

BIBOJEE GROUP



Half Yearly Report December, 31 2021

Janana De Malucho Textile
Mills Limited

CONTENTS

Pages

COMPANY'S PROFILE	1
DIRECTORS' REPORT (English & اُردو)	2-5
AUDITORS' REVIEW REPORT	6
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	7
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME	8
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY.....	9
CONDENSED INTERIM STATEMENT OF CASH FLOWS.....	10
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	11-19

COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, Chief Executive MR. AHMAD KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD MR. GOHAR AYUB KHAN BRIG. (RETD) ABDUL SAMAD KHAN COL. (RETD) SYED YUNUS ALI RAZA	Chairman
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN MR. AHMAD KULI KHAN KHATTAK COL. (RETD) SYED YUNUS ALI RAZA	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	COL. (RETD) SYED YUNUS ALI RAZA LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD	Chairman Chief Executive / Member Member
CHIEF FINANCIAL OFFICER	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
COMPANY SECRETARY	MR. ABID RAZA, B.Com, APFA, Affiliate (ICAP)	
HEAD OF INTERNAL AUDIT	MR. RAEES KHAN, CIA(Pak)	
AUDITORS	SHINEWING HAMEED CHAUDHRI & CO., Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN THE BANK OF KHYBER MEEZAN BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED	
LEGAL ADVISOR	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
REGISTRARS & SHARES REGISTRATION OFFICE	VISION CONSULTING LIMITED 3-C, LDA FLATS, 1ST FLOOR, LAWRENCE ROAD, LAHORE TEL. 042-36283096-97, FAX. 042-36312550 EMAIL: info@vcl.com.pk	
REGISTERED OFFICE & MILLS	HABIBABAD, KOHAT (KPK) TEL. 0922 - 862161 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana_textile@hotmail.com WEB SITE: www.jdm.com.pk	

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Directors' Review along with the condensed interim financial statements of the Company for the 2nd quarter & half year ended 31st December 2021, duly reviewed by the External Auditors.

FINANCIAL HIGHLIGHTS

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

	Quarter Ended		Half Year Ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
	----- Rs. in thousand -----			
Sales-net	1,989,682	1,390,174	3,550,687	2,540,982
Gross profit	284,253	178,820	419,468	259,810
Profit from operations	246,405	150,803	351,646	212,064
Profit before taxation	220,370	162,320	309,448	206,005
Profit after taxation	133,989	124,078	206,808	155,239
	----- Rupees -----			
Earnings per share	28.00	25.93	43.22	32.44

During the period under report, the turnover of the Company has increased by Rs.1,009.705 million as compared to the previous period. Main reasons of increase in turnover are increase in yarn sale rates and increase in quantity sold. Further, the Company, in the period under report, has earned profit before tax amounting to Rs.309.448 million and profit after tax of Rs.206.808 million in comparison with profit before tax amounting to Rs.206.005 million and profit after tax amounting to Rs.155.239 million respectively, in the previous comparative period.

We would also like to inform the members of the Company that subsequent to the period under report, Peshawar High Court, Peshawar (PHC), vide its order dated January 31, 2022, has sanctioned the Scheme of Arrangement for merger / amalgamation of Babri Cotton Mills Ltd. into the Company, without any modifications, additions, or deletions. Please refer to the Note 22 of the Financials Statements.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

During the current financial year, Pakistan's economic landscape looks strong for 2022 as it has bagged a growth of 3%, substantially higher than the previous two years. Several indicators reveal that economy of the Country has done well in spite of the Covid-19 pandemic setbacks, with year-on-year improvements in key indices.

However, the gas supply to the companies has been suspended from the mid of December, 2021, and even to the date of this report, full load of gas supply has not been restored. Due to suspension in gas supply, textile mills have not been running at their full capacity. The gas issue, combined with other factors such as an unprecedented increase in cotton prices in the world and local markets coupled with constant increase in Dollar viz-a-viz Pak Rupee parity, are making it difficult for the textile sector to sustain the growth that they have achieved during the previous year.

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

The Company has not made provisions against the levy of Gas Infrastructure Development Cess (GIDC) because the Company, after the decision of the Supreme Court of Pakistan (SCP) dated 13-08-2020 and its judgment of the review petition dated 02-11-2020, has challenged the levy of GIDC in the Peshawar high Court (PHC), on the basis of Section 8(2) of the GIDC Act, 2015 which inter alia states that:

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

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

The PHC has granted a stay order against recovery of GIDC under Section 8(2) of the GIDC Act, 2015, because the Company, being a spinning unit and producing raw material for weaving sector has not passed on burden of GIDC to its customers. The yarn market is not a regulated market i.e., textile units are price takers not the price makers, therefore, spinning sector could not add GIDC in their prices and certainly has not collected the same from customers.

The case is pending adjudication and the lawyers hired by KPTMA have said that our case is very strong and valid, so we are hopeful that the decision of the Courts will be in favor of the Company and the Spinning industry.

ACKNOWLEDGMENT

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

On behalf of the Board of Directors



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



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

Dated: February 28, 2022

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2021 چھ ماہ کی ختم ہونے والی مدت پر کمپنی کے آڈیٹرز کے نظر ثانی شدہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ۔

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

چھ ماہی		سہ ماہی		
31 دسمبر 2020	31 دسمبر 2021	31 دسمبر 2020	31 دسمبر 2021	
----- روپے ہزاروں میں -----				
2,540,982	3,550,687	1,390,174	1,989,682	فروخت
259,810	419,468	178,820	284,253	عبوری منافع
212,064	351,646	150,803	246,405	آپریشن کے بعد منافع
206,005	309,448	162,320	220,370	ٹیکس سے پہلے منافع
155,239	206,808	124,078	133,989	ٹیکس کے بعد منافع
----- روپے -----				
32.44	43.22	25.93	28.00	آمدنی فی شیئر

موجودہ رپورٹ کی مدت کے دوران، کمپنی کے کاروبار میں گزشتہ مدت کے مقابلے میں 1,009.705 ملین روپے کا اضافہ ہوا ہے۔ کاروبار میں اضافے کی اہم وجوہات سوت کی فروخت کے نرخوں میں اضافہ اور فروخت کی مقدار میں اضافہ ہیں۔ مزید رپورٹ کے تحت، کمپنی نے ٹیکس سے پہلے 309.448 ملین روپے منافع حاصل کیا ہے اور ٹیکس کے بعد منافع 206.808 ملین روپے ہے جبکہ گزشتہ نصف سال کے پچھلے مالی مدت میں ٹیکس سے پہلے 206.005 ملین روپے منافع ہوا تھا اور ٹیکس کے بعد منافع 155.239 ملین روپے تھا۔

ہم کمپنی کے ممبران کو آگاہ کرنا چاہتے ہیں کہ زبرد رپورٹ مدت کے بعد، معزز پشاور ہائی کورٹ، پشاور نے 31 جنوری 2022 کے اپنے حکم کے ذریعے، بغیر کسی ترمیم، اضافے، یا حذف کے، کمپنی میں باہری کاٹن ٹریڈیڈ کے انضمام کے لیے ترمیم کی اسکیم کی منظوری دے دی ہے۔ برائے مہربانی اس مالیاتی بیانات کو نوٹ 22 سے رجوع کریں۔

عمومی مارکیٹ کی حالت۔

موجودہ مالی سال کے دوران پاکستان کا معاشی منظر نامہ برائے سال 2022 مضبوط نظر آتا ہے کیونکہ اس نے 3 فیصد کی نمو حاصل کی ہے، جو پچھلے دو سالوں کے مقابلے میں کافی زیادہ ہے۔ متعدد اشاریوں سے پتہ چلتا ہے کہ ملک کی معیشت نے کووڈ-19 وبا کی امراض کے جھجکے کے باوجود کلیدی اشاریوں میں سال بہ سال بہتری کے ساتھ اچھی کارکردگی کا مظاہرہ کیا ہے۔

تاہم دسمبر 2021 کے وسط سے کمپنیوں کو گیس کی سپلائی معطل کر دی گئی ہے اور اس رپورٹ کی تاریخ تک بجلی گیس کی سپلائی کا مکمل لوڈ بحال نہیں ہو سکا ہے۔ گیس کی سپلائی معطل ہونے کے باعث ٹیکسٹائل میں پوری صلاحیت سے نہیں چل رہی ہیں۔ گیس کا مسئلہ، دیگر عوامل کے ساتھ مل کر جیسے دنیا میں کپاس کی قیمتوں میں غیر معمولی اضافہ اور مقامی منڈیوں میں روپے کے مقابلے میں ڈالر کی قدر میں مسلسل اضافہ، ٹیکسٹائل سیکٹر کے لیے اس ترقی کو برقرار رکھنا مشکل بنا رہا ہے جو انہوں نے پچھلے سال کے دوران حاصل کیا ہے۔

آڈیٹرز کی رپورٹ میں دیئے گئے اعتراض کا جواب۔

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

(2) جہاں ذیلی دفعہ (1) میں حوالہ دیا گیا کوئی بھی سیس اس ایکٹ کے نافذ ہونے سے پہلے ادائیگیوں کی گئی ہے یا وصول نہیں کی گئی ہے یا اگر ادائیگی کی گئی ہے تو اسے واپس کر دیا گیا ہے یا دیگر بیسیوں یا ٹیکسوں 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:

شرطیکہ مذکورہ سیس صنعتی شعبے سے جن کمپنیوں کو اسے فریڈا نڈر ٹیول اسٹاک کے، جس کا ذکر رائیس نمبر ۳، دوسرے شیڈول جو کہہ دو گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2011 (XXI 2011) اور گیس انفراسٹرکچر ڈیولپمنٹ سیس آرڈیننس، 2014 (VI 2014) میں ہے۔

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

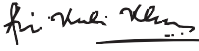
یہ کیس زیر التوا ہے اور کے پی ٹی ایم اے کی جانب سے رکھے گئے وکلاء نے کہا ہے کہ ہمارا کیس بہت مضبوط اور درست ہے، اس لیے ہم پر امید ہیں کہ عدالتوں کا فیصلہ کمپنی اور اسپننگ انڈسٹری کے حق میں ہوگا۔

اعتراف

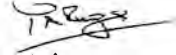
بورڈ آف ڈائریکٹرز کمپنی کے بینکاروں کی قدر کرتا ہے جو کہ مسلسل کمپنی کی مالی مشکلات میں بروقت مدد کرتے ہیں۔ اسکے علاوہ کمپنی کی انتظامیہ اور کارکنوں کی محنت کو بے مثال مشکل حالات میں بہتر نتائج حاصل کرنے پر شاباش دیتا ہے۔ اور امید کرتا ہے کہ مستقبل میں تمام کارکنان اسی لگن اور محنت سے کام کرتے رہیں گے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

تاریخ: 28 فروری 2022



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



کرنل (ریٹائرڈ) سید یونس علی رضا
ڈائریکٹر

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

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Janana De Malucho Textile Mills Limited** (the Company) as at December 31, 2021 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to note 15.3 to the interim financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.302.914 million demanded by Sui Northern Gas Pipelines Ltd. Our review report is not modified in respect of this matter.

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

Shinewing Hameed Chaudhri & Co.


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

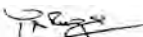
**LAHORE; February 28, 2022
UDIN:RR20211019511ct2MFnJ**

Condensed Interim Statement of Financial Position as at December 31, 2021

		Dec. 31, 2021 Un-audited --Rupees in thousand--	June 30, 2021 Audited
Assets	Note		
Non-current assets			
Property, plant and equipment	5	3,689,697	3,554,156
Investments in Associated Companies	6	114,970	114,970
Loans to employees		368	398
Security deposits		1,543	1,543
		<u>3,806,578</u>	<u>3,671,067</u>
Current assets			
Stores, spares and loose tools	7	130,655	68,369
Stock-in-trade	8	1,857,918	1,351,899
Trade debts - unsecured, considered good		57,009	8,972
Advances to employees		1,313	1,099
Advance payments		11,223	18,210
Trade deposits and prepayments	9	109,903	2,352
Due from an Associated Company		676	0
Other receivables	10	1,574	1,210
Income tax refundable, advance tax and tax deducted at source		94,529	133,528
Cash and bank balances		18,020	18,886
		<u>2,282,820</u>	<u>1,604,525</u>
Total assets		<u>6,089,398</u>	<u>5,275,592</u>
Equity and liabilities			
Equity			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		47,848	47,848
Capital reserves			
- capital redemption		6,694	6,694
- tax holiday		350	350
- share premium		11,409	11,409
- revaluation surplus on property, plant and equipment	11	2,342,737	2,353,716
Revenue reserves			
- general reserve		371,530	371,530
- unappropriated profit		934,274	718,568
Shareholders' equity		<u>3,714,842</u>	<u>3,510,115</u>
Liabilities			
Non-current liabilities			
Lease liabilities		0	1,084
Long term finances		3,300	3,567
Staff retirement benefits - gratuity		79,571	72,729
Deferred taxation		296,643	302,241
		<u>379,514</u>	<u>379,621</u>
Current liabilities			
Trade and other payables	12	672,863	562,859
Unclaimed dividends		284	284
Accrued mark-up		25,719	12,364
Short term finances		1,196,524	712,133
Current portion of non-current liabilities	13	3,794	4,479
Taxation	14	94,667	92,546
Preference shares redemption account		1,191	1,191
		<u>1,995,042</u>	<u>1,385,856</u>
Total liabilities		<u>2,374,556</u>	<u>1,765,477</u>
Contingencies and commitments	15		
Total equity and liabilities		<u>6,089,398</u>	<u>5,275,592</u>

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


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



Col. (Retd) Syed Yunus Ali Raza
Director

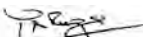

Amin-ur-Rasheed
Chief Financial Officer

**Condensed Interim Statement of Profit or Loss & Other
Comprehensive Income (Un-audited)
For the Quarter and Six Months Period Ended December 31, 2021**

		Quarter ended		Six months period ended	
	Note	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
		----- Rupees in thousand -----			
Sales - net	16	1,989,682	1,390,174	3,550,687	2,540,982
Cost of sales	17	1,705,429	1,211,354	3,131,219	2,281,172
Gross profit		284,253	178,820	419,468	259,810
Distribution cost	18	16,054	7,406	25,664	12,166
Administrative expenses		22,310	23,240	42,705	38,785
Other expenses		43	0	43	0
Other income		(559)	(2,629)	(590)	(3,205)
		37,848	28,017	67,822	47,746
Profit from operations		246,405	150,803	351,646	212,064
Finance cost	19	28,116	6,186	44,279	23,762
		218,289	144,617	307,367	188,302
Share of profit of Associated Companies - net		2,081	17,703	2,081	17,703
Profit before taxation		220,370	162,320	309,448	206,005
Taxation					
- current	14	75,155	20,888	94,667	38,150
- prior year	14	13,571	4	13,571	4
- deferred		(2,345)	17,350	(5,598)	12,612
		86,381	38,242	102,640	50,766
Profit after taxation		133,989	124,078	206,808	155,239
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		133,989	124,078	206,808	155,239
----- Rupees -----					
Earnings per share		28.00	25.93	43.22	32.44

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


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


Col. (Retd) Syed Yunus Ali Raza
Director


Amin-ur-Rasheed
Chief Financial Officer


Condensed Interim Statement of Changes in Equity (Un-audited)
For the Six Months Period Ended December 31, 2021

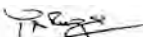
Share capital	Reserves						Total
	Capital				Revenue		
	Capital redemption	Tax holiday	Share premium	Revaluation surplus on property, plant and equipment	General	Unappropriated profit	

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

Balance as at June 30, 2021 (audited)	47,848	6,694	350	11,409	2,353,716	371,530	718,568	3,510,115
Total comprehensive income for the period of six months ended December 31, 2021	0	0	0	0	0	0	206,808	206,808
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	(9,527)	0	9,527	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	(1,452)	0	0	(1,452)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	(629)	(629)
Balance as at December 31, 2021 (un-audited)	47,848	6,694	350	11,409	2,342,737	371,530	934,274	3,714,842
Balance as at July 01, 2020 (audited)	47,848	6,694	350	11,409	2,373,502	371,530	446,749	3,258,082
Total comprehensive income for the period of six months ended December 31, 2020	0	0	0	0	0	0	155,239	155,239
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	(10,079)	0	10,079	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	1,946	0	0	1,946
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	(19,649)	(19,649)
Balance as at December 31, 2020 (un-audited)	47,848	6,694	350	11,409	2,365,369	371,530	592,418	3,395,618

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


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

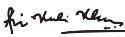

 Col. (Retd) Syed Yunus Ali Raza
 Director

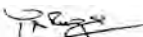

 Amin-ur-Rasheed
 Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)
For the Six Months Period Ended December 31, 2021

	Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020
	(Rupees in thousand)	
Cash flows from operating activities		
Profit for the period - before taxation and share of profit on investments in Associated Companies	307,367	188,302
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	40,548	40,698
Depreciation on right of use assets	1,189	1,073
Gain on sale of vehicle	(552)	0
Staff retirement benefits - gratuity (net)	6,842	5,672
Finance cost	44,279	23,762
Profit before working capital changes	399,673	259,507
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(62,286)	(5,185)
Stock-in-trade	(506,019)	620,862
Trade debts	(48,037)	4,758
Loans and advances to employees	(184)	225
Advance payments	6,987	(11,551)
Trade deposits and prepayments	(107,551)	(6,754)
Due from Associated Company	(676)	4,851
Other receivables	(364)	(13,437)
Sales tax refundable	0	29,996
Increase in trade and other payables	110,004	58,048
	(608,126)	681,813
Cash (used in) / generated from operations	(208,453)	941,320
Taxes paid	(67,118)	(14,665)
Net cash (used in) / generated from operating activities	(275,571)	926,655
Cash flows from investing activities		
Fixed capital expenditure	(177,326)	(223,451)
Sale proceeds of vehicle	600	0
Net cash used in investing activities	(176,726)	(223,451)
Cash flows from financing activities		
Lease liabilities	(1,753)	572
Long term finances - net	(283)	4,868
Short term finances - net	484,391	(662,889)
Finance cost paid	(30,924)	(45,881)
Dividend paid	0	(10)
Net cash generated from / (used in) financing activities	451,431	(703,340)
Net decrease in cash and cash equivalents	(866)	(136)
Cash and cash equivalents - at beginning of the period	18,886	11,160
Cash and cash equivalents - at end of the period	18,020	11,024

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


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


Col. (Retd) Syed Yunus Ali Raza
Director


Amin-ur-Rasheed
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited)
For the Six Months Period Ended December 31, 2021

1. Legal status and operations

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

2. Basis of preparation

2.1 Statement of compliance

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

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

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

2.2 These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017. The figures for the six months period ended December 31, 2021 have, however, been subjected to limited scope review by the external Auditors.

2.4 Basis of measurement

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

2.5 Functional and presentation currency

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

3. Significant accounting policies

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended June 30, 2021.

3.1 Initial application of standards, amendments or an interpretation 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:

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

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4. Accounting estimates and judgments

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

4.2 In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2021.

		Un-audited Dec. 31, 2021	Audited June 30, 2021
		(Rupees in thousand)	
5. Property, plant and equipment	Note		
Operating fixed assets - tangible	5.1	3,149,391	3,162,094
Advance for vehicle		0	1,000
Right of use assets	5.2	6,296	7,485
Advances made for purchase of freehold land and residential buildings	5.3	534,010	383,577
		<u>3,689,697</u>	<u>3,554,156</u>

5.1 Operating fixed assets - tangible

Book value as at June 30, 2021	3,162,094
Additions during the period:	
- plant and machinery	19,698
- furniture & fixtures	769
- office and other equipment	75
- computer equipment and accessories	145
- vehicles	7,206
	27,893
Book value of vehicle sold	(48)
Depreciation charge for the period	(40,548)
Book value as at December 31, 2021	<u>3,149,391</u>

		Un-audited Dec. 31, 2021 (Rupees in thousand)
5.2 Right of use assets		
Book value as at June 30, 2021		7,485
Depreciation charge for the period		(1,189)
Book value as at December 31, 2021		<u>6,296</u>
5.3	As fully detailed in note 6.12 to the audited financial statements for the year ended June 30, 2021, the Company, during the current period, has made further advances aggregating Rs.150.433 million to Babri Cotton Mills Ltd. against purchase of land and residential buildings.	
6. Investments in Associated Companies - Quoted		
Babri Cotton Mills Ltd. (BCM)		
587,193 ordinary shares of Rs.10 each - cost - Shareholding held: 16.08%		10,873
Post acquisition loss and other comprehensive loss brought forward including effect of items directly credited in equity by BCM		(52,589)
Share of revaluation surplus on property, plant and equipment		141,183
Loss for the period - net of taxation		(8,448)
		91,019
Bannu Woollen Mills Ltd. (BWM)		
731,626 ordinary shares of Rs.10 each - cost - Shareholding held: 7.70%		7,697
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM		89,793
Share of revaluation surplus on property, plant and equipment		119,983
Profit for the period - net of taxation		5,836
		223,309
		314,328
Less: impairment loss - BCM		(58,606)
BWM		(140,752)
		(199,358)
		<u>114,970</u>
6.1	Although the Company has less than 20% voting rights in BCM and BWM as at December 31, 2021 and June 30, 2021, these Companies have been treated as Associated Companies by virtue of common directorships.	
6.2	Market values of the Company's investments in BCM and BWM as at December 31, 2021 were Rs.22.443 million (June 30, 2021: Rs.32.413 million) and Rs.29.228 million (June 30, 2021: Rs.36.640 million) respectively.	
7. Stores, spares and loose tools		
Stores and spares inventory valuing Rs.22.712 million (June 30, 2021: Rs.14.331) was in transit as at December 31, 2021.		
8. Stock-in-trade		
Raw materials inventory valuing Rs.206.001million (June 30, 2021: Rs.222.163 million) was in transit as at December 31, 2021.		

		Un-audited Dec. 31, 2021 (Rupees in thousand)	Audited June 30, 2021
9. Trade deposits and prepayments	Note		
Letters of credit		2,627	1,499
Prepayments		7,276	853
Letters of credit margin		100,000	0
		<u>109,903</u>	<u>2,352</u>
10. Other receivables			
Due from Employees' Provident Fund		1,574	1,203
Labour colony rent receivable		0	7
		<u>1,574</u>	<u>1,210</u>
11. Revaluation surplus on property, plant and equipment - net			
Revaluation surplus on the Company's property, plant & equipment		2,081,571	2,091,098
Share of revaluation surplus on property, plant and equipment of Associated Companies	6	261,166	262,618
		<u>2,342,737</u>	<u>2,353,716</u>
12. Trade and other payables			
Creditors		188,370	98,087
Bills payable against imported stores and spares		10,226	7,342
Bills payable against imported raw materials		100,850	0
Advances from customers - contract liabilities		37,162	60,246
Advance payments		184	184
Accrued expenses		293,876	329,089
Tax deducted at source		234	234
Sales tax payable		27,788	7,128
Gratuity payable to employees		2,617	6,039
Due to Waqf-e-Kuli Khan		10,649	11,798
Workers' (profit) participation fund		0	29,801
Workers' welfare fund		0	12,004
Security deposits repayable on demand - interest free		113	112
Others		794	795
		<u>672,863</u>	<u>562,859</u>
13. Current portion of non-current liabilities			
Lease liabilities		2,921	3,590
Long term finances		873	889
		<u>3,794</u>	<u>4,479</u>
14. Taxation - net			
Opening balance		92,546	41,318
Add: provision made during the period:			
current		94,667	92,546
prior year		13,571	4
		<u>108,238</u>	<u>92,550</u>
		200,784	133,868
Less: payments / adjustments made against completed assessments		106,117	41,322
		<u>94,667</u>	<u>92,546</u>

- 14.1** Income tax assessments of the Company have been completed upto the tax year 2021 i.e. accounting year ended June 30, 2021.
- 14.2** There has been no significant change in the status of taxation matters during the current period as detailed in note 26 to the audited financial statements of the Company for the year ended June 30, 2021.
- 14.3** Income tax expense is recognised in each interim period based on best estimate. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate changes.

15. Contingencies and commitments

- 15.1** 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.
- 15.2** 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, which is pending adjudication.
- 15.3** 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 has filed a review petition against the said judgement of the SCP for waiver of the full amount of GIDC Cess on the ground that the Company, being spinning unit and producing raw materials for weaving sector, has not passed on the GIDC burden to its customers. The SCP has dismissed the aforementioned review petition vide its judgment dated November 02, 2020; however, the SCP, in its said judgment, has mentioned that the companies claiming any relief under the GIDC Act, 2015 may approach the right forum.

SNGPL, along with gas bill for the month of August, 2020, has raised GIDC demands aggregating Rs.380.957 million. The management, during the financial year ended June 30, 2017, has made GIDC provision amounting Rs.78.043 million relating to that year in its books of account based on the adverse judgment of the Peshawar High Court (PHC) dated May 31, 2017; balance GIDC provisions aggregating Rs.302.914 million have not been recognised in the books of account.

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

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

15.4 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.

15.5 Counter guarantee given by the Company to a commercial bank outstanding as at December 31, 2021 was for Rs.100 million (June 30, 2021: Rs.100 million).

			Un-audited Dec. 31, 2021 (Rupees in thousand)	Audited June 30, 2021
15.6	Commitments against irrevocable letters of credit outstanding at the period / year-end were for:			
	- stores and spares		117,601	53,683
	- raw materials		529,050	261,810
			<u>646,651</u>	<u>315,493</u>
		Quarter ended	Six months period ended	
		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
				Dec. 31, 2020
16. Sales - Net				
			----- Rupees in thousand -----	
Yarn	2,257,043	1,627,496	4,046,978	2,942,929
Waste	88,542	36,065	158,240	92,941
Raw materials	21,596	0	22,352	0
	<u>2,367,181</u>	1,663,561	<u>4,227,570</u>	3,035,870
Less: sales tax	377,499	273,387	676,883	494,888
	<u>1,989,682</u>	1,390,174	<u>3,550,687</u>	2,540,982
17. Cost of sales				
Raw materials consumed	1,133,620	580,940	2,186,173	1,132,339
Packing materials consumed	36,229	15,424	51,314	27,262
Salaries, wages and benefits	174,628	147,443	348,396	257,687
Power and fuel	167,243	137,691	362,191	247,510
Stores consumed	52,338	78,812	107,432	99,820
Repair and maintenance	4,834	6,245	8,041	8,201
Depreciation	19,987	20,291	40,312	40,230
Insurance	4,396	1,837	8,696	3,827
Others	4,371	5,125	8,054	8,483
	<u>1,597,646</u>	993,808	<u>3,120,609</u>	1,825,359
Adjustment of work-in-process				
Opening	125,572	64,905	106,958	68,660
Closing	(112,425)	(87,355)	(112,425)	(87,355)
	<u>13,147</u>	(22,450)	<u>(5,467)</u>	(18,695)
Cost of goods manufactured	1,610,793	971,358	3,115,142	1,806,664
Adjustment of finished goods				
Opening stock	158,533	297,042	79,413	531,554
Closing stock	(76,420)	(57,046)	(76,420)	(57,046)
	<u>82,113</u>	239,996	<u>2,993</u>	474,508
Cost of goods sold - own manufactured	1,692,906	1,211,354	3,118,135	2,281,172
Cost of goods sold - raw materials purchased for resale	12,523	0	13,084	0
	<u>1,705,429</u>	1,211,354	<u>3,131,219</u>	2,281,172

	Quarter ended		Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
18. Distribution cost	----- Rupees in thousand -----			
Salaries and benefits	4,983	5,281	8,540	8,120
Commission	9,626	1,244	14,193	2,259
Freight and handling	1,359	864	2,620	1,619
Gifts and samples	69	8	69	8
Others	17	9	242	160
	<u>16,054</u>	<u>7,406</u>	<u>25,664</u>	<u>12,166</u>
19. Finance cost				
Interest on lease liabilities	81	155	178	281
Mark-up on long term finances	45	123	152	123
Mark-up on short term finances	25,566	5,143	40,738	21,774
Bank charges	888	765	1,675	1,584
Interest on workers' - (profit) participation fund	1,536	0	1,536	0
	<u>28,116</u>	<u>6,186</u>	<u>44,279</u>	<u>23,762</u>

20. Transactions with Related Parties

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

Name	Nature of transaction	Cumulative	
		Jul. - Dec., 2021	Jul. - Dec., 2020
		(Rupees in thousand)	
Associated Companies			
Babri Cotton Mills Ltd.	Residential rent received	0	532
	Utilities / expenses:		
	- paid	211,411	48,364
	- recovered	0	477
	Salaries and benefits:		
	- paid	0	582
	- recovered	0	2,281
	Purchase of raw material	0	51,894
	Purchase of stores and spares	0	8,998
	Sale of stores and spares	0	2,753
	Lease rentals paid	600	300
	Advance made for purchase of freehold land	150,433	212,400
	Expenses recovered	120	62
	Salaries and benefits recovered	1,224	1,012
Bannu Woollen Mills Ltd.	Sale of raw cotton	3,114	0
	Sale of yarn	2,305	0
The Universal Insurance Company Ltd.	Salaries & benefits recovered	1,224	1,012
	Expenses recovered	120	55
Gammon Pakistan Ltd.	Rent paid	220	150
Ghandhara Nissan Ltd.	Salaries & benefits recovered	1,224	1,012
	Expenses recovered	120	55
Ghandhara Industries Ltd.	----- do -----	120	55
	Salaries & benefits recovered	1,224	1,012
	Purchase of vehicle	0	6,334
Other related parties			
Employees' Provident Fund	Payments made to Provident Fund	9,750	25,386
Key Management Personnel	Salaries & benefits	63,726	71,538

20.2 Period-end balance was as follows:

Un-audited Dec. 31, 2021 (Rupees in thousand)	Audited June 30, 2021
--	-----------------------------

Due from Ghandhara industries Ltd.

676

0

21. Financial risk management

21.1 Financial risk factors

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended June 30, 2021.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2021.

21.2 Fair value estimation

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

22. Event subsequent to the reporting period

The Company and Babri Cotton Mills Limited ("BCML") had filed a joint petition before the Honorable 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 also 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. During the subsequent period, 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 the Company 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 BCML together with all the properties, assets, rights, liabilities, obligations, permanent employees, claims, charges, contracts, etc. of every description shall transfer to and vest (at book values) in the Company;

(ii) - shares of the Company held by BCML shall be disclosed as Treasury Shares in the financial statements of the Company;

(iii) - shares of BCML held by the Company shall be cancelled;

(iv) - the Company shall issue at par and allot 1 ordinary share for every 1.438266 ordinary shares held by the entitled shareholders of BCML; and

(v) - BCML shall be merged / amalgamated into the Company without any further act, deed, matter or thing including any winding-up procedures.

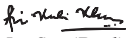
Physical delivery and transfer of assets, etc. of BCML to the Company including compliance with regulatory requirements of PSX, CDC, SECP and taxation and other authorities is in process. A meeting of the Board of Directors of the Company was also held on February 15, 2022 to discuss the post-merger steps / procedures required to be undertaken regarding the Merger Scheme.

23. Corresponding figures

The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the period ended December 31, 2020.

24. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 28, 2022.


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


Col. (Retd) Syed Yunus Ali Raza
Director


Amin-ur-Rasheed
Chief Financial Officer

