

Quarterly  
Accounts  
September  
2009



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. ZEB GOHAR AYUB  
MRS. SHAHNAZ SAJJAD AHMAD  
DR. SHAHEEN KULI KHAN

**AUDIT COMMITTEE**

MR. RAZA KULI KHAN KHATTAK Chairman  
MR. AHMAD KULI KHAN KHATTAK Member  
MR. MUSHTAQ AHMAD KHAN, FCA Member

**CHIEF FINANCIAL OFFICER &  
COMPANY SECRETARY**

MR. AMIN-UR-RASHEED  
B. Com. (Hons.) FICS  
Gen. Manager Finance & Corporate Affairs

**AUDITORS**

M/S HAMEED CHAUDHRI & CO.  
Chartered Accountants

**BANKERS**

NATIONAL BANK OF PAKISTAN  
HABIB BANK LIMITED  
UNITED BANK LIMITED  
BANK ALFALAH LIMITED

**REGISTRARS & SHARES  
REGISTRATION OFFICE**

MANAGEMENT & REGISTRATION  
SERVICES (PVT) LIMITED.  
BUSINESS EXECUTIVE CENTRE,  
F/17/3, BLOCK 8, CLIFTON, KARACHI

**REGISTERED OFFICE & MILLS**

HABIBABAD, KOHAT (N.W.F.P)  
TEL. 0922 - 510063 - 512930 - 510494  
FAX. 0922 - 510474  
E-MAIL: janana@brain.net.pk  
WEB SITE: www.bibojee.com

# JANANA DE MALUCHO TEXTILE MILLS LIMITED

## DIRECTORS' REPORT TO THE MEMBERS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009

The Board of Directors (BOD) are pleased to present the un-audited financial statements of the company for the 1<sup>st</sup> quarter ended 30<sup>th</sup> September 2009.

The company's financial performance during the quarter ended 30<sup>th</sup> September 2009 is detailed herein below:

PARTICULARS	1 <sup>ST</sup> QUARTER ENDED	
	30/09/2009	30/09/2008
	(Rupees in thousand)	
SALES	257,547	304,156
COST OF SALES	231,876	260,949
GROSS PROFIT	25,671	42,207
OPERATING PROFIT	17,081	32,949
(LOSS)/PROFIT BEFORE TAXATION	(11,763)	842
(LOSS)/PROFIT AFTER TAXATION	(10,584)	842
(LOSS)/EARNING PER SHARE	Rs.(3.34)	Rs.0.27

### OPERATING PERFORMANCE:

We have to report that during current quarter ended 30<sup>th</sup> September 2009 the gross sale of yarn was Rs.257.547 million as compared to the figures of Rs.267.508 million of 2008. The gross sale of yarn has decreased by Rs.46.609 million as compared to the corresponding period of 2008.

The total quantity of yarn sold during the quarter under report was 2.461 million lbs as compared to 2.421 million lbs. The decrease in the yarn sale was due to decrease in the average sale price of Rs.10.34 per lbs. Average count spun was 53.61 NM (2009) vis-à-vis 64.23 NM (2008).

Cost of sales has also increased from 80.79% 2008 to 90.03% for 2009 which was mainly due to increase in raw material cost by about 11%, increase in power and fuel in single one year was 18% i.e. Rs.5.974 million. The prices of electricity in Pakistan according to World Bank Report are 60% higher than that of India and 40% more when compared with Bangladesh.

Increase in the raw material cost and other inputs was mainly due to depreciation of Pak rupees v/s US\$ i.e. 28% as compared to 2008.

Increase in labour cost was 13%. Minimum wages has been increased from Rs.4,600/- to Rs.6,000/- and other inputs have also increased the cost of sales.

The minimum wage cost in Bangladesh is less by 1/3 of the minimum wage fixed by the Government of Pakistan without co-relating the increase with the productive efficiency of the workers.

In spite of all these odd circumstances our shareholders will observe that (loss)/earning per share has improved from Rs.(34.71) for the year ended 30<sup>th</sup> June 2009 to Rs.(3.34) for the 1<sup>st</sup> quarter ended 30<sup>th</sup> September 2009.

The financial cost of the company has also increased due to increased mark-up rates whereas the international competitors have reduced the mark-up rates to jump start the growth of their industry.

The deteriorating law and order situation in our area has resulted into deeper crises.

### FUTURE OUTLOOK:

We do not foresee any improvement till such time the gross profit earning improves to 18% of the sales and the net financial cost of the company is brought down to a single digit.

The cotton crop which was earlier targeted at 13.2 million bales have been reduced to 12.3 million bales and the textile industry will remain under crisis throughout the year to find good quality cotton at reasonable prices.

Intermittent load shedding by WAPDA and SNGPL coupled with increase in gas prices and power rates will further jeopardize the earning capacity of textile units. SNGPL has already requested the OGRA to increase the gas prices by about 26% and the electric charges are being increased by 18% by WAPDA.

Notwithstanding the constraints detailed above your Directors would like to assure you that every effort shall be made to control the cost of production by further improving the quality of the finished goods by producing +A grade yarn in order to achieve higher rates and to enhance profitability of the company to repay the banks loans and to promote the interest of the shareholders despite very serious un-favourable crisis prevailing in the textile industry.

### ACKNOWLEDGMENT:

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

For & on behalf of the Board of Directors

*Raza Kuli Khan*

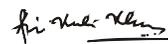
(Raza Kuli Khan Khattak)  
Chairman

Dated: 30 October, 2009

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**BALANCE SHEET AS AT 30 SEPTEMBER, 2009**

	<i>Un-Audited</i> 30 September 2009	<i>Audited</i> 30 June 2009		<i>Un-Audited</i> 30 September 2009	<i>Audited</i> 30 June 2009
	<i>Note</i>	<i>Rupees in thousand</i>		<i>Note</i>	<i>Rupees in thousand</i>
<b>EQUITY AND LIABILITIES</b>			<b>NON-CURRENT ASSETS</b>		
<b>SHARE CAPITAL AND RESERVES</b>			<i>Property, plant and equipment</i>		
Authorised capital		200,000	Operating fixed assets	1,492,545	1,497,608
Issued, subscribed and paid-up capital	31,655	31,655	Capital work-in-progress	0	3,845
Reserves	128,215	128,215		1,492,545	1,501,453
Unappropriated loss	(59,927)	(51,594)	<i>Investments in Associated Companies</i>	10,804	10,804
	99,943	108,276	<i>Loans to employees</i>	1,271	1,341
<b>SHARES DEPOSIT MONEY</b>	22,818	22,818	<i>Security deposits</i>	1,029	1,004
				1,505,649	1,514,602
<b>FROZEN MARK-UP ON DEMAND FINANCES</b>	50,307	39,023	<b>CURRENT ASSETS</b>		
			<i>Stores, spares and loose tools</i>	28,548	26,060
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	659,362	661,613	<i>Stock-in-trade</i>	227,858	358,881
<b>NON-CURRENT LIABILITIES</b>			<i>Trade debts - unsecured considered good</i>	19,548	26,623
Demand finances	322,161	326,339	<i>Advances to employees</i>	1,532	1,280
Staff retirement benefits-gratuity	11,852	10,203	<i>Advance payments</i>	14,472	10,543
Deferred taxation	107,814	110,281	<i>Trade deposits and prepayments</i>	14,539	1,376
	441,827	446,823	<i>Sales tax refundable</i>	5,511	5,822
<b>CURRENT LIABILITIES</b>			<i>Due from Associated Companies</i>	26,224	23,709
<i>Current portion of:</i>			<i>Income tax refundable, advance tax and tax deducted at source</i>	7,253	5,150
- demand finances	16,713	16,713	<i>Cash and bank balances</i>	12,975	3,177
Short term finances	435,676	538,287		358,460	462,621
Trade and other payables	97,281	122,308			
Accrued mark-up/interest	37,656	20,124			
Taxation	1,288	0			
Preference shares redemption account	1,238	1,238			
	589,852	698,670			
	1,864,109	1,977,223			

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

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

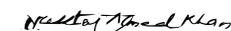
  
Mushtaq Ahmad Khan, FCA  
Director

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2009**

	30 September 2009	30 September 2008
	<i>( Rupees in thousand )</i>	
<b>SALES</b>	257,547	304,156
<b>COST OF SALES</b>	231,876	260,949
<b>GROSS PROFIT</b>	25,671	43,207
<b>DISTRIBUTION COST</b>	1,108	1,231
<b>ADMINISTRATIVE EXPENSES</b>	7,475	9,020
<b>OTHER OPERATING EXPENSES</b>	7	7
	8,590	10,258
<b>OPERATING PROFIT</b>	17,081	32,949
<b>OTHER INCOME</b>	1,722	982
	18,803	33,931
<b>FINANCE COST</b>	30,566	33,089
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	(11,763)	842
<b>TAXATION</b>		
- current year	1,288	0
- deferred	(2,467)	0
	(1,179)	0
<b>(LOSS)/PROFIT AFTER TAXATION</b>	(10,584)	842
	<b>----- Rupees -----</b>	
<b>(LOSS)/EARNING PER SHARE</b>	(3.34)	0.27

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

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

  
Mushtaq Ahmad Khan, FCA  
Director

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2009**

	2009	2008
	Rupees in thousand	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit for the quarter - before taxation	(11,763)	842
Adjustments for non-cash charges and other items:		
Depreciation	13,005	13,002
Staff retirement benefits - gratuity (net)	1,649	510
Finance cost	30,362	32,922
<b>CASH FLOW FROM OPERATING ACTIVITIES</b> Before working capital changes	<b>33,253</b>	<b>47,276</b>
Increase/(decrease) in current assets:		
Stores, spares and loose tools	(2,488)	(8,118)
Stock-in-trade	131,023	45,861
Trade debts	7,075	4,922
Advances to employees	(182)	385
Advance payments	(3,929)	(14,017)
Trade deposits and prepayments	(13,163)	7,763
Sales tax refundable	311	(1,046)
Due from Associated Companies	(2,515)	(1,656)
Other receivables	0	50
Increase/(decrease) in trade and other payables	(25,027)	6,463
	<b>91,105</b>	<b>40,607</b>
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b> - Before taxation	<b>124,358</b>	<b>87,883</b>
Taxes paid	(2,103)	(1,435)
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b> - After taxation	<b>122,255</b>	<b>86,448</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(4,097)	(500)
Security deposits	(25)	0
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(4,122)</b>	<b>(500)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Demand finances - net	(4,178)	(4,179)
Lease finances - net	0	(590)
Short term finances - net	(102,611)	(52,875)
Preference shares redeemed	0	(1)
Finance cost paid	(1,546)	(27,588)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>	<b>(108,335)</b>	<b>(85,233)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,798</b>	<b>715</b>
<b>CASH AND CASH EQUIVALENTS</b> - At the beginning of the period	<b>3,177</b>	<b>5,092</b>
<b>CASH AND CASH EQUIVALENTS</b> - At the end of the period	<b>12,975</b>	<b>5,807</b>

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



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

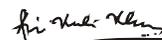


**Mushtaq Ahmad Khan, FCA**  
**Director**

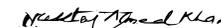
**JANANA DE MALUCHO TEXTILE MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009**

	RESERVES					(Accumulated loss)/unappropriated profit	Total
	Share capital	Capital redemption reserve	Tax holiday reserve	General reserve	Sub-total		
	<b>Rupees in thousands</b>						
Balance as at 30 June 2008	31,655	6,694	350	121,171	128,215	47,066	206,936
Loss for the year ended 30 June 2009	0	0	0	0	0	(109,886)	(109,886)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	0	0	0	0	0	9,481	9,481
- realised on disposal of operating fixed assets - net of deferred taxation	0	0	0	0	0	239	239
Effect of items directly credited in equity by the associates	0	0	0	0	0	1,506	1,506
Balance as at 30 June 2009	31,655	6,694	350	121,171	128,215	(51,594)	108,276
Loss for the quarter ended 30 September 2009	0	0	0	0	0	(10,584)	(10,584)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	0	0	0	0	0	2,251	2,251
Balance as at 30 September 2009	<b>31,655</b>	<b>6,694</b>	<b>350</b>	<b>121,171</b>	<b>128,215</b>	<b>(59,927)</b>	<b>99,943</b>

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



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



**Mushtaq Ahmad Khan, FCA**  
**Director**

# JANANA DE MALUCHO TEXTILE MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2009

### 1. CORPORATE INFORMATION

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.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the ordinance), the requirements of the Ordinance and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Ordinance and the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Ordinance and the directives issued by the SECP shall prevail.

### 3. ACCOUNTING STANDARDS, IFRIC INTERPRETATIONS AND AMENDMENTS

**Standards, interpretations and amendments to the published approved accounting standards that are effective in the current accounting period.**

The following standards, interpretations and amendments to existing standards have been published that are mandatory and relevant for the Company's accounting year beginning on 01 July, 2008:

(a) IFRS 7 'Financial Instruments: Disclosures' - The SECP, vide SRO 411(I)/2008 dated 28 April, 2008 notified the adoption of IFRS 7 which is mandatory for the Company's accounting periods beginning on or after the date of notification i.e. 28 April, 2008. IFRS 7 has superseded IAS 30 and disclosure requirements of IAS 32. Adoption of IFRS 7 has only impacted the format and extent of disclosures presented in the financial statements.

(b) Other new standards, interpretations and amendments to existing standards that are mandatory for accounting periods beginning on or after 01 July, 2008 which, are not considered relevant nor have any significant effect on the Company's operations are not detailed in these financial statements.

### 4. CONTINGENCIES AND COMMITMENTS

There is no material change in status of litigations filed/demands raised against the Company from the status previously reported in annual accounts of the company for the year ended 30 June 2009.

### 5. OPERATING FIXED ASSETS - Tangible

	<b>Un-audited</b>	<b>Audited</b>
	<b>30-09-2009</b>	<b>30-06-2009</b>
	<b>Rs. in 000</b>	<b>Rs. in 000</b>
Opening book value:-	<b>1,497,608</b>	<b>1,494,346</b>
Addition during the period		
Factory building	<b>0</b>	<b>1,286</b>
Plant and machinery	<b>7,895</b>	<b>49,264</b>
Generators	<b>0</b>	<b>6,432</b>
Workshop equipment	<b>0</b>	<b>27</b>
Furniture & Fixture	<b>46</b>	<b>491</b>
Office and other equipment	<b>0</b>	<b>17</b>
Vehicles	<b>0</b>	<b>507</b>
	<b>7,941</b>	<b>58,024</b>
	<b>1,505,549</b>	<b>1,552,370</b>
Disposal	<b>0</b>	<b>2,144</b>
Depreciation charged on disposal	<b>0</b>	<b>(949)</b>
Depreciation charged for the period/year	<b>13,005</b>	<b>53,567</b>
	<b>13,005</b>	<b>54,762</b>
Closing book value	<b>1,492,544</b>	<b>1,497,608</b>

### 6. TRANSACTION WITH ASSOCIATED COMPANIES

Aggregate transactions during the period with the Associate Companies were as follows:

	<b>30-09-2009</b>	<b>30-06-2009</b>
	<b>Rs. in 000</b>	<b>Rs. in 000</b>
Sale of goods and services	<b>907</b>	<b>326</b>
Purchase of goods and services	<b>7,212</b>	<b>7,501</b>
Insurance claim received	<b>0</b>	<b>1,315</b>
<b>Residential Rent</b>		
Paid	<b>0</b>	<b>0</b>
Received	<b>33</b>	<b>33</b>
<b>Mark-up</b>		
Eamed	<b>806</b>	<b>599</b>
Expensed	<b>204</b>	<b>393</b>
<b>Management Charges</b>		
Paid	<b>366</b>	<b>316</b>
Received	<b>1,790</b>	<b>1,829</b>

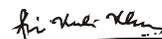
Sale, purchases and other transactions with associated companies are made at arm's length prices determined in accordance with comparable uncontrolled price method except for the allocation of expenses relating to combined offices shared with associated companies, which are on the actual basis.

### 7. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 October 2009 by the Board of Directors of the Company.

### 8. FIGURES

- in the accounts are rounded-off to the nearest thousand rupee.  
- of the previous period are not re-stated and not re-arranged except Commission on sale of yarn which is grouped under the Distribution expense.



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



**Mushtaq Ahmad Khan, FCA**  
**Director**

**PRINTED MATTER**

(Under Postal Certificate)

16 P.R. OF 1960-1961

If undelivered please return to

Share Department

**JANANA DE MALUCHO TEXTILE MILLS LIMITED**

Habibabad - KOHAT