	1,662,729

27.2 These include Rs.19.417 million (2014: Rs.16.584 million) in respect of staff retirement benefits - gratuity.

28. DISTRIBUTION COST

	Note	2015	2014
		Rupees in thousand	
Salaries and benefits	28.1	**8,787**	10,237
Commission		**3,726**	3,080
Freight and handling		**1,927**	1,797
Gifts and samples		**33**	30
Others		**261**	296
		14,734	15,440

28.1 These include Rs.518 thousand (2014: Rs.442 thousand) in respect of staff retirement benefits - gratuity.

29. ADMINISTRATIVE EXPENSES

	Note	2015	2014
Salaries and benefits	29.1	**58,141**	56,357
Printing and stationery		**1,167**	1,151
Travelling and conveyance - staff		**1,180**	1,351
Travelling - directors		**258**	202
Communication		**1,616**	1,651
Rent, rates and taxes		**2,511**	2,134
Guest house expenses and entertainment		**947**	922
Insurance		**550**	571
Vehicles' running and maintenance		**6,035**	6,241
Advertisement		**83**	93
Subscription		**724**	633
Repair and maintenance		**660**	428
Auditors' remuneration:			
- statutory audit		**688**	575
- half yearly review		**190**	126
- consultancy and certification charges		**10**	115
- out-of-pocket expenses		**45**	42
- short provision for the preceding year		**17**	60
		950	918
Legal and professional charges (other than Auditors')		**2,606**	1,903
Depreciation		**4,890**	3,783
Others		**1,244**	1,033
		83,562	79,371

29.1 These include Rs.5.955 million (2014: Rs.5.086 million) in respect of staff retirement benefits - gratuity.

30. OTHER EXPENSES

	Note	2015	2014
Donation to Waqf-e-Kuli Khan	21.3	**646**	4,543
Donations (without directors' interest)		**0**	1,110
Workers' (profit) participation fund	21.4	**1,339**	12,389
Workers' welfare fund		**1,158**	4,708
Provision against obsolete generators' parts	8	**5,555**	11,160
Exchange fluctuation loss - net		**0**	14
		8,698	33,924

31. OTHER INCOME

	Note	2015	2014
		Rupees in thousand	
Income from financial assets			
Return on bank deposits		**738**	10
Mark-up earned on Associated Companies' balances		**0**	669
Exchange fluctuation gain - net		**96**	0
Income from non-financial assets			
Sale of scrap - net of sales tax amounting Rs.414 thousand (2014: Rs.266 thousand)		**2,300**	1,546
Quarters' rent		**132**	132
Amortisation of restructuring cost on demand finances		**0**	278
Gain on sale of vehicles	5.6	**1,486**	0
		4,752	2,635

32. FINANCE COST

	Note	2015	2014
Mark-up on demand finances		**0**	97
Mark-up on short term finances		**69,593**	74,887
Interest on workers' (profit) participation fund	21.4	**1,066**	383
Bank charges		**1,576**	1,417
		72,235	76,784

33. TAXATION

	Note	2015	2014
Current			
- for the year		**23,476**	27,454
- for prior years		**89**	(57)
	23	**23,565**	27,397
Deferred:			
- for the year		**(29,663)**	36,678
- resultant adjustment due to reduction in tax rate	18	**4,548**	4,793
		(25,115)	41,471
		(1,550)	68,868

34. EARNINGS PER SHARE

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

	2015	2014
Profit after taxation attributable to ordinary shareholders	**16,271**	180,597
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	**4,784,794**	4,784,794
	------- Rupees -------	
Earnings per share - basic	**3.40**	37.74

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 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.

35.2 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	---------	
2015			
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**
Net exposure	**128,880**	**1,258**	**8**
2014			
Bills payable	19,642	199	0
Bank balances	(4,627)	(47)	0
Gross balance sheet exposure	15,015	152	0
Outstanding letters of credit	33,400	292	34
Net exposure	48,415	444	34

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2015	2014	**2015**	2014
U.S. $ to Rupee	**101.78**	100.04	**101.70**	98.75
Euro to Rupee	**123.57**	144.58	**113.79**	134.73

Sensitivity analysis

At June 30, 2015, 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.

	2015	2014
	Rupees in thousand	
Effect on profit for the year:		
U.S. $ to Rupee	**1,556**	1,501

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:

	2015	2014	2015	2014
	Effective rate		Carrying amount	
Fixed rate instruments	%	%	Rupees in thousand	
Financial assets				
Bank balances	**6 to 7**	6 to 7	**177**	166
Variable rate instruments				
Financial liabilities				
Short term finances	**8.25 to 13.21**	10.46 to 13.17	**572,609**	636,485

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, 2015, 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.5.726 million (2014: Rs.6.365 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.

35.3 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 crediting ratings.

Exposure to credit risk

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

	2015	2014
	Rupees in thousand	
Security deposits	**1,029**	1,029
Trade debts	**36,777**	41,055
Due from Associated Companies	**0**	10,277
Bank balances	**83,051**	66,998
	120,857	119,359

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	**35,177**	39,504
Past due more than one year	**1,600**	1,551
	36,777	41,055

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.29.033 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.

35.4 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:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 3 years
	---------------- Rupees in thousand ----------------			
2015				
Trade and other payables	**182,142**	**182,142**	**182,142**	**0**
Accrued mark-up / interest	**8,287**	**8,287**	**8,287**	**0**
Short term finances	**572,609**	**601,944**	**601,944**	**0**
Redeemable preference shares	**1,214**	**1,214**	**1,214**	**0**
	764,252	**793,587**	**793,587**	**0**
2014				
Term finance certificates	23,173	23,173	13,904	9,269
Trade and other payables	139,064	139,064	139,064	0
Accrued mark-up / interest	24,101	24,101	24,101	0
Short term finances	636,485	676,082	676,082	0
Redeemable preference shares	1,214	1,214	1,214	0
	824,037	863,634	854,365	9,269

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

35.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At June 30, 2015, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loans to employees, which are valued at their original costs less repayments.

36. 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.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executives	
	2015	2014	**2015**	2014	**2015**	2014
	----------Rupees in thousand----------					
Managerial remuneration	**7,126**	7,104	**4,260**	4,260	**46,199**	50,040
Bonus / ex-gratia	**868**	868	**592**	592	**5,697**	5,238
Retirement benefits	**528**	528	**355**	355	**3,645**	3,089
Leave salary	**477**	477	**325**	326	**3,142**	3,554
Medical	**99**	91	**54**	150	**2,287**	1,498
Utilities	**762**	598	**154**	200	**422**	324
	9,860	9,666	**5,740**	5,883	**61,392**	63,743
No. of persons	**1**	1	**1**	1	**10**	10

37.1 Meeting fees of Rs.664 thousand (2014: Rs.800 thousand) were also paid to six (2014: six) non-working directors during the year.

37.2 Chief Executive, one (2014: one) working director and seven (2014: 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.

37.3 Also refer contents of note 19.1.

38. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES

38.1 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.

38.2 Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs.9.767 million (2014: Rs.20.490 million).

38.3 No mark-up has been accrued on Associated Companies ' balances during the current year; (2014: mark-up was accrued at the rates ranging from 11.08% to 12.18% per annum on the current account balances of the Associated Companies).

38.4 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. Amounts due from and to related parties, remuneration of directors and key management personnel as well as benefits paid to 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	2015	2014
			--- Rupees in '000 ---	
Babri Cotton Mills Ltd.	Associated Company	Residential rent		
		- paid	**5**	0
		- received	**132**	132
		Utilities:		
		- paid	**142**	116
		- received	**1,119**	1,015
		Salaries		
		- paid	**65**	0
		- recovered	**957**	801
		Dividend paid	**1,023**	0
Bannu Woollen Mills Ltd.	-do-	Sale of raw materials	**0**	3,524
		Utilities received	**305**	0
		Mark-up earned	**0**	274
		Salaries recovered	**316**	0
		Dividend paid	**4,678**	0
Rahman Cotton Mills Ltd.	-do-	Purchase of raw materials	**0**	5,442
		Utilities paid	**337**	0
The Universal Insurance Co. Ltd.	-do-	Rent expensed	**0**	267
Gammon Pakistan Ltd.	-do-	Utilities paid	**0**	9
Bibojee Services (Pvt.) Ltd.	-do-	Mark-up earned	**0**	395
		Dividend paid	**1,687**	0
Waqf-e-Kuli Khan	Associated Undertaking	Donation	**646**	4,543

39. OPERATING SEGMENT

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

39.1 Yarn sales represent 97.17% (2014: 97.16%) of the total sales of the Company.

39.2 All of the Company's sales relate to customers in Pakistan.

39.3 All non-current assets of the Company as at June 30, 2015 are located in Pakistan.

39.4 Three (2014: three) of the Company's customers contributed towards 80.72% (2014: 79.61%) of the gross yarn sales during the year aggregating Rs.2.052 billion (2014: Rs.2.374 billion).

40. CAPACITY AND PRODUCTION

	2015	2014
	---- Numbers ----	
Spindles installed	**62,304**	62,304
Rotors installed	**600**	600
Shifts worked	**1,093**	1,093
Spindles / rotors shifts worked	**66,856,508**	65,705,201
	----KGs.----	
Installed capacity at 20's count on the basis of shifts worked	**26,950,882**	27,093,552
Actual production of yarn of all counts	**6,397,481**	6,043,035
Actual production converted into 20's count	**26,211,759**	25,892,099

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.

41. NUMBER OF EMPLOYEES

Number of permanent employees as at June 30, 2015 was 1,188 (2014: 1,082) and average number of employees during the year was 1,191 (2014: 1,159).

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 23, 2015 by the board of directors of the Company.

43. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 23, 2015 has proposed a final cash dividend of Rs.1.50 per share (2014: Rs.3 per share) for the year ended June 30, 2015. The financial statements for the year ended June 30, 2015 do not include the effect of proposed dividend amounting Rs. 7.178 million (2014: Rs. 14.355 million), which will be accounted for in the financial statements for the year ending June 30, 2016 after approval by the members in the annual general meeting to be held on October 25, 2015. 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.

44. FIGURES

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

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 55th Annual General Meeting of the Company to be held at Registered Office, Habibabad, Kohat on 25 October, 2015 at 11:30 A.M and at any adjournment thereof.

Witnesses:

1. As witness my hand this _________day of _________ 2015.

Signed by the said member in the presence of ____________

2. As witness my hand this _________day of__________ 2015.

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.

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