

Quarterly Accounts September, 2016



**Janana De Malucho Textile
Mills Limited**

JANANA DE MALUCHO TEXTILE MILLS LIMITED COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, Chief Executive MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MR. GOHAR AYUB KHAN MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN BRIG. (RETD) ABDUL SAMAD KHAN MR. SAAD WAHEED	Chairman Member Member Member Member Member Member Member
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN MR. AHMAD KULI KHAN KHATTAK MR. RAZA KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	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
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 THE BANK OF KHYBER HABIB BANK LIMITED	
LEGAL ADVISOR	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
REGISTRARS & SHARES REGISTRATION OFFICE	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	

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 Condensed financial information of the Company for the first quarter ended 30th September, 2016.

	2016	2015
	- Rs. in million -	
Sales	607.582	496.460
Gross Profit	51.748	25.681
Profit from operations	26.132	3.222
Profit / (Loss) before taxation	19.136	(10.193)
Profit / (Loss) after taxation	17.742	(15.158)
	---	Rupees ---
Earnings / (Loss) per share	3.71	(3.17)

We are glad to inform the shareholders that the turnover of the Company has increased by Rs.111.122 million as compared to same period of last year. The sales have mainly increased due to increase in quantity sold by 436,223 lbs. Further, the company has obtained a stay order against the further sales tax @2% on sales to unregistered persons and we have not deposited any sales tax in the Government treasury during the current period, it was also another factor which helped the Company to increase its net sales and resultantly the gross profit. Our legal advisor was of the considered opinion that our writ with regarding imposition of 2% further sales tax will succeed ultimately because it has been imposed in contravention of Section 4(c) of the Sales Tax Act 1990.

GENERAL MARKET CONDITION

Due to spinning of yarn counts which are in higher demand in the local markets, the prices of yarn are stable and there is generally an upward trend in the local yarn markets. However the market trends continue to vary unexpectedly and the Company is attempting to fulfil the daily demands by employing its resources at the optimal levels and selling the yarn at best available prices.

FUTURE OUTLOOK

The Government has increased the gas prices by 69.9% per MMBTU for captive power producers. This decision will greatly increase the cost of production and the promise of Government to keep low inflation will remain unresolved. This increase will again be a big hit to undermine the feeble profitability of the Company. It will be more than just domestic consumers who will feel the impact of such a price hike; electricity prices would be the next to increase, adding to the misery of Pakistan's already ailing industrial sector. This is neither a pretty situation for the government nor the people it is there to serve. 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 at 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

RAZA KULI KHAN KHATTAK
Chairman

Dated: 27th October, 2016

JANANA DE MALUCHO TEXTILE MILLS LIMITED

ڈائریکٹرز رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز کی جانب سے، پہلی سہ ماہی 30 ستمبر 2016 کو ختم ہونے کے لئے کمپنی کے غیر آڈٹ شدہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔
کارکردگی کا جائزہ۔

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

	2015	2016
	روپے لاکھوں میں	
فروخت	496.460	607.582
عبوری منافع	25.681	51.748
اپریشن کے بعد منافع	3.222	26.132
ٹیکس سے پہلے منافع یا نقصان	(10.193)	19.136
ٹیکس سے بعد منافع یا نقصان	(15.158)	17.742
	---	روپے ---
آمدنی یا نقصان فی شیئر	(3.17)	3.71

کاروبار۔

موجودہ سہ ماہی کے لئے سوت کی مجموعی فروخت میں گزشتہ سہ ماہی کے مقابلے میں 111,122 روپے (ہزاروں میں) کا اضافہ واقع ہوا ہے۔ اس اضافہ کی بڑی وجوہات میں 436,223 پاؤنڈ سوت کی زائد فروخت ہے۔ اس کے علاوہ دوسری وجہ آپ کی کمپنی عدالت عالیہ سے 2 فیصد اضافی سیلز ٹیکس پر حکم امتناعی حاصل کیا ہے جو کہ حکومت نے سیلز ٹیکس سے غیر جزو شدہ مال فروخت کرنے والوں پر لگایا تھا۔ ہم نے یہ ٹیکس اب تک نہیں جمع نہیں کر لیا ہے۔ ہمارے وکیل کی مستحکم رائے ہے کہ ہم عدالت عالیہ سے 2 فیصد اضافی سیلز ٹیکس کا مقدمہ جیت جائیں گے کیونکہ یہ سیلز ٹیکس ایکٹ 1990 کے سیکشن 4(c) کی خلاف ورزی ہے۔

عمومی مارکیٹ کی حالت

موجودہ سہ ماہی میں یارن مارکیٹ میں سوت کی طلب ہونے کی وجہ سے سوت کے ریٹ مستحکم رہے اور اس میں مزید بہتری آئی۔ آپ کی کمپنی نے مارکیٹ کی طلب کے مطابق سوت بنا کر بیچا جس سے آپ کی کمپنی کو بہت فائدہ ہوا۔

مستقبل کا نقطہ نظر

حکومت نے صنعت میں گیس سے بجلی پیدا کرنے پر 69.9% گیس کا بل بڑھانے کا ارادہ رکھتی ہے۔ جس کی وجہ سے پیداواری لاگت میں اضافہ ہوگا اور اس سے کمپنی کا منافع بھی کم ہوگا۔ اس گیس کے بل بڑھانے سے نہ صرف بجلی مہنگی ہوگی بلکہ پاکستانی صنعت کے حالات مزید خراب ہوں گے۔ اور یہ کہ اس کی وجہ سے حکومت کا مہنگائی ختم کرنے کا وعدہ پورا ہوتا نہیں نظر آ رہا ہے۔ آنے والی سہ ماہی ٹیکسٹائل کی صنعت کے لیے بھاری کسوٹی ہے جبکہ آپ کی کمپنی ہر حال میں مثبت نتائج حاصل کرنے کی کوشش کرے گی۔

اعتراف

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

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

Raza Kuli Khan Khattak

رضا کولی خان خٹک

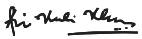
چیئر مین

تاریخ: 27 اکتوبر 2016

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2016

		(Un-Audited) September 30 2016	(Audited) June 30 2016
	Note	Rupees in thousand	
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,116,221	3,129,440
Investments in Associated Companies	6	176,521	176,521
Loans to employees		1,373	2,097
Security deposits		1,204	1,204
		<u>3,295,319</u>	<u>3,309,262</u>
Current assets			
Stores, spares and loose tools		55,770	57,474
Stock-in-trade		445,052	524,175
Trade debts - unsecured, considered good		54,870	104,989
Advances to employees		5,787	4,355
Advance payments		28,785	34,831
Trade deposits and prepayments	7	15,238	7,320
Other receivables		2,145	2,678
Sales tax refundable		44,342	29,293
Income tax refundable, advance tax and tax deducted at source		85,594	82,616
Cash and bank balances		15,813	22,038
		<u>753,396</u>	<u>869,769</u>
TOTAL ASSETS		<u>4,048,715</u>	<u>4,179,031</u>
EQUITY AND LIABILITIES			
Equity			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		47,848	47,848
Reserves		389,983	389,983
Unappropriated profit		637,810	614,960
Shareholders' equity		<u>1,075,641</u>	<u>1,052,791</u>
Surplus on revaluation of property, plant and equipment		<u>2,079,756</u>	<u>2,084,865</u>
Liabilities			
Non-current liabilities			
Staff retirement benefits - gratuity		148,407	148,929
Deferred taxation		277,179	284,996
		<u>425,586</u>	<u>433,925</u>
Current liabilities			
Trade and other payables	8	139,004	133,619
Accrued mark-up		6,049	10,593
Short term finances		291,665	441,436
Taxation	9	29,800	20,588
Preference shares redemption account		1,214	1,214
		<u>467,732</u>	<u>607,450</u>
Total liabilities		<u>893,318</u>	<u>1,041,375</u>
Contingencies and commitments			
TOTAL EQUITY AND LIABILITIES		<u>4,048,715</u>	<u>4,179,031</u>

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


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


(4)


Raza 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, 2016

	Three months period ended September 30,	
	2016	2015
	Rupees in thousand	
Sales	607,582	496,460
Cost of Sales	555,834	470,779
Gross Profit	<u>51,748</u>	<u>25,681</u>
Distribution Cost	<u>5,071</u>	<u>3,079</u>
Administrative Expenses	<u>21,608</u>	<u>20,426</u>
Other Income	<u>(1,063)</u>	<u>(1,046)</u>
	<u>25,616</u>	<u>22,459</u>
Profit from Operations	<u>26,132</u>	<u>3,222</u>
Finance Cost	<u>6,996</u>	<u>13,415</u>
Profit / (Loss) before Taxation	<u>19,136</u>	<u>(10,193)</u>
Taxation-net	<u>1,394</u>	<u>4,965</u>
Profit / (Loss) after Taxation	<u>17,742</u>	<u>(15,158)</u>
Other Comprehensive Income	<u>0</u>	<u>0</u>
Total Comprehensive Income / (Loss)	<u><u>17,742</u></u>	<u><u>(15,158)</u></u>
	----- Rupees -----	
Earnings / (Loss) per Share	<u><u>3.71</u></u>	<u><u>(3.17)</u></u>

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


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

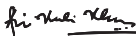
(5)


Raza 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, 2016

	Three months period ended September 30,	
	2016	2015
	Rupees in thousand	
Cash flow from operating activities		
Profit / (loss) for the period - before taxation	19,136	(10,193)
Adjustments for non-cash charges and other items:		
Depreciation	18,657	16,869
Gain on disposal of vehicle	0	(285)
Staff retirement benefits - gratuity (net)	(522)	4,877
Finance cost	6,653	13,075
Profit before working capital changes	43,924	24,343
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	1,704	(5,417)
Stock-in-trade	79,123	11,381
Trade debts	50,119	(26,868)
Loans and advances to employees	(708)	(701)
Advance payments	6,046	(13,333)
Trade deposits and prepayments	(7,918)	(92,008)
Due from Associated Companies	0	(261)
Other receivables	533	2,484
Sales tax refundable	(15,049)	861
Increase / (decrease) in trade and other payables	5,385	(16,626)
	119,235	(140,488)
Cash generated from / (used in) operations	163,159	(116,145)
Taxes paid	(2,978)	(3,805)
Net cash generated from / (used in) operating activities	160,181	(119,950)
Cash flow from investing activities		
Fixed capital expenditure	(5,438)	(550)
Sale proceeds of vehicle	0	424
Defence Savings Certificates redeemed	0	30,000
Net cash (used in) / generated from investing activities	(5,438)	29,874
Cash flow from financing activities		
Short term finances - net	(149,771)	21,607
Finance cost paid	(11,197)	(8,452)
Net cash (used in) / generated from financing activities	(160,968)	13,155
Net decrease in cash and cash equivalents	(6,225)	(76,921)
Cash and cash equivalents - at beginning of the period	22,038	84,723
Cash and cash equivalents - at end of the period	15,813	7,802

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


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

(6)


Raza Kuli Khan Khattak
Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2016

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

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

Balance as at July 01, 2016 47,848 6,694 350 11,409 371,530 389,983 614,960 1,052,791

Total comprehensive income for the three months period ended September 30, 2016 0 0 0 0 0 0 17,742 17,742

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation 0 0 0 0 0 0 5,108 5,108

Balance as at September 30, 2016 (un-audited) 47,848 6,694 350 11,409 371,530 389,983 637,810 1,075,641


Balance as at July 01, 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 September 30, 2015 0 0 0 0 0 0 (15,158) (15,158)

Transfer from surplus on revaluation of property, plant and equipment 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 September 30, 2015 (un-audited) 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

(7)


Raza 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, 2016

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 Ordinance, 1984) and its shares are quoted on Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore and Islamabad Stock Exchanges have been merged). The Company is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.

2. Basis of Preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim financial reporting' and provisions of and directives issued 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 the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2016.

3. Significant Accounting Policies

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2016.

4. Accounting Estimates, Judgments and Financial Risk Management

The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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 financial statements as at and for the year ended June 30, 2016.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5. Property, Plant and Equipment

	(Un-Audited)	(Audited)
	September 30	June 30
	2016	2016
	(Rupees in thousand)	

Book value as at June 30, 2016

3,129,440

Additions during the period:

- buildings on freehold land:

- factory

- non-factory

- furniture and fixtures

- office & other equipment

- computer equipment and accessories

4,710
560
29
61
78
5,438

Depreciation charge for the period

(18,657)

Book value as at September 30, 2016

3,116,221

(8)

6. Investments in Associated Companies - Quoted

6.1 Market value of the Company's investments in Babri Cotton Mills Ltd. (BCM) and Bannu Woollen Mills Ltd. (BWM) as at September 30, 2016 was Rs.50.230 million (June 30, 2016: Rs.60.018 million) and Rs.51.960 million (June 30, 2016: Rs.38.893 million) respectively.

6.2 The management intends to carry-out impairment testing of its investments in BCM and BWM as at December 31, 2016.

7. Trade deposits and prepayments

Letters of credit	361	122
Prepayments	10,877	1,198
Advance payment to Peshawar Electric Supply Company	4,000	6,000
	<u>15,238</u>	<u>7,320</u>

8. Trade and other payables

Creditors	29,814	24,105
Bills payable against imported raw materials	0	24,935
Advances from customers	9,452	3,956
Advance payments	184	184
Accrued expenses	87,552	69,061
Tax deducted at source	2,374	1,686
Due to Waqf-e-Kuli Khan	4,796	4,871
Security deposits repayable on demand - interest free	113	113
Workers' (profit) participation fund	609	609
Workers' welfare fund	916	916
Unclaimed dividends	3,100	3,100
Others	94	83
	<u>139,004</u>	<u>133,619</u>

9. Taxation

9.1 The provision for taxation for the quarter ended September 30, 2016 represents normal tax payable under section 18 of the Income Tax Ordinance, 2001.

9.2 There has been no significant change in the status of tax litigations as reported in the preceding published annual financial statements of the Company for the year ended June 30, 2016.

10. Contingencies and Commitments

10.1 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, 2016.

10.2 Commitments for irrevocable letters of credit outstanding as at September 30, 2016 amounted to Rs. 60.245 million (June 30, 2016: Rs.24.132 million).

11. Transactions with Related Parties

11.1 Significant transactions made during the period with Associated Companies were as follows:

Name	Nature of relationship	Nature of transaction	Jul. - Sep., 2016 (Rupees in thousand)	Jul. - Sep., 2015
Babri Cotton Mills Ltd.	Associated Company	Utilities received	0	256
Bannu Woollen Mills Ltd.	-do-	Utilities received	0	92
Gammon Pakistan Ltd.	-do-	Rent paid	150	75

(9)

11.2 No other significant transactions, other than remuneration and benefits paid to key management personnel under the terms of their employment, were executed with other related parties during the period.


12. Date of Authorisation for Issue

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on October 27, 2016.

13. Corresponding Figures

13.1 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.

13.2 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


Raza Kuli Khan Khattak
Director

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