

Quarterly Accounts September, 2017



**Janana De Malucho Textile
Mills Limited**

JANANA DE MALUCHO TEXTILE MILLS LIMITED

COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK	Chairman
	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK,	Chief Executive
	MR. AHMAD KULI KHAN KHATTAK	
	MR. MUSHTAQ AHMAD KHAN, FCA	
	MRS. SHAHNAZ SAJJAD AHMAD	
	MR. GOHAR AYUB KHAN	
	BRIG. (RETD) ABDUL SAMAD KHAN	
AUDIT COMMITTEE	MR. SAAD WAHEED	
	MR. KHALID KULI KHAN KHATTAK	
	BRIG. (RETD) ABDUL SAMAD KHAN	Chairman
	MR. RAZA KULI KHAN KHATTAK	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. SAAD WAHEED	Member
	BRIG. (RETD) ABDUL SAMAD KHAN	Chairman
	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK	Chief Executive /
	MR. RAZA KULI KHAN KHATTAK	Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. SAAD WAHEED	Member
	MR. AMIN-UR-RASHEED	
	B. Com. (Hons.) FICS	
HEAD OF INTERNAL AUDIT	Sr. Gen. Manager Finance & Corporate Affairs	
AUDITORS	MR. NADEEM AHMED, ACCA, CIA	
BANKERS	SHINewing HAMEED CHAUDHRI & CO., Chartered Accountants	
LEGAL ADVISOR	NATIONAL BANK OF PAKISTAN	
	HABIB BANK LIMITED	
	UNITED BANK LIMITED	
	BANK ALFALAH LIMITED	
TAX CONSULTANTS	HASSAN & HASSAN (ADVOCATES)	
	PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
	M. NAWAZ KHAN & CO.	
REGISTRARS & SHARES REGISTRATION OFFICE	GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD.	
	BUSINESS EXECUTIVE CENTRE,	
	F/17/3, BLOCK 8, CLIFTON, KARACHI	
REGISTERED OFFICE & MILLS	TEL. 021-35375127-29, FAX. 021-35820325	
	EMAIL registrationservices@live.co.uk	
	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 1st quarter ended 30th September, 2017.

FINANCIAL HIGHLIGHTS

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

Three months period ended 30th September

	2017	2016
	- Rs. in million -	
Sales	552.531	607.582
Gross Profit	0.404	51.748
(Loss) / Profit from operations	(30.802)	26.132
(Loss) / Profit before taxation	(45.241)	19.136
(Loss) / Profit after taxation	(46.993)	17.742
	--- Rupees ---	
(Loss) / Earnings per share	(9.82)	3.71

We are sorry to inform the shareholders that the turnover of the Company has decreased by Rs.55.051 million as compared to same period of last year and the company has incurred a loss after taxation for Rs.46.993 million. This is mainly because of rampant import of yarn and grey cloth from India and it is getting difficult day by day to maintain company share in the yarn market.

GENERAL MARKET CONDITION

Pakistan is facing significant economic, governance and security challenges to achieve robust economic development and growth. It goes without saying that Pakistan has been facing serious energy crisis during the last decade. This has not only resulted in an economic slow-down, but is also reflective of the poor performance of successive governments. China and India are producing both cotton and MMF yarns and fabrics at a comparatively lower energy production cost. On the other hand, the textile industry in Pakistan is facing the highest energy production cost in the region. The scarcity of energy and water infrastructure, a largely uneducated and untrained workforce, persistence of conflict in the border security challenges throughout the country distress all the segment of life in Pakistan and impede development and economic growth.

FUTURE OUTLOOK

Moving forward, outlook for textile industry is likely to remain challenging, import of yarn will strive hard to get market share. Positive social and macroeconomic factors will play a vital role in delivering strong performance in the quarter ahead. Despite various challenges the management is committed to try its best to maintain and increase its market share. The benefit of lower oil prices, continuous supply of LNG to textile sector and stable cotton prices will give no benefits to the sector if import of yarn and cloth from India and China is not monitored seriously; the spinning sector of Pakistan will be affected badly.

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

RAZA KULI KHAN KHATTAK
Chairman

Dated: 30th October, 2017

JANANA DE MALUCHO TEXTILE MILLS LIMITED

ڈائریکٹرز رپورٹ برائے حصص یافتگان

پورڈ آف ڈائریکٹرز کی جانب سے، 30th ستمبر 2017ء میں ہونے والی مدت پر کمپنی کی مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ

کمپنی سرمایہ کے دوران آپ کی کمپنی نے مندرجہ ذیل نتائج حاصل کیے ہیں۔

	2017	2016
	روپے لاکھوں میں	
فروخت	552.531	607.582
محوری منافع	0.404	51.748
اپریشن کے بعد (تھان) / منافع	(30.802)	26.132
ٹیکس سے پہلے (تھان) / منافع	(45.241)	19.136
ٹیکس کے بعد (تھان) / منافع	(46.993)	17.742
	---	---
(تھان) / آمدنی فی شیئر	(9.82)	3.71

حصص داروں کو مطلع کرنے کے لئے ہمیں انہوں نے کچھ سالوں کی اسی مدت کے مقابلے میں کمپنی کا کاروبار 55.051 ملین روپے سے گر گیا ہے اور اس کے نتیجے میں کمپنی نے 46.993 ملین روپے ٹیکس دینے کے بعد نقصان اٹھایا ہے۔ یہ بنیادی طور پر بھارت کی طرف سے سوتار اور گرے کپڑے کی تیز درآمدی وجہ سے ہے اور یہ یارن مارکیٹ میں کمپنی کا حصہ برقرار رکھنے کے لئے دن بدن مشکل ہو رہی ہے۔

عمومی مارکیٹ کی حالت

پاکستان کو مضبوط اقتصادی ترقی اور تھان حاصل کرنے کے لئے چیلنجز کا سامنا کر رہا ہے۔ یہ کہا جاتا ہے کہ گزشتہ دو دہائی کے دوران پاکستان کو چین، بھارت اور انڈیا کا سامنا کرنا پڑا ہے۔ اس کے نتیجے میں نہ صرف ملکی اقتصادی ترقی سست ہوئی بلکہ ملکی حکومتوں کی خراب کارکردگی کی بھی عکاسی کرتی ہے۔ چین اور بھارت دنیا کی تمام توانائی کی اخراجات پر کمپیاں، مصنوعی ریشے سے بنا ہوا یارن اور کپڑا برآمد کر رہے ہیں۔ دوسری جانب، پاکستان میں ٹیکسٹائل انڈسٹری کو سب سے زیادہ ترقی توانائی کی پیداوار کی لاگت کا سامنا ہے۔ توانائی اور پانی کے بنیادی ڈھانچے کی کمی، غیر تنظیم یافتہ اور غیر منصفانہ فراہمی توانائی کی کمی، ملک میں تمام سرکاری سیکٹروں کے چیلنجز کے تسلسل کی وجہ سے پاکستان کی اقتصادی ترقی نہیں ہو پا رہی ہے۔

مستقبل کا نقطہ نظر

مستقبل میں ٹیکسٹائل انڈسٹری کا اقتصادی طور پر آگے بڑھنے کے لئے چیلنجز کا سامنا کر رہا ہے۔ یارن کی دستیابی برقی توانائی کی کمی کی وجہ سے یارن مارکیٹ میں حصہ لینے کے لئے مشکلات رہے گی۔ اگلے سرمایہ میں مضبوط کارکردگی کی فراہمی میں مثبت سماجی اور اقتصادی معاشی عوامل ایک اہم کردار ادا کریں گے۔ مختلف چیلنجز کے باوجود خطا نظامیہ یارن مارکیٹ کو برقرار رکھنے اور بڑھانے کے لئے اپنی پوری کوشش کرنے کا عزم رکھتی ہے۔ عمل کی قیمتوں میں کمی کا فائدہ، ٹیکسٹائل سیکٹر اور کمپنی کی قیمتوں میں استحکام، ایل این جی کی مسلسل فراہمی سے پاکستان کی سوتار بنانے والے شعبے کو کوئی فائدہ نہیں ملے گا اگر بھارت اور چین سے سوتار اور کپڑا کی درآمد کو بند کر دیا جائے۔

اختلاف

پورڈ آف ڈائریکٹرز کمپنی کے بینکاروں کی قدر کرتا ہے جو کہ مسلسل کمپنی کی مالی مشکلات میں بروقت مدد کرتے ہیں۔ اس کے علاوہ کمپنی کی انتظامیہ اور کارکنوں کی محنت کو سبب مشکل حالات میں بھرپور محنت کرنے کی حوصلہ افزائی کرتا ہے۔ اور امید کرتا ہے کہ مستقبل میں تمام کارکنان اسی آگن اور محنت سے کام کرتے رہیں گے۔

کمپنی کے پورڈ آف ڈائریکٹرز کی جانب سے
Raza Kuli Khan

رضا کولی خان خٹک


چیئر مین

تاریخ: 30 اکتوبر 2017

JANANA DE MALUCHO TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017 (UN-AUDITED)

		(Un-Audited) September 30 2017	(Audited) June 30 2017
	Note	Rupees in thousand	
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,176,969	3,183,026
Investments in Associated Companies	6	178,719	178,719
Loans to employees		2,524	1,151
Security deposits		1,204	1,204
		<u>3,359,416</u>	<u>3,364,100</u>
Current assets			
Stores, spares and loose tools		54,951	61,404
Stock-in-trade		749,145	896,961
Trade debts - unsecured, considered good		46,678	122,510
Advances to employees		7,307	3,619
Advance payments		35,874	34,322
Trade deposits and prepayments		13,330	3,391
Due from an Associated Company		0	518
Other receivables		4,217	5,028
Sales tax refundable		64,101	58,024
Income tax refundable, advance tax and tax deducted at source		90,086	83,185
Cash and bank balances		24,243	16,999
		<u>1,089,932</u>	<u>1,285,961</u>
TOTAL ASSETS		<u>4,449,348</u>	<u>4,650,061</u>
EQUITY AND LIABILITIES			
Equity			
Authorized capital		200,000	200,000
Issued, subscribed and paid-up capital		47,848	47,848
Reserves		889,983	889,983
Unappropriated profit		83,594	125,581
Shareholders' equity		<u>1,021,425</u>	<u>1,063,412</u>
Surplus on revaluation of property, plant and equipment		<u>2,064,648</u>	<u>2,069,654</u>
Liabilities			
Non-current liabilities			
Staff retirement benefits - gratuity		125,641	153,932
Deferred taxation		242,099	242,099
		<u>367,740</u>	<u>396,031</u>
Current liabilities			
Trade and other payables	7	227,711	258,691
Accrued mark-up		13,508	15,499
Short term finances		726,807	821,017
Taxation	8	26,316	24,564
Preference shares redemption account		1,193	1,193
		<u>995,535</u>	<u>1,120,964</u>
Total liabilities		<u>1,363,275</u>	<u>1,516,995</u>
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		<u>4,449,348</u>	<u>4,650,061</u>


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

(4)

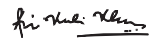

Ahmad Kuli Khan Khattak
Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Three months period ended September 30,	
	2017	2016
	Rupees in thousand	
Sales	552,531	607,582
Cost of Sales	552,127	555,834
Gross Profit	404	51,748
Distribution Cost	7,075	5,071
Administrative Expenses	24,148	21,608
Other Income	(17)	(1,063)
	<u>31,206</u>	<u>25,616</u>
(Loss) / Profit from Operations	(30,802)	26,132
Finance Cost	14,439	6,996
(Loss) / Profit before Taxation	(45,241)	19,136
Taxation-net	1,752	1,394
(Loss) / Profit after Taxation	(46,993)	17,742
Other Comprehensive (Loss) / Income	0	0
Total Comprehensive (Loss) / Income	<u>(46,993)</u>	<u>17,742</u>
	----- Rupees -----	
(Loss) / Earnings per Share	<u>(9.82)</u>	<u>3.71</u>

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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Three months period ended September 30,	
	2017	2016
	Rupees in thousand	
Cash flow from operating activities		
(Loss) / profit for the year - before taxation and share of profit of Associated Companies	(45,241)	19,136
Adjustments for non-cash charges and other items:		
Depreciation	20,286	18,657
Staff retirement benefits - gratuity (net)	(28,291)	(522)
Finance cost	14,022	6,653
(Loss) / Profit before working capital changes	(39,224)	43,924
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	6,453	1,704
Stock-in-trade	147,816	79,123
Trade debts	75,832	50,119
Loans and advances to employees	(5,061)	(708)
Advance payments	(1,552)	6,046
Trade deposits and prepayments	(9,939)	(7,918)
Due from an Associated Company	518	0
Other receivables	811	533
Sales tax refundable	(6,077)	(15,049)
(Decrease) / Increase in trade and other payables	(30,980)	5,385
	177,821	119,235
Cash generated from operations	138,597	163,159
Taxes paid	(6,901)	(2,978)
Net cash generated from operating activities	131,696	160,181
Cash flow from investing activities		
Fixed capital expenditure	(14,229)	(5,438)
Net cash used in investing activities	(14,229)	(5,438)
Cash flow from financing activities		
Short term finances - net	(94,210)	(149,771)
Finance cost paid	(16,013)	(11,197)
Net cash used in financing activities	(110,223)	(160,968)
Net increase / (decrease) in cash and cash equivalents	7,244	(6,225)
Cash and cash equivalents - at beginning of the period	16,999	22,038
Cash and cash equivalents - at end of the period	24,243	15,813

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

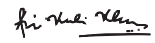
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

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

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

Balance as at July 01, 2017	47,848	6,694	350	11,409	871,530	889,983	125,581	1,063,412
Total comprehensive income for the three months period ended September 30, 2017	0	0	0	0	0	0	(46,993)	(46,993)
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	5,006	5,006
Balance as at September 30, 2017 (un-audited)	47,848	6,694	350	11,409	871,530	889,983	83,594	1,021,425
Balance as at July 01, 2016	47,848	6,694	350	11,409	371,530	389,983	614,960	1,052,791
Total comprehensive loss 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

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


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

(7)


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 SEPTEMBER 30, 2017

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. It is principally engaged in manufacture and sale of yarn. The Company's registered office and its Mills are located at Habibabad, Kohat.

2. Basis of Preparation

2.1 The Companies Act, 2017, during the year, has been promulgated; however as per the Circular 23/2017 dated October 4, 2017 of the Securities and Exchange Commission of Pakistan (SECP) Companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Further, the Institute of Chartered Accountants of Pakistan (ICAP) through its Circular no. 17/2017 dated October 6, 2017 has clarified that Companies shall prepare their interim financial statements in accordance with provisions of the repealed Ordinance for the period ending on or before December 31, 2017. Accordingly, this condensed interim financial information of the Company has been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail. This condensed interim financial information of the Company for the Three months period ended September 30, 2017 is un-audited.

2.2 This condensed interim financial information does not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017.

2.3 This condensed interim financial information is being submitted to the shareholders in accordance with section 245 of the Ordinance.

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, 2017.

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, 2017.

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, 2017.

5. Property, Plant and Equipment

	(Un-Audited) September 30 2017 (Rupees in thousand)	(Audited) June 30 2017
Operating fixed assets - tangible	3,105,016	3,072,855
Capital work-in-progress - plant and machinery	71,953	110,171
	<u>3,176,969</u>	<u>3,183,026</u>

5.1 Operating fixed assets - owned

Book value as at June 30, 2017 3,072,855

Additions during the period:

- plant and machinery	51,548
- furniture and fixtures	173
- computer equipment and accessories	19
- vehicles	707
	<u>52,447</u>

Depreciation charge for the period (20,286)

Book value as at September 30, 2017 3,105,016

6. Investments in Associated Companies - Quoted

6.1 Market value of the Company's investments in BCM and BWM as at September 30, 2017 was Rs.42.399 million (June 30, 2017: Rs.47.587 million) and Rs.45.485 million (June 30, 2017: Rs.50.116 million) respectively.

7. Trade and other payables

Creditors	27,874	43,102
Bills payable against imported:		
- plant and machinery	0	5,445
- raw materials	0	56,554
Advances from customers	7,676	4,262
Advance payments	184	184
Accrued expenses	183,977	142,057
Tax deducted at source	1,385	234
Due to Waqf-e-Kuli Khan	4,492	4,565
Security deposits repayable on demand - interest free	112	112
Workers' welfare fund	495	495
Unclaimed dividends	1,425	1,425
Others	91	256
	<u>227,711</u>	<u>258,691</u>

8. Taxation

8.1 The provision for taxation for the quarter ended September 30, 2017 represents minimum tax due under section 113 of the Income Tax Ordinance, 2001.

8.2 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, 2017.

9. Contingencies and Commitments

9.1 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, 2017.

9.2 Commitments for irrevocable letters of credit outstanding as at September 30, 2017 amounted to Rs.35.480 million (June 30, 2017: Rs.7.158 million).

10. Transactions with Related Parties

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

Name	Nature of relationship	Nature of transaction	Jul. - Sep., 2017	Jul. - Sep., 2016
			--- Rupees in '000 ---	
Gammon Pakistan Ltd.	-do-	Rent paid	150	150

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.

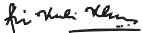
12. Date of Authorisation for Issue

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on October 30, 2017.

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


Ahmad Kuli Khan Khattak
Director

PRINTED MATTER
(Under Postal Certificate)

If undelivered please return to
Share Department
JANANA DE MALUCHO TEXTILE MILLS LTD.
Habibabad - KOHAT