

# Quarterly Accounts September, 2015



**Janana De Malucho Textile  
Mills Limited**

## JANANA DE MALUCHO TEXTILE MILLS LIMITED COMPANY'S PROFILE

<b>BOARD OF DIRECTORS</b>	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MRS. ZEB GOHAR AYUB MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN CH.SHER MUHAMMAD BRIG. (RETD) ABDUL SAMAD KHAN	Chairman Chief Executive
<b>AUDIT COMMITTEE</b>	BRIG. (RETD) ABDUL SAMAD KHAN MR. RAZA KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA CH.SHER MUHAMMAD	Chairman Member Member Member Member
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK  MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA BRIG. (RETD) ABDUL SAMAD KHAN	Chairman Chief Executive / Member Member Member Member
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
<b>HEAD OF INTERNAL AUDIT</b>	MR. NADEEM AHMED, ACCA, CIA	
<b>AUDITORS</b>	HAMEED CHAUDHRI & CO., Chartered Accountants	
<b>BANKERS</b>	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED	
<b>LEGAL ADVISOR</b>	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
<b>TAX CONSULTANTS</b>	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
<b>REGISTRARS &amp; SHARES REGISTRATION OFFICE</b>	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	
<b>REGISTERED OFFICE &amp; MILLS</b>	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	

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**DIRECTORS REPORT TO THE SHAREHOLDERS**

On behalf of the Board of Directors, I feel pleasure in presenting the un-audited financial statements of the Company for the first quarter ended 30th September, 2015.

**FINANCIAL HIGHLIGHTS**

During the first quarter, your Company has posted the following results:

	2015	2014
	<b>- Rs. in million -</b>	
Sales	496.460	638.418
Gross Profit	25.681	83.556
Profit from operations	3.222	60.712
(Loss) / Profit before taxation	(10.193)	44.813
(Loss) / Profit after taxation	(15.158)	28.882
	<b>--- Rupees ---</b>	
(Loss) / Earnings per share	(3.17)	6.04

We have to inform the shareholders that the turnover of the Company has decreased by Rs. 141.958 million i.e 22% as compared to comparative period of last year which is major cause of loss in this quarter. Main reason of decrease in sales is dumping of cheap duty-free Indian yarn predominantly fine into Pakistan, consequently there was no demand for purchase of locally manufactured yarn. In consequence thereof we were forced to reduce our sale rates. This phenomenon resulted into decrease of average sale rates by about Rs.35.46 per lbs and therefore it reduced the sale revenue by an amount of Rs.130.990 million.

**GENERAL MARKET CONDITION**

The unchecked onslaught of imported and smuggled textile goods has created a crises situation in the textile industry. The domestic commerce has become hostage to the Indian goods, which has triggered joblessness and mills' closures in Pakistan. It is an encroachment of the Indian textile industry on the domestic commerce of Pakistan. Start of the summer production season is round the corner, which requires immediate action on the surge in dumping of Indian textile goods in Pakistan.

**FUTURE OUTLOOK**

India was providing safeguards to its textile industry and creating hurdles in the way of level playing field by having introduced Pakistan-specific duties, reaching to the highest range of 100 percent. Goods from Pakistan are therefore being subjected to discriminatory treatment. For trade with India, the federal government should not deny a level playing field to the textile industry of Pakistan. The water & air jet looms-based units and state of the art yarn producing units of Pakistan are not able to sell their products to India because of the high rate of duties and Non-tariff barriers. All in all the coming quarter may well prove to be another test of survival for the textile industry. However your management will strive to achieve positive results by using every resource on its disposal.

**ACKNOWLEDGMENT**

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

For & on behalf of the board of directors

  
**RAZA KULI KHAN KHATTAK**  
 Chairman

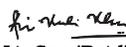
Dated: 24<sup>th</sup> October, 2015

(2)

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2015**

		Un-audited 30 September 2015	Audited 30 June 2015
	Note	<b>--- (Rupees in thousand) ---</b>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,249,407	2,265,866
Long term investments	7	172,278	202,278
Loans to employees		2,372	2,395
Security deposits		1,029	1,029
		<u>2,425,086</u>	<u>2,471,568</u>
<b>Current assets</b>			
Stores, spares and loose tools		78,756	73,339
Stock-in-trade		647,137	658,518
Trade debts - unsecured considered good		63,645	36,777
Advances to employees		3,920	3,196
Advance payments		41,553	28,220
Trade deposits and prepayments	8	92,999	991
Due from Associated Companies		261	0
Other receivables		2,226	4,710
Sales tax refundable		31,939	32,800
Income tax refundable, advance tax and tax deducted at source		96,578	92,773
Cash and bank balances		7,802	84,723
		<u>1,066,816</u>	<u>1,016,047</u>
<b>TOTAL ASSETS</b>		<u>3,491,902</u>	<u>3,487,615</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		47,848	47,848
Reserves		389,983	389,983
Unappropriated profit		595,035	606,328
<b>Shareholders' equity</b>		<u>1,032,866</u>	<u>1,044,159</u>
<b>Surplus on revaluation of property, plant and equipment</b>		1,261,722	1,265,587
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits - gratuity		113,788	108,911
Deferred taxation		265,543	265,544
		<u>379,331</u>	<u>374,455</u>
<b>Current liabilities</b>			
Trade and other payables		181,202	197,828
Accrued mark-up / interest		12,910	8,287
Short term finances		594,216	572,609
Taxation	9	28,441	23,476
Preference shares redemption account		1,214	1,214
		<u>817,983</u>	<u>803,414</u>
<b>Total liabilities</b>		1,197,314	1,177,869
<b>Contingencies and commitments</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,491,902</u>	<u>3,487,615</u>

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

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

(3)

  
**Ahmad Kuli Khan Khattak**  
 Director

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2015**

	<b>September 30,</b>	
	<b>2015</b>	<b>2014</b>
	<b>Rupees in thousand</b>	
<b>Sales</b>	<b>496,460</b>	638,418
<b>Cost of Sales</b>	<b>470,779</b>	554,862
<b>Gross Profit</b>	<b>25,681</b>	83,556
<b>Distribution Cost</b>	<b>3,079</b>	3,360
<b>Administrative Expenses</b>	<b>20,426</b>	19,704
<b>Other Expenses</b>	<b>0</b>	3
<b>Other Income</b>	<b>(1,046)</b>	(223)
	<b>22,459</b>	22,844
<b>Profit from Operations</b>	<b>3,222</b>	60,712
<b>Finance Cost</b>	<b>13,415</b>	15,899
<b>(Loss) / Profit before Taxation</b>	<b>(10,193)</b>	44,813
<b>Taxation</b>	<b>4,965</b>	15,931
<b>(Loss) / Profit after Taxation</b>	<b>(15,158)</b>	28,882
<b>Other Comprehensive Income</b>	<b>0</b>	0
<b>Total Comprehensive (Loss) / Income</b>	<b>(15,158)</b>	28,882
	<b>----- Rupees -----</b>	
<b>(Loss) / Earnings per Share</b>	<b>(3.17)</b>	6.04

The annexed notes form an integral part of this condensed interim financial information.

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

(4)

  
**Ahmad Kuli Khan Khattak**  
**Director**

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2015**

	<b>September 30,</b>	
	<b>2015</b>	<b>2014</b>
	<b>Rupees in thousand</b>	
<b>Cash flow from operating activities</b>		
(Loss) / Profit for the period - before taxation and share of profit of Associated Companies	<b>(10,193)</b>	44,813
Adjustments for non-cash charges and other items:		
Depreciation	<b>16,869</b>	17,390
Gain on disposal of operating fixed assets	<b>(285)</b>	(217)
Staff retirement benefits - gratuity (net)	<b>4,877</b>	(54,173)
Finance cost	<b>13,075</b>	15,557
<b>Profit before working capital changes</b>	<b>24,343</b>	23,370
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	<b>(5,417)</b>	(8,994)
Stock-in-trade	<b>11,381</b>	213,225
Trade debts	<b>(26,868)</b>	1,409
Loans and advances to employees	<b>(701)</b>	(403)
Advance payments	<b>(13,333)</b>	(31,630)
Trade deposits and prepayments	<b>(92,008)</b>	(21,979)
Due from Associated Companies	<b>(261)</b>	2,536
Other receivables	<b>2,484</b>	0
Sales tax refundable	<b>861</b>	(1,950)
Decrease in trade and other payables	<b>(16,626)</b>	(12,654)
	<b>(140,488)</b>	139,560
<b>Cash (used in) / generated from operations</b>	<b>(116,145)</b>	162,930
Taxes paid	<b>(3,805)</b>	(5,339)
<b>Net cash (used in) / generated from operating activities</b>	<b>(119,950)</b>	157,591
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	<b>(550)</b>	(6,558)
Sale proceeds of operating fixed assets	<b>424</b>	400
Encashment of Defense Savings Certificates	<b>30,000</b>	0
<b>Net cash generated / (used in) investing activities</b>	<b>29,874</b>	(6,158)
<b>Cash flow from financing activities</b>		
Short term finances - net	<b>21,607</b>	(180,705)
Finance cost paid	<b>(8,452)</b>	(24,054)
<b>Net cash generated / (used in) financing activities</b>	<b>13,155</b>	(204,759)
<b>Net decrease in cash and cash equivalents</b>	<b>(76,921)</b>	(53,326)
<b>Cash and cash equivalents - at beginning of the period</b>	<b>84,723</b>	67,082
<b>Cash and cash equivalents - at end of the period</b>	<b>7,802</b>	13,756

The annexed notes form an integral part of this condensed interim financial information.

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

(5)

  
**Ahmad Kuli Khan Khattak**  
**Director**

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2015**

Share capital	Reserves					Unappropriated profit	Total
	Capital			Revenue			
	Capital redemption	Tax holiday	Share premium	General	Sub-total		

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

**Balance as at 01 July, 2014**      47,848    6,694    350    11,409    371,530    389,983    585,489    1,023,320

Total comprehensive income for the three months period ended 30 September, 2014      0      0      0      0      0      0      28,882      28,882

Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation for the period (net of deferred taxation)      0      0      0      0      0      0      5,527      5,527

**Balance as at 30 September, 2014**      47,848    6,694    350    11,409    371,530    389,983    619,898    1,057,729

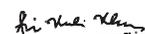
**Balance as at 01 July, 2015**      47,848    6,694    350    11,409    371,530    389,983    606,328    1,044,159

Total comprehensive (loss) for the three months period ended 30 September, 2015      0      0      0      0      0      0      (15,158)      (15,158)

Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation for the period (net of deferred taxation)      0      0      0      0      0      0      3,865      3,865

**Balance as at 30 September, 2015**      47,848    6,694    350    11,409    371,530    389,983    595,035    1,032,866

The annexed notes form an integral part of this condensed interim financial information.

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

(6)

  
**Ahmad Kuli Khan Khattak**  
**Director**

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2015**

- Janana De Malucho Textile Mills Limited (the company) was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. It is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.
- This condensed interim financial information of the Company for the three months period ended 30 September, 2015 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Karachi Stock Exchange. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 June, 2015.
- The accounting policies and the methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited annual financial statements of the Company for the year ended 30 June, 2015.
- Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the annual audited financial statements as at and for the year ended 30 June, 2015.

	<b>Un-audited</b>	Audited
	<b>30 September</b>	30 June
	<b>2015</b>	2015
	<b>Rupees in thousand</b>	
<b>6. Property, Plant and Equipment</b>		
Operating fixed assets - tangible	<b>6.1 2,248,937</b>	2,265,866
Capital work-in-progress	<b>470</b>	0
	<u><b>2,249,407</b></u>	<u>2,265,866</u>
<b>6.1 Operating fixed assets - owned</b>		
Book value at beginning of the period / year	<b>2,265,866</b>	2,309,742
<b>Additions during the period / year</b>		
Factory building	<b>0</b>	3,284
Building - residential (workers)	<b>0</b>	4,991
Plant and machinery	<b>0</b>	2,230
Generators	<b>0</b>	16,659
Work-shop equipment	<b>0</b>	928
Furniture & Fixture	<b>80</b>	847
Office and other equipment	<b>0</b>	274
Vehicles	<b>0</b>	4,445
Arms	<b>0</b>	38
	<b>80</b>	33,696
Book value of assets disposed off / transferred during the period / year	<b>(140)</b>	(6,509)
Depreciation charge for the period / year	<b>(16,869)</b>	(71,063)
Book value at end of the period / year	<u><b>2,248,937</b></u>	<u>2,265,866</u>

(7)

## 7. Long term investments

The Company, during the preceding year, purchased 50 DSCs, having face value of Rs. one million each with maturity period of 10 years. 20 DSCs valuing Rs. 20 million had been encashed during the preceding year and remaining 30 DSCs valuing Rs. 30 million were encashed during the current period to meet the Company's financing requirements.

## 8. Trade deposits and prepayments

Letters of credit	47,057	397
Margin deposits	31,400	0
Prepayments	10,542	594
Advance payment to Peshawar Electric Supply Company	4,000	0
	<u>92,999</u>	<u>991</u>

## 9. Taxation

- 9.1 Provision for the current period represents minimum tax payable under section 113 of the income Tax Ordinance, 2001 (the Ordinance).
- 9.2 Except for the matter detailed in note 9.3, there has been no significant change in the status of tax cases as detailed in the note 23 to the audited financial statements of the Company for the year ended 30 June, 2015.
- 9.3 The Deputy Commissioner Inland Revenue has amended the assessment for the tax year 2009 under section 122(5A) of the Ordinance by making certain additions and reducing brought forward losses & tax refunds, against which the Company has filed an appeal before the Commissioner Inland Revenue (Appeals), which is pending adjudication.

## 10. Contingencies and Commitments

There has been no significant change in the status of contingencies and commitments as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2015.

## 11. Transactions with Related Parties

Name	Nature of relationship	Nature of transaction	Jul. - Sep., 2015 --- Rupees in '000 ---	Jul. - Sep., 2014
Babri Cotton Mills Ltd.	Associated Company	Utilities: - paid - received	0 256	42 185
Bannu Woollen Mills Ltd.	-do-	Utilities received	92	213
Gammon Pakistan Ltd.	-do-	Rent paid	75	2

## 12. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the Company's financial statements for the year ended June 30, 2015. There have been no significant changes in the risk management policies since the year-end.

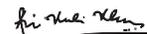
During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

## 13. Date of Authorisation for Issue

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on October 24, 2015.

## 14. General

- In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim financial information.

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

  
Ahmad Kuli Khan Khattak  
Director

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