



ANNUAL
REPORT
2022



J.K. SPINNING
MILLS LIMITED



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Company Information

| | |
|--|---|
| Chairman | Mr. Jawed Anwar |
| Chief Executive | Mr. Faiq Jawed |
| Directors | Mr. Shaiq Jawed Mr. Rehan Ashfaq Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad Mr.Mamoor Ijaz |
| Audit Committee | |
| Chairman | Mr.Rehan Ashfaq |
| Members | Mrs.Farhat Jehan Mrs.Sadaf Aamir Arshad |
| HR Committee | |
| Chairman | Mr.Mamoor Ijaz |
| Members | Mr.Shaiq Jawed Mr.Rehan Ashfaq |
| Risk Management Committee | |
| Chairman | Mr.Faiq Jawed |
| Members | Mr.Shaiq Jawed Mr.Rehan Ashfaq |
| Nomnation Committee | |
| Chairman | Mr.Jawed Anwar |
| Members | Mr.Faiq Jawed Mr.Shaiq Jawed |
| Company Secretary | Syed Hussain Shahid Mansoor Naqvi |
| Chief Financial Officer | Mr. Ghulam Muhammad |
| Head of Internal Audit | Mr. Farhan Safdar |
| Auditors | Riaz Ahmad & Company Chartered Accountants |
| Legal Advisor | Mahfooz Ahmad khan Advocates |
| Registrar's and Share Registration office | CORPTEC Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore |
| Bankers | Standard Chartered Bank (Pakistan) Limited The Bank of Punjab National Bank of Pakistan Habib Bank Limited Meezan Bank Limited Askari Bank Limited Summit Bank The Bank of Khyber Dubai Islamic Bank Industrial and Commercial Bank of China |





Registered office

34-Falcon Enclave, Tufail Road,
Lahore Cantt. Lahore.

Head Office & Mills

29-KM, Shekhupura Road, khurrianwala
Faisalabad.



VISION

To enter into global economy accepting the challenge of barrier free trade as a dynamic force.

MISSION

To turn around performance of company into sustainable growth for the benefit of its stake holders.

To stand the test of expectations of our valued customers redefining excellence with craft, creativity, professionalism and quality control.

To strive hard for boosting exports of country to earn more foreign exchange to rebuild economy.





Chairman's Review



Jawed Anwar
Chairman

It is my pleasure to present 36th Annual Report of the Company for the year ended June 30, 2022.



Overview of Economy and Industry

Pakistan economy is facing several severe economic, governance, tough political conditions and security challenges to achieve constant economic development and growth. The scarcity of low cost energy and water infrastructure, a largely uneducated and untrained workforce, persistence of conflict in the border areas and security challenges throughout the country distress all segments of life in Pakistan have impeded development and economic growth. An educated and cultured Pakistan, stable political conditions, sustainable and reliable energy and water infrastructure along with improved security is crucial for economic growth in Pakistan.

The economy of Pakistan rebounded from pandemic (negative growth of 0.94% in FY 2020) and posted growth of 5.97% in FY 2022. Economy is still facing underlying macroeconomic imbalances and associated domestic and international risks. Inflation is running high, the prospects of future growth in potential output are uncertain. Financing fiscal deficit is leading to external imbalances putting extra pressure on foreign reserves and on exchange rate. Appropriate economic plans are required to keep economy moving along with mitigating these risks.

Pakistan is also facing political instability in the country which led to increase huge economic uncertainty. Uncertainty at individual, firm, and government levels is negatively affecting the economy. Political stability can reduce uncertainty by making clear policy statements to build the trust of domestic as well as foreign investors and the business community.

The coordinated monetary-fiscal policy approach after the COVID-19 outbreak has succeeded in reviving the real economic activity. Specifically, the fiscal-monetary stimulus packages have a cascading effect on growth through a revival in private investment. In addition, the accommodative monetary policy stance in FY 2021, focused on the revival of the construction industry and mandatory housing finance targets by the SBP, together with the rebound in external demand has set the stage for stronger growth momentum in FY 2022.

In early 2022, the Russian-Ukraine conflict elevated global commodity prices, fueled inflation and domestic inflation rates further. Threats of high inflation, rising interest rates, lingering supply constraints, and mounting uncertainties affected the global economic forecasts. The impact of war has revised the global growth forecast downward by 0.8 and 0.2 percentage points to 3.6 percent in both 2022 and 2023 respectively. The projection for economic growth of European Economies has been revised downwards by 1.1 percentage points to 2.8 percent. Similarly, the outlook for advanced and emerging economies also revised downwards by 0.6 and 1.0 percentage points, respectively. In the medium-term, the outlook is revised downwards for all groups, except commodity exporters who are benefitting from the surge in energy and food prices.

External circumstances like highly transmissible Omicron, change in Afghanistan after withdrawal of US troops, Russian – Ukraine conflict are upending the global economic picture and consequent uncertainty is considerably increased for global economy that is still struggling to recover from Covid -19 aftermath.

Pakistan's economy has shown a strong recovery after being depressed due to the pandemic which resulted in lockdown. For FY 2022, real GDP posted a growth of 5.97 percent on account of 4.40 percent growth in Agriculture, 7.19 percent growth in the Industrial sector, and 6.19 percent growth in the Services sector. This growth is slightly above the growth of 5.74 percent recorded for FY 2021. Pakistan textile sector also performed well during the current fiscal year but facing hard time in forthcoming year.

Financial and operational performance

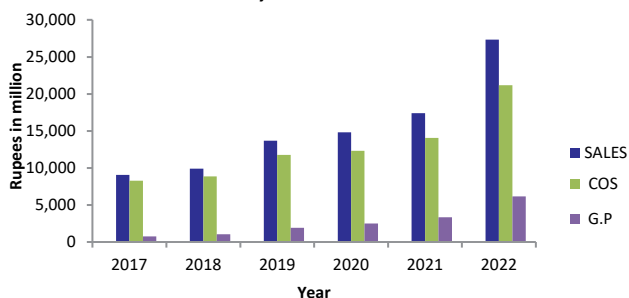
Your company achieved ever highest financial results for the Financial year 2021-22 in view of increase in sales margin. Profit after taxation for the financial year under review stood at Rs. 3,661.520 million as compared to profit of Rs. 1,811.680 million in the corresponding year.

Company's Sales revenue for the Financial year 2021-22 stood Rs. 27,332.542 million against Rs. 17,402.936 million in Financial year 2020-21. Fuel and power cost increased to Rs. 1,637.795 million in Financial year 2021-22 from Rs. 1,111.919 million in Financial year 2020-21 while salaries and wages expense increased due to increase in minimum wage rate. Stores, spare parts and loose tools, packing material, processing and conversion charges increased in view of increase in inflation and sales volume.

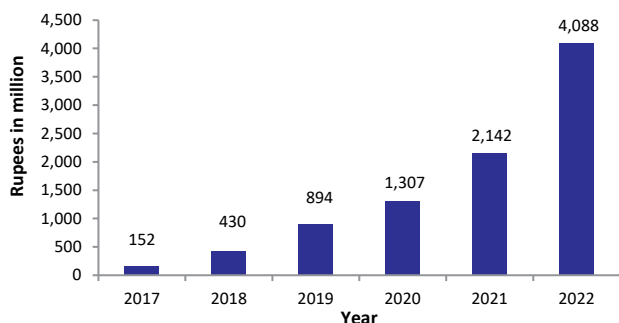
Distribution cost increased in view of increase in ocean freight while administrative cost increased due to inflationary trend. Financial cost increased to Rs. 371.888 million in the Financial year 2021-22 from Rs. 266.541 million in Financial

Chairman's Review

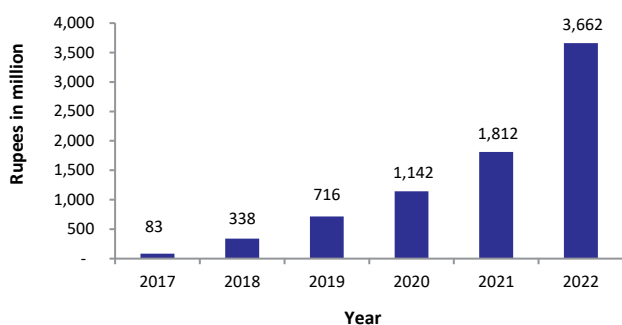
Sales, Cost and G.P



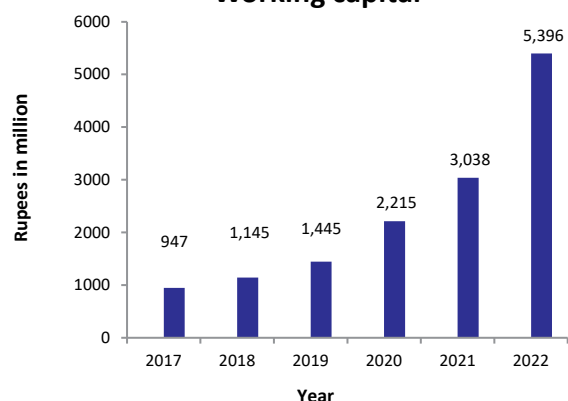
Profit before taxation



Net profit



Working capital



year 2020-21 in view of increase in KIBOR rates and increase in working capital requirements.

Management of your company is constantly focusing on Balancing Modernization and Replacement (BMR) of its plant and machinery and enhancement of spinning, weaving, processing and stitching capacities. Two Toyota High Speed Simplex Frame machines, eight High Speed Ring Frames comprising 8,064 spindles has been added in existing spinning capacity and commissioned during the financial year under review. Your company has also added One COMPLETE INNIO JENBACHER NATURAL GAS GENSET MODEL JMS 620 GS 616-N.L 'J101' of 3 MW in first quarter of forthcoming financial year. Civil work has been completed and installation of machinery for addition of complete spinning unit comprising 52,896 spindles is in progress which is likely to be commissioned in 3rd quarter of next financial year. Your company has opened letter of credits for import of three Blow Room machines, sixteen Card machines, 13 draw frame machines and one Bleaching plant, one Binger Dye Padding Mangle machine, one eight chamber Stentor for BMR of spinning machinery and to enhance processing capacity respectively.

The production of yarn converted into 20s for the year ended June 30, 2022 stood at 40.287 million kgs while fabric production stood at 16.964 million sq meters in Financial year 2021-22.

Financial Strength

Balance Sheet footing is showing constant sign of improvement over past six years. Total assets of the company stood at Rs.19,217.512 million in Financial year 2021-22 as compared to Rs. 13,887.040 million in corresponding year.

Liquidity of the company is good enough with current ratio of 1.82. The Debt equity ratio stood at 16:84 in FY 2022 against 19: 81 in FY 2021 while leverage of the company stood at 0.55. Breakup value of Rs. 10 share stood at Rs. 106.27 against Rs. 70.01 of last year. All balance sheets ratios are showing symptom of substantial growth of the company.

Human Resource

Human resource planning and management is one of the most important considerations with the senior management. The Company has established



a HR Committee which is involved in the selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in the human resource policies and procedures and their periodic review. Our aim is to align the aspirations of our people with those of the Company, encouraging a performance-oriented culture and a place where people passion to work.

Review report on the overall performance of the board

Board of directors, Audit



Committee, and Human Resource Committee's meetings were regularly held during the year.

Board as a whole is playing full and constructive part in the development and determination of the company's strategies and policies, and decisions taken by the Board are in the company's best interests and fairly reflect Board's consensus. Strategies and policies agreed by the Board are being effectively implemented by the Chief Executive and the management. Board has

established good corporate governance practices and procedures and promotes the highest standards of integrity and corporate governance throughout the company and particularly at Board level.

Future Outlook

In Pakistan, environmental degradation and climate change are adversely affecting the economy, livelihood of the poor, and sustainable development. Recent flooding and heavy rains affected one third area of Pakistan and damaged the agriculture crops in flooded affected areas. Cotton crop has been totally destroyed in flooded areas and country cotton output will be much lower than the projected figures.

After recovery from COVID-19, the global economic gains were threatened by the Russian-Ukraine conflict in start of 2022. The Russian-Ukraine conflict brought more economic damage predicting a significant slowdown in global growth in 2022 due to worldwide spillover effects through commodity markets, trade, and financial channels. Keeping in view, the prevailing supply shocks for an unknown time length, every institution working on the global outlook has downgraded global growth and recession is gripping the whole world.

Global economy faces 'its biggest test' since WW II due to Russian-Ukraine conflict. It is imminent that rising interest rates are adding to pressure on countries, companies and households with big piles of debt. Further, market turbulence and ongoing supply chain constraints are also posing risks.

In view of increasing local cotton prices, devaluation of Pak Rupee, delay in shipments, working capital

requirement of textile exporters has increased and textile export oriented industry is facing liquidity crunch.

Your company management is closely watching the impending recession and the cotton outlook and is focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results of forthcoming financial year.

Jawed Anwar
Chairman

Faisalabad
September 16, 2022

Director's Report

In the name of Almighty Allah The Most Gracious, The beneficent, The Merciful



Chief Executive Officer

Dear Shareholders,

The Directors' of your Company are delighted in presenting the annual report together with the audited financial statements of the Company for the Year Ended June 30, 2022.

Financial Highlights

Financial highlights of the Company for the year ended June 30, 2022 are summarized as under:

| | 2022 | 2021 |
|---------------------------------------|--------------------|------------|
| | Rupees in Thousand | |
| Revenue from contracts with customers | 27,332,542 | 17,402,936 |
| Gross Profit | 6,160,703 | 3,331,967 |
| Profit before Taxation | 4,087,925 | 2,142,406 |
| Taxation | 426,405 | 330,726 |
| Profit after taxation | 3,661,520 | 1,811,680 |

Dividend:

Keeping in view of the company's earnings and liquidity, the Board of Directors in their meeting held on September 16, 2022 has recommended a Final Cash

Dividend for the financial year ended June 30, 2022, at the rate of Rs. 2 per share (i.e. 20%) and is subject to approval of the members at the Annual General Meeting to be held on 25 October, 2022. (FY 2021: cash dividend @ 15% i.e. Rupee 1.5 per share.)

Earnings Per Share

This unsurpassed continuous growth in earnings is reflective of management's commitment to enhance shareholders' wealth.

Earnings per share for the year ended June 30, 2022 stood at Rupees 35.79 per share as compared to Rupees 17.71 per share in corresponding year.

Corporate And Financial Reporting Frame Work:

J.K. Spinning Mills Limited is committed to maintaining high standards of corporate governance without any exception. The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by SECP and formed as part of stock exchange listing regulations. The review report on statement of compliance with the code of corporate Governance of Auditors is annexed with this report. Statement of Compliance with Code of Corporate Governance is as under:

- The financial statements prepared by the management of J.K. Spinning Mills Limited present fairly its state of affair, the results of its operations, cash flow and statement of changes in equity.



Managing Director

- Proper books of accounts of J.K. Spinning Mills Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The system is continuously monitored by internal audit and through other monitoring procedures. The process of monitoring internal control will continue as ongoing process with objective to further strengthen the controls and bring improvement in the system.
- There are no significant doubts upon the company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- Detail of significant changes in company's operations during the current year as compared to last year and significant plans and decisions for the future prospects of profits are stated in the Chairman's review as endorsed by directors.
- There is no information and explanation in regard to any contents of modification in the auditor's report;
- There is no default in payment of any debt during the year.
- No material changes and commitments affecting the financial position of the company have been occurred between the end of financial year of the company to which the financial statement relates and the date of report.
- Information about outstanding taxes and levies is given in notes to the accounts.
- Main trends and factors likely to affect the future development, performance and position of the company are stated in chairman's review.
- Company is not carrying out any business activity affecting the environment.
- Key operating results and financial data of last six years in summarized form is annexed.
- The gain/ (loss) arising out due to exchange rate fluctuations and financing under State Bank of Pakistan circular No. F.E. 25 has been appropriately accounted for as on the date of balance sheet.



- The number of employees as at June 30, 2022 were 2 846 (2021: 2 659).
- Value of investment of provident fund trust based on audited accounts as on June 30, 2021 is Rs. 341.313 Million.
- No trade in shares of the company was carried out during the year by its other Directors, CEO, CFO, Company Secretary and their spouses and minor children except as shown in pattern of shareholding.
- The Statement of pattern of shareholding of the company as at June 30, 2022 is annexed in new form set out in the code of corporate governance.
- Change (if any) in terms and conditions of Chief Executive and other Directors disclosed in notes to the financial statements.

Risk Management

The Board also acknowledges that all areas of the Company's activities involve some degree of risks and appreciates that effective risk management is part of best business management practices aimed at successfully achieving the Company's goals and objectives. Operationally, the respective key management staff is responsible for managing the risks of their departments. Any significant risks facing the Company are highlighted at appropriate level of hierarchy to ensure such risks are closely

monitored and appropriately addressed. The above mentioned practices culminate into an on-going process, used to identify, evaluate and manage significant risks that affect the achievement of the Company's goals & objectives.

Following is the summary of risks and strategies to mitigate those risks:

Strategic Risks

We are operating in a competitive environment where innovation, quality and cost matters. This risk is mitigated through continuous research & development and persistent introduction of new technologies under BMR. Strategic risk is considered as the most crucial of all the risks. Head of all business divisions meet at regular intervals to form an integrated approach towards tackling risks present both at the international and national level.

Business Risks

The Company faces a number of following business risks:

Raw material and Price

The supply and prices of cotton is subject to the act of nature and demand dynamics of local and international cotton markets. There is always a risk of non-availability of cotton and upward shift in the cotton prices in local and international markets. The Company mitigates this risk by

the procurement of the cotton in bulk at the start of the harvesting season. We face the risk of pandemics, competition and decline in demand of our products in international markets. We minimize this risk by building strong relations with customers, broadening our customer base, developing innovative products without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity and gas shortage is a major threat to manufacturing industry. This risk, if remains unmitigated, can render us misfit to compete in the international markets. The Company has mitigated the risk of rising energy cost by opting for diversified fuels such as solar energy. The measures to conserve energy have also been taken at all manufacturing facilities of the Company. Likewise, risk of non-availability of the energy has been minimized by installing power plants for generating electricity along with securing electricity connections from FESCO.

Financial Risks

The Board of Directors of the Company is responsible to formulate the financial risk management policies which are implemented by the Finance Department of the Company.



The Company faces the following financial risks:

Currency risk

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD), Great Britain Pound and Euro. The Company mitigate currency risk through hedging tools. Foreign exchange risk exposure relating to the bank balances and the amounts receivable / payable from / to the foreign entities is insignificant.

Interest rate risk

The Company's interest rate risk arises from long term financing, short term borrowings, loans and bank balances in saving accounts. The Company manage interest rate risk through alternative financing.

Credit risk

The Company's credit exposure to credit risk and impairment losses relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long-standing business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity risk

It is at the minimum due to the availability of enough funds through committed credit facilities from the banks and financial institutions.

Capital risk

When managing capital, it is our objective to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company maintains low leveraged capital structure. We monitor the capital structure on the basis of the gearing ratio.

Opportunities

As the leading textile company of the country, the Company is in a position to avail and exploit a number of opportunities. Following is the summary of some exciting opportunities:

- Regionally diversified customer base across the world provides a sustainable growth to export sales;
- Vibrant local companies create demand for our products;
- Vertical integration makes it possible to exploit operational synergies;
- High population growth of the country is a source of suitable manpower.

Corporate Social Responsibility

The Company spends a lot of resources and undertakes efforts for the welfare of society. Following is the brief snapshot of corporate social responsibility:

Health, safety and Environment

The company is committed to conducting its business in a responsible manner to protect its stakeholders and the environment in which it operates by providing safe and effective products having a low impact on the environment and employing safe and sustainable technologies, energy sources and operating procedures.

The company encourages its employees to identify potential hazardous, incorporates health and safety considerations into their daily activities and provides training on work safety and sound environmental practices.

Community Welfare Schemes

General public welfare is one of the top priorities of the Company; therefore, management has taken a number of initiatives to help society. We supported few NGO's to educate and empower underprivileged children who has established such schools across Pakistan. We also provide funds for rehabilitation of flood effectives. The Company has also



Director

established dispensary under at its mill premise.

Equal Opportunity Employer

Diversity and inclusion are ingrained in our values and culture. Therefore, we provide equal opportunity for employment and career progression to women, disabled and minorities. There is fair representation of women at the Board of Directors of the Company. Women also occupies senior management positions who actively formulate and control strategic direction of the Company. Since recognition of women rights is a social matter, we celebrate women's achievements in the social, economic, cultural, and political spheres also.

Environment Protection

The Company's approach towards environment includes both preservation of natural resources and procurement of alternative technologies to ensure environmental sustainability. Every year the Company arranges plantation of trees at its manufacturing facilities and nearby localities with the objective to curtail pollution. The Company is investing heavily in solar energy. At present, 1.6 MW of electricity is generated from solar power plants and projects of 4 MW is under consideration.

Board Composition And Meetings.

The BOARD comprises of seven members with diversified experience of Textile industry having core competencies, skills and professional expertise which flourish our business too. Two female directors are also part of our BOARD. Our BOARD represent the interest of all categories of shareholders and consist of:

| | Numbers |
|--------------------------|---------|
| Independent Directors | 02 |
| Non-Executive Directors | 03 |
| Executive Directors | 02 |
| Total number of Director | 07 |

| Name of Director | Meetings Attended |
|--|-------------------|
| Mr. Jawed Anwar Chairman/ Non-Executive Director | 04 |
| Mr. Faiq Jawed Chief Executive Officer/ Executive Director | 04 |
| Mr. Shaiq Jawed Executive Director | 04 |
| Mr. Rehan Ashfaq Independent Director | 04 |
| Mrs. Farhat Jahan Non-Executive Director | 04 |
| Mrs Sadaf Aamir Arshad Non-Executive Director | 04 |
| Mr. Mamoor Ijaz Independent Director | 04 |

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. The Audit Committee held Four (4) meetings during

the year to review the financial statements, internal audit reports and compliance of the corporate governance requirements which were attended by all committee members. The composition of Audit Committee is as under:

| Names |
|-----------------------------|
| Mr. Rehan Ashfaq (Chairman) |
| Mrs. Farhat Jahan |
| Mrs Sadaf Aamir Arshad |

Human Resource Committee

The Committee meets to review and recommend all elements of compensation, organization and development policies related to the employees. During the year 2021-22, Four (4) Committee meetings were held and attended by all members. The name of Directors are as follows:

| Names |
|----------------------------|
| Mr. Mamoor Ijaz (Chairman) |
| Mr. Shaiq Jawed |
| Mrs Sadaf Aamir Arshad |

Risk Management Committee

BOARD has commend the risk management policy and committee review the overall risk strategy to reduce the risk to acceptable level. During the year committee met whenever they required. The name of Directors are:

| Names |
|---------------------------|
| Mr. Faiq Jawed (Chairman) |
| Mr. Shaiq Jawed |
| Mr. Rehan Ashfaq |

Nomination Committee

This committee comprise of following Directors and committee met whenever they required:



| Names |
|----------------------------|
| Mr. Jawed Anwar (Chairman) |
| Mr. Faiq Jawed |
| Mr. Shaiq Jawed |

Directors Training

All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies. By June 30, 2022, Five of seven Directors had acquired the prescribed certification under Directors Training Program or are exempt from the Directors' Training Program by virtue of experience as per the requirements of the Companies Listed (Code of Corporate Governance) Regulations, 2019 that meet the criteria specified by the Commission and approved by it. The Board is kept up-to-date on legal, regulatory and governance matters through regular papers and briefings from the company Secretary and presentations by internal and external advisors. Directors are responsible for upholding the Corporate Governance and giving the company a strategic direction. To optimize the effectiveness of the Board, it is pertinent for new members to learn about the dynamics and operations of the company.

Directors' Remuneration:

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The remuneration policy has been designed to attract and retain the suitable candidate on the Board. For information on remuneration and meeting fee of directors & CEO in 2021-22, please refer notes to the Financial Statements.

The remuneration of non – Executive Directors including chairman of board and independent directors is determined by the Board of Directors and remuneration committee..

Auditors:

Riaz Ahmad & Company, Chartered Accountants, current auditors will retire on the conclusion of Annual General Meeting of the Company. Being eligible, they have offered themselves for reappointment for the year ending 30 June 2023. As suggested by Audit Committee, the Board of Directors has recommended reappointment of Riaz Ahmad & Company, Chartered Accountants for approval of shareholders in forth coming Annual General Meeting.

Chairman's Review

The accompanied Chairman's Review deals with principal activities, major business developments and performance of the company during the year under review and future outlook. The directors of the company endorse the contents of review.

Events After Reporting Period

There was no significant event after reporting period which warrants mention in Directors' Report.

Acknowledgement:

The Directors wish to express their gratitude to our valued clients and bankers for the cooperation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted

services demonstrated by the staff members and the workers of the company. The company Acknowledges and thanks all stakeholders for the confidence reposed.

For and on behalf of Board of Directors

Jawed Anwar
Chairman

Faiq Jawed
Chief Executive
Officer

Faisalabad
September 16, 2022

آڈیٹرز:

موجودہ آڈیٹرز Riaz Ahmad & Company، چارٹرڈ اکاؤنٹنٹس، کمپنی کی سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے ناطے، انہوں نے خود کو 30 جون 2023 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے پیش کیا ہے۔ جیسا کہ آڈٹ کمیٹی کی تجویز ہے، بورڈ آف ڈائریکٹرز نے Riaz Ahmad & Company، چارٹرڈ اکاؤنٹنٹس کی آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری کے لیے دوبارہ تقرری کی سفارش کی ہے۔

چیئر مین کا جائزہ:

چیئر مین کی جائزہ رپورٹ میں کمپنی کی ترقیاتی سرگرمیوں اور آئندہ حالات کا جائزہ پیش کیا گیا ہے۔ آپ کے ڈائریکٹرز اس جائزہ رپورٹ کو سپورٹ کرتے ہیں۔

جائزہ رپورٹ کے بعد کے واقعات:

مالیاتی سال کے اختتام کے بعد ایسا کوئی واقعہ نہیں ہے جس کو ڈائریکٹرز کی رپورٹ میں پیش کیا جائے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور بکنرز کے کمپنی کے کاروبار میں تعاون پر شکرگزار ہیں ڈائریکٹرز کمپنی کے سٹاف اور مزدوروں کی محنت اور کوششوں کو بھی سراہتے ہیں۔ کمپنی سٹیک ہولڈرز کے پُر اعتماد ریسپونس کا اقرار کرتی ہے اور شکرگزار بھی ہے۔

مخائب بورڈ آف ڈائریکٹرز:

فیصل آباد: ستمبر 16، 2022

فائق جاوید
چیف ایگزیکٹو

جاوید انوار
چیئر مین



آڈٹ کمیٹی:

آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔ آڈٹ کمیٹی نے مالیاتی گوشواروں، اندرونی آڈٹ رپورٹس اور کارپوریٹ گورننس کی ضروریات کی تعمیل کا جائزہ لینے کے لیے سال کے دوران چار (4) اجلاس منعقد کیے جن میں کمیٹی کے تمام اراکین نے شرکت کی۔ آڈٹ کمیٹی کی تشکیل حسب ذیل ہے:

مسٹر ریحان اشفاق (چیئر مین)

مسز فرحت جہاں

مسز صدف عامر ارشد

ہیومن ریسورس کمیٹی:

کمیٹی ملازمین سے متعلق معاوضے، تنظیم اور ترقیاتی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے کے لیے اجلاس کرتی ہے۔ سال 2021-22 کے دوران، چار (4) کمیٹی کے اجلاس منعقد ہوئے اور تمام اراکین نے شرکت کی۔ ڈائریکٹرز کے نام درج ذیل ہیں:

مسٹر مامورا عجاز (چیئر مین)

مسٹر شائق جاوید

مسز صدف عامر ارشد

رسک مینجمنٹ کمیٹی:

بورڈ نے رسک مینجمنٹ پالیسی کی تعریف کی ہے اور کمیٹی خطرے کو قابل قبول سطح تک کم کرنے کے لیے مجموعی خطرے کی حکمت عملی کا جائزہ لیتی ہے۔ سال کے دوران کمیٹی نے جب بھی ضرورت پڑی ملاقات کی۔ ڈائریکٹرز کے نام یہ ہیں:

مسٹر شائق جاوید (چیئر مین)

مسٹر شائق جاوید

مسٹر ریحان اشفاق

نامزدگی کمیٹی:

یہ کمیٹی مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے اور کمیٹی جب بھی ضرورت ہو ملاقات کی:

مسٹر جاوید انوار (چیئر مین)

مسٹر شائق جاوید

مسٹر شائق جاوید

ڈائریکٹرز ٹریننگ:

تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔ 30 جون، 2022 تک، سات میں سے پانچ ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت مقررہ سرٹیفیکیشن حاصل کر لیا تھا یا وہ کمپنیز لسٹڈ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے مطابق تجربہ کی بنیاد پر ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ ہیں جو معیار پر پورا اترتے ہیں۔ کمیشن کی طرف سے مخصوص اور اس کی طرف سے منظور شدہ بورڈ کو باقاعدہ کاغذات اور کمپنی سیکرٹری کی بریفنگ اور داخلی اور خارجی مشیروں کی پیشکشوں کے ذریعے قانونی، ریگولیٹری اور گورننس کے معاملات پر اپ ٹو ڈیٹ رکھا جاتا ہے۔ ڈائریکٹرز کارپوریٹ گورننس کو برقرار رکھنے اور کمپنی کو ایک اسٹریٹیجک سمت دینے کے ذمہ دار ہیں۔ بورڈ کی تائید کو بہتر بنانے کے لیے، نئے اراکین کے لیے کمپنی کی حرکیات اور کاموں کے بارے میں جاننا مناسب ہے۔

ڈائریکٹرز کے معاوضے کی پالیسی:

بورڈ آف ڈائریکٹرز کا معاوضہ بورڈ خود منظور کرتا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے تحت کوئی ڈائریکٹر اپنے معاوضے کے فیصلے میں حصہ نہیں لے سکتا۔ معاوضے کی پالیسی بورڈ میں موزوں امیدوار کو رکھنے کیلئے بنائی گئی ہے۔ معاوضے کی معلومات اور ڈائریکٹرز اور ای او کی مینٹنگ 2020-21 کی فیس فنانشل سٹیٹمنٹ کے نوٹس میں موجود ہیں۔ نان ایگزیکٹو ڈائریکٹرز بشمول چیئر مین اور انڈیپنڈنٹ ڈائریکٹرز کے معاوضے کا تعین بورڈ آف ڈائریکٹرز نے کیا ہے۔

کر کے اور محفوظ اور پائیدار ٹیکنالوجیز، توانائی کے ذرائع اور آپریٹنگ طریقہ کار کو ملازمت دے کر کام کرتی ہے۔

کمپنی اپنے ملازمین کی حوصلہ افزائی کرتی ہے کہ وہ ممکنہ خطرناک کی نشاندہی کریں، ان کی روزمرہ کی سرگرمیوں میں صحت اور حفاظت کے تحفظات کو شامل کریں اور کام کی حفاظت اور ماحول کے صحیح طریقوں پر تربیت فراہم کریں۔

کمپنی ویلفیئر سکیمیں:

عام عوامی بہبود کمپنی کی اولین ترجیحات میں سے ایک ہے۔ لہذا، انتظامیہ نے معاشرے کی مدد کے لیے کئی اقدامات کیے ہیں۔ ہم نے پسماندہ بچوں کو تعلیم اور بااختیار بنانے کے لیے چند این جی او کی مدد کی جنہوں نے پورے پاکستان میں ایسے اسکول قائم کیے ہیں۔ ہم سیلاب متاثرین کی بحالی کے لیے بھی فنڈز فراہم کرتے ہیں۔ کمپنی نے اپنی اہل کے تحت ڈپنٹری بھی قائم کی ہے۔

مساوی مواقع کا آجر:

تنوع اور شمولیت ہماری اقدار اور ثقافت میں جڑی ہوئی ہے۔ لہذا، ہم خواتین، معذوروں اور اقلیتوں کو ملازمت اور کیریئر میں ترقی کے یکساں مواقع فراہم کرتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز میں خواتین کی منصفانہ نمائندگی ہے۔ خواتین اعلیٰ انتظامی عہدوں پر بھی فائز ہیں جو کمپنی کی اسٹریٹجک سمت کو فعال طور پر تشکیل اور کنٹرول کرتی ہیں۔ چونکہ خواتین کے حقوق کو تسلیم کرنا ایک سماجی معاملہ ہے، اس لیے ہم سماجی، اقتصادی، ثقافتی اور سیاسی میدانوں میں بھی خواتین کی کامیابیوں کا جشن مناتے ہیں۔

ماحولیاتی حفاظت:

ماحولیات کے تئیں کمپنی کے نقطہ نظر میں قدرتی وسائل کا تحفظ اور ماحولیاتی پائیداری کو یقینی بنانے کے لیے متبادل ٹیکنالوجیز کی خریداری دونوں شامل ہیں۔ ہر سال کمپنی آلودگی کو کم کرنے کے مقصد سے اپنی میٹالورجی کے سہولیات اور قریبی علاقوں میں درخت لگانے کا اہتمام کرتی ہے۔ کمپنی سٹریٹجی توانائی میں بہت زیادہ سرمایہ کاری کر رہی ہے۔ اس وقت سولر پاور پلانٹس سے 1.6 میگا واٹ بجلی پیدا ہوتی ہے اور 4 میگا واٹ کے منصوبے زیر غور ہیں۔

بورڈ کی تشکیل اور مینٹننس:

بورڈ سٹامپ ممبران پر مشتمل ہے جس میں ٹیکنیکل انڈسٹری کا متنوع تجربہ ہے جس میں بنیادی قابلیت، مہارت اور پیشہ ورانہ مہارت ہے جو ہمارے کاروبار کو بھی فروغ دیتی ہے۔ دو خواتین ڈائریکٹرز بھی ہمارے بورڈ کا حصہ ہیں۔ ہمارا بورڈ حصص یافتگان کے تمام زمروں کے مفاد کی نمائندگی کرتا ہے اور ان پر مشتمل ہے:

- 2 انڈیپنڈنٹ ڈائریکٹرز
- 3 نان ایگزیکٹو ڈائریکٹرز
- 2 ایگزیکٹو ڈائریکٹرز
- 7 کل ڈائریکٹرز کی تعداد

| مینیجمنٹ میں حاضری | نام | جاوید انوار |
|--------------------|---------------------------------|-------------|
| 04 | چیرمین/نان ایگزیکٹو ڈائریکٹرز | |
| 04 | چیف ایگزیکٹو/ایگزیکٹو ڈائریکٹرز | |
| 04 | ایگزیکٹو ڈائریکٹرز | |
| 04 | انڈیپنڈنٹ ڈائریکٹرز | |
| 04 | نان ایگزیکٹو ڈائریکٹرز | |
| 04 | نان ایگزیکٹو ڈائریکٹرز | |
| 04 | انڈیپنڈنٹ ڈائریکٹرز | |



توانائی کی دستیابی اور لاگت:

بڑھتی ہوئی قیمت اور توانائی کی عدم دستیابی یعنی بجلی اور گیس کی قلت مینوفیکچرنگ انڈسٹری کے لیے ایک بڑا خطرہ ہے۔ یہ خطرہ، اگر بے لگام رہتا ہے، تو ہمیں بین الاقوامی منڈیوں میں مقابلہ کرنے کے لیے غلط ثابت کر سکتا ہے۔ کمپنی نے شمسی توانائی جیسے متنوع ایندھن کا انتخاب کر کے توانائی کی قیمت میں اضافے کے خطرے کو کم کیا ہے۔ کمپنی کی تمام مینوفیکچرنگ سہولیات پر بھی توانائی کے تحفظ کے لیے اقدامات کیے گئے ہیں۔ اسی طرح واپڈا سے بجلی کے کنکشن حاصل کرنے کے ساتھ ساتھ بجلی پیدا کرنے کے لیے پاور پلانٹس لگا کر توانائی کی عدم دستیابی کے خطرے کو کم کیا گیا ہے۔

مالیاتی خطرات:

کمپنی کا بورڈ آف ڈائریکٹرز مالیاتی ریسک مینجمنٹ پالیسیاں وضع کرنے کا ذمہ دار ہے جو کمپنی کے فنانس ڈیپارٹمنٹ کے ذریعے نافذ کی جاتی ہیں۔

کمپنی کو درج ذیل مالی خطرات کا سامنا ہے:

کرنسی کا خطرہ:

کمپنی کو مختلف کرنسی ایکسچوئرز سے پیدا ہونے والے کرنسی کے خطرے کا سامنا ہے، بنیادی طور پر امریکی ڈالر (USD)، برطانیہ کے پاؤنڈ اور یورو کے حوالے سے۔ کمپنی ہجنگ ٹولز کے ذریعے کرنسی کے خطرے کو کم کرتی ہے۔ بینک بیلنس سے متعلق غیر ملکی زرمبادلہ کے خطرے کی نمائش اور غیر ملکی اداروں سے/سے قابل وصولی/قابل ادائیگی رقم غیر معمولی ہے۔

شرح سود کا خطرہ:

کمپنی کی شرح سود کا خطرہ طویل مدتی فنانسنگ، قلیل مدتی قرضے، قرضوں اور بچت کھاتوں میں بینک بیلنس سے پیدا ہوتا ہے۔ کمپنی متبادل فنانسنگ کے ذریعے شرح سود کے خطرے کا انتظام کرتی ہے۔

قرض کا خطرہ:

کریڈٹ ریسک اور خرابی کے نقصانات کے لیے کمپنی کا کریڈٹ ایکسپوزر اس کے تجارتی قرضوں سے متعلق ہے۔ اس خطرے کو اس حقیقت سے کم کیا جاتا ہے کہ ہمارے زیادہ تر صارفین کی مالی حیثیت مضبوط ہے اور ہمارا اپنے تمام صارفین کے ساتھ دیرینہ کاروباری تعلق ہے۔ ہم اپنے صارفین سے عدم کارکردگی کی توقع نہیں رکھتے۔ لہذا، کریڈٹ ریسک کم سے کم ہے۔

لیکویڈیٹی کا خطرہ:

یہ بینکوں اور مالیاتی اداروں کی جانب سے قرض کی پابند سہولیات کے ذریعے کافی فنڈز کی دستیابی کی وجہ سے کم سے کم ہے۔

سرمائے کا خطرہ:

سرمائے کا نظم و نسق کرتے وقت، ہمارا مقصد ہے کہ کمپنی کی ایک جاری تشویش کے طور پر جاری رکھنے کی صلاحیت کی حفاظت کی جائے تاکہ حصص یافتگان کے لیے منافع اور دوسرے اسٹیک ہولڈرز کو فوائد فراہم کیے جاسکیں اور سرمائے کی لاگت کو کم کرنے کے لیے ایک بہترین سرمایہ کا ڈھانچہ برقرار رکھا جاسکے۔ کمپنی کم لیور بیڈ سرمائے کی ساخت کو برقرار رکھتی ہے۔ ہم گیسٹریٹنگ ریسٹریکٹڈ بنیاد پر سرمائے کے ڈھانچے کی نگرانی کرتے ہیں۔

مواقع

ملک کی معروف ٹیکنیکل کمپنی کے طور پر، کمپنی متعدد مواقع سے فائدہ اٹھانے کی پوزیشن میں ہے۔ ذیل میں کچھ دلچسپ مواقع کا خلاصہ ہے:

• دنیا بھر میں علاقائی طور پر متنوع کسٹمر بیس برآمدی فروخت کے لیے ایک پائیدار ترقی فراہم کرتا ہے۔

• متحرک مقامی کمپنیاں ہماری مصنوعات کی مانگ پیدا کرتی ہیں۔

• عمودی انضمام آپریشنل ہم آہنگی سے فائدہ اٹھانا ممکن بناتا ہے۔

• ملک کی زیادہ آبادی میں اضافہ مناسب افرادی قوت کا ذریعہ ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی بہت سارے وسائل خرچ کرتی ہے اور معاشرے کی فلاح و بہبود کے لیے کوششیں کرتی ہے۔ کارپوریٹ سماجی ذمہ داری کا مختصر اسٹیٹمنٹ درج ذیل ہے:

صحت، حفاظت اور ماحولیات:

کمپنی اپنے اسٹیک ہولڈرز اور ماحول کی حفاظت کے لیے اپنے کاروبار کو ذمہ دارانہ انداز میں چلانے کے لیے پرعزم ہے جس میں وہ ماحول پر کم اثر رکھنے والی محفوظ اور موثر مصنوعات فراہم

- آڈیٹرز کی رپورٹ میں کوئی بے ضابطگی کی اطلاع نہیں ہے۔
- کمپنی نے سال کے دوران اپنی ادائیگیوں میں کوئی ڈفالٹ نہیں کیا ہے۔
- کمپنی کے مالیاتی سال کے اختتام سے لے کر اس رپورٹ کے شائع ہونے تک کمپنی کی مالیاتی حیثیت میں کوئی تبدیلی نہ آئی ہے۔
- واجب الادا ٹیکسز اور ڈیوٹیوں کی تفصیلات اکاؤنٹس کے نوٹس میں درج ہیں۔
- بنیادی رجحانات اور عوامل جو کمپنی کی مستقبل میں ترقی، صلاحیت اور پوزیشن کو اثر انداز کر سکتی ہے وہ چیئرمین کی جائزہ رپورٹ میں بیان کر دیئے گئے ہیں۔
- کمپنی کا کوئی بھی کاروبار ماحولیاتی تبدیلیوں پر برا اثر نہیں ڈال رہا۔
- چھ سال کے بڑے آپریٹنگ نتائج اور مالیاتی اعداد و شمار لف ہذا ہیں۔
- سٹیٹ بینک آف پاکستان کے سرکل نمبر ایف ای 25 فنانسنگ پرائیکٹس ریٹ میں نفع و نقصان کتابوں میں شامل ہے۔
- سال 2022 کے اختتام پر کمپنی کے ملازمین کی تعداد 2846 ہے جبکہ پچھلے سال یہ تعداد 2659 تھی۔
- پراویڈنٹ فنڈ کی انوسٹمنٹ کی قدر آڈٹ شدہ مالیاتی سال 2021 کے اختتام پر 341.313 ملین روپے تھی۔
- کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، سیکریٹری اور ان کے سپاؤسز اور کم عمر بچوں نے کمپنی کے حصص میں کوئی کام نہیں کیا سوائے۔ جو کہ پیٹرین آف شیئر ہولڈنگ میں آ رہا ہے۔
- کمپنی میں حصص رکھنے کا اندازہ سٹیٹمنٹ برائے ختم شدہ سال 30 جون 2022 کو ڈ آف کارپوریٹ گورننس کے نئے فارم میں لف ہذا ہے۔
- چیف ایگزیکٹو اور دوسرے ڈائریکٹرز کی شرائط و ضوابط میں تبدیلی فیٹیل سٹیٹمنٹ کے نوٹس میں ظاہر کی گئی ہے۔

رسک مینجمنٹ:

بورڈ اس بات کو بھی تسلیم کرتا ہے کہ کمپنی کی سرگرمیوں کے تمام شعبوں میں کچھ حد تک خطرات شامل ہیں اور اس کی تعریف کرتا ہے کہ مؤثر رسک مینجمنٹ بہترین کاروباری انتظامی طریقوں کا حصہ ہے جس کا مقصد کمپنی کے اہداف اور مقاصد کو کامیابی سے حاصل کرنا ہے۔ عملی طور پر، متعلقہ کلیدی انتظامی عملدہ اپنے محکموں کے خطرات کو سنبھالنے کا ذمہ دار ہے۔ کمپنی کو درپیش کسی بھی اہم خطرات کو درجہ بندی کی مناسب سطح پر جا کر کیا جاتا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ اس طرح کے خطرات کو قریب سے مانٹر کیا جائے اور مناسب طریقے سے ان کا ازالہ کیا جائے۔ مذکورہ بالا طریقوں میں ایک جاری عمل ایک اختتام پذیر ہوتے ہیں، جو کمپنی کے اہداف اور مقاصد کے حصول کو متاثر کرنے والے اہم خطرات کی شناخت، تشخیص اور انتظام کے لیے استعمال ہوتے ہیں۔

ان خطرات کو کم کرنے کے لیے خطرات اور حکمت عملیوں کا خلاصہ درج ذیل ہے:

اسٹریٹیجک خطرات:

ہم ایک مسابقتی ماحول میں کام کر رہے ہیں جہاں جدت، معیار اور لاگت اہم ہے۔ اس خطرے کو مسلسل تحقیق اور ترقی اور BMR کے تحت نئی ٹیکنالوجیز کے مسلسل تعارف کے ذریعے کم کیا جاتا ہے۔ اسٹریٹیجک رسک کو تمام خطرات میں سب سے اہم سمجھا جاتا ہے۔ تمام کاروباری ڈویژنوں کے سربراہ بین الاقوامی اور قومی سطح پر موجود خطرات سے نمٹنے کے لیے ایک مربوط نقطہ نظر تشکیل دینے کے لیے باقاعدہ وقفوں سے ملتے ہیں۔

کاروباری خطرات:

کمپنی کو درج ذیل کاروباری خطرات کا سامنا ہے:

خام مال اور قیمت:

کپاس کی سپلائی اور قیمت مقامی اور بین الاقوامی کپاس کی منڈیوں کی فطرت اور طلب کی حرکیات کے تابع ہے۔ کپاس کی عدم دستیابی اور مقامی اور بین الاقوامی منڈیوں میں روئی کی قیمتوں میں اضافے کا خطرہ ہمیشہ رہتا ہے۔ کمپنی فصل کی کٹائی کے موسم کے آغاز پر کپاس کی بڑی تعداد میں خریداری کر کے اس خطرے کو کم کرتی ہے۔ ہمیں وبائی امراض، مسابقت اور بین الاقوامی منڈیوں میں اپنی مصنوعات کی مانگ میں کمی کے خطرے کا سامنا ہے۔ ہم صارفین کے ساتھ مضبوط تعلقات استوار کر کے، اپنے کسٹمر میں کو وسیع کر کے، معیار پر سمجھوتہ کیے بغیر جدید مصنوعات تیار کر کے اور صارفین کو بروقت ڈیلیوری فراہم کر کے اس خطرے کو کم کرتے ہیں۔



ڈائریکٹر رپورٹ برائے حصص یافتگان:

شروع اللہ کے نام سے جو نہایت مہربان اور رحم والا ہے۔

معزز حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022 کی ختم ہونے والے سال کے آڈٹ شدہ مالیاتی حسابات کے ساتھ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی شدہ سُرخیوں:

مالیاتی سال کے 30 جون 2022 کی مالیاتی نتائج کی جھلکیاں درج ذیل ہیں:

روپے ہزار میں

| تفصیلات | 2021 | 2022 |
|-------------------|------------|------------|
| آمدنی | 17,402,936 | 27,332,542 |
| مجموعی منافع | 3,331,967 | 6,160,703 |
| قبل از ٹیکس منافع | 2,142,406 | 4,087,925 |
| ٹیکس | 330,726 | 426,405 |
| سال کا منافع | 1,811,680 | 3,661,520 |

ڈویڈنڈ:

کمپنی کی آمدنی اور لیکویڈٹی کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 16 ستمبر 2022 میں حتمی نقد ڈویڈنڈ 2 روپیہ فی شیئر (20%) برائے مالیاتی سال 2022 منظور کیا ہے۔ مقابلاً پچھلے سال حتمی نقد ڈویڈنڈ 1.5 روپیہ فی شیئر (15%) تھا۔

آمدنی فی شیئر:

نی شیئر آمدنی برائے مالیاتی سال 30 جون 2022 میں 35.79 روپے فی شیئر رہی۔ مقابلاً پچھلے سال کی فی شیئر آمدن 17.71 روپے فی شیئر تھی۔

کارپوریٹ گورننس سے ہم آہنگی:

جے کے سٹینگ ملز لمیٹڈ بغیر کسی رعایت کے کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم ہے۔ ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کمپنی کوڈ آف کارپوریٹ گورننس کی دفعات کے مطابق ہے جیسا کہ ایس ای سی پی کی ضرورت ہے اور اسٹاک ایکسچینج کی فہرست سازی کے ضوابط کے حصے کے طور پر تشکیل دیا گیا ہے۔ آڈیٹرز کے کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان پر جائزہ رپورٹ اس رپورٹ کے ساتھ منسلک ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان حسب ذیل ہے:

• کمپنی کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی اسٹیٹمنٹ شفافیت کے ساتھ کمپنی کے اسٹیٹمنٹ آف فیچرز، آپریشنز کے نتائج، کیش کا بہاؤ اور ایکویٹی کی تبدیلیوں کو پیش کرتی ہے۔

• کمپنی اکاؤنٹس کی کتب کو باقاعدہ برقرار رکھتی ہے۔

• مالیاتی اسٹیٹمنٹ کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مسلسل لاگو کی گئی اور اکاؤنٹنگ اسٹیٹمنٹس معقول اور دانشمندانہ اندازوں اور فیصلوں پر مبنی ہیں۔

• پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کا مالیاتی اسٹیٹمنٹس کی تیاری میں عمل درآمد کیا گیا ہے اور جہاں لاگو نہیں ہوتے وہاں ان کو ظاہر کر دیا گیا ہے۔

• اندرونی کنٹرول کا نظام بہترین انداز میں مرتب اور لاگو کیا گیا ہے اور ساتھ ساتھ اس کی اندرونی آڈٹ کے ذریعے باقاعدہ نگرانی بھی کی جاتی ہے تاکہ یہ اندرونی کنٹرول اور زیادہ مضبوط ہوں۔

• کمپنی کے مسلسل چلنے کی اہلیت پر کوئی شک نہیں کیا جاسکتا۔

• کارپوریٹ گورننس کی بہترین مشقیں جو لسٹنگ ریگولیشنز میں بیان کی گئی ہیں ان کی کوئی خلاف ورزی نہیں کی گئی۔

• پچھلے سال کے مقابلے میں کمپنی کے آپریشنز میں بڑی تبدیلیاں، بڑے پیمانے پر اور آنے والے دنوں کے منافع کے منصوبے چیرمین کی جائزہ رپورٹ میں بیان کئے گئے ہیں۔

Vertical Analysis

| | 2022 | | 2021 | | 2020 | | 2019 | | 2018 | | 2017 | |
|--------------------------------|------------|---------|------------|---------|------------|---------|------------|---------|------------|---------|------------|---------|
| | Rs. in 000 | % | Rs. in 000 | % | Rs. in 000 | % | Rs. in 000 | % | Rs. in 000 | % | Rs. in 000 | % |
| BALANCE SHEET | | | | | | | | | | | | |
| TOTAL EQUITY | 10,873,006 | 57% | 7,163,579 | 52% | 5,424,983 | 48% | 4,257,774 | 45% | 3,614,508 | 48% | 3,313,122 | 54% |
| NON-CURRENT LIABILITIES | 1,747,305 | 9% | 1,376,127 | 10% | 1,368,712 | 12% | 1,534,708 | 16% | 1,100,872 | 14% | 434,955 | 7% |
| CURRENT LIABILITIES | 6,597,201 | 34% | 5,347,334 | 39% | 4,458,020 | 40% | 3,703,011 | 39% | 2,878,444 | 38% | 2,336,771 | 38% |
| TOTAL LIABILITIES | 8,344,506 | 43% | 6,723,461 | 48% | 5,826,732 | 52% | 5,237,719 | 55% | 3,979,316 | 52% | 2,771,726 | 46% |
| TOTAL EQUITY AND LIABILITIES | 19,217,512 | 100% | 13,887,040 | 100% | 11,251,715 | 100% | 9,495,493 | 100% | 7,593,824 | 100% | 6,084,848 | 100% |
| ASSETS | | | | | | | | | | | | |
| NON-CURRENT ASSETS | 7,224,150 | 38% | 5,501,678 | 40% | 4,578,730 | 41% | 4,347,489 | 46% | 3,570,629 | 47% | 2,801,490 | 46% |
| CURRENT ASSETS | 11,993,362 | 62% | 8,385,362 | 60% | 6,672,985 | 59% | 5,148,004 | 54% | 4,023,195 | 53% | 3,283,358 | 54% |
| TOTAL ASSETS | 19,217,512 | 100% | 13,887,040 | 100% | 11,251,715 | 100% | 9,495,493 | 100% | 7,593,824 | 100% | 6,084,848 | 100% |
| PROFIT AND LOSS ACCOUNT | | | | | | | | | | | | |
| SALES | 27,332,542 | 100.00% | 17,402,936 | 100.00% | 14,827,225 | 100.00% | 13,687,117 | 100.00% | 9,901,857 | 100.00% | 9,049,707 | 100.00% |
| COST OF SALES | 21,171,839 | 77.46% | 14,070,969 | 80.85% | 12,328,599 | 83.15% | 11,772,908 | 86.01% | 8,855,192 | 89.43% | 8,292,160 | 91.63% |
| GROSS PROFIT | 6,160,703 | 22.54% | 3,331,967 | 19.15% | 2,498,626 | 16.85% | 1,914,209 | 13.99% | 1,046,665 | 10.57% | 757,547 | 8.37% |
| DISTRIBUTION COST | 1,036,494 | 3.79% | 432,817 | 2.49% | 336,092 | 2.27% | 375,200 | 2.74% | 276,327 | 2.79% | 269,522 | 2.98% |
| ADMINISTRATIVE EXPENSES | 424,443 | 1.55% | 373,846 | 2.15% | 337,602 | 2.28% | 297,779 | 2.18% | 273,656 | 2.76% | 230,731 | 2.55% |
| OTHER OPERATING EXPENSES | 506,137 | 1.85% | 165,373 | 0.95% | 133,636 | 0.90% | 169,759 | 1.24% | 40,378 | 0.41% | 50,490 | 0.56% |
| | 1,967,074 | 7.20% | 972,036 | 5.59% | 807,330 | 5.44% | 842,738 | 6.16% | 590,361 | 5.96% | 550,743 | 6.09% |
| | 4,193,629 | 15.34% | 2,359,931 | 13.56% | 1,691,296 | 11.41% | 1,071,471 | 7.83% | 456,304 | 4.61% | 206,804 | 2.29% |
| OTHER OPERATING INCOME | 266,184 | 0.97% | 49,016 | 0.28% | 12,214 | 0.08% | 208,549 | 1.52% | 176,025 | 1.78% | 79,345 | 0.88% |
| PROFIT FROM OPERATIONS | 4,459,813 | 16.3% | 2,408,947 | 13.84% | 1,703,510 | 11.49% | 1,280,020 | 9.35% | 632,329 | 6.39% | 286,149 | 3.16% |
| FINANCE COST | 371,888 | 1.36% | 266,541 | 1.53% | 396,618 | 2.67% | 386,484 | 2.82% | 202,494 | 2.05% | 134,378 | 1.48% |
| PROFIT BEFORE TAXATION | 4,087,925 | 14.96% | 2,142,406 | 12.31% | 1,306,892 | 8.81% | 893,536 | 6.53% | 429,835 | 4.34% | 151,771 | 1.68% |
| PROVISION FOR TAXATION | 426,405 | 1.56% | 330,726 | 1.90% | 164,920 | 1.11% | 177,186 | 1.29% | 91,907 | 0.93% | 69,002 | 0.76% |
| PROFIT AFTER TAXATION | 3,661,520 | 13.40% | 1,811,680 | 10.41% | 1,141,972 | 7.70% | 716,350 | 5.23% | 337,928 | 3.41% | 82,769 | 0.91% |

Horizontal Analysis Based on Year 2017

| | 2022 | | 2021 | | 2020 | | 2019 | | 2018 | | 2017 | |
|--------------------------------|------------|-------|------------|-------|------------|-------|------------|------|------------|------|------------|------|
| | Rs. in 000 | % | Rs. in 000 | % | Rs. in 000 | % | Rs. in 000 | % | Rs. in 000 | % | Rs. in 000 | % |
| BALANCE SHEET | | | | | | | | | | | | |
| TOTAL EQUITY | 10,873,006 | 328% | 7,163,579 | 216% | 5,424,983 | 164% | 4,257,774 | 129% | 3,614,508 | 109% | 3,313,122 | 100% |
| NON-CURRENT LIABILITIES | 1,747,305 | 402% | 1,376,127 | 316% | 1,368,712 | 315% | 1,534,708 | 353% | 1,100,872 | 253% | 434,955 | 100% |
| CURRENT LIABILITIES | 6,597,201 | 282% | 5,347,334 | 229% | 4,458,020 | 191% | 3,703,011 | 158% | 2,878,444 | 123% | 2,336,771 | 100% |
| TOTAL LIABILITIES | 8,344,506 | 301% | 6,723,461 | 243% | 5,826,732 | 210% | 5,237,719 | 189% | 3,979,316 | 144% | 2,771,726 | 100% |
| TOTAL EQUITY AND LIABILITIES | 19,217,512 | 316% | 13,887,040 | 228% | 11,251,715 | 185% | 9,495,493 | 156% | 7,593,824 | 125% | 6,084,848 | 100% |
| ASSETS | | | | | | | | | | | | |
| NON-CURRENT ASSETS | 7,224,150 | 258% | 5,501,678 | 196% | 4,578,730 | 163% | 4,347,489 | 155% | 3,570,629 | 127% | 2,801,490 | 100% |
| CURRENT ASSETS | 11,993,362 | 365% | 8,385,362 | 255% | 6,672,985 | 203% | 5,148,004 | 157% | 4,023,195 | 123% | 3,283,358 | 100% |
| TOTAL ASSETS | 19,217,512 | 316% | 13,887,040 | 228% | 11,251,715 | 185% | 9,495,493 | 156% | 7,593,824 | 125% | 6,084,848 | 100% |
| PROFIT AND LOSS ACCOUNT | | | | | | | | | | | | |
| SALES | 27,332,542 | 302% | 17,402,936 | 192% | 14,827,225 | 164% | 13,687,117 | 151% | 9,901,857 | 109% | 9,049,707 | 100% |
| COST OF SALES | 21,171,839 | 255% | 14,070,969 | 170% | 12,328,599 | 149% | 11,772,908 | 142% | 8,855,192 | 107% | 8,292,160 | 100% |
| GROSS PROFIT | 6,160,703 | 813% | 3,331,967 | 440% | 2,498,626 | 330% | 1,914,209 | 253% | 1,046,665 | 138% | 757,547 | 100% |
| DISTRIBUTION COST | 1,036,494 | 385% | 432,817 | 161% | 336,092 | 125% | 375,200 | 139% | 276,327 | 103% | 269,522 | 100% |
| ADMINISTRATIVE EXPENSES | 424,443 | 184% | 373,846 | 162% | 337,602 | 146% | 297,779 | 129% | 273,656 | 119% | 230,731 | 100% |
| OTHER OPERATING EXPENSES | 506,137 | 1002% | 165,373 | 328% | 133,636 | 265% | 169,759 | 336% | 40,378 | 80% | 50,490 | 100% |
| | 1,967,074 | 357% | 972,036 | 176% | 807,330 | 147% | 842,738 | 153% | 590,361 | 107% | 550,743 | 100% |
| | 4,193,629 | 2028% | 2,359,931 | 1141% | 1,691,296 | 818% | 1,071,471 | 518% | 456,304 | 221% | 206,804 | 100% |
| OTHER OPERATING INCOME | 266,184 | 335% | 49,016 | 62% | 12,214 | 15% | 208,549 | 263% | 176,025 | 222% | 79,345 | 100% |
| PROFIT FROM OPERATIONS | 4,459,813 | 1559% | 2,408,947 | 842% | 1,703,510 | 595% | 1,280,020 | 447% | 632,329 | 221% | 286,149 | 100% |
| FINANCE COST | 371,888 | 277% | 266,541 | 198% | 396,618 | 295% | 386,484 | 288% | 202,494 | 151% | 134,378 | 100% |
| PROFIT BEFORE TAXATION | 4,087,925 | 2693% | 2,142,406 | 1412% | 1,306,892 | 861% | 893,536 | 589% | 429,835 | 283% | 151,771 | 100% |
| PROVISION FOR TAXATION | 426,405 | 618% | 330,726 | 479% | 164,920 | 239% | 177,186 | 257% | 91,907 | 133% | 69,002 | 100% |
| PROFIT AFTER TAXATION | 3,661,520 | 4424% | 1,811,680 | 2189% | 1,141,972 | 1380% | 716,350 | 865% | 337,928 | 408% | 82,769 | 100% |

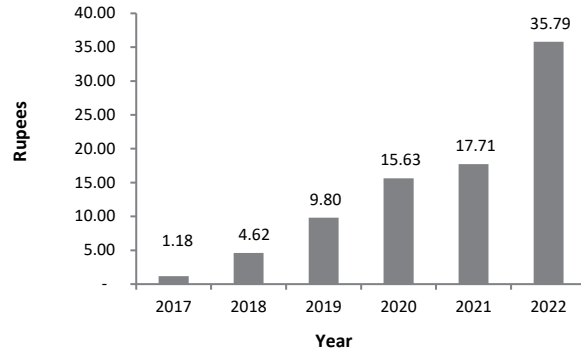


Key Operating and Financial Results

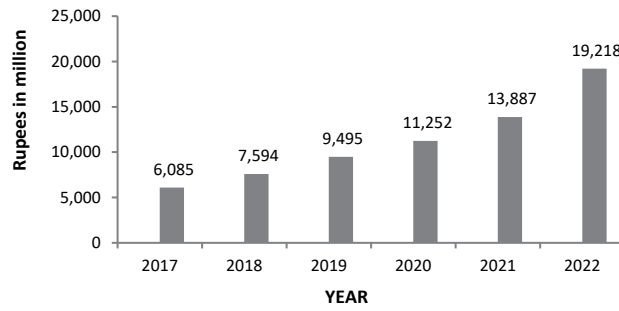
for last six years

| PARTICULARS | RUPEES in 000 | | | | | | |
|---|-------------------|-------------------|-------------------|------------------|------------------|------------------|--------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | |
| SUMMARIZED BALANCE SHEET | | | | | | | |
| NON-CURRENT ASSETS | | | | | | | |
| Property, Plant And Equipment | 7,170,940 | 5,418,923 | 4,518,840 | 4,321,763 | 3,529,328 | 2,783,776 | |
| Long Term Loans | - | - | - | - | - | - | |
| Other Non-Current Assets | 53,210 | 82,755 | 59,890 | 25,726 | 41,301 | 17,714 | |
| CURRENT ASSETS | | | | | | | |
| Stores, Spares And Loose Tools | 204,533 | 142,424 | 104,773 | 86,635 | 95,448 | 73,172 | |
| Stock In Trade | 6,911,108 | 5,809,836 | 4,805,601 | 3,746,854 | 2,461,185 | 1,925,999 | |
| Trade Debts | 3,049,876 | 1,697,846 | 1,267,348 | 786,273 | 867,009 | 688,176 | |
| Other Current Assets | 1,827,845 | 735,256 | 495,263 | 528,242 | 599,553 | 596,011 | |
| TOTAL ASSETS | 19,217,512 | 13,887,040 | 11,251,715 | 9,495,493 | 7,593,824 | 6,084,848 | |
| Share Holders' Equity | 10,275,587 | 6,767,543 | 5,028,947 | 4,033,143 | 3,389,877 | 3,088,491 | |
| Surplus on Revaluation of Operating Fixed Assets | 597,419 | 396,036 | 396,036 | 224,631 | 224,631 | 224,631 | |
| NON-CURRENT LIABILITIES | | | | | | | |
| Long Term Financing | 1,509,663 | 1,131,883 | 1,087,110 | 1,191,883 | 871,639 | 281,457 | |
| Director's Loan | - | - | - | - | - | - | |
| Liabilities Against Assets Subject To Finance Lease | - | 10,078 | 25,084 | 41,777 | 24,174 | - | |
| Deferred Tax | 212,220 | 231,949 | 228,902 | 274,815 | 178,714 | 131,574 | |
| Other Non-Current Liabilities | 25,422 | 2,217 | 27,616 | 26,233 | 26,345 | 21,924 | |
| CURRENT LIABILITIES | | | | | | | |
| Short Term Borrowings | 3,919,863 | 3,816,833 | 3,173,375 | 2,644,848 | 2,097,994 | 1,730,524 | |
| Current Portion Of Long Term Liabilities | 564,323 | 591,354 | 380,927 | 255,241 | 240,174 | 186,506 | |
| Other Current Liabilities | 2,113,015 | 939,147 | 903,718 | 802,922 | 540,276 | 419,741 | |
| Total Equity And Liabilities | 19,217,512 | 13,887,040 | 11,251,715 | 9,495,493 | 7,593,824 | 6,084,848 | |
| PROFIT & LOSS | | | | | | | |
| Sales | 27,332,542 | 17,402,936 | 14,827,225 | 13,687,117 | 9,901,857 | 9,049,707 | |
| Gross Profit | 6,160,703 | 3,331,967 | 2,498,626 | 1,914,209 | 1,046,665 | 757,547 | |
| EBITDA | 4,949,995 | 2,821,796 | 2,117,946 | 1,618,191 | 919,136 | 544,646 | |
| Profit From Operations | 4,459,813 | 2,408,947 | 1,703,510 | 1,280,020 | 632,329 | 286,149 | |
| Profit Before Tax | 4,087,925 | 2,142,406 | 1,306,892 | 893,536 | 429,835 | 151,771 | |
| Profit After Tax | 3,661,520 | 1,811,680 | 1,141,972 | 716,350 | 337,928 | 82,769 | |
| CASH FLOWS | | | | | | | |
| Cash Flow From Operating Activities | 2,680,369 | 483,835 | 37,203 | 396,078 | (17,843) | (7,742) | |
| Cash Flow From Investing Activities | (2,961,622) | (1,279,971) | (406,053) | (1,177,132) | (1,005,947) | (304,129) | |
| Cash Flow From Financing Activities | 313,501 | 809,690 | 386,658 | 826,766 | 962,781 | 332,678 | |
| Changing In Cash & Cash Equivalents | 32,248 | 13,554 | 17,808 | 45,712 | (61,009) | 20,807 | |
| Cash & Cash Equivalents - Year End | 137,357 | 105,109 | 91,555 | 73,747 | 28,035 | 89,044 | |
| PROFITABILITY RATIOS | | | | | | | |
| Gross Profit | % | 22.54 | 19.15 | 16.85 | 13.99 | 10.57 | 8.37 |
| EBITDA To Sales | % | 18.11 | 16.21 | 14.28 | 11.82 | 9.28 | 6.02 |
| Pre Tax Profit | % | 14.96 | 12.31 | 8.81 | 6.53 | 4.34 | 1.68 |
| After Tax Profit | % | 13.40 | 10.41 | 7.70 | 5.23 | 3.41 | 0.91 |
| Return On Equity | % | 35.63 | 26.77 | 22.71 | 17.76 | 9.97 | 2.68 |
| Return On Capital Employed | % | 31.07 | 22.93 | 18.67 | 13.71 | 7.93 | 2.46 |
| Dividend Rate (Cash) | % | 20.00 | 15.00 | 10.00 | 20.00 | 10.00 | 5.00 |
| Leverage Ratio | | 0.58 | 0.82 | 0.93 | 1.02 | 0.95 | 0.71 |
| LIQUIDITY RATIOS | | | | | | | |
| Current Ratio | Times | 1.82 | 1.57 | 1.50 | 1.39 | 1.40 | 1.41 |
| Quick Ratio | Times | 0.74 | 0.46 | 0.40 | 0.35 | 0.51 | 0.55 |
| Cash To Current Liabilities | Times | 0.02 | 0.02 | 0.02 | 0.02 | 0.01 | 0.04 |
| Cash Flows From Operation To Sales | Times | 0.10 | 0.03 | 0.00 | 0.03 | (0.00) | (0.00) |
| Debt To EBITDA | Times | 1.21 | 1.97 | 2.20 | 2.55 | 3.52 | 4.04 |
| EBITDA To Debt | Times | 0.83 | 0.51 | 0.45 | 0.39 | 0.28 | 0.25 |
| Debt Service Coverage Ratio (DSCR) | Times | 5.29 | 3.29 | 2.72 | 2.52 | 2.08 | 1.70 |
| Intrest Coverage Ratio (ICR) | Times | 11.99 | 9.04 | 4.30 | 3.31 | 3.12 | 2.13 |

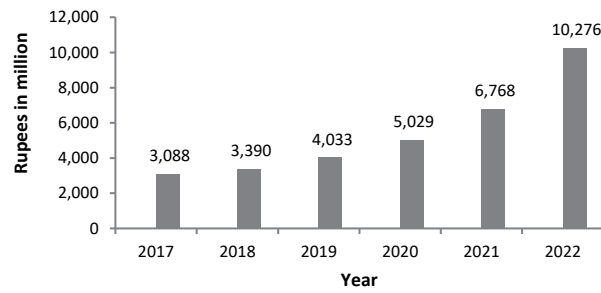
EPS-basic



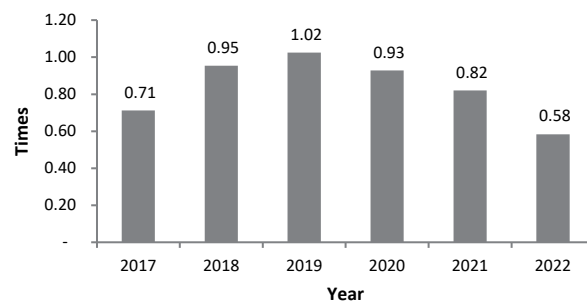
Total assets



Share capital & reserves



Leverage ratio





Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended June 30, 2022

Name of Company: J. K. Spinning Mills Limited
Year Ended: June 30, 2022

The Company has complied with the requirements of the following manner:

1. The total number of Directors are seven (7) as per the following:

| Gender | Number |
|--------|----------|
| Male | 5 (Five) |
| Female | 2 (Two) |

2. The composition of Board is as follows:

| Category | Names |
|-------------------------|--|
| Independent Directors | Mr. Rehan Ashfaq Mr. Mamoor Ijaz |
| Non-Executive Directors | Mr. Jawed Anwar |
| Executive Directors | Mr. Faiq Jawed Mr. Shaiq Jawed |
| Female Directors | Mrs. Farhat Jehan (Non-executive) Mrs. Sadaf Aamir Arshad (Non-executive) |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. 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;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company;
6. 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 Act and these Regulations;
7. 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Five of the seven board members have either completed directors' training programme or are exempt due to the criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies. The remaining directors will complete the training in next financial year.
10. The Board has approved appointment of chief financial officer, 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. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed following committees comprising of members as given below:

| | |
|----------------------------------|--|
| a) Audit Committee | Mr. Rehan Ashfaq, Chairman Mrs. Farhat Jehan, Member Mrs. Sadaf Aamir Arshad, Member |
| b) HR and Remuneration Committee | Mr. Mamoor Ijaz, Chairman Mr. Shaiq Jawed, Member Mrs. Sadaf Aamir Arshad, Member |
| c) Nomination Committee | Mr. Jawed Anwar, Chairman Mr. Shaiq Jawed, Member Mr. Faiq Jawed, Member |
| d) Risk Management Committee | Mr. Faiq Jawed, Chairman Mr. Shaiq Jawed, Member Mr. Rehan Ashfaq Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2021

a) **Audit Committee:**

Four meetings of Audit Committee were held during the financial year ended June 30, 2022.

b) **HR and Remuneration Committee:**

Two meetings of HR and Remuneration Committee was held during the financial year ended June 30, 2022.

c) **Nomination Committee and Risk Management Committee:**

No meeting was held of Nomination Committee and Risk Management Committee because their constitution was made in April 2022.

15. The Board has set up an effective internal audit function, which are considered suitably qualified and experienced for the purpose and are 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief finance officer, head of internal audit, company secretary or director of the company;

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 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with, except for the independent directors in which fraction is not rounded up as one because the fraction (0.33) was less than 0.5.

ON BEHALF OF THE BOARD OF DIRECTORS



JAWED ANWAR
Chairman



FAIQ JAWED
Chief Executive Officer

Date: September 16, 2022

Faisalabad



Independent Auditor's Review Report To the members of J.K. Spinning Mills Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of J.K. Spinning Mills Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 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. 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.

Based on our review, 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 30 June 2022.

RIAZ AHMAD & COMPANY
Chartered Accountants

Place: Faisalabad

Date: September 24, 2022

UDIN: CR202210184SZxfyntPo

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 36TH ANNUAL GENERAL MEETING OF THE MEMBERS OF J. K. SPINNING MILLS LIMITED WILL BE HELD ON TUESDAY 25 OCTOBER, 2022 AT 11.00 A.M. AT 29 K.M, SHEIKHUPURA ROAD, KHURRIANWALA, FAISALABAD, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To confirm the minutes of 35th Annual General Meeting held on 28th October, 2021.
2. To receive, consider and adopt the Annual Audited Accounts along with the reports of Directors and Auditors of the company for the year ended 30th June, 2022.
3. To consider, approve and declare Final Cash Dividend at Rs. 2/- per share @ 20 % to Ordinary Share Holders for the year ended 30th June, 2022 as recommended by the Board of Directors.
4. To appoint Auditors for the year 2022-2023 and fix their remuneration. The present Auditors M/s Riaz Ahmad and Company, Chartered Accountants, being eligible, has offered themselves for reappointment.

SPECIAL BUSINESS:

5. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2022 by passing the following special resolution with or without modification:

"RESOLVED THAT the transactions conducted with Related Parties as disclosed in the Note 40 of the financial statements for the year ended June 30, 2022 and specified in the Statement of Material Information under Section 134 (3) be and are hereby ratified, approved and confirmed."

6. To authorize the Board of Directors of the Company to approve Transactions with Related Parties and for sale and purchase of Goods / Services to / from J.K. Tech (Pvt.) Limited, up to Rs. 200 million , J.K. Agriculture Farms (Pvt.) Limited, up to Rs. 100 million and Fine Fabrics (Pvt.) Limited, up to Rs. 350 million - associated companies for the year ending June 30, 2023 by passing the following Special resolution with or without modification:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2023."

"RESOLVED FURTHER THAT these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification / approval."

ANYOTHER BUSINESS:

7. To transact any other business with the permission of chair.

(Attached to this Notice is a Statement of Material Facts covering the above mentioned Special Business, as required under Section 134 (3) of the Companies Act, 2017).

BY THE ORDER OF THE BOARD

FAISALABAD:

Dated: Septemeber 16, 2022

SYED HUSSAIN SHAHID MANSOOR NAQVI
COMPANY SECRETARY

NOTES:

1. **CLOSURE OF SHARE TRANSFER BOOKS:**
The Share Transfer Books of the Company will remain closed from 18 October 2022 to 25 October 2022 (both days inclusive). Transfers received at the Company's Share Registrar, M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on 17 October 2022 will be treated in time for the purpose of above entitlement to the transferees.



Notice of Annual General Meeting

2. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 6 dated March 03, 2021 has allowed listed companies to arrange participation of shareholders in Annual General Meeting through Video Link Facility in addition to physical attendance by the members as well.

Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number and Number of Shares held in their name with subject "Registration for J. K. Spinning Mills Limited AGM - 2022" along with valid copy of both sides of Computerized National Identify Card (CNIC) at jkgroup@jkgroup.net. The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

A member entitled to attend and vote at this meeting is also entitled to appoint another member, as a proxy to attend and vote on his/her behalf. In order the proxy to be valid, the instrument of proxy and the power of attorney or any other authority, under which it is signed, must be shared through e- mail on jkgroup@jkgroup.net not less than 48 hours before the time of AGM. The Proxy form is annexed.

All CDC accountholders shall authenticate their identity by showing original CNIC at the time of attending meeting. In the case of a corporate entity, a certified copy of the resolution of Board of Directors / valid Power of Attorney, having the name and specimen signature of the nominee should be produced at the time of meeting.

Only those persons whose names appear in the Register of Members of the Company as at 17 October 2022 are entitled to attend and vote at the Annual General Meeting

3. WITHHOLDING TAX ON DIVIDEND:

Under Section 150 of the Income Tax Ordinance, 2001 following rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

- | | |
|--|-----|
| a. Persons appearing in the Active Taxpayers' list (ATL) | 15% |
| b. Persons not appearing in the Active Taxpayers' list (ATL) | 30% |

Members whose names does not appear in the Active Tax Payers List (ATL) provided on the website of FBR (despite the fact that they are filers) are advised to make sure that their names are entered into ATL to avoid higher tax deductions against any future payment of dividend.

In case of joint shareholders, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder or as may be notified by the shareholders in writing to our share registrar. In case no such notification is received, then each shareholder shall be assumed to have an equal number of shares.

4. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption / reduced rate certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

5. ELECTRONIC DIVIDEND MANDATE:

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividend directly into their bank accounts, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar, M/s. CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

6. SUBMISSION OF VALID CNIC:

Pursuant to the SECP directives the dividend of shareholders whose valid CNICs are not available with the

Notice of Annual General Meeting

Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNIC immediately, if already not provided, to the Company's Share Registrar without any further delay.

7. TRANSFER OF PHYSICAL SHARES TO CDC ACCOUNT:

Pursuant to the section 72 of the Companies Act, 2017 listed companies are required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the date of promulgation of the Act.

The Shareholders who hold physical shares are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

8. ELECTRONIC VOTING:

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

9. CONSENT FOR VIDEO CONFERENCING FACILITY:

Pursuant to Section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please submit such request to the Company Secretary at mansoornaqvi@jkgroup.net.

| Folio/CDS ID/ A/C # | Total Shares | Principal Shareholder | | Joint Shareholder | |
|------------------------|--------------|-----------------------|---|----------------------|---|
| | | Name and CNIC No. | Shareholding proportion (No. of Shares) | Name and CNIC No. | Shareholding proportion (No. of Shares) |
| | | | | | |

10. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES:

Pursuant to notification vide SRO 787(1)/2014 dated 8 September 2014, the SECP has directed all companies to circulate annual financial statements and notices of annual/extraordinary general meetings through Email/CD/DVD or any other media to their shareholders at their registered addresses. Shareholders, who wish to receive the hardcopy of the annual financial statements, shall email at jkgroup@jkgroup.net. The same shall be provided to the shareholders free of cost within seven days of receipt of such request. The financial statements of the Company for the year ended 30 June 2022 have been placed on the Company's website: www.jkgroup.net

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

1. Item Number 5 of the Notice - Ratification and approval of the related party transactions carried out during the year ended June 30, 2022.

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the listed Companies (Code of Corporate Governance) Regulations, 2019.

However, during the year since Company's Directors were interested in certain transactions due to their common directorships in the associated companies, therefore, common directors did not participate for approval of these transactions pursuant to section 207 of the Companies Act, 2017. During the 35th Annual General Meeting of the Company, in order to promote transparent business practices, the shareholders had authorized the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ended June 30, 2022 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in next AGM for their formal approval ratification.



Notice of Annual General Meeting

Accordingly, these transactions are being placed before the AGM for the formal approval ratification by shareholders.

All transactions with related parties to be ratified have been disclosed in the Note 40 to the financial statement for the year ended June 30, 2022. Party-wise details of such related party transactions are given below:

| Name of Related Party | Relationship with the company | Transaction Type | PKR in '000' |
|-----------------------------------|---|----------------------------|--------------|
| J. K. Tech (Private) Limited | Associated | Service charges paid | 2,280 |
| | | Rental income | 1,920 |
| | | Expenses paid & Reimbursed | 276 |
| Employees' Provident Fund Trust | Post-employment benefit plan | Contribution made | 39,761 |
| C.E.O/Directors and their Spouses | Members of Board of Directors and their relatives | Dividend paid | 145,075 |
| Executives | Key Management Personnel | Dividend paid | 13 |
| | | Vehicles Sold | 4,458 |

The Company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to "transactions with related parties" in the normal course of business. All transactions entered into with related parties require the approval of the Board's Audit Committee of the Company, which is chaired by an independent director of the company. Upon the recommendation of the Board's Audit Committee, such transactions are placed before the Board of Directors for approval.

Transactions entered into with the related parties include, service charges paid / rental income recovered, dividends, loan repaid to directors and investments made (in accordance with the approval of shareholders and board where applicable).

The nature of relationship with these related parties has also been indicated in the Note 40 to the financial statement for the year ended June 30, 2022. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

2. Item Number 6 of the Notice - Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2023.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2023 on an arm's length basis as per the approved policy with respect to "transactions with related parties" in the normal course of business. The Directors are interested in these transactions due to their common directorship in the associated companies and other related parties. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2023, which transactions shall be deemed to be approved by the shareholders. These transactions shall be placed before the shareholders in the next AGM for their formal approval / ratification.

The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

Financial Statements

For the Year Ended June 30, 2022



Independent Auditors' Report

To the members of J.K. SPINNING MILLS LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of J.K. Spinning Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of 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 and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of 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 30 June 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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 Auditor's 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.

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 period. 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:

| Key Audit Matters | How the matter was addressed in our audit |
|---|---|
| <p>1. Inventory existence and valuation</p> <p>As at 30 June 2022, inventories are stated at Rupees 7,115.641 million, break up of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 204.533 million - Stock in trade of Rupees 6,911.108 million <p>Inventories are stated at lower of cost and net realizable value.</p> | <p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"> ▪ To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. |

Auditors' Report to the Members

| Key Audit Matters | How the matter was addressed in our audit |
|---|---|
| <p>We identified existence and valuation of inventories as a key audit matter due to its size, representing 37.03% of total assets of the Company as at 30 June 2022, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories (Note 2.12 to the financial statements). - Stores, spare parts and loose tools (Note 18) and Stock in trade (Note 19) to the financial statements. | <ul style="list-style-type: none"> ▪ For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. ▪ On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. ▪ In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. ▪ We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. ▪ We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements. |
| <p>2. Capital expenditure</p> | |
| <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among others, the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Property, Plant, Equipment (Note 2.7 to the financial statements). - Property, Plant and Equipment (Note 14 to the financial statements). | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ▪ We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. ▪ We evaluated the appropriateness of capitalization policies and depreciation rates. ▪ We performed tests of details on costs capitalized. ▪ We verified the accuracy of management's calculation used for the impairment testing. |



Auditors' Report to the Members

| | |
|--|---|
| 3. Revenue recognition | |
| <p>The Company recognized revenue of Rupees 27,332.542 million for the year ended 30 June 2022.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.15 to the financial statements). - Revenue from contracts with customers (Note 27 to the financial statements). | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. ▪ We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. ▪ We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. ▪ We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. ▪ We also considered the appropriateness of disclosures in the financial statements. |

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's 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 are responsible for overseeing the Company's financial reporting process.

Auditors' Report to the Members

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 period and are therefore the key audit matters. We describe these matters in our auditor's 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.



Auditors' Report to the Members

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, the statement of 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Company for the year ended 30 June 2021 were audited by another firm of Chartered Accountants whose auditor's report dated 29 September 2021 expressed unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

RIAZ AHMAD & COMPANY
Chartered Accountants

Place: Faisalabad

Date: September 24, 2022

UDIN: AR202210184vQjpyqGTb

Statement of Financial Position

As at June 30, 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|------|------------------------------|-------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 200 000 000 (2021: 200 000 000) ordinary ordinary shares of Rs.10/- each | | 2,000,000 | 2,000,000 |
| Issued, subscribed and paid up share capital | 3 | 1,023,175 | 1,023,175 |
| Reserves | | | |
| Merger reserve | | 289,636 | 289,636 |
| Premium on issue of right shares | 4.1 | 60,904 | 60,904 |
| Surplus on revaluation of freehold land | 4.2 | 597,419 | 396,036 |
| | | 947,959 | 746,576 |
| Revenue reserve - unappropriated profit | | 8,901,872 | 5,393,828 |
| Total reserves | | 9,849,831 | 6,140,404 |
| TOTAL EQUITY | | 10,873,006 | 7,163,579 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 5 | 1,509,663 | 1,131,883 |
| Lease liabilities | 6 | - | 10,078 |
| Deferred income - government grant | 7 | 25,422 | 2,217 |
| Deferred income tax liability | 8 | 212,220 | 231,949 |
| | | 1,747,305 | 1,376,127 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 1,935,292 | 870,931 |
| Accrued mark-up | 10 | 43,491 | 43,051 |
| Short term borrowings | 11 | 3,919,863 | 3,816,833 |
| Unclaimed dividend | | 688 | 617 |
| Current portion of non-current liabilities | 12 | 564,323 | 591,354 |
| Provision for taxation - net | | 133,544 | 24,548 |
| | | 6,597,201 | 5,347,334 |
| TOTAL LIABILITIES | | 8,344,506 | 6,723,461 |
| CONTINGENCIES AND COMMITMENTS | 13 | - | - |
| TOTAL EQUITY AND LIABILITIES | | 19,217,512 | 13,887,040 |

The annexed notes from 1 to 50 form an integral part of these financial statements.


Jawed Anwar
Chairman


Faiq Nawad
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer



Statement of Financial Position

As at June 30, 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|-------------------------------------|------|------------------------------|-------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 14 | 7,170,940 | 5,418,923 |
| Right-of-use assets | 15 | 29,774 | 59,319 |
| Long term investment | 16 | - | - |
| Long term deposits | 17 | 23,436 | 23,436 |
| | | 7,224,150 | 5,501,678 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | 18 | 204,533 | 142,424 |
| Stock-in-trade | 19 | 6,911,108 | 5,809,836 |
| Trade debts | 20 | 3,049,876 | 1,697,846 |
| Advances | 21 | 135,718 | 116,479 |
| Short term deposits and prepayments | 22 | 2,758 | 5,862 |
| Other receivables | 23 | 35,532 | 97,614 |
| Sales tax refundable | 24 | 529,206 | 367,968 |
| Short term investments | 25 | 987,274 | 42,224 |
| Cash and bank balances | 26 | 137,357 | 105,109 |
| | | 11,993,362 | 8,385,362 |
| TOTAL ASSETS | | 19,217,512 | 13,887,040 |


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer

Statement of Profit or Loss

For the Year ended June 30, 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|--|------|------------------------------|------------------|
| Revenue from contracts with customers | 27 | 27,332,542 | 17,402,936 |
| Cost of sales | 28 | (21,171,839) | (14,070,969) |
| Gross profit | | 6,160,703 | 3,331,967 |
| Distribution cost | 29 | (1,036,494) | (432,817) |
| Administrative expenses | 30 | (424,443) | (373,846) |
| Other expenses | 31 | (506,137) | (165,373) |
| | | (1,967,074) | (972,036) |
| | | 4,193,629 | 2,359,931 |
| Other income | 32 | 266,184 | 49,016 |
| Profit from operations | | 4,459,813 | 2,408,947 |
| Finance cost | 33 | (371,888) | (266,541) |
| Profit before taxation | | 4,087,925 | 2,142,406 |
| Taxation | 34 | (426,405) | (330,726) |
| Profit after taxation | | 3,661,520 | 1,811,680 |
| Earnings per share - basic and diluted (rupees) | 35 | 35.79 | 17.71 |

The annexed notes from 1 to 50 form an integral part of these financial statements.


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer



Statement of Comprehensive Income

For the Year ended June 30, 2022

| | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|------------------------------|------------------|
| PROFIT AFTER TAXATION | 3,661,520 | 1,811,680 |
| OTHER COMPREHENSIVE INCOME: | | |
| Items that will not be reclassified to statement of profit or loss in subsequent periods: | | |
| Surplus on revaluation of freehold land | 201,383 | - |
| Items that may be reclassified to statement of profit or loss in subsequent periods | - | - |
| Other comprehensive income for the year | 201,383 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 3,862,903 | 1,811,680 |

The annexed notes from 1 to 50 form an integral part of these financial statements.


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer

Statement of Changes in Equity

For the Year ended June 30, 2022

| | Reserves | | | | | | | Total | Total equity |
|---|------------------|----------------------------------|---|-----------|-----------------------|-----------|-----------|------------|--------------|
| | Capital reserves | | | | Revenue reserve | Total | | | |
| | Merger reserve | Premium on issue of right shares | Surplus on revaluation of freehold land | Sub Total | Unappropriated profit | | | | |
| ----- (RUPEES IN THOUSAND) ----- | | | | | | | | | |
| Balance as at 01 July 2020 | 730,839 | 289,636 | 60,904 | 396,036 | 746,576 | 3,947,568 | 4,694,144 | 5,424,983 | |
| Transactions with owners: | | | | | | | | | |
| Final dividend for the year ended 30 June 2020 at the rate of Rupee 1 per share | - | - | - | - | - | (73,084) | (73,084) | (73,084) | |
| Bonus shares issued | 292,336 | - | - | - | - | (292,336) | (292,336) | - | |
| Profit for the year | - | - | - | - | - | 1,811,680 | 1,811,680 | 1,811,680 | |
| Other comprehensive income for the year | - | - | - | - | - | - | - | - | |
| Total comprehensive income for the year | - | - | - | - | - | 1,811,680 | 1,811,680 | 1,811,680 | |
| Balance as at 30 June 2021 | 1,023,175 | 289,636 | 60,904 | 396,036 | 746,576 | 5,393,828 | 6,140,404 | 7,163,579 | |
| Transactions with owners: | | | | | | | | | |
| Final dividend for the year ended 30 June 2021 at the rate of Rupees 1.50 per share | - | - | - | - | - | (153,476) | (153,476) | (153,476) | |
| Profit for the year | - | - | - | - | - | 3,661,520 | 3,661,520 | 3,661,520 | |
| Other comprehensive income | - | - | - | 201,383 | 201,383 | - | 201,383 | 201,383 | |
| Total comprehensive income for the year | - | - | - | 201,383 | 201,383 | 3,661,520 | 3,862,903 | 3,862,903 | |
| Balance as at 30 June 2022 | 1,023,175 | 289,636 | 60,904 | 597,419 | 947,959 | 8,901,872 | 9,849,831 | 10,873,006 | |

The annexed notes from 1 to 50 form an integral part of these financial statements.


Javed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer



Statement of Cash Flows

For the Year ended June 30, 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 (RUPEES IN THOUSAND) |
|---|------|------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 36 | 3,504,055 | 1,023,074 |
| Finance cost paid | | (364,739) | (248,869) |
| Markup paid against lease liabilities | | (1,813) | (3,162) |
| Income tax paid | | (337,138) | (182,117) |
| Net increase in long term deposits | | - | (34,271) |
| Workers' profit participation fund paid | | (119,996) | (70,820) |
| Net cash generated from operating activities | | 2,680,369 | 483,835 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on property, plant and equipment | | (2,022,743) | (1,305,370) |
| Proceeds from sale of property, plant and equipment | | 19,410 | 31,110 |
| Investments made | | (2,310,741) | (8,733) |
| Proceeds from sale of investments | | 1,352,452 | 3,022 |
| NET CASH USED IN INVESTING ACTIVITIES | | (2,961,622) | (1,279,971) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 954,563 | 685,163 |
| Repayment of long term financing | | (576,333) | (424,595) |
| Repayment of lease liabilities | | (14,354) | (21,319) |
| Short term borrowings - net | | 103,030 | 643,458 |
| Dividend paid | | (153,405) | (73,017) |
| NET CASH GENERATED FROM FINANCING ACTIVITIES | | 313,501 | 809,690 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 32,248 | 13,554 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | 105,109 | 91,555 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 26 | 137,357 | 105,109 |

The annexed notes from 1 to 50 form an integral part of these financial statements.


Javed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer

Notes to the Financial Statements

For the Year ended 30 June 2022

1. THE COMPANY AND ITS ACTIVITIES

J.K. Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 07 January 1987 under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017), and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 34-Falcon Enclave, Tufail Road, Lahore Cantt. The head office and factory premises of the Company are located at 29-Kilometers, Sheikhpura Road, Faisalabad. A sales office is located at Montgomery Bazar, Opposite Habib Bank Limited, Near Clock Tower, Faisalabad while a godown is located at Dost Street, Maqbool Road, Faisalabad. The Company is engaged in business of textile manufacturing which comprises spinning, weaving, processing, stitching, buying, selling and otherwise dealing in yarn, fabrics and other goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) 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 (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 IFRSs and IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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. Information about the judgements made by the management in the application of accounting policies, that have the most significant affect on the amounts recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in the next year are as follows:



Notes to the Financial Statements

For the Year ended 30 June 2022

Useful lives, patterns of economic benefits and impairments

The estimate for revalued amount of freehold land is based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future might affect the carrying amount of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Allowance for Expected Credit Losses (ECLs)

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the 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 recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

- d) **Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

Notes to the Financial Statements

For the Year ended 30 June 2022

- IFRS 16 (Amendments) 'Leases'
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) **Amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) **Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as noncurrent by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:



Notes to the Financial Statements

For the Year ended 30 June 2022

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de-recognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 stated that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employees retirement benefit

The Company operates a recognized provident fund for all its permanent employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 8.33 percent of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the statement of profit or loss as and when incurred. Employees are eligible under the scheme on completion of prescribed qualifying period of service.

2.3 Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

Notes to the Financial Statements

For the Year ended 30 June 2022

2.5 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.6 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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 utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.7 Property, plant and equipment

a) Cost / Revalued amount

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except freehold land which is stated at revalued amount less any recognized impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period of qualifying assets and directly attributable costs of bringing the assets to working condition.

Increase in the carrying amount arising on revaluation of freehold land is recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decrease that reverses previous increase of the asset is first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repair and maintenance costs are charged to statement of profit or loss during the period in which these are incurred.



Notes to the Financial Statements

For the Year ended 30 June 2022

b) Depreciation

Depreciation on operating fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is de-recognized. Depreciation is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of operating fixed assets over their expected useful lives at the rates mentioned in Note 14.1.

The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

d) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.8 Leases

The Company assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, if any. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received and any initial direct costs incurred. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are recognized as expense on a straight-line basis over the lease term.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Notes to the Financial Statements

For the Year ended 30 June 2022

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.9 Ijarah contracts

Under the Ijarah contracts, the Company obtains usufruct of an asset for an agreed period and consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lesser) in the Ijarah contract recognizes the Ujrah (lease) payments as an expense in the statement of profit or loss on straight line lease over the Ijarah term.

2.10 Financial instruments

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when these are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured at Fair Value Through Profit or Loss (FVTPL), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value through profit or loss, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments with following measurement category:



Notes to the Financial Statements

For the Year ended 30 June 2022

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3). The Company classifies its equity instruments into following measurement category:

Fair Value Through Profit or Loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from equity investments are to be recognized in profit or loss when the Company's right to receive payments is established.

Financial liabilities

Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii) Impairment of financial assets

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Notes to the Financial Statements

For the Year ended 30 June 2022

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

iv) De-recognition of financial assets and financial liabilities

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.11 Investment in associate

An associate is an entity over which the Company has significant influence. Investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of profit or loss of the investee after the date of acquisition.



Notes to the Financial Statements

For the Year ended 30 June 2022

The Company's share of post acquisition profit or loss is recognized in the statement of profit or loss with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the associate.

Unrealized gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate are changed where necessary to ensure consistency with the policies adopted by the Company.

At each statement of financial position date, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investment has suffered an impairment loss. If any such indication exists the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized in the statement of profit or loss.

2.12 Inventories

Inventories, except for stock in transit and waste materials, are stated at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items-in-transit are stated at invoice amount plus other charges paid thereon.

Stock-in-trade

Stock of raw materials, except for stock-in-transit, is valued principally at weighted average cost.

Stocks-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Cost of work-in-process comprises of cost of estimated manufacturing cost including appropriate production overheads while cost of finished goods comprises of average manufacturing cost including appropriate production overheads.

Stock of waste materials is stated at net realizable value.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current and saving accounts along with other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.14 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. These are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowing using the effective interest method.

Notes to the Financial Statements

For the Year ended 30 June 2022

2.15 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Revenue is recognized when rent is accrued.

Dividend

Dividend on investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

iv) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.16 Trade debts and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.



Notes to the Financial Statements

For the Year ended 30 June 2022

2.17 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.18 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. These are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.19 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark-up and other charges are recognized in the statement of profit or loss.

2.20 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.21 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.22 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

Notes to the Financial Statements

For the Year ended 30 June 2022

2.23 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company's reportable business segments comprise of Spinning (Producing different quality of yarn using natural and artificial fibers) and Fabric (Buying yarn, fabric and selling after conversion and manufacturing of home textile articles).

Transactions among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

2.24 Earnings per share

The Company presents Earnings Per Share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.25 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.26 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.



Notes to the Financial Statements

For the Year ended 30 June 2022

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

| 2022 (NUMBER OF SHARES) | | 2021 (NUMBER OF SHARES) | | 2022 (RUPEES IN THOUSAND) | | 2021 (RUPEES IN THOUSAND) | |
|----------------------------|-------------|----------------------------|-------------|------------------------------|-----------|------------------------------|-----------|
| 26,424,155 | 26,424,155 | 26,424,155 | 26,424,155 | 264,241 | 264,241 | 264,241 | 264,241 |
| 45,947,600 | 45,947,600 | 45,947,600 | 45,947,600 | 459,476 | 459,476 | 459,476 | 459,476 |
| 29 945 747 | 29 945 747 | 29 945 747 | 29 945 747 | 299,458 | 299,458 | 299,458 | 299,458 |
| 102 317 502 | 102 317 502 | 102 317 502 | 102 317 502 | 1,023,175 | 1,023,175 | 1,023,175 | 1,023,175 |

| | | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 (RUPEES IN THOUSAND) |
|---|-----|------|------------------------------|------------------------------|
| 4. CAPITAL RESERVES | | | | |
| Merger reserves | | | 289,636 | 289,636 |
| Premium on issue of right shares | 4.1 | | 60,904 | 60,904 |
| Surplus on revaluation of freehold land | 4.2 | | 597,419 | 396,036 |
| | | | 947,959 | 746,576 |

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 Surplus on revaluation of freehold land

| | | | |
|--|------|---------|---------|
| Opening balance | | 396,036 | 396,036 |
| Add: Surplus on revaluation of freehold land | 14.1 | 201,383 | - |
| | | 597,419 | 396,036 |

5. LONG TERM FINANCING

| | | | |
|---|-----|-----------|-----------|
| From banking companies - secured | | | |
| Long term loans | 5.1 | 1,645,938 | 1,413,007 |
| Diminishing musharika | 5.2 | 409,392 | 282,976 |
| | | 2,055,330 | 1,695,983 |
| Less: Current portion shown under current liabilities | 12 | 545,667 | 564,100 |
| | | 1,509,663 | 1,131,883 |

Notes to the Financial Statements

For the Year ended 30 June 2022

5.1 Long term loans

| | | 2022 | | | | | Rate of interest per annum | Repayment commencement date | Maturity date |
|---------------------------|-------|----------------------|----------------|------------------|--------------------------|------------------|--|-----------------------------|---------------|
| Banking Companies | Note | Loan Amount | | | | | | | |
| | | Opening | Received | (Repaid) | Impact of deferred grant | Closing | | | |
| | | (RUPEES IN THOUSAND) | | | | | | | |
| Askari Bank Limited | 5.1.1 | 48,317 | - | (20,883) | - | 27,434 | SBP rate for LTFF / 3 months KIBOR + 1.25% | June 2019 | October 2023 |
| The Bank of Punjab | 5.1.2 | 942,909 | 260,881 | (277,786) | (25,515) | 900,489 | SBP rate for LTFF + 1.25% to 2%, SBP rate for TERF + 2%, 2% and 3 months KIBOR + 1% to 1.25% | November 2017 | May 2031 |
| National Bank of Pakistan | 5.1.3 | 293,059 | 500,000 | (119,586) | - | 673,473 | SBP rate for LTFF + 1.25% and 3 months KIBOR + 1.50% | October 2018 | June 2028 |
| Habib bank limited | 5.1.4 | 128,722 | - | (90,812) | 6,632 | 44,542 | 2% p.a. | March 2021 | October 2022 |
| | | 1,413,007 | 760,881 | (509,067) | (18,883) | 1,645,938 | | | |

| | | 2021 | | | | | Rate of interest | Repayment commencement date | Maturity date |
|---------------------------|-------|----------------------|----------------|------------------|--------------------------|------------------|--|-----------------------------|---------------|
| Banking Companies | Note | Loan Amount | | | | | | | |
| | | Opening | Received | (Repaid) | Impact of deferred grant | Closing | | | |
| | | (RUPEES IN THOUSAND) | | | | | | | |
| Askari Bank Limited | 5.1.1 | 85,794 | - | (37,477) | - | 48,317 | SBP rate for LTFF / 3 months KIBOR + 1.25% | June 2019 | October 2023 |
| The Bank of Punjab | 5.1.2 | 657,224 | 498,296 | (205,100) | (7,511) | 942,909 | SBP rate for LTFF + 1.25% to 2% | September 2017 | May 2031 |
| National Bank of Pakistan | 5.1.3 | 412,645 | - | (119,586) | - | 293,059 | SBP rate for LTFF + 1.25% | October 2018 | January 2024 |
| Habib bank limited | 5.1.4 | 118,494 | 63,131 | (45,408) | (7,495) | 128,722 | 2% p.a. | March 2021 | October 2022 |
| | | 1,274,157 | 561,427 | (407,571) | (15,006) | 1,413,007 | | | |

5.1.1 Purpose of this facility is to finance expansion and Balancing Modernization and Replacement (BMR) of spinning unit. Current balance payable is aggregate of two tranches. At present, sanctioned limit of these facilities is Rupees 61 million. As per terms of the agreement, the tenor of loan is five years with six months grace period. The principal is to be repaid in eighteen consecutive quarterly installments. This facility is secured against first specific charge of Rupees 201 million over imported machinery and personal guarantee of three directors of the Company.



Notes to the Financial Statements

For the Year ended 30 June 2022

5.1.2 These facilities are obtained for retirement of spinning machinery letters of credit established through the Bank, renewable energy scheme and to finance wages and salaries of permanent, contractual, daily wagers as well as outsourced employees. Current balance payable is aggregate of forty seven tranches. As per terms of the agreement, the tenors of loans are six and seven years with one year grace period, ten years including one year grace period and 2.5 years respectively for all types of facilities. The principal is to be repaid in twenty, twenty four, thirty six and eight equal quarterly installments respectively. These loans include Rupees 82.462 million obtained under State Bank of Pakistan (SBP) Temporary Economic Refinance Facility (TERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 12.77% per annum (2021: Nil). This facility is secured against specific charge of Rupees 878.443 million over plant and machinery with 25% margin, charge of Rupees 201 million over fixed assets, first specific charge of Rupees 102 million over imported machinery pertaining to solar project, first Joint Pari Passu (JPP) charge of Rupees 152 million over present and future fixed assets, ranking charge of Rupees 1,934 million over present and future fixed assets and personal guarantee of three directors of the Company.

5.1.3 This facility was obtained to finance import of new machinery through retirement of import letters of credit opened by Bank. Current balance payable is aggregate of twenty three tranches. As per terms of the agreement, the tenor of loan is for six years with one year grace period. The principal is to be repaid in twenty consecutive quarterly installments. This facility is secured by way of specific hypothecation charge of Rupees 800 million, exclusive charge over plant and machinery with 25% margin and personal guarantee of three directors of the Company.

5.1.4 This facility was obtained in financial year 2020 to finance wages and salaries of permanent, contractual, daily wagers as well as outsourced employees for the period of 2.5 years. As per terms of the agreement, the principal is to be repaid in eight consecutive quarterly installments. This facility is secured by way of JPP charge over fixed assets of the Company amounting Rupees 442.670 million and personal guarantee of three directors of the Company.

5.2 Diminishing musharika

| | | 2022 | | | | | Rate of interest per annum | Repayment commencement date | Maturity date |
|---------------------|-------|----------------------|----------|----------|--------------------------|---------|---------------------------------|-----------------------------|---------------|
| Banking Companies | Note | Loan Amount | | | | | | | |
| | | Opening | Received | (Repaid) | Impact of deferred grant | Closing | | | |
| | | (RUPEES IN THOUSAND) | | | | | | | |
| Meezan Bank Limited | 5.2.1 | 282,976 | 193,682 | (67,266) | - | 409,392 | SBP rate for ILTF + 1.25% to 2% | September 2020 | June 2029 |

| | | 2021 | | | | | Rate of interest per annum | Repayment commencement date | Maturity date |
|---------------------|-------|----------------------|----------|----------|--------------------------|---------|------------------------------------|-----------------------------|----------------|
| Banking Companies | Note | Loan Amount | | | | | | | |
| | | Opening | Received | (Repaid) | Impact of deferred grant | Closing | | | |
| | | (RUPEES IN THOUSAND) | | | | | | | |
| Meezan Bank Limited | 5.2.1 | 176,264 | 123,736 | (17,024) | - | 282,976 | SBP rate for ILTF + 1.25% to 2.50% | September 2020 | September 2025 |

5.2.1 This facility was obtained to finance generator / spinning machinery of the Company along with spares parts. Current balance payable is aggregate of six tranches. As per terms of the agreement, principal is to be repaid on quarterly basis in five and seven years with one year grace period. Only profit component will be paid in first four quarters. After expiry of grace period, facility will be repaid in 16 and 24 equal quarterly installments. This facility is secured against exclusive charge over assets of Rupees 400 million and specific fixed assets of the new spinning project with 25% margin, joint equitable mortgage over specific land of the project and personal guarantee of three directors of the Company.

5.3 As per the financing documents, the Company is required to comply with certain financial covenants which mainly include current ratio, minimum debt service coverage ratio, minimum interest coverage ratio, minimum gross profit margin and maximum leverage ratio.

Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 (RUPEES IN THOUSAND) |
|---|------|----------------------------------|--|
| 6. LEASE LIABILITIES | | | |
| Total lease liabilities | | 10,189 | 24,543 |
| Less: Current portion shown under current liabilities | 12 | (10,189) | (14,465) |
| | | - | 10,078 |
| 6.1 Reconciliation of lease liabilities | | | |
| Vehicles | | | |
| Balance as on 01 July | | 24,543 | 42,700 |
| Add: Interest accrued on lease liabilities | 33 | 1,813 | 3,162 |
| | | 26,356 | 45,862 |
| Less: Payments made during the year | | (16,167) | (21,319) |
| Balance as on 30 June | | 10,189 | 24,543 |
| 6.2 | | | |
| These relate to vehicles acquired under finance lease agreement from Askari Bank Limited. The implicit interest rate used to arrive at the present value of minimum lease payments is 3 Months KIBOR + 1.25% (2021: 3 Months KIBOR + 1.25%) per annum. Taxes, repairs and insurance costs are to be borne by the Company. The purchase option is available to the Company on payment of last installment and surrender of security deposit paid under the agreement. These are secured against the leased assets. | | | |
| 6.3 | | | |
| Minimum lease payments and their present values are regrouped as under: | | | |
| | | 2022 | 2021 |
| | | Not later than one year | Later than one year but not later than two years |
| | | Not later than one year | Later than one year but not later than two years |
| | | ----- (RUPEES IN THOUSAND) ----- | |
| Lease payments | | 11,007 | - |
| Less: Future finance cost | | (818) | - |
| Present value of lease liabilities | | 10,189 | - |
| | | 16,036 | 10,630 |
| | | (1,571) | (552) |
| | | 14,465 | 10,078 |
| | | | |
| | | 2022 | 2021 |
| | | (RUPEES IN THOUSAND) | (RUPEES IN THOUSAND) |
| 7. DEFERRED GOVERNMENT GRANT | | | |
| Balances as on 01 July | | 15,006 | - |
| Add: Recognized during the year | | 32,195 | 33,857 |
| Less: Amortized during the year | | 13,312 | 18,851 |
| | | 33,889 | 15,006 |
| Less: Current portion shown under current liabilities (Note 12) | | 8,467 | 12,789 |
| | | 25,422 | 2,217 |



Notes to the Financial Statements

For the Year ended 30 June 2022

- 7.1 State Bank of Pakistan (SBP), through its Circular No. 01 of 2020 dated 17 March 2020 introduced a Temporary Economic Refinance Facility (TERF) for setting of new industrial units and through Circular No. 06 of the dated 10 April 2020 introduced a refinance scheme for payment of wages and salaries to the workers and employees of business concerns. One of the key feature of the refinance facilities is that borrowers can obtain loans at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained these loans as disclosed in Note 5.1.2 and 5.1.4 to the financial statements. In accordance with IFRS 9 'Financial Instruments', loans obtained under the refinance facilities have been initially recognized at fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for similar instruments. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|------|------------------------------|---------|
| 8. DEFERRED TAX LIABILITY | | | |
| Taxable temporary differences on | | | |
| Accelerated tax depreciation | | 229,203 | 242,914 |
| Right-of-use assets | | 3,978 | 8,409 |
| | | 233,181 | 251,323 |
| Deductible temporary differences on | | | |
| Lease liabilities | | 1,361 | 3,479 |
| Allowance for expected credit losses | | 393 | 416 |
| Unrealized loss on FVTPL investments | | 4,617 | - |
| Provision for doubtful sales tax refundable | | 14,590 | 15,479 |
| | | 20,961 | 19,374 |
| Deferred income tax liability | | 212,220 | 231,949 |
| 8.1 Movement in deferred income tax liability balance is as follows: | | | |
| At beginning of the year | | 231,949 | 228,902 |
| Recognized in statement of profit or loss: | | | |
| - Accelerated tax depreciation | | (18,142) | (3,173) |
| - Lease liabilities | | 2,118 | 3,476 |
| - Allowance for expected credit Losses | | 23 | 436 |
| - Unrealized loss on FVTPL investments | | (4,617) | - |
| - Provision for doubtful sales tax refundable | | 889 | 2,308 |
| | | (19,729) | 3,047 |
| | | 212,220 | 231,949 |

Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|--|------------------------------|----------------|
| 9. TRADE AND OTHER PAYABLES | | | |
| Creditors | 9.1 | 385,132 | 159,816 |
| Accrued liabilities | | 721,880 | 340,412 |
| Contract liabilities - unsecured | | 275,180 | 100,485 |
| Retention money payable | | 4,978 | 3,295 |
| Income tax deducted at source | | 607 | 1,422 |
| Sales tax payable | | 66,625 | 68,617 |
| Fair value of forward exchange contracts | | 78,667 | - |
| Workers' profit participation fund payable | 9.2 | 210,329 | 115,100 |
| Workers' welfare fund | 9.3 | 122,759 | 42,834 |
| Other payables | | 69,135 | 38,950 |
| | | 1,935,292 | 870,931 |
| 9.1 | These include Rupees 0.273 million (2021: Rupees 0.189 million) due to J.K. Tech (Private) Limited, a related party. | | |
| 9.2 Workers' Profit Participation Fund | | | |
| Balance as on 01 July | | 115,100 | 69,164 |
| Interest for the year | 33 | 4,896 | 1,656 |
| Provision for the year | 31 | 210,329 | 115,100 |
| | | 330,325 | 185,920 |
| Less: Payments made during the year | | 119,996 | 70,820 |
| Balance as on 30 June | | 210,329 | 115,100 |
| 9.2.1 | Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds retained by the Company till the date of allocation to workers. | | |
| 9.3 Workers' welfare fund | | | |
| Balance as on 01 July | | 42,834 | - |
| Provision for the year | 31 | 79,925 | 42,834 |
| | | 122,759 | 42,834 |
| 10. ACCRUED MARK-UP | | | |
| Long term financing | | 18,295 | 13,562 |
| Lease liabilities | | - | 43 |
| Short term borrowings | | 25,196 | 29,446 |
| | | 43,491 | 43,051 |



Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|----------------------------------|-------------|------------------------------|------------------|
| 11. SHORT TERM BORROWINGS | | | |
| From banking companies - secured | | | |
| Export refinances | 11.1 & 11.3 | 2,099,000 | 1,444,000 |
| Other short term finances | 11.2 & 11.3 | 1,820,863 | 2,372,833 |
| | | 3,919,863 | 3,816,833 |

11.1 Rate of markup is SBP rate + 1% (2021: SBP rate + 1%) per annum on the balance outstanding.

11.2 Rate of markup is 1 Month KIBOR and 3 Month KIBOR + 0.70% to 1.50% (2021: 1 Month KIBOR and 3 Month KIBOR + 0.75% to 2%) per annum on the balance outstanding.

11.3 These finances are obtained from banking companies under mark-up arrangements and are secured against joint pari passu hypothecation charge on present and future current assets and joint pari passu charge on fixed assets, pledge of stock of cotton, yarn and polyester with specific margin, lien over import / export documents, letter of indemnity and personal guarantee of three directors of the Company. The sanctioned credit facilities are Rupees 13,032 million (2021: Rupees 8,750 million).

| | | | |
|---|---|----------------|----------------|
| 12. CURRENT PORTION OF LONG TERM LIABILITIES | | | |
| Current portion of long term financing | 5 | 545,667 | 564,100 |
| Current portion of lease liabilities | 6 | 10,189 | 14,465 |
| Current portion of deferred income - Government grant | 7 | 8,467 | 12,789 |
| | | 564,323 | 591,354 |

13. CONTINGENCIES AND COMMITMENTS

Contingencies

a) Tax Contingencies:

- i) Additional Commissioner Inland Revenue (ADCIR) amended the assessment for tax year 2012, vide assessment order dated 21 March 2017, by amending the Company's apportionment of expenses, disallowing certain expenses and tax credits and created a tax demand of Rupees 29.860 million. Being aggrieved with the order, the Company preferred an appeal before the Commissioner Inland Revenue, Appeals (CIR (A)) on 04 May 2017 which is pending for adjudication. Moreover Honorable Lahore High Court, Lahore has granted stay on impugned demand till the decision of appeal.
- ii) Assistant Commissioner Inland Revenue (ACIR), after withholding proceedings relating to tax year 2015, created tax demand of Rupees 27.303 million vide assessment order dated 25 January 2017. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)), who partially remanded the case back for the verification of the ACIR. Being aggrieved the Company has filed an appeal on 31 January 2019 before the Appellate Tribunal Inland Revenue (ATIR) which is pending for adjudication.
- iii) Assistant Commissioner Inland Revenue (ACIR), after withholding proceedings relating to tax year 2016, created tax demand of Rupees 31.659 million vide assessment order dated 10 August 2018. Being aggrieved with the order, the Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)), who partially remanded the case back for the verification of the ACIR and upheld some issues. Being aggrieved, the Company has filed an appeal on 30 April 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending for adjudication.

Notes to the Financial Statements

For the Year ended 30 June 2022

- iv) Additional Commissioner Inland Revenue (ADCIR) after re-assessment, amending the Company's apportionment of expenses, disallowing certain expenses and created tax demand of Rupees 178.887 million for the tax year 2015 vide order dated 07 January 2019. Being aggrieved, the Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)), who partially remanded the case back for the verification of the ADCIR. Being aggrieved, the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on 30 June 2021 which is pending for adjudication.
- v) Assistant Commissioner Inland Revenue (ACIR) amended the assessment for tax year 2016 and created tax demand of Rupees 352.920 million vide assessment order dated 28 June 2022 by amending the Company's assessment on various grounds. Being aggrieved, the Company filed an appeal with Commissioner Inland Revenue, Appeals (CIR (A)) on 20 July 2022, subsequent to reporting date, which is pending for adjudication.
- vi) The Company filed writ petition on 25 January 2022 in Lahore High Court, Lahore to avail the relief of tax credit under section 65-B of the Income Tax, Ordinance, 2001. In response to which, Lahore High Court, Lahore allowed the Company to file return of income tax by taking the effect of section 65-B of the Ordinance. Moreover the income tax department was advised by Lahore High Court, Lahore to complete the process of determination regarding entitlement of tax credit under section 65-B of the Ordinance. By getting this interim relief, the Company filed its revised income tax return on 27 January 2022 by taking the effect of tax credit under section 65-B of the Ordinance amounting to Rupees 79.011 million. However the outcome of the petition is pending.
- vii) Deputy Commissioner Inland Revenue passed Order-in-Original No.60/2016 dated 11 April 2016 for the recovery of Rupees 7.904 million along with default surcharge and penalty. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)) who passed Order in Appeal No.465/2016 dated 12 July 2016 and reduced amount to the extent of Rupees 3.107 million. Being aggrieved with decision, the Company filed before Appellate Tribunal Inland Revenue (ATIR) who remanded back the case to CIR (A). Case is still pending for adjudication before CIR(A).
- viii) Additional Collector Sales Tax and Federal Excise passed impugned Order-in-Original No.28/2015 dated 05 March 2015 for Rupees 2.133 million and penalty thereon under Duty and Tax Remission for Exporters Rules. Being aggrieved with decision, the Company has filed before Appellate Tribunal (Customs Excise and Sales Tax Bench) on 16 April 2015 which is pending for adjudication.
- ix) Audit Officer Inland Revenue passed Order-in-Original No. 69/2019 dated 27 June 2019 for the recovery of inadmissible input tax along with default surcharge. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR(A)) who remanded back the case to Audit Officer Inland Revenue vide Order in Appeal No. 397/2019 dated 18 September 2019. Being aggrieved with decision the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) against the total amount of Rupees 9.680 million on 28 October 2019 which is pending for adjudication.
- x) Assistant Commissioner Inland Revenue passed Order-in-Original No. 30/2020 dated 05 March 2020 for the recovery of sales tax against packing material of Rupees 2.935 million along with default surcharge and penalty. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)) who passed Order in Appeal No. 149/21 dated 24 March 2021 and rejected the appeal. Being aggrieved with decision, the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) on 20 April 2021 which is pending for adjudication.
- xi) Deputy Commissioner Inland Revenue (DCIR) passed Order-in-Original No. 66/2020 dated 12 October 2020 for the recovery of post refund audit for the period 2014-2015 of Rupees 1.704 million recoverable along with default surcharge and penalty. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)) who passed Order in Appeal No. 213/ST dated 10 February 2021 and rejected the appeal. Being aggrieved with decision, the Company filed appeal before appellate Tribunal Inland Revenue (ATIR) on 29 March 2021 which is pending for adjudication.
The management, based on the opinion of its tax consultants and lawyers, believes that there is a reasonable probability that these matters will be decided in favor of the Company. Pending the outcome of the matters, no provision has been made in these financial statements.



Notes to the Financial Statements

For the Year ended 30 June 2022

Other Contingencies

- i) Guarantees of Rupees 217.201 million (2021: Rupees 214.001 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited and Faisalabad Electric Supply Company Limited against gas connections and electricity connection respectively.
- ii) Post dated cheques of Rupees 2,854.924 million (2021: Rupees 455.239 million) have been issued to Custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security can be encashed by the Custom authorities.

Commitments

- i) Letters of credit for capital expenditure are of Rupees 3,311.512 million (2021: Rupees 2,491.364 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,488.286 million (2021: Rupees 102.328 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 4,666.061 million (2021: Rupees 2,389.210 million).
- iv) Company has entered into Ijarah lease agreement with Meezan Bank Limited in respect of vehicle. The commitment against such facility is as follows at year end:

| | | 2022 | 2021 |
|---|---|----------------------|------------------|
| | | (RUPEES IN THOUSAND) | |
| The total of future Ijarah payments under arrangement are as follows: | | | |
| | Not later than one year | 8,130 | 7,630 |
| | Later than one year and not later than five years | 12,194 | 19,076 |
| | | 20,324 | 26,706 |
| 14. | PROPERTY, PLANT AND EQUIPMENT | | |
| | Operating fixed assets | 14.1 5,377,900 | 4,809,259 |
| | Capital work-in-progress | 14.2 1,793,040 | 609,664 |
| | | 7,170,940 | 5,418,923 |

Notes to the Financial Statements

For the Year ended 30 June 2022

14.1 OPERATING FIXED ASSETS

| | Freehold land | Buildings on freehold land | Plant and machinery | Factory tools and equipment | Electric installations and appliances | Vehicles | Furniture and fixtures | Office equipment | Stand-by equipment | Total |
|---------------------------------------|---------------|----------------------------|---------------------|-----------------------------|---------------------------------------|-----------|------------------------|------------------|--------------------|-------------|
| ----- (RUPEES IN THOUSAND) ----- | | | | | | | | | | |
| At 30 June 2020 | | | | | | | | | | |
| Cost / revalued amount | 480,769 | 1,081,771 | 4,468,545 | 85,415 | 327,216 | 203,013 | 16,500 | 29,664 | 234,698 | 6,927,591 |
| Accumulated depreciation | - | (497,724) | (1,884,267) | (39,326) | (205,108) | (94,793) | (8,523) | (27,633) | (119,214) | (2,876,588) |
| Net book value | 480,769 | 584,047 | 2,584,278 | 46,089 | 122,108 | 108,220 | 7,977 | 2,031 | 115,484 | 4,051,003 |
| Year ended 30 June 2021 | | | | | | | | | | |
| Opening net book value | 480,769 | 584,047 | 2,584,278 | 46,089 | 122,108 | 108,220 | 7,977 | 2,031 | 115,484 | 4,051,003 |
| Additions | 211,354 | 123,762 | 683,334 | 4,385 | 85,202 | 56,005 | - | - | 2,900 | 1,166,942 |
| Disposals: | | | | | | | | | | |
| Cost | - | - | (9,288) | - | - | (31,205) | - | - | - | (40,493) |
| Accumulated depreciation | - | - | 7,852 | - | - | 21,975 | - | - | - | 29,827 |
| | - | - | (1,436) | - | - | (9,230) | - | - | - | (10,666) |
| Depreciation charge | - | (60,720) | (278,692) | (4,782) | (13,764) | (25,841) | (798) | (609) | (11,814) | (398,020) |
| Closing net book value | 692,123 | 647,089 | 2,987,484 | 45,692 | 193,546 | 128,154 | 7,179 | 1,422 | 106,570 | 4,809,259 |
| At 30 June 2021 | | | | | | | | | | |
| Cost / revalued amount | 692,123 | 1,205,533 | 5,142,591 | 89,800 | 412,418 | 227,813 | 16,500 | 29,664 | 237,598 | 8,054,040 |
| Accumulated depreciation | - | (558,444) | (2,155,107) | (44,108) | (218,872) | (99,659) | (9,321) | (28,242) | (131,028) | (3,244,781) |
| Net book value | 692,123 | 647,089 | 2,987,484 | 45,692 | 193,546 | 128,154 | 7,179 | 1,422 | 106,570 | 4,809,259 |
| Year ended 30 June 2022 | | | | | | | | | | |
| Opening net book value | 692,123 | 647,089 | 2,987,484 | 45,692 | 193,546 | 128,154 | 7,179 | 1,422 | 106,570 | 4,809,259 |
| Additions | 64,826 | 290,934 | 305,940 | - | 56,052 | 121,615 | - | - | - | 839,367 |
| Revaluation surplus (Note 4.2) | 201,383 | - | - | - | - | - | - | - | - | 201,383 |
| Transferred from right-of-use assets: | | | | | | | | | | |
| Cost | - | - | - | - | - | 48,870 | - | - | - | 48,870 |
| Accumulated depreciation | - | - | - | - | - | (28,610) | - | - | - | (28,610) |
| Disposals: | | | | | | | | | | |
| Cost | - | - | (15,754) | - | - | (25,356) | - | - | - | (41,110) |
| Accumulated depreciation | - | - | 14,022 | - | - | 15,616 | - | - | - | 29,638 |
| | - | - | (1,732) | - | - | (9,740) | - | - | - | (11,472) |
| Depreciation charge | - | (81,680) | (318,192) | (4,569) | (22,550) | (42,105) | (718) | (426) | (10,657) | (480,897) |
| Closing net book value | 958,332 | 856,343 | 2,973,500 | 41,123 | 227,048 | 218,184 | 6,461 | 996 | 95,913 | 5,377,900 |
| At 30 June 2022 | | | | | | | | | | |
| Cost / revalued amount | 958,332 | 1,496,467 | 5,432,777 | 89,800 | 468,470 | 372,942 | 16,500 | 29,664 | 237,598 | 9,102,550 |
| Accumulated depreciation | - | (640,124) | (2,459,277) | (48,677) | (241,422) | (150,758) | (10,039) | (28,668) | (141,685) | (3,724,650) |
| Net book value | 958,332 | 856,343 | 2,973,500 | 41,123 | 227,048 | 218,184 | 6,461 | 996 | 95,913 | 5,377,900 |
| Annual rate of depreciation (%) | - | 10 | 10 | 10 | 10 | 10 | 10 | 30 | 10 | 10 |



Notes to the Financial Statements

For the Year ended 30 June 2022

14.1.1 Value of freehold land of the Company has been determined by an independent valuer, M Y K Associates (Private) Limited on 06 December 2021 and 15 January 2022 applying fair market value. Previously it was revalued by an independent valuer as at 30 June 2020 and 30 June 2017. Had there been no revaluation, the value of freehold land would have been lower by Rupees 597.419 million (2021: Rupees 396.036 million). The book value of freehold land on cost basis is Rupees 360.913 million (2021: Rupees 296.087 million).

14.1.2 Forced sale value of freehold land as per revaluation carried out during the the financial year ended 30 June 2022 was Rupees 741.631 million.

| | Note | 2022 (RUPEES IN THOUSAND) | 2021 |
|--|------|------------------------------|----------------|
| 14.1.3 Depreciation charge for the year has been allocated as follows: | | | |
| Cost of sales | 28 | 437,648 | 369,772 |
| Administrative expenses | 30 | 43,249 | 28,248 |
| | | 480,897 | 398,020 |

14.1.4 Particulars of immovable properties (i.e. land and buildings) in the name of the Company are as follows:

| Particulars | Location | Area (kanal) | Coverage area (sq. ft.) |
|------------------------|---|-----------------|----------------------------|
| Head office and plants | 29 Kilometer, Sheikhpura Road, Faisalabad | 711.92 | 201 831 |
| Sales Office | Main Bazar, Montgomery Road, Near Clock Tower, Opposite Habib Bank Limited, Faisalabad | 0.05 | 98 |
| Godown | Dost Street, Maqbool Road, Faisalabad | 6.24 | 23 595 |
| | | 718.21 | 225 524 |

Notes to the Financial Statements

For the Year ended 30 June 2022

14.1.5 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

| Description | Qty. | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain/ (Loss) | Mode of disposal | Particulars of purchasers | |
|---|------|----------------------|--------------------------|----------------|---------------|--------------|------------------|---|--|
| Nos. | | (RUPEES IN THOUSAND) | | | | | | | |
| Plant and machinery | | | | | | | | | |
| Simplex Frames F-16 Toyoda Japan Model 1988 | 3 | 15,754 | 14,022 | 1,732 | 3,750 | 2,018 | Negotiation | Mubashar Brothers, Rasool Pura, Samundri Road, Faisalabad | |
| Vehicles | | | | | | | | | |
| Audi - A6 FDA-15-108 | 1 | 7,659 | 5,553 | 2,106 | 7,524 | 5,418 | Negotiation | Mian Usman Arshad, Noor Pur Road, Faisalabad | |
| Toyota - Corolla GLI LE-15-5278 | 1 | 1,923 | 1,273 | 650 | 668 | 18 | Company Policy | Mr. Muhammad Arif (Company's employee) | |
| Toyota - Corolla Altis AKK-433 | 1 | 2,440 | 1,175 | 1,265 | 1,086 | (179) | Negotiation | Mr. Salman Raza, Dhobi Ghat, Faisalabad | |
| Toyota - Corolla GLI FD-17-95 | 1 | 2,110 | 977 | 1,133 | 787 | (346) | Negotiation | Mr. Shoukat Ali, Hashmat Pura, Samundri Road, Faisalabad | |
| Honda - BR-V ALG-986 | 1 | 2,493 | 1,081 | 1,412 | 1,453 | 41 | Company Policy | Mr. Zahir Shah (Company's ex - employee) | |
| Toyota - Corolla Altis LEA-17-6141 | 1 | 2,254 | 1,522 | 732 | 1,099 | 367 | Company Policy | Mr. Ghulam Muhammad (Company's employee) | |
| Honda - City ACJ-869 | 1 | 1,691 | 1,130 | 561 | 969 | 408 | Company Policy | Mr. Muhammad Hanif Jillani (Company's employee) | |
| Toyota - Corolla Altis AGE-17-719 | 1 | 2,212 | 1,333 | 879 | 1,074 | 195 | Company Policy | Mr. Amjad Ali (Company's ex - employee) | |
| | | 38,536 | 28,066 | 10,470 | 18,410 | 7,940 | | | |
| Aggregate of other items of vehicles with individual book values not exceeding Rupees 500,000 | | 2,574 | 1,572 | 1,002 | 1,000 | (2) | | | |
| | | 41,110 | 29,638 | 11,472 | 19,410 | 7,938 | | | |



Notes to the Financial Statements

For the Year ended 30 June 2022

14.2 CAPITAL WORK-IN-PROGRESS

| | 2022 | | | | 2021 | | | |
|---------------------------------------|----------------------------|-----------|------------------------------------|----------------------------|----------------------------|-----------|------------------------------------|----------------------------|
| | Balance as at 01 July 2021 | Additions | Transfer to operating fixed assets | Balance as at 30 June 2022 | Balance as at 01 July 2020 | Additions | Transfer to operating fixed assets | Balance as at 30 June 2021 |
| ----- RUPEES IN THOUSAND ----- | | | | | | | | |
| Freehold land | 56,270 | 25,184 | (64,826) | 16,628 | - | 267,624 | (211,354) | 56,270 |
| Buildings on freehold land | 415,058 | 551,262 | (290,934) | 675,386 | 189,619 | 349,201 | (123,762) | 415,058 |
| Plant and machinery | 69,915 | 998,011 | (305,940) | 761,986 | 204,069 | 549,180 | (683,334) | 69,915 |
| Vehicles | 60,067 | 300,059 | (121,615) | 238,511 | - | 116,072 | (56,005) | 60,067 |
| Electric installations and appliances | 8,354 | 148,227 | (56,052) | 100,529 | - | 93,556 | (85,202) | 8,354 |
| | 609,664 | 2,022,743 | (839,367) | 1,793,040 | 393,688 | 1,375,633 | (1,159,657) | 609,664 |

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|--|------|------------------------------|--------|
| 15. RIGHT-OF-USE ASSETS | | | |
| Opening book value | | 59,319 | 74,149 |
| Less: Book value of assets transferred to operating fixed assets | 14.1 | 20,260 | - |
| | | 39,059 | 74,149 |
| Less: Depreciation charged during the year | 30 | 9,285 | 14,830 |
| | | 29,774 | 59,319 |

15.1 The Company obtained vehicles on lease from Askari Bank Limited. Lease term is four to five years. There is no impairment against right-of-use assets.

| | | 2022 | 2021 |
|--|------|------|------|
| 16. LONG TERM INVESTMENT | | | |
| Investment in associate J.K. Tech (Private) Limited - Unquoted 450 (2021: 450) fully paid ordinary shares of Rupees 10 each | 16.5 | 5 | 5 |
| Less: Accumulated impairment | | (5) | (5) |
| | | - | - |

16.1 Cumulative unrecognized share of losses is Rupees 2.791 million (2021: Rupees 2.805 million).

| | 2022 | 2021 |
|--|----------|----------|
| 16.2 Summarized statement of financial position | | |
| Current assets | 969 | 913 |
| Non-current assets | 3,777 | 3,784 |
| Total assets | 4,746 | 4,697 |
| Current liabilities | (13,888) | (13,888) |
| Non-current liabilities | (100) | (100) |
| Total liabilities | (13,988) | (13,988) |
| Net assets | (9,242) | (9,291) |

Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 | |
|-------------|--|------------------------------|-----------|-----------|
| 16.3 | Reconciliation to carrying amounts: | | | |
| | As at 01 July | (9,291) | (9,325) | |
| | Profit after taxation | 49 | 34 | |
| | As at 30 June | (9,242) | (9,291) | |
| 16.4 | Summarized statement of comprehensive income | | | |
| | Revenue | 2,280 | 2,280 | |
| | Profit for the year | 49 | 34 | |
| | Total comprehensive income | 49 | 34 | |
| 16.5 | The Company holds 30% (2021:30%) shares in J.K. Tech (Private) Limited, a limited liability company incorporated in Pakistan and holding its principal place of business in the Province of Punjab. The principal activity of J.K. Tech (Private) Limited is generation and supply of electricity. This is a strategic investment of the Company for vertical integration. The Company has provided for the investment in full as J.K. Tech (Private) Limited has negative equity at year end. | | | |
| 17. | LONG TERM DEPOSITS | | | |
| | Security deposits | 236 | 236 | |
| | Ijarah deposit | 23,200 | 23,200 | |
| | | 23,436 | 23,436 | |
| 18. | STORES, SPARE PARTS AND LOOSE TOOLS | | | |
| | Stores | 156,886 | 98,272 | |
| | Spare parts | 46,872 | 42,728 | |
| | Loose tools | 775 | 1,424 | |
| | | 204,533 | 142,424 | |
| 18.1 | Stores, spares and loose tools include items which may result in fixed capital expenditure but are not yet distinguishable. | | | |
| 19. | STOCK-IN-TRADE | | | |
| | Raw materials | 19.1&19.2 | 3,716,480 | 4,627,604 |
| | Work-in-process | 19.3 | 915,302 | 380,821 |
| | Finished goods | 19.4 | 2,242,746 | 774,480 |
| | Waste | | 36,580 | 26,931 |
| | | | 6,911,108 | 5,809,836 |



Notes to the Financial Statements

For the Year ended 30 June 2022

- 19.1 These include stock in transit of Rupees 466.737 million (2021: Rupees 202.388 million).
- 19.2 These include stock of Rupees 803.297 million (2021: Rupees 320.224 million) sent to third parties for conversion.
- 19.3 These include stock of Rupees 445.131 million (2021: Rupees 302.564 million) sent to third parties for processing.
- 19.4 These include stock in transit of Rupees 413.168 million (2021: Rupees Nil).
- 19.5 Stock-in-trade of Rupees 115.447 million (2021: Rupees 26.931 million) is being carried at net realizable value.
- 19.6 The aggregate amount of write down of inventories to net realizable value recognized as an expense during the year was Rupees 92.483 million (2021: Rupees Nil)

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|------|------------------------------|------------------|
| 20. TRADE DEBTS | | | |
| Considered good: | | | |
| Secured (against letters of credit) | | 1,121,834 | 660,326 |
| Unsecured - against contract | | 1,930,980 | 1,040,458 |
| | | 3,052,814 | 1,700,784 |
| Less: Allowance for expected credit losses | | 2,938 | 2,938 |
| | | 3,049,876 | 1,697,846 |
| 20.1 Trade debts in respect of foreign and local jurisdictions is given under: | | | |
| America | | 943,352 | 555,269 |
| Asia, Africa and Australia | | 93,869 | 55,253 |
| Europe | | 84,613 | 49,804 |
| Pakistan | | 1,928,042 | 1,037,520 |
| | | 3,049,876 | 1,697,846 |
| 20.2 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10 to 90 days from delivery in case of local sales, and 15 to 120 days in case of export sales. | | | |
| 20.3 As at 30 June 2022, trade debts aggregating to Rupees 3,049.876 million (2021: Rupees 1,697.846 million) are not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows: | | | |
| Not yet due | | 2,370,801 | 1,290,779 |
| Upto 1 month | | 485,781 | 363,071 |
| 1 to 6 months | | 191,999 | 42,507 |
| More than 6 months | | 1,295 | 1,489 |
| | | 3,049,876 | 1,697,846 |

Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|--|------------------------------|---------|
| 21. ADVANCES | | | |
| Considered good: | | | |
| Against expenses | | | |
| - Other employees | | 6,209 | 3,959 |
| - Executives | | 1,394 | - |
| | | 7,603 | 3,959 |
| Employees against salary | 21.1 | 27 | 1,433 |
| Advances to suppliers | | 119,961 | 79,295 |
| Letters of credit | | 8,127 | 31,792 |
| | | 135,718 | 116,479 |
| 21.1 | These represent interest free loans given to Company's employees for general purposes and are secured against balance to the credit of employees in the Provident Fund Trust. These are recoverable in equally monthly installments. | | |
| 22. SHORT TERM DEPOSITS AND PREPAYMENTS | | | |
| Deposits | | 2,010 | 3,017 |
| Prepayments | | 748 | 2,845 |
| | | 2,758 | 5,862 |
| 23. OTHER RECEIVABLES | | | |
| Considered good: | | | |
| Duty drawback | | - | 53,065 |
| Export rebate and claims | | 28,193 | 21,590 |
| Miscellaneous | | 7,339 | 22,959 |
| | | 35,532 | 97,614 |
| 24. SALES TAX REFUNDABLE | | | |
| Sales tax and federal excise duty refundable | | 638,401 | 477,163 |
| Less: Provision for doubtful sales tax and federal excise duty refundable | | 109,195 | 109,195 |
| | | 529,206 | 367,968 |
| 25. SHORT TERM INVESTMENTS | | | |
| At fair value through profit or loss | | | |
| Equity investments - quoted | 25.1 | 26,373 | 42,064 |
| Mutual funds | 25.2 | 960,901 | 160 |
| | | 987,274 | 42,224 |



Notes to the Financial Statements

For the Year ended 30 June 2022

25.1 Equity investments - quoted

| | 2022 | | | 2021 | | |
|---|----------------|-----------------------|--------------|----------------|-----------------------|--------------|
| | Carrying value | Fair value adjustment | Market value | Carrying value | Fair value adjustment | Market value |
| ------(RUPEES IN THOUSAND)----- | | | | | | |
| Attock Refinery Limited 17,500 (2021: 17,500) fully paid ordinary shares of Rupees 10 each | 4,488 | (1,412) | 3,076 | 1,563 | 2,925 | 4,488 |
| D.G. Khan Cement Company Limited 10,000 (2021: 10,000) fully paid ordinary shares of Rupees 10 each | 1,179 | (554) | 625 | 853 | 326 | 1,179 |
| National Refinery Limited 1,000 (2021: 1,000) fully paid ordinary shares of Rupees 10 each | 523 | (271) | 252 | 107 | 416 | 523 |
| Oil and Gas Development Company Limited 1,000 (2021: 1,000) fully paid ordinary shares of Rupees 10 each | 95 | (16) | 79 | 109 | (14) | 95 |
| Pakistan State Oil Company Limited 35,920 (2021: 35,920) fully paid ordinary shares of Rupees 10 each | 8,055 | (1,883) | 6,172 | 5,681 | 2,374 | 8,055 |
| Habib Bank Limited 13,200 (2021: 13,200) fully paid ordinary shares of Rupees 10 each | 1,615 | (410) | 1,205 | 1,279 | 336 | 1,615 |
| Ghandhara Industries Limited 23,000 (2021: 23,000) fully paid ordinary shares of Rupees 10 each | 6,417 | (2,784) | 3,633 | 4,796 | 1,621 | 6,417 |
| The Searle Company Limited 37,826 (2021: 29,097) fully paid ordinary shares of Rupees 10 each | 7,058 | (2,936) | 4,122 | 6,005 | 1,053 | 7,058 |
| United Bank Limited 5,000 (2021: 5,000) fully paid ordinary shares of Rupees 10 each | 611 | (45) | 566 | 517 | 94 | 611 |
| International Steels Limited 5,000 (2021: 5,000) fully paid ordinary shares of Rupees 10 each | 467 | (170) | 297 | 258 | 209 | 467 |
| Lucky Cement Limited 12,950 (2021: 12,950) fully paid ordinary shares of Rupees 10 each | 11,182 | (5,237) | 5,945 | 5,977 | 5,205 | 11,182 |
| Dost Steels Limited 75,000 (2021: 75,000) fully paid ordinary shares of Rupees 10 each | 374 | 27 | 401 | 229 | 145 | 374 |
| | 42,064 | (15,691) | 26,373 | 27,374 | 14,690 | 42,064 |

Notes to the Financial Statements

For the Year ended 30 June 2022

| | 2022 | | | 2021 | | |
|---------------------------------|--|-----------------------|--------------|----------------|-----------------------|--------------|
| | Carrying value | Fair value adjustment | Market value | Carrying value | Fair value adjustment | Market value |
| ------(RUPEES IN THOUSAND)----- | | | | | | |
| 25.2 | Mutual funds | | | | | |
| | NBP NAFA Stock Fund 15,378 (2021: 14,115) units held | | | | | |
| | 162 | - | 162 | 149 | - | 149 |
| | NBP NAFA Financial Sector Income fund 96,072,713 (2021: Nil) units held | | | | | |
| | 960,727 | - | 960,727 | - | - | - |
| | Al meezan investment management ltd 224 (2021: 201) units held | | | | | |
| | 12 | - | 12 | 10 | 1 | 11 |
| | 960,901 | - | 960,901 | 159 | 1 | 160 |

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 (RUPEES IN THOUSAND) |
|-----|---|------------------------------|------------------------------|
| 26. | CASH AND BANK BALANCES | | |
| | With banks: | | |
| | On current accounts | | |
| | | 113,261 | 79,690 |
| | Including US\$ 89,726 (2021: US\$ 13,300) | | |
| | | 402 | 22,895 |
| | On saving account | | |
| | 26.1 | 113,663 | 102,585 |
| | Cash in hand | | |
| | | 23,694 | 2,524 |
| | | 137,357 | 105,109 |

26.1 Rate of profit on saving account was ranging from 1.32% to 2.28% (2021: 3% to 5%) per annum.

| | | | |
|------|---|------------|------------|
| 27. | REVENUE FROM CONTRACTS WITH CUSTOMERS | | |
| | Export sales: | | |
| | Direct export | | |
| | | 12,359,229 | 6,652,120 |
| | Indirect export under Standard Purchase Orders (SPOs) | | |
| | | 5,629,883 | 3,678,438 |
| | | 17,989,112 | 10,330,558 |
| | 27.1 | 11,843,724 | 8,782,562 |
| | | 29,832,836 | 19,113,120 |
| | Less: Sales tax | | |
| | | 2,549,286 | 1,811,667 |
| | | 27,283,550 | 17,301,453 |
| | Export rebate and duty drawback | | |
| | | 48,992 | 101,483 |
| | | 27,332,542 | 17,402,936 |
| 27.1 | Local sales | | |
| | Sales | | |
| | | 11,270,351 | 8,406,973 |
| | Waste | | |
| | | 510,713 | 375,589 |
| | Processing income | | |
| | | 62,660 | - |
| | | 11,843,724 | 8,782,562 |

27.2 The Company has recognized revenue of Rupees 91.733 million (2021: Rupees 52.637 million) from amounts included in contract liabilities at the year end.



Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|--------|------------------------------|-------------|
| 28. COST OF SALES | | | |
| Raw materials consumed | 28.1 | 16,689,730 | 9,048,507 |
| Stores, spare parts and loose tools consumed | | 652,468 | 246,803 |
| Packing materials consumed | | 353,080 | 310,888 |
| Processing, sizing and conversion charges | | 2,081,809 | 1,521,844 |
| Fuel and power | | 1,637,795 | 1,111,919 |
| Salaries, wages and other benefits | 28.2 | 1,277,560 | 885,842 |
| Repair and maintenance | | 18,197 | 24,193 |
| Insurance | | 20,718 | 15,512 |
| Depreciation on property, plant and equipment | 14.1.3 | 437,648 | 369,772 |
| Other factory overheads | | 15,230 | 13,053 |
| | | 23,184,235 | 13,548,333 |
| Work-in-process | | | |
| Opening stock | | 380,821 | 403,753 |
| Closing stock | | (915,302) | (380,821) |
| | | (534,481) | 22,932 |
| Cost of goods manufactured | | 22,649,754 | 13,571,265 |
| Finished goods | | | |
| Opening stock | | 801,411 | 1,301,115 |
| Closing stock | | (2,279,326) | (801,411) |
| | | (1,477,915) | 499,704 |
| | | 21,171,839 | 14,070,969 |
| 28.1 Raw materials consumed | | | |
| Opening stock | | 4,627,604 | 3,100,733 |
| Add: Purchased during the year | | 15,778,606 | 10,575,378 |
| | | 20,406,210 | 13,676,111 |
| Less: Closing stock | | (3,716,480) | (4,627,604) |
| | | 16,689,730 | 9,048,507 |

28.2 Salaries, wages and other benefits include provident fund contribution of Rupees 29.722 million (2021: Rupees 23.816 million) by the Company.

Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|------------------------------|------|------------------------------|----------------|
| 29. DISTRIBUTION COST | | | |
| Salaries and other benefits | 29.1 | 28,776 | 20,380 |
| Freight and shipment | | 733,051 | 269,720 |
| Commission to selling agents | | 204,755 | 110,770 |
| Travelling and conveyance | | 17,141 | 5,259 |
| Export development surcharge | | 33,782 | 15,817 |
| Insurance | | 5,776 | 2,664 |
| Miscellaneous | | 13,213 | 8,207 |
| | | 1,036,494 | 432,817 |

29.1 Salaries and other benefits include provident fund contribution of Rupees 1.356 million (2021: Rupees 0.961 million) by the Company.

| | | | |
|---|--------|----------------|----------------|
| 30. ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | 30.1 | 264,231 | 208,880 |
| Travelling and conveyance | | 35,370 | 32,716 |
| Vehicles' running and maintenance | | 18,219 | 21,734 |
| Rent, rates and taxes | 30.2 | 6,953 | 7,776 |
| Utilities | | 465 | 244 |
| Repair and maintenance | | 1,192 | 1,027 |
| Insurance | | 5,776 | 5,792 |
| Printing and stationery | | 1,571 | 1,715 |
| Advertisement | | 255 | 318 |
| Communication | | 12,197 | 10,961 |
| Fee and subscription | | 14,834 | 24,913 |
| Entertainment | | 6,554 | 4,591 |
| Legal and professional | | 830 | 1,095 |
| Auditor's remuneration | 30.3 | 2,635 | 2,625 |
| Depreciation on property, plant and equipment | 14.1.3 | 43,249 | 28,248 |
| Depreciation on right-of-use assets | 15 | 9,285 | 14,830 |
| Other charges | | 827 | 6,381 |
| | | 424,443 | 373,846 |

30.1 Salaries and other benefits include provident fund contribution of Rupees 8.587 million (2021: Rupees 7.510 million) by the Company.

30.2 These include ijarah rentals amounting to Rupees 6.804 million (2021: Rupees 7.776 million) of vehicles.

| | | | |
|-------------------------------------|--|--------------|--------------|
| 30.3 Auditors' remuneration: | | | |
| Audit fee | | 2,300 | 2,300 |
| Half yearly review | | 150 | 150 |
| Other certification fees | | 35 | 25 |
| Reimbursable expenses | | 150 | 150 |
| | | 2,635 | 2,625 |



Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|--|--|------------------------------|----------------|
| 31. OTHER EXPENSES | | | |
| Donations | 31.1&31.2 | 6,945 | 7,439 |
| Workers' profit participation fund | 9.2 | 210,329 | 115,100 |
| Workers' welfare fund | 9 | 79,925 | 42,834 |
| Provision against various tax contingencies | | 114,580 | - |
| Unrealized loss on remeasurement of investments at FVTPL | 25 | 15,691 | - |
| Fair value loss on forward exchange contracts | | 78,667 | - |
| | | 506,137 | 165,373 |
| 31.1 | The Company has made donations exceeding Rupees 1 million or 10% of total donation, whichever is higher, to the following parties: | | |
| | Shaukat Khanam Memorial Trust | 1,080 | 1,080 |
| | Noor Foundation | - | 2,500 |
| | Life Care Foundation Trust | 1,200 | - |
| 31.2 | None of the directors or their spouses have any interest in the donees. | | |
| 32. OTHER INCOME | | | |
| Income from financial assets | | | |
| Dividend income on investments at FVTPL | | 19,613 | 375 |
| Unrealized gain on remeasurement of investments at FVTPL | | - | 14,691 |
| Gain on sale of investments at FVTPL | | 2,452 | 310 |
| Profit on saving account | | 44 | 39 |
| Net exchange gain | | 52,584 | 4,862 |
| Duty drawback / rebate of previous years | | 169,615 | - |
| | | 244,308 | 20,277 |
| Income from non-financial assets | | | |
| Rental income | | 1,920 | 1,920 |
| Scrap sales | | 12,018 | 6,375 |
| Gain on sale of property, plant and equipment | | 7,938 | 20,444 |
| | | 21,876 | 28,739 |
| | | 266,184 | 49,016 |
| 33. FINANCE COST | | | |
| Mark up on: | | | |
| Long term financing | | 67,222 | 53,502 |
| Short term borrowings | | 254,713 | 182,020 |
| Lease liabilities | 6.1 | 1,813 | 3,162 |
| Interest on workers' profit participation fund | 9.2 | 4,896 | 1,656 |
| Bank charges and commission | | 43,244 | 26,201 |
| | | 371,888 | 266,541 |

Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|--|------|------------------------------|-------------|
| 34. TAXATION | | | |
| Charge for the year: | | | |
| Current | | 564,627 | 337,376 |
| Prior year adjustment | | (118,493) | (9,697) |
| | | 446,134 | 327,679 |
| Deferred tax: | | (19,729) | 3,047 |
| | | 426,405 | 330,726 |
| 34.1 Reconciliation of tax charge for the year | | | |
| Profit before taxation | | 4,087,925 | 2,142,406 |
| Tax on accounting profit @ 29% (2021: 29%) | | 1,185,498 | 621,297 |
| Inadmissible in determining taxable profit | | 126,611 | 78,955 |
| Admissible in determining taxable profit | | (75,503) | (91,234) |
| Lower rate on income under FTR | | (730,200) | (251,940) |
| Prior year adjustment | | (118,493) | (9,697) |
| Deferred tax | | (19,729) | 3,047 |
| Others | | 58,221 | (19,702) |
| | | 426,405 | 330,726 |
| 35. EARNING PER SHARE - BASIC AND DILUTED | | | |
| There is no dilutive effect on the basic earnings per share which is based on: | | | |
| Profit attributable to ordinary shareholders (Rupees in thousand) | | 3,661,520 | 1,811,680 |
| Weighted average number of ordinary shares (Numbers) | | 102,317,502 | 102 317 502 |
| Earnings per share (Rupees) | | 35.79 | 17.71 |
| 36. CASH GENERATED FROM OPERATIONS | | | |
| Profit before taxation | | 4,087,925 | 2,142,406 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation on property, plant and equipment | | 480,897 | 398,020 |
| Depreciation on right of use assets | | 9,285 | 14,830 |
| Finance cost | | 371,888 | 266,541 |
| Provision for workers' profit participation fund | | 210,329 | 115,100 |
| Provision for workers' welfare fund | | 79,925 | 42,834 |
| Gain on sale of property, plant and equipment | | (7,938) | (20,444) |
| Gain on sale of investments at FVTPL | | (2,452) | (310) |
| Unrealized loss / (gain) on re-measurement of investments at FVTPL | | 15,691 | (14,691) |
| Working capital changes | 36.1 | (1,741,495) | (1,921,212) |
| | | 3,504,055 | 1,023,074 |



Notes to the Financial Statements

For the Year ended 30 June 2022

| | NOTE | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|------|------------------------------|-------------|
| 36.1 Working capital changes | | | |
| (Increase) / decrease in current assets: | | | |
| - Stores, spare parts and loose tools | | (62,109) | (37,651) |
| - Stock-in-trade | | (1,101,272) | (1,004,235) |
| - Trade debts | | (1,352,030) | (430,498) |
| - Advances | | (19,239) | (55,406) |
| - Short term deposits and prepayments | | 3,104 | (454) |
| - Other receivables | | 62,082 | (64,646) |
| - Sales tax refundable | | (161,238) | (206,164) |
| | | (2,630,702) | (1,799,054) |
| Increase / (decrease) in current liabilities: | | 889,207 | (122,158) |
| | | (1,741,495) | (1,921,212) |

Notes to the Financial Statements

For the Year ended 30 June 2022

36.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

| | 2022 | | | | | 2021 | | | | |
|--------------------------------|---------------------|-------------------|-----------------------|--------------------|-----------|---------------------|-------------------|-----------------------|--------------------|-----------|
| | Long term financing | Lease liabilities | Short term borrowings | Unclaimed dividend | Total | Long term financing | Lease liabilities | Short term borrowings | Unclaimed dividend | Total |
| Balance as at 01 July | 1,695,983 | 24,543 | 3,816,833 | 617 | 5,537,976 | 1,450,421 | 42,700 | 3,173,375 | 550 | 4,667,046 |
| Financing obtained | 954,563 | - | - | - | 954,563 | 685,163 | - | - | - | 685,163 |
| Amortization of deferred grant | (18,883) | - | - | - | (18,883) | (15,006) | - | - | - | (15,006) |
| Short term borrowings - net | - | - | 103,030 | - | 103,030 | - | - | 643,458 | - | 643,458 |
| Repayment of financing | (576,333) | - | - | - | (576,333) | (424,595) | - | - | - | (424,595) |
| Repayment of lease liabilities | - | (14,354) | - | - | (14,354) | - | (18,157) | - | - | (18,157) |
| Dividend declared | - | - | - | 153,476 | 153,476 | - | - | - | 73,084 | 73,084 |
| Dividend paid | - | - | - | (153,405) | (153,405) | - | - | - | (73,017) | (73,017) |
| Balance as at 30 June | 2,055,330 | 10,189 | 3,919,863 | 688 | 5,986,070 | 1,695,983 | 24,543 | 3,816,833 | 617 | 5,537,976 |



Notes to the Financial Statements

For the Year ended 30 June 2022

37. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, directors and executives of the Company is as follows:

| | Chief Executive Officer | | Executive Director | | Non-Executive Director | | Executives | |
|--------------------------------|----------------------------------|--------|--------------------|--------|------------------------|--------|------------|--------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | ----- (RUPEES IN THOUSAND) ----- | | | | | | | |
| Managerial remuneration | 12,000 | 12,000 | 12,000 | 10,200 | 13,200 | 12,000 | 94,366 | 56,983 |
| Allowances | | | | | | | | |
| Utilities | 3,201 | 3,339 | 3,117 | 4,343 | 2,431 | 2,781 | - | - |
| Other allowances | 3,340 | 3,413 | 2,850 | 2,870 | 3,738 | 3,284 | - | - |
| Contribution to provident fund | 666 | 666 | 666 | 533 | 733 | 666 | 4,424 | 2,582 |
| | 19,207 | 19,418 | 18,633 | 17,946 | 20,102 | 18,731 | 98,790 | 59,565 |
| Number of persons | 1 | 1 | 1 | 1 | 1 | 1 | 33 | 19 |

37.1 The Chief Executive Officer, directors and certain executives are provided with free use of the Company maintained vehicles. Certain directors are also provided reimbursement of travelling expenses, club and other utilities.

37.2 No meeting fee was paid to any director of the Company.

38. PROVIDENT FUND

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

| | 2022 | 2021 |
|---|---------------------|-------|
| | (NUMBER OF PERSONS) | |
| 39. NUMBER OF EMPLOYEES | | |
| Number of employees as on 30 June | 2 846 | 2 659 |
| Average number of employees during the year | 2 775 | 2 529 |

40. TRANSACTIONS WITH RELATED PARTIES

Detail of transactions with related parties along with basis of relationship, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Notes to the Financial Statements

For the Year ended 30 June 2022

| | | | 2022 | 2021 |
|---|---|------------------------------|----------------------|----------|
| | | | (RUPEES IN THOUSAND) | |
| Relationship with the Company | Basis of relationship | Nature of transaction | | |
| Associated Company | | | | |
| J.K. Tech (Private) Limited | Associate | Service charges | 2,280 | 2,280 |
| | | Rental income | 1,920 | 1,920 |
| | | Expenses paid and reimbursed | 276 | - |
| Other related parties | | | | |
| J.K. Spinning Mills Limited - Employees' Provident Fund Trust (Note 40.2) | Post employment benefit plan | Contribution made | 39,761 | 32,845 |
| Chief Executive Officer, directors, and their spouses | Members of Board of Directors and the their relatives | Dividend paid | 145,075 | 70,046 |
| | | Loan repaid to directors-net | - | (35,445) |
| Executives | Key management personnel | Dividend paid | 13 | 6 |
| | | Vehicles sold | 4,458 | 1,075 |

(NUMBER OF SHARES)

| | | | | |
|---|---|--------------------------|---|------------|
| Bonus shares issuance to Chief Executive Officer, directors and their spouses | Members of Board of directors and their relatives | Issuance of bonus shares | - | 28 018 260 |
| Bonus shares issuance to executives | Key management personnel | Issuance of bonus shares | - | 2 416 |

40.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 37.

40.2 The contribution to employee's provident fund trust includes Rupees 0.096 million (2021: Rupees 0.558 million) accounted for in capital work-in-progress during the year related to employees involved in the construction of Company's buildings.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts) (Kgs.) 45 666 45 365

Actual production converted to 20s count based on 3 shifts per day for 1,094 shifts (2021: 1,095 shifts) (Kgs.) 40 287 44 501

Weaving

100 % plant capacity converted to 50 picks based on 3 shifts per day for 1,095 shifts (2021: 1,095 shifts) (Note 41.1) (Sq. Mtr.) 20 986 22 263

Actual production converted to 50 picks based on 3 shifts per day for 1,059 shifts (2021: 1,056 shifts) (Sq. Mtr.) 16 964 18 667

Fabric and Home textile

The plant capacity of these divisions is indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

41.1 The capacity of weaving unit has been decreased due to re-evaluating / re-assessing the efficiency of machinery.



Notes to the Financial Statements

For the Year ended 30 June 2022

41.2 REASON FOR LOW PRODUCTION

Spinning

Under utilization of available capacity is mainly due to power shutdowns / jerks and relocation of some ring frames during the year.

Weaving

Under utilization of available capacity is mainly due to power shutdowns / jerks and articles changing during the year.

42. SEGMENT INFORMATION

| | Spinning | | Fabric Division | | Elimination of Inter-segment transactions | | Total - Company | |
|--|--------------|-------------|-----------------|-------------|---|-----------|-----------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| ----- (RUPEES IN THOUSAND) ----- | | | | | | | | |
| Revenue | | | | | | | | |
| External Intersegment | 15,178,759 | 10,820,483 | 12,153,783 | 6,582,453 | - | - | 27,332,542 | 17,402,936 |
| | 3,578,700 | 595,297 | - | - | (3,578,700) | (595,297) | - | - |
| | 18,757,459 | 11,415,780 | 12,153,783 | 6,582,453 | (3,578,700) | (595,297) | 27,332,542 | 17,402,936 |
| Cost of sales | (16,071,068) | (9,565,379) | (8,679,471) | (5,100,887) | 3,578,700 | 595,297 | (21,171,839) | (14,070,969) |
| Gross profit | 2,686,391 | 1,850,401 | 3,474,312 | 1,481,566 | - | - | 6,160,703 | 3,331,967 |
| Distribution cost | (151,274) | (97,191) | (885,220) | (335,626) | - | - | (1,036,494) | (432,817) |
| Administrative expenses | (300,633) | (262,231) | (123,810) | (111,615) | - | - | (424,443) | (373,846) |
| | (451,907) | (359,422) | (1,009,030) | (447,241) | - | - | (1,460,937) | (806,663) |
| Profit before taxation and unallocated income and expenses | 2,234,484 | 1,490,979 | 2,465,282 | 1,034,325 | - | - | 4,699,766 | 2,525,304 |
| Other expenses | | | | | | | (506,137) | (165,373) |
| Other income | | | | | | | 266,184 | 49,016 |
| Finance cost | | | | | | | (371,888) | (266,541) |
| Taxation | | | | | | | (426,405) | (330,726) |
| Profit after taxation | | | | | | | 3,661,520 | 1,811,680 |

42.1 Reconciliation of reportable segment assets and liabilities:

| | Spinning | | Fabric Division | | Total - Company | |
|--|------------|-----------|-----------------|-----------|-----------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| ----- (RUPEES IN THOUSAND) ----- | | | | | | |
| Total assets for reportable segments | 13,536,817 | 8,803,243 | 5,151,489 | 4,715,829 | 18,688,306 | 13,519,072 |
| Sales tax refundable | | | | | 529,206 | 367,968 |
| Total assets as per statement of financial position | | | | | 19,217,512 | 13,887,040 |
| Total liabilities for reportable segments | 4,154,534 | 3,312,288 | 3,511,120 | 2,996,742 | 7,665,654 | 6,309,030 |
| Unallocated liabilities | | | | | 678,852 | 414,431 |
| Total liabilities as per statement of financial position | | | | | 8,344,506 | 6,723,461 |

II segment liabilities are allocated to reportable segments other than corporate and tax liabilities.

Notes to the Financial Statements

For the Year ended 30 June 2022

42.2 The Company's revenue from external customers in respect of products is detailed below:

| | Spinning | | Fabric Division | | Total - Company | |
|-------------------|----------------------------------|------------|-----------------|-----------|-----------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | ----- (RUPEES IN THOUSAND) ----- | | | | | |
| Yarn | 14,761,629 | 10,515,937 | - | - | 14,761,629 | 10,515,937 |
| Fabric | - | - | 2,747,246 | 1,742,022 | 2,747,246 | 1,742,022 |
| Made ups | - | - | 9,308,179 | 4,803,128 | 9,308,179 | 4,803,128 |
| Processing income | - | - | 53,555 | - | 53,555 | - |
| Waste | 417,130 | 304,546 | 44,803 | 37,303 | 461,933 | 341,849 |
| | 15,178,759 | 10,820,483 | 12,153,783 | 6,582,453 | 27,332,542 | 17,402,936 |

42.3 Geographical Information

The Company's revenue from external customers by geographical locations is detailed below:

| | Spinning | | Fabric Division | | Total - Company | |
|---------------------------------|----------------------------------|------------|-----------------|-----------|-----------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | ----- (RUPEES IN THOUSAND) ----- | | | | | |
| Europe | - | 55,331 | 7,229,427 | 4,019,626 | 7,229,427 | 4,074,957 |
| North America | - | - | 4,012,965 | 1,994,944 | 4,012,965 | 1,994,944 |
| South America | - | - | 355,554 | 59,412 | 355,554 | 59,412 |
| Asia | 71,192 | 11,994 | 47,096 | 58,739 | 118,288 | 70,733 |
| Australia | - | - | 49,842 | 123,846 | 49,842 | 123,846 |
| Africa | 470,485 | 278,005 | 122,668 | 50,223 | 593,153 | 328,228 |
| Pakistan | 9,007,199 | 6,796,715 | 287,239 | 174,180 | 9,294,438 | 6,970,895 |
| Export rebate and duty drawback | - | - | 48,992 | 101,483 | 48,992 | 101,483 |
| Others - SPOs | 5,629,883 | 3,678,438 | - | - | 5,629,883 | 3,678,438 |
| | 15,178,759 | 10,820,483 | 12,153,783 | 6,582,453 | 27,332,542 | 17,402,936 |

42.4 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

42.5 Revenue is recognized at the point in time as per terms and conditions of underlying contracts with customers.

42.6 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposure.

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 and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.



Notes to the Financial Statements

For the Year ended 30 June 2022

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro and Great Britain Pound (GBP). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable from the foreign entities. The Company's exposure to currency risk was as follows:

| | 2022 | 2021 |
|--|-----------|-----------|
| Cash at banks - USD | 89,726 | 13,300 |
| Trade debts - USD | 4,591,018 | 4,592,635 |
| Trade debts - Euro | 393,129 | 303,073 |
| Trade debts - GBP | 376,515 | 115,596 |
| Following significant exchange rates were applied during the year: | | |
| Rupees per US Dollar | | |
| Average rate | 178.81 | 158.99 |
| Reporting date rate | 205.50 | 157.80 |
| Rupees per Euro | | |
| Average rate | 201.60 | 191.24 |
| Reporting date rate | 215.23 | 188.12 |
| Rupees per GBP | | |
| Average rate | 236.74 | 215.18 |
| Reporting date rate | 215.43 | 218.58 |

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 44.337 million (2021: Rupees 33.496 million), Rupees 3.900 million (2021: Rupees 2.627 million) and Rupees 4.326 million (2021: Rupees 1.164 million) higher / lower mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

Notes to the Financial Statements

For the Year ended 30 June 2022

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 instrument or its issuer, or factors affecting all similar financial instrument traded in the market. At the year end, the Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index on the Company's equity investments. The analysis is based on the assumption that the equity index had increased / decreased by 10% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

| Index | Impact on profit after taxation | |
|------------------------|---------------------------------|---------|
| | 2022 | 2021 |
| | (RUPEES IN THOUSAND) | |
| PSX 100 (10% increase) | 68,998 | 3,439 |
| PSX 100 (10% decrease) | (68,998) | (3,439) |

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, lease liabilities, short term borrowings and bank balance in saving account. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

| | 2022 | 2021 |
|---------------------------------|----------------------|-----------|
| | (RUPEES IN THOUSAND) | |
| Fixed rate instruments: | | |
| Financial liabilities: | | |
| Long term financing | 1,535,010 | 1,675,989 |
| Short term borrowings | 2,099,000 | 1,444,000 |
| Floating rate instruments: | | |
| Financial assets | | |
| Bank balances - saving accounts | 402 | 22,895 |
| Financial liabilities | | |
| Long term financing | 520,320 | 35,000 |
| Lease liabilities | 10,189 | 24,543 |
| Short term borrowings | 1,820,863 | 2,372,833 |



Notes to the Financial Statements

For the Year ended 30 June 2022

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 rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 13.351 million (2021: Rupees 15.927 million) lower / higher mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2022 | 2021 |
|-------------------|----------------------|-----------|
| | (RUPEES IN THOUSAND) | |
| Trade debts | 3,049,876 | 1,697,846 |
| Advances | 27 | 1,433 |
| Deposits | 25,446 | 26,453 |
| Investments | 987,274 | 42,224 |
| Other receivables | 7,339 | 22,959 |
| Bank balances | 113,663 | 102,585 |
| | 4,183,625 | 1,893,500 |

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 factors. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. Export sales to major customers are secured through letters of credit. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

Based on the past experience and deliberations management has no recognized expected credit losses in respect of trade debts as given in Note 20 to the financial statements.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Notes to the Financial Statements

For the Year ended 30 June 2022

| Banks: | Rating | | | 2022 (RUPEES IN THOUSAND) | 2021 |
|--|------------|-----------|---------|------------------------------|---------|
| | Short term | Long term | Agency | | |
| Conventional accounts | | | | | |
| Allied Bank Limited | A1+ | AAA | PACRA | 8 | 15 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 1,455 | 9,808 |
| Habib Bank Limited | A-1+ | AAA | VIS | 52,283 | 39,334 |
| MCB Bank Limited | A1+ | AAA | PACRA | 13 | 13 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA | 16,984 | 992 |
| The Bank of Punjab | A1+ | AA+ | PACRA | 5,342 | 14,352 |
| The Bank of Khyber | A1 | A+ | VIS | 4,417 | 120 |
| Summit Bank Limited | | Suspended | VIS | 25 | - |
| Industrial and Commercial Bank of China | P-1 | A2 | Moody's | 500 | - |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 15,688 | 3,443 |
| | | | | 96,715 | 68,077 |
| Shariah compliant accounts | | | | | |
| Askari Bank Limited | A1+ | AA+ | PACRA | 119 | 119 |
| Meezan Bank Limited | A-1+ | AAA | VIS | 16,475 | 34,389 |
| Dubai Islamic Bank Pakistan Limited | A-1+ | AA | VIS | 354 | - |
| | | | | 16,948 | 34,508 |
| | | | | 113,663 | 102,585 |
| Short term investments | | | | | |
| Attock Refinery Limited | A1+ | AAA | PACRA | 3,076 | 4,488 |
| D.G. Khan Cement Company Limited | A1+ | AA- | PACRA | 625 | 1,179 |
| National Refinery Limited | A1+ | AA+ | PACRA | 252 | 523 |
| Oil and Gas Development Company Limited | A-1+ | AAA | VIS | 79 | 95 |
| Pakistan State Oil Company Limited | A-1+ | AA+ | VIS | 6,172 | 8,055 |
| Habib Bank Limited | A-1+ | AAA | VIS | 1,205 | 1,615 |
| Ghandhara Industries Limited | A1 | A+ | PACRA | 3,633 | 6,417 |
| The Searle Company Limited | A-1 | AA- | VIS | 4,122 | 7,058 |
| United Bank Limited | A-1+ | AAA | VIS | 566 | 611 |
| International Steels Limited | A-1 | A+ | VIS | 297 | 467 |
| Lucky Cement Limited | A-1+ | AA+ | VIS | 5,945 | 11,182 |
| Dost Steels Limited | | Unknown | | 401 | 374 |
| | | | | 26,373 | 42,064 |
| Mutual funds | | | | | |
| NBP Financial Sector Income Fund | A+(f) | | PACRA | 162 | 149 |
| NBP Islamic Daily Dividend Fund | AA(f) | | PACRA | 960,727 | - |
| Al Meezan Investment Management Limited | AM1 | | PACRA | 12 | 11 |
| | | | | 960,901 | 160 |
| | | | | 987,274 | 42,224 |

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 20.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.



Notes to the Financial Statements

For the Year ended 30 June 2022

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash, marketable securities and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2022, the Company had Rupees 11,736 million (2021: Rupees 4,333 million) available borrowing limits from financial institutions and Rupees 137.357 million (2021: Rupees 105.109 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2022:

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 and 5 years | Between 1 and 5 years | Over 5 years |
|---------------------------------------|-----------------|------------------------|------------------|-----------------------|-----------------------|--------------|
| ----- (RUPEES IN THOUSAND) ----- | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Long term financing | 1,645,938 | 2,218,713 | 308,645 | 303,832 | 653,348 | 952,888 |
| Lease liabilities | 10,189 | 11,007 | 5,546 | 5,461 | - | - |
| Trade and other payables | 1,181,125 | 1,181,125 | 1,181,125 | - | - | - |
| Accrued mark-up | 43,491 | 43,491 | 43,491 | - | - | - |
| Short term borrowings | 3,919,863 | 3,992,841 | 3,992,841 | - | - | - |
| Unclaimed dividend | 688 | 688 | 688 | - | - | - |
| Derivative financial liabilities | 78,667 | 78,667 | 78,667 | - | - | - |
| | 6,879,961 | 7,526,532 | 5,611,003 | 309,293 | 653,348 | 952,888 |

Contractual maturities of financial liabilities as at 30 June 2021:

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 and 5 years | Between 1 and 5 years | Over 5 years |
|---------------------------------------|-----------------|------------------------|------------------|-----------------------|-----------------------|--------------|
| ----- (RUPEES IN THOUSAND) ----- | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Long term financing | 1,413,007 | 1,806,538 | 313,728 | 307,617 | 603,793 | 581,400 |
| Lease liabilities | 24,543 | 26,666 | 8,190 | 7,846 | 10,630 | - |
| Trade and other payables | 542,473 | 542,473 | 542,473 | - | - | - |
| Accrued mark-up | 43,051 | 43,051 | 43,051 | - | - | - |
| Short term borrowings | 3,816,833 | 3,887,893 | 3,887,893 | - | - | - |
| Unclaimed dividend | 617 | 617 | 617 | - | - | - |
| | 5,840,524 | 6,307,238 | 4,795,952 | 315,463 | 614,423 | 581,400 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark-up have been disclosed in Note 5, Note 6 and Note 11 to these financial statements.

Notes to the Financial Statements

For the Year ended 30 June 2022

4.3.2 Financial instruments by categories

| | 2022 | | | 2021 | | |
|---|--------------------------------------|-------------------|-----------|--------------------------------------|-------------------|-----------|
| | At fair value through profit or loss | At amortized cost | Total | At fair value through profit or loss | At amortized cost | Total |
| ----- RUPEES IN THOUSAND ----- | | | | | | |
| As at 30 June | | | | | | |
| Financial assets as per statement of financial position | | | | | | |
| Trade debts | - | 3,049,876 | 3,049,876 | - | 1,697,846 | 1,697,846 |
| Advances | - | 27 | 27 | - | 1,433 | 1,433 |
| Deposits | - | 25,446 | 25,446 | - | 26,453 | 26,453 |
| Short term investments | 987,274 | - | 987,274 | 42,224 | - | 42,224 |
| Other receivables | - | 7,339 | 7,339 | - | 22,959 | 22,959 |
| Cash and bank balances | - | 137,357 | 137,357 | - | 105,109 | 105,109 |
| | 987,274 | 3,220,045 | 4,207,319 | 42,224 | 1,853,800 | 1,896,024 |

| | 2022 | | | 2021 | |
|--|--------------------------------------|-------------------|-----------|-------------------|--|
| | At fair value through profit or loss | At amortized cost | Total | At amortized cost | |
| ----- RUPEES IN THOUSAND ----- | | | | | |
| As at 30 June | | | | | |
| Financial liabilities as per statement of financial position | | | | | |
| Long term financing | - | 1,645,938 | 1,645,938 | 1,413,007 | |
| Lease liabilities | - | 10,189 | 10,189 | 24,543 | |
| Trade and other payables | 78,667 | 1,181,125 | 1,259,792 | 542,473 | |
| Accrued mark-up | - | 43,491 | 43,491 | 43,051 | |
| Short term borrowings | - | 3,919,863 | 3,919,863 | 3,816,833 | |
| Unclaimed dividend | - | 688 | 688 | 617 | |
| | 78,667 | 6,801,294 | 6,879,961 | 5,840,524 | |

Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

| | 2022 | | | 2021 | | |
|---|------------------|-----------------------------|--|------------------|-----------------------------|--|
| | Financial assets | Other than financial assets | Total as per statement of financial position | Financial assets | Other than financial assets | Total as per statement of financial position |
| ----- RUPEES IN THOUSAND ----- | | | | | | |
| As at 30 June | | | | | | |
| Assets as per statement of financial position | | | | | | |
| Trade debts | 3,049,876 | - | 3,049,876 | 1,697,846 | - | 1,697,846 |
| Advances | 27 | 135,691 | 135,718 | 1,433 | 115,046 | 116,479 |
| Deposits and prepayments | 25,446 | 748 | 26,194 | 26,453 | 2,845 | 29,298 |
| Short term investments | 987,274 | - | 987,274 | 42,224 | - | 42,224 |
| Other receivables | 7,339 | 28,193 | 35,532 | 22,959 | 74,655 | 97,614 |
| Cash and bank balances | 137,357 | - | 137,357 | 105,109 | - | 105,109 |
| | 4,207,319 | 164,632 | 4,371,951 | 1,896,024 | 192,546 | 2,088,570 |



Notes to the Financial Statements

For the Year ended 30 June 2022

| | 2022 | | | 2021 | | |
|---|-----------------------|----------------------------------|--|-----------------------|----------------------------------|--|
| | Financial liabilities | Other than financial liabilities | Total as per statement of financial position | Financial liabilities | Other than financial liabilities | Total as per statement of financial position |
| ----- RUPEES IN THOUSAND ----- | | | | | | |
| As at 30 June | | | | | | |
| Liabilities as per statement of financial position | | | | | | |
| Long term financing | 1,645,938 | - | 1,645,938 | 1,413,007 | - | 1,413,007 |
| Lease liabilities | 10,189 | - | 10,189 | 24,543 | - | 24,543 |
| Trade and other payables | 1,259,792 | 675,500 | 1,935,292 | 542,473 | 328,458 | 870,931 |
| Accrued mark-up | 43,491 | - | 43,491 | 43,051 | - | 43,051 |
| Short term borrowings | 3,919,863 | - | 3,919,863 | 3,816,833 | - | 3,816,833 |
| Unclaimed dividend | 688 | - | 688 | 617 | - | 617 |
| | 6,879,961 | 675,500 | 7,555,461 | 5,840,524 | 328,458 | 6,168,982 |

43.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

43.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowings divided by total capital employed. Net borrowings represent long term financing, lease liabilities and short term borrowings obtained by the Company less cash and bank balances as referred to Note 5, Note 6, Note 11 and Note 26 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy remained unchanged from last year.

| | 2022 | 2021 |
|------------------------------|--------------------|------------|
| | RUPEES IN THOUSAND | |
| Borrowings | 5,985,382 | 5,537,359 |
| Less: Cash and bank balances | 137,357 | 105,109 |
| Total debt | 5,848,025 | 5,432,250 |
| Total equity | 10,873,006 | 7,163,579 |
| Total capital employed | 16,721,031 | 12,595,829 |
| | (PERCENTAGE) | |
| Gearing ratio | 34.97 | 43.13 |

The decrease in the gearing ratio resulted primarily from profit after taxation of the Company.

Notes to the Financial Statements

For the Year ended 30 June 2022

44. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level follows underneath the table:

| | Level 1 | Level 2 | Level 3 | Total |
|---|----------------------------------|---------|---------|---------|
| | ----- (RUPEES IN THOUSAND) ----- | | | |
| Recurring fair value measurement | | | | |
| At 30 June 2022 | | | | |
| Financial assets | | | | |
| At Fair value through profit or loss | 987,274 | - | - | 987,274 |
| | 987,274 | - | - | 987,274 |
| At 30 June 2021 | | | | |
| At Fair value through profit or loss | 42,224 | - | - | 42,224 |
| | 42,224 | - | - | 42,224 |
| Financial liabilities | | | | |
| At 30 June 2022 | | | | |
| Derivative financial liabilities | - | 78,667 | - | 78,667 |
| | - | 78,667 | - | 78,667 |
| At 30 June 2021 | | | | |
| Derivative financial liabilities | - | - | - | - |

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.



Notes to the Financial Statements

For the Year ended 30 June 2022

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value listed financial instruments was the use of quoted market prices.

45. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for the non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|----------------------------------|---------|---------|---------|
| | ----- (RUPEES IN THOUSAND) ----- | | | |
| At 30 June 2022 | | | | |
| Freehold land | - | 958,332 | - | 958,332 |
| Total non-financial assets | - | 958,332 | - | 958,332 |
| At 30 June 2021 | | | | |
| Freehold land | - | 692,123 | - | 692,123 |
| Total non-financial assets | - | 692,123 | - | 692,123 |

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfer between level 1 and 2 for recurring fair value measurement during the year. Further, there was no transfer in and out of level 3.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land (classified as property, plant and equipment). The management updates the assessment of the fair value of freehold land, taking into account the most recent independent valuation. The management determines freehold land's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar lands.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land. During the year, the valuation of freehold land has been performed by Messrs M Y K Associates (Private) Limited.

Changes in fair values are analyzed during the valuation discussion between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

46. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2022 of Rupees 2 (2021: Rupee 1.50) per share at their meeting held on September 16, 2022. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

Notes to the Financial Statements

For the Year ended 30 June 2022

47. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

| Description | Note | 2022 (RUPEES IN THOUSAND) | 2021 |
|---|----------|------------------------------|------------|
| Revenue earned from shariah compliant business | 27 | 27,332,542 | 17,402,936 |
| Gain / (loss) or dividend earned from shariah compliant investments | | | |
| Dividend income | | 19,412 | 245 |
| Unrealized (loss) / gain on remeasurement of investments at FVTPL | | (15,262) | 14,116 |
| Realized gain on remeasurement of investments at FVTPL | | 2,452 | 310 |
| Net exchange gain earned | 32 | 52,584 | 4,862 |
| Shariah compliant bank deposits and bank balances | | | |
| Bank balances | 43.1 (b) | 16,948 | 34,508 |
| Profit earned from shariah compliant bank deposit | | | |
| Profit on deposit with bank | 32 | 44 | 39 |
| Mark-up paid on Islamic mode of financing | | | |
| Mark-up on long term financing | | 12,748 | 11,890 |
| Mark-up on short term borrowings | | 48,036 | 17,704 |
| Profit earned or interest paid on any conventional loan / advance | | | |
| Mark-up on long term financing | | 54,474 | 41,612 |
| Mark-up on short term borrowings | | 206,677 | 164,316 |
| Mark-up paid on leases liabilities | | 1,813 | 3,162 |
| Loans / advances obtained as per Islamic mode | | | |
| Contract liabilities | 9 | 275,180 | 100,485 |
| Short term borrowings | 11 | 1,230,302 | 539,606 |

The relationship with all shariah compliant banks are related to bank accounts as given in Note 43.1 (b) along with diminishing musharika obtained from Meezan Bank Limited and short term borrowings obtained from Meezan Bank Limited and Dubai Islamic Bank Pakistan Limited.

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 16, 2022.



Notes to the Financial Statements

For the Year ended 30 June 2022

49. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made except the following, for better presentation:

| PARTICULARS | RECLASSIFICATION | | AMOUNT (RUPEES IN THOUSAND) |
|--------------------------|---|-------------------------------------|-----------------------------------|
| | FROM | TO | |
| Long term deposits | Face of statement of financial position | Trade and other payables | 34,439 |
| Long term advances | Long term deposits | Capital work-in-progress | 77,548 |
| Capital work-in-progress | Face of statement of financial position | Property, plant and equipment | 532,116 |
| Contract liabilities | Face of statement of financial position | Trade and other payables | 100,485 |
| Books overdrawn | Trade and other payables | Net off with cash and bank balances | 12,571 |
| Short term borrowings | Net off with trade debts | Short term borrowings | 428,553 |

50. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

Jawed Anwar
Chairman

Faiq Jawed
Chief Executive Officer

Ghulam Muhammad
Chief Financial Officer

Pattern of Shareholding

As on June 30, 2022

| No. of Share Holders | Share Holding | | Total Shares Held |
|----------------------|---------------|------------|--------------------|
| | From | To | |
| 59 | 1 | 100 | 958 |
| 68 | 101 | 500 | 20,812 |
| 50 | 501 | 1,000 | 40,169 |
| 75 | 1,001 | 5,000 | 185,848 |
| 19 | 5,001 | 10,000 | 144,105 |
| 5 | 10,001 | 15,000 | 63,618 |
| 6 | 15,001 | 20,000 | 107,981 |
| 4 | 20,001 | 25,000 | 92,255 |
| 3 | 25,001 | 30,000 | 83,800 |
| 1 | 35,001 | 40,000 | 39,900 |
| 3 | 40,001 | 45,000 | 129,619 |
| 2 | 55,001 | 60,000 | 112,126 |
| 1 | 60,001 | 65,000 | 64,974 |
| 1 | 90,001 | 95,000 | 92,000 |
| 1 | 100,001 | 105,000 | 101,500 |
| 1 | 190,001 | 195,000 | 192,900 |
| 1 | 265,001 | 270,000 | 266,700 |
| 1 | 315,001 | 320,000 | 318,599 |
| 1 | 320,001 | 325,000 | 321,253 |
| 2 | 500,001 | 505,000 | 1,008,000 |
| 1 | 520,001 | 525,000 | 524,118 |
| 1 | 540,001 | 545,000 | 540,400 |
| 1 | 860,001 | 865,000 | 864,360 |
| 1 | 1,000,001 | 1,005,000 | 1,003,100 |
| 1 | 1,060,001 | 1,065,000 | 1,061,256 |
| 1 | 1,265,001 | 1,270,000 | 1,266,022 |
| 1 | 3,515,001 | 3,520,000 | 3,516,095 |
| 1 | 3,560,001 | 3,565,000 | 3,563,429 |
| 1 | 12,370,001 | 12,375,000 | 12,372,816 |
| 1 | 18,930,001 | 18,935,000 | 18,930,118 |
| 1 | 22,745,001 | 22,750,000 | 22,747,774 |
| 1 | 32,540,001 | 32,545,000 | 32,540,897 |
| 316 | | | 102,317,502 |

| Shareholders' Category | No. of Share Holders/Folios | No. of Shares Held | Percentage |
|--|-----------------------------|--------------------|---------------|
| Directors, Chief Executive Officer and their spouse : | | | |
| -Directors and Spouse | 14 | 71,407,895 | 69.79 |
| -Chief Executive Officer | 4 | 24,804,614 | 24.24 |
| Banks, Development Financial Institutions, Non Banking Financial Institutions | | | |
| Insurance Companies | 2 | 7,644 | 0.01 |
| Modarbas | 1 | 4,557 | 0.01 |
| General Public: | | | |
| a. Local | 284 | 6,009,854 | 5.87 |
| b. Foreign | - | - | - |
| Other | 8 | 79,272 | 0.08 |
| Total | 316 | 102,317,502 | 100.00 |

| | | |
|-----------------------------------|--|------------|
| Shareholders More Than 10% | | |
| Mr. Jawed Anwar | | 34,084,397 |
| Mr. Faiq Jawed | | 24,804,614 |
| Mr. Shaiq Jawed | | 19,441,617 |
| Mrs. Farhat Jehan | | 13,237,176 |
| | | 33.31 |
| | | 24.24 |
| | | 19.00 |
| | | 12.94 |

None of the directors , executives and their spouses and minor children Children has traded in the shares of the company during the year except the following:

| | | |
|-------------------------|----------|-----------|
| Mr. Shaiq Jawed | Gift in | 2,054,000 |
| Mrs. Sadaf Aamir Arshad | Gift in | 927,400 |
| Mr. Jawed Anwar | Gift Out | 1,954,400 |
| Mr. Faiq Jawed | Gift Out | 504,000 |
| Mrs. Farhat Jehan | Gift Out | 2,374,400 |



Form of Proxy

36th Annual General Meeting

I/We, _____ of _____, holding Computerized National Identity Card (CNIC)/Passport No. _____ and being a member of J.K. Spinning Mills Limited, hereby appoint _____ of _____, holding CNIC/Passport No. _____, or failing him/her hereby appoint _____ of _____, holding CNIC/Passport No. _____, as my/our proxy to vote for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on the 25th day of October, 2022 and at any adjournment thereof.

At witness my/our hand /seal this _____ day of _____ 2022.

Witnesses:

1. Signature _____
 Name _____
 Address _____
 CNIC/Passport No. _____

2. Signature _____
 Name _____
 Address _____
 CNIC/Passport No. _____

CDC Account No.

Revenue Stamps of Rs 5/-

To be signed by the above named shareholder

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Head Office of the Company, not less than 48 hours before the time of holding the meeting. A proxy need not to be a member of the Company.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his/her original CNIC at the time of the meeting.
5. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.

پراکسی فارم

چھتیسواں سالانہ اجلاس عام
میں / ہم ساکن _____ حامل کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ نمبر _____
اور بطور رکن جے کے سپننگ ملز لمیٹڈ _____ حامل کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ نمبر _____ یا اس
کی عدم موجودگی میں _____ حامل (CNIC) یا پاسپورٹ نمبر _____ کو مورخہ 25 اکتوبر 2022 کو منعقد
ہونے والے چھتیسواں سالانہ اجلاس عام اور اس کے کسی ملتوی شدہ اجلاس کے لئے میری / ہماری جانب سے ووٹ ڈالنے کے لئے بطور نمائندہ (پراکسی) تقرر
کرتا ہوں / کرتی ہوں / کرتے ہیں

گواہان کی موجودگی میں میرے / ہمارے دستخط / مہر بروز _____ 2022 ثبت کیے گئے / کی گئی
گواہان

1. دستخط _____
نام _____
پتہ _____
کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ نمبر _____
2. دستخط _____
نام _____
پتہ _____
کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ نمبر _____

پانچ روپے کاربونیو اسٹمپ

سی ڈی سی اکاؤنٹ نمبر

حصص یافتہ کے دستخط

- نوٹس
1. یہ پراکسی فارم مکمل اور دستخط شدہ کمپنی کے ہیڈ آفس میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے موصول ہونا ضروری ہے۔ پراکسی کا ممبر ہونا لازمی نہیں۔
 2. پراکسی فارم پر دو گواہان کے نام، پتے اور شناختی کارڈ نمبر درج ہونے چاہئیں۔
 3. پراکسی فارم کے ساتھ تقرر کرنے والے اور پراکسی کے حامل فرد کے شناختی کارڈ کی تصدیق شدہ نقول جمع کی جائیں گی۔
 4. اجلاس کے وقت پراکسی کا حامل شخص اپنا اصل شناختی کارڈ فراہم کرے گا۔
 5. کارپوریٹ ادارے کی صورت میں، ادارے کے بورڈ وف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹارنی بشمول نمونہ دستخط پراکسی فارم کے ساتھ جمع ہوگی۔

J.K. SPINNING MILLS LIMITED

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Lahore Cantt. Lahore.
Telephone No. +92-42-36672695
E-mail: jkgroup@jkgroup.net



jkgroup.net
