



ANNUAL
REPORT
2022



J.K. SPINNING
MILLS LIMITED



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Company Information

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





Registered office

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

Head Office & Mills

29-KM, Sheikhpura Road, khurrianwala
Faisalabad.



VISION

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

MISSION

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

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

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





Chairman's Review



Jawed Anwar
Chairman

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



Overview of Economy and Industry

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

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

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

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

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

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

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

Financial and operational performance

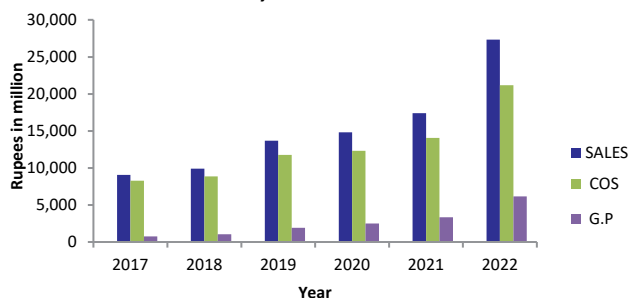
Your company achieved ever highest financial results for the Financial year 2021-22 in view of increase in sales margin. Profit after taxation for the financial year under review stood at Rs. 3,661.520 million as compared to profit of Rs. 1,811.680 million in the corresponding year.

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

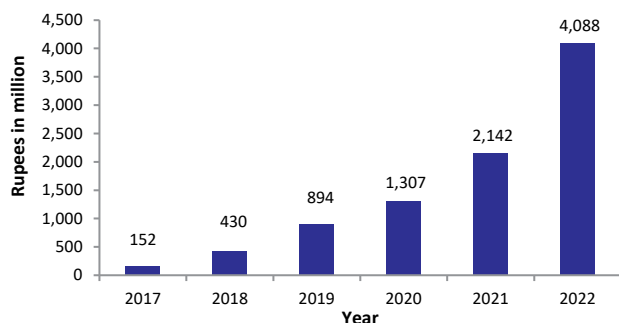
Distribution cost increased in view of increase in ocean freight while administrative cost increased due to inflationary trend. Financial cost increased to Rs. 371.888 million in the Financial year 2021-22 from Rs. 266.541 million in Financial

Chairman's Review

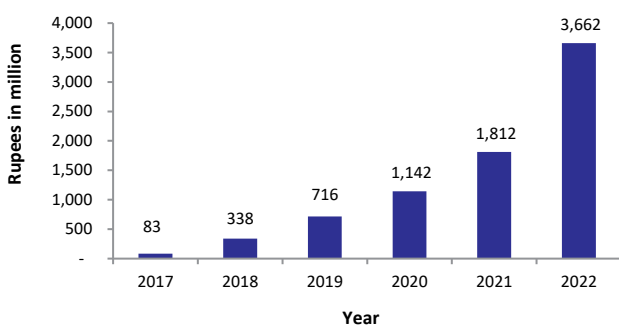
Sales, Cost and G.P



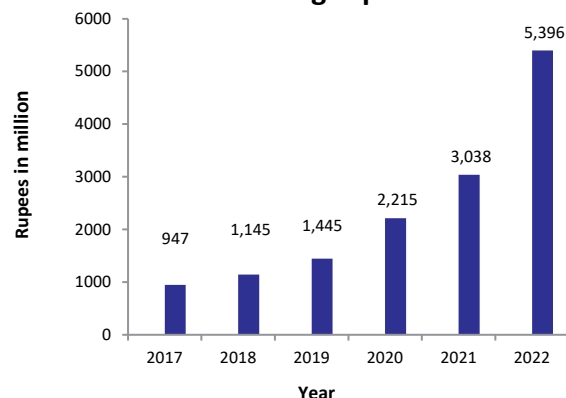
Profit before taxation



Net profit



Working capital



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

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

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

Financial Strength

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

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

Human Resource

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



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

Review report on the overall performance of the board

Board of directors, Audit



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

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

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

Future Outlook

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

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

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

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

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

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

Jawed Anwar
Chairman

Faisalabad
September 16, 2022

Director's Report

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



Chief Executive Officer

Dear Shareholders,

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

Financial Highlights

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

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

Earnings Per Share

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

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

Dividend:

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

Corporate And Financial Reporting Frame Work:

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

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



Managing Director

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



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

Risk Management

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

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

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

Strategic Risks

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

Business Risks

The Company faces a number of following business risks:

Raw material and Price

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

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

Energy Availability and Cost

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

Financial Risks

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



The Company faces the following financial risks:

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Capital risk

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

Opportunities

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

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

Corporate Social Responsibility

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

Health, safety and Environment

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

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

Community Welfare Schemes

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



Director

established dispensary under at its mill premise.

Equal Opportunity Employer

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

Environment Protection

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

Board Composition And Meetings.

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

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

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

Audit Committee

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

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

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

Human Resource Committee

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

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

Risk Management Committee

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

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

Nomination Committee

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



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

Directors Training

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

Directors' Remuneration:

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

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

Auditors:

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

Chairman's Review

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

Events After Reporting Period

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

Acknowledgement:

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

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

For and on behalf of Board of Directors

Jawed Anwar
Chairman

Faiq Jawed
Chief Executive
Officer

Faisalabad
September 16, 2022

آڈیٹرز:

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

چیئر مین کا جائزہ:

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

جائزہ رپورٹ کے بعد کے واقعات:

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

اعتراف:

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

منجانب بورڈ آف ڈائریکٹرز:

فیصل آباد: ستمبر 16، 2022

فائق جاوید
چیف ایگزیکٹو

جاوید انوار
چیئر مین



آڈٹ کمیٹی:

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

مسٹر ریحان اشفاق (چیئر مین)

مسز فرحت جہاں

مسز صدف عامر ارشد

ہیومن ریسورس کمیٹی:

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

مسٹر مامور اعجاز (چیئر مین)

مسٹر شائق جاوید

مسز صدف عامر ارشد

رسک مینجمنٹ کمیٹی:

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

مسٹر شائق جاوید (چیئر مین)

مسٹر شائق جاوید

مسٹر ریحان اشفاق

نامزدگی کمیٹی:

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

مسٹر جاوید انوار (چیئر مین)

مسٹر شائق جاوید

مسٹر شائق جاوید

ڈائریکٹرز ٹریننگ:

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

ڈائریکٹرز کے معاوضے کی پالیسی:

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

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

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

کمپنی ویلفیئر سکیمیں:

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

مسادی مواقع کا آجر:

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

ماحولیاتی حفاظت:

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

بورڈ کی تشکیل اور مینٹننگز:

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

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

نام	میں بحالی میں حاضری
جاوید انوار	چیئر مین / نان ایگزیکٹو ڈائریکٹرز 04
فائق جاوید	چیف ایگزیکٹو / ایگزیکٹو ڈائریکٹرز 04
شائق جاوید	ایگزیکٹو ڈائریکٹرز 04
ریحان اشفاق	انڈیپنڈنٹ ڈائریکٹرز 04
فرحت جہاں	نان ایگزیکٹو ڈائریکٹرز 04
صدف عامر ارشد	نان ایگزیکٹو ڈائریکٹرز 04
مامور اعجاز	انڈیپنڈنٹ ڈائریکٹرز 04



توانائی کی دستیابی اور لاگت:

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

مالیاتی خطرات:

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

کمپنی کو درج ذیل مالی خطرات کا سامنا ہے:

کرنسی کا خطرہ:

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

شرح سود کا خطرہ:

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

قرض کا خطرہ:

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

لیکویڈیٹی کا خطرہ:

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

سرمائے کا خطرہ:

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

مواقع

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

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

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

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

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

کارپوریٹ سماجی ذمہ داری:

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

صحت، حفاظت اور ماحولیات:

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

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

رہنما منجمنٹ:

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

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

اسٹریٹیجک خطرات:

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

کاروباری خطرات:

کمپنی کو درج ذیل کاروباری خطرات کا سامنا ہے:

خام مال اور قیمت:

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



ڈائریکٹر رپورٹ برائے حصص یافتگان:

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

معزز حصص یافتگان،

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

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

روپے ہزار میں

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

ڈویڈنڈ:

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

آمدنی فی شیئر:

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

کارپوریٹ گورننس سے ہم آہنگی:

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

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

• کمپنی کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی اسٹیٹمنٹ شفافیت کے ساتھ کمپنی کے اسٹیٹمنٹ آف افیئرز، آپریشنز کے نتائج، کیش کا بہاؤ اور ایکٹیویٹی کی تبدیلیوں کو پیش کرتی ہے۔
• کمپنی کا کنٹریکٹس کی کتب کو باقاعدہ برقرار رکھتی ہے۔

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

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

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

ہوں۔

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

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

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

Vertical Analysis

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

Horizontal Analysis Based on Year 2017

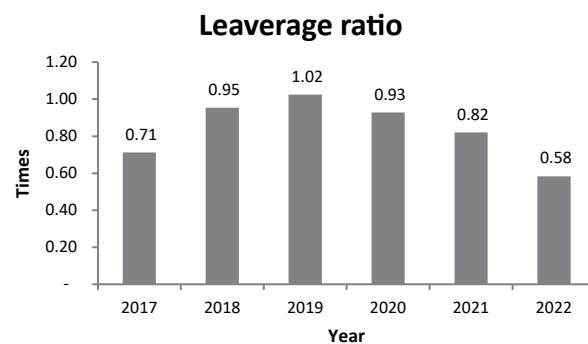
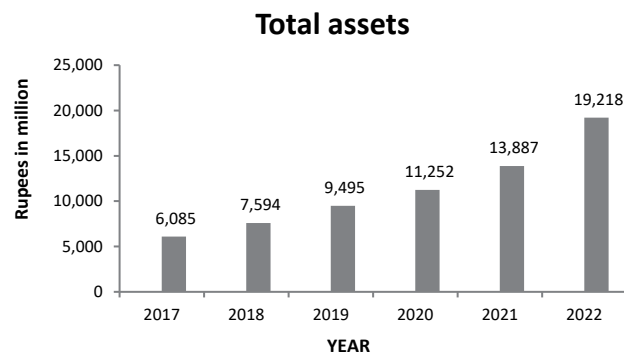
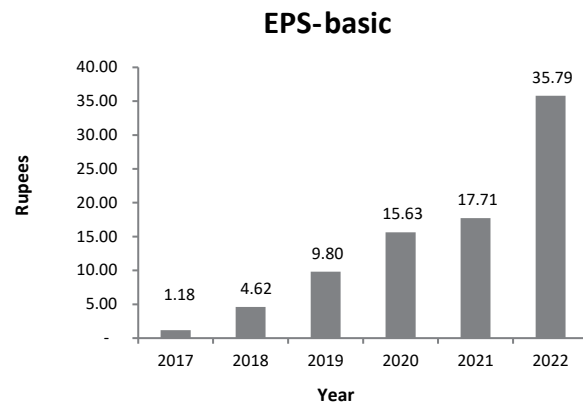
	2022		2021		2020		2019		2018		2017	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET												
TOTAL EQUITY	10,873,006	328%	7,163,579	216%	5,424,983	164%	4,257,774	129%	3,614,508	109%	3,313,122	100%
NON-CURRENT LIABILITIES	1,747,305	402%	1,376,127	316%	1,368,712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



Key Operating and Financial Results

for last six years

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





Statement of Compliance

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

For the year ended June 30, 2022

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

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

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

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

2. The composition of Board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director

elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

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

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

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

Statement of Compliance

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

a) **Audit Committee:**

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

b) **HR and Remuneration Committee:**

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

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

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

15. The Board has set up an effective internal audit function, which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief finance officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

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

ON BEHALF OF THE BOARD OF DIRECTORS



JAWED ANWAR
Chairman



FAIQ JAWED
Chief Executive Officer

Date: September 16, 2022
Faisalabad



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

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

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

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

RIAZ AHMAD & COMPANY
Chartered Accountants

Place: Faisalabad

Date: September 24, 2022

UDIN: CR202210184SZxfyntPo

Notice of Annual General Meeting

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

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

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

ANYOTHER BUSINESS:

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

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

BY THE ORDER OF THE BOARD

FAISALABAD:

Dated: Septemeber 16, 2022

SYED HUSSAIN SHAHID MANSOOR NAQVI
COMPANY SECRETARY

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS:

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



Notice of Annual General Meeting

2. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

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

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

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

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

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

3. WITHHOLDING TAX ON DIVIDEND:

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

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

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

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

4. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

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

5. ELECTRONIC DIVIDEND MANDATE:

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

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

6. SUBMISSION OF VALID CNIC:

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

Notice of Annual General Meeting

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

7. TRANSFER OF PHYSICAL SHARES TO CDC ACCOUNT:

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

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

8. ELECTRONIC VOTING:

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

9. CONSENT FOR VIDEO CONFERENCING FACILITY:

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

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

10. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES:

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

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

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

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

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



Notice of Annual General Meeting

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

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

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

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

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

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

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

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

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

Financial Statements

For the Year Ended June 30, 2022



Independent Auditors' Report

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

Opinion

We have audited the annexed financial statements of J.K. Spinning Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

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

Auditors' Report to the Members

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



Auditors' Report to the Members

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Report to the Members

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Auditors' Report to the Members

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Place: Faisalabad

Date: September 24, 2022

UDIN: AR202210184vQjpyqGTb


Statement of Financial Position

As at June 30, 2022

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

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


Jawed Anwar
Chairman


Faq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer



Statement of Financial Position

As at June 30, 2022

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


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer

Statement of Profit or Loss

For the Year ended June 30, 2022

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

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


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer



Statement of Comprehensive Income

For the Year ended June 30, 2022

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

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


Jawed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer

Statement of Changes in Equity

For the Year ended June 30, 2022

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

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


Javed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer




Statement of Cash Flows

For the Year ended June 30, 2022

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

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


Javed Anwar
Chairman


Faiq Jawed
Chief Executive Officer


Ghulam Muhammad
Chief Financial Officer

Notes to the Financial Statements

For the Year ended 30 June 2022

1. THE COMPANY AND ITS ACTIVITIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs and IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgements made by the management in the application of accounting policies, that have the most significant effect on the amounts recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in the next year are as follows:



Notes to the Financial Statements

For the Year ended 30 June 2022

Useful lives, patterns of economic benefits and impairments

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

Allowance for Expected Credit Losses (ECLs)

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

Inventories

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

Income tax

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

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingencies

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

Revenue from contracts with customers involving sale of goods

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

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

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

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

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

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

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

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

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

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

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

2.2 Employees retirement benefit

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

2.3 Government grants

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

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

2.4 Provisions

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

Notes to the Financial Statements

For the Year ended 30 June 2022

2.5 Dividend and other appropriations

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

2.6 Taxation

Current

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

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

2.7 Property, plant and equipment

a) Cost / Revalued amount

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

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which these are incurred.



Notes to the Financial Statements

For the Year ended 30 June 2022

b) Depreciation

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

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

c) De-recognition

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

d) Capital work-in-progress

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

2.8 Leases

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

Right-of-use assets

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

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

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

Lease liabilities

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

2.9 Ijarah contracts

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

2.10 Financial instruments

i) Recognition of financial instruments

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

ii) Classification and measurement of financial instruments

Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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



Notes to the Financial Statements

For the Year ended 30 June 2022

Amortized cost

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

Equity instruments

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

Fair Value Through Profit or Loss (FVTPL)

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

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

Financial liabilities

Classification and measurement

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

iii) Impairment of financial assets

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

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

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

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

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

iv) De-recognition of financial assets and financial liabilities

Financial assets

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

Financial liabilities

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

v) Offsetting of financial instruments

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

2.11 Investment in associate

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



Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

2.12 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

Stock of waste materials is stated at net realizable value.

2.13 Cash and cash equivalents

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

2.14 Borrowings

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

Notes to the Financial Statements

For the Year ended 30 June 2022

2.15 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

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

Interest

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

Rent

Revenue is recognized when rent is accrued.

Dividend

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

Other revenue

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

ii) Contract assets

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

iii) Right of return assets

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

iv) Contract liabilities

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

2.16 Trade debts and other receivables

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

2.17 Trade and other payables

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

2.18 Derivative financial instruments

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

2.19 Borrowing cost

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

2.20 Share capital

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

2.21 Impairment of non-financial assets

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

2.23 Segment reporting

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

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

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

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

2.24 Earnings per share

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

2.25 Contingent assets

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

2.26 Contingent liabilities

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



Notes to the Financial Statements

For the Year ended 30 June 2022

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	2022 (NUMBER OF SHARES)	2021 (NUMBER OF SHARES)		2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)
	26,424,155	26,424,155	Ordinary shares of Rs. 10 each fully paid in cash	264,241	264,241
	45,947,600	45,947,600	Ordinary shares of Rupees 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
	29 945 747	29 945 747	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	299,458	299,458
	102 317 502	102 317 502		1,023,175	1,023,175

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

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

4.2 Surplus on revaluation of freehold land

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

5. LONG TERM FINANCING

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

Notes to the Financial Statements

For the Year ended 30 June 2022

5.1 Long term loans

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

5.2 Diminishing musharika

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

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

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

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

For the Year ended 30 June 2022

60 J.K. Spinning Mills Limited



Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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



Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

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

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

13. CONTINGENCIES AND COMMITMENTS

Contingencies

a) Tax Contingencies:

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

The management, based on the opinion of its tax consultants and lawyers, believes that there is a reasonable probability that these matters will be decided in favor of the Company. Pending the outcome of the matters, no provision has been made in these financial statements.



Notes to the Financial Statements

For the Year ended 30 June 2022

Other Contingencies

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

Commitments

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

14.1 OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold land	Plant and machinery	Factory tools and equipment	Electric installations and appliances	Vehicles	Furniture and fixtures	Office equipment	Stand-by equipment	Total
----- (RUPEES IN THOUSAND) -----										
At 30 June 2020										
Cost / revalued amount	480,769	1,081,771	4,468,545	85,415	327,216	203,013	16,500	29,664	234,698	6,927,591
Accumulated depreciation	-	(497,724)	(1,884,267)	(39,326)	(205,108)	(94,793)	(8,523)	(27,633)	(119,214)	(2,876,588)
Net book value	480,769	584,047	2,584,278	46,089	122,108	108,220	7,977	2,031	115,484	4,051,003
Year ended 30 June 2021										
Opening net book value	480,769	584,047	2,584,278	46,089	122,108	108,220	7,977	2,031	115,484	4,051,003
Additions	211,354	123,762	683,334	4,385	85,202	56,005	-	-	2,900	1,166,942
Disposals:										
Cost	-	-	(9,288)	-	-	(31,205)	-	-	-	(40,493)
Accumulated depreciation	-	-	7,852	-	-	21,975	-	-	-	29,827
	-	-	(1,436)	-	-	(9,230)	-	-	-	(10,666)
Depreciation charge	-	(60,720)	(278,692)	(4,782)	(13,764)	(26,841)	(798)	(609)	(11,814)	(398,020)
Closing net book value	692,123	647,089	2,987,484	45,692	193,546	128,154	7,179	1,422	106,570	4,809,259
At 30 June 2021										
Cost / revalued amount	692,123	1,205,533	5,142,591	89,800	412,418	227,813	16,500	29,664	237,598	8,054,040
Accumulated depreciation	-	(558,444)	(2,155,107)	(44,108)	(218,872)	(99,659)	(9,321)	(28,242)	(131,028)	(3,244,781)
Net book value	692,123	647,089	2,987,484	45,692	193,546	128,154	7,179	1,422	106,570	4,809,259
Year ended 30 June 2022										
Opening net book value	692,123	647,089	2,987,484	45,692	193,546	128,154	7,179	1,422	106,570	4,809,259
Additions	64,826	290,934	305,940	-	56,052	121,615	-	-	-	839,367
Revaluation surplus (Note 4.2)	201,383	-	-	-	-	-	-	-	-	201,383
Transferred from right-of-use assets:										
Cost	-	-	-	-	-	48,870	-	-	-	48,870
Accumulated depreciation	-	-	-	-	-	(28,610)	-	-	-	(28,610)
	-	-	-	-	-	20,260	-	-	-	20,260
Disposals:										
Cost	-	-	(15,754)	-	-	(25,356)	-	-	-	(41,110)
Accumulated depreciation	-	-	14,022	-	-	15,616	-	-	-	29,638
	-	-	(1,732)	-	-	(9,740)	-	-	-	(11,472)
Depreciation charge	-	(81,680)	(318,192)	(4,569)	(22,550)	(42,105)	(718)	(426)	(10,657)	(480,897)
Closing net book value	958,332	856,343	2,973,500	41,123	227,048	218,184	6,461	996	95,913	5,377,900
At 30 June 2022										
Cost / revalued amount	958,332	1,496,467	5,432,777	89,800	468,470	372,942	16,500	29,664	237,598	9,102,550
Accumulated depreciation	-	(640,124)	(2,459,277)	(48,677)	(241,422)	(154,758)	(10,039)	(28,668)	(141,685)	(3,724,650)
Net book value	958,332	856,343	2,973,500	41,123	227,048	218,184	6,461	996	95,913	5,377,900
Annual rate of depreciation (%)	-	10	10	10	10	20	10	30	10	



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For the Year ended 30 June 2022

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

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

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

14.2 CAPITAL WORK-IN-PROGRESS

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

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

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

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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



Notes to the Financial Statements

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

25.1 Equity investments - quoted

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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



Notes to the Financial Statements

For the Year ended 30 June 2022

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

For the Year ended 30 June 2022

36.2

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



Notes to the Financial Statements

For the Year ended 30 June 2022

37. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

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

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

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

38. PROVIDENT FUND

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

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

40. TRANSACTIONS WITH RELATED PARTIES

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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

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

41. PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

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

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

Weaving

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

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

Fabric and Home textile

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

41.2 REASON FOR LOW PRODUCTION

Spinning

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

Weaving

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

42. SEGMENT INFORMATION

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

42.1 Reconciliation of reportable segment assets and liabilities:

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

42.3 Geographical Information

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

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

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

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

42.6 Revenue from major customers

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

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

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

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.



Notes to the Financial Statements

For the Year ended 30 June 2022

(a) Market risk

(i) Currency risk

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

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

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

Sensitivity analysis

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

Notes to the Financial Statements

For the Year ended 30 June 2022

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. At the year end, the Company is not exposed to commodity price risk.

Sensitivity analysis

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

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

(iii) Interest rate risk

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

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

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

(b) Credit risk

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

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

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. Export sales to major customers are secured through letters of credit. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

(c) Liquidity risk

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

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

Contractual maturities of financial liabilities as at 30 June 2022:

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

Contractual maturities of financial liabilities as at 30 June 2021:

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

43.2 Financial instruments by categories

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

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

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

43.3 Offsetting financial assets and financial liabilities

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

43.4 Capital risk management

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2022

44. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

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

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

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

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

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

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

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



Notes to the Financial Statements

For the Year ended 30 June 2022

(ii) Valuation techniques used to determine fair values

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

45. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

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

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

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

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

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

Valuation processes

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

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

46. EVENT AFTER THE REPORTING PERIOD

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

Notes to the Financial Statements

For the Year ended 30 June 2022

47. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

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

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

48. DATE OF AUTHORIZATION FOR ISSUE

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



Notes to the Financial Statements

For the Year ended 30 June 2022

49. CORRESPONDING FIGURES

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

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

50. GENERAL

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

Pattern of Shareholding

As on June 30, 2022

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

Shareholders' Category	No. of Share Holders/Folios	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouse :			
-Directors and Spouse	14	71,407,895	69.79
-Chief Executive Officer	4	24,804,614	24.24
Banks, Development Financial Institutions, Non Banking Financial Institutions			
Insurance Companies	3	3,666	0.00
Modarbas	2	7,644	0.01
	1	4,557	0.01
General Public:			
a. Local	284	6,009,854	5.87
b. Foreign	-	-	-
Other	8	79,272	0.08
Total	316	102,317,502	100.00

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

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

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



Form of Proxy

36th Annual General Meeting

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

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

Witnesses:

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

CDC Account No.

Revenue Stamps of Rs 5/-

To be signed by the above named shareholder

Notes:

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

پراکسی فارم

چھتیسواں سالانہ اجلاس عام

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

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

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

پانچ روپے 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۔

J.K. SPINNING MILLS LIMITED

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Lahore Cantt. Lahore.

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jkgroup.net

