

BIBOJEE GROUP



Half Yearly Report December, 2023

Janana De Malucho Textile
Mills Limited

CONTENTS

	<i>Pages</i>
COMPANY'S PROFILE	1
DIRECTORS' REPORT (English & اُردو)	2-6
AUDITORS' REVIEW REPORT	7
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	8
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME	9
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	10
CONDENSED INTERIM STATEMENT OF CASH FLOWS	11
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	12-20

COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. AHMAD KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHIN KULI KHAN KHATTAK MRS. ZENAB ADNAN AURANGZEB 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 (Fin., Com. & 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 Accountants	
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 - 862163 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana.textile@gmail.com WEB SITE: www.jdm.com.pk	

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Directors' Review along with the condensed interim financial statements of the Company for the 2nd quarter & half year ended 31st December 2023, duly reviewed by the External Auditors.

FINANCIAL HIGHLIGHTS

	Quarter Ended		Half Year Ended	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
	----- Rs. in millions -----			
Sales-net	1,456.040	1,520.466	3,013.877	3,371.087
Gross (loss) / profit	(39.359)	87.115	141.818	258.525
(Loss) / profit from operations	(25.463)	79.706	107.681	205.919
(Loss) / profit before taxation	(92.233)	(12.901)	(58.988)	44.462
Loss after taxation	(55.963)	(42.783)	(32.070)	(1.679)
	----- Rupees -----			
Loss per share	(8.09)	(6.19)	(4.64)	(0.24)

During the period under report, the turnover of the Company has decreased by Rs.357.210 million as compared to the previous period. Turnover has decreased due to decrease in quantity sold during the period because of decrease in production. Further, the Company, in the period under report, has incurred a loss before tax amounting to Rs.58.988 million and loss after tax of Rs.32.070 million in comparison with profit before tax amounting to Rs.44.462 million and loss after tax amounting to Rs.1.679 million respectively, in the previous comparative period.

The Company has incurred this loss due to enormous increase of 118% in the gas prices (i.e. from Rs.1,100 to Rs.2,400 per MMBtu), significant increase in raw material costs due to high exchange rates and increase in finance costs by 37% due to a historical rise in interest rates.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

The Asian Development Bank (ADB) has kept Pakistan's economic growth forecast unchanged at 1.9% due to a moderate level of confidence in the economy but expected some ease in inflation. However, the inflation remains high, mainly due to an upward pressure on food and energy prices, affecting the more vulnerable segment of society. On the other hand, the overall current account deficit continued to be under control. In the first seven months of the fiscal year 2023–2024, the Country' current account deficit dropped to \$1.1 billion, a 71 percent decrease from the same period last year.

The cotton crop production increased to 8.4 million bales from 5 million bales last year. This surge is expected to positively impact the country's largest export earner, the textile industry, and contribute to overall economic activities.

However, the textile industry is facing other significant challenges which are making the survival of most of the Companies very difficult. The challenges are especially related to the unavailability of power sources i.e. gas and electricity, at affordable and regionally competitive rates. If the Govt. would not have increased the gas prices by 118% (i.e. from

Rs.1,100 to Rs.2,400 per MMBtu), we could have sailed smoothly through these testing times, but now the burden is not manageable.

The Govt. has allowed a further increase of upto 45% in the gas prices w.e.f. 01 February, 2024, under the instructions of IMF.¹ It shall be third major increase in gas prices. First increase was in January, 2023 (from Rs.852 to Rs.1100 per MMBtu i.e.29%). Second increase in gas prices was in November, 2023, (from Rs.1100 to Rs.2400 per MMBtu i.e.118%).

The Govt. is also mulling plans to shift the industries from their CPPs to the National Electric Grid.² However, such detrimental steps of Govt. are going to totally immobilize the companies and force them into shutdown.

The Government planned to reduce the electricity tariff to 9 cents per unit for the export-oriented and zero-rated industries to ease the burden, however, this tariff rationalizations strategy that was proposed by the Ministry of Energy, has been rejected by IMF.³

The All-Pakistan Textile Mills Association (APTMA), in a letter to the Minister of energy, has said that the international competitiveness of Pakistan's textile and apparel exports is being continuously eroded by ever-increasing energy prices that are almost twice over those in competing neighboring countries, like Bangladesh, India, and Vietnam.

APTMA further highlighted that electricity prices for industrial consumers are around 16.7 cents/kWh and the price of gas is being increased to Rs. 2,950/MMBtu from Rs. 2,400/MMBtu. To continue production at these rates is not financially feasible and the sector's exports have become stagnant as we are losing market share to regional economies like Bangladesh, India, and Vietnam that have significantly lower energy tariffs.

Due to this constant and extremely high increase in power tariffs, the industrial activity is shrinking with every passing day, with further implications not just for employment and poverty but also for power sector revenue and the government's fiscal position.

The APTMA letter added that the industry can no longer bear the burden of paying for cross-subsidies to nonproductive sectors in their energy tariffs. These cross-subsidies are an economic distortion that cannot be exported and therefore significantly weighs down on the international competitiveness of Pakistan's manufacturing sectors.

If corrective action is not urgently taken, over 60 to 70 percent of units in the textiles and apparel sector are at high risk of closing down over the coming weeks which will cause widespread unemployment and social unrest.⁴

Prominent figures from the industrial sector have raised concerns over the economic challenges currently faced by the Country. The industry leaders said that the exorbitant increases in gas and power tariffs under IMF instructions and other costly industrial inputs owing to adverse rupee-dollar parity and failure to provide a level playing field to compete globally had pushed the industries on the verge of closure.⁵

To address the tough challenges currently at hand, the Company, with the cooperation of its Banks, is contemplating the sale of its outdated machinery. The intention is to replace it with newer, more efficient machinery and reduction in labour costs. This move is anticipated to not only decrease energy costs but also enable the Company to reach a break-even point and, ultimately, achieve profitability.

¹ Source: Dawn, February 15, 2024

² Source: Dawn, February 14, 2024

³ Source: Business Recorder, February 14, 2024

⁴ Source: Propakistani.pk APTMA letter, February 14, 2024

⁵ Source: Dawn, February 15, 2024

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 (Babri Cotton Mills Ltd - merged with the Company on February 04, 2022), during July, 2022, have filed civil suits before the Court of Senior Civil Judge, Peshawar (the Court) praying the Court to declare that the Company and BCM have not passed on the burden of GIDC to end consumers and are entitled to the benefit / exemption under section 8 (2) of the GIDC Act, 2015, which inter alia states that:

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

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

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

The case is pending adjudication and the lawyers of the Company have said that our case is very strong and valid, so we are hopeful that the decision of the Court will be in favour of the Company and the spinning industry.

ACKNOWLEDGMENT

The Board places on record its appreciation for the support of its bankers who have consistently facilitated the Company in financially difficult times. We would also like to highlight the hard work and diligence of the Company's senior management, support staff and the production workers. We look forward to same dedication and cooperation from them in the future as well.

On behalf of the Board of Directors



**Mrs. Shahnaz Sajjad Ahmad
Director**



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

Dated: February 22, 2024

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2023 چھ ماہ کی ختم ہونے والی مدت پر کمپنی کے آڈیٹرز کے نظر ثانی شدہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ۔

آپ کی کمپنی کی مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہیں۔

----- سرمایہ -----		----- چھ ماہی -----	
2023 دسمبر 31	2022 دسمبر 31	2023 دسمبر 31	2022 دسمبر 31
----- روپے ملین میں -----			
1,456.040	1,520.466	3,013.877	3,371.087
فروخت			
(39.359)	87.115	141.818	258.525
عبوری (نقصان) / منافع			
(25.463)	79.706	107.681	205.919
آپریشن کے بعد (نقصان) / منافع			
(92.233)	(12.901)	(58.988)	44.462
ٹیکس سے پہلے (نقصان) / منافع			
(55.963)	(42.783)	(32.070)	(1.679)
ٹیکس کے بعد نقصان			
----- روپے -----			
(8.09)	(6.19)	(4.64)	(0.24)
نقصان فی شیئر			

زیر جائزہ مدت کے دوران، کمپنی کے کاروبار میں گزشتہ مدت کے مقابلے میں 357.210 ملین روپے کی کمی واقع ہوئی ہے۔ مارکیٹ کے ناموافق حالات کی وجہ سے کمپنی کی فروخت کی مقدار میں کمی ہوئی ہے۔ مزید، کمپنی نے، زیر جائزہ مدت میں، 58.988 ملین روپے کا ٹیکس سے قبل نقصان اور 32.070 ملین روپے کا ٹیکس کے بعد نقصان ہوا ہے جبکہ گزشتہ تقابلی مدت میں بالترتیب 44.462 ملین روپے کے ٹیکس سے پہلے کے منافع اور 1.679 ملین روپے کے ٹیکس کے بعد نقصان ہوا تھا۔

نقصان کی اہم وجوہات میں ٹیکس کی قیمتوں میں 118% کے حساب سے بے تحاشا اضافہ (یعنی 1,100 روپے سے 2,400 روپے) (MMBtu) پاکستانی روپے کی امریکی ڈالر کے مقابلے میں غیر معمولی قدر میں کمی کی وجہ سے خام مال کی قیمتوں میں نمایاں اضافہ اور مالیاتی لاگت میں 37% اضافہ جو کہ شرح سود میں تاریخی اضافے کی وجہ سے اٹھانا پڑا ہے۔

عمومی مارکیٹ کی حالت اور مستقبل کا نظریہ۔

ایشیائی ترقیاتی بینک (ای ڈی بی) نے پاکستان کی معیشتی نمو کی پیش گوئی کو 1.9 فی صد پر برقرار رکھا ہے لیکن توقع کی گئی ہے کہ مہنگائی میں کچھ کمی ہوگی۔ تاہم، مہنگائی میں زیادتی مخصوص طور پر کھانے اور بجلی کی قیمتوں پر اٹا فون کی وجہ سے ہے اور معاشرے کے دیگر حلقوں پر اثر انداز ہو رہی ہے۔ دوسری جانب مجموعی کرنٹ اکاؤنٹ خسارہ مسلسل کنٹرول میں رہا۔ مالی سال 2023-2024 کے پہلے سات مہینوں میں، ملک کا کرنٹ اکاؤنٹ خسارہ کم ہو کر 1.1 ملین ڈالر رہ گیا، جو گزشتہ سال کی اسی مدت کے مقابلے میں 71 فیصد کم ہے۔

کیا اس کی فصل کی پیداوار گزشتہ سال 5 ملین گانٹھوں سے بڑھ کر 8.4 ملین گانٹھوں تک پہنچ گئی۔ توقع ہے کہ اس اضافے سے ملک کی سب سے بڑی برآمدات کسانے والی ٹیکسٹائل انڈسٹری پر مثبت اثر پڑے گا اور مجموعی اقتصادی سرگرمیوں میں تھوڑا سا اضافہ ہوگا۔

تاہم، ٹیکسٹائل کی صنعت کو دیگر اہم چیلنجوں کا سامنا ہے جو زیادہ تر کمپنیوں کی ہٹا کو بہت مشکل بنا رہے ہیں۔ چیلنجز خاص طور پر سستی اور علاقائی سطح پر مسابقتی نرخوں پر بجلی کے ذرائع یعنی گیس اور بجلی کی عدم دستیابی سے متعلق ہیں۔ اگر حکومت گیس کی قیمتوں میں 118 فیصد اضافہ نہ ہوتا (یعنی 1,100 روپے سے لے کر 2,400 روپے) فی ایم ایم بی ٹی (یو)، ہم ان آزمائشی اوقات میں آسانی سے سفر کر سکتے تھے، لیکن اب بوجھ سنبھالنے کے قابل نہیں ہے۔

حکومت نے آئی ایم ایف کی ہدایات کے تحت، 01 فروری 2024 سے گیس کی قیمتوں میں مزید 45 فیصد تک اضافے کی اجازت دے دی ہے۔ گیس کی قیمتوں میں یہ تیسرا بڑا اضافہ ہوگا۔ پہلا اضافہ جنوری 2023 میں ہوا تھا (852 روپے سے 1100 روپے) فی ایم ایم بی ٹی (یو) یعنی 29%۔ گیس کی قیمتوں میں دوسرا اضافہ نومبر 2023 میں ہوا (1100 روپے سے 2400 روپے) فی ایم ایم بی ٹی (یو) یعنی 118%۔

حکومت صنعتوں کو کھینچ پھینچنے سے پیشکش الیکٹرک گزڈ میں منتقل کرنے کے منصوبے پر بھی غور کر رہی ہے۔ تاہم حکومت کے ایسے نقصان دہ اقدامات کمپنیوں کو مکمل طور پر غیر متحرک رہنے اور انہیں بند کرنے پر مجبور کرنے جا رہے ہیں۔ حکومت نے بوجھ کو کم کرنے کے لیے برآمدی اور یورپی ریڈ صنعتوں کے لیے بجلی کے ٹیرف کو 9 سینٹ فی یونٹ تک کم کرنے کا منصوبہ بنایا تھا، تاہم وزارت توانائی کی جانب سے اس تجویز کردہ حکمت عملی کو آئی ایم ایف نے مسترد کر دیا ہے۔

آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن (APTMA) نے وزیر توانائی کو لکھے گئے خط میں کہا ہے کہ توانائی کی مسلسل بڑھتی ہوئی قیمتوں سے پاکستان کی ٹیکسٹائل اور ملبوہا سٹا کی برآمدات کی بین الاقوامی مسابقت کو مسلسل ختم کیا جا رہا ہے جو کہ بڑی ممالک، جیسے بنگلہ دیش، بھارت اور ویتنام، کے مقابلے میں تقریباً دو گنا ہے۔ اٹلانے مزید روشنی ڈالی کہ صنعتی صارفین کے لیے بجلی کی قیمتیں تقریباً 16.7 سینٹ فی کلو

واٹ فی گھنٹہ ہیں اور گیس کی قیمت کو 2,400 روپے فی ایم ایم پی ٹی یو سے بڑھا کر 2,950 روپے فی ایم ایم پی ٹی یو تک کیا جا رہا ہے۔ ان قیمتوں پر پیداوار جاری رکھنا مالی طور پر ممکن نہیں ہے اور اس شعبے کی برآمدات جمو کا شکار ہو گئی ہیں کیونکہ ہم بنگلہ دیش، بھارت اور ویتنام جیسی علاقائی معیشتوں کے سامنے مارکیٹ شیئر کھو رہے ہیں جن کے توانائی کے نرخ نمایاں طور پر کم ہیں۔

بجلی کے نرخوں میں اس مسلسل اور انتہائی زیادہ اضافے کی وجہ سے صنعتی سرگرمیاں ہرگز رتے دن کے ساتھ سکتی جا رہی ہیں، جس کے مزید مضمرات نہ صرف روزگار اور غربت بلکہ پاور سیکٹور کی آمدنی اور حکومت کی مالی پوزیشن پر بھی پڑ رہے ہیں۔

اپنا کے خط میں مزید کہا گیا ہے کہ صنعت اب اپنے توانائی کے نرخوں میں غیر پیداواری شعبوں کو کراس سبسڈی کی ادائیگی کا بوجھ برداشت نہیں کر سکتی۔ یہ کراس سبسڈی بڑا ایک معاشی بگاڑ ہے جسے برآمد نہیں کیا جا سکتا اور اس وجہ سے پاکستان کے مینوفیکچرنگ سیکٹرز کی بین الاقوامی مسابقت پر نمایاں طور پر اثر پڑتا ہے۔ اگر فوری طور پر اصلاحی اقدام نہ اٹھایا گیا تو ٹیکسٹائل اور ملبوسات کے شعبے میں 60 سے 70 فیصد پونٹس کا آنے والے ہفتوں میں بند ہونے کا خطرہ ہے جس سے بڑے پیمانے پر بے روزگاری اور سماجی بد امنی پھیلے گی۔ صنعتی شعبے سے تعلق رکھنے والی متاثرہ شخصیات نے ملک کو درپیش معاشی چیلنجوں پر تفتیش کا اظہار کیا ہے۔ صنعت کے رہنماؤں نے کہا کہ آئی ایم ایف کی ہدایات کے تحت گیس اور بجلی کے نرخوں میں بے تحاشہ اضافہ اور روپے اور ڈالر کی منفی برابری کی وجہ سے دیگر منگنے والے خام مال اور عالمی سطح پر مسابقت کے لیے برابری کا میدان فراہم کرنے میں ناکامی سے صنعتوں کو بندش کے دہانے پر دکھیل دیا ہے۔ اس وقت مشکل چیلنجوں سے نمٹنے کے لیے، کمپنی، اپنے پیکیجوں کے تعاون سے، اپنی فرسودہ مشینری کی فروخت پر غور کر رہی ہے۔ اس کی بجائے، زیادہ موثر مشینری اور مزدوری کے اخراجات میں کمی لانے کا ارادہ ہے۔ اس اقدام سے نہ صرف توانائی کی لاگت میں کمی آئے گی بلکہ کمپنی کو بریک ایون پوائنٹ تک پہنچنے اور بالآخر منافع حاصل کرنے میں بھی مدد ملے گی۔

آڈیٹر کی رپورٹ میں دیئے گئے اعتراض کا جواب:

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

کمپنی اور بی سی ایم (باری کاٹن ٹریڈیڈ) جو کہ 04 فروری 2022 کو کمپنی میں ضم ہو چکی ہے) نے جولائی، 2022 کے دوران، سبٹرنسول، سچ، پشاور کی عدالت میں کیس دائر کیے ہیں اور عدالت سے درخواست کی ہے کہ وہ یہ اعلان کرے کہ کمپنی اور بی سی ایم نے اپنے صارفین پر بی سی ایم کے بوجھ کو نہیں ڈالا۔ بی سی ایم ایکٹ 2015 کے سیکشن 8(2) کے تحت فائدہ/چھوٹ کا حقدار ہے، جس میں دیگر باتوں کے ساتھ یہ کہا گیا ہے کہ:

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

بشرطیکہ مذکورہ سیس صنعتی شعبے سے جمع نہیں کیا جائے گا سوائے فری لانڈری فیوئل اسٹاک کے، جس کا ذریعہ نمبر ۳، دوسرے شیڈول جو کے دونوں گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ، 2011 (XXI of 2011) اور گیس انفراسٹرکچر ڈیولپمنٹ سیس آرڈیننس، 2014 (VI of 2014) میں ہے۔

عدالت نے بی سی ایم کی ریکوری کے خلاف حکم امتناعی جاری کیا ہے، کیونکہ کمپنی، ایک سپننگ یونٹ ہونے کے ناطے اور یونٹ سیکٹر کے لیے مال تیار کرتی ہے، اس نے بی سی ایم کا بوجھ اپنے صارفین پر نہیں ڈالا۔ یارن مارکیٹ ریگولیٹڈ مارکیٹ نہیں ہے یعنی ٹیکسٹائل یونٹ قیمت لینے والے ہیں نہ کہ قیمت بنانے والے، اس لیے اسپننگ سیکٹور پر قیمتوں میں بی سی ایم شامل نہیں کر سکا اور یقینی طور پر اس نے اپنے صارفین سے وصول نہیں کیا ہے۔

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

اعتراف

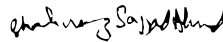
بورڈ آف ڈائریکٹرز کمپنی کے بینکاروں کی قدر کرتا ہے جو کہ مسلسل کمپنی کی مالی مشکلات میں بروقت مدد کرتے ہیں۔ اسکے علاوہ کمپنی کی انتظامیہ اور کارکنوں کی محنت کو بے مثال مشکل حالات میں بہتر نتائج حاصل کرنے پر شاباش دیتا ہے۔ اور امید کرتا ہے کہ مستقبل میں تمام کارکنان اسی گن اور محنت سے کام کرتے رہیں گے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

تاریخ: 22 فروری 2024



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



مسز مہناز سجاد
ڈائریکٹر

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

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Janana De Malucho Textile Mills Limited** (the Company) as at December 31, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to note 15.4 to the interim financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.648.175 million demanded by Sui Northern Gas Pipelines Ltd. Our review report is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditors' review report is Osman Hameed Chaudhri.


LAHORE; February 22, 2024
UDIN:RR202310104DwX2Ypd1W

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

Condensed Interim Statement of Financial Position as at December 31, 2023

		Dec. 31, 2023 Un-audited	June 30, 2023 Audited
		--Rupees in thousand--	
Assets	Note		
Non-current assets			
Property, plant and equipment	5	7,507,456	7,592,697
Intangible assets		910	1,040
Investments in an Associated Company	6	95,082	71,693
Loans to employees		916	1,236
Security deposits		<u>14,598</u>	<u>14,346</u>
		<u>7,618,962</u>	<u>7,681,012</u>
Current assets			
Stores, spares and loose tools		86,802	90,099
Stock-in-trade	7	1,115,997	1,465,380
Trade debts - unsecured, considered good		10,385	62,405
Advances to employees		1,361	1,588
Advance payments		17,143	19,998
Trade deposits and prepayments	8	92,929	77,271
Other receivables		1,107	622
Income tax refundable, advance tax and tax deducted at source		<u>152,232</u>	<u>197,372</u>
Cash and bank balances		<u>7,792</u>	<u>40,639</u>
		<u>1,485,748</u>	<u>1,955,374</u>
		<u>9,104,710</u>	<u>9,636,386</u>
Total assets			
Equity and liabilities			
Equity			
Authorised capital		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		69,158	69,158
Treasury shares		(3,410)	(3,410)
Capital reserves			
- other capital reserves		23,803	23,803
- revaluation surplus on property, plant and equipment	9	5,090,115	5,110,134
Revenue reserves			
- general reserve		371,530	371,530
- unappropriated profit		<u>984,863</u>	<u>996,914</u>
Shareholders' equity		<u>6,536,059</u>	<u>6,568,129</u>
Liabilities			
Non-current liabilities			
Lease liabilities		2,251	2,034
Long term finances	10	25,378	138,691
Staff retirement benefits - gratuity	11	110,842	100,467
Deferred taxation		<u>466,627</u>	<u>531,218</u>
		<u>605,098</u>	<u>772,410</u>
Current liabilities			
Trade and other payables	12	553,224	421,680
Contract liabilities		74,109	77,675
Unclaimed dividends		2,715	2,715
Accrued mark-up		71,487	1,017
Short term finances		1,046,236	1,556,639
Current portion of non-current liabilities	13	176,918	159,723
Taxation	14	37,673	75,207
Preference shares redemption account		<u>1,191</u>	<u>1,191</u>
		<u>1,963,553</u>	<u>2,295,847</u>
Total liabilities		<u>2,568,651</u>	<u>3,068,257</u>
Contingencies and commitments	15		
Total equity and liabilities		<u>9,104,710</u>	<u>9,636,386</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


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



Mrs. Shahnaz Sajjad Ahmad
Director


Amin-ur-Rasheed
Chief Financial Officer

**Condensed Interim Statement of Profit or Loss & Other
Comprehensive Income (Un-audited)
For the Quarter and Six Months Period Ended December 31, 2023**

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
----- Rupees in thousand -----					
Sales - net	16	1,456,040	1,520,466	3,013,877	3,371,087
Cost of sales	17	1,495,399	1,433,351	2,872,059	3,112,562
Gross (loss) / profit		(39,359)	87,115	141,818	258,525
Distribution cost	18	19,766	12,768	40,512	30,005
Administrative expenses		36,444	25,502	69,467	53,518
Other expenses	19	3,709	4,845	3,709	4,845
Other income	20	(73,815)	(35,706)	(79,551)	(35,762)
		(13,896)	7,409	34,137	52,606
(Loss) / profit from operations		(25,463)	79,706	107,681	205,919
Finance cost	21	90,159	69,463	190,058	138,313
		(115,622)	10,243	(82,377)	67,606
Share of profit of an Associated Company	6	708	4,957	708	4,957
Impairment loss on investments in an Associated Company reversed / (recognised)	6	22,681	(28,101)	22,681	(28,101)
		23,389	(23,144)	23,389	(23,144)
(Loss) / profit before taxation		(92,233)	(12,901)	(58,988)	44,462
Taxation					
- current	14	18,235	22,627	37,673	42,139
- prior year	14	0	(3,227)	0	(3,227)
- deferred		(54,505)	10,482	(64,591)	7,229
		(36,270)	29,882	(26,918)	46,141
Loss after taxation		(55,963)	(42,783)	(32,070)	(1,679)
Other comprehensive income		0	0	0	0
Total comprehensive loss for the period		(55,963)	(42,783)	(32,070)	(1,679)
----- Rupees -----					
Loss per share		(8.09)	(6.19)	(4.64)	(0.24)

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


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



Mrs. Shahnaz Sajjad Ahmad
Director


Amin-ur-Rasheed
Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Six Months Period Ended December 31, 2023**

	Share capital	Treas-ury shares	Reserves						Total	
			Capital				Revenue			
			Capital redemp-tion	Tax holiday	Share premium	Revaluation surplus on property, plant and equipment	Merger reserve	General		Unappr-opriated profit
----- Rupees in thousand -----										
Balance as at June 30, 2023 (audited)	69,158	(3,410)	6,694	350	11,409	5,110,134	5,350	371,530	996,914	6,568,129
Total comprehensive loss for the period of six months ended December 31, 2023	0	0	0	0	0	0	0	0	(32,070)	(32,070)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	0	(20,019)	0	0	20,019	0
Share of revaluation surplus on property, plant and equipment of an Associated Company	0	0	0	0	0	0	0	0	0	0
Balance as at December 31, 2023 (un-audited)	69,158	(3,410)	6,694	350	11,409	5,090,115	5,350	371,530	984,863	6,536,059
Balance as at June 30, 2022 (audited)	69,158	(3,410)	6,694	350	11,409	5,124,591	5,350	371,530	1,035,997	6,621,669
Total comprehensive loss for the period of six months ended December 31, 2022	0	0	0	0	0	0	0	0	(1,679)	(1,679)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	0	(18,801)	0	0	18,801	0
Share of revaluation surplus on property, plant and equipment of Associated Company	0	0	0	0	0	(33,956)	0	0	33,956	0
Balance as at December 31, 2022 (un-audited)	69,158	(3,410)	6,694	350	11,409	5,071,834	5,350	371,530	1,087,075	6,619,990

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


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



Mrs. Shahnaz Sajjad Ahmad
Director


Amin-ur-Rasheed
Chief Financial Officer

**Condensed Interim Statement of Cash Flows (Un-audited)
For the Six Months Period Ended December 31, 2023**

	Six months period ended	
	Dec. 31, 2023	Dec. 31, 2022
	(Rupees in thousand)	
Cash flows from operating activities		
(Loss) / profit for the period - before taxation and share of profit on investments in an Associated Company	(82,377)	67,606
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	80,602	81,337
Amortisation on intangible assets	130	130
Depreciation on right of use assets	865	426
Gain on sale of operating fixed assets	(266)	(307)
Staff retirement benefits - gratuity (net)	10,375	2,652
Receivable balances written-off	3,709	4,845
Payable balances written-back	(73,815)	(34,448)
Finance cost	190,058	138,313
Profit before working capital changes	129,281	260,554
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	3,297	15,103
Stock-in-trade	349,383	313,756
Trade debts	48,311	(48,542)
Loans and advances to employees	547	103
Security deposits	(252)	0
Advance payments	2,855	(8,251)
Trade deposits and prepayments	(15,658)	(13,094)
Other receivables	(485)	1,795
Increase / (decrease) in trade and other payables	201,793	(98,823)
	589,791	162,047
Cash generated from operations	719,072	422,601
Taxes paid	(30,067)	(49,049)
Net cash generated from operating activities	689,005	373,552
Cash flows from investing activities		
Fixed capital expenditure	(8,673)	(54,229)
Sale proceeds of operating fixed assets	12,713	1,133
Net cash generated from / (used in) investing activities	4,040	(53,096)
Cash flows from financing activities		
Lease liabilities	385	(1,091)
Long term finances - net	(96,286)	(30,667)
Short term finances - net	(510,403)	(82,689)
Finance cost paid	(119,588)	(148,872)
Net cash used in financing activities	(725,892)	(263,319)
Net (decrease) / increase in cash and cash equivalents	(32,847)	57,137
Cash and cash equivalents - at beginning of the period	40,639	17,169
Cash and cash equivalents - at end of the period	7,792	74,306

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


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


Mrs. Shahnaz Sajjad Ahmad
Director


Amin-ur-Rasheed
Chief Financial Officer

**Notes to the Condensed Interim Financial Statements (Un-audited)
For the Six Months Period Ended December 31, 2023**

1. Legal status and operations

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

2. Basis of preparation

2.1 Statement of compliance

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

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

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

2.2 These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017. The figures for the six months period ended December 31, 2023 have, however, been subjected to limited scope review by the external Auditors.

2.4 Basis of measurement

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

2.5 Functional and presentation currency

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

3. Significant accounting policies

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited financial statements of the Company as at and for the year ended June 30, 2023.

3.1 Changes In Accounting Standards, Interpretations And Amendments To Published Approved Accounting Standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting periods which began on July 01, 2023. However, these do not have any significant impact on the Company's financial reporting.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2024. However, these will not have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

4. Accounting estimates and judgements

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

4.2 In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2023.

		Un-audited Dec. 31, 2023	Audited June 30, 2023
5. Property, plant and equipment	Note	(Rupees in thousand)	
Operating fixed assets - tangible	5.1	7,448,160	7,532,536
Capital work-in-progress		56,025	56,025
Right of use assets		3,271	4,136
		<u>7,507,456</u>	<u>7,592,697</u>
5.1 Operating fixed assets			
Book value as at June 30, 2023		7,532,536	
Additions made during the period:			
- furniture and fixtures		435	
- computer equipment and accessories		171	
- vehicles		8,067	
		8,673	
Book value of operating fixed assets sold		(12,447)	
Depreciation charge for the period		(80,602)	
Book value as at December 31, 2023		<u>7,448,160</u>	

	Note	Un-audited Dec. 31, 2023 (Rupees in thousand)
6. Investments in an Associated Company - Quoted		
Bannu Woollen Mills Ltd. (BWM)		
Carrying value of 731,626 shares of Rs.10 each before recognition of impairment loss as at June 30, 2023		305,619
Shareholding held: 7.70%		
Profit for the period - net of taxation		708
		306,327
Less: impairment loss:		
- balance as at June 30, 2023		(233,926)
- loss reversed during the period	6.3	22,681
		(211,245)
Carrying value as at December 31, 2023		95,082
6.1 Although the Company has less than 20% voting rights in BWM as at December 31, 2023, BWM has been treated as an Associated Company by virtue of common directorships.		
6.2 Market value of the Company's investments in BWM as at December 31, 2023 was Rs.17.559 million (June 30, 2023: Rs.16.374 million).		
6.3 The reversal of impairment loss on investments in the Associate as of December 31, 2023 has resulted from the adoption of a revised valuation methodology permitted under IAS 36 (Impairment of Assets) . The Company has been using the Discounted Cash Flow (DCF) method to calculate Value in Use (VIU) under IAS 36. However, economic challenges, such as inflation, currency devaluation and increased assets revaluation, have necessitated a reassessment of the impairment assessment approach. Therefore, keeping in view the requirements of IAS 36, a revised model, known as the Market Value of Net Assets Approach has been adopted as at December 31, 2023 to calculate the VIU. This model provides a more accurate reflection of the investments value, especially for capital-intensive entities. This change in the VIU calculation method has led to reversal of the impairment loss for the period ended December 31, 2023. This change in estimate has been applied prospectively.		
7. Stock-in-trade		
Raw materials inventory valuing Rs.96.577 million (June 30, 2023: Rs.57.790 million) was in transit as at December 31, 2023.		
8. Trade deposits and prepayments		
Period end balance includes deposit amounting Rs.75 million and Rs.2.700 million deposited with National Bank of Pakistan (NBP) and Bank Alfalah Ltd. (BAF) respectively against guarantees of similar amounts issued by both the banks in favor of Sui Northern Gas Pipelines Ltd. The guarantees issued by NBP and BAF are valid till December 31, 2024 and July 31, 2024 respectively.		

	Un-audited	Audited
	Dec. 31,	June 30,
	2023	2023
	(Rupees in thousand)	
9. Revaluation surplus on property, plant and equipment - net		
Revaluation surplus on the Company's property, plant & equipment	4,889,397	4,909,416
Share of revaluation surplus on property, plant and equipment of an Associated Company	200,718	200,718
	<u>5,090,115</u>	<u>5,110,134</u>
10. Long term finances - secured		
First Habib Modaraba		
- diminishing musharaka (DM I)	2,444	2,906
The Bank of Khyber		
- demand finance - I	13,167	32,917
- demand finance - II	2,226	5,565
Pak Oman Investment Company Ltd.		
- term finance I	66,667	133,333
- term finance II	100,000	100,000
Sindh Modaraba		
- diminishing musharaka (DM II)	16,185	22,254
	<u>200,689</u>	<u>296,975</u>
Less: current portion grouped under current liabilities	<u>175,311</u>	<u>158,284</u>
	<u>25,378</u>	<u>138,691</u>
11. Staff retirement benefits - gratuity		
Balance as at June 30, 2023	100,467	
Provision made during the period	20,113	
Payments made during the period	(9,738)	
Balance as at December 31, 2023	<u>110,842</u>	
12. Trade and other payables		
Creditors	78,127	79,714
Bills payable against imported raw materials	96,048	57,514
Advance payments	184	184
Accrued expenses	300,312	205,851
Tax deducted at source	12,543	11,329
Sales tax payable	36,688	22,404
Gratuity payable to employees	0	1,000
Due to Waqf-e-Kuli Khan	27,932	28,124
Security deposits repayable on demand - interest free	283	283
Others	1,107	15,277
	<u>553,224</u>	<u>421,680</u>

		Un-audited Dec. 31, 2023	Audited June 30, 2023
13. Current portion of non-current liabilities	Note	(Rupees in thousand)	
Lease liabilities		1,607	1,439
Long term finances	10	175,311	158,284
		<u>176,918</u>	<u>159,723</u>
14. Taxation - net			
Balance as at June 30, 2023		75,207	
Add: provision made during the period - current		<u>37,673</u>	
		112,880	
Less: payments / adjustments made against completed assessments		<u>75,207</u>	
Balance as at December 31, 2023		<u><u>37,673</u></u>	

14.1 Income tax assessments of the Company have been completed up to the tax year 2023 i.e. accounting year ended June 30, 2023.

14.2 There has been no significant change in the status of taxation matters during the current period as detailed in note 27 to the audited financial statements of the Company for the year ended June 30, 2023.

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

15. Contingencies and commitments

15.1 The Sales Tax Department (the Department), vide its judgment dated March 06, 2018, has created sales tax demands of Rs.5.978 million on account of discrepancies pointed out by CREST for which appeal was decided by the Commissioner Inland Revenue [Appeals-CIR(A)] and remanded-back the issue to the Deputy Commissioner Inland Revenue. The Company, however, has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR), Lahore against the orders of CIR (A), which is pending adjudication.

15.2 The Department, vide order dated January 24, 2018 under section 11(3) of the Sales Tax Act, 1990 (the Act) has created demand of Rs.182.690 million for the period July, 2011 to June, 2013 against which the Company has filed writ petition before the Lahore High Court (LHC) on January 30, 2018, which has declared the order passed by the Department illegal and void ab-initio on February 09, 2018. The Department against order of the LHC has filed an appeal on March 27, 2018 before the Supreme Court of Pakistan, which is pending adjudication.

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

15.4 The Supreme Court of Pakistan (SCP) vide its judgment dated August 13, 2020 has declared the Gas Infrastructure Development Cess (GIDC) Act, 2015 as valid and constitutional. The SCP in its said judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas, which on account of their industrial or commercial dealings had passed on the GIDC burden to their end customers/clients.

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

In case of the Company, Sui Northern Gas Pipelines Ltd. (SNGPL), along with gas bill for the month of August, 2020, has raised GIDC demands aggregating Rs.380.957 million. The management, during the financial year ended June 30, 2017, has made GIDC provision amounting Rs.78.043 million relating to that year in its books of account, however, the balance GIDC provisions aggregating Rs.302.914 million have not been recognised in the books of account.

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

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 SCP 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.

- 15.5** 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.
- 15.6** Guarantees aggregating Rs.177.700 million (June 30, 2023: Rs.175 million) issued by commercial banks on behalf of the Company in favour of SNGPL were outstanding as at December 31, 2023.

	Un-audited Dec. 31, 2023	Audited June 30, 2023
15.7 Commitments against irrevocable letters of credit outstanding at the period / year-end were for: raw materials	122,026	158,255

	Quarter ended		Six months period ended	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
	----- Rupees in thousand -----			
16. Sales - Net				
Yarn	1,750,086	1,808,590	3,615,366	3,967,941
Waste	430	204	820	38,212
	1,750,516	1,808,794	3,616,186	4,006,153
Less: sales tax	294,476	288,328	602,309	635,066
	1,456,040	1,520,466	3,013,877	3,371,087
17. Cost of sales				
Raw materials consumed	895,694	742,520	1,911,814	2,145,774
Packing materials consumed	25,241	22,009	49,604	56,810
Salaries, wages and benefits	175,471	187,509	347,794	317,127
Power and fuel	278,531	146,467	444,640	421,870
Stores consumed	41,882	39,151	76,120	93,726
Repair and maintenance	3,085	2,281	7,465	6,874
Depreciation	38,467	39,982	76,935	79,565
Insurance	5,069	4,783	10,138	9,565
Others	7,003	5,254	13,027	12,238
	1,470,443	1,189,956	2,937,537	3,143,549
Adjustment of work-in-process				
Opening	191,934	166,375	165,325	147,471
Closing	(213,899)	(130,300)	(213,899)	(130,300)
	(21,965)	36,075	(48,574)	17,171
Cost of goods manufactured	1,448,478	1,226,031	2,888,963	3,160,720
Adjustment of finished goods				
Opening stock	225,041	408,536	161,216	153,058
Closing stock	(178,120)	(201,216)	(178,120)	(201,216)
	46,921	207,320	(16,904)	(48,158)
Cost of goods sold - own manufactured	1,495,399	1,433,351	2,872,059	3,112,562

	Quarter ended		Six months period ended	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
18. Distribution cost	----- Rupees in thousand -----			
Salaries and benefits	7,576	4,749	13,709	9,639
Commission	10,851	6,895	24,026	16,788
Freight and handling	1,151	1,094	2,351	2,577
Gifts and samples	21	21	96	199
Others	167	9	330	802
	19,766	12,768	40,512	30,005
19. Other expenses	Expense for the period represents write-off of receivable / advances balances.			
20. Other income	Income for the period mainly includes write-back of payable balances aggregating Rs.73.815 million and return on bank deposits aggregating Rs.5.470 million.			
21. Finance cost				
Interest on lease liabilities	221	9	428	44
Mark-up on long term finances	17,614	13,944	35,083	27,978
Mark-up on short term finances	71,457	53,235	151,288	107,108
Bank charges	867	980	3,259	1,888
Interest on workers' - (profit) participation fund	0	1,295	0	1,295
	90,159	69,463	190,058	138,313

22. Transactions with Related Parties

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

Name	Nature of transaction	Cumulative	
		Jul. - Dec., 2023	Jul. - Dec., 2022
(Rupees in thousand)			
Associated Companies			
Bannu Woollen Mills Ltd.	Expenses recovered	222	120
	Salaries and benefits recovered	1,735	1,169
	Sale of yarn	0	2,039
The Universal Insurance Company Ltd.	Salaries & benefits recovered	1,735	1,169
	Salaries & benefits paid	686	815
	Expenses recovered	120	120
Gammon Pakistan Ltd.	Rent paid	0	242
Ghandhara Automobiles Ltd.	Salaries & benefits recovered	1,735	1,169
	Advances made for purchase of vehicles	0	22,899
	Expenses recovered	183	120
Ghandhara Industries Ltd.	----- do -----	183	120
	Salaries & benefits recovered	1,735	1,169
Other related parties			
Employees' Provident Fund	Payments made to Provident Fund	19,778	18,012
Key Management Personnel	Salaries & benefits	99,512	81,557

23. Financial risk management

23.1 Financial risk factors

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended June 30, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

23.2 Fair value estimation


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

24. Corresponding figures

The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the period ended December 31, 2022.

25. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 22, 2024.


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


Mrs. Shahnaz Sajjad Ahmad
Director


Amin-ur-Rasheed
Chief Financial Officer

