

BIBOJEE GROUP



60th ANNUAL REPORT

2020

**JANANA
DE MALUCHO**

TEXTILE MILLS LIMITED

يَا رَبُّ الْعِزَّةِ
بِهِمُ اللَّهُ الرَّحْمَنُ الرَّحِيمُ

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COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, Chief Executive MR. AHMAD KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD MR. GOHAR AYUB KHAN BRIG. (RETD) ABDUL SAMAD KHAN COL. (RETD) SYED YUNUS ALI RAZA	Chairman
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN MR. AHMAD KULI KHAN KHATTAK COL. (RETD) SYED YUNUS ALI RAZA	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	COL. (RETD) SYED YUNUS ALI RAZA LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. GOHAR AYUB KHAN MRS. SHAHNAZ SAJJAD AHMAD	Chairman Chief Executive / Member Member Member
CHIEF FINANCIAL OFFICER	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
COMPANY SECRETARY	MR. ABID RAZA, B.Com, APFA, Affiliate (ICAP)	
HEAD OF INTERNAL AUDIT	MR. RAEES KHAN, CIA(Pak)	
AUDITORS	SHINEWING 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	VISION CONSULTING LIMITED 3-C, LDA FLATS, 1ST FLOOR, LAWRENCE ROAD, LAHORE TEL. 042-36283096-97, FAX. 042-36312550 EMAIL: info@vcl.com.pk	
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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 60th Annual General Meeting of the company will be held at the registered office of the Company, Habibabad, Kohat on **Wednesday** the **21st October 2020** at **11:00 A.M.** to transact the following business.

A. ORDINARY BUSINESS:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 21st May 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended 30th June 2020 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the financial year 2020-21 and to fix their remuneration. The retiring Auditors M/s Shinewing Hameed Chaudhri and Company Chartered Accountants, Lahore being eligible have offered themselves for re-appointment.

B. SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolutions as special resolutions with or without modification(s), addition(s) or deletion(s):

RESOLVED THAT:

Approval of members of the company be and is hereby accorded to take on lease the Building and Plant & Machinery of Babri Cotton Mills Ltd. (BCM) an associated Company, w.e.f. October 1, 2020 to June 30, 2021.

FURTHER RESOLVED THAT amount of lease rental will be Rs.100,000/- per month. Both the companies have the option to terminate the lease with one-month prior notice.

FURTHER RESOLVED THAT:

The Company Secretary and Chief Executive of the company (the "Authorized Officers"), or such one or more persons as may, from time to time, be specifically designated by the Authorized Officers for the purpose, be and are, as the case may be, hereby authorized to complete all necessary legal and other corporate formalities with regard to this matter on behalf of the company and to do all such acts, deeds, matters and things, as may be deemed necessary and beneficial for the company in this regard.

All acts, deeds, and things done by the Authorized Officer pursuant to the above Resolutions for and on behalf of and in the name of the company shall be binding acts, deeds and things done by the company.

The Chief Executive Officer and the Company Secretary, be and are hereby jointly or severally authorized to take any further

modifications/amendments/corrections in these Special Resolutions at a later stage if pointed out by Securities & Exchange Commission of Pakistan (SECP) and to take such other steps, execute such other documents and make necessary corporate and other filings as may be necessary or expedient for the purpose of giving effect to the above Special Resolutions and all other matters incidental or ancillary thereto."

5. To transact any other business with the permission of the Chair.

By order of the Board



ABID RAZA

Company Secretary

Kohat
Dated: 30th September 2020

NOTES:

1. The register of members of the Company will remain closed from 13th October 2020 to 21st October 2020 (both days inclusive). Transfers received in order by the Company's Shares Registrar, M/s. Vision Consulting Limited, 3-C LDA Flats, 1st Floor, Lawrence Road, Lahore by the close of business (up to 05:00 P.M.) on 12th October, 2020 will be considered in time for registration in the name of the transferees, and be eligible for the purpose of attending and voting at the AGM.
2. A member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed must be deposited at the registered office of the company at least 48 hours before the time of meeting.
3. Any individual beneficial owner of CDC entitled to attend and vote at this meeting must bring his/her CNIC or Passport to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of Corporate entities should bring Board's resolution/Power of Attorney with specimen signatures required for the purpose.
4. Pursuant to Section 132(2) of the Companies Act, 2017, if the company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least **Seven (7)** days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.
5. Members are requested to notify immediately of any change in their addresses.
6. The notice of Annual General Meeting/Audited financial statements for the year ended 30th June 2020 have been placed at the Company's website.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 REGARDING SPECIAL BUSINESS:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the company to be held on 21st October 2020.

The BOD of Babri Cotton Mills Ltd. (BCM) has offered to lease the building & plant & machinery of BCM to the Company in order to keep the plant & machinery from irreparable damage due to prolonged stoppage. The BOD of the Company, in their meeting held on September 24, 2020 has decided to take the plant & machinery of BCM on lease w.e.f. October 1, 2020 to June 30, 2021 in order to keep it in excellent working condition.

Directors of the company are only interested to the extent of their shareholding in the company.

نوٹس برائے سالانہ اجلاس عام

بذریعہ مذکورہ اطلاع کیا جاتا ہے کہ کمپنی کا ساٹھواں سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر، حبیب آباد، کوہاٹ میں بروز بدھ 21 اکتوبر 2020ء کو صبح 11:00AM بجے مندرجہ ذیل کاروبار کے لین دین کے لئے منعقد ہوگا۔

- 1- 21 مئی 2020ء کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ سالانہ آڈیٹڈ مالیاتی تفصیلات 30 جون، 2020ء پر غور کرنا اور اس کا حصول اور منظوری۔
- 3- مالی سال 2020-2021 کے لئے آڈیٹرز کا تقرر اور معاوضہ طے کرنا۔ بطور آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ، لاہور نے خود کو دوبارہ تقرری کے لئے پیشکش کی ہے۔

خصوصی کاروبار:

- 4- اگر مناسب ہو یا غور کیا جائے تو، مندرجہ ذیل قراردادوں کو ترمیم، اضافہ یا حذف کے ساتھ یا ان کے بغیر پاس کرنا۔
طے پایا کہ، کمپنی کے ممبرز منظوری دیتے ہیں کہ 1 اکتوبر، 2020ء سے 30 جون، 2021ء تک متعلقہ کمپنی باری کاشن ملز لمیٹڈ (BCM) کے پلانٹ اینڈ مشینری اور بلڈنگ لیز پر لے لیا جائے۔
مزید طے پایا کہ، لیز کرایہ کی رقم مبلغ -/100,000 روپے ماہانہ ہوگی۔ دونوں کمپنیوں کے پاس ایک ماہ قبل کے نوٹس کے ساتھ لیز ختم کرنے کا اختیار ہے۔
مزید طے پایا کہ، کمپنی کے سیکرٹری اور کمپنی کے چیف ایگزیکٹو (مجاز آفیسر) یا اس طرح کے ایک یا ایک سے زیادہ افراد وقتاً فوقتاً مجاز افسروں کے ذریعے خاص طور پر اس مقصد کے لیے نامزد کئے جاسکتے ہیں، اس کے تحت کمپنی کی جانب سے اس معاملہ میں کمپنی کے پاس تمام ضروری، قانونی اور دیگر کارپوریٹ کارروائیوں کو مکمل کرنے کا اختیار ہے، اور ایسے تمام کام، اعمال، معاملات اور چیزیں انجام دینے کا اختیار ہے، جو اس سلسلے میں کمپنی کے لئے ضروری اور فائدہ مند سمجھا جاسکتا ہے۔
مذکورہ قراردادوں کے تحت، کمپنی کے نام سے اور اس کے نام سے مذکورہ بالا قراردادوں کے حصول کے لئے کیے جانے والے تمام کام، کارروائیاں اور ان پر عمل مجاز افسران کی ذمہ داری ہے۔
چیف ایگزیکٹو آفیسر اور کمپنی سیکرٹری، سیکورٹی اینڈ اینٹی کوریپشن کمیشن آف پاکستان کی طرف سے بیان کئے گئے نفاذ اور بعد میں ان خصوصی قراردادوں میں کسی بھی قسم کی ترمیم/اصلاحات کو مشترکہ طور پر یا متعدد طور پر اختیار کرنے کے لئے ہیں، اس طرح کے دیگر اقدامات اور دستاویزات پر عمل کرتے ہوئے مذکورہ خصوصی قراردادوں اور اس سے متعلق دیگر تمام معاملات کو اس ذیلی معاملات پر اثر انداز کرنے کے مقصد کے لئے کارپوریٹ اور دیگر ضروری فائلز بنائیں۔
- 5- صاحب صدر کی اجازت سے کسی دیگر امور پر غور و خوض۔

بجگم پورڈ



عابد رضا

کمپنی سیکرٹری

کوہاٹ

مورخہ: 30 ستمبر، 2020

نوٹس:

- 1- کمپنی کی حصص منتقلی کی کتابیں 13 اکتوبر 2020ء تا 21 اکتوبر 2020ء (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے حصص کی منتقلی بذریعہ شیئر رجسٹر اری میسرز ویرن کسٹلنگ لمیٹڈ، C-3، ایل ڈی ای فیلڈس، فرسٹ فلور، لارنس روڈ، لاہور ہوگی، جس میں 12 اکتوبر، 2020ء کو شام 5 بجے تک کاروبار بند ہونے تک وصول ہونے والے تبادلوں کو اندراج کے لیے بروقت تصور کیا جائے گا، جو کہ سالانہ اجلاس عام میں شرکت اور ووٹنگ کے لئے اہل ہوں گے۔
- 2- اجلاس میں شرکت اور ووٹ دینے کا مستحق کوئی رکن اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر رکن کو اپنا اپنی پراکسی مقرر کر سکتا رہ سکتی ہے۔ پراکسی کی تقرری اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو لازماً وصول ہو جانی چاہئے۔
- 3- بصورت سی ڈی سی اکاؤنٹ ہولڈرز اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔ کارپوریٹ اداروں کے نمائندے اس مقصد کے لئے درکار نمونوں کے دستخط بمعہ بورڈ کی قرارداد/پاور آف اٹارنی ساتھ لائیں۔
- 4- کمپنی ایکٹ 2017ء، سیکشن 132(2) کے تحت اگر کمپنی اجلاس میں حصہ لینے کے لئے جغرافیائی مقام پر رہنے والے مجموعی 10% یا اس سے زیادہ حصص رکھنے والے ارکان سے، اجلاس کی تاریخ سے 7 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شمولیت کے لیے رضامندی حاصل کرتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت مہیا کرے گی۔ بشرطیکہ اس مقام / شہر میں متعلقہ سہولت میسر ہو۔

- 5- ممبران سے درخواست ہے کہ اپنے پتوں میں تبدیلی اگر کوئی ہو تو کمپنی کو فی الفور مطلع فرمائیں۔
- 6- سالانہ اجلاس عام کانوٹس / آڈیٹڈ مالی تفصیلات برائے 30 جون، 2020 کمپنی کی ویب سائٹ پر بھی شائع ہیں۔
- خصوصی کاروبار سے متعلق کمپنیز ایکٹ، 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان:
- اس بیان میں 21 اکتوبر، 2020 کو ہونے والے کمپنی کے سالانہ اجلاس عام میں خصوصی کاروبار سے متعلق مادی حقائق کا تعین کیا گیا ہے۔
- باری کاٹن ملز لمیٹڈ (BCM) کے بورڈ آف ڈائریکٹرز نے ملز کی پلانٹ اینڈ مشینری کو طویل عرصے سے رکنے کی وجہ سے ناقابل تلافی نقصان سے بچانے کے لئے کمپنی کو BCM کی عمارت اور پلانٹ اینڈ مشینری لیز پر دینے کی پیش کش کی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے 24 ستمبر، 2020 کو اپنی میٹنگ میں BCM کے پلانٹ اینڈ مشینری کو کام کرنے کی عمدہ حالت میں 01 اکتوبر، 2020 سے 30 جون، 2021 تک لیز پر لینے کا فیصلہ کیا ہے۔
- کمپنی کے ڈائریکٹرز کمپنی میں صرف ان کی حصص داری کی حد تک دلچسپی رکھتے ہیں۔

CHAIRMAN'S REVIEW

I am pleased to present the review for the year ended June 30, 2020, highlighting the Company's performance and role of the Board of Directors (the Board) of Janana De Malucho Textile Mills Ltd. in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

REVIEW OF BOARD'S PERFORMANCE

The board, being responsible for the management of the company, formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities, and duties, as are specified and prescribed therein.

The Board normally meets once every quarter to consider and approve the financial and operating results of the Company. During current financial year 2019-2020, five board meetings have been conducted. The board strictly monitored its own performance along with the performance of its sub-committees. In addition to it, the board also ensured compliance with all applicable rules and best practices of the Company.

Best practices of corporate governance have been embedded into the Company's culture to maintain highest level of professionalism and business conduct. Risk management framework, effective internal controls and audit functions have been implemented to ensure that the day-to-day operations follow the overall strategy formulated by the Board.

Accordingly, the Board has completed its annual self-evaluation for the year 2019-20 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2019-20, remained satisfactory.

REVIEW OF BUSINESS PERFORMANCE

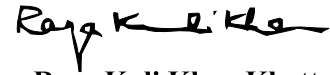
The COVID-19 pandemic has appeared as a major event forcing the world into a lock-down and limiting the economic activity across the board. Countries around the globe have set-up relief programs to contain the social and economic consequences of the pandemic

The imposition of 17% sales tax on sales to registered persons and 3% further tax on sales to unregistered persons along with outbreak of COVID-19 pandemic negatively impacted our Company's performance. The Company has been able to earn profit from operations amounting to Rs.163.708 million, in comparison with Rs.138.124 million in the previous year. However, the Company, in the year under report has incurred loss before tax amounting to Rs.60.203 million and loss after tax of Rs.93.647 million respectively, in comparison with profit before tax of Rs.41.272 million and profit after tax for Rs.6.296 million respectively, in the previous year. The company has incurred this loss due to share of loss from associated companies and impairment on the intercompany investments, which aggregate to Rs.97.681 million, which was beyond the control of the Company.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to acknowledge and express my appreciation for our Shareholders and Bankers for their absolute confidence in the Board of Directors and the Company's management. I would also like to put on record my utmost thanks to the Board of Directors for their contribution, the Management and the workforce for their efforts and hard work.

Dated: September 24, 2020



Raza Kuli Khan Khattak

Chairman

چیسر مین کا جائزہ

30 جون، 2020 تک ختم ہونے والے سال کا جائزہ لینے کے لئے خوش ہوں کہ کمپنی کی کارکردگی اور کمپنی کے بورڈ آف ڈائریکٹرز کے کردار کو نمایاں کیا جا رہا ہے۔

بورڈ کی کارکردگی کا جائزہ:

بورڈ، کمپنی کے انتظامات کا ذمہ دار ہے، تمام اہم پالیسیاں اور حکمت عملی تیار کرتا ہے۔ بورڈ پر متعلقہ قوانین و ضوابط اور اس کی ذمہ داری، حقوق و فرائض کے تحت کام کیا جاتا ہے، جیسا کہ متعلقہ قوانین و ضوابط میں متعین اور تجویز کیا گیا ہے۔

بورڈ عام طور پر کمپنی کے مالی اور آپریٹنگ نتائج پر غور اور منظوری کے لئے ہر سہ ماہی میں ایک بار ملتا ہے۔ موجودہ مالی سال 2019-20 کے دوران بورڈ کے پانچ اجلاس ہوئے۔ بورڈ نے اپنی ذیلی کمیٹیوں کی کارکردگی کے ساتھ ساتھ اپنی کارکردگی پر بھی سختی سے نگرانی کی۔ اس کے علاوہ، بورڈ نے کمپنی کے تمام قابل اطلاق قوانین اور بہترین طریقوں کی تعمیل کو بھی یقینی بنایا۔ کارپوریٹ گورننس کے بہترین طریقوں کو اپنی کارکردگی پر پیشہ ورانہ مہارت اور کاروباری طرز عمل کو برقرار رکھنے کے لئے کمپنی کے طریقہ کار میں تبدیلی کرنی گئی ہے۔ رسک مینجمنٹ فریم ورک، موثر اندرونی کنٹرول اور آڈٹ کے افعال کو نافذ کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ پومپ آپریشن بورڈ کے ذریعہ وضع کردہ مجموعی حکمت عملی پر عمل ہو سکے۔ اس کے مطابق، بورڈ نے سال 2019-20 کے لئے اپنی سالانہ خود تفتیش مکمل کر لی ہے اور مجھے یہ خوشی ہوئی ہے کہ سال 2019-20 کے لئے مقرر کردہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار اطمینان بخش رہی۔

کاروباری معاملات کا جائزہ:

کوویڈ 19 کی وبائی بیماری ایک اہم واقعہ کے طور پر نمودار ہوئی ہے جس نے دنیا کو لاک ڈاؤن میں ڈالنے اور بورڈ میں معاشی سرگرمیوں کو محدود کرنے پر مجبور کیا۔ دنیا بھر کے ممالک نے وبائی امراض کے معاشرتی اور معاشی نتائج پر قابو پانے کے لئے امدادی پروگرام ترتیب دیئے ہیں۔ رجسٹرڈ افراد کو فروخت پر 17 فیصد بلنگیں اور غیر رجسٹرڈ افراد کو فروخت پر 3 فیصد مزید ٹیکس لگانے کے ساتھ ساتھ ہی کوویڈ 19 کی وبائی امراض پھیلنے سے ہماری کمپنی کی کارکردگی پر منفی اثر پڑا۔ پچھلے سال کے 138.124 ملین روپے کے مقابلے میں، کمپنی 163.708 ملین روپے کی کاروائیوں سے منافع حاصل کرنے میں کامیاب رہی ہے۔ تاہم، کمپنی نے رپورٹ کے تحت ایک سال میں ٹیکس سے پہلے 60.203 ملین روپے خسارہ اٹھایا ہے اور بالترتیب 93.647 ملین ٹیکس کے بعد نقصان ہوا ہے، اس کے مقابلے میں پچھلے سال میں بالترتیب ٹیکس سے پہلے منافع 41.272 ملین روپے اور ٹیکس کے بعد یہ منافع 6.296 ملین روپے تھا۔ کمپنی نے یہ نقصان اس سے متعلقہ کمپنیوں کے حصص میں ہونے والے نقصان اور انٹر کمپنی سرمایہ کاری میں خرابی کی وجہ سے اٹھایا ہے، جو مجموعی طور پر 97.681 ملین روپے بنتا ہے، جو کمپنی کے کنٹرول سے باہر تھا۔

اعتراف

بورڈ آف ڈائریکٹرز کی طرف سے میں اپنے شیئرز ہولڈرز اور کمپنی کے بینکاروں کی قدر کرتا ہوں کہ ان کا بورڈ آف ڈائریکٹرز اور کمپنی کی انتظامیہ پر اعتماد ہے۔ اسکے علاوہ میں بورڈ آف ڈائریکٹرز کی شرکت، انتظامیہ اور کارکنوں کی کوششوں اور محنت کا شکریہ ادا کرتا ہوں۔

Raja K. K. K.

رضا قلی خان خٹک

چیسر مین

ستمبر 2020، 24

DIRECTORS REPORT TO THE SHAREHOLDERS

The directors of your Company have pleasure in presenting their report, together with the 60th Annual Report, containing Audit Report and the Audited Financial Statements of the Company for the year ended 30th June, 2020.

PERFORMANCE REVIEW

The principal activity of the Company is the manufacturing & sale of yarn. The highlights of the Company's financial results as compared to the preceding year are as follows:

Particulars	2019-20	2018-19
	Rupees in million	
Sales-net	2,754.564	3,379.664
Cost of sales	(2,495.305)	(3,114.893)
Gross profit	259.259	264.771
Profit from operations	163.708	138.124
(Loss) / profit before taxation	(60.203)	41.272
(Loss) / profit after taxation	(93.647)	6.296
	----- Rupees -----	
(Loss) / earnings per share	(19.57)	1.32

During the year ended 30 June, 2020, the net turnover of the Company has decreased by Rs.625.100 million as compared to the previous year. This was due to withdrawal of zero-rating regime for five export-oriented sectors including textile industry w.e.f. 01st July, 2019 and levy of 17% sales tax on sales to registered persons and 3% further tax on sales to unregistered persons. The sales tax on the sales for the year under report amounts to Rs.536.614 million whereas in previous year the amount of sales tax was Rs.8.720 million only. This massive payment of sales tax and pending refunds have created liquidity problems for the Company. Another major reasons for the decrease in sales was the lockdown of the industry and markets due to the pandemic of COVID-19 (Coronavirus). Due to complete lockdown of the yarn markets the Company's net sales were at minimum in the last quarter of the financial year i.e. Rs. 297.141 million only. However, despite all the difficulties, the Company has been able to earn profit from operations amounting to Rs.163.708 million, in comparison with Rs.138.124 million in the previous year. However, the Company, in the year under report has incurred loss before tax amounting to Rs.60.203 million and loss after tax of Rs.93.647 million respectively, in comparison with profit before tax of Rs.41.272 million and profit after tax for Rs.6.296 million respectively, in the previous year. The company has incurred this loss due to share of loss from associated companies and impairment on the intercompany investments, which aggregate to Rs.97.681 million, which was beyond the control of the Company.

DIVIDENDS

Considering the current financial position, the directors have recommended cash dividend of Rs. Nil per share i.e. Nil% (June 30, 2019: Rs. Nil% per share).

GENERAL ECONOMIC REVIEW

The emergence of COVID-19 has caused major disruptions to the economic activities around the world including Pakistan. The country's economy demonstrated its worst performance in 68 years, posting a negative growth of 0.38% in FY 2019-20. The drop in domestic and global demand compounded the strain on the economy. These measures taken by Govt. that include monetary and fiscal policy interventions, such as interest rate reduction, payroll financing, announcement of stimulus package, Ehsaas Program, have been very helpful to ensure liquidity for growth and employment. Further, the current account deficit narrowed down by 70%. This was due to contraction in trade deficit for the second consecutive year to USD 23.2 billion on the back of 19% reduction in imports. Exports, which were struggling even before, fell to a four-year low of USD 21.4 billion, down by 6.8%. However, home remittances proved to be a silver lining as they reached an all-time high of USD 2.4 billion in June 2020, closing FY2020 with a total of USD 23.1 billion. These remittances along with other external and capital inflows helped foreign exchange reserves to close at USD 11.2 billion. Resultantly, Pak rupee remained relatively stable against dollar and closed at Rs. 168. With an improved inflation outlook but an increased downside risk to growth, SBP further reduced the policy rate to 7% in its most recent Monetary Policy Statement.

Even before the pandemic, the industrial output was depressed on account of measures undertaken for macroeconomic stabilization. Cost structures of businesses were adversely affected while consumers struggled to preserve their purchasing power. During the last quarter, the pandemic further intensified the economic woes as every sector of the industry was hampered due to lockdown of businesses.

FUTURE PROSPECTS

The economic future depends on the time it takes to reverse the adverse effects of the pandemic on economic activities. With the extraordinary challenges posed by the crisis on almost all sectors of the national economy, the need to maintain food security and livelihoods has become even more important. Fiscal targets will be challenging to achieve as the Government plans to boost healthcare spending in the absence of adequate tax measures. However, now that the lockdown restrictions have been lifted completely because of decline in new COVID-19 cases, there is hope that the business activities shall be normalizing. If this proceeds smoothly, it is expected that the economy will resume its growth momentum. Let's all pray to Allah Almighty, that we are not hit by another wave of Covid-19 or another pandemic.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the CCG Regulations) for the following matters:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the CCG Regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2020, except for those disclosed in the financial statements.
9. No trades in the shares of the Company were carried-out by the Directors, CEO, and CFO, Company Secretary and their spouses and minor children during the year ended 30 June, 2020.

COMPOSITION OF THE BOARD

The Directors of the Company were re-elected in Extraordinary General meeting of the Company held on May 21, 2020. The Composition of the Board is in line with the requirements of the CCG Regulations. The Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board.

The current composition of the Board is as follows:

Total number of directors	7
Male	6
Female	1
Independent Directors	2
Non-executive Directors	4
Executive Director	1

Apart from their mandatory job requirements, the performance of the Board of our Company is evaluated annually along the following parameters, both at individually and collectively.

- i. Effectiveness in bringing in a mix of gender, talents, skills and diversified perspectives.
- ii. Integrity, credibility, trustworthiness and active participation of members.
- iii. Follow-up and review of annual targets set by the management.
- iv. Ability to provide guidance and direction to the Company.
- v. Ability to identify aspects of the organization's performance requiring action.
- vi. Review of succession planning of management.
- vii. Ability to assess and understand the risk exposures of the Company.
- viii. Contribution and interest with regards to improving health safety and environment, employment and other policies and practices in the Company.
- ix. Safeguarding the Company against unnecessary litigation and reputational risk.

The overall performance of the Board measured on the basis of the above-mentioned parameters for the year was satisfactory. The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The Board is also effective in formulating the corporate goals for the company.

BOARD AUDIT COMMITTEE

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met four (04) times during 2019-20.

The names of committee members are as follows:

- | | | |
|-------------------------------------|----------|------------------------|
| 1. Brig. (Retd.) Abdul Samad Khan | Chairman | Independent Director |
| 2. Mr. Ahmad Kuli Khan Khattak | Member | Non-Executive Director |
| 3. Col. (Retd.) Syed Yunus Ali Raza | Member | Independent Director |

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal audit department.

In addition to above meetings, Audit Committee met with external auditors without Chief Financial Officer (CFO) and Head of Internal Audit (HIA). Audit Committee also met the head of internal audit and other Members of the internal audit function without the CFO and the external auditors being present.

HR AND REMUNERATION COMMITTEE

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive and directors. The CEO of the Company attended the Human Resource and Remuneration Committee meeting held during the year as member of the committee. The Committee met once during 2019-20.

The names of committee members are as follows:

- | | | |
|---|----------|------------------------|
| 1. Col. (Retd.) Syed Yunus Ali Raza | Chairman | Independent Director |
| 2. Lt. Gen. (Retd.) Ali Kuli Khan Khattak | Member | Chief Executive/Member |
| 3. Mr. Gohar Ayub Khan | Member | Non-Executive Director |
| 4. Mrs. Shahnaz Sajjad Ahmad | Member | Non-Executive Director |

MEETINGS OF BOARD AND ITS COMMITTEES IN 2019-20

During the year 2019-20, five (05) board meetings (BOD), four (04) board audit committee (BAC) and one (01) HR & Remuneration committee (HR&R) meetings were held. The number of meetings attended by each director during the year is given here under:

SR. NO.	DIRECTOR	STATUS	COMMITTEE MEMBERS		ATTENDANCE		
			BAC	HR&R	BOD	BAC	HR&R
1	Mr. Raza Kuli Khan Khattak	Re-elected on May 21, 2020	-	-	3/5	2/4	-
2	Lt. Gen. (Retd) Ali Kuli Khan Khattak	-do-	-	✓	5/5	-	1/1
3	Mr. Ahmad Kuli Khan Khattak	Elected on May 21, 2020	✓	-	1/1	-	-
4	Mr. Mushtaq Ahmad Khan, FCA	Retired on May 21, 2020	-	-	0/4	-	-
5	Mr. Gohar Ayub Khan	Re-elected on May 21, 2020	-	✓	5/5	-	-
6	Mrs. Shahnaz Sajjad Ahmad	-do-	-	✓	5/5	-	-
7	Brig. (Retd) Abdul Samad Khan	-do-	✓	-	5/5	4/4	1/1
8	Col. (Retd) Syed Yunus Ali Raza	-do-	✓	✓	5/5	4/4	1/1
9	Mr. Saad Waheed	Retired on May 21, 2020	-	-	4/4	4/4	1/1
10	Mr. Khalid Kuli Khan Khattak	-do-	-	-	4/4	-	-

Leave of absence was granted to directors who could not attend the board meetings due to their busy schedule and other appointments.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Pursuant to the CCG Regulations, the Board recognizes that it continually needs to monitor and improve its performance. This is achieved through the annual performance evaluation and ongoing Board development activities. During the year, the Board has appraised its performance of Board as a whole as well as individual director and its committees. The overall conclusion of this year's review based on available feedback has been found satisfactory.

DIRECTORS' REMUNERATION

Directors Fee is paid in line with Board approval and the Company has a formal policy in this regard in accordance with the Companies Act, 2017 and the CCG Regulations. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. For information on remuneration of Directors and CEO in the year 2019-20, please refer notes to the Financial Statements.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY):

Key operating and financial data of six years is annexed to the report.

PATTERN OF SHAREHOLDING:

The statement of the pattern of shareholding as at June 30, 2020 and additional information thereabout is annexed to the report.

CONTRIBUTION OF OUR COMPANY TOWARDS GOVERNMENT AND SOCIAL SECTOR:

We wish to give hereunder our Company's revenue contribution towards the Government, Semi Government sectors, banks and Social sector during the year ended 30 June, 2020.

I. GOVERNMENT SECTOR	(Rs. In Million)
Sales Tax Paid	568.835
Income Tax paid	32.146
Power & Fuel	438.751
Financial Institution/ Banks	126.106
II. SOCIAL SECTOR	
Employees/Workers' salaries, Wages and other benefits	434.531

We are also providing employment to 1,100 workers (1,100 families with an average of 8 family members in KPK province) the employment cost of which shall now be about Rs. 434.531 million per annum.

CORPORATE SOCIAL RESPONSIBILITY:

The Company considers social, environmental and ethical matters in the context of the overall business environment. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and workers who are the core of our business. 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 for educational scholarships.

HEALTH, SAFETY AND ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate.

COMMUNICATION

The Company places great importance on the communication with the shareholders. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The Company's activities are updated on its web site www.jdm.com.pk, on timely basis.

EVENT AFTER THE REPORTING DATE

The Board of Directors, in the meeting held on August 12, 2020, has discussed the matter of merger of Babri Cotton Mills Ltd. (BCM) with the Company and approved the merger of both the Companies. Further, the Board of the Company, in the meeting held on September 24, 2020 on the offer of Board of BCM, has decided to take the factory buildings and plant & machinery of BCM on lease in order to keep the plant & machinery of BCM in excellent working condition. This is a stop gap / interim arrangement till the completion of merger of both the entities.

COMMENTS ON “EMPHASIS OF MATTER” PARAGRAPH IN THE AUDITOR’S REPORT:

The Company has not made provisions against the levy of Gas Infrastructure Development Cess (GIDC) on the basis of following arguments:

- The Supreme Court of Pakistan (SCP) in its judgement dated 13-08-2020 states that the cess under GIDC Act, 2015 was levied only on those consumers of natural gas which on account of their industrial or commercial dealings had passed on GIDC burden to their customers / clients.

In the light of the decision of the SC as described above, the Company has filed a review petition before the SCP for waiver of full amount of GIDC. Because the Company, being a spinning unit and producing raw material for weaving sector has not passed on burden of GIDC to its customers and company has never made any provision of GIDC expense in its accounts which is conclusive proof that GIDC effect has not been passed on to the consumer. The yarn market is not a regulated market i.e., textile units are price takers not the price makers, therefore, spinning sector could not add GIDC in their prices and certainly has not collected the same from its customers.

- The Company has also challenged the levy of GIDC in the Peshawar High Court (PHC) also, on the basis of section 8(2) of the GIDC Act, 2015 which inter alia states that:

“(2) Where any cess referred to in sub-section (1) has not been paid or realized before the coming into force of this Act or if so paid or realized, has been refunded to or adjusted against other fees or taxes or charges payable by the gas consumers or the company, the same shall be recoverable in accordance with the provisions of this Act:

Provided that the said cess shall not be collected from industrial sector excluding Fertilizer Fuel Stock, mentioned at S.No. 3 of the Second Schedule to both the Gas Infrastructure Development Cess Act, 2011 (XXI of 2011) and the Gas Infrastructure Development Cess Ordinance, 2014 (VI of 2014), if it has not been collected by it”

The PHC has granted stay order against recovery of GIDC under Section 8(2) of the GIDC Act, 2015. The PHC in its order dated 16-09-2020, has referred the case to OGRA and has asked them to hear the pleas of Textile sector and give decision on this point of Law.

The lawyers hired by KPTMA have said that our cases are very strong and valid and the PHC would not have granted stay after the decision of SCP if there has been no substance in Section 8(2) of the GIDC Act of 2015, so we are hoping that the decision of the Courts & OGRA will be in the favour of the Company and the spinning industry.

APPOINTMENT OF AUDITORS:

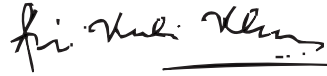
The Company’s auditors M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants, H. M. House, 7 – Bank Square, Lahore retired and offered themselves for reappointment. The Board of Directors of the Company as recommended by the Board Audit Committee hereby recommends that the retiring auditors be re-appointed.

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 unprecedented difficult circumstances. We are grateful for the continued support of the financial institutions specially the National Bank of Pakistan since 1962 to sustain the production activities of the company.



Col. (Retd) Syed Yunus Ali Raza



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

Dated: September 24, 2020

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20

3,379

(3,114)

264

138

41.2

6.2

1.2

2019 11 01

2

وبائی امراض سے پہلے ہی، معاشی استحکام کے لئے اٹھائے گئے اقدامات کی وجہ سے صنعتی پیداوار کمزور تھی۔ جس نے کاروبار کی لاگت کے ڈھانچے کو بری طرح متاثر کیا جبکہ صارفین اپنی قوت خرید کو برقرار رکھنے کے لئے جدوجہد کر رہے ہیں۔ آخری سہ ماہی کے دوران، وبائی مرض نے معاشی پریشانیوں میں اضافہ کر دیا کیونکہ لاک ڈاؤن کی وجہ سے صنعت کے ہر شعبے میں رکاوٹ پیدا ہو گئی تھی۔

مستقبل کا نقطہ نظر

معاشی مستقبل کا انحصار اس وقت پر ہوتا ہے جو معاشی سرگرمیوں سے وبائی امراض کے منفی اثرات کو ختم کرتا ہے۔ قومی معیشت کے تقریباً تمام شعبوں پر بحران کے باعث پیدا ہونے والے غیر معمولی چیلنجوں کے بعد، غذائی تحفظ اور معاش کو برقرار رکھنے کی ضرورت اور بھی اہم ہو گئی ہے۔ اگلے سال کے مالی اہداف حاصل کرنا مشکل ہوگا کیونکہ حکومت ٹیکس کے مناسب اقدامات کی عدم موجودگی میں صحت کی دیکھ بھال کے اخراجات میں اضافے کا ارادہ رکھتی ہے۔ تاہم، اب جبکہ کووڈ-19 کے نئے کیسز کم ہونے کی وجہ سے لاک ڈاؤن کی پابندیوں کو مکمل طور پر ختم کر دیا گیا ہے، امید ہے کہ کاروباری سرگرمیاں معمول پر آئیں گی۔ اگر یہ معاملات اسی طرح آگے بڑھتے رہے تو، توقع کی جاتی ہے کہ معیشت اپنی نمونہ رفتار دوبارہ شروع کرے گی۔ آئیے ہم سب اللہ رب العزت سے دعا مانگتے ہیں کہ وہ ہمیں کووڈ-19 یا کسی اور وبائی بیماری کا شکار نہ کرے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک

ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سٹاک ایکسچینج (کوڈ کارپوریٹ گورننس) ریگولیشنز، 2019 (سی سی جی ریگولیشنز) کے کارپوریٹ اور مالی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

- ۱- کمپنی کے حسابات جس میں اکاؤنٹ کی کتابیں، نفع اور نقصان کا اکاؤنٹ، بیلنس شیٹ اور دیگر حسابات موجود ہیں ان کے تحت تیار کیے گئے ہیں۔
- ۲- کمپنی کے حسابات تیار کرنے کے لیے مناسب مالیاتی پالیسیوں کا استعمال کیا ہے۔
- ۳- کمپنی نے حسابات کی کتابیں موثر طریقے سے رکھی ہیں۔
- ۴- بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں، ان کو مالیاتی حسابات کی تیاری میں اور اداروں میں اپنایا گیا ہے۔
- ۵- اندرونی کنٹرول کا نظام درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا اور نگرانی کی گئی ہے۔ اندرونی کنٹرول کی نگرانی کے عمل کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ آگے بڑھتے ہوئے عملی طور پر جاری رہے گا۔
- ۶- کمپنی کے حسابات کمپنی کی موجودہ کارکردگی کے عکاس ہیں اور۔
- ۷- سٹاک ایکسچینج (کارپوریٹ گورننس) کے ضابطوں، 2019 (سی سی جی ریگولیشنز) کے بہترین طریقوں کے مطابق ہیں۔
- ۸- 30/06/2020 پر کمپنی کے ذمہ کسی بھی قسم کا قانونی ٹیکس، لیویز یا چارجز نہیں ہیں ماسوائے ان ادائیگیوں کے جو ان حسابات میں بتائی گئی ہیں۔
- ۹- اس ملز کے ڈائریکٹر چیف ایگزیکٹو، سی ایف او، کمپنی سیکرٹری، ان کے اہل خانہ اور ان کے چھوٹے بچوں نے کمپنی کے شیئرز میں خرید و فروخت نہیں کی ہے۔

بورڈ کی ساخت:

بورڈ کی تشکیل سی سی جی قوانین کے مطابق ہے۔ بورڈ کی حالیہ تشکیل کچھ اس طرح ہے۔

ڈائریکٹرز کی کل تعداد	۷
مرد	۶
خاتون	۱
آزاد ڈائریکٹرز	۲
ایگزیکٹو ڈائریکٹرز	۱
دوسرے غیر ایگزیکٹو ڈائریکٹرز	۳

ان کی لازمی ملازمت کی ضروریات کے علاوہ، ہماری کمپنی کے بورڈ کی کارکردگی کا ہر سال انفرادی اور اجتماعی سطح پر مندرجہ ذیل عوامل کے ساتھ جائزہ لیا جاتا ہے۔

- ۱- قابلیت، مہارت اور متنوع نقطہ نظر کے تحت مختلف افراد کا ملنا۔
- ۲- سالمیت، سادگی، اعتماد اور ممبروں کی فعال شرکت۔
- ۳- انتظامیہ کے ذریعے طے شدہ سالانہ اہداف کی بیروی اور جائزہ۔
- ۴- کمپنی کو رہنمائی اور ہدایت فراہم کرنے کی اہلیت۔
- ۵- کمپنی کی کارکردگی کے ایسے پہلوؤں کی نشاندہی کرنے کی اہلیت جس میں کارروائی کی ضرورت ہوتی ہے۔
- ۶- انتظامیہ کی جانیشی کی مضبوطی کی بندگی کا جائزہ۔
- ۷- کمپنی کو درپیش خطرات کی نشاندہی کرنا اور سمجھنے کی قابلیت۔

۸- کمپنی کے ملازمین کی صحت، کام کرنے کے ماحول اور دیگر پالیسیوں اور طریقوں کو بہتر بنانے کے سلسلے میں شراکت اور دلچسپی۔

۹- غیر ضروری قانونی چارہ جوئی وغیرہ سے کمپنی کی حفاظت کرنا۔

اس سال کے لئے بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔ بورڈ کے ارکان نے مؤثر طریقے کے ساتھ مل کر جن میں آزاد اور غیر ایگزیکٹو ڈائریکٹرز شامل ہیں کام کیا۔ اور بورڈ نے کمپنی کے کارپوریٹ اہداف کو تشکیل دینے میں مؤثر کردار بھی ادا کیا ہے۔

بورڈ آف ڈائریکٹرز

بورڈ کی آڈٹ کمیٹی نے نگرانی کی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کی، بنیادی طور پر مالی اور غیر مالیاتی معلومات کا مشورہ حصول، داخلی کنٹرول کے نظام اور خطرے کے انتظام کے نظام اور آڈٹ کے عمل کے لئے انتظامیہ سے معلومات حاصل کرنے اور بیرونی آڈیٹرز یا مشیروں کے ساتھ براہ راست مشورہ کرنے کے لیے خود مختار رہے جو مناسب سمجھا جاتا ہے۔ چیف فنانس آفیسر باقاعدگی سے اکاؤنٹس پیش کرنے کے لئے دعوت کے ذریعے بورڈ آف ڈائریکٹرز کے اجلاسوں میں شرکت کرتے ہیں۔ ہر میٹنگ کے بعد کمیٹی کے چیئرمین بورڈ کو رپورٹ کرتے ہیں۔ کمیٹی نے 20-2019 کے دوران 4 بار ملاقات کی ہے۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں۔

۱- بریگیڈیر (ریٹائرڈ) عبدالصمد خان	چیئرمین	آزاد ڈائریکٹر
۲- جناب احمد قلی خان خٹک	رکن	غیر ایگزیکٹو ڈائریکٹر
۳- کرنل (ریٹائرڈ) سید یونس علی رضا	رکن	آزاد ڈائریکٹر

آڈٹ کمیٹی نے اندرونی آڈٹ منسوبہ کے علاوہ اور آڈٹ کے نتائج اور اندرونی آڈٹ ڈیپارٹمنٹ کی سفارش پر، سماجی، نصف اور سالانہ مالی معاملات کا جائزہ لیا۔

مندرجہ بالا اجلاسوں کے علاوہ، آڈٹ کمیٹی نے بیرونی آڈیٹرز کے ساتھ الگ اور بعد میں چیف فنانس آفیسر (سی ایف او) اور اندرونی آڈیٹ کے سربراہ (ایچ آئی اے) کے ساتھ بھی ملاقات کی ہے۔

انسانی وسائل اور معاوضے کی کمیٹی

کمیٹی نے سینئر ایگزیکٹوز کے معاوضہ سے متعلق معاوضہ، تنظیم اور ملازم کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے اور انتظامی کمیٹی کے ممبران اور مینجمنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو منظور کرنے کے لئے ملاقات کی۔ کمیٹی کے سی ای او نے کمیٹی کے رکن کے طور پر منعقد ہونے والے انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 20-2019 کے دوران ایک بار ملاقات کی۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں۔

۱- کرنل (ریٹائرڈ) سید یونس علی رضا	چیئرمین	آزاد ڈائریکٹر
۲- لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	رکن	چیف ایگزیکٹو آفیسر
۳- جناب گوہر ایوب خان	رکن	غیر ایگزیکٹو ڈائریکٹر
۴- محترمہ شہناز سجاد احمد	رکن	غیر ایگزیکٹو ڈائریکٹر

بورڈ اور اسکی کمیٹیوں کے اجلاس:

سال 20-2019 کے دوران، 5 بورڈ کی میٹنگ، 4 آڈٹ کمیٹی اور ایک انسانی وسائل اور معاوضے کی کمیٹی کی میٹنگ منعقد ہوئیں۔ سال کے دوران ہر ڈائریکٹر کی طرف سے شرکت کی میٹنگ کی تعداد یہاں درج کی گئی ہے۔

بورڈ آف ڈائریکٹرز کے نام		کمیٹی کے ممبران		حاضری	
ڈائریکٹر کے نام	21 مئی 2020 کو حالت	انسانی وسائل اور معاوضے کی کمیٹی	آڈٹ کمیٹی	بورڈ	آڈٹ کمیٹی
۱- جناب رضاقلی خان خٹک	دوبارہ منتخب ہوئے			3/5	2/4
۲- لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	دوبارہ منتخب ہوئے	x		5/5	1/1
۳- جناب احمد قلی خان خٹک	منتخب ہوئے	x		1/1	.
۴- جناب مشتاق احمد خان (ایف سی اے)	ریٹائر ہوئے			0/4	.
۵- جناب گوہر ایوب خان	دوبارہ منتخب ہوئے	x		5/5	.
۶- مسز شہناز سجاد احمد	دوبارہ منتخب ہوئی	x		5/5	.
۷- بریگیڈیر (ریٹائرڈ) عبدالصمد خان	دوبارہ منتخب ہوئے	x		5/5	1/1

1/1	4/4	5/5	x	x	دوبارہ منتخب ہوئے	کرنل (ریٹائرڈ) سید یونس علی رضا	۸۔
1/1	4/4	4/4			ریٹائر ہوئے	جناب سعد وحید	۹۔
.	.	4/4			ریٹائر ہوئے	جناب خالد علی خان تنگ	۱۰۔

ڈائریکٹرز کی درخواست جس میں انہوں نے ذاتی مصروفیات کی بنا پر اجلاس میں حاضر ہونے سے معذرت کی جس کو قبول کیا گیا۔

بورڈ کے ڈائریکٹرز اور کمیٹیوں کے بورڈ کی کارکردگی کا جائزہ:

ایک سال کے دوران، بورڈ نے مجموعی طور پر انفرادی ڈائریکٹرز کے ساتھ ساتھ اپنی کارکردگی کی تشخیص کا باضابطہ عمل شروع کیا ہے۔ بورڈ آڈٹ کمیٹی اور انسانی وسائل اور معاوضے کی کمیٹی کی کارکردگی کی جانچ پڑتال شروع کر دی گئی ہے۔ سال کے لئے مقرر کردہ عوامل کے تحت بورڈ کی مجموعی کارکردگی تسلی بخش رہی ہے۔

ڈائریکٹرز کا معاوضہ:

بورڈ کی اجازت سے آزاد اور غیر ایگزیکٹو ڈائریکٹرز اجلاس میں حاضر ہونے پر بورڈ کی مقرر کردہ میٹنگ فیس لے سکتے ہیں۔

شیرز ہولڈرز اور جملہ آپریٹنگ اور مالی اعداد و شمار (گزشتہ چھ سال کے)

شیرز ہولڈرز اور جملہ آپریٹنگ اور مالی اعداد و شمار اس کتاب میں موجود ہیں۔

شیرز ہولڈرز کا پیٹرن

30 جون، 2020 پر شیرز ہولڈنگ کے پیٹرن اور اس سے متعلق اضافی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

حکومت اور سماجی شعبہ کی طرف سے ہماری کمپنی کی شرکت

اس سال آپ کی کمپنی نے حکومت اور سماجی شعبہ کو مندرجہ ذیل ادائیگی کی ہے۔

رقم ملین میں	
	۱۔ حکومتی اداروں کو ادا کیے
568.835	بیلنس کی مد میں
32.146	انکم ٹیکس کی مد میں
438.751	بجلی اور گیس کی مد میں
126.106	بیکوں کو ادائیگی
434.531	۲۔ ملازمین کی تنخواہوں، اجرتوں اور دیگر فوائد کی مد میں

ہم نے اوسط 1,100 مستقل افراد کو ملازمت دے رہے ہیں جو کہ خیر پختہ نواح کے صوبے میں کم از کم 8 افراد پر مشتمل 1,100 خاندان کے سہارا ہیں۔ جس کا سالانہ خرچہ 434.531 ملین روپے ہے۔

سماجی ذمہ داری برائے کارپوریٹ

ہمیں یقین ہے کہ تعلیم اقتصادی ترقی اور غربت کے خاتمے کے لئے ایک اہم کردار ادا کرتی ہے۔ پاکستان کی ترقی کے لئے بہترین تعلیمی سہولیات کے لئے فوری ضرورت ہے اور مہارت حاصل کرنے کے لئے نوجوانوں کو تیار اور ان کی صلاحیتوں کو استعمال کرنے میں مدد کے لیے ہم ہر سال وقف قلمی خان ٹرسٹ کو گرانٹ قدر رقم ادا کرتے ہیں جو مستحق اور غریب طلباء کے تعلیمی اخراجات کیلئے خرچ کی جاتی ہے۔

صحت، حفاظت اور ماحول:

ہم اس پریقین رکھتے ہیں کہ صحت، حفاظت اور ماحول میں اعلیٰ ترین معیار کو برقرار رکھنے کے لئے، ہم لوگوں کے ساتھ ساتھ کام کرنے والے لوگوں کی خوشحالی کو یقینی بنانا چاہتے ہیں۔

مواصلات:

کمپنی حصص یافتگان کے ساتھ بات چیت کو بہت اہمیت دیتی ہے۔ سالانہ نصف سالانہ اور سہ ماہی رپورٹس ان کو کمپنیز ایکٹ، 2017 میں متعین وقت کے اندر تقسیم کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت کی بنیاد پر اپنی ویب سائٹ www.jdm.com.pk پر شائع کرتی ہے۔

مادی تبدیلیاں:

بورڈ آف ڈائریکٹرز نے 12 اگست 2020 کو منعقدہ اجلاس میں باری کاٹن ملز لمیٹڈ کے ساتھ کمپنی میں ضم ہونے کے معاملے پر تبادلہ خیال کیا ہے اور دونوں کمپنیوں کے انضمام کی منظوری دی ہے۔ مزید یہ کہ بورڈ آف ڈائریکٹرز نے 24 ستمبر 2020 کو ہونے والی میٹنگ میں باری کاٹن ملز لمیٹڈ کے بورڈ کی پیش کش پر باری کاٹن ملز لمیٹڈ کے پلانٹ اور مشینری کو کام کرنے کی عمدہ حالت میں برقرار رکھنے کے لئے باری کاٹن ملز لمیٹڈ کی فیکٹری کی عمارتوں اور پلانٹ اور مشینری کو لیز پر لینے کا فیصلہ کیا ہے۔ یہ دونوں اداروں کے انضمام کی تکمیل تک عبوری انتظام ہے۔

آڈیٹری رپورٹ میں دیئے گئے اعتراض کا جواب:

کمپنی نے مندرجہ ذیل دلائل کی بنا پر گیس انفراسٹرکچر ڈیولپمنٹ سیس (جی آئی ڈی سی) کے عائد کرنے کے خلاف کوئی رقم مختص نہیں کی ہے۔

سپریم کورٹ آف پاکستان نے 13/08/2020 کے اپنے فیصلے میں کہا ہے کہ جی آئی ڈی سی ایکٹ 2015 کے تحت سیس صرف قدرتی گیس کے ان صارفین پر عائد کیا گیا تھا جنہوں نے اس کا بوجھ اپنے صارفین پر منتقل کیا ہو۔

جیسا کہ اوپر بیان کیا گیا ہے، سپریم کورٹ آف پاکستان کے فیصلے کی روشنی میں، کمپنی نے سپریم کورٹ آف پاکستان کے سامنے جی آئی ڈی سی کی پوری رقم کی چھوٹ کے لئے جائزہ درخواست دائر کی ہے۔ چونکہ کمپنی، ایک دھاگہ بنانے والا پلانٹ ہے اور کپڑے کی بنائی کے شعبے کے لئے خام مال کی تیاری میں اپنے صارفین پر جی آئی ڈی سی کا کوئی بوجھ نہیں ڈال رہی ہے اور کمپنی نے کبھی بھی اپنے اکاؤنٹوں میں جی آئی ڈی سی اخراجات کے لئے کوئی رقم مختص نہیں کی ہے جو اس بات کا حتمی ثبوت ہے کہ جی آئی ڈی سی کے اثر کو منتقل نہیں کیا گیا ہے۔ سوتر کی منڈی ایک ریگولیٹڈ مارکیٹ نہیں ہے، یعنی ٹیکسٹائل پلانٹ قیمت مختصر کرنے کا اختیار نہیں رکھتے۔ لہذا، دھاگہ بنانے والے اپنی قیمتوں میں جی آئی ڈی سی کو شامل نہیں کر سکتا ہے اور قیمتی طور پر اس نے اپنے صارفین سے وصول بھی نہیں کیا ہے۔

کمپنی نے جی آئی ڈی سی ایکٹ، 2015 کے سیکشن 8(2) کی بنا پر، پشاور ہائی کورٹ میں بھی جی آئی ڈی سی کے عمل درآمد کو چیلنج کیا ہے جس میں یہ کہا گیا ہے کہ:

”(2) جہاں ایکٹ کے ضمنی سیکشن (1) میں حوالہ دیا گیا ہے اس ایکٹ کے عمل درآمد سے پہلے اگر گیس صارفین نے اس کی ادائیگی نہیں کی یا کی ہے اور مذکورہ رقم واپس کر دی گئی ہے یا گیس صارفین سے دوسری فیسوں یا ٹیکس یا الزامات کے تحت جو رقم وصول کرنی ہے تو اس رقم کو ایڈجسٹ کیا گیا ہے تو وہ اس ایکٹ کے تحت وصول کی جائے گی۔ بشرطیکہ مذکورہ رقم کھاد بنانے والی فیکٹریوں کے علاوہ دوسری صنعتوں نے اپنے گاہکوں سے وصول نہ کی ہو۔“

پشاور ہائی کورٹ نے جی آئی ڈی سی ایکٹ، 2015 کی دفعہ 8(2) کے تحت جی آئی ڈی سی کی بازیابی کے خلاف حکم امتناعی منظور کر لیا ہے۔ پشاور ہائی کورٹ نے 16/09/2020 کو اپنے حکم میں، کیس کو اگر اس کے پاس بھیج دیا ہے اور ان سے ٹیکسٹائل سیکٹری درخواستوں پر سماعت کرنے کو کہا ہے اور قانون کے مطابق فیصلہ کرنے کو کہا گیا ہے۔ کے پی ٹی ایم اے کی خدمات حاصل کرنے والے وکلاء نے کہا ہے کہ ہمارے معاملات بہت مضبوط اور درست ہیں اور پشاور ہائی کورٹ نے اگر سپریم کورٹ آف پاکستان کے فیصلے کے بعد 2015 تک کے جی آئی ڈی سی ایکٹ کی دفعہ 8(2) میں کوئی نوٹس نہیں لیا ہے۔ امید ہے کہ عدالتوں اور اوگرا کا فیصلہ کمپنی اور سوتر کی صنعت کے حق میں ہوگا۔

آڈیٹری تقرری

کمپنی کے آڈیٹرز جو کہ میسر شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، مے بینک سکوائر، لاہور جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمپنی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے سفارش کی ہے۔

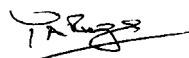
اعتراف

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

تاریخ: 24 ستمبر 2020



لیفٹیننٹ جنرل (ریٹائر) علی قلی خان خٹک
چیف ایگزیکٹو آفیسر



کرٹل (ریٹائرڈ) سید یونس علی رضا
ڈائریکٹر

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

PARTICULARS	2020	2019	2018	2017	2016	2015
Spindles installed	Nos. 64,704	64,704	64,704	62,304	62,304	62,304
Rotors installed	Nos. 600	600	600	600	600	600
PRODUCTION	Lbs. in million 11.037	13.092	13.233	11.829	12.483	14.104
Sales - Net	Rs. in million 2,754.564	3,379.664	2,782.025	2,515.643	2,497.962	2,542.780
Gross Profit	---- " ---- 259.259	264.771	127.022	117.381	158.101	198.125
Profit from operations	---- " ---- 163.708	138.124	19.608	20.893	58.097	95.883
(Loss) / Profit before Taxation	---- " ---- (60.203)	41.272	(72.151)	(21.538)	14.114	14.721
Provision for Taxation	---- " ---- 33.444	34.976	(9.627)	(13.094)	1.220	(1.550)
(Loss) / Profit after Taxation	---- " ---- (93.647)	6.296	(62.524)	(8.444)	12.894	16.271
(Loss) / Earning per share	Rupees (19.57)	1.32	(13.07)	(1.76)	1.99	3.40
Breakup Value per share	---- " ---- 688.71	678.56	676.75	691.88	713.13	482.73
Total Assets	Rs. in million 5,052.315	4,682.062	4,974.567	4,806.674	4,453.541	3,487.615
Current Liabilities	---- " ---- (1,497.225)	(1,204.241)	(1,506.888)	(1,120.964)	(607.450)	(803.414)
	---- " ---- 3,555.090	3,477.821	3,467.679	3,685.710	3,846.091	2,684.201
REPRESENTED BY:						
Share Capital	Rs. in million 47.848	47.848	47.848	47.848	47.848	47.848
Reserves and Un-appropriated Profit	---- " ---- 3,247.491	3,198.905	3,190.262	3,262.679	3,364.318	2,261.898
Equity	---- " ---- 3,295.339	3,246.753	3,238.110	3,310.527	3,412.166	2,309.746
Lease liabilities	---- " ---- 3.541	0.000	0.000	0.000	0.000	0.000
Deferred Liabilities	---- " ---- 256.210	231.068	229.569	375.183	433.925	374.455
	---- " ---- 3,555.090	3,477.821	3,467.679	3,685.710	3,846.091	2,684.201

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2) and 449)

PATTERN OF SHAREHOLDING

1. CUIIN (Incorporation Number)

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

2. Name of the Company

JANANA DE MALUCHO TEXTILE MILLS LIMITED

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

3	0
---	---


0	6
---	---

2	0	2	0
---	---	---	---

4. No of shareholders	<u>Shareholdings</u>	<u>Total shares held</u>
-----------------------	----------------------	--------------------------

532	shareholding from 1 to 100 shares	19,177
386	shareholding from 101 to 500 shares	90,320
96	shareholding from 501 to 1000 shares	70,504
98	shareholding from 1001 to 5000	206,934
11	shareholding from 5001 to 10000	78,334
13	shareholding from 10001 to 15000	161,712
1	shareholding from 20001 to 25000	22,700
1	shareholding from 25001 to 30000	30,000
2	shareholding from 30001 to 35000	62,000
3	shareholding from 35001 to 40000	116,462
1	shareholding from 40001 to 45000	41,143
1	shareholding from 45001 to 50000	45,700
1	shareholding from 50001 to 55000	54,065
1	shareholding from 125001 to 130000	129,762
1	shareholding from 130001 to 135000	134,062
1	shareholding from 295001 to 300000	300,000
1	shareholding from 340001 to 345000	341,000
1	shareholding from 475001 to 480000	478,444
1	shareholding from 840001 to 845000	843,245
1	shareholding from 1555001 to 1560000	1,559,230
1153	Total	4,784,794

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	45,727	0.96
5.2. Associated Companies, undertakings and related parties.	3,043,475	63.61
5.3 ICP	620	0.01
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	492,205	10.29
5.5 Insurance Companies	38,422	0.80
5.6 Modarabas and Mutual Funds	NIL	NIL
5.7 Share holders holding 10% Bannu Woollen Mills Ltd Bibojee Services (Pvt.) Ltd National Bank of Pakistan	1,559,230	32.59
	1,143,245	23.89
	478,444	10.00
5.8 General Public a. Local b. Foreign	1,026,551	21.45
	NIL	NIL
5.9 Others (to be specified) Joint Stock Companies Secretary to Govt. of KPK Sheriar F. Irani Investment Trust Ltd.	3,719	0.08
	134,062	2.80
	13	0.00

6. Signature of Secretary 

7. Name of Signatory **ABID RAZA**

8. Designation **Company Secretary**

9. NIC Number

3	5	2	0	2	-	9	9	6	8	5	6	7	-	9
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10. Date

Day		Month		Year			
3	0	0	6	2	0	2	0

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.	1,143,245
M/S BABRI COTTON MILLS LTD,	341,000
2. I.C.P:	
M/S. INVESTMENT CORPORATION OF PAKISTAN	620
3. DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:	
MR.RAZA KULI KHAN KHATTAK Chairman	12,482
LT.GEN. (RETD) ALI KULI KHAN KHATTAK Chief Executive	11,114
MR. AHMAD KULI KHAN KHATTAK Director	12,214
MR. GOHAR AYUB KHAN Director	3,700
MRS.SHAHNAZ SAJJAD AHMED Director	6,107
BRIG. (RETD) ABDUL SAMAD KHAN Director	10
COL. (RETD) SYED YUNUS ALI RAZA Director	100
4. EXECUTIVES	455
5. JOINT STOCK COMPANIES	3,719
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.	1,143,245
M/S.NATIONAL BANK OF PAKISTAN	478,444
8. GENERAL PUBLIC & OTHERS	1,160,171

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company JANANA DE MALUCHO TEXTILE MILLS LIMITED (THE COMPANY)

Year Ended 30TH JUNE 2020

The Company has complied with the requirements of the Regulations, in the following manner:

1. The total number of directors are Seven as per the following:

- a. Male: 6
b. Female: 1

2. The composition of the Board is as follows:

Independent Directors	Brig. (Retd) Abdul Samad Khan Col. (Retd) Syed Yunus Ali Raza
Other Non-executive Directors	Mr. Raza Kuli Khan Khattak
	Mr. Ahmad Kuli Khan Khattak
	Mr. Gohar Ayub Khan
	Mrs. Shahnaz Sajjad Ahmad
Executive Director	Lt. Gen. (Retd) Ali Kuli Khan Khattak
Female Director	Mrs. Shahnaz Sajjad Ahmad

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Four of our directors have already completed the Directors' Training Program (the Program), while one director has been given exemption from the program. Remaining Two Directors will undertake the Program within the stipulated time.

10. There was no change of Chief Financial Officer (CFO) and Company Secretary during the year. Mr. Raees Khan has been appointed as Head of Internal Audit during the year. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Audit Committee

- | | | |
|----|---------------------------------|----------|
| a) | Brig. (Retd) Abdul Samad Khan | Chairman |
| b) | Mr. Ahmad Kuli Khan Khattak | Member |
| c) | Col. (Retd) Syed Yunus Ali Raza | Member |

Human Resource and Remuneration Committee

- | | | |
|----|---------------------------------------|------------|
| a) | Col. (Retd) Syed Yunus Ali Raza | Chairman |
| b) | Lt. Gen. (Retd) Ali Kuli Khan Khattak | CEO/Member |
| c) | Mr. Ahmad Kuli Khan Khattak | Member |
| d) | Mrs. Shahnaz Sajjad Ahmad | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

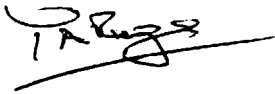
- | | |
|----------------------------------|----------------------|
| a) Audit Committee | 4 quarterly meetings |
| b) HR and Remuneration Committee | 1 annual meeting |

15. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

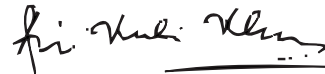
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Col. (Retd.) Syed Yunus Ali Raza
Director



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

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF
JANANA DE MALUCHO TEXTILE MILLS LIMITED**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Shinewing Hameed Chaudhri & Co.

**SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

LAHORE; September 24, 2020

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF JANANA DE MALUCHO TEXTILE MILLS LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the Purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 26.3 to the financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.302.914 million demanded by Sui Northern Gas Pipelines Ltd. Our report is not modified in respect of this matter.

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Impact of COVID-19</p> <p>As disclosed in note 45 to the financial statements, the COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities from March, 2020 in line with directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.</p> <p>In relation to the accounting and reporting obligations, the management has assessed the impact of COVID-19 related events on its financial statements. The management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:</p> <ul style="list-style-type: none"> - the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets'; - the net realisable value (NRV) of inventory under IAS 2, 'Inventories'; - deferred taxation in accordance with IAS 12, 'Income taxes'; - provisions and contingent liabilities under IAS 37 ; and - going concern assumption used for the preparation of these financial statements. <p>In view of the unique nature of this event and its possible impacts on the business operations and financial reporting, we considered this area as a key audit matter to identify specific risks in relation to the financial statements and devise our audit strategy accordingly.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> - obtained an overall understanding of the impact on the financial reporting process and underlying controls in order to determine the appropriate audit strategy; - assessed the authenticity of the confirmations received; - checked subsequent recoveries, on a sample basis, and assessed the reasonableness of forward-looking factors used by the management in determination of expected credit loss for trade debts; - evaluated whether any impairment indicators exist that could trigger impairment for tangible assets; - evaluated management's assessment as to whether any provisions were required to be recorded as result of COVID-19; - checked the accuracy of deferred tax computation; - checked the reasonableness of the inputs used for calculation of NRV of inventories held to assess the adequacy of relevant provisions; - evaluated management's going concern assessment by reviewing the future projections and assessed whether going concern assumption is appropriate; and - checked the adequacy of the disclosures made by the Company under the applicable financial reporting framework.

S.No.	Key audit matters	How the matter was addressed in our audit
2.	<p>Valuation of stock-in-trade</p> <p>The value of stock-in-trade at the reporting date aggregated Rs.1,406 million representing 86% of the Company's total current assets. Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 9).</p> <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods.</p> <p>We identified this as key audit matter in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.</p>	<p>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> - assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards; - attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; - assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; - tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; - assessed the management's determination of net realisable value of inventories by performing tests on sale prices secured by the Company for similar items; and - performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices.
3.	<p>Contingencies</p> <p>The Company is subject to material litigations involving different Courts pertaining to taxation and other matters, which require management to make assessments and judgments with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>The management has engaged independent legal counsels on these matters.</p>	<p>In response to this matter, we performed following audit procedures:</p> <ul style="list-style-type: none"> - discussed legal cases with the internal legal department of the Company to understand the management's view point, obtained and reviewed the litigation documents to assess the facts and circumstances; - obtained opinions from legal counsels dealing with such cases in the form of confirmations;

S.No.	Key audit matters	How the matter was addressed in our audit
	<p>The assessment of provisioning against such litigations is a complex exercise and requires significant judgments to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessments are disclosed in note 26 to the financial statements.</p>	<p>- evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and</p> <p>- disclosures of legal exposures and provisions were assessed for completeness and accuracy.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Nafees ud din.

Shinewing Hameed Chaudhri & Co.

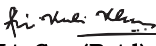
**SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

LAHORE; September 24, 2020

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	2020 Rupees in thousand	2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,174,164	3,123,417
Investments in Associated Companies	6	243,115	312,921
Loans to employees	7	100	232
Security deposits		1,543	1,395
		<u>3,418,922</u>	<u>3,437,965</u>
Current assets			
Stores, spares and loose tools	8	65,197	64,057
Stock-in-trade	9	1,406,119	1,000,589
Trade debts - unsecured, considered good		9,909	20,003
Advances to employees		1,432	1,478
Advance payments	10	9,985	7,998
Trade deposits and prepayments	11	928	614
Due from Associated Company		4,851	0
Other receivables	12	849	726
Sales tax refundable	13	29,996	47,492
Income tax refundable, advance tax and tax deducted at source		92,967	96,010
Cash and bank balances	14	11,160	5,130
		<u>1,633,393</u>	<u>1,244,097</u>
TOTAL ASSETS		<u>5,052,315</u>	<u>4,682,062</u>
EQUITY AND LIABILITIES			
Equity			
Authorised capital	15	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	16	47,848	47,848
Capital reserves			
- capital redemption	17	6,694	6,694
- tax holiday	17	350	350
- share premium	17	11,409	11,409
- revaluation surplus on property, plant and equipment	18	2,373,502	2,294,376
Revenue reserves			
- general reserve	17	371,530	371,530
- unappropriated profit		484,006	514,546
		<u>3,295,339</u>	<u>3,246,753</u>
Shareholders' equity			
Liabilities			
Non-current liabilities			
Lease liabilities	19	3,541	0
Staff retirement benefits - gratuity	20	58,738	55,574
Deferred taxation	21	197,472	175,494
		<u>259,751</u>	<u>231,068</u>
Current liabilities			
Trade and other payables	22	334,397	345,941
Unclaimed dividends		294	294
Accrued mark-up		32,023	18,351
Short term finances	23	1,085,758	799,867
Current portion of lease liabilities	19	2,243	0
Taxation	24	41,318	38,595
Preference shares redemption account	25	1,192	1,193
		<u>1,497,225</u>	<u>1,204,241</u>
Total liabilities		<u>1,756,976</u>	<u>1,435,309</u>
Contingencies and commitments	26		
TOTAL EQUITY AND LIABILITIES		<u>5,052,315</u>	<u>4,682,062</u>

The annexed notes 1 to 48 form an integral part of these financial statements.


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

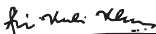

Col. (Retd) Syed Yunus Ali Raza
 Director

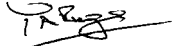

Amin-ur-Rasheed
 Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees in thousand	2019
Sales	27	2,754,564	3,379,664
Cost of sales	28	2,495,305	3,114,893
Gross profit		259,259	264,771
Distribution cost	29	21,508	45,666
Administrative expenses	30	72,109	79,441
Other expenses	31	4,160	3,446
Other income	32	(2,226)	(1,906)
		95,551	126,647
Profit from operations		163,708	138,124
Finance cost	33	126,230	97,061
		37,478	41,063
Share of loss from Associated Companies	6	(70,569)	(7,591)
Impairment (loss) / reversal on investments in Associated Companies	6	(27,112)	7,800
		(97,681)	209
(Loss) / profit before taxation		(60,203)	41,272
Taxation	34	33,444	34,976
(Loss) / profit after taxation		(93,647)	6,296
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
- gain on remeasurement of staff retirement benefit obligation	20	11,275	821
- impact of tax		(3,270)	(238)
		8,005	583
- surplus arisen upon revaluation of property, plant and equipment	5.5	129,429	0
- deferred taxation	18.2	(23,176)	0
		106,253	0
- share of other comprehensive income/(loss) of Associated Companies		39,510	(65)
- impact of tax		(11,458)	19
	6	28,052	(46)
		142,310	537
Total comprehensive income		48,663	6,833
		----- Rupees -----	
(Loss) / earnings per share	35	(19.57)	1.32

The annexed notes 1 to 48 form an integral part of these financial statements.


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

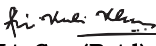

Col. (Retd) Syed Yunus Ali Raza
Director


Amin-ur-Rasheed
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020**

	Reserves							Total
	Capital				Revenue		(Accumulated loss) / Unappropriated profit	
	Share capital	Capital redemption	Tax holiday	Share premium	Revaluation surplus on property, plant and equipment	General		
----- Rupees in thousand -----								
Balance as at June 30, 2018	47,848	6,694	350	11,409	2,323,069	871,530	(22,790)	3,238,110
Transfer	0	0	0	0	0	(500,000)	500,000	0
Total comprehensive income for the year ended June 30, 2019:								
- profit for the year	0	0	0	0	0	0	6,296	6,296
- other comprehensive income	0	0	0	0	0	0	537	537
	0	0	0	0	0	0	6,833	6,833
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)								
- on account of incremental depreciation for the year	0	0	0	0	(19,080)	0	19,080	0
- upon sale of revalued assets	0	0	0	0	(5,744)	0	5,744	0
Share of revaluation surplus on property, plant and equipment of Associated Companies								
	0	0	0	0	(3,869)	0	0	(3,869)
Effect of items directly credited in equity by Associated Companies - net								
	0	0	0	0	0	0	5,679	5,679
Balance as at June 30, 2019	47,848	6,694	350	11,409	2,294,376	371,530	514,546	3,246,753
Total comprehensive income for the year ended June 30, 2020:								
- loss for the year	0	0	0	0	0	0	(93,647)	(93,647)
- other comprehensive income	0	0	0	0	106,253	0	36,057	142,310
	0	0	0	0	106,253	0	(57,590)	48,663
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)								
- on account of incremental depreciation for the year	0	0	0	0	(20,126)	0	20,126	0
- upon sale of revalued assets	0	0	0	0	(2,032)	0	2,032	0
Share of revaluation surplus on property, plant and equipment of Associated Companies								
	0	0	0	0	(4,969)	0	0	(4,969)
Effect of items directly credited in equity by Associated Companies - net								
	0	0	0	0	0	0	4,892	4,892
Balance as at June 30, 2020	47,848	6,694	350	11,409	2,373,502	371,530	484,006	3,295,339

The annexed notes 1 to 48 form an integral part of these financial statements.


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

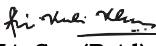

Col. (Retd) Syed Yunus Ali Raza
Director

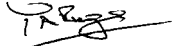

Amin-ur-Rasheed
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees in thousand	
Cash flows from operating activities		
Profit for the year - before taxation and share of loss of Associated Companies	37,478	41,063
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	82,783	81,706
Depreciation on right of use assets	1,227	0
Loss on sale of plant & machinery	507	1,038
Staff retirement benefits - gratuity (net)	14,439	5,052
Finance cost	123,279	95,257
Profit before working capital changes	259,713	224,116
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,140)	(3,395)
Stock-in-trade	(405,530)	186,795
Trade debts	10,094	25,361
Loans and advances to employees	178	2,245
Advance payments	(1,987)	9,583
Trade deposits and prepayments	(314)	593
Due from Associated Company	(4,851)	772
Other receivables	(123)	13,327
Sales tax refundable	17,496	64,889
(Decrease) / increase in trade and other payables	(11,544)	24,375
	(397,721)	324,545
Cash (used in) / generated from operations	(138,008)	548,661
Taxes paid	(32,146)	(29,182)
Net cash (used in) / generated from operating activities	(170,154)	519,479
Cash flows from investing activities		
Fixed capital expenditure - net	(14,293)	(96,305)
Sale proceeds of plant and machinery	8,458	7,375
Proceeds from transfer of shares of an Associated Company	100	0
Security deposits	(148)	(191)
Dividend received	0	1,829
Net cash used in investing activities	(5,883)	(87,292)
Cash flows from financing activities		
Lease liabilities	5,784	0
Short term finances - net	285,891	(342,503)
Finance cost paid	(109,607)	(96,724)
Preference shares redeemed	(1)	0
Net cash generated from / (used in) financing activities	182,067	(439,227)
Net increase / (decrease) in cash and cash equivalents	6,030	(7,040)
Cash and cash equivalents - at beginning of the year	5,130	12,170
Cash and cash equivalents - at end of the year	11,160	5,130

The annexed notes 1 to 48 form an integral part of these financial statements.


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


Col. (Retd) Syed Yunus Ali Raza
 Director


Amin-ur-Rasheed
 Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND OPERATIONS

Janana De Malucho Textile Mills Ltd. (the Company) was incorporated in Pakistan as a Public Company in the year 1960 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except where otherwise specifically stated.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information has been rounded off to the nearest thousand of Rupees unless otherwise stated.

2.4 Critical accounting estimates, assumptions and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

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:

- Useful lives, residual values and depreciation method of property, plant and equipment. - notes 4.1 and 5.1.
- Provision for impairment of inventories - notes 4.3, 4.4, 8 and 9.
- Allowance for expected credit loss - note 4.5.

- Impairment loss of non-financial assets other than inventories - note 4.7.
- Staff retirement benefits - gratuity - notes 4.9 and 20.
- Estimation of provisions - note 4.11.
- Estimation of contingent liabilities - notes 4.12 and 26
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.13, 21 and 24.

The revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

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

3.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- (a) Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', are effective for periods beginning on or after January 01, 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Company's financial statements.
- (b) IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments do not have any material impact on the Company's financial statements.
- (c) Amendments to IAS 28 'Investments in associates and joint ventures' are effective for annual periods beginning on or after January 01, 2019. The amendments clarify that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments do not have any significant impact on the Company's financial statements.

- (d) IFRS 16, 'Leases' primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors has not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right of use assets and lease liabilities for leases - i.e. these leases are now disclosed in the statement of financial position.

The accounting policies relating to Company's right of use assets and related lease liabilities are disclosed in note 4.1(b), details pertaining to right of use assets are disclosed in note 5.11 and related lease liabilities are disclosed in note 19.

- (e) IFRIC 23, 'Uncertainty over income tax treatments' is effective for accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The amendments do not have any material impact on the Company's financial statements.

3.2 Standards and amendments to approved accounting standards that are not yet effective

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- (a) Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.
- (b) The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018, which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2019.

4.1 Property, plant and equipment and depreciation

(a) Owned assets

Measurement

Items of property, plant and equipment other than freehold land, buildings on freehold land, plant & machinery, generators and capital work-in-progress are measured at cost less accumulated depreciation and impairment loss, if any.

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. 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 up to the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Capital work-in-progress is stated at cost less impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Revaluation

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

Depreciation

Depreciation is charged so as to write-off the cost or revalued amount of assets (other than freehold land and capital work-in-progress) over their remaining useful lives, using the reducing balance method at rates specified in note 5.1 to the financial statements. 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.

Disposal

Gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in other income in the statement of profit or loss. In case of the sale or retirement of a revalued property, plant and equipment, the attributable revaluation surplus remaining in the revaluation surplus on property, plant and equipment is transferred directly to Unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any change in estimates is accounted for on a prospective basis.

b) Right of use assets and related liabilities

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities have been discounted using the Company's incremental borrowing rates ranging from 8.97% to 14.38%. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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 statement of financial position date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.4 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials	
- at mills	- At lower of annual average cost and net realisable value.
- in transit	- At cost accumulated to the reporting 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.

Judgments and estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

4.5 Trade debts

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 allowance for Expected Credit Loss (ECL). Carrying amounts of trade debts and other receivables are assessed at each reporting date and allowance 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 statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash-in-hand and balances with banks.

4.7 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

4.8 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.

4.9 Staff retirement benefits

(a) 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, 2020 on the basis of the projected unit credit method by an independent Actuary.

Actuarial gains and losses are recognised in other comprehensive income in the period in which these occur and past-service costs are recognised immediately in the statement of profit or loss.

(b) Defined contribution plan

The Company, during the financial year ended June 30, 2018, has introduced defined contribution plan through Employees' Provident Fund for its eligible employees. Equal monthly contributions at the rate of 8.33% of their gross salaries are made both by the employees and the Company.

4.10 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.

4.11 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 reporting date and adjusted to reflect the current best estimate.

4.12 Contingent liabilities

A contingent liability is disclosed when the Company

- has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or

- has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.13 Taxation

Taxation comprises of current tax and deferred tax.

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any, in which case the tax amounts are recognised directly in other comprehensive income or equity.

(a) Current

Current tax is the expected tax payable on the taxable income / turnover for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credits and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

(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 or loss 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

4.14 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.

4.15 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

a) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- i) Amortised cost where the effective interest rate method is applied;
- ii) fair value through profit or loss; and
- iii) fair value through other comprehensive income.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in statement of profit or loss or other comprehensive income (OCI).

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 10 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Impairment of financial assets

The Company assesses on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its trade debts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Cash and bank balances

Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Recognition of loss allowance

The Company recognises an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off

The Company writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off will result in impairment gains.

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- i) fair value through profit or loss; and
- ii) other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

ii) Other financial liabilities

After initial recognition, other financial liabilities, which are interest bearing, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss for the year, when the liabilities are derecognised as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or expired.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.16 Foreign currency transactions

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

4.17 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

Others

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.

4.18 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 41 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2020 Rupees in thousand	2019
Operating fixed assets - tangible	5.1	3,166,183	3,121,633
Capital work-in-progress - plant and machinery	5.10	0	1,784
Right of use assets	5.11	7,981	0
		<u>3,174,164</u>	<u>3,123,417</u>

5.1 Operating fixed assets - owned

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

Rupees in thousand

As at June 30, 2018

Cost / revaluation	1,676,500	1,247	262,078	7,901	7,443	12,645	1,428,082	191,959	4,311	15,106	3,742	2,080	30,431	7,958	3,174	3,654,657
Accumulated depreciation	0	0	31,305	933	2,844	3,137	393,133	72,324	2,513	6,810	1,860	832	17,637	1,853	2,245	537,426
Book value	1,676,500	1,247	230,773	6,968	4,599	9,508	1,034,949	119,635	1,798	8,296	1,882	1,248	12,794	6,105	929	3,117,231

Year ended
June 30, 2019:

Additions	0	0	0	0	0	0	78,512	15,522	0	346	0	79	62	0	0	94,521
Disposals																
Cost / revaluation	0	0	0	0	0	0	(16,540)	0	0	0	0	0	0	0	0	(16,540)
Depreciation	0	0	0	0	0	0	8,127	0	0	0	0	0	0	0	0	8,127
Depreciation for the year	0	0	11,539	349	230	475	52,685	12,277	90	426	94	397	2,560	305	279	81,706
Book value	1,676,500	1,247	219,234	6,619	4,369	9,033	1,052,363	122,880	1,708	8,216	1,788	930	10,296	5,800	650	3,121,633

Year ended
June 30, 2020:

Additions	0	0	0	0	0	0	6,352	0	0	399	0	118	0	0	0	6,869
Revaluation adjustments																
Cost / revaluation	49,510	0	0	0	437	981	0	0	0	0	0	0	0	0	0	50,928
Depreciation	0	0	24,979	920	3,146	3,763	27,508	18,185	0	0	0	0	0	0	0	78,501
Disposals																
Cost / revaluation	0	0	0	0	0	0	(18,808)	0	0	0	0	0	0	0	0	(18,808)
Depreciation	0	0	0	0	0	0	9,843	0	0	0	0	0	0	0	0	9,843
Depreciation for the year	0	62	11,672	358	336	605	53,215	13,227	84	416	88	284	1,967	287	182	82,783
Book value	1,726,010	1,185	232,541	7,181	7,616	13,172	1,024,043	127,838	1,624	8,199	1,700	764	8,329	5,513	468	3,166,183

As at June 30, 2019

Cost / revaluation	1,676,500	1,247	262,078	7,901	7,443	12,645	1,490,054	207,481	4,311	15,452	3,742	2,159	30,493	7,958	3,174	3,732,638
Accumulated depreciation	0	0	42,844	1,282	3,074	3,612	437,691	84,601	2,603	7,236	1,954	1,229	20,197	2,158	2,524	611,005
Book value	1,676,500	1,247	219,234	6,619	4,369	9,033	1,052,363	122,880	1,708	8,216	1,788	930	10,296	5,800	650	3,121,633

As at June 30, 2020

Cost / revaluation	1,726,010	1,247	262,078	7,901	7,880	13,626	1,477,598	207,481	4,311	15,851	3,742	2,277	30,493	7,958	3,174	3,771,627
Accumulated depreciation	0	62	29,537	720	264	454	453,555	79,643	2,687	7,652	2,042	1,513	22,164	2,445	2,706	605,444
Book value	1,726,010	1,185	232,541	7,181	7,616	13,172	1,024,043	127,838	1,624	8,199	1,700	764	8,329	5,513	468	3,166,183
Depreciation rate (%)		5	5	5	5	5	5	10	5	5	5	30	20	5	30	

- 5.2** Freehold land represents 242,306 square meters of land situated at Habibabad Kohat out of which approximately 51,825 square meters represent covered area.
- 5.3** 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.
- 5.4** The management, during the financial year ended June 30, 2017, in order to ascertain the useful life of generators had carried-out an internal exercise and assessed their remaining useful lives. Keeping in consideration the assessed useful lives of generators, their depreciation rates were enhanced to 10% per annum from 5% per annum.
- 5.5** Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 18, has been determined as follows:

Particulars	Freehold land	Buildings on freehold land				Plant & machinery	Generators	Total
		Factory	Non - factory	Residential				
				Officers	Workers			
----- Rupees in thousand -----								
Cost / revaluation as at October 31, 2019	1,676,500	262,078	7,902	7,443	12,645	1,494,012	207,481	3,668,061
Accumulated depreciation to October 31, 2019	0	46,499	1,391	3,146	3,763	455,295	88,698	598,792
Book value before revaluation adjustments as at October 31, 2019	1,676,500	215,579	6,511	4,297	8,882	1,038,717	118,783	3,069,269
Revalued amounts	1,726,010	240,558	7,431	7,880	13,626	1,066,225	136,968	3,198,698
Revaluation surplus	49,510	24,979	920	3,583	4,744	27,508	18,185	129,429

- 5.6** 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:

	2020	2019
	Rupees in thousand	
Freehold land	340	340
Buildings on freehold land:		
- factory	37,230	39,061
- non-factory	1,178	1,236
Residential:		
- officers	128	132
- workers	6,010	6,321
Plant & machinery	721,200	758,635
Generators	103,327	114,505
	869,413	920,230

5.7 Based on the revaluation report dated October 31, 2019, the forced sale values of the revalued items of property, plant and equipment have been assessed as follows.

	Rupees in thousand
Freehold land	1,380,808
Buildings on freehold land	215,596
Plant & machinery and generators	902,395
	2,498,799

5.8 Depreciation for the year has been apportioned as under: 2020 2019

	Rupees in thousand	
Cost of sales	81,012	79,508
Administrative expenses	1,771	2,198
	82,783	81,706

5.9 Disposal of plant & machinery

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Sold through negotiation to
-------------	------	--------------------------	------------	---------------	---------------	-----------------------------

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

2020

Auto coners	9,294	5,204	4,090	4,101	11	Muhammad Akram, Faisalabad.
Combers + 1 unilap	9,514	4,639	4,875	4,357	(518)	---- do ----
	18,808	9,843	8,965	8,458	(507)	

2019

Card machines	9,969	5,922	4,047	3,350	(697)	Abdul Hafeez, Sarfaraz Colony, Faisalabad.
Drawing machines	6,571	2,205	4,366	4,025	(341)	---- do ----
	16,540	8,127	8,413	7,375	(1,038)	

5.10 Capital work-in-progress -plant and machinery

	2020	2019
	Rupees in thousand	
Opening balance	1,784	0
Additions during the year	909	1,784
Transferred to operating fixed assets during the year	2,693	0
Balance as at June 30,	0	1,784

5.11 Right of use assets

Balance at beginning of the year		0	0
Addition during the year		9,208	0
Depreciation charge for the year	5.12	1,227	0
Book value at end of the year		7,981	0

5.12 Depreciation for the year has been apportioned as under:	2020	2019
	Rupees in thousand	
Cost of sales	614	0
Administrative expenses	613	0
	1,227	0
6. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted		
Babri Cotton Mills Ltd. (BCM)		
587,193 (2019: 587,493) ordinary shares of Rs.10 each - cost	10,873	10,973
Equity held: 16.08% (2019: 16.09%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	61,302	63,146
Share of revaluation surplus on property, plant and equipment	140,737	144,594
Loss for the year - net of taxation	(61,817)	(6,276)
Share of other comprehensive income - net of taxation	8,416	33
	159,511	212,470
Bannu Woollen Mills Ltd. (BWM)		
731,626 (2019: 731,626) ordinary shares of Rs.10 each - cost	7,697	7,697
Equity held: 7.70% (2019: 7.70%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM	72,150	74,880
Share of revaluation surplus on property, plant and equipment	121,342	122,454
Loss for the year - net of taxation	(8,752)	(1,315)
Share of other comprehensive income / (loss) - net of taxation	19,636	(79)
Dividend received	0	(1,829)
	212,073	201,808
	371,584	414,278
Less: impairment loss - BCM	(71,006)	0
- BWM	(57,463)	(101,357)
	(128,469)	(101,357)
	243,115	312,921

- 6.1 Although the Company has less than 20% voting rights in BCM and BWM as at June 30, 2020 and 2019, these Companies have been treated as Associated Companies by virtue of common directorships.

- 6.2 (a)** Market value of the Company's investments in BCM as at June 30, 2020 was Rs.30.428 million (June 30, 2019: Rs.21.990 million).
- (b)** Market value of the Company's investments in BWM as at June 30, 2020 was Rs.23.127 million (2019: Rs.24.875 million).
- 6.3** BCM was incorporated in Pakistan on October 26, 1970 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. It is principally engaged in manufacture and sale of yarn.

The summary of financial information of BCM based on its audited financial statements for the year ended June 30, 2020 is as follows:

	2020	2019
Summarised statement of financial position	Rupees in thousand	
Non-current assets	1,917,006	1,944,395
Current assets	532,353	1,063,252
	2,449,359	3,007,647
Non-current liabilities	257,219	278,310
Current liabilities	1,203,320	1,407,826
	1,460,539	1,686,136
Net assets	988,820	1,321,511
Reconciliation to carrying amount		
Opening net assets	1,321,511	1,360,434
Loss for the year	(387,598)	(39,018)
Other comprehensive income for the year	52,287	203
Other adjustments	2,620	(108)
Closing net assets	988,820	1,321,511
Company's share percentage 16.08% (2019: 16.09%)		
Company's share	159,101	212,631
Impairment loss and miscellaneous adjustments- net	(70,596)	(161)
Carrying amount of investment	88,505	212,470
Summarised statement of profit or loss		
Sales	1,548,962	2,218,285
Loss before taxation	(381,785)	(95,379)
Loss after taxation	(387,598)	(39,018)

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

The summary of financial information of BWM based on its audited financial statements for the year ended June 30, 2020 is as follows:

Summarised statement of financial position	2020	2019
	Rupees in thousand	
Non-current assets	2,377,691	2,169,969
Current assets	1,061,079	1,108,769
	3,438,770	3,278,738
Non-current liabilities	123,498	111,338
Current liabilities	554,679	565,898
	678,177	677,236
Net assets	2,760,593	2,601,502
Reconciliation to carrying amount		
Opening net assets	2,601,502	2,643,385
Loss for the year	(108,647)	(17,083)
Dividend paid during the year	0	(23,766)
Other comprehensive income / (loss) for the year	255,136	(1,023)
Other adjustments	12,602	(11)
Closing net assets	2,760,593	2,601,502
Company's share percentage 7.70% (2019: 7.70%)		
Company's share	212,566	200,316
Impairment loss and miscellaneous adjustments- net	(57,956)	(99,865)
Carrying amount of investment	154,610	100,451
Summarised statement of profit or loss		
Sales	328,713	684,911
Loss before taxation	(122,436)	(22,794)
Loss after taxation	(108,647)	(17,083)

- 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 value of investment in BCM as at June 30, 2020 and June 30, 2019 is based on independent valuation carried-out by M/s Aamir Salman Rizwan; Chartered Accountants - a QCR rated firm, having office at 414-F, M.A. Johar Town, Lahore, engaged by the management. The recoverable amounts have been estimated based on value in use calculations. These calculations have been made on discounted cash flow based valuation methodology, which assumes gross profit margin of 9.10% (2019: 11.25%), terminal growth rate of 3.25% (2019: 5%) and capital asset pricing model based discount rate of 9.04% (2019: 12.43%).
- 6.7** The value of investment in BWM as at June 30, 2020 and June 30, 2019 is based on independent valuation carried-out by M/s Aamir Salman Rizwan; Chartered Accountants - a QCR rated firm, having office at 414-F, M.A. Johar Town, Lahore, engaged by the management. The recoverable amounts have been estimated based on value in use calculations. These calculations have been made on discounted cash flow based valuation methodology, which assumes average gross profit margin of 33.70% (2019: 35.20%), terminal growth rate of 3.25% (2019: 5%) and capital asset pricing model based discount rate of 7.00% (2019: 10.18%).

7. LOANS TO EMPLOYEES - Secured	Note	2020 Rupees in thousand	2019
Balance as at June 30,	7.1	557	1,137
Less: current portion grouped under current assets		457	905
		<u>100</u>	<u>232</u>
7.1 These interest free loans to employees have been advanced for various purposes and are recoverable in instalments which vary from case to case. These loans are secured against the gratuity benefits payable to respective employees.			
8. STORES, SPARES AND LOOSE TOOLS			
Stores			
- at mills		39,288	26,162
- in transit		0	10,084
Spares [including obsolete gas generators' parts inventory valuing Rs.16.305 million (2019: Rs.16.305 million)]		41,898	43,770
Loose tools		316	346
		<u>81,502</u>	<u>80,362</u>
Less: provision against obsolete gas generators' parts		16,305	16,305
		<u>65,197</u>	<u>64,057</u>
9. STOCK-IN-TRADE			
Raw materials:			
- at mills		724,599	731,544
- in transit		81,306	141,204
	9.1	<u>805,905</u>	<u>872,748</u>
Work-in-process		68,660	70,736
Finished goods	9.1	531,554	57,105
		<u>1,406,119</u>	<u>1,000,589</u>
9.1 Raw material and finished good inventories are pledged with National Bank of Pakistan and The Bank of Khyber as security for short term finance facilities (note 23).			
10. ADVANCE PAYMENTS - Unsecured considered good			
Store suppliers		9,245	5,935
Raw material suppliers		0	107
Post dated cheques issued in favour of Customs Authorities		0	62
Others		740	1,894
		<u>9,985</u>	<u>7,998</u>
11. TRADE DEPOSITS AND PREPAYMENTS			
Letters of credit		9	14
Prepayments		919	600
		<u>928</u>	<u>614</u>
12. OTHER RECEIVABLES			
Due from employees' provident fund		849	142
Letters of credit claims receivable		0	584
		<u>849</u>	<u>726</u>

13. SALES TAX REFUNDABLE

The Company, during the year, has received sales tax refunds aggregating Rs. 25.085 million (2019: Rs.98.167 million).

14. CASH AND BANK BALANCES

	Note	2020 Rupees in thousand	2019
Cash-in-hand		1,232	2,045
Cash at banks on:			
- current accounts		8,620	2,150
- PLS security deposit account	14.1	213	195
- PLS account		294	0
- PLS account (employees / staff gratuity fund account)	14.1	801	740
		9,928	3,085
		11,160	5,130

14.1 PLS accounts carry profit at the rates ranging from 6.5% to 11.25% (2019: 6% to 8%) per annum.

15. AUTHORISED SHARE CAPITAL

	2020 ---- Numbers ----	2019		2020	2019
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	
<u>20,000,000</u>	<u>20,000,000</u>		<u>200,000</u>	<u>200,000</u>	

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

16.1 Ordinary shares held by the Associated Companies at the year-end:

	2020 Number of shares	2019
Bibojee Services (Pvt.) Ltd.	1,143,245	843,245
Bannu Woollen Mills Ltd.	1,559,230	1,559,230
Babri Cotton Mills Ltd.	341,000	341,000
	<u>3,043,475</u>	<u>2,743,475</u>

17. RESERVES	Note	2020 Rupees in thousand	2019
Capital:			
- capital redemption reserve		6,694	6,694
- tax holiday reserve		350	350
- share premium reserve	17.1	<u>11,409</u>	11,409
		18,453	18,453
Revenue - general reserve		<u>371,530</u>	371,530
		389,983	389,983
17.1 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.			
18. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - Net			
Revaluation surplus on the Company's			
property, plant and equipment	18.2	2,111,423	2,027,328
Share of revaluation surplus on property, plant and equipment of Associated Companies	6	<u>262,079</u>	267,048
		2,373,502	2,294,376
18.1 The Company had revalued its freehold land on September 30, 1998, September 30, 2004, June 30, 2007, March 31, 2010, February 29, 2012 and December 31, 2015. Buildings on freehold land, plant & machinery and generators were revalued on September 30, 2004, June 30, 2007, March 31, 2010, February 29, 2012 and December 31, 2015. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating rupees 2.423 billions.			
18.2 The Company, during the current financial year, has again revalued its freehold land, buildings on freehold land, plant & machinery and generators. The revaluation exercise has been carried-out by independent Valuers - Hamid Mukhtar & Co. (Pvt.) Ltd, Lahore. Freehold land has been revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators have been revalued on the basis of depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs.129.429 million has been credited to this account. The year-end balance has been arrived at as follows:			
Opening balance		2,170,767	2,205,730
Add: surplus arisen on revaluation carried-out during the year	5.5	129,429	0
Less: transferred to unappropriated profit			
- on account of incremental depreciation for the year		(28,346)	(26,873)
- upon sale of revalued assets		(2,862)	(8,090)
		<u>2,268,988</u>	2,170,767
Less: deferred tax on:			
- opening balance of surplus		143,439	153,578
- surplus arisen on revaluation carried-out during the year		23,176	0
- incremental depreciation for the year		(8,220)	(7,793)
- sale of revalued assets		(830)	(2,346)
		<u>157,565</u>	143,439
Closing balance		<u>2,111,423</u>	2,027,328

19. LEASE LIABILITIES

Particulars	2020			2019		
	Upto one year	From one to three years	Total	Upto one year	From one to three years	Total
----- Rupees in thousand -----						
Minimum lease payments	2,671	5,514	8,185	0	0	0
Less: finance cost allocated to future periods	428	243	671	0	0	0
	2,243	5,271	7,514	0	0	0
Less: security deposit adjustable on expiry of lease term	0	1,730	1,730	0	0	0
Present value of minimum lease payments	2,243	3,541	5,784	0	0	0

19.1 The Company, during the current financial year, has entered into a lease agreement with Bank Al Habib Ltd. for lease of vehicle subject to the following terms and conditions:

	Rupees in thousand
Cost of vehicle	<u>8,649</u>
Security deposit	<u>1,730</u>
Tenor	<u>3 years</u>
Rental frequency	<u>Monthly</u>
Profit rate	<u>8.97% (6-months KIBOR+1%)</u>

20. 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	2020	2019
- discount rate	8.5%	14%
- expected rate of growth per annum in future salaries	7.5%	13%
- mortality rates	SLIC	SLIC
	2001-2005	2001-2005
		Setback 1 year
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

Amount recognised in the statement of financial position 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:	2020	2019
	Rupees in thousand	
Opening balance	55,574	51,343
Current service cost	18,738	15,844
Interest cost	6,990	3,957
Benefits paid	(11,289)	(13,865)
Benefits due but not paid (classified under current liabilities)	0	(884)
Remeasurements: experience adjustments	(11,275)	(821)
Closing balance	58,738	55,574
Expense recognised in the statement of profit or loss		
Current service cost	18,738	15,844
Interest cost	6,990	3,957
	25,728	19,801

Charge for the year has been allocated to cost of sales.

Remeasurement recognised in other comprehensive income

Experience adjustments (net of deferred tax)	8,005	583
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Comparison of present value of defined benefit obligation and experience adjustments on obligation for five years is as follows:

	2020	2019	2018	2017	2016
	----- Rupees in thousand -----				
Present value of defined benefit obligation	58,738	55,574	51,343	153,932	148,929
Experience adjustments on obligation	(11,275)	(821)	19,264	1,703	25,862

Year-end sensitivity analysis:	Impact on defined benefit obligation		
	Change in assumption	Increase	Decrease
		Rupees in thousand	
Discount rate	1%	55,387	63,239
Salary growth rate	1%	63,417	55,157

20.1 The average duration of the defined benefit obligation as at June 30, 2020 is 7 years.

20.2 The expected contribution to defined benefit obligation for the year ending June 30, 2021 is Rs.20.390 million.

21. DEFERRED TAXATION - Net	2020	2019
	Rupees in thousand	
This is composed of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	184,090	187,276
- surplus on revaluation of property, plant and equipment	157,565	143,439
- lease liabilities	637	0
	342,292	330,715
Deductible temporary differences arising in respect of:		
- staff retirement benefits - gratuity	(22,441)	(21,871)
- unused tax losses	0	(10,978)
- minimum tax recoverable against normal tax charge in future years	(85,122)	(92,978)
- impairment loss provided for on investments in Associated Companies	(37,257)	(29,394)
	(144,820)	(155,221)
	197,472	175,494
22. TRADE AND OTHER PAYABLES		
Creditors	31,643	36,781
Bills payable against imported:		
- raw materials	0	97,199
- stores and spares	0	2,708
Advances from customers - contract liabilities	13,215	3,103
Advance payments	22.1 184	184
Accrued expenses	22.2 265,912	180,810
Tax deducted at source	234	234
Gratuity payable to:		
- key management personnel	22.3 13,614	13,614
- other employees	5,031	6,228
Due to Waqf-e-Kuli Khan	22.4 2,383	2,635
Workers' (profit) participation fund	0	2,172
Workers' welfare fund	1,890	0
Security deposits repayable on demand - interest free	112	112
Others	179	161
	334,397	345,941

22.1 These advances have been received against sale of land.

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

22.3 Major gratuity payments during the preceding year included payments made to:	2019 Rupees in thousand
- Executive Director Finance & Production	4,200
- Executive Director Technical	24,727
- Senior General Manager (Finance & Commercial)	16,035
- General Manager Technical	6,068
- Manager Costing, IT and Sales Tax	3,231

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

- Lt. General (Retd.) Ali Kuli Khan Khattak
- Mr. Raza Kuli Khan Khattak
- Mr. Ahmad Kuli Khan Khattak
- Mrs. Shahnaz Sajjad Ahmad
- Mr. Gohar Ayub Khan

23. SHORT TERM FINANCES

	Note	2020 Rupees in thousand	2019
Secured	23.1	1,085,758	799,826
Un-secured (temporary bank overdraft)		0	41
		1,085,758	799,867

23.1 Short term finance facilities available from National Bank of Pakistan (NBP) and The Bank of Khyber (BoK) under mark-up arrangements aggregate Rs.1.500 billion (2019: Rs.1.500 billion) and are secured against pledge of raw materials & finished goods and first charge on current & fixed assets of the Company. These facilities, during the year, carried mark-up at the rates ranging from 9.34% to 16.55% (2019: 7.92% to 15.87%) per annum.

Facilities available for opening letters of credit and guarantee from NBP and BoK aggregate Rs.400 million (2019: Rs.385 million) out of which facilities amounting Rs.313.804 million (2019: Rs.207.793 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, 2020.

24. TAXATION - Net

Opening balance		38,595	21,644
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.Nil; (2019: Rs.3.926 million)]	24.12	41,318	38,595
prior year		(3,406)	(646)
		37,912	37,949
		76,507	59,593
Less: payments / adjustments made against completed assessments		35,189	20,998
		41,318	38,595

- 24.1** Income tax returns of the Company have been filed upto the tax year 2019 i.e. accounting year ended June 30, 2019.
- 24.2** Provision for the current year represents tax payable under sections 113 (Minimum tax on the income of certain persons) of the Ordinance.
- 24.3** The Department, on October 05, 2015, for tax year 2015 has charged tax under sections 161/236 G&H of the Ordinance amounting Rs. 6.995 million; the Commissioner Inland Revenue Appeals - CIR(A) has decided the appeal on April 16, 2018 against the Company. The Company has filed further appeal on May 16, 2018 before the Appellate Tribunal Inland Revenue, Lahore - ATIR, which is pending adjudication.
- 24.4** Tax charged for the tax year 2014 at Rs.42.883 million on February 08, 2018 has been deleted by the CIR(A) on June 23, 2018 and he has also partially set aside various additions made by the Deputy Commissioner. The Company as well as the Income Tax Department (the Department) have filed further appeals on July 12, 2018 on the point of set aside before the ATIR, which are pending adjudication.
- 24.5** The Department, on March 24, 2015, has charged tax under sections 161/236 G&H of the Ordinance for tax years 2014 and 2015 at Rs.12.936 million and Rs.4.809 million respectively; the CIR(A) has decided the appeal on March 15, 2016 against the Company against which the Company has filed further appeal on April 07, 2016 before the ATIR, which is pending adjudication.
- 24.6** The Department, on October 03, 2016, has charged tax aggregating Rs.3.998 million under sections 161/205 of the Ordinance for the tax year 2012 against which appeal has been filed on October 13, 2016 before the CIR(A), which is pending adjudication.
- 24.7** The CIR(A) has decided the appeal for the tax year 2011 in favour of the Company on October 06, 2016 and demands of tax charged under sections 161/205 of the Ordinance aggregating Rs.5.632 million have been deleted. The Company has filed for appeal effects with the Department on December 06, 2016, which is under process. However, the Department has filed further appeal before the ATIR on January 04, 2017.
- 24.8** The Department has charged tax on January 22, 2014 under section 122(5A) of the Ordinance for tax year 2008 at Rs.214 thousand; the CIR(A) has decided the appeal on November 18, 2014 against the Company against which the Company has filed further appeal before the ATIR on December 16, 2014, which is pending adjudication.
- 24.9** The ATIR has decided the appeal on February 21, 2017 for tax year 2007 and remanded the case back to the Deputy Commissioner Inland Revenue for de novo consideration.
- 24.10** The ATIR, during the financial year ended June 30, 2017 for the tax years 2004 to 2006, had cancelled all the assessments on October 05, 2016 made under section 122(5A) of the Ordinance by the Commissioner Inland Revenue LTU, Lahore and restored the original assessments under section 120(1) of the Ordinance.

24.11 The Company's writ petition before the Islamabad High Court, Islamabad filed on December 14, 2011 praying exemption from levy of minimum tax under section 113 of the Ordinance is still pending adjudication. An adverse judgment by the Court will create tax liability under section 113 of the Ordinance aggregating Rs.51.828 million.

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

24.12 No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under section 113 (Minimum tax on the income of certain persons) of the Ordinance.

25. PREFERENCE SHARES REDEMPTION ACCOUNT	Note	2020	2019
		Rupees in thousand	
Amounts payable on:			
- 7.5% redeemable cumulative preference shares	25.1	134	134
- 10% redeemable cumulative preference shares	25.2	1,058	1,059
		1,192	1,193

25.1 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 repealed 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, 2020

25.2 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, 2014, had redeemed 314,483 shares whereas 2,112 further shares were redeemed during the financial year ended June 30, 2017. The Company, during the current year, has further redeemed 52 shares and as at June 30, 2020 balance of 105,831 shares was outstanding.

26. CONTINGENCIES AND COMMITMENTS

- 26.1** The Company, vide show cause notice dated May 28, 2013, was directed to make payments aggregating Rs.75.698 million by way of sales tax under various sections of the Sales Tax Act, 1990 (the Act) read with certain SROs. The Lahore High Court, Lahore (LHC) had suspended operation of the impugned show cause notice on September 12, 2013. The LHC has decided the case on October 13, 2017 with the direction that the Company may take its objections before the adjudication officer determining the show cause notice. The Sales Tax Department (the Department), vide its judgment dated March 06, 2018, has reduced the demands to Rs.5.978 million against which the Company has filed an appeal on March 20, 2018, which is pending before Commissioner Inland Revenue (Appeals) - CIR(A) Lahore.
- 26.2** The Department, vide order dated January 24, 2018 under section 11(3) of the Act, has created demand of Rs.182.690 million for the period July, 2011 to June, 2013 against which the Company has filed writ petition before the LHC on January 30, 2018, which has declared the order passed by the Department illegal and void ab-initio on February 09, 2018. The Department against order of the LHC has further filed an appeal on March 27, 2018 before the Supreme Court of Pakistan, which is pending adjudication.
- 26.3** The Company had challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). GIDC was levied on supply of natural gas under the GIDC Act, 2011. Constitutionality of the said Act was challenged before the PHC, which had declared the same as constitutional. The order of the PHC was assailed before the Supreme Court of Pakistan (SCP), which met the same fate there. After enactment of the GIDC Act, 2015, it was challenged before the PHC, which dismissed the said petition on May 31, 2017. The Company, thereafter, has filed a petition before the SCP.

The SCP, subsequent to the reporting date vide its judgment dated August 13, 2020, has dismissed the petition in 2-1 ratio. The SCP's judgment states that the cess under GIDC Act, 2015 was levied on those consumers of natural gas which on account of their industrial or commercial dealings had passed on GIDC burden to their customers / clients. The SCP's judgment states that no late payment surcharge shall be collected while the GIDC amount that have become due upto July 31, 2020 will be recovered in 24 equal monthly instalments.

In the light of the SCP's judgment described in the preceding paragraph, the Company has filed a review petition before the SCP for waiver of full amount of GIDC on the grounds that the Company, being a spinning unit and producing raw materials for weaving sector, has not passed on GIDC burden to its customers. The yarn market is not a regulated market, i.e., the Company is a price taker not the price maker; therefore, spinning sector cannot add GIDC in the price and certainly has not collected the same from its customers.

Sui Northern Gas Pipelines Ltd., along with gas bill for the month of August, 2020, has raised GIDC demands aggregating Rs.380.957 million. The management, during the financial year ended June 30, 2017, has made GIDC provision amounting Rs.78.043 million relating to that year in its books of account based on the adverse judgment of the PHC dated May 31, 2017. However, as the management has filed a review petition against the aforementioned judgment of the SCP and a highly favourable outcome is expected; therefore, balance GIDC provisions aggregating Rs.302.914 million have not been recognised in the books of accounts.

The Company has also challenged the levy of GIDC in the PHC, on the basis of section 8 (2) of the GIDC Act, 2015. The PHC has granted stay order against recovery of GIDC vide its order dated September 16, 2020, and has referred the case to OGRA for hearing the pleas of Textile sector.

- 26.4** Counter guarantee given by the Company to a commercial bank outstanding as at June 30, 2020 was for Rs. 85 million (2019: Rs.75 million).
- 26.5** Commitments against irrevocable letters of credit for stores and spares outstanding at June 30, 2020 were for Rs.1.197 million (2019:Rs.2.300 million).
- 26.6** Also refer contents of note 24.

27. SALES - Net		2020	2019
	Note	Rupees in thousand	
Yarn		3,197,163	3,279,921
Waste		93,552	107,449
Raw materials purchased for resale		463	1,014
		3,291,178	3,388,384
Less: sales tax	27.1	536,614	8,720
		2,754,564	3,379,664

- 27.1** Zero-rating regime for textile sector has been withdrawn from July 01, 2019 and sale tax at the rate of 17% on sales to registered persons and 3% further tax on sales to unregistered persons have been levied.

28. COST OF SALES

Raw materials consumed	28.1	1,849,688	1,989,644
Packing materials consumed		46,834	52,674
Salaries, wages and benefits	28.2	434,531	468,210
Power and fuel		438,751	404,165
Stores consumed		84,546	90,555
Repair and maintenance		10,550	9,480
Depreciation on operating fixed assets	5.8	81,012	79,508
Depreciation on right of use assets	5.12	614	0
Insurance		9,043	8,886
Others		11,753	14,460
		2,967,322	3,117,582
Adjustment of work-in-process			
Opening		70,736	60,008
Closing	9	(68,660)	(70,736)
		2,076	(10,728)
Cost of goods manufactured		2,969,398	3,106,854
Adjustment of finished goods			
Opening stock		57,105	64,346
Closing stock	9	(531,554)	(57,105)
		(474,449)	7,241
Cost of goods sold - own manufactured		2,494,949	3,114,095
Cost of goods sold - raw materials purchased for resale		356	798
		2,495,305	3,114,893

28.1 Raw materials consumed

Opening stock		872,748	1,063,030
Purchases		1,782,337	1,798,895
		2,655,085	2,861,925
Less: closing stock	9	805,905	872,748
Raw materials issued		1,849,180	1,989,177
Cess on cotton consumed		508	467
		1,849,688	1,989,644

28.2 These include Rs. 25.728 million (2019: Rs.19.801 million) in respect of staff retirement benefits - gratuity and Rs.6.060 million (2019: Rs.5.916 million) for employees' provident fund contribution.

29. DISTRIBUTION COST	Note	2020	2019
		Rupees in thousand	
Salaries and benefits	29.1	15,389	18,494
Commission		3,238	24,341
Freight and handling		2,685	2,626
Gifts and samples		42	24
Others		154	181
		21,508	45,666

29.1 These include Rs. 813 thousand (2019: Rs. 793 thousand) for employees' provident fund contribution.

30. ADMINISTRATIVE EXPENSES	Note	2020	2019
Salaries and benefits	30.1	55,593	62,333
Printing and stationery		423	466
Travelling and conveyance - staff		386	549
Travelling - directors		365	331
Communication		1,125	961
Rent, rates and taxes		1,652	2,094
Guest house expenses and entertainment		556	485
Insurance		1,123	880
Vehicles' running and maintenance		2,082	2,689
Advertisement		143	41
Subscription		691	696
Repair and maintenance		713	651
Auditors' remuneration:			
- statutory audit		1,112	1,062
- half yearly review		222	215
- certification charges		117	79
- out-of-pocket expenses		60	45
- short provision for the preceding year		51	96
		1,562	1,497
Legal and professional charges (other than Auditors)		2,123	2,433
Depreciation on operating fixed assets	5.8	1,771	2,198
Depreciation on right of use assets	5.12	613	0
Others		1,188	1,137
		72,109	79,441

30.1 These include Rs. 3.097 million (2019: Rs.3.526 million) for employees' provident fund contribution.

31. OTHER EXPENSES	Note	2020	2019
Loss on sale of plant & machinery - net	5.9	507	1,038
Donations (without directors' interest)		0	20
Receivable / advance balances written off		1,238	0
Donation to Waqf-e-Kuli Khan		0	214
Workers' (profit) participation fund		0	2,172
Workers' welfare fund		2,415	0
Others		0	2
		4,160	3,446

32. OTHER INCOME	Note	2020 Rupees in thousand	2019
Income from financial assets			
Return on bank deposits		98	55
Income from non-financial assets			
Quarters' rent		2,128	1,851
		<u>2,226</u>	<u>1,906</u>
33. FINANCE COST			
Interest on lease liabilities		514	0
Mark-up on short term finances		122,641	95,257
Bank charges		2,951	1,804
Interest on workers' (profit) participation fund		124	0
		<u>126,230</u>	<u>97,061</u>
34. TAXATION			
Current			
- for the year	24	41,318	38,595
- for prior years	24	(3,406)	(646)
		<u>37,912</u>	<u>37,949</u>
Deferred:			
- for the year		(4,468)	(2,973)
		<u>33,444</u>	<u>34,976</u>
35. (LOSS) / EARNINGS PER SHARE			
There is no dilutive effect on (loss) / earnings per share of the Company, which is based on:			
(Loss) / profit after taxation attributable to ordinary shareholders			
		<u>(93,647)</u>	<u>6,296</u>
(Number of shares)			
Weighted average number of ordinary shares in issue during the year			
		<u>4,784,794</u>	<u>4,784,794</u>
----- Rupees -----			
(Loss) / earnings per share - basic			
		<u>(19.57)</u>	<u>1.32</u>
36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES			
36.1 Financial instruments by category			
		2020	2019
Financial assets		Rupees in thousand	
At amortised cost			
Loans to employees		100	232
Advances to employees		1,432	1,478
Trade debts		9,909	20,003
Other receivables		849	142
Cash and bank balances		11,160	5,130
		<u>23,450</u>	<u>26,985</u>

Financial liabilities	2020	2019
At amortised cost	Rupees in thousand	
Lease liabilities	7,514	0
Trade and other payables	333,979	345,523
Unclaimed dividends	294	294
Accrued mark-up	32,023	18,351
Short term finances	1,085,758	799,867
Redeemable preference shares	1,192	1,193
	<u>1,460,760</u>	<u>1,165,228</u>

36.2 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

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.

36.3 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 JPY, CHF and U.S. \$. The Company's exposure to foreign currency risk for JPY, CHF and U.S. \$ is as follows:

	Rupees	JPY	CHF	U.S.\$
	----- in thousand -----			
2020				
Funded				
Bills payable	0	0	0	0
Unfunded				
Outstanding letters of credit	1,197	767	0	0
Total exposure	<u>1,197</u>	<u>767</u>	<u>0</u>	<u>0</u>
2019				
Funded				
Bills payable	99,907	0	14	591
Unfunded				
Outstanding letters of credit	2,300	842	0	6
Total exposure	<u>102,207</u>	<u>842</u>	<u>14</u>	<u>597</u>

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2020	2019	2020	2019
JPY to Rupee	1.46	1.20	1.56	1.53
CHF to Rupee	159.30	160.17	173.10	168.61
U.S. \$ to Rupee	156.53	141.96	168.40	164.50

Sensitivity analysis

Not applicable as at June 30, 2020 as no funded foreign currency liability was outstanding on the aforementioned date; (as at June 30, 2019, if Rupee had strengthened by 10% against CHF and U.S.\$ with all other variables held constant, profit before taxation for the preceding year would have been higher by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign

Effect on profit for the preceding year:	2020	2019
	Rupees in thousand	
CHF to Rupee	0	236
U.S. \$ to Rupee	0	9,722

The weakening of Rupee against CHF and U.S. \$ would have had an equal but opposite impact on preceding year's profit after taxation.

The sensitivity analysis prepared was not necessarily indicative of the effects on profit for the preceding 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

	2020	2019	2020	2019
	Effective rate		Carrying amount	
	%	%	Rupees in thousand	
Fixed rate instruments				
Financial assets				
Bank balances	6.5 to 11.25	6 to 8	507	195
Variable rate instruments				
Financial liabilities				
Short term finances	9.34 to 16.55	7.92 to 15.87	1,085,758	799,826

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 statement of profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2020, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss before taxation for the year would have been higher / lower by Rs. 10.858 million mainly as a result of higher interest expense on variable rate financial liabilities; (2019: profit before taxation for the year would have been lower / higher by Rs.7.998 million mainly as a result of higher 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.

36.4 Credit risk exposure and concentration of credit risk

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

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

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

Exposure to credit risk

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

	2020	2019
	Rupees in thousand	
Security deposits	1,543	1,395
Trade debts	9,909	20,003
Due from Associated Company	4,851	0
Bank balances	9,928	3,085
	26,231	24,483

All the trade debts at the reporting date represent domestic parties.

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

Not past due	9,836	20,003
Past due more than one year	73	0
	9,909	20,003

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. 9.389 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

36.5 Liquidity risk

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

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

	Carrying amount	Contractual cash flows having maturity of less than one year	Contractual cash flows having maturity of upto three years
2020			
	- - - Rupees in thousand - - -		
Lease liabilities	7,514	2,671	5,514
Trade and other payables	333,979	333,979	0
Unclaimed dividends	294	294	0
Accrued mark-up	32,023	32,023	0
Short term finances	1,085,758	1,143,263	0
Redeemable preference shares	1,192	1,192	0
	1,460,760	1,513,422	5,514
2019			
Trade and other payables	345,523	345,523	0
Unclaimed dividends	294	294	0
Accrued mark-up	18,351	18,351	0
Short term finances	799,867	848,421	0
Redeemable preference shares	1,193	1,193	0
	1,165,228	1,213,782	0

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

37. MEASUREMENT OF FAIR VALUES

The management, during October, 2019, has engaged an independent external Valuer to carry out valuation of its freehold land, buildings on freehold land, plant & machinery and generators. Selection criteria included market knowledge, reputation, independence and whether professional standards were maintained. When measuring the fair value of an asset, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

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

38. 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 dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, lease liabilities, mark-up bearing short term finances less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2020 and June 30, 2019 is as follows:

	2020	2019
	Rupees in thousand	
Lease liabilities	7,514	0
Short term finances	1,085,758	799,867
Cash and bank balances	(11,160)	(5,130)
Net debt	<u>1,082,112</u>	<u>794,737</u>
Share capital	47,848	47,848
Capital redemption reserve	6,694	6,694
Tax holiday reserve	350	350
Share premium reserve	11,409	11,409
Revaluation surplus on property, plant and equipment	2,373,502	2,294,376
General reserve	371,530	371,530
Unappropriated profit	484,006	514,546
Equity	<u>3,295,339</u>	<u>3,246,753</u>
Capital	<u>4,377,451</u>	<u>4,041,490</u>
Gearing ratio (Net debt / (Net debt + Equity))	<u>24.72%</u>	<u>19.66%</u>

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executives	
	2020	2019	2020	2019	2020	2019
-----Rupees in thousand-----						
Managerial remuneration	6,336	6,435	18,942	19,299	75,478	86,817
Bonus / ex-gratia	434	434	1,160	972	4,716	3,963
Retirement benefits	528	528	1,258	1,176	5,210	5,609
Leave salary	476	477	1,362	1,276	5,227	4,847
Medical	312	271	372	237	2,164	1,701
Utilities	507	546	907	905	743	728
	8,593	8,691	24,001	23,865	93,538	103,665

No. of persons	1	1	1	1	8	8
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39.1 Meeting fees of Rs. 840 thousand (2019: Rs.980 thousand) were also paid to seven (2019: six) non-working directors during the year.

39.2 Chief executive, one (2019: one) working director and all 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.

39.3 Also refer contents of note 22.3.

40. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES

40.1 The Company's shareholders vide a special resolution dated March 30, 2017 have enhanced the previous approved limit of Rs.5.000 million to Rs.12.500 million on account of transactions among Associated Companies of the Group, which fall under normal trade transactions for sale and purchase of store and spare parts, purchase of raw materials and certain other related transactions not falling within the preview of section 208 of the repealed Companies Ordinance, 1984 (now section 199 of the Companies Act, 2017) or the regulations made thereunder.

40.2 Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs. 5.844 million (2019: Rs.6.425 million).

40.3 Mark-up on Associated Companies' balances has not been accrued during the current and preceding years as the Company has executed no such transactions attracting mark-up accrual.

40.4 The related parties of the Company comprise of Associated Companies, its directors, key management personnel and employees' provident fund. The Company in the normal course of business carries-out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Amounts due to / from them are disclosed in the relevant notes. 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	2020 Rupees in thousand	2019
Babri Cotton Mills Ltd.	Associated Company	Residential rent - paid	0	48
		- received	2,128	1,851
		Utilities / expenses:		
		- paid	0	25
		- received	127	97
		Salaries & benefits recovered	3,128	2,879
		Purchase of cotton	32,777	0
Bannu Woollen Mills Ltd.	-do-	Utilities / expenses received	100	97
		Salaries & benefits - paid	436	410
		- recovered	2,391	2,147
		Dividend received	0	1,829
		Sale of raw materials	463	1,014
Rahman Cotton Mills Ltd.	-do-	Salaries & benefits recovered	0	368
		Expenses recovered	0	21
Gammon Pakistan Ltd.	-do-	Rent paid	150	150
Ghandhara Nissan Ltd.	-do-	Salaries & benefits recovered	1,958	1,709
		Expenses recovered	100	97
Ghandhara Industries Ltd.	-do-	Salaries & benefits recovered	1,958	1,709
		Expenses recovered	100	97
The Universal Insurance Company Ltd.	-do-	Salaries & benefits recovered	1,958	1,709
		Expenses recovered	100	97
Other related parties				
Staff retirement fund		Contribution paid to employees' provident fund	22,158	22,979

40.5 Year-end balance was as follows:

Due from Babri Cotton Mills Ltd.	4,851	0
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40.6 Also refer contents of notes 22.3 and 39.**41. OPERATING SEGMENT**

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

41.1 Yarn sales represent 97.14% (2019: 96.80%) of the total sales of the Company.

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

41.3 All non-current assets of the Company as at June 30, 2020 are located in Pakistan.

41.4 The Company does not have transactions with any customer which amount to 10% or more of its sales.

42. CAPACITY AND PRODUCTION	2020	2019
	---- Numbers ----	
Spindles installed	64,704	64,704
Rotors installed	600	600
Shifts worked	1,023	1,095
Spindles / rotors shifts worked	64,928,165	69,453,109
	----KGs.----	
Installed capacity at 20's count on the basis of shifts worked	27,424,214	28,677,975
Actual production of yarn of all counts	5,006,399	5,938,426
Actual production converted into 20's count	26,653,953	27,860,556

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.

43. NUMBER OF EMPLOYEES	2020	2019
	----- Numbers -----	
Number of permanent employees as at June 30,	<u>1,110</u>	<u>1,149</u>
Average number of permanent employees during the year	<u>1,100</u>	<u>1,114</u>

44. PROVIDENT FUND RELATING DISCLOSURES

The Company, during the financial year ended June 30, 2018, has introduced funded contributory employees' provident fund scheme for all its permanent and eligible employees. The following information is based on the audited financial statements of the provident fund:

	2020	2019
	Rupees in thousand	
Size of the fund - total assets	<u>65,160</u>	<u>39,799</u>
Cost of investments made in Regular Income Certificates	<u>58,400</u>	<u>37,400</u>
Fair value of investments made	<u>64,892</u>	<u>39,422</u>
	----- % -----	
Percentage of investments made	<u>89.63</u>	<u>93.97</u>

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

45. IMPACT OF COVID-19 (CORONA VIRUS)

During March, 2020, Pakistan has enacted protection measures against COVID - 19 with a significant impact on daily life and supply chain. The evolution of COVID - 19 as well as its impact on Pakistan economy is very severe. The management has monitored the situation to ensure safety of its workers by introducing fool proof anti COVID - 19 measures and smooth operation of its business.

On March 23, 2020, the Government of the Khyber Pakhtunkhwa announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 24, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations with effect from April 01, 2020 and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. It is also expected that the outbreak may result in lower demand for the Company's products in the foreseeable future. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- the impairment of assets under IAS 36, 'Impairment of non-financial assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- deferred taxation in accordance with IAS 12, 'Income taxes'
- provisions and contingent liabilities under IAS 37 ; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

46. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Short term finances	Accrued mark-up	Total
----- Rupees in thousand -----				
Balance as at June 30, 2018	0	1,142,370	19,818	1,162,188
Changes from financing activities				
Finances obtained net of repayments	0	(342,503)	0	(342,503)
Finance cost paid	0	0	(96,724)	(96,724)
	0	(342,503)	(96,724)	(439,227)
Other changes				
Mark-up expense for the year	0	0	95,257	95,257
Balance as at June 30, 2019	0	799,867	18,351	818,218
Changes from financing activities				
Finances obtained net of repayments	5,784	285,891	0	291,675
Finance cost paid	0	0	(109,607)	(109,607)
	5,784	285,891	(109,607)	182,068
Other changes				
Mark-up expense for the year	0	0	123,279	123,279
Balance as at June 30, 2020	5,784	1,085,758	32,023	1,123,565

47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 24, 2020 by the board of directors of the Company.


48. GENERAL

48.1 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..

48.2 EVENT AFTER THE REPORTING DATE

The Board of Directors, in the meeting held on August 12, 2020, has discussed the matter of merger of Babri Cotton Mills Ltd. (BCM) with the Company and approved the merger of both the Companies. Further, the Board of the Company, in the meeting held on September 24, 2020 on the offer of Board of BCM, has decided to take the factory buildings and plant & machinery of BCM on lease in order to keep the plant & machinery of BCM in excellent working condition. This is a stop gap / interim arrangement till the completion of merger of both the entities.


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


Col. (Retd) Syed Yunus Ali Raza
Director


Amin-ur-Rasheed
Chief Financial Officer

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 60th Annual General Meeting of the Company to be held at Registered Office, Habibabad, Kohat on October, 21 2020 at 11:00 A.M and at any adjournment thereof.

Witnesses:

1. As witness my hand this _____ day of _____ 2020.

Signed by the said member in the presence of _____

2. As witness my hand this _____ day of _____ 2020.

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 Folio No.	For CDC Account Holders		Shares Held
	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.

