

58th Annual Report 2018

BIBOJEE GROUP



**JANANA
DE MALUCHO**
TEXTILE MILLS LIMITED

يَا رَبُّ الْعِزَّة
بِهِمُ اللَّهُ الرَّحْمَنُ الرَّحِيمُ

CONTENTS

	Pages
COMPANY'S PROFILE	2
VISION STATEMENT	3
NOTICE OF ANNUAL GENERAL MEETING	4
CHAIRMAN'S REVIEW	9
DIRECTORS' REPORT TO SHAREHOLDER	12
KEY OPERATING & FINANCIAL DATA	25
PATTERN OF SHAREHOLDING	26
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	29
REVIEW REPORT	31
AUDITORS' REPORT	32
STATEMENT OF FINANCIAL POSITION	36
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	37
STATEMENT OF CASH FLOW	38
STATEMENT OF CHANGES IN EQUITY	39
NOTES TO THE FINANCIAL STATEMENTS	40
PROXY FORM	78

COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, Chief Executive MR. MUSHTAQ AHMAD KHAN, FCA MRS. SHAHNAZ SAJJAD AHMAD MR. GOHAR AYUB KHAN BRIG. (RETD) ABDUL SAMAD KHAN MR. SAAD WAHEED MR. KHALID KULI KHAN KHATTAK COL. (RETD) SYED YUNUS ALI RAZA	Chairman
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN MR. RAZA KULI KHAN KHATTAK MR. SAAD WAHEED COL. (RETD) SYED YUNUS ALI RAZA	Chairman Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. RAZA KULI KHAN KHATTAK MR. SAAD WAHEED	Chairman Chief Executive / Member Member Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
HEAD OF INTERNAL AUDIT	MR. NADEEM AHMED, ACCA, CIA	
AUDITORS	SHINEWING HAMEED CHAUDHRI & CO., Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED HABIB METROPOLITAN BANK	
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	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI TEL. 021-35375127-29, FAX. 021-35820325 EMAIL registrationservices@live.co.uk	
REGISTERED OFFICE & MILLS	HABIBABAD, KOHAT (KPK) TEL. 0922 - 862161 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana_textile@hotmail.com WEB SITE: www.jdm.com.pk	

VISION

“TO BE MARKET LEADERS IN YARN, BUILDING COMPANY IMAGE THROUGH INNOVATION AND COMPETITIVENESS, ENSURING SATISFACTION TO CUSTOMERS' AND STAKEHOLDERS AND TO FULFILL SOCIAL OBLIGATIONS.”

MISSION STATEMENT

“LEAD PRODUCER OF QUALITY YARN WE SHALL BUILD ON OUR CORE COMPETENCIES AND ACHIEVE EXCELLENCE IN PERFORMANCE. WE AIM AT EXCEEDING EXPECTATIONS OF ALL STAKEHOLDERS. WE TARGET TO ACHIEVE TECHNOLOGICAL ADVANCEMENTS TO INCULCATE THE MOST EFFICIENT, ETHICAL AND TIME TESTED BUSINESS PRACTICES IN OUR MANAGEMENT.

WE SHALL STRIVE TO INNOVATE AND INTRODUCE ALTERNATE USES OF PRODUCT TO BROADEN OUR CUSTOMER BASE TO HELP STRENGTHEN THE PHYSICAL INFRASTRUCTURE OF THE COUNTRY.”

OVER ALL CORPORATE STRATEGY

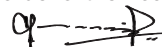
- 1. TO ACHIEVE GROWTH BY MONITORING OUR MARKET NICHE IN SUPER FINE & FINE COUNTS, AND AT THE SAME TIME DIVERSIFYING OUR PRODUCTS RANGE TO ENTER NEW PROFITABLE MARKETS.**
- 2. TO CONSTANTLY IMPROVE PRODUCTIVITY, QUALITY AND SERVICES WHICH WILL NOT ONLY SERVE THE MARKET CONSUMERS BUT WILL ALSO RESULT IN ENHANCED PAYMENT OF SALES TAX, INCOME TAX AND OTHER GOVERNMENT LEVIES.**
- 3. TO PROVIDE CLEAN AND POLLUTION FREE ENVIRONMENT TO OUR EMPLOYEES FOR IMPROVING THEIR PERFORMANCE & CREATING A CORPORATE CULTURE THAT FOSTERS INITIATIVE IN ITS WORK FORCE.**
- 4. TO CONSTANTLY STRIVE FOR INCREASING INVESTOR'S SHARE VALUE BY ACHIEVING COMMENDABLE RESULTS EVEN IN VERY DIFFICULT AND HIGHLY COMPETITIVE INTERNATIONAL & LOCAL MARKETS.**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 58th Annual General Meeting of the company will be held at the registered office of the Company, Habibabad, Kohat on **Friday the 19th October 2018 at 10:00 AM** to transact the following business.

1. To confirm the minutes of the 57th Annual General Meeting held on 27th November 2017.
2. To receive, consider and adopt the annual audited Financial Statements for the year ended 30th June 2018 together with the directors' and auditors' reports thereon.
3. To appoint Auditors for the financial year 2018-19 and to fix their remuneration. The retiring auditors M/s Shinewing Hameed Chaudhri and Company Chartered Accountants, Lahore being eligible have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By order of the Board



AMIN-UR-RASHEED
Company Secretary

Kohat

Dated: 28th September 2018

NOTES:

BOOK CLOSURE:

1. The Shares Transfer Books will remain closed from 12th October 2018 to 18th October 2018 (both days inclusive). Transfers received at Management & Registration Services (Pvt) Limited, Business Executive Centre, F-17/3, Block 8, Clifton, Karachi, (the Share Registrar of the company) by the close of business on 11th October 2018 will be treated in time.

DELIVERY OF THE UNCLAIMED / UNDELIVERED SHARES LAYING WITH THE SHARE REGISTRAR:

2. As directed by SECP vide letter # SMD/CIW/Misc/14/2009 dated October 11, 2011 shareholders are requested to please contact / coordinate with Company's Share Registrar for collection of unclaimed / Undelivered Bonus Share Certificates.

TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

3. In pursuance of the directions given by SECP vide SRO 787(I)/2014 dated September 8, 2014, those shareholders who desire to receive Notice & Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.jdm.com.pk and send the said form duly filled in and signed along with copy of his / her / its CNIC / Passport to the Company's Share Registrar. Please note that giving email address for receiving of Notice & Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, Notice & Annual Financial Statements will be sent at your registered address, as per normal practice.

DIVIDEND MANDATE (MANDATORY):

4. Pursuant to Section 242 of the Companies Act, 2017 & in pursuance of the directives of the SECP vide Circular No.18 of 2017 dated August 1, 2017, cash dividend shall be paid only by electronic transfer into the bank account of the shareholder designated for the purpose. Accordingly the following information must be provided:

Folio Number:	
Name of Shareholder:	
Title of the Bank Account:	
International Bank Account Number (IBAN):	
Name of Bank:	
Name of Bank Branch and Address:	
Cellular Number of shareholder:	
Landline Number of shareholder:	
CNIC / NTN Number (Attach copy):	
Signature of Member:	
Note: Signature must match specimen signature registered with the Company.	

Members who hold shares in CDC accounts should provide their bank mandates to their respective participants.

E-VOTING

5. Pursuant to SECP S.R.O. No.43(1)/2016 dated January 22, 2016, the members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the company on the appointment of Execution Officer by the intermediary as a Proxy.

VIDEO CONFERENCE

6. Members can also avail Video Conference facility. In this regard please fill the following and submit to the registered address of the company within ten (10) days before holding of general meeting.

I/We. _____ of _____ being a member of **JANANA DE MALUCHO TEXTILE MILLS LIMITED**, holder of _____ Ordinary Shares as per Register Folio NNo./CDC A/C No. _____ hereby opt for Video conference Facility at _____.

Signature of members

Note: If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through Video Conference at least 10 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.

CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:

7. Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio numbers.

PARTICIPATION IN ANNUAL GENERAL MEETING:

8. Any member entitled to attend and vote at this meeting shall be entitled to appoint any other member as his/her proxy to attend and vote in respect of him/her and the proxy instrument shall be received by the Company not later than 48 hours before the date of the meeting.

INSTRUCTIONS FOR CDC ACCOUNT HOLDERS:

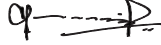
9. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan;
 - a. **For attending the meeting:**
 - i. In case of account holders of CDC their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original National Identity Card (N.I.C.) or Original Passport at the time of attending the Meeting.
 - ii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with certified specimen signature of the nominee shall be produced at the time of the meeting.
 - b. **For appointing proxies:**
 - i. In case of individuals account holder of CDC registration details are uploaded as per the regulations shall submit the proxy form as per the above requirements along with attested copies of N.I.C. or the Passport of the beneficial owner and shall be furnished with proxy form.
 - ii. The proxy shall produce his original N.I.C. or original Passport at the time of the meeting.
 - iii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with proxy form to the company.

- c. CDC Account Holders and Sub-account Holders, whose Registration details are available in Share Book Detail Report shall have to produce respective Original Computerized National Identity Cards (CNIC) or Original Passports for the purpose of identification to participate in the Annual General Meeting. Such Account Holders and Sub Account Holders should know the CNIC Numbers and CDC Account Number of the respective partner and should bring the same along with them. In case of Proxy, the person should positively attach the attested copy of the CNIC or passport. In case of corporate member's representative, usual documents should be accompanied for the same purpose.

نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کا 58 واں سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر، حبیب آباد کوہاٹ میں بروز جمعہ المبارک 19 اکتوبر 2018ء کو صبح 10:00 بجے منعقد ہوگا۔

- 1- 27 مارچ 2018ء کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ سالانہ آڈیٹڈ مالیاتی تفصیلات پر غور کرنا اور اس کا حصول۔
- 3- مالی سال 2018-2019 کے لئے آڈیٹرز کا تقرر اور معاوضہ طے کرنا۔ بطور آڈیٹرز میسرز شائن ونگ جمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ، لاہور نے خود کو دوبارہ تقرری کے لئے پیشکش کی ہے۔
- 4- صاحب صدر کی اجازت سے کسی دیگر امور پر غور و خوض۔

بحکم بورڈ


امین الرشید
 کمپنی سیکرٹری

کوہاٹ

مورخہ: 28 ستمبر، 2018

نوٹس:

- 1- کمپنی کی حصص منتقلی کی کتابیں 12 اکتوبر 2018ء تا 18 اکتوبر 2018ء (بشمول دونوں ایام) بند رہیں گی۔ منتقلیوں کا حصول منیجمنٹ اینڈ رجسٹریشن سروسز پرائیویٹ لمیٹڈ، بزنس ایگزیکٹو سنٹر، F-17/3، کلنٹن کراچی سے ہوگا۔ کمپنی کے شیئر رجسٹرار کے کاروبار کا اختتام 11 اکتوبر، 2018 کے لئے بروقت تصور ہوگا۔
- 2- 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 رہتا ہے۔ پراکسی کی تقرری اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو لازماً وصول ہو جانی چاہئے۔
- 3- بصورت سی ڈی سی اکاؤنٹ ہولڈر اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔ بصورت کارپوریٹ اینٹٹی، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامہ مزید کے نمونہ دستخط اجلاس کے وقت مہیا کرنا ہونگے۔
- 4- تمام حصص داران سے دوبارہ درخواست کی جاتی ہے کہ SECP کی ہدایات کے مطابق بینک اکاؤنٹ آن لائن سسٹم کے ذریعے، کمپنی کی طرف سے ملنے والا منافع بروقت جمع کروانے کے لئے، فوری طور پر اپنا بینک اکاؤنٹ نمبر اور IBAN نمبر، بینک کا نام / برانچ / شہر کا نام، ہمراہ شناختی کارڈ کی کاپی کمپنی کو مہیا کروائیں۔
- 5- ممبران سے درخواست ہے کہ اپنے پتوں میں تبدیلی اگر کوئی ہو تو کمپنی کو فوری طور پر مطلع فرمائیں۔
- 6- ممبرز کو ویڈیو کال کانفرنس کی بھی سہولت ہے۔ اس سلسلے میں مندرجہ ذیل فارم کو مکمل کریں اور اجلاس شروع ہونے سے 10 روز قبل کمپنی کے رجسٹرڈ پتے پر ارسال کریں۔

_____حامل

عام حصص بمطابق رجسٹرڈ فولیو نمبر ای ڈی سی اکاؤنٹ نمبر۔۔۔۔۔ اس طرح ویڈیو کانفرنس کی سہولت بمقام۔۔۔۔۔

دستخط رکن

نوٹ:

- 1- اگر کمپنی اجلاس کی تاریخ سے 10 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں حصہ لینے کے لئے جغرافیائی مقام پر رہنے والے مجموعی 10% یا اس سے زیادہ حصص رکھنے والے ارکان سے رضامندی حاصل کرتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کی دستیابی کو ممکن بنائے گی۔
- 2- 19 اکتوبر، 2018 کو منعقد ہونے والی AGM کا جامع نوٹس 30 جون، 2018 کے اختتامی سال کے آؤٹ کردہ مالی تفصیلات کے ساتھ بھی ارسال کیا جا رہا ہے۔ یہ سہولت کمپنی کی ویب سائٹ www.jdm.com.pk پر بھی موجود ہے۔

CHAIRMAN'S REVIEW

I am pleased to present the review for the year ended June 30, 2018, 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

During the year, the Board has undertaken a formal process of evaluation of its performance as a whole as well as individual Board member's performance. The performance evaluation of the Board Audit Committee and HR & Remuneration Committee has also been initiated. These practices helped the Board and the sub committees' members to remain harmonized for continuous progression of the Company.

The Board normally meets once every quarter to consider and approve the financial and operating results of the Company. During the year 2017-18 four board meetings, four audit committee and one HR & Remuneration committee meeting were held.

The Board also monitors the followings: -

- Compliance with best corporate practices and good governance.
- Stable and continual growth in the Company's operations.
- Encouraging diversity and upholding ethical behavior.
- Development of skillful resources to attain advancement and excellence.

During the year, the board recommended and approved among other things:

- Routine BMR;
- Quarterly and annual financial statements;
- Internal audit and audit committee reports and findings;
- Introduction of Employees' Provident Fund Scheme;
- Appointment of external auditors;

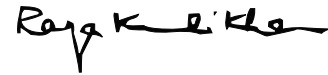
The overall performance of the Board measured on the defined parameters for the year was satisfactory. Further, the Board has played a vital role in achieving the Company's objectives.

REVIEW OF BUSINESS PERFORMANCE

The year 2017-18 was a difficult year for the Company. The Company has incurred a loss after tax for Rs.74.398 million. The loss has been incurred mainly because of rampant import of yarn and grey cloth from India, levy of 1% further tax on sales and share of loss from investment in an Associated Company amounting to Rs.22.349 million. Further, the devaluation of Pak Rupee resulted in increase in cost of imported raw materials and, the finance cost has also increased significantly. These factors have been further elaborated in the Directors' Report to the Shareholders.

ACKNOWLEDGMENT

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's for their efforts and hard work.



Dated: September 25, 2018

Raza Kuli Khan Khattak
Chairman

چیرمین کا جائزہ

مجھے 30 جون، 2018 تک ختم ہونے والی سال کے لئے جائزہ لینے کے لئے خوش ہوں کہ کمپنی کی کارکردگی کو نمایاں کیا جا رہا ہے۔

بورڈ کی کارکردگی کا جائزہ:

سال کے دوران، بورڈ نے اپنی کارکردگی کی تشخیص کے مجموعی عمل کے ساتھ ساتھ بورڈ کے انفرادی ممبر کی کارکردگی کی تشخیص کا آغاز کیا ہے۔ بورڈ کی آڈٹ کمیٹی اور انسانی وسائل اور تجدید کی کمیٹی کے کارکردگی کی تشخیص بھی شروع کی گئی ہے۔ ان طریقوں نے بورڈ اور ذیلی کمیٹیوں کے ارکان کو کمپنی کی مسلسل ترقی کے لئے ہم آہنگی کے ساتھ کام کرنی میں مدد کی ہے۔ بورڈ عام طور پر ہر سہ ماہی میں ملتا ہے تاکہ کمپنی کے مالی اور کام کرنے کے نتائج پر غور کرے اور منظور کرے۔ سال 2017-18 میں چار بورڈ کی اجلاس، چار آڈٹ کمیٹی کی اجلاس اور ایک انسانی وسائل اور معاوضے کی کمیٹی کے اجلاس منعقد ہوئے۔

اس کے علاوہ بورڈ نے مندرجہ ذیل معاملات کا جائزہ لیا:

- ﴿ بہترین سہ ماہی تجارتی ادارے کے طریقوں اور اچھے انتظامی امور کے مطابق چلنا۔
- ﴿ کمپنی کے کام کرنے کے معاملات میں استحکام اور مسلسل ترقی۔
- ﴿ تغیر پذیری کی حوصلہ افزائی اور اخلاقی رویے کو برقرار رکھنے۔
- ﴿ ترقی اور بہتری حاصل کرنے کے لئے مہارت والے وسائل کی ترقی۔
- ﴿ سال کے دوران، بورڈ نے دوسری چیزوں کی سفارش کی اور منظور کئے:
- ﴿ روزانہ کی بنیاد پر مناسب اور جدید پیداواری صلاحیت کی تبدیلی۔
- ﴿ سہ ماہی اور سالانہ مالی حسابات۔
- ﴿ اندرونی آڈٹ اور آڈٹ کمیٹی کی دستاویزات اور نتائج۔
- ﴿ ملازمین کے پراویڈنٹ فنڈ کی سکیم کا اجراء۔
- ﴿ بیرونی آڈیٹروں کی تقرری۔

بورڈ کی مجموعی کارکردگی کو تسلی بخش تھی اور جس کو سال کے لئے مقرر کردہ اصولوں پر مبنی تھا۔ اس کے علاوہ بورڈ نے کمپنی کے مقاصد کو حاصل کرنے میں اہم کردار ادا کیا ہے۔

کاروباری معاملات کا جائزہ:

کمپنی کے لئے سال 2017-18 ایک مشکل سال تھا۔ کمپنی نے ٹیکس کے بعد 7.43 کروڑ روپے کا نقصان کیا ہے۔ اس کی بنیادی وجوہات میں بھارت سے یارن اور گرے کے کپے کی بڑھتی ہوئی سستی درآمدات کی وجہ سے، کمپنی کے سوت قیمت فروخت میں کمی ہوئی۔ فروخت پر 1% اضافی میل ٹیکس لگنا وٹسک کمپنی میں سرمایہ کاری سے نقصان کا حصہ 2.23 کروڑ روپے ہے۔ اس کے علاوہ زائد سودی اخراجات اور روپے کی قدر میں کمی کے سبب کمپنی کا خام مال جو کہ درآمد کیا جاتا ہے اس کی قیمت خرید میں اضافہ کی وجہ سے نقصان ہوا۔ جس کی تفصیل ڈائریکٹرز رپورٹ برائے حصص یافتگان دی جا رہی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز کی طرف سے میں اپنے شیئر ہولڈر اور کمپنی کے بینکاروں کی قدر کرتا ہوں کہ ان کا بورڈ آف ڈائریکٹرز کا 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۔

Raza K. K.

رضاقلی خان خٹک

چیرمین

ستمبر 25، 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company have pleasure in presenting their report, together with the 58th Annual Report, containing Audit Report and the Audited Financial Statements of the Company for the year ended 30th June, 2018.

PERFORMANCE REVIEW

The principal activity of the Company is the manufacturing & sale of yarn. The highlights of the Company's financial results as compared to the preceding year are as follows:

Particulars	2018	2017
	Rupees in million	
Sales-net	2,782.025	2,515.643
Cost of sales	(2,623.993)	(2,398.262)
Gross profit	158.032	117.381
Profit from operations	19.608	20.893
Loss before taxation	(73.217)	(21.538)
Loss after taxation	(74.398)	(8.444)
	----- Rupees -----	
Loss per share	(15.55)	(1.76)

Net sales of the Company have increased by Rs.266.382 million. However the company has incurred a loss after tax for Rs.74.398 million. This was mainly due to the rampant import of yarn and grey cloth from India affecting the sales rates of yarn in the market and levy of 1% further tax on sales. This Indian factor created a huge pressure on the local yarn sales which resulted in decrease of average sales rates during the year by 3.13% in comparison with previous year. On the other hand the raw material prices increased by 5.81% in comparison with previous year's prices, which was due to levy of import duties and unprecedented devaluation of Pak Rupee against US dollar. This increase in raw material's cost has heavily impacted the Company's profits as due to this increase the Company was forced to fully utilize its running finance limits in order to fulfil its daily working capital / production requirements. This increased utilization of limits eventually resulted in a phenomenal increase in the finance cost which amounted to Rs.31.493 million. Share of loss from investment in an Associated Company amounting to Rs.22.349 million and increase distribution cost and administrative expenses have further contributed to the loss of the Company.

GENERAL ECONOMIC REVIEW

The Govt. has increased the gas prices however the registered manufactures or exporters of five Zero-rated sectors have been given relief as the gas prices for them have been kept the same, however, the energy cost is still higher than regional competitors. Further the prices of cotton are very high, mainly due to demand supply gap and abrupt devaluation of Pak Rupees. The imposition of innovative taxes and levies, and imposition of unprecedented levy of 5% import duty, 5% sales tax and 1% income tax on import of cotton. Withdrawals of exemption from duties & taxes on imports have made it difficult for the industry to take a long term view over their operations. Rampant imports of duty free yarn and grey cloth from India have affected the price mechanism of the local cotton market.

FUTURE PROSPECTS:

Overall political scenario is visibly stable after the institution of new Govt.; but the economic position of the country is not in a good shape as the foreign reserves have fallen below US\$10 billion. However others factors such as the continuous and successful completion of CPEC

projects has gained global recognition. Although cotton production has increased in comparison to last year but still not been able to meet the targets set by the government, due to which industry has to shift towards import of cotton in current financial year too. This shall not only affect the current account of the country but shall also make the finished products costlier than our regional competitors.

COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

The Board is pleased to state that the management of the Company is compliant with the best practices of the Code of Corporate Governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the CCG Regulations).
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2018, 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 and their spouses and minor children during the year ended 30 June, 2018.

However the Statutory Auditors of the Company have pointed out a non-compliance with the CCG Regulations in their Review Report on the Statement of Compliance. The point placed by the auditor's and managements comments on the point are given below:

SR #	AUDITOR'S OBSERVATION	MANAGEMENT'S REPLY
1.	None of the member of the Board Audit Committee meets the requirement under clause 28(c) of the Regulations.	Mr. Saad Waheed, one of the members of Board Audit Committee has done his LLM in arbitration law & is being appointed as an arbitrator in various international cases. An arbitrator has to fix the quantum of the amount, which the defendant party has to pay to the aggrieved party. An Arbitrator consults financial statements of the defendant parties for arbitration & only than he decides about the quantum of the amount a defendant has to pay to the aggrieved party therefore we can safely say that Mr Saad Waheed is a financially literate person.

COMPOSITION OF THE BOARD

The Composition of the Board is in line with the requirements of the CCG Regulations. The current composition of the Board is as follows:

Total number of directors	9
Male	8
Female	1
Independent Director	2
Other Non-executive Directors	5
Executive Directors	2

The performance of the Board of our Company is evaluated regularly both at individual and team levels. The majority of the Board members have the prescribed qualification and experience required for exemption from training programs of Directors pursuant to the clause 20(2) of the CCG Regulations. All the Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies. The Board had arranged orientation courses for its Directors in the previous years to apprise them of their roles and responsibilities.

The overall performance of the Board 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.

BOARD AUDIT COMMITTEE

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the

Chairman of the Committee reports to the Board. The Committee met 4 times during 2017-18.

The names of committee members are as follows:

1. Brig. (Retd.) Abdul Samad Khan	Chairman	Independent Director
2. Mr. Raza Kuli Khan Khattak	Member	Non-Executive Director
3. Mr. Saad Waheed	Member	Non-Executive Director
4. Col. (Retd.) Syed Yunus Ali Raza	Member	Independent Director

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal audit department.

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer (CFO) and Head of Internal Audit (HIA). Audit Committee also met the head of internal audit and other Members of the internal audit function without the CFO and the external auditors being present.

HR AND REMUNERATION COMMITTEE

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The CEO of the Company attended the Human Resource and Remuneration Committee meeting held during the as member of the committee. The Committee met once during 2017-18.

The names of committee members are as follows:

1. Brig. (Retd.) Abdul Samad Khan	Chairman	Independent Director
2. Lt. Gen. (Retd.) Ali Kuli Khan Khattak	Member	Chief Executive/Member
3. Mr. Raza Kuli Khan Khattak	Member	Non-Executive Director
4. Mr. Saad Waheed	Member	Non-Executive Director

MEETINGS OF BOARD AND ITS COMMITTEES IN 2017-18

During the year 2017-18 four board meetings, four audit committee and one HR & Remuneration committee meetings were held. The number of meetings attended by each director during the year is given here under:

Sr. No.	Director	Committee Members		Attendance		
		Board Audit Committee	HR & RC	Board Meetings	Board Audit Committee	HR & RC
1.	Mr. Raza Kuli Khan Khattak	✓	✓	4	3	-
2.	Lt. Gen (Retd.) Ali Kuli Khan Khattak	-	✓	4	-	1
3.	Mr. Ahmed Kuli Khan Khattak (Resigned on	-	-	2	2	1
4.	Mr. Mushtaq Ahmed Khan, FCA	-	-	3	-	-
5.	Mr. Gohar Ayub Khan	-	-	4	-	-
6.	Mrs. Shahnaz Sajjad Ahmad	-	-	4	-	-
7.	Brig. (Retd.) Abdul Samad Khan	✓	✓	4	4	1
8.	Mr. Saad Waheed	✓	✓	3	4	1
9.	Mr. Khalid Kuli Khan Khattak	-	-	3	0	-
10.	Col. (Retd.) Syed Yunus Ali Raza. (Co-opted on 19-06-18)	✓	-	0	0	0

Leave of absence was granted to directors who could not attend the board meetings due to their busy schedule and other appointments.

DIRECTORS' REMUNERATION

Non-executive directors including the independent directors are entitled for fee for attending the meetings in line with the Board's approval.

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, 2018 and additional information thereabout is annexed to the report.

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, 2018.

I. GOVERNMENT SECTOR	(Rs. In Million)
Income Tax paid	30.544
Power & Fuel	345.583
Financial Institution/ Banks	74.374
II. SOCIAL SECTOR	
Employees/Workers' salaries, Wages and other benefits	386.262

We are also providing employment to 1,014 workers (1,014 families with an average of 8 family members in KPK province) the employment cost of which shall now be about Rs. 386.262 million per annum.

CORPORATE SOCIAL RESPONSIBILITY:

We believe that education plays a vital role for economic development and poverty alleviation. Pakistan has an urgent need for excellent academic facilities, to develop and prepare young people to acquire skills and help them to utilize their highest potential. For this purpose we donate significant amounts to Waqf-e-Kuli Khan Trust every year for educational scholarships.

HEALTH, SAFETY AND ENVIRONMENT

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

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

DIVIDEND:

The Board has not recommended any dividend for the year because of loss after tax.

COMMENTS ON “QUALIFIED OPINION” IN THE AUDITOR'S REPORT:

The auditors of the Company have qualified their report on the grounds that they do not concur with certain estimates and assumptions used to calculate the recoverable amounts of investments in Associated Companies namely Babri Cotton Mills Ltd. (BCM) and Bannu Woollen Mills Ltd. (BWM).

The comments of management are given as under:

Qualified Opinion relates to basis of calculation of recoverable amount of investment in BCM and BWM. The Management has provided detailed workings of the recoverable amounts of its investments in BCM and BWM.

The Management has used the 'value-in-use' computations and in assessing the value in use, estimated future cash flows have been discounted to their present value using pre-tax discount rates that reflects current market assessments of the time value of money. The pre-tax discount rates applied to cash flow projections by BCM and BWM are 6.13% and 11.32% respectively. These rates were calculated by using Capital Asset Pricing Model (CAPM) which is equal to the risk-free return plus a risk premium, which is based on the beta of that security.

We are of the view that estimates and assumptions used during the year are compatible with the market conditions. The management is quite confident about the basis used and concluded that the carrying values of investments in Associated Companies do not exceed the recoverable amounts. However, the Board is also considering engaging the services of an independent valuer to conduct valuation of these investments in the Associated Companies.

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

The GIDC issue has been currently challenged in the Peshawar High Court (PHC) as well as the Supreme Court of Pakistan. The PHC has granted a stay order against recovery of GIDC which is in force. The lawyer hired by APTMA has said that our case is very strong and valid, so we are hoping that the decision of the Courts will be in the favour of the industry. The High Court and the Supreme Court of Pakistan in our earlier appeals have already declared GIDC Act, 2011 and GIDC Ordinance, 2014 as un-constitutional and we are of the considered opinion that GIDC Act, 2015, will also be struck down by the learned courts.

APPOINTMENT OF AUDITORS:

The Company's auditors M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, H. M. House, 7 – Bank Square, Lahore retired and offered themselves for reappointment. The Board of Directors of the Company as recommended by the Board Audit Committee hereby recommends that the retiring auditors be re-appointed.

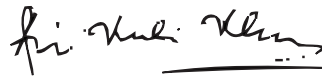
ACKNOWLEDGEMENT:

Your Directors wish to record their appreciations for the efforts made by the workers, staff and senior executives for achieving these results in the unprecedented difficult circumstances. We are grateful for the continued support of the financial institutions specially the National Bank of Pakistan since 1962 to sustain the production activities of the company.

On behalf of the Board of Directors



Brig. (Retd.) Abdul Samad Khan
Director



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

Dated: September 25, 2018

ڈائریکٹر رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز کی جانب سے، 58 ویں سال 30 جون 2018 کو ختم ہونے کے لئے کمپنی کے آڈیٹر کی جاری کردہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ۔

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

2017	2018	
		روپے ملین میں
2,515.643	2,782.025	فروخت
(2,398.262)	(2,623.993)	فروخت کی لاگت
117.381	158.032	عبوری منافع
20.893	19.608	آپریشن سے منافع
(21.538)	(73.217)	ٹیکس سے پہلے (نقصان) / منافع
(8.444)	(74.398)	ٹیکس سے بعد (نقصان) / منافع
		--- روپے ---
(1.76)	(15.55)	(نقصان) / آمدنی فی شیئر

کمپنی کی خالص فروخت میں 26.64 کروڑ روپے سے اضافہ ہوا ہے۔ تاہم کمپنی نے ٹیکس کے بعد 7.44 کروڑ روپے کا نقصان کیا ہے۔ اس کی بنیادی وجہ بھارت سے سوتربن اور گرے کیڈز کی تیزی سے درآمد اور فروخت پر 1% اضافی سلیز ٹیکس لگا ہے جس نے مقامی مارکیٹ میں سوتربن کی فروخت کی شرح کو شدید متاثر کیا ہے۔ اس بھارتی عنصر نے مقامی سوتربن کی فروخت پر بہت بڑا دباؤ پیدا کیا۔ جس کے نتیجے میں اس سال کے دوران اوسط فروخت کی شرح میں گزشتہ سال کے مقابلے میں 3.13 فیصد کمی تھی۔ دوسری طرف خام مال کی قیمتوں میں پچھلے سال کی قیمتوں کے مقابلے میں 5.81 فیصد اضافہ ہوا، جس کی بڑی وجہ خام مال پر درآمدی ڈیوٹی کا لگنا، پاکستانی روپے کی قدر امریکی ڈالر کے مقابلے میں کم ہونا شامل ہے۔ خام مال کی لاگت میں یہ اضافہ سے کمپنی کے منافع پر بہت زیادہ اثر پڑا ہے کیونکہ اس کی وجہ سے کمپنی مختصر مدت کے قرضوں کا استعمال زیادہ سے زیادہ کیا۔ تاکہ روزانہ کی پیداوار کی ضروریات کو پورا کیا جاسکے۔ حد سے زیادہ قرضہ استعمال کرنے وجہ سے مالیت کی لاگت (Finance Cost) میں 3.14 کروڑ روپے کا اضافہ ہوا ہے۔ ایسوی ایٹ کمپنی میں سرمایہ کاری سے نقصان کا حصہ 2.23 کروڑ روپے اور تقسیم کی لاگت اور انتظامی اخراجات میں اضافے کی وجہ سے کمپنی کے نقصان میں مزید اضافہ ہوا ہے۔

عمومی مارکیٹ کی حالت

حکومت نے ٹیکس کی قیمتوں میں اضافہ کیا ہے تاہم رجسٹرڈ کارخانیدار اور برآمد کنندہ جو کہ پانچ صفر فیصدی درجہ بندی میں آتے ہیں ان کے لئے ٹیکس کی قیمتیں پہلے ہی اسی طرح رکھی گئی ہیں مگر ابھی دوسرے ممالک کی نسبت ہماری توانائی کی لاگت کافی زیادہ ہے۔ نیز یہ کہ روپے کی قدر میں کمی، طلب و رسد میں اتارا اور چڑھاؤ کی وجہ سے روٹی کی قیمت میں اضافہ رہا ہے۔ مزید یہ کہ نئی قسم کے ٹیکس لگانے جیسا کہ روٹی کی درآمد پر 5% کسٹم ڈیوٹی، 5% سلیز ٹیکس، 1% انکم ٹیکس لگانے کی وجہ سے لمبی مدت کے کیے ملکی سوتربن کی صنعت چلانے میں دشواری ہے۔ جبکہ ڈیوٹی کے بغیر ہندوستانی سوتربن اور کپڑے کی بڑے پیمانے میں درآمد کی وجہ سے مقامی سوتربن بازار میں قیمت کے تعین کرنے

والے نظام نقصان دہ حد تک کو متاثر کیا ہے۔

مستقبل کے نقطہ نظر

مجموعی سیاسی صورتحال نئی حکومت کے بننے کے بعد واضح طور پر مستحکم ہے۔ تاہم ملک کی اقتصادی حیثیت اچھی شکل میں نہیں ہے کیونکہ غیر ملکی ذخائر 10 بلین امریکی ڈالر کے نیچے گر گئے ہیں۔ تاہم دیگر ایسے عوامل مسلسل اور کامیاب ہیں جیسا کہ سی پیک منصوبوں کی تکمیل نے عالمی توجہ حاصل کی ہے۔ اگرچہ کپاس کی پیداوار پچھلے سال کے مقابلے میں زیادہ ہوئی ہے۔ لیکن اب یہ حکومت کے مقرر کردہ اہداف کو پورا کرنے میں کامیاب نہیں ہو سکی ہے، جس کی وجہ سے موجودہ مالیاتی سال میں بھی کپاس کی درآمد کرنے کی ضرورت ہے۔ یہ نہ صرف ملک کے کرنٹ اکاؤنٹ پر اثر انداز ہوگا بلکہ ہماری پیداوار علاقائی حریفوں کے مقابلے میں مہنگی ہوگی۔

کارپوریٹ گورننس کے ضابطے کی تعمیل

بورڈ یہ بتاتا ہے کہ کمپنی کا انتظام کارپوریٹ گورننس کی بہترین طرز عمل کے مطابق ہے۔ بورڈ نے کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے حوالے سے اپنی ذمہ داری قبول کی ہے اور بیان دیا ہے کہ:

- ۱۔ کمپنی 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۔ کمپنی کے حسابات تیار کرنے کے لیے مناسب مالیاتی پالیسیوں کا استعمال کیا ہے۔
- ۳۔ کمپنی نے حسابات کی کتابیں موثر طریقے سے رکھی ہیں۔
- ۴۔ بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں، ان کو مالیاتی حسابات کی تیاری میں اور اداروں میں اپنایا گیا ہے۔
- ۵۔ اندرونی کنٹرول کا نظام ڈیزائن درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا اور نگرانی کی گئی ہے۔ اندرونی کنٹرول کی نگرانی کے عمل کو کنٹرول کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ آگے بڑھتے ہوئے عمل کے طور پر جاری رہے گا۔
- ۶۔ کمپنی کے حسابات کمپنی کے موجودہ کارکردگی کا عکاس ہیں۔
- ۷۔ لسٹڈ کمپنیوں (کارپوریٹ گورننس) کے ضابطوں، 2017 (سی سی جی ریگولیشنز) کے بہترین طریقوں مطابق ہیں۔
- ۸۔ 30/06/2018 پر کمپنی کے ذمہ کسی بھی قسم کا قانونی ٹیکس، لیوی یا چارجز نہیں ہیں ماسوائے ان ادائیگیوں کے جو ان حسابات میں بتائی گئی ہیں۔
- ۹۔ اس ملز کے ڈائریکٹر، چیف ایگزیکٹو، سی ایف او، کمپنی سیکرٹری، ان کے اہل خانہ اور ان کے چھوٹے بچوں نے کمپنی کے شیئرز میں خرید و فروخت نہیں کی ہے۔ تاہم، کمپنی کے مجاز آڈیٹر نے اپنی جائزہ رپورٹ میں پر ریگولیشنز کے حوالے سے عدم تعمیل کی بنیاد پر اعتراض کیا ہے۔ آڈیٹر کا اعتراض اور منجمنٹ کا جواب مندرجہ ذیل دیئے گئے ہیں۔

آڈیٹر کا اعتراض	منجمنٹ کا جواب
۱۔ بورڈ آف آڈٹ کمیٹی کا کوئی بھی رکن کے سی سی جی قوانین کی شق (c) 28 کے تحت پورا نہیں کرتا۔	جناب سجد وحید، بورڈ آڈیٹ کمیٹی کے اراکین میں سے ایک نے ثالثی قانون میں ایل ایل ایم کیا ہوا ہے اور مختلف بین الاقوامی معاملات میں ایک ثالث کے طور پر مقرر کیا جا رہا ہے۔ ثالث کو رقم کی مقدار مقرر کرنا ہوتا ہے، جس میں مدعا علیہ پارٹی نے مدعی پارٹی کو ادا کرنا ہوتا ہے۔ ثالث دونوں جماعتوں کے مالی معاملات کو دیکھتا ہے اور رقم کی مقدار کے بارے میں فیصلہ کرتا ہے جو مدعا علیہ پارٹی کو ادا کرنا پڑتا ہے لہذا ہم یہ کہہ سکتے ہیں کہ سجد وحید ایک حساب کتاب سمجھنے والے معقول شخص ہیں۔

بورڈ کی ساخت:

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

۹	ڈائریکٹرز کی کل تعداد
۸	مرد
۱	خاتون
۲	آزاد ڈائریکٹرز
۵	دوسرے غیر ایگزیکٹو ڈائریکٹر
۲	ایگزیکٹو ڈائریکٹر

ان کی کمپنی میں لازمی کردار کے ساتھ ساتھ ہماری کمپنی کے بورڈ کے ارکان کی کارکردگی انفرادی طور پر یا مشترکہ طور پر دیکھی جاتی ہے۔

بورڈ کے اراکین کی اکثریت سی سی جی قوانین کے تحت (202) کے مطابق تمام ضروری اہلیت اور تجربہ رکھتی ہے لہذا ان کو ترقیتی پروگراموں سے چھوٹ دی گئی ہے۔ تمام ڈائریکٹر کارپوریٹ اداروں کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریاں بخوبی واقف ہیں۔ بورڈ نے اپنے ڈائریکٹروں کے لئے گزشتہ برسوں میں ان کے کردار اور ذمہ داریوں کے بارے میں بتانے کے لیے تعارف کورسز کا اہتمام کیا تھا۔

اس سال کے لئے بورڈ کی مجموعی کارکردگی کو تسلی بخش تھی۔ بورڈ کے ارکان نے مؤثر طریقے مل کر جن میں آزاد اور غیر ایگزیکٹو ڈائریکٹر شامل ہیں کام کیا۔ اور بورڈ نے کمپنی کے کارپوریٹ اہداف کو تشکیل دینے میں مؤثر کردار بھی ادا کیا ہے۔

بورڈ آف کمیٹی

بورڈ کی آف کمیٹی نے نگرانی کی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کی ہے، بنیادی طور پر مالی اور غیر مالیاتی معلومات کو مشترکہ حصول، داخلی کنٹرول کے نظام اور خطرے کے انتظام کے نظام اور آڈٹ کے عمل کے لئے انتظامیہ سے معلومات حاصل کرنے اور بیرونی آڈیٹر یا مشیروں کے ساتھ براہ راست مشورہ کرنے کے لیے خود مختار ہے جو مناسب سمجھا جاتا ہے۔ چیف فنانس آفیسر باقاعدگی سے اکاؤنٹس پیش کرنے کے لئے دعوت کے ذریعے بورڈ آف کمیٹی کے اجلاسوں میں شرکت کرتے ہیں۔ ہر میٹنگ کے بعد کمیٹی کے چیئر مین بورڈ کو رپورٹ کرتے ہیں۔ کمیٹی نے 2017-18 کے دوران 4 ملاقات کی ہے۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں۔

۱۔	بریگیڈیر (ریٹائر) عبدالصمد خان	چیئر مین	آزاد ڈائریکٹر
۲۔	جناب رضا قلی خان خٹک	رکن	غیر ایگزیکٹو ڈائریکٹر
۳۔	جناب سعد وحید	رکن	غیر ایگزیکٹو ڈائریکٹر
۴۔	کرئل (ریٹائر) سید یونس علی رضا	رکن	آزاد ڈائریکٹر

آڈٹ کمیٹی نے اندرونی آڈٹ منصوبہ کے علاوہ اور آڈٹ کے نتائج اور اندرونی آڈٹ ڈیپارٹمنٹ کی سفارش پر، سہاہی، نصف اور سالانہ مالی معاملات کا جائزہ لیا ہے۔ مندرجہ بالا اجلاسوں کے علاوہ، آڈٹ کمیٹی نے بیرونی آڈیٹرز کے ساتھ الگ اور بعد میں چیف فنانس آفیسر (سی ایف او) اور اندرونی آڈیٹ کے سربراہ (ایچ آئی اے) کے ساتھ بھی ملاقات کی ہے۔

انسانی وسائل اور معاوضے کی کمیٹی

کمیٹی نے سینئر ایگزیکٹوز کے معاوضہ سے متعلق معاوضہ، تنظیم اور ملازم کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے اور انتظامی کمیٹی کے ممبران اور مینجمنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو منظور کرنے کے لئے ملاقات کی۔ کمیٹی کے سی ای او نے کمیٹی کے رکن کے طور پر منعقد ہونے والے انسانی وسائل

اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 18-2017 کے دوران ایک بار ملاقات کی۔
کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں۔

۱۔	بریگیڈیر (ریٹائر) عبدالصمد خان	چیئر مین	آزاد ڈائریکٹر
۲۔	لیفٹیننٹ جنرل (ریٹائر) علی قلی خان خٹک	رکن	چیف ایگزیکٹو آفیسر
۳۔	جناب رضا قلی خان خٹک	رکن	غیر ایگزیکٹو ڈائریکٹر
۴۔	جناب سعد وحید	رکن	غیر ایگزیکٹو ڈائریکٹر

تعداد

بورڈ اور اسکی کمیٹیوں کے اجلاس:

سال 2017-18 کے دوران، چار بورڈ کی میٹنگ، چار آڈٹ کمیٹی اور ایک انسانی وسائل اور معاوضے کی کمیٹی کی میٹنگ منعقد ہوئیں۔ سال کے دوران ہر ڈائریکٹر کی طرف سے شرکت کی میٹنگ کی تعداد یہاں درج کی گئی ہے

کمیٹی کے ممبران		حاضری		آڈٹ کمیٹی		انسانی وسائل اور معاوضے کی کمیٹی		ڈائریکٹر کے نام	
بورڈ	آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی	آڈٹ کمیٹی	ڈائریکٹر کے نام	بورڈ	آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی	ڈائریکٹر کے نام	بورڈ
۴	۳	×	×	جناب رضا قلی خان خٹک	۴	۳	۰	۱۔	۴
۴	۰	×	×	لیفٹیننٹ جنرل (ریٹائر) علی قلی خان خٹک	۴	۰	۱	۲۔	۴
۲	۲			جناب احمد قلی خان خٹک (تاریخ)	۲	۲	۱	۳۔	۲
				استغنیٰ (26-03-2018)					
۳	۰			جناب مشتاق احمد خان (ایف سی اے)	۳	۰	۰	۴۔	۳
۴	۰			جناب گوہر ایوب خان	۴	۰	۰	۵۔	۴
۴	۰			مسز شہناز سجاد احمد	۴	۰	۰	۶۔	۴
۴	۴	×	×	بریگیڈیر (ریٹائر) عبدالصمد خان	۴	۴	۱	۷۔	۴
۳	۴	×	×	جناب سعد وحید	۳	۴	۱	۸۔	۳
۳	۰			جناب خالد قلی خان خٹک	۳	۰	۰	۹۔	۳
۰	۰		×	کرل (ریٹائر) سید یونس علی رضا (تاریخ)	۰	۰	۰	۱۰۔	۰
				تقرری (19-06-2018)					

ڈائریکٹر کی درخواست جس میں انہوں نے ذاتی مصروفیات کی بنا پر اجلاس میں حاضر ہونے سے معذرت کی جس کو قبول کیا گیا۔
ڈائریکٹر کا معاوضہ:

بورڈ کی اجازت سے آزاد اور غیر ایگزیکٹو ڈائریکٹر اجلاس میں حاضر ہونے پر بورڈ کی مقرر کردہ فیس لے سکتے ہیں۔

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

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

شیر ہولڈر کا پیٹرن

30 جون 2018 پر شیر ہولڈنگ کے پیٹرن اور اس سے متعلق اضافی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

حکومت اور سماجی شعبہ کی طرف سے ہماری کمپنی کی شراکت

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

رقم ملین میں

1	حکومتی اداروں کو ادا کیے	
30.544	انکم ٹیکس کی مد میں	
345.583	بجلی اور گیس کی مد میں	
74.374	بینکوں کو ادائیگی	
386.262	2 ملازمین کی تنخواہوں، اجرتوں اور دیگر فوائد کی مد میں	

ہم نے 1,014 مستقل افراد کو ملازمت دے رہے ہیں جو کہ خیبر پختونخوا کے صوبے کم از کم 8 افراد پر مشتمل 1,014 خاندان کے سہارا ہیں۔ جس کا سالانہ خرچہ 386.262 ملین روپے سالانہ ہے۔

سماجی ذمہ داری برائے کارپوریٹ

ہمیں یہ یقین ہے کہ تعلیم اقتصادی ترقی اور غربت کے خاتمے کے لئے ایک اہم کردار ادا کرتا ہے۔ پاکستان کی ترقی کے لئے بہترین تعلیمی سہولیات کے لئے ایک فوری ضرورت ہے اور مہارت حاصل کرنے کے لئے نوجوان لوگوں کو تیار اور ان سب سے زیادہ صلاحیت کو استعمال کرنے میں مدد کے لیے ہم ہر سال وقف قلی خان ٹرسٹ کو گراں قدر رقم ادا کرتے ہیں جو مستحق اور غریب طلباء کے تعلیمی اخراجات کیلئے خرچ کی جاتی ہے۔

صحّت، حفاظت اور ماحول:

ہم اس پر یقین رکھتے ہیں کہ صحّت، حفاظت اور ماحول میں اعلیٰ ترین معیار کو برقرار رکھنے کے لئے، ہم لوگوں کے ساتھ ساتھ کام کرنے والی لوگوں کی خوشحالی کو یقینی بنانا چاہتے ہیں۔

بعد میں آنے والے واقعات:

اس مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن پر اثر انداز ہونے والے کوئی مماثلت یا وعدے نہیں کئے گئے ہیں۔

ڈیویڈنڈ

بورڈ نے ٹیکس کے بعد کمپنی کو کاروبار میں نقصان ہونے پر کسی بھی قسم کا حتمی کیش ڈیویڈنڈ نہ دینے کی سفارش کی ہے۔

آڈیٹر کی رپورٹ میں اعتراض پر تبصرہ

کمپنی کے آڈیٹر نے اپنی رپورٹ میں اعتراض کیا ہے کہ وہ ایسوی ایٹ کمپنیوں یعنی بابر کی کاٹن ملز لمیٹڈ اور بنوں وولن ملز لمیٹڈ میں سرمایہ کاری کی قابل قدر رقم کی قیمتوں کا حساب کرنے کے لئے استعمال کرنے والے مخصوص تخمینوں اور مفروضے سے متفق نہیں ہیں۔ اس پر انتظامیہ کا بیان یہ ہے۔

قابل عمل مفروضے کی بنیاد پر سرمایہ کاری سے حاصل ہونے والی رقم کا حساب لگایا ہے اس کے تفصیلی اعداد و شمار آڈیٹر کو دیے گئے ہیں۔ مینجمنٹ نے 'value in use' کو استعمال کیا ہے اور اس سے اندازہ لگایا ہے، متوقع مستقبل کی نقد رقم کا بہاؤ ٹیکس سے پہلے کیسا ہے اور موجودہ مارکیٹ کی تشخیص کی عکاسی کرتی ہے۔ قبل از ٹیکس کی رعایت کی شرح بابر کی کاٹن ملز لمیٹڈ اور بنوں وولن ملز لمیٹڈ کی طرف سے نقد بہاؤ کے منصوبوں پر لاگو ہوتا ہے، بالترتیب 6.13% اور 11.32% ہیں۔ یہ شرحیں کیپٹل اثاثہ قیمتوں کا تعین ماڈل (CAPM) کا استعمال کرتے ہوئے کی گئی تھی جو خطرے سے مفت واپسی کے علاوہ ہے اور خطرہ پریمیم کے برابر ہے، جو اس سیکورٹی کے beta پڑتی ہے۔

ہم اس نظریے سے ہیں کہ سال کے دوران استعمال ہونے والی تخمینہ اور مفروضات مارکیٹنگ کے حالات کے مطابق مطابقت رکھتے ہیں۔ انتظامیہ کا اس بنیاد پر کافی اعتماد ہے اور ایسوی ایٹ کمپنیوں میں سرمایہ کاری کے لے جانے والی قیمتیں قابل قدر رقم سے زیادہ نہیں ہیں۔ تاہم اس کے لیے انتظامیہ کسی آزاد ویلوور سے اس کا تعین کرائے گی۔

آڈیٹر کی رپورٹ کے پیرا گراف پر تبصرہ

گیس انفراسٹرکچر ڈویلپمنٹ سیس کے خلاف کمپنی نے پشاور ہائی کورٹ کے ساتھ ساتھ سپریم کورٹ آف پاکستان میں کیس کر رکھا ہے۔ گیس انفراسٹرکچر ڈویلپمنٹ سیس کے کیس میں پشاور ہائی کورٹ کا حکم امتناعی موجود ہے۔ اپنانے گیس انفراسٹرکچر ڈویلپمنٹ سیس کے معاملے پر ہمارے وکیل کے ساتھ ایک اجلاس میں مستقبل کی حکمت عملی کے بارے میں مطلع کیا ہے کہ وہ، گیس انفراسٹرکچر ڈویلپمنٹ سیس معاملے میں ہمارے کیس کی بنیاد بہت مضبوط اور درست ہے کہ امید ہے کہ عدالت کا فیصلے صنعت کے حق میں ہو جائے گا۔ ہائی کورٹ اور پاکستان کی سپریم کورٹ نے پہلے بھی ہماری اپیل پر گیس انفراسٹرکچر ڈویلپمنٹ سیس ایکٹ 2011ء کو غیر آئینی قرار دیا تھا جبکہ حکومت نے گیس انفراسٹرکچر ڈویلپمنٹ سیس ایکٹ 2015 میں کوئی نئی تبدیلی نہیں کی ہے یہ بھی گیس انفراسٹرکچر ڈویلپمنٹ سیس ایکٹ 2011ء ہی طرح ہے جس کو ملکی اعلیٰ عدالتوں نے مسترد کیا ہے۔ اور ہم امید رکھتے ہیں ہمارے ملک کی اعلیٰ عدالتیں اس ایکٹ کو بھی مسترد کر دیں گی۔

آڈیٹر کی تقرری

کمپنی کے آڈیٹرز جو کہ میسر شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ، بے بینک سکور، لاہور جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمپنی کی بورڈ آف ڈائریکٹرز اور بورڈ آف ڈائریکٹرز نے ان کی بارہ تقرری کے لیے سفارش کی ہے۔

اعتراف

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

تاریخ: 25 ستمبر 2018

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

Ali Akbar Khan

لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک

چیف ایگزیکٹو

Asghar

بریگیڈر (ریٹائرڈ) عبدالصمد خان

ڈائریکٹر

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

PARTICULARS		2018	2017	2016	2015	2014	2013
Spindles installed	Nos.	64,704	62,304	62,304	62,304	62,304	62,304
Rotors installed	Nos.	600	600	600	600	600	600
PRODUCTION	Lbs. in million	13.233	11.829	12.483	14.104	13.322	13.013
Sales - Net	Rs. in million	2,782.025	2,515.643	2,497.962	2,542.780	2,983.385	2,714.679
Gross Profit	----- "	158.032	117.381	158.101	198.125	429.024	468.880
Profit from operations	----- "	19.608	20.893	58.097	95.883	302.924	378.451
(Loss) / Profit before Taxation	----- "	(73.217)	(21.538)	14.114	14.721	249.465	319.789
Provision for Taxation	----- "	1.181	(13.094)	1.220	(1.550)	68.868	83.999
(Loss) / Profit after Taxation	----- "	(74.398)	(8.444)	12.894	16.271	180.597	235.790
(Loss) / Earning per share	Rupees	(15.55)	(1.76)	1.99	3.40	37.74	49.28
Breakup Value per share (re-stated)	----- "	693.77	711.50	713.13	482.73	480.86	444.28

----- (Re-stated) -----

Total Assets	Rs. in million	5,087.678	4,921.381	4,453.541	3,487.615	3,576.849	3,339.138
Current Liabilities	----- "	(1,506.888)	(1,120.964)	(607.450)	(803.414)	(867.418)	(823.469)
	----- "	3,580.790	3,800.417	3,846.091	2,684.201	2,709.431	2,515.669

REPRESENTED BY:

Share Capital	Rs. in million	47.848	47.848	47.848	47.848	47.848	47.848
Reserves and Un-appropriated Profit	----- "	3,271.717	3,356.538	3,364.318	2,261.898	2,252.968	2,077.962
Equity	----- "	3,319.565	3,404.386	3,412.166	2,309.746	2,300.816	2,125.810
Long Term Loans	----- "	0.000	0.000	0.000	0.000	9.269	35.037
Deferred Liabilities	----- "	261.225	396.031	433.925	374.455	399.346	354.822
	----- "	3,580.790	3,800.417	3,846.091	2,684.201	2,709.431	2,515.669

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
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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
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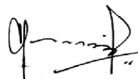
0	6
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2	0	1	8
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4. No of shareholders	Shareholdings	Total shares held
498	shareholding from 1 to 100 shares	16,379
409	shareholding from 101 to 500 shares	90,076
104	shareholding from 501 to 1000 shares	77,679
104	shareholding from 1001 to 5000	211,141
11	shareholding from 5001 to 10000	83,554
12	shareholding from 10001 to 15000	151,917
2	shareholding from 20001 to 25000	46,200
1	shareholding from 30001 to 35000	31,000
3	shareholding from 35001 to 40000	113,233
1	shareholding from 40001 to 45000	41,143
1	shareholding from 50001 to 55000	53,400
1	shareholding from 60001 to 65000	61,200
1	shareholding from 70001 to 75000	72,829
1	shareholding from 115001 to 120000	129,762
1	shareholding from 130001 to 135000	134,062
1	shareholding from 195001 to 200000	249,300
1	shareholding from 340001 to 345000	341,000
1	shareholding from 475001 to 480000	478,444
1	shareholding from 840001 to 845000	843,245
1	shareholding from 1555001 to 1560000	1,559,230
1155	Total	4,784,794

5. Categories of shareholders	share held	Percentage
5.1. Director, Chief Executive Office, and their spouse and minor children.	46,954	0.98
5.2. Associated Companies, undertakings and related parties.	2,743,475	57.34
5.3. ICP	620	0.01
5.4. Banks Development Financial Institutions, Non Banking Financial Institutions.	492,205	10.29
5.5. Insurance Companies	38,422	0.80
5.6. Modarabas and Mutual Funds	NIL	NIL
5.7. Share holders holding 10% Bannu Woollen Mills Ltd	1,559,230	32.59
Bibojee Services (Pvt.) Ltd	843,245	17.62
National Bank of Pakistan	478,444	10.00
5.8. General Public		
a. Local	1,326,124	27.72
b. Foreign	NIL	NIL
5.9. Others (to be specified)		
Joint Stock Companies	2,919	0.06
Secretary to Govt. of KPK	134,062	2.80
Sheriar F. Irani Investment Trust Ltd.	13	0.00

6. Signature of Secretary



7. Name of Signatory

AMIN-UR-RASHEED

8. Designation

Company Secretary & Sr.General Manager Corporate Affairs

9. NIC Number

1	4	3	0	1	-	4	5	7	5	7	6	4	-	3
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10. Date

Day		Month		Year			
3	0	0	6	2	0	1	8

**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 BANNU WOOLLEN MILLS LTD, M/S.BIBOJEE SERVICES (PVT) LTD. M/S BABRI COTTON MILLS LTD,	1,559,230 843,245 341,000
2.	I.C.P: M/S. INVESTMENT CORPORATION OF PAKISTAN	620
3.	DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN: MR.RAZA KULI KHAN KHATTAK, Chairman LT.GEN. (RETD) ALI KULI KHAN KHATTAK Chief Executive MR.MUSHTAQ AHMED KHAN (FCA) Director MR. GOHAR AYUB KHAN Director MRS.SHAHNAZ SAJJAD AHMED Director BRIG. (RETD) ABDUL SAMAD KHAN Director COL. (RETD) SYED YUNUS ALI RAZA Director MR. SAAD WAHEED Director MR. KHALID KULI KHAN KHATTAK Director	12,482 11,114 13,241 3,700 6,107 10 100 100 100
4.	EXECUTIVES	355
5.	JOINT STOCK COMPANIES	2,919
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	530,627
7.	SHAREHOLDERS HOLDING 10% OR MORE: M/S BANNU WOOLLEN MILLS LTD. M/S.BIBOJEE SERVICES (PVT) LTD. M/S.NATIONAL BANK OF PAKISTAN	1,559,230 843,245 478,444
8.	GENERAL PUBLIC & OTHERS	1,459,844

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (The Company)
 Year Ended **30TH JUNE 2018**

The Company has complied with the requirements of Code of Corporate Governance Regulations, 2017(the Regulations) in the following manner:

1. The total number of directors are nine as per the following:

a. Male	8
b. Female	1

2. The composition of the Board of Directors (the Board) is as follows:

CATEGORY	NAMES
Independent Directors	Brig. (Retd) Abdul Samad Khan Col. (Retd) Syed Yunus Ali Raza
Other Non-executive Directors	Mr. Raza Kuli Khan Khattak
	Mr. Mushtaq Ahmad Khan, FCA
	Mr. Gohar Ayub Khan
	Mrs. Shahnaz Sajjad Ahmad
	Mr. Saad Waheed
Executive Directors	Lt. Gen. (Retd) Ali Kuli Khan Khattak
	Mr. Khalid Kuli Khan Khattak

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable). Except for Mr. Raza Kuli Khan Khattak, who is Director in seven listed companies at the moment.
- 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.
- 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.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
- 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 meetings of Board.
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- Out of nine Directors, five of the directors have already completed the director training program in the years 2010 & 2016 and one of the directors has been given exemption from the program. Remaining three directors are not required to attend the program in view of the PSX Rule Book.

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) duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee

a)	Brig. (Retd) Abdul Samad Khan	Chairman
b)	Mr. Raza Kuli Khan Khattak	Member
c)	Col. (Retd) Syed Yunus Ali Raza	Member
d)	Mr. Saad Waheed	Member

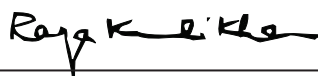
Human Resource and Remuneration Committee

a)	Brig. (Retd) Abdul Samad Khan	Chairman
b)	Lt. Gen. (Retd) Ali Kuli Khan Khattak	CEO/Member
c)	Col. (Retd) Syed Yunus Ali Raza	Member
d)	Mr. Saad Waheed	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for 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, which is considered suitably qualified and experienced for the purpose and is 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 Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with 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 IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Signature

(Name in block letters)



RAZA KULI KHAN KHATTAK
(Chairman)

**INDEPENDENT AUDITORS' MODIFIED REVIEW REPORT ON THE STATEMENT
OF COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF
CORPORATE GOVERNANCE) REGULATIONS, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried-out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instance of non-compliance with the requirement of the Regulations was observed, which has not been stated in the Statement of Compliance:

- No member of the Board Audit Committee meets the requirement prescribed by clause 28(c) of the Regulations.

Based on our review, except for the above instance of non-compliance, 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, 2018.

Shinewing Hameed Chaudhri & Co.

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

Audit Engagement Partner: Osman Hameed Chaudhri

LAHORE; September 25, 2018

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

Report on the Audit of the Financial Statements

Qualified 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, 2018, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

The management has carried-out impairment testing of its Investments in Associated Companies by calculating their recoverable amounts using value-in-use method. In applying the said method, the management has made certain estimates and used certain assumptions with which we do not concur. Refer note 8.6 to the financial statements.

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 27.2 to the financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.419.951 million. Our report is not qualified 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.	Compliance with laws and regulations The Companies Act, 2017 (the Act) was promulgated on May 30, 2017, which replaced the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of the financial statements by elimination of duplicative disclosures with IFRS disclosure requirements and incorporation of significant additional disclosures. These changes are applicable first time to the Company's financial statements for the year ended June 30, 2018. The changes are considered as a key audit matter as failure to comply with the requirements of the Act could have financial impact on the Company. Refer notes 2, 6, 7.6, 8, 9, 20, 41 and 44 for changes in disclosures made through the Act.	We performed following audit procedures: - Obtained an understanding of the related provisions and schedules of the Act, applicable to the Company and prepared documents to assess the Company's compliance with the disclosure requirements of the Act. - Discussed the applicable changes with the Company's management and those charged with governance as to whether the Company was in compliance with such changes. - Maintained a high level of vigilance when carrying-out our other audit procedures for identification of any non-compliance. - Ensured that the financial statements have been prepared in accordance with the approved accounting standards and the Act.
2.	Contingencies The Company is subject to litigations involving different courts pertaining to Gas Infrastructure Development Cess, taxation and other matters, which require management to make assessment and judgements with respect to likelihood and impact of such litigations. Management has engaged independent legal counsel on these matters. The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgements required to determine the level of certainty on these matters. The details of contingencies along with management's assessment and the related provisions are disclosed in notes 25 and 27 to the financial statements.	- In response to this matter, our audit procedures included: - Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. - Obtaining independent opinion of legal advisors dealing with such cases in the form of confirmations. - We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. - The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

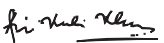
Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE; September 25, 2018

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

			(Re-stated)	(Re-stated)
		2018	2017	July 01,
	Note	-----Rupees in thousand-----		
ASSETS				
Non-current assets				
Property, plant and equipment	7	3,117,231	3,183,026	3,129,440
Investments in Associated Companies	8	425,888	450,039	451,031
Loans to employees	9	1,163	1,151	2,097
Security deposits		1,204	1,204	1,204
		3,545,486	3,635,420	3,583,772
Current assets				
Stores, spares and loose tools	10	60,662	61,404	57,474
Stock-in-trade	11	1,187,384	896,961	524,175
Trade debts - unsecured, considered good		45,364	122,510	104,989
Advances to employees		2,792	3,619	4,355
Advance payments	12	17,581	34,322	34,831
Trade deposits and prepayments	13	1,207	3,391	7,320
Due from Associated Company	14	772	518	0
Other receivables	15	14,053	5,028	2,678
Sales tax refundable		112,381	58,024	29,293
Income tax refundable, advance tax and tax deducted at source		87,826	83,185	82,616
Cash and bank balances	16	12,170	16,999	22,038
		1,542,192	1,285,961	869,769
TOTAL ASSETS		5,087,678	4,921,381	4,453,541
EQUITY AND LIABILITIES				
Equity				
Authorised capital	17	200,000	200,000	200,000
Issued, subscribed and paid-up capital	18	47,848	47,848	47,848
Capital reserves				
- capital redemption	19	6,694	6,694	6,694
- tax holiday	19	350	350	350
- share premium	19	11,409	11,409	11,409
- revaluation surplus on property, plant and equipment	20	2,323,069	2,344,350	2,362,736
Revenue reserves				
- general reserve	19	871,530	871,530	371,530
- unappropriated profit		58,665	122,205	611,599
Shareholders' equity		3,319,565	3,404,386	3,412,166
Liabilities				
Non-current liabilities				
Staff retirement benefits - gratuity	21	51,343	153,932	148,929
Deferred taxation	22	209,882	242,099	284,996
		261,225	396,031	433,925
Current liabilities				
Trade and other payables	23	321,569	257,266	130,519
Unclaimed dividends		294	1,425	3,100
Accrued mark-up		19,818	15,499	10,593
Short term finances	24	1,142,370	821,017	441,436
Taxation	25	21,644	24,564	20,588
Preference shares redemption account	26	1,193	1,193	1,214
		1,506,888	1,120,964	607,450
Total liabilities		1,768,113	1,516,995	1,041,375
Contingencies and commitments	27			
TOTAL EQUITY AND LIABILITIES		5,087,678	4,921,381	4,453,541

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


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


Brig. (Retd) Abdul Samad Khan
Director


Amin-ur-Rasheed
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees in thousand	2017
Sales	28	2,782,025	2,515,643
Cost of Sales	29	2,623,993	2,398,262
Gross Profit		158,032	117,381
Distribution Cost	30	36,041	19,816
Administrative Expenses	31	102,912	81,057
Other Expenses	32	1,141	515
Other Income	33	(1,670)	(4,900)
		138,424	96,488
Profit from Operations		19,608	20,893
Finance Cost	34	74,374	42,881
		(54,766)	(21,988)
Share of (Loss) / Profit of Associated Companies - net	8	(18,451)	450
Loss before Taxation		(73,217)	(21,538)
Taxation	35	1,181	(13,094)
Loss after Taxation		(74,398)	(8,444)
Other Comprehensive (Loss) / income			
Items that will not be reclassified to profit or loss:			
- loss on remeasurement of staff retirement benefit obligation (net of deferred tax)	21	(13,677)	(1,192)
- share of other comprehensive (loss) / income of Associated Companies (net of taxation)	8	(2,391)	1,324
		(16,068)	132
Total Comprehensive Loss		(90,466)	(8,312)
----- Rupees -----			
Loss per Share	36	(15.55)	(1.76)

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


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

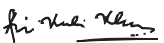

Brig. (Retd) Abdul Samad Khan
Director


Amin-ur-Rasheed
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees in thousand	
Cash flow from operating activities		
Loss for the year - before taxation and share of (loss) / profit of Associated Companies	(54,766)	(21,988)
Adjustments for non-cash charges and other items:		
Depreciation	84,126	83,033
Loss / (gain) on sale of fixed assets	1,121	(422)
Excess provision of workers' welfare fund written-back	(27)	(259)
Staff retirement benefits - gratuity (net)	(121,853)	3,300
Finance cost	72,509	41,344
(Loss) / profit before working capital changes	(18,890)	105,008
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	742	(3,930)
Stock-in-trade	(290,423)	(372,786)
Trade debts	77,146	(17,521)
Loans and advances to employees	815	1,682
Advance payments	16,741	509
Trade deposits and prepayments	2,184	3,929
Due from Associated Company	(254)	(518)
Other receivables	(9,025)	(2,350)
Sales tax refundable	(54,357)	(28,731)
(Increase) / decrease in current liabilities:		
Increase in trade and other payables	64,798	129,338
Decrease in unclaimed dividends	(1,131)	(1,675)
	(192,764)	(292,053)
Cash used in operations	(211,654)	(187,045)
Taxes paid	(30,544)	(20,921)
Net cash used in operating activities	(242,198)	(207,966)
Cash flow from investing activities		
Fixed capital expenditure - net	(28,729)	(137,004)
Sale proceeds of operating fixed assets	9,277	807
Dividend received	3,658	3,658
Net cash used in investing activities	(15,794)	(132,539)
Cash flow from financing activities		
Short term finances - net	321,353	379,581
Finance cost paid	(68,190)	(36,438)
Dividends paid	0	(7,656)
Preference shares redeemed	0	(21)
Net cash generated from financing activities	253,163	335,466
Net decrease in cash and cash equivalents	(4,829)	(5,039)
Cash and cash equivalents - at beginning of the year	16,999	22,038
Cash and cash equivalents - at end of the year	12,170	16,999

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


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

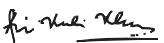

Brig. (Retd) Abdul Samad Khan
 Director


Amin-ur-Rasheed
 Chief Financial Officer

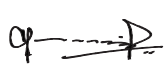
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Reserves					Unappropriated profit	Total
		Capital				Revenue		
		Capital redemption	Tax holiday	Share premium	Revaluation surplus on property, plant and equipment	General		
----- Rupees in thousand -----								
Balance as at July 01, 2016	47,848	6,694	350	11,409	0	371,530	614,960	1,052,791
Impact of re-statement (note 6)	0	0	0	0	2,362,736	0	(3,361)	2,359,375
Balance as at July 01, 2016 - re-stated	47,848	6,694	350	11,409	2,362,736	371,530	611,599	3,412,166
Transfer to general reserve	0	0	0	0	0	500,000	(500,000)	0
Transaction with owners: Cash dividend at the rate of Rs. 1.25 per ordinary share for the year ended June 30, 2016	0	0	0	0	0	0	(5,981)	(5,981)
Total comprehensive loss for the year ended June 30, 2017:								
- loss for the year	0	0	0	0	0	0	(8,444)	(8,444)
- other comprehensive income	0	0	0	0	0	0	132	132
	0	0	0	0	0	0	(8,312)	(8,312)
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on account of incremental depreciation for the year	0	0	0	0	(20,832)	0	20,832	0
Resultant adjustment due to reduction in tax rate	0	0	0	0	5,621	0	0	5,621
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	(3,175)	0	0	(3,175)
Effect of items directly credited in equity by Associated Companies - net	0	0	0	0	0	0	4,067	4,067
Balance as at June 30, 2017	47,848	6,694	350	11,409	2,344,350	871,530	122,205	3,404,386
Total comprehensive loss for the year ended June 30, 2018:								
- loss for the year	0	0	0	0	0	0	(74,398)	(74,398)
- other comprehensive loss	0	0	0	0	0	0	(16,068)	(16,068)
	0	0	0	0	0	0	(90,466)	(90,466)
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)								
- on account of incremental depreciation for the year	0	0	0	0	(20,025)	0	20,025	0
- upon sale of revalued assets	0	0	0	0	(2,773)	0	2,773	0
Resultant adjustment due to reduction in tax rate	0	0	0	0	5,296	0	0	5,296
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	(3,779)	0	0	(3,779)
Effect of items directly credited in equity by Associated Companies - net	0	0	0	0	0	0	4,128	4,128
Balance as at June 30, 2018	47,848	6,694	350	11,409	2,323,069	871,530	58,665	3,319,565

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


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


Brig. (Retd) Abdul Samad Khan
Director


Amin-ur-Rasheed
Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- (a) The Company, during the year, has introduced Employees' Provident Fund for its officers; previously they received benefits through unfunded gratuity scheme.
- (b) The Company, during the year, has obtained a new cash finance facility of Rs. 300 million from National Bank of Pakistan.
- (c) Due to applicability of the Companies Act, 2017 to the financial statements of the Company, amounts reported for the previous years have been restated. For detailed information please refer to note 6.
- (d) For a detailed discussion about the Company's performance please refer to the Directors' report.

3. BASIS OF PREPARATION

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

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee, which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand unless otherwise stated.

3.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment. - notes 5.1 & 7.1
- Provision for impairment of inventories - notes 5.3, 5.4, 10 and 11
- Impairment loss of non-financial assets other than inventories - note 5.7
- Provision for doubtful trade receivables - note 5.5
- Staff retirement benefits - gratuity - notes 5.9 and 21
- Estimation of provisions - note 5.11
- Estimation of contingent liabilities - notes 5.12 & 27
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 5.13, 22 & 25

The revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

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

4.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2017 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 financial statements, except for the following:

- (a) International Accounting Standard (IAS) 7, 'Cash flow statements: Disclosure initiative' is applicable to accounting periods beginning on or after January 01, 2017. This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The amendments have only resulted in some additional disclosures in the Company's financial statements.

- (b) IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The amendment does not have any impact on the Company's financial statements.

4.2 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 IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2018 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 financial statements, except for the following:

- (a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after July 01, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of this standard on its financial statements.
- (b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the SECP to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS - 18 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company is yet to assess the full impact of this standard on its financial statements.
- (c) IFRIC 23, 'Uncertainty over income tax treatments' is applicable to accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of this interpretation on its financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below in note 6.

5.1 Property, plant and equipment**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 7.1 to the financial statements.

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

Disposal

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

Judgment and estimates

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

5.2 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of investments is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

5.3 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the statement of financial position date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

5.4 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials	
- at mills	- At lower of annual average cost and net realisable value.
- in transit	- At cost accumulated to the statement of financial position 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.

5.5 Trade debts and other receivables**Measurement**

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 provision for doubtful debts, if any.

Impairment

A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the trade debts and other receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

5.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash-in-hand and balances with banks.

5.7 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

5.8 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest 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.

5.9 Staff retirement benefits**(a) Defined benefit plan**

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2018 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 current year, 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.

5.10 Trade and other payables

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

5.11 Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, prices and conditions, and can take place many years in future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

5.12 Contingent liabilities

A contingent liability is disclosed when the Company

- has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or
- has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.13 Taxation

Taxation comprises of current tax and deferred tax.

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any, in which case the tax amounts are recognised directly in other comprehensive income or equity.

(a) Current

Current tax is the expected tax payable on the taxable income / turnover for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credits and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

(b) Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit or loss except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

5.14 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

5.15 Financial instruments**(a) Initial recognition**

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it.

(b) Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial instruments include security deposits, trade debts, other receivables, bank balances, trade & other payables, unclaimed dividends, accrued mark-up and short term finances. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.16 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

5.17 Foreign currency transactions

Foreign currency transactions are recorded in Pakistan Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are taken to statement of profit or loss.

5.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- sales are recorded on dispatch of goods.
- 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.

5.19 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 42 to these financial statements.

6. CHANGE IN ACCOUNTING POLICY

Section 235 (Treatment of surplus arising out of revaluation of fixed assets) of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, plant and equipment, surplus on revaluation of fixed assets will now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of property, plant and equipment stands amended as follows:

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.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

As at June 30, 2017			As at June 30, 2016		
As previously reported	Restate-ment	As restated	As previously reported	Restate-ment	As restated

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

Effect on statement of financial position

Investments in Associated Companies	178,719	271,320	450,039	176,521	274,510	451,031
Surplus on revaluation of property, plant and equipment	2,069,654	(2,069,654)	0	2,084,865	(2,084,865)	0
Equity	1,063,412	2,340,974	3,404,386	1,052,791	2,359,375	3,412,166
Effect on statement of changes in equity						
Capital reserve	18,453	2,344,350	2,362,803	18,453	2,362,736	2,381,189
Unappropriated profit	125,581	(3,376)	122,205	614,960	(3,361)	611,599

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees in thousand	2017 Rupees in thousand
Operating fixed assets - tangible	7.1	3,117,231	3,072,855
Capital work-in-progress - plant and machinery -including in-transit plant and machinery valuing Rs. Nil (2017: Rs. 72.034 million)	7.9	0	110,171
		3,117,231	3,183,026

7.1 Operating fixed assets - owned

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, 2016

Cost / revaluation	1,676,500	1,247	257,038	7,341	7,443	12,645	1,298,604	191,959	4,286	13,876	3,573	1,012	22,533	7,958	2,755	3,508,770
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Accumulated depreciation	0	0	6,424	185	2,347	2,110	297,879	44,261	2,322	5,995	1,667	54	13,453	1,194	1,439	379,330
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Book value	1,676,500	1,247	250,614	7,156	5,096	10,535	1,000,725	147,698	1,964	7,881	1,906	958	9,080	6,764	1,316	3,129,440
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Year ended
June 30, 2017:

Additions	0	0	5,040	560	0	0	10,767	0	0	568	67	590	8,978	0	263	26,833
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Disposals

Cost	0	0	0	0	0	0	0	0	0	0	0	0	(1,787)	0	0	(1,787)
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Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	1,402	0	0	1,402
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Depreciation for the year	0	0	12,735	381	255	527	50,246	14,770	98	402	98	351	2,391	338	441	83,033
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Book value	1,676,500	1,247	242,919	7,335	4,841	10,008	961,246	132,928	1,866	8,047	1,875	1,197	15,282	6,426	1,138	3,072,855
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Year ended
June 30, 2018:

Additions	0	0	0	0	0	0	136,770	0	25	662	102	478	707	0	156	138,900
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Disposals

Cost	0	0	0	0	0	0	(18,059)	0	0	0	0	0	0	0	0	(18,059)
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Depreciation	0	0	0	0	0	0	7,661	0	0	0	0	0	0	0	0	7,661
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Depreciation for the year	0	0	12,146	367	242	500	52,669	13,293	93	413	95	427	3,195	321	365	84,126
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Book value	1,676,500	1,247	230,773	6,968	4,599	9,508	1,034,949	119,635	1,798	8,296	1,882	1,248	12,794	6,105	929	3,117,231
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As at June 30, 2017

Cost / revaluation	1,676,500	1,247	262,078	7,901	7,443	12,645	1,309,371	191,959	4,286	14,444	3,640	1,602	29,724	7,958	3,018	3,533,816
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Accumulated depreciation	0	0	19,159	566	2,602	2,637	348,125	59,031	2,420	6,397	1,765	405	14,442	1,532	1,880	460,961
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Book value	1,676,500	1,247	242,919	7,335	4,841	10,008	961,246	132,928	1,866	8,047	1,875	1,197	15,282	6,426	1,138	3,072,855
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As at June 30, 2018

Cost / revaluation	1,676,500	1,247	262,078	7,901	7,443	12,645	1,428,082	191,959	4,311	15,106	3,742	2,080	30,431	7,958	3,174	3,654,657
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Accumulated depreciation	0	0	31,305	933	2,844	3,137	393,133	72,324	2,513	6,810	1,860	832	17,637	1,853	2,245	537,426
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Book value	1,676,500	1,247	230,773	6,968	4,599	9,508	1,034,949	119,635	1,798	8,296	1,882	1,248	12,794	6,105	929	3,117,231
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Depreciation rate (%)			5	5	5	5	5	10	5	5	5	30	20	5	30	
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- 7.2** Freehold land represents 242,306 square meters of land situated at Habibabad Kohat out of which approximately 51,825 square meters represents covered area.
- 7.3** The 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 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.
- 7.4** The management, during the preceding year, 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, the depreciation rate of generators was enhanced to 10% per annum from 5% per annum.
- 7.5** 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:

	2018 Rupees in thousand	2017
Freehold land	340	340
Buildings on freehold land:		
- factory	41,117	43,281
- non-factory	1,302	1,370
Residential:		
- officers	139	146
- workers	6,653	7,003
Plant & machinery	717,320	622,749
Generators	110,329	122,588
	877,200	797,477

- 7.6** Based on the revaluation report as at December 31, 2015 the forced sale values of the revalued items of property, plant and equipment have been assessed as follows.

	Rupees in thousand
Freehold land	1,341,200
Buildings on freehold land	224,330
Plant & machinery and generators	806,032
	2,371,562

- 7.7 Depreciation for the year has been apportioned as under:**

	2018 Rupees in thousand	2017
Cost of sales	78,701	78,376
Administrative expenses	5,425	4,657
	84,126	83,033

7.8 Disposal of operating fixed assets

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

2018**Plant & machinery**

Comber	15,271	6,045	9,226	8,235	(991)	Abdul Hafeez, Sarfaraz Colony, Faisalabad.
Murata machine	2,433	1,421	1,012	916	(96)	
Hard waste machine	355	195	160	126	(34)	
	18,059	7,661	10,398	9,277	(1,121)	

2017**Vehicles**

Nissan Sunny	1,530	1,147	383	642	259	Muhammad Ahmad, DHA, Lahore.
Suzuki Mehran	257	255	2	165	163	Aqeel Ahmad, Habibabad, Kohat.
	1,787	1,402	385	807	422	

7.9 Capital work-in-progress - plant and machinery

	2018	2017
	Rupees in thousand	
Opening balance	110,171	0
Additions during the year	26,599	110,171
Transferred to operating fixed assets during the year	(136,770)	0
Balance as at June 30,	0	110,171

8. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

	2018	Re-stated 2017	Re-stated 2016
		Rupees in thousand	
Babri Cotton Mills Ltd. (BCM)			
587,493 (2017: 587,493) ordinary shares of Rs.10 each - cost	10,973	10,973	10,973
Equity held: 16.09% (2017: 16.09%)			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	85,893	86,244	88,811
Share of revaluation surplus on property, plant and equipment	147,291	149,966	152,054
Loss for the year - net of taxation	(22,349)	(4,762)	(5,222)
Share of other comprehensive (loss) / income - net of taxation	(1,829)	1,162	(155)
Balance c/f	219,979	243,583	246,461

	2018	Re-stated 2017	Re-stated 2016
	Rupees in thousand		
Balance b/f	219,979	243,583	246,461

Bannu Woollen Mills Ltd. (BWM)

731,626 (2017: 731,626) ordinary shares of
Rs.10 each - **cost**

Equity held: 7.70% (2017: 7.70%)

Post acquisition profit and other comprehensive
income brought forward including effect of
items directly credited in equity by BWM

Share of revaluation surplus on
property, plant and equipment

Profit for the year - net of taxation

Share of other comprehensive
(loss) / income - net of taxation

Dividend received

7,697	7,697	7,697
74,908	72,313	68,303
123,626	124,730	125,817
3,898	5,212	5,598
(562)	162	(650)
(3,658)	(3,658)	(2,195)
205,909	206,456	204,570
425,888	450,039	451,031

- 8.1** Although the Company has less than 20% voting rights in BCM and BWM as at June 30, 2018 and 2017, it is presumed that the Company has significant influence over these Companies due to majority representation on their board of directors.
- 8.2** Market value of the Company's investments in BCM and BWM as at June 30, 2018 was Rs.29.962 million (2017: Rs.47.587 million) and Rs.36.398 million (2017: Rs.50.116 million) respectively.
- 8.3** BCM was incorporated in Pakistan on October 26, 1970 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. It is principally engaged in manufacture and sale of yarn.

The summary of financial information of BCM based on its audited financial statements for the year ended June 30, 2018 is as follows:

Summarised statement of financial position

Non-current assets	1,822,181	1,766,877	1,802,278
Current assets	815,533	723,756	457,202
	2,637,714	2,490,633	2,259,480
Deferred income	0	2,100	5,698
Non-current liabilities	231,432	201,518	253,712
Current liabilities	1,037,531	771,525	467,423
	1,268,963	975,143	726,833
Net assets	1,368,751	1,515,490	1,532,647

Reconciliation to carrying amount	2018	Re-stated 2017	Re-stated 2016
	Rupees in thousand		
Opening net assets	1,515,490	1,532,647	607,039
Loss for the year	(138,936)	(29,296)	(32,461)
Revaluation surplus on property, plant and equipment	0	0	945,247
Other comprehensive (loss) / income for the year	(11,370)	7,222	(961)
Other adjustments	3,567	4,917	13,783
Closing net assets	1,368,751	1,515,490	1,532,647
Company's share percentage 16.09% (2017: 16.09%)			
Company's share	220,232	243,842	246,603
Miscellaneous adjustments	(253)	(259)	(142)
Carrying amount of investment	219,979	243,583	246,461

Summarised statement of profit or loss

Sales	1,890,012	1,649,638	1,444,247
Loss before taxation	162,550	48,121	49,850
Loss after taxation	138,936	29,296	32,461

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

The summary of financial information of BWM based on its audited financial statements for the year ended June 30, 2018 is as follows:

Summarised statement of financial position

Non-current assets	2,227,797	2,293,560	2,318,011
Current assets	1,104,569	957,879	748,652
	3,332,366	3,251,439	3,066,663
Non-current liabilities	139,021	278,610	267,015
Current liabilities	511,618	285,986	139,267
	650,639	564,596	406,282
Net assets	2,681,727	2,686,843	2,660,381

Reconciliation to carrying amount	2018	Re-stated 2017	Re-stated 2016
	Rupees in thousand		
Opening net assets	2,686,843	2,660,381	976,503
Profit for the year	50,642	67,725	72,738
Dividend paid during the year	(47,531)	(47,531)	(28,519)
Revaluation surplus on property, plant and equipment	0	0	1,634,781
Other comprehensive (loss) / income for the year	(7,304)	2,104	(8,447)
Other adjustments	(923)	4,164	13,325
Closing net assets	2,681,727	2,686,843	2,660,381
Company's share percentage 7.70% (2017: 7.70%)			
Company's share	206,493	206,887	204,849
Miscellaneous adjustments	(584)	(431)	(279)
Carrying amount of investment	205,909	206,456	204,570
Summarised statement of profit or loss			
Sales	838,619	793,305	749,408
Profit before taxation	80,845	93,971	102,562
Profit after taxation	50,642	67,725	72,738

- 8.5** The Company, during the financial years 1972-73 and 1973-74, had declared dividend in specie by distributing its investment in the share capital of Babri Cotton Mills Ltd. The Company wrote-back these unclaimed dividends in specie during the years 1989 and 1990 and incorporated these as investment. During the current and preceding years, no distribution by way of dividend in specie was made.
- 8.6** The management, as at June 30, 2018, has carried out impairment testing of its investments in the Associated Companies as required under IAS 36, 'Impairment of Assets'. The recoverable amount of investments in BCM and BWM amounted Rs.235.881 million and Rs.223.671 million respectively. The recoverable amounts of investments have been determined using the 'value-in-use' computations. In assessing the value in use, estimated future cash flows have been discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money. The pre-tax discount rates applied to cash flow projections by BCM and BWM are 6.13% and 11.32% respectively. As a result of the aforementioned impairment testing, the management has concluded that the carrying values of investments in Associated Companies do not exceed the recoverable amounts.
- 8.7** Provisions of section 208 of the repealed Companies Ordinance, 1984, now section 199 of the Companies Act, 2017, were duly complied with for making investments in BCM and BWM.

9.	LOANS TO EMPLOYEES - Secured	Note	2018	2017
			Rupees in thousand	
	Loans to:			
	- related party - key management person	9.1	580	705
	- other employees	9.2	2,744	2,837
			<u>3,324</u>	<u>3,542</u>
	Less: current portion grouped under current assets			
	- related party - key management person		160	180
	- other employees		2,001	2,211
			<u>2,161</u>	<u>2,391</u>
			<u>1,163</u>	<u>1,151</u>
9.1	The year-end balance represents interest free loans to General Manager Technical for construction of house and certain other purposes and are recoverable in monthly instalments. The maximum aggregate amount of loans at any month-end during the year was Rs.825 thousand (2017: Rs.1.475 million). The loans balances have been fully recovered subsequent to year-end.			
9.2	These interest free loans to employees have been advanced for various purposes and are recoverable in instalments which vary from case to case.			
9.3	These loans are secured against the gratuity benefits payable to respective employees.			
10.	STORES, SPARES AND LOOSE TOOLS			
	Stores			
	- at mills		27,485	26,459
	- in transit		4,930	7,077
	Spares [including obsolete gas generators' parts inventory valuing Rs.16.305 million (2017: Rs.16.305 million)]		44,143	43,773
	Loose tools		409	400
			<u>76,967</u>	<u>77,709</u>
	Less: provision against obsolete gas generators' parts		16,305	16,305
			<u>60,662</u>	<u>61,404</u>
11.	STOCK-IN-TRADE			
	Raw materials:			
	- at mills		1,022,050	712,998
	- in transit		40,980	56,845
		11.1	<u>1,063,030</u>	<u>769,843</u>
	Work-in-process		60,008	46,919
	Finished goods	11.1	64,346	80,199
			<u>1,187,384</u>	<u>896,961</u>
11.1	Raw material and finished good inventories are pledged with National Bank of Pakistan and The Bank of Khyber as security for short term finance facilities (note 24).			

12. ADVANCE PAYMENTS - Unsecured		2018	2017
- Considered good	Note	Rupees in thousand	
Raw material suppliers		181	127
Store suppliers		13,695	17,410
Post dated cheques issued in favour of Customs Authorities		1,230	12,642
Others		2,475	4,143
		17,581	34,322
13. TRADE DEPOSITS AND PREPAYMENTS			
Letters of credit		215	2,421
Prepayments		992	970
		1,207	3,391
14. DUE FROM ASSOCIATED COMPANY			
Balance as at June 30, 2018 represents due from Rahman Cotton Mills Ltd. (2017: Bibojee Services (Pvt.) Ltd.) on account of sharing of expenses.			
15. OTHER RECEIVABLES			
The balance as at June 30, 2018 includes arbitration award amounting U.S.\$ 104,074 (Rs.12.635 million) delivered by International Cotton Association in favour of the Company. The Company had made bargains to import cotton from DML EXIM (Pvt.) Ltd. India, which could not perform and backed-out of bargains. The Company, as per the agreement terms, referred its case for arbitration and won the aforementioned award.			
16. CASH AND BANK BALANCES		2018	2017
	Note	Rupees in thousand	
Cash-in-hand		838	896
Cash at banks on:			
- current accounts		10,445	14,699
- PLS security deposit account	16.1	179	173
- PLS account (employees/staff gratuity fund account)	16.1	708	684
- Dividend account		0	547
		11,332	16,103
		12,170	16,999

16.1 PLS accounts carry profit at the rate of 3.75% (2017: at the rates ranging from 3.75% to 4.00%) per annum.

17. AUTHORISED SHARE CAPITAL

2018	2017		2018	2017
----	----	Numbers	Rupees in thousand	
18,000,000	18,000,000	Ordinary shares of Rs.10 each	180,000	180,000
700,000	700,000	7.5% redeemable cumulative preference shares of Rs.10 each	7,000	7,000
1,300,000	1,300,000	10% redeemable cumulative preference shares of Rs.10 each	13,000	13,000
20,000,000	20,000,000		200,000	200,000

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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
4,784,794	4,784,794		47,848	47,848

18.1 Ordinary shares held by the Associated Companies at the year-end:

	2018	2017
	Number of shares	
Bibojee Services (Pvt.) Ltd.	843,245	843,245
Bannu Woollen Mills Ltd.	1,559,230	1,559,230
Babri Cotton Mills Ltd.	341,000	341,000
	2,743,475	2,743,475

19. RESERVES

	Note	2018	2017
		Rupees in thousand	
Capital:			
- capital redemption reserve		6,694	6,694
- tax holiday reserve		350	350
- share premium reserve	19.1	11,409	11,409
		18,453	18,453
Revenue - general reserve		871,530	871,530
		889,983	889,983

- 19.1** 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.

20. REVALUATION SURPLUS ON OF PROPERTY, PLANT AND EQUIPMENT - Net

	Note	2018	Re-stated 2017	Re-stated 2016
		----- Rupees in thousand -----		
Revaluation surplus on the Company's property, plant and equipment	20.2	2,052,152	2,069,654	2,084,865
Share of revaluation surplus on property, plant and equipment of Associated Companies	8	270,917	274,696	277,871
		2,323,069	2,344,350	2,362,736

- 20.1** The Company had revalued its freehold land on September 30, 1998, September 30, 2004, June 30, 2007, March 31, 2010 and February 29, 2012. Buildings on freehold land, plant & machinery and generators were revalued on September 30, 2004, June 30, 2007, March 31, 2010 and February 29, 2012. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.1.539 billion.

- 20.2** The Company, as at December 31, 2015, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers - M/s Hamid Mukhtar & Co. (Pvt.) Ltd., Consulting Engineers, Surveyors and Loss Adjusters, Valuation Consultants, 14-Q Gulberg-2, Lahore. Freehold land has been revalued on the basis of current market value whereas buildings on freehold land, plant & machinery and generators have been revalued on the basis of depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.883.939 million has been credited to this account. The year-end balance has been arrived at as follows:

	2018	2017
	Rupees in thousand	
Opening balance	2,238,298	2,268,489
Less: transferred to unappropriated profit		
- on account of incremental depreciation for the year	(28,607)	(30,191)
- upon sale of revalued assets	(3,961)	0
	2,205,730	2,238,298
Less: deferred tax on:		
- opening balance of surplus	168,644	183,624
- incremental depreciation for the year	(8,582)	(9,359)
- sale of revalued assets	(1,188)	0
	158,874	174,265
	2,046,856	2,064,033
Resultant adjustment due to reduction in tax rate	5,296	5,621
Closing balance	2,052,152	2,069,654

21. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	2018	2017
- discount rate	9.00%	7.75%
- expected rate of growth per annum in future salaries	8.00%	6.75%
- 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:	2018	2017
	Rupees in thousand	
Opening balance	153,932	148,929
Current service cost	14,506	20,753
Interest cost	6,043	9,809
Past service cost	9,515	0
Benefits paid	(61,413)	(27,262)
Benefits due but not paid (classified under current liabilities)	(90,504)	0
Remeasurements: experience adjustments	19,264	1,703
Closing balance	51,343	153,932

Expense recognised in statement of profit or loss

Current service cost	14,506	20,753
Interest cost	6,043	9,809
Past service cost	9,515	0
	30,064	30,562

Charge for the year has been allocated to:

- cost of sales	22,548	22,922
- distribution cost	601	611
- administrative expenses	6,915	7,029
	30,064	30,562

Remeasurement recognised in other comprehensive income	2018	2017
	Rupees in thousand	
Experience adjustments (net of deferred tax)	(13,677)	(1,192)

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

	2018	2017	2016	2015	2014
	----- Rupees in thousand -----				
Present value of defined benefit obligation	51,343	153,932	148,929	108,911	104,139
Experience adjustments on obligation	19,264	1,703	25,862	0	22,368

Year-end sensitivity analysis: **Impact on defined benefit obligation**

	Change in assumption	Increase	Decrease
	Rupees in thousand		
Discount rate	1%	46,910	56,615
Salary growth rate	1%	56,747	46,714

21.1 The average duration of the defined benefit obligation as at June 30, 2018 is 9 years.

21.2 The expected contribution to defined benefit obligation for the year ending June 30, 2019 is Rs.20.190 million.

22. DEFERRED TAXATION - Net **2018** **2017**
Rupees in thousand

This is composed of the following:

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowances	185,736	186,836
- surplus on revaluation of property, plant and equipment	153,576	168,642
	339,312	355,478

Deductible temporary differences arising in respect of:

- staff retirement benefits - gratuity	(41,136)	(46,180)
- minimum tax recoverable against normal tax charge in future years	(88,294)	(67,199)
	(129,430)	(113,379)
	209,882	242,099

23. TRADE AND OTHER PAYABLES

	Note	2018 Rupees in thousand	2017
Creditors		45,684	43,102
Bills payable against imported:			
- plant and machinery		26,868	5,445
- raw materials		3,119	56,554
Advances from customers		8,013	4,262
Advance payments	23.1	184	184
Accrued expenses	23.2	142,159	142,057
Tax deducted at source		1,778	234
Gratuity payable to:	23.3		
- key management personnel		66,231	0
- other employees		22,734	0
Due to Waqf-e-Kuli Khan	23.4	2,421	4,565
Security deposits repayable on demand - interest free		112	112
Employees' provident fund payable		1,878	0
Workers' welfare fund		0	495
Others		388	256
		321,569	257,266

23.1 These advances have been received against sale of land.

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

23.3 Upon introduction of Employees' Provident Fund during the current year; gratuity benefits payable have been reclassified and grouped under current liabilities.

23.4 Waqf-e-Kuli Khan (a Charitable Institution) is administered by the following directors of the Company:

- | | |
|---|------------------------------|
| - Lt. General (Retd.) Ali Kuli Khan Khattak | - Mr. Raza Kuli Khan Khattak |
| - Mr. Mushtaq Ahmad Khan, FCA | - Mrs. Shahnaz Sajjad Ahmad |

24. SHORT TERM FINANCES

Secured	24.1	1,141,160	808,393
Un-secured (temporary bank overdraft)		1,210	12,624
		1,142,370	821,017

24.1 Short term finance facilities available from National Bank of Pakistan (NBP) and The Bank of Khyber (BoK) under mark-up arrangements aggregate Rs.1.500 billion (2017: Rs.1.200 billion) and are secured against pledge of raw materials & finished goods and first charge on current & fixed assets of the Company. These facilities, during the year, carried mark-up at the rates ranging from 7.14% to 9.42% (2017: 7.12% to 9.10%) per annum.

Facilities available for opening letters of credit and guarantee from NBP and BoK aggregate Rs.385 million (2017: Rs.385 million) out of which facilities amounting Rs.232.310 million (2017: Rs.240.843 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.

These facilities are available upto December 31, 2018.

25. TAXATION - Net	Note	2018 Rupees in thousand	2017
Opening balance		24,564	20,588
Add: provision made / (written-back) during the year:			
current [net of tax credit for investment in plant & machinery under section 65B of the Income Tax Ordinance, 2001 amounting Rs.13.680 million; (2017: Rs.1.077 million)]	25.12	21,644	24,564
prior year		871	(893)
		22,515	23,671
		47,079	44,259
Less: payments / adjustments made against completed assessments		25,435	19,695
		21,644	24,564

- 25.1** Income tax returns of the Company have been filed upto the tax year 2017 i.e. accounting year ended June 30, 2017.
- 25.2** The Department for tax year 2015 has charged tax under sections 161/236 G&H of the Income Tax Ordinance, 2001 (the Ordinance) amounting Rs. 6.995 million; the Commissioner Inland Revenue Appeals - CIR(A) has decided the appeal against the Company against which the Company has filed further appeal before the Appellate Tribunal Inland Revenue Lahore - ATIR, which is pending adjudication.
- 25.3** Tax charged for the tax year 2014 at Rs.42.883 million has been deleted by the CIR(A) and he 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 the point of set aside before the ATIR, which are pending adjudication.
- 25.4** The Department 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 against the Company against which the Company has filed further appeal before the ATIR, which is pending adjudication.
- 25.5** The Department 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 before the CIR(A), which is pending adjudication.
- 25.6** The CIR(A) has decided the appeal for the tax year 2011 in favour of the Company 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, which is under process. However, the Department has filed further appeal before the ATIR.
- 25.7** The CIR(A) and ATIR have decided the appeal for the tax year 2010 in favour of the Company and workers' welfare fund levy of Rs.3.488 million has been deleted. The refund will be claimed in the current tax return.

- 25.8** The Department has charged tax under section 122(5A) of the Ordinance for tax year 2008 at Rs.214 thousand; the CIR(A) has decided the appeal against the Company against which the Company has filed further appeal before the ATIR, which is pending adjudication.
- 25.9** The ATIR has decided the appeal for tax year 2007 and remanded the case back to the Deputy Commissioner Inland Revenue for de novo consideration. No further notice has so far been issued.
- 25.10** The ATIR, during the preceding year for the tax years 2004 to 2006, had cancelled all the assessments 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. However, the appeal effects would be available in the tax year 2019.
- 25.11** The Company's writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Ordinance is still pending adjudication. An adverse judgment by the Court will create tax liability under section 113 of the Ordinance aggregating Rs.51.828 million.

The Finance Act, 2015 has omitted clause 126F of the Ordinance and inserted a new sub-clause (xx) of clause (11A) in part IV of the second schedule of the Ordinance wherein exemption from levy of minimum tax under section 113 of the Ordinance has been provided. The amendment would have a retrospective impact being related to tax years 2010, 2011 and 2012.

- 25.12** No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under sections 5 (Tax on dividends) and 113 (Minimum tax on the income of certain persons) of the Ordinance.

26.	PREFERENCE SHARES REDEMPTION ACCOUNT		2018	2017
		Note	Rupees in thousand	
Amounts payable on:				
- 7.5% redeemable cumulative preference shares	26.1		134	134
- 10% redeemable cumulative preference shares	26.2		1,059	1,059
			<u>1,193</u>	<u>1,193</u>

- 26.1** 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, 2018.

- 26.2** 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 preceding financial year.

27. CONTINGENCIES AND COMMITMENTS

- 27.1** The Company, vide show cause notice dated May 28, 2013, was directed to make payments aggregating Rs.75.698 million by way of sales tax under various sections of the Sales Tax Act, 1990 read with certain SROs. The Lahore High Court, Lahore had suspended the operation of the impugned show cause notice on September 12, 2013. The writ petition is still pending adjudication.

- 27.2** The Company had challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). GIDC was levied on supply of natural gas under the GIDC Act, 2011. Constitutionality of the said Act was challenged before the PHC, which had declared the same as constitutional. The order of the PHC was assailed before the Supreme Court of Pakistan (SCP), which met the same fate there. After enactment of the GIDC Act, 2015, it was challenged before the PHC, which dismissed the said petition. The Company, thereafter, has filed a petition before the SCP, which is pending adjudication.

Sui Northern Gas Pipelines Ltd., along with gas bill for the month of June, 2018, has raised GIDC demands aggregating Rs.497.994 million, which are payable in case of an adverse judgment by the SCP. The management, during the preceding year ended June 30, 2017, has made GIDC provisions aggregating Rs.78.043 million relating to that year in its books of account; no further provision has been made during the current year. Provisions for the balance GIDC demands aggregating Rs.419.951 million pertaining to prior years and the current year have not been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

- 27.3** Counter guarantee given by the Company to a commercial bank outstanding as at June 30, 2018 was for Rs.75 million (2017: Rs.75 million).

- 27.4** Commitments against irrevocable letters of credit outstanding at the year-end were for:

	2018	2017
	Rupees in thousand	
- stores and spares	6,914	7,158
- raw materials	40,790	0
	47,704	7,158

- 27.5** Also refer contents of note 25.

28. SALES - Net	Note	2018	2017
		Rupees in thousand	
Yarn		2,710,638	2,415,747
Waste		91,927	99,934
		2,802,565	2,515,681
Less: sales tax	28.1	20,540	38
		2,782,025	2,515,643
28.1 As per S.R.O. Notification 491(I) / 2016 dated June 30, 2016, sales made by the Company to registered persons are being charged sales tax at zero percent with effect from July 01, 2016 whereas sales made to un-registered persons are being charged sales tax at one percent as per S.R.O Notification 584(I) / 2017 dated July 01, 2017 with effect from July 01, 2017.			
29. COST OF SALES	Note	2018	2017
		Rupees in thousand	
Raw materials consumed	29.1	1,657,420	1,471,040
Packing materials consumed		58,202	45,838
Salaries, wages and benefits	29.2	386,262	361,435
Power and fuel		345,583	391,747
Stores consumed		74,548	85,768
Repair and maintenance		9,276	12,996
Depreciation	7.7	78,701	78,376
Insurance		10,491	10,858
Others		746	645
		2,621,229	2,458,703
Adjustment of work-in-process			
Opening		46,919	50,920
Closing	11	(60,008)	(46,919)
		(13,089)	4,001
Cost of goods manufactured		2,608,140	2,462,704
Adjustment of finished goods			
Opening stock		80,199	15,757
Closing stock	11	(64,346)	(80,199)
		15,853	(64,442)
Cost of goods sold		2,623,993	2,398,262
29.1 Raw materials consumed			
Opening stock		769,843	457,498
Purchases		1,950,113	1,782,946
		2,719,956	2,240,444
Less: closing stock	11	1,063,030	769,843
Raw materials issued		1,656,926	1,470,601
Cess on cotton consumed		494	439
		1,657,420	1,471,040

29.2 These include Rs.22.548 million (2017: Rs.22.922 million) in respect of staff retirement benefits - gratuity and Rs.4.322 million (2017: Rs. Nil) for employees' provident fund contribution.

30. DISTRIBUTION COST

	Note	2018 Rupees in thousand	2017
Salaries and benefits	30.1	12,440	10,863
Commission		20,554	6,727
Freight and handling		2,669	1,811
Gifts and samples		7	90
Others		371	325
		36,041	19,816

30.1 These include Rs.601 thousand (2017: Rs.611 thousand) in respect of staff retirement benefits - gratuity and Rs. 660 thousand (2017: Rs. Nil) for employees' provident fund contribution.

31. ADMINISTRATIVE EXPENSES

Salaries and benefits	31.1	72,454	55,890
Printing and stationery		1,315	1,277
Travelling and conveyance - staff		1,043	1,183
Travelling - directors		444	203
Communication		1,612	1,432
Rent, rates and taxes		3,130	3,164
Guest house expenses and entertainment		1,295	1,254
Insurance		975	899
Vehicles' running and maintenance		5,719	4,639
Advertisement		38	119
Subscription		853	857
Repair and maintenance		794	761
Auditors' remuneration:			
- statutory audit		965	839
- half yearly review		215	190
- certification charges		67	15
- out-of-pocket expenses		45	45
- short provision for the preceding year		127	151
		1,419	1,240
Legal and professional charges (other than Auditors)		5,170	2,251
Depreciation	7.7	5,425	4,657
Others		1,226	1,231
		102,912	81,057

31.1 These include Rs.6.915 million (2017: Rs.7.029 million) in respect of staff retirement benefits - gratuity and Rs. 3.962 million (2017: Rs. Nil) for employees' provident fund contribution.

32. OTHER EXPENSES		2018	2017
	Note	Rupees in thousand	
Donations (without directors' interest)		20	20
Loss on sale of plant & machinery	7.8	1,121	0
Workers' welfare fund		0	495
		1,141	515
33. OTHER INCOME			
Income from financial assets			
Return on bank deposits		34	33
Exchange fluctuation gain - net		0	4
Income from non-financial assets			
Sale of scrap - net		0	2,783
Quarters' rent		1,609	1,399
Gain on sale of vehicles	7.8	0	422
Excess provision for workers' welfare fund written-back		27	259
		1,670	4,900
34. FINANCE COST			
Mark-up on short term finances		72,509	41,322
Interest on workers' (profit) participation fund		0	22
Bank charges		1,865	1,537
		74,374	42,881
35. TAXATION			
Current			
- for the year		21,644	24,564
- for prior years		871	(893)
	25	22,515	23,671
Deferred:			
- for the year		(26,630)	(42,386)
- resultant adjustment due to reduction in tax rate	20	5,296	5,621
		(21,334)	(36,765)
		1,181	(13,094)

35.1 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income tax with most recent tax assessment for the last three tax years is as follows:

Rupees in thousand	2017	2016	2015
Tax assessed as per most recent tax assessment	25,435	19,695	23,241
Provision in financial statements for income tax	24,564	20,588	23,476

As at June 30, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in financial statements for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

36. LOSS PER SHARE	2018	2017
	Rupees in thousand	
There is no dilutive effect on loss per share of the Company, which is based on:		
Loss after taxation attributable to ordinary shareholders	<u>(74,398)</u>	<u>(8,444)</u>
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	<u>4,784,794</u>	<u>4,784,794</u>
	----- Rupees -----	
Loss per share - basic	<u>(15.55)</u>	<u>(1.76)</u>

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

37.1 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.

37.2 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 U.S. Dollar, JPY and Euro. The Company's exposure to foreign currency risk for U.S. Dollar, JPY and Euro is as follows:

	Rupees	JPY	U.S.\$	Euro
	----- in thousand -----			
2018				
Bills payable	29,987	2,842	221	0
Outstanding letters of credit	47,704	0	336	49
Total exposure	77,691	2,842	557	49

2017	Rupees	JPY	U.S.\$	Euro
	----- in thousand -----			
Bills payable	61,999	0	539	45
Outstanding letters of credit	7,158	0	0	60
Net exposure	69,157	0	539	105

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2018	2017	2018	2017
U.S. \$ to Rupee	111.87	105.00	121.60	105.00
Euro to Rupee	119.84	116.57	141.57	120.14
JPY to Rupee	1.05	-	1.10	-

Sensitivity analysis

At June 30, 2018, if Rupee had strengthened by 10% against U.S.\$, JPY and Euro with all other variables held constant, loss after taxation for the year would have been lower by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial assets and liabilities.

	2018	2017
	Rupees in thousand	
Effect on loss for the year:		
U.S. \$ to Rupee	2,687	5,660
Euro to Rupee	0	542
JPY to Rupee	312	0

The weakening of Rupee against U.S. \$, Euro and JPY would have had an equal but opposite impact on loss after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

(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:

	2018	2017	2018	2017
	Effective rate		Carrying amount	
	%	%	Rupees in thousand	
Fixed rate instruments				
Financial assets				
Bank balances	3.75	3.75 to 4.00	179	173
Variable rate instruments				
Financial liabilities				
Short term finances	7.14 to 9.42	7.12 to 9.10	1,141,160	808,393

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, 2018, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs.11.412 million higher / lower (2017: Rs.8.084 million) 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.

37.3 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:

	2018	2017
	Rupees in thousand	
Security deposits	1,204	1,204
Trade debts	45,364	122,510
Due from Associated Company	772	518
Other receivables	12,635	0
Bank balances	11,332	16,103
	71,307	140,335

All the trade debts at the balance sheet date represent domestic parties.

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

	2018	2017
	Rupees in thousand	
Not past due	44,589	120,027
Past due more than one year	775	2,483
	45,364	122,510

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.40.312 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.

37.4 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
	Rupees in thousand	
2018		
Trade and other payables	319,607	319,607
Unclaimed dividends	294	294
Accrued mark-up	19,818	19,818
Short term finances	1,142,370	1,185,009
Redeemable preference shares	1,193	1,193
	1,483,282	1,525,921
2017		
Trade and other payables	256,353	256,353
Unclaimed dividends	1,425	1,425
Accrued mark-up	15,499	15,499
Short term finances	821,017	850,276
Redeemable preference shares	1,193	1,193
	1,095,487	1,124,746

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.

38. MEASUREMENT OF FAIR VALUES

The management, during the financial year ended June 30, 2016, has engaged an independent external Valuer to carry out valuation of its freehold land, buildings on freehold land, plant & machinery and generators. Selection criteria included market knowledge, reputation, independence and whether professional standards 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.

Financial assets not measured at fair value

	2018	2017
	Carrying amount	
	Rupees in thousand	
Trade debts	45,364	122,510
Bank balances	11,332	16,103
	56,696	138,613

Financial liabilities not measured at fair value

Creditors	45,684	43,102
-----------	---------------	---------------

Management has assessed that the fair values of trade debts, bank balances and creditors approximate their carrying amounts largely due to the short term maturities of these instruments.

39. 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 dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of current ratio under the financing agreements.

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executives	
	2018	2017	2018	2017	2018	2017
-----Rupees in thousand-----						
Managerial remuneration	6,558	6,336	14,099	9,761	58,677	49,669
Bonus / ex-gratia	434	433	664	530	3,360	3,068
Retirement benefits	528	528	1,079	813	4,908	4,133
Leave salary	477	477	1,069	731	3,694	3,413
Medical	163	523	642	438	2,128	1,480
Utilities	426	507	547	648	531	595
	8,586	8,804	18,100	12,921	73,298	62,358

No. of persons	1	1	1	1	8	8
----------------	---	---	---	---	---	---

40.1 Meeting fees of Rs.740 thousand (2017: Rs.880 thousand) were also paid to seven (2017: seven) non-working directors during the year.

40.2 Chief executive, one (2017: one) working director and all (2017: seven) the executives are provided with free use of residential telephones and the Company maintained cars. Working director and executives are also provided with free housing facility.

41. TRANSACTIONS WITH ASSOCIATED COMPANIES AND RELATED PARTIES

41.1 The Company's shareholders vide a special resolution dated March 30, 2017 have enhanced the previous approved limit of Rs.5.000 million to Rs.12.500 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 within the preview of section 208 of the repealed Companies Ordinance, 1984 (now section 199 of the Companies Act, 2017) or the regulations made thereunder.

41.2 Maximum aggregate debit balance of the Associated Companies at any month-end during the year was Rs.2.538 million (2017: Rs.10.685 million).

41.3 Mark-up on Associated Companies' balances has not been accrued during the current and preceding years as the Company has executed no such transactions attracting mark-up accrual.

41.4 The related parties of the Company comprise of Associated Companies, its directors and key management personnel. 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	2018 --- Rupees in '000 ---	2017
Babri Cotton Mills Ltd.	Associated Company	Residential rent		
		- paid	0	24
		- received	1,609	1,399
		Utilities / expenses:		
		- paid	60	93
		- received	90	90
		Salaries & benefits		
		- paid	0	41
		- recovered	1,549	6,304
		Dividend paid	0	426
		Sale of packing materials	0	20
Bannu Woollen Mills Ltd.	-do-	Utilities / expenses received	90	101
		Salaries & benefits recovered	1,549	6,018
		Dividend paid	0	1,949
		Dividend received	3,658	3,658
Rahman Cotton Mills Ltd.	-do-	Salaries & benefits recovered	1,549	5,179
		Expenses recovered	90	90
Gammon Pakistan Ltd.	-do-	Rent paid	150	150
		Expenses recovered	0	90
Bibojee Services (Pvt.) Ltd.	-do-	Dividend paid	0	1,054
		Salaries & benefits recovered	0	1,186
		Expenses recovered	0	90
Ghandhara Nissan Ltd.	-do-	Salaries & benefits recovered	1,549	1,186
		Expenses recovered	90	90
Ghandhara Industries Ltd.	-do-	Salaries & benefits recovered	1,549	1,186
		Expenses recovered	90	90
The Universal Insurance Company Ltd.	-do-	Salaries & benefits recovered	1,549	1,186
		Expenses recovered	90	90
The General Tyre & Rubber Company of Pakistan Ltd.	-do-	-----do-----	0	90
Key management personnel		Salaries and benefits	90,497	76,609

42. OPERATING SEGMENT

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

- 42.1** Yarn sales represent 96.72% (2017: 96.02%) of the total sales of the Company.
- 42.2** All of the Company's sales relate to customers in Pakistan.
- 42.3** All non-current assets of the Company as at June 30, 2018 are located in Pakistan.
- 42.4** Four (2017: three) of the Company's customers contributed towards 80.74% (2017: 84.79%) of the gross yarn sales during the year aggregating Rs.2.172 billion (2017: Rs.2.048 billion).

43. CAPACITY AND PRODUCTION

	2018	2017
	---- Numbers ----	
Spindles installed	64,704	62,304
Rotors installed	600	600
Shifts worked	1,093	1,093
Spindles / rotors shifts worked	68,129,434	66,721,472
	----KGs.----	
Installed capacity at 20's count on the basis of shifts worked	27,337,536	27,879,794
Actual production of yarn of all counts	6,002,523	5,365,586
Actual production converted into 20's count	26,512,239	27,068,890

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles' speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

44. NUMBER OF EMPLOYEES

	2018	2017
	----- Numbers -----	
Number of employees as at June 30,		
- permanent	1,053	1,108
- contractual	4	-
	<u>*1,057</u>	<u>*1,108</u>

*This includes 1,014 (2017: 1057) number of factory employees

Average number of employees during the year

- permanent	1,014	1,087
- contractual	4	-
	<u>**1,018</u>	<u>**1,087</u>

**This includes 978 (2017: 1,038) number of factory employees

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

	Short term finances	Accrued mark-up	Total
	----- Rupees in thousand -----		
Balance as at July 01, 2017	821,017	15,499	836,516
Changes from financing activities			
Short term finances			
obtained net of repayments	321,353	0	321,353
Finance cost paid	0	(68,190)	(68,190)
	<u>321,353</u>	<u>(68,190)</u>	<u>253,163</u>
Other changes			
Mark-up expense for the year	0	72,509	72,509
Balance as at June 30, 2018	<u>1,142,370</u>	<u>19,818</u>	<u>1,162,188</u>

46. PROVIDENT FUND RELATING DISCLOSURES

The Company, during the current year, has introduced funded contributory employees provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund for the year ended June 30, 2018:

	2018 (Rupees in thousand)
Size of the fund - total assets	<u>17,888</u>
Cost of investments made in Regular Income Certificates	<u>16,000</u>
Fair value of investments made	<u>16,000</u>
	---- % ----
Percentage of investments made	<u>89.45</u>

46.1 Investments out of the provident fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

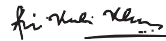
47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 25th September, 2018 by the board of directors of the Company.

48. FIGURES

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

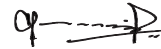
As required by provisions of the Companies Act, 2017, unclaimed dividends have been disclosed as a separate line item on the face of statement of financial position whereas revaluation surplus on property, plant and equipment has been reclassified and made part of equity as fully detailed in note 6.



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



Brig. (Retd) Abdul Samad Khan
Director



Amin-ur-Rasheed
Chief Financial Officer

JANANA DE MALUCHO TEXTILE MILLS LTD.

FORM OF PROXY

I/We _____
of _____ being in the district of _____ being a
member of Janana De Malucho Textile Mills Limited and holder of _____
_____ Ordinary Shares as per the Share Register Folio No. ____
_____ and/or CD C Participant I.D. No. _____ and Sub-
Account No. _____ hereby appoint _____ of
_____ or failing him/her _____ as my/our
proxy to vote for me/us and on my/our behalf at the 58th Annual General Meeting of
the Company to be held at Registered Office, Habibabad, Kohat on 19 October, 2018 at
10:00 A.M and at any adjournment thereof.

Witnesses:

1. As witness my hand this _____ day of _____ 2018.

Signed by the said member in the presence of _____

2. As witness my hand this _____ day of _____ 2018.

Signed by the said member in the presence of _____

Please
affix five rupees
revenue stamp

Signatures of member

Please fill in the applicable columns:

For Physical shares	For CDC Account Holders		Shares Held
Folio No.	CDC Participant I.D. No.	Sub Account No.	

Note:

A member entitle to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy needs not to be a member of Company. If a member is unable to attend the meeting, he may complete and sign this form and send it the Company Secretary, Janana De Malucho Textile Mills Limited, Habibabad, Kohat so as to reach not less than 48 hours before the time appointed for holding the meeting.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met.

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC No. Shall be stated on the forms.
2. Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
3. The proxy shall produce his original CNIC or original passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors resolution/power of attorney with attested specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

جانانہ دی مالو چوٹیکسٹائل ملز لمیٹیڈ

میں / ہم۔۔۔۔۔ ساکن۔۔۔۔۔ ضلع۔۔۔۔۔

بحیثیت ممبر جانانہ دی مالو چونیٹیکل ملز لمیٹیڈ۔۔۔۔۔ (شیرز کی تعداد)

رجسٹر کا فو لبونمبر۔۔۔۔۔ اور ایسی ڈی سی فو لیوکا آئی ڈی نمبر۔۔۔۔۔ اور ذیلی اکاؤنٹ نمبر۔۔۔۔۔

مسمیٰ / مساتہ۔۔۔۔۔ ساکن۔۔۔۔۔ کو۔۔۔۔۔

اجلاس عام میں جو کہ 19 اکتوبر 2018 صبح 10:00 بجے کمپنی کے رجسٹرڈ آفس، حبیب آباد کوہاٹ میں منعقد ہوگا، میری / ہماری طرف سے بحیثیت اپنا پراسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط حصص داران
(دستخط کا کہنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

گواہان:

نام _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر-----

پاسپورٹ نمبر -----

بتاریخ: _____

..... دستخط

نام _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر-----

پاسپورٹ نمبر _____

بتاریخ: _____

نوٹ:

پراسی کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہئے۔ نمائندے کو کمپنی کا کارکن ہونا ضروری نہیں۔
حصص داران اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹر انٹرنیٹ پر دستیاب شدہ نقل یا سپورٹ، پراسی فارم داخل کرنے سے قبل اس کے ساتھ لف کریں۔



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