

BIBOJEE GROUP



Half Yearly Report December, 2022

Janana De Malucho Textile
Mills Limited

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COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. AHMAD KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD MR. GOHAR AYUB KHAN DR. SHAHIN KULI KHAN BRIG. (RETD.) ABDUL SAMAD KHAN COL. (RETD.) SYED YUNUS ALI RAZA	Chairman Chief Executive
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, M.(Accounting & Finance), APFA	
HEAD OF INTERNAL AUDIT	MR. BILAWAL IRSHAD, CIA(Pak)	
AUDITORS	SHINIEWING HAMEED CHAUDHRI & CO., Chartered Accountant	
BANKERS	NATIONAL BANK OF PAKISTAN THE BANK OF KHYBER PAK OMAN INVESTMENT COMPANY LTD. BANK ALFALAH LIMITED MEEZAN BANK LIMITED HABIB METROPOLITAN BANK LTD.	
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 5-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@gmail.com WEB SITE: www.jdm.com.pk	

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Directors' Review along with the condensed interim financial statements of the Company for the 2nd quarter & half year ended 31st December 2022, duly reviewed by the External Auditors.

FINANCIAL HIGHLIGHTS

Key financial results of the Company for the review period and their comparison with the corresponding period of last year are tabulated below:

	Quarter Ended		Half Year Ended	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
	----- Rs. in millions -----			
Sales-net	1,520.466	1,989.682	3,371.087	3,550.687
Gross profit	87.115	284.253	258.525	419.468
Profit from operations	79.706	246.405	205.919	351.646
(Loss) / profit before taxation	(12.901)	220.370	44.462	309.448
(Loss) / profit after taxation	(42.783)	133.989	(1.679)	206.808
	----- Rupees -----			
(Loss) / Earnings per share	(6.19)	28.00	(0.24)	43.22

During the period under review, the turnover of the Company has decreased by Rs.179.600 million as compared to the previous period. Main reason of decline in turnover is decrease in sale quantity due to unfavorable market conditions. Further, the Company, in the period under review, has earned profit before tax amounting to Rs.44.462 million and loss after tax of Rs.1.679 million in comparison with profit before tax amounting to Rs.309.448 million and profit after tax amounting to Rs.206.808 million respectively, in the previous comparative period. Main reasons of loss are the increase in raw material cost due to unprecedented devaluation of Pak Rupee viz a viz US Dollar, increase in power & fuel cost and impairment on investment in an associated company amounting Rs.28.101 million.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

The country is facing a major economic crisis. After the fallout from the deadly floods of last fall and an ever-turbulent political scene, the World Bank has revised the country's growth projections from 4 percent in June last year to 2 percent for the current fiscal year, citing "precarious economic situation, low foreign exchange reserves and large fiscal deficit" among the primary reasons.

During the current financial year, Pakistan's economic landscape has taken a very drastic turn. The unprecedented increase in US Dollar exchange rate has led to historical rise in inflation which is prevailing at 27.6% in January, 2023 as compared to 13% in January, 2022. The State Bank of Pakistan has increased the key policy rate to over 25-year high at 17%, in the name of controlling the rise in inflation. But this increase is going to destroy the financial resources of companies and eat up all their earnings.

During the period under report, the restriction on import of cotton has been a major concern of the textile industry. Banks have not been opening LCs or retiring cotton imports. The industry is running out of cotton stocks and as consequence mills have either shut down or are close to shut down in the near future. However, as the government scrambles to save every dollar amid a severe foreign exchange crunch, experts have raised the alarm that cotton is needed to be

imported as its production has fallen short of the target. Therefore, in order to meet the gap between demand and production, the Country will have to import around seven million bales of cotton to meet the needs of local textile industries.

The Govt. has also notified a substantial hike in energy prices which can be said to be the "last nail in the coffin" of the ailing textile industry of the country in general and the Khyber Pakhtunkhwa (KP) textile industry in particular. Khyber Pakhtunkhwa Textile Mills Association (KPTMA) has said in a statement that the withdrawal of regionally competitive energy tariff of Rs.19.99/kWh and a gas tariff of Rs.852/MMBTU for gas will result in complete closure of textile industry of KP.

The export-oriented textile industry would be badly hit due to reversal in policy of the already committed energy tariff. KPTMA further said that 60 percent of the industry was already closed and the remaining 40 percent would be closed due to that act of government. The textile industry would lose all export orders due to higher cost as compared to the regional competitions and due to increase in energy prices for which industry was not ready at all.

The export-oriented textile industry is the largest job provider and earning much needed billions of US dollars annually. However, due to high energy prices, the textile industry will not only lose their market share in the international market but it will lead to closure of many units because the higher costs of electricity and gas directly hurt export-oriented textile industry as they are the key inputs in the production.

In addition to continuously increasing inflation, the unprecedented rise in energy prices will reduce real GDP and productivity. Higher energy prices have contributed to painfully high inflation, forced factories to curtail output or even shut down and slowed economic growth to the point that the Country is heading towards severe recession.

Despite the above-mentioned challenges, the Company is determined to endeavor towards minimizing the negative impacts and strives to explore opportunities to serve its stakeholders by providing them sustainable growth.

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) 2015 in the ambit of the exemption in line with the proviso of Section 8(2) of the GIDC Act, 2015. However, PHC, vide its judgment dated June 15, 2022, has dismissed the petition filed by KP Textile Mills Association and Others, observing that while exercising jurisdiction vested under article 199 of the Constitution, the PHC can neither enter into factual controversies nor decide disputed questions of facts. The PHC, however, has allowed the Petitioners to approach a competent court of law having jurisdiction in the matter.

The Company and Babri Cotton Mills Ltd. (BCM - has been merged with the Company w.e.f. 04 February, 2022), during July, 2022, have filed civil suits before the Court of Senior Civil Judge, Peshawar (the Court) praying the Court to declare that the Company and BCM have not passed on the burden of GIDC to end consumers and are entitled to the benefit / exemption under 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"

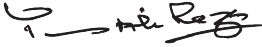
The Court has granted a stay order against recovery of GIDC, because the Company, being a spinning unit and producing raw material for weaving sector has not passed on burden of GIDC to its customers. The yarn market is not a regulated market i.e., textile units are price takers not the price makers, 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 of the Company have said that our case is very strong and valid, so we are hopeful that the decision of the Court will be in favour of the Company and the spinning industry.

ACKNOWLEDGMENT

The Board places on record its appreciation for the support of its bankers who have constantly facilitated the Company in financially difficult times and to all other stakeholders in their ongoing support to the Company. The hard work and diligence of the Company's senior management and the production workers is also commendable. We look forward to same dedication and cooperation from them in the future as well.

On behalf of the Board of Directors



**Col. (Retd) Syed Yunus Ali Raza
Director**



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

Dated: February 28, 2023

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2022 چھ ماہ کی ختم ہونے والی مدت پر کمپنی کے آڈیٹرز کے نظر ثانی شدہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ

ہم آپ کو بتاتے ہوئے خوشی محسوس کرتے ہیں کہ آپ کی کمپنی کی مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہیں۔

----- سہ ماہی -----		----- سہ ماہی -----	
31 دسمبر 2021	31 دسمبر 2022	31 دسمبر 2021	31 دسمبر 2022
----- روپے ملین میں -----			
3,550.687	3,371.087	1,989.682	1,520.466
419.468	258.525	284.253	87.115
351.646	205.919	246.405	79.706
309.448	44.462	220.370	(12.901)
206.808	(1.679)	133.989	(42.783)
----- روپے -----			
43.22	(0.24)	28.00	(6.19)
			(نقصان) آمدنی فی شیئر

زیر جائزہ مدت کے دوران، کمپنی کے کاروبار میں گزشتہ مدت کے مقابلے میں 179.600 ملین روپے کی کمی واقع ہوئی ہے۔ مارکیٹ کے ناموافق حالات کی وجہ سے کمپنی کی فروخت کی مقدار میں کمی ہوئی ہے۔ مزید کمپنی نے، زیر جائزہ مدت میں، 44.462 ملین روپے کا ٹیکس سے قبل منافع اور 1.679 ملین روپے کا ٹیکس کے بعد نقصان ہوا ہے جبکہ گزشتہ تقابلی مدت میں بالترتیب 309.448 ملین روپے کے ٹیکس سے پہلے کے منافع اور 206.808 ملین روپے ٹیکس کے بعد منافع ہوا تھا۔ نقصان کی اہم وجوہات میں خام مال کی لاگت میں اضافہ ہے جس کی وجہ پاکستانی روپے کی امریکی ڈالر کے مقابلے میں غیر معمولی قدر میں کمی، بجلی اور ایندھن کی لاگت میں اضافہ اور سٹاک کمپنی میں سرمایہ کاری کی وجہ سے 28.101 ملین روپے کا نقصان بھی شامل ہے۔

عمومی مارکیٹ کی حالت اور مستقبل کا نظریہ

ملک کو ایک بڑے معاشی بحران کا سامنا ہے۔ گزشتہ موسم خزاں کے مہلک سیلاب کے نتیجے میں آنے والے نقصانات اور ہمیشہ ہنگامہ خیز سیاسی منظر نامے کے بعد، عالمی بینک نے ملک کی شرح نمو کے تخمینے کو گزشتہ سال جون میں 4 فیصد سے کم کر کے رواں مالی سال کے لیے 2 فیصد کر دیا ہے، جس کا حوالہ دیتے ہوئے کہا گیا ہے کہ "معاشی حالات کی خرابی، کم زرمبادلہ کے ذخائر اور بڑے مالیاتی خسارے بنیادی وجوہات میں شامل ہیں۔"

رواں مالی سال کے دوران پاکستان کے معاشی منظر نامے نے انتہائی سخت رخ اختیار کیا ہے۔ امریکی ڈالر کی شرح مبادلہ میں غیر معمولی اضافے سے مہنگائی میں تاریخی اضافہ ہوا ہے جو جنوری 2022 میں 13 فیصد کے مقابلے میں جنوری 2023 میں 27.6 فیصد پر آگئی ہے۔ سٹیٹ بینک آف پاکستان نے مہنگائی میں اضافے کو کنٹرول کرنے کے لئے گزشتہ 25 سال کے مقابلے میں بلند ترین شرح 17 فیصد مقرر کی ہے۔ لیکن ریاضا فیکٹریوں کے مالی وسائل کو تباہ کر دے گا اور ان کی ساری کمائی کھا جائے گا۔

موجودہ رپورٹ کی مدت کے ختم ہونے کے دوران کمپنی اس کی درآمد پر پابندی ٹیکسٹائل انڈسٹری کی ایک بڑی پریشانی رہی ہے۔ بینک نوٹ ایل سی کھول رہے ہیں اور نہ ہی کمپنی اس کی درآمد کو ختم کر رہے ہیں۔ ملکی صنعت میں کمپنی کا ذخیرہ ختم ہو رہا ہے اور اس کے نتیجے میں ملین یا نو بند ہو چکی ہیں یا مستقبل قریب میں بند ہونے کے قریب ہیں۔ تاہم، جب حکومت غیر ملکی زرمبادلہ کے شدید بحران کے درمیان ہر ڈالر کو بچانے کے لیے جدوجہد کر رہی ہے، ماہرین نے خطرے کی گھنٹی بجادی ہے کہ کمپنی اس کی درآمد کو ختم کرے کی ضرورت ہے کیونکہ موجودہ سال میں اس کی پیداوار ہدف سے کم ہوئی ہے۔ اس لیے اس کی طلب اور پیداوار کے درمیان فرق کو پورا کرنے کے لیے ملک کو کمپنی کے تقریباً 70 لاکھ گھنٹوں درآمد کرنی ہوں گی تاکہ مقامی ٹیکسٹائل صنعتوں کی ضرورت پوری ہو سکیں۔

حکومت نے توانائی کی قیمتوں میں خاطر خواہ اضافے کی اطلاع بھی دی ہے جسے ملک کی بالعموم اور بالخصوص خیر پختہ خواہ کی ٹیکسٹائل انڈسٹری کے لیے "تاہوت میں آخری کیل" کہا جا سکتا ہے۔ خیر پختہ خواہ ٹیکسٹائل ملز ایسوسی ایشن (پی ٹی ایم اے) نے ایک بیان میں کہا ہے کہ حکومت 19.99 روپے کی گھوٹائی گھنٹہ کے علاقائی مسابقتی توانائی ٹریف اور گیس کے لیے 852 روپے فی ایم پی ٹی کے گیس ٹریف کو اہل لینے کی سفارش کی ہے تو اس کے نتیجے میں کمپنی کی ٹیکسٹائل انڈسٹری کی عمل طور پر بند ہو جائے گی۔

پہلے سے طے شدہ توانائی ٹریف کی پالیسی میں ردوبدل کی وجہ سے الیکٹریٹیٹی ٹیکسٹائل انڈسٹری کی عملی طور پر متاثر ہوگی۔ کمپنی نے مزید کہا کہ 60 فیصد انڈسٹری پہلے ہی بند تھی اور باقی 40 فیصد حکومت سے اس عمل کی وجہ سے بند ہو جائے گی۔ علاقائی مقاموں کے مقابلے میں زیادہ لاگت اور توانائی کی قیمتوں میں اضافے کی وجہ سے ٹیکسٹائل انڈسٹری تمام برآمدی آرڈرز کھوے گی جس کے لیے انڈسٹری بالکل تیار نہیں ہے۔

برآمدات پر پابندی ٹیکسٹائل کی صنعت سب سے بڑی ملازمت فراہم کرنے والی صنعت ہے اور سالانہ رپورٹوں امریکی ڈالر کی کمی ہے۔ تاہم توانائی کی اونچی قیمتوں کی وجہ سے، ٹیکسٹائل کی صنعت نہ صرف بین الاقوامی

مارکیٹ میں اپنا مارکیٹ شیئر رکھنے کے لیے بلکہ اس سے بہت سے پینس بند ہو جائیں گے کیونکہ نئی اور گیس کی زیادہ قیمتوں سے براہ راست برآمدات پر ٹیکسٹائل انڈسٹری کو نقصان پہنچتا ہے۔ کیونکہ یہ پیداوار کی لاگت میں اہم جز رکھتی ہے۔

مہنگائی میں مسلسل اضافے کے علاوہ، توانائی کی قیمتوں میں غیر معمولی اضافہ کی وجہ سے حقیقی جی ڈی پی اور پیداواری صلاحیت کو کم کرے گا۔ توانائی کی بلند قیمتوں نے تکلیف دہ طور پر مہنگائی کے اضافہ میں حصہ ڈالا ہے، کارخانوں کو پیداوار کم کرنے یا یہاں تک کہ بند کرنے پر مجبور کیا ہے اور معاشی ترقی کو اس مقام تک سست کر دیا ہے کہ ملک شدید کساد بازاری کی طرف بڑھ رہا ہے۔

ذکورہ بالا چیلنجوں کے باوجود، کئی منفی اثرات کو کم کرنے کی کوشش کرنے کے لیے پرعزم ہے اور اپنے اسٹیک ہولڈرز کو پائیدار ترقی فراہم کر کے ان کی خدمت کے مواقع تلاش کرنے کی کوشش کرتی ہے۔

آڈیٹری رپورٹ میں دیئے گئے اعتراض کا جواب

کمیٹی نے گیس انفراسٹرکچر ڈیولپمنٹ سیس (GIDC) کے عائد کرنے کے خلاف کوئی رقم شخص نہی کی کیونکہ کمیٹی نے سپریم کورٹ آف پاکستان (SCP) کے مورخہ 13/08/2020 کے فیصلے اور 02/11/2020 کو نظر ثانی کی درخواست کے اس کے فیصلے کے بعد پشاور ہائی کورٹ (PHC) میں GIDC ایکٹ 2015 کے سیکشن 2(8) کے مطابق استثنیٰ کے دائرہ کار میں GIDC کی وصولی کو چیلنج کیا ہے۔ تاہم، PHC نے اپنے فیصلے کے مطابق 15 جون 2022، نے KP ٹیکسٹائل ملز ایسوسی ایشن اور دیگر کی طرف سے دائر کی گئی پٹیشن کو مسترد کر دیا، یہ مشاہدہ کرتے ہوئے کہ آئین کے آرٹیکل 199 کے تحت حاصل دائرہ اختیار کا استعمال کرتے ہوئے، PHC نہ تو حقائق پر مبنی تنازعات میں داخل ہو سکتا ہے اور نہ ہی حقائق کے متنازعہ سوالات کا فیصلہ کر سکتا ہے۔ تاہم، PHC نے درخواست گزاروں کو اس معاملے میں دائرہ اختیار رکھنے والی ایک قابل قانون عدالت سے رجوع کرنے کی اجازت دی ہے۔

کمیٹی اور پی سی ایم (برری کاٹن لمیٹید) جو کہ 4 فروری 2022 کو کمیٹی میں ضم ہو چکا ہے) نے جولائی، 2022 کے دوران، سبٹرو سول جج، پشاور کی عدالت میں کیس دائر کیے ہیں اور عدالت سے درخواست کی ہے کہ وہ یہ اعلان کرے کہ کمیٹی اور پی سی ایم نے اپنے صارفین پر جی ڈی پی کے پوچھ کو نہیں ڈالا۔ جی ڈی پی سی ایکٹ، 2015 کے سیکشن 8(2) کے تحت فائدہ / چھوٹ کا حقدار ہے، جس میں دیگر باتوں 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 فیسیوں یا ٹیکسوں یا ادائیگیوں کے مقابلے میں ایڈجسٹ کیا گیا ہے گیس صارفین یا کمیٹی کے ذریعہ، اس ایکٹ کی دفعات کے مطابق وصول کیا جائے گا:

بشروطہ ذکورہ سیس صنعتی شعبے سے جمع نہیں کیا جائے گا سوائے فریڈیا نر ریفریول اسٹاک کے، جس کا ڈکریٹس نمبر ۳، دوسرے شیڈول جو کہ دونوں گیس انفراسٹرکچر ڈیولپمنٹ سیس

ایکٹ، 2011 (XXI 2011) اور گیس انفراسٹرکچر ڈیولپمنٹ سیس آرڈیننس، 2014 (VI 2014) میں ہے۔

عدالت نے جی ڈی پی سی کی ریکوری کے خلاف حکم اتنا ہی جاری کیا ہے، کیونکہ کمیٹی، ایک سپننگ یونٹ ہونے کے ناطے اور یونٹ میکٹر کے لیے خام مال تیار کرتی ہے، اس نے جی ڈی پی سی کو بوجھ اپنے صارفین پر نہیں ڈالا۔ یارن مارکیٹ ریگولیشن مارکیٹ نہیں ہے یعنی ٹیکسٹائل یونٹ قیمت لینے والے ہیں نہ کہ قیمت بنانے والے، اس لیے اسپننگ میکٹر اپنی قیمتوں میں جی ڈی پی سی شامل نہیں کر سکا اور حقیقی طور پر اس نے اپنے صارفین سے وصول نہیں کیا ہے۔

کیس زیر التوا ہے اور کمیٹی کے دکلائے کہا ہے کہ ہمارا کیس بہت مضبوط اور درست ہے، اس لیے ہمیں امید ہے کہ عدالت کا فیصلہ کمیٹی اور اسپننگ انڈسٹری کے حق میں آئے گا۔

اعتراف

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

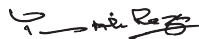
کمیٹی کے بورڈ آف ڈائریکٹرز کی جانب سے

تاریخ: 28 فروری 2023



لیفٹیننٹ جنرل (ریٹائر) علی قلی خان خانک

چیف ایگزیکٹو آفیسر



کرمل (ریٹائرڈ) سید یونس علی رضا

ڈائریکٹر

**Independent Auditors' Review Report to the Members of
Janana De Malucho Textile Mills Limited**

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Janana De Malucho Textile Mills Limited** (the Company) as at December 31, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2021 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 17.4 to the interim financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.648.175 million demanded by Sui Northern Gas Pipelines Ltd. Our review report is not modified in respect of this matter.

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

Shinewing Hameed Chaudhri & Co.

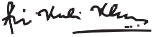
LAHORE; February 28, 2023
UDIN: RR202210195R6175KJYa


SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Condensed Interim Statement of Financial Position as at December 31, 2022

		Dec. 31, 2022 Un-audited --Rupees in thousand--	June 30, 2022 Audited
Assets	Note		
Non-current assets			
Property, plant and equipment	5	7,645,849	7,674,209
Intangible assets	6	1,170	0
Investments in an Associated Company	7	45,547	68,691
Loans to employees		1,085	873
Security deposits		14,346	14,346
		7,707,997	7,758,119
Current assets			
Stores, spares and loose tools		103,308	118,411
Stock-in-trade	8	1,509,158	1,822,914
Trade debts - unsecured, considered good		53,304	9,607
Advances to employees		1,904	2,219
Advance payments		31,264	23,013
Trade deposits and prepayments	9	88,970	75,876
Other receivables		1,718	3,513
Income tax refundable, advance tax and tax deducted at source		163,987	208,884
Cash and bank balances		74,306	17,169
		2,027,919	2,281,606
Total assets		9,735,916	10,039,725
Equity and liabilities			
Equity			
Authorised capital	10	1,000,000	450,000
Issued, subscribed and paid-up capital		69,158	69,158
Treasury shares		(3,410)	(3,410)
Capital reserves			
- capital redemption		6,694	6,694
- tax holiday		350	350
- share premium		11,409	11,409
- merger reserve		5,350	5,350
- revaluation surplus on property, plant and equipment	11	5,071,834	5,124,591
Revenue reserves			
- general reserve		371,530	371,530
- unappropriated profit		1,087,075	1,035,997
Shareholders' equity		6,619,990	6,621,669
Liabilities			
Non-current liabilities			
Long term finances	12	167,310	263,616
Staff retirement benefits - gratuity	13	107,446	104,794
Deferred taxation		631,189	623,960
		905,945	992,370
Current liabilities			
Trade and other payables	14	732,285	865,347
Unclaimed dividends		2,715	2,715
Accrued mark-up		41,656	52,215
Short term finances		1,264,071	1,346,760
Current portion of non-current liabilities	15	125,924	60,285
Taxation	16	42,139	97,173
Preference shares redemption account		1,191	1,191
		2,209,981	2,425,686
Total liabilities		3,115,926	3,418,056
Contingencies and commitments	17		
Total equity and liabilities		9,735,916	10,039,725

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


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



Col. (Retd) Syed Yunus Ali Raza
Director

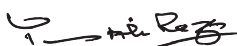

Amin-ur-Rasheed
Chief Financial Officer

**Condensed Interim Statement of Profit or Loss & Other
Comprehensive Income (Un-audited)
For the Quarter and Six Months Period Ended December 31, 2022**

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
----- Rupees in thousand -----					
Sales - net	18	1,520,466	1,989,682	3,371,087	3,550,687
Cost of sales	19	1,433,351	1,705,429	3,112,562	3,131,219
Gross profit		87,115	284,253	258,525	419,468
Distribution cost	20	12,768	16,054	30,005	25,664
Administrative expenses		25,502	22,310	53,518	42,705
Other expenses	21	4,845	43	4,845	43
Other income	22	(35,706)	(559)	(35,762)	(590)
		7,409	37,848	52,606	67,822
Profit from operations		79,706	246,405	205,919	351,646
Finance cost	23	69,463	28,116	138,313	44,279
		10,243	218,289	67,606	307,367
Share of profit of an Associated Company (2021: Associated Companies) - net	7	4,957	2,081	4,957	2,081
Impairment loss on investments in an Associated Company		(28,101)	0	(28,101)	0
		(23,144)	2,081	(23,144)	2,081
(Loss) / profit before taxation		(12,901)	220,370	44,462	309,448
Taxation					
- current	16	22,627	75,155	42,139	94,667
- prior year	16	(3,227)	13,571	(3,227)	13,571
- deferred		10,482	(2,345)	7,229	(5,598)
		29,882	86,381	46,141	102,640
(Loss) / profit after taxation		(42,783)	133,989	(1,679)	206,808
Other comprehensive income		0	0	0	0
Total comprehensive (loss) / income for the period		(42,783)	133,989	(1,679)	206,808
----- Rupees -----					
(Loss) / earnings per share		(6.19)	28.00	(0.24)	43.22

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


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


Col. (Retd) Syed Yunus Ali Raza
Director


Amin-ur-Rasheed
Chief Financial Officer


**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Six Months Period Ended December 31, 2022**


Share capital	Treasury shares	Reserves							Total	
		Capital					Merger reserve	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, 2022 (audited)	69,158	(3,410)	6,694	350	11,409	5,124,591	5,350	371,530	1,035,997	6,621,669
Total comprehensive income for the period of six months ended December 31, 2022	0	0	0	0	0	0	0	0	(1,679)	(1,679)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	0	(18,801)	0	0	18,801	0
Share of revaluation surplus on property, plant and equipment of an Associated Company	0	0	0	0	0	(33,956)	0	0	33,956	0
Balance as at December 31, 2022 (un-audited)	69,158	(3,410)	6,694	350	11,409	5,071,834	5,350	371,530	1,087,075	6,619,990
Balance as at June 30, 2022 (audited)	47,848	0	6,694	350	11,409	2,353,716	0	371,530	718,568	3,510,115
Total comprehensive income for the period of six months ended December 31, 2021	0	0	0	0	0	0	0	0	206,808	206,808
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	0	(9,527)	0	0	9,527	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	0	(1,452)	0	0	0	(1,452)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	0	0	(629)	(629)
Balance as at December 31, 2021 (un-audited)	47,848	0	6,694	350	11,409	2,342,737	0	371,530	934,274	3,714,842

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


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

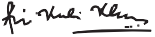

Col. (Retd) Syed Yunus Ali Raza
Director



Amin-ur-Rasheed
Chief Financial Officer

**Condensed Interim Statement of Cash Flows (Un-audited)
For the Six Months Period Ended December 31, 2022**

	Six months period ended	
	Dec. 31, 2022	Dec. 31, 2021
	(Rupees in thousand)	
Cash flows from operating activities		
Profit for the period - before taxation and share of profit on investments in an Associated Company (2021: Associated Companies)	67,606	307,367
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	81,337	40,548
Amortisation on intangible assets	130	0
Depreciation on right of use assets	426	1,189
Gain on sale of plant & machinery and vehicle	(307)	(552)
Staff retirement benefits - gratuity (net)	2,652	6,842
Receivable balances written-off	4,845	0
Payable balances written-back	(34,448)	0
Finance cost	138,313	44,279
Profit before working capital changes	260,554	399,673
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	15,103	(62,286)
Stock-in-trade	313,756	(506,019)
Trade debts	(48,542)	(48,037)
Loans and advances to employees	103	(184)
Advance payments	(8,251)	6,987
Trade deposits and prepayments	(13,094)	(107,551)
Due from Associated Company	0	(676)
Other receivables	1,795	(364)
(Decrease) / increase in trade and other payables	(98,823)	110,004
	162,047	(608,126)
Cash generated from / (used in) operations	422,601	(208,453)
Taxes paid	(49,049)	(67,118)
Net cash generated from / (used in) operating activities	373,552	(275,571)
Cash flows from investing activities		
Fixed capital expenditure	(54,229)	(177,326)
Sale proceeds of plant & machinery and vehicle	1,133	600
Net cash used in investing activities	(53,096)	(176,726)
Cash flows from financing activities		
Lease liabilities	(1,091)	(1,753)
Long term finances - net	(30,667)	(283)
Short term finances - net	(82,689)	484,391
Finance cost paid	(148,872)	(30,924)
Net cash (used in) / generated from financing activities	(263,319)	451,431
Net increase / (decrease) in cash and cash equivalents	57,137	(866)
Cash and cash equivalents - at beginning of the period	17,169	18,886
Cash and cash equivalents - at end of the period	74,306	18,020

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


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


Col. (Retd) Syed Yunus Ali Raza
Director


Amin-ur-Rasheed
Chief Financial Officer

**Notes to the Condensed Interim Financial Statements (Un-audited)
For the Six Months Period Ended December 31, 2022**

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.

As fully detailed in note 1.2 to the audited financial statements of the Company for the year ended June 30, 2022, Babri Cotton Mills Ltd. was merged / amalgamated into the Company with effect from February 04, 2022.

2. Basis of preparation

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim financial reporting', issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2022. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017. The figures for the six months period ended December 31, 2022 have, however, been subjected to limited scope review by the external Auditors.

2.4 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity), which is determined on the present value of defined benefit obligations determined by an independent actuary and property, plant and equipment at revalued amounts assessed by an independent valuer.

2.5 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

3. Significant accounting policies

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited financial statements of the Company as at and for the year ended June 30, 2022.

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

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4. Accounting estimates and judgements

4.1 The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

4.2 In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2022.

		Un-audited Dec. 31, 2022	Audited June 30, 2022
5. Property, plant and equipment	Note	(Rupees in thousand)	
Operating fixed assets - tangible	5.1	7,579,842	7,625,994
Capital work-in-progress	5.2	66,007	43,107
Right of use assets	5.3	0	5,108
		<u>7,645,849</u>	<u>7,674,209</u>
5.1 Operating fixed assets - tangible			
Book value as at June 30, 2022		7,625,994	
Additions made during the period:			
- plant & machinery		19,756	
- vehicles		11,573	
- transfer from right of use assets		4,682	
		36,011	
Book value of plant & machinery and vehicle sold		(826)	
Depreciation charge for the period		(81,337)	
Book value as at December 31, 2022		<u>7,579,842</u>	

5.2 Period end balance included Rs.22.899 million being advances made to Ghandhara Nissan Ltd. (an Associated Company) against purchase of vehicles.

		Un-audited Dec. 31, 2022 (Rupees in thousand)
5.3 Right of use assets		
Book value as at June 30, 2022		5,108
Depreciation charge for the period		(426)
Transferred to property, plant and equipment during the period		(4,682)
Book value as at December 31, 2022		0
6. Intangible assets (ERP software)		
Addition during the period		1,300
Amortisation charge for the period		(130)
		1,170
7. Investments in an Associated Company - Quoted Bannu Woollen Mills Ltd. (BWM)		
Carrying value of 731,626 shares of Rs.10 each before recognition of impairment loss as at June 30, 2022		282,381
Shareholding held: 7.70%		
Profit for the period - net of taxation		4,957
		287,338
Less: impairment loss:		
- balance as at June 30, 2022		(213,690)
- loss recognised during the period		(28,101)
		(241,791)
Carrying value as at December 31, 2022		45,547
7.1 Although the Company has less than 20% voting rights in BWM as at December 31, 2022, BWM has been treated as an Associated Company by virtue of common directorships.		
7.2 Market value of the Company's investments in BWM as at December 31, 2022 was Rs.16.288 million (June 30, 2022: Rs.21.949 million).		
8. Stock-in-trade		
Raw materials inventory valuing Rs.163.873 million (June 30, 2022: Rs.233.483 million) was in transit as at December 31, 2022.		

		Un-audited Dec. 31, 2022 (Rupees in thousand)	Audited June 30, 2022
9. Trade deposits and prepayments	Note		
Letters of credit		424	468
Prepayments		13,546	408
Security deposit	9.1	75,000	75,000
		88,970	75,876

9.1. This represents amount deposited with National Bank of Pakistan against guarantee amounting Rs.75 million provided by NBP on account of BCM (now merged with the Company) to Sui Northern Gas Pipelines Ltd. The guarantee is valid upto December 31, 2023.

10. Authorised share capital

The authorised share capital of the Company, during the period, has been increased from Rs.450 million divided into 35,500,000 ordinary shares of Rs.10 each and 700,000 7.5% cumulative redeemable preference shares of Rs.10 each and 8,800,000 10% cumulative redeemable preference shares of Rs.10 each to Rs.one billion divided into 90,500,000 ordinary shares of Rs.10 each and 9,500,000 cumulative redeemable preference shares of Rs.10 each.

	Un-audited Dec. 31, 2022	Audited June 30, 2022
11. Revaluation surplus on property, plant and equipment - net		
Revaluation surplus on the Company's property, plant & equipment	4,928,219	4,947,017
Share of revaluation surplus on property, plant and equipment of an Associated Company	143,621	177,574
	<u>5,071,840</u>	<u>5,124,591</u>
12. Long term finances - secured		
First Habib Modaraba (FHM)		
- diminishing musharaka (DM I)	3,338	3,756
The Bank of Khyber (BoK)		
- demand finance - I	8,905	72,417
- demand finance - II	52,667	12,244
Pak Oman Investment Company Ltd. (POIC)		
- term finance	200,000	200,000
Sindh Modaraba (SM)		
- diminishing musharaka (DM II)	28,324	34,393
	<u>293,234</u>	<u>322,810</u>
Less: current portion grouped under current liabilities		
- FHM (DM I)	940	877
- BoK (demand finance - I)	6,678	39,500
- BoK (demand finance - II)	39,500	6,678
- POIC	66,667	0
- SM (DM II)	12,139	12,139
	<u>125,924</u>	<u>59,194</u>
	<u>167,310</u>	<u>263,616</u>

		Un-audited Dec. 31, 2022 (Rupees in thousand)	
13. Staff retirement benefits - gratuity			
Balance as at June 30, 2022		104,794	
Provision made during the period		22,385	
Payments made during the period		(19,733)	
Balance as at December 31, 2022		107,446	
14. Trade and other payables	Note	Un-audited Dec. 31, 2022 (Rupees in thousand)	Audited June 30, 2022
Creditors		134,975	180,543
Bills payable against imported - stores and spares		0	9,008
- raw materials		163,873	139,439
Advances from customers - contract liabilities		76,525	95,954
Advance payments		184	184
Accrued expenses		239,582	360,417
Tax deducted at source		11,441	11,314
Sales tax payable		44,244	2,974
Gratuity payable to employees		1,980	2,205
Due to Waqf-e-Kuli Khan (WKK)	14.1	28,412	28,616
Workers' (profit) participation fund (WPPF)	14.1	15,564	14,268
Workers' welfare fund (WWF)	14.1	0	5,256
Security deposits repayable on demand - interest free		282	283
Others		15,223	14,886
		732,285	865,347
14.1	No provision in respect of WKK, WPPF and WWF has been made in these condensed interim financial statements as the management intends to incorporate these provisions in the financial statements for the year ending June 30, 2023.		
15. Current portion of non-current liabilities			
Lease liabilities		0	1,091
Long term finances	12	125,924	59,194
		125,924	60,285

	Un-audited Dec. 31, 2022 (Rupees in thousand)
16. Taxation - net	
Balance as at June 30, 2022	97,173
Add: provision made during the period:	
current	42,139
prior year	(3,227)
	38,912
	136,085
Less: payments / adjustments made against completed assessments	93,946
	42,139

16.1 Income tax assessments of the Company have been completed up to the tax year 2022 i.e. accounting year ended June 30, 2022.

16.2 There has been no significant change in the status of taxation matters during the current period as detailed in note 26 to the audited financial statements of the Company for the year ended June 30, 2022.

16.3 Income tax expense is recognised in each interim period based on best estimate. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate changes.

17. Contingencies and commitments

17.1 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 was 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.

17.2 The Department, vide order dated January 24, 2018 under section 11(3) of the Sales Tax Act, 1990 (the Act) has created demand of Rs.182.690 million for the period July, 2011 to June, 2013 against which the Company has filed writ petition before the 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, which is pending adjudication.

17.3 The Department, vide order dated May 31, 2022, under section 11(3) of the Act has created demand of Rs.1,360.689 million, which included further tax and penalties for the period July, 2016 to June, 2019 against post refund audit. The Company has filed appeal against the impugned assessment order with the Commissioner (Appeals), who decided the appeal in favour of the Company and deleted the whole demand vide order dated December 30, 2022.

17.4 The Supreme Court of Pakistan (SCP) vide its judgment dated August 13, 2020 has declared the Gas Infrastructure Development Cess (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.

The Company and Babri Cotton Mills Ltd (BCM - merged with the Company on February 04, 2022) have filed review petitions against the said judgment of SCP for waiver of the full amount of GIDC cess on the ground that, being spinning Units and producing raw materials for weaving sector, have not passed on the GIDC burden to their customers. The SCP has dismissed the said review petitions vide its judgment dated November 02, 2020; however, the SCP, in its said judgment, has mentioned that the companies claiming any relief under the GIDC Act, 2015 may approach the right forum.

In case of the Company, Sui Northern Gas Pipelines Ltd. (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, however, the balance GIDC provisions aggregating Rs.302.914 million have not been recognised in the books of account.

In case of BCM, SNGPL, along with gas bill for the month of August, 2020, has raised GIDC demands aggregating Rs.345.261 million against which provisions have not been recognised in the books of account.

After dismissal of the petition by the Peshawar High Court filed by KP Textile Mills Association and Others, the Company and BCM, during July, 2022, have filed civil suits before the Court of Senior Civil Judge, Peshawar praying the Court to declare that the Company and BCM have not passed on the burden of GIDC to end consumers and are entitled to the benefit / exemption under section 8 (2) of the GIDC Act, 2015 as per the dicta laid down by the Supreme Court in civil appeals / civil review petition and by the PHC in a writ petition. The Company and BCM have further prayed that SNGPL be restrained from recovering GIDC and disconnecting their gas supplies. The Trial Court has issued restraining orders in favour of the Companies and has restrained SNGPL from the recovery of GIDC or taking any other coercive action.

17.5 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.

17.6 Guarantee amounting Rs.75 million (June 30, 2022: Rs.75 million) issued by a commercial bank on behalf of Babri Cotton Mills Ltd. in favour of SNGPL was outstanding as at December 31, 2022.

17.7 Guarantee amounting Rs.100 million (June 30, 2022: Rs.100 million) issued by a commercial bank on behalf of the Company in favour of SNGPL was outstanding as at December 31, 2022.

			Un-audited Dec. 31, 2022	Audited June 30, 2022
17.8			(Rupees in thousand)	
Commitments against irrevocable letters of credit outstanding at the period / year-end were for:				
- stores and spares			0	1,486
- raw materials			118,554	98,280
			118,554	99,766
	Quarter ended		Six months period ended	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
18. Sales - Net	----- Rupees in thousand -----			
Yarn	1,808,590	2,257,043	3,967,941	4,046,978
Waste	204	88,542	38,212	158,240
Raw materials	0	21,596	0	22,352
	1,808,794	2,367,181	4,006,153	4,227,570
Less: sales tax	288,328	377,499	635,066	676,883
	1,520,466	1,989,682	3,371,087	3,550,687
19. Cost of sales				
Raw materials consumed	742,520	1,133,620	2,145,774	2,186,173
Packing materials consumed	22,009	36,229	56,810	51,314
Salaries, wages and benefits	187,509	174,628	317,127	348,396
Power and fuel	146,467	167,243	421,870	362,191
Stores consumed	39,151	52,338	93,726	107,432
Repair and maintenance	2,281	4,834	6,874	8,041
Depreciation	39,982	19,987	79,565	40,312
Insurance	4,783	4,396	9,565	8,696
Others	5,254	4,371	12,238	8,054
	1,189,956	1,597,646	3,143,549	3,120,609
Adjustment of work-in-process				
Opening	166,375	125,572	147,471	106,958
Closing	(130,300)	(112,425)	(130,300)	(112,425)
	36,075	13,147	17,171	(5,467)
Cost of goods manufactured	1,226,031	1,610,793	3,160,720	3,115,142
Adjustment of finished goods				
Opening stock	408,536	158,533	153,058	79,413
Closing stock	(201,216)	(76,420)	(201,216)	(76,420)
	207,320	82,113	(48,158)	2,993
Cost of goods sold - own manufactured	1,433,351	1,692,906	3,112,562	3,118,135
Cost of goods sold - raw materials purchased for resale	0	12,523	0	13,084
	1,433,351	1,705,429	3,112,562	3,131,219

	Quarter ended		Six months period ended	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
20. Distribution cost	----- Rupees in thousand -----			
Salaries and benefits	4,749	4,983	9,639	8,540
Commission	6,895	9,626	16,788	14,193
Freight and handling	1,094	1,359	2,577	2,620
Gifts and samples	21	69	199	69
Others	9	17	802	242
	12,768	16,054	30,005	25,664
21. Other expenses				
	Expense for the period represents write-off of receivable balances.			
22. Other income				
	Income for the period mainly includes write-back of payable balances aggregating Rs.34.448 million and excess workers' welfare fund provision amounting Rs.0.928 million.			
23. Finance cost				
Interest on lease liabilities	9	81	44	178
Mark-up on long term finances	13,944	45	27,978	152
Mark-up on short term finances	53,235	25,566	107,108	40,738
Bank charges	980	888	1,888	1,675
Interest on workers' - (profit) participation fund	1,295	1,536	1,295	1,536
	69,463	28,116	138,313	44,279

24. Transactions with Related Parties

Significant transactions made during the period with related parties were as follows:

Name	Nature of transaction	Cumulative	
		Jul. - Dec., 2022	Jul. - Dec., 2021
Associated Companies			
Babri Cotton Mills Ltd.	Utilities / expenses: - paid	0	211,411
	Advance made for purchase of freehold land	0	150,433
	Lease rentals paid	0	600
Bannu Woollen Mills Ltd.	Expenses recovered	120	120
	Salaries and benefits recovered	1,169	1,224
	Sale of raw cotton	0	3,114
	Sale of yarn	2,039	2,305
The Universal Insurance Company Ltd.	Salaries & benefits recovered	1,169	1,224
	Salaries & benefits paid	815	0
	Expenses recovered	120	120
Gammon Pakistan Ltd.	Rent paid	242	220
Gandhara Nissan Ltd.	Salaries & benefits recovered	1,169	1,224
	Advances made for purchase of vehicles	22,899	0
	Expenses recovered	120	120
Gandhara Industries Ltd.	----- do -----	120	120
	Salaries & benefits recovered	1,169	1,224
Other related parties			
Employees' Provident Fund	Payments made to Provident Fund	18,012	9,750
Key Management Personnel	Salaries & benefits	81,557	63,726

25. Financial risk management

25.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended June 30, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

25.2 Fair value estimation

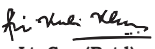
During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Further, there were no reclassifications of financial assets.

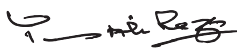
26. Corresponding figures

The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the period ended December 31, 2021.

27. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 28, 2023.


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


Col. (Retd) Syed Yunus Ali Raza
Director


Amin-ur-Rasheed
Chief Financial Officer

