

BIBOJEE GROUP



63rd ANNUAL REPORT 2023



**JANANA
DE MALUCHO**

TEXTILE MILLS LIMITED



يَا رَبُّ الْعِزَّةِ
بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
CONTENTS

	Pages
COMPANY'S PROFILE	2
VISION STATEMENT	3
NOTICE OF ANNUAL GENERAL MEETING (English & أُرُوو)	4
CHAIRMAN'S REVIEW (English & أُرُوو)	11
DIRECTORS' REPORT TO SHAREHOLDERS (English & أُرُوو) ..	14
KEY OPERATING & FINANCIAL DATA	28
PATTERN OF SHAREHOLDING	29
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	33
REVIEW REPORT	36
AUDITORS' REPORT	37
STATEMENT OF FINANCIAL POSITION	42
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	43
STATEMENT OF CHANGES IN EQUITY.....	44
STATEMENT OF CASH FLOWS	45
NOTES TO THE FINANCIAL STATEMENTS.....	46
PROXY FORM	

COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. AHMAD KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD MR. GOHAR AYUB KHAN DR. SHAHIN KULI KHAN KHATTAK MAJ. GEN. (RETD) SAEED AHMED WAHLA COL. (RETD) SYED YUNUS ALI RAZA	Chairman Chief Executive
AUDIT COMMITTEE	MAJ. GEN. (RETD) SAEED AHMED WAHLA MR. AHMAD KULI KHAN KHATTAK COL. (RETD) SYED YUNUS ALI RAZA	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	COL. (RETD) SYED YUNUS ALI RAZA LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD	Chairman Chief Executive / Member Member Member
CHIEF FINANCIAL OFFICER	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
COMPANY SECRETARY	MR. ABID RAZA, M.(Accounting & Finance), APFA	
HEAD OF INTERNAL AUDIT	MR. BILAWAL IRSHAD, CIA(Pak)	
AUDITORS	SHINEWING HAMEED CHAUDHRI & CO., Chartered Accountant	
BANKERS	NATIONAL BANK OF PAKISTAN THE BANK OF KHYBER PAK OMAN INVESTMENT COMPANY LTD. BANK ALFALAH LIMITED MEEZAN BANK LIMITED HABIB METROPOLITAN BANK LTD.	
LEGAL ADVISOR	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
REGISTRARS & SHARES REGISTRATION OFFICE	VISION CONSULTING LIMITED 5-C, LDA FLATS, 1ST FLOOR, LAWRENCE ROAD, LAHORE TEL. 042-36283096-97, FAX. 042-36312550 EMAIL: info@vcl.com.pk	
REGISTERED OFFICE & MILLS	HABIBABAD, KOHAT (KPK) TEL. 0922 - 862161 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana.textile@gmail.com WEB SITE: www.jdm.com.pk	

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 WORKFORCE.
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 63rd ANNUAL GENERAL MEETING

Notice is hereby given that 63rd Annual General Meeting (AGM) of the Company will be held on Monday the 23rd October 2023 at 11:45 A.M. at registered office of the Company, Hablbad, Kohat, to transact the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of an Extra Ordinary General Meeting held on 22nd June 2023.
2. To receive, consider and adopt the annual audited Financial Statements for the year ended 30th June 2023 together with the Chairman's Review, Directors' and Auditors' reports thereon.

As required under section 223 of the Companies Act, 2017 and pursuant to the requirements of S.R.O. 389(I)/2023 dated March 21, 2023, the annual Financial Statements of the Company have been posted on the Company's website, which can be viewed/ downloaded using the following link and QR enabled code:

<https://jdm.com.pk/Products/Gallery/invinfdocen370.pdf>



3. To appoint Statutory Auditors for the financial year 2023-24 and to fix their remuneration. The retiring Auditors M/s Shinewing, Hameed Chaudhri and 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):

"RESOLVED THAT the transactions carried out in normal course of business with associated companies/ related parties during the year ended June 30, 2023, as disclosed in the note 43 of the Financial Statements for the year ended June 30, 2023 are hereby approved."

"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, 2024 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.

Kohat
Dated: 2nd October 2023

By order of the Board


ABID RAZA
Company Secretary

NOTES:

1. The register of members of the Company will remain closed from October 16, 2023 to October 23, 2023 (both days inclusive). Transfers received in order by the Company's Shares Registrar, M/s. Vision Consulting Limited, 5-C LDA Flats, 1st Floor, Lawrence Road, Lahore by the close of business hours (till 5:00 pm) on October 14, 2023 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. 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.

3. Any individual beneficial owner having an account or sub-account with the Central Depository Company ("CDC"), is entitled to attend and vote at this meeting, must provide his/her "CNIC" or Passport to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. Representatives of the corporate entities should provide attested copies of board of directors' resolution/powers of attorney with specimen signatures required for the purpose and all such documents as are required under Circular No.1 dated 26th January 2000 issued by the Securities Exchange and Commission of Pakistan ("SECP") for the purpose.

4. 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.

5. The SECP vide Circular No. 4 of 2021 dated February 15, 2021, has advised to provide participation of the members through electronic means. Members interested to participate in the AGM are requested to email their name, Folio Number, Number of shares held in their name, Cell Number, CNIC Number (along with valid copy of both sides of CNIC) with subject "Registration for Participation in AGM" at "janana.textile@gmail.com". Video link and login credentials shall be shared with only those members whose emails, containing all the required particulars, are received by the close of business hours (till 5:00 pm) on October 21, 2023.

6. **ELECTRONIC VOTING AND POSTAL BALLOT**

It is hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(1)/2022 dated December 5, 2022, members will be allowed to exercise their right to vote for the special business (es) in the meeting, in accordance with the conditions mentioned in the aforesaid regulations. The Company shall provide its members with the following options for voting:

i. **E-VOTING PROCEDURE**

a. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 14, 2023.

b. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of Vision Consulting Ltd. (being the e-voting service provider).

c. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

d. Members shall cast vote online at any time from October 19, 2023, 9:00 a.m. (PST) to October 22, 2023 till 5:00 p.m. (PST). Voting shall close on October 22, 2023, at 5:00 p.m. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

ii. POSTAL BALLOT VOTING PROCEDURE

a. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper will be available on the Company's website www.jdm.com.pk within stipulated time to download.

b. The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, Habibabad, Kohat, or email at janana.textile@gmail.com one day before the AGM, i.e., on October 22, 2023 before 05:00 pm. A postal ballot received after this time/date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

7. Members are requested to notify immediately any change in their address to the Company's Share Registrar.

8. If a request has been made by a member, the Company shall send hard copy of complete financial statements, at his registered address, within one week of request.

9. 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.

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 23rd October 2023.

Item No. 04 of the Agenda (Approval of transaction carried out during the year ended June 30, 2023, to be passed as Special Resolution)

The transactions carried out with associated companies during the year ended June 30, 2023 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, 2023 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.

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, 2024 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, 2024.

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 63 واں سالانہ اجلاس عام

بذریعہ بڑا مطلع کیا جاتا ہے کہ کمپنی کا 63 واں سالانہ اجلاس عام (AGM)، کمپنی کے رجسٹرڈ دفتر، حبیب آباد، کوہاٹ پر درج ذیل امور کی انجام دہی کیلئے بروز سوموار 23 اکتوبر 2023ء کو صبح 11:45 بجے منعقد ہوگا۔

عام امور:

1- 22 جون 2023 کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔

2- 30 جون 2023 کو ختم ہونے والے سال کے لئے کمپنی کے سالانہ آڈٹ شدہ مالی حسابات معائنہ پر چیئر مین کا جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس پر غور و خوض اور منظوری دینا۔
جیسا کہ کمپنیز ایکٹ، 2017 کے سیکشن 223 کے تحت اور S.R.O. 389(I) 2023 مورچہ 21 تاریخ 2023 کی ضروریات کے مطابق ضروری ہے کہ کمپنی کے سالانہ مالیاتی حسابات کمپنی کی ویب سائٹ پر پوسٹ کیے گئے ہیں جنہیں درج ذیل لنک اور QR فعال کوڈ کا استعمال کرتے ہوئے ملاحظہ/ڈاؤن لوڈ کیا جاسکتا ہے:



ویب لنک: <https://jdm.com.pk/Products/Gallery/Invinfocon370.pdf>

3- مالی سال 2023-24 کے لئے 5 نوئی آڈیٹرز کا تقرر اور ان کے معاوضہ کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز شان دنگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور اہل ہونے کی بناء پر دوبارہ تقرری کے لئے غور و خوض 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:-

"قراردار پایا کہ 30 جون 2023 کو ختم ہونے والے سال کے دوران متعلقہ کمپنیوں/متعلقہ فریقوں کے ساتھ کاروبار کے معمول کے دوران کیے گئے لین وین، جیسا کہ 30 جون 2023 کو ختم ہونے والے سال کے مالیاتی حسابات کے نوٹ 43 میں ظاہر کیا گیا ہے، اس کی توثیق، منظوری اور تصدیق کی جاتی ہے۔"

"قراردار پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر مشن کے طور پر 30 جون 2024 ختم ہونے والے سال کے دوران متعلقہ کمپنیوں/متعلقہ فریقوں کے ساتھ کیے گئے تمام لین وین کو منظور کرنے اور کاروبار کے معمول کے مطابق کرنے کے مجاز ہیں اور اس سلسلے میں چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر مشن کے طور پر کوئی بھی اور تمام ضروری کارروائی کرنے اور اس سلسلے میں درکار کسی بھی اور ایسے تمام دستاویزات پر کمپنی کی جانب سے دیکھنا/اصل درآمد کرنے کے مجاز ہیں۔"

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان جو خصوصی امور سے متعلق اور بیان کیا گیا ہے اس نوٹس اجلاس کے ساتھ منسلک ممبران کو ارسال کیا جا رہا ہے۔

کوئی دیگر امور

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

کوہاٹ

2 اکتوبر 2023ء

محمد یوسف
عابد رضا
کمپنی سیکرٹری

نوٹس:

1- کمپنی کے ممبران کا رجسٹر 16 اکتوبر 2023ء تا 23 اکتوبر 2023ء (شامل دو دنوں ایام ہند) ہند ہے گا۔ منگلیاں کمپنی کے شیئر ڈرجسٹرار کے دفتر، میسرز ڈی این کنسلٹنگ لمیٹڈ، C-5 ایل ڈی اے پلس، منگلی منزل، لارنس روڈ، لاہور میں 14 اکتوبر 2023ء کو کاروبار کے اختتام تک وصول ہونے والی فرانسز پر کے نام میں رجسٹریشن اور AGM میں شرکت اور دنگ 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 رہتی ہے۔ باقاعدہ مکمل شدہ پر کسی فارم اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانی چاہئیں۔ غلطیوں اور ڈراور پر کسی کے کیپیوٹرز اور فوری شناختی کارڈ یا پاسپورٹ کی تصدیق، پر کسی فارم کے ہمراہ جمع کرنا ہوگی۔ کارپوریٹ ادارہ کی صورت میں، بورڈ کی قرارداد/خط نامہ پر کسی ہولڈر کے دستخط پر کسی فارم کے ہمراہ کمپنی میں جمع کرنا ہوگا۔

3- سی ڈی سی کا کوئی انٹرویو منتقل مالک جہاں 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 پر کسی کی صورت میں اپنے CNIC یا پاسپورٹ کی تصدیق کا پانی لازماً لف کرنی چاہئے۔ کارپوریٹ اداروں کے نمائندہ کو اس مقصد کے لئے موزن دیکھنا کے ساتھ بورڈ کی قرارداد/خط نامہ اور کیپیوٹرز اینڈ ایڈجسٹمنٹ آف

پاکستان (SECP) کے جاری شدہ سرٹیفکٹ نمبر 1 مورخہ 26 جنوری 2000 کے تحت درکار تمام ایسے دستاویزات کی مصدقہ نقول فراہم کرنی چاہئیں۔

4۔ ایکٹ کے سیکشن 134 کی پرودہ نئے کے مطابق، اگر کوئی 10 لاکھ یا اس سے زیادہ شیئر ہولڈنگ رکھنے والے ارکان جو جغرافیائی عمل وقوع میں رہائش پذیر ہوں سے ڈیپو کا نفرنس کے ذریعے اجلاس میں شرکت کی رضامندی اجلاس کی تاریخ سے کم از کم سات (7) دن پہلے وصول کرتی ہے تو، کوئی اس شہر میں ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی جو اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہے۔

5۔ SECP نے 15 فروری 2021 کے سرٹیفکٹ نمبر 4 آف 2021 کے ذریعے اراکین کو الیکٹرانک ذرائع سے شرکت فراہم کرنے کی ہدایت کی ہے۔ AGM میں شرکت کے خواہشمند ممبران سے درخواست کی جاتی ہے کہ وہ اپنا نام، فونو نمبر، اپنے نام پر رکھے گئے حصص کی تعداد، سیل نمبر، CNIC نمبر (CNIC کے دونوں اطراف کی موثر کاپی کے ساتھ) موضوع "AGM" میں شرکت کے لیے رجسٹریشن کے ساتھ "Janana.textile@gmail.com" پر ای میل کریں۔ ویڈیو لنک اور لاگ ان کی اسناد صرف ان ممبروں کے ساتھ شیئر کی جائیں گی جن کی ای میل، جملہ، تمام مطلوبہ تفصیلات پر مشتمل، 21 اکتوبر 2023 کو کاروباری اوقات کے اختتام پر (شام 5 بجے تک) وصول ہوں گی۔

6۔ الیکٹرانک ووٹنگ اور پوسٹل بلٹ بڈریہ ہذا مطلع کیا جاتا ہے کہ نیٹیز (پوسٹل بلٹ) ریگولیشنز، 2018 اور SRO 2192(1)/2022 مورخہ 5 دسمبر 2022 کی زد سے ہونے والی ترامیم کے تحت، اراکین کو اجلاس میں، مذکورہ ضوابط میں بیان کردہ شرائط کے مطابق خصوصی امور کے لیے اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی۔ کوئی اپنے اراکین کو ووٹنگ کے لیے درج ذیل آپشن فراہم کرے گی:

- 1۔ ای ووٹنگ کا طریقہ کار
- a۔ ای ووٹنگ کی سہولت کی تفصیلات کوئی کے ان ممبروں کے ساتھ ای میل کے ذریعے شیئر کی جائیں گی جن کے 14 اکتوبر 2023 کو کاروبار کے اختتام تک کوئی کے ممبران کے رجسٹر میں کارآمد CNIC نمبر، سیل نمبر، اور ای میل ایڈریس دستیاب ہوں گے۔
- b۔ ویب ایڈریس، لاگ ان کی تفصیلات، اور پاس ورڈ، ای میل کے ذریعے اراکین کو مطلع کیا جائے گا۔ سیکورٹی کوڈ ممبران کو ویڈیو کنسلٹنگ لمیٹڈ کے ویب پورٹل سے ایس ایم ایس کے ذریعے بتائے جائیں گے۔
- c۔ ای ووٹنگ کے ذریعے ووٹ ڈالنے کا ارادہ رکھنے والے اراکین کی شناخت الیکٹرانک ڈیجیٹل لاگ ان کے لیے تصدیق کے ذریعے کی جائے گی۔
- d۔ اراکین 19 اکتوبر 2023 صبح 9:00 بجے (PST) سے 22 اکتوبر 2023 شام 5:00 بجے (PST) تک کسی بھی وقت آن لائن ووٹ ڈالیں گے۔ ووٹنگ 22 اکتوبر 2023 کو شام 5:00 بجے بند ہوگی۔ ایک بار جب کسی رکن کی طرف سے قرارداد پر ووٹ ڈال دیا گیا تو اسے بعد میں تبدیل کرنے کی اجازت نہیں ہوگی۔

- II۔ پوسٹل بلٹ ووٹنگ کا طریقہ کار
- a۔ اراکین متبادل طور پر پوسٹل بلٹ کے ذریعے ووٹ ڈالنے کا انتخاب کر سکتے ہیں۔ اراکین کی سہولت کے لیے بلٹ بھی کوئی کی ویب سائٹ www.jdm.com.pk پر ڈاؤن لوڈ کرنے کے لیے مقررہ وقت کے اندر دستیاب ہوں گے۔
- b۔ اراکین کو یقینی بنانا چاہیے کہ صحیح طریقے سے پُر شدہ اور ڈیجیٹل شدہ بلٹ بھی، کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی کے ہمراہ کوئی کے رجسٹرڈ ایڈریس، صحیح آہاد، کوہاٹ، یا janana.textile@gmail.com پر ای میل کے ذریعے AGM سے ایک دن پہلے، یعنی 22 اکتوبر 2023 کو شام 05:00 بجے سے پہلے کافی جانا چاہئے۔ اس وقت تاریخ کے بعد وصول ہونے والا پوسٹل بلٹ ووٹنگ کے لیے ذریعہ نہیں لایا جائے گا۔ بلٹ بھی پر ڈیجیٹل CNIC پر دیکھنے سے مٹا ہوں گے۔
- 7۔ اراکان سے درخواست ہے کہ اپنے جوں میں کسی تبدیلی، اگر کوئی ہو، فوری طور پر شیئر رجسٹر اور کو مطلع کریں۔
- 8۔ اگر کسی ممبر کی طرف سے درخواست کی گئی تو کوئی مکمل مالیاتی حسابات کی ہارڈ کاپی ایک ہفتے کے اندر ممبر کے رجسٹرڈ پتے پر بھیجے گی۔
- 9۔ کیپیٹل ایکٹ، 2017 کے سیکشن 72(2) کے مطابق، اراکان کو جتنا جلدی ممکن ہو سکے اپنے فونیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرنے اور سی ڈی ای کے ہاں اپنے ناموں کو رجسٹرڈ کروانے کی درخواست کی جاتی ہے۔

خصوصی امور کے حوالے سے کیپیٹل ایکٹ، 2017 کے سیکشن (3) 134 کے تحت بیان

یاں ہذا 23 اکتوبر 2023 کو منعقد ہونے والے کوئی کے سالانہ اجلاس عام میں خصوصی امور سے متعلق مادی حقائق کا تعین کرتا ہے۔

نوٹس کا آئٹم نمبر 04 (خصوصی امور کے طور پر پاس کی گئی 30 جون 2023 کو ختم ہونے والے سال کے دوران کئے گئے لین دین کی منظوری)

30 جون 2023 کو ختم ہونے والے مالی سال کے دوران ایسوی لٹھ کیپٹل کے ساتھ کئے گئے لین دین کو خصوصی قرارداد کے طور پر منظور کیا گیا۔ ایسوی لٹھ کیپٹل (مختلہ فریقین) کے ساتھ معمول کے کاروبار میں کئے گئے لین دین کو سماجی بنیادوں پر آڈٹ کمیٹی کی سفارش کے مطابق پورڈ نے منظور کیا۔

چونکہ ڈائریکٹرز کی اکثریت ایسوی لٹھ کیپٹل میں ان کی مشیر کڈائریکٹرز شپ اور شیئرز ہولڈنگ کی وجہ سے ان لین دین میں دلچسپی رکھتی تھی، اس لئے ان لین دین کو اجلاس عام میں اراکان کی طرف سے منظور کیا جاتا ہے۔

الیوسی لہڈ کمپنیوں اور فریبٹیوں کے ساتھ 30 جون 2023 کو ختم ہونے والے مالی سال کے دوران کیے گئے لین وین جیسا کہ آڈٹ شدہ مالیاتی حسابات کے متعلقہ نوٹس میں ظاہر کیا گیا ہے، ممبران کے سامنے ان کے فوری حوض اور منظوری/توثیق کے لیے پیش کیا جا رہا ہے۔

درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلقات، مشرک ڈائریکٹرشپ اور الیوسی لہڈ کمپنیوں میں اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی گل خان تنگ

2۔ جناب احمد علی خان تنگ

3۔ جناب گوہر ایوب خان

4۔ مسز شہناز سجاد احمد

5۔ ڈاکٹر شاپین گل خان تنگ

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

30 جون 2024 کو ختم ہونے والے آئندہ سال کے دوران الیوسی لہڈ کمپنیوں کے ساتھ کیے جانے والے لین وین کے لئے چیف ایگزیکٹو اور چیف فنانس آفیسر کو مشرک طور پر ہوا اختیار بنانے کے لئے خصوصی قرارداد کے طور پر منظوری دی جائے گی۔

کبھی، الیوسی لہڈ کمپنیوں کے ساتھ کاروبار کے معمول کے مطابق لین وین کرے گی۔ ڈائریکٹرز اپنی مشرک ڈائریکٹرشپ اور الیوسی لہڈ کمپنیوں میں شیئر ہولڈنگ کی وجہ سے ان لین وین میں دلچسپی رکھتے ہیں۔ اس لیے الیوسی لہڈ کمپنیوں کے ساتھ اس طرح کے لین وین کی شیئر ہولڈرز سے منظوری لینا ضروری ہے۔

ممبران، چیف ایگزیکٹو اور چیف فنانس آفیسر کو مشرک طور پر 30 جون 2024 کو ختم ہونے والے آئندہ سال کے دوران الیوسی لہڈ کمپنیوں کے ساتھ کیے گئے لین وین کی منظوری دینے اور کاروبار کے معمول کے مطابق کرنے کا اختیار دیتے ہیں۔

درج ذیل ڈائریکٹرز اس قرارداد میں اپنے تعلقات، مشرک ڈائریکٹرشپ اور الیوسی لہڈ کمپنیوں میں اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں:

1۔ لیفٹیننٹ جنرل (ریٹائرڈ) علی گل خان تنگ

2۔ جناب احمد علی خان تنگ

3۔ جناب گوہر ایوب خان

4۔ مسز شہناز سجاد احمد

5۔ ڈاکٹر شاپین گل خان تنگ

CHAIRMAN'S REVIEW

I am pleased to present the review for the year ended June 30, 2023, highlighting the Company's performance and role of the Board of Directors (the Board) of Janana De Malucho Textile Mills Ltd. in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

REVIEW OF BOARD'S PERFORMANCE AND EFFECTIVENESS

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

The Board meets at least once every quarter to consider and approve the financial and operating results of the Company. During current financial year 2022-2023, six 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 2022-23 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2022-23, 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, 2023, has been able to achieve a net turnover of Rs. 6,016.527 million as compared to Rs. 7,155.722 million in the last year. There is a decrease of Rs.1,139.195 million in the turnover as compared to the previous year. Further, the Company, in the year under report has incurred a loss before tax amounting Rs.102.686 million and a loss after tax of Rs.80.276 million respectively, in comparison with profit before tax of Rs.189.742 million and profit after tax for Rs.169.836 million respectively, in the previous year.

REVIEW OF PAKISTAN'S ECONOMY

The economic situation in Pakistan was marked by a series of events that had a constraining effect on the economy. These events included severe floods, a surge in inflation, and political tensions, resulting in a notable drop in the GDP growth rate,

plummeting from 6% in the previous year to a mere 0.5% in FY2023. Additionally, Pakistan experienced its highest-ever inflation rate, reaching 37.97% compared to the previous year, and this elevated inflation is expected to persist in the short term. Furthermore, the overall business environment was unfavorable, primarily due to restrictions on imports and the continuous escalation of interest rates, and power & gas prices, and unprecedented downward spiral of Pak Rupee viz a viz US Dollar.

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 30, 2023



Mr. Ahmad Kuli Khan Khattak

Chairman

چیئر مین کا جائزہ

مجھے 30 جون 2023 کو فتم ہونے والے سال کا جائزہ پیش کرنے ہوئے خوشی ہو رہی ہے، جس میں چنانہ دی مالوچہ ٹیکسٹائل ملز لمیٹڈ (کمپنی) کی کارکردگی اور کمپنی کے بورڈ آف ڈائریکٹرز (بورڈ) کے کردار کا جائزہ کرنے کے لیے انتظامیہ کا اپنی ذمہ داری نبھانے میں رہنمائی کی گئی ہے تاکہ اس کے تمام اسٹیک ہولڈرز کا فائدہ ہو۔

بورڈ کی کارکردگی کا جائزہ:

بورڈ، کمپنی کے انتظامات کا ذمہ دار ہے اور تمام اہم پالیسیاں اور حکمت عملی تیار کرتا ہے۔ اس کے علاوہ کمپنی کے تمام امور کو موثر طریقے سے چلانے کے لیے تمام بڑی پالیسیوں اور حکمت عملیوں کی منظوری دیتا ہے۔

بورڈ عام طور پر کمپنی کے مالی اور آپریٹنگ نتائج پر غور اور منظوری کے لیے ہر سہ ماہی میں ایک بار ملتا ہے۔ موجودہ مالی سال 2022-23 کے دوران بورڈ کے چار اجلاس ہوئے۔ بورڈ نے اپنی ذمہ داریوں کی کارکردگی کے ساتھ ساتھ اپنی کارکردگی پر بھی اپنی نظر 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 2022-23 کے لیے اپنی سالانہ خود تفتیشیں مکمل کر لی ہیں اور مجھے یہ خوشی ہوئی ہے کہ سال 2022-23 کے لیے مقرر کردہ میٹریکس بنیاد پر مجموعی کارکردگی کا میٹریکس میں پیش رہا 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 کلچر میں شامل کیا گیا ہے تاکہ پیش روانہ نہایت اور کاروباری طرز عمل کی اپنی سطح کو برقرار رکھا جاسکے۔ رسک مینجمنٹ فریم ورک، سوشل اینڈ انسانی سٹرکچر 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:

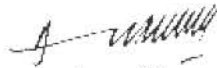
کمپنی 30 جون 2023 کو فتم ہونے والے سال کے دوران، گزشتہ سال کے 7,155.722 ملین روپے کے مقابلے میں 6,016.527 ملین روپے کا خالص کاروبار حاصل کرنے میں کامیاب رہی ہے۔ پچھلے سال کے مقابلے میں کاروبار میں 1,139.195 ملین روپے کی کمی ہوئی ہے۔ مزید، کمپنی نے اس سال میں گیس سے پہلے 102.686 ملین روپے کا نقصان کیا ہے اور گیس کے بعد کا نقصان 80.276 ملین روپے ہوا ہے۔ جبکہ گزشتہ سال گیس سے پہلے کا منافع 189.742 ملین روپے تھا اور گیس کے بعد کا منافع 169.836 ملین روپے تھا۔

پاکستان کی مصیبت کا جائزہ:

پاکستان کی مصیبت جیڑی سے اتارا اور چڑھاؤ کا مظاہرہ کرتی رہی جس کا مصیبت ہمارا چڑا۔ ان واقعات میں شدید سیلاب، ہنگامی میں اضافہ اور سیاسی تناؤ شامل تھے، جس کے نتیجے میں جی ڈی پی کی شرح نمو میں قابل ذکر کمی آئی، جو پچھلے سال کے 6% سے گھٹ کر موجودہ سال 2023 میں محض 0.5% رہ گئی۔ مزید برآں، پاکستان نے اپنی اب تک کی بلند ترین افراط زر کی شرح کا تجربہ کیا، جو پچھلے سال کے مقابلے میں 37.97 فیصد تک پہنچی گئی، اور یہ بلحاظ افراط زر گھٹت میں برقرار رہنے کی توقع ہے۔ مزید برآں، پاک روپیہ کی قدر امریکی ڈالر کے مقابلے میں کم ہونے کی وجہ سے مجموعی طور پر کاروباری ماحول نا سازگار تھا، بنیادی طور پر درآمدات پر پابندیاں اور شرح سود میں مسلسل اضافہ ہوا۔

احزاب

بورڈ آف ڈائریکٹرز کی طرف سے میں اپنے ممبر ہولڈر 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۔



احمد علی خان خانک

چیئر مین

ستمبر 2023-30

DIRECTORS REPORT TO THE SHAREHOLDERS

The directors of the Company are pleased to present their report, together with the 63rd Annual Report of the company along with Audited Financial Statements for the year ended 30th June, 2023.

PERFORMANCE REVIEW

The financial highlights of the Company' for the year ended June 30, 2023 are as follows:

Particulars	2023	2022
	Rs. in millions	
Sales-net	6,016.527	7,155.722
Cost of sales	(5,669.629)	(6,556.943)
Gross profit	346.898	598.779
Profit from operations	241.847	402.765
(Loss) / Profit before taxation	(102.686)	189.742
(Loss) / Profit after taxation	(80.276)	169.836
	----- Rupees -----	
(Loss) / Earnings per share	(11.61)	30.85

The Company, during the year ended 30 June, 2023, has been able to achieve a net turnover of Rs. 6,016.527 million as compared to Rs. 7,155.722 million in the last year. There is a decrease of Rs. 1,139.195 million in the turnover as compared to the previous year. Further, the Company, in the year under report has incurred a loss before tax amounting Rs.102.686 million and a loss after tax of Rs.80.276 million respectively, in comparison with profit before tax of Rs.189.742 million and profit after tax for Rs.169.836 million respectively, in the previous year.

The main reason of the loss is substantial increase in raw material cost due to unprecedented rupee depreciation coupled with administrative import restrictions imposed by the State Bank of Pakistan (SBP) on import of Cotton. The Company produces fine and super counts of yarn and mainly uses imported raw materials to produce these counts. Therefore, due to the aforementioned factors, there has been a significant increase in raw material costs. Another reason of loss is considerable increase in power and fuel costs of the Company, due to increase in gas rates and withdrawal of subsidy on electricity bills i.e., ZRI relief.

Moreover, the fiscal year 2022-23 saw a momentous and historical rise in interest rates. As a result, the finance costs borne by the company experienced a surge of more than 125% as compared to the preceding year. These elevated financial expenditures have effectively nullified the profits derived from the business operations.

During the year, the Government increased the general sales tax rates from 17% to 18% on registered sales, while the further sales tax on unregistered sales was also increased from 3% to 4%, this factor also negatively affected the sales margins of the Company.

GENERAL ECONOMIC REVIEW

The economic climate of the Country remained inherently uncertain during the FY 2023 due to factors such as constant increase in benchmark interest rate and the prevailing political turmoil. These factors collectively hindered Pakistan's economic momentum.

The national textile export seen a notable decline, during the period. To enhance exports, bolster foreign exchange reserves, and enable exporters to compete on the global stage, the government must give priority to export-oriented sectors, particularly the textile industry.

Presently, the prevailing interest rates are unprecedentedly high in the history of the Country, posing a considerable challenge for businesses to sustain their operations, with expectations of further increase in the interest rate, in the near future. The industrial sector is also suffering heavy losses due to consistent increase in key interest rates. Further, this persistent trend of increasing interest rates has substantially depleted the financial reserves of businesses, eroding their earnings entirely. Therefore, it is crucial for the Government to take decisive action and make concerted efforts to maintain interest rates at a reasonable level in order to ensure the continued viability of the industry

FUTURE PROSPECTS

In 2023, the global economy faced challenges including high inflation, supply chain disruptions, volatile commodity prices, and uncertainties due to the Russia-Ukraine conflict. These global issues compounded Pakistan's economic difficulties, including trade deficit and high inflation, worsened by devastating floods and delayed IMF program reviews. Pakistan took measures such as raising interest rates and implementing policy adjustments, similar to other nations, to stabilize the economy. These actions mitigated imbalances but posed challenges for businesses, leading to unemployment and reduced consumer purchasing power.

The upcoming year is expected to be again challenging for Pakistan as it seeks fiscal stability while complying with the toughest IMF program conditions. The economic outlook depends on factors like political stability, IMF reforms and industry supportive monetary measures, boosting industrial activity and demand. Nevertheless, the Company remains committed to leveraging its product portfolio and cost-efficiency efforts for sustainable results.

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 contained in the CCG Regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2023, except for those disclosed in the Financial Statements.
9. No trades in the shares of the Company were carried-out by the Directors, CEO, CFO, Company Secretary or their spouses and minor children during the year ended 30 June, 2023.

COMPOSITION OF THE BOARD

The Directors of the Company were re-elected in Extraordinary General meeting of the Company held on May 20, 2023. The Composition of the Board is in compliance 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	3
Executive Directors	2

BOARD AUDIT COMMITTEE

The Board Audit Committee assists in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to the 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 the financial year 2022-23.

The names of Committee members are as follows:

- | | | |
|--|----------|------------------------|
| 1. Maj. Gen. (Retd.) Saeed Ahmed Wahla | 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 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 the 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 related to the senior executives' remuneration and to approve all matters related 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 2022-23.

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 2022-23

During the year 2022-23, six (06) Board's meetings four (04) board audit Committee 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. Ahmad Kuli Khan Khattak	Re-elected w.e.f. May 21, 2023	✓	✓	3/6	3/4	0/1
2	Lt. Gen. (Retd) Ali Kuli Khan Khattak	-do-	-	✓	6/6	-	1/1
3	Mr. Gohar Ayub Khan	-do-	-	-	5/6	-	-
4	Mrs. Shahnaz Sajjad Ahmad	-do-	-	✓	6/6	-	1/1
5	Dr. Shahin Kuli Khan Khattak	-do-	-	-	4/6	-	-
6	Col. (Retd) Syed Yunus Ali Raza	-do-	✓	✓	6/6	4/4	1/1
7	*Maj. Gen. (Retd) Saeed Ahmed Wahla	Elected w.e.f. May 21, 2023	✓	-	1/2	-/-	-
8	**Brig. (Retd) Abdul Samad Khan	Retired on 20 th May 2023	-	-	4/4	4/4	-

*Maj. Gen. (Retd) Saeed Ahmed Wahla elected as independent director w.e.f. 21st May 2023

** Brig. (Retd) Abdul Samad Khan's directorship tenure ended on 20th May 2023

Leave of absence was granted to directors who could not attend the Board's 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 two Executive Directors, i.e. the Chief Executive and a Director of the Company, who is working as Executive Director Public Relations (EDPR). Following are the details of remuneration paid to the two Executive Directors of the Company during the year:

Particulars	2023	2022
	Rs. in 000	
Remuneration	7,536	6,336
Bonus/Ex-gratia	434	651
Retirement benefits	528	528
Leave Salary	477	477
Other benefits	1,682	1,534
Total	10,657	9,526

Further information is given in note 42 and 43.2 of the notes to the financial statements.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY):

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

PATTERN OF SHAREHOLDING:

The statement of the pattern of shareholding as at June 30, 2023 and additional information thereabout is annexed to the report.

DIVIDENDS

The Board of Directors recommended that no dividend shall be declared for the year ended June 30, 2023, as the Company has incurred loss during the year, and needs available financial resources to ensure steady cash flows.

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, 2023.

I. GOVERNMENT SECTOR	(Rs. in Million)
Sales Tax paid	1,151.045
Income Tax paid	82.477
Power & Fuel	720.586
Financial Institution/ Banks	371.180
II. SOCIAL SECTOR	
Employees/Workers' salaries, Wages and other benefits	661.836

The company is providing employment to 1,275 workers (1,275 families with an average of 8 family members in KPK province) the employment cost of which shall now be about Rs.661.836 million per annum. The company also ensures employment to disabled persons in compliance with the rules set out by the Government.

CORPORATE SOCIAL RESPONSIBILITY:

The Company takes into account social, environmental, and ethical concerns within the broader business landscape. We are dedicated to actively striving to take into account and harmonize the needs of all stakeholders, with a special focus on the local community and our essential workforce. We firmly believe that education is a crucial driver of economic growth and poverty reduction. Pakistan urgently requires top-notch educational resources to empower and equip young individuals to reach their fullest potential. To support this cause, we annually contribute substantial sums to the "Waqf-e-Kuli Khan" Trust for educational scholarships.

HEALTH, SAFETY AND ENVIRONMENT

We are deeply committed to upholding the utmost standards in health, safety, and environmental practices to safeguard the welfare of our employees and the well-being of the communities where we operate.

MATERIAL CHANGES

There have been no material changes since June 30, 2023 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.

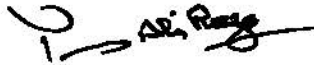
APPOINTMENT OF AUDITORS:

The Company's auditor's 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 recommends that the retiring auditors be re-appointed.

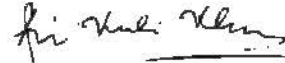
ACKNOWLEDGEMENT:

Your directors would like to express their gratitude for the dedication and hard work exhibited by the workforce, staff, and senior executives in attaining these outcomes, especially during these exceptionally challenging times. We also extend our heartfelt appreciation for the unwavering support provided by the financial institutions, as their help has been instrumental in sustaining our Company's production activities.

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: September 30, 2023

ڈائریکٹرز رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز کی جانب سے، 63 ویں سال 30 جون 2023 کے ختم ہونے پر کمپنی کے آڈیٹری جاری کردہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ

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

2022	2023	
	روپے ملین میں	
7,155.722	6,016.527	فروخت
(8,556.943)	(5,669.629)	فروخت کی لاگت
598.779	346.898	عمدہ منافع
402.765	241.847	آپریٹنگ سے منافع
189.742	(102.686)	ٹیکس سے پہلے منافع
169.836	(80.276)	ٹیکس سے بعد منافع

30.85	(11.61)	تفصیل آمدنی فی شیئر

کمپنی، 30 جون 2023 کو ختم ہونے والے سال کے دوران، گزشتہ سال کے 7,155.722 ملین روپے کے مقابلے میں 6,016.527 ملین روپے کا خالص کاروبار حاصل کرنے میں کامیاب رہی ہے۔ پچھلے سال کے مقابلے میں کاروبار میں 1,139.195 ملین روپے کی کمی ہوئی ہے۔ مزید، کمپنی نے اس سال میں ٹیکس سے پہلے 102.686 ملین روپے کا نقصان کیا ہے اور ٹیکس کے بعد کا نقصان 80.276 ملین روپے ہوا ہے۔ جبکہ گزشتہ سال ٹیکس سے پہلے کا منافع 189.742 ملین روپے تھا اور ٹیکس کے بعد کا منافع 169.836 ملین روپے تھا۔

اس نقصان کی سب سے بڑی وجہ خام مال کی لاگت میں خاطر خواہ اضافہ ہے جو کہ روپیہ کی قدر میں غیر معمولی کمی کی وجہ سے اور اسٹیٹ بینک آف پاکستان (ایس بی پی) کے ذریعہ درآمدی روٹی پر انتظامی درآمد کی پابندیوں کی وجہ سے ہوا ہے۔ کمپنی عمدہ دھارے جاری کرتی ہے اور بنیادی طور پر اس دھارے کے جاری کرنے کے لئے درآمد شدہ خام مال استعمال کرتی ہے۔ لہذا، مذکورہ بالا عوامل کی وجہ سے، خام مال کے اخراجات میں نمایاں اضافہ ہوا ہے۔ اس کے علاوہ، نقصان کی ایک اور وجہ ٹیکس کی قیمتیں اضافہ اور بجلی کے بلوں پر سہڈی واپس لینے کی وجہ سے کمپنی کے بجلی اور ایجنٹوں کے اخراجات میں کافی اضافہ ہوا ہے۔ مزید یہ کہ مالی سال 2022-23 میں سود کی شرحوں میں ایک لمبے لمبے اور تاریخی اضافہ دیکھا گیا۔ اس کے نتیجے میں، کمپنی کے ذریعہ اٹھائے جانے والے مالی اخراجات میں پچھلے سال کے مقابلے میں 125 لاکھ سے زیادہ کا اضافہ ہوا ہے۔ ان بلند مالی اخراجات نے کاروباری کارروائیوں سے حاصل ہونے والے منافع کو خطرے سے محموم کر دیا ہے۔

موجودہ سال کے دوران، حکومت نے رجسٹرڈ فروخت پر عام پبلک ٹیکس کی شرحوں کو 17 فیصد سے بڑھا کر 18 فیصد کر دیا، جبکہ غیر رجسٹرڈ فروخت پر اضافی سیکر ٹیکس بھی 9 فیصد سے بڑھا کر 4 فیصد کر دیا گیا ہے۔ اس ضمن میں، کمپنی کے فروخت کے بار جن کو وقتی طور پر متاثر کیا ہے۔

عمومی مارکیٹ کی حالت

سود کی شرح میں مستقل اضافے اور موجودہ سیاسی بحران کی وجہ سے مالی سال 2023 کے دوران ملک کی معاشی آب و ہوا منفی طور پر غیر متوقع رہی ہے۔ ان عوامل نے اجتماعی طور پر پاکستان کی معاشی رفتار میں رکاوٹ ڈالی ہے۔

اس عرصے کے دوران قومی ٹیکسٹائل کی برآمد میں ایک قابل ذکر زوال دیکھا گیا ہے۔ برآمدات کو بڑھانے کے لئے، غیر ملکی ذریعہ ادارہ کے ذخائر کو فروغ دینے اور برآمد کنندگان کو عالمی سطح پر مقابلہ کرنے کے قابل بنانے کے لیے حکومت کو برآمد پمپنی شیئروں خصوصاً ٹیکسٹائل کی صنعت کو ترجیح دینی ہوگی۔

فی الحال، ملک کی تاریخ میں سرچہ سود کی شرح غیر معمولی حد تک زیادہ ہے، جو مستقبل قریب میں، سود کی شرح میں مزید اضافے کی توقعات کے ساتھ کاروبار کو برقرار رکھنے کے لیے کافی چیلنج بنا رہی ہے۔ اس میں سود کی شرحوں میں مستقل اضافے کی وجہ سے منحنی شیڈ بھی ہماری تفصیلات کا دکھارہ ہے۔ مزید یہ کہ، سود کی شرحوں میں اضافے کے اس مستقل رجحان نے کاروبار کے مالی ذخائر کو کافی حد تک ختم کر دیا ہے، اور ان کی آمدنی کو مکمل طور پر ختم کر دیا ہے۔ لہذا، حکومت کے لئے فیصلہ کن اقدام اٹھانا اور صنعت کی مستقل استحکام کو یقینی بنانے کے لئے مناسب سطح پر سود کی شرحوں کو برقرار رکھنے کے لئے ٹیکس کو شیش کرنا بہت ضروری ہے۔

مستقبل کا نقطہ نظر

2023 میں، عالمی معیشت کو چیلنجوں کا سامنا کرنا پڑا جن میں روس اور یوکرین تنازعہ کی وجہ سے اہلی افراط زر فراہمی کے سلسلہ انتظام میں خلل اور اجناس کی غیر یقینی قیمتوں میں بڑھوتری شامل ہیں۔ ان عالمی مسائل کے ساتھ ساتھ ہماری خسارہ، زیادہ افراط زر، چاہ کن سیلاب اور آبی ایم ایف پروگرام کے جائزوں میں تاخیر جیسے عوامل نے پاکستان کی معاشی مشکلات کو مزید بڑھا دیا ہے۔ پاکستان نے سود کی شرحوں میں اضافے اور معیشت کو مستحکم کرنے کے لئے دیگر ممالک کی طرح پالیسی ایڈجسٹمنٹ پر عمل درآمد جیسے اقدامات اٹھائے۔ ان اقدامات نے عہدہ توازن کو کم کیا لیکن کاروبار کے لیے چیلنج بن گئے، جس کی وجہ

سے بے پروا کاری اور صارفین کی خریداری کی طاقت کم ہوگئی ہے۔
ترقی کی جا رہی ہے کہ آنے والا سال ایک بار پھر پاکستان کے لئے چیلنجنگ ہوگا کیونکہ آئی ایم ایف پر گرام کے سب سے مشکل شرائط کی قیام کرتے ہوئے مالی استحکام حاصل کرنے کی کوشش کی جائے گی۔
معاشرتی نقطہ نظر کا انحصار سیاسی استحکام، آئی ایم ایف اصلاحات اور صنعت کے معاون مالیاتی اقدامات، صنعتی سرگرمی اور طلب کو بڑھانے جیسے عوامل پر ہے۔ جو بحال، کھٹی پائیدار تاج کے لئے اپنے محصولات کے پورٹ فولیو اور کم لاگت کی کارکردگی کی کوششوں کا فائدہ اٹھانے کے لئے پر عزم ہے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک

ڈائریکٹرز کی رپورٹ اور ایگزیکٹو کمیٹی آف پاکستان اور لنڈن کیپٹال (کوڈ آف کارپوریٹ گورننس) مریگولیشنز، 2019 (سی ای سی ریگولیشنز) کے کارپوریٹ اور مالی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے

- ۱۔ کھٹی کے حسابات جس میں اکاؤنٹ کی کتابیں، نفع اور نقصان کا اکاؤنٹ، بیلنس شیٹ اور دیگر حسابات مروجہ قوانین کے تحت تیار کیے گئے ہیں۔
- ۲۔ کھٹی کے حسابات تیار کرنے کے لیے مناسب مالیاتی پالیسیوں کا استعمال کیا ہے۔
- ۳۔ کھٹی 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 عموماً 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۔ ایک جاری کاروبار کے طور پر چلنے میں، کھٹی کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔
- ۷۔ سی ای سی کے ضوابط میں شامل بہترین طریقوں سے کوئی خلاف ورزی نہیں ہوئی ہے۔
- ۸۔ 30/06/2023 پر کھٹی کے ذمہ کسی بھی قسم کا قانونی ٹیکس، لیوی یا چارج نہیں ہیں، ماسوائے ان ادائیگیوں کے جو ان کے جہان حسابات میں بتائی گئی ہیں۔
- ۹۔ 30 جون 2023 کو ختم ہونے والے سال کے دوران چیف ایگزیکٹو آفیسر، ڈائریکٹرز، چیف ٹیکس آفیسر اور کھٹی سیکرٹری یا ان کے شریک حیات اور تابعین چوں کے ذریعہ کھٹی کے حصص میں کوئی خرید و فروخت نہیں ہوئی ہے۔

بورڈ کی ساخت:

کھٹی کے ڈائریکٹرز کو 20 مئی 2023 کو منعقدہ کھٹی کی غیر معمولی جنرل میٹنگ میں دوبارہ منتخب کیا گیا۔ بورڈ کی تشکیل کوڈ آف کارپوریٹ گورننس ضوابط کے تقاضوں کے مطابق ہے۔ کھٹی اپنے بورڈ میں آزاد اور غیر ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ مستقل صحیح کی حوصلہ افزائی کرتی ہے۔
بورڈ کی تشکیل سی ای سی قوانین کے مطابق ہے۔ بورڈ کی حالیہ تشکیل کے حوالے سے یہ ہے۔

ڈائریکٹرز کی کل تعداد	۷
مرد	۵
خاتون	۲
آزاد ڈائریکٹرز	۲
دوسرے غیر ایگزیکٹو ڈائریکٹرز	۳
ایگزیکٹو ڈائریکٹرز	۲

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 مشترکہ حصول، داخلی کنٹرول کے نظام اور خطرے کے نظام اور آڈٹ کے عمل کے لئے انتظامیہ سے معلومات حاصل کرنے اور بیرونی آڈٹرز یا مشیروں کے ساتھ براہ راست مشورہ کرنے کے لئے خودی رہے جو مناسب سمجھا جاتا ہے۔ چیف ٹیکس آفیسر یا قائد کی سے اکاؤنٹس پیش کرنے کے لئے دھت کے ذریعے بورڈ آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں۔ ہر میٹنگ کے بعد کھٹی کے چیئر مین بورڈ کو رپورٹ کرتے ہیں۔ کھٹی نے 2022-23 کے دوران ہمارا ملاقات کی ہے۔

کھٹی کے ارکان کے نام مندرجہ ذیل ہیں۔

- ۱۔ میجر جنرل (ریٹائرڈ) (سیما سہیلہ) چیئر مین آزاد ڈائریکٹر
- ۲۔ جناب امجد علی خان تنگ رکن غیر ایگزیکٹو ڈائریکٹر
- ۳۔ کرنل (ریٹائرڈ) سید یونس علی رضا رکن آزاد ڈائریکٹر

آڈٹ کمیٹی نے اندرونی آڈٹ منسوب کے علاوہ اور آڈٹ کے نتائج اور اندرونی آڈٹ میٹرز کے ساتھ ساتھ ہر سال نصف اور سالانہ مالی معاملات کا جائزہ لیا۔

ممبر، بالا اجلاس کے علاوہ آڈٹ کمیٹی نے ہر وی آڈیٹرز کے ساتھ مل کر اور بعد میں چیف ٹیکس آفیسر (سی ایب اے) اور اندرونی آڈیٹ کے سربراہ (ایچ آئی اے) کے ساتھ بھی ملاقات کی ہے۔

انسانی وسائل اور معاوضے کی کمیٹی

کمیٹی نے سنٹرا لیزر ٹیکسٹائل کے معاوضے سے متعلق معاوضہ، عظیم اور ملازم کی ترقی کی پالیسیوں کے تمام حاصرا کا جائزہ لینے اور سٹارٹ کرنے اور انتظامی کمیٹی کے ممبران اور مینجمنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو دیکھ کر کے لئے ملاقات کی۔ کمیٹی کے سی ای ای او نے کمیٹی کے رکن کے طور پر مستند ہونے والے انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 2022-23 کے دوران ایک بار ملاقات کی۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں۔

۱۔	کرمل (ریٹائرڈ) سید پونس علی رضا	چیرمین	آزاد انریکٹر
۲۔	لجلیف بزل (ریٹائرڈ) علی علی خان تنگ	رکن	چیف ایگزیکٹو آفیسر
۳۔	جناب احمد علی خان تنگ	رکن	غیر ایگزیکٹو انریکٹر
۴۔	مستزہ شہناز سہا داہرہ	رکن	غیر ایگزیکٹو انریکٹر

پورڈ اور ای کی کمیٹیوں کے اجلاس:

سال 2022-23 کے دوران، 6 پورڈ کی میٹنگ، 4 آڈٹ کمیٹی اور ایک انسانی وسائل اور معاوضے کی کمیٹی کی میٹنگ منعقد ہوئیں۔ سال کے دوران ہر ڈائریکٹری طرف سے شرکت کی میٹنگ کی تعداد یہاں درج کی گئی ہے۔

ڈائریکٹری کے نام	21 مئی 2023 کو حالت	کمیٹی کے ممبران		حاضری	
		آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی	آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی
۱۔ جناب احمد علی خان تنگ	دو بار منتخب ہوئے	X	X	3/6	3/4
۲۔ لجلیف بزل (ریٹائرڈ) علی علی خان تنگ	دو بار منتخب ہوئے	X	X	6/6	0/1
۳۔ جناب گوہر ایوب خان	دو بار منتخب ہوئے			5/6	0
۴۔ مستزہ شہناز سہا داہرہ	دو بار منتخب ہوئی	X	X	6/6	1/1
۵۔ ڈاکٹر شاپین علی خان تنگ	دو بار منتخب ہوئی			4/6	0
۶۔ کرمل (ریٹائرڈ) سید پونس علی رضا	دو بار منتخب ہوئے	X	X	6/6	4/4
۷۔ میجر بزل (ریٹائرڈ) سید احمد ہلہ	21 مئی 2023 کو منتخب ہوئے	X		1/2	0/0
۸۔ بریگیڈیئر (ریٹائرڈ) حیدر علی خان	20 مئی 2023 کو ریٹائر ہوئے			4/4	4/4

ڈائریکٹری در خواست جس میں انہوں نے ذاتی مصروفیات کی بنا پر اجلاس میں حاضر ہونے سے محرومت کی جس کو کھول لیا گیا۔

پورڈ کے ڈائریکٹری اور پورڈ کی کمیٹیوں کی کارکردگی کا جائزہ:

سی ای ای صاحبہ کے مطابق، پورڈ تسلیم کرتا ہے کہ اسے مسلسل گھرائی اور اپنی کارکردگی کو بہتر بنانے کی ضرورت ہے۔ یہ کارکردگی کی سالانہ جانچ اور پورڈ کی جاری ترقیاتی سرگرمیوں کے ذریعے حاصل کیا جاتا ہے۔ ان کی لازمی ملازمت کے تقاضوں کے علاوہ، پورڈ اور اس کی کمیٹیوں کی کارکردگی کا سالانہ انفرادی اور اجتماعی سطح پر درج ذیل عوامل کے ساتھ جائزہ لیا جاتا ہے۔

- ۱۔ قابلیت، جہازت اور متوجہ نظر کے تحت مختلف افراد کا ملنا۔
- ۲۔ سالمیت، سماجی اور اعتماد ممبروں کی فعال شرکت۔
- ۳۔ انتظامیہ کے ذریعے شدہ سالانہ اجلاس کی ضروری اور جائزہ۔
- ۴۔ کمیٹی کو رہنمائی اور ہدایت فراہم کرنے کی اہلیت۔
- ۵۔ کمیٹی کی کارکردگی کے ایسے پہلوؤں کی نشاندہی کرنے کی اہلیت جس میں کارروائی کی ضرورت ہوتی ہے۔
- ۶۔ انتظامیہ کی پالیسی کی منصوبہ بندی کا جائزہ۔
- ۷۔ کمیٹی کو درپیش خطرات کی نشاندہی کرنا اور سمجھنے کی قابلیت۔
- ۸۔ کمیٹی کے ملازمین کی محنت، کام کرنے کے احوال اور دیگر پالیسیوں اور طریقوں کو بہتر بنانے کے سلسلے میں شرکت اور دلچسپی۔

۹۔ غیر ضروری قانونی چارہ جوئی وغیرہ سے کٹھنی کی حفاظت کرنا۔
 مذکورہ بالا عوامل کی بنیاد پر سال کے لیے بورڈ کی مجموعی کارکردگی اعلیٰ تھی۔ بورڈ کے اراکین کا فرط پنے سے بورڈ میں بہتری لاتے ہیں اور آواز اور فیڈ بیک میکانیسمز کا مرکز بن گئے ہیں۔ بورڈ کٹھنی 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 کٹھنی کے پاس گنیز ایکٹ 2017 اور سی سی جی معاہدہ کے مطابق اس سلسلے میں ایک ری پالیسی ہے۔ کٹھنی میٹنگوں میں شرکت کی فیس کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔

ایگزیکٹو ڈائریکٹرز:

کٹھنی میں صرف دو ایگزیکٹو ڈائریکٹرز ہیں، جن میں کٹھنی کے چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹر پبلک ریلیشن ہیں۔ سال کے دوران کٹھنی کے ان کو ادا کیے گئے معاوضے کی تفصیلات درج ذیل ہیں۔

2022	2023	تفصیلات
روپے 000 میں		
6,336	7,536	معاوضہ
851	434	بونس / ایکس گرینڈ
528	528	ریٹائرمنٹ کے فوائد
477	477	پینشن کی تنخواہ
1,534	1,682	دیگر فوائد
9,526	10,657	کل رقم

مزید تفصیلات موجودہ مالی اعداد و شمار اس کتاب کے نوٹ نمبر 42 اور 43.2 میں موجود ہیں۔

شیر ہوٹلڈ اور جی اے پی ٹیگ اور مالی اعداد و شمار (گزشتہ چھ سال کے)

شیر ہوٹلڈ اور جی اے پی ٹیگ اور مالی اعداد و شمار اس کتاب میں موجود ہیں۔

شیر ہوٹلڈ کا بیٹرن

30 جن، 2023 پر شیر ہوٹلڈ کے بیٹرن اور اس سے حلقہ امتناعی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

ڈی پی سی

موجودہ مالی سال میں نقصان کی وجہ سے اور مالیاتی پوزیشن کو دیکھتے ہوئے ڈائریکٹرز نے نقد منافع نہ دینے کی سفارش کی ہے۔

حکومت اور سماجی ذمہ داری کی شراکت

اس سال آپ کی کٹھنی نے حکومت اور سماجی ذمہ داری کو ترجیح دیا اور اپنا عمل جاری رکھا۔

رقم ملین میں

	۱۔ حکومتی اداروں کو ادا کیے
1,151.045	سیلز ٹیکس کی مدد میں
82.477	آگ ٹیکس کی مدد میں
720.586	پکٹی اور ٹیکس کی مدد میں
371.180	بیکوں کو ادا کیے
661.836	۲۔ ملازمین کی تنخواہوں اور دیگر فوائد کی مدد میں

ہم نے اوسط 1,275 مستقل افراد کو ملازمت دے دی ہے ہیں جو کہ ٹیئر بہت خوشنوا کے صوبے میں کم از کم 18 افراد پر مشتمل 1,275 خاندان کے سہارا ہیں۔ جس کا سالانہ خرچہ 661.836 ملین روپے ہے۔

سماجی ذمہ داری برائے کارپورٹ

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 چاروں اداروں کی صلاحیتوں کو استعمال کرنے میں مدد کے لیے ہم ہر سال وقف قلمی خانہ نرسٹ کو گرامز 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 اطلاع دہم کو یقینی بنایا جاسکے جو ہمارے ساتھ کام کرتے ہیں اور ان کی بہتری کی بھی جہاں ہم کام کرتے ہیں۔

مادی اور ماحولیات:

رپورٹ کی تاریخ میں 30 جون 2023 سے اب تک کوئی مادی تبدیلی نہیں آئی ہے اور کھپنی نے اس مدت کے دوران کوئی معاہدہ نہیں کیا ہے جس سے کھپنی کی مالی پوزیشن پر مادی اثر پڑے گا۔

آڈیٹر کی رپورٹ میں دیئے گئے اعتراض کا جواب:

کھپنی نے گیس انفراسٹرکچر ڈیولپمنٹ سیس (GIDC) کے ماحولیات کے خلاف کوئی رقم تقصیر نہیں کی کیونکہ کھپنی نے پیریم کورٹ آف پاکستان (SCP) کے مورچہ 13/08/2020 کے فیصلے اور 02/11/2020 کوکھپنی کی درخواست کے اس فیصلے کے بعد پشاور ہائی کورٹ (PHC) میں ایکٹ 2015 کے سیکشن 8(2) کے مطابق استغاثی کے دائرہ کار میں GIDC کی وصولی کو مستحق کیا ہے۔ تاہم، PHC نے اپنے فیصلے کے مطابق 15 جون 2022، نے KP ٹیکسٹائل ٹریڈ 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 جو خالق پتہ پتی تازمات میں داخل ہو سکتا ہے اور مذہبی خالق کے ختم از سر مولات کا فیصلہ کر سکتا ہے۔ تاہم، PHC نے درخواست گزاروں کو اس معاملے میں دائرہ اختیار دیکھنے والی ایک قابل قانون عدالت سے رجوع کرنے کی اجازت دی ہے۔

کھپنی اور بی پی ایم نے جولائی، 2022 کے دوران، سیکرٹری سٹیج، پشاور کی عدالت میں گیس دائر کی درخواست کی ہے کہ وہ یہ اعلان کرے کہ کھپنی اور بی پی ایم نے اپنے صارفین پر مادی ڈی سی کے پروجیکٹس ڈالا۔ بی آئی ڈی سی ایکٹ 2015 کے سیکشن 8(2) کے تحت قائم/پھوٹ کا حقدار ہے جس میں دیگر باتوں کے ساتھ یہ کہا گیا ہے کہ:

(2) جوں ڈی پی (1) میں حوالہ دیا گیا کوئی بھی سیس اس ایکٹ کے نافذ ہونے سے پہلے ادا نہیں کیا گیا یا اس کی وصولی نہیں کی گئی ہے یا اگر ادا کی گئی ہے یا وصول کی گئی ہے تو اسے واپس کر دیا گیا ہے یا دیگر فیسوں یا ٹیکسوں یا ادائیگیوں کے مقابلے میں ایڈجسٹ کیا گیا ہے جس صارفین یا کھپنی کے ذریعہ اس ایکٹ کی دفعات کے مطابق وصول کیا جائے گا:

بڑھتی ہوئی سیس صلیقی شیے سے متعلق نہیں کیا جائے گا سوائے ٹریڈ انٹرنیشنل اسٹاک کے جس کا ذکر ایس فیبر 3، دوسرے شیڈول جو کہہ دوں گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ، 2011 (XXIV 2011) اور گیس انفراسٹرکچر ڈیولپمنٹ سیس آرڈیننس، 2014 (VI 2014) میں ہے۔

عدالت نے بی آئی ڈی سی کی ریکوری کے خلاف حکم امتناعی جاری کیا ہے، کیونکہ کھپنی، ایک سپنگ یونٹ ہونے کے ناطے اور دیگر سیکٹر کے لیے خام مال تیار کرتی ہے، اس نے بی آئی ڈی سی کا پورا پورا صارفین نہیں ڈالا۔ یارن مارکیٹ رگولیشنز مارکیٹ گیس سے یعنی ٹیکسٹائل یونٹ قیمت لینے والے ہیں نہ کہ قیمت بانٹنے والے، اس لیے اسپنگ سیکٹور میں بی آئی ڈی سی شامل نہیں کرنا اور کھپنی طور پر اس نے اپنے صارفین سے وصول نہیں کیا ہے۔

کیس (ری اسٹو) ہے اور کھپنی کے نکال دینے کا ہے کہ ہمارا کیس بہت مضبوط اور درست ہے، اس لیے ہمیں امید ہے کہ عدالت کا فیصلہ کھپنی اور اسپنگ انڈسٹری کے حق میں آئے گا۔

آڈیٹر کی تقرری

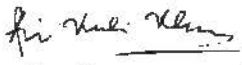
کھپنی کے آڈیٹر جو کہ میسر شائن ونگ حمید چوہدری ایڈ کھپنی، چارڈرڈ اکاؤنٹنٹ، مے وینک سٹور، لاہور جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کھپنی کی بورڈ آف ڈائریکٹرز اور بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے سفارش کی ہے۔

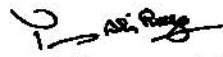
اجتراء

بورڈ آف ڈائریکٹرز کھپنی کے بینکاروں کی قدر کرتا ہے جو کہ مسلسل کھپنی کی مالی مشکلات میں بروقت مدد کرتے ہیں۔ اسکے علاوہ کھپنی کی انتظامیہ اور کارکنوں کی صحت کو بے مثال مشکل حالات میں بہتر نتائج حاصل کرنے پر شاہد ہوتا ہے۔ اور امید کرتا ہے کہ مستقبل میں اس گمن اور صحت سے کام کرتے رہیں گے۔

کھپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

تاریخ: 30 ستمبر 2023


 لطیف جتزل (ریٹائر) اعلیٰ قلمی خان سٹیک
 چیف ایگزیکٹو آفیسر


 کرنل (ریٹائرڈ) سید یونس علی رضا
 ڈائریکٹر

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

PARTICULARS		— Restated —					
		2023	2022	2021	2020	2019	2018
Spindles installed	Nos.	101,320	101,320	100,200	64,704	64,704	64,704
Rotors installed	Nos.	600	600	600	600	600	600
PRODUCTION	Lbs. in million	14.340	17.636	14.406	11.037	13.092	13.233
Sales - Net	Rs. in million	6,016.527	7,155.722	5,610.298	2,754.564	3,379.664	2,782.025
Gross Profit	— " —	346.898	598.779	775.052	259.259	264.771	127.022
Profit from operations	— " —	241.847	402.765	594.674	163.708	138.124	19.608
Profit / (Loss) before Taxation	— " —	(102.686)	189.742	434.368	(60.203)	41.272	(72.151)
Provision for Taxation	— " —	(22.410)	19.906	161.264	41.307	34.976	(9.627)
Profit / (Loss) after Taxation	— " —	(80.276)	169.836	273.104	(101.510)	6.296	(62.524)
Earning / (Loss) per share	Rupees	(11.61)	30.85	57.08	(21.22)	1.32	(13.07)
Breakup Value per share	— " —	949.72	957.47	733.60	680.92	672.41	676.75
Total Assets	Rs. in million	9,636.386	10,039.725	5,275.592	5,052.315	4,682.062	4,974.567
Current Liabilities	— " —	(2,295.847)	(2,425.686)	(1,385.856)	(1,497.225)	(1,204.241)	(1,506.888)
	— " —	7,340.539	7,614.039	3,889.736	3,555.090	3,477.821	3,467.679
REPRESENTED BY:							
Share Capital	Rs. in million	69.158	69.158	47.848	47.848	47.848	47.848
Reserves and Un-appropriated Profit	— " —	6,498.971	6,552.511	3,462.267	3,210.234	3,169.511	3,190.262
Equity	— " —	6,568.129	6,621.669	3,510.115	3,258.082	3,217.359	3,238.110
Lease liabilities	— " —	2.034	0.000	1.084	3.541	0.000	0.000
Long term finances	— " —	138.691	263.616	3.567	0.000	0.000	0.000
Deferred Liabilities	— " —	631.685	728.754	374.970	293.467	260.462	229.569
	— " —	7,340.539	7,614.039	3,889.736	3,555.090	3,477.821	3,467.679

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 3**

4. No of shareholders	Shareholdings	Total shares held
1652	shareholding from 1 to 100 shares	45,193
659	shareholding from 101 to 500 shares	156,953
170	shareholding from 501 to 1000 shares	128,693
156	shareholding from 1001 to 5000	355,911
19	shareholding from 5001 to 10000	138,247
16	shareholding from 10001 to 15000	198,960
1	shareholding from 15001 to 20000	17,500
3	shareholding from 20001 to 25000	72,200
1	shareholding from 30001 to 35000	31,000
2	shareholding from 35001 to 40000	76,633
2	shareholding from 40001 to 45000	84,895
1	shareholding from 50001 to 55000	53,500
1	shareholding from 55001 to 60000	56,024

1	shareholding from 800001 to 85000	80,419
1	shareholding from 900001 to 95000	90,500
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 295001 to 300000	300,000
2	shareholding from 340001 to 345000	685,000
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
2696	Total	6,915,822

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	74,550	1.08
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.	495,214	7.16
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 Bannu Woollen Mills Ltd	2,031,291	29.37
		1,659,643	24.00
5.8	General Public a. Local b. Foreign	2,024,431	29.27
		NIL	NIL
5.9	Others (to be specified) Other Companies Secretary to Govt. of KPK Deputy Administrator (Abandoned Properties) Sheriar F. Irani Investment Trust Ltd.	7,647	0.13
		143,806	2.08
		1201	0.02
		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		Month		Year			
3	0	0	6	2	0	2	3

**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
MAJ. GEN. (RETD) SAEED AHMED WAHLA Director	3
COL. (RETD) SYED YUNUS ALI RAZA Director	100
5. EXECUTIVES	627
6. OTHER COMPANIES	7,647
7. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	534,474
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	2,168,841

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 2023

The Company has complied with the requirements of the Statements 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*	Maj. Gen. (Retd) Saeed Ahmed Wahla Col. (Retd) Syed Yunus Ali Raza
Non-executive Directors	Mr. Ahmad Kuli Khan Khattak Mr. Gohar Ayub Khan
Executive Directors	Lt. Gen. (Retd) Ali Kuli Khan Khattak Dr. Shahin Kuli Khan Khattak
Female Director	Mrs. Shahnaz Sajjad Ahmad

*** 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.

One of the Remaining two directors, elected Director on 21st May 2023, whereas the other has not undertaken the requisite training program mainly due to his 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) | Maj. Gen. (Retd) Saeed Ahmed Wahla | 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 |

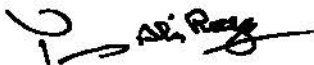
15. The Board has set up an effective internal audit department, its officers possess requisite qualification and experience for the responsibilities and are conversant with the policies and procedures of the Company.

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.

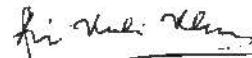
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed the IFAC's guidelines in this regard.

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



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



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

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

**Review Report on the Statement of Compliance contained in Listed
(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, 2023 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, 2023.

LAHORE; SEPTEMBER 30, 2023
UDIN: CR2023101959y3lpdDQu

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, 2023, 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, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 29.4 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>Valuation of stock-in-trade</p> <p>The value of stock-in-trade at the reporting date aggregated Rs.1,465 million representing 75% of the Company's total current assets. Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 10).</p> <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished</p> <p>We identified this as key audit matter in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.</p>	<p>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> - assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards; - attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; - assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; - tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; - assessed the management's determination of net realisable value of inventories by performing tests on sale prices secured by the Company for similar items; and - performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices.
2.	<p>Contingencies</p> <p>The Company is subject to material litigations involving different Courts pertaining to taxation and other matters, which require management to make assessments and judgments with respect to likelihood and impact of such litigations on the financial statements of the</p> <p>The management has engaged independent legal counsels on these matters.</p>	<p>In response to this matter, we performed following audit procedures:</p> <ul style="list-style-type: none"> - discussed legal cases with the internal legal department of the Company to understand the management's view point, obtained and reviewed the litigation documents to assess the facts and circumstances; - obtained opinions from legal counsels dealing with such cases in the form of confirmations;

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>The assessment of provisioning against such litigations is a complex exercise and requires significant judgments to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessments are disclosed in note 29 to these financial statements.</p>	<p>- evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and</p> <p>- disclosures of legal exposures and provisions were assessed for completeness and accuracy.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

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

Shinewing Hameed Chaudhri & Co.

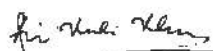
LAHORE; September 30, 2023
UDIN: AR202310195M8igr7d4V

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

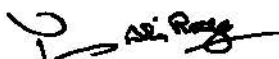
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

		2023	2022
	Note	Rupees in thousand	
ASSETS			
Non-current assets			
Property, plant and equipment	5	7,592,697	7,674,209
Intangible assets	6	1,040	0
Investments in Associated Company	7	71,693	68,691
Loans to employees	8	1,236	873
Security deposits		14,346	14,346
		<u>7,681,012</u>	<u>7,758,119</u>
Current assets			
Stores, spares and loose tools	9	90,099	118,411
Stock-in-trade	10	1,465,360	1,822,914
Trade debts	11	62,405	9,607
Advances to employees		1,588	2,219
Advance payments	12	19,998	23,013
Trade deposits and prepayments	13	77,271	75,876
Other receivables	14	622	3,513
Income tax refundable, advance tax and tax deducted at source		197,372	208,884
Cash and bank balances	15	40,639	17,169
		<u>1,955,374</u>	<u>2,281,606</u>
TOTAL ASSETS		<u>9,636,386</u>	<u>10,039,725</u>
EQUITY AND LIABILITIES			
Equity			
Authorised capital	16	1,000,000	450,000
Issued, subscribed and paid-up capital	17	69,158	69,158
Treasury shares	1.2	(3,410)	(3,410)
Capital reserves:			
- other capital reserves	18	23,803	23,803
- revaluation surplus on property, plant and equipment	19	5,110,134	5,124,591
Revenue reserves			
- general reserve		371,530	371,530
- unappropriated profit		996,914	1,035,997
Shareholders' equity		<u>6,568,129</u>	<u>6,621,669</u>
Liabilities			
Non-current liabilities			
Lease liabilities	20	2,034	0
Long term finances	21	138,691	263,816
Staff retirement benefits - gratuity	22	100,467	104,794
Deferred taxation	23	531,218	623,960
		<u>772,410</u>	<u>992,370</u>
Current liabilities			
Trade and other payables	24	421,890	769,393
Contract liabilities		77,675	95,954
Unclaimed dividends		2,715	2,715
Accrued mark-up		1,017	52,215
Short term finances	25	1,556,639	1,346,760
Current portion of non current liabilities	26	159,723	60,285
Taxation	27	75,207	97,173
Preference shares redemption account	28	1,191	1,191
		<u>2,295,847</u>	<u>2,425,686</u>
Total liabilities		<u>3,068,257</u>	<u>3,418,056</u>
Contingencies and commitments	29		
TOTAL EQUITY AND LIABILITIES		<u>9,636,386</u>	<u>10,039,725</u>

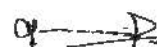
The annexed notes 1 to 50 form an integral part of these financial statements.



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



Col. (Retd) Syed Yunus Ali Raza
Director

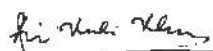


Amin-ur-Rasheed
Chief Financial Officer

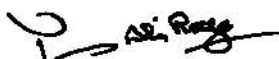
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees In thousand	2022
Sales	30	6,016,527	7,155,722
Cost of sales	31	5,669,629	6,556,943
Gross profit		346,898	598,779
Distribution cost	32	59,077	60,451
Administrative expenses	33	121,224	110,498
Other expenses	34	12,587	25,715
Other Income	35	(87,837)	(650)
		105,051	196,014
Profit from operations		241,847	402,765
Finance cost	36	324,940	143,070
		(83,093)	259,695
Share of profit from Associated Company - net	7	643	8,732
Impairment loss on Investments In Associated Company	7	(20,236)	(78,685)
		(19,593)	(69,953)
(Loss) / profit before taxation		(102,686)	189,742
Taxation	37	(22,410)	19,906
(Loss) / profit after taxation		(80,276)	169,836
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
- income / (loss) on remeasurement of staff retirement benefit obligation	22	5,832	(17,735)
- Impact of tax		(1,691)	5,143
		4,141	(12,592)
- surplus arisen upon revaluation of property, plant and equipment	19.2	0	3,032,726
- deferred taxation	19.2	0	(157,753)
		0	2,874,973
- share of other comprehensive loss of Associated Companies		(773)	(1,423)
- Impact of tax		224	(413)
	7	(549)	(1,010)
		3,592	2,861,371
Total comprehensive (loss) / income		(76,684)	3,031,207
		---- Rupees ----	
(Loss) / earnings per share	38	(11.61)	30.85

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



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



Col. (Retd) Syed Yunus Ali Raza
Director

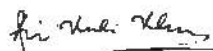


Amin-ur-Rasheed
Chief Financial Officer

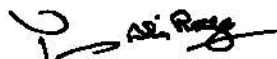
**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Share capital	Treasury shares	Reserves							Total
			Capital				Revenue			
			Capital redemption	Tax holiday	Share premium	Revaluation surplus on property, plant and equipment	Merger reserve	General	Unappropriated profit	
Rupees in thousand										
Balance as at June 30, 2021	47,848	0	8,694	380	11,409	2,383,716	0	371,530	718,868	3,910,115
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	5,388	0	0	5,388
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	169,838	169,838
- 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	(19,084)	0	0	19,084	0
Share of revaluation surplus on property, plant and equipment of Associated Company	0	0	0	0	0	57,087	0	0	0	57,087
Balance as at June 30, 2022	69,168	(3,410)	8,694	380	11,409	8,124,891	5,388	371,530	1,038,997	6,821,669
Total comprehensive loss for the year ended June 30, 2023:										
- loss for the year	0	0	0	0	0	0	0	0	(86,278)	(86,278)
- other comprehensive income	0	0	0	0	0	0	0	0	3,892	3,892
	0	0	0	0	0	0	0	0	(76,684)	(76,684)
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	(37,801)	0	0	37,801	0
Share of revaluation surplus on property, plant and equipment of Associated Company	0	0	0	0	0	23,144	0	0	0	23,144
Balance as at June 30, 2023	69,168	(3,410)	8,694	380	11,409	8,110,134	5,388	371,530	896,814	6,568,128

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



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



Col. (Retd) Syed Yunus Ali Raza
Director

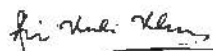


Amin-ur-Rasheed
Chief Financial Officer

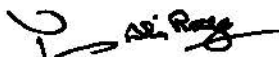
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	Rupees in thousand	
Cash flows from operating activities		
(Loss) / profit for the year - before taxation and share of profit / (loss) of Associated Companies	(83,093)	259,695
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	166,882	104,095
Depreciation on right of use assets	1,271	1,889
Amortisation of intangible assets	260	0
Provision for Impairment of trade debts	129	0
Gain on sale of operating fixed assets	(5,043)	(552)
Staff retirement benefits - gratuity (net)	1,505	12,105
Excess workers' welfare fund provision - reversed	(928)	0
Unclaimed payable balances of cotton and store suppliers of prior years - written back	(81,856)	0
Receivable balances of cotton and store suppliers - written off	4,286	0
Debtors balances - written off	5,277	0
Letter of credit claims - written off	2,895	0
Finance cost	319,982	136,862
Profit before working capital changes	331,767	514,094
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	28,312	(34,724)
Stock-in-trade	357,534	(489,458)
Trade debts	(58,204)	4,489
Loans and advances to employees	288	(1,508)
Advance payments	(1,271)	3,026
Trade deposits and prepayments	(1,395)	2,818
Other receivables	(4)	592
(Decrease) / Increase in trade and other payables and contract liabilities	(283,408)	44,564
	41,832	(450,199)
Cash generated from operations	373,599	63,895
Taxes paid	(82,477)	(156,632)
Net cash generated from / (used in) operating activities	291,122	(92,737)
Cash flows from investing activities		
Fixed capital expenditure - net	(87,787)	(358,493)
Proceeds from sale of operating fixed assets	6,189	600
Intangible assets acquired	(1,300)	0
Security deposits	0	(11,874)
Net cash used in investing activities	(82,898)	(369,767)
Cash flows from financing activities		
Lease liabilities	2,382	(3,583)
Long term finances - net	(25,835)	175,002
Short term finances - net	209,879	376,686
Finance cost paid	(371,180)	(101,458)
Net cash (used in) / generated from financing activities	(184,754)	446,647
Net increase / (decrease) in cash and cash equivalents	23,470	(15,857)
Cash and cash equivalents - at beginning of the year	17,169	18,886
Cash and cash equivalents acquired upon merger of Babri Cotton Mills Ltd.	0	14,140
Cash and cash equivalents - at end of the year	40,639	17,169

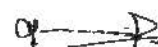
The annexed notes 1 to 50 form an integral part of these financial statements.



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



Col. (Retd) Syed Yunus Ali Raza
Director



Amin-ur-Rasheed
Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 had sanctioned the Merger Scheme without any modifications, additions, or deletions.

As the Court had not specified any effective date of merger in its order, the Board of Directors of JDM had 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 were 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 were cancelled;

(iv) - JDM had 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 were issued to the entitled shareholders of BCM;

(v) - BCM was 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 was delisted from the Pakistan Stock Exchange Ltd. with effect from April 04, 2022. Trading in shares of BCM was suspended with effect from February 15, 2022 and the shares of surviving entity (JDM) were issued to the shareholders of BCM as per the swap ratio.

1.3 Accounting policy for merger

JDM had adopted the following accounting policy that involved 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 were recorded at their existing carrying values (at the cut-off date).

(II) - no goodwill was 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, was recognised within equity as merger reserve.

(iv) - any intercompany balances and investments were eliminated.

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

JDM had 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	(279,080)
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 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act 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.
- Useful lives, residual values and amortisation method of intangible assets - notes 4.2 and 6.
- Provision for impairment of inventories - notes 4.4, 4.5, 9 and 10.
- Allowance for expected credit loss - note 4.6.
- Impairment loss of non-financial assets other than inventories - note 4.8.
- Staff retirement benefits - gratuity - notes 4.10 and 22.
- Estimation of provisions - note 4.12.
- Estimation of contingent liabilities - notes 4.13 and 29.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.14, 23 and 27.

The revision 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 and interpretations to published accounting and reporting standards that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 Amendments and interpretations to accounting and reporting standards that became effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 01, 2022 but does not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

3.2 Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There is a standard 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, 2022. The standard 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, 2022.

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 date the asset acquired or capitalised has become available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

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. During the current financial year, liabilities have been discounted using the Company's incremental borrowing rates ranging from 18.85% to 23.85%. 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 Intangible assets and amortisation thereon

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation. Amortisation is taken to statement of profit or loss applying straight-line method to amortise the cost of intangible assets over their estimated useful life. Rate of amortisation is stated in note 6.2.

4.3 Investments in Associated Company

Investments in Associated Company are accounted for by using equity basis of accounting, under which the investments in Associated Company 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 Company after the date of acquisition. The Company's share of profit or loss of the Associated Company is recognised in the Company's profit or loss. Distributions received from Associated Company 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 Company arising from changes in the Associated Company's equity that have not been recognised in the Associated Company's 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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, 2023 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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 44 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT	Note	2023	2022
		Rupees In thousand	
Operating fixed assets - tangible	5.1	7,532,536	7,625,994
Capital work-in-progress	5.11	56,025	43,107
Right of use assets	5.12	4,136	5,108
		<u>7,592,697</u>	<u>7,674,209</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, 2021																
Cost / revaluation	1,728,910	1,247	282,078	7,991	7,889	13,628	1,644,833	267,481	4,311	18,367	3,742	2,318	39,268	7,993	3,174	3,847,395
Accumulated depreciation	0	121	41,164	1,679	845	1,113	503,645	82,427	2,788	6,079	3,127	1,747	25,419	2,721	2,848	685,391
Book value	1,728,910	1,126	220,914	6,322	7,236	12,515	1,141,188	185,054	1,523	12,288	655	571	13,849	5,272	326	3,162,004
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)	330,690	10	142,935	17,753	868	2,396	690,997	115,982	1,186	1,991	712	595	2,157	81	390	1,219,694
Book value of non-current assets held-for-sale by BCM acquired upon merger of BCM with and into JDM (note 1.4)	168,640	0	0	0	0	11,622	0	0	0	0	0	0	0	0	0	189,162
Additions	0	0	0	0	0	0	138,663	0	0	769	75	146	9,429	0	0	149,071
Revaluation adjustments																
Cost / revaluation	2,468,780	0	164,484	14,677	3,846	15,857	0	0	0	0	0	0	0	0	0	2,667,363
Depreciation	0	0	56,188	1,790	1,029	2,825	277,999	7,508	0	0	0	0	0	0	0	345,343
Disposals																
Cost	0	0	0	0	0	0	0	0	0	0	0	0	(1,599)	0	0	(1,599)
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	373	915	86,338	16,326	182	480	181	269	3,964	284	148	104,895
Book value	4,702,890	1,079	569,467	40,331	12,193	43,483	1,992,989	221,928	2,627	10,598	2,391	901	21,424	5,054	579	7,625,994
Year ended June 30, 2023:																
Additions	0	0	0	0	0	0	19,786	0	0	939	0	0	53,978	0	0	74,671
Disposals																
Cost / revaluation	0	0	0	0	0	0	(4,479)	0	0	0	0	0	(5,962)	0	0	(10,432)
Depreciation	0	0	0	0	0	0	3,691	0	0	0	0	0	6,856	0	0	9,288
Depreciation for the year	0	54	28,473	2,917	816	2,170	100,380	22,193	131	329	115	286	9,496	253	173	168,862
Book value	4,702,890	1,025	549,994	38,314	11,553	41,233	1,910,848	199,735	2,496	10,998	2,168	873	65,478	4,991	406	7,532,536
As at June 30, 2022																
Cost / revaluation	4,702,890	1,257	569,467	40,331	12,193	43,483	2,289,683	323,173	5,497	19,127	4,529	2,968	49,265	8,039	3,573	8,969,595
Accumulated depreciation	0	178	0	0	0	0	291,694	191,246	2,879	8,569	2,228	2,007	27,541	2,988	2,964	442,811
Book value	4,702,890	1,079	569,467	40,331	12,193	43,483	1,992,989	221,928	2,627	10,558	2,391	961	21,424	5,054	579	7,625,994
As at June 30, 2023																
Cost / revaluation	4,702,890	1,287	549,994	38,314	11,553	41,233	2,296,989	323,173	5,497	20,066	4,829	2,968	97,178	8,039	3,873	8,132,643
Accumulated depreciation	0	232	28,473	2,917	816	2,170	388,323	123,438	3,091	8,098	2,343	2,286	31,702	3,238	3,167	600,167
Book value	4,702,890	1,025	549,994	38,314	11,553	41,233	1,910,848	199,735	2,496	10,998	2,168	873	65,478	4,991	406	7,532,536
Depreciation rate (%)		6	5	5	5	5	6	10	5	5	5	38	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 19.2, 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:

	2023	2022
	Rupees In thousand	
Freehold land	487,580	487,580
Buildings on freehold land:		
- factory	164,881	173,559
- non-factory	17,522	18,444
Residential:		
- officers	731	769
- workers	18,102	19,055
Plant & machinery	1,387,346	1,441,184
Generators	175,112	194,569
	<u>2,251,274</u>	<u>2,335,160</u>

- 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
	<u>6,300,230</u>

- 5.9 Depreciation for the year has been apportioned as under:

Cost of sales	161,202	101,262
Administrative expenses	5,680	2,833
	<u>166,882</u>	<u>104,095</u>

- 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 —————

2023

Plant & machinery having book value of less than Rs.500 thousand each	4,470	3,651	819	683	(136)	Mr. Waqas Ahmad, Topi, District Sawabi.
Vehicles having book value of less than Rs.500 thousand each	5,962	5,635	327	5,506	5,179	Various Individuals and IGI General Insurance Ltd.
	<u>10,432</u>	<u>9,286</u>	<u>1,146</u>	<u>6,189</u>	<u>5,043</u>	
2022						
Nissan Sunny	1,590	1,542	48	600	552	

5.11 Capital work-in-progress	Note	2023	2022
		Rupees in thousand	
Advances paid to Peshawar Electric Supply Company Ltd. as capital cost of new HT line for extension of load of the Company		43,107	43,107
Advances paid to Sui Northern Gas Pipelines Ltd. for laying of line pipe for rectification of low pressure problem		12,918	0
		58,025	43,107
5.12 Right of use assets			
Balance at beginning of the year		5,108	7,485
Additions during the year		5,175	0
Adjustment upon merger of BCM with and into JDM		0	(488)
Impact of reassessment		(194)	0
Transfer to owned assets:			
- cost		(9,208)	0
- accumulated depreciation		4,526	0
Depreciation charge for the year	5.13	(1,271)	(1,889)
Book value at end of the year		4,136	5,108
5.13 Depreciation for the year has been apportioned as under:			
Cost of sales		213	1,250
Administrative expenses		1,058	639
		1,271	1,889
6. INTANGIBLE ASSETS			
Additions during the year		1,300	0
Less: amortisation charge for the year		260	0
Book value as at June 30 ,		1,040	0
6.1	The Company, during the current financial year, has acquired SARP ERP Software costing Rs.1.300 million from Cosmosoft Business Solutions (Pvt.) Ltd.		
6.2	Amortisation is charged to income applying straight-line method at the rate of 20% per annum.		

7. INVESTMENTS IN AN ASSOCIATED COMPANY - Quoted	2023	2022
	Rupees in thousand	
Bannu Woollen Mills Ltd. (BWM)		
731,626 (2022: 731,626) ordinary shares of Rs.10 each - cost	7,697	7,697
Shareholding held: 7.70% (2022: 7.70%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM	97,110	89,388
Share of revaluation surplus on property, plant and equipment	200,718	177,574
Profit for the year - net of taxation	643	8,732
Share of other comprehensive loss - net of taxation	(549)	(1,010)
	<u>305,619</u>	<u>282,381</u>
Less: impairment loss opening balance	(213,690)	(135,005)
charge for the year	(20,236)	(78,685)
closing balance	(233,926)	(213,690)
	<u>71,693</u>	<u>68,691</u>

7.1 Although the Company has less than 20% voting rights in BWM as at June 30, 2023 and 2022, BWM has been treated as an Associated Company by virtue of common directorships.

7.2 Market value of the Company's investments in BWM as at June 30, 2023 was Rs.16.374 million (2022: Rs.21.949 million).

7.3 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, 2023 is as follows:

Summarised statement of financial position

Non-current assets	2,410,250	2,448,322
Current assets	1,231,653	1,152,127
	<u>3,641,903</u>	<u>3,600,449</u>
Non-current liabilities	214,496	160,236
Current liabilities	583,776	547,006
	<u>798,272</u>	<u>707,242</u>
Net assets	<u>2,843,631</u>	<u>2,893,207</u>
Reconciliation to carrying amount		
Opening net assets	2,893,207	2,826,851
Loss for the year	(343,161)	(662,395)
Other comprehensive income / (loss) for the year	287,743	(13,127)
Other adjustments*	5,842	741,878
Closing net assets	<u>2,843,631</u>	<u>2,893,207</u>

* These mainly comprise of effect of share of revaluation surplus on property, plant and equipment.

	Note	2023 Rupees In thousand	2022
Company's share percentage 7.70% (2022: 7.70%)			
Company's share		218,960	222,777
Impairment loss and miscellaneous adjustments- net		(147,267)	(154,086)
Carrying amount of investment		<u>71,693</u>	<u>68,691</u>
Summarised statement of profit or loss			
Sales		<u>1,038,734</u>	<u>969,515</u>
Loss before taxation		<u>(329,620)</u>	<u>(646,211)</u>
Loss after taxation		<u>(343,161)</u>	<u>(662,395)</u>
7.4	The value of investments in BWM as at June 30, 2023 and June 30, 2022 is based on independent valuation carried-out by M/s Aamir Salman Rizwan, Chartered Accountants - a QCR rated firm, having office at 275, Block H1, M.A. Johar Town, Lahore, engaged by the management. The recoverable amount has been estimated based on value in use calculations. These calculations have been made on discounted cash flow based valuation methodology, which assumed gross profit margin of 28.80% (2022: 31.00%), terminal growth rate 3.82% (2022:3.91%) and capital asset pricing model based discount rate of 21.69% (2022:19.23%).		
7.5	The decrease in Value in Use (VIU) of investment in BWM is primarily attributed to the challenging economic situation in Pakistan, marked by increasing inflation, low GDP growth, and a significant rise in the applicable discount rate from 19.23% to 22.02% during the financial year 2022-23. These factors collectively impacted the VIU calculations and necessitated the recognition of impairment losses, as per the relevant International Financial Reporting Standards.		
8.	LOANS TO EMPLOYEES - Secured		
Balance as at June 30,	8.1	2,463	2,751
Less: current portion grouped under current assets		1,227	1,878
		<u>1,236</u>	<u>873</u>
8.1	These interest free loans to employees have been advanced for various purposes and are recoverable in instalments which vary from case to case. These loans are secured against the gratuity benefits payable to respective employees.		
9.	STORES, SPARES AND LOOSE TOOLS		
Stores			
- at mills		43,359	45,600
- in transit		0	22,031
Spares		83,698	87,638
Loose tools		416	516
		<u>127,473</u>	<u>155,785</u>
Provision for obsolete stores and spares		<u>(37,374)</u>	<u>(37,374)</u>
		<u>90,099</u>	<u>118,411</u>

10. STOCK-IN-TRADE	Note	2023 Rupees in thousand	2022
Raw materials:			
- at mills		1,081,049	1,288,902
- in transit		57,790	233,483
	10.1	<u>1,138,839</u>	<u>1,522,385</u>
Work-in-process		165,325	147,471
Finished goods	10.1	161,216	153,058
		<u>1,465,380</u>	<u>1,822,914</u>
10.1	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 25).		
11. TRADE DEBTS - Unsecured, considered good			
Balance at the year-end		62,857	10,026
Less: allowance for expected credit loss	11.1	(452)	(419)
		<u>62,405</u>	<u>9,607</u>
11.1 Allowance for expected credit loss			
Balance at beginning of the year		419	0
Charge for the year		129	419
Balance written-off during the year		(96)	0
Balance at end of the year		<u>452</u>	<u>419</u>
12. ADVANCE PAYMENTS - Unsecured, considered good			
Store suppliers		15,566	16,558
Others		4,432	6,455
		<u>19,998</u>	<u>23,013</u>
13. TRADE DEPOSITS AND PREPAYMENTS			
Letters of credit		743	468
Prepayments		1,528	408
Security deposit	13.1	75,000	75,000
		<u>77,271</u>	<u>75,876</u>
13.1	This represents amount deposited with National Bank of Pakistan (NBP) against guarantee amounting Rs.75 million provided by NBP to Sui Northern Gas Pipelines Ltd. The guarantee is valid upto December 31, 2023.		
14. OTHER RECEIVABLES			
Due from employees' provident fund		622	618
Import letters of credit weight shortage claims		0	2,895
		<u>622</u>	<u>3,513</u>

15. CASH AND BANK BALANCES	Note	2023	2022
		Rupees in thousand	
Cash-in-hand		363	1,656
Cash at banks on:			
- current accounts		12,761	13,926
- PLS security deposit account	15.1	270	238
- PLS accounts	15.1	26,295	471
- PLS account (employees' / staff gratuity fund account)	15.1	950	878
		40,276	15,513
		40,639	17,169

15.1 PLS accounts carry profit at the rates ranging from 12.25% to 19.50% (2022: 5.50% to 12.25%) per annum.

16. AUTHORISED SHARE CAPITAL

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

16.2 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 was merged with the authorised share capital of the Company as at June 30, 2022. Necessary legal formalities were complied with accordingly.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023	2022
— 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	2,131,028	Ordinary shares of Rs.10 each allotted for consideration otherwise than in cash (note 17.1)	21,310	21,310
6,915,822	6,915,822		69,158	69,158

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

17.2 Ordinary shares held by the Associated Companies and an Associate at the year-end:	2023	2022
	Number of shares	
Bibojee Services (Pvt.) Ltd.	2,031,291	2,031,291
Bannu Woollen Mills Ltd.	1,659,643	1,659,643
Waqf-e-Kuli Khan	40,074	40,074
	3,731,008	3,731,008

17.3 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the shares rank equally with regard to the Company's residual assets.

17.4 The Company has one class of ordinary shares, which carries no right to fixed income.

17.5 The Company has no reserved shares for issuance under options and sale contracts.

18. OTHER CAPITAL RESERVES	Note	2023	2022
		Rupees in thousand	
Capital redemption reserve		6,694	6,694
Tax holiday reserve		350	350
Share premium reserve	18.1	11,409	11,409
Merger reserve	1.4	5,350	5,350
		23,803	23,803

18.1 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.

19. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - Net

Revaluation surplus on the Company's property, plant and equipment	19.2	4,909,416	4,947,017
Share of revaluation surplus on property, plant and equipment of an Associated Company	7	200,718	177,574
		5,110,134	5,124,591

19.1 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.

- 19.2** 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:

	Note	2023 Rupees in thousand	2022
Opening balance		5,246,250	2,240,361
Add: surplus arisen on revaluation carried-out during the preceding year	5.6	0	3,032,726
Less: transferred to unappropriated profit on account of incremental depreciation for the year		(52,959)	(26,837)
		<u>5,193,291</u>	<u>5,246,250</u>
Less: deferred tax on:			
- opening balance of surplus		299,233	149,263
- surplus arisen on revaluation carried-out during the preceding year		0	157,753
- incremental depreciation for the year		(15,358)	(7,783)
		<u>283,875</u>	<u>299,233</u>
Closing balance		<u>4,909,416</u>	<u>4,947,017</u>
20. LEASE LIABILITIES			
Balance at beginning of the year		1,091	4,674
Additions during the year		5,175	0
Impact of reassessment		(194)	0
Interest accrued		351	278
Repaid during the year		(2,950)	(3,861)
		<u>3,473</u>	<u>1,091</u>
Current portion grouped under current liabilities		(1,439)	(1,091)
Balance at end of the year		<u>2,034</u>	<u>0</u>

- 20.1 The future minimum lease payments to which the Company is committed under the lease agreement will be due as follows:

Particulars	2023			2022		
	Upto one year	From one to three years	Total	Upto one year	From one to three years	Total
	----- Rupees in thousand -----					
Minimum lease payments	2,046	2,251	4,297	2,865	0	2,865
Less: finance cost allocated to future periods	607	217	824	44	0	44
	1,439	2,034	3,473	2,821	0	2,821
Less: security deposit adjustable on expiry of lease term	0	0	0	1,730	0	1,730
Present value of minimum lease payments	1,439	2,034	3,473	1,091	0	1,091

- 20.2 The Company, during the financial year ended June 30, 2020, had entered into a lease agreement with Bank Al Habib Ltd. for lease of vehicle subject to the following terms and conditions. This lease finance facility was matured and principal and mark-up liabilities were fully adjusted during the current financial year. Ownership of the said vehicle was also transferred to the Company.

	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>

21. LONG TERM FINANCES - Secured	Note	2023 Rupees in thousand	2022
First Hablb Modaraba (FHM)			
- diminishing musharaka (DM I)	21.1	2,906	3,756
The Bank of Khyber (BoK)			
- demand finance - I	21.2	32,917	72,417
- demand finance - II	21.3	5,565	12,244
Pak Oman Investment Company Ltd. (POIC)			
- term finance - I	21.5	133,333	200,000
- term finance - II	21.6	100,000	0
Sindh Modaraba (SM)			
- diminishing musharaka (DM II)	21.7	22,254	34,393
		296,975	322,810
Less: current portion grouped under current liabilities			
- FHM (DM I)		996	877
- BoK (demand finance - I)		32,917	39,500
- BoK (demand finance - II)		5,565	6,678
- POIC (term finance - I)		66,667	0
- POIC (term finance - II)		40,000	0
- SM (DM II)		12,139	12,139
		158,284	59,194
		138,691	263,616

21.1 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 November, 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 17.66% to 24.58% (2022: 9.95% to 14.45%) per annum. The finance facility is secured against registration of vehicle in FHM's name.

21.2 These finances have been obtained by Babri Cotton Mills Ltd. (BCM - merged with the Company with effect from February 04, 2022) 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 ranged from 17.48% to 19.07% (2022: 13.47%) per annum. The outstanding balance of these finances is repayable in 10 equal monthly instalments ending April, 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.

21.3 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 ranged from 17.48% to 19.07% (2022: 13.47%) per annum. The outstanding balance of these finances is repayable in 10 equal monthly instalments ending April, 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.

- 21.4** The finances obtained from BoK, as detailed in notes 21.2 and 21.3, are secured against first joint pari passu charge on fixed assets of the Company and personal guarantees of two sponsoring directors of the Company.
- 21.5** 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 ranged from 17.48% to 24.63% (2022:17.48%) per annum. The outstanding balance of these finances is repayable in 2 equal semi annual instalments ending July, 2024.
- 21.6** These finances have been obtained against finance facility of Rs.100 million for working capital requirements of the Company. The facility tenor is two years including nine 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 + 2.35% per annum; the effective profit rate during the year ranged from 24.28% to 25.26% per annum. These finances are repayable in 5 equal quarterly instalments commencing March, 2024.
- 21.7** 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 16.49% to 24.98% (2022: 13.30% to 16.49%) per annum. The outstanding balance of these finances is repayable in 22 equal monthly instalments ending April, 2025.

22. 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	2023	2022
- discount rate	16.25%	14.25%
- expected rate of growth per annum in future salaries	20.0%	20.0%
- 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:	2023	2022
	Rupees In thousand	
Opening balance	104,794	72,729
Current service cost	21,138	19,979
Interest cost	12,634	6,552
Benefits paid	(32,267)	(14,131)
Benefits due but not paid (classified under current liabilities)	0	(296)
Benefits transferred from Babri Cotton Mills Ltd.	0	2,226
Remeasurements: experience adjustments	(5,832)	17,735
Closing balance	<u>100,467</u>	<u>104,794</u>
Expense recognised in the statement of profit or loss		
Current service cost	21,138	19,979
Interest cost	12,634	6,552
	<u>33,772</u>	<u>26,531</u>

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

Remeasurement recognised in other comprehensive Income

Experience adjustments	<u>(5,832)</u>	<u>17,735</u>
------------------------	-----------------------	---------------

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

	2023	2022	2021	2020	2019
	————— Rupees In thousand —————				
Present value of defined benefit obligation	<u>100,467</u>	<u>104,794</u>	<u>72,729</u>	<u>58,738</u>	<u>55,574</u>
Experience adjustments on obligation	<u>(5,832)</u>	<u>17,735</u>	<u>4,145</u>	<u>(11,275)</u>	<u>(821)</u>

Year-end sensitivity analysis:

Impact on defined benefit obligation

	Change in assumption	Increase Rupees In thousand	Decrease
Discount rate	1%	<u>94,431</u>	<u>107,353</u>
Salary growth rate	1%	<u>107,587</u>	<u>94,113</u>

22.1 The average duration of the defined benefit obligation as at June 30, 2023 is 6 years.

22.2 The expected contribution to defined benefit obligation for the year ending June 30, 2024 is Rs.40.226 million.

		2023	2022
		Rupees in thousand	
23. DEFERRED TAXATION - Net	Note		
This is composed of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		389,556	390,002
- surplus on revaluation of property, plant and equipment	19.2	283,875	299,233
- lease liabilities		1,199	1,165
		674,630	690,400
Deductible temporary differences arising in respect of:			
- staff retirement benefits - gratuity		(29,426)	(31,029)
- provision for obsolete stores and spares		(10,839)	(10,839)
- minimum tax recoverable against normal tax charge in future years		(103,147)	(24,572)
		(143,412)	(66,440)
		531,218	623,960
24. TRADE AND OTHER PAYABLES			
Creditors		79,714	180,543
Bills payable against imported:			
- stores and spares		0	9,008
- raw materials		57,514	139,439
Advance payments	24.1	184	184
Accrued expenses	24.2	205,851	360,417
Tax deducted at source		11,329	11,314
Sales tax payable		22,404	2,974
Gratuity payable to employees		1,000	2,205
Due to Waqf-e-Kuli Khan	24.3	28,124	28,616
Workers' (profit) participation fund	24.4	0	14,268
Workers' welfare fund		0	5,256
Security deposits repayable on demand - interest free		283	283
Others		15,277	14,886
		421,680	769,393

24.1 These advances have been received against sale of land.

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

24.3 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

24.4	Workers' (profit) participation fund	Note	2023	2022
			Rupees in thousand	
	Opening balance		14,268	29,801
	Add: interest on funds utilised in the Company's business		1,981	1,536
	Add: allocation for the year		0	14,268
	Less: payments made during the year		16,249	31,337
	Closing balance		0	14,268

25. SHORT TERM FINANCES

Secured	25.1	1,521,320	1,326,816
Un-secured (temporary bank overdrafts)		35,319	19,944
		1,556,639	1,346,760

25.1 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 (2022: Rs.1.608 billion) and are secured against pledge of raw materials & finished goods and first pari passu charge on current & fixed assets of the Company and personal guarantees of two sponsoring directors of the Company. These facilities, during the year, carried mark-up at the rates ranging from 16.63% to 24.23% (2022: 8.62% to 18.02%) per annum.

Facilities available for opening letters of credit and guarantee from NBP and BoK aggregate Rs.625 million (2022: Rs.625 million) out of which facilities amounting Rs.450 million (2022: Rs.201.757 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, 2023 whereas the facilities from BoK were available upto December 31, 2022. The facilities available from Bok and NBP have been renewed and the renewed facilities from BoK will be available upto December 31, 2023 and from NBP upto January 31, 2024.

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.

25.2 Letter of credit / short term finance facility available from Bank Alfalah Ltd. (BAFL) amounts to Rs.250 million; this facility remained unutilised as at June 30, 2023. This facility is available upto August, 2023 and is secured against lien over import documents, pledge of raw materials and ranking charge on current and fixed assets of the Company.

Facility available from BAFL for issuance of guarantee favouring SNGPL amounts to Rs.75 million; this facility also remained unutilised as at June 30, 2023. This facility is available upto December, 2025 and will be secured against lien on cash / TDR placed with BAFL.

	Note	2023 Rupees in thousand	2022
26. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Lease liabilities	20	1,439	1,091
Long term finances	21	158,284	59,194
		<u>159,723</u>	<u>60,285</u>
27. TAXATION - Net			
Opening balance		97,173	92,546
Add: provision made during the year:			
current	27.2	75,207	97,173
prior year		(3,184)	13,571
		<u>72,023</u>	<u>110,744</u>
		<u>169,196</u>	<u>203,290</u>
Less: payments / adjustments made against completed assessments		93,989	106,117
		<u>75,207</u>	<u>97,173</u>

- 27.1** Income tax returns of the Company have been filed upto the tax year 2022 i.e. accounting year ended June 30, 2022.
- 27.2** No numeric tax rate reconciliation is presented in these financial statements as provision for the current and preceding years mainly represents tax payable under section 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001 (the Ordinance).
- 27.3** 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.
- 27.4** 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.
- 27.5** 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.
- 27.6** 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.

- 27.7** 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.
- 27.8** 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.
- 27.9** 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.
- 27.10** The Department has charged tax on June 26, 2023 under section 122(5A) of the Ordinance for tax year 2021 at Rs.130.185 million against which appeal has been filed with CIR(A) Lahore, which is pending adjudication.
- 27.11** The Department has charged tax on June 21, 2023 under section 122(5A) of the Ordinance for tax year 2017 at Rs.3.724 million against which appeal has been filed with CIR(A) Lahore, which is pending adjudication.

TAX STATUS OF BABRI COTTON MILLS LTD. (BCM)

- 27.12** Income tax returns of BCM have been filed upto the tax year 2022 i.e. accounting year ended June 30, 2022.
- 27.13** 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), Peshawar which is pending adjudication.

28. PREFERENCE SHARES REDEMPTION ACCOUNT	2023	2022
Amounts payable on:	Note	Rupees in thousand
- 7.5% redeemable cumulative preference shares	28.1	134
- 10% redeemable cumulative preference shares	28.2	1,057
		1,191
		1,191

- 28.1** 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, 2023.

- 28.2** 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 year ended June 30, 2021, had further redeemed 162 shares. As at June 30, 2023 balance of 105,669 shares was outstanding.

29. CONTINGENCIES AND COMMITMENTS

- 29.1** 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 (ATIR), Lahore against the orders of CIR (A), which is pending adjudication.
- 29.2** The Department, vide order dated January 24, 2018 under section 11(3) of the Sales Tax Act, 1990 (the Act) has created demand of Rs.182.690 million for the period July, 2011 to June, 2013 against which the Company has filed writ petition before the Lahore High Court (LHC) on January 30, 2018, which has declared the order passed by the Department illegal and void ab-initio on February 09, 2018. The Department against order of the LHC has filed an appeal on March 27, 2018 before the Supreme Court of Pakistan (SCP), which is pending adjudication.
- 29.3** The Department, vide order dated May 31, 2022, under section 11(3) of the Act has created demand of Rs.1,380.689 million, which included further tax and penalties for the period July, 2016 to June, 2019 against post refund audit. The Company has filed appeal against the impugned assessment order with the Commissioner (Appeals), who decided the appeal in favour of the Company and deleted the whole demand vide order dated December 30, 2022. The Company as well as the Department have filed further appeals with ATIR, Lahore, which are pending adjudication.
- 29.4** The Supreme Court of Pakistan (SCP) vide its judgment dated August 13, 2020 has declared the Gas Infrastructure Development Cess (GIDC) Act, 2015 as valid and constitutional. The SCP in its said judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas, which on account of their industrial or commercial dealings had passed on the GIDC burden to their end customers/clients.

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

In case of the Company, Sul 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.

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

- 29.5** An order has been passed by the Collector of Customs, Karachi dated November 11, 2020 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.
- 29.6** Guarantees aggregating Rs.175 million (2022: Rs.175 million) issued by a commercial banks on behalf of the Company in favour of SNGPL were outstanding as at June 30, 2023.

	Note	2023 Rupees in thousand	2022	
29.7	Commitments against irrevocable letters of credit outstanding at the year-end were for:			
	- stores and spares	0	1,486	
	- raw materials	158,255	98,280	
		<u>158,255</u>	<u>99,766</u>	
29.8	Also refer contents of note 27.			
30.	SALES - Net			
	Yarn	7,128,715	8,152,708	
	Waste	38,857	327,693	
	Raw materials purchased for resale	0	22,352	
		<u>7,167,572</u>	<u>8,502,753</u>	
	Less: sales tax	1,151,045	1,347,031	
		<u>6,016,527</u>	<u>7,155,722</u>	
31.	COST OF SALES			
	Raw materials consumed	31.1	3,846,898	4,577,247
	Packing materials consumed		95,287	100,788
	Salaries, wages and benefits	31.2	661,836	782,905
	Power and fuel		720,586	812,500
	Stores and spares consumed		149,582	230,366
	Repair and maintenance		17,035	16,348
	Depreciation on operating fixed assets	5.9	161,202	101,262
	Depreciation on right of use assets	5.13	213	1,250
	Insurance		19,633	13,704
	Others		23,369	17,611
			<u>5,695,641</u>	<u>6,653,981</u>
	Adjustment of work-in-process			
	Opening		147,471	106,958
	Closing	10	(165,325)	(147,471)
			<u>(17,854)</u>	<u>(40,513)</u>
	Cost of goods manufactured		5,677,787	6,613,468
	Adjustment of finished goods			
	Opening stock		153,058	79,413
	Closing stock	10	(161,216)	(153,058)
			<u>(8,158)</u>	<u>(73,645)</u>
	Cost of goods sold - own manufactured		5,669,629	6,539,823
	Cost of goods sold - raw materials purchased for resale		0	17,120
			<u>5,669,629</u>	<u>6,556,943</u>
31.1	Raw materials consumed			
	Opening stock		1,522,385	1,165,528
	Purchases		3,463,308	4,933,469
			<u>4,985,693</u>	<u>6,098,997</u>
	Less: closing stock	10	1,138,839	1,522,385
	Raw materials issued		3,846,854	4,576,612
	Cess on cotton consumed		44	635
			<u>3,846,898</u>	<u>4,577,247</u>

31.2 (a) These include Rs.33.772 million (2022: Rs.26.531 million) in respect of staff retirement benefits - gratuity and Rs.9.403 million (2022: Rs.5.421 million) for employees' provident fund contribution.

(b) These are net of excess bonus provision of prior year amounting Rs.83.033 million.

32. DISTRIBUTION COST

	Note	2023	2022
Rupees in thousand			
Salaries and benefits	32.1	21,726	19,697
Commission		31,786	35,061
Freight and handling		4,488	5,039
Gifts and samples		250	325
Others		827	329
		59,077	60,451

32.1 (a) These include Rs.1,302 thousand (2022:Rs.67 thousand) for employees' provident fund contribution.

(b) These are net of excess bonus provision of prior year amounting Rs.2.896 million.

33. ADMINISTRATIVE EXPENSES

Salaries and benefits	33.1	81,478	79,761
Printing and stationery		821	864
Travelling and conveyance - staff		817	874
Travelling - directors		270	80
Communication		1,599	1,649
Rent, rates and taxes		3,314	3,083
Entertainment expenses		966	804
Insurance		3,105	1,573
Vehicles' running and maintenance		8,752	5,363
Advertisement		569	146
Subscription		1,122	1,251
Repair and maintenance		2,540	1,445
Auditors' remuneration:			
- statutory audit		1,346	1,346
- half yearly review		260	260
- certification charges		22	127
- out-of-pocket expenses		45	45
- short provision for the preceding year		17	124
- special audit fee of Babri Cotton Mills Ltd. on the effective date of merger		0	500
		1,690	2,402
Legal and professional charges (other than Auditors)		3,452	4,975
Depreciation on operating fixed assets	5.9	5,680	2,833
Depreciation on right of use assets	5.13	1,058	639
Amortisation	6	260	0
Others		3,731	2,756
		121,224	110,498

33.1 (a) These include Rs.4.652 million (2022: Rs.2.812 million) for employees' provident fund contribution.

(b) These are net of excess bonus provision of prior year amounting Rs.10.620 million.

34. OTHER EXPENSES

	Note	2023 Rupees In thousand	2022
Receivable balances of cotton and store suppliers - written off		4,286	0
Debtors balances - written off		5,277	0
Letter of credit claims - written off		2,895	0
Donation to Waqf-e-Kuli Khan		0	6,148
Workers' (profit) participation fund	24.4	0	14,268
Workers' welfare fund		0	5,299
Provision for Impairment of trade debts - net	11.1	129	0
		<u>12,587</u>	<u>25,715</u>

35. OTHER INCOME

Income from financial assets

Return on bank deposits 210 98

Income from non-financial assets

Excess workers' welfare fund provision - reversed 928 0

Unclaimed payable balances of cotton and store suppliers of prior years - written back 81,656 0

Gain on sale of operating fixed assets 5.10 5,043 552

87,837 650

36. FINANCE COST

Interest on lease liabilities 351 278

Mark-up on long term finances 63,328 8,484

Mark-up on short term finances 244,859 126,564

Bank charges 4,958 6,208

Inland-letters of credit discount charges 9,463 0

Interest on workers' (profit) participation fund 24.4 1,981 1,536

324,940 143,070

37. TAXATION

Current

- for the year 27 75,207 97,173

- for prior years 27 (3,184) 13,571

72,023 110,744

Deferred - for the year (94,433) (90,838)

(22,410) 19,906

38. (LOSS) / EARNINGS PER SHARE	2023	2022
	Rupees In thousand	
There is no dilutive effect on (loss) / earnings per share of the Company, which is based on:		
(Loss) / profit after taxation attributable to ordinary shareholders	<u>(80,276)</u>	<u>169,836</u>
	(Number of shares)	
Weighted average number of ordinary shares In Issue during the year	<u>6,915,822</u>	<u>5,505,709</u>
	— Rupees —	
(Loss) / earnings per share - basic	<u>(11.61)</u>	<u>30.85</u>

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial instruments by category	2023	2022
	Rupees In thousand	
Financial assets - At amortised cost		
Loans to employees	1,236	873
Advances to employees	1,588	2,219
Trade debts	62,405	9,607
Other receivables	622	3,513
Bank balances	40,276	15,513
	<u>106,127</u>	<u>31,725</u>
Financial liabilities - At amortised cost		
Lease liabilities	3,473	2,821
Long term finances	296,975	322,810
Trade and other payables	387,763	735,397
Unclaimed dividends	2,715	2,715
Accrued mark-up	1,017	52,215
Short term finances	1,556,639	1,346,760
Redeemable preference shares	1,191	1,191
	<u>2,249,773</u>	<u>2,463,909</u>

39.2 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.

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

	Rupees	CHF	U.S.\$
	In thousand		
2023			
Funded			
Bills payable	67,514	0	201
Unfunded			
Outstanding letters of credit	156,255	0	553
Total exposure	215,769	0	754
2022			
Funded			
Bills payable	146,447	3	722
Unfunded			
Outstanding letters of credit	89,766	0	487
Total exposure	248,213	3	1,209

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2023	2022	2023	2022
CHF to Rupee	266.88	192.19	319.76	213.62
U.S. \$ to Rupee	246.53	177.17	285.99	204.10

Sensitivity analysis

As at June 30, 2023, if Rupee had strengthened by 10% against U.S.\$ with all other variables held constant, loss before taxation for the current year would have been lower by the amount shown below (2022: profit before taxation for the preceding 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:

	2023	2022
	Rupees in thousand	
Effect on loss (2022: profit) for the year:		
U.S.\$ to Rupee	5,748	14,736

(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:

	2023 Effective rate %	2022 %	2023 Carrying amount Rupees in thousand	2022
Fixed rate instruments				
Financial assets				
Bank balances	12.25 to 19.50	5.50 to 12.25	<u>26,565</u>	<u>709</u>
Variable rate Instruments				
Financial liabilities				
Long term finances	17.48 to 25.26	9.95 to 17.48	<u>296,975</u>	<u>322,810</u>
Lease finances	18.85 to 23.85	15.87	<u>3,473</u>	<u>1,091</u>
Short term finances	18.83 to 24.23	8.62 to 18.02	<u>1,521,320</u>	<u>1,326,816</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, 2023, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss before taxation for the year would have been higher / lower by Rs.18,218 thousand (2022: profit before taxation for the preceding year would have been lower / higher by Rs.16,507 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.

39.4 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:

	2023	2022
	Rupees In thousand	
Security deposits	14,346	14,346
Trade debts	62,857	10,026
Trade deposits	75,000	75,000
Bank balances	40,276	15,513
	<u>192,479</u>	<u>114,885</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	61,621	4,501
Past due more than one year	1,236	5,525
	<u>62,857</u>	<u>10,026</u>

Based on past experience, the Company's management believes that no further impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.59.055 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:

Bank	Short term rating	Long term rating	Agency
United Bank Ltd.	A1+	AAA	VIS
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
The Bank of Khyber	A-1	A+	VIS
Bank Alfalah Ltd.	A1+	AA+	PACRA
Meezan Bank Ltd.	A1+	AAA	VIS
Faysal Bank Ltd.	A1+	AA	PACRA

39.5 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
2023			
	--- Rupees in thousand ---		
Lease liabilities	3,473	2,046	2,251
Long term finances	296,975	288,350	151,671
Trade and other payables	387,763	387,763	0
Unclaimed dividends	2,715	2,715	0
Accrued mark-up	1,017	1,017	0
Short term finances	1,556,639	1,917,145	0
Redeemable preference shares	1,191	1,191	0
	<u>2,249,773</u>	<u>2,600,227</u>	<u>153,922</u>
2022			
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>

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.

40. MEASUREMENT OF FAIR VALUES

The management, as at June 30, 2022, had engaged an independent external Valuer to carry out valuation of its freehold land, buildings on freehold land, plant & machinery and generators. Selection criteria included market knowledge, reputation, independence and whether professional standards were maintained. When measuring the fair value of an asset, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

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

41. 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, 2023 and June 30, 2022 is as follows:

	2023	2022
	Rupees in thousand	
Lease liabilities	3,473	2,821
Long term finances	296,975	322,810
Short term finances	1,558,639	1,346,760
Cash and bank balances	(40,639)	(17,169)
Net debt	<u>1,816,448</u>	<u>1,655,222</u>
Share capital	69,158	69,158
Treasury shares	(3,410)	(3,410)
Reserves		
- capital	5,133,937	5,148,394
- revenue	1,368,444	1,407,527
Equity	<u>6,568,129</u>	<u>6,621,669</u>
Capital	<u>8,384,577</u>	<u>8,276,891</u>
Gearing ratio (Net debt / (Net debt + Equity))	<u>21.66%</u>	<u>20.00%</u>

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executives	
	2023	2022	2023	2022	2023	2022
	Rupees in thousand					
Managerial remuneration	6,336	6,336	1,200	0	148,911	115,493
Bonus / ex-gratia	434	651	0	0	9,104	11,303
Retirement benefits	528	528	0	0	11,214	3,881
Leave salary	477	477	0	0	11,006	9,040
Medical	1,138	932	0	0	3,038	2,327
Utilities	516	602	28	0	2,003	2,116
	9,429	9,526	1,228	0	186,276	144,160
No. of persons	1	1	1	0	16	10

42.1 Meeting fees of Rs.1,640 thousand (2022: Rs.700 thousand) were also paid to six (2022: seven) non-working directors and one working director during the year.

42.2 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.

43. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES

43.1 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 Chief Executive Officer and Chief Financial Officer have been authorized jointly by members of Company in their annual general meeting held on October 17, 2022 to approve all transactions carried out and to be carried out in normal course of business with Associated Companies / related parties during year ended June 30, 2023.

43.2 Dr. Shahin Kuli Khan Khattak, a non-executive director with effect from July 01, 2022, has been appointed as Executive Director Public Relations (EDPR) at a gross salary of Rs.600,000 per month in addition to utilities and other perquisites. The salary and other expenses of EDPR are being shared with five other Associated Companies on a pro rata basis.

43.3 The Company, Bannu Woollen Mills Ltd. and Rahman Cotton Mills Ltd. (Associated Companies), on January 01, 2023, have entered into a lease rental agreement with the Executive Director Finance & Production (EDFP) whereby property owned by EDFP situated at Tufail Road, Lahore has been rented at monthly rent of Rs.465,000. The rent and utilities are being shared by the Company and above mentioned Associated Companies on a pro rata basis.

- 43.4** Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs. 22.899 million (2022: Rs.2.108 million).
- 43.5** 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.
- 43.6** 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	2023 Rupees in thousand	2022
Bannu Woollen Mills Ltd.	Associated Company	Expenses recovered	240	240
		Salaries & benefits recovered	2,354	2,365
		Sale of raw materials	0	3,114
		Sale of yarn	4,128	5,651
Rahman Cotton Mills Ltd.	-do-	Expenses recovered	126	0
Gammon Pakistan Ltd.	-do-	Rent paid	242	220
Ghandhara Automobiles Ltd. (formerly Ghandhara Nissan Ltd.)	-do-	Salaries & benefits recovered	2,354	2,365
		Expenses recovered	366	240
		Purchase of vehicles	37,074	0
Ghandhara Industries Ltd.	-do-	Salaries & benefits recovered	2,354	2,365
		Expenses recovered	366	240
		Purchase of vehicle	11,087	0
The Universal Insurance Company Ltd.	-do-	Salaries & benefits - recovered	2,354	2,365
		- paid	1,590	0
		Expenses recovered	240	240
Ghandhara Tyre & Rubber Company Ltd.	-do-	Expenses recovered	126	0
Other related parties				
Staff retirement fund		Contribution paid to employees' provident fund	35,555	19,130
Executive Director Finance & Production		Lease rental paid	1,860	0
Babri Cotton Mills Ltd.	Associated Company upto February 04, 2022	Utilities / expenses paid	0	268,361
		Advances paid against purchase of freehold land and workers' residential buildings	0	167,803
		Lease rentals paid	0	700

43.7 Also refer contents of note 42.

44. OPERATING SEGMENT

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

44.1 Yarn sales represent 99.46% (2022: 95.88%) of the total sales of the Company.

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

44.3 All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

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

45. CAPACITY AND PRODUCTION	Note	2023	2022
		— Numbers —	
Spindles installed	45.2	101,320	101,320
Rotors installed		600	600
Shifts worked		1,094	1,093
Spindles / rotors shifts worked		74,343,760	105,325,894
		—KGs.—	
Installed capacity at 20's count on the basis of shifts worked		41,741,927	43,628,302
Actual production of yarn of all counts		6,504,731	7,999,991
Actual production converted into 20's count		27,838,606	41,538,001

45.1 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.

45.2 During the current financial year, 41,760 spindles have been temporarily closed, as the management reduced production because of non-availability of raw materials due to the import embargo imposed by the State Bank of Pakistan to save the dwindling foreign exchange. There has been significant increase in raw materials cost due to unprecedented devaluation of Pak Rupee viz a viz US Dollar. However, the management intends to resume 100% production capacity as and when it is able to procure sufficient raw materials for this purpose. Spindles impairment loss recognition is not required because the spindles are in perfectly good working condition and regular maintenance is being performed on these spindles. Spindles are being maintained in A-one working condition to keep them ready for production as and when working conditions are favourable.

46. NUMBER OF EMPLOYEES	2023	2022
	— Numbers —	
Number of permanent employees as at June 30,	1,275	1,535
Average number of permanent employees during the year	1,371	1,575

46.1 Due to closure of the production capacity as mentioned in note 45.2, excess workforce of the Company has been permanently laid-off during the current financial year.

47. 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:

	2023	2022
	Rupees in thousand	
Size of the fund - total assets	<u>115,914</u>	<u>79,564</u>
Cost of investments made in:		
Regular Income Certificates	58,400	58,400
Term Deposit Certificates	25,505	0
	<u>83,905</u>	<u>58,400</u>
Fair value of investments made	<u>85,780</u>	<u>64,048</u>
	%	
Percentage of investments made	<u>74.00</u>	<u>80.50</u>

47.1 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.

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

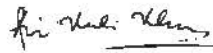
	Lease liabilities	Long term finances	Short term finances	Accrued mark-up	Total
	Rupees in thousand				
Balance as at June 30, 2021	4,674	4,456	712,133	12,364	733,627
Changes from financing activities					
Finances obtained net of repayments	(3,583)	175,002	376,686	0	548,105
Finance cost paid	0	0	0	(101,458)	(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	<u>1,091</u>	<u>322,810</u>	<u>1,346,760</u>	<u>52,215</u>	<u>1,722,876</u>
Changes from financing activities					
Finances obtained net of repayments	2,382	(25,835)	209,879	0	186,426
Finance cost paid	0	0	0	(371,180)	(371,180)
	2,382	(25,835)	209,879	(371,180)	(184,754)
Other changes					
Mark-up expense for the year	0	0	0	319,982	319,982
Balance as at June 30, 2023	<u>3,473</u>	<u>296,975</u>	<u>1,556,639</u>	<u>1,017</u>	<u>1,858,104</u>

49. DATE OF AUTHORISATION FOR ISSUE

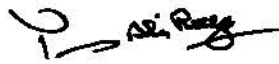
These financial statements were authorised for issue on September 30, 2023 by the board of directors of the Company.

50. GENERAL

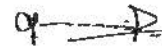
Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements and re-classifications have been made in these financial statements.



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



Col. (Retd) Syed Yunus Ali Raza
Director



Amin-ur-Rasheed
Chief Financial Officer

JANANA DE MALUCHO TEXTILE MILLS LIMITED

FORM OF PROXY

I/We _____, 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 _____ 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 23, 2023 at 11:45 a.m., and at any adjournment thereof at registered office of the company Habibabad, Kohat.

At witness my/our hand this _____ day of _____ 2023.

1. Signature _____

Name _____

C.N.I.C _____

Address _____

Please affix
Revenue Stamps
of Rs. 50/-

2. Signature _____

Name _____

C.N.I.C _____

Address _____

Member's signature

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

Notes:

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

جانانہ دی مالوچو ٹیکسٹائل ملز لمیٹڈ پراکسی فارم

میں اہم ----- ساکن -----
 بحیثیت ممبر جانانہ دی مالوچو ٹیکسٹائل ملز لمیٹڈ -----
 رجسٹرڈ کارپوریٹ نمبر ----- اور ایس ای سی فولیو کا آئی ڈی نمبر ----- اور ڈی ای اے کانسٹ نمبر -----
 مسی اسماٹ ----- ساکن ----- کو
 کہنی کے سالانہ اجلاس عام میں جو کہ 23 اکتوبر 2023 بروز سوموار صبح 11:45 بجے کہنی کے رجسٹرڈ آفس، صوبہ آباد، کوہاٹ میں منعقد ہوگا، میری اہماری طرف سے
 بحیثیت اپنا پراکسی، ووٹ دینے کے لئے مستقر کرتا ہوں کرتے ہیں۔
 بتاریخ ----- 2023 کو درج ذیل گواہان کی موجودگی میں دستخط کئے۔
 گواہان:

1- دستخط -----
 نام -----
 کپیوٹرائزڈ قومی شناختی کارڈ نمبر -----
 پتہ -----
 2- دستخط -----
 نام -----
 کپیوٹرائزڈ قومی شناختی کارڈ نمبر -----
 پتہ -----

پچاس روپے کی
 ریونیو سٹیپ لگائیں

نوٹ:

- 1- اجلاس میں شرکت اور ووٹ دینے کا مستحق کوئی رکن اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر رکن کو اپنا اپنی پراکسی مقرر کر سکتا ہے۔ پراکسی کے لئے رکن ہونا لازمی ہے۔
- 2- ایک رکن ایک سے زیادہ پراکسی مقرر کرنے کا حقدار نہیں ہوگا۔
- 3- پراکسی فارم کی تقرری کے لئے دو افراد کے دستخط اور گواہی کا ہونا ضروری ہے، جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں گے۔
- 4- تنظیمی آئین اور کپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی تصدیق شدہ کاپیاں یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔ بصورت کارپوریٹ اسمبلی، بورڈ آف ڈائریکٹرز کی قرارداد یا معائنہ نامہ معائنہ حرد کے نمونہ دستخط اجلاس کے وقت پراکسی فارم کے ساتھ مہیا کرنا ہونگے۔
- 5- پراکسی کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کہنی کو موصول ہو جانا چاہیے۔
- 6- اجلاس میں شرکت کے لئے پراکسی ہولڈر اپنا اصل کپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرے گا۔

