



Annual Report 2020-2021

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 Mrs.Sadaf Aamir Arshad
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Farhan Safdar
Auditors	Zahid Jamil & Co. 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
Registered office	34-Falcon Enclave, Tufail Road, Lahore Cantt. Lahore.
Head Office & Mills	29-KM, Sheikhupura 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 35th Annual Report of the company for the year ended June 30, 2021.



Overview of Economy and Industry

Pakistan's economy had instable growth pattern over the past five decades with high and low cycles facing challenges in achieving long-term broad base evolution. Unsustainable economic growth caused by unaddressed long-standing structural issues including loss-making State-Owned Enterprises, weak external position due to lack of value added export capacity and low FDI, circular debt of power sector, low savings and investment and ignoring research in agricultural sector and construction of major dams.

The economy of Pakistan rebounded strongly in FY2021 and posted growth of 3.94 percent which is not only substantially higher than the previous two years (-0.47 and 2.08 percent in FY2020 and FY2019 respectively) but also surpassed the target (2.1 percent for FY 2021). Despite strict fiscal constraints, appropriate measures and policy of the government resulted in economic recovery. Tax collection witnessed decent growth owing to the revival of domestic economic activity.

The pandemic resulted in lockdown and depressed demand. Adequate government policies were implemented to keep economy moving. Utilization of unused industrial capacities during the pandemic also helped in economic recovery. Temporary Economic Refinance Facility (TERF) was launched to stimulate investment both new and expansion/Balancing, Modernization and Replacement (BMR) of existing units. Financing under the facility was available for all sectors across the board except power sector. The scheme has been ended in March 31, 2021. Refinance Schemes for Export Promotions to facilitate export-

oriented industries during COVID-19, SBP introduced some relaxations under Export Finance Scheme (EFS) and Long-Term Financing Facility (LTFF). Six months additional period was allowed for making shipment/performance under EFS with a 1.5 times export performance (2 times earlier). Eligibility criteria for availing LTFF relaxed from US\$ 5 million or 50% exports of total sales to US\$ 4 million or 40% exports of total sales from Jan-Sep 2020.

On the industrial front, there was a significant rebound in economic activity, as Large Scale Manufacturing (LSM) gained grip. The industrial sector has witnessed a remarkable turnaround largely because of accommodative policies by the government in the form of industrial support packages; relief to export-oriented industries, duty exemption under China-Pak Free Trade Agreement-II, electricity and gas subsidy for the export-oriented industries and tax exemptions for electric vehicles manufacturers. The government's incentives for the construction sector provided motivation for its allied manufacturing segments. These measures enabled the resumption of business activities.

Financial and operational performance

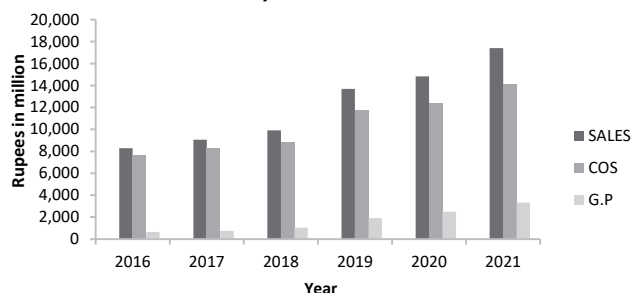
Your company achieved ever highest financial results for the Financial year 2020-21 in view of increase in sale margin. Profit after taxation for the financial year under review stood at Rupees 1,811.680 million as compared to profit of Rupees 1,141.972 million in the corresponding year. Company's Sales revenue for the year 2021 stood Rupees 17,402.936 million against Rupees 14,827.225 million in 2020. Fuel

and power cost increased to Rupees 1,111.919 million in 2021 from Rupees 1,038.085 million in 2020 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.

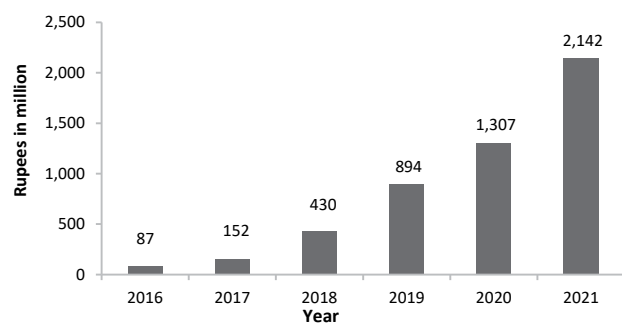
Distribution cost increased in view of increase in ocean freight while administrative cost increased due to inflationary trend. Financial cost decreased to Rupees 266.541 million in the year 2021 from Rupees 396.618 million in 2020 in view decrease in KIBOR rates. Management of your company is constantly focusing on Balancing Modernization and Replacement (BMR) of its plant and machinery and enhancement of spinning, weaving, processing and stitching capacities. TWO COMPLETE GE JENBACHER NATURAL GAS GEN SETS MODEL JMS 616 of 2.679 MW each commissioned during the FY 2021. Three high speed Ring frames comprising 3,024 spindles has been added in existing spinning capacity while letter of credit has been opened for import of Ring frame comprising 8,064 spindles which are likely to be commissioned in 2nd quarter of next financial year. Processing unit having daily capacity of 100,000 meters has started commercial production in last quarter of current financial year. Civil work has been started and Letter of credit has been opened for addition of spinning unit comprising 52,896 spindles. Management of your company is also planning to add 144 air jet looms in its weaving capacity, adding one Stentor machine in processing unit and constructing effluent water treatment plant. The production of yarn converted into 20s for the year ended June 30, 2021 stood at 44.501 million

Chairman's Review

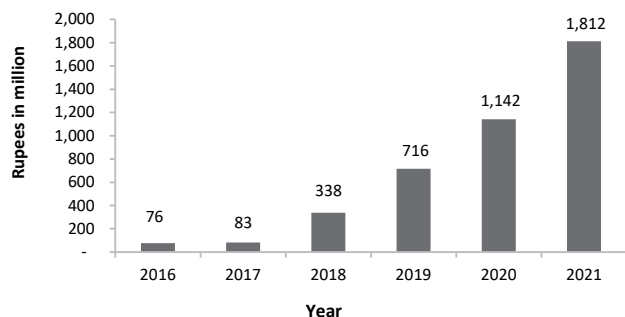
Sales, Cost and G.P



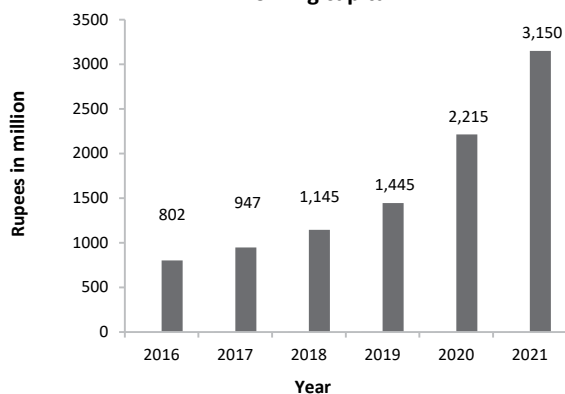
Profit before taxation



Profit after taxation



Working capital



Kgs against 37.051 million Kgs of corresponding year while fabric production stood 18.667 million sq meters in FY 2021 (2020: 14.934 million sq meters)

Financial Strength

Balance Sheet footing is showing constant sign of improvement over past six years. Total assets of the company stood at Rs.13,471.058 million in financial year 2021 as compared to Rs. 11,251.715 million in corresponding year.

Liquidity of the company is good enough with current ratio of 1.63. The Debt equity ratio stood at 19:81 in 2021 against 22: 78 in 2020 while leverage of the company stood at 0.71. Breakup value of a Rs. 10 share stood Rs. 70.01. 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

COVID-19 has emerged as one of the biggest challenges to global and domestic economy. The global outlook faces significant challenges due to divergences in the speed of recovery within and across countries, reflecting variation in pandemic-induced disruptions and the extent of policy support. The global community continued to face challenges for mitigation both on the social and economic front even after one and a half years of the COVID-19 pandemic setting in. Even after extensive assistance and a recovery that has been underway since mid-2020, unemployment and underemployment would remain



high. The vaccination has begun in most countries, holding the promise of eventual reductions in the severity and frequency of infections.

The global outlook is dependent on the severity of the health crisis, the efficacy of the vaccine against new COVID-19 strains, successful implementation of well-coordinated economic policies and the development of financial conditions. The speed of recovery and the extent of medium-term



damage will be determined by the variation of these drivers and their relationship with country-specific characteristics.

All countries of the world are facing similar situation of lock down of cities to minimize the spreading of Corona virus pandemic.

All textile sectors are performing well. However, In view of increasing cotton prices, devaluation of Pak Rupee, delay in shipments due to non availability of empty containers, working capital requirement of textile exporters has increased and textile export oriented industry is facing liquidity crunch.

Management of your company has clear strategy and focusing for the years ahead on expanding the position in the textile sector with ongoing investment in textile value added business as we endure to build pathways toward future for sustainable and long-term growth.

The company is closely watching the cotton outlook to procure cotton at minimum rates 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 29, 2021

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 feel pleasure in presenting the annual report together with audited financial statements of the company for the Year Ended June 30, 2021.

Financial Highlights

The financial highlights of the company for the year ended June 30, 2021 are summarized as under:

	2021	2020
	Rupees in Thousands	
Revenue from contracts with customers	17,402,936	14,827,225
Gross Profit	3,331,967	2,498,629
Profit before Taxation	2,142,406	1,306,892
Taxation	330,726	164,920
Profit after taxation	1,811,680	1,141,972

Dividend:

Board of Directors in their meeting held on September 29, 2021 approved final cash dividend @ 15% (Rupees 1.5 per share) for the financial year 2021

(2020: cash dividend @ 10% i.e. Rupees 01 per share and bonus shares @ 40% i.e. 4 shares against every 10 shares held).

Earnings Per Share

Earnings per share for the year ended June 30, 2021 stood at Rupees 17.71 per share as compared to Rupees 11.16 per share in corresponding year.

Corporate And Financial Reporting Frame Work:

Security and Exchange Commission of Pakistan framed a code of corporate governance, which was incorporated through

the listing regulations of all Stock Exchanges of the country. The Director of your company has ensured implementation of all provisions of the code of corporate governance applicable for the period ended on June 30, 2021.

The review report on Statement of Compliance with the code of corporate governance of Auditors is annexed with this report.

The Directors of the company are pleased to confirm that there is no material departure from the best practices as detailed in the listing regulations.

- 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.
- Proper books of accounts of



Managing Director

- 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 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, 2021 were 2,659 (2020: 2,448)
 - Value of investment of provident fund trust based



on audited accounts as on June 30, 2020 is Rs.314.919 million.

- Mr. Shaiq Jawed, Director of the company purchased 26,500 shares during the financial year 2021. 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 inter transfer (Gift) of 2,288,880 shares within family members.
- The Statement of pattern of shareholding of the company as at June 30, 2021 is annexed in new form set out in the code of corporate governance.
- Change in terms and conditions of Chief Executive and other Directors disclosed in notes to the financial statements.

Risk Management

The company is conducting business in a challenging environment. Its activities expose it to number of risks including raw material sourcing/ pricing, currency risk, credit risk, liquidity and interest rate risks, Gas and power outage risk and human resource retention and recruitment.

Raw material Risk

Cotton is main raw material of a textile spinning. Inability to procure raw material and increase in prices may adversely

influence the operation and profitability of the company. The company aims to use its purchasing power and manage to procure cotton at the start of harvesting season to minimize this risk.

Currency Risk

Exchange rate fluctuation may have impact on financial results. The company mitigates these risks through hedging tools and monitoring payable and receivable in foreign currencies.

Credit Risk

The company's credit exposure to credit risk and impairment relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standings and we have a long standing relations with all our customers. We do not expect non performance by these counter parties, hence credit risk is minimal.

Cost and Availability of Funds

It is one of our objectives to safeguard the company's ability as a going concern. Collapse in steady availability of funds and interest rates may adversely affect the liquidity and overall financial conditions. The significant portion of working capital requirements of the company is arranged through short term financing. The company has secured sufficient financing facilities to meet

these requirements to mitigate capital risk. We manage the capital structure on the basis of leverage ratio at low level. Interest rates risk is managed through alternative financing.

Power and Gas outage

Smooth operation may get affected due to Gas outage. The company has mitigated this risk through standby arrangements of power supply from FESCO and diesel generators.

Employee Recruitment and Retention

Failure to attract and retain the right peoples may adversely affect the achievement of company goals and plans. A strong emphasis is placed on the company human resource and its skills. We operate the best talent management and human resource instrument to attract, retain, motivate, educate and encourage personnel and staff.

Corporate Social responsibility

The company is contributing handsome amount of charity and donations to various institution and reputed healthcare non -profit organizations serving the community.



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.

Names of Directors and Boards Meetings

During the year under review, seven meetings of Board of Directors were held. Attendance position of Board of Directors meetings is as under:

Name of Director	No. of Meetings Attended
Mr. Jawed Anwar	07
Mr. Faiq Jawed	07
Mr. Shaiq Jawed	07
Mr. Rehan Ashfaq	07
Mrs. Farhat Jahan	07
Mrs Sadaf Aamir Arshad	07
Mr. Mamoor Ijaz	07

Audit Committee

The Audit Committee held seven meetings during the year under review 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:

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

HR & Remuneration Committee

Two meetings of HR committee were held during the year which were attended by all the committee members. The composition of new Human Resource committee is as under:

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

Directors Training

One director's of the company participated and completed all the requirements of Directors Training Program conducted by Institute of Chartered Accountants of Pakistan in March, 2016 and got certification of Certified Directors to fulfill the requirements of directors training program as required by Code of Corporate

Governance. Four directors are exempted due to more than 14 years of education and 17 years of experience on board of listed company. 75% of directors either exempted from requirement of directors training program or got certification of Certified Directors to fulfill the requirements of Code of Corporate Governance.

Composition of Board and Name of Directors

Election of Board of Directors was held on March 28, 2021 The Board consists of 5 male and 2 female Directors with following composition:

Independent Director	02
Non – executive Director	03
Executive Director	02
Total number of Director	07

Names of Directors are as under:

Mr. Jawed Anwar
Mr. Faiq Jawed
Mr. Shaiq Jawed
Mr. Rehan Ashfaq
Mrs. Farhat Jahan
Mrs. Sadaf Aamir Arshad
Mr. Mamoor Ijaz

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 2020-21, 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.

Auditors:

The Auditors M/S Zahid Jamil and Company, Chartered Accountants, stand retired and being eligible, offer themselves for re-appointment. Audit Committee has recommended M/S Riaz Ahmad and Company, Chartered Accountants from Category “A” of panel of Auditors maintained by State Bank of Pakistan as statutory auditors of the company for the financial year ending June 30, 2022. One of the Financial institution has approved LTFF financing limit subject to appointment of “SBP A rated Auditors” by the company for financial year ending June 30, 2022.

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

Javed Anwar
Chairman

FAIQ JAWED
Chief Executive Officer

Faisalabad
September 29, 2021



ڈائریکٹرز کے نام:

نمبر شمار	نام
1	مسٹر جاوید انوار
2	مسٹر فائق جاوید
3	مسٹر شائق جاوید
4	مسٹر سبحان اشفاق
5	مسٹر فرحت جہاں
6	مسٹر صدف عامر ارشد
7	مسٹر مامور اعجاز

ڈائریکٹرز کے معاوضے کی پالیسی:

بورڈ آف ڈائریکٹر کا معاوضہ بورڈ خود منظور کرتا ہے۔ تاہم کوڈ آف کورپوریٹ گورننس کے تحت کوئی ڈائریکٹر اپنے معاوضے کے فیصلے میں حصہ نہیں لے سکتا۔ معاوضے کی پالیسی بورڈ میں موزوں اُمیدوار کو رکھنے کیلئے بنائی گئی ہے۔ معاوضے کی معلومات اور ڈائریکٹر اور سی ای او کی میٹنگ 2020-21 کی فیس فنانشل سٹیٹمنٹ کے نوٹس میں موجود ہیں۔

نان ایگزیکٹو ڈائریکٹر بشمول چیئر مین اور انڈیپنڈنٹ ڈائریکٹرز کے معاوضے کا تعین بورڈ آف ڈائریکٹرز نے کیا ہے۔

آڈیٹرز:

آپ کی کمپنی کے موجودہ آڈیٹرز میسرز Zahid Jamil & Co، چارٹرڈ اکاؤنٹنٹ ریٹائر ہو رہے ہیں۔ اور دوبارہ تقرری کیلئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے میسرز Riaz Ahmad & Co چارٹرڈ اکاؤنٹنٹ کو مالیاتی سال کے اختتام 30 جون 2022 کے لئے اسٹیٹ بینک آف پاکستان کے زیر انتظام آڈیٹرز کے پینل کی کیلگری A سے سفارش کی ہے۔ ایک مالیاتی ادارے نے 30 جون 2022 کو مالیاتی سال کے اختتام کیلئے کمپنی کی جانب سے LTFF فنانسنگ کی منظوری اسٹیٹ بینک آف پاکستان A ریٹید آڈیٹرز کی تقرری سے مشروط کی ہے۔

چیئر مین کا جائزہ:

چیئر مین کا 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 بیکرز کے کمپنی کے کاروبار میں تعاون پر شکر گزار 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 شکر گزار بھی ہے۔

منجانب بورڈ آف ڈائریکٹرز:

فیصل آباد: 29 ستمبر 2021

مسٹر فائق جاوید

چیف ایگزیکٹو

مسٹر جاوید انوار

چیئر مین

ڈائریکٹرز کے نام اور بورڈ میٹنگ:
اس سال کے دوران بورڈ کی سات میٹنگز ہوئیں۔ ان میٹنگز میں حاضری کی پوزیشن درج ذیل ہے:

نمبر شمار	نام	میٹنگز میں حاضری
1	جاوید انوار	07
2	فائق جاوید	07
3	شائق جاوید	07
4	ریحان اشفاق	07
5	فرحت جہاں	07
6	صدف عامر ارشد	07
7	مامور اعجاز	07

آڈٹ کمیٹی:

سال کے دوران آڈٹ کمیٹی کی سات میٹنگز ہوئیں، جن میں فنانشل سٹینٹ، اندرونی آڈٹ کی جائزہ رپورٹ اور کارپوریٹ گورننس پر عمل درآمد کا جائزہ لیا گیا۔

آڈٹ کمیٹی کے نام مندرجہ ذیل ہیں:

مسٹر ریحان اشفاق (چیئر مین)

مسز فرحت جہاں

مسز صدف عامر ارشد

ہیومن ریسورس کمیٹی:

مجوزہ سال کے اندر اس کمیٹی کی دو میٹنگز ہوئیں جن میں تمام ممبرز حاضر تھے۔ ہیومن ریسورس کمیٹی کے نام مندرجہ ذیل ہیں:

مسٹر مامور اعجاز (چیئر مین)

مسٹر شائق جاوید

مسز صدف عامر ارشد

ڈائریکٹرز ٹریننگ:

آپ کی کمپنی کے ایک ڈائریکٹرز نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹس کے ٹریننگ پروگرام برائے ڈائریکٹرز منعقدہ مارچ 2016 میں حصہ لیا اور سرٹیفیکیٹ حاصل کئے۔ کمپنی کے چار ڈائریکٹرز چودہ سال کی تعلیم اور سترہ سال کے تجربہ کی وجہ سے ٹریننگ پروگرام سے مستثنیٰ ہیں۔ 75% ڈائریکٹرز یا تو ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں۔ یا انہوں نے کوڈ آف کارپوریٹ گورننس کے مطابق سرٹیفائیڈ ڈائریکٹرز کا سرٹیفیکیٹ حاصل کیا ہے۔ کمپوزیشن آف بورڈ اور ڈائریکٹرز کے نام:

بورڈ آف ڈائریکٹرز کا الیکشن 28 مارچ 2021 کو منعقد ہوا۔

پانچ مرد اور دو خواتین ڈائریکٹرز پر مشتمل بورڈ کی کمپوزیشن مندرجہ ذیل ہے:

انڈیپنڈنٹ ڈائریکٹرز 2

نان ایگزیکٹو ڈائریکٹرز 3

ایگزیکٹو ڈائریکٹرز 2

کل ڈائریکٹرز کی تعداد 7



کرنسی کا خطرہ:

کرنسی کی قدر میں کمی اور بیشی کمپنی کے منافع پر اثر انداز ہوتی ہے۔ کمپنی جنگ ٹول، مانیٹری پے ایبل اور بیرونی کرنسی لین دین کو استعمال کر کے اس خطرے کو کم کرتی ہے۔

ادھار کا خطرہ:

کمپنی کا روبرو بار میں ادھار پر مال فروخت کرتی ہے اور اس کی وصولیوں کا خطرہ لاحق ہوتا ہے۔ کمپنی ان گاہکوں کے ساتھ کام کرتی ہے جن کی ساکھ اچھی ہو اور وہ بہت سالوں سے کمپنی کے ساتھ کاروبار کر رہے ہوں اس طرح کمپنی یہ خطرہ کم کر لیتی ہے۔

فنڈز کی عدم دستیابی اور کاسٹ کا خطرہ:

یہ کمپنی کے مقاصد میں شامل ہے کہ وہ مسلسل چلتی رہے۔ فنڈز کی عدم دستیابی اور اس کے سود کے ریٹ میں اضافہ کا خطرہ ہوتا ہے جو کمپنی کے آپریشنز پر اثر انداز ہو سکتا ہے۔ کمپنی اپنے فنڈز مختلف بینکوں سے چھوٹے عرصے کے لئے ادھار لے کر پورا کرتی ہے۔ کمپنی نے بہت سے بینکوں سے چھوٹے عرصے کی بہت سی لمٹس لی ہوئی ہیں جو اس خطرے کو کم کر دیتی ہیں۔ ہم اپنے کمپیٹل کی ساخت کو لیورج کا تناسب کم رکھ کر کنٹرول کرتے ہیں۔ سودز یادہ ہونے کے خطرہ کو متبادل فنانسنگ کے ذریعہ کنٹرول کیا جاتا ہے۔

بجلی اور گیس کی کمی کا خطرہ:

گیس کی کمی اور بندش کمپنی کی روانی سے چلنے کی صلاحیت پر اثر انداز ہوتی ہے۔ اس خطرہ کو آپکی کمپنی نے فیسکو کے اسٹینڈ بائی کنٹریکشن سے اور ڈیزل جنریٹر سے حل کیا ہوا ہے۔

ملازمین کی ریکروٹمنٹ اور ساتھ رکھنا:

اگر صحیح ملازمین نہ رکھے جائیں تو یہ کمپنی کے گولز اور مقاصد کو بُری طرح متاثر کر سکتے ہیں۔ کمپنی اپنے ملازمین کی صلاحیتوں کو بہتر کرنے پر زور دیتی ہے۔ کمپنی کی کوشش ہوتی ہے کہ وہ اچھے ملازمین کو رکھے اُن کے ٹریننگ دے اور اُن کی حوصلہ افزائی کرے۔

سماجی ذمہ داری:

کمپنی کمیونٹی کی خدمت کے لئے ہر سال اچھے اداروں اور صحت عامہ کے غیر منافع والے اداروں کو خیراتی فنڈز دے کر اپنی سماجی ذمہ داری پوری کرتی ہے۔

صحت سلامتی اور ماحول:

کمپنی ماحول پر کم اثرات مرتب کرنے والی محفوظ اور موثر پروڈکٹس کی فراہمی اور محفوظ اور ماحول دوست ٹیکنالوجی، توانائی کے ذرائع اور طریقہ کار کے استعمال کے ذریعے اپنے اسٹیک ہولڈرز اور ماحول کی حفاظت کے لئے ذمہ دارانہ طریقے سے کاروبار کرنے کے عہد پر عمل پیرا ہے۔ کمپنی مضمر خطرات کی نشاندہی کے لئے اپنے ملازمین کی حوصلہ افزائی کرتی ہے اور انہیں ورکنگ انوائرنمنٹ کو محفوظ بنانے کی تربیت بھی دیتی ہے۔

• پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ کا مالیاتی اسٹیٹمنٹس کی تیاری میں عمل درآمد کیا گیا ہے اور جہاں لاگو نہیں ہوتے وہاں ان کو طرہ 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 پلان اور آنے والے دنوں کے منافع کے منصوبے چیئرمین کی جائزہ رپورٹ میں بیان کئے گئے ہیں۔

• 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 ہڈا ہیں۔

• سٹیٹ بینک آف پاکستان کے سرکلر نمبر ایف ای 25 فنانسنگ پر ایکسچینج ریٹ میں نفع و نقصان کتابوں میں شامل ہے۔

• سال 2021 کے اختتام پر کمپنی کے ملازمین کی تعداد 2659 ہے جبکہ پچھلے سال یہ تعداد 2448 تھی۔

• پراویڈنٹ فنڈ کی انوسٹمنٹ کی قدر آڈٹ شدہ مالیاتی سال 2020 کے اختتام پر 314.919 ملین روپے تھی۔

• کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، سیکریٹری اور ان کے سپاؤنسرز اور کم عمر بچوں نے کمپنی کے حصص میں کوئی کام نہیں کیا سوائے 2,288,880 شیئرز فیملی ممبرز

کے مابین منتقل ہوئے اور مسٹر شائق جاوید نے جو کہ کمپنی کے ڈائریکٹر ہیں انہوں نے مالی سال کے دوران 26,500 شیئرز خریدے ہیں۔

• کمپنی میں حصص رکھنے کا انداز اسٹیٹمنٹ برائے ختم شدہ سال 30 جون 2021 کو ڈاؤن آف کارپوریٹ گورننس کے نئے فارم میں لف ہڈا ہے۔

• چیف ایگزیکٹو اور دوسرے ڈائریکٹرز کی شرائط و ضوابط میں تبدیلی فنانشل سٹیٹمنٹ کے نوٹس میں ظاہر کی گئی ہے۔

رسک مینجمنٹ:

آپ کی کمپنی مقابلاتی ماحول میں کاروبار کر رہی ہے۔ کمپنی کے کاروبار میں بہت سے خطرات بشمول خام مال لینے کا خطرہ، اس کی قیمتوں میں تبدیلی کا خطرہ، کرنسی میں تبدیلی کا خطرہ، ادھار مال دینے کا خطرہ، بجلی، سود کے ریٹ کا خطرہ، گیس اور بجلی کی کمی کا خطرہ اور ملازمین کے چھوڑ جانے کا خطرہ شامل ہیں۔

خام مال کا خطرہ:

کاٹن خام مال کے طور پر سپننگ انڈسٹری میں استعمال ہوتی ہے۔ اگر آپ اس کو بروقت اور اچھی قیمت پر نہ لے سکیں تو کمپنی کا منافع اثر انداز ہو سکتا ہے۔

کمپنی اپنی استعداد کے مطابق کاٹن سیزن کے دوران کاٹن خرید لیتی ہے اور اس کی قیمت میں اضافہ کے خطرہ کو کم کر لیتی ہے۔



ڈائریکٹر رپورٹ برائے حصص یافتگان:

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 2021 کی ختم ہونے والے سال کے آڈٹ شدہ مالیاتی حسابات کے ساتھ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی شہ سرخیاں:

مالیاتی سال کے 30 جون 2021 کی مالیاتی نتائج کی جھلکیاں درج ذیل ہیں:

روپے ہزار میں

تفصیلات	2020	2021
آمدنی	14,827,225	17,402,936
مجموعی منافع	2,498,629	3,331,967
قبل از ٹیکس منافع	1,306,892	2,142,406
ٹیکس	164,920	330,726
سال کا منافع	1,141,972	1,811,680

ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 29 ستمبر 2021 میں 15% حتمی نقد ڈیویڈنڈ (1.5 روپیہ فی شیئر) برائے مالیاتی سال 2021 منظور کیا ہے۔ مقابلہ پچھلے سال 10% حتمی نقد ڈیویڈنڈ 1 روپیہ فی شیئر اور بونس شیئر 40% (ہر 10 شیئرز کے بدلے 4 شیئرز) تھا۔

آمدنی فی شیئر:

فی شیئر آمدنی برائے مالیاتی سال 30 جون 2021 میں 17.71 روپے فی شیئر رہی۔ مقابلہ پچھلے سال کی فی شیئر آمدن 11.16 روپے فی شیئر تھی۔

کارپوریٹ گورننس سے ہم آہنگی:

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے سٹاک ایکسچینج کے ضابطہ کار کے ذریعے کارپوریٹ گورننس کا ضابطہ بنایا ہے۔ آپ کی کمپنی کے ڈائریکٹرز نے کارپوریٹ گورننس کے تمام اصولوں کو 30 جون 2021 کی مدت کے اختتام تک اپنایا ہے۔

کوڈ آف کارپوریٹ گورننس پر آڈیٹرز کی جائزہ رپورٹ لف ہذا ہے:

کمپنی کے ڈائریکٹرز اس بات کی خوشی محسوس کرتے ہیں کہ سٹاک ریگولیشنز کی بنائی ہوئی بیسٹ پریکٹسز کی پوری تعمیل کی ہے۔

• کمپنی کی انتظامیہ کی جانب سے تیاری جانے والی مالیاتی اسٹیٹمنٹ شفافیت کے ساتھ کمپنی کے اسٹیٹمنٹ آف فیئرز، آپریشنز کے نتائج، کیش کا بہاؤ اور ایکٹیو بیٹی 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۔

Vertical Analysis

	2021		2020		2019		2018		2017	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET										
TOTAL EQUITY	7,163,578	53%	5,424,983	48%	4,257,774	45%	3,614,508	48%	3,313,122	54%
NON-CURRENT LIABILITIES	1,410,566	10%	1,368,712	12%	1,534,708	16%	1,100,872	14%	434,955	7%
CURRENT LIABILITIES	4,896,914	36%	4,458,020	40%	3,703,011	39%	2,878,444	38%	2,336,771	38%
TOTAL LIABILITIES	6,307,480	47%	5,826,732	52%	5,237,719	55%	3,979,316	52%	2,771,726	46%
TOTAL EQUITY AND LIABILITIES	13,471,058	100%	11,251,715	100%	9,495,493	100%	7,593,824	100%	6,084,848	100%
ASSETS										
NON-CURRENT ASSETS	5,424,130	40%	4,578,730	41%	4,347,489	46%	3,570,629	47%	2,801,490	46%
CURRENT ASSETS	8,046,928	60%	6,672,985	59%	5,148,004	54%	4,023,195	53%	3,283,358	54%
TOTAL ASSETS	13,471,058	100%	11,251,715	100%	9,495,493	100%	7,593,824	100%	6,084,848	100%
PROFIT AND LOSS ACCOUNT										
SALES	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	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	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	432,817	2.49%	336,092	2.27%	375,200	2.74%	276,327	2.79%	269,522	2.98%
ADMINISTRATIVE EXPENSES	373,846	2.15%	337,602	2.28%	297,779	2.18%	273,656	2.76%	230,731	2.55%
OTHER OPERATING EXPENSES	165,373	0.95%	133,636	0.90%	169,759	1.24%	40,378	0.41%	50,490	0.56%
	972,036	5.59%	807,330	5.44%	842,738	6.16%	590,361	5.96%	550,743	6.09%
	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	49,015	0.28%	12,214	0.08%	208,549	1.52%	176,025	1.78%	79,345	0.88%
PROFIT FROM OPERATIONS	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	266,541	1.53%	396,618	2.67%	386,484	2.82%	202,494	2.05%	134,378	1.48%
PROFIT BEFORE TAXATION	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	330,726	1.90%	164,920	1.11%	177,186	1.29%	91,907	0.93%	69,002	0.76%
PROFIT AFTER TAXATION	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

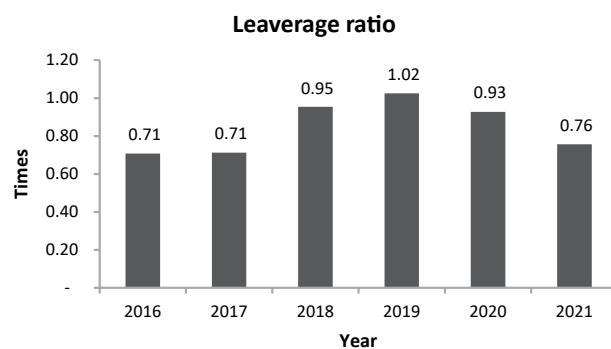
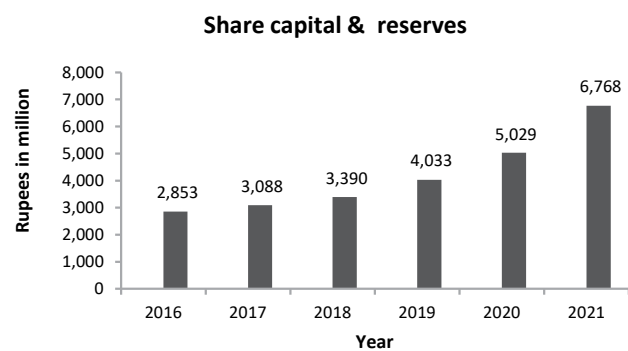
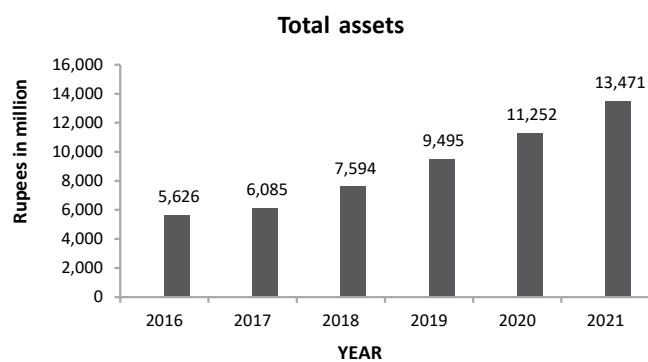
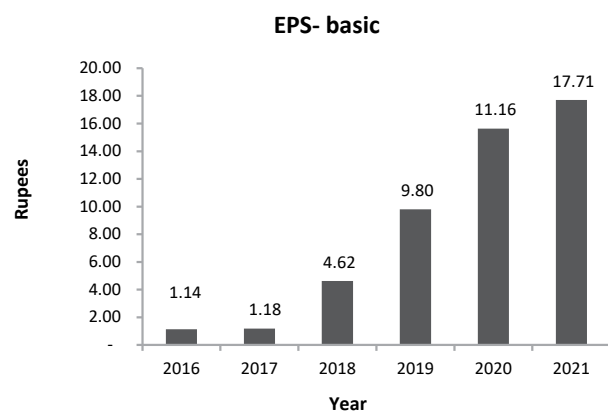
	2021		2020		2019		2018		2017	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET										
TOTAL EQUITY	7,163,578	216%	5,424,983	164%	4,257,774	129%	3,614,508	109%	3,313,122	100%
NON-CURRENT LIABILITIES	1,410,566	324%	1,368,712	315%	1,534,708	353%	1,100,872	253%	434,955	100%
CURRENT LIABILITIES	4,896,914	210%	4,458,020	191%	3,703,011	158%	2,878,444	123%	2,336,771	100%
TOTAL LIABILITIES	6,307,480	228%	5,826,732	210%	5,237,719	189%	3,979,316	144%	2,771,726	100%
TOTAL EQUITY AND LIABILITIES	13,471,058	221%	11,251,715	185%	9,495,493	156%	7,593,824	125%	6,084,848	100%
ASSETS										
NON-CURRENT ASSETS	5,424,130	194%	4,578,730	163%	4,347,489	155%	3,570,629	127%	2,801,490	100%
CURRENT ASSETS	8,046,928	245%	6,672,985	203%	5,148,004	157%	4,023,195	123%	3,283,358	100%
TOTAL ASSETS	13,471,058	221%	11,251,715	185%	9,495,493	156%	7,593,824	125%	6,084,848	100%
PROFIT AND LOSS ACCOUNT										
SALES	17,402,936	192%	14,827,225	164%	13,687,117	151%	9,901,857	109%	9,049,707	100%
COST OF SALES	14,070,969	170%	12,328,599	149%	11,772,908	142%	8,855,192	107%	8,292,160	100%
GROSS PROFIT	3,331,967	440%	2,498,626	330%	1,914,209	253%	1,046,665	138%	757,547	100%
DISTRIBUTION COST	432,817	161%	336,092	125%	375,200	139%	276,327	103%	269,522	100%
ADMINISTRATIVE EXPENSES	373,846	162%	337,602	146%	297,779	129%	273,656	119%	230,731	100%
OTHER OPERATING EXPENSES	165,373	328%	133,636	265%	169,759	336%	40,378	80%	50,490	100%
	972,036	176%	807,330	147%	842,738	153%	590,361	107%	550,743	100%
	2,359,931	1141%	1,691,296	818%	1,071,471	518%	456,304	221%	206,804	100%
OTHER OPERATING INCOME	49,015	62%	12,214	15%	208,549	263%	176,025	222%	79,345	100%
PROFIT FROM OPERATIONS	2,408,947	842%	1,703,510	595%	1,280,020	447%	632,329	221%	286,149	100%
FINANCE COST	266,541	198%	396,618	295%	386,484	288%	202,494	151%	134,378	100%
PROFIT BEFORE TAXATION	2,142,406	1412%	1,306,892	861%	893,536	589%	429,835	283%	151,771	100%
PROVISION FOR TAXATION	330,726	479%	164,920	239%	177,186	257%	91,907	133%	69,002	100%
PROFIT AFTER TAXATION	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

		RUPEES in 000						
PARTICULARS		2021	2020	2019	2018	2017	2016	2015
SUMMARIZED BALANCE SHEET								
NON-CURRENT ASSETS								
Property, Plant And Equipment		5,400,694	4,518,840	4,321,763	3,529,328	2,783,776	2,745,307	2,290,022
Long Term Loans		-	-	-	-	-	-	-
Other Non-Current Assets		23,436	59,890	25,726	41,301	17,714	9,789	12,256
CURRENT ASSETS								
Stores, Spares And Loose Tools		142,424	104,773	86,635	95,448	73,172	65,643	65,076
Stock In Trade		5,809,836	4,805,601	3,746,854	2,461,185	1,925,999	1,756,108	1,484,015
Trade Debts		1,269,293	1,267,348	786,273	867,009	688,176	513,799	593,632
Other Current Assets		825,375	495,263	528,242	599,553	596,011	535,585	448,659
TOTAL ASSETS		13,471,058	11,251,715	9,495,493	7,593,824	6,084,848	5,626,231	4,893,660
Share Holders' Equity		6,767,542	5,028,947	4,033,143	3,389,877	3,088,491	2,853,464	2,777,718
Surplus on Revaluation of Operating Fixed Assets		396,036	396,036	224,631	224,631	224,631	178,634	153,778
NON-CURRENT LIABILITIES								
Long Term Financing		1,131,808	1,087,110	1,191,883	871,639	281,457	358,291	-
Director's Loan		-	-	-	-	-	-	-
Liabilities Against Assets Subject To Finance Lease		10,078	25,084	41,777	24,174	-	7,158	21,973
Deferred Tax		231,949	228,902	274,815	178,714	131,574	145,824	167,865
Other Non-Current Liabilities		36,732	27,616	26,233	26,345	21,924	13,345	1,634
CURRENT LIABILITIES								
Short Term Borrowings		3,388,280	3,173,375	2,644,848	2,097,994	1,730,524	1,517,083	1,191,193
Current Portion Of Long Term Liabilities		591,354	380,927	255,241	240,174	186,506	135,519	23,245
Other Current Liabilities		917,279	903,718	802,922	540,276	419,741	416,913	556,254
Total Equity And Liabilities		13,471,058	11,251,715	9,495,493	7,593,824	6,084,848	5,626,231	4,893,660
PROFIT & LOSS								
Sales		17,402,936	14,827,225	13,687,117	9,901,857	9,049,707	8,289,147	8,813,412
Gross Profit		3,331,967	2,498,626	1,914,209	1,046,665	757,547	650,889	842,388
EBITDA		2,821,796	2,117,946	1,618,191	919,136	544,646	421,945	548,337
Profit From Operations		2,408,947	1,703,510	1,280,020	632,329	286,149	183,256	323,630
Profit Before Tax		2,142,406	1,306,892	893,536	429,835	151,771	86,772	175,929
Profit After Tax		1,811,680	1,141,972	716,350	337,928	82,769	75,746	111,935
CASH FLOWS								
Cash Flow From Operating Activities		924,958	37,203	396,078	(17,843)	(7,742)	(113,065)	716,386
Cash Flow From Investing Activities		(1,279,971)	(406,053)	(1,177,132)	(1,005,947)	(304,129)	(669,963)	(184,617)
Cash Flow From Financing Activities		381,138	386,658	826,766	962,781	332,678	781,640	(489,440)
Changing In Cash & Cash Equivalents		26,125	17,808	45,712	(61,009)	20,807	(1,388)	42,329
Cash & Cash Equivalents - Year End		117,680	91,555	73,747	28,035	89,044	68,237	69,625
PROFITABILITY RATIOS								
Gross Profit	%	19.15	16.85	13.99	10.57	8.37	7.85	9.56
EBITDA To Sales	%	16.21	14.28	11.82	9.28	6.02	5.09	6.22
Pre Tax Profit	%	12.31	8.81	6.53	4.34	1.68	1.05	2.00
After Tax Profit	%	10.41	7.70	5.23	3.41	0.91	0.91	1.27
Return On Equity	%	26.77	22.71	17.76	9.97	2.68	2.65	4.03
Return On Capital Employed	%	22.93	18.67	13.71	7.93	2.46	2.36	4.03
Dividend Rate (Cash)	%	15	10.00	20.00	10.00	5.00	5.00	10.00
Leverage Ratio		0.76	0.93	1.02	0.95	0.71	0.71	0.45
LIQUIDITY RATIOS								
Current Ratio	Times	1.64	1.50	1.39	1.40	1.41	1.39	1.46
Quick Ratio	Times	0.43	0.40	0.35	0.51	0.55	0.51	0.59
Cash To Current Liabilities	Times	0.02	0.02	0.02	0.01	0.04	0.03	0.04
Cash Flows From Operation To Sales	Times	0.05	0.00	0.03	(0.00)	(0.00)	(0.01)	0.08
Debt To EBITDA	Times	1.81	2.20	2.55	3.52	4.04	4.78	2.25
EBITDA To Debt	Times	0.55	0.45	0.39	0.28	0.25	0.21	0.44
Debt Service Coverage Ratio (DSCR)	Times	4.08	3.32	2.63	2.41	2.18	4.37	2.27
Intrest Coverage Ratio (ICR)	Times	9.04	4.30	3.31	3.12	2.13	1.90	2.19





Statement of Compliance

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

For the year ended June 30, 2021

Name of Company: J. K. Spinning Mills Limited
Year Ended: June 30, 2021

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
Other Non-Executive Directors	Mr. Jawed Anwar Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad
Executive Directors	Mr. Faiq Jawed Mr. Shaiq Jawed
Female Directors	Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad

3. The directors have confirmed that none of them is serving as 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.
6. All the powers of the Board were duly exercised and decision on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of Companies 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 the Act and the regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors has formal policy and transparent procedures for remunerating of Directors in accordance with the Act and these Regulations.
9. 75% Directors have either completed Directors' Training program or are exempt from doing so under these regulations. However, no Directors' Training Program was arranged during the year.
10. The Board has already approved appointment of Chief Financial Officer (CFO), 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. CEO and CFO duly endorsed the financial statements before approval of the Board.
12. The Board has formed following committees comprising of members as given below:

Audit Committee	Mr. Rehan Ashfaq, Chairman Mrs. Farhat Jehan, Member Mrs. Sadaf Aamir Arshad, Member
HR and Remuneration Committee	Mr. Mamoor Ijaz, Chairman Mr. Shaiq Jawed, Member Mrs. Sadaf Aamir Arshad, 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 committees were as per following:

a. Audit Committee	5 meetings were held during financial year ended June 30, 2021.
b. HR and Remuneration Committee	2 meetings were held during financial year ended June 30, 2021

Statement of Compliance

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

15. The Board has set up an effective internal audit function which comprises of professionals who 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 quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, these Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. We confirm that the company has complied with respect to all other material requirements of the regulations.

ON BEHALF OF THE BOARD OF DIRECTORS



FAIQ JAWED
Chief Executive Officer



JAWED ANWAR
Chairman

Date: September 29, 2021
Faisalabad



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

Review Report to the Members 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 June 30, 2021 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 June 30, 2021.

Zahid Jamil & Co.

Chartered Accountants

Engagement Partner: Muhammad Amin

Faisalabad

Date: September 29, 2021

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 35TH ANNUAL GENERAL MEETING OF THE MEMBERS OF J. K. SPINNING MILLS LIMITED WILL BE HELD ON THURSDAY 28TH OCTOBER, 2021 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 34th Annual General Meeting held on 28th October, 2020.
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, 2021.
3. To consider, approve and declare Final Cash Dividend at Rs.1.5/- per share @ 15 % to Ordinary Share Holders for the year ended 30th June, 2021 as recommended by the Board of Directors.
4. To appoint auditors of the Company for the year ending June 30, 2022 and fix their remuneration. The present auditors, M/s. Zahid Jamil & Co, Chartered Accountants, shall stand retired on the conclusion of AGM. The Board of Directors, based on the recommendation of Audit Committee, has recommended the appointment of M/S Riaz Ahmad & Company, Chartered Accountants, as auditors of the Company, for the year ending June 30, 2022 till conclusion of the next AGM.

SPECIAL RESOLUTION:

5. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2021 by passing the following special resolution with or without modification:

"RESOLVED THAT the transactions conducted with Related Parties as disclosed in the Note 43 of the financial statements for the year ended **June 30, 2021** 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 & Fine Fabrics (Pvt.) Limited, up to Rs. 350 million- associated companies for the year ending June 30, 2022 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, 2022."

"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 29, 2021

SYED HUSSAIN SHAHID MANSOOR NAQVI
COMPANY SECRETARY

NOTES:

1. The Register of Members will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). The Members whose names appear on the Register of Members as on October 21, 2021 shall be entitled to attend and vote at the AGM.



Notice of Annual General Meeting

2. A member entitled to attend, speak and vote at the meeting shall also be entitled to appoint another member as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights with respect to attending, speaking and voting at the meeting as are available to the member appointing him / her as proxy. The Instrument of Proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarized certified copy of that Power of Attorney or authority, in order to be effective must be received by the Company at least 48 hours before the meeting. A proxy need not to be a member of the Company. The Form of Proxy is enclosed with this notice.
3. Any company or other body corporate which is a member of the Company may, by resolution of its Directors, or proxy signed by authorized officers, authorize any of its officials or any other person to act as its representative at the meeting and the person so authorized shall be entitled to exercise the same powers as if he / she were an individual member of the Company.
4. Since all shares issued to members are in dematerialized format in their respective Central Depository Company of Pakistan Limited (CDC) accounts, the individual members desiring to attend the meeting are requested to bring their original Computerized National Identity Cards (CNICs) along with the Investor Account or Participant ID and House Account / Sub-Account Numbers, for identification purposes, whereas, in case of corporate member, the resolution of Board of Directors / Power of Attorney with specimen signature of the nominee may preferably be provided to the Company well in advance or otherwise produced at the time of meeting.
5. Members are requested to notify the change of their registered address, if any, immediately but before the first day of book closure, to their Participant / CDC Investor Account Services which maintains their CDC account.
6. **E-Dividend**
Pursuant to Section 242 of the Companies Act, 2017 (the Act) read with relevant provisions of the Companies (Distribution of Dividends) Regulations, 2017 (the Regulations), all listed companies have been mandated to pay dividend only by way of electronic mode, directly into the bank accounts of entitled shareholders designated by them. Accordingly, all shareholders of the Company who have not yet provided their bank account details (including IBAN) to their participant / CDC Investor Account Services which maintains their CDC account are requested to provide the same at the earliest, otherwise, the Company would be constrained to withhold their amount of dividend, if any, in accordance with the requirements of the Act and the Regulations.
7. **Consent for Video Conference Facility**
In terms of SECP's Circular No. 10 of 2014 dated 21 May 2014 read with provisions contained under Section 134(1)(b) of the Act, members of the Company may also attend and participate in the AGM through video conference facility in a city other than Faisalabad, if members residing in the vicinity, collectively holding 10% or more shareholding, demand in writing to participate in the AGM through video conference (as per the format appended below) at least seven (7) days prior to the date of AGM.

After receiving the consent of members having 10% or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least Five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

CONTENT FOR VIDEO CONFERENCE FACILITY

I/We/Messrs, _____ of _____ being a member of J.K. Spinning Mills Limited, holder of _____ ordinary share (s) as per CDC participant ID & Sub Account No. _____ hereby opt for video conference facility at _____.

Signature of Member (s)
(Please affix company stamp in case of corporate entity)

Notice of Annual General Meeting

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, 2021**.

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 34th 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, 2021 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.

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 43 to the financial statement for the year ended June 30, 2021. 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 Company	Service charges paid	2,280
		Rental income recovered	1,920
Employees' Provident Fund Trust	Other Related Party	Company's contribution to Employees' Provident Fund Trust	32,845
Directors	Director	Loan repaid to directors - net	(35,445)
		Dividend paid	69,287

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 43.3** to the financial statement **for the year ended June 30, 2021**. 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, 2022**.

The Company shall be conducting transactions with its related parties during the year ending **June 30, 2022** 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, 2022**, 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.



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 2021 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 2021 and of the profit, total 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 Auditors' 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 year. 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
1. Valuation of stocks	
As disclosed in Note 11 to the accompanying Financial statements, the stock in trade constitutes 43.13% of total assets of the Company as at 30 June 2021.	We performed a range of audit procedures with respect to inventory items which included, amongst others obtaining understanding of Company's valuation process including internal controls in place at transaction level.
The cost of closing stock is determined at weighted average rate on the closing units including a proportion of production overheads.	We tested valuation methods and their appropriateness in accordance with the applicable accounting standards.

Auditors' Report to the Members

Key Audit Matters	How the matter was addressed in our audit
We focused on the stock in trade and considered it to be key audit matter as it is a significant portion of Company's total assets and it requires management judgment in determining an appropriate costing basis and assessing its valuation.	We tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads. We performed physical verification of inventory at year end. We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year end.
2. Financing obligations and compliance with related covenant requirements	
As at June 30, 2021, the Company has outstanding financing facilities amounting to Rs. 5,084,263 thousands, which constitutes significant part of total liabilities of the Company at the year end. The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to its portfolio of borrowings. Further, new financing arrangements entails additional financial and non financial covenants in addition to the covenants the Company is subject to compliance for. The significance of new financings obtained during the year along with the sensitivity of the compliance with underlying loan covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.	Among others, we performed the following key audit procedures: <ul style="list-style-type: none"> ▪ We reviewed the terms and conditions of financing agreements entered into by the Company with the banks; ▪ We circularized balance confirmations to the financing banks. We also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities; ▪ We assessed the status of compliance with the financing covenants and also inquired from the management with respect to their ability to ensure future compliance of the covenants; and ▪ We tested the calculation of finance cost recognized in the statement of profit of loss account. We also assessed the adequacy of the disclosures made in respect of the long / short term financing obligations in the financial statements.
3. Revenue recognition	
Refer notes 4.22 and 30 to the financial statements relating to revenue recognition. The Company generates revenue from sale of goods to domestic as well as export customers. Revenue has been increased by 17.37% during the year. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not being recognized in the appropriate period.	Our key audit procedures amongst others, included the following: <ul style="list-style-type: none"> ▪ We obtained an understanding of, assessed and tested the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; ▪ We assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; ▪ We compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; and ▪ We inspected credit notes issued to record sales returns subsequent to year end, if any.



Auditors' Report to the Members

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 auditors' 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 concluded that there is 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 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.

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

Auditors' Report to the Members

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.

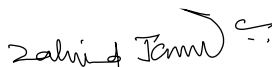
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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.

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.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Amin (FCA).



Chartered Accountants

Place: Faisalabad

Date: September 29, 2021

Financial Statements

For the Year Ended June 30, 2021

Statement of Financial Position

As at June 30, 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	4,809,259	4,051,003
Right-of-use assets	6	59,319	74,149
Capital work in progress	7	532,116	393,688
Long term investment	8	-	-
Long term deposits and advances	9	100,984	59,890
		5,501,678	4,578,730
CURRENT ASSETS			
Stores, spare parts and loose tools	10	142,424	104,773
Stock in trade	11	5,809,836	4,805,601
Trade debts	12	1,269,293	1,267,348
Advances	13	116,479	61,073
Trade deposits and short term prepayments	14	5,862	5,408
Other receivables	15	97,614	32,968
Tax refunds due from the Government	16	367,968	282,745
Short term investments	17	42,224	21,514
Cash and bank balances	18	117,680	91,555
		7,969,380	6,672,985
TOTAL ASSETS		13,471,058	11,251,715


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer



Statement of Financial Position

As at June 30, 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (2020: 96,000,000) ordinary shares of Rs.10/- each		2,000,000	960,000
Issued, subscribed and paid up share capital	19	1,023,175	730,839
Reserves			
Capital	20	350,540	350,540
Revaluation surplus on freehold land		396,036	396,036
Revenue - unappropriated profit		5,393,828	3,947,568
		6,140,404	4,694,144
		7,163,579	5,424,983
NON-CURRENT LIABILITIES			
Long term financing	21	1,131,883	1,087,110
Lease liabilities	22	10,078	25,084
Long term deposits		34,439	27,616
Deferred government grant	23	2,217	-
Deferred tax liability	24	231,949	228,902
		1,410,566	1,368,712
CURRENT LIABILITIES			
Trade and other payables	25	748,578	813,245
Contract liabilities		100,485	56,564
Accrued mark-up	26	43,051	33,359
Short term borrowings	27	3,388,280	3,173,375
Unclaimed dividend		617	550
Current portion of non current liabilities	28	591,354	380,927
Provision for taxation		24,548	-
		4,896,913	4,458,020
CONTINGENCIES AND COMMITMENTS	29	-	-
TOTAL EQUITY AND LIABILITIES		13,471,058	11,251,715

The annexed notes from 1 to 51 form an integral part of these financial statements.


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer


Statement of Profit or Loss

For the Year ended June 30, 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
Revenue from contracts with customers	30	17,402,936	14,827,225
Cost of revenue	31	(14,070,969)	(12,328,596)
Gross profit		3,331,967	2,498,629
Distribution cost	32	(432,817)	(336,092)
Administrative expenses	33	(373,846)	(337,602)
Other operating expenses	34	(165,373)	(133,639)
		(972,036)	(807,333)
Other income	35	49,016	12,214
Operating profit		2,408,947	1,703,510
Finance cost	36	(266,541)	(396,618)
Profit before taxation		2,142,406	1,306,892
Taxation	37	(330,726)	(164,920)
Profit for the year		1,811,680	1,141,972
Earnings per share - basic and diluted (rupees)	38	17.71	11.16

The annexed notes from 1 to 51 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, 2021

	2021 (RUPEES IN THOUSAND)	2020
PROFIT FOR THE YEAR	1,811,680	1,141,972
OTHER COMPREHENSIVE INCOME:		
Items not to be reclassified to profit or loss in subsequent periods		
Surplus on revaluation of freehold land	-	171,405
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,811,680	1,313,377

The annexed notes from 1 to 51 form an integral part of these financial statements.


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer

Statement of Cash Flows

For the Year ended June 30, 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	1,429,926	657,821
Finance cost paid		(252,031)	(436,016)
Income tax paid		(182,117)	(121,005)
Workers' profit participation fund paid		(70,820)	(50,704)
Workers' Welfare Fund paid		-	(12,890)
		(504,968)	(620,615)
Net cash generated from operating activities		924,958	37,206
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Operating fixed assets		(647,381)	(221,335)
Addition in Capital work in progress		(657,989)	(245,254)
Proceeds from sale of Operating fixed assets		31,110	25,843
Short term investment		(8,733)	(3,481)
Proceeds from sale of investment		3,022	3,258
Proceeds from redemption of government issued bonds		-	34,913
NET CASH USED IN INVESTING ACTIVITIES		(1,279,971)	(406,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		260,569	19,555
Lease liabilities - net		(21,319)	(15,334)
Short term borrowings - net		214,905	528,527
Dividend paid		(73,017)	(146,090)
NET CASH GENERATED FROM FINANCING ACTIVITIES		381,138	386,658
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,125	17,808
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		91,555	73,747
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		117,680	91,555

The annexed notes from 1 to 51 form an integral part of these financial statements.


Javed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer



Statement of Changes in Equity

For the Year ended June 30, 2021

	Issued, subscribed and paid up share capital	CAPITAL RESERVES				REVENUE RESERVE	Total
		Merger reserve	Premium on issue of right shares	Revaluation surplus on freehold land	Sub Total	Unappropriated profit	
----- (RUPEES IN THOUSAND) -----							
Balance as at 01 July 2019	730,839	289,636	60,904	224,631	575,171	2,951,764	4,257,774
Profit for the year	-	-	-	-	-	1,141,972	1,141,972
Other comprehensive income	-	-	-	171,405	171,405	-	171,405
Total comprehensive income for the year	-	-	-	171,405	171,405	1,141,972	1,313,377
Final dividend for the year ended 30 June 2019 at the rate of Rs. 2 per share	-	-	-	-	-	(146,168)	(146,168)
Balance as at 30 June 2020	730,839	289,636	60,904	396,036	746,576	3,947,568	5,424,983
Profit for the year	-	-	-	-	-	1,811,680	1,811,680
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	1,811,680	1,811,680
Final dividend for the year ended 30 June 2020 at the rate of Rs. 1 per share	-	-	-	-	-	(73,084)	(73,084)
Bonus shares issued	292,336	-	-	-	-	(292,336)	-
Balance as at 30 June 2021	1,023,175	289,636	60,904	396,036	746,576	5,393,828	7,163,579

The annexed notes from 1 to 51 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 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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. Lahore. The head office and factory premises of the Company is also located at 29-Kilometers, Sheikhpura road, Faisalabad. The Company is engaged in business of textile manufacturing which comprises spinning, weaving, stitching, buying, selling and otherwise dealing in yarn, fabrics and other goods.

2. 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 ("IFRS") issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan notified under the Companies Act, 2017.
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except where specifically stated.

3.1. Functional and presentation currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3.2. Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, 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 judgments 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 judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes.



Notes to the Financial Statements

For the Year ended 30 June 2021

	Note
Useful lives of property, plant and equipment	4.6
Revaluation surplus on freehold land	4.6
Trade debts	4.11
Stores, spare parts and loose tools	4.9
Stock in trade	4.10
Impairment of assets	4.6
Provision for taxation	4.5
Provisions and contingencies	4.3

4. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

4.1 Standards, interpretations and amendments to published approved accounting standards.

4.1.1. New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30,2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01,2020
-Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01,2020
-Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01,2020
-Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01,2020
-Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01,2020

(Certain annual improvements have also been made to a number of IFRSs)

Notes to the Financial Statements

For the Year ended 30 June 2021

4.1.2. New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	01 January 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	01 January 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	01 January 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	01 January 2023

(Certain annual improvements have also been made to a number of IFRSs)



Notes to the Financial Statements

For the Year ended 30 June 2021

- 4.1.3. Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan;

IFRS 1 - First-time Adoption of International Financial Reporting Standards
IFRS 7 - Insurance contracts

4.2. Employees retirement benefit

The Company operates a recognized provident fund for all of 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.

4.3. Provisions

Provisions are recognized in the statement of financial position when the Company has legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

4.4. 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.

4.5. Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax

Deferred tax is provided, using the statement of financial position method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax asset is recognized for the carry forward of unused tax losses and unused tax credits to the extent it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized. The carrying amount of all deferred tax assets is reviewed at each statement of financial position date and adjusted to the appropriate extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset will be realized or the liability will be settled, based on the tax rates, that have been enacted or subsequently enacted at the statement of financial position date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements

For the Year ended 30 June 2021

4.6. Property, plant and equipment

Owned

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

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 they are incurred.

A revaluation surplus is recorded in other comprehensive income (OCI) and presented as a separate part of equity. However, the increase is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance in revaluation surplus in respect of same assets. The revaluation reserve is not available for distribution to the Company's shareholders.

Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

Capital work in progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any impairment loss.

Depreciation

Depreciation on property, plant and equipment 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 statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their expected useful lives at the rates mentioned in Note 5.

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

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 statement of profit or loss in the year the asset is de-recognized.



Notes to the Financial Statements

For the Year ended 30 June 2021

Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the statement of profit or loss.

4.7. Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of short term and low value leases are not recognized and payments against such leases are recognized as expense in profit or loss.

4.8. Investment in Associated undertaking

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but do not have control or joint control over those policies.

The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of investee is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

4.9. Stores, spare parts and loose tools

These are valued at lower of weighted average cost and net realizable value, except items in transit, which are stated at invoice amount plus other charges paid thereon. Provision for slow moving, damaged and obsolete items are charged to statement of profit or loss. Value of items is reviewed at each statement of financial position date to record provision for any slow moving items, damaged and obsolete items.

Notes to the Financial Statements

For the Year ended 30 June 2021

Net realizable value signifies the selling price in the ordinary course of business less estimated cost necessarily to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

4.10. Stock in trade

These are valued at lower of cost and net realizable value.

Cost is determined on the following basis :-

Raw and packing material	- on average cost
Goods in transit	- at invoice value plus other charges incurred thereon.
Work in process	- at estimated manufacturing cost including appropriate production overheads
Finished goods	- at average manufacturing cost including appropriate production overheads
Scrap	- at net realizable value

4.11. Trade debts

Trade debts are initially measured at fair value and subsequently measured at amortized cost less any allowance for expected credit losses (ECL).

4.11.1. Allowance for expected credit losses (ECL)

Allowance for expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

4.12. Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in the future.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks in current, savings and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.14. Share Capital

Ordinary shares are classified as equity and are recorded at their face value.

4.15. Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic 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 period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.



Notes to the Financial Statements

For the Year ended 30 June 2021

4.16. Trade and other payables

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

4.17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss as and when incurred.

4.18. Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair values. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the statement of profit or loss.

4.19. Foreign currency translation

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency rates of exchange prevailing at reporting date. All resulting differences are taken to the statement of profit or loss. The Company do not translate Non-monetary assets and liabilities at the end of financial year.

4.20. Offsetting financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off set.

4.21. 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 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 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 has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Fabric (Buying yarn, fabric and selling after conversion, and manufacturing of home textile articles). Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

4.22. Revenue recognition

Revenue from contracts with customers for sale of yarn, fabric and madeups:

Notes to the Financial Statements

For the Year ended 30 June 2021

The Company recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step-1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step-2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step-3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step-4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step-5: Recognize revenue when (or as) the Company satisfies a performance obligation.

Mentioned below are different revenue streams of the Company and their terms of recognition of revenue after satisfying all the five steps of revenue recognition in accordance with IFRS 15.

a) **Sale of goods**

The Company's contracts with customers for the sale of goods generally include one performance obligation and recognized at a point of time. Revenue is recognized when goods are dispatched to customers and bill of lading is prepared for local sales and exports sales respectively. It is the time when control (significant risk and rewards) relating to ownership of goods and control over these goods has been transferred to the buyer.

b) **Dividend**

Dividend income is recognized when the Company's right to receive payment is established.

c) **Interest income**

Interest income is recognized using effective interest rate method.

d) **Presentation and disclosure requirements**

As required for the financial statements, the Company disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company has also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

4.23. IFRS 9 Financial Instruments

Financial instruments: assets

i) **Classification and measurement of financial instruments**

Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.



Notes to the Financial Statements

For the Year ended 30 June 2021

IFRS 9 classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest ('SPPI') test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

Financial assets at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTOCI

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company does not have any financial asset designate fair value through other comprehensive income.

Financial assets at fair value through profit or loss

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. Derivatives are classified as FVTPL as they do not meet the SPPI criteria.

A financial asset can be classified in this category by choice if so designated by management at inception. This designation is because the relevant assets and liabilities (including derivatives) are managed together and internal reporting is evaluated on a fair value basis.

The Company defines fair value as the price, as at the measurement date, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Company has designated all of its quoted equity investments at fair value through profit or loss (Note no. 34).

Notes to the Financial Statements

For the Year ended 30 June 2021

ii) Initial recognition

At initial recognition, an entity shall measure 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.

iii) Subsequent measurement

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of debt instruments classified as fair value through other comprehensive income are recognised as other comprehensive income until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised as other comprehensive income is recognised in the statement of profit or loss. Any premium or discount paid on the purchase of securities held at amortised cost is amortised through the statement of profit or loss using the effective interest rate method.

The fair values of quoted investments in active markets are based on current bid prices. In other cases, the Company establishes fair value by using appropriate valuation techniques.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has either transferred substantially all of the risks and rewards of ownership or the Company deems that it no longer retains control of the risks and rewards of ownership.

iv) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. IFRS 9 requires impairment assessment on all of the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments measured at amortised cost or FVTOCI
- lease receivables; and
- loan commitments and financial guarantee contracts issued.

Under IFRS 9, no impairment loss is recognized on equity investments. IFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month Expected Credit Loss (ECL) or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade debts have been grouped based on days overdue.

Financial instruments: liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



Notes to the Financial Statements

For the Year ended 30 June 2021

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost.

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.24. Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.25. Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only 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 become virtually certain.

4.26. Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the Company's statement of financial position and payments made under Ijarah financing are recognized in the statement of profit or loss on a straight line basis over the term of the Ijarah.

4.27. Deferred government grant

The company has obtained long term financing facility under State Bank Of Pakistan Refinance scheme for payment of wages and salaries to the Workers and Employees of Business Concerns (' Refinance Scheme'). It carries markup 2% per annum, payable on annual basis, which is below prevailing market- rate. The government's underlying objective for introducing the said Refinance Scheme for the businesses is to support the employment of workers in the face of economic challenges posed by the spread of novel coronavirus (COVID- 19).

The Refinance Scheme shall be considered as the transfer of resources from government as reflected by below- market markup rate on the loans obtained under the Refinance Scheme. The said transfer shall be accounted for as Government grant.

Government grants are first recognized in the statement of financial position and then subsequently accounted for in the statement of profit or loss on the systematic basis over the periods in which the company recognises as expense the related cost for which the grants were intended to compensate.

Notes to the Financial Statements

For the Year ended 30 June 2021

5. OPERATING FIXED ASSETS	NOTE	2021		2020	
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
Operating fixed assets:					
- Owned			4,809,259		4,051,003

5.1 Owned	Particulars	2021				2020			
		Cost		Depreciation		Net book value			
		As at 01 July 2020	Additions / Transfers	Disposals	Transfer to right-of-use assets	As at 30 June 2021	Rate (%)	For the year	As at 30 June 2021
----- (RUPEES IN THOUSAND) -----									
Freehold land									
- Cost		84,733	211,354	-	-	296,087		-	296,087
- Revaluation surplus		396,036	-	-	-	396,036		-	396,036
Buildings on freehold land		480,769	211,354	-	-	692,123		-	692,123
Plant and machinery		1,081,771	123,762	-	-	1,205,533	10	60,720	647,089
Stand-by equipment		4,468,545	683,334	(9,288)	-	5,142,591	10	278,692	2,987,484
Electric installations and appliances		234,698	2,900	-	-	237,598	10	11,814	106,570
Factory equipment		327,216	85,202	-	-	412,418	10	13,764	193,546
Furniture and fixtures		85,415	4,385	-	-	89,800	10	4,782	45,692
Office equipment		16,500	-	-	-	16,500	10	798	7,179
Vehicles		29,664	-	-	-	29,664	30	609	1,422
		203,013	56,005	(31,205)	-	227,813	20	26,841	128,154
		6,927,591	1,166,942	(40,493)	-	8,054,040		398,020	4,809,259



Notes to the Financial Statements

For the Year ended 30 June 2021

	2020					2019					
	Cost			Rate (%)		Depreciation			Net book value as at 30 June 2020		
	As at 01 July 2019	Additions / Transfers	Disposal	Transfer to right-of-use assets	As at 30 June 2020	For the year	Disposal	Transfer to right-of-use assets	As at 30 June 2020		
(RUPEES IN THOUSAND)											
Freehold land											
- Cost	83,492	1,241	-	-	84,733	-	-	-	84,733		
- Revaluation surplus	224,631	171,405	-	-	396,036	-	-	-	396,036		
	308,123	172,646	-	-	480,769	-	-	-	480,769		
Buildings on freehold land	1,001,800	79,971	-	-	1,081,771	56,748	-	-	497,724		
Plant and machinery	4,458,003	96,973	(86,431)	-	4,468,545	283,006	(67,855)	-	1,884,267		
Stand-by equipment	234,698	-	-	-	234,698	12,832	-	-	119,214		
Electric installations and appliances	318,718	8,498	-	-	327,216	13,499	-	-	205,108		
Factory equipment	85,415	-	-	-	85,415	5,121	-	-	39,326		
Furniture and fixtures	15,132	1,368	-	-	16,500	772	-	-	8,523		
Office equipment	29,664	-	-	-	29,664	870	-	-	27,633		
Vehicles	194,351	33,284	(24,622)	-	203,013	23,051	(16,717)	-	94,793		
	6,645,904	392,740	(111,053)	-	6,927,591	395,899	(84,572)	-	2,876,588		
Leasehold											
Vehicles	110,779	-	-	(110,779)	-	-	-	(18,093)	-		
	110,779	-	-	(110,779)	-	-	-	(18,093)	-		

Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
5.2 Depreciation charge for the year has been allocated as follows:			
Cost of revenue	31	369,772	371,206
Administrative expenses	33	28,248	24,693
		398,020	395,899

5.3 Detail of operating fixed assets 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 buyer	Relation of buyer with the Company
	Nos.	----- (RUPEES IN THOUSAND) -----							
Plant and machinery									
Carding Frame Mk5D	3	6,240	5,291	949	1,690	741	Negotiation	Primetex traders	Third party
Twisting Machine	2	3,048	2,561	487	1,015	528	Negotiation	Mubashar brothers	Third party
		9,288	7,852	1,436	2,705	1,269			
Vehicles type: Cars									
Land Curiser ZV 881	1	23,000	18,123	4,877	22,200	17,323	Negotiation	Ammir Iqbal	Third party
Toyota Corolla GLI FDA-15-246	1	1,770	1,188	582	1,075	493	Company Policy	Zafar Iqbal	Employee
Suzuki Swift Car FD-16-285	1	1,326	903	423	592	169	Company Policy	Syed Muzammil Hussain	Employee
Honda City Aspire LEE-18-4515	1	1,972	741	1,231	2,300	1,069	Insurance claim	IGI Insurance Ltd	Third party
Honda City I-Vtec LEH-19-5274	1	2,559	746	1,813	1,811	(2)	Company Policy	Nazzad Yousaf	Employee
		30,627	21,701	8,926	27,978	19,052			
Vehicles type: Motorcycle									
Honda CD-70 FSJ-3003	1	54	52	2	-	(2)	Company Policy	M.Anwar	Employee
Motorcycle Honda CD 70 FDO-16-1793	1	64	39	25	26	1	Company Policy	Sadaqat Ali	Employee
Motor Cycle Honda CD 70 FDX-16-1520	1	66	40	26	27	1	Company Policy	Shahzad Ali	Employee
Motor Cycle Honda CD 70 FDO-17-7896	1	64	38	25	64	39	Company Policy	M.Ilyas	Employee
Motor Cycle Honda CG-125 FDK-1273	1	90	49	42	106	64	Company Policy	M.Siddique	Employee
Motor Cycle Honda CG-125 FDG-18-6477	1	111	27	84	111	27	Company Policy	Wajid Ali Shah	Employee
Honda CD-125 Color FDL-1292	1	129	29	100	93	(7)	Company Policy	Shoukat Ali	Employee
		578	274	304	427	123			
		40,493	29,827	10,666	31,110	20,444			



Notes to the Financial Statements

For the Year ended 30 June 2021

- 5.4 Forced sale value of freehold land as per the last revaluation report as of June 30, 2020 was Rs. 387,156 thousand.
- 5.5 First revaluation of freehold land of the Company had been revalued on 30 June 2017 by an independent valuer, Messrs.' Harvester Services (Private) Limited using market value method. Second revaluation of freehold land of the Company had been revalued on 30 June 2020 by an independent valuer, MYK Associates Private limited using full scope method.
- 5.6 The revaluation surplus on freehold land is a capital reserve and is not available for distribution to the shareholders of the company in accordance with section 241 of the Companies Act, 2017.
- 5.7 Particulars of immovable assets of the Company are as follows:

Location and address	Usage of immovable property	Land area (kanal)	Coverage area (sq. ft.)
29 KM, Sheikhpura road, Faisalabad	Head office and plant	439.05	1,975,725
Main bazar, Montgomery road, near clock tower, opposite Habib Bank Limited, Faisalabad	Sales office	0.05	225
Dost street, Maqbool road, Faisalabad	Godown	6.24	28,080
Chak 74, Jaranwala road, Faisalabad	Processing unit	77.52	348,840
Chak 70, Jaranwala road, Faisalabad	Weaving unit	118.00	531,000
		640.86	2,883,870

	NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
6. RIGHT-OF-USE ASSETS			
Vehicles:			
Cost			
Opening balance		110,779	-
Impact of initial application of IFRS 16		-	110,779
Closing balance		110,779	110,779
Accumulated depreciation			
Opening balance		36,630	-
Impact of initial application of IFRS 16		-	18,093
Add: charge during the year at the rate of 20%	33	14,830	18,537
Closing balance		51,460	36,630
		59,319	74,149
6.1 Lease term		5 Years	5 Years
6.2 The depreciation is charged to administrative expenses.			
7. CAPITAL WORK IN PROGRESS			
Buildings on freehold land	7.1	453,847	189,619
Plant and machinery	7.1	78,269	204,069
		532,116	393,688

		Building		PLANT AND MACHINERY	
		2021	2020	2021	2020
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
7.1	Movement in capital work in progress is as follows:				
	Opening balance	189,619	143,842	204,069	4,592
	Additions during the year	387,990	125,748	269,999	200,544
	Capitalized during the year	(123,762)	(79,971)	(395,799)	(1,067)
		453,847	189,619	78,269	204,069

		NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
8.	LONG TERM INVESTMENT			
	Investment in associate			
	J.K. Tech (Private) Limited - unquoted			
	450 (2020: 450) ordinary shares of Rs. 10 each	8.1	5	5
	Less: Accumulated impairment		(5)	(5)
			-	-

8.1 The Company holds 30% (2020: 30%) shares in J.K. Tech (Pvt) Ltd, 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 providing services of electricity transmission. This is a strategic investment of the Company for vertical integration. The Company has provided for the investment in full as J.K. Tech (Pvt) Ltd. has negative equity at year end.

8.2 Cumulative unrecognized share of losses, both for the period and cumulatively, amount to Rs. 2,805 thousand (2020: Rs. 2,825 thousand).

9.	LONG TERM DEPOSITS AND ADVANCES		
	Deposits	236	170
	Ijarah deposit	23,200	23,200
	Advance:		
	Against vehicles	60,067	18,500
	Against purchase of land	17,481	18,020
		77,548	36,520
		100,984	59,890

10.	STORES, SPARE PARTS AND LOOSE TOOLS		
	Stores	98,272	72,293
	Spare parts	42,728	31,433
	Loose tools	1,424	1,047
		142,424	104,773

10.1 Stores, spares and loose tools include items which may result in fixed capital expenditures but are not distinguishable.



Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
11. STOCK-IN-TRADE			
Raw materials			
- In hand		3,991,139	2,739,199
- In transit		202,388	361,534
		4,193,527	3,100,733
Work-in-process			
- In hand		78,257	73,732
- With third parties		302,564	330,021
		380,821	403,753
Finished goods			
- In hand		774,480	1,145,062
- With third parties		434,077	136,708
		1,208,557	1,281,770
Waste		26,931	19,345
		5,809,836	4,805,601

11.1 Stock-in-trade of Rs. Nil (2020: Rs. 8,810 thousand) is being carried at net realizable value.

12. TRADE DEBTS			
Foreign, considered good:			
- secured		231,773	264,932
- unsecured		146,789	193,911
		378,562	458,843
Local, considered good:			
- unsecured		893,669	811,443
Less: Allowance for expected credit losses		(2,938)	(2,938)
		890,731	808,505
	12.1	1,269,293	1,267,348

12.1 The aging of trade debts at statement of financial position date was:

Age analysis of trade debts - not impaired			
Not past due		862,226	911,220
Up to 1 month		363,071	311,171
1 to 6 months		42,507	42,449
More than 6 months		1,489	2,508
		1,269,293	1,267,348

12.2 As at 30 June 2021, trade debts of Rs. Nil (2020: Rs. 1,362 thousands) were impaired and written off. These trade debts aged more than two years. The written off trade debts do not include amounts due from related parties.

Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
13. ADVANCES			
Advance to staff			
Employees:			
- against expenses		3,959	370
- against salary		1,433	979
	13.1	5,392	1,349
Advance to suppliers against goods and services- considered good			
- unsecured		79,295	39,242
- secured		31,792	20,482
		111,087	59,724
		116,479	61,073
13.1	Advances to staff to meet business expenses are settled as and when the expenses are incurred. Advances to staff are interest free and settled against salary. Any outstanding advance due from an employee at the time of leaving the service of the Company is adjusted against final settlement of staff provident fund.		
14. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits		3,017	3,017
Prepayments		2,845	2,391
		5,862	5,408
15. OTHER RECEIVABLES			
Considered good:			
Drawback of local taxes and levies		53,065	8,591
Export rebate		21,590	12,985
Miscellaneous		22,959	11,392
		97,614	32,968
16. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax refundable		-	120,941
Sales tax and federal excise duty refundable		477,163	270,999
		477,163	391,940
Less: Provision for doubtful tax refunds due from the Government	16.1	(109,195)	(109,195)
		367,968	282,745
16.1	Provision for doubtful tax refunds due from the Government		
Balance as at 01 July		109,195	109,195
Add: Provision for the year		-	-
Balance as at 30 June		109,195	109,195



Notes to the Financial Statements

For the Year ended 30 June 2021

				NOTE	2021 (RUPEES IN THOUSAND)	2020	
17	SHORT TERM INVESTMENTS						
	Securities held at fair value through profit or loss				17.1	42,224	21,514
17.1	SECURITIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS						
		2021			2020		
		Carrying value	Fair value adjustment	Market value	Carrying value	Fair value adjustment	Market value
		------(RUPEES IN THOUSAND)-----					
	Shares in listed companies:						
	Attock Refinery Limited						
	17,500 (2020: 17,500) fully paid ordinary shares of Rupees 10 each	1,563	2,925	4,488	1,352	211	1,563
	D.G. Khan Cement Company Limited						
	10,000 (2020: 10,000) fully paid ordinary shares of Rupees 10 each	853	326	1,179	565	288	853
	National Refinery Limited						
	1,000 (2020: 1,000) fully paid ordinary shares of Rupees 10 each	107	416	523	113	(6)	107
	Oil and gas dev. co						
	1,000 (2020: 1,000) fully paid ordinary shares of Rupees 10 each	109	(14)	95	102	7	109
	Pakistan State Oil Company Limited						
	35,920 (2020: 35,920) fully paid ordinary shares of Rupees 10 each	5,681	2,374	8,055	5,990	(309)	5,681
	Habib Bank Limited						
	13,200 (2020: 13,200) fully paid ordinary shares of Rupees 10 each	1,279	336	1,615	1,495	(216)	1,279
	Ghandhara Industries Limited						
	23,000 (2020: 12,000) fully paid ordinary shares of Rupees 10 each	4,796	1,621	6,417	1,048	404	1,452
	The Searle Company Limited						
	29,097 (2020: 16,900) fully paid ordinary shares of Rupees 10 each	6,005	1,053	7,058	2,872	495	3,367
	United Bank Limited						
	5,000 (2020: 5,000) fully paid ordinary shares of Rupees 10 each	517	94	611	737	(220)	517
	International Steels Limited						
	5,000 (2020: 5,000) fully paid ordinary shares of Rupees 10 each	258	209	467	199	59	258
	Lucky Cement Limited						
	12,950 (2020: 12,950) fully paid ordinary shares of Rupees 10 each	5,977	5,205	11,182	4,927	1,050	5,977
	Dost Steels Limited						
	75,000 (2020: 75,000) fully paid ordinary shares of Rupees 10 each	229	145	374	259	(30)	229
		27,374	14,690	42,064	19,660	1,733	21,393

Notes to the Financial Statements

For the Year ended 30 June 2021

	2021			2020		
	Carrying value	Fair value adjustment	Market value	Carrying value	Fair value adjustment	Market value
----- (RUPEES IN THOUSAND) -----						
Certificates in closed end mutual fund:						
NBP NAFA Stock Fund Nil (2020: 9,273) units held	-	-	-	110	1	111
NBP NAFA Financial Sector Income fund 14,115 (2020: Nil) units held	149	-	149	-	-	-
Al meezan investment management ltd 201 (2020: 201) units held	10	1	11	11	(1)	10
	27,533	14,691	42,224	19,781	1,733	21,514

	NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
18. CASH AND BANK BALANCES			
Cash in hand		2,524	3,871
Balance with banks:			
- Current accounts	18.1	92,261	75,793
- Saving accounts	18.2	22,895	11,891
		115,156	87,684
		117,680	91,555

18.1 It includes USD 13,300 (2020: USD 70,624) held in foreign currency.

18.2 Rate of profit on bank deposits is 3% to 5% per annum (2020: 10%).

19. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2021 (NUMBER OF SHARES)		2020		2021 (RUPEES IN THOUSAND)	2020
26,424,155	26,424,155	Ordinary shares of Rs. 10 each fully paid in cash		264,241	264,241
45,947,600	45,947,600	Ordinary shares of Rs. 10 each issued to shareholders of J.K. Fibre Mills Limited and Abid Faiq Textile Mills Limited under the scheme of merger		459,476	459,476
29,945,800	712,175	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		299,458	7,122
102,317,555	73,083,930			1,023,175	730,839

20. CAPITAL RESERVES

Composition of capital reserves is as follows:

Merger reserve	289,636	289,636
Premium on issue of right shares	60,904	60,904
	20.1	350,540

20.1 These reserves can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.



Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
21. LONG TERM FINANCING			
Loans from banking companies - secured	21.1	1,695,983	1,450,421
Less: Current portion	28	(564,100)	(363,311)
		1,131,883	1,087,110

21.1 Loans from banking companies

2021										
Banking Companies	Note	Limit (Rupees in million)	Loan Amount					Rate of interest	Repayment commence- ment date	Maturity date
			Opening	Received	(Repaid)	Impact of deferred grant	Closing			
			(RUPEES IN THOUSAND)							
Askari Bank Limited	21.2.	76	85,794	-	(37,477)	-	48,317	SBP rate / 3 months Kibor for LTFF +1.25%	August 2016	October 2023
The Bank of Punjab	21.3.	1531	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	21.4.	536	412,645	-	(119,586)	-	293,059	SBP rate for LTFF + 1.25%	October 2018	January 2024
Habib bank limited	21.5.	199	118,494	63,131	(45,408)	(7,495)	128,722	2% p.a.	March 2021	December 2022
Meezan Bank Limited	21.6.	800	176,264	123,736	(17,024)	-	282,976	SBP rate for LTFF + 1.25% to 2%	September 2020	September 2025
			1,450,421	685,163	(424,595)	(15,006)	1,695,983			

2020										
Banking Companies	Note	Limit (Rupees in million)	Loan Amount					Rate of interest	Repayment commence- ment date	Maturity date
			Opening	Received	(Repaid)	Impact of deferred grant	Closing			
			(RUPEES IN THOUSAND)							
Askari Bank Limited	21.2.	138	125,977	-	(40,183)	-	85,794	SBP rate / 3 months Kibor for LTFF + 1.25%	August 2016	October 2023
The Bank of Punjab	21.3.	817	704,563	33,872	(81,211)	-	657,224	SBP rate for LTFF + 1.25% to 2%	September 2017	May 2025
National Bank of Pakistan	21.4.	536	532,231	-	(119,586)	-	412,645	SBP rate for LTFF + 1.25%	October 2018	January 2024
Habib bank limited	21.5.	199	-	118,494	-	-	118,494	SBP rate for TF 2%	January 2021	October 2022
Meezan Bank Limited	21.6.	300	68,096	108,168	-	-	176,264	SBP rate for LTFF + 1.25% to 2.%	September 2020	May 2025
			1,430,867	260,534	(240,980)	-	1,450,421			

Notes to the Financial Statements

For the Year ended 30 June 2021

- 21.2 Purpose of this facility is to finance expansion and Balancing Modernization and Replacement (BMR) of spinning unit. Current balance payable is aggregate of four tranches. At present, sanctioned limit of these facilities is Rs. 76.00 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 Rs. 201 million over imported machinery and personal guarantee of three Directors of the Company.
- 21.3 These facilities are obtained for retirement of spinning machinery letter of credits established through BOP, renewable energy scheme and to finance wages and salaries (excluding bonuses, sales incentives, employee benefit plans, staff retirement benefit, gratuity etc.) of permanent, contractual, daily wagers as well as outsourced employees (collectively the "Employees"). Current balance payable is aggregate of forty five trenches. As per terms of the agreement, the tenors of loans are six years with one year grace period, ten years including one year grace period and 2.5 years respectively for all three types of facilities. The principal is to be repaid in twenty, thirty six and eight equal quarterly installments respectively. This facility is secured against specific charge of Rs. 878.443 million over plant and machinery with 25% margin, charge of Rs. 201 million over fixed assets, 1st specific charge of Rs.130 million over imported machinery pertaining to solar project, fresh ranking charge of Rs.243 million over present & future fixed assets of the company and personal guarantee of three Directors of the Company.
- 21.4 This facility was obtained in financial year 2017 to finance import of new machinery through retirement of import letter of credits opened at NBP. Current balance payable is aggregate of sixteen trenches. 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 Rs. 800 million and personal guarantee of three Directors of the Company.
- 21.5 This facility was obtained in financial year 2020 to finance wages and salaries (excluding bonuses, sales incentives, employee benefit plans, staff retirement benefit, gratuity etc.) of permanent, contractual, daily wagers as well as outsourced employees (collectively the "Employees") for the period of 2.5 years. As per terms of the agreement, the principal is to be repaid in 8, consecutive, quarterly installments. This facility is secured by way of JPP charge over fixed assets of the company amounting PKR 242.67 M and personal guarantee of three Directors of the Company.
- 21.6 It includes financing under diminishing Musharakah amounting to Rs. 123.73 Million. This facility has been obtained to finance generator / spinning machinery of the Company along with spares parts. Current balance payable is aggregate of four trenches. As per terms of the agreement, principal is to be repaid on quarterly basis in five years with one year grace period and seven years. 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 generator and spinning machinery with 25% margin.
- 21.7 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.

	NOTE	2021 (RUPEES IN THOUSAND)	2020
22. LEASE LIABILITIES			
Vehicles:			
Opening balance as at July 01		42,700	58,034
Obtained during the year		-	-
Interest accrued	36	3,162	9,515
		45,862	67,549
Paid during the year		(21,319)	(24,849)
		24,543	42,700
Current portion	28	(14,465)	(17,616)
Closing balance as at June 30,		10,078	25,084



Notes to the Financial Statements

For the Year ended 30 June 2021

22.1 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% (2020: 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.

22.2 Minimum lease payments and their present values are regrouped as under:

	2021		2020	
	Within one year	Within two to five years	Within one year	Within two to five years
	----- (RUPEES IN THOUSAND) -----			
Future minimum lease payments	16,036	10,630	22,499	28,521
Less: Future finance charges	(1,571)	(552)	(4,883)	(3,437)
Present value of future minimum lease payments	14,465	10,078	17,616	25,084
	NOTE		2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)

23. DEFERRED GOVERNMENT GRANT

In 2020, State Bank of Pakistan introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns to support payments of salaries wages under economic challenges due to COVID-19.

The company has availed this facility from Habib Bank Ltd. and Bank of Punjab. The loan carries the markup at 2% per annum. However, the effective interest rate is calculated as 9% and the loan has been recognized at the present value. The differential markup has been recognized as government grant which will be amortized to interest income over the period of the facility.

Opening balance		-	-
Grant recognized during the year		33,857	-
Amortization of grant	36.1	(18,851)	-
		15,006	-
Less: current portion of deferred government grant	28	(12,789)	-
		2,217	-

24. DEFERRED TAX LIABILITY

Deferred tax liability on taxable temporary differences arising in respect of:

- Accelerated tax depreciation

251,323 254,496

Deferred tax asset on deductible temporary differences arising in respect of:

- Lease Liabilities

(3,479) (6,955)

- Provision for doubtful debts

(416) (852)

- Provision for doubtful tax refunds due from the Government

(15,479) (17,787)

(19,374) (25,594)

231,949 228,902

24.1 Movement in deferred tax balances is as follows:

At beginning of the year

228,902 274,815

Recognized as deferred tax expense / (income) in statement of profit or loss:

- Accelerated tax depreciation

(3,173) (45,709)

- Lease Liabilities

3,476 3,227

- Provision for doubtful debts

436 (852)

- Provision for doubtful tax refunds due from the Government

2,308 1,371

3,047 (45,913)

231,949 228,902

Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
25. TRADE AND OTHER PAYABLES			
Trade creditors	25.1.	159,815	321,264
Accrued liabilities		401,379	388,332
Securities - interest free	25.2.	-	1,500
Retention money		3,295	6,571
Income tax deducted at source		1,422	1,349
Provision for Workers' Profit Participation Fund payable	25.3.	115,100	69,164
Provision for Workers' Welfare Fund payable		42,834	-
Books overdrawn		12,571	4,198
Other payables		12,162	20,867
		748,578	813,245
25.1	This amount includes related party balance of Rs.188.84 thousands (2020: Rs.87.611 thousands) payable to J.K. Tech (Pvt) Ltd.		
25.2	This amount is utilized for the purpose of the business in accordance with the requirements of written agreements, in terms of Section 217 of the Companies Act, 2017.		
25.3 Workers' Profit Participation Fund			
Opening balance		69,164	47,545
Interest for the year	36	1,656	3,159
Provision for the year		115,100	69,164
Payments during the year		(70,820)	(50,704)
Closing balance	25.3.1	115,100	69,164
25.3.1	The Company retains Workers' Profit Participation Fund on its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.		
26. ACCRUED MARK-UP			
Long term financing		12,424	12,143
Lease liabilities		43	91
Short term borrowings		30,584	21,125
		43,051	33,359
27. SHORT TERM BORROWINGS			
From banking companies - secured			
Export refinance	27.1	1,444,000	1,358,000
Short term running finance	27.2	267,002	111,605
Cash finance	27.3	393,702	440,775
Loan against Import	27.4	1,048,576	1,137,550
Other short term finance	27.5	235,000	90,000
	27.6	3,388,280	3,137,930
Unsecured			
From directors	27.7	-	35,445
		3,388,280	3,173,375



Notes to the Financial Statements

For the Year ended 30 June 2021

- 27.1 Rate of markup is SBP rate to SBP tariff + 1 % (2020: SBP Rate + 1 %) per annum on the balance outstanding.
- 27.2 Rate of markup is 3 Months Kibor + Spread ranging between 0.75 % to 2 % (2020: 3 Months Kibor + Spread ranging between 0.75 % to 1.5 %) per annum on the balance outstanding.
- 27.3 Rate of markup is 1 Month Kibor to 3 Month Kibor + Spread ranging between 0.70 % to 1.25 % (2020: 1 Month Kibor to 3 Month Kibor + Spread ranging between 0.70 % to 0.75 %) per annum on the balance outstanding.
- 27.4 Rate of markup is Kibor to 3 Month Kibor + Spread ranging between 0.70 % to 0.90% and SBP rate + 1 % (2020: Kibor to 3 Month Kibor + Spread ranging between 0.75 % to 0.90 %) per annum on the balance outstanding.
- 27.5 Rate of markup is Kibor + 1 % (2020: Kibor + 1 %) per annum on the balance outstanding.
- 27.6 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. Aggregate sanctioned limit is Rs. 8,150 million (2020: 8,150 million). The unavailed credit limit is Rs. 4,333 million. Aggregate limit for opening letter of credits / guarantees / hedge is Rs. 3,275 Million (2020: 3200 million) out of which, Rs. 2,675 million (2020: 2600 Million) is sublimit of facilities mentioned above.
- 27.7 These represent interest free loans, to meet working capital requirements, obtained from Directors of the Company which have been repaid on demand during the year.

28. CURRENT PORTION OF LONG TERM LIABILITIES

Current portion of long term financing	21	564,100	363,311
Current portion of lease liabilities	22	14,465	17,616
Current portion of deferred government grant	23	12,789	-
		591,354	380,927

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

Tax Contingencies:

- 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 under section 65B and created a tax demand of Rs. 29,860 thousand. Being aggrieved with the order, the Company preferred an appeal before the Commissioner Inland Revenue, Appeals CIR(A) which is pending for adjudication. Honorable Lahore High Court has granted stay on impugned demand till the decision of appeal.
- Assistant Commissioner Inland Revenue (ACIR), after withholding proceedings relating to tax year 2015 under section 161/205 of the Income Tax Ordinance (the Ordinance), created tax demand of Rs. 27,303 thousand vide assessment order dated 25 January 2017. The Company filed appeal CIR(A), who partially remanded the case back for the verification of the ACIR and upheld the remaining issues. Being aggrieved with the order of the CIR(A), the company filed an appeal before the ATIR which is pending for adjudication.
- ACIR, after withholding proceedings relating to tax year 2016 under section 161/205 of the Ordinance, created tax demand of Rs. 31,659 thousand vide assessment order dated 10 August 2018. Being aggrieved with the order, the Company filed appeal before CIR(A) which is pending adjudication. Stay has been obtained by depositing 10% of impugned demand.

Notes to the Financial Statements

For the Year ended 30 June 2021

- iv) ACIR amended the assessment under section 122(5A) of the Ordinance by amending the Company's apportionment of expenses, disallowing certain expenses and created tax demand of Rs. 204,429 thousand for the tax year 2013 vide order dated 12 February 2019. Being aggrieved, the Company submitted application on 24 April 2019 for rectification and simultaneously filed an appeal with CIR(A) which is pending adjudication. Honorable Lahore High Court has granted the stay on impugned demand till the decision of appeal.
- v) Additional Commissioner, Inland Revenue after re-assessment under section 122(5A) of the Ordinance by amending the Company's apportionment of expenses, disallowing certain expenses, created tax demand of Rs. 178,887 thousand for the tax year 2015 vide order dated 7 January 2019. Being aggrieved, the Company filed an appeal with CIR(A) which is pending adjudication. Honorable Lahore High Court has granted the stay on impugned demand till the decision of appeal.
- vi) Collector, Sales Tax and Federal Excise passed Order-in-Original No. 02/2007 dated 03 July 2007 for Rs. 11,002 thousand along with default surcharge under section 36(3) and 34 respectively of Sales Tax Act, 1990 and penalty @ 30%. The Company filed appeal in Appellate Tribunal, Lahore which was rejected. Being aggrieved, the Company filed a Sales Tax reference No. 03/2009 before Lahore High Court, Lahore which was dismissed. Subsequently, the Company filed CPLA No. 1918/2020 before Supreme Court of Pakistan on 29 December 2020 which is pending for adjudication.
- vii) DCIR passed Order-in-Original No. 60/2016 dated 11 April 2016 for the recovery Sales Tax amounting to Rs. 7,904 thousand along with default surcharge and penalty of Rs. 398 thousand under section 34 & 33 of the Sales Tax Act, 1990. The Company filed appeal before CIR (Appeals), RTO, Faisalabad who passed Order-in-Appeal No. 465/2016 dated 12 July 2016 and reduced the amount to Rs. 3,107 thousand. Being aggrieved with decision, the Company filed appeal before Appellate Tribunal, Lahore who remanded back the case to CIR (Appeals) vide Order STA No. 85/LB/17 dated 28 March 2018 which is pending for adjudication.
- viii) Additional Collector, Sales Tax and Federal Excise passed Order-in-Original No. 28/2015 dated 05 March 2015 for Rs. 2,133 thousand and penalty of Rs. 50 thousand under DTRE rules 307G(2) for violation of Rules 307A & 307A(2)(e) of SRO 450(I)/2001 dated 18 June 2001. Being aggrieved with the decision, the Company filed appeal before Appellate Tribunal (Customs Excise & Sales Tax Bench, Lahore) which is pending for adjudication.
- ix) Audit Officer Inland Revenue, RTO, Faisalabad, passed Order-in-Original No. 69/2019 dated 27 June 2019 for the recovery of Sales Tax amounting to Rs. 3,377 thousand, under section 11(2) of the Sales Tax Act, 1990 along with default surcharge (to be calculated at the date of actual payment / recovery) under section 34(1) of the Act *ibid*. The Company filed appeal before CIR (Appeals), RTO, Faisalabad who remanded back the case to Audit Officer Inland Revenue vide Order in Appeal No. 397/2019 dated 18 September 2019. Being aggrieved with the decision, the Company filed appeal before ATIR, Lahore, which is pending for adjudication.
- x) Commissioner, Punjab Revenue Authority, passed assessment order No. 46/2020 dated 24 February 2020 for recovery of Rs. 74,137 thousand under section 52(I) read with section 60 of Punjab Sales Tax on Services Act, 2012, recoverable under section 70 of the Act *ibid* along with default surcharge under section 49 and penalty under section 48 of the Act. Being aggrieved, the Company filed appeal before Appellate Tribunal, Punjab Revenue Authority, Lahore, which is pending for adjudication.
- xi) ACIR passed Order-in-Original No. 30/2020 dated 05 March 2020 for the recovery of Sales Tax amounting to Rs. 2,935 thousand, under section 11(2) of the Sales Tax Act, 1990 along with default surcharge under section 34(1) and penalty under section 33(19) of the Act *ibid*. The Company filed appeal before CIR (Appeals), RTO, Faisalabad which was rejected vide Order-in-Appeal No. 149/21 dated 24 March 2021. Being aggrieved with decision, the Company filed appeal before ATIR, Lahore, which is pending for adjudication.
- xii) Audit Officer Inland Revenue, RTO, Faisalabad, passed Order-in-Original No. 58/2020 dated 06 February 2020 for the recovery of Sales Tax amounting to Rs. 239 thousand, under section 11(2) of the Sales Tax Act, 1990 along with default surcharge under section 34(1) *ibid*. The Company filed appeal before CIR (Appeals), RTO, Faisalabad which was rejected vide Order-in-Appeal No. 196/20 dated 21 September 2020. Being aggrieved with decision the Company filed appeal before ATIR, Lahore, which is pending for adjudication.



Notes to the Financial Statements

For the Year ended 30 June 2021

- xiii) Additional Commissioner Punjab Revenue Authority passed assessment order No. 133/2020 dated 19 August 2020 for the recovery of Rs. 29,458 thousand under section 52 read with section 60 of Punjab Sales Tax on Services Act, 2012, recoverable under section 70 of the Act along with default surcharge under section 49 and penalty under section 48 of the Act. Being aggrieved, the Company filed appeal before Commissioner (Appeals), Punjab Revenue Authority, Lahore, which is pending for adjudication.
- xiv) DCIR passed Order-in-Original No. 72/2020 dated 30 November 2020 for the recovery of further tax amounting to Rs. 691 thousand, recoverable under section 11(3) of the Sales Tax Act, 1990 along with default surcharge and penalty under section 34(1) and 33(11) of the Sales Tax Act, 1990. Being aggrieved, the Company filed appeal before CIR (Appeals), RTO, Multan, which was rejected vide Order-in-Appeal No. 27/2021 dated 29 May 2021. The company filed appeal before ATIR, Lahore, which is pending for adjudication.

The management, based on the opinion of its tax consultant 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 matter, no provision has been made in these financial statements

Other Contingencies

- i) Guarantees amounting to Rs.214,001 thousand (2020: Rs.214,001 thousand) 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 Rs.455,239 thousand (2020: Rs.463,172 thousand) 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.
- iii) Foreign bills (under letter of credits) discounted with banks amount to Rs.207,312 thousand (2020: 68,102 thousands).

29.2 Commitments

- i) Letters of credit for capital expenditure are of Rs. 2,491,364 thousand (2020: Rs. 401,993 thousand).
- ii) Letters of credit other than for capital expenditure are of Rs. 102,328 thousand (2020: Rs. 83,700 thousand).
- iii) Company has entered into Ijarah lease agreement with Meezan bank limited in respect of vehicle. The commitments against such facility are as follows at year end:

	2021 (RUPEES IN THOUSAND)	2020
Ijarah lease installments payable:		
within 1 year	7,630	8,730
within 2 to 5 years	19,076	30,556
	26,706	39,286

Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
30. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Export sales	30.1	10,330,558	7,530,404
Local sales	30.2	6,970,895	7,151,555
Export rebate and duty drawback		101,483	145,266
		17,402,936	14,827,225

30.1 These include indirect exports, taxable under section 154 (3b) of income tax ordinance, 2001, amounting to Rs.3,678,438 thousands (2020: Rs.1,138,059 thousands).

30.2 Local sales			
Sales		8,406,973	8,129,865
Waste		375,589	431,808
		8,782,562	8,561,673
Less: Sales tax		(1,811,667)	(1,410,118)
		6,970,895	7,151,555

30.3 Set out below the disaggregation of the Company's revenue from contracts with customer.

Segments	For the year ended 30 June 2021		
	Spinning	Fabric	Total
	(RUPEES IN THOUSAND)		
Revenue:			
Sale of yarn	10,482,197	-	10,482,197
Sale of fabric - made ups	-	6,545,150	6,545,150
Sale of waste	338,286	37,303	375,589
Total revenue from contracts with customers	10,820,483	6,582,453	17,402,936



Notes to the Financial Statements

For the Year ended 30 June 2021

Segments	For the year ended 30 June 2021		
	Spinning	Fabric	Total
(RUPEES IN THOUSAND)			
Geographic markets::			
Pakistan	7,010,325	174,180	7,104,505
Algeria	-	16,234	16,234
Australia	-	123,846	123,846
Bangladesh	11,994	-	11,994
Belgium	-	1,392,413	1,392,413
Cyprus	-	10,103	10,103
Denmark	-	12,053	12,053
Ecuador	-	59,412	59,412
Egypt	64,395	-	64,395
Finland	-	1,364	1,364
France	-	3,509	3,509
Hong Kong	-	13,108	13,108
Italy	7,272	257,158	264,430
Jamaica	-	6,635	6,635
Lithuania	-	4,523	4,523
Maxico	-	29,196	29,196
Netherland	-	1,817	1,817
Norway	-	14,580	14,580
Oman	-	18,866	18,866
Poland	-	67,053	67,053
Portugal	26,591	139,485	166,076
Romania	-	107,685	107,685
Saudi Arabia	-	16,662	16,662
Somalia	-	15,551	15,551
Spain	-	306,298	306,298
Tunisia	-	18,438	18,438
Turkey	21,468	12,147	33,615
UK	-	1,699,541	1,699,541
USA	-	1,959,113	1,959,113
Others (Ref. Note # 30.1)	3,678,438	-	3,678,438
Export rebate and duty drawback	-	101,483	101,483
Total revenue from contracts with customers	10,820,483	6,582,453	17,402,936
Timing of revenue recognition			
Goods transferred at a point in time	10,820,483	6,582,453	17,402,936

Segments	For the year ended 30 June 2020		
	Spinning	Fabric	Total
(RUPEES IN THOUSAND)			
Revenue:			
Sale of yarn	8,200,533	-	8,200,533
Sale of fabric - made ups	-	6,276,691	6,276,691
Sale of waste	306,291	43,710	350,001
Total revenue from contracts with customers	8,506,824	6,320,401	14,827,225

Notes to the Financial Statements

For the Year ended 30 June 2021

Segments	For the year ended 30 June 2020		
	Spinning	Fabric	Total
(RUPEES IN THOUSAND)			
Geographic markets:			
Pakistan	6,991,919	159,636	7,151,555
Australia	-	60,232	60,232
Bangladesh	86,731	-	86,731
Belgium	-	180,227	180,227
Cyprus	-	7,648	7,648
Ecuador	-	85,726	85,726
Egypt	26,436	-	26,436
Finland	-	1,706	1,706
France	-	1,245,678	1,245,678
Germany	17,008	1,150	18,158
Italy	14,886	210,850	225,736
Jamaica	-	12,070	12,070
Jordan	-	35,129	35,129
Mexico	-	138,741	138,741
Portugal	47,781	85,017	132,798
Romania	-	8,701	8,701
Spain	10,875	530,009	540,884
Turkey	173,130	-	173,130
UK	-	1,450,105	1,450,105
USA	-	1,962,509	1,962,509
Others	1,138,059	-	1,138,059
Export rebate and duty drawback	-	145,266	145,266
Total revenue from contracts with customers	8,506,824	6,320,401	14,827,225
Timing of revenue recognition			
Goods transferred at a point in time	8,506,824	6,320,401	14,827,225

	NOTE	2021 (RUPEES IN THOUSAND)	2020
31. COST OF REVENUE			
Raw materials consumed	31.1.	9,482,584	8,758,141
Stores, spare parts and loose tools consumed		246,803	179,677
Packing materials consumed		310,888	255,622
Processing, sizing and conversion charges		1,521,844	1,284,630
Fuel and power		1,111,919	1,038,085
Salaries, wages and other benefits	31.2.	885,842	839,324
Depreciation	5.2	369,772	371,206
Repair and maintenance		24,193	31,907
Insurance		15,512	14,685
Other factory overheads		13,053	13,982
		13,982,410	12,787,259



Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
Work-in-process			
Opening stock		403,753	477,200
Closing stock		(380,821)	(403,753)
		22,932	73,447
Cost of goods manufactured		14,005,342	12,860,706
Finished goods			
Opening stock		1,301,115	769,005
Closing stock		(1,235,488)	(1,301,115)
		65,627	(532,110)
		14,070,969	12,328,596
31.1 Raw materials consumed			
Opening stock		3,100,733	2,500,649
Add: Purchased during the year		10,575,378	9,358,225
		13,676,111	11,858,874
Closing stock		(4,193,527)	(3,100,733)
		9,482,584	8,758,141
31.2	Salaries, wages and other benefits include provident fund contribution of Rs. 23,816 thousand (2020: Rs. 21,310 thousands) by the Company.		
32. DISTRIBUTION COST			
Salaries and other benefits	32.1	20,380	17,364
Ocean freight		240,860	147,683
Commission and brokerage		110,770	103,446
Travelling and conveyance		5,259	5,234
Local freight		15,994	16,354
Shipping expenses		12,866	13,037
Export development surcharge		15,817	16,045
Fee and subscription		754	650
Advertisement		-	2,798
Business promotion		5,385	10,107
Insurance		2,664	1,998
Miscellaneous		2,068	1,376
		432,817	336,092

32.1 Salaries and other benefits include provident fund contribution of Rs.23,816 thousand (2020: Rs.21,310 thousands) by the Company.

Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
33. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	33.1	208,880	172,081
Legal and professional		1,095	521
Insurance		5,792	4,858
Travelling and conveyance		32,716	50,660
Vehicles' running		21,734	17,861
Entertainment		4,591	4,916
Auditors' remuneration	33.2	2,625	2,275
Advertisement		318	268
Communication		10,961	7,455
Utilities		244	442
Printing and stationery		1,715	1,760
Repair and maintenance		1,027	883
Fee and subscription		24,913	13,907
Depreciation	5.2. & 6	43,078	43,230
Ijarah rentals		7,776	4,424
Other charges		6,381	12,061
		373,846	337,602
33.1 Salaries and other benefits include provident fund contribution of Rs.8,203 thousand (2020: Rs.6,836 thousands) by the Company.			
33.2 Auditors' remuneration:			
Statutory audit		2,300	2,000
Half yearly review and other certifications		175	125
Out of pocket expenses		150	150
		2,625	2,275
34. OTHER OPERATING EXPENSES			
Donations	34.1&34.2	7,439	4,629
Loss on sale of property, plant and equipment		-	641
Trade debts written off		-	1,362
Provision for expected credit losses		-	1,144
Loss on forward rate agreement		-	15,272
Net exchange loss		-	37,367
Workers' Profit Participation Fund		115,100	69,164
Workers' Welfare Fund		42,834	4,060
		165,373	133,639
34.1 It includes donation amounting to Rs. 1.08 million to Shaukat Khanam Memorial Hospital and Rs. 2.50 million to Noor Foundation pakistan.			
34.2 None of the Directors or their spouses has any interest in the donee.			
35. OTHER INCOME			
Income from financial assets	35.1	20,277	4,995
Income from non-financial assets	35.2	28,739	7,219
		49,016	12,214



Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
35.1 Income from financial assets			
Profit on saving account		39	25
Dividend income on investments at fair value through profit or loss		375	355
Gain on restatement of investments at fair value through profit or loss	17.1	14,691	2,551
Gain on sale of investments at fair value through profit or loss		310	2,064
Net exchange gain		4,243	-
Gain on forward rate agreement		619	-
		20,277	4,995
35.2 Income from non-financial assets			
Rental income		1,920	1,920
Scrap sales		6,375	5,299
Gain on sale of property, plant and equipment		20,444	-
		28,739	7,219
36. FINANCE COSTS			
Mark up on:			
- Long term financing	36.1	53,502	57,807
- Lease Liabilities	22	3,162	9,515
- Short term borrowings		182,020	283,760
		238,684	351,082
Interest on Workers' Profit Participation Fund	25.3	1,656	3,159
Bank charges and commission		26,201	42,377
		266,541	396,618
36.1	The markup presented is net of grant amounting to Rs. 18,851 thousands.		
36.2	Interest on funds utilised is charged at the rate of 9.50% p.a. (2020:15.75% p.a.).		
37. TAXATION			
Income tax:			
Current		337,376	184,584
Prior year adjustment		(9,697)	26,249
		327,679	210,833
Deferred tax:			
Relating to origination and reversal of temporary differences		3,047	(45,913)
Relating to change in tax rate		-	-
		3,047	(45,913)
		330,726	164,920

Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020
37.1 Tax reconciliation			
Profit before taxation		2,142,406	1,306,892
Tax @ 29% (2020: 29%)		621,297	378,999
Tax effect of:			
Inadmissible in determining taxable profit		78,955	-
Admissible in determining taxable profit		(91,234)	-
Deductible allowance against Worker's Welfare Fund		(12,627)	-
Tax credit on donation under section 61		(2,157)	-
Lower rate on income under FTR		(251,940)	-
Adjustment of Minimum Tax Paid u/s 113 in earlier Year(s) - Tax Year 2020		(4,918)	-
Prior year adjustment		(9,697)	(26,249)
Deferred tax		3,047	-
Others		-	(187,830)
Net tax charged		330,726	164,920
Average effective tax rate		15%	13%
38. EARNING PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders (Rupees in thousand)		1,811,680	1,141,972
Weighted average number of ordinary shares (Numbers)	38.1	102,317,555	102,317,555
Earnings per share (Rupees)		17.71	11.16
38.1 Weighted average number of ordinary shares (Numbers)			
Issued ordinary shares at July 01,		73,083,930	73,083,930
Bonus shares issued		29,233,625	29,233,625
Weighted average number of ordinary shares at June 30,		102,317,555	102,317,555

38.2 There are no dilutive potential ordinary shares outstanding as at June 30, 2021 and 2020.



Notes to the Financial Statements

For the Year ended 30 June 2021

	NOTE	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,142,406	1,306,892
Adjustment for:			
Depreciation		412,850	414,436
Trade debts written off		-	1,362
Provision for expected credit losses		-	(1,144)
Finance cost		266,541	396,618
Provision for Workers' Profit Participation Fund		115,100	69,164
Provision for Workers' Welfare Fund		42,834	4,060
(Gain) / loss on sale of property, plant and equipment		(20,444)	641
(Gain) on sale of investments at fair value through profit or loss		(310)	(2,064)
Unrealized (Gain)/loss on re-measurement of investments at fair value through profit or loss		(14,691)	(2,551)
Working capital changes	39.1	(1,514,360)	(1,529,593)
		1,429,926	657,821
39.1 Working capital changes			
Decrease / (increase) in current assets:			
Stores, spare parts and loose tools		(37,651)	(18,138)
Stock-in-trade		(1,004,235)	(1,058,747)
Trade debts		(1,945)	(481,293)
Advances		(55,406)	(25,950)
Trade deposits and short term prepayments		(454)	1,835
Other receivables		(64,646)	23,699
Sales tax and federal excise duty refundable		(206,164)	(68,417)
Net (increase) in long term deposits		(41,094)	(34,164)
Net Increase in long term deposits liability		6,823	1,383
		(1,404,772)	(1,659,792)
Increase / (decrease) in current liabilities:			
Trade and other payables		(153,509)	138,227
Contract liabilities		43,921	(8,028)
		(109,588)	130,199
		(1,514,360)	(1,529,593)

Notes to the Financial Statements

For the Year ended 30 June 2021

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Managerial remuneration	12,300	8,400	22,200	18,000	56,983	52,229
Allowances						
- Utilities	3,339	2,280	7,124	5,776	-	-
- Others	3,113	2,126	6,154	4,990	-	-
Contribution to provident fund	666	466	1,199	1,000	2,582	2,896
	19,418	13,272	36,677	29,766	59,565	55,125
Number of persons	1	1	2	2	19	18

40.1 Chief Executive Officer, Directors and certain Executives of the Company are provided with Company maintained vehicles.

40.2 No remuneration was paid to non-executive Directors of the Company.

40.3 Executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

41. PROVIDENT FUND RELATED DISCLOSURES

	NOTE	Un-Audited 2021 (RUPEES IN THOUSAND)	Audited 2020
Size of the fund - Total assets		341,313	314,919
Cost of investments out of provident fund		311,186	308,369
Percentage of investments out of provident fund		91.17%	97.92%
Fair value of investments out of provident fund	41.1	327,364	301,089

41.1 The break-up of fair value of investments is as follows:

	2021 PERCENTAGE	2020 PERCENTAGE		
Bank balances	40%	40%	133,092	122,415
Investment in listed debt securities	6%	7%	20,000	20,000
Investment in listed debt collective investment schemes	53%	52%	171,999	155,527
Investment in listed equity securities	1%	1%	2,273	3,147
	100%	100%	327,364	301,089

41.2 The above investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.



Notes to the Financial Statements

For the Year ended 30 June 2021

	2021 (NUMBER OF PERSONS)	2020
42. NUMBER OF EMPLOYEES		
Total number of employees as at reporting date	2,659	2,448
Average number of employees during the year	2,529	2,451

43. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		2021 (RUPEES IN THOUSAND)	2020
Relationship with the Company	Nature of transaction		
Associated Company			
J.K. Tech (Private) Limited	Service charges paid	2,280	2,280
	Rental income recovered	1,920	1,920
Other related parties			
Employees' Provident Fund Trust	Company's contribution to Employees' Provident Fund Trust	32,845	28,900
Directors	Loan obtained/repaid to directors-net	(35,445)	35,445
	Dividend paid	69,287	141,609

43.1 Transactions with key management personnel under the terms of employment are excluded from related party transactions.

43.2 Balances with related parties are mentioned in respective notes to the financial statements.

43.3 Details Of Related Parties of The Company:

Name of related party	Basis of relationship	Equity interest
J.K. Tech (Private) Limited	Associate	30%
J.K. Agriculture Farms (Private) Limited	Common Directorship	-
J.K. Power (Private) Limited	Common Directorship	-
Fine Fabrics (Private) Limited	Common Directorship	-
Mughanum (Private) Limited	Common Directorship	-

Notes to the Financial Statements

For the Year ended 30 June 2021

		2021 (RUPEES IN THOUSAND)	2020
44. PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1,098 shifts (2020: 1,098 shifts)	(Kgs.)	45,365	44,501
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2020: 1,055 shifts)	(Kgs.)	44,501	37,051
Weaving			
100% plant capacity at 50 picks based on 3 shifts per day for 1,098 shifts (2020: 1,098 shifts)	(Sq. Mtr.)	22,263	18,667
Actual production converted to 50 picks based on 3 shifts per day for 1,056 shifts (2020: 1,008 shifts)	(Sq. Mtr.)	18,667	14,934

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.

44.1 REASON FOR LOW PRODUCTION

Spinning

Under utilization of available capacity is mainly due to relocation of some ring frames during the year.

Weaving

Under utilization of available capacity is mainly due to 10 looms come in production during the year.

45. SEGMENT INFORMATION

	Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total - Company
..... (RUPEES IN THOUSAND)					
Year ended 30 June 2021					
Revenue					
External	10,820,483	6,582,453	17,402,936	-	17,402,936
Intersegment	595,297	-	595,297	(595,297)	-
	11,415,780	6,582,453	17,998,233	(595,297)	17,402,936
Cost of sales	(9,565,379)	(5,100,887)	(14,666,266)	595,297	(14,070,969)
Gross profit	1,850,401	1,481,566	3,331,967	-	3,331,967
Distribution cost	(97,191)	(335,626)	(432,817)	-	(432,817)
Administrative expenses	(262,231)	(111,615)	(373,846)	-	(373,846)
	(359,422)	(447,240)	(806,663)	-	(806,663)
Segment profit	1,490,979	1,034,325	2,525,304	-	2,525,304
Total assets	8,803,243	4,299,847	13,103,090	-	13,103,090
Total liabilities	3,312,288	2,580,760	5,893,048	-	5,893,048



Notes to the Financial Statements

For the Year ended 30 June 2021

	Spinning	Fabric	Total Segments	Adjustments and Eliminations	Total - Company
(RUPEES IN THOUSAND)					
Year ended 30 June 2020					
Revenue					
External	8,506,825	6,320,401	14,827,226	-	14,827,226
Intersegment	837,757	-	837,757	(837,757)	-
	9,344,582	6,320,401	15,664,983	(837,757)	14,827,226
Cost of sales	(7,970,708)	(5,195,645)	(13,166,353)	837,757	(12,328,597)
Gross profit	1,373,874	1,124,756	2,498,630	-	2,498,629
Distribution cost	(81,579)	(254,513)	(336,092)	-	(336,092)
Administrative expenses	(227,481)	(110,121)	(337,602)	-	(337,602)
	(309,060)	(364,634)	(673,694)	-	(673,694)
Segment profit	1,064,814	760,122	1,824,936	-	1,824,935
Total assets	8,292,365	2,676,605	10,968,970	-	10,968,970
Total liabilities	4,368,205	1,160,461	5,528,666	-	5,528,666

45.1 Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to individual segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

	2021 (RUPEES IN THOUSAND)	2020
45.2 Reconciliation of profit		
Segment profit	2,525,304	1,824,935
Other operating expenses	(165,373)	(133,639)
Other income	49,016	12,214
Finance cost	(266,541)	(396,618)
Taxation	(330,726)	(164,920)
Profit after taxation	1,811,680	1,141,972
45.3 Reconciliation of assets		
Segment operating assets	13,103,090	10,968,970
Tax refunds due from the Government	367,968	282,745
Total assets as per Statement of financial position	13,471,058	11,251,715
45.4 Reconciliation of liabilities		
Segment operating liabilities	5,893,048	5,528,666
Deferred tax liability	231,949	228,902
Workers' Profit Participation Fund Payable	115,100	69,164
Workers' Welfare Fund Payable	42,834	-
Provision for taxation	24,548	-
	6,307,479	5,826,732

Inter-segment sales and purchases have been eliminated from the total.

Notes to the Financial Statements

For the Year ended 30 June 2021

2021
(RUPEES IN THOUSAND)

2020

45.5 Geographical Information

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

Europe	4,248,171	3,803,993
America	1,959,113	2,199,046
Asia, Africa and Australia	332,709	389,306
Pakistan	7,184,505	7,151,555
Others	3,678,438	1,283,325
	17,402,936	14,827,225

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

45.7 Revenue from major customers

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

46. FINANCIAL RISK MANAGEMENT

Financial instruments comprises of long term financing, trade and other payables, accrued mark-up, short term borrowings, long term deposits, trade debts, trade deposits, derivative financial asset, other receivables, short term investment and cash and bank balances,

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(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.



Notes to the Financial Statements

For the Year ended 30 June 2021

Following is the gross exposure classified into separate foreign currencies:

	USD	Euro	GBP
	As at 30 June 2021		
Trade debts	4,592,635	303,073	115,596
Cash at bank	13,300	-	-
Net exposure	4,605,935	303,073	115,596
	USD	Euro	GBP
	As at 30 June 2020		
Trade debts	2,770,387	155,673	123,985
Cash at bank	70,624	-	-
Trade and other payables	(122,037)	(2,655)	-
Net exposure	2,718,974	153,018	123,985

Spot rate	
As at 30 June 2021	As at 30 June 2020

Significant exchange rates applied during the year were as follows:

Rupees per		
USD	157.80	167.98
Euro	188.12	188.43
GBP	218.58	206.32

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, as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments, the impact on profit before taxation for the year would have been as following:

	Increase / decrease in exchange rates	Effect on profit before tax (USD)	Effect on profit before tax (EURO)	Effect on profit before tax (GBP)
2021				
Pak Rupee	+5%	36,340,824	2,850,709	1,263,349
Pak Rupee	-5%	(36,340,824)	(2,850,709)	(1,263,349)
2020				
Pak Rupee	+5%	22,836,507	1,441,682	1,278,996
Pak Rupee	-5%	(22,836,507)	(1,441,682)	(1,278,996)

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 2021

(ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, 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. The Company is exposed to equity price risk as the Company holds investments classified as fair value through profit or loss. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index on the Company's profit after taxation and comprehensive income for the year. 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:

		2021	2020
Reporting date all index points		34,422	33,902
		Changes in PSX all Index	Effects on Profit Before Tax (Rupees in thousand)
Investments at fair value through profit or loss			
	2021	+10%	4,206
		-10%	(4,206)
	2020	+10%	2,139
		-10%	(2,139)

(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 has no significant long-term interest bearing assets. The Company's interest rate risk arises from long term financing, lease liabilities, short term borrowings and bank deposits. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

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

	2021 (Rupees in thousand)	2020
Fixed rate instruments:		
Financial liabilities:		
Long term financing	1,675,989	1,319,559
Short term borrowings	1,444,000	1,358,000
	3,119,989	2,677,559



Notes to the Financial Statements

For the Year ended 30 June 2021

	2021 (Rupees in thousand)	2020
Floating rate instruments:		
Financial assets		
Bank balances – saving accounts	22,895	11,891
Financial liabilities		
Long term financing	35,000	130,862
Lease liabilities	24,543	42,700
Short term borrowings	1,944,280	1,815,375
	2,003,823	1,988,937

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 statement of financial position 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 before taxation for the year would have been changed as following:

		Changes Interest Rate	Effects on Profit Before Tax
		(Rupees in thousand)	
Bank balances – saving accounts			
	2021	+1% -1%	228.95 (228.95)
	2020	+1% -1%	118.91 (118.91)
Long term financing			
	2021	+1% -1%	350 (350)
	2020	+1% -1%	1,309 (1,309)
Lease liabilities			
	2021	+1% -1%	245 (245)
	2020	+1% -1%	427 (427)
Short term borrowings			
	2021	+1% -1%	19,443 (19,443)
	2020	+1% -1%	18,154 (18,154)

Notes to the Financial Statements

For the Year ended 30 June 2021

This analysis is prepared assuming that the amounts of financial instruments outstanding at statement of financial position date were outstanding for the whole year.

(b) Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The Company is exposed to credit risk on trade debts, deposits, other receivables, short term investments and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	2021 (Rupees in thousand)	2020
Advances	5,392	979
Deposits	3,253	3,187
Trade debts	1,269,293	1,267,348
Other receivables	22,959	11,392
Short term investments	42,224	21,514
Bank balances	115,156	87,684
	1,458,277	1,392,104

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above. 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.

	Rating			2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Banks:					
National Bank of Pakistan	A-1+	AAA	PACRA	-	49
Allied Bank Limited	A1+	AAA	PACRA	15	15
Askari Bank Limited	A1+	AA+	PACRA	9,927	1,793
Habib Bank Limited	A-1+	AAA	JCR-VIS	39,334	6,267
Meezan Bank Limited	A-1+	AA+	JCR-VIS	34,389	17,401
MCB Bank Limited	A1+	AAA	PACRA	13	90
Standard Chartered Bank	A1+	AAA	PACRA	992	10,693
Albaraka Bank (Pakistan) Limited	A1	A	PACRA		
The Bank of Punjab	A1+	AA+	PACRA	26,923	50,232
Summit Bank Limited		Suspended	JCR-VIS	-	1,021
The Bank of Khyber	A1	A+	PACRA	120	86
Bank Alfalah Limited	A1+	AA+	PACRA	-	1
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,443	35
				115,156	87,684



Notes to the Financial Statements

For the Year ended 30 June 2021

The Company's exposure to credit risk and expected credit losses related to trade debts is disclosed in Note 12.

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- (Rupees in thousand) -----					
30 June 2021					
Long term financing	1,698,200	1,698,200	564,100	1,134,100	-
Lease liabilities	24,543	24,543	14,465	10,078	-
Trade and other payables	748,578	748,578	748,578	-	-
Short term bank borrowings	3,388,280	3,388,280	3,388,280	-	-
Accrued mark-up on loans	43,051	43,051	43,051	-	-
Unclaimed dividend	617	617	617	-	-
Provision for taxation	24,548	24,548	24,548	-	-
	5,927,817	5,927,817	4,783,639	1,144,178	-
----- (Rupees in thousand) -----					
30 June 2020					
Long term financing	1,450,421	1,450,421	363,311	1,087,110	-
Lease liabilities	42,700	42,700	17,616	25,084	-
Trade and other payables	813,245	813,245	813,245	-	-
Short term bank borrowings	3,173,375	3,173,375	3,173,375	-	-
Accrued mark-up on loans	33,359	33,359	33,359	-	-
Unclaimed dividend	550	550	550	-	-
	5,513,650	5,513,650	4,401,456	1,112,194	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June. The rates of mark up have been disclosed in respective notes to the financial statements. Management believes the liquidity risk to be low.

Notes to the Financial Statements

For the Year ended 30 June 2021

	2021 (Rupees in thousand)	2020
46.1 Financial instruments by categories		
Assets as per statement of financial position:		
At amortized cost		
Advances	5,392	979
Deposits	3,253	3,187
Trade debts	1,269,293	1,267,348
Other receivables	22,959	11,392
Bank balances	117,680	91,555
	1,418,577	1,374,461
At fair value through profit or loss		
Short term investments	42,224	21,514
	1,460,801	1,395,975
Liabilities as per statement of financial position:		
At amortized cost		
Long term financing	1,698,200	1,450,421
Lease liabilities	24,543	42,700
Trade and other payables	748,578	741,232
Short term borrowings	3,388,280	3,173,375
Accrued mark-up on loans	43,051	33,359
Unclaimed dividend	617	550
	5,903,269	5,441,637

46.2 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 borrowings divided by total capital employed. Borrowings represent long term financing, liabilities against assets subject to finance lease and short term borrowings obtained by the Company. Total capital employed includes 'total equity' plus 'borrowings'.

Long term financing	1,695,983	1,450,421
Short term borrowing	3,388,280	3,173,375
Total debt	5,084,263	4,623,796
Cash and bank balances	(117,680)	(91,555)
Net debt	4,966,583	4,532,241
Share capital	1,023,175	730,839
Reserves	6,140,404	4,694,144
Total Equity	7,163,579	5,424,983
Total capital employed	12,130,162	9,957,224
Gearing ratio	41%	46%



Notes to the Financial Statements

For the Year ended 30 June 2021

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Judgments 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 2021				
Financial assets				
Investments at fair value through profit or loss	42,224	-	-	42,224
Financial liabilities	-	-	-	-
Recurring fair value measurement At 30 June 2020				
Financial assets				
Investments at fair value through profit or loss	21,514	-	-	21,514
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 in and 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: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Valuation techniques used to determine fair values

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

48. FAIR VALUES OF NON-FINANCIAL ASSETS

Judgements and estimates are made in determining the fair values of 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:

Notes to the Financial Statements

For the Year ended 30 June 2021

	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			
At 30 June 2021				
Freehold land	-	692,123	-	692,123
Total non-financial assets	-	692,123	-	692,123
At 30 June 2020				
Freehold land	-	480,769	-	480,769
Total non-financial assets	-	480,769	-	480,769

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

49. NON ADJUSTING EVENT AFTER REPORTING PERIOD

49.1 The Board of Directors of the Company has proposed a cash dividend of Rs. 1.5 per share for the year ended 30 June 2021 (2020: Cash dividend Rs. 1 per share and bonus shares at 40% i.e 4 shares against every 10 shares held) at their meeting held on 29 September 2021. 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.

50. GENERAL

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

50.2 Re-classification


Reclassification of the following account balances have been made in these financial statements for better presentation:

Account head	Previous classification	Current classification
- Revaluation surplus on freehold land (Rs. 396,036 thousands)	Capital reserves	Separate line item On the face of statement of financial position

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 September 2021 by the Board of Directors of the Company.


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer



Pattern of Shareholding

As on June 30, 2021

No. of Share Holders	Share Holding		Total Shares Held
	From	To	
59	1	100	1,407
61	101	500	18,428
58	501	1,000	45,585
76	1,001	5,000	192,062
21	5,001	10,000	156,263
5	10,001	15,000	59,278
4	15,001	20,000	71,521
7	20,001	25,000	162,655
2	25,001	30,000	53,800
1	30,001	35,000	30,800
1	35,001	40,000	36,900
1	40,001	45,000	43,619
1	45,001	50,000	48,500
2	50,001	55,000	108,000
2	55,001	60,000	112,126
1	60,001	65,000	64,974
1	80,001	85,000	85,000
1	100,001	105,000	101,000
1	205,001	210,000	209,000
1	500,001	505,000	504,000
1	510,001	515,000	511,499
1	790,001	795,000	790,818
1	860,001	865,000	864,360
1	1,060,001	1,065,000	1,061,256
1	1,265,001	1,270,000	1,266,022
1	1,540,001	1,545,000	1,543,500
1	2,165,001	2,170,000	2,168,695
1	2,635,001	2,640,000	2,636,029
1	14,745,001	14,750,000	14,747,216
1	16,875,001	16,880,000	16,876,118
1	23,250,001	23,255,000	23,251,774
1	34,495,001	34,500,000	34,495,297
318			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	12	72,755,295	71.11
-Chief Executive Officer	3	25,308,614	24.74
Banks, Development Financial Institutions, Non Banking Financial Institutions			
	3	3,666	0.00
Insurance Companies			
	2	7,644	0.01
Modarbas			
	1	4,557	0.00
General Public:			
a. Local	289	4,180,454	4.09
b. Foreign	-	-	-
Other			
	8	57,272	0.06
Total	318	102,317,502	100.00

Shareholders More Than 10%

Mr. Jawed Anwar	36,038,797	35.22
Mr. Faiq Jawed	25,308,614	24.74
Mr. Shaiq Jawed	17,387,617	16.99
Mrs. Farhat Jehan	15,611,576	15.26

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. Jawed Anwar	2,136,750	(Gift to Family members)
Mrs. Farhat Jehan	152,130	(Gift to Family members)
Mrs. Shaiq Jawed	26,500	(Purchase from market)

Notes

[illegible]



Form of Proxy

35th 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 35th Annual General Meeting of the Company, to be held on the 28th day of October, 2021 and at any adjournment thereof.

At witness my/our hand /seal this _____ day of _____ 2021.

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

پینتیسواں 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 مؤرخہ 28 اکتوبر 2021 کو منعقد
ہونے والے پینتیسواں سالانہ اجلاس عام اور اس کے کسی ملٹی 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 _____ 2021 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 کا ریونیو 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۔



jkgroup.net

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