Nine Months Report Period Ended March 31, 2022

BIBOJEE GROUP

JANANA DE MALUCHO TEXTILE MILLS LIMITED

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COMPANY'S PROFILE

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

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Directors' Review along with the condensed interim financial statements of Janana De Maluho Textile Mills Ltd. (the Company) for the 3rd quarter & nine months period ended 31st March 2022.

FINANCIAL HIGHLIGHTS

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

	Quarter Ended		Nine months period ended	
	Mar. 31, 2022	Mar. 31, 2021	**Mar. 31, 2022**	Mar. 31, 2021
	---------- Rs. in thousand ----------			
Sales-net	**1,817,986**	1,518,394	**5,368,673**	4,059,376
Gross profit	**201,622**	82,835	**621,090**	342,645
Profit from operations	**153,501**	52,438	**505,147**	264,502
Profit before taxation	**111,451**	39,410	**420,899**	245,415
Profit after taxation	**80,583**	27,428	**287,391**	182,667
	---------- Rupees ----------			
Earnings per share	**13.66**	5.73	**55.80**	38.18

The turnover of the Company for the nine months period ended 31st March, 2022, has increased by Rs.1,309.297 million as compared to the previous period. Main reasons of increase in turnover are increase in yarn sale rates and increase in quantity sold and due to addition of 35,976 spindles after merger of Babri Cotton Mills Ltd. (Babri) into the Company. Further, the Company, in the period under report, has earned profit before tax amounting to Rs.420.899 million and profit after tax of Rs.287.391 million in comparison with profit before tax amounting to Rs.245.415 million and profit after tax amounting to Rs.182.667 million respectively, in the previous comparative period.

We would also like to inform the members of the Company, that after the merger of Babri into the Company w.e.f. 04th February, 2022, the process of issuance of shares of the Company to the entitled shareholders of Babri has been completed and Babri has been delisted by the Pakistan Stock Exchange Ltd. w.e.f. 04th April, 2022. Please also refer to note 5.2 of Notes to the Condensed Interim Financial Statements.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

The World Bank has kept Pakistan's economic growth forecast for the fiscal year 2021-22 unchanged at 3.4%. Inflation remains a key challenge as it reached 12.7% in the month of March, reflecting growth in domestic demand. Further, the State Bank of Pakistan (SBP) has raised its benchmark interest rate by a significant 250 basis points to 12.25% as the Country grapples with uncertainty due to varying international commodity prices and global financial conditions, which has been further spiked by the Russia-Ukraine conflict. The recent hike comes after the rupee plunged to an all-time low of Rs.188 against the US dollar in the inter-bank market.

The textile industry continues to be Pakistan's most important manufacturing sector, with textile products accounting for 60 percent of total exports. However, certain factors, such as an unprecedented increase in cotton prices in the world and local markets coupled with constant increase in Dollar viz-a-viz Pak Rupee parity, are making it difficult for the textile sector to sustain its growth. Another major issue which is making it difficult for the companies to make full utilization of their capacity is the non-availability of gas. The gas supply to the companies was suspended from the mid of December, 2021 which was not restored fully till second week of March, 2022. However apparently, even after the start of summer season there is still gas shortage in the Country, which is quite concerning. The gas companies have again curtailed the supply of gas upto 50% from the first week of April, 2022, and it has become very difficult for the companies to manage their load for utilizing 100% production capacity. The Government. needs to intervene and direct the gas companies to put a stop to this practice, especially in KPK province, because KPK is a gas producing province, and as per Article 158 of the Constitution of Pakistan, the people / companies of KPK have first right to use the gas that is being produced in their province.

ACKNOWLEDGMENT

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

On behalf of the Board of Directors

Brig. (Retd.) Abdul Samad Khan
Director

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

Dated: April 21, 2022

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2022 نو ماہ کی ختم ہونے والی مدت پر کمپنی کی مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ۔

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

	-----سہ ماہی-----		-----نو ماہی-----	
	31مارچ2022	31مارچ2021	**31مارچ2022**	31مارچ 2021
	----------روپے ہزاروں میں----------			
فروخت	**1,817,986**	1,518,394	**5,368,673**	4,059,376
عبوری منافع	**201,622**	82,835	**621,090**	342,645
اپریشن کے بعد منافع	**153,501**	52,438	**505,147**	264,502
ٹیکس سے پہلے منافع	**111,451**	39,410	**420,899**	245,415
ٹیکس کے بعد منافع	**80,583**	27,428	**287,391**	182,667
	----------روپے----------			
آمدنی فی شیئر	**13.66**	5.73	**55.80**	38.18

31 مارچ 2022 کو ختم ہونے والی نو ماہ کی مدت میں کمپنی کے کاروبار میں گزشتہ مدت کے مقابلے میں 1,309.297 ملین روپے کا اضافہ ہوا ہے۔ کاروبار میں اضافے کی اہم وجوہات میں یارن کی فروخت کے نرخوں اور مقدار میں اضافہ اور کمپنی میں باہری کاٹن ملز لمیٹڈ (باہری) کے انضمام کے بعد 35,976 سپنڈلز کا اضافہ ہے۔ مزید، کمپنی نے، رپورٹ کی گئی مدت میں، 420.899 ملین روپے کا ٹیکس سے پہلے کا منافع اور 287.391 ملین روپے کا ٹیکس کے بعد منافع کمایا ہے جبکہ گزشتہ تقابلی مدت میں بالترتیب 245.415 ملین روپے کا ٹیکس سے پہلے منافع اور 182.667 ملین روپے ٹیکس کے بعد کا منافع کمایا ہے۔

ہم کمپنی کے اراکین کو یہ بھی بتانا چاہتے ہیں کہ باہری کے 04 فروری 2022 کو کمپنی میں انضمام کے بعد، باہری کے حقدار حصص یافتگان کو کمپنی کے حصص جاری کرنے کا عمل مکمل ہو گیا ہے اور باہری کو پاکستان اسٹاک ایکسچینج لمیٹڈ نے 04 اپریل، 2022 کو ڈی لسٹ کر دیا ہے۔ براہ کرم مختصر عبوری مالیاتی بیانات کے نوٹس کے نوٹ نمبر 5.2 میں اس کا حوالہ دیا گیا ہے۔

عمومی مارکیٹ کی حالت اور مستقبل کا نقطہ نظر

عالمی بینک نے مالی سال 22-2021 کے لیے پاکستان کی اقتصادی ترقی کی پیش گوئی کو 3.4 فیصد پر برقرار رکھا ہے۔ افراط زر ایک کلیدی چیلنج بنی ہوئی ہے کیونکہ یہ مارچ کے مہینے میں 12.7 فیصد تک پہنچ گئی، جو ملکی طلب میں اضافے کی عکاسی کرتی ہے۔ مزید، اسٹیٹ بینک آف پاکستان (SBP) نے اپنی بینچ مارک سود کی شرح کو 250 بیسس پوائنٹس سے بڑھا کر 12.25 فیصد کر دیا ہے کیونکہ ملک مختلف اشیاء کی بین الاقوامی قیمتوں اور عالمی مالیاتی حالات کی وجہ سے غیر یقینی صورتحال سے دوچار ہے، جسے روس یوکرین تنازعہ نے مزید بڑھا دیا ہے۔ انٹر بینک مارکیٹ میں امریکی ڈالر کے مقابلے میں روپیہ 188 روپے کی اب تک کی کم ترین سطح پر گراوٹ کی وجہ سے ہوا ہے۔

ٹیکسٹائل کی صنعت بدستور پاکستان کا سب سے اہم مینوفیکچرنگ سیکٹر ہے، جس میں ٹیکسٹائل مصنوعات کل ملکی برآمدات کا 60 فیصد بنتی ہیں۔ تاہم، کچھ عوامل، جیسے کہ دنیا میں کپاس کی قیمتوں میں غیر معمولی اضافہ اور مقامی منڈیوں میں ڈالر کے مقابلے میں پاکستانی روپے کی گراوٹ میں مسلسل اضافہ، ٹیکسٹائل سیکٹر کے لیے اپنی ترقی کو برقرار رکھنا مشکل بنا رہا ہے۔ ایک اور بڑا مسئلہ جو کمپنیوں کے لیے اپنی صلاحیت کا بھرپور استعمال کرنا مشکل بنا رہا ہے وہ گیس کی عدم دستیابی ہے۔ کمپنیوں کو گیس کی سپلائی دسمبر 2021 کے وسط سے معطل کر دی گئی تھی جو کہ مارچ 2022 کے دوسرے ہفتے تک مکمل طور پر بحال نہیں ہو سکی تھی۔ تاہم بظاہر گرمی کا موسم شروع ہونے کے بعد بھی ملک میں گیس کی قلت برقرار ہے۔ گیس کمپنیوں نے اپریل 2022 کے پہلے ہفتے سے ایک بار پھر گیس کی سپلائی میں 50 فیصد تک کمی کر دی ہے اور کمپنیوں کے لیے 100 فیصد پیداواری صلاحیت کے استعمال کے لیے اپنے لوڈ کو سنبھالنا بہت مشکل ہو گیا ہے۔ حکومت کو مداخلت کر کے گیس کمپنیوں کو ہدایات جاری کرنے کی ضرورت ہے اور خاص طور پر صوبہ کے پی کے میں اس عمل کو روکنے کی ہدایت کی جائے، کیونکہ کے پی کے ایک گیس پیدا کرنے والا صوبہ ہے، اور پاکستان کے آئین کے آرٹیکل 158 کے مطابق، کے پی کے کے عوام/کمپنیوں کو پہلا حق حاصل ہے کہ اپنے صوبے میں پیدا ہونے والی گیس استعمال کریں۔

اعتراف

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

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

تاریخ: 21 اپریل 2022

بریگیڈیر (ریٹائیرڈ) عبدل صمد خان
ڈائریکٹر

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

Condensed Interim Statement of Financial Position As at March 31, 2022 (Un-Audited)

	Note	(Un-Audited) March 31 2022	(Audited) June 30, 2021
ASSETS		**- Rupees in thousand -**	
Non-current assets			
Property, plant and equipment	5	**4,552,384**	3,554,156
Investments in Associated Companies	6	**82,558**	114,970
Loans to employees		**967**	398
Security deposits		**2,472**	1,543
		4,638,381	3,671,067
Current assets			
Stores, spares and loose tools	7	**148,165**	68,369
Stock-in-trade		**1,955,753**	1,351,899
Trade debts - unsecured, considered good		**15,607**	8,972
Advances to employees		**2,376**	1,099
Advance payments		**44,701**	18,210
Trade deposits and prepayments		**144,479**	2,352
Due from Associated Companies	11.2	**1,282**	0
Other receivables		**2,895**	1,210
Sales tax refundable		**12,530**	0
Income tax refundable, advance tax and tax deducted at source		**157,178**	133,528
Cash and bank balances		**14,038**	18,886
		2,499,004	1,604,525
TOTAL ASSETS		**7,137,385**	5,275,592
EQUITY AND LIABILITIES			
Equity			
Authorized capital		**450,000**	200,000
Issued, subscribed and paid-up capital		**69,158**	47,848
Treasury Shares		**(3,410)**	0
Capital reserves			
- capital redemption		**6,694**	6,694
- tax holiday		**350**	350
- share premium		**11,409**	11,409
- merger reserve		**256,322**	0
- revaluation surplus on property, plant and equipment		**2,196,790**	2,353,716
Revenue reserves			
- general reserve		**371,530**	371,530
- un-appropriated profit		**1,160,804**	718,568
Shareholders' equity		**4,069,647**	3,510,115
Liabilities			
Non-current liabilities			
Lease liabilities		**0**	1,084
Long term finances		**78,364**	3,567
Staff retirement benefits - gratuity		**83,918**	72,729
Deferred taxation		**327,969**	302,241
		490,251	379,621
Current liabilities			
Trade and other payables	8	**1,111,421**	562,859
Unclaimed dividends		**2,715**	284
Accrued mark-up		**45,550**	12,364
Short term finances		**1,252,272**	712,133
Current portion of non-current liabilities		**60,921**	4,479
Taxation	9	**103,417**	92,546
Preference shares redemption account		**1,191**	1,191
		2,577,487	1,385,856
Total liabilities		**3,067,738**	1,765,477
Contingencies and commitments	10		
TOTAL EQUITY AND LIABILITIES		**7,137,385**	5,275,592

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

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

Brig. (Red.) Abdul Samad Khan
Director

Amin-ur-Rasheed
Chief Financial Officer

Condensed Interim Statement of Profit or Loss & Other Comprehensive Income (Un-audited)
For the Quarter And Nine Months Period Ended March 31, 2022

	Quarter ended		Nine months period ended	
	Jan. - Mar., 2022	Jan. - Mar., 2021	**Mar. 31, 2022**	Mar. 31, 2021
	---------- Rupees in thousand ----------			
Sales	**1,817,986**	1,518,394	**5,368,673**	4,059,376
Cost of sales	**1,616,364**	1,435,559	**4,747,583**	3,716,731
Gross profit	**201,622**	82,835	**621,090**	342,645
Distribution cost	**16,329**	8,007	**41,993**	20,173
Administrative expenses	**31,792**	22,390	**74,497**	61,175
Other expenses	**0**	0	**43**	0
Other income	**0**	0	**(590)**	(3,205)
	48,121	30,397	**115,943**	78,143
Profit from operations	**153,501**	52,438	**505,147**	264,502
Finance cost	**42,050**	13,028	**86,329**	36,790
Profit before taxation	**111,451**	39,410	**418,818**	227,712
Share of loss of				
Associated Companies - net	**0**	0	**(2,612)**	(26,941)
Impairment reversal on				
Investments in Associated Companies	**0**	0	**4,693**	44,644
	0	0	**2,081**	17,703
Profit before Taxation	**111,451**	39,410	**420,899**	245,415
Taxation				
- current	**8,750**	22,776	**103,417**	60,926
- prior year	**0**	0	**13,571**	4
- deferred	**22,118**	(10,794)	**16,520**	1,818
	30,868	11,982	**133,508**	62,748
Profit after Taxation	**80,583**	27,428	**287,391**	182,667
Other comprehensive income	**0**	0	**0**	0
Total comprehensive income	**80,583**	27,428	**287,391**	182,667
	------- Rupees -------			
Earnings per share	**13.66**	5.73	**55.80**	38.18

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

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

Brig. (Red.) Abdul Samad Khan
Director

Amin-ur-Rasheed
Chief Financial Officer

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

	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 July 01, 2021 (audited)	**47,848**	**0**	**6,694**	**350**	**11,409**	**2,353,716**	**0**	**371,530**	**718,568**	**3,510,115**
Shares issued pursuant to the merger Scheme	**21,310**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**21,310**
Shares held as treasury shares pursuant to the merger Scheme	**0**	**(3,410)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(3,410)**
Gain under the merger Scheme	**0**	**0**	**0**	**0**	**0**	**0**	**256,322**	**0**	**0**	**256,322**
Transfer from revaluation surplus as a result of the merger	**0**	**0**	**0**	**0**	**0**	**(141,183)**	**0**	**0**	**141,183**	**0**
Total comprehensive income for the nine months period ended March 31, 2022	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**287,391**	**287,391**
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**	**(14,291)**	**0**	**0**	**14,291**	**0**
Share of revaluation surplus on property, plant and equipment of Associated Companies	**0**		**0**	**0**	**0**	**(1,452)**	**0**	**0**	**0**	**(1,452)**
Effect of items directly credited in equity by Associated Companies	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**(629)**	**(629)**
Balance as at March 31, 2022 (un-audited)	**69,158**	**(3,410)**	**6,694**	**350**	**11,409**	**2,196,790**	**256,322**	**371,530**	**1,160,804**	**4,069,647**
Balance as at July 01, 2020 (audited)	47,848	0	6,694	350	11,409	2,373,502	0	371,530	446,749	3,258,082
Total comprehensive income for the nine monhs period ended March 31, 2021	0	0	0	0	0	0	0	0	182,667	182,667
Transfer from surplus on revaluation on property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	0	(15,118)	0	0	15,118	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	0	1,946	0	0	0	1,946
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	0	0	(19,649)	(19,649)
Balance as at March 31, 2021 (un-audited)	47,848	0	6,694	350	11,409	2,360,330	0	371,530	624,885	3,423,046

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

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

Brig. (Red.) Abdul Samad Khan
Director

Amin-ur-Rasheed
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)
For the Nine Months Period Ended March 31, 2022

	Nine months period ended March 31,	
	2022	2021
Cash flows from operating activities	**- Rupees in thousand -**	
Profit for the period before taxation	**418,818**	227,712
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	**69,947**	61,435
Depreciation on right of use assets	**1,629**	1,747
Gain on sale of fixed assets	**(552)**	0
Staff retirement benefits - gratuity (net)	**9,203**	5,472
Finance cost	**82,293**	34,414
Profit before working capital changes	**581,338**	330,780
Effect on cash flows due to working capital changes		
(Increase) / Decrease in current assets:		
Stores, spares and loose tools	**(64,478)**	(9,812)
Stock-in-trade	**(602,297)**	746,081
Trade debts	**(1,512)**	(4,838)
Loans and advances to employees	**(4,050)**	(361)
Advance payments	**(19,006)**	(5,743)
Trade deposits and prepayments	**(65,785)**	(6,537)
Due from Associated Companies	**(1,282)**	3,138
Other receivables	**1,209**	(9,659)
Sales tax	**(49,967)**	29,996
Increase / (Decrease) in trade and other payables	**330,710**	(43,451)
	(476,458)	698,814
Cash generated from operations	**104,880**	1,029,594
Taxes paid	**(104,923)**	(43,850)
Net cash (used in) / generated from operating activities	**(43)**	985,744
Cash flows from investing activities		
Fixed capital expenditure	**(235,478)**	(259,893)
Sale proceeds of plant and machinery	**600**	0
Net cash used in investing activities	**(234,878)**	(259,893)
Cash flows from financing activities		
Long term finances obtained - net of repayment	**(10,244)**	4,665
Liabilities against assets subject to finance lease - net	**(2,466)**	(256)
Short term finances - net	**282,198**	(677,007)
Finance cost paid	**(53,554)**	(55,253)
Preference shares redeemed	**0**	(1)
Dividend paid	**0**	(10)
Net cash generated from / (used in) financing activities	**215,934**	(727,863)
Net decrease in cash and cash equivalents	**(18,987)**	(2,012)
Cash and cash equivalents - at beginning of the period	**18,886**	11,160
Cash and cash equivalents of BCM- at beginning of the period	**14,139**	0
Cash and cash equivalents - at end of the period	**14,038**	9,148

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

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

Brig. (Red.) Abdul Samad Khan
Director

Amin-ur-Rasheed
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited)
For the Nine Months Period Ended March 31, 2022

1. Legal status and operations

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

2. Basis of preparation

2.1 Statement of compliance

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

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

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

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

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017.

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, liabilities against assets subject to finance lease at present value of minimum lease payments and property, plant and equipment at revalued amounts assessed by an independent valuer.

2.5 Functional and presentation currency

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

3. Significant accounting policies

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

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

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

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

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

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

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

4. Accounting estimates, judgments and financial risk management

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

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

		Un-audited Mar. 31, 2022	Audited June 30, 2021
5. Property, plant and equipment	**Note**	**(Rupees in thousand)**	
Operating fixed assets - tangible	**5.1**	**4,508,458**	3,162,094
Advance against vehicles		**0**	1,000
Right of use assets		**5,367**	7,485
Advance made for purchase of freehold land and residential buildings		**0**	383,577
Capital work-in-progress - plant and machinery		**38,559**	0
		4,552,384	3,554,156

5.1 Operating fixed assets - tangible

Book value as at June 30, 2021		**3,162,094**
Additions during the period:		
- plant & machinery		**19,698**
- furniture & fixtures		**800**
- Office equipment		**75**
- Computer & accessories		**152**
- Vehicles		**9,391**
		30,116
WDV of disposal		**(48)**
Depreciation charge for the period		**(69,947)**
Book value of Assets of BCM	**5.2**	**1,386,243**
Book value as at March 31, 2022		**4,508,458**

5.2 Merger of Babri Cotton Mills Limited with and into the Company

Babri Cotton Mills Limited (BCML) was a public listed company incorporated in Pakistan with its registered office and mills located at Habibabad, Kohat. BCML was engaged in manufacturing and sale of yarn. The shares of BCML were listed on Pakistan Stock Exchange Limited.

The Company and Babri Cotton Mills Limited ("BCML") had filed a joint petition before the Honorable Peshawar High Court, Peshawar seeking / obtaining sanction of the Court for a Scheme of Arrangement for Amalgamation under sections 279 to 285 of the Companies Act, 2017 ("Merger Scheme"). The merger was originally considered by the respective Board of Directors of both the Companies in their respective meetings held on August 12, 2020 and October 24, 2020, wherein the Merger Scheme was also adopted. The Merger Scheme was also approved by the shareholders of both Companies in the separate Extra Ordinary General Meetings of the members held on March 13, 2021. On January 31, 2022, the Court has 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 the Company has declared, as allowed under the Merger Scheme, February 04, 2022 as the Effective Date of Merger. As a result of the Merger, from and on the Effective Date:

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

(ii) - shares (341,000 number of ordinary shares valuing Rs.3,410,000) of the Company held by BCML have been disclosed as Treasury Shares in the financial statements of the Company;

(iii) - shares of BCML (587,193 number of ordinary shares valuing Rs.5,871,930) held by the Company have been cancelled;

(iv) - the Company has issued at par and allotted 1 ordinary share for every 1.438266 ordinary shares held by the entitled shareholders of BCML. Total 2,131,028 number of ordinary shares valuing Rs.21,310,280 have been issued to the entitled shareholders of BCML resulting in increased issued capital of the Company amounting to Rs.69,158,220; and

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

5.2.1 Accounting policy for merger

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

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

(ii) - no goodwill has been recorded.

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

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

5.2.2 Financial effect of merger

The Company has acquired assets and assumed liabilities of BCML as detailed below;

	Carrying amounts as at February 04, 2022 (Rupees in thousand)
Assets:	
Property, plant and equipment	1,386,243
Inventory and stores	16,875
Long term deposits and prepayments	929
Advances, prepayments and other receivables	29,306
Cash and bank balances	89,139
	1,522,492
Liabilities:	
Long term financing	85,036
Deferred liabilities	11,193
Trade and other payables-net	242,997
Short term loan liabilities	316,258
Accrued markup and unclaimed dividend	6,878
Other long-term liabilities	2,116
	664,478
Net assets acquired	**858,014**
Effect of other merger adjustments due to intercompany balances and investments	(580,382)
Consideration paid (ordinary shares issued)	(21,310)
Merger reserve	**256,322**

6. Investments in Associated Companies - Quoted

6.1 Market value of the Company's investment in Bannu Woollen Mills Limited as at March 31, 2022 was Rs.24.875 million (June 30, 2021: Rs.36.640 million) .

7. Stores, spares and loose tools

Stores and spares inventory valuing Rs.13.418 million was in transit as at March 31, 2022 (June 30, 2021: Rs.14.331 million).

8. Trade and other payables

	Un-audited Mar. 31, 2022	Audited June 30, 2021
	(Rupees in thousand)	
Creditors	**536,459**	98,087
Bills payable against imported stores and spares	**0**	7,342
Advances from customers - contract liabilities	**178,105**	60,246
Advance payments	**184**	184
Accrued expenses	**343,850**	329,089
Tax deducted at source	**11,314**	234
Sales tax payable	**0**	7,128
Gratuity payable to other employees	**2,307**	6,039
Due to Waqf-e-Kuli Khan	**22,597**	11,798
Workers' profit participation fund	**0**	29,801
Workers' welfare fund	**0**	12,004
Provident fund payable	**302**	0
Security deposits repayable on demand - interest free	**283**	112
Others	**16,020**	795
	1,111,421	562,859

9. Taxation - net

9.1 Income tax assessments of the Company have been completed upto the tax year 2021 i.e. accounting year ended June 30, 2021.

9.2 There has been no significant change during the current period in the status of taxation matters as detailed in note 26 to the audited financial statements of the Company for the year ended June 30, 2021.

9.3 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.

10. Contingencies and commitments

10.1 There has been no significant change in the status of the contingencies and commitments as detailed in note 28 to the audited financial statements of the Company for the year ended June 30, 2021.

10.2 Guarantee amounting Rs.100 million and Rs.75 million (June 30, 2021: Rs.100 million & Rs.75 million) issued by National Bank of Pakistan on behalf of the Company and BCML respectively, in favour of Sui Northern Gas Pipelines Ltd. was outstanding as at March 31, 2022.

	Un-audited Mar. 31, 2022	Audited June 30, 2021
10.3 Commitments against irrevocable letters of credit outstanding at the period / year-end were for:	**(Rupees in thousand)**	
- stores and spares	**80,205**	53,683
- raw materials	**240,295**	261,810
	320,500	315,493

11. Transactions with Related Parties

11.1 The related parties of the Company comprise of Associated Companies (on the basis of common directorships), 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.

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

Name	**Nature of transaction**	**Nine months period ended March, 31**	
		2022	2021
		(Rupees in thousand)	
Associated Companies			
Babri Cotton Mills Ltd.	Residential rent received	**0**	532
	Utilities / expenses:		
	- paid	**268,361**	110,374
	- recovered	**0**	479
	Salaries and benefits:		
	- paid	**0**	1,202
	- recovered	**0**	2,281
	Purchase of raw material	**0**	51,894
	Purchase of stores and spares	**0**	8,998
	Sale of stores and spares	**0**	2,753
	Lease rental paid	**700**	600
	Advance made for purchase of freehold land	**167,803**	212,400
Bannu Woollen Mills Ltd.	Expenses recovered	**180**	92
	Salaries and benefits recovered	**0**	1,553
	Sale of raw cotton	**3,114**	0
	Sale of yarn	**5,885**	1,527
The Universal Insurance Company Ltd.	Salaries & benefits recovered	**1,805**	1,553
	Expenses recovered	**180**	85
Gammon Pakistan Ltd.	Rent paid	**220**	150
Ghandhara Nissan Ltd.	Salaries & benefits recovered	**1,805**	1,553
	Expenses recovered	**180**	85
Ghandhara Industries Ltd.	----- do -----	**180**	85
	Salaries & benefits recovered	**1,805**	1,553
	Purchase of vehicle	**0**	6,334
Other related parties			
Employees' Provident Fund	Contribution paid to Provident Fund	**12,842**	25,496
Key Management Personnel	Salaries & benefits	**91,459**	104,280

11.2 Period-end balance was as follows:

	Un-audited Mar. 31, 2022	Audited June 30, 2021
	(Rupees in thousand)	
Due from:		
Ghandhara Industries Ltd.	**641**	0
Ghandhara Nissan Ltd.	**641**	0
	1,282	0

12. Financial risk management

12.1 Financial risk factors

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

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

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

12.2 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.

12. Corresponding figures

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

13. 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 April 21, 2022. .

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

Brig. (Red.) Abdul Samad Khan
Director

Amin-ur-Rasheed
Chief Financial Officer