

BIBOJEE GROUP



61st

ANNUAL
REPORT

2021

JANANA
DE MALUCHO

TEXTILE MILLS LIMITED

يَارَبُّ الْعِزَّةِ

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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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. AHMAD KULI KHAN KHATTAK 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 THE BANK OF KHYBER MEEZAN BANK LIMITED 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 61st Annual General Meeting (AGM) of the company will be held at the registered office of the Company, Habibabad, Kohat on **Saturday the 23rd October 2021 at 11:30 A.M.** to transact the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 13th March 2021.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended 30th June 2021 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. To appoint Auditors for the financial year 2021-22 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.

ANY OTHER BUSINESS:

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

By order of the Board



ABID RAZA

Company Secretary

Kohat

Dated: **2nd October 2021**

NOTES:

1. The register of members of the Company will remain closed from 16th October 2021 to 23rd October 2021 (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 on 15th October, 2021 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. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

4. 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 also bring Board's resolution/Power of Attorney with specimen signatures required for the purpose.
5. Pursuant to provisions of section 134 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.
6. Due to current Covid-19 situation, the AGM proceedings can also be attended via video link facility. Shareholders interested to participate in the AGM are requested to email their Name, Folio Number, Number of shares held in their name, Cell Number, CNIC Number (along with valid copy of both sides of CNIC) with subject "Registration for Participation in AGM" at janana_textile@hotmail.com. Video link and login credentials shall be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.
7. Members are requested to notify immediately of any change in their addresses.
8. The members who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services in the CDC.
9. As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.
10. The notice of Annual General Meeting and Audited financial statements for the year ended 30th June 2021 have been placed at the Company's website.

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ کھپنی کا 61 واں سالانہ اجلاس عام (AGM)، کھپنی کے رجسٹرڈ دفتر، حبیب آباد، کوہاٹ درج ذیل امور کی انجام دہی کیلئے بروز ہفتہ 23 اکتوبر 2021ء صبح 11:30 بجے منعقد ہوگا۔

عام امور:

1- 13 مارچ 2021 کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔

2- 30 جون 2021 کو ختم ہونے والے سال کے لئے کھپنی کے آڈٹ شدہ مالی حسابات مع اداں پر چیئرمین کا جائزہ، ڈائریکٹرز اور ڈیپوٹی چیئرمین پر غور و خوض اور منظوری دینا۔

3- مالی سال 2021-22 کے لئے آڈٹرز کا تقرر اور معائنہ کا تعین کرنا۔ رجسٹرار ہونے والے آڈٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور اہل ہونے کی بناء پر وہ بارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

دیگر امور

4- صاحب صدر کی اجازت سے کسی دیگر امور پر کارروائی کرنا۔

کوہاٹ

02 اکتوبر 2021ء

بجگم پورڈ
عابد رضا
کھپنی سیکریٹری

نوٹ:

1- کھپنی کے ممبران کا رجسٹرڈ 16 اکتوبر 2021ء تا 23 اکتوبر 2021ء (بشمول دو دنوں ایام) بند رہے گا۔ منگھلیاں کھپنی کے شیئرز رجسٹرار کے دفتر میسرز ڈون کسٹلنگ لمیٹڈ، C-3 ایل ڈی اے فلیٹس، پہلی منزل، لارنس روڈ، لاہور (شیئرز رجسٹرار) میں 15 اکتوبر 2021ء کو کاروبار کے اختتام تک وصول ہونے والی ٹرانسفرز کے نام میں رجسٹریشن اور AGM میں شرکت اور ونگ کے مقصد کے لئے بروقت تصور ہوگی۔

2- اجلاس میں شرکت اور ووٹ دینے کا مستحق کوئی ممبر اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر ممبر کو اپنا ایجنٹی پراسی مقرر کر سکتا رہتی ہے۔ باقاعدہ مکمل شدہ پراسی فارم اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کھپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانی چاہئیں۔

3- سی ڈی سی اکاؤنٹ ہولڈرز کو ممبر بر آف سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری شدہ سرگولڈ نمبر 1 آف 2000 مورخہ 26 جنوری 2000 میں دی گئی گائیڈ لائنز کی پیروی کرنا ہوگی۔

4- سی ڈی سی کا کوئی انفرادی مالک جو اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ہو کو اپنی شناخت ثابت کرنے کے لئے اپنا CNIC لایا سپورٹ لازماً ساتھ لانا چاہئے، اور پراسی کی صورت میں اپنے CNIC لایا سپورٹ کی تصدیق کا پانی لازماً لف کرنا چاہئے۔ کارپوریٹ اداروں کے نمائندہ کو اس مقصد کے لئے نمونہ دستخط کے ساتھ پورڈ کی قرارداد اختیار نامہ لانا چاہئے۔

5- کمپنیز ایکٹ، 2017 کے سیکشن 134 کی پرویز کے مطابق، اگر کھپنی 10 فیصد یا اس سے زیادہ شیئرز ہولڈنگ رکھنے والے ارکان جو جغرافیائی محل وقوع میں رہائش پذیر ہوں وہ پورڈ کی طرف سے اجلاس میں شرکت کی رضامندی اجلاس کی تاریخ سے کم از کم سات (7) دن پہلے وصول کرنی ہے تو، کھپنی اس شہر میں پورڈ کی طرف سے اس شہر میں ایسی سہولت کا بندوبست کرے گی جو اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہے۔

6- Covid-19 کی موجودہ صورت حال کی وجہ سے، AGM کارروائی میں ڈیپولنگ سہولت کے ذریعے بھی شرکت کی جاسکتی ہے۔ پورڈ کی طرف سے AGM میں شرکت کے خواہشمند شخص داروں سے درخواست کی جاتی ہے کہ وہ "janana_textile@hotmail.com" پر عنوان "AGM میں شرکت کے لئے رجسٹریشن" کے ساتھ اپنا نام، فوٹیو نمبر، ان کے نام میں ملکیتی حصص کی تعداد، موبائل نمبر، CNIC نمبر (کارآمد CNIC کے دونوں اطراف کی نقل کے ساتھ) ای میل بھیج کر کھپنی کے ہاں اپنا اندراج کروائیں۔ کھپنی ڈیپولنگ اور لاگ ان کی تفصیلات صرف ان ممبران کو ارسال کرے گی، جن کی ای میل پر تمام مطلوبہ کوائف کے بشمول AGM کے وقت سے کم از کم 48 گھنٹے قبل وصول ہو گئی ہوں۔

7- ارکان سے درخواست ہے کہ اپنے بچوں میں کسی تبدیلی کی فوری اطلاع دیں۔

8- وہ ممبران جو ڈی میٹرلائزڈ فارم میں شیئرز رکھتے ہیں ان سے درخواست کی جاتی ہے کہ وہ سی ڈی سی میں اپنے شرکا/سرمایہ کار کا راکاؤنٹ سرور کو مناسب طریقے سے مندرجہ ذیل پورڈ بینک مینڈیٹ فارم جمع کرائیں۔

9- کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق، ہر موجودہ ہولڈر کھپنی کو اپنے فزیکل شیئرز کو ایک ایٹری فارم کے ساتھ کمیشن کی طرف سے مرجع انداز میں اور نوٹیفائیڈ تاریخ سے ایکٹ کے آغاز یعنی 30 مئی 2017 سے کم از کم چار سالوں کی مدت کے اندر تبدیل کرنے کی ضرورت ہوگی۔ فزیکل شیئرز ہولڈنگ رکھنے والے شیئرز ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ کسی بھی بروکرز کے ہاں سی ڈی سی ڈی اے اکاؤنٹ کھولیں یا براہ راست سی ڈی سی کے ہاں انویسٹرا کاؤنٹ کھولا جائے تاکہ وہ اپنے فزیکل شیئرز کو سکرپٹ لیسٹکل میں رکھ سکیں۔

10- 30 جون 2021 کو ختم ہونے والے سال کے لئے کھپنی کے آڈٹ شدہ مالی حسابات اور اطلاع برائے سالانہ اجلاس عام کھپنی کی ویب سائٹ پر دستیاب ہیں۔

CHAIRMAN'S REVIEW

I am pleased to present the review for the year ended June 30, 2021, 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 AND EFFECTIVENESS

The Board, being responsible for the management of the Company, provides strategic direction to the management and approves all major policies and strategies to effectively and efficiently manage all the affairs of the Company.

The Board meets at least once every quarter to consider and approve the financial and operating results of the Company. During current financial year 2020-2021, five Board meetings and four audit committee meetings have been conducted. The Board strictly monitored its own performance along with the performance of its sub-committees. Accordingly, the Board has completed its annual self-evaluation for the year 2020-21 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2020-21, remained satisfactory and the Board has effectively discharged its responsibilities towards the Company. In addition to this, the Board also ensured compliance with all applicable rules and best corporate governance 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.

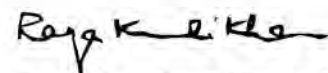
REVIEW OF BUSINESS PERFORMANCE

The turnover of the Company has increased by Rs.2,855.734 million (i.e.103.67%) as compared to the previous year, which is by all means a great achievement of the Company's management. The Company has capitalized very effectively on the opportunities available in the yarn market which has helped the Company to earn profit from operations amounting to of Rs.594.674 million, in comparison with Rs.163.708 million in the previous year. The Company, in the year under report has earned a profit before tax amounting to Rs.434.368 million and a profit after tax of Rs.273.104 million respectively, in comparison with loss before tax of Rs.60.203 million and loss after tax for Rs.101.510 million respectively, in the previous year.

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 23, 2021



Raza Kuli Khan Khattak
Chairman

چیئر مین کا جائزہ

میں 30 جون، 2021 تک فہم 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 2020-21 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 عملی درجے کی پیشہ ورانہ مہارت اور کاروباری طرز عمل کو برقرار رکھنے کے لئے کمپنی کے طریقہ کار میں تبدیلی کر لی گئی ہے۔ رسک مینجمنٹ فریم ورک، موثر اندرونی کنٹرول اور آڈٹ کے افعال کو نافذ کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ یومیہ آپریشن بورڈ کے ذریعہ وضع کردہ مجموعی حکمت عملی پر عمل ہو سکے۔

اس کے مطابق، بورڈ نے سال 2020-21 کے لئے اپنی سالانہ خود تھیسس مکمل کر لی ہے اور مجھے یہ خوشی ہوئی ہے کہ سال 2020-21 کے لئے مقرر کردہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار اطمینان بخش رہی۔

کاروباری معاملات کا جائزہ:

کمپنی کے کاروبار میں پچھلے سال کے مقابلے میں 2,855.734 ملین روپے (یعنی %103.67) کا اضافہ ہوا ہے جو کہ ہر طرح سے کمپنی کی انتظامیہ کی ایک بڑی کامیابی ہے۔ یارن مارکیٹ میں دستیاب مواقع پر کمپنی نے بہت مؤثر طریقے سے فائدہ اٹھایا ہے جس سے کمپنی کو گزشتہ سال کے 163.708 ملین روپے کے مقابلے میں 594.674 ملین روپے کے آپریٹنگ سے منافع کمانے میں مدد ملی ہے۔ کمپنی کی رپورٹ کے تحت سال میں ٹیکس سے پہلے منافع 434.368 ملین روپے اور ٹیکس کے بعد منافع بالترتیب 273.104 ملین روپے حاصل کیا ہے، جبکہ پچھلے سال میں بالترتیب ٹیکس سے پہلے کا نقصان 60.203 ملین روپے تھا اور ٹیکس کے بعد نقصان 101.510 ملین روپے تھا۔

اعتراف

بورڈ آف ڈائریکٹرز کی طرف سے میں اپنے شیئر 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۔

Raza Khatun

رضاعلیٰ خان خٹک

چیئر مین

ستمبر 23، 2020

DIRECTORS REPORT TO THE SHAREHOLDERS

The directors of your Company have pleasure in presenting their report, together with the 61st Annual Report, containing Audit Report and the Audited Financial Statements of the Company for the year ended 30th June, 2021.

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	2020-21	(Restated) 2019-20
	Rupees in million	
Sales-net	5,610.298	2,754.564
Cost of sales	(4,835.246)	(2,495.305)
Gross profit	775.052	259.259
Profit from operations	594.674	163.708
Profit / (loss) before taxation	434.368	(60.203)
Profit / (loss) after taxation	273.104	(101.510)
	----- Rupees -----	
Earnings / (loss) per share	57.08	Restated (21.22)

By the Grace of Allah, this has been a phenomenal year for the Company in terms of turnover and profit earning. The Company, during the year ended 30 June, 2021, has been able to achieve a net turnover of Rs.5,610.298 million as compared to Rs. 2,754.564 million in the last year. There is an increase of Rs.2,855.734 million (i.e.103.67%) in the turnover as compared to the previous year, which is by all means a great achievement of the Company's management. The company has been able to accomplish this milestone mainly due to increase in yarn sales prices and increase in quantity sold. After their opening post lockdown, the yarn markets have remained quite productive and active due to increase in demand in the value-added sector of the textile industry. The Company has capitalized very effectively on the opportunities available in the yarn market which has helped the Company to earn profit from operations amounting to of Rs.594.674 million, in comparison with Rs.163.708 million in the previous year. The Company, in the year under report has earned a profit before tax amounting to Rs.434.368 million and a profit after tax of Rs.273.104 million respectively, in comparison with loss before tax of Rs.60.203 million and loss after tax for Rs.101.510 million respectively, in the previous year.

We would also like to inform the members of the Company, of the progress in the merger of Babri Cotton Mills Ltd. (BCM) with the Company. The members of both the companies in

their respective extra ordinary general meetings (EOGMs) held on 13th March 2021, have approved the merger / amalgamation of both the companies and have also given approval of the swap ratio of shares to be issued to the members of BCM upon merger. After the approval of members, in the respective EOGMs of the Companies, a petition has been filed with the Honorable Peshawar High Court for its approval of the merger of both the companies.

DIVIDENDS

Considering the future capital investments & BMR in the machinery of the Company to enhance its generation, the directors have recommended cash dividend of Rs. Nil per share i.e. Nil% (June 30, 2020: Rs. Nil% per share).

GENERAL ECONOMIC REVIEW

The post-pandemic economic recovery and prospects of a good economic growth are visible. Favorable government reforms for the sustainable growth have built investors' confidence and allowed the local industry to flourish in both the local and international market in the current financial year. During the year, the exports of the Country have increased by 18.3% to USD 25.3 billion as compared to USD 21.4 billion in the last year. The increase in overall exports is contributed mainly by the growth in exports of textile sector especially the value-added products.

In the outgoing financial year, the annual inflation was recorded at 8.90pc against 10.74pc in the previous year. Inflation eased to 8.4 per cent in July, from 9.7pc in June, on the back of a slight drop in prices of food products. The ease had started in April when it reached 11.1pc. The decline is mainly led by a drop in agriculture products. The subdued production of sugar and wheat had also contributed to an increase in food inflation in the last two years. On the other hand, the government has increased prices of petroleum products substantially, causing a rise in non-food inflation.

FUTURE PROSPECTS

Post-pandemic Pakistan's economy has shown significant signs of economic recovery. The Govt. is taking growth-oriented initiatives and will continue to follow the positive reform momentum which will help to boost the competitiveness of Pakistan's economy and lay a strong foundation for a more robust, inclusive and sustainable recovery.

However, while looking into future prospects from the perspective of textile spinning sector, the signs are not very encouraging. Once again, the cotton cultivation area has dropped sharply in both the cotton-producing provinces, creating fear of a major decline in production, which has resulted in the increase in the initial cotton trading price to an 11-year high i.e. 14,000/- per maund. Cotton traders and ginners are sure that the country would not achieve the target of 10.5 million bales set for this season. The previous season, which ended

in March 2021, could hardly produce 5.6m bales against the target of 11m bales set by the government. If the estimates of ginner and traders prove correct, the country would have to import cotton worth \$2 billion to \$3bn. This huge import would practically neutralize the impact of higher textile exports, and that would cost heavily to a country struggling to reduce trade deficit. Mounting dollar-rupee disparity is another worry for the cotton importers because it is going to substantially increase the costs.

Therefore, it is quite necessary that the Govt. takes necessary steps and develop essential policies to neutralize the dangers to and impediments being faced by the textile industry because it is the backbone of its exports revenue. We therefore urge the Govt. to take further remedial measures to ensure that economy stays on the right path and continues to grow positively.

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. Any departure thereof has been adequately disclosed.
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, 2021, 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, 2021.

COMPOSITION OF THE BOARD

The Board comprised of two independent Directors, one executive Director and four non-executive Directors (including a female director). The Directors of the Company were elected/

re-elected in Extraordinary General meeting of the Company held on May 21, 2020. The Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board.

Apart from their mandatory job requirements, the performance of the Board of our Company is evaluated annually along with the following parameters, both at individual and collective levels.

- 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 2020-21.

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 2020-21.

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. Ahmad Kuli Khan Khattak | Member | Non-Executive Director |
| 4. Mrs. Shahnaz Sajjad Ahmad | Member | Non-Executive Director |

* Mr. Ahmad Kuli Khan Khattak was appointed as member HR& R Committee on 24 September, 2020 after Mr. Gohar Ayub Khan stepped down as a member.

MEETINGS OF BOARD AND ITS COMMITTEES IN 2020-21

During the year 2020-21, 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	-	-	4/5	-	-
2	Lt. Gen. (Retd) Ali Kuli Khan Khattak	-do-	-	✓	5/5	-	1/1
3	Mr. Ahmad Kuli Khan Khattak	Elected on May 21, 2020	✓	✓	5/5	4/4	1/1
4	Mr. Gohar Ayub Khan	Re-elected on May 21, 2020	-	-	5/5	-	-
5	Mrs. Shahnaz Sajjad Ahmad	-do-	-	✓	5/5	-	1/1
6	Brig. (Retd) Abdul Samad Khan	-do-	✓	-	0/5	4/4	-
7	Col. (Retd) Syed Yunus Ali Raza	-do-	✓	✓	5/5	4/4	1/1

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 2020-21, please refer to note no41 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, 2021 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, 2021.

I. GOVERNMENT SECTOR	(Rs. In Million)
Sales Tax paid	1,101.922
Income Tax paid	81.883
Power & Fuel	580.897
Financial Institution/ Banks	50.289
II. SOCIAL SECTOR	
Employees/Workers' salaries, Wages and other benefits	728.074

We are also providing employment to 1,312 workers (1,312 families with an average of 8 family members in KPK province) the employment cost of which shall now be about Rs. 728.074 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. Furthermore, in an effort to combat the COVID-19 impact on the society, the Company is fully compliant with all the SOPs. In addition to this, the Vaccination drive was arranged for the employees in order to ensure health and safety of the employees.

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.

MATERIAL CHANGES

There have been no material changes since June 30, 2021 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

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) because the Company, after the decision of the Supreme Court of Pakistan (SCP) dated 13-08-2020 and its judgment of the review petition dated 02-11-2020, has challenged the levy of GIDC in the Peshawar High Court (PHC), 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 a stay order against recovery of GIDC under Section 8(2) of the GIDC Act, 2015, because the Company, being a spinning unit and producing raw material for weaving sector has not passed on burden of GIDC to its customers. 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 case is pending adjudication and the lawyers hired by KPTMA have said that our case is very strong and valid, so we are hopeful that the decision of the Courts will be in favour of the Company and the spinning industry.

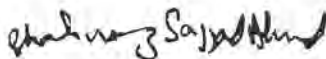
APPOINTMENT OF AUDITORS:

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.

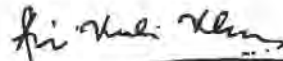
ACKNOWLEDGEMENT:

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.

On behalf of the Board of Directors



**Shahnaz Sajjad Ahmad
Director**



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

Dated: September 23, 2021

ڈائریکٹرز رپورٹ برائے حصص یافتگان

یورڈ آف ڈائریکٹرز کی جانب سے، 61 ویں سال 30 جون 2021 کے ختم ہونے پر کمپنی کے آڈیٹر کی جاری کردہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ۔

کمپنی کی بنیادی سرگرمی سوتربانا اور پتپتا ہے۔ پچھلے سال کے مقابلے میں کمپنی کے مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہیں۔

2020	2021	
	روپے ملین میں	
2,754.564	5,610.298	فروخت
(2,495.305)	(4,835.246)	فروخت کی لاگت
259.259	775.052	عمدوری منافع
163.708	594.674	آپریٹن سے منافع
(60.203)	434.368	ٹیکس سے پہلے منافع (تقصان)
(101.510)	273.104	ٹیکس سے بعد منافع (تقصان)

(21.22)	57.08	آمدنی (تقصان) فی شیئر

اللہ تعالیٰ کے فضل و کرم سے، کمپنی کے لیے کاروبار اور منافع کمانے کے لحاظ سے یہ ایک شاندار سال رہا ہے۔ 30 جون، 2021 کو ختم ہونے والے سال کے دوران، گزشتہ سال کے مقابلے میں 5,610.298 ملین روپے کا خالص کاروبار حاصل کرنے میں کامیاب رہی ہے۔ جو کہ پچھلے سال 2,754.564 ملین روپے تھا۔ گزشتہ سال کے مقابلے میں کاروبار میں 2,855.734 ملین روپے (یعنی %103.67) کا اضافہ ہوا ہے، جو کہ ہر طرح سے کمپنی کی انتظامیہ کی ایک بڑی کامیابی ہے۔ کمپنی اس سنگ میل کو حاصل کرنے میں کامیاب رہی ہے جس کی بنیادی وجہ یاران کی فروخت کی قیمتوں میں اضافہ اور فروخت کی گئی مقدار میں اضافہ ہے۔ لاک ڈاؤن ختم ہونے اور سوتربانی منڈیوں کے کھولنے کے بعد، ٹیکسٹائل انڈسٹری کی ویلیو ایڈڈ ایکٹیویٹی میں طلب میں اضافے کی وجہ سے سوتربانی منڈیاں کافی فعال رہی ہیں۔ یاران مارکیٹ میں دستیاب مواقع پر کمپنی نے بہت مؤثر طریقے سے فائدہ اٹھایا ہے جس سے کمپنی کو گزشتہ سال کے 163.708 ملین روپے کے مقابلے میں 594.674 ملین روپے کے آپریٹن سے منافع کمانے میں مدد ملی ہے۔ کمپنی نے رپورٹ کے تحت سال میں ٹیکس سے پہلے منافع 434.368 ملین روپے اور ٹیکس کے بعد منافع بالترتیب 273.104 ملین روپے حاصل کیا ہے، جبکہ پچھلے سال میں بالترتیب ٹیکس سے پہلے 60.203 ملین روپے کا نقصان ہوا اور ٹیکس کے بعد نقصان 101.510 ملین روپے تھا۔

ہم کمپنی کے ممبروں کو بھی بتانا چاہیں گے کہ کمپنی کے ساتھ باری کاشن ملز لمیٹڈ کے انضمام کی پیش رفت کے بارے میں۔ دونوں کمپنیوں کے ممبران نے 13 مارچ 2021 کو تصدیق ہونے والی اپنی غیر معمولی عام میٹنگ میں دونوں کمپنیوں کے انضمام کی منظوری دی ہے اور شیئرز کے تبادلے کے تا سب کی منظوری بھی دی ہے۔ انضمام پر باری کاشن ملز لمیٹڈ کے ممبران کی منظوری کے بعد، کمپنیوں کے متعلق اپنی غیر معمولی عام میٹنگ میں، دونوں کمپنیوں کے انضمام کی منظوری کے لیے معزز پٹا اور ہائی کورٹ میں ایک درخواست دائر کی گئی ہے۔

ڈیویڈنڈ

مستقبل کی سرمایہ کاری اور کمپنی کی مشینری میں BMR کی مدد سے پیداوار کو بڑھانے کے لیے، ڈائریکٹرز نے نقد منافع تو دینے کی سفارش کی ہے۔

عمومی مارکیٹ کی حالت

وہابی امراض کے بعد معاشی بحالی اور اچھی معاشی نمو کے امکانات نظر آ رہے ہیں۔ پائیدار ترقی کے لیے سازگار حکومتی اصلاحات نے سرمایہ کاروں کا اعتماد بڑھایا ہے اور مقامی صنعت کو رواں مالی سال میں مقامی اور بین الاقوامی مارکیٹ دونوں میں ترقی کی اجازت دی ہے۔ سال کے دوران، ملک کی برآمدات 18.3 فیصد بڑھ کر 25.3 بلین امریکی ڈالر ہو گئی ہیں جبکہ گزشتہ سال 21.4 بلین ڈالر تھی۔ مجموعی برآمدات میں اضافہ بنیادی طور پر ٹیکسٹائل سیکٹر خاص طور پر ویلیو ایڈڈ مصنوعات کی برآمدات میں اضافے کی وجہ سے ہوا ہے۔

ختم ہونے والے مالی سال میں سالانہ افراط زر 8.90 فیصد ریکارڈ کیا گیا جو گزشتہ سال 10.74 فیصد تھا۔ ایشیائی خوردوش کی قیمتوں میں معمولی کمی کی وجہ سے جولائی میں مہنگائی کم ہو کر 8.4 فیصد ہو گئی جو جون میں 9.7 فیصد تھی۔ افراط زر میں کمی اپریل میں شروع ہوئی تھی جب یہ 11.1 فیصد تک پہنچ گئی تھی۔ زوال کی بنیادی وجہ زراعت کی مصنوعات میں کمی ہے۔ چینی اور گندم کی کم پیداوار نے گزشتہ دو سالوں میں خوراک کی افراط زر میں اضافے میں بھی حصہ لیا۔ دوسری جانب حکومت نے پٹرولیم مصنوعات کی قیمتوں میں خاطر خواہ اضافہ کیا ہے جس کی وجہ سے غیر خوراک کی افراط زر میں اضافہ ہوا ہے۔

مستقبل کا نقطہ نظر

دہائی مرض کے بعد پاکستان کی معیشت نے معاشی بحالی کے نمایاں نشانات دکھائے ہیں۔ حکومت ترقی پر مبنی اقدامات کر رہی ہے اور مثبت اصلاحی رفتار پر عمل پیرا ہے جس سے پاکستان کی معیشت کی مسابقت کو بڑھانے میں مدد ملے گی اور زیادہ مضبوط، جامع اور پائیدار بحالی کی مضبوط بنیاد رکھی جائے گی۔

تاہم، ٹیکسٹائل اسپننگ سیکٹر کے نقطہ نظر سے مستقبل کے امکانات کو دیکھتے ہوئے، نشانیاں زیادہ حوصلہ افزا نہیں ہیں۔ ایک ہار پھر کمپاس کی کاشت کا علاقہ کمپاس پیدا کرنے والے دو قوں صوبوں میں تیزی سے گرا ہے، جس سے پیداوار میں بڑی کمی کا خدشہ پیدا ہوا ہے، جس کی وجہ سے کمپاس کی ابتدائی قیمت 11 سال کی بلند ترین یعنی 14,000 روپے تک بڑھ گئی ہے۔ منڈیوں میں کمپاس کے تاجر اور جزو کو بقیہ میں ہے کہ ملک اس میزان کے لیے مقرر کردہ 10.5 ملین کانٹوں کا ہدف حاصل نہیں کر سکے گا۔ پچھلا بیزنس، جو مارچ 2021 میں ختم ہوا، حکومت کی جانب سے مقرر کردہ 11 ملین کانٹوں کے ہدف کے مقابلے میں مشکل سے 5.6 ملین کانٹوں پیدا کر سکی۔ اگر جزو اور تاجروں کے تخمینے درست ثابت ہوتے ہیں تو ملک کو 2 ملین ڈالر سے 3 ملین ڈالر کی کاٹن درآمد کرنا پڑے گی۔ یہ بڑی درآمد عملی طور پر زیادہ ٹیکسٹائل برآمدات کے اثرات کو بے اثر کر دے گی، اور اس سے تجارتی خسارہ کم کرنے کے لیے جدوجہد کرنے والے ملک کو بھاری قیمت چکانی پڑے گی۔ بڑھتے ہوئے ڈالر-روپے کا فرق کمپاس کے درآمد کنندگان کے لیے ایک اور پریشانی ہے کیونکہ اس سے اخراجات میں خاطر خواہ اضافہ ہوگا۔

لہذا، یہ بہت ضروری ہے کہ حکومت ٹیکسٹائل انڈسٹری کو درپیش خطرات اور کاٹنوں کو بے اثر کرنے کے لیے ضروری اقدامات کرے اور ضروری پالیسیاں تیار کرے کیونکہ یہ برآمدات کی آمدنی میں بڑھ کی بڑھ کی حیثیت رکھتی ہے۔ اس لیے ہم حکومت سے اپیل کرتے ہیں۔ اس بات کو یقینی بنانے کے لیے کہ معیشت صحیح راستے پر ہے اور مثبت ترقی کرتی رہے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک

ڈائریکٹرز کی کمیٹی آف پاکستان اور لسٹڈ کمپنیاں (کوڈ کارپوریٹ گورننس) ریگولیشنز، 2019 (سی سی جی ریگولیشنز) کے کارپوریٹ اور مالی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

- 1- کمپنی کے حسابات جس میں اکاؤنٹ کی کتابیں، نفع اور نقصان کا اکاؤنٹ، بیلنس شیٹ اور دیگر حسابات موجود ہوں ان کے تحت تیار کیے گئے ہیں۔
- 2- کمپنی کے حسابات تیار کرنے کے لیے مناسب مالیاتی پالیسیوں کا استعمال کیا ہے۔
- 3- کمپنی نے حسابات کی کتابیں موثر طریقے سے رکھی ہیں۔
- 4- بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں، ان کو مالیاتی حسابات کی تیاری میں اور اداروں میں اپنایا گیا ہے۔
- 5- 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۔
- 6- کمپنی کے حسابات کمپنی کی موجودہ کارکردگی کے عکاس ہیں اور۔
- 7- لسٹڈ کمپنیاں (کارپوریٹ گورننس) کے ضابطوں، 2019 (سی سی جی ریگولیشنز) کے بہترین طریقوں کے مطابق ہیں۔
- 8- 30/06/2021 پر کمپنی کے ذمہ دہی کی تصدیق کا قانونی ٹیکس، لیویز یا چارجز نہیں ہیں ماسوائے ان ادائیگیوں کے جو ان حسابات میں بتائی گئی ہیں۔
- 9- اس ملز کے ڈائریکٹر، چیف ایگزیکٹو، سی ایف او، کمپنی سیکرٹری، ان کے اہل خانہ اور ان کے چھوٹے بچوں نے کمپنی کے شیئر 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 6

مرد 6

خاتون 1

آزاد ڈائریکٹرز 2

ایگزیکٹو ڈائریکٹرز 1

دوسرے غیر ایگزیکٹو ڈائریکٹرز 3

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۔

- 1- قابلیت، مہارت اور متنوع نقطہ نظر کے تحت مختلف افراد کا ملنا۔
- 2- سالمیت، سادگی، اعتماد اور میروں کی فعال شرکت۔
- 3- انتظامیہ کے ذریعے طے شدہ سالانہ اہداف کی پیروی اور جائزہ۔
- 4- کمپنی کو رہنمائی اور ہدایت فراہم کرنے کی اہلیت۔

- ۵۔ کمپنی کی کارکردگی کے ایسے پہلوؤں کی نشاندہی کرنے کی اہلیت جس میں کاروائی کی ضرورت ہوتی ہے۔
 - ۶۔ انتظامیہ کی جانشینی کی منصوبہ بندی 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 شرکت 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 انگریزیکٹڈ انگریزیکٹڈ 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 بخود کاربہ جو مناسب سمجھا جاتا ہے۔ چیف فنانس آفیسر یا قاعدگی سے اکاؤنٹس پیش کرنے کے لئے دعوت کے ذریعے بورڈ آف ڈائریکٹرز کے اجلاسوں میں شرکت کرتے ہیں۔ ہر میٹنگ کے بعد کمیٹی کے چیئر مین بورڈ کو رپورٹ کرتے ہیں۔ کمیٹی نے 2020-21 کے دوران 4 بار ملاقات کی ہے۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں۔

۱۔	بریگیڈیر (ریٹائرڈ) عبدالصغفان	چیئر مین	آزاد انگریزیکٹر
۲۔	جناب احمد علی خان خٹک	رکن	غیر انگریزیکٹڈ انگریزیکٹر
۳۔	کرمل (ریٹائرڈ) سید یونس علی رضا	رکن	آزاد انگریزیکٹر

آڈٹ کمیٹی نے انہوں نے بورڈ آف ڈائریکٹرز 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 (انچ 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 منجمنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو منظور کرنے کے لئے ملاقات کی۔ کمیٹی کسی ای او نے کمیٹی کے رکن کے طور پر متفقہ ہونے والے انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 2020-21 کے دوران ایک بار ملاقات کی۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں۔

۱۔	کرمل (ریٹائرڈ) سید یونس علی رضا	چیئر مین	آزاد انگریزیکٹر
۲۔	لیفٹیننٹ جنرل (ریٹائرڈ) علی علی خان خٹک	رکن	چیف ایگزیکٹو آفیسر
۳۔	جناب احمد علی خان خٹک	رکن	غیر انگریزیکٹڈ انگریزیکٹر
۴۔	مختار شاہ شہناز سجاد	رکن	غیر انگریزیکٹڈ انگریزیکٹر

جناب احمد علی خان خٹک 24 ستمبر 2020 کو بطور ممبر انچ آرائیڈ آر کی کمیٹی مقرر کیا گیا جب جناب گوہر ایوب خان نے رکن کی حیثیت سے استعفیٰ دے دیا۔

بورڈ اور اسکی کمیٹیوں کے اجلاس:

سال 2020-21 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۔

نمبر شمار	ڈائریکٹرز کے نام	21 مئی 2020 کو حالت	کمیٹی کے ممبران		بورڈ	آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی
			حاضر	غائب				
۱۔	جناب رضا علی خان خٹک	دو بار منتخب ہوئے			4/5	•	•	•
۲۔	لیفٹیننٹ جنرل (ریٹائرڈ) علی علی خان خٹک	دو بار منتخب ہوئے		X	5/5	•	•	1/1

1/1	4/4	5/5	X	X	منتخب ہوئے	جناب احمد علی خان خٹک	۳۔
.	.	5/5			دوبارہ منتخب ہوئے	جناب گوہر ایوب خان	۴۔
1/1	.	5/5	X		دوبارہ منتخب ہوئی	سز شہناز سجاد احمد	۵۔
.	4/4	0/5		X	دوبارہ منتخب ہوئے	برگینڈیر (ریٹائرڈ) عبدالصمد خان	۶۔
1/1	4/4	5/5	X	X	دوبارہ منتخب ہوئے	کرنل (ریٹائرڈ) سید یونس علی رضا	۷۔

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 ڈائریکٹر کے ساتھ ساتھ اپنی کارکردگی کی تعینات 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:

ڈائریکٹرز کی فیس بورڈ کی منظوری کے مطابق ادا کی جاتی ہے اور کمیٹی اس حوالے سے کمپنیز ایکٹ 2017 اور سی بی جی ریگولیشنز کے مطابق باقاعدہ پالیسی رکھتی ہے۔ کمیٹی نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی سوائے اجلاسوں میں شرکت کی فیس کے۔ سال 2020-21 میں ڈائریکٹرز اور ای او کے معاوضے کے بارے میں معلومات کے لیے، براہ کرم نوٹ نمبر 41 لیاہتی بیانات سے رجوع کریں۔

جملہ پرنٹنگ اور مالی اعداد و شمار (گزشتہ چھ سال کے)

جملہ پرنٹنگ اور مالی اعداد و شمار اس کتاب میں موجود ہیں۔

شیئر ہولڈرز کا پیٹرن

30 جون 2021 پر شیئر ہولڈنگ کے پیٹرن اور اس سے متعلق اضافی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

حکومت اور سماجی شعبہ کی طرف سے ہماری کمیٹی کی شرکت

اس سال آپ کی کمیٹی نے حکومت اور سماجی شعبہ کو مندرجہ ذیل ادا کی ہے۔

رقم ملین میں

1,101.922

81.883

580.897

50.289

728.074

۱۔ حکومتی اداروں کو ادا کئے

سیلز ٹیکس کی مد میں

آگ ٹیکس کی مد میں

بجلی اور گیس کی مد میں

بینکوں کو ادائیگی

۲۔ ملازمین کی تنخواہوں، اجرتوں اور دیگر فوائد کی مد میں

ہم نے اوسط 1,320 مستقل افراد کو ملازمت دے رہے ہیں جو کہ خمیر بھرتو خوار کے صوبے میں کم از کم 18 افراد پر مشتمل 1,320 خاندان کے سہارا ہیں۔ جس کا سالانہ خرچہ 728.074 ملین روپے ہے۔

سماجی ذمہ داری برائے کارپوریٹ

ہمیں یہ 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 گرانٹرز رقم ادا کرتے ہیں جو مستحق اور غریب طلباء کے تعلیمی اخراجات کیلئے خرچ کی جاتی ہے۔

صحت، حفاظت اور ماحول:

ہم صحت، حفاظت اور ماحولیات کے اعلیٰ ترین معیار کو برقرار رکھنے پر پختہ یقین رکھتے ہیں تاکہ ان لوگوں کی فلاح و بہبود کو یقینی بنایا جاسکے جو ہمارے ساتھ کام کرتے ہیں اور ان کیہم کی بھی جہاں ہم کام کرتے ہیں۔ مزید یہ کہ معاشرے پر COVID-19 کے اثرات کا مقابلہ کرنے کی کوشش میں، کمیٹی تمام SOPs کے ساتھ مکمل طور پر مطابقت رکھتی ہے۔ اس کے علاوہ ملازمین کے لیے ویٹیکنیشن ڈرائیو کا اہتمام کیا گیا تاکہ ملازمین کی صحت اور حفاظت کو یقینی بنایا جاسکے۔

مواعلات:

کمپنی مخصوص پانفنگان کے ساتھ بات چیت کو بہت اہمیت دیتی ہے۔ سالانہ نصف سالانہ اور سماجی رپورٹس ان کو کچنیزا 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:

رپورٹ کی تاریخ میں 30 جون 2021 سے اب تک کوئی مادی تبدیلی نہیں آئی ہے اور کمپنی نے اس مدت کے دوران کوئی معاہدہ نہیں کیا ہے، جس سے کمپنی کی مالی پوزیشن پر مثبت اثر پڑے گا۔

آڈیٹر کی رپورٹ میں دیئے گئے اعتراض کا جواب:

کمپنی نے گیس انفراسٹرکچر ڈولپمنٹ سیس (جی آئی ڈی سی) کے لیوی کے خلاف کوئی رقم منتقل نہیں کی گئی کیونکہ کمپنی، سپریم کورٹ آف پاکستان کے 02/11/2020 اور 13/08/2020 فیصلے کے بعد GIDC ایکٹ 2015 کے سیکشن 8(2) کی بنیاد پر پشاور ہائی کورٹ (پی ایچ سی) میں جی آئی ڈی سی کے لیوی کو چیلنج کیا ہے جس کے ساتھ یہ کہا گیا ہے کہ:

(2) جہاں ذیلی دفعہ (1) میں حوالہ دیا گیا کوئی بھی سیس اس ایکٹ کے نافذ ہونے سے پہلے ادا نہیں کیا گیا یا اس کی وصولی نہیں کی گئی ہے یا اگر ادا کی گئی ہے یا وصول کی گئی ہے تو اسے واپس کر دیا گیا ہے یا دیگر فیسوں یا ادائیگیوں کے مقابلے میں ایڈجسٹ کیا گیا ہے گیس صارفین یا کمپنی کے ذریعہ، اس ایکٹ کی دفعات کے مطابق وصول کیا جائے گا:

بشرطیکہ مذکورہ سیس منتقلی سے متعلق نہیں کیا جائے گا سوائے فریٹلائزیشنول اسٹاک کے، جس کا ذکر ایس نمبر 3، دوسرے شیڈول جو کہہ دوں گیس انفراسٹرکچر ڈولپمنٹ سیس ایکٹ، 2011 (2011 کا XXI) اور گیس انفراسٹرکچر ڈولپمنٹ سیس آرڈیننس، 2014 (VIK 2014) میں ہے۔

پشاور ہائی کورٹ نے جی آئی ڈی سی ایکٹ 2015 کے سیکشن 8(2) کے تحت جی آئی ڈی سی کی وصولی کے خلاف حکم امتناعی دیا ہے، کیونکہ کمپنی، سپننگ پلانٹ ہونے اور کپڑے بنانے والے سکٹر کے لیے خام مال پیدا کرنے کے باعث ہے اور جی آئی ڈی سی کا بوجھ صارفین پر نہیں ڈالتی۔ یارن مارکیٹ ایک ریگولیٹڈ مارکیٹ نہیں ہے، یعنی ٹیکسٹائل پلانٹ قیمت لینے والے ہیں نہ کہ قیمت بنانے والے ہیں، اس لیے سپننگ سکٹر GIDC کو ان کی قیمتوں میں شامل نہیں کرنا اور ملٹی طور پر اپنے صارفین سے یہ وصول نہیں کیا۔

یہ کیس زیر التوا ہے اور کے پی ٹی ایم اے کی جانب سے رکھے گئے وکلاء نے کہا ہے کہ ہمارا کیس بہت مضبوط اور درست ہے، اس لیے ہم پر امید ہیں کہ عدالتوں کا فیصلہ کمپنی اور سپننگ انڈسٹری کے حق میں ہوگا۔

آڈیٹر کی تقرری

کمپنی کے آڈیٹر جو کہ میسر شائن وگن ہمد چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ، پبلیک اکاؤنٹنٹ، لاہور جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمپنی کی بورڈ آف ڈائریکٹرز 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 بہت اہمیت دینا اور مسائل کے حالات میں بہتر نتائج حاصل کرنے پر شائبہ دیتا ہے۔ اور امید کرتا ہے کہ مستقبل میں اسی گن اور محنت سے کام کرتے رہیں گے۔

تاریخ: 23 ستمبر 2021

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

شیخ عتیق جنرل (ریٹائرڈ) علی گلی خان ٹنک
چیف ایگزیکٹو آفیسر

شہناز جاوید
ڈائریکٹر

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

		----- Restated -----					
PARTICULARS		2021	2020	2019	2018	2017	2016
Spindles installed	Nos.	100,200	64,704	64,704	64,704	62,304	62,304
Rotors installed	Nos.	600	600	600	600	600	600
PRODUCTION	Lbs. in million	14.406	11.037	13.092	13.233	11.829	12.483
Sales - Net	Rs. in million	5,610.298	2,754.564	3,379.664	2,782.025	2,515.643	2,497.962
Gross Profit	--- " ---	775.052	259.259	264.771	127.022	117.381	158.101
Profit from operations	--- " ---	594.674	163.708	138.124	19.608	20.893	58.097
Profit / (Loss) before Taxation	--- " ---	434.368	(60.203)	41.272	(72.151)	(21.538)	14.114
Provision for Taxation	--- " ---	161.264	41.307	34.976	(9.627)	(13.094)	1.220
Profit / (Loss) after Taxation	--- " ---	273.104	(101.510)	6.296	(62.524)	(8.444)	12.894
Earning / (Loss) per share	Rupees	57.08	(21.22)	1.32	(13.07)	(1.76)	1.99
Breakup Value per share	--- " ---	733.60	680.92	672.41	676.75	691.88	713.13

Total Assets	Rs. in million	5,275.592	5,052.315	4,682.062	4,974.567	4,806.674	4,453.541
Current Liabilities	--- " ---	(1,385.856)	(1,497.225)	(1,204.241)	(1,506.888)	(1,120.964)	(607.450)
	--- " ---	3,889.736	3,555.090	3,477.821	3,467.679	3,685.710	3,846.091

REPRESENTED BY:

Share Capital	Rs. in million	47.848	47.848	47.848	47.848	47.848	47.848
Reserves and Un-appropriated Profit	--- " ---	3,462.267	3,210.234	3,169.511	3,190.262	3,262.679	3,364.318
Equity	--- " ---	3,510.115	3,258.082	3,217.359	3,238.110	3,310.527	3,412.166
Lease liabilities	--- " ---	1.084	3.541	0.000	0.000	0.000	0.000
Long term finances	--- " ---	3.567	0.000	0.000	0.000	0.000	0.000
Deferred Liabilities	--- " ---	374.970	293.467	260.462	229.569	375.183	433.925
	--- " ---	3,889.736	3,555.090	3,477.821	3,467.679	3,685.710	3,846.091

FORM 34

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

PATTERN OF SHAREHOLDING

1. CUIIN (Incorporation Number)

2. Name of the Company

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

4. No of shareholders	Shareholdings	Total shares held
530	shareholding from 1 to 100 shares	18,777
396	shareholding from 101 to 500 shares	95,141
97	shareholding from 501 to 1000 shares	72,809
108	shareholding from 1001 to 5000	229,673
11	shareholding from 5001 to 10000	78,664
11	shareholding from 10001 to 15000	137,417
3	shareholding from 15001 to 20000	53,200
2	shareholding from 20001 to 25000	47,700
1	shareholding from 30001 to 35000	31,000
2	shareholding from 35001 to 40000	76,633
1	shareholding from 40001 to 45000	41,143
1	shareholding from 50001 to 55000	55,065
1	shareholding from 60001 to 65000	61,829

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
1171	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	1,559,230	32.59
Bibojee Services (Pvt.) Ltd	1,143,245	23.89
National Bank of Pakistan	478,444	10.00

5.8 General Public		
a. Local	1,018,051	21.28
b. Foreign	NIL	NIL
5.9 Others (to be specified)		
Joint Stock Companies	12,219	0.26
Secretary to Govt. of KPK	134,062	2.80
Sheriar F. Irani Investment Trust Ltd.	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

10. Date Day: 3 0 Month: 0 6 Year: 2 0 2 1

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	12,219
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	1,151,671

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 2021

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

1. Total number of directors is Seven as per following:

- a. Male: 6
b. Female: 1

2. The composition of the Board of Directors (the Board) is as follows:

CATEGORY	NAMES
Independent Directors	Brig. (Retd) Abdul Samad Khan Col. (Retd) Syed Yunus Ali Raza
Non-executive Director	Mr. Raza Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mr. Gohar Ayub Khan
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been 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 with in the stipulated time.

10. The Board has approved appointment of Chief Financial Officer (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 | Quarterly |
| b) HR and Remuneration Committee | Yearly |

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

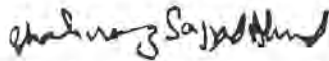
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of

the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

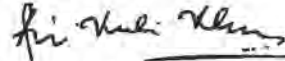
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

On behalf of the Board of Directors



**Shahnaz Sajjad Ahmad
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, 2021 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, 2021.

Shinewing Hameed Chaudhri & Co.

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

LAHORE; September 23, 2021

**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, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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 28.3 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>Property, plant and equipment</p> <p>The Company's property, plant and equipment represent 97% of its total non-current assets; further, these represent 67% of its total assets at the reporting date. Judgement is exercised in determining the following:</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>The following was performed on the assessment of useful lives and residual values:</p> <ul style="list-style-type: none"> - obtained the useful lives and residual values assessment and confirmed that this was reviewed and considered in the year under review;

S.No	Key audit matters	How the matter was addressed in our audit
	<ul style="list-style-type: none"> - useful lives and residual values; - assessing whether there are any indicators of impairment present; and - when performing impairment assessments where indicators have been identified. <p>Based on value of the balance at the reporting date as well as the judgement involved in determining useful lives and residual values, this has been identified as a key audit matter.</p>	<ul style="list-style-type: none"> - followed up on changes made to useful lives and corroborated by inspection of assets and discussion with operational personnel that the amendment was appropriate; and - confirmed by inspection of the fixed assets register and discussion with operational management that there were no material assets still in use with a nil value. - in considering whether impairment is required, the Company's consideration of impairment indicators such as reduced capacity, forecasts, market demand for products and the condition of the plants was reviewed. In addition, the following were performed: <ul style="list-style-type: none"> - discussions were held with the management, engineers and other technicians to identify any potential impairments; and - production analysis at the mills were performed and compared to standard capacity to assist in identifying possible impairment indicators. <p>Based on the tests performed, we are of the view that property, plant and equipment appear to be valued appropriately.</p>
2.	<p>Valuation of stock-in-trade</p> <p>The value of stock-in-trade at the reporting date aggregated Rs.1,352 million representing 84% of the Company's total current assets. Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 10).</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 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;

S.No	Key audit matters	How the matter was addressed in our audit
3.	<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>3. 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>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 28 to these financial statements.</p>	<ul style="list-style-type: none"> - 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. <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; - evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and - disclosures of legal exposures and provisions were assessed for completeness and accuracy.

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 up to 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.

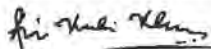
LAHORE; September 23, 2021

Shinewing Hameed Chaudhri & Co
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

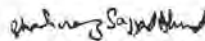
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

		2021	July 01, 2020 (Restated)	July 01, 2019 (Restated)
-----Rupees in thousand-----				
ASSETS				
Non-current assets				
Property, plant and equipment	6	3,554,156	3,174,164	3,123,417
Investments in Associated Companies	7	114,970	243,115	312,921
Loans to employees	8	398	100	232
Security deposits		1,543	1,543	1,395
		<u>3,671,067</u>	<u>3,418,922</u>	<u>3,437,965</u>
Current assets				
Stores, spares and loose tools	9	68,369	65,197	64,057
Stock-in-trade	10	1,351,899	1,406,119	1,000,589
Trade debts - unsecured, considered good		8,972	9,909	20,003
Advances to employees		1,099	1,432	1,478
Advance payments	11	18,210	9,985	7,998
Trade deposits and prepayments	12	2,352	928	614
Due from Associated Company		0	4,851	0
Other receivables	13	1,210	849	728
Sales tax refundable		0	29,996	47,492
Income tax refundable, advance tax and tax deducted at source		133,528	92,967	96,010
Cash and bank balances	14	18,886	11,160	5,130
		<u>1,604,525</u>	<u>1,633,393</u>	<u>1,244,097</u>
		<u>5,275,592</u>	<u>5,052,315</u>	<u>4,682,062</u>
TOTAL ASSETS				
EQUITY AND LIABILITIES				
Equity				
Authorised capital	15	200,000	200,000	200,000
Issued, subscribed and paid-up capital	16	47,848	47,848	47,848
Capital reserves				
- capital redemption	17	6,694	6,694	6,694
- tax holiday	17	350	350	350
- share premium	17	11,409	11,409	11,409
- revaluation surplus on property, plant and equipment	18	2,353,716	2,373,502	2,294,376
Revenue reserves				
- general reserve	17	371,530	371,530	371,530
- unappropriated profit		718,568	446,749	485,152
Shareholders' equity		<u>3,510,115</u>	<u>3,258,082</u>	<u>3,217,359</u>
Liabilities				
Non-current liabilities				
Lease liabilities	19	1,084	3,541	0
Long term finances	20	3,567	0	0
Staff retirement benefits - gratuity	21	72,729	58,738	55,574
Deferred taxation	22	302,241	234,729	204,888
		<u>379,621</u>	<u>297,008</u>	<u>260,462</u>
Current liabilities				
Trade and other payables	23	562,859	334,397	345,941
Unclaimed dividends		284	294	294
Accrued mark-up		12,364	32,023	18,351
Short term finances	24	712,133	1,085,758	799,867
Current portion of non current liabilities	25	4,479	2,243	0
Taxation	26	92,546	41,318	38,595
Preference shares redemption account	27	1,191	1,192	1,193
		<u>1,385,856</u>	<u>1,497,225</u>	<u>1,204,241</u>
Total liabilities		<u>1,765,477</u>	<u>1,794,233</u>	<u>1,464,703</u>
Contingencies and commitments	28			
TOTAL EQUITY AND LIABILITIES		<u>5,275,592</u>	<u>5,052,315</u>	<u>4,682,062</u>

The annexed notes 1 to 50 form an integral part of these financial statements.



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



**Shahnaz Sajjad Ahmad
Director**

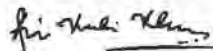


**Amin-ur-Rasheed
Chief Financial Officer**

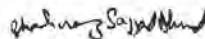
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees in thousand	2020 (Restated)
Sales	29	5,610,298	2,754,564
Cost of sales	30	4,835,246	2,495,305
Gross profit		775,052	259,259
Distribution cost	31	32,825	21,508
Administrative expenses	32	98,488	72,109
Other expenses	33	52,036	4,160
Other income	34	(2,971)	(2,226)
		180,378	95,551
Profit from operations		594,674	163,708
Finance cost	35	50,289	126,230
		544,385	37,478
Share of loss from Associated Companies - net	7	(34,435)	(70,569)
Impairment loss on investments in Associated Companies	7	(75,582)	(27,112)
		(110,017)	(97,681)
Profit / (loss) before taxation		434,368	(60,203)
Taxation	36	161,264	41,307
Profit / (loss) after taxation		273,104	(101,510)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
- (loss) / gain on remeasurement of staff retirement benefit obligation	21	(4,145)	11,275
- impact of tax		1,202	(3,270)
		(2,943)	8,005
- surplus arisen upon revaluation of property, plant and equipment	18.2	0	129,429
- deferred taxation	18.2	0	(23,176)
		0	106,253
- share of other comprehensive (loss) / Income of Associated Companies		(23,163)	39,510
- impact of tax		(6,717)	(11,458)
	7	(16,446)	28,052
		(19,389)	142,310
Total comprehensive income		253,715	40,800
		----- Rupees -----	
Earnings / (loss) per share	37	57.08	(21.22)

The annexed notes 1 to 50 form an integral part of these financial statements.



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



**Shahnaz Sajjad Ahmad
Director**



**Amin-ur-Rasheed
Chief Financial Officer**

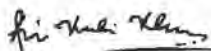
**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021**

Share capital	Reserves						Total
	Capital				Revenue		
	Capital redemption	Tax holiday	Share premium	Revaluation surplus on property, plant and equipment	General	Unappropriated profit	

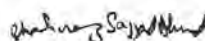
----- Rupees in thousand -----

Balance as at June 30, 2019 (as previously reported)	47,848	6,694	350	11,409	2,294,376	371,530	514,546	3,246,753
Effect of retrospective restatement of deferred taxation on impairment loss on investments (note 5)	0	0	0	0	0	0	(29,394)	(29,394)
Balance as at July 01, 2019 - restated	47,848	6,694	350	11,409	2,294,376	371,530	485,152	3,217,359
Total comprehensive income for the year ended June 30, 2020:								
- loss for the year	0	0	0	0	0	0	(101,510)	(101,510)
- other comprehensive income	0	0	0	0	106,253	0	36,057	142,310
	0	0	0	0	106,253	0	(65,453)	40,800
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 July 01, 2020 - restated	47,848	6,694	350	11,409	2,373,502	371,530	446,749	3,258,082
Total comprehensive income for the year ended June 30, 2021:								
- profit for the year	0	0	0	0	0	0	273,104	273,104
- other comprehensive loss	0	0	0	0	0	0	(19,389)	(19,389)
	0	0	0	0	0	0	253,715	253,715
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	(20,156)	0	20,156	0
- upon sale of revalued assets	0	0	0	0	(169)	0	169	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	539	0	0	539
Effect of items directly credited in equity by Associated Companies - net	0	0	0	0	0	0	(2,221)	(2,221)
Balance as at June 30, 2021	47,848	6,694	350	11,409	2,353,716	371,530	718,568	3,510,115

The annexed notes 1 to 50 form an integral part of these financial statements.



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



**Shahnaz Sajjad Ahmad
Director**

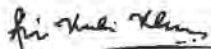


**Amin-ur-Rasheed
Chief Financial Officer**

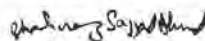
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	Rupees in thousand	
Cash flows from operating activities		
Profit for the year - before taxation and share of loss of Associated Companies	544,385	37,478
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	82,545	82,783
Depreciation on right of use assets	2,421	1,227
Loss on sale of plant & machinery	677	507
Staff retirement benefits - gratuity (net)	9,846	14,439
Finance cost	47,060	123,279
Profit before working capital changes	686,934	259,713
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(3,172)	(1,140)
Stock-in-trade	54,220	(405,530)
Trade debts	937	10,094
Loans and advances to employees	35	178
Advance payments	(8,225)	(1,987)
Trade deposits and prepayments	(1,424)	(314)
Due from Associated Company	4,851	(4,851)
Other receivables	(361)	(123)
Sales tax refundable	29,996	17,496
Increase / (decrease) in trade and other payables	228,462	(11,544)
	305,319	(397,721)
Cash generated from / (used in) operations	992,253	(138,008)
Taxes paid	(81,883)	(32,146)
Net cash generated from / (used in) operating activities	910,370	(170,154)
Cash flows from investing activities		
Fixed capital expenditure - net	(466,917)	(14,293)
Sale proceeds of plant and machinery	1,282	8,458
Proceeds from transfer of shares of an Associated Company	0	100
Security deposits	0	(148)
Net cash used in investing activities	(465,635)	(5,883)
Cash flows from financing activities		
Lease liabilities	(1,110)	5,784
Long term finances - net	4,456	0
Short term finances - net	(373,625)	285,891
Finance cost paid	(66,719)	(109,607)
Preference shares redeemed	(1)	(1)
Dividend paid	(10)	0
Net cash (used in) / generated from financing activities	(437,009)	182,067
Net increase in cash and cash equivalents	7,726	6,030
Cash and cash equivalents - at beginning of the year	11,160	5,130
Cash and cash equivalents - at end of the year	18,886	11,160

The annexed notes 1 to 50 form an integral part of these financial statements.



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



Shahnaz Sajjad Ahmad
Director



Amin-ur-Rasheed
Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 6.1.
- Provision for impairment of inventories - notes 4.3, 4.4, 9 and 10.

- 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 21.
- Estimation of provisions - note 4.11.
- Estimation of contingent liabilities - notes 4.12 and 28
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.13, 22 and 26.

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 to published standards and interpretations that are effective during the current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 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:

- 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.

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

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2021 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) Classification of liabilities - Amendment to IAS 1 is effective for period beginning on April 01, 2021. The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of financial statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that;

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Company has assessed that the impact of this amendment is not expected to be significant.

- (b) Disclosure of accounting policies and definition of accounting estimates - Amendments to IAS 1 and IAS 8 are effective for period beginning on April 01, 2021. The IASB amended IAS 1, 'Presentation of financial statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to IAS 8, 'Accounting policies, changes in accounting estimates and errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Company has assessed that the impact of this amendment is not expected to be significant.

- (c) Amendment to IAS 16 'Property, plant and equipment' is effective from January 01, 2022; it prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

- (d) Amendments to IAS 37 Onerous contracts are effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

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, 2020.

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 upto 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 6.1 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. 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 8.62% to 10.07%. 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 rate 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, 2021 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 the 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
- 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 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 43 to these financial statements.

5. RESTATEMENT

The management, during the year, has decided to discontinue recognition of deferred taxation on impairment loss of investments in Associated Companies for fair and better presentation. Accordingly, corresponding figures have been restated retrospectively. The effect of this restatement has been disclosed in the statement of changes in equity.

The effect of restatement is summarised below:

	As previously reported	Re-statement	As restated
	-----Rs. in thousand-----		
As at June 30, 2020			
Effect on statement of financial position:			
Deferred taxation	197,472	37,257	234,729
Unappropriated profit	484,006	(37,257)	446,749
Effect on statement of profit or loss			
Loss after taxation	(93,647)	7,863	(101,510)
	-----Rupees-----		
Loss per share	(19.57)	1.65	(21.22)

As at June 30, 2019

Effect on statement of financial position:

	-----Rs. in thousand-----		
Deferred taxation	175,494	29,394	204,888
Unappropriated profit	514,546	(29,394)	485,152

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2021 Rupees in thousand	2020
Operating fixed assets - tangible	6.1	3,162,094	3,166,183
Advance for vehicle		1,000	0
Right of use assets	6.9	7,485	7,981
Advances made for purchase of freehold land and residential buildings	6.11 & 6.12	383,577	0
		<u>3,554,156</u>	<u>3,174,164</u>

6.1 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, 2019																
Cost / revaluation	1,076,500	1,247	262,078	7,901	7,443	12,845	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	1,076,500	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	7,618	13,172	1,024,043	127,838	1,624	8,199	1,700	764	8,329	5,513	488	3,166,183
Year ended June 30, 2021:																
Additions	0	0	0	0	0	0	71,082	0	0	516	0	41	8,778	0	0	80,415
Disposals																
Cost / revaluation	0	0	0	0	0	0	(4,647)	0	0	0	0	0	0	0	0	(4,647)
Depreciation	0	0	0	0	0	0	2,688	0	0	0	0	0	0	0	0	2,688
Depreciation for the year	0	59	11,627	359	381	659	52,178	12,764	81	427	85	234	3,255	276	140	82,545
Book value	1,726,010	1,126	220,914	6,822	7,235	12,513	1,040,988	115,054	1,543	8,288	1,615	571	13,850	5,237	328	3,162,094
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	7,618	13,172	1,024,043	127,838	1,624	8,199	1,700	764	8,329	5,513	488	3,166,183
As at June 30, 2021																
Cost / revaluation	1,726,010	1,247	262,078	7,901	7,880	13,626	1,544,033	207,481	4,311	16,387	3,742	2,318	39,269	7,958	3,174	3,847,395
Accumulated depreciation	0	121	41,164	1,079	645	1,113	503,045	92,427	2,768	8,079	2,127	1,747	25,419	2,721	2,846	685,301
Book value	1,726,010	1,126	220,914	6,822	7,235	12,513	1,040,988	115,054	1,543	8,288	1,615	571	13,850	5,237	328	3,162,094
Depreciation rate (%)		5	5	5	5	5	5	10	5	5	5	30	20	5	30	

- 6.2** Freehold land represents 242,306 square meters of land situated at Habibabad Kohat out of which approximately 51,825 square meters represent covered area.
- 6.3** 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.
- 6.4** 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.
- 6.5** 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:

	2021	2020
	Rupees in thousand	
Freehold land	340	340
Buildings on freehold land:		
- factory	35,370	37,230
- non-factory	1,117	1,178
Residential:		
- officers	120	128
- workers	5,710	6,010
Plant & machinery	753,524	721,200
Generators	92,996	103,327
	889,177	869,413

- 6.6** 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

6.7 Depreciation for the year has been apportioned as under:	Note	2021	2020
		Rupees in thousand	
Cost of sales		80,172	81,012
Administrative expenses		2,373	1,771
		82,545	82,783

6.8 Disposal of plant & machinery

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Loss	Sold through negotiation to
Rupees In thousand						
2021						
1 Auto coner	4,647	2,688	1,959	1,282	(677)	Mubashir Brothers, 318, E Block, Sir Syed Town, Faisalabad.
2020						
	18,808	9,843	8,965	8,458	(507)	

6.9 Right of use assets

Balance at beginning of the year	7,981	0
Additions during the year	1,925	9,208
Depreciation charge for the year	2,421	1,227
Book value at end of the year	7,485	7,981

6.10 Depreciation for the year has been apportioned as under:

Cost of sales	1,623	614
Administrative expenses	798	613
	2,421	1,227

6.11 The Company has entered into an agreement with Babri Cotton Mills Ltd. (BCM- an Associated Company); BCM is an exclusive owner of the area of land measuring 354 marlas and has agreed to sell the said land according to the terms of sale as under:

- a) the price of land is Rs.600,000/- per marla and total consideration is Rs.212.400 million;
- b) the total amount has been paid in advance by the Company;
- c) the Company has taken possession of the area of land and the area is secured with barbed wire;
- d) the Company has purchased this land to construct quarters for its workers;
- e) transfer of land in name of the Company shall be done after completion of all legal formalities; and
- f) the total expenses on the execution of agreement, transfer of land, attorney fees, etc. shall be borne by the Company.

6.12 The Company, during the year, has entered into a further agreement with BCM; BCM is an exclusive owner of the area of land measuring 625 marlas and residential buildings on land and has agreed to sell the said land and buildings according to the terms of sale as under:

- a) the price of land is Rs. 600,000/- per marla and total consideration is Rs. 375 million;

- b) the covered area of the residential buildings is 55,392 square feet and value of residential buildings has been agreed at Rs. 214 per square feet as per survey by an independent party. The value of area of residential buildings on land worked out to Rs.11.854 million;
- c) the total value of land and residential buildings being sold aggregate Rs.386.854 million. The Company has paid Rs.171.177 million in advance to BCM;
- d) the Company has taken possession of the area of land and the area is secured with barbed wire;
- e) the Company can do any alteration on building structures or can construct any new building as it may deem fit;
- f) transfer of land in the name of the Company shall be done after completion of all legal formalities; and
- g) the total expenses on the execution of agreement, transfer of land, attorney fees, etc. shall be borne by the Company.

7. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted	2021	2020
Babri Cotton Mills Ltd. (BCM)	Rupees in thousand	
587,193 (2020: 587,193) ordinary shares of Rs.10 each - cost	10,873	10,873
Shareholding held: 16.08% (2020: 16.08%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	5,611	61,302
Share of revaluation surplus on property, plant and equipment	142,141	140,737
Loss for the year - net of taxation	(41,803)	(61,817)
Share of other comprehensive (loss) / income - net of taxation	(15,363)	8,416
	101,459	159,511
Bannu Woollen Mills Ltd. (BWM)		
731,626 (2020: 731,626) ordinary shares of Rs.10 each - cost	7,697	7,697
Shareholding held: 7.70% (2020: 7.70%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM	83,103	72,150
Share of revaluation surplus on property, plant and equipment	120,477	121,342
Profit / (loss) for the year - net of taxation	7,368	(8,752)
Share of other comprehensive (loss) / income - net of taxation	(1,083)	19,636
	217,562	212,073
	319,021	371,584
Less: impairment loss - BCM	(69,046)	(71,006)
- BWM	(135,005)	(57,463)
	(204,051)	(128,469)
	114,970	243,115

- 7.1 Although the Company has less than 20% voting rights in BCM and BWM as at June 30, 2021 and 2020, these Companies have been treated as Associated Companies by virtue of common directorships.
- 7.2 (a) Market value of the Company's investments in BCM as at June 30, 2021 was Rs.32.413 million (2020: Rs.30.428 million).
- (b) Market value of the Company's investments in BWM as at June 30, 2021 was Rs.36.640 million (2020: Rs.23.127 million).
- 7.3 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, 2021 is as follows:

	2021	2020
	Rupees in thousand	
Summarised statement of financial position		
Non-current assets	1,499,926	1,917,006
Current assets	339,476	532,353
	<u>1,839,402</u>	<u>2,449,359</u>
Non-current liabilities	<u>132,532</u>	257,219
Current liabilities	<u>1,075,891</u>	1,203,320
	<u>1,208,423</u>	1,460,539
Net assets	<u>630,979</u>	<u>988,820</u>
Reconciliation to carrying amount		
Opening net assets	988,820	1,321,511
Loss for the year	(260,005)	(387,598)
Other comprehensive (loss) / income for the year	(95,552)	52,287
Other adjustments	(2,284)	2,620
Closing net assets	<u>630,979</u>	<u>988,820</u>
Company's share percentage 16.08% (2020: 16.08%)		
Company's share	101,459	159,101
Impairment loss and miscellaneous adjustments- net	(69,046)	(70,596)
Carrying amount of investment	<u>32,413</u>	<u>88,505</u>
Summarised statement of profit or loss		
Sales	<u>388,102</u>	1,548,962
Loss before taxation	<u>(215,518)</u>	(381,785)
Loss after taxation	<u>(260,005)</u>	<u>(387,598)</u>

- 7.4 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, 2021 is as follows:

Summarised statement of financial position	2021	2020
	Rupees in thousand	
		Restated
Non-current assets	2,412,598	2,377,691
Current assets	1,063,102	1,061,079
	3,475,700	3,438,770
Non-current liabilities	129,830	128,563
Current liabilities	519,019	554,679
	648,849	683,242
Net assets	2,826,851	2,755,528
	2021	2020
	Rupees in thousand	
		Restated
Opening net assets	2,755,528	2,601,502
Profit / (loss) for the year	95,722	(108,647)
Other comprehensive (loss) / income for the year	(14,060)	255,136
Other adjustments	(10,339)	7,537
Closing net assets	2,826,851	2,755,528
Company's share percentage 7.70% (2019: 7.70%)		
Company's share	217,668	212,176
Impairment loss and miscellaneous adjustments- net	(135,111)	(57,566)
Carrying amount of investment	82,557	154,610
	2021	2020
	Rupees in thousand	
Summarised statement of profit or loss		
Sales	699,135	328,713
Profit / (loss) before taxation	99,950	(122,436)
Profit / (loss) after taxation	95,722	(108,647)

- 7.5** 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.
- 7.6** The value of investment in BCM as at June 30, 2021 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 amount has been determined based on fair value using quoted market value of shares as at June 30, 2021.
- 7.7** The value of investment in BWM as at June 30, 2021 and June 30, 2020 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 32.40% (2020: 33.70%), terminal growth rate of 3.31% (2020:3.25%) and capital asset pricing model based discount rate of 9.84% (2020:7.00%).

8. LOANS TO EMPLOYEES - Secured	Note	2021 Rupees in thousand	2020
Balance as at June 30,	8.1	1,262	557
Less: current portion grouped under current assets		864	457
		<u>398</u>	<u>100</u>
8.1 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.			
9. STORES, SPARES AND LOOSE TOOLS			
Stores			
- at mills		44,789	39,288
- in transit		14,331	0
Spares		46,262	41,898
Loose tools		361	316
		<u>105,743</u>	<u>81,502</u>
Opening balance		16,305	0
Provision made during the year		21,069	16,305
Closing balance		37,374	16,305
		<u>68,369</u>	<u>65,197</u>
10. STOCK-IN-TRADE			
Raw materials:			
- at mills		943,365	724,599
- in transit		222,163	81,306
	10.1	<u>1,165,528</u>	<u>805,905</u>
Work-in-process		106,958	68,660
Finished goods		79,413	531,554
		<u>1,351,899</u>	<u>1,406,119</u>

10.1 Raw material inventories are pledged with National Bank of Pakistan and The Bank of Khyber as security for short term finance facilities (note 24).

11. ADVANCE PAYMENTS - Unsecured considered good	2021	2020
Note	Rupees in thousand	
Store suppliers	15,032	9,245
Others	3,178	740
	<u>18,210</u>	<u>9,985</u>
12. TRADE DEPOSITS AND PREPAYMENTS		
Letters of credit	1,499	9
Prepayments	853	919
	<u>2,352</u>	<u>928</u>
13. OTHER RECEIVABLES		
Due from employees' provident fund	1,203	849
Labour colony rent receivable	7	0
	<u>1,210</u>	<u>849</u>
14. CASH AND BANK BALANCES		
Cash-in-hand	2,230	1,232
Cash at banks on:		
- current accounts	15,292	8,620
- PLS security deposit account	223	213
- PLS account	297	294
- PLS account (employees' / staff gratuity fund account)	844	801
	<u>16,656</u>	<u>9,928</u>
	<u>18,886</u>	<u>11,160</u>

14.1 PLS accounts carry profit at the rate of 5.5% (2020: at rates ranging from 6.5% to 11.25%) per annum.

15. AUTHORISED SHARE CAPITAL

2021	2020		2021	2020
--- Numbers ---				
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

2021 — Numbers —	2020		2021 Rupees in thousand	2020
1,640,900	1,640,900	Ordinary shares of Rs.10 each fully paid in cash	16,409	16,409
2,130,544	2,130,544	Ordinary shares of Rs.10 each issued to Financial Institutions by conversion of loans and debentures	21,305	21,305
6,832	6,832	Ordinary shares of Rs.10 each issued by conversion of preference shares	68	68
1,006,518	1,006,518	Ordinary shares of Rs.10 each issued as fully paid bonus shares	10,066	10,066
4,784,794	4,784,794		47,848	47,848

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

	Note	2021 Number of shares	2020
Bibojee Services (Pvt.) Ltd.		1,143,245	1,143,245
Bannu Woollen Mills Ltd.		1,559,230	1,559,230
Babri Cotton Mills Ltd.		341,000	341,000
		3,043,475	3,043,475

17. RESERVES

		2021 Rupees in thousand	2020
Capital:			
- capital redemption reserve		6,694	6,694
- tax holiday reserve		350	350
- share premium reserve	17.1	11,409	11,409
		18,453	18,453
Revenue - general reserve		371,530	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	2,091,098	2,111,423
Share of revaluation surplus on property, plant and equipment of Associated Companies	7	262,618	262,079
		2,353,716	2,373,502

- 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 Rs.2.423 billion.
- 18.2** The Company, during the preceding 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:

	2021	2020
	Rupees in thousand	
Opening balance	2,268,988	2,170,767
Add: surplus arisen on revaluation carried-out during the preceding year	0	129,429
Less: transferred to unappropriated profit		
- on account of incremental depreciation for the year	(28,389)	(28,346)
- upon sale of revalued assets	(238)	(2,862)
	<u>2,240,361</u>	<u>2,268,988</u>
Less: deferred tax on:		
- opening balance of surplus	157,565	143,439
- surplus arisen on revaluation carried-out during the preceding year	0	23,176
- incremental depreciation for the year	(8,233)	(8,220)
- sale of revalued assets	(69)	(830)
	<u>149,263</u>	<u>157,565</u>
Closing balance	<u>2,091,098</u>	<u>2,111,423</u>

19. LEASE LIABILITIES

Particulars	2021			2020		
	Upto one year	From one to three years	Total	Upto one year	From one to three years	Total
	----- Rupees in thousand -----					
Minimum lease payments	3,860	2,837	6,697	2,671	5,514	8,185
Less: finance cost allocated to future periods	270	23	293	428	243	671
	<u>3,590</u>	<u>2,814</u>	<u>6,404</u>	<u>2,243</u>	<u>5,271</u>	<u>7,514</u>
Less: security deposit adjustable on expiry of lease term	0	1,730	1,730	0	1,730	1,730
Present value of minimum lease payments	<u>3,590</u>	<u>1,084</u>	<u>4,674</u>	<u>2,243</u>	<u>3,541</u>	<u>5,784</u>

- 19.1 The Company, during the preceding 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>8.62% (6- months KIBOR+1%)</u>

19.2 Lease agreement with Babri Cotton Mills Ltd. (BCM)

The Company board of directors, in their meeting held on September 24, 2020 on the offer of BCM decided to take the factory buildings and plant & machinery of BCM on lease. The lease rental is Rs.100,000 per month and term of lease is October 01, 2020 to June 30, 2022. However both the companies have the option to terminate the lease with one month prior notice. This is a stop gap / interim arrangement till the completion of merger of both the entities subject to the following terms and conditions:

	Rupees in thousand
Rentals	<u>100</u>
Present value	<u>1,925</u>
Tenor	<u>21 months</u>
Rental frequency	<u>Monthly</u>
Profit rate	<u>10.07% (1- year KIBOR+2.5%)</u>

20. LONG TERM FINANCES - Secured

	2021	2020
	Rupees in thousand	
First Habib Modaraba (FHM)		
Diminishing musharaka (DM)	4,456	0
Less: current portion grouped under current liabilities	889	0
	<u>3,567</u>	<u>0</u>

- 20.1 This DM of Rs.5.068 million is utilised for purchase of a vehicle and is repayable in 60 equal monthly instalments of Rs.107 thousand ending September, 2025. The DM carries profit at the rate of 3-months KIBOR + 2.50% per annum; the effective profit rate during the year was 9.80% per annum. The finance facility is secured against registration of vehicle in FHM's name.

21. 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	2021	2020
- discount rate	10.0%	8.5%
- expected rate of growth per annum in future salaries	9.0%	7.5%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

Amount recognised in the 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:	2021	2020
	Rupees in thousand	
Opening balance	58,738	55,574
Current service cost	16,920	18,738
Interest cost	4,258	6,990
Benefits paid	(11,769)	(11,289)
Benefits due but not paid (classified under current liabilities)	(5,516)	0
Benefits transferred from Babri Cotton Mills Ltd.	5,953	0
Remeasurements: experience adjustments	4,145	(11,275)
Closing balance	72,729	58,738
Expense recognised in the statement of profit or loss		
Current service cost	16,920	18,738
Interest cost	4,258	6,990
	21,178	25,728

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

Remeasurement recognised in other comprehensive income

Experience adjustments (net of deferred tax)	(2,943)	8,005
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Comparison of present value of defined benefit obligation and experience adjustments on obligation for five years is as follows:

	2021	2020	2019	2018	2017
	Rupees in thousand				
Present value of defined benefit obligation	72,729	58,738	55,574	51,343	153,932
Experience adjustments on obligation	4,145	(11,275)	(821)	19,264	1,703

Year-end sensitivity analysis:

Impact on defined benefit obligation

	Change in assumption-on	Increase	Decrease
		Rupees in thousand	
Discount rate	1%	<u>68,228</u>	<u>77,893</u>
Salary growth rate	1%	<u>78,106</u>	<u>67,953</u>

- 21.1 The average duration of the defined benefit obligation as at June 30, 2021 is 7 years.
- 21.2 The expected contribution to defined benefit obligation for the year ending June 30, 2022 is Rs.26.286 million.

22. DEFERRED TAXATION - Net

2021 **2020**
 Restated
Rupees in thousand

This is composed of the following:

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowances	185,817	184,090
- surplus on revaluation of property, plant and equipment	149,261	157,565
- lease liabilities	815	637
	335,893	342,292

Deductible temporary differences arising in respect of:

- staff retirement benefits - gratuity	(22,843)	(22,441)
- minimum tax recoverable against normal tax charge in future years	(2,645)	(85,122)
- alternative corporate tax recoverable against normal tax charge in future years	(8,164)	0
	(33,652)	(107,563)
	302,241	234,729

23. TRADE AND OTHER PAYABLES	Note	2021 Rupees in thousand	2020
Creditors		98,087	31,643
Bills payable against imported stores and spares		7,342	0
Advances from customers - contract liabilities		60,246	13,215
Advance payments	23.1	184	184
Accrued expenses	23.2	329,089	265,912
Tax deducted at source		234	234
Sales tax payable		7,128	0
Gratuity payable to:			
- key management personnel	23.3	0	13,614
- other employees		6,039	5,031
Due to Waqf-e-Kuli Khan	23.4	11,798	2,383
Workers' (profit) participation fund - allocation for the year		29,801	0
Workers' welfare fund		12,004	1,890
Security deposits repayable on demand - interest free		112	112
Others		795	179
		<u>562,859</u>	<u>334,397</u>

23.1 These advances have been received against sale of land.

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

23.3 Gratuity payments during the year included payments made to:	2021 Rupees in thousand
- Chief Executive	9,110
- Executive Director Finance & Production	3,604
- General Manager Technical	900

23.4 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 | |

24. SHORT TERM FINANCES

Secured	24.1	709,011	1,085,758
Un-secured (temporary bank overdraft)		3,122	0
		<u>712,133</u>	<u>1,085,758</u>

24.1 Short term finance facilities available from National Bank of Pakistan (NBP) and The Bank of Khyber (BoK) under mark-up arrangements aggregate Rs.1.600 billion (2020: 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 8.40% to 9.59% (2020: 9.34% to 16.55%) per annum.

Facilities available for opening letters of credit and guarantee from NBP and BoK aggregate Rs.500 million (2020: Rs.400 million) out of which facilities amounting Rs.203.483 million (2020: Rs.313.804 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.

Facilities from NBP are available upto March 31, 2022 and facilities from BoK are available upto December 31, 2021.

25. CURRENT PORTION OF NON CURRENT LIABILITIES	Note	2021 Rupees in thousand	2020
Lease liabilities	19	3,590	2,243
Long term finances	20	889	0
		4,479	2,243
26. TAXATION - Net			
Opening balance		41,318	38,595
Add: provision made / (written-back) during the year:			
current	26.12	92,546	41,318
prior year		4	(3,406)
		92,550	37,912
		133,868	76,507
Less: payments / adjustments made against completed assessments		41,322	35,189
		92,546	41,318

26.1 Income tax returns of the Company have been filed upto the tax year 2020 i.e. accounting year ended June 30, 2020.

26.2 Provision for the current year represents tax payable under section 113 C - Alternative Corporate Tax (2020: 113 minimum tax on the income of certain persons) of the Ordinance.

26.3 Minimum tax under section 113 of the Ordinance relevant to tax years 2010, 2011 and 2012 has been deleted in the amended Finance Act, 2015 as per sub-clause (xx) of clause (11A) in part IV of the second schedule to the Ordinance. The Company's writ petition filed before the Islamabad High Court has been withdrawn on November 12, 2020 as the Company's grievance stood redressed and petition has become infructuous. The Company would not be liable for payment of any tax amount for the tax years 2010, 2011 and 2012.

26.4 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.

- 26.5** 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.
- 26.6** 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.
- 26.7** 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.
- 26.8** 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.
- 26.9** 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.
- 26.10** 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.
- 26.11** 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.
- 26.12** No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under section 113 C (Alternative Corporate Tax) of the Ordinance.

27. PREFERENCE SHARES REDEMPTION ACCOUNT	Note	2021	2020
		Rupees in thousand	
Amounts payable on:			
- 7.5% redeemable cumulative preference shares	27.1	134	134
- 10% redeemable cumulative preference shares	27.2	1,057	1,058
		1,191	1,192

- 27.1** 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, 2021.

- 27.2** 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; 52 shares were redeemed during the financial year ended June 30, 2020. The Company, during the current year, has further redeemed 162 shares and as at June 30, 2021 balance of 105,669 shares was outstanding.

28. CONTINGENCIES AND COMMITMENTS

- 28.1** The Sales Tax Department (the Department), vide its judgment dated March 06, 2018, has created sales tax demands of Rs.5.978 million on account of discrepancies pointed out by CREST for which appeal has been decided by the Commissioner Inland Revenue [Appeals-CIR(A)] and remanded-back the issue to the Deputy Commissioner Inland Revenue. The Company, however, has filed an appeal with the Appellate Tribunal Inland Revenue, Lahore against the orders of CIR (A), which is pending adjudication.
- 28.2** The Department, vide order dated January 24, 2018 under section 11(3) of the Sales Tax Act, 1990 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 Lahore High Court (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 filed an appeal on March 27, 2018 before the Supreme Court of Pakistan (SCP), which is pending adjudication.
- 28.3** Gas Infrastructure Development Cess (GIDC) was initially imposed as a levy on gas consumers during the year 2011 vide the GIDC Act, 2011. The said Act was challenged before the Peshawar High Court (PHC), which declared the levy of GIDC unconstitutional. The Government had challenged the PHC's judgment before the Supreme Court of Pakistan (SCP). The SCP had upheld the PHC's decision declaring GIDC a fee and not a tax that could not be introduced through money bill. Soon after the said judgement, GIDC Ordinance, 2014 was promulgated through which GIDC was again imposed. The Ordinance was also given retrospective effect from December 15, 2011. While the Ordinance was still in the field, the Government sought review of the SCP's judgment, which was also dismissed by the SCP.

During May, 2015, the Government had passed the GIDC Act, 2015 whereby GIDC was again imposed on gas consumers. The Company had filed the writ petition before the PHC and challenged the validity of the GIDC Act, 2015. The PHC had dismissed the writ petition of the Company vide its judgment dated May 31, 2017 and declared the GIDC Act, 2015 to be intra vires of the Constitution. The Company has preferred an appeal before the SCP against the said judgment of PHC. The SCP vide its detailed judgment dated August 13, 2020 has declared the GIDC Act, 2015 as valid and constitutional. The SCP in its said judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas, which on account of their industrial or commercial dealings had passed on the GIDC burden to their end customers / clients.

Subsequently, the Company has filed a review petition against the said judgement of the SCP for waiver of the full amount of GIDC Cess on the ground that the Company, being spinning unit and producing raw materials for weaving sector, has not passed on the GIDC burden to its customers. The SCP has dismissed the aforementioned review petition vide its judgment dated November 02, 2020; however, the SCP, in its said judgment, has mentioned that the companies claiming any relief under GIDC Act, 2015 may approach the right forum.

SNGPL, 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; balance GIDC provisions aggregating Rs.302.914 million have not been recognised in the books of accounts.

Earlier, during the year 2018, the Company had filed writ petition before the PHC with the plea that the Company did not pass on the GIDC to its end customers and sought relief under Section 8 (2) of the GIDC Act, 2015. The PHC had granted interim relief and refrained SNGPL from recovering the GIDC from the Company. After the SCP's judgment dated August 13, 2020, the PHC had referred the case to OGRA being the relevant authority for determining the fact whether the Company and other petitioners had passed the GIDC burden to their end customers or not. However, OGRA has expressed its inability to hear the case as according to OGRA it has no role in this scheme of law i.e. fixation or exemption from GIDC.

In February, 2021, the Company has filed a writ petition before the PHC claiming non-applicability of GIDC Act, 2015 and sought relief against the recovery of GIDC Instalment Bills. The PHC, vide its order dated March 03, 2021, has restrained SNGPL from taking any adverse action against the Company.

28.4 An order has been passed by the Collector of Customs, Karachi creating a demand of Rs.19.223 million along with a penalty of Rs.500 thousand. The above order has been challenged by way of filing an appeal before the Customs Appellate Tribunal, Karachi, which is pending final adjudication. However, a stay order has been obtained from the Sindh High Court by filing constitutional petition, which is still operative.

28.5 Counter guarantee given by the Company to a commercial bank outstanding as at June 30, 2021 was for Rs.100 million (2020: Rs.85 million).

Commitments against irrevocable letters of credit outstanding at the year-end were for:

- stores and spares
- raw materials

	2021	2020
	Rupees in thousand	
	53,683	1,197
	261,810	0
	315,493	1,197

28.6 Also refer contents of note 26.

29. SALES - Net	Note	2021 Rupees in thousand	2020
Yarn		6,456,671	3,197,163
Waste		217,223	93,552
Raw materials purchased for resale		<u>22,299</u>	<u>463</u>
		6,696,193	3,291,178
Less: sales tax		1,085,895	536,614
		<u>5,610,298</u>	<u>2,754,564</u>
30. COST OF SALES			
Raw materials consumed	30.1	2,693,465	1,849,688
Packing materials consumed		70,336	46,834
Salaries, wages and benefits	30.2	728,074	434,531
Power and fuel		580,897	438,751
Stores consumed		205,488	84,546
Repair and maintenance		20,770	10,550
Depreciation on operating fixed assets	6.7	80,172	81,012
Depreciation on right of use assets	6.10	1,623	614
Insurance		11,963	9,043
Others		15,816	11,753
		4,408,604	2,967,322
Adjustment of work-in-process			
Opening		68,660	70,736
Closing	10	(106,958)	(68,660)
		(38,298)	2,076
Cost of goods manufactured		4,370,306	2,969,398
Adjustment of finished goods			
Opening stock		531,554	57,105
Closing stock	10	(79,413)	(531,554)
		452,141	(474,449)
Cost of goods sold - own manufactured		4,822,447	2,494,949
Cost of goods sold - raw materials purchased for resale		12,799	356
		<u>4,835,246</u>	<u>2,495,305</u>
30.1 Raw materials consumed			
Opening stock		805,905	872,748
Purchases		3,052,933	1,782,337
		3,858,838	2,655,085
Less: closing stock	10	1,165,528	805,905
Raw materials issued		2,693,310	1,849,180
Cess on cotton consumed		155	508
		<u>2,693,465</u>	<u>1,849,688</u>

30.2 These include Rs. 21,179 million (2020: Rs.25.728 million) in respect of staff retirement benefits - gratuity and Rs.6.334 million (2019: Rs.6.060 million) for employees' provident fund contribution.

31. DISTRIBUTION COST

	Note	2021 Rupees in thousand	2020
Salaries and benefits	31.1	20,486	15,389
Commission		8,297	3,238
Freight and handling		3,812	2,685
Gifts and samples		67	42
Others		163	154
		32,825	21,508

31.1 These include Rs. 478 thousand (2020: Rs. 813 thousand) for employees' provident fund contribution.

32. ADMINISTRATIVE EXPENSES

Salaries and benefits	32.1	73,898	55,593
Printing and stationery		519	423
Travelling and conveyance - staff		736	386
Travelling - directors		100	365
Communication		1,262	1,125
Rent, rates and taxes		1,848	1,652
Entertainment expenses		804	556
Insurance		1,038	1,123
Vehicles' running and maintenance		3,630	2,082
Advertisement		298	143
Subscription		752	691
Repair and maintenance		785	713
Auditors' remuneration:			
- statutory audit		1,224	1,112
- half yearly review		240	222
- certification charges		90	117
- out-of-pocket expenses		45	60
- short provision for the preceding year		113	51
		1,712	1,562
Legal and professional charges (other than Auditors)		5,922	2,123
Depreciation on operating fixed assets	6.7	2,373	1,771
Depreciation on right of use assets	6.10	798	613
Others		2,013	1,188
		98,488	72,109

32.1 These include Rs. 2.982 million (2020: Rs.3.097 million) for employees' provident fund contribution.

33. OTHER EXPENSES	Note	2021 Rupees in thousand	2020
Loss on sale of plant & machinery	6.8	677	507
Receivable / advance balances written off		0	1,238
Donation to Waqf-e-Kuli Khan		9,824	0
Workers' (profit) participation fund		29,801	0
Workers' welfare fund		11,734	2,415
		<u>52,036</u>	<u>4,160</u>
34. OTHER INCOME			
Income from financial assets			
Return on bank deposits		86	98
Income from non-financial assets			
Quarters' rent		532	2,128
Store sales		2,353	0
		<u>2,971</u>	<u>2,226</u>
35. FINANCE COST			
Interest on lease liabilities		527	514
Mark-up on long term finances		353	0
Mark-up on short term finances		46,180	122,641
Bank charges		3,229	2,951
Interest on workers' (profit) participation fund		0	124
		<u>50,289</u>	<u>126,230</u>
36. TAXATION			
		2021	2020
		Rupees in thousand	
			Restated
Current			
- for the year	26	92,546	41,318
- for prior years	26	4	(3,406)
		<u>92,550</u>	<u>37,912</u>
Deferred:			
- for the year		68,714	3,395
		<u>161,264</u>	<u>41,307</u>
37. EARNINGS / (LOSS) PER SHARE			
There is no dilutive effect on earnings / (loss) per share of the Company, which is based on:			
Profit / (loss) after taxation attributable to ordinary shareholders		<u>273,104</u>	<u>(101,510)</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 -----	
Earnings / (loss) per share - basic		<u>57.08</u>	<u>(21.22)</u>

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**38.1 Financial instruments by category**

	2021	2020
	Rupees in thousand	
Financial assets		
At amortised cost		
Loans to employees	398	100
Advances to employees	1,099	1,432
Trade debts	8,972	9,909
Other receivables	1,210	849
Cash and bank balances	18,886	11,160
	<u>30,565</u>	<u>23,450</u>
Financial liabilities		
At amortised cost		
Lease liabilities	6,404	7,514
Long term finances	4,456	0
Trade and other payables	453,262	318,874
Unclaimed dividends	284	294
Accrued mark-up	12,364	32,023
Short term finances	712,133	1,085,758
Redeemable preference shares	1,191	1,192
	<u>1,190,094</u>	<u>1,445,655</u>

38.2 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 performance.

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

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

	Rupees	JPY	CHF	Euro	U.S.\$
	In thousand				
2021					
Funded					
Bills payable	7,342	0	0	0	46
Unfunded					
Outstanding letters of credit	189,808	3,006	86	76	988
Total exposure	197,150	3,006	86	76	1,034
2020					
Funded					
Bills payable	0	0	0	0	0
Unfunded					
Outstanding letters of credit	1,197	767	0	0	0
Total exposure	1,197	767	0	0	0

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2021	2020	2021	2020
JPY to Rupee	1.46	1.46	1.43	1.56
CHF to Rupee	171.93	-	170.72	-
U.S. \$ to Rupee	159.69	-	157.54	-
Euro to Rupee	189.99	-	187.27	-

Sensitivity analysis

As at June 30, 2021, if Rupee had strengthened by 10% against U.S.\$ with all other variables held constant, profit before taxation for the current year would have been higher by the amount shown below mainly as a result of net foreign exchange gain on translation of foreign currency financial liabilities;(2020: not applicable, as no funded foreign currency liability was outstanding).

Effect on profit for the year:	2021	2020
	Rupees in thousand	
U.S.\$ to Rupee	725	0

(b) Interest rate risk

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

	2021	2020	2021	2020
	Effective rate		Carrying amount	
	%	%	Rupees in thousand	
Fixed rate instruments				
Financial assets				
Bank balances	5.5	6.5 to 11.25	520	507
Variable rate instruments				
Financial liabilities				
Long term finances	9.80	-	4,456	0
Lease finances	8.62 to 10.07	8.97	4,674	5,784
Short term finances	8.40 to 9.59	9.34 to 16.55	709,011	1,085,758

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, 2021, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs.7,181 thousand mainly as a result of higher / lower interest expense on variable rate financial liabilities; (2020: loss before taxation would have been higher by Rs.10,915 thousand).

(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.

38.4 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:

	2021	2020
	Rupees in thousand	
Security deposits	1,543	1,543
Trade debts	8,972	9,909
Due from Associated Company	0	4,851
Bank balances	16,656	9,928
	27,171	26,231

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

The ageing of trade debts at the year-end was as follows:	2021	2020
	Rupees in thousand	
Not past due	8,357	9,836
Past due more than one year	615	73
	8,972	9,909

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. 4.601 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

38.5 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 five years
2021			
	- - - Rupees in thousand - - -		
Lease liabilities	6,404	3,860	2,837
Long term finances	4,456	1,286	4,180
Trade and other payables	453,262	453,262	0
Unclaimed dividends	284	284	0
Accrued mark-up	12,364	12,364	0
Short term finances	712,133	733,395	0
Redeemable preference shares	1,191	1,191	0
	1,190,094	1,205,642	7,017
2020			
Lease liabilities	7,514	2,671	5,514
Trade and other payables	318,874	318,874	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
	1,445,655	1,498,317	5,514

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.

39. 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.

40. 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, mark-up bearing long term finances, 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, 2021 and June 30, 2020 is as follows:

	2021	2020
	Rupees in thousand	
		Restated
Lease liabilities	6,404	7,514
Long term finances	4,456	0
Short term finances	712,133	1,085,758
Cash and bank balances	(18,886)	(11,160)
Net debt	<u>704,107</u>	<u>1,082,112</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	2,353,716	2,373,502
General reserve	371,530	371,530
Unappropriated profit	718,568	446,749
Equity	<u>3,510,115</u>	<u>3,258,082</u>
Capital	<u>4,214,222</u>	<u>4,340,194</u>
Gearing ratio (Net debt / (Net debt + Equity))	<u>16.71%</u>	<u>24.93%</u>

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executives	
	2021	2020	2021	2020	2021	2020

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

Managerial remuneration	6,336	6,336	0	18,942	104,803	75,478
Bonus / ex-gratia	433	434	0	1,160	6,670	4,716
Retirement benefits	528	528	0	1,258	5,533	5,210
Leave salary	477	476	0	1,362	7,961	5,227
Medical	357	312	0	372	3,614	2,164
Utilities	508	507	0	907	2,138	743
	<u>8,639</u>	<u>8,593</u>	<u>0</u>	<u>24,001</u>	<u>130,719</u>	<u>93,538</u>

No. of persons	1	1	-	1	10	8
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41.1 Meeting fees of Rs. 720 thousand (2020: Rs.840 thousand) were also paid to six (2020: seven) non-working directors during the year.

41.2 Chief executive and all the executives are provided with free use of residential telephones and the Company maintained cars. Executives are also provided with free housing facility.

41.3 Also refer contents of note 23.3.

42. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES

- 42.1** 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.
- 42.2** Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs. 42.457 million (2020: Rs.5.844 million).
- 42.3** 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.
- 42.4** 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	2021 Rupees in thousand	2020
Babri Cotton Mills Ltd.	Associated Company	Residential rent received	532	2,128
		Utilities / expenses:		
		- paid	183,308	0
		- received	479	127
		Salaries & benefits		
		- paid	1,202	0
		- recovered	8,233	3,128
		Purchase of cotton	51,894	32,777
		Store and spares		
		- purchased	10,142	0
		- sold	2,753	0
Bannu Woollen Mills Ltd.	-do-	Advances paid against sale of freehold land and workers' residential buildings	383,577	0
		Lease rentals paid	900	0
		Utilities / expenses received	122	100
		Salaries & benefits		
Gammon Pakistan Ltd.	-do-	- paid	0	436
		- recovered	2,160	2,391
		Sale of raw materials	0	463
		Sale of yarn	7,001	0
Gandhara Nissan Ltd.	-do-	Rent paid	150	150
Gandhara Industries Ltd.	-do-	Salaries & benefits recovered	2,160	1,958
		Expenses recovered	115	100
The Universal Insurance Company Ltd.	-do-	Expenses recovered	115	100
		Purchase of vehicle	6,334	0
Other related parties	-do-	Salaries & benefits recovered	2,160	1,958
		Expenses recovered	115	100
Staff retirement fund		Contribution paid to employees' provident	21,382	22,158

42.5 Also refer contents of notes 23.3 and 41.

43. OPERATING SEGMENT

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

43.1 Yarn sales represent 96.42% (2020: 97.14%) of the total sales of the Company.

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

43.3 All non-current assets of the Company as at June 30, 2021 are located in Pakistan.

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

44. CAPACITY AND PRODUCTION

	2021	2020
	--- Numbers ---	
Spindles installed - owned	64,704	64,704
- leased	35,496	0
Rotors installed	600	600
Shifts worked	1,093	1,023
Spindles / rotors shifts worked	92,602,167	64,928,165
	---KGs.---	
Installed capacity at 20's count on the basis of shifts worked	39,820,431	27,424,214
Actual production of yarn of all counts	6,534,858	5,006,399
Actual production converted into 20's count	38,721,629	26,653,953

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.

45. NUMBER OF EMPLOYEES

	2021	2020
	----- Numbers -----	
Number of permanent employees as at June 30,	<u>1,512</u>	<u>1,110</u>
Average number of permanent employees during the year	<u>1,312</u>	<u>1,100</u>

46. 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:

	2021	2020
	Rupees in thousand	
Size of the fund - total assets	<u>62,903</u>	<u>65,160</u>
Cost of investments made in Regular Income Certificates	<u>58,400</u>	<u>58,400</u>
Fair value of investments made	<u>58,400</u>	<u>64,892</u>
	----- % -----	
Percentage of investments made	<u>92.84</u>	<u>89.63</u>

- 46.1** 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.

47. 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. 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.

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

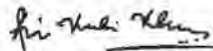
	Lease liabilities	Long term finances	Short term finances	Accrued mark-up	Total
----- Rupees in thousand -----					
Balance as at June 30, 2019	0	0	799,867	18,351	818,218
Changes from financing activities					
Finances obtained net of repayments	5,784	0	285,891	0	291,675
Finance cost paid	0	0	0	(109,607)	(109,607)
	5,784	0	285,891	(109,607)	182,068
Other changes					
Mark-up expense for the year	0	0	0	123,279	123,279
Balance as at June 30, 2020	5,784	0	1,085,758	32,023	1,123,565
Changes from financing activities					
Finances obtained net of repayments	(1,110)	4,456	(373,625)	0	(370,279)
Finance cost paid	0	0	0	(66,719)	(66,719)
	(1,110)	4,456	(373,625)	(66,719)	(436,998)
Other changes					
Mark-up expense for the year	0	0	0	47,060	47,060
Balance as at June 30, 2021	4,674	4,456	712,133	12,364	733,627

49. DATE OF AUTHORISATION FOR ISSUE

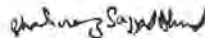
These financial statements were authorised for issue on September 23, 2021 by the board of directors of the Company.

50. GENERAL

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, except for restatement detailed in note 5, no material re-arrangements and re-classifications have been made in these financial statements.



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



Shahnaz Sajjad Ahmad
Director



Amin-ur-Rasheed
Chief Financial Officer

JANANA DE MALUCHO TEXTILE MILLS LIMITED

FORM OF PROXY

I _____, of _____ being a member of the Janana De Malucho Mills Limited and holder of _____ Shares as per Folio No. _____ and/or CDC Participation ID # _____ and Sub Account # _____ do hereby appoint Mr. _____ of _____ or failing him/her Mr. _____ of _____ having Folio No. _____ CDC Participation ID # _____ and Sub Account # _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the company scheduled to be held on **Saturday , the October 23, 2021 at 11:30 a.m.**, and at any adjournment thereof at registered office of the company Habibabad, Kohat.

At witness my/our hand this _____ day of _____ 2021.

1. Name _____
N.I.C _____
Address _____

Please affix
Revenue Stamps
of Rs. 5/-

2. Name _____
N.I.C _____
Address _____

Member's signature

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

Notes:

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at the registered office Habibabad, Kohat. not later than forty eight (48) hours before the time scheduled for the meeting.
6. The proxy shall produce his original CNIC or original Passport at the time of the Meeting.

جانانہ دی مالو چونی کسٹائل ملز لمیٹیڈ

پراکسی فارم

میں ام۔ ساکن۔ ضلع۔
بحیثیت ممبر جانانہ دی مالو چونی کسٹائل ملز لمیٹیڈ۔ (شیرز کی تعداد)
رجسٹرڈ کارڈ نمبر۔ اور ایسی ڈی سی فوئیو کا آئی ڈی نمبر۔ اور ذیلی اکاؤنٹ نمبر۔
مسما۔ ساکن۔ کو
کمپنی کے اجلاس عام میں جو کہ 23 اکتوبر 2021 بروز ہفتہ صبح 11:30 بجے کمپنی کے رجسٹرڈ آفس، حبیب آباد، کوہاٹ میں منعقد ہوگا، میری اتاری طرف سے
بحیثیت اپنا پراکسی، ووٹ دینے کے لئے حاضر دکر تا ہوں کرتے ہیں۔

دستخط حصص داران

(دستخط کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

گواہان:

نام۔

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر۔

پاسپورٹ نمبر۔

بتاریخ:

دستخط۔

نام۔

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر۔

پاسپورٹ نمبر۔

بتاریخ:

نوٹ:

پراکسی کو فعال بنانے کے لئے نامزدگی کا فارم مینٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہئے۔ نمائندے کو کمپنی کارکن ہونا ضروری نہیں۔
حصص داران اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے
قبل اس کے ساتھ لف کریں۔

