

BIBOJEE GROUP



62nd ANNUAL REPORT

2022

**JANANA
DE MALUCHO**

TEXTILE MILLS LIMITED



يَا رَبُّ الْعِزَّةِ
بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
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COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. AHMAD KULI KHAN KHATTAK	Chairman
	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK	Chief Executive
	MRS. SHAHNAZ SAJJAD AHMAD	
	MR. GOHAR AYUB KHAN	
	DR. SHAHIN KULI KHAN	
	BRIG. (RETD) ABDUL SAMAD KHAN	
	COL. (RETD) SYED YUNUS ALI RAZA	
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN	Chairman
	MR. AHMAD KULI KHAN KHATTAK	Member
	COL. (RETD) SYED YUNUS ALI RAZA	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	COL. (RETD) SYED YUNUS ALI RAZA	Chairman
	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK	Chief Executive /
		Member
	MR. AHMAD KULI KHAN KHATTAK	Member
	MRS. SHAHNAZ SAJJAD AHMAD	Member
CHIEF FINANCIAL OFFICER	MR. AMIN-UR-RASHEED	
	B. Com. (Hons.) FICS	
	Sr. Gen. Manager Finance & Corporate Affairs	
COMPANY SECRETARY	MR. ABID RAZA, MAF, 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	
	PAK OMAN INVESTMENT COMPANY LTD.	
	BANK ALFALAH LIMITED	
	UNITED BANK LIMITED	
	MEEZAN BANK 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 62nd ANNUAL GENERAL MEETING

Notice is hereby given that 62nd Annual General Meeting (AGM) of the Company will be held on **Monday the 17th October 2022 at 12:15 P.M.** at registered office of the Company, Habibabad, Kohat, to transact the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of an Extra Ordinary General Meeting held on 24th December, 2021.
2. To receive, consider and adopt the annual audited Financial Statements for the year ended 30th June 2022 together with the Chairman's Review, Directors' and Auditors' reports thereon.
3. To appoint external Auditors for the financial year 2022-23 and to fix their remuneration. The retiring Auditors M/s Shinewing, Hameed Chaudhri & Co., Chartered Accountants, Lahore being eligible have consented and offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolutions as special resolutions with or without modification(s):
 - A. **“RESOLVED THAT**, as approved by the Board of Directors (the Board) in its meeting held on 15th February, 2022, the Authorized Share Capital of the Company be and is hereby increased from Rs.450,000,000/- (Rupees four hundred fifty million only), divided into 35,500,000 (thirty five million five hundred thousand only) ordinary shares of Rs.10/- (rupees ten only) each, and 700,000 (seven hundred thousand only) 7.5% cumulative redeemable preference shares of Rs.10/- (Rupees ten only) each, and 8,800,000 (eight million eight hundred thousand only) 10% cumulative redeemable preference shares of Rs.10/- (Rupees ten only) each to Rs.1,000,000,000/- (Rupees One Billion only) divided into 90,500,000 (Ninety million five hundred thousand only) ordinary shares of Rs.10/- each (Rupees ten only) each and 9,500,000 (Nine million Five hundred thousand only) cumulative redeemable preferences shares of Rs.10/- (Rupees ten only) each and therefore, clause V of the Memorandum of Association of the Company and clause 4 of the Articles of Association of the Company be and are hereby amended and substituted as under:-

Existing Clause V of Memorandum of Association of the Company to be Deleted

The authorized capital of the company is Rs.450,000,000/- (Rupees four hundred fifty million only) divided into 35,500,000 (thirty-five million five hundred thousand only) ordinary shares of Rs.10/- (Rupees ten only) each. 700,000/- (seven hundred thousand only) 7.5% cumulative Redeemable preference shares of Rs.10/- (Rupees ten only) each, and 8,800,000/- (eight million eight hundred thousand only) 10% cumulative Redeemable preference shares of Rs.10/- (Rupees ten only) each with the powers of the Company, specifically, to increase the authorized share capital to include a further issue including of preference shares, and generally, to increase or reduce the said capital and to subdivide the share capital into different classes in accordance with the provisions

Proposed Clause V of Memorandum of Association of the Company to be Inserted

The authorized share capital of the company is Rs.1,000,000,000/- (Rupees One billion only) divided into 90,500,000/- (Ninety million five hundred thousand only) ordinary shares of Rs.10/- (Rupees ten only) each. and 9,500,000 (Nine million five hundred thousand only) cumulative Redeemable preference shares of Rs.10/- (Rupees ten only) each, and generally, to increase or reduce the said capital and to subdivide the share capital, in accordance with the provisions of the Companies Ordinance, 1984 and any rules made thereunder, and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association or the Regulations of the Company for the time being,

of the Companies Ordinance, 1984 and any rules made thereunder, and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association or the Regulations of the Company for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association or the Regulations of the Company in accordance with law.

and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association or the Regulations of the Company in accordance with law.

Existing Clause 4 of Articles of Association of the Company to be Deleted

The authorized Share Capital of the Company is Rs.450,000,000/- (Rupees four hundred fifty million only) divided into 35,500,000 (thirty-five million five hundred thousand only) ordinary Shares of Rs.10/-(Rupees ten only) each, 700,000 (seven hundred thousand only) 7.5% cumulative redeemable preference Shares of Rs.10/- (Rupees ten only) each, and 8,800,000/- (eight million eight hundred thousand only) 10% cumulative redeemable preference Shares of Rs.10/- (Rupees ten only) each with power of the Company, specifically, to increase the authorized Share Capital to include a further issue, and generally, to increase or reduce the Capital and to divide the Shares in the Capital for the time being into several classes in accordance with the provisions of the Ordinance, and any rules made there under, and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with these Articles or the Regulations for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by these Articles or the Regulations in accordance with the Applicable Law.

Proposed Clause 4 of Articles of Association of the Company to be Inserted

The authorized Share capital of the Company is Rs.1,000,000,000/- (Rupees One billion only) divided into 90,500,000/- (Ninety million five hundred thousand only) ordinary shares of Rs.10/- (Rupees ten only) each. and 9,500,000 (Nine million five hundred thousand only) cumulative Redeemable preference shares of Rs.10/- (Rupees ten only) each, and generally, to increase or reduce the said capital and to subdivide the share capital for the time being into several classes in accordance with the provisions of the Ordinance, and any rules made there under, and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with these Articles or the Regulations for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by these Articles or the Regulations in accordance with the Applicable Law.

“FURTHER RESOLVED THAT:

- a) The Chief Executive Officer, the Chief Financial Officer and the Company Secretary (hereinafter referred to as the “Authorized Officers”) be and are hereby jointly authorized to complete all the necessary legal and corporate formalities pertaining to this resolution.
- b) All acts, deeds, and things done by the Authorized Officers pursuant to the above Resolutions for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company.

c) The Chief Executive Officer and the Company Secretary, be and are also hereby jointly authorized to take any further modifications/amendments/corrections at a later stage if pointed out by Securities and Exchange Commission of Pakistan (the Commission) and to take such other steps, execute such other documents and make necessary corporate and other filings as may be necessary or expedient for the purpose of giving effect to the above resolutions and all other matters incidental or ancillary thereto.”

B. “RESOLVED THAT pursuant to Section 170 read with Section 208 of the Companies Act, 2017, the approval of the members of the Company be and is hereby accorded to the Board of Directors to appoint Dr. Shahin Kuli Khan Khattak as Executive Director Public Relations at a gross salary of Rs. 600,000/- per month, in addition to other usual expenses such as utilities and other perquisites, with effect from July 01, 2022, shared by the following Associated Companies on pro rata basis, w.e.f July 01, 2022, at the end of every quarter of the financial year:

- i. Janana De Malucho Textile Mills Ltd.
- ii. Bannu Woollen Mills Ltd.
- iii. Ghandhara Nissan Ltd.
- iv. Ghandhara Industries Ltd.
- v. The Universal Insurance Company Ltd.
- vi. Rahman Cotton Mills Ltd.

“FURTHER RESOLVED THAT:

i. The Chief Executive Officer, the Chief Financial Officer and the Company Secretary (hereinafter referred to as the “Authorized Officers”) be and are hereby authorized jointly to complete all the necessary legal and corporate formalities pertaining to this resolution.

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

iii. The Chief Executive Officer and the Company Secretary, be and are also hereby jointly authorized to take any further modifications/amendments/corrections at a later stage if pointed out by Securities and Exchange Commission of Pakistan (the Commission) and to take such other steps, execute such other documents and make necessary corporate and other filings as may be necessary or expedient for the purpose of giving effect to the above resolutions and all other matters incidental or ancillary thereto.”

C. “RESOLVED THAT approval be and is hereby accorded to enter into a rental agreement of residential apartment situated at 6th floor, 25 Park Lane Town, 172 Tufail Road, Lahore with Mr. Khalid Kuli Khan Khattak, Executive Director (Finance & Production) of Janana De Malucho Textile Mills Ltd., for the monthly rent of Rs. 465,000/- per month in advance which shall be shared by following Associated Companies on pro rata basis w.e.f January 01, 2023 and subject to other terms and conditions disclosed to the members in the statement of material facts under section 134(3) of the Companies Act, 2017:

- i. Janana De Malucho Textile Mills Ltd.
- ii. Bannu Woollen Mills Ltd.
- iii. Rahman Cotton Mills Ltd.

“FURTHER RESOLVED THAT:

- i. The Chief Executive Officer, the Chief Financial Officer and the Company Secretary (hereinafter referred to as the “Authorized Officers”) be and are hereby jointly authorized to complete all the necessary legal and corporate formalities pertaining to this resolution.
- ii. The Chief Executive Officer and the Company Secretary, be and are also hereby jointly authorized to take any further modifications/amendments/corrections at a later stage if pointed out by Securities and Exchange Commission of Pakistan (the Commission) and to take such other steps, execute such other documents and make necessary corporate and other filings as may be necessary or expedient for the purpose of giving effect to the above resolutions and all other matters incidental or ancillary thereto.”

A statement of material facts under Section 134 (3) of the Companies Act, 2017 pertaining to the Special Business as stated above is annexed to this notice of meeting being sent to the Members.

D. (I) “RESOLVED THAT the transactions carried out in normal course of business with associated companies/ related parties during the year ended June 30, 2022, as disclosed in the note 42 of the Financial Statements for the year ended June 30, 2022 are hereby approved.”

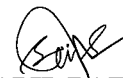
(II) “RESOLVED THAT the Chief Executive Officer and the Chief Financial Officer of the Company be and are hereby authorized jointly to approve all the transactions carried out and to be carried out in normal course of business with associated companies/ related parties during the year ending June 30, 2023 and in this connection the Chief Executive Officer and the Chief Financial Officer jointly be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents as may be required in this regard on behalf of the Company.”

A statement of material facts under Section 134 (3) of the Companies Act, 2017 pertaining to the Special Business as stated above is annexed to this notice of meeting being sent to the Members.

ANY OTHER BUSINESS:

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

By order of the Board



ABID RAZA
Company Secretary

Kohat
Dated: 26th September, 2022

NOTES:

1. The register of members of the Company will remain closed from October 10, 2022 to October 17, 2022 (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 hours (till 5:00 pm) on October 07, 2022 will be considered in time for registration in the name of the transferees, and be eligible for the purpose of attending and voting at the AGM.
2. A member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed must

be deposited at the registered office of the Company at least 48 hours before the time of meeting.

3. Any individual beneficial owner having an account or sub-account with the Central Depository Company ("CDC"), is entitled to vote at this Meeting, must provide his/her Computerized National Identity Card ("CNIC") to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should provide attested copies of board of directors' resolution/powers of attorney and/or all such documents as are required under Circular No.1 dated 26th January 2000 issued by the Securities Exchange Commission of Pakistan for the purpose.
4. The members holding physical shares are also required to bring their original CNIC and/ or copy of CNIC of shareholder(s) of whom he/ she/ they hold Proxy (ies). Without CNIC such shareholder(s) shall not be allowed to attend and/ or sign the Register of Shareholders/ Members at the AGM.
5. Pursuant to provisions of section 134 of the Act, 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. Members are requested to notify change in their address immediately to the share registrar, if any.
7. Members are requested to replace their physical shares in Book-entry form and get their Names registered with the CDC, as early as possible, in compliance with the provisions of Section 72 (2) of the Companies Act, 2017
8. The audited financial statements of the Company for the year ended June 30, 2022 have been posted and are made available on the Company's website www.jdm.com.pk.

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 17th October 2022.

Item No. 04 of the Agenda

A. Approval of the members is being sought for amendment in Clause V of Memorandum of Association of the Company and in Clause 4 of the Articles of Association of the Company so as to increase authorized share capital of the Company in order to implement the decision of the Board of Directors as taken in their meeting held on 15th February, 2022.

B. Approval of Remuneration of Non-Executive Director

Keeping in view the communication from Associated Companies to the public and in order to develop and implement the Associated Companies public relations strategies, in accordance with the provisions of the Companies Act, 2017 with regards to the Related Party Transactions, the Board has recommended to appoint Dr. Shahin Kuli Khan Khattak as Executive Director Public Relations at a gross salary of Rs. 600,000/- per month, in addition to other usual expenses such as utilities and other perquisites, with effect from July 01, 2022. Further, keeping in view the austerity measures and to reduce the overhead expense of an Associated Company, the salary and expenses of the of the said Executive Director shall be shared by the following Associated

Companies on a pro rata basis by each Associated Company at the end of every quarter of the financial year:-

1. Janana De Malucho Textile Mills Ltd.
2. Bannu Woollen Mills Ltd.
3. Ghandhara Nissan Ltd.
4. Ghandhara Industries Ltd.
5. The Universal Insurance Company Ltd.
6. Rahman Cotton Mills Ltd.

The following Directors are interested in the resolution to the extent of their relation, common directorships and their shareholding in the Associated Companies:

1. Lt. Gen. (Retd.) Ali Kuli Khan Khattak
2. Mr. Ahmad Kuli Khan Khattak
3. Mr. Gohar Ayub Khan
4. Mrs. Shahnaz Sajjad Ahmad
5. Dr. Shahin Kuli Khan Khattak

C. Lease / Rent of Residential Premises owned by a Related Party:

The Company intends to enter into a contract for leasing / rent of premises for residence of its directors / senior executives of Textile division during attending meetings / visits / attending seminars in Lahore located at 25 Park Lane Town, 172 Tufail Road, Lahore with Executive Director (Finance & Production), Mr. Khalid Kuli Khan Khattak, at a monthly rent of Rs. 465,000 per month measuring total area of 3,200 square feet located at 6th floor along with one store & servant quarter located at 3rd floor of the building. The rent rates are in line with prevailing rent rates in the said locality. The property will be jointly shared with other Associated Companies i.e., Janana De Malucho Textile Mills Ltd., Bannu Woollen Mills Ltd. and Rahman Cotton Mills Ltd. The other terms and conditions would be:

- a) Agreement tenor: 03 (three) years (renewable on mutual terms and conditions)
- b) 10% increase after each year
- c) Utility bills and taxes will be responsibility of the tenants
- d) Tenants will be responsible for the proper upkeep and maintenance of the building

Mr. Khalid Kuli Khan Khattak, the Executive Director (Finance & Production) of the Company owns the above premises and is, therefore, interested in the above agreement.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

The following Directors are interested in the resolution to the extent of their relation, common directorships and their shareholding in the Associated Companies:

1. Lt. Gen. (Retd.) Ali Kuli Khan Khattak
2. Mr. Ahmad Kuli Khan Khattak
3. Mr. Gohar Ayub Khan
4. Mrs. Shahnaz Sajjad Ahmad
5. Dr. Shahin Kuli Khan Khattak

Approval of the members is, therefore sought in order to comply with the requirements of Section 170 and 208 of the Companies Act, 2017.

D(I): Approval of transaction carried out during the year ended June 30, 2022, to be passed as special resolution

The transactions carried out with associated companies during the year ended June 30, 2022 to be passed as a Special Resolution. The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis.

Since the majority of Directors were interested in this/these transactions(s) due to their common directorship and holding of shares in the associated companies, therefore these transactions have to be approved by the members in the General Meeting

The transactions conducted during the financial year ended June 30, 2022 with associated companies and related parties as shown in relevant notes of the Audited Financial Statements are being placed before the members for their consideration and approval.

The following Directors are interested in the resolution to the extent of their relation, common directorships and their shareholding in the Associated Companies:

1. Lt. Gen. (Retd.) Ali Kuli Khan Khattak
2. Mr. Ahmad Kuli Khan Khattak
3. Mr. Gohar Ayub Khan
4. Mrs. Shahnaz Sajjad Ahmad
5. Dr. Shahin Kuli Khan Khattak

Approval of the members is, therefore sought in order to comply with the requirements of Section 208 of the Companies Act, 2017.

D(II): Authorization of the Chief Executive and the Chief Financial Officer jointly for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2023 to be passed as a Special Resolution.

The Company would be conducting transactions with associated companies in the normal course of business. Majority of the Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the members.

The shareholders may authorize the Chief Executive and the Chief Financial Officer jointly to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2023.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

The following Directors are interested in the resolution to the extent of their relation, common directorships and their shareholding in the Associated Companies:

1. Lt. Gen. (Retd.) Ali Kuli Khan Khattak
2. Mr. Ahmad Kuli Khan Khattak
3. Mr. Gohar Ayub Khan
4. Mrs. Shahnaz Sajjad Ahmad
5. Dr. Shahin Kuli Khan Khattak

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ کینی کا 62 واں سالانہ اجلاس عام (AGM)، کینی کے رجسٹرڈ دفتر، حبیب آباد، کوہاٹ پر درج ذیل امور کی انجام دہی کیلئے بروز سوموار 17 اکتوبر 2022ء کو دوپہر 12:15 بجے منعقد ہوگا۔

عام امور:

- 1- 24 دسمبر 2021 کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- 30 جون 2022 کو ختم ہونے والے سال کے لئے کینی کے آڈٹ شدہ مالی حسابات معائنہ پر چیئرمین کا جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس پر غور و خوض اور منظوری دینا۔
- 3- مالی سال 2022-23 کے لئے بیرونی آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ ریٹائرڈ ہونے والے آڈیٹرز میسرز شائن ونگ حیدر چوہدری اینڈ کینی، چارٹرڈ اکاؤنٹنٹس، لاہور اہل ہونے کی بناء پر دوبارہ تقرر کے لئے خود کو پیش کرتے ہیں۔

خصوصی امور:

- 4- غور و خوض اور اگر بہتر خیال کیا گیا تو، درج ذیل قراردادوں کو ترمیم کے ساتھ یا اس کے بغیر بطور خصوصی قراردادیں پاس کرنا:-
- A- "قرارداد یا کہ جیسا کہ پورڈ آف ڈائریکٹرز (BOD) نے 15 فروری 2022 کو منعقدہ اپنے اجلاس میں تجویز کیا، کہ کینی کا مجاز سرمایہ - 450,000,000/- روپے (صرف چار سو پچاس ملین روپے) ہے جو کہ ہر ایک - 10/- روپے (صرف دس روپے) کے 35,500,000 (تینتیس ملین پانچ سو ہزار) عام حصص، - 10/- روپے (صرف دس روپے) کے - 700,000 (سات سو ہزار) 7.5% مجموعی قابل ترقی حصص، اور ہر ایک - 10/- روپے (صرف دس روپے) کے - 8,800,000 (آٹھ ملین آٹھ سو ہزار) 10% مجموعی قابل واپسی ترقی حصص میں تقسیم کیا گیا سے بڑھا کر کینی کا مجاز حصص سرمایہ - 1,000,000,000/- روپے (صرف ایک بلین روپے) کیا جاتا ہے جو کہ ہر ایک - 10/- روپے (صرف دس روپے) کے 90,500,000 (صرف نوے ملین پانچ سو ہزار) عام حصص، ہر ایک - 10/- روپے (صرف دس روپے) کے - 9,500,000 (صرف نوے ملین پانچ سو ہزار) مجموعی قابل ترقی حصص میں تقسیم کیا گیا، اور لہذا، کینی کے میورنٹم آف ایسوی ایٹن کی شق V اور کینی کے آرٹیکلز آف ایسوی ایٹن کی شق 4 کو حذف اور ذیل کے مطابق تبدیل کیا جائے گا:

کینی کی میورنٹم آف ایسوی ایٹن کی مجوزہ شق V داخل کی جائے گی

کینی کا مجاز حصص سرمایہ - 1,000,000,000/- روپے (صرف ایک بلین روپے) جو کہ ہر ایک - 10/- روپے (صرف دس روپے) کے 90,500,000 (صرف نوے ملین پانچ سو ہزار) عام حصص، ہر ایک - 10/- روپے (صرف دس روپے) کے - 9,500,000 (صرف نوے ملین پانچ سو ہزار) مجموعی قابل ترقی حصص میں تقسیم کیا گیا، اور عام طور پر، مذکورہ سرمائے کو بڑھانے یا کم کرنے اور حصص کے سرمائے کو مختلف درجوں میں ذیلی تقسیم کرنا پتیز آرڈیننس، 1984 اور اس کے تحت بنائے گئے کسی بھی قواعد کی دفعات کے مطابق مختلف طبقات، اور اس کے ساتھ بالترتیب ایسے ترقی، موخر، اہل یا خصوصی حقوق، مراعات یا شرائط جو کہ کینی کے آرٹیکلز آف ایسوی ایٹن کے ذریعے یا اس کے ضوابط کے مطابق متعین ہو سکتے ہیں اور اس طرح کے کسی بھی حقوق، مراعات یا شرائط میں تبدیلی، ترمیم یا منسوخ کینی کے آرٹیکلز آف ایسوی ایٹن اور دیئے گئے ضوابط کے ذریعے قانون کے مطابق کی جاسکتی ہیں۔

کینی کی میورنٹم آف ایسوی ایٹن کی موجودہ شق V کو حذف کیا جائے گا

کینی کا مجاز سرمایہ - 450,000,000/- روپے (صرف چار سو پچاس ملین روپے) ہے جو کہ ہر ایک - 10/- روپے (صرف دس روپے) کے 35,500,000 (تینتیس ملین پانچ سو ہزار) عام حصص، ہر ایک - 10/- روپے (صرف دس روپے) کے - 700,000 (سات سو ہزار) 7.5% مجموعی قابل ترقی حصص، اور ہر ایک - 10/- روپے (صرف دس روپے) کے - 8,800,000 (آٹھ ملین آٹھ سو ہزار) 10% مجموعی قابل ترقی حصص میں تقسیم کیا گیا کینی کے اختیارات کے ساتھ، خاص طور پر، ترقی حصص سمیت مزید اجراء شامل کرنے کے لیے مجاز حصص کے سرمائے میں اضافہ کرنا، اور عام طور پر مذکورہ سرمائے کو بڑھانے یا کم کرنے اور حصص کے سرمائے کو ذیلی تقسیم کرنے کے لیے پتیز آرڈیننس، 1984 اور اس کے تحت بنائے گئے کسی بھی قواعد کی دفعات کے مطابق مختلف طبقات، اور اس کے ساتھ بالترتیب ایسے ترقی، موخر، اہل یا خصوصی حقوق، مراعات یا شرائط جو کہ کینی کے آرٹیکلز آف ایسوی ایٹن کے ذریعے یا اس کے ضوابط کے مطابق متعین ہو سکتے ہیں اور اس طرح کے کسی بھی حقوق، مراعات یا شرائط میں تبدیلی، ترمیم یا منسوخ کینی کے آرٹیکلز آف ایسوی ایٹن اور دیئے گئے ضوابط کے ذریعے قانون کے مطابق کی جاسکتی ہیں۔

کمپنی کے آرٹیکلز آف ایسوسی ایشن کی مجوزہ شق 4 داخل کی جائے گی
کمپنی کا مجاز حصص سرمایہ - 1,000,000,000/- روپے (صرف ایک ملین روپے)
جو کہ ہر ایک - 10/- روپے (صرف دس روپے) کے 90,500,000 (صرف نوے ملین
پانچ سو ہزار) عام حصص، ہر ایک - 10/- روپے (صرف دس روپے) کے - 9,500,000/
(صرف نوے ملین پانچ سو ہزار) مجموعی قابل تلافی ترجیحی حصص میں تقسیم کیا گیا، اور عام طور پر،
مذکورہ سرمائے کو بڑھانے یا کم کرنے اور حصص کے سرمائے کو مختلف درجوں میں ذیلی تقسیم کرنا
آرڈیننس اور اس کے تحت بنائے گئے کسی بھی قواعد کی دفعات کے مطابق مختلف طبقات، اور
اس کے ساتھ بالترتیب ایسے ترجیحی، موخر، اہل یا خصوصی حقوق، مراعات یا شرائط کمپنی کے
آرٹیکلز آف ایسوسی ایشن کے ذریعے یا اس کے ضوابط کے مطابق متعین ہو سکتے ہیں اور اس
طرح کے کسی بھی حقوق، مراعات یا شرائط میں تبدیلی، ترمیم یا منسوخ کمپنی کے آرٹیکلز آف
ایسوسی ایشن اور دیئے گئے ضوابط کے ذریعے قانون کے مطابق کی جاسکتی ہیں۔

کمپنی کے آرٹیکلز آف ایسوسی ایشن کی موجودہ شق 4 کو حذف کیا جائے گا
کمپنی کا مجاز سرمایہ - 450,000,000/- روپے (صرف چار سو پچاس ملین روپے) ہے جو کہ ہر ایک
10/- روپے (صرف دس روپے) کے 35,500,000 (تینتیس ملین پانچ سو ہزار) عام حصص، ہر ایک
10/- روپے (صرف دس روپے) کے - 700,000/ (سات سو ہزار) 7.5% مجموعی قابل تلافی ترجیحی
حصص، اور ہر ایک - 10/- روپے (صرف دس روپے) کے - 8,800,000/ (آٹھ ملین آٹھ سو ہزار)
10% مجموعی قابل تلافی ترجیحی حصص میں تقسیم کیا گیا کمپنی کے اختیارات کے ساتھ، خاص طور پر، ترجیحی حصص
سمیت مزید اجراء شامل کرنے کے لیے مجاز حصص کے سرمائے میں اضافہ کرنا، اور عام طور پر مذکورہ سرمائے کو
بڑھانے یا کم کرنے اور حصص کے سرمائے کو ذیلی تقسیم کرنے کے لیے آرڈیننس اور اس کے تحت بنائے گئے کسی
بھی قواعد کی دفعات کے مطابق مختلف طبقات، اور اس کے ساتھ بالترتیب ایسے ترجیحی، موخر، اہل یا خصوصی
حقوق، مراعات یا شرائط جو کہ کمپنی کے آرٹیکلز آف ایسوسی ایشن کے ذریعے یا اس کے ضوابط کے مطابق متعین
ہو سکتے ہیں اور اس طرح کے کسی بھی حقوق، مراعات یا شرائط میں تبدیلی، ترمیم یا منسوخ کمپنی کے آرٹیکلز آف
ایسوسی ایشن اور دیئے گئے ضوابط کے ذریعے قانون کے مطابق کی جاسکتی ہیں۔

"مزید قرار پایا کہ:

- (a) چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور کمپنی سیکرٹری ("مجاز آفیسرز") مشترکہ طور پر اس قرارداد سے متعلق تمام ضروری قانونی اور کارپوریٹ ریگولیشنوں کو مکمل کرنے کے مجاز ہیں۔
(b) کمپنی کے لیے اور اس کی جانب سے اور کمپنی کے نام پر مذکورہ قراردادوں کے مطابق مجاز آفیسرز کی طرف سے کیے گئے تمام اعمال، کام، اور چیزیں کمپنی کے ذریعے کیے گئے اعمال، کام اور چیزیں تصور ہوں گی۔
(c) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے مستقبل میں نافذ ہونے والے قوانین، دستور، کنٹرولنگ ڈیٹا اور کمپنی سیکرٹری، مشترکہ طور پر کسی بھی قسم کی مزید ترمیم/تصحیح کرنے اور اس طرح کے دیگر اقدامات کرنے کے مجاز ہیں اس طرح کے دیگر دستاویزات پر عمل درآمد اور ضروری کارپوریٹ اور دیگر فائلنگوں کریں جو کہ مذکورہ قراردادوں اور اس سے متعلق دیگر تمام معاملات کو نافذ کرنے کے مقصد کے لیے ضروری یا مناسب ہو۔

B - "قرار پایا کہ چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور کمپنی سیکرٹری ("مجاز آفیسرز") کی روٹی میں کمپنی کے ممبران، بورڈ آف ڈائریکٹرز کو ڈائریکٹرز اور کارپوریٹ ریگولیشنوں کو مکمل کرنے کے مجاز ہیں۔
600,000/- روپے ماہانہ کی مجموعی تنخواہ، علاوہ دیگر معمول کے اخراجات جیسے کہ پمپنٹس اور دیگر مراعات پر تعینات کرنے کی اجازت دیتے ہیں جو درج ذیل ایسوسی ایشن کے ممبران کی بنیاد پر
کے تناسب کی بنیاد پر ہر سال کی ہر ایک سہ ماہی کے اختتام پر ادا کریں گی۔

- i - چانانہ دی مالوچو ٹیکسٹائل ملز لمیٹڈ III - گنڈھارا انسان لمیٹڈ V - یونیورسل انشورنس کمپنی لمیٹڈ
ii - بنوں وولن ملز لمیٹڈ IV - گنڈھارا انڈسٹریز لمیٹڈ VI - رحمان کاشن ملز لمیٹڈ

مزید قرار پایا کہ:

- i - چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور کمپنی سیکرٹری ("مجاز آفیسرز") مشترکہ طور پر اس قرارداد سے متعلق تمام ضروری قانونی اور کارپوریٹ ریگولیشنوں کو مکمل کرنے کے مجاز ہیں۔
ii - کمپنی کے لیے اور اس کی جانب سے اور کمپنی کے نام پر مذکورہ قراردادوں کے مطابق مجاز آفیسرز کی طرف سے کیے گئے تمام اعمال، کام، اور چیزیں کمپنی کے ذریعے کیے گئے اعمال، کام اور چیزیں تصور ہوں گی۔
iii - سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے مستقبل میں نافذ ہونے والے قوانین، دستور، کنٹرولنگ ڈیٹا اور کمپنی سیکرٹری، مشترکہ طور پر کسی بھی قسم کی مزید ترمیم/تصحیح کرنے اور اس طرح کے دیگر اقدامات کرنے کے مجاز ہیں اس طرح کے دیگر دستاویزات پر عمل درآمد اور ضروری کارپوریٹ اور دیگر فائلنگوں کریں جو کہ مذکورہ قراردادوں اور اس سے متعلق دیگر تمام معاملات کو نافذ کرنے کے مقصد کے لیے ضروری یا مناسب ہو۔
C - "قرار پایا کہ کمپنی کے ممبران، کمپنی کو یکم جنوری 2023 سے کمپنی کے ایگزیکٹو ڈائریکٹر (فنانس اینڈ پروڈکشن) جناب خالد علی خان خٹک کے ساتھ ان کے ملکیت میں موجود رہائشی اپارٹمنٹ جو کہ
6 دین منزل، 25 پارک لین ٹاؤن، 172 طفیل روڈ، لاہور پر واقع ہے ماہانہ کرایہ - 465,000/- روپے فی مہینہ پیشگی کے عوض جو کہ درج ذیل ایسوسی ایشن کے ممبران کی بنیاد پر
اور بشمول کمپنیز ایکٹ، 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کے بیان میں بتائی گئی دیگر شرائط و ضوابط کے حوالہ سے کرایہ کا معاہدہ کرنے کی منظوری دیتے ہیں۔
i - چانانہ دی مالوچو ٹیکسٹائل ملز لمیٹڈ ii - بنوں وولن ملز لمیٹڈ iii - رحمان کاشن ملز لمیٹڈ

"مزید قرار پایا کہ:

- i- چیف ایگزیکٹو آفیسر، چیف فنانس اور کینی بیکری ("مجاز آفیسرز") مشترکہ طور پر اس قرارداد سے متعلق تمام ضروری قانونی اور کارپوریٹ سٹی کارروائیوں کو مکمل کرنے کے مجاز ہیں۔
- ii- کینی کے لیے اور اس کی جانب سے اور کینی کے نام پر مذکورہ قراردادوں کے مطابق مجاز آفیسرز کی طرف سے کیے گئے تمام اعمال، کام، اور چیزیں کینی کے ذریعے کیے گئے اعمال، کام اور چیزیں تصور ہوں گی۔
- iii سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے مستقبل میں نشاندہی کرنے پر چیف ایگزیکٹو آفیسر اور کینی بیکری، مشترکہ طور پر کسی بھی قسم کی مزید ترمیم/تصحیح کرنے اور اس طرح کے دیگر اقدامات کرنے کے مجاز ہیں اس طرح کے دیگر دستاویزات پر عمل درآمد اور ضروری کارپوریٹ اور دیگر فائلنگوں کو جو کہ مذکورہ قراردادوں اور اس سے متعلقہ دیگر تمام معاملات کو نافذ کرنے کے مقصد کے لیے ضروری یا مناسب ہو۔
- کینیبرا ایکٹ 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان جو اوپر بیان کئے گئے خصوصی امور سے متعلق ہے اس نوٹس اجلاس کے ساتھ منسلک ممبران کو ارسال کیا جا رہا ہے۔
- D- (I) قرار پایا کہ ایسوسی ایٹڈ کمپنیوں/متعلقہ فریقوں کے ساتھ معمول کے کاروبار کے دوران کیے گئے لین دین، جیسا کہ 30 جون 2022 کو ختم ہونے والے سال کے مالیاتی حسابات کے نوٹ 42 میں ظاہر کیا گیا ہے، اس کی توثیق، منظوری اور تصدیق کی جاتی ہے۔
- (II) قرار پایا کہ کینی کے چیف ایگزیکٹو آفیسر اور چیف فنانس اور کینی بیکری مشترکہ طور پر جاری سال جو کہ 30 جون 2023 پر ختم ہوگا، کے دوران متعلقہ کمپنیوں/متعلقہ فریقوں کے ساتھ کئے گئے تمام لین دین کو منظور کرنے اور معمول کے کاروبار کرنے کے مجاز ہیں اور اس سلسلے میں چیف ایگزیکٹو آفیسر اور چیف فنانس اور کینی بیکری مشترکہ طور پر کوئی بھی اور تمام ضروری کارروائی کرنے اور اس سلسلے میں درکار کسی بھی اور ایسے تمام دستاویزات/اعضائے زیر کینی کی جانب سے دستخط/عمل درآمد کرنے کے مجاز ہیں۔"
- کینیبرا ایکٹ 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان، جو اوپر بیان کئے گئے خصوصی امور سے متعلق ہے اس نوٹس اجلاس کے ساتھ منسلک ممبران کو ارسال کیا جا رہا ہے۔

کوئی دیگر امور

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

بھگم پورڈ



عابد رضا

کینی بیکری

کوہاٹ

26 ستمبر 2022ء

نوٹ:

- 1- کمپنی کے ممبران کا رجسٹر 10 اکتوبر 2022ء تا 17 اکتوبر 2022ء (بشمول دو دنوں ایام) بند رہے گا۔ منتقلیاں کمپنی کے شیئرز رجسٹرار کے دفتر، میسرز وڈن کنسلٹنگ لمیٹڈ، C-3 ایل ڈی اے فلیٹس، پہلی منزل، لارنس روڈ، لاہور میں 07 اکتوبر 2022ء کو کاروبار کے اختتام تک وصول ہونے والی ٹرانسفریز کے نام میں رجسٹریشن اور AGM میں شرکت اور وٹنگ 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 اپنی پر کسی مقرر کر سکتا رہتا ہے۔ باقاعدہ مکمل شدہ پراکسی فارم اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار دفتر میں لازماً وصول ہو جانی چاہئیں۔
 - 3- سنٹرل ڈیپازٹری کمپنی (سی ڈی سی) کا کوئی انفرادی ہتفصل مالک جو اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ہو گا اپنی شناخت ثابت کرنے کے لئے اپنا CNIC یا پاسپورٹ لازماً ہمراہ لانا چاہئے، اور پراکسی کی صورت میں اپنے CNIC یا پاسپورٹ کی مصدقہ کاپی لازماً لف کرنی چاہئے۔ کارپوریٹ اداروں کے نمائندہ کو اس مقصد کے لئے نمونہ دستخط کے ساتھ بورڈ کی قرارداد یا مختار نامہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری شدہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 کے تحت درکار تمام ایسے دستاویزات کی مصدقہ نقل فراہم کرنی چاہئیں۔
 - 4- وہ ممبران جو حصص فزیکل حالت میں اپنے پاس رکھے ہوئے ہیں وہ اجلاس میں شرکت اور وٹنگ کے لئے اپنا CNIC اور پراکسی کی صورت میں اصل ممبر کا CNIC بھی ہمراہ لائیں بصورت دیگر نہ ہی انہیں اجلاس میں شرکت کی اجازت ہوگی اور نہ ہی انہیں حصص یا فنڈنگ کے رجسٹر پر دستخط کی اجازت ہوگی۔
 - 5- ایکٹ کے سیکشن 134 کی پروویژنز کے مطابق، اگر کمپنی 10 فیصد یا اس سے زیادہ شیئرز ہولڈنگ رکھنے والے ارکان جو جغرافیائی محل وقوع میں رہائش پذیر ہوں سے ڈیوکافرنس کے ذریعے اجلاس میں شرکت کی رضامندی اجلاس کی تاریخ سے کم از کم سات (7) دن پہلے وصول کرتی ہے تو، کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی جو اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہے۔
 - 6- ارکان سے درخواست ہے کہ اپنے چوں میں کسی تبدیلی (اگر کوئی ہو) فوری طور پر شیئرز رجسٹرار کو اطلاع کریں۔
 - 7- ارکان سے درخواست کی جاتی ہے کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کریں اور کمپنی ایکٹ 2017 کے سیکشن 72 کی دفعہ (2) کے مطابق جلد از جلد اپنے نام CDC کے ساتھ رجسٹر کروائیں۔
 - 8- 30 جون، 2022 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالی حسابات کمپنی کی ویب سائٹ پر دستیاب ہیں۔
خصوصی امور کے حوالے سے کمپنی ایکٹ، 2017 کے سیکشن (3) 134 کے تحت بیان
بیان ہذا 17 اکتوبر 2022 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں خصوصی امور سے متعلق مادی حقائق کو بیان کرتا ہے۔
ایجنڈے کا آئٹم نمبر 04
 - A- 15 فروری 2022 کو منعقدہ اپنے اجلاس میں بورڈ آف ڈائریکٹرز کے کئے گئے فیصلہ پر عمل درآمد کرنے کے لئے کمپنی کے مجاز حصص سرمایہ کو بڑھانے کے لئے کمپنی کے میوریٹم آف ایسوسی ایشن کی شق V میں اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شق 4 میں ترمیم کے لیے شیئرز ہولڈرز کی منظوری درکار ہے۔
 - B- نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی منظوری
ایسوسی ایٹڈ کمپنیوں کی طرف سے عوامی رابطے کو مد نظر رکھتے ہوئے اور ایسوسی ایٹڈ کمپنیوں کے تعلقات عامہ کی حکمت عملیوں کو تیار کرنے اور لاگو کرنے کے لیے، متعلقہ پارٹی ٹرانزیکشنز کے حوالے سے کمپنی ایکٹ 2017 کی دفعات کے مطابق BOD نے ڈاکٹر شاہین علی خان خٹک کو ایگزیکٹو ڈائریکٹر پبلک ریلیشنز - 600,000 روپے ماہانہ، علاوہ دیگر معمول کے اخراجات جیسے کہ ٹیلیفون اور دیگر مراعات، مقرر کرنے کی سفارش کی ہے۔ مزید برآں، کفایت شعاری کے اقدامات کے مد نظر اور ایسوسی ایٹڈ کمپنی کے اوور ہیڈ اخراجات کو کم کرنے کے لیے، مذکورہ ایگزیکٹو ڈائریکٹر کی تنخواہ اور اخراجات مندرجہ ذیل ایسوسی ایٹڈ کمپنیوں میں برابر کی تناسب کی بنیاد پر ہر مالی سال کی ہر سہ ماہی کے اختتام پر شیئر کیے جائیں گے:-
- | | | |
|--------------------------------------|----------------------------|---------------------------------|
| 1- جناب ڈی مالوچو ٹیکسٹائل ملز لمیٹڈ | 3- گندھارا انسان لمیٹڈ | 5- یونیورسل انشورنس کمپنی لمیٹڈ |
| 2- ہون وڈن ملز لمیٹڈ | 4- گندھارا انٹرنیشنل لمیٹڈ | 6- رحمان کاشن ملز لمیٹڈ |
- درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلق، ایسوسی ایٹڈ کمپنیوں میں مشترکہ ڈائریکٹرشپ اور شیئرز ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:
- | | | |
|--|------------------------|----------------------------|
| 1- لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک | 3- جناب گوہر ایوب خان | 5- ڈاکٹر شاہین علی خان خٹک |
| 2- جناب احمد قلی خان خٹک | 4- مسز شہناز سجاد احمد | |

C متعلقہ فریق کی ملکیت میں رہائی اپارٹمنٹ کالیئر/کرایہ:

اجلاسوں/ دوروں/ سیمینار میں شرکت کے دوران کپنی اپنے ڈائریکٹرز/ مینجمنٹ ڈویژن کے سینئر ایگزیکٹوز کی رہائش کے لئے ایگزیکٹو ڈائریکٹر (فنانس اینڈ پروڈکشن)، جناب خالد قلی خان خٹک سے 25 پارک لین ٹاؤن، 172 طفیل روڈ، لاہور میں 3,200 مربع فٹ کے کل رقبے جو 6 ویں منزل پر واقع اور ساتھ ہی عمارت کی تیسری منزل پر واقع ایک سٹور اور سٹورٹ کوارٹر کو 465,000 روپے ماہانہ لیز/ کرایہ پر لینے کا معاہدہ کرنے کا ارادہ رکھتی ہے۔ کرایہ کے نرخ مذکورہ علاقے میں موجودہ کرایہ کے نرخوں کے مطابق ہیں۔ اپارٹمنٹ کو دیگر ایسوی ایجنڈ کمپنیوں یعنی جانا ندی مالوچو ٹیکسٹائل ملز لمیٹڈ، جنوں وولن ملز لمیٹڈ اور رحمان کاشن ملز لمیٹڈ کے ساتھ مشترکہ طور پر شیئر کیا جائے گا، دیگر شرائط و ضوابط یہ ہوں گے:

(a) معاہدے کی مدت: 03 (تین) سال (پابھی شرائط و ضوابط پر قابل تجدید)

(b) ہر سال کے بعد 10% اضافہ

(c) یوٹیلیٹی بل اور ٹیکس کرایہ داروں کی ذمہ داری ہوں گے۔

(d) کرایہ دار عمارت کی مناسب دیکھ بھال اور مرمت کے ذمہ دار ہوں گے۔

کپنی کے ایگزیکٹو ڈائریکٹر (فنانس اینڈ پروڈکشن) جناب خالد قلی خان خٹک مذکورہ بالا جگہ کے مالک ہیں اور اس لیے مذکورہ معاہدے میں دلچسپی رکھتے ہیں۔ درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلق، ایسوی ایجنڈ کمپنیوں میں مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک

2۔ جناب احمد قلی خان خٹک

3۔ جناب گوہر ایوب خان

4۔ مسز شہناز سجاد احمد

لہذا اکٹوبر ایکٹ، 2017 کے سیکشن 170 اور 208 کے تقاضوں کی تعمیل کرنے کے لئے ممبران کی منظوری درکار ہے۔

D (I): 30 جون 2022 کو ختم ہونے والے سال کے دوران کئے گئے لین دین کی خصوصی قرارداد کے طور پر منظوری:

ایسوی ایجنڈ کمپنیوں (متعلقہ فریقین) کے ساتھ معمول کے کاروبار میں کیے گئے لین دین کو سہ ماہی بنیادوں پر آڈٹ کمپنی کی سفارش کے مطابق BOD نے منظور کیا۔ چونکہ ڈائریکٹرز کی اکثریت ایسوی ایجنڈ کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں لہذا اس لین دین کی ممبران سے منظوری درکار ہے۔

ایسوی ایجنڈ کمپنیوں اور متعلقہ فریقوں کے ساتھ 30 جون 2022 کو ختم ہونے والے مالی سال کے دوران کیے گئے لین دین جیسا کہ آڈٹ شدہ مالیاتی حسابات کے متعلقہ نوٹس میں ظاہر کیا گیا ہے، حصص یافتگان کے سامنے ان کے غور و خوض اور منظوری/ توثیق کے لیے پیش کیا جا رہا ہے۔

درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلق، ایسوی ایجنڈ کمپنیوں میں مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک

2۔ جناب احمد قلی خان خٹک

3۔ جناب گوہر ایوب خان

4۔ مسز شہناز سجاد احمد

لہذا اکٹوبر ایکٹ، 2017 کے سیکشن 208 کے تقاضوں کی تعمیل کے مطابق اراکین کی منظوری درکار ہے۔

D (II): جاری سال جو کہ 30 جون 2023 کو ختم ہوگا کے دوران متعلقہ کمپنیوں کے ساتھ ہونے والے لین دین کے لئے مشترکہ طور پر چیف ایگزیکٹو اور چیف فنانس آفیسر کو اختیار دینے کی خصوصی قرارداد کے طور پر منظوری:

کپنی متعلقہ کمپنیوں کے ساتھ معمول کے کاروبار کے مطابق لین دین کرے گی۔ ڈائریکٹرز کی اکثریت اپنی مشترکہ ڈائریکٹر شپ اور متعلقہ کمپنیوں میں شیئر ہولڈنگ کی وجہ سے ان لین دین میں دلچسپی رکھتے ہیں۔ اس لیے متعلقہ کمپنیوں کے ساتھ اس طرح کے لین دین کی شیئر ہولڈرز سے منظوری لینا ضروری ہے۔

شیئر ہولڈرز چیف ایگزیکٹو اور چیف فنانس آفیسر کو مشترکہ طور پر جاری سال جو کہ 30 جون 2023 کو ختم ہوگا کے دوران متعلقہ کمپنیوں کے ساتھ ہونے والے لین دین کی منظوری دینے اور معمول کے کاروبار کے مطابق کرنے کا اختیار دے سکتے ہیں۔

درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلق، ایسوی ایجنڈ کمپنیوں میں مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک

2۔ جناب احمد قلی خان خٹک

3۔ جناب گوہر ایوب خان

4۔ مسز شہناز سجاد احمد

CHAIRMAN'S REVIEW

I am pleased to present the review for the year ended June 30, 2022, 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.

SAD DEMISE OF CHAIRMAN OF THE COMPANY

The Chairman of the Company Mr. Raza Kuli Khan Khattak, left for his heavenly abode on March 18, 2022. On behalf of the Board of Directors, I would like to place on record deep sorrow and grief on his passing away. He will always be remembered in the prayers of the family of the Bibojee Group, its employees and workers.

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 2021-2022, 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 2021-22 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2021-22, 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.

COMPANY'S BUSINESS PERFORMANCE

The Company, during the year ended 30 June, 2022, has been able to achieve a net turnover of Rs.7,155.722 million as compared to Rs.5,610.298 million in the last year. There is an increase of Rs.1,545.424 million in the turnover as compared to the previous year. Further, the Company, in the year under report has earned a profit before tax amounting Rs. 189.742 million and a profit after tax of Rs. 169.836 million respectively, in comparison with profit before tax of Rs. 434.368 million and profit after tax for Rs.273.104 million respectively, in the previous year.

REVIEW OF PAKISTAN'S ECONOMY

Pakistan's economy continued to demonstrate cycles of boom and bust. The achievement of GDP growth rate of almost 6% was overshadowed by ballooning twin fiscal and current account deficits. Political instability, high international fuel & commodity prices and bludgeoning trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR against USD which in turn contributed towards high inflation. Delay in

reaching an agreement with IMF for release of next tranche resulted in major uncertainty about Pakistan's ability to meet its foreign financial obligations and international rating agencies including Moody's downgraded Pakistan's credit rating outlook from stable to negative. Recent steps by the government such as increase in policy rate to 15%, partial withdrawal of fuel subsidies and commitment for gradual withdrawal of subsidies on electricity & other utilities have helped to revive the IMF program but such steps are going to prove brutal for the industry as a whole.

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 22, 2022



Mr. Ahmad Kuli Khan Khattak

Chairman

چیئر مین کا جائزہ

مجھے 30 جن 2022 کو فتم ہونے والے سال کا جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے، جس میں جانانہ دی مالوچیکسٹائل ملز لیمیٹڈ (کمپنی) کی کارکردگی اور کمپنی کے بورڈ آف ڈائریکٹرز (بورڈ) کے کردار کو اجاگر کرنے کے لیے انتظامیہ کو اپنی ذمہ داری نبھانے میں رہنمائی کی گئی ہے تاکہ اس کے تمام اسٹیک ہولڈرز کا فائدہ ہو۔

کمپنی کے چیئر مین کا انٹوسٹاک انتقال:

کمپنی کے چیئر مین جناب رضالقی خان خٹک (مرحوم) 18 مارچ 2022 کو اپنے خالق حقیقی سے جا ملے۔ بورڈ آف ڈائریکٹرز کی جانب سے میں ان کے انتقال پر گہرے دکھ اور افسوس کا اظہار کرنا چاہتا ہوں۔ انہیں Bibojee گروپ کے خاندان، اس کے ملازمین اور کارکنوں کی دعاؤں میں ہمیشہ یاد رکھا جائے گا۔

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 جو بڑھایا گیا ہے۔

بورڈ عام طور پر کمپنی کے مالی اور آپریشنل نتائج پر غور اور منظوری کے لئے ہر سہ ماہی میں ایک بار ملتا ہے۔ موجودہ مالی سال 2021-22 کے دوران بورڈ کے پانچ جبکہ بورڈ آڈٹ کمیٹی کے چار 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۔ اس کے مطابق، بورڈ نے سال 2021-22 کے لئے اپنی سالانہ خود تفتیشی عمل کر لی ہے اور مجھے یہ خوشی ہوئی ہے کہ سال 2021-22 کے لئے مقرر کردہ میٹریکس کی بنیاد پر مجموعی کارکردگی کا میٹریکس میں پیش رہی ہے۔ علاوہ ازیں بورڈ نے تمام لاگو قوانین اور کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کو یقینی بنایا ہے۔ کارپوریٹ گورننس کے بہترین طریقوں کو کمپنی کے گھر میں شامل کیا گیا ہے تاکہ پیشہ ورانہ مہارت اور کاروباری طرز عمل کی اعلیٰ سطح کو برقرار رکھا جاسکے۔ رسک منیجمنٹ فریم ورک، موثر اندرونی کنٹرولز اور آڈٹ کے افعال کو اس بات کو یقینی بنانے کے لیے لاگو کیا گیا ہے کہ روزانہ کی کارروائیاں بورڈ کی وضع کردہ مجموعی حکمت عملی پر عمل پیرا ہوں۔

کاروباری معاملات کا جائزہ:

کمپنی 30 جن 2022 کو فتم ہونے والے سال کے دوران، گزشتہ سال کے 5,610.298 ملین روپے کے مقابلے میں 7,155.722 ملین روپے کا خالص کاروبار حاصل کرنے میں کامیاب رہی ہے۔ پچھلے سال کے مقابلے میں کاروبار میں 1,545.424 ملین روپے کا اضافہ ہوا ہے۔ مزید، کمپنی نے اس سال میں ٹیکس سے پہلے 189.742 ملین روپے کا منافع اور ٹیکس کے بعد منافع 169.836 ملین روپے حاصل کیا۔ جبکہ گزشتہ سال ٹیکس سے پہلے منافع 434.368 ملین روپے اور ٹیکس کے بعد منافع 273.104 ملین روپے تھا۔

پاکستان کی معیشت کا جائزہ:

پاکستان کی معیشت تیزی اور تازہ ہواؤ کا مظاہرہ کرتی رہی۔ تقریباً 6 فیصد جی ڈی پی کی شرح نمو کے حصول کو بڑھتے ہوئے مالیاتی اور کرنٹ اکاؤنٹ خسارے نے ماندر دیا۔ سیاسی عدم استحکام، ایندھن اور اجناس کی بلند ترین بین الاقوامی قیمتوں اور بڑھتے ہوئے تجارتی خسارے نے زرمبادلہ کے ذخائر پر بہت زیادہ ہاؤڈاؤ الا جس کے نتیجے میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی واقع ہوئی جس کے نتیجے میں افراط زر میں اضافہ ہوا۔ اگلی قسط کے اجراء کے لیے آئی ایم ایف کے ساتھ معاہدے تک پہنچنے میں تاخیر کے نتیجے میں پاکستان کی اپنی غیر ملکی مالیاتی ذمہ داریوں کو پورا کرنے کی صلاحیت کے بارے میں بڑی غیر یقینی صورتحال پیدا ہوئی اور موڈ برسمیت بین الاقوامی ریٹنگ ایجنسیوں نے پاکستان کی کریڈٹ ریٹنگ آؤٹ لک کو مستحکم سے منفی کر دیا۔ حکومت کے حالیہ اقدامات جیسے پالیسی ریٹ میں 15 فیصد تک اضافہ، ایندھن پر دی جانے والی سبسڈی کی جزدی واپسی اور بجلی اور دیگر یوٹیلٹی سبسڈی بتدریج ختم کرنے کے عزم نے آئی ایم ایف پروگرام کو بحال کرنے میں مدد کی ہے لیکن مجموعی طور پر ایسے اقدامات صنعت کے لیے ظالمانہ ثابت ہو رہے ہیں۔

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۔



اسم قمری خان خٹک

چیئر مین

ستمبر 2022

DIRECTORS REPORT TO THE SHAREHOLDERS

The directors of your Company have pleasure in presenting their report, together with the 62nd Annual Report, containing Audit Report and the Audited Financial Statements of the Company for the year ended 30th June, 2022.

We would also like to inform the members of the Company, that Babri Cotton Mills Ltd. (BCM) has been merged with and into the Company w.e.f.04th Feb, 2022, and BCM has been delisted by the Pakistan Stock Exchange Ltd. w.e.f. 04th April, 2022. Please also refer to the note 1.2 of the Notes to the Financial Statements.

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	2021-22	2020-21
	Rupees in million	
Sales-net	7,155.722	5,610.298
Cost of sales	(6,556.943)	(4,835.246)
Gross profit	598.779	775.052
Profit from operations	402.765	594.674
Profit before taxation	189.742	434.368
Profit after taxation	169.836	273.104
	----- Rupees -----	
Earnings per share	30.85	57.08

The Company, during the year ended 30 June, 2022, has been able to achieve a net turnover of Rs.7,155.722 million as compared to Rs.5,610.298 million in the last year. There is an increase of Rs.1,545.424 million in the turnover as compared to the previous year. Further, the Company, in the year under report has earned a profit before tax amounting Rs. 189.742 million and a profit after tax of Rs. 169.836 million respectively, in comparison with profit before tax of Rs. 434.368 million and profit after tax for Rs.273.104 million respectively, in the previous year.

The main reasons of the decrease in profits are the substantial increase in the international cotton prices and unprecedented increase in US\$ Exchange rate and shortage of gas supply. The Company produces fine and super counts of yarn and mainly uses imported raw materials to produce these counts and, therefore due to the aforementioned factors, there has been a significant increase in raw material costs (i.e around 70%) and increase in power and fuel costs of the Company. Another major reason of the decrease in profits is merger of BCM with and into the Company, due to which the overhead and finance costs of the Company

have increased significantly. Moreover, the constraints in supply chain, increased political instabilities and uncertain taxes and levies, have made the running of daily operations a very challenging task and currently it is very difficult to take a long-term view of the market.

GENERAL ECONOMIC REVIEW

The year 2021-22 was proving to be a promising and fruitful year for the economy and industry of the Company, however, things changed quite significantly in the second half of the year because of political instabilities, high inflation on account of acceleration of global oil prices, and abrupt devaluation of rupee. These factors, coupled with decrease in the country's foreign reserves, have compelled the government to take steps to lower the economic growth by reducing imports and increasing the discount rate to 15%. Even though such steps have discouraged imports and the overall consumer spending but still the annual inflation rate has increased to 24.9% in July 2022, whereas it was around 8.4% in July 2021.

Further, the successive spells of torrential rains in the Country have spelt disaster for the agriculture sector. Among summer crops, cotton is the worst hit, bananas and mango orchards have been damaged and vegetables, particularly onion crops, have been washed away. It has been estimated that around 80 per cent of the cotton crop has been simply washed away and in terms of money, losses to the cotton crop will be no less than Rs.70bn. The prices of quality cotton have increased to Rs.23,500 per maund and textile spinners and ginners are extremely discouraged due to high prices of cotton and phutti. While the cotton imports will become more expensive due to further sharp appreciation of the dollar against Pakistani Rupee. The cotton production has been declining for more than a decade due to a variety of factors and during the current season it was expected to reach six million bales (almost half of the country's demand), but this target now seems impossible to be achieved given the aforesaid circumstances.

FUTURE PROSPECTS

The economy, over the years, has shown strong resilience despite unexpected volatility and uncertainty. But the ongoing fiscal year is going to be very challenging on account of rising inflation, fiscal slippages and drying up of financial inflows. Moving forward, it is essential to sustain the reform momentum and focus on policies for securing stability and promoting sustainable growth. There is a strong need to strike an appropriate balance between supporting the economy, ensuring debt sustainability and advancing structural reforms while maintaining social cohesion.

The ongoing financial year is going to be very difficult for the textile industry, especially spinning, given the factors such as phenomenal increase in local and international cotton prices, decrease in local cotton production, unstable US\$ Exchange rate and non-availability of constant supply of gas.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the CCG Regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2022, except for those disclosed in the financial statements.
9. Lt. Gen. (Retd) Ali Kuli Khan Khattak, Chief Executive of the company has purchased =1954= shares & Brig. (Retd) Abdul Samad Khan, Director of the company has purchased =951= shares during the year ended 30 June, 2022. Furthermore, subsequent to merger of BCML into JDM & as per the Scheme of Arrangement, shares of the company have also been issued to Chief Executive Officer, Directors, Chief Financial Officer & Company Secretary according to their entitlement during the year ended 30th June 2022.

COMPOSITION OF THE BOARD

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

The current composition of the Board is as follows:

Total number of directors	7
Male	5
Female	2
Independent Directors	2
Non-executive Directors	4
Executive Director	1

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 2021-22.

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 2021-22.

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 |

MEETINGS OF BOARD AND ITS COMMITTEES IN 2021-22

During the year 2021-22, 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 (Died on 18 th March 2022)	Re-elected on May 21, 2020	-	-	2/4	-	-
2	Lt. Gen. (Retd) Ali Kuli Khan Khattak	-do-	-	✓	4/5	-	1/1
3	Mr. Ahmad Kuli Khan Khattak	Elected on May 21, 2020	✓	✓	4/5	3/4	0/1
4	Mr. Gohar Ayub Khan	Re-elected on May 21, 2020	-	-	3/5	-	-
5	Mrs. Shahnaz Sajjad Ahmad	-do-	-	✓	5/5	-	1/1
6	Brig. (Retd) Abdul Samad Khan	-do-	✓	-	5/5	4/4	-
7	Col. (Retd) Syed Yunus Ali Raza	-do-	✓	✓	4/5	4/4	1/1
8	Dr. Shahin Kuli Khan Khattak	appointed on April 21, 2022	-	-	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. Apart from their mandatory job requirements, the performance of the Board and its committees 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.

DIRECTORS' REMUNERATION

Non-Executive Directors:

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.

Executive Directors

The Company has only one Executive Director, who is also the Chief Executive of the Company. Following are the details of remuneration paid to the Chief Executive of the Company during the year:

Particulars	2022	2021
	Rs. in 000	
Remuneration	6,336	6,336
Bonus/Ex-gratia	651	433
Retirement benefits	528	528
Leave Salary	477	477
Other benefits	1,534	865
Total	9,526	8,639

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, 2022 and additional information thereabout is annexed to the report.

DIVIDENDS

Considering the current financial position and 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, 2021: Rs. Nil% per share).

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, 2022.

I. GOVERNMENT SECTOR	(Rs. in Million)
Sales Tax paid	1,347.031
Income Tax paid	156.631
Power & Fuel	812.500
Financial Institution/ Banks	143.070
II. SOCIAL SECTOR	
Employees/Workers' salaries, Wages and other benefits	782.905

We are also providing employment to 1,535 workers (1,535 families with an average of 8 family members in KPK province) the employment cost of which shall now be about Rs. 782.905 million per annum.

CORPORATE SOCIAL RESPONSIBILITY:

The Company considers social, environmental and ethical matters in the context of the overall business environment. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and workers who are the core of our business. We believe that education plays a vital role for economic development and poverty alleviation. Pakistan has an urgent need for excellent academic facilities, to develop and prepare young people to acquire skills and help them to utilize their highest potential. For this purpose, we donate significant amounts to Waqf-e-Kuli Khan Trust every year for educational scholarships.

HEALTH, SAFETY AND ENVIRONMENT

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

COMMUNICATION

The Company places great importance on the communication with the shareholders. Annual, half yearly and quarterly reports are distributed to them within the time specified in the

Companies Act, 2017. The Company's activities are updated on its web site www.jdm.com.pk, on timely basis.

MATERIAL CHANGES

There have been no material changes since June 30, 2022 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) 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 BCM, 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.

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



**Brig. (Retd.) Abdul Samad Khan
Director**



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

Dated: September 22, 2022

ڈائریکٹرز رپورٹ برائے حصص یافتگان

یورڈ آف ڈائریکٹرز کی جانب سے، 62 ویں سال 30 جون 2022 کے ختم ہونے پر کمپنی کے آڈیٹر کی جاری کردہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔ ہم کمپنی کے ممبران کو یہ بھی بتانا چاہتے ہیں کہ باری کائن ملٹریٹڈ (BCM) کو 04 فروری 2022 سے کمپنی کے ساتھ ضم کر دیا گیا ہے اور BCM کو پاکستان اسٹاک ایکسچینج لمیٹڈ نے 04 اپریل، 2022 کو اپنی اسٹاک ایکسچینج کی فہرست سے ہٹا دیا ہے۔ براہ کرم مالیاتی رپورٹ کے نوٹس کے نوٹ 1.2 کو دیکھیں۔

کارکردگی کا جائزہ۔

کمپنی کی بنیادی سرگرمی سوتہ جانا اور دینا ہے۔ پچھلے سال کے مقابلے میں کمپنی کے مالیاتی نتائج اہم جھلکیاں مندرجہ ذیل ہیں۔

2021	2022	
		روپے ملین میں
5,610.298	7,155.722	فروخت
(4,835.246)	(6,556.943)	فروخت کی لاگت
775.052	598.779	عموری منافع
594.674	402.765	آپریٹن سے منافع
434.368	189.742	ٹیکس سے پہلے منافع
273.104	169.836	ٹیکس سے بعد منافع
		--- روپے ---
57.08	30.85	آمدنی فی شیئر

کمپنی، 30 جون 2022 کو ختم ہونے والے سال کے دوران، گزشتہ سال کے 5,610.298 ملین روپے کے مقابلے میں 7,155.722 ملین روپے کا خالص کاروبار حاصل کرنے میں کامیاب رہی ہے۔ پچھلے سال کے مقابلے میں کاروبار میں 1,545.424 ملین روپے کا اضافہ ہوا ہے۔ مزید، کمپنی نے اس سال میں ٹیکس سے پہلے 189.742 ملین روپے کا منافع اور ٹیکس کے بعد منافع 169.836 ملین روپے حاصل کیا۔ جبکہ گزشتہ سال ٹیکس سے پہلے منافع 434.368 ملین روپے اور ٹیکس کے بعد منافع 273.104 ملین روپے تھا۔

منافع میں کمی کی بنیادی وجوہات بین الاقوامی کمپاس کی قیمتوں میں خاطر خواہ اضافہ اور امریکی ڈالر کی شرح تبادلہ میں غیر معمولی اضافہ اور گیس کی فراہمی میں کمی ہے۔ کمپنی عمدہ اور سپر کاؤنٹ ڈھاکہ تیار کرتی ہے اور اس کے لیے بنیادی طور پر درآمد شدہ خام مال کا استعمال کرتی ہے اور اس لیے مذکورہ عوامل کی وجہ سے، خام مال کی قیمتوں میں نمایاں اضافہ ہوا ہے (یعنی تقریباً 70%) اور اس کے علاوہ بجلی اور ایندھن میں اضافہ ہوا ہے۔ کمپنی کے منافع میں کمی کی ایک اور بڑی وجہ BCM کا کمپنی کے ساتھ انضمام ہے، جس کی وجہ سے کمپنی کے مالیاتی اخراجات میں نمایاں اضافہ ہوا ہے۔ مزید برآں، سپلائی چین میں رکاوٹوں، بڑھتے ہوئے سیاسی عدم استحکام اور غیر یقینی ٹیکسوں اور لیویز نے روزمرہ کے کاموں کو چلانے کو بہت مشکل کام بنا دیا ہے اور فی الحال مارکیٹ کے بارے میں طویل مدتی نظریہ رکھنا بہت مشکل ہے۔

عمومی مارکیٹ کی حالت

2021-22 کا سال کمپنی کی معیشت اور صنعت کے لیے ایک امید افزا اور نتیجہ خیز سال ثابت ہو رہا تھا، تاہم سال کی دوسری ششماہی میں سیاسی عدم استحکام، عالمی سطح پر تیل کی قیمتوں میں تیزی اور روپے کی قدر میں اچانک کمی کی وجہ سے افراط زر بلند ہوا اور اس کی وجہ سے حالات کافی حد تک بدل گئے۔ ان عوامل نے، ملک کے فیٹرنگی ذخائر میں کمی کے ساتھ، حکومت کو مجبور کیا ہے کہ وہ درآمدات کو کم کرے اور سود کی شرح کو 15 فیصد تک بڑھا کر اقتصادی ترقی کو کم کرنے کے لیے اقدامات کرے۔ اگرچہ ایسے اقدامات سے درآمدات اور صارفین کے مجموعی اخراجات کی حوصلہ شکنی ہوئی ہے لیکن پھر بھی جولائی 2022 میں سالانہ افراط زر کی شرح بڑھ کر 24.9 فیصد ہو گئی ہے، جب کہ جولائی 2021 میں یہ 8.4 فیصد کے لگ بھگ تھی۔

مزید برآں، ملک میں پے در پے موسلا دھار بارشوں کے سلسلے نے زراعت کے شعبے کے لیے تباہی پھیلا دی ہے۔ موسم گرما کی فصلوں میں کمپاس سب سے زیادہ متاثر ہوئی ہے، کیلے اور آم کے باغات کو نقصان پہنچا ہے اور سبزیاں بالخصوص بیاز کی فصلیں بہ گئی ہیں۔ ایک اندازے کے مطابق تقریباً 80 فیصد کمپاس کی فصل پانی سے خراب ہو گئی ہے اور قیمت کے لحاظ سے کمپاس کی فصل کا نقصان 70 ارب روپے سے کم نہیں ہوگا۔ معیاری روٹی کی قیمت بڑھ کر 23,500 روپے فی من ہو گئی ہے اور کمپاس اور چینی کی زیادہ قیمتوں کی وجہ سے ٹیکسٹائل اسپنرز اور جزا تہائی حوصلہ شکنی کا شکار ہیں۔ جبکہ پاکستانی روپے کے مقابلے ڈالر کی قدر میں تیزی کی وجہ سے روٹی کی درآمدات مزید مہنگی ہو جائیں گی۔ مختلف عوامل کی وجہ سے ایک دہائی سے زائد عرصے سے کمپاس کی پیداوار میں کمی آرہی ہے اور رواں سیزن کے دوران اس کے 60 لاکھ ٹنوں (ملکی طلب کا تقریباً نصف) تک پختہ کی توقع تھی، لیکن اب مذکورہ بالا حالات میں یہ ہدف حاصل کرنا ناممکن دکھائی دیتا ہے۔

مستقبل کا نقطہ نظر

غیر متوقع اتار چڑھاؤ اور غیر یقینی صورتحال کے باوجود گزشتہ برسوں کے دوران معیشت نے مضبوط لپک دکھائی ہے۔ لیکن بڑھتی ہوئی مہنگائی، مالیاتی گراؤ اور ملکی خزانے میں کمی ہونے کی وجہ سے جاری مالی

سال بہت مشکل ہونے والا ہے۔ آگے بڑھتے ہوئے، یہ ضروری ہے کہ اصلاحات کی رفتار کو برقرار رکھا جائے اور استحکام کو محفوظ بنانے اور پائیدار ترقی کو فروغ دینے کے لیے پالیسیوں پر توجہ دی جائے۔ معیشت کو سہارا دینے، قرضوں کی پائیداری کو یقینی بنانے اور سماجی ہم آہنگی کو برقرار رکھنے ہوئے معاشی اصلاحات کو آگے بڑھانے کے درمیان ایک مناسب توازن قائم کرنے کی سخت ضرورت ہے۔ مقامی اور بین الاقوامی کپاس کی قیمتوں میں غیر معمولی اضافہ، مقامی کپاس کی پیداوار میں کمی، غیر مستحکم امریکی ڈالر کی شرح مبادلہ اور گیس کی مسلسل چلائی کی عدم دستیابی جیسے عوامل کے پیش نظر، ٹیکسٹائل انڈسٹری، خاص طور پر دھاگے کی صنعت کے لیے جاری مالی سال بہت مشکل ہونے والا ہے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک

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

- ۱- کمپنی کے حسابات جس میں اکاؤنٹ کی کتابیں، نفع اور نقصان کا اکاؤنٹ، بیلنس شیٹ اور دیگر حسابات مربوط قوانین کے تحت تیار کیے گئے ہیں۔
- ۲- کمپنی کے حسابات تیار کرنے کے لیے مناسب مالیاتی پالیسیوں کا استعمال کیا ہے۔
- ۳- کمپنی نے حسابات کی کتابیں موثر طریقے سے رکھی ہیں۔
- ۴- بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں، ان کو مالیاتی حسابات کی تیاری میں اور اداروں میں اپنایا گیا ہے۔
- ۵- اندرونی کنٹرول کا نظام درست ہے اور اسے موثر طریقے سے لاگو کیا گیا اور نگرانی کی گئی ہے۔ اندرونی کنٹرول کی نگرانی کے عمل کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ آگے بڑھتے ہوئے عملی طور پر جاری رہے گا۔
- ۶- کمپنی کے حسابات کمپنی کی موجودہ کارکردگی کے عکاس ہیں اور۔
- ۷- لفظ کمپنیاں (کارپوریٹ گورننس) کے ضابطوں، 2019 (سی سی جی ریگولیشنز) کے بہترین طریقوں کے مطابق ہیں۔
- ۸- 30/06/2022 پر کمپنی کے ذمہ کسی بھی قسم کا قانونی ٹیکس، لیوی یا چارجز نہیں ہیں ماسوائے ان ادائیگیوں کے جو ان حسابات میں بتائی گئی ہیں۔
- ۹- کمپنی کے چیف ایگزیکٹو آفیسر نے جنرل (ریٹائرڈ) علی قلی خان خٹک نے = 1954 = شیئرز اور کمپنی کے ڈائریکٹرز بریگیڈیئر (ریٹائرڈ) عبدالصمد خان، نے 30 جون 2022 کو ختم ہونے والے سال کے دوران = 951 = حصص خریدے ہیں۔ مزید برآں، بی سی ایم کے بچے ڈی ایم میں انعام کے بعد اور تزیب کی اسکیم کے مطابق، کمپنی کے حصص 30 جون 2022 کو ختم ہونے والے سال کے دوران چیف ایگزیکٹو آفیسر، ڈائریکٹرز، چیف فنانس آفیسر اور کمپنی سیکرٹری کو ان کے استحقاق کے مطابق جاری کئے گئے ہیں۔

بورڈ کی ساخت:

کمپنی کے ڈائریکٹرز کو 21 مئی 2020 کو منعقدہ کمپنی کی غیر معمولی جنرل میٹنگ میں دوبارہ منتخب کیا گیا۔ بورڈ کی تشکیل کوڈ آف کارپوریٹ گورننس ضوابط کے تقاضوں کے مطابق ہے۔ کمپنی اپنے بورڈ میں آزاد اور غیر ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ متنوع کی حوصلہ افزائی کرتی ہے۔

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

ڈائریکٹرز کی کل تعداد	مرد	خاتون
4	5	2
آزاد ڈائریکٹرز	2	
دوسرے غیر ایگزیکٹو ڈائریکٹرز	3	
ایگزیکٹو ڈائریکٹرز	1	

بورڈ آڈٹ کمیٹی

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 حاصل کیا، داخلی کنٹرول کے نظام اور خطرے کے انتظام کے نظام اور آڈٹ کے عمل کے لئے انتظامیہ سے معلومات حاصل کرنے اور بیرونی آڈیٹرز یا مشیروں کے ساتھ براہ راست مشورہ کرنے کے لیے خود مختار ہے جو مناسب سمجھا جاتا ہے۔ چیف فنانس آفیسر یا قاعدگی سے اکاؤنٹس پیش کرنے کے لئے دعوت کے ذریعے بورڈ آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں۔ ہر میٹنگ کے بعد کمیٹی کے چیئرمین، بورڈ کو رپورٹ کرتے ہیں۔ کمیٹی نے 2021-22 کے دوران 4 بار ملاقات کی ہے۔

کمیٹی کے اراکان کے نام مندرجہ ذیل ہیں۔

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

آڈٹ کمیٹی نے امرودنی آڈٹ منصوبہ کے علاوہ اور آڈٹ کے نتائج اور اندرونی آڈٹ ڈیپارٹمنٹ کی سفارشات پر، سہ ماہی، 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 ٹانس آفیسر (سی ایف او) اور اندرونی آڈیٹ کے سربراہ (ایچ آئی اے) کے ساتھ بھی ملاقات کی ہے۔

انسانی وسائل اور معاوضے کی کمیٹی

کمیٹی نے سینئر ایگزیکٹوز کے معاوضہ سے متعلق معاوضہ، تنظیم اور ملازم کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارشات کرنے اور انتظامی کمیٹی کے ممبران اور ایجنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو منظور کرنے کے لئے ملاقات کی۔ کمیٹی کے کسی ای او نے کمیٹی کے رکن کے طور پر متعقد ہونے والے انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 2021-22 کے دوران ایک بار ملاقات کی۔

کمیٹی کے رکان کے نام مندرجہ ذیل ہیں۔

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

بورڈ اور اکی کمیٹیوں کے اجلاس:

سال 2021-22 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۔

ڈائریکٹرز کے نام	21 مئی 2020 کو	کمیٹی کے ممبران		بورڈ	آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی	حاضری
		آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی				
۱۔ جناب رضا قلی خان خٹک	دوبارہ منتخب ہوئے			2/4	•	•	•
۲۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	دوبارہ منتخب ہوئے		X	5/5	•	1/1	•
۳۔ جناب احمد قلی خان خٹک	منتخب ہوئے	X	X	4/5	3/4	0/1	•
۴۔ جناب گوہر ایوب خان	دوبارہ منتخب ہوئے			3/5	•	•	•
۵۔ مسز شہناز سجاد احمد	دوبارہ منتخب ہوئی		X	5/5	•	1/1	•
۶۔ بریگیڈیئر (ریٹائرڈ) عبدالصمد خان	دوبارہ منتخب ہوئے	X		5/5	4/4	•	•
۷۔ کرل (ریٹائرڈ) سید یونس علی رضا	دوبارہ منتخب ہوئے	X	X	4/5	4/4	1/1	•
۸۔ ڈاکٹر شائین قلی خان خٹک	21 اپریل 2022 کو مقرر کیا گیا۔			1/1	•	•	•

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 بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ:

سی ای جی حوالہ کے مطابق، بورڈ تسلیم کرتا ہے کہ اسے مسلسل گہرائی اور اپنی کارکردگی کو بہتر بنانے کی ضرورت ہے۔ یہ کارکردگی کی سالانہ جانچ اور بورڈ کی جاری ترقیاتی سرگرمیوں کے ذریعے حاصل کیا جاتا ہے۔ ان کی لازمی ملازمت کے تقاضوں کے علاوہ، بورڈ اور اس کی کمیٹیوں کی کارکردگی کا سالانہ اندرونی اور باہر سے سطح پر درج ذیل حوالہ کے ساتھ جائزہ لیا جاتا ہے۔

- ۱۔ قابلیت، مہارت اور متنوع نقطہ نظر کے تحت مختلف افراد کا ملنا۔
- ۲۔ سالمیت، سادگی، اعتماد اور ممبروں کی فعال شرکت۔
- ۳۔ انتظامیہ کے ذریعے طے شدہ سالانہ اہداف کی پیروی اور جائزہ۔

- ۴۔ کمپنی کو رہنمائی اور ہدایت فراہم کرنے کی اہلیت۔
 - ۵۔ کمپنی کی کارکردگی کے ایسے پہلوؤں کی نشاندہی کرنے کی اہلیت جس میں کارروائی کی ضرورت ہوتی ہے۔
 - ۶۔ انتظامیہ کی چابقتی کی منصوبہ بندی کا جائزہ۔
 - ۷۔ کمپنی کو پیش 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۔
- مذکورہ بالا احوال کی بنیاد پر سال کے لیے بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔ بورڈ کے اراکین مؤثر طریقے سے بورڈ میں بہتری لاتے ہیں اور آزاد اور غیر ایگزیکٹو ڈائریکٹرز کا مرکب تشکیل دیتے ہیں۔ بورڈ کمپنی کے لیے کارپوریٹ اہداف وضع کرنے میں بھی موثر ہے۔

ڈائریکٹرز کا معاوضہ:

نان ایگزیکٹو ڈائریکٹرز:

ڈائریکٹرز کی فیس بورڈ کی منظوری کے مطابق ادا کی جاتی ہے اور کمپنی کے پاس کمپنیز ایکٹ 2017 اور سی ای جی صوابد کے مطابق اس سلسلے میں ایک ری پالیسی ہے۔ کمپنی مینٹگنوں میں شرکت کی فیس کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔

ایگزیکٹو ڈائریکٹرز:

کمپنی میں صرف ایک ایگزیکٹو ڈائریکٹر ہیں، جو کمپنی کا چیف ایگزیکٹو بھی ہیں۔ سال کے دوران کمپنی کے چیف ایگزیکٹو کو ادا کیے گئے معاوضے کی تفصیلات درج ذیل ہیں۔

2021	2022	تفصیلات
		روپے ہزاروں میں
6,336	6,336	معاوضہ
433	651	بونس / ایکس گریشیا
528	528	ریناٹمنٹ کے فوائد
477	477	چھٹیوں کی تنخواہ
865	1,534	دیگر فوائد
8,639	9,526	کل رقم

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

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

شیئر ہولڈرز کا پتہ:

30 جون، 2022 پر شیئر ہولڈنگ کے پتہ اور اس سے متعلق اضافی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

ڈیپوٹنٹ

موجودہ مالیاتی پوزیشن، سرمایہ کاری اور کمپنی کی مشینری میں BMR کی مدد سے پیداوار کو بڑھانے کے لیے، ڈائریکٹرز نے نقد منافع ندیے کی سفارش کی ہے۔

حکومت اور سماجی شعبہ کی طرف سے ہماری کمپنی کی شرکت

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

رقم ملین میں	حکومتی اداروں کو ادا کئے	۱۔
1,347.031	سیلز ٹیکس کی مدد میں	
156.631	آکریکس کی مدد میں	
812.500	بجلی اور گیس کی مدد میں	
143.070	بچوں کو ادائیگی	
782.905	ملازمین کی تنخواہوں، اجرتوں اور دیگر فوائد کی مدد میں	۲۔

ہم نے اوسط 1,535 مستقل افراد کو ملازمت دے رہے ہیں جو کہ خمیرہ بخونخوا کے صوبے میں کم از کم 8 افراد پر مشتمل 1,535 خاندان کے سہارا ہیں۔ جس کا سالانہ خرچہ 782.905 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 گران قدر 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 کی مدد بھی جہاں ہم کام کرتے ہیں۔

مواصلات:

کمپنی جسٹس پاکستان کے ساتھ بات چیت کو بہت اہمیت دیتی ہے۔ سالانہ نصف سالانہ اور سہ ماہی رپورٹس ان کو کنٹینر 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 تہذیبیاں:

رپورٹ کی تاریخ میں 30 جون 2022 سے اب تک کوئی مادی تہذیب نہیں آئی ہے اور کمپنی نے اس مدت کے دوران کوئی معاہدہ نہیں کیا ہے، جس سے کمپنی کی مالی پوزیشن پر منفی اثر پڑے گا۔

آڈیٹر کی رپورٹ میں دیئے گئے اعتراض کا جواب:

کمپنی نے گیس انفراسٹرکچر ڈیولپمنٹ سیس (GIDC) کے عائد کرنے کے خلاف کوئی رقم مختص نہیں کی کیونکہ کمپنی نے پیریم 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 8(2) کے مطابق مستقل کے دائرہ کار میں GIDC کی وصولی کو چیلنج کیا ہے۔ تاہم، PHC نے اپنے فیصلے کے مطابق 15 جون 2022ء کے 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 نے جو حقائق پہلی تازعات میں داخل ہو سکتا ہے اور نئی 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۔

کمپنی اور پی سی ایم نے جولائی، 2022 کے دوران، سیکرٹری جنرل، پشاور کی عدالت میں کیس دائر کیے ہیں اور عدالت سے درخواست کی ہے کہ وہ یہ اعلان کرے کہ کمپنی اور پی سی ایم نے اپنے صارفین پر جی آئی ڈی سی کے بوجھ کو نہیں ڈالا۔ جی آئی ڈی سی ایکٹ، 2015 کے سیکشن 8(2) کے تحت فائدہ اچھوٹ 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 دائر نہیں کیا گیا یا اس کی وصولی نہیں کی گئی ہے یا اگر دائر کی گئی ہے یا وصول کی گئی ہے تو اسے واپس کر دیا گیا ہے یا دیگر فیسوں یا ایکسوں 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 صنعتی شعبے سے جمع نہیں کیا جائے گا سوائے فرنیچر، فرنیچر، اسٹاک کے، جس کا ذکر ایس 3، دوسرے شیڈول جو کہ ہڈوں گیس انفراسٹرکچر ڈیولپمنٹ سیس

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

عدالت نے جی آئی ڈی سی کی ریکوری کے خلاف حکم انتہائی جاری کیا ہے، کیونکہ کمپنی، ایک سپنڈنگ پونٹ ہونے کے ناطے اور یونٹ سیکٹر کے لیے خام مال تیار کرتی ہے، اس نے جی آئی ڈی سی کا بوجھ اپنے صارفین پر نہیں ڈالا۔ یارن مارکیٹ ریکولٹیڈ مارکیٹ نہیں ہے یعنی ٹیکسٹائل پونٹ قیمت لینے والے ہیں نہ کہ قیمت بنانے والے، اس لیے اسپنڈنگ سیکٹر اپنی قیمتوں میں جی آئی ڈی سی شامل نہیں کر سکا اور یقینی طور پر اس نے اپنے صارفین سے وصول نہیں کیا ہے۔

کیس زیر التوا ہے اور کمپنی کے دکلاء نے کہا ہے کہ ہمارا کیس بہت مضبوط اور درست ہے، اس لیے ہمیں امید ہے کہ عدالت کا فیصلہ کمپنی اور اسپنڈنگ سیکٹر کے حق میں آئے گا۔

آڈیٹر کی تقرری

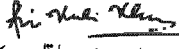
کمپنی کے آڈیٹر جو کہ میسر شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، پینک سکور، لاہور جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمپنی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے سفارش کی ہے۔


اعتراف

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

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

تاریخ: 22 ستمبر 2022


لینٹینٹ جنرل (ریٹائرڈ) علی قلی خان خٹک
چیف ایگزیکٹو آفیسر


بریگیڈیئر (ریٹائرڈ) عبدالصمد خان
ڈائریکٹر

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

PARTICULARS		----- Restated -----					
		2022	2021	2020	2019	2018	2017
Spindles installed	Nos.	101,320	100,200	64,704	64,704	64,704	62,304
Rotors installed	Nos.	600	600	600	600	600	600
PRODUCTION	Lbs. in million	17.636	14.406	11.037	13.092	13.233	11.829
Sales - Net	Rs. in million	7,155.722	5,610.298	2,754.564	3,379.664	2,782.025	2,515.643
Gross Profit	---- " ----	598.779	775.052	259.259	264.771	127.022	117.381
Profit from operations	---- " ----	402.765	594.674	163.708	138.124	19.608	20.893
Profit / (Loss) before Taxation	---- " ----	189.742	434.368	(60.203)	41.272	(72.151)	(21.538)
Provision for Taxation	---- " ----	19.906	161.264	41.307	34.976	(9.627)	(13.094)
Profit / (Loss) after Taxation	---- " ----	169.836	273.104	(101.510)	6.296	(62.524)	(8.444)
Earning / (Loss) per share	Rupees	30.85	57.08	(21.22)	1.32	(13.07)	(1.76)
Breakup Value per share	---- " ----	957.47	733.60	680.92	672.41	676.75	691.88
Total Assets	Rs. in million	10,039.725	5,275.592	5,052.315	4,682.062	4,974.567	4,806.674
Current Liabilities	---- " ----	(2,425.686)	(1,385.856)	(1,497.225)	(1,204.241)	(1,506.888)	(1,120.964)
	---- " ----	7,614.039	3,889.736	3,555.090	3,477.821	3,467.679	3,685.710

REPRESENTED BY:

Share Capital	Rs. in million	69.158	47.848	47.848	47.848	47.848	47.848
Reserves and Un-appropriated Profit	---- " ----	6,552.511	3,462.267	3,210.234	3,169.511	3,190.262	3,262.679
Equity	---- " ----	6,621.669	3,510.115	3,258.082	3,217.359	3,238.110	3,310.527
Lease liabilities	---- " ----	0.000	1.084	3.541	0.000	0.000	0.000
Long term finances	---- " ----	263.616	3.567	0.000	0.000	0.000	0.000
Deferred Liabilities	---- " ----	728.754	374.970	293.467	260.462	229.569	375.183
	---- " ----	7,614.039	3,889.736	3,555.090	3,477.821	3,467.679	3,685.710

FORM 34

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

PATTERN OF SHAREHOLDING

1. CUIIN (Incorporation Number) **0 0 0 1 1 9 3**

2. Name of the Company **JANANA DE MALUCHO TEXTILE MILLS LIMITED**


3. Pattern of holding of the shares held by the shareholders as at **3 0 0 6 2 0 2 2**

4. No of shareholders	Shareholdings	Total shares held
1650	shareholding from 1 to 100 shares	45,322
678	shareholding from 101 to 500 shares	165,653
179	shareholding from 501 to 1000 shares	135,166
175	shareholding from 1001 to 5000	385,247
25	shareholding from 5001 to 10000	180,637
16	shareholding from 10001 to 15000	202,592
2	shareholding from 15001 to 20000	33,339
2	shareholding from 20001 to 25000	47,700
1	shareholding from 30001 to 35000	31,000
2	shareholding from 35001 to 40000	76,633
3	shareholding from 40001 to 45000	127,895
2	shareholding from 45001 to 50000	95,500
1	shareholding from 55001 to 60000	56,024

1	shareholding from 750001 to 80000	78,920
1	shareholding from 850001 to 90000	86,000
1	shareholding from 100001 to 105000	100,413
1	shareholding from 130001 to 135000	134,062
1	shareholding from 160001 to 165000	160,754
1	shareholding from 175001 to 180000	180,000
1	shareholding from 180001 to 185000	183,000
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 885001 to 890000	888,046
1	shareholding from 1555001 to 1560000	1,559,230
2749	Total	6,915,822

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	75,508	1.09
5.2. Associated Companies, undertakings and related parties.	3,731,008	53.95
5.2. Treasury Shares	341,000	4.93
5.3 NIT & ICP	57,675	0.83

5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	494,214	7.15
5.5	Insurance Companies	38,461	0.56
5.6	Modarabas and Mutual Funds	799	0.01
5.7	Share holders holding 10%		
	Bibojee Services (Pvt.) Ltd	2,031,291	29.37
	Bannu Woollen Mills Ltd	1,659,643	24.00
5.8	General Public		
	a. Local	2,023,473	29.26
	b. Foreign	NIL	NIL
5.9	Others (to be specified)		
	Other Companies	8,647	0.13
	Secretary to Govt. of KPK	143,806	2.08
	Deputy Administrator (Abandoned Properties)	1201	0.02
	Sheriar F. Irani Investment Trust Ltd.	30	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 2

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.BIBOJEE SERVICES (PVT) LTD.	2,031,291
M/S BANNU WOOLLEN MILLS LTD.	1,659,643
M/S WAQF-E-KULI KHAN	40,074
2. TREASURY SHARES:	341,000
3. NIT & I.C.P:	
M/S. INVESTMENT CORPORATION OF PAKISTAN	1,517
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	56,024
IDBP (ICP UNIT)	134
4. DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:	
MR. AHMAD KULI KHAN KHATTAK Chairman	21,934
LT.GEN. (RETD) ALI KULI KHAN KHATTAK Chief Executive	24,819
MR. GOHAR AYUB KHAN Director	5,758
MRS.SHAHNAZ SAJJAD AHMED Director	10,968
DR. SHAHEEN KULI KHAN KHATTAK Director	10,968
BRIG. (RETD) ABDUL SAMAD KHAN Director	961
COL. (RETD) SYED YUNUS ALI RAZA Director	100
5. EXECUTIVES	635
6. OTHER COMPANIES	8,647
7. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	533,474
8. SHAREHOLDERS HOLDING 10% OR MORE:	
M/S.BIBOJEE SERVICES (PVT) LTD.	2,031,291
M/S BANNU WOOLLEN MILLS LTD.	1,659,643
9. GENERAL PUBLIC & OTHERS	2,167,875

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 2022

The Company has complied with the requirements of the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), in the following manner:

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

a. Male: 5

b. Female: 2

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 Directors	Mr. Ahmad Kuli Khan Khattak Mr. Gohar Ayub Khan
Executive Director	Lt. Gen. (Retd) Ali Kuli Khan Khattak
Female Directors	Mrs. Shahnaz Sajjad Ahmad Dr. Shahin Kuli Khan Khattak

* Fractional requirement for Independent Directors has not been rounded up as one and presently the Company has two Independent Directors. The BOD feels that two Independent Directors are sufficient to maintain independence at the present Board level in order to accomplish its determined goals, therefore, the appointment of a third Independent Director is not warranted.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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 taken by the Board/or members of the company as provided under 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 acquired the requisite certification under Directors' Training Program (the Program), whereas, one director is exempt from the training program.

The Remaining two directors, have not undertaken the requisite training program mainly due to Covid situation being faced by the country. They could not attend any DTP due to their busy schedule. However, both the directors will be joining the program whenever these are announced by the approved institutions at Lahore and Islamabad.

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) have 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 passed on to the Committees for ensuring 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, its officers possess requisite qualification and experience for the responsibilities and are 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 the Audit Oversight Board of Pakistan, that none of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the Audit Firm and all its partners are in compliance with the 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 the IFAC's guidelines in this regard.

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

On behalf of the Board of Directors



Brig. (Retd.) Abdul Samad Khan
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, 2022 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, 2022.

LAHORE; September 22, 2022
UDIN: CR202210195gOZFTsEjU

Shinewing Hameed Chaudhri & Co.

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

**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, 2022, 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, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 28.3 to the 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 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>Revaluation of property, plant and equipment (note 5.6)</p> <p>Under IAS 16 (Property, plant and equipment), the management carries its freehold land, buildings on freehold land, plant & machinery and generators under revaluation model.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> - evaluated the competence, capabilities and objectivity of the independent external property valuation Expert engaged by the management as management Expert for valuation;

S.No	Key audit matters	How the matter was addressed in our audit
	<p>Under the said model, if fair value can be measured reliably, an entity may carry all items of property, plant and equipment of a class at a revalued amount, which is the fair value of the items at the date of revaluation less any subsequent accumulated depreciation.</p> <p>As at June 30, 2022 the carrying value of freehold land, buildings on freehold land, plant & machinery and generators aggregated Rs.7,581 million. The fair value of the Company's freehold land, buildings on freehold land, plant & machinery and generators were assessed by management based on independent valuation performed by an external property valuation Expert as at June 30, 2022.</p> <p>Freehold land has been revalued on the basis of present market value whereas buildings on freehold land, plant & machinery and generators have been revalued on the basis of depreciated fair market values. This technique requires significant judgment as to estimating the revalued amount in terms of their quality, structure, layout and locations.</p> <p>We identified valuation of property plant and equipment as a key audit matter due to the significant carrying values and the significant management judgment and estimation involved in determining their values due to factors described above.</p> <p>2. Valuation of stock-in-trade</p> <p>The value of stock-in-trade at the reporting date aggregated Rs.1,823 million representing 80% of the Company's total current assets. Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 9).</p>	<ul style="list-style-type: none"> - obtained understanding of the valuation process and techniques adopted by the valuation Expert to assess the reasonableness of the report; - obtained the valuation report of external valuation Expert and tested mathematical accuracy of the report; and - assessed the adequacy of the related disclosures in the annexed financial statements. <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;

S.No	Key audit matters	How the matter was addressed in our audit
3.	<p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods.</p> <p>We identified this as key audit matter in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.</p> <p>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"> - attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; - assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; - tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; - assessed the management's determination of net realisable value of inventories by performing tests on sale prices secured by the Company for similar items; and - performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices. <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 22, 2022
UDIN: AR202210195no8QOp9c4


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

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

		2022	2021
	Note	Rupees in thousand	
ASSETS			
Non-current assets			
Property, plant and equipment	5	7,674,209	3,554,156
Investments in Associated Companies	6	68,691	114,970
Loans to employees	7	873	398
Security deposits		14,346	1,543
		<u>7,758,119</u>	<u>3,671,067</u>
Current assets			
Stores, spares and loose tools	8	118,411	68,369
Stock-in-trade	9	1,822,914	1,351,899
Trade debts	10	9,607	8,972
Advances to employees		2,219	1,099
Advance payments	11	23,013	18,210
Trade deposits and prepayments	12	75,876	2,352
Other receivables	13	3,513	1,210
Income tax refundable, advance tax and tax deducted at source		208,884	133,528
Cash and bank balances	14	17,169	18,886
		<u>2,281,606</u>	<u>1,604,525</u>
TOTAL ASSETS		<u>10,039,725</u>	<u>5,275,592</u>
EQUITY AND LIABILITIES			
Equity			
Authorised capital	15	450,000	200,000
Issued, subscribed and paid-up capital	16	69,158	47,848
Treasury shares	1.2	(3,410)	0
Capital reserves			
- capital redemption	17	6,694	6,694
- tax holiday	17	350	350
- share premium	17	11,409	11,409
- merger reserve	17	5,350	0
- revaluation surplus on property, plant and equipment	18	5,124,591	2,353,716
Revenue reserves			
- general reserve	17	371,530	371,530
- unappropriated profit		1,035,997	718,568
Shareholders' equity		<u>6,621,669</u>	<u>3,510,115</u>
Liabilities			
Non-current liabilities			
Lease liabilities	19	0	1,084
Long term finances	20	263,616	3,567
Staff retirement benefits - gratuity	21	104,794	72,729
Deferred taxation	22	623,960	302,243
		<u>992,370</u>	<u>379,623</u>
Current liabilities			
Trade and other payables	23	865,347	562,857
Unclaimed dividends		2,715	284
Accrued mark-up		52,215	12,364
Short term finances	24	1,346,760	712,133
Current portion of non current liabilities	25	60,285	4,479
Taxation	26	97,173	92,546
Preference shares redemption account	27	1,191	1,191
		<u>2,425,686</u>	<u>1,385,854</u>
Total liabilities		<u>3,418,056</u>	<u>1,765,477</u>
Contingencies and commitments	28		
TOTAL EQUITY AND LIABILITIES		<u>10,039,725</u>	<u>5,275,592</u>

The annexed notes 1 to 49 form an integral part of these financial statements.


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


Brig. (Retd.) Abdul Samad Khan
Director


Amin-ur-Rasheed
Chief Financial Officer


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022


	Note	2022 Rupees in thousand	2021
Sales	29	7,155,722	5,610,298
Cost of sales	30	6,556,943	4,835,246
Gross profit		598,779	775,052
Distribution cost	31	60,451	32,825
Administrative expenses	32	110,498	98,488
Other expenses	33	25,715	52,036
Other income	34	(650)	(2,971)
		196,014	180,378
Profit from operations		402,765	594,674
Finance cost	35	143,070	50,289
		259,695	544,385
Share of profit / (loss) from Associated Companies - net	6	8,732	(34,435)
Impairment loss on investments in Associated Companies	6	(78,685)	(75,582)
		(69,953)	(110,017)
Profit before taxation		189,742	434,368
Taxation	36	19,906	161,264
Profit after taxation		169,836	273,104
Other comprehensive income / (loss)			
- loss on remeasurement of staff retirement benefit obligation	21	(17,735)	(4,145)
- impact of tax		5,143	1,202
		(12,592)	(2,943)
- surplus arisen upon revaluation of property, plant and equipment	18.2	3,032,726	0
- deferred taxation	18.2	(157,753)	0
		2,874,973	0
- share of other comprehensive loss of Associated Companies		(1,423)	(23,163)
- impact of tax		(413)	(6,717)
	6	(1,010)	(16,446)
		2,861,371	(19,389)
Total comprehensive income		3,031,207	253,715

----- Rupees -----

Earnings per share 37 30.85 57.08

The annexed notes 1 to 49 form an integral part of these financial statements.


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

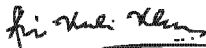

Brig. (Retd.) Abdul Samad Khan
Director



Amin-ur-Rasheed
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022**

	Share capital	Treas-ury shares	Reserves						Total	
			Capital			Revenue				
			Capital rede-emption	Tax holi-day	Share premi-um	Revalu-ation surplus on property, plant and equip-ment	Merger reserve	General		Unappr-opriated profit
----- Rupees in thousand -----										
Balance as at July 01, 2020 - restated	47,848	0	6,694	350	11,409	2,373,502	0	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	0	0	273,104	273,104
- other comprehensive loss	0	0	0	0	0	0	0	0	(19,389)	(19,389)
	0	0	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	0	(20,156)	0	0	20,156	0
- upon sale of revalued assets	0	0	0	0	0	(169)	0	0	169	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	0	539	0	0	0	539
Effect of items directly credited in equity by Associated Companies - net	0	0	0	0	0	0	0	0	(2,221)	(2,221)
Balance as at June 30, 2021	47,848	0	6,694	350	11,409	2,353,716	0	371,530	718,568	3,510,115
Shares issued pursuant to the scheme of merger (note 1.4)	21,310	0	0	0	0	0	0	0	0	21,310
Shares held as treasury shares pursuant to the scheme of merger (note 1.2)	0	(3,410)	0	0	0	0	0	0	0	(3,410)
Gain arisen under the scheme of merger (note 1.4)	0	0	0	0	0	0	5,350	0	0	5,350
Transfer of revaluation surplus as a result of scheme of merger	0	0	0	0	0	(142,141)	0	0	142,141	0
Total comprehensive income for the year ended June 30, 2022:										
- profit for the year	0	0	0	0	0	0	0	0	169,836	169,836
- other comprehensive Income/(loss)	0	0	0	0	0	2,874,973	0	0	(13,602)	2,861,371
	0	0	0	0	0	2,874,973	0	0	156,234	3,031,207
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	0	(19,054)	0	0	19,054	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	0	57,097	0	0	0	57,097
Balance as at June 30, 2022	69,158	(3,410)	6,694	350	11,409	5,124,591	5,350	371,530	1,035,997	6,621,669

The annexed notes 1 to 49 form an integral part of these financial statements.


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

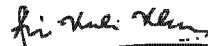

Brig. (Retd.) Abdul Samad Khan
Director


Amin-ur-Rasheed
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	Rupees in thousand	
Cash flows from operating activities		
Profit for the year - before taxation and share of profit / (loss) of Associated Companies	259,695	544,385
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	104,095	82,545
Depreciation on right of use assets	1,889	2,421
(Gain) / loss on sale of operating fixed assets	(552)	677
Staff retirement benefits - gratuity (net)	12,105	9,846
Finance cost	136,862	47,060
Profit before working capital changes	514,094	686,934
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(34,724)	(3,172)
Stock-in-trade	(469,458)	54,220
Trade debts	4,489	937
Loans and advances to employees	(1,506)	35
Advance payments	3,026	(8,225)
Trade deposits and prepayments	2,818	(1,424)
Due from Associated Company	0	4,851
Other receivables	592	(361)
Sales tax refundable	0	29,996
Increase in trade and other payables	44,564	228,462
	(450,199)	305,319
Cash generated from operations	63,895	992,253
Taxes paid	(156,632)	(81,883)
Net cash (used in) / generated from operating activities	(92,737)	910,370
Cash flows from investing activities		
Fixed capital expenditure - net	(358,493)	(466,917)
Proceeds from sale of operating fixed assets	600	1,282
Security deposits	(11,874)	0
Net cash used in investing activities	(369,767)	(465,635)
Cash flows from financing activities		
Lease liabilities	(3,583)	(1,110)
Long term finances - net	175,002	4,456
Short term finances - net	376,686	(373,625)
Finance cost paid	(101,458)	(66,719)
Preference shares redeemed	0	(1)
Dividend paid	0	(10)
Net cash generated from / (used in) financing activities	446,647	(437,009)
Net (decrease) / increase in cash and cash equivalents	(15,857)	7,726
Cash and cash equivalents - at beginning of the year	18,886	11,160
Cash and cash equivalents acquired upon merger of Babri Cotton Mills Ltd.	14,140	0
Cash and cash equivalents - at end of the year	17,169	18,886


The annexed notes 1 to 49 form an integral part of these financial statements.



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



Brig. (Retd.) Abdul Samad Khan
Director



Amin-ur-Rasheed
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND OPERATIONS

1.1 Janana De Malucho Textile Mills Ltd. (JDM / 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.

1.2 Merger of BCM with and into JDM

Babri Cotton Mills Ltd. (BCM) was incorporated in Pakistan on October 26, 1970 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares were quoted on Pakistan Stock Exchange Ltd. BCM was principally engaged in manufacturing and sale of yarn and its registered office was located at Habibabad, Kohat.

JDM and BCM had filed a joint petition before the Honourable Peshawar High Court, Peshawar seeking / obtaining sanction of the Court for a Scheme of Arrangement for Amalgamation under sections 279 to 285 of the Companies Act, 2017 ("Merger Scheme"). The merger was originally considered by the respective Board of Directors of both the Companies in their respective meetings held on August 12, 2020 and October 24, 2020, wherein the Merger Scheme was adopted. The Merger Scheme was also approved by the shareholders of both Companies in the separate Extra Ordinary General Meetings of the members held on March 13, 2021. On January 31, 2022, the Court has sanctioned the Merger Scheme without any modifications, additions, or deletions.

As the Court has not specified any effective date of merger in its order, the Board of Directors of JDM has declared, as allowed under the Merger Scheme, February 04, 2022 as the Effective Date of Merger. As a result of the Merger, from and on the Effective Date:

(i) - the entire undertaking of BCM together with all the properties, assets, rights, liabilities, obligations, permanent employees, claims, charges, contracts, etc. of every description have been transferred to and vested (at book values) in JDM;

(ii) - 341,000 ordinary shares of JDM held by BCM have been disclosed as Treasury Shares in the financial statements of JDM;

(iii) - 587,193 ordinary shares of BCM held by JDM have been cancelled;

(iv) - JDM has issued at par and allotted its 1 ordinary share for every 1.438266 ordinary shares held by the entitled shareholders of BCM. Total 2,131,028 ordinary shares valuing Rs.21,310,280 have been issued to the entitled shareholders of BCM;

(v) - BCM has been merged / amalgamated into JDM without any further act, deed, matter or thing including any winding-up procedures.

As a result of merger of BCM with and into JDM and on fulfilment of relevant requirements, BCM has been delisted from the Pakistan Stock Exchange Ltd. with effect from April 04, 2022. Trading in shares of BCM has been suspended with effect from February 15, 2022 and the shares of surviving entity (JDM) have been issued to the shareholders of BCM as per the swap ratio.

1.3 Accounting policy for merger

JDM has adopted the following accounting policy that involves accounting for the assets and liabilities of BCM using existing carrying values i.e. the values at the cut-off date:

(i) - the acquired assets and liabilities have been recorded at their existing carrying values (at the cut-off date).

(ii) - no goodwill has been recorded.

(iii) - the difference between consideration transferred and net of carrying amount of the assets and liabilities received from BCM (at the cut-off date), after taking effect of any adjustments due to intercompany balances and investments, has been recognised within equity as merger reserve.

(iv) - any intercompany balances and investments have been eliminated.

1.4 Financial effect of merger based on latest audited financial statements of BCM

JDM has acquired assets and assumed liabilities of BCM as detailed below:

	Carrying amounts as at February 04, 2022 Rupees in thousand
Assets	
Property, plant and equipment	1,218,084
Investments in an Associated Company	250,057
Long term loans	89
Security deposits	929
Stores, spares and loose tools	15,318
Stock-in-trade	1,557
Trade debts	5,124
Security deposit	75,000
Loans and advances	7,829
Prepayments	1,342
Other receivables	2,895
Income tax refundable, advance tax and tax deducted at source	24,841
Cash and bank balances	14,140
Non-current assets held-for-sale	168,162
	1,785,367
Liabilities	
Long term finances	143,352
Staff retirement benefits - gratuity	2,225
Deferred taxation	259,945
Trade and other payables	257,926
Advances received against sale of fixed assets	551,380
Unclaimed dividends	2,431
Accrued interest / mark-up	4,447
Short term finances	257,941
	1,479,647
Net assets acquired	305,720
Effect of other merger adjustments due to intercompany balances and investments	(279,060)
Consideration paid (ordinary shares issued)	(21,310)
Merger reserve	5,350

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates, assumptions and judgments

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

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

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment.
- notes 4.1 and 5.1.
- Provision for impairment of inventories - notes 4.3, 4.4, 8 and 9.
- Allowance for expected credit loss - note 4.5.
- Impairment loss of non-financial assets other than inventories - note 4.7.
- Staff retirement benefits - gratuity - notes 4.9 and 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 in the current year

There are certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 01, 2021 but do not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

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 standards and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 01, 2021. The standards and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

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, 2021.

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 5.1 to the financial statements.

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

Disposal

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

Judgment and estimates

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

b) Right of use assets and related liabilities

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

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

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. 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, 2022 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. PROPERTY, PLANT AND EQUIPMENT	Note	2022	2021
		Rupees in thousand	
Operating fixed assets - tangible	5.1	7,625,994	3,162,094
Advance for vehicle		0	1,000
Capital work-in-progress		43,107	0
Right of use assets	5.11	5,108	7,485
Advances made for purchase of freehold land and residential buildings	5.13	0	383,577
		<u>7,674,209</u>	<u>3,554,156</u>

5.1 Operating fixed assets - owned

Particulars	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, 2020																
Cost / revaluation	1,726,010	1,247	262,078	7,901	7,880	13,626	1,477,598	207,481	4,311	15,851	3,742	2,277	30,493	7,958	3,174	3,771,627
Accumulated depreciation	0	62	29,537	720	264	454	453,555	79,643	2,687	7,652	2,042	1,513	22,164	2,445	2,706	605,444
Book value	1,726,010	1,185	232,541	7,181	7,616	13,172	1,024,043	127,838	1,624	8,199	1,700	764	8,329	5,513	468	3,166,183
Year ended June 30, 2021:																
Additions	0	0	0	0	0	0	71,082	0	0	516	0	41	8,776	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	12,784	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	1,040,888	115,054	1,543	8,288	1,615	571	13,850	5,237	328	3,162,094
Year ended June 30, 2022:																
Book value of property, plant and equipment of Babri Cotton Mills Ltd. (BCM) acquired upon merger of BCM with and into JDM (note 1.4)	330,600	10	142,935	17,753	668	2,398	600,997	115,692	1,186	1,991	712	505	2,157	81	399	1,218,084
Book value of non-current assets held-for-sale by BCM acquired upon merger of BCM with and into JDM (note 1.4)	156,640	0	0	0	0	11,522	0	0	0	0	0	0	0	0	0	168,162
Additions	0	0	0	0	0	0	138,653	0	0	769	75	145	9,429	0	0	149,071
Revaluation adjustments																
Cost / revaluation	2,488,750	0	164,454	14,677	3,645	15,857	0	0	0	0	0	0	0	0	0	2,687,383
Depreciation	0	0	55,188	1,790	1,020	2,028	277,809	7,508	0	0	0	0	0	0	0	345,343
Disposals																
Cost / revaluation	0	0	0	0	0	0	0	0	0	0	0	0	(1,590)	0	0	(1,590)
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	1,542	0	0	1,542
Depreciation for the year	0	57	14,024	711	375	915	86,358	16,326	102	490	101	260	3,984	284	148	104,095
Book value	4,702,000	1,079	569,467	40,331	12,193	43,403	1,992,089	221,928	2,627	10,558	2,301	961	21,424	5,054	579	7,625,994
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	16,367	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
As at June 30, 2022																
Cost / revaluation	4,702,000	1,257	569,467	40,331	12,193	43,403	2,283,883	323,173	5,497	19,127	4,529	2,968	49,265	8,039	3,573	8,068,505
Accumulated depreciation	0	178	0	0	0	0	291,594	101,245	2,870	8,569	2,228	2,007	27,941	2,985	2,994	442,511
Book value	4,702,000	1,079	569,467	40,331	12,193	43,403	1,992,089	221,928	2,627	10,558	2,301	961	21,424	5,054	579	7,625,994
Depreciation rate (%)		5	5	5	5	5	5	10	5	5	5	30	20	5	30	

- 5.2** The land of Babri Cotton Mills Ltd. (BCM) valuing Rs.487.240 million is still under the title of BCM. The management is in the process to transfer the said land in the Company's name.
- 5.3** Freehold land, including land acquired from BCM upon merger, represents 308,816 square meters of land situated at Habibabad, Kohat out of which approximately 83,332 square meters represent covered area.
- 5.4 (a)** The Company's 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 Company's 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.
- (b)** The depreciation rates of depreciable assets acquired from BCM upon merger are consistent with the depreciation rates of the Company.
- 5.5** The Company's management, during the financial year ended June 30, 2017, in order to ascertain the useful life of generators had carried-out an internal exercise and assessed their remaining useful lives. Keeping in consideration the assessed useful lives of generators, their depreciation rates were enhanced to 10% per annum from 5% per annum.
- 5.6** Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 18.2, has been determined as follows:

Particulars	Freehold land	Buildings on freehold land				Plant & machinery	Generators	Total
		Factory	Non - factory	Residential				
				Officers	Workers			

..... Rupees in thousand

Cost / revaluation as at June 30, 2022	2,213,250	405,013	25,654	8,548	27,546	2,283,683	323,173	5,286,867
Accumulated depreciation to June 30, 2022	0	55,188	1,790	1,020	2,028	569,404	108,753	738,183
Book value before revaluation adjustments as at June 30, 2022	2,213,250	349,825	23,864	7,528	25,518	1,714,279	214,420	4,548,684
Revalued amounts	4,702,000	569,467	40,331	12,193	43,403	1,992,088	221,928	7,581,410
Revaluation surplus	2,488,750	219,642	16,467	4,665	17,885	277,809	7,508	3,032,726

5.7 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:

	Note	2022 Rupees in thousand	2021
Freehold land		487,580	340
Buildings on freehold land:			
- factory		173,559	35,370
- non-factory		18,444	1,117
Residential:			
- officers		769	120
- workers		19,055	5,710
Plant & machinery		1,441,184	753,524
Generators		194,569	92,996
		2,335,160	889,177

5.8 Based on the revaluation reports dated June 30, 2022, the forced sale values of the revalued items of property, plant and equipment have been assessed as follows.

	Rupees in thousand
Freehold land	3,996,700
Buildings on freehold land	532,317
Plant & machinery and generators	1,771,213
	6,300,230

5.9 Depreciation for the year has been apportioned as under:

Cost of sales	101,262	80,172
Administrative expenses	2,833	2,373
	104,095	82,545

5.10 Disposal of operating fixed assets

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

2022

Nissan Sunny	1,590	1,542	48	600	552	Subedar Jamal Din, Shakardara Kohat (ex-employee).

2021

	4,647	2,688	1,959	1,282	(677)	
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5.11 Right of use assets

Balance at beginning of the year		7,485	7,981
Additions during the year		0	1,925
Adjustment upon merger of BCM with and into JDM (note 1.4)		(488)	0
Depreciation charge for the year	5.12	(1,889)	(2,421)
Book value at end of the year		5,108	7,485

5.12 Depreciation for the year has been apportioned as under:	2022	2021
	Rupees in thousand	
Cost of sales	1,250	1,623
Administrative expenses	639	798
	1,889	2,421
5.13 The Company had entered into agreements with Babri Cotton Mills Ltd. (BCM - an Associated Company upto February 04, 2022) for the purchase of 979 marlas of freehold land and residential buildings on this land. The Company had made advance payments aggregating Rs.551.380 million in this regard. Upon merger of BCM with and into the Company on February 04, 2022, this land and residential buildings have also been grouped under property, plant and equipment (note 5.1).		
6. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted		
Babri Cotton Mills Ltd. (BCM)		
Nil shares (2021: 587,193 ordinary shares of Rs.10 each - cost)	0	10,873
Shareholding held: Nil (2021: 16.08%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	0	5,611
Share of revaluation surplus on property, plant and equipment	0	142,141
Loss for the preceding year - net of taxation	0	(41,803)
Share of other comprehensive loss - net of taxation	0	(15,363)
	0	101,459
Bannu Woollen Mills Ltd. (BWM)		
731,626 (2021: 731,626) ordinary shares of Rs.10 each - cost	7,697	7,697
Shareholding held: 7.70% (2021: 7.70%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM	89,388	83,103
Share of revaluation surplus on property, plant and equipment	177,574	120,477
Profit for the year - net of taxation	8,732	7,368
Share of other comprehensive loss - net of taxation	(1,010)	(1,083)
	282,381	217,562
	282,381	319,021
Less: impairment loss - BCM	0	(69,046)
- BWM	(213,690)	(135,005)
	(213,690)	(204,051)
	68,691	114,970

- 6.1** Although the Company has less than 20% voting rights in BWM as at June 30, 2022 and 2021, BWM has been treated as an Associated Company by virtue of common directorships.
- 6.2** (a) Market value of the Company's investments in BCM as at June 30, 2021 was Rs.32.413 million.
(b) Market value of the Company's investments in BWM as at June 30, 2022 was Rs.21.949 million (2021: Rs.36.640 million).
- 6.3** BCM was incorporated in Pakistan on October 26, 1970 as a Public Company and its shares were quoted on Pakistan Stock Exchange Ltd. It was 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 was as follows:

	2021 Rupees in thousand
Summarised statement of financial position	
Non-current assets	1,499,926
Current assets	339,476
	1,839,402
Non-current liabilities	132,532
Current liabilities	1,075,891
	1,208,423
Net assets	630,979
Reconciliation to carrying amount	
Opening net assets	988,820
Loss for the year	(260,005)
Other comprehensive loss for the year	(95,552)
Other adjustments	(2,284)
Closing net assets	630,979
Company's share percentage 16.08%	
Company's share	101,459
Impairment loss and miscellaneous adjustments- net	(69,046)
Carrying amount of investment	32,413
Summarised statement of profit or loss	
Sales	388,102
Loss before taxation	(215,518)
Loss after taxation	(260,005)

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

The summary of financial information of BWM based on its audited financial statements for the year ended June 30, 2022 is as follows:

Summarised statement of financial position	2022	2021
	Rupees in thousand	
Non-current assets	2,448,322	2,412,598
Current assets	1,152,127	1,063,102
	3,600,449	3,475,700
Non-current liabilities	160,236	129,830
Current liabilities	547,006	519,019
	707,242	648,849
Net assets	2,893,207	2,826,851
Reconciliation to carrying amount		
Opening net assets	2,826,851	2,755,528
(Loss) / profit for the year	(648,228)	95,722
Other comprehensive loss for the year	(12,872)	(14,060)
Other adjustments*	727,456	(10,339)
Closing net assets	2,893,207	2,826,851
* These mainly comprise of effect of share of revaluation surplus on property, plant and equipment.		
Company's share percentage 7.70% (2021: 7.70%)		
Company's share	222,777	217,668
Impairment loss and miscellaneous adjustments- net	(154,086)	(135,111)
Carrying amount of investment	68,691	82,557
Summarised statement of profit or loss		
Sales	969,515	699,135
(Loss) / profit before taxation	(646,211)	99,950
(Loss) / profit after taxation	(662,395)	95,722

- 6.5** The Company, during the financial years 1972-73 and 1973-74, had declared dividend in specie by distributing its investment in the share capital of Babri Cotton Mills Ltd. The Company wrote-back these unclaimed dividends in specie during the years 1989 and 1990 and incorporated these as investment. During the current and preceding years, no distribution by way of dividend in specie was made.
- 6.6** The value of investment in BCM as at June 30, 2021 was 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 was determined based on fair value using quoted market value of shares as at June 30, 2021.
- 6.7** The value of investment in BWM as at June 30, 2022 and 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 359, Block G-3, 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 31.00% (2021: 32.40%), terminal growth rate of 3.91% (2021:3.31%) and capital asset pricing model based discount rate of 19.23% (2021:9.84%).

7. LOANS TO EMPLOYEES - Secured	Note	2022 Rupees in thousand	2021
Balance as at June 30,	7.1	2,751	1,262
Less: current portion grouped under current assets		1,878	864
		<u>873</u>	<u>398</u>
7.1 These interest free loans to employees have been advanced for various purposes and are recoverable in instalments which vary from case to case. These loans are secured against the gratuity benefits payable to respective employees.			
8. STORES, SPARES AND LOOSE TOOLS			
Stores			
- at mills		45,600	44,789
- in transit		22,031	14,331
Spares		87,638	46,262
Loose tools		516	361
		<u>155,785</u>	<u>105,743</u>
Provision for obsolete stores and spares			
Opening balance		37,374	16,305
Provision made during the year		0	21,069
Closing balance		37,374	37,374
		<u>118,411</u>	<u>68,369</u>
9. STOCK-IN-TRADE			
Raw materials:			
- at mills		1,288,902	943,365
- in transit		233,483	222,163
	9.1	<u>1,522,385</u>	<u>1,165,528</u>
Work-in-process		147,471	106,958
Finished goods	9.1	153,058	79,413
		<u>1,822,914</u>	<u>1,351,899</u>
9.1 Raw material and finished good inventories are pledged with National Bank of Pakistan and The Bank of Khyber as security for short term finance facilities (note 24).			
10. TRADE DEBTS - Unsecured, considered good			
Balance at the year-end		10,026	8,972
Less: allowance for expected credit loss		(419)	0
		<u>9,607</u>	<u>8,972</u>
11. ADVANCE PAYMENTS - Unsecured, considered good			
Store suppliers		16,558	15,032
Others		6,455	3,178
		<u>23,013</u>	<u>18,210</u>

12. TRADE DEPOSITS AND PREPAYMENTS	Note	2022 Rupees in thousand	2021
Letters of credit		468	1,499
Prepayments		408	853
Security deposit	12.1	<u>75,000</u>	<u>0</u>
		<u>75,876</u>	<u>2,352</u>
12.1 This represents amount deposited by Babri Cotton Mills Ltd. (BCM) with National Bank of Pakistan against guarantee amounting Rs.75 million provided by NBP on behalf of BCM to Sui Northern Gas Pipelines Ltd. The guarantee is valid upto December 31, 2022.			
13. OTHER RECEIVABLES			
Due from employees' provident fund		618	1,203
Labour colony rent receivable		0	7
Import letters of credit weight shortage claims		<u>2,895</u>	<u>0</u>
		<u>3,513</u>	<u>1,210</u>
14. CASH AND BANK BALANCES			
Cash-in-hand		1,656	2,230
Cash at banks on:			
- current accounts		13,926	15,292
- PLS security deposit account	14.1	238	223
- PLS accounts		471	297
- PLS account (employees' / staff gratuity fund account)	14.1	878	844
		<u>15,513</u>	<u>16,656</u>
		<u>17,169</u>	<u>18,886</u>
14.1 PLS accounts carry profit at the rates ranging from 5.50% to 12.25% (2021: at the rate of 5.5%) per annum.			
15. AUTHORISED SHARE CAPITAL			
		2022	2021
		--- Numbers ---	
		35,500,000	18,000,000
		700,000	700,000
		8,800,000	1,300,000
		<u>45,000,000</u>	<u>20,000,000</u>
		355,000	180,000
		7,000	7,000
		88,000	13,000
		<u>450,000</u>	<u>200,000</u>

15.1 As a result of the approval of merger scheme by the Peshawar High Court, the authorised share capital of Babri Cotton Mills Ltd. amounting Rs.250 million has been merged with the authorised share capital of the Company. Necessary legal formalities have been complied with accordingly.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
--- Numbers ---			Rupees in thousand	
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
2,131,028	0	Ordinary shares of Rs.10 each allotted for consideration otherwise than in cash (note 16.1)	21,310	0
<u>6,915,822</u>	<u>4,784,794</u>		<u>69,158</u>	<u>47,848</u>

16.1 These shares have been allotted to the entitled shareholders of Babri Cotton Mills Ltd. upon its merger with and into JDM.

16.2 Ordinary shares held by the Associated Companies and an Associate at the year-end:

	2022	2021
	Number of shares	
Bibojee Services (Pvt.) Ltd.	2,031,291	1,143,245
Bannu Woollen Mills Ltd.	1,659,643	1,559,230
Babri Cotton Mills Ltd.	0	341,000
Waqf-e-Kuli Khan	40,074	0
	<u>3,731,008</u>	<u>3,043,475</u>

17. RESERVES

		2022	2021
Capital:	Note	Rupees in thousand	
- capital redemption reserve		6,694	6,694
- tax holiday reserve		350	350
- share premium reserve	17.1	11,409	11,409
- merger reserve	1.4	5,350	0
		<u>23,803</u>	<u>18,453</u>
Revenue - general reserve		371,530	371,530
		<u>395,333</u>	<u>389,983</u>

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

	Note	2022 Rupees in thousand	2021
Revaluation surplus on the Company's property, plant and equipment	18.2	4,947,017	2,091,098
Share of revaluation surplus on property, plant and equipment of an Associated Company (2021: Associated Companies)	6	177,574	262,618
		5,124,591	2,353,716

18.1 The Company's management had revalued its freehold land on September 30, 1998, September 30, 2004, June 30, 2007, March 31, 2010, February 29, 2012, December 31, 2015 and October 31, 2019. Buildings on freehold land, plant & machinery and generators were revalued on September 30, 2004, June 30, 2007, March 31, 2010, February 29, 2012, December 31, 2015 and October 31, 2019. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.2.552 billion.

18.2 The Company's management, as at June 30, 2022, has again revalued its freehold land, buildings on freehold land, plant & machinery and generators including fixed assets acquired from Babri Cotton Mills Ltd. upon its merger with and into JDM. 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 present market value whereas buildings on freehold land, plant & machinery and generators have been revalued on the basis of depreciated fair market values. The appraisal surplus arisen on latest revaluation aggregating Rs.3.033 billion has been credited to this account. The year-end balance has been arrived at as follows:

Opening balance		2,240,361	2,268,988
Add: surplus arisen on revaluation carried-out during the year	5.6	3,032,726	0
Less: transferred to unappropriated profit			
- on account of incremental depreciation for the year		(26,837)	(28,389)
- upon sale of revalued assets		0	(238)
		5,246,250	2,240,361
Less: deferred tax on:			
- opening balance of surplus		149,263	157,565
- surplus arisen on revaluation carried-out during the year		157,753	0
- incremental depreciation for the year		(7,783)	(8,233)
- sale of revalued assets		0	(69)
		299,233	149,263
Closing balance		4,947,017	2,091,098

19. LEASE LIABILITIES

Particulars	2022			2021		
	Upto one year	From one to three years	Total	Upto one year	From one to three years	Total
	----- Rupees in thousand -----					
Minimum lease payments	2,865	0	2,865	3,860	2,837	6,697
Less: finance cost allocated to future periods	44	0	44	270	23	293
	2,821	0	2,821	3,590	2,814	6,404
Less: security deposit adjustable on expiry of lease term	1,730	0	1,730	0	1,730	1,730
Present value of minimum lease payments	1,091	0	1,091	3,590	1,084	4,674

19.1 The Company, during the financial year ended June 30, 2020, 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% to 15.87% (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 had decided to take the factory buildings and plant & machinery of BCM on lease. The lease rental was Rs.100,000 per month and term of lease was October 01, 2020 to June 30, 2022. This was an 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>

Upon merger of BCM with and into the Company, the lease agreement was terminated on February 04, 2022.

20. LONG TERM FINANCES - Secured	Note	2022 Rupees in thousand	2021
First Habib Modaraba (FHM)			
- diminishing musharaka (DM I)	20.1	3,756	4,456
The Bank of Khyber (BoK)			
- demand finance - I	20.2	72,417	0
- demand finance - II	20.3	12,244	0
Pak Oman Investment Company Ltd. (POIC)			
- term finance	20.5	200,000	0
Sindh Modaraba (SM)			
- diminishing musharaka (DM II)	20.6	34,393	0
		322,810	4,456
Less: current portion grouped under current liabilities			
- FHM (DM I)		877	889
- BoK (demand finance - I)		39,500	0
- BoK (demand finance - II)		6,678	0
- SM (DM II)		12,139	0
		59,194	889
		263,616	3,567

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 rates during the year ranged from 9.95% to 14.45% (2021:9.80%) per annum. The finance facility is secured against registration of vehicle in FHM's name.

20.2 These finances have been obtained by Babri Cotton Mills Ltd. (BCM) to retire letters of credit established for import of textile machinery for BMR. These finances carry mark-up at the rate of 6-months KIBOR + 2%; the effective mark-up rate charged by BoK during the year was 13.47% per annum. The outstanding balance of these finances is repayable in 22 equal monthly instalments ending March, 2024.

BoK has transferred the BCM's exposure to the Company after the Court verdict dated January 31, 2022 vide its letter bearing Ref. # BoK / RCCB / 2022 / 11997 dated April 16, 2022. The existing limit of these finances is Rs.98.750 million.

20.3 These finances have been obtained by BCM for acquisition of local textile machinery for BMR. These finances carry mark-up at the rate of 6-months KIBOR + 2%; the effective mark-up rate charged by BoK during the year was 13.47% per annum. The outstanding balance of these finances is repayable in 22 equal monthly instalments ending March, 2024.

BoK has transferred the BCM's exposure to the Company after the Court verdict dated January 31, 2022 vide its letter bearing Ref. # BoK / RCCB / 2022 / 11997 dated April 16, 2022. The existing limit of these finances is Rs.17.285 million.

20.4 The finances obtained from BoK as detailed in notes 20.2 and 20.3 are secured against first joint pari passu charge on fixed assets of the Company and personal guarantees of two sponsoring directors of the Company.

20.5 These finances have been obtained against finance facility of Rs.200 million for mid term working capital requirements of the Company. The facility tenor is two years including six months grace period and is secured against first pari passu charge over present and future fixed and current assets of the Company. The finance facility carries profit at 3-months KIBOR + 2.50% per annum; the effective profit rate during the year was 17.48% per annum. These finances are repayable in 3 equal semi annual instalments commencing July, 2023.

20.6 These finances have been obtained by BCM from SM against aggregate limit of Rs.50 million for the purpose of acquisition of plant and machinery. The facility tenor is five years and is secured against title of assets in the name of SM, registered charge of Rs.48.555 million over financed assets and personal guarantee of Ex-Chief Executive of BCM. The finance facility carries profit at 3-months KIBOR + 2.90% per annum; the effective profit rates during the year ranged from 13.30% to 16.49% per annum. The outstanding balance of these finances is repayable in 34 equal monthly instalments ending April, 2025.

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	2022	2021
- discount rate	14.25%	10.0%
- expected rate of growth per annum in future salaries	20.0%	9.0%
- 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:	2022	2021
	Rupees in thousand	
Opening balance	72,729	58,738
Current service cost	19,979	16,920
Interest cost	6,552	4,258
Benefits paid	(14,131)	(11,769)
Benefits due but not paid (classified under current liabilities)	(296)	(5,516)
Benefits transferred from Babri Cotton Mills Ltd.	2,226	5,953
Remeasurements: experience adjustments	17,735	4,145
Closing balance	104,794	72,729

Expense recognised in the statement of profit or loss	Note	2022 Rupees in thousand	2021
Current service cost		19,979	16,920
Interest cost		6,552	4,258
		<u>26,531</u>	<u>21,178</u>

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

Remeasurement recognised in other comprehensive income

Experience adjustments (net of deferred tax)		<u>(17,735)</u>	<u>(4,145)</u>
--	--	-----------------	----------------

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

	2022	2021	2020	2019	2018
	----- Rupees in thousand -----				
Present value of defined benefit obligation	<u>104,794</u>	<u>72,729</u>	<u>58,738</u>	<u>55,574</u>	<u>51,343</u>
Experience adjustments on obligation	<u>17,735</u>	<u>4,145</u>	<u>(11,275)</u>	<u>(821)</u>	<u>19,264</u>

Year-end sensitivity analysis:

		<u>Impact on defined benefit obligation</u>		
		Change in assumption	Increase Rupees in thousand	Decrease Rupees in thousand
Discount rate	1%		<u>98,561</u>	<u>111,912</u>
Salary growth rate	1%		<u>112,140</u>	<u>98,241</u>

21.1 The average duration of the defined benefit obligation as at June 30, 2022 is 6 years.

21.2 The expected contribution to defined benefit obligation for the year ending June 30, 2023 is Rs.44.769 million.

22. DEFERRED TAXATION - Net

This is composed of the following:

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowances		390,002	185,817
- surplus on revaluation of property, plant and equipment	18.2	299,233	149,263
- lease liabilities		1,165	815
		<u>690,400</u>	<u>335,895</u>

Deductible temporary differences arising in respect of:

- staff retirement benefits - gratuity		(31,029)	(22,843)
- provision for obsolete stores and spares		(10,839)	0
- minimum tax recoverable against normal tax charge in future years		(24,572)	(2,645)
- alternative corporate tax recoverable against normal tax charge in future years		0	(8,164)
		<u>(66,440)</u>	<u>(33,652)</u>
		<u>623,960</u>	<u>302,243</u>

23. TRADE AND OTHER PAYABLES	Note	2022 Rupees in thousand	2021
Creditors		180,543	98,087
Bills payable against imported:			
- stores and spares		9,008	7,342
- raw materials		139,439	0
Advances from customers - contract liabilities		95,954	60,246
Advance payments	23.1	184	184
Accrued expenses	23.2	360,417	329,089
Tax deducted at source		11,314	234
Sales tax payable		2,974	7,128
Gratuity payable to employees		2,205	6,039
Due to Waqf-e-Kuli Khan	23.3	28,616	11,798
Workers' (profit) participation fund	23.4	14,268	29,801
Workers' welfare fund		5,256	12,004
Security deposits repayable on demand - interest free		283	112
Others		14,886	793
		<u>865,347</u>	<u>562,857</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 Waqf-e-Kuli Khan (a Charitable Institution) is administered by the following directors of the Company:

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

23.4 Workers' (profit) participation fund

Opening balance	29,801	0
Add: interest on funds utilised in the Company's business	1,536	0
Add: allocation for the year	14,268	29,801
Less: payments made during the year	31,337	0
Closing balance	<u>14,268</u>	<u>29,801</u>

24. SHORT TERM FINANCES	Note	2022	2021
		Rupees in thousand	
Secured	24.1	1,326,816	709,011
Un-secured (temporary bank overdrafts)		19,944	3,122
		1,346,760	712,133

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.1.608 billion (2021: Rs.1.600 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 8.62% to 18.02% (2021: 8.40% to 9.59%) per annum.

Facilities available for opening letters of credit and guarantee from NBP and BoK aggregate Rs.625 million (2021: Rs.500 million) out of which facilities amounting Rs.201.757 million (2021: Rs.203.483 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 were available upto March 31, 2022 and their renewal is in process whereas the facilities from BoK are available upto December 31, 2022.

BoK, vide its letter bearing Ref. # BoK / RCCB / 2022 / 11997 dated April 16, 2022, has confirmed that Babri Cotton Mills Ltd.'s exposure has been transferred to the Company.

25. CURRENT PORTION OF NON-CURRENT LIABILITIES

Lease liabilities	19	1,091	3,590
Long term finances	20	59,194	889
		60,285	4,479

26. TAXATION - Net

Opening balance		92,546	41,318
Add: provision made during the year:			
current	26.2	97,173	92,546
prior year		13,571	4
		110,744	92,550
		203,290	133,868
Less: payments / adjustments made against completed assessments		106,117	41,322
		97,173	92,546

26.1 Income tax returns of the Company have been filed upto the tax year 2021 i.e. accounting year ended June 30, 2021.

26.2 No numeric tax rate reconciliation is presented in these financial statements as provision for the current year mainly represents tax payable under section 113 (Minimum tax on the income of certain persons (2021: 113 C - Alternative Corporate Tax) of the Income Tax Ordinance, 2001 (the Ordinance).

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

TAX STATUS OF BABRI COTTON MILLS LTD. (BCM)

- 26.11** Income tax returns of BCM have been filed upto the tax year 2021 i.e. accounting year ended June 30, 2021.
- 26.12** As per the rectification order dated February 03, 2017, the Department has charged tax under sections 161 / 205 of the Ordinance raising tax demands of Rs.4.885 million for the tax year 2015 against which BCM has filed an appeal on February 22, 2017 before the CIR(A), which is pending adjudication.

27. PREFERENCE SHARES REDEMPTION ACCOUNT	Note	2022 Rupees in thousand	2021
Amounts payable on:			
- 7.5% redeemable cumulative preference shares	27.1	134	134
- 10% redeemable cumulative preference shares	27.2	1,057	1,057
		1,191	1,191

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, 2022.

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 preceding year ended June 30, 2021, had further redeemed 162 shares. As at June 30, 2022 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** 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.

In February, 2021, the Company and BCM through the forum of the KP Textile Mills Association have filed writ petitions before the PHC claiming non-applicability of the GIDC Act, 2015 in the ambit of the exemption in line with the proviso of section 8(2) of the GIDC Act, 2015 and sought relief against the recovery of GIDC instalment bills. The PHC issued stay order in March, 2021 and restrained SNGPL from taking any adverse action against the Companies. However, PHC, vide its judgment dated June 15, 2022, has dismissed the petition filed by the KP Textile Mills Association and Others, observing that while exercising jurisdiction vested under article 199 of the Constitution, the Court 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 / forum having jurisdiction in the matter, if they so advised.

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.

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 Guarantee amounting Rs.75 million (2021: Rs.75 million) issued by a commercial bank on behalf of Babri Cotton Mills Ltd. in favour of SNGPL was outstanding as at June 30, 2022.

28.6 Guarantee amounting Rs.100 million (2021: Rs.100 million) issued by a commercial bank on behalf of the Company in favour of SNGPL was outstanding as at June 30, 2022.

28.7	Commitments against irrevocable letters of credit outstanding at the year-end were for:	2022	2021
		Rupees in thousand	
	- stores and spares	1,486	53,683
	- raw materials	98,280	261,810
		99,766	315,493

28.8 Also refer contents of note 26.

29. SALES - Net

Yarn	8,152,708	6,456,671
Waste	327,693	217,223
Raw materials purchased for resale	22,352	22,299
	8,502,753	6,696,193
Less: sales tax	1,347,031	1,085,895
	7,155,722	5,610,298

30. COST OF SALES	Note	2022 Rupees in thousand	2021
Raw materials consumed	30.1	4,577,247	2,693,465
Packing materials consumed		100,788	70,336
Salaries, wages and benefits	30.2	782,905	728,074
Power and fuel		812,500	580,897
Stores and spares consumed		230,366	205,488
Repair and maintenance		16,348	20,770
Depreciation on operating fixed assets	5.9	101,262	80,172
Depreciation on right of use assets	5.12	1,250	1,623
Insurance		13,704	11,963
Others		17,611	15,816
		<u>6,653,981</u>	<u>4,408,604</u>
Adjustment of work-in-process			
Opening		106,958	68,660
Closing	9	(147,471)	(106,958)
		<u>(40,513)</u>	<u>(38,298)</u>
Cost of goods manufactured		<u>6,613,468</u>	4,370,306
Adjustment of finished goods			
Opening stock		79,413	531,554
Closing stock	9	(153,058)	(79,413)
		<u>(73,645)</u>	452,141
Cost of goods sold - own manufactured		<u>6,539,823</u>	4,822,447
Cost of goods sold - raw materials purchased for resale		17,120	12,799
		<u>6,556,943</u>	<u>4,835,246</u>
30.1 Raw materials consumed			
Opening stock		1,165,528	805,905
Purchases		4,933,469	3,052,933
		<u>6,098,997</u>	3,858,838
Less: closing stock	9	1,522,385	1,165,528
Raw materials issued		<u>4,576,612</u>	2,693,310
Cess on cotton consumed		635	155
		<u>4,577,247</u>	<u>2,693,465</u>
30.2			
These include Rs.26.530 million (2021: Rs.21.179 million) in respect of staff retirement benefits - gratuity and Rs.5.421 million (2021: Rs.6.334 million) for employees' provident fund contribution.			
31. DISTRIBUTION COST			
Salaries and benefits	31.1	19,697	20,486
Commission		35,061	8,297
Freight and handling		5,039	3,812
Gifts and samples		325	67
Others		329	163
		<u>60,451</u>	<u>32,825</u>
31.1			
These include Rs.67 thousand (2021: Rs.478 thousand) for employees' provident fund contribution.			

32. ADMINISTRATIVE EXPENSES	Note	2022 Rupees in thousand	2021
Salaries and benefits	32.1	79,761	73,898
Printing and stationery		864	519
Travelling and conveyance - staff		874	736
Travelling - directors		80	100
Communication		1,649	1,262
Rent, rates and taxes		3,083	1,848
Entertainment expenses		804	804
Insurance		1,573	1,038
Vehicles' running and maintenance		5,363	3,630
Advertisement		146	298
Subscription		1,251	752
Repair and maintenance		1,445	785
Auditors' remuneration:			
- statutory audit		1,346	1,224
- half yearly review		260	240
- certification charges		127	90
- out-of-pocket expenses		45	45
- short provision for the preceding year		124	113
- special audit fee of Babri Cotton Mills Ltd. on the effective date of merger		500	0
		2,402	1,712
Legal and professional charges (other than Auditors)		4,975	5,922
Depreciation on operating fixed assets	5.9	2,833	2,373
Depreciation on right of use assets	5.12	639	798
Others		2,756	2,013
		<u>110,498</u>	<u>98,488</u>
32.1		These include Rs.2.812 million (2021: Rs.2.982 million) for employees' provident fund contribution.	
33. OTHER EXPENSES			
Donation to Waqf-e-Kuli Khan		6,148	9,824
Workers' (profit) participation fund	23.4	14,268	29,801
Workers' welfare fund		5,299	11,734
Loss on sale of plant & machinery	5.10	0	677
		<u>25,715</u>	<u>52,036</u>
34. OTHER INCOME			
Income from financial assets			
Return on bank deposits		98	86
Income from non-financial assets			
Quarters' rent		0	532
Store sales		0	2,353
Gain on sale of operating fixed assets	5.10	552	0
		<u>650</u>	<u>2,971</u>

35. FINANCE COST	Note	2022	2021
		Rupees in thousand	
Interest on lease liabilities		278	527
Mark-up on long term finances		8,484	353
Mark-up on short term finances		126,564	46,180
Bank charges		6,208	3,229
Interest on workers' (profit) participation fund	23.4	1,536	0
		<u>143,070</u>	<u>50,289</u>
36. TAXATION			
Current			
- for the year	26	97,173	92,546
- for prior years	26	13,571	4
		<u>110,744</u>	<u>92,550</u>
Deferred - for the year		<u>(90,838)</u>	<u>68,714</u>
		<u>19,906</u>	<u>161,264</u>
37. EARNINGS PER SHARE			
There is no dilutive effect on earnings per share of the Company, which is based on:			
Profit after taxation attributable to ordinary shareholders			
		<u>169,836</u>	<u>273,104</u>
		(Number of shares)	
Weighted average number of ordinary shares in issue during the year			
		<u>5,505,709</u>	<u>4,784,794</u>
		----- Rupees -----	
Earnings per share - basic		<u>30.85</u>	<u>57.08</u>
38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES			
38.1 Financial instruments by category		2022	2021
Financial assets - At amortised cost		Rupees in thousand	
Loans to employees		873	398
Advances to employees		2,219	1,099
Trade debts		9,607	8,972
Other receivables		3,513	1,210
Bank balances		15,513	16,656
		<u>31,725</u>	<u>28,335</u>
Financial liabilities - At amortised cost			
Lease liabilities		2,821	6,404
Long term finances		322,810	4,456
Trade and other payables		735,397	453,260
Unclaimed dividends		2,715	284
Accrued mark-up		52,215	12,364
Short term finances		1,346,760	712,133
Redeemable preference shares		1,191	1,191
		<u>2,463,909</u>	<u>1,190,092</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 -----				
2022					
Funded					
Bills payable	0	0	3	0	722
Unfunded					
Outstanding letters of credit	99,766	0	0	0	487
Total exposure	99,766	0	3	0	1,209
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

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2022	2021	2022	2021
JPY to Rupee	1.49	1.46	1.42	1.43
CHF to Rupee	192.19	171.93	213.62	170.72
U.S. \$ to Rupee	177.17	159.69	204.10	157.54
Euro to Rupee	202.97	189.99	214.65	187.27

Sensitivity analysis

As at June 30, 2022, 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:

Effect on profit for the year:	2022	2021
	Rupees in thousand	
U.S.\$ to Rupee	14,736	725

(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:

	2022	2021	2022	2021
	Effective rate		Carrying amount	
	%	%	Rupees in thousand	
Fixed rate instruments				
Financial assets				
Bank balances	12.25	5.50	<u>709</u>	<u>520</u>
Variable rate instruments				
Financial liabilities				
Long term finances	9.95 to 17.48	9.80	<u>322,810</u>	<u>4,456</u>
Lease finances	15.87	8.62 to 10.07	<u>1,091</u>	<u>4,674</u>
Short term finances	8.62 to 18.02	8.40 to 9.59	<u>1,326,816</u>	<u>709,011</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2022, 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.16,507 thousand (2021:Rs.7,181 thousand) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

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

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:

	2022	2021
	Rupees in thousand	
Security deposits	14,346	1,543
Trade debts	10,026	8,972
Trade deposits	75,000	0
Bank balances	15,513	16,656
	<u>114,885</u>	<u>27,171</u>

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

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

Not past due	4,501	8,357
Past due more than one year	5,525	615
	<u>10,026</u>	<u>8,972</u>

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.3.470 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.

The credit quality of the Company's major bank balances can be assessed with reference to the external credit ratings as follows:

Banks	Short term rating	Long term rating	Agency
United Bank Ltd.	A1+	AAA	PACRA
Habib Metro Bank Ltd.	A1+	AA+	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
The Bank of Khyber	A-1	A+	JCR - VIS

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
2022			
	- - - Rupees in thousand - - -		
Lease liabilities	2,821	2,865	0
Long term finances	322,810	97,206	296,621
Trade and other payables	735,397	735,397	0
Unclaimed dividends	2,715	2,715	0
Accrued mark-up	52,215	52,215	0
Short term finances	1,346,760	1,479,413	0
Redeemable preference shares	1,191	1,191	0
	<u>2,463,909</u>	<u>2,371,002</u>	<u>296,621</u>
2021			
Lease liabilities	6,404	3,860	2,837
Long term finances	4,456	1,286	4,180
Trade and other payables	453,260	453,260	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
	<u>1,190,092</u>	<u>1,205,640</u>	<u>7,017</u>

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

39. MEASUREMENT OF FAIR VALUES

The management, as at June 30, 2022, 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 are maintained. When measuring the fair value of an asset, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

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

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, 2022 and June 30, 2021 is as follows:

	2022	2021
	Rupees in thousand	
Lease liabilities	2,821	6,404
Long term finances	322,810	4,456
Short term finances	1,346,760	712,133
Cash and bank balances	(17,169)	(18,886)
Net debt	<u>1,655,222</u>	<u>704,107</u>
Share capital	69,158	47,848
Treasury shares	(3,410)	0
Capital redemption reserve	6,694	6,694
Tax holiday reserve	350	350
Share premium reserve	11,409	11,409
Merger reserve	5,350	0
Revaluation surplus on property, plant and equipment	5,124,591	2,353,716
General reserve	371,530	371,530
Unappropriated profit	1,035,997	718,568
Equity	<u>6,621,669</u>	<u>3,510,115</u>
Capital	<u>8,276,891</u>	<u>4,214,222</u>
Gearing ratio (Net debt / (Net debt + Equity))	<u>20.00%</u>	<u>16.71%</u>

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Executives	
	2022	2021	2022	2021
	-----Rupees in thousand-----			
Managerial remuneration	6,336	6,336	115,493	104,803
Bonus / ex-gratia	651	433	11,303	6,670
Retirement benefits	528	528	3,881	5,533
Leave salary	477	477	9,040	7,961
Medical	932	357	2,327	3,614
Utilities	602	508	2,116	2,138
	9,526	8,639	144,160	130,719
No. of persons	1	1	10	10

41.1 Meeting fees of Rs.700 thousand (2021: Rs.720 thousand) were also paid to seven (2021: six) 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.

42. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES

42.1 The Company's shareholders vide a special resolution dated December 24, 2021 have enhanced the previous approved limit of Rs.12.500 million to Rs.25.000 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 under the purview of section 199 of the Companies Act, 2017 (the Act). The directors have further been authorised to approve all the related party transactions falling under the purview of section 208 of the Act subject to the terms and conditions laid down in the said section of the Act.

42.2 Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs. 2.108 million (2021: Rs.42.457 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 (on the basis of common directorship), 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	2022 Rupees in thousand	2021
Bannu Woollen Mills Ltd.	Associated Company	Utilities / expenses received	240	122
		Salaries & benefits recovered	2,365	2,160
		Sale of raw materials	3,114	0
		Sale of yarn	5,651	7,001
Gammon Pakistan Ltd.	-do-	Rent paid	220	150
Gandhara Nissan Ltd.	-do-	Salaries & benefits recovered	2,365	2,160
		Expenses recovered	240	115
Gandhara Industries Ltd.	-do-	Salaries & benefits recovered	2,365	2,160
		Expenses recovered	240	115
		Purchase of vehicle	0	6,334
The Universal Insurance Company Ltd.	-do-	Salaries & benefits recovered	2,365	2,160
		Expenses recovered	240	115
Other related parties				
Staff retirement fund		Contribution paid to employees' provident fund	19,130	21,382
Babri Cotton Mills Ltd.	Associated Company upto February 04, 2022	Residential rent received	0	532
		Utilities / expenses:		
		- paid	268,361	183,308
		- received	0	479
		Salaries & benefits		
		- paid	0	1,202
		- recovered	0	8,233
		Purchase of cotton	0	51,894
		Store and spares		
		- purchased	0	10,142
		- sold	0	2,753
Advances paid against purchase of freehold land and workers' residential buildings	167,803	383,577		
Lease rentals paid	700	900		

42.5 Also refer contents of note 41.

43. OPERATING SEGMENT

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

43.1 Yarn sales represent 95.88% (2021: 96.42%) 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, 2022 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	2022	2021
	---- Numbers ----	
Spindles installed - owned	101,320	64,704
- leased	0	35,496
Rotors installed	600	600
Shifts worked	1,093	1,093
Spindles / rotors shifts worked	105,325,894	92,602,167
	----KGs.----	
Installed capacity at 20's count on the basis of shifts worked	43,628,302	39,820,431
Actual production of yarn of all counts	7,999,991	6,534,858
Actual production converted into 20's count	41,538,001	38,721,629

44.1 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.

44.2 Spindles installed as at June 30, 2022 include 35,976 spindles acquired from Babri Cotton Mills Ltd. upon merger and 640 spindles purchased during the current year.

45. NUMBER OF EMPLOYEES	2022	2021
	----- Numbers -----	
Number of permanent employees as at June 30,	<u>1,535</u>	<u>1,512</u>
Average number of permanent employees during the year	<u>1,575</u>	<u>1,312</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:

	2022	2021
	Rupees in thousand	
Size of the fund - total assets	<u>79,564</u>	<u>62,903</u>
Cost of investments made in Regular Income Certificates	<u>58,400</u>	<u>58,400</u>
Fair value of investments made	<u>64,048</u>	<u>58,400</u>
	----- % -----	
Percentage of investments made	<u>80.50</u>	<u>92.84</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. 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, 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
Changes from financing activities					
Finances obtained net of repayments	(3,583)	175,002	376,686	0	548,105
Finance cost paid	0	0	0	(101,458)	(101,458)
	(3,583)	175,002	376,686	(101,458)	446,647
Other changes					
Balances transferred from Babri Cotton Mills Ltd. upon merger	0	143,352	257,941	4,447	405,740
Mark-up expense for the year	0	0	0	136,862	136,862
Balance as at June 30, 2022	1,091	322,810	1,346,760	52,215	1,722,876


48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 22, 2022 by the board of directors of the Company.

49. GENERAL

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


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


Brig. (Retd.) Abdul Samad Khan
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. _____ and/or 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 Monday, the October 17, 2022 at 12:15 p.m., and at any adjournment thereof at registered office of the company Habibabad, Kohat.

At witness my/our hand this _____ day of _____ 2022.

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.

