



J.K. SPINNING  
MILLS LIMITED

2023

ANNUAL REPORT

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“ Building Tomorrow's  
Textile Legacy





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# Company Information

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

Registered office

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

Head Office & Mills

29-KM, Shekhupura Road, khurrianwala  
Faisalabad.



# VISION

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

# MISSION

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

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

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



## Chairman's Review



Jawed Anwar  
Chairman

**I am pleased to present the 37th Annual Report of the company for the fiscal year ending on June 30, 2023.**



## Economy and Industry Overview

Initially, it was anticipated that the world economy would rebound in Fiscal Year 2022-23 following the recovery from the COVID-19 pandemic. However, this optimism was short-lived and was soon overshadowed by the emergence of the Russia-Ukraine conflict, which triggered a downward spiral in the global macroeconomic environment and led to a commodity super cycle (including oil), impacting economies worldwide. For emerging markets like Pakistan, these economic challenges were exacerbated by a shift in the global interest rate cycle. Consequently, Pakistan's economy, after achieving a GDP growth rate of 6% in FY 2021-22, experienced a significant slowdown, with a contraction of 0.29% in FY 2022-23.

The economic challenges in Pakistan were further amplified by domestic political unrest and unprecedented catastrophic floods that left over 30 million people homeless and resulted in extensive damage to cattle and agriculture crops. This led to balance of payments pressures, fiscal slippages, and high inflation. Inflation rose from 12.3% at the beginning of the year to 27% by the end of FY 2022-23. In response to this rising inflation, the State Bank of Pakistan (SBP) tightened its monetary policy stance, gradually raising the benchmark interest rate from 9.75% at the start of FY 2021-22 to 22% by the end of FY 2022-23.

Although Pakistan exited the FATF grey list in January 2023, concerns about macroeconomic stability persisted. The Federal Government has been working to control non-essential imports, implement austerity measures, and strike a balance between fiscal prudence and economic relief for

the masses. The resumption of the IMF program has unlocked financial support from friendly countries and other multilateral institutions.

The geopolitical situation, challenging financial environment, and high inflationary pressures have all significantly impacted global growth prospects, with Pakistan being no exception. Moreover, devastating floods and political unrest further worsened the economic situation, making FY 2022-23 a challenging year for Pakistan's economy.

The sharp contraction in global financial conditions has had a profound impact on credit conditions and public finances, particularly in emerging markets and developing economies. This has led to substantial capital outflows, increased risk premiums, a stronger U.S. dollar, and substantial declines in global economic activity. The world is entering a phase where economic growth remains sluggish compared to historical standards, financial risks are elevated, and inflation has yet to decisively reverse its course. In FY 2022-23, Pakistan's GDP grew by a mere 0.29%, with growth rates of 1.55% in agriculture, 2.94% in the industrial sector, and 0.86% in the services sector. Per capita income decreased from US \$ 1,765 to US \$ 1,568 in FY 2022-23. This deceleration can be attributed to the significant depreciation of the Pakistani Rupee and a contraction in economic activity. Furthermore, the Investment-to-GDP ratio stood at 13.6% in FY 2022-23, compared to 15.6% in FY 2021-22.

The textile sector experienced a substantial decline of 16.03% during FY 2022-23, in contrast to the 3.23% growth observed in the previous year. This decline can be attributed to multiple factors. Firstly, a global economic slowdown reduced the demand for Pakistani textile products. Secondly, flood damages

resulted in losses for the cotton industry, which constitutes half of the industry's required cotton input. Finally, contractionary policies, including a higher policy rate, increased energy charges, and restrictions on the import of raw materials and machinery, made it more challenging for businesses to operate and export. Additionally, the reduction in the spread between the policy rate and subsidized financing rates, such as the Export Financing Scheme and Long-Term Financing Facility, discouraged industrialists who heavily rely on such financing facilities to meet their working capital needs.

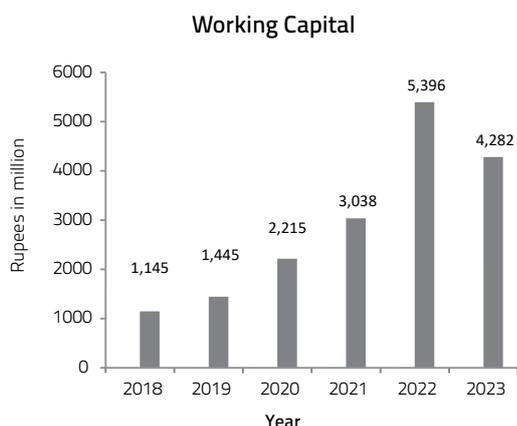
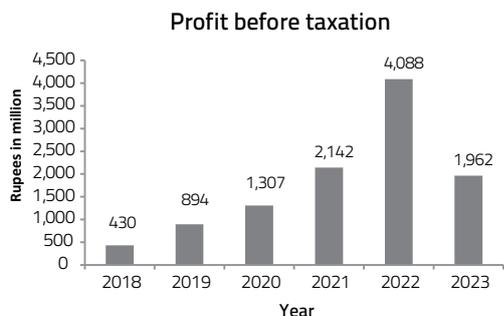
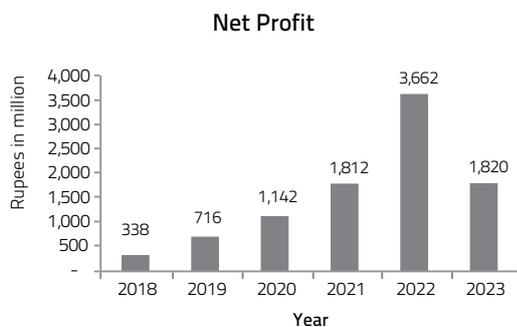
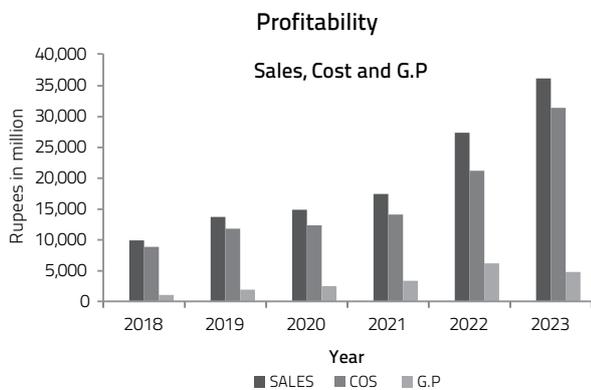
## Financial and operational performance

Your company achieved favourable financial results for the financial year 2022-23 despite poor performance of spinning sector. Profit after taxation for the financial year under review stood at Rs. 1,820.099 million as compared to profit of Rs. 3,661.520 million in the corresponding year.

Company's Sales revenue for the FY 2022-23 stood at Rs. 36,128.679 million against Rs. 27,332.542 million in FY 2021-22. Fuel and power cost increased to Rs. 2,638.617 million in FY 2022-23 from Rs. 1,635.515 million in FY 2021-22. Salaries and wages expense increased due to increase in minimum wage rate. Stores, spare parts and loose tools, packing material, repair and maintenance and other factory overheads increased in view of increase in inflation and sales volume.

Distribution cost increased in view of increase in volume and while administrative cost increased due to inflationary trend. Financial cost increased to Rs. 955.976 million in the FY 2022-23 from Rs. 371.888 million in FY 2021-22 in view of

# Chairman's Review



increase in KIBOR rates and increase in working capital requirements and increase in long term loans.

The management of your company is consistently prioritizing the task of Balancing Modernization and Replacement (BMR) of its plant and machinery, along with the expansion of capacities in spinning, weaving, processing, and stitching. In the current financial year, several significant upgrades and additions have taken place.

In the spinning division, a complete spinning unit comprising 52,896 spindles of the latest machinery has been incorporated. Additionally, to support the BMR initiative in the existing spinning division, three Blow Room lines, sixteen Card machines, and thirteen Draw frame machines have been replaced with state-of-the-art equipment.

Furthermore, in the fabric processing division, enhancements have been made to increase capacity. This includes the addition of one Bleaching plant, one Binger Dye Padding Mangle machine, and one eight-chamber Stentor machine, all aimed at bolstering the capabilities of the Fabric division during the current financial year.

The production of yarn converted into 20s for the year ended June 30, 2023 stood at 42.107 million kgs while fabric production stood at 17.334 million sq meters in FY 2022-23.

## Financial Strength

Balance Sheet footing is showing constant sign of improvement over past 10 years. Total assets of the company stood at Rs. 27,513.112 million in FY 2022-23 as compared to Rs. 19,217.512 million in corresponding year.

Liquidity of the company is good enough with current ratio of 1:37. The Debt equity ratio stood at 24:78 in FY 2022-23 against 16:84 in FY 2021-22 while leverage of the company stood at 0.95. Breakup value of Rs. 10 share stood at Rs. 122.06 against Rs. 106.27 of last year. All balance sheets ratios are showing symptom of strength of the company.

## Human Capital

J.K Spinning Mills Ltd is a people-oriented company. Our employees are our most valuable asset, and the success of our company hinges on their positive attitudes, skills, and abilities. They actively contribute to our growth, development, and overall operational success. We are dedicated to ensuring that our employees understand how



essential they are to the company's achievements, both through our actions and our words.

Our management recognizes the vital importance of identifying and nurturing the right talent, which is essential for driving growth today and in the future. We prioritize recruiting individuals with the right attitude and then provide training to develop their skills. We firmly believe that a positive attitude, coupled with enthusiasm, passion, and a willingness to learn, fosters the development of strong skills.

Our employees consistently make significant contributions in their respective roles and within our surrounding communities. They engage at all levels, whether



through work-related initiatives or on a personal level, exemplifying our commitment to our people and our shared goals.

### Review report on the overall performance of the board

Board of directors, Audit Committee, Human Resource Committee, Risk Management Committee and Nomination 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

The textile sector is expected to face ongoing economic challenges, including high interest rates, depreciation of the exchange rate, elevated power tariffs, rising raw material costs, and the suspension of the zero-rating status in the fiscal year 2024.

Due to the rising local cotton prices, the devaluation of the Pakistani Rupee, delays in shipments, and increased working capital requirements for textile exporters, the export-oriented textile industry is grappling with a liquidity crunch.

The current political scenario, coupled with dwindling foreign exchange reserves, is severely impacting the textile sector. Delays in opening letters of credit for raw materials and the sluggish retirement of documents are significantly disrupting raw material inventory levels, hindering the smooth operation of mills, and increasing the overall cost of doing business. Adding to these challenges, the State Bank of Pakistan has raised policy rates to an unprecedented 22%, marking the highest rate in Pakistan's history. Furthermore, Pakistan's economy has been adversely affected by flooding and heavy rains during

the first quarter of the financial year 2022-23, resulting in the destruction of most agricultural crops in flooded regions. The cotton crop, in particular, has been completely devastated in these areas. While the disbursement of an installment by the IMF has somewhat alleviated rumors of a default by Pakistan, the nation still finds itself in a precarious and challenging situation, making it difficult to secure its financial stability.

The ongoing conflict between Russia and Ukraine poses a persistent threat to the global economy, significantly dampening economic activity worldwide. In light of sluggish demand, a high inflation rate, and rising interest rates, economists and institutions alike are forecasting a substantial slowdown in global growth for the year 2023, with no major recovery expected in 2024.

The management of your company is diligently monitoring these circumstances and is dedicated to minimizing costs by enhancing capacity and improving efficiencies in order to attain favorable financial results in the forthcoming financial year.

Jawed Anwar  
Chairman

Faisalabad  
September 25, 2023

# Directors' Report to the Shareholders

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, 2023.

## Financial Highlights

Financial highlights of the company for the year ended June 30, 2023 are summarized as under:

	2023	2022
	Rupees in Thousand	
Revenue from contracts with customers	36,128,679	27,332,542
Gross Profit	4,786,291	6,160,703
Profit before Taxation	1,962,144	4,087,925
Taxation	142,045	426,405
Profit after taxation	1,820,099	3,661,520

## Dividend:

Keeping in view of the current economic conditions and liquidity of the company, the Board of Directors in their meeting held on September 25, 2023 has not

recommended any dividend for the financial year ended June 30, 2023. (June 30, 2022: cash dividend @ 20% i.e. Rupee 2 per share.)

## Earnings Per Share

This remarkable, consistent growth in earnings reflects management's dedication to increasing shareholders' wealth. Earnings per share for the year ending June 30, 2023, amounted to Rupees 17.79 per share,

compared to Rupees 35.79 per share in the corresponding year.

## Corporate And Financial Reporting Frame Work:

J.K. Spinning Mills Limited is

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

- The financial statements prepared by the management of J.K. Spinning Mills Limited present fairly its state of affair, the results of its operations, cash flow and statement of changes in equity.
- Proper books of accounts of J.K. Spinning Mills Limited have been maintained.
- Appropriate accounting policies have been consistently applied in



Managing Director

- preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The system is continuously monitored by internal audit and through other monitoring procedures. The process of monitoring internal control will continue as ongoing process with objective to further strengthen the controls and bring improvement in the system.
- There are no significant doubts upon the company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- Detail of significant changes in company's operations during the current year as compared to last year and significant plans and decisions for the future prospects of profits are stated in the Chairman's review as endorsed by directors.
- There is no information and explanation in regard to any contents of modification in the auditor's report;
- There is no default in payment of any debt during the year.
- No material changes and commitments affecting the financial position of the company have been occurred between the end of financial year of the company to which the financial statement relates and the date of report.
- Information about outstanding taxes and levies is given in notes to the accounts.
- Main trends and factors likely to affect the future development, performance and position of the company are stated in chairman's review.
- Company is not carrying out any business activity affecting the environment.
- Key operating results and financial data of last six years in summarized form is annexed.
- The gain/ (loss) arising out due to exchange rate fluctuations and financing under State Bank of Pakistan circular No. F.E. 25 has been appropriately accounted for as on the date of balance sheet.
- The number of employees as at June 30,2023 were 3,218 (June 30, 2022: 2,846).
- Value of investment of provident fund trust based on audited accounts as on



June 30, 2022 is Rs. 378.382 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.
- The Statement of pattern of shareholding of the company as at June 30, 2023 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 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 and has established such schools across Pakistan. We also provide funds for rehabilitation of flood effectives. The Company has also 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	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 Remuneration Committee

The Committee meets to review and recommend all elements of compensation, organization and development policies related to the employees. During the year 2022-23, 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, 2023, 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 2022-23, 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 2024. 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

Javed Anwar  
Chairman

FAIQ JAWED  
Chief Executive  
Officer

Faisalabad  
September 25, 2023

نان ایگزیکٹو ڈائریکٹرز بشمول چیئرمین اور انڈیپنڈنٹ ڈائریکٹرز کے معاوضے کا تعین بورڈ آف ڈائریکٹرز نے کیا ہے۔  
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 2024 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۔  
چیئرمین کا جائزہ:

چیئرمین 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 بنگلز 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:



فائق جاوید  
چیف ایگزیکٹو



جاوید انوار  
چیئرمین

فیصل آباد: ستمبر 25، 2023



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 چالیس 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:

یہی ملازمین سے متعلق معاوضے، تنظیم اور ترقیاتی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے کے لیے اجلاس کرتی ہے۔ سال 2022-23 کے دوران، چار (4) کمیٹی کے اجلاس منعقد ہوئے اور تمام اراکین نے شرکت کی۔ ڈائریکٹرز کے نام درج ذیل ہیں:

مسٹر مامورا عجاز (چیئر مین)

مسٹر شائق جاوید

مسز صدف عامر ارشد

ریسک مینجمنٹ کمیٹی:

بورڈ نے ریسک 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 باؤنڈری کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔ 30 جون، 2023 تک، ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت مقررہ سرٹیفیکیشن حاصل کر لیا تھا یا کمپینز لسنڈ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے مطابق تجربہ کی بنیاد پر ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ ہیں جو معیار پر پورا اترتے ہیں۔ کمیشن کی طرف سے مخصوص اور اس کی طرف سے منظور شدہ بورڈ کو باقاعدہ کاغذات اور کمپنی سیکرٹری کی بریفنگ اور داخلی اور خارجی مشیروں کی پیشکشوں کے ذریعے قانونی، ریگولیٹری اور گورننس کے معاملات پر اپ ٹو ڈیٹ رکھا جاتا ہے۔ ڈائریکٹرز کارپوریٹ گورننس کو برقرار رکھنے اور کمپنی کو ایک 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 امیدوار کو رکھنے کیلئے بنائی گئی ہے۔ معاوضے کی معلومات اور ڈائریکٹرز اور ای او کی مینٹنگ 2022-23 کی فیس فنانشل شیڈول کے نوٹس میں موجود ہیں۔

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 کچھوں نے پورے پاکستان میں ایسے اسکول قائم کیے ہیں۔ ہم سیلاب متاثرین کی بحالی کے لیے بھی فنڈز فراہم کرتے ہیں۔ کمپنی نے اپنی سالانہ رپورٹ کے تحت ڈپنٹری بھی قائم کی ہے۔

مساوی مواقع کا آجر:

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

ماحولیاتی حفاظت:

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

بورڈ کی تشکیل اور مینٹننس:

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

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

نام	مہینگی میں حاضری
جاوید انوار	04
فائق جاوید	04
شائق جاوید	04
ریحان اشفاق	04
فرحت جہاں	04
صدف عامر ارشد	04
مامور اعجاز	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۔

## لیکویڈٹی کا خطرہ:

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

## سرمائے کا خطرہ:

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

## صحت، حفاظت اور ماحولیات:

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

- کارپوریٹ گورننس کی بہترین مشقیں جو لسٹنگ ریگولیشنز میں بیان کی گئی ہیں ان کی کوئی خلاف ورزی نہیں کی گئی۔
- پچھلے سال کے مقابلے میں کمپنی کے آپریشنز میں بڑی تبدیلیاں، بڑے پلان اور آنے والے دنوں کے منافع کے منصوبے چیئرمین کی جائزہ رپورٹ میں بیان کئے گئے ہیں۔
- آڈیٹرز کی رپورٹ میں کوئی بے ضابطگی کی اطلاع نہیں ہے۔
- کمپنی نے سال کے دوران اپنی ادائیگیوں میں کوئی ڈالٹ 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 ڈیویڈنڈ کی تفصیلات کا نوٹس 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 ہڈ ہیں۔
- سٹیٹ بینک آف پاکستان کے سرکل نمبر ایف ای 25 فنانسنگ پر ایکسیج ریٹ میں نفع و نقصان کتابوں میں شامل ہے۔
- سال 2023 کے اختتام پر کمپنی کے ملازمین کی تعداد 3,218 ہے جبکہ پچھلے سال یہ تعداد 2,846 تھی۔
- پروویڈنٹ فنڈ کی انوسٹمنٹ کی قدر آڈٹ شدہ مالیاتی سال 2022 کے اختتام پر 378.382 ملین روپے تھی۔
- کمپنی کے ڈائریکٹرز، ای او، ای ایف او، سیکریٹری اور ان کے سپاؤسز اور کم عمر بچوں نے کمپنی کے حصص میں کوئی کام نہیں کیا۔
- کمپنی میں حصص رکھنے کا انداز اسٹیٹمنٹ برائے ختم شدہ سال 30 جون 2023 کو ڈاؤ آف کارپوریٹ گورننس کے نئے فارم میں لف ہڈ ہے۔
- چیف ایگزیکٹو اور دوسرے ڈائریکٹرز کی شرائط و ضوابط میں تبدیلی فیٹل سٹیٹمنٹ کے نوٹس میں ظاہر کی گئی ہے۔

رسک مینجمنٹ:

بورڈ اس بات کو بھی تسلیم کرتا ہے کہ کمپنی کی سرگرمیوں کے تمام شعبوں میں کچھ حد تک خطرات شامل ہیں اور اس کی تعریف کرتا ہے کہ مؤثر رسک مینجمنٹ بہترین کاروباری انتظامی طریقوں کا حصہ ہے جس کا مقصد کمپنی کے اہداف اور مقاصد کو کامیابی سے حاصل کرنا ہے۔ عملی طور پر، متعلقہ کلیدی انتظامی عملدہ اپنے محکموں کے خطرات کو سنبھالنے کا ذمہ دار ہے۔ کمپنی کو درپیش کسی بھی اہم خطرات کو درجہ بندی کی مناسب سطح پر جا کر کیا جاتا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ اس طرح کے خطرات کو قریب سے مانٹیر 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 کسٹمر میں کو وسیع کر کے، معیار پر سمجھوتہ کیے بغیر جدید مصنوعات تیار کر کے اور صارفین کو بروقت ڈیلیوری فراہم کر کے اس خطرے کو کم کرتے ہیں۔



## ڈائریکٹر رپورٹ برائے حصص یافتگان:

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

معزز حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2023 کی ختم ہونے والے سال کے آڈٹ شدہ مالیاتی حسابات کے ساتھ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی شہ سُر خیاں:

مالیاتی سال کے 30 جون 2023 کی مالیاتی نتائج کی جھلکیاں درج ذیل ہیں:

روپے ہزار میں

تفصیلات	2022	2023
آمدنی	27,332,542	36,128,679
مجموعی منافع	6,160,703	4,786,291
قبل از ٹیکس منافع	4,087,925	1,962,144
ٹیکس	426,405	142,045
سال کا منافع	3,661,520	1,820,099

ڈیویڈنڈ:

ڈی آئی ڈی

کمپنی کے موجودہ معاشی حالات اور لیکویڈٹی کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 25 ستمبر 2023 کو ہونے والی اپنی میٹنگ میں 30 جون 2023 کو ختم ہونے والے مالی سال کے لیے کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔ (30 جون، 2022: نقد منافع @ 20% یعنی 2 روپے فی شیئر۔)

آمدنی فی شیئر:

مدنی میں یہ قابل ذکر، مسلسل اضافہ حصص یافتگان کی دولت کو بڑھانے کے لیے انتظامیہ کی لگن کو ظاہر کرتا ہے۔ فی شیئر آمدنی برائے مالیاتی سال 30 جون 2023 میں 17.79 روپے فی شیئر رہی۔ مقابلہ پچھلے سال کی فی شیئر آمدن 35.79 روپے فی شیئر تھی۔

کارپوریٹ گورننس سے ہم آہنگی:

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

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

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

• کمپنی کا وٹنس 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۔

# Vertical Analysis

	2023		2022		2021		2020		2019		2018	
	Rs. in 000	%										
<b>BALANCE SHEET</b>												
TOTAL EQUITY	12,488,470	45%	10,873,006	57%	7,163,579	52%	5,424,983	48%	4,257,774	45%	3,614,508	48%
NON-CURRENT LIABILITIES	3,556,698	13%	1,747,305	9%	1,376,127	10%	1,368,712	12%	1,534,708	16%	1,100,872	14%
CURRENT LIABILITIES	11,468,414	42%	6,597,201	34%	5,347,334	39%	4,458,020	40%	3,703,011	39%	2,878,444	38%
TOTAL LIABILITIES	15,025,112	55%	8,344,506	43%	6,723,461	48%	5,826,732	52%	5,237,719	55%	3,979,316	52%
TOTAL EQUITY AND LIABILITIES	27,513,582	100%	19,217,512	100%	13,887,040	100%	11,251,715	100%	9,495,493	100%	7,593,824	100%
<b>ASSETS</b>												
NON-CURRENT ASSETS	11,762,765	43%	7,224,150	38%	5,501,678	40%	4,578,730	41%	4,347,489	46%	3,570,629	47%
CURRENT ASSETS	15,750,817	57%	11,993,362	62%	8,385,362	60%	6,672,985	59%	5,148,004	54%	4,023,195	53%
TOTAL ASSETS	27,513,582	100%	19,217,512	100%	13,887,040	100%	11,251,715	100%	9,495,493	100%	7,593,824	100%
<b>PROFIT AND LOSS ACCOUNT</b>												
SALES	36,128,679	100.00%	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%
COST OF SALES	31,342,388	86.75%	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%
GROSS PROFIT	4,786,291	13.25%	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%
DISTRIBUTION COST	1,146,835	3.17%	1,036,494	3.79%	432,817	2.49%	336,092	2.27%	375,200	2.74%	276,327	2.79%
ADMINISTRATIVE EXPENSES	505,016	1.40%	424,443	1.55%	373,846	2.15%	337,602	2.28%	297,779	2.18%	273,656	2.76%
OTHER OPERATING EXPENSES	321,701	0.89%	506,137	1.85%	165,373	0.95%	133,636	0.90%	169,759	1.24%	40,378	0.41%
	1,973,552	5.46%	1,967,074	7.20%	972,036	5.59%	807,330	5.44%	842,738	6.16%	590,361	5.96%
	2,812,739	7.79%	4,193,629	15.34%	2,359,931	13.56%	1,691,296	11.41%	1,071,471	7.83%	456,304	4.61%
OTHER OPERATING INCOME	105,381	0.29%	266,184	0.97%	49,016	0.28%	12,214	0.08%	208,549	1.52%	176,025	1.78%
PROFIT FROM OPERATIONS	2,918,120	8.08%	4,459,813	16.32%	2,408,947	13.84%	1,703,510	11.49%	1,280,020	9.35%	632,329	6.39%
FINANCE COST	955,976	2.65%	371,888	1.36%	266,541	1.53%	396,618	2.67%	386,484	2.82%	202,494	2.05%
PROFIT BEFORE TAXATION	1,962,144	5.43%	4,087,925	14.96%	2,142,406	12.31%	1,306,892	8.81%	893,536	6.53%	429,835	4.34%
PROVISION FOR TAXATION	142,045	0.39%	426,405	1.56%	330,726	1.90%	164,920	1.11%	177,186	1.29%	91,907	0.93%
PROFIT AFTER TAXATION	1,820,099	5.04%	3,661,520	13.40%	1,811,680	10.41%	1,141,972	7.70%	716,350	5.23%	337,928	3.41%

# Horizontal Analysis Based on Year 2018

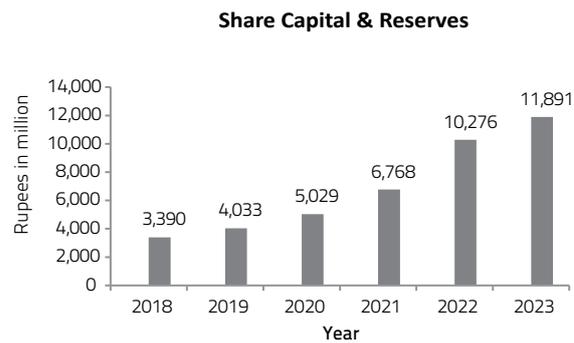
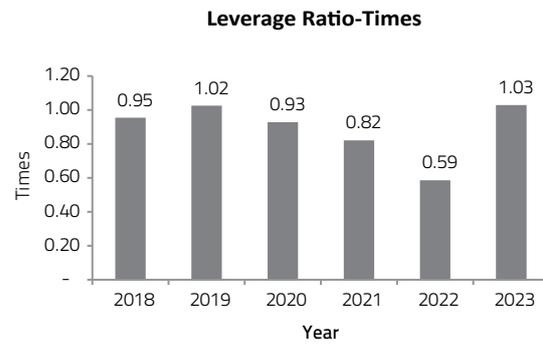
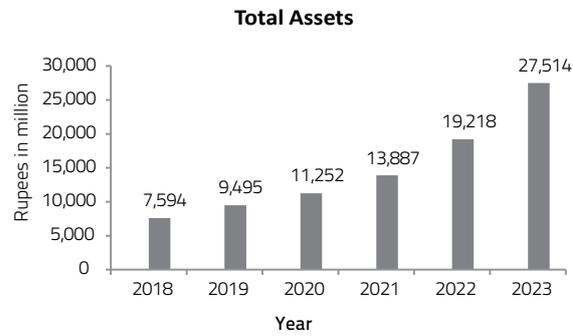
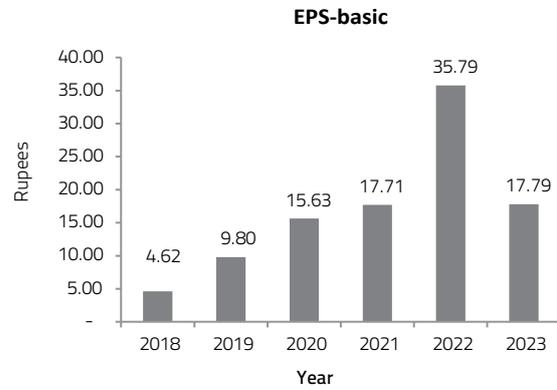
	2023		2022		2021		2020		2019		2018	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
<b>BALANCE SHEET</b>												
TOTAL EQUITY	12,488,470	346%	10,873,006	301%	7,163,579	198%	5,424,983	150%	4,257,774	118%	3,614,508	100%
NON-CURRENT LIABILITIES	3,556,698	323%	1,747,305	159%	1,376,127	125%	1,368,712	124%	1,534,708	139%	1,100,872	100%
CURRENT LIABILITIES	11,468,414	398%	6,597,201	229%	5,347,334	186%	4,458,020	155%	3,703,011	129%	2,878,444	100%
TOTAL LIABILITIES	15,025,112	378%	8,344,506	210%	6,723,461	169%	5,826,732	146%	5,237,719	132%	3,979,316	100%
TOTAL EQUITY AND LIABILITIES	27,513,582	362%	19,217,512	253%	13,887,040	183%	11,251,715	148%	9,495,493	125%	7,593,824	100%
<b>ASSETS</b>												
NON-CURRENT ASSETS	11,762,765	329%	7,224,150	202%	5,501,678	154%	4,578,730	128%	4,347,489	122%	3,570,629	100%
CURRENT ASSETS	15,750,817	392%	11,993,362	298%	8,385,362	208%	6,672,985	166%	5,148,004	128%	4,023,195	100%
TOTAL ASSETS	27,513,582	362%	19,217,512	253%	13,887,040	183%	11,251,715	148%	9,495,493	125%	7,593,824	100%
<b>PROFIT AND LOSS ACCOUNT</b>												
SALES	36,128,679	365%	27,332,542	276%	17,402,936	176%	14,827,225	150%	13,687,117	138%	9,901,857	100%
COST OF SALES	31,342,388	354%	21,171,839	239%	14,070,969	159%	12,328,599	139%	11,772,908	133%	8,855,192	100%
GROSS PROFIT	4,786,291	457%	6,160,703	589%	3,331,967	318%	2,498,626	239%	1,914,209	183%	1,046,665	100%
DISTRIBUTION COST	1,146,835	415%	1,036,494	375%	432,817	157%	336,092	122%	375,200	136%	276,327	100%
ADMINISTRATIVE EXPENSES	505,016	185%	424,443	155%	373,846	137%	337,602	123%	297,779	109%	273,656	100%
OTHER OPERATING EXPENSES	321,701	797%	506,137	1253%	165,373	410%	133,636	331%	169,759	420%	40,378	100%
	1,973,552	334%	1,967,074	333%	972,036	165%	807,330	137%	842,738	143%	590,361	100%
	2,812,739	616%	4,193,629	919%	2,359,931	517%	1,691,296	371%	1,071,471	235%	456,304	100%
OTHER OPERATING INCOME	105,381	60%	266,184	151%	49,016	28%	12,214	7%	208,549	118%	176,025	100%
PROFIT FROM OPERATIONS	2,918,120	461%	4,459,813	705%	2,408,947	381%	1,703,510	269%	1,280,020	202%	632,329	100%
FINANCE COST	955,976	472%	371,888	184%	266,541	132%	396,618	196%	386,484	191%	202,494	100%
PROFIT BEFORE TAXATION	1,962,144	456%	4,087,925	951%	2,142,406	498%	1,306,892	304%	893,536	208%	429,835	100%
PROVISION FOR TAXATION	142,045	155%	426,405	464%	330,726	360%	164,920	179%	177,186	193%	91,907	100%
PROFIT AFTER TAXATION	1,820,099	539%	3,661,520	1084%	1,811,680	536%	1,141,972	338%	716,350	212%	337,928	100%



# Key Operating and Financial Results

for last six years

PARTICULARS	RUPEES in 000						
	2023	2022	2021	2020	2019	2018	
<b>SUMMARIZED BALANCE SHEET</b>							
<b>NON-CURRENT ASSETS</b>							
Property, Plant And Equipment	11,664,607	7,170,940	5,418,923	4,518,840	4,321,763	3,529,328	
Long Term Loans	-	-	-	-	-	-	
Other Non-Current Assets	98,158	53,210	82,755	59,890	25,726	41,301	
<b>CURRENT ASSETS</b>							
Stores, Spares And Loose Tools	283,957	204,533	142,424	104,773	86,635	95,448	
Stock In Trade	8,489,011	6,911,108	5,809,836	4,805,601	3,746,854	2,461,185	
Trade Debts	4,009,764	3,049,876	1,697,846	1,267,348	786,273	867,009	
Other Current Assets	2,968,085	1,827,845	735,256	495,263	528,242	599,553	
<b>TOTAL ASSETS</b>	<b>27,513,582</b>	<b>19,217,512</b>	<b>13,887,040</b>	<b>11,251,715</b>	<b>9,495,493</b>	<b>7,593,824</b>	
Share Holders' Equity	11,891,051	10,275,587	6,767,543	5,028,947	4,033,143	3,389,877	
Surplus on Revaluation of Operating Fixed Assets	597,419	597,419	396,036	396,036	224,631	224,631	
<b>NON-CURRENT LIABILITIES</b>							
Long Term Financing	3,510,224	1,535,085	1,131,883	1,087,110	1,191,883	871,639	
Liabilities Against Assets Subject To Finance Lease	46,474	-	10,078	25,084	41,777	24,174	
Deferred Tax	-	212,220	231,949	228,902	274,815	178,714	
Other Non-Current Liabilities	-	-	2,217	27,616	26,233	26,345	
<b>CURRENT LIABILITIES</b>							
Short Term Borrowings	7,860,721	3,919,863	3,816,833	3,173,375	2,644,848	2,097,994	
Current Portion of Long Term Liabilities	862,382	564,323	591,354	380,927	255,241	240,174	
Other Current Liabilities	2,745,311	2,113,015	939,147	903,718	802,922	540,276	
<b>Total Equity And Liabilities</b>	<b>27,513,582</b>	<b>19,217,512</b>	<b>13,887,040</b>	<b>11,251,715</b>	<b>9,495,493</b>	<b>7,593,824</b>	
<b>PROFIT &amp; LOSS</b>							
Sales	36,128,679	27,332,542	17,402,936	14,827,225	13,687,117	9,901,857	
Gross Profit	4,786,291	6,160,703	3,331,967	2,498,626	1,914,209	1,046,665	
EBITDA	3,504,315	4,949,995	2,821,796	2,117,946	1,618,191	919,136	
Profit From Operations	2,918,120	4,459,813	2,408,947	1,703,510	1,280,020	632,329	
Profit Before Tax	1,962,144	4,087,925	2,142,406	1,306,892	893,536	429,835	
Profit After Tax	1,820,099	3,661,520	1,811,680	1,141,972	716,350	337,928	
<b>CASH FLOWS</b>							
Cash Flow From Operating Activities	(1,705,268)	2,680,369	483,835	37,203	396,078	(17,843)	
Cash Flow From Investing Activities	(4,055,843)	(2,961,622)	(1,279,971)	(406,053)	(1,177,132)	(1,005,947)	
Cash Flow From Financing Activities	5,995,990	313,501	809,690	386,658	826,766	962,781	
Changing In Cash & Cash Equivalents	234,879	32,248	13,554	17,808	45,712	(61,009)	
Cash & Cash Equivalents - Year End	372,236	137,357	105,109	91,555	73,747	28,035	
<b>PROFITABILITY RATIOS</b>							
Gross Profit	%	13.25	22.54	19.15	16.85	13.99	10.57
EBITDA To Sales	%	9.70	18.11	16.21	14.28	11.82	9.28
Pre Tax Profit	%	5.43	14.96	12.31	8.81	6.53	4.34
After Tax Profit	%	5.04	13.40	10.41	7.70	5.23	3.41
Return On Equity	%	15.31	35.63	26.77	22.71	17.76	9.97
Return On Capital Employed	%	11.82	31.00	22.93	18.67	13.71	7.93
Dividend Rate (Cash)	%	-	20.00	15.00	10.00	20.00	10.00
Leverage Ratio		1.03	0.59	0.82	0.93	1.02	0.95
<b>LIQUIDITY RATIOS</b>							
Current Ratio	Times	1.37	1.82	1.57	1.50	1.39	1.40
Quick Ratio	Times	0.61	0.74	0.46	0.40	0.35	0.51
Cash To Current Liabilities	Times	0.03	0.02	0.02	0.02	0.02	0.01
Cash Flows From Operation To Sales	Times	(0.05)	0.10	0.03	0.00	0.03	(0.00)
Debt To EBITDA	Times	3.50	1.22	1.97	2.20	2.55	3.52
EBITDA To Debt	Times	0.29	0.82	0.51	0.45	0.39	0.28
Debt Service Coverage Ratio (DSCR)	Times	7.31	5.62	4.08	3.32	2.63	2.41
Intrest Coverage Ratio (ICR)	Times	3.05	11.99	9.04	4.30	3.31	3.12





# Statement of Compliance

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

For the year ended June 30, 2023

**Name of Company:** J. K. Spinning Mills Limited  
**Year Ended:** June 30, 2023

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 the 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 program 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 are encouraged to complete training at the earliest.
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;

# Statement of Compliance

## With Listed Companies ( Code of Corporate Governance) Regulations, 2022

14. The frequency of meetings of the committee were as per following

a) **Audit Committee:**

Four meetings of Audit Committee were held during the financial year ended June 30, 2023.

b) **HR and Remuneration Committee:**

Two meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2023.

c) **Nomination Committee:**

Two meetings of Nomination Committee were held during the financial year ended June 30, 2023.

d) **Risk Management Committee:**

One meeting of Risk Management Committee was held during the financial year ended June 30, 2023.

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;

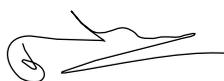
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the

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; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33, and 36 are given below:

Regulation	Requirement	Explanation for non-compliance
35	The company may post the following on its website: key elements of its significant policies; brief synopsis of terms of reference of the Board's committees; and key elements of the directors' remuneration policy.	Although these policies are well circulated among the employees and Directors. The company will upload the relevant policies, information and synopsis of TORs on the website in near future.

ON BEHALF OF THE BOARD OF DIRECTORS



JAWED ANWAR  
Chairman



FAIQ JAWED  
Chief Executive Officer

Date: September 25, 2023  
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 2023 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 2023.

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Faisalabad

**Date:** September 28, 2023

UDIN: CR202310184FWw30MXxg

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 37th ANNUAL GENERAL MEETING OF THE MEMBERS OF J.K. SPINNING MILLS LIMITED WILL BE HELD ON FRIDAY, 27 OCTOBER, 2023 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 36th Annual General Meeting held on October 25, 2022.
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 June 30, 2023.
3. To appoint Auditors for the year 2023-2024 and fix their remuneration. The present Auditors M/s Riaz Ahmad and Company, Chartered Accountants, being eligible, has offered themselves for reappointment.

## SPECIAL BUSINESS:

4. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2023 by passing the special resolution with or without modification.
5. 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, 2024 by passing the Special resolution with or without modification.
6. To consider dissemination of Annual Audited Financial Statements through QR enabled code and weblink instead of transmitting the same in the form of CD/DVD/USB.
7. To consider and pass, with and without modifications, Special Resolution pertaining to capitalization of reserves and related alterations, substitutions, additions or deletions, wherever necessary, in the existing Articles of Association of the Company in order to bring it in alliance with the provisions of the Companies Act, 2017.

(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).

## ANY OTHER BUSINESS

8. Any business with permission of Chair.

BY THE ORDER OF THE BOARD

## FAISALABAD:

Dated: **Septemeber 25, 2023**

SYED HUSSAIN SHAHID MANSOOR NAQVI  
COMPANY SECRETARY

## NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2023 to October 27, 2023 (both days included). 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 19 October, 2023 will be treated in time for the purpose of above entitlement to the transferees.
2. The members / proxies who wish to attend the Annual General Meeting, via Video Link, are requested to get themselves registered by sending their particulars at the designated email address mansoornaqvi@jkgroup.net as per below table by the close of business hours (5:00 p.m.) on October 20, 2023:

Name of Member	CNIC No. / NTC No,	CDC Participant ID/Folio No.	Cell Number	Email Address



# Notice of Annual General Meeting

The Video link will be emailed to the registered members / proxies who have provided all the requested information.

3. The CDC account holders / sub-account holders are requested to bring with them their original CNICs or Passports along with Participant(s) ID Number and CDC Account Numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such Shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce his original CNIC at the time of attending the meeting for identification purpose.

The members are also required to attach the copy of their CNIC and where applicable, copy of CNIC of member(s) of whom he / she / they hold proxy(ies) while sending the information with reference to Note 2 hereof. Without the copy of the CNIC, such member(s) shall not be registered for the Video link facility.

A member entitled to attend and vote at the meeting may appoint another member as proxy to attend, speak and vote instead of him / her. Proxies in order to be effective must be received at the Head Office of the Company duly stamped and signed not later than 48 hours before the meeting. A proxy must be a member of the Company.

4. As per Section 72 of the Companies Act, 2017, all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017. The Securities and Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their members who still hold shares in physical form, to convert their shares into book entry form. We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest.
5. Shareholders holding shares in physical form, are requested to notify any change in their addresses immediately to the Share Registrar of the Company. Shareholders having shares in their CDC accounts are required to have their addresses updated with their respective participants.
6. The shareholders will be allowed to exercise their right to vote through e-voting and postal ballot subject to the requirements of Sections 143 and 144 of the Companies Act, 2017 and the Companies (Postal Ballot) Regulations, 2018.
7. The notice of Annual General Meeting has also been posted on the Company's website.
8. The Proxy Form is attached.

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

The statement sets out the material facts pertaining to the special business to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 27, 2023. The Directors in their meeting held on September 25, 2023 have recommended to the Shareholders to pass the following special resolutions.

1. **Item Number 4 of the Notice - Ratification and approval of the related party transactions carried out during the year ended June 30, 2023.**  
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 36th 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, 2023 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the

# Notice of Annual General Meeting

shareholders in next AGM for their formal approval / ratification. Accordingly, these transactions are being placed before the AGM for the formal approval / ratification by shareholders. All transactions with related parties to be ratified have been disclosed in the Note 40 to the financial statement for the year ended June 30, 2023. Party-wise details of such related party transactions are given below:

Name of Related Party	Basis of Relationship	Nature of transactions	PKR in '000'
J.K. Tech (Private) Limited (JKTPL)	30% Shareholding in JKTPL	Service charges	2,520
		Rental income	2,280
		Expenses paid on behalf of JKTPL	262
<b>Other related parties:</b>			
J.K. Spinning Mills Limited: Employees' Provident Fund Trust	Post-employment benefit plan	Contribution made	52,166
C.E.O/Directors and their Spouses	Members of Board of Directors and their relatives	Dividend paid	201,607
Executives	Key Management Personnel	Dividend paid	17
		Vehicles Sold	25,434

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, 2023. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2023 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, 2023 as specified in the Statement of Material Information under Section 134 (3) be and are hereby ratified, approved and confirmed."***

2. **Item Number 5 of the Notice - Authorization for the Board of Directors to Approve the Related Party Transactions during the year ending June 30, 2024.**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2024 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, 2024, 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.

To ratify and approve transactions to be conducted with Related Parties for the year ended June 30, 2024 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***



# Notice of Annual General Meeting

*June 30, 2024.*

*“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.”*

**3. Item Number 6 of the Notice - Circulation of Annual Audited Accounts through QR enabled Code and Weblink**

The Securities and Exchange Commission of Pakistan has allowed listed companies, through its SRO No. 389(I)2023 dated March 21, 2023 to circulate the Annual Audited Financial Statements to their members through QR enabled code and weblink instead of transmitting the Annual Audited Financial Statements through CD/DVD/USB. The Company shall circulate Annual Audited Financial Statements through email address in case it has been provided by the members to the Company, and upon demand, supply hard copies of the Annual Audited Financial to the members free of cost.

*“RESOLVED THAT the dissemination of information regarding annual audited financial statements to the shareholders through QR enabled code and weblink as notified by the Securities and Exchange Commission of Pakistan vide its SRO 389 (I)/2023 dated 21 March, 2023, be and is hereby approved while considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD/DVD/USB be discontinued.”*

**4. Item Number 7 of the Notice – Amendment in Articles of Association Pertaining to Capitalization of Reserves**

In order to allow the Board of Directors of the Company to approve the capitalization any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, the Board of Directors of the Company in their meeting held on September 25, 2023 has recommended to substitute the Article 100 of the Articles of Association of the Company Accordingly.

*“RESOLVED THAT clause 100 of the Articles of Association of the Company be and is hereby amended to read as follows:”*

**CLAUSE - 100 OF ARTICLES OF ASSOCIATION:**

The directors of the Company may resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied in or towards paying-up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed as fully paid-up to and amongst such members in the proportion aforesaid and the directors shall give effect to such resolution. Whenever such a resolution aforesaid shall have been passed by the Board of Directors of the Company, the directors are authorized to make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issue of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effects thereto.

*“RESOLVED FURTHER THAT Syed Hussain Shahid Mansoor Naqvi, Company Secretary of the Company be and is hereby authorized to complete all legal and corporate formalities and do all such acts, deeds and things as may be deemed necessary to expedite get effect to this resolution.”*

# 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 2023, 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 2023 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
<b>1. Inventory existence and valuation</b> As at 30 June 2023, inventories are stated at Rupees 8,772.968 million, break up of which is as follows: <ul style="list-style-type: none"><li>- Stores, spare parts and loose tools of Rupees 283.957 million</li><li>- Stock in trade of Rupees 8,489.011 million</li></ul> 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"><li>▪ 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.</li></ul>



# Independent Auditors' Report

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

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 31.89% of total assets of the Company as at 30 June 2023, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories (Note 2.12 to the financial statements).</li> <li>- Stores, spare parts and loose tools (Note 18) and Stock in trade (Note 19) to the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>▪ For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.</li> <li>▪ 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.</li> <li>▪ In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents.</li> <li>▪ 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.</li> <li>▪ We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.</li> </ul>
<b>2. Capital expenditure</b>	
<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"> <li>- Summary of significant accounting policies, Property, Plant, Equipment (Note 2.7 to the financial statements).</li> <li>- Property, Plant and Equipment (Note 14 to the financial statements).</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ We evaluated the appropriateness of capitalization policies and depreciation rates.</li> <li>▪ We performed tests of details on costs capitalized.</li> <li>▪ We verified the accuracy of management's calculation used for the impairment testing.</li> </ul>

# Independent Auditors' Report

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

3. Revenue recognition	
<p>The Company recognized net revenue of Rupees 36,128.679 million for the year ended 30 June 2023.</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"> <li>- Summary of significant accounting policies, Revenue from contracts with customers (Note 2.15 to the financial statements).</li> <li>- Revenue from contracts with customers (Note 27 to the financial statements).</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.</li> <li>▪ 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.</li> <li>▪ We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.</li> <li>▪ We also considered the appropriateness of disclosures in the financial statements.</li> </ul>

## 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.



# Independent Auditors' Report

To the members of J.K. SPINNING MILLS LIMITED

Report on the Audit of the Financial Statements

## 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.

# Independent Auditors' Report

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

## Report on Other Legal and Regulatory Requirements

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

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

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



RIAZ AHMAD & COMPANY  
Chartered Accountants

Faisalabad

**Date:** September 28, 2023

UDIN: AR202310184BJQxtzOZ



# Financial Statements

For the Year Ended June 30, 2023

# Statement of Financial Position

As at June 30, 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
200 000 000 (2022: 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			
Capital 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	597,419
		947,959	947,959
Revenue reserve - unappropriated profit		10,517,336	8,901,872
Total reserves		11,465,295	9,849,831
<b>TOTAL EQUITY</b>		<b>12,488,470</b>	<b>10,873,006</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	3,142,272	1,509,663
Lease liabilities	6	46,474	-
Deferred income - Government grant	7	367,952	25,422
Deferred income tax liability	8	-	212,220
		3,556,698	1,747,305
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,332,900	1,935,292
Accrued mark-up	10	411,628	43,491
Short term borrowings	11	7,860,721	3,919,863
Unclaimed dividend		783	688
Current portion of non-current liabilities	12	862,382	564,323
Provision for taxation - net		-	133,544
		11,468,414	6,597,201
<b>TOTAL LIABILITIES</b>		<b>15,025,112</b>	<b>8,344,506</b>
CONTINGENCIES AND COMMITMENTS	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,513,582</b>	<b>19,217,512</b>

The annexed notes from 1 to 49 form an integral part of these financial statements.



Jawed Anwar  
Chairman



Faiq Jawed  
Chief Executive Officer



Ghulam Muhammad  
Chief Financial Officer



# Statement of Financial Position

As at June 30, 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	11,664,607	7,170,940
Right-of-use assets	15	73,877	29,774
Long term investment	16	-	-
Long term deposits	17	24,281	23,436
		11,762,765	7,224,150
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	18	283,957	204,533
Stock-in-trade	19	8,489,011	6,911,108
Trade debts	20	4,009,764	3,049,876
Advances	21	108,903	135,718
Short term deposits and prepayments	22	22,010	2,758
Other receivables	23	55,201	35,532
Sales tax refundable	24	2,293,891	529,206
Advance income tax - net		94,089	-
Short term investments	25	21,755	987,274
Cash and bank balances	26	372,236	137,357
		15,750,817	11,993,362
<b>TOTAL ASSETS</b>		<b>27,513,582</b>	<b>19,217,512</b>

  
Jawed Anwar  
Chairman

  
Faiq Jawed  
Chief Executive Officer

  
Ghulam Muhammad  
Chief Financial Officer

# Statement of Profit or Loss

For the Year ended June 30, 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
Revenue from contracts with customers	27	36,128,679	27,332,542
Cost of sales	28	(31,342,388)	(21,171,839)
<b>Gross profit</b>		<b>4,786,291</b>	<b>6,160,703</b>
Distribution cost	29	(1,146,835)	(1,036,494)
Administrative expenses	30	(505,016)	(424,443)
Other expenses	31	(321,701)	(506,137)
		(1,973,552)	(1,967,074)
		2,812,739	4,193,629
Other income	32	105,381	266,184
Profit from operations		2,918,120	4,459,813
Finance cost	33	(955,976)	(371,888)
Profit before taxation		1,962,144	4,087,925
Taxation	34	(142,045)	(426,405)
<b>Profit after taxation</b>		<b>1,820,099</b>	<b>3,661,520</b>
<b>Earnings per share - basic and diluted (rupees)</b>	35	<b>17.79</b>	<b>35.79</b>

The annexed notes from 1 to 49 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, 2023

	2023 (RUPEES IN THOUSAND)	2022
PROFIT AFTER TAXATION	1,820,099	3,661,520
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
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,820,099</b>	<b>3,862,903</b>

The annexed notes from 1 to 49 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, 2023

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 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 Rupee 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 for the year	-	-	-	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
Transactions with owners:								
Final dividend for the year ended 30 June 2022 at the rate of Rupees 2 per share	-	-	-	-	-	(204,635)	(204,635)	(204,635)
Profit for the year	-	-	-	-	-	1,820,099	1,820,099	1,820,099
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	1,820,099	1,820,099	1,820,099
Balance as at 30 June 2023	1,023,175	289,636	60,904	597,419	947,959	10,517,336	11,465,295	12,488,470

The annexed notes from 1 to 49 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, 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022 (RUPEES IN THOUSAND)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	36	(324,357)	3,504,011
Finance cost paid		(569,472)	(364,739)
Mark-up paid against lease liabilities		(7,678)	(1,813)
Income tax paid		(581,898)	(337,138)
Net increase in long term deposits		(845)	-
Workers' profit participation fund paid		(221,018)	(119,996)
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,705,268)</b>	<b>2,680,325</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(5,090,787)	(2,022,743)
Proceeds from sale of property, plant and equipment		63,140	19,410
Proceeds from de-recognition of right-of-use asset		35,000	-
Investments made		-	(2,310,741)
Profit on saving accounts and term deposit receipts received		2,587	44
Proceeds from sale of investments		934,217	1,352,452
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(4,055,843)</b>	<b>(2,961,578)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		2,827,934	954,563
Repayment of long term financing		(554,344)	(576,333)
Repayment of lease liabilities		(13,918)	(14,354)
Short term borrowings - net		3,940,858	103,030
Dividend paid		(204,540)	(153,405)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>5,995,990</b>	<b>313,501</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>234,879</b>	<b>32,248</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>137,357</b>	<b>105,109</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>372,236</b>	<b>137,357</b>

The annexed notes from 1 to 49 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 2023

## 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 (Now 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 the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

##### 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.



# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'
- Annual improvements to IFRS standards 2018–2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'

The above-mentioned amendments and improvements 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.

# Notes to the Financial Statements

For the Year ended 30 June 2023

- 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 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.

- 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 2023 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 non-current 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'.

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.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

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



# Notes to the Financial Statements

For the Year ended 30 June 2023

- 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 2023 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.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

## 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.

## 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.

# Notes to the Financial Statements

For the Year ended 30 June 2023

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.

Increases 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.

### 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 represented by the difference between the sales proceeds and the carrying amount 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.



# Notes to the Financial Statements

For the Year ended 30 June 2023

## 2.8 Leases

### a) Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises of 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.

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.

### b) 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 these are incurred.

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 (lessee) in the Ijarah contract recognizes the Ujrah (lease) payments as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

## 2.10 Financial instruments

### i) 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.

# Notes to the Financial Statements

For the Year ended 30 June 2023

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 categories:

#### 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.

#### At Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortized cost or at Fair Value Through Other Comprehensive Income (FVTOCI) are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

### 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:

#### At fair value through profit or loss

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



# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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.

### ii) 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.

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; or
- the disappearance of an active market for a security because of financial difficulties.

# Notes to the Financial Statements

For the Year ended 30 June 2023

## iii) 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.

## iv) 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.

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 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.



# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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.

## 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.

#### Processing services

The Company provides processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

#### 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.

# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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.

## 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. These are subsequently measured at amortized cost using the effective interest method.

## 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

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

## 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.



# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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.

## 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 arm's length prices using admissible valuation method. Inter segment sales and purchases are eliminated from the total.

# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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.

## 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	2023 (NUMBER OF SHARES)	2022 (NUMBER OF SHARES)		2023 (RUPEES IN THOUSAND)	2022 (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

## 4. CAPITAL 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	597,419
			947,959	947,959

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



# Notes to the Financial Statements

For the Year ended 30 June 2023

		2023 (RUPEES IN THOUSAND)	2022
<b>5. LONG TERM FINANCING</b>			
From banking companies - secured			
Long term loans	5.1	3,225,519	1,645,938
Diminishing musharika	5.2	640,710	409,392
		<b>3,866,229</b>	<b>2,055,330</b>
Less: Current portion shown under current liabilities	12	723,957	545,667
		<b>3,142,272</b>	<b>1,509,663</b>

## 5.1 Long term loans

		2023					Rate of interest per annum	Repayment commencement date	Maturity date
Banking Companies	Note	Loan Amount							
		Opening	Received	(Repaid)	Impact of deferred grant	Closing			
		(RUPEES IN THOUSAND)							
Askari Bank Limited	5.1.1	27,434	-	(20,883)	-	6,551	SBP rate for LTFF / 3 months KIBOR + 1.25%	June 2019	October 2023
The Bank of Punjab	5.1.2	900,489	1,398,641	(239,053)	(463,555)	1,596,522	SBP rate for LTFF + 1.25% to 2%, SBP rate for TERF + 2%, 2% and 3 months KIBOR + 1%	November 2017	May 2031
National Bank of Pakistan	5.1.3	673,473	454,560	(174,002)	-	954,031	SBP rate for LTFF + 1.25% and 3 months KIBOR + 1%	October 2018	July 2028
Habib bank limited	5.1.4	44,542	168,950	(45,406)	864	168,950	2% p.a. and 3 months KIBOR + 1.25%	October 2023	June 2028
Bank of Khyber	5.1.5	-	499,465	-	-	499,465	3 months KIBOR + 1.5% and 8.25% p.a.	January 2024	January 2030
		<b>1,645,938</b>	<b>2,521,616</b>	<b>(479,344)</b>	<b>(462,691)</b>	<b>3,225,519</b>			

		2022					Rate of interest	Repayment commencement date	Maturity date
Banking Companies	Note	Loan Amount							
		Opening	Received	(Repaid)	Impact of deferred grant	Closing			
		(RUPEES IN THOUSAND)							
Askari Bank Limited		48,317	-	(20,883)	-	27,434	SBP rate for LTFF / 3 months KIBOR + 1.25%	June 2019	October 2023
The Bank of Punjab		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		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		128,722	-	(90,812)	6,632	44,542	2% p.a.	January 2021	October 2022
		<b>1,413,007</b>	<b>760,881</b>	<b>(509,067)</b>	<b>(18,883)</b>	<b>1,645,938</b>			

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. As per terms of the agreement, the tenor of loan is five years including 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 2023

- 5.1.2 These facilities were obtained for retirement of spinning machinery letters of credit established through the Bank and for renewable energy scheme. Current balance payable is aggregate of sixty one tranches. As per terms of the agreement, the tenors of loans are six, seven and ten years including one year grace period. The principal is to be repaid in twenty, twenty four and thirty six equal quarterly installments. These loans include Rupees 1,399.185 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 ranging from 12.77% to 20.03% (2022: 12.77%) per annum. These facilities are secured against specific charge of Rupees 1,201 million over plant and machinery with 25% margin, specific charge of Rupees 102 million over imported machinery pertaining to solar project, 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 These facilities were obtained to finance import of new machinery through retirement of import letters of credit opened by Bank. Current balance payable is aggregate of twenty four tranches. As per terms of the agreement, the tenors of loans are six years including one year grace period. The principal is to be repaid in twenty consecutive quarterly installments. These facilities are secured by way of exclusive 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 These facilities were obtained to finance new generator. Current balance payable shows one tranche only. As per the terms of the agreement, the tenor of loan is six years including one year grace period. The principal is to be repaid in twenty consecutive quarterly installments. These facilities are secured by way of specific charge over plant and machinery amounting to Rupees 226 million and personal guarantee of three directors of the Company.
- 5.1.5 These facilities were obtained during the year to finance new processing unit. Current balance payable is aggregate of five tranches. As per terms of the agreement, the tenor of loans is seven years including one year grace period. The principal is to be repaid in twenty four / twenty five equal quarterly installments. These facilities are secured against specific charge with 25% margin on machinery imported and lien over import documents.

## 5.2 Diminishing musharika

2023								
Banking Company	Note	Loan Amount				Rate of interest per annum	Repayment commencement date	Maturity date
		Opening	Received	(Repaid)	Closing			
		(RUPEES IN THOUSAND)						
Meezan Bank Limited	5.2.1	409,392	306,318	(75,000)	640,710	SBP rate for ILTFF + 1.25% to 2%, 3 months KIBOR + 0.50%	September 2020	June 2029

2022								
Banking Company	Note	Loan Amount				Rate of interest per annum	Repayment commencement date	Maturity date
		Opening	Received	(Repaid)	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

- 5.2.1 These facilities was obtained to finance generator / spinning machinery of the Company along with spares parts. Current balance payable is aggregate of seven tranches. As per terms of the agreement, principal is to be repaid on quarterly basis in five and seven years including one year grace period. After expiry of grace period, facility will be repaid in sixteen and twenty four equal quarterly installments. These facilities are secured against exclusive charge over assets of Rupees 1,067 million and specific fixed assets of the new spinning projects with 25% margin, joint equitable mortgage over specific land of the project and personal guarantee of three directors of the Company.



# Notes to the Financial Statements

For the Year ended 30 June 2023

- 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.

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>6. LEASE LIABILITIES</b>			
Total lease liabilities		56,271	10,189
Less: Current portion shown under current liabilities	12	(9,797)	(10,189)
		<b>46,474</b>	<b>-</b>
<b>6.1 Reconciliation of lease liabilities</b>			
Vehicles			
Balance as on 01 July		10,189	24,543
Add:			
Addition during the year	6.2	60,000	-
Interest accrued on lease liabilities	33	7,678	1,813
		<b>77,867</b>	<b>26,356</b>
Less: Payments made during the year		(21,596)	(16,167)
		<b>56,271</b>	<b>10,189</b>
6.2	This relates to vehicle acquired under finance lease agreement from The Bank of Punjab. The implicit interest rate used to arrive at the present value of minimum lease payments is 1 Year KIBOR + 1.25% per annum. Taxes, repairs and insurance costs are to be borne by the Company. This is secured against the leased asset and personal guarantee of three directors of the Company.		
6.3	Minimum lease payments and their present values are regrouped as under:		
Not later than one year		18,144	11,007
Later than one year but not later than two years		18,144	-
Later than two years but not later than five years		43,851	-
		<b>80,139</b>	<b>11,007</b>
Less: Un-amortized finance cost		(23,868)	(818)
Present value of future minimum lease payments		<b>56,271</b>	<b>10,189</b>
<b>7. DEFERRED INCOME - GOVERNMENT GRANT</b>			
Balances as on 01 July		33,889	15,006
Add: Recognized during the year		555,426	32,195
Less: Amortized during the year		92,735	13,312
		<b>496,580</b>	<b>33,889</b>
Less: Current portion shown under current liabilities	12	128,628	8,467
		<b>367,952</b>	<b>25,422</b>

# Notes to the Financial Statements

For the Year ended 30 June 2023

- 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. Loans under Refinance Scheme for payment of wages and salaries to workers have been repaid during the year ended 30 June 2023. 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 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	2023 (RUPEES IN THOUSAND)	2022
<b>8. DEFERRED INCOME TAX LIABILITY</b>		
Taxable temporary differences on		
Accelerated tax depreciation	424,765	229,203
Right-of-use assets	8,317	3,978
	<b>433,082</b>	<b>233,181</b>
Deductible temporary differences on		
Lease liabilities	6,335	1,361
Allowance for expected credit losses	960	393
Unrealized loss on FVTPL investments	3,288	4,617
Provision for doubtful sales tax refundable	12,293	14,590
Unused tax losses	410,206	-
	<b>433,082</b>	<b>20,961</b>
Deferred income tax liability	-	212,220
<b>8.1 Movement in deferred income tax liability balance is as follows:</b>		
At beginning of the year	212,220	231,949
Recognized in statement of profit or loss:		
- Accelerated tax depreciation	195,562	(13,711)
- Right-of-use assets	4,339	(4,431)
- Lease liabilities	(4,974)	2,118
- Allowance for expected credit Losses	(567)	23
- Unrealized loss on FVTPL investments	1,329	(4,617)
- Provision for doubtful sales tax refundable	2,297	889
- Unused tax losses	(410,206)	-
	<b>(212,220)</b>	<b>(19,729)</b>
	-	212,220

- 8.2 Deferred income tax asset on unused tax losses available for carry forward are recognized to the extent that the realization of related tax benefits through future taxable profits is probable. Therefore, the Company has not recognized deferred income tax asset of Rupees 511.753 million (2022: Rupees Nil) in respect of unused tax losses including unabsorbed tax depreciation of Rupees 1,764.666 million (2022: Rupees Nil), as sufficient tax profits may not be available to set off these in the foreseeable future.



# Notes to the Financial Statements

For the Year ended 30 June 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>9. TRADE AND OTHER PAYABLES</b>			
Creditors	9.1	525,755	385,132
Accrued liabilities		749,268	721,880
Contract liabilities - unsecured		394,498	275,180
Retention money payable		6,538	4,978
Income tax deducted at source		1,146	607
Sales tax payable		88,384	66,625
Fair value of forward exchange contracts		3,526	78,667
Workers' profit participation fund payable	9.2	101,944	210,329
Workers' welfare fund	9.3	162,803	122,759
Other payables		299,038	69,135
		<b>2,332,900</b>	<b>1,935,292</b>
<b>9.1</b>	These include Rupees 0.251 million (2022: Rupees 0.273 million) due to J.K. Tech (Private) Limited, a related party.		
<b>9.2 Workers' Profit Participation Fund</b>			
Balance as on 01 July		210,329	115,100
Interest for the year	33	10,689	4,896
Provision for the year	31	101,944	210,329
		<b>322,962</b>	<b>330,325</b>
Less: Payments made during the year		221,018	119,996
Balance as on 30 June		<b>101,944</b>	<b>210,329</b>
<b>9.3 Workers' welfare fund</b>			
Balance as on 01 July		122,759	42,834
Provision for the year	31	40,044	79,925
Balance as on 30 June		<b>162,803</b>	<b>122,759</b>
<b>10. ACCRUED MARK-UP</b>			
Long term financing		160,007	18,295
Short term borrowings		251,621	25,196
		<b>411,628</b>	<b>43,491</b>
<b>11. SHORT TERM BORROWINGS</b>			
From banking companies - secured			
Export refinances	11.1 & 11.3	2,656,000	2,099,000
Other short term finances	11.2 & 11.3	5,204,721	1,820,863
		<b>7,860,721</b>	<b>3,919,863</b>

11.1 Rate of markup is SBP rate + 1% (2022: SBP rate + 1%) per annum on the balance outstanding.

# Notes to the Financial Statements

For the Year ended 30 June 2023

11.2 Rate of markup is 1 Month KIBOR, 3 Month KIBOR and 6 Month KIBOR + 0.70% to 1.50% (2022: 1 Month KIBOR and 3 Month KIBOR + 0.70% to 1.50%) per annum on the balance outstanding.

11.3 These finances are obtained from banking companies under mark-up arrangements on quarterly basis 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 15,692 million (2022: Rupees 13,032 million).

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>12. CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Current portion of long term financing	5	723,957	545,667
Current portion of lease liabilities	6	9,797	10,189
Current portion of deferred income - Government grant	7	128,628	8,467
		<b>862,382</b>	<b>564,323</b>

## 13. CONTINGENCIES AND COMMITMENTS

### Contingencies

#### a) Tax Contingencies:

- i) Additional Commissioner Inland Revenue (ADCIR) amended the assessment for tax year 2012, vide assessment order dated 21 March 2017, by amending the Company's apportionment of expenses, disallowing certain expenses and tax credits and created a tax demand of Rupees 29.860 million (2022: 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 Lahore High Court, Lahore has granted stay on impugned demand till the decision of appeal.
- ii) Assistant Commissioner Inland Revenue (ACIR), after withholding proceedings relating to tax year 2015, created tax demand of Rupees 27.303 million (2022: Rupees 27.303 million) vide assessment order dated 25 January 2017. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)), who partially remanded the case back for the verification of the ACIR. Being aggrieved the Company has filed an appeal on 31 January 2019 before the Appellate Tribunal Inland Revenue (ATIR) which is pending for adjudication.
- iii) Assistant Commissioner Inland Revenue (ACIR), after withholding proceedings relating to tax year 2016, created tax demand of Rupees 31.659 million (2022: 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.
- 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 (2022: 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) 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 (2022: Rupees 79.011 million). However the outcome of the petition is pending.



# Notes to the Financial Statements

For the Year ended 30 June 2023

- vi) Deputy Commissioner Inland Revenue passed Order-in-Original No.60/2016 dated 11 April 2016 for the recovery of Rupees 7.904 million (2022: 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 (2022: 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).
- vii) Additional Collector Sales Tax and Federal Excise passed impugned Order-in-Original No.28/2015 dated 05 March 2015 for Rupees 2.133 million (2022: 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.
- viii) 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 (2022: Rupees 9.680 million) on 28 October 2019 which is pending for adjudication.
- ix) 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 (2022: 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.
- x) 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 (2022: 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.
- xi) Deputy Commissioner Inland Revenue passed Order-in-Original No. 09/2022-23 dated 07 June 2023, in post refund audit for the tax period July 2016 to April 2019, raising demand of Rupees 50.936 million (2022: Rupees 50.936 million), recoverable along with default surcharge and penalty. Being aggrieved with decision, the Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)) on 04 July 2023, subsequent to reporting date, which is pending for adjudication.
- xii) Messrs Sitara Fabrics (Private) Limited (SFPL) lodged a case in Civil Court, Faisalabad on 10 April 2023 against the Company claiming payment of processing services provided by SFPL amounting to Rupees 15.511 million. The case is pending with the Court 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.
- xiii) Guarantees of Rupees 219.328 million (2022: Rupees 217.201 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 and security cheques of Rupees 5,626.249 million (2022: Rupees 2,854.924 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.

# Notes to the Financial Statements

For the Year ended 30 June 2023

## Commitments

- i) Letters of credit for capital expenditure are of Rupees 12.632 million (2022: Rupees 3,311.512 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 2,933.176 million (2022: Rupees 1,488.286 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 49.612 million (2022: Rupees 4,666.061 million).
- iv) Company has entered into Ijarah lease agreements with Meezan Bank Limited and Dubai Islamic Bank Pakistan Limited in respect of vehicles. The commitments against such facilities are as follows at year end:

		2023	2022
		(RUPEES IN THOUSAND)	
The total of future ijarah payments under arrangement are as follows:			
Not later than one year		9,354	8,130
Later than one year and not later than five years		6,984	12,194
		16,338	20,324
<b>14. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	14.1	11,131,327	5,377,900
Capital work-in-progress	14.2	533,280	1,793,040
		11,664,607	7,170,940



# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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) -----										
<b>At 30 June 2021</b>										
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)	(2,153,107)	(44,108)	(218,872)	(99,559)	(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
<b>Year ended 30 June 2022</b>										
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	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 during the year	-	(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
<b>At 30 June 2022</b>										
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)	(141,689)	(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
<b>Year ended 30 June 2023</b>										
Opening net book value	958,332	856,343	2,973,500	41,123	227,048	218,184	6,461	996	95,913	5,377,900
Additions	12,555	546,348	4,775,778	228,829	223,801	352,960	8,938	-	201,338	6,350,547
Transferred from right-of-use assets:										
Cost	-	-	-	-	-	37,602	-	-	-	37,602
Accumulated depreciation	-	-	-	-	-	(22,316)	-	-	-	(22,316)
	-	-	-	-	-	15,286	-	-	-	15,286
Disposals:										
Cost	-	-	(88,741)	-	-	(57,087)	-	-	-	(145,828)
Accumulated depreciation	-	-	76,661	-	-	28,193	-	-	-	104,854
	-	-	(12,080)	-	-	(28,894)	-	-	-	(40,974)
Depreciation charge during the year	-	(92,097)	(362,423)	(9,611)	(24,769)	(70,154)	(810)	(299)	(11,269)	(571,432)
Closing net book value	970,887	1,310,594	7,374,775	260,341	426,080	487,382	14,589	697	285,982	11,131,327
<b>At 30 June 2023</b>										
Cost / revalued amount	970,887	2,042,815	10,119,814	318,629	692,271	706,417	25,438	29,664	438,936	15,344,871
Accumulated depreciation	-	(732,221)	(2,745,039)	(58,288)	(266,191)	(219,035)	(10,849)	(28,967)	(152,954)	(4,213,544)
Net book value	970,887	1,310,594	7,374,775	260,341	426,080	487,382	14,589	697	285,982	11,131,327
Annual rate of depreciation (%)	-	10	10	10	10	20	10	30	10	10

# Notes to the Financial Statements

For the Year ended 30 June 2023

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 (2022: Rupees 597.419 million). The book value of freehold land on cost basis is Rupees 373.468 million (2022: Rupees 360.913 million).

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

	Note	2023 (RUPEES IN THOUSAND)	2022
14.1.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales	28	500,169	437,648
Administrative expenses	30	71,263	43,249
		<b>571,432</b>	<b>480,897</b>

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	724.01	1 751 790
Sales Office	Main Bazar, Montgomery Road, Near Clock Tower, Opposite Habib Bank Limited, Faisalabad	0.05	272
Godown	Dost Street, Maqbool Road, Faisalabad	6.24	26 546

14.1.5 During the year covered area has been reassessed by the Company and disclosed accordingly.



# Notes to the Financial Statements

For the Year ended 30 June 2023

14.1.6 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)							
<b>Vehicles</b>									
Toyota - Fortuner AEW-192	1	9,413	1,652	7,761	8,309	548	Company Policy	Mr. Nadeem Fiaz Kiyani (Company's employee)	
Toyota - Hilux AQA-188	1	5,889	2,899	2,990	3,000	10	Insurance Claim	IGI General Insurance Limited	
Toyota - Corolla Altis AVS-217	1	3,679	917	2,762	3,286	524	Company Policy	Mr. Tanveer Azmat (Company's employee)	
Toyota - Yaris ADH-192	1	3,104	863	2,241	2,510	269	Company Policy	Mr. Nadeem Fiaz Kiyani (Company's employee)	
Suzuki - WagonR VXR AFU-841	1	1,563	180	1,383	1,389	6	Company Policy	Mr. Imtiaz Hussain (Company's employee)	
Honda - Civic LEA-18A-5115	1	2,991	1,776	1,215	1,500	285	Company Policy	Mr. Khalid Mehmood (Company's employee)	
Suzuki - WagonR VXR FD-20-424	1	1,632	622	1,010	1,136	126	Company Policy	Mr. Muhammad Abbas (Company's former employee)	
Suzuki - WagonR VXR LEB-20-1836	1	1,632	651	981	993	12	Company Policy	Mr. Zahid Hanif (Company's former employee)	
Toyota - Prius ADB-872	1	3,837	2,742	1,095	2,683	1,588	Company Policy	Syed Hussain Shahid Mansoor Naqvi (Company's employee)	
Toyota - Corolla LEF-18-7207	1	2,147	1,325	822	834	12	Company Policy	Mr. Khalid Mehmood (Company's employee)	
Toyota - Corolla Altis LEB-17A-3201	1	2,218	1,442	776	887	111	Company Policy	Mr. Nasir Mehmood Bhatti (Company's employee)	
Toyota - Corolla Altis AGF-18-235	1	2,212	1,437	775	974	199	Company Policy	Mr. Muhammad Aslam (Company's employee)	
Honda - BRV LEH-18-9444	1	2,125	1,414	711	1,232	521	Company Policy	Mr. Iftikhar Ahmad (Company's employee)	
Honda - BRV LEF-18-9363	1	2,147	1,430	717	817	100	Company Policy	Mr. Inam Ul Haq (Company's employee)	
Honda - City LEE-18-3362	1	1,624	1,000	624	766	142	Company Policy	Mr. Arshad Jawed (Company's employee)	
Toyota - Corolla GLI LEB-6257	1	1,687	1,064	623	1,255	632	Company Policy	Mr. Talat Naveed (Company's employee)	
		47,900	21,414	26,486	31,571	5,085			
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		97,928	83,440	14,488	31,569	17,081			
		145,828	104,854	40,974	63,140	22,166			

# Notes to the Financial Statements

For the Year ended 30 June 2023

## 14.2 CAPITAL WORK-IN-PROGRESS

	2023					2022				
	Balance as at 01 July 2022	Additions	Transfer to operating fixed assets	Adjustments	Balance as at 30 June 2023	Balance as at 01 July 2021	Additions	Transfer to operating fixed assets	Adjustments	Balance as at 30 June 2022
----- RUPEES IN THOUSAND -----										
Freehold land	16,628	-	(12,555)	(39)	4,034	56,270	25,184	(64,826)	-	16,628
Buildings on freehold land	675,386	347,746	(546,348)	-	476,784	415,058	551,262	(290,934)	-	675,386
Stand-by equipment	-	206,384	(201,338)	-	5,046	-	-	-	-	-
Plant and machinery	761,986	4,027,282	(4,775,778)	-	13,490	69,915	998,011	(305,940)	-	761,986
Vehicles	238,511	145,212	(352,960)	-	30,763	60,067	300,059	(121,615)	-	238,511
Electric installations and appliances	100,529	126,435	(223,801)	-	3,163	8,354	148,227	(56,052)	-	100,529
	1,793,040	4,853,059	(6,112,780)	(39)	533,280	609,664	2,022,743	(839,367)	-	1,793,040

14.3 Borrowing cost of Rupees 173.627 million (2022: Rupees Nil) was capitalized during the year using the capitalization rate of 3.25% to 23.08% per annum (2022: Nil).

		NOTE	2023 (RUPEES IN THOUSAND)	2022
15.	<b>RIGHT-OF-USE ASSETS</b>			
	Opening book value		29,774	59,319
	Add: Addition during the year	15.1	85,241	-
	Less:			
	Book value of assets transferred to operating fixed assets	14.1	15,286	20,260
	De-recognition of right-of-use asset	15.2	11,089	-
			26,375	20,260
			88,640	39,059
	Less: Depreciation charged during the year	30	14,763	9,285
			73,877	29,774

15.1 The Company obtained a vehicle on lease from The Bank of Punjab. Lease term is five years.

15.2 During the year, an insurance claim against accident of a right-of-use vehicle was lodged with IGI General Insurance Limited. The claim was received on 13 September 2022 and remaining installments were paid to the Bank to satisfy the lease obligation. The gain was shown in other income under Note 32 after netting the book value of the vehicle from the claim received.

15.3 There is no impairment against right-of-use assets.

## 16. LONG TERM INVESTMENT

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

16.1 Cumulative unrecognized share of loss after taxation is Rupees 2.829 million (2022: Rupees 2.791 million).



# Notes to the Financial Statements

For the Year ended 30 June 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>16.2 Summarized statement of financial position</b>			
Current assets		944	969
Non-current assets		3,771	3,777
Total assets		4,715	4,746
Current liabilities		(200)	(100)
Non-current liabilities		(13,888)	(13,888)
Total liabilities		(14,088)	(13,988)
<b>Net assets</b>		<b>(9,373)</b>	<b>(9,242)</b>
<b>16.3 Reconciliation to carrying amounts:</b>			
As at 01 July		(9,242)	(9,291)
(Loss) / profit after taxation		(131)	49
<b>As at 30 June</b>		<b>(9,373)</b>	<b>(9,242)</b>
<b>16.4 Summarized statement of comprehensive income</b>			
Revenue		2,520	2,280
(Loss) / profit for the year		(131)	49
<b>Total comprehensive (loss) / income</b>		<b>(131)</b>	<b>49</b>
<b>16.5</b>	The Company holds 30% (2022: 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 in previous years as J.K. Tech (Private) Limited has negative equity at year end.		
<b>17. LONG TERM DEPOSITS</b>			
Security deposits		236	236
Ijarah deposit		24,045	23,200
		<b>24,281</b>	<b>23,436</b>
<b>18. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	18.1	212,317	156,886
Spare parts		70,460	46,872
Loose tools		1,180	775
		<b>283,957</b>	<b>204,533</b>
<b>18.1</b>	These include store in transit of Rupees 17.863 million (2022: Rupees Nil).		
<b>18.2</b>	Stores, spares and loose tools include items which may result in fixed capital expenditure but are not yet distinguishable.		
<b>19. STOCK-IN-TRADE</b>			
Raw materials	19.1&19.2	4,518,654	3,716,480
Work-in-process	19.3	957,701	915,302
Finished goods	19.4	2,948,675	2,242,746
Waste		63,981	36,580
		<b>8,489,011</b>	<b>6,911,108</b>

# Notes to the Financial Statements

For the Year ended 30 June 2023

- 19.1 These include stock in transit of Rupees 740.896 million (2022: Rupees 466.737 million).
- 19.2 These include stock of Rupees 1,007.347 million (2022: Rupees 803.297 million) sent to outside parties for conversion.
- 19.3 This includes stock of Rupees 140.042 million (2022: Rupees 445.131 million) sent to outside parties for processing.
- 19.4 These include stock in transit of Rupees 756.401 million (2022: Rupees 413.168 million).
- 19.5 Stock-in-trade of Rupees 3,663.200 million (2022: Rupees 115.447 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 1,098.671 million (2022: Rupees 92.483 million).

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>20. TRADE DEBTS</b>			
<b>Considered good:</b>			
Secured		1,905,479	1,121,834
Unsecured		2,107,594	1,930,980
		4,013,073	3,052,814
Less: Allowance for expected credit losses	20.3	3,309	2,938
		4,009,764	3,049,876
<b>20.1 Trade debts in respect of foreign and local jurisdictions is given under:</b>			
Australia		-	13,761
Belgium		138,320	2,634
Brazil		9,915	82,158
Croatia		8,192	-
Cyprus		6,678	-
Ecuador		-	40,402
France		455,823	90,389
Germany		520	-
Great Britain		245,856	93,869
Italy		175,746	25,763
Jamaica		21,987	-
Lithuania		11,755	-
Mexico		53,874	18,673
Netherlands		-	24,841
Oman		-	2,531
Poland		3,730	-
Portugal		249,712	27,966
Somalia		-	23,262
Spain		182,079	72,183
Sweden		-	3,852
United States of America		341,292	599,550
Pakistan		2,104,285	1,928,042
		4,009,764	3,049,876



# Notes to the Financial Statements

For the Year ended 30 June 2023

20.2 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10 to 120 days from delivery in case of local sales, and 15 to 120 days in case of export sales.

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>20.3 Allowance for expected credit losses</b>			
As at 01 July		2,938	2,938
Add: Recognized during the year	31	656	-
		3,594	2,938
Less: Recovered during the year	32	285	-
As at 30 June		3,309	2,938

20.4 As at 30 June 2023, trade debts aggregating to Rupees 4,009.764 million (2022: Rupees 3,049.876 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		2,576,464	2,370,801
Upto 1 month		1,149,572	485,781
1 to 6 months		282,754	191,999
More than 6 months		974	1,295
As at 30 June		4,009,764	3,049,876

## 21. ADVANCES

Considered good:			
Against expenses			
- Executives		5,658	1,394
- Other employees		9,683	6,209
		15,341	7,603
Employees against salary	21.1	55	27
Advances to suppliers		78,809	119,961
Letters of credit		14,698	8,127
		108,903	135,718

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 monthly installments based on approval at the time of advance given.

## 22. SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits		22,010	2,010
Prepayments		-	748
		22,010	2,758

## 23. OTHER RECEIVABLES

Considered good:			
Export rebate and claims		39,154	28,193
Miscellaneous receivables		12,511	7,339
Profit on saving accounts and term deposit receipts		3,536	-
		55,201	35,532





# Notes to the Financial Statements

For the Year ended 30 June 2023

	2023			2022		
	Carrying value	Fair value adjustment	Market value	Carrying value	Fair value adjustment	Market value
------(RUPEES IN THOUSAND)-----						
International Steels Limited 5 000 (2022: 5 000) fully paid ordinary shares of Rupees 10 each	297	(94)	203	467	(170)	297
Lucky Cement Limited 12,950 (2022: 12,950) fully paid ordinary shares of Rupees 10 each	5,945	816	6,761	11,182	(5,237)	5,945
Dost Steels Limited 75,000 (2022: 75,000) fully paid ordinary shares of Rupees 10 each	401	(3)	398	374	27	401
	<b>26,373</b>	<b>(6,061)</b>	<b>20,312</b>	<b>42,064</b>	<b>(15,691)</b>	<b>26,373</b>
25.2 Mutual funds						
NBP NAFA Stock Fund 17 641 (2022: 15 378) units held	187	-	187	162	-	162
NBP NAFA Financial Sector Income fund 124 293 (2022: 96 072 713) units held	1,243	-	1,243	960,727	-	960,727
Al meezan investment management ltd 253 (2022: 224) units held	13	-	13	12	-	12
	<b>1,443</b>	<b>-</b>	<b>1,443</b>	<b>960,901</b>	<b>-</b>	<b>960,901</b>

	NOTE	2023 (RUPEES IN THOUSAND)	2022 (RUPEES IN THOUSAND)
26. CASH AND BANK BALANCES			
With banks:			
On current accounts		202,372	113,261
Including US\$ 660,301 (2022: US\$ 89,726)		26,334	402
On saving accounts	26.1	120,000	-
Term deposit receipts	26.2	348,706	113,663
Cash in hand		23,530	23,694
		<b>372,236</b>	<b>137,357</b>

26.1 Rate of profit on saving accounts was ranging from 2.04% to 10% (2022: 1.32% to 2.04%) per annum.

26.2 These represent Term Deposit Receipts (TDRs) with maturity period of 3 months and carry profit at the rate of 19% to 21.25% per annum (2022: Nil).

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>27. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>			
Export sales:			
Direct export		19,877,739	12,359,229
Indirect export under Special Purchase Orders (SPOs)		212,891	5,629,883
		20,090,630	17,989,112
Local sales	27.1	18,905,295	11,843,724
		38,995,925	29,832,836
Less: Sales tax		2,928,171	2,549,286
		36,067,754	27,283,550
Export rebate and duty drawback		60,925	48,992
		36,128,679	27,332,542
<b>27.1 Local sales</b>			
Sales		17,962,842	11,270,351
Waste		913,356	510,713
Processing income		29,097	62,660
		18,905,295	11,843,724
27.2	The Company has recognized revenue of Rupees 264.163 million (2022: Rupees 91.733 million) from amounts included in contract liabilities at the year end.		
<b>28. COST OF SALES</b>			
Raw materials consumed	28.1	23,819,275	16,689,730
Stores, spare parts and loose tools consumed		1,010,659	652,468
Packing materials consumed		457,536	353,080
Processing, sizing and conversion charges		1,990,593	2,081,809
Fuel and power		2,638,617	1,635,515
Salaries, wages and other benefits	28.2	1,618,622	1,277,560
Repair and maintenance		35,721	18,197
Insurance		23,371	20,718
Depreciation on property, plant and equipment	14.1.3	500,169	437,648
Other factory overheads	28.3	23,554	17,510
		32,118,117	23,184,235
Work-in-process			
Opening stock		915,302	380,821
Closing stock		(957,701)	(915,302)
		(42,399)	(534,481)
Cost of goods manufactured		32,075,718	22,649,754
Finished goods			
Opening stock		2,279,326	801,411
Closing stock		(3,012,656)	(2,279,326)
		(733,330)	(1,477,915)
		31,342,388	21,171,839



# Notes to the Financial Statements

For the Year ended 30 June 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>28.1 Raw materials consumed</b>			
Opening stock		3,716,480	4,627,604
Add: Purchased during the year		24,621,449	15,778,606
		28,337,929	20,406,210
Less: Closing stock		(4,518,654)	(3,716,480)
		23,819,275	16,689,730
<b>28.2</b>			
Salaries, wages and other benefits include provident fund contribution of Rupees 40.205 million (2022: Rupees 29.722 million) by the Company.			
<b>28.3</b>			
These include Rupees 2.520 million (2022: Rupees 2.280 million) in respect of short term lease.			
<b>29. DISTRIBUTION COST</b>			
Salaries and other benefits	29.1	45,032	28,776
Freight and shipment		586,072	733,051
Commission to selling agents		329,053	204,755
Travelling and conveyance		62,483	17,141
Export development surcharge		44,671	33,782
Insurance		8,488	5,776
Miscellaneous		71,036	13,213
		1,146,835	1,036,494
<b>29.1</b>			
Salaries and other benefits include provident fund contribution of Rupees 2.501 million (2022: Rupees 1.356 million) by the Company.			
<b>30. ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	30.1	270,453	264,231
Travelling and conveyance		43,638	35,370
Vehicles' running and maintenance		25,677	18,219
Rent, rates and taxes	30.2	9,498	6,953
Utilities		90	465
Repair and maintenance		3,298	1,192
Insurance		9,983	5,776
Printing and stationery		44	1,571
Advertisement		562	255
Communication		14,953	12,197
Fee and subscription		27,354	14,834
Entertainment		9,317	6,554
Legal and professional		384	830
Auditor's remuneration	30.3	3,135	2,635
Depreciation on property, plant and equipment	14.1.3	71,263	43,249
Depreciation on right-of-use assets	15	14,763	9,285
Other charges		604	827
		505,016	424,443

# Notes to the Financial Statements

For the Year ended 30 June 2023

30.1 Salaries and other benefits include provident fund contribution of Rupees 8.894 million (2022: Rupees 8.587 million) by the Company.

30.2 These include ijarah rentals amounting to Rupees 9.243 million (2022: Rupees 6.804 million) of vehicles.

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>30.3 Auditors' remuneration:</b>			
Audit fee		2,800	2,300
Half yearly review		150	150
Other certification fees		35	35
Reimbursable expenses		150	150
		<b>3,135</b>	<b>2,635</b>
<b>31. OTHER EXPENSES</b>			
Donations	31.1&31.2	10,749	6,945
Allowance for expected credit losses	20.3	656	-
Workers' profit participation fund	9.2	101,944	210,329
Workers' welfare fund	9.3	40,044	79,925
Provision against various tax contingencies		-	114,580
Unrealized loss on remeasurement of investments at FVTPL	25	6,061	15,691
Fair value loss on forward exchange contracts		3,526	78,667
Net exchange loss		157,258	-
Other receivables written off		1,463	-
		<b>321,701</b>	<b>506,137</b>
<b>31.1</b> The name of donees to whom donation made exceeded 10% of total donation are as follows:			
Shaukat Khanum Memorial Trust		1,080	1,080
The Life Care Foundation Trust		1,200	1,200
Mofad e Amma Chiniot Sheikh Association		1,200	-
<b>31.2</b> None of the directors or their spouses have any interest in the donees.			
<b>32. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income on investments at FVTPL		24,606	19,613
Gain on sale of investments at FVTPL		-	2,452
Profit on saving accounts and TDRs		6,123	44
Net exchange gain		-	52,584
Reversal of allowance for expected credit losses	20.3	285	-
Duty drawback / rebate of previous years		-	169,615
		<b>31,014</b>	<b>244,308</b>
<b>Income from non-financial assets</b>			
Rental income		2,280	1,920
Scrap sales		25,672	12,018
Gain on sale of property, plant and equipment		22,166	7,938
Gain on de-recognition of right-of-use asset	15.2	23,911	-
Credit balances written back		338	-
		<b>74,367</b>	<b>21,876</b>
		<b>105,381</b>	<b>266,184</b>



# Notes to the Financial Statements

For the Year ended 30 June 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>33. FINANCE COST</b>			
<b>Mark up on:</b>			
Long term financing		173,040	67,222
Short term borrowings		705,190	254,713
Lease liabilities	6.1	7,678	1,813
Interest on workers' profit participation fund	9.2	10,689	4,896
Bank charges and commission		59,379	43,244
		<b>955,976</b>	<b>371,888</b>
<b>34. TAXATION</b>			
Charge for the year:			
Current		392,171	564,627
Prior year adjustment		(37,906)	(118,493)
		<b>354,265</b>	<b>446,134</b>
Deferred tax:		(212,220)	(19,729)
		<b>142,045</b>	<b>426,405</b>
<b>34.1</b>	Provision for current taxation represents the tax deducted against export sales, minimum tax on local sales and tax on different heads of other income under the relevant provisions of the Income Tax Ordinance, 2001. Unused tax losses available for carry forward as at 30 June 2023 are of Rupees 1,336.745 million (2022: Rupees Nil) which will expire in 2029. The unabsorbed tax depreciation is of Rupees 1,842.423 million (2022: Rupees Nil). Total minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2023 is of Rupees 195.212 million (2022: Rupees Nil) which will expire in 2026. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not given in view of unused tax losses of the Company.		
<b>35. EARNING PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders (Rupees in thousand)		<b>1,820,099</b>	3,661,520
Weighted average number of ordinary shares (Numbers)		<b>102,317,502</b>	102 317 502
Earnings per share (Rupees)		<b>17.79</b>	35.79

# Notes to the Financial Statements

For the Year ended 30 June 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>36. CASH (USED IN) / GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,962,144	4,087,925
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment		571,432	480,897
Depreciation on right-of-use assets		14,763	9,285
Finance cost		955,976	371,888
Provision for workers' profit participation fund		101,944	210,329
Profit on saving accounts and TDRs		(6,123)	(44)
Gain on sale of property, plant and equipment		(22,166)	(7,938)
Gain on de-recognition of right-of-use asset		(23,911)	-
Credit balances written back		(338)	-
Gain on sale of investments at FVTPL		-	(2,452)
Other receivables written off		1,463	-
Allowance for expected credit losses		656	-
Reversal of allowance for expected credit losses		(285)	-
Unrealized loss on remeasurement of investments at FVTPL		6,061	15,691
Working capital changes	36.1	(3,885,973)	(1,661,570)
		(324,357)	3,504,011
<b>36.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(79,424)	(62,109)
- Stock-in-trade		(1,577,903)	(1,101,272)
- Trade debts		(960,259)	(1,352,030)
- Advances		26,815	(19,239)
- Short term deposits and prepayments		(19,252)	3,104
- Other receivables		(17,596)	62,082
- Sales tax refundable		(1,764,685)	(161,238)
		(4,392,304)	(2,630,702)
Increase in trade and other payables		506,331	969,132
		(3,885,973)	(1,661,570)



# Notes to the Financial Statements

For the Year ended 30 June 2023

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

	2023					2022				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
Balance as at 01 July	2,055,330	10,189	3,919,863	688	5,986,070	1,695,983	24,543	3,816,833	617	5,537,976
Proceeds from long term financing	2,827,934	-	-	-	2,827,934	954,563	-	-	-	954,563
Lease liability recognized	-	60,000	-	-	60,000	-	-	-	-	-
Amortization of deferred grant - net	(462,691)	-	-	-	(462,691)	(18,883)	-	-	-	(18,883)
Borrowings obtained - net	-	-	3,940,858	-	3,940,858	-	-	103,030	-	103,030
Repayment of long term financing	(554,344)	-	-	-	(554,344)	(576,333)	-	-	-	(576,333)
Repayment of lease liabilities	-	(13,918)	-	-	(13,918)	-	(14,354)	-	-	(14,354)
Dividend declared	-	-	-	204,635	204,635	-	-	-	153,476	153,476
Dividend paid	-	-	-	(204,540)	(204,540)	-	-	-	(153,405)	(153,405)
Balance as at 30 June	3,866,229	56,271	7,860,721	783	11,784,004	2,055,330	10,189	3,919,863	688	5,986,070

# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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	
	2023	2022	2023	2022	2023	2022	2023	2022
	----- (RUPEES IN THOUSAND) -----							
Managerial remuneration	12,000	12,000	12,000	12,000	13,200	13,200	115,135	94,366
Allowances								
Utilities	4,264	3,201	2,751	3,117	3,224	2,431	-	-
Other allowances	4,697	3,340	3,840	2,850	5,228	3,738	-	-
Contribution to provident fund	666	666	666	666	733	733	5,274	4,424
	21,627	19,207	19,257	18,633	22,385	20,102	120,409	98,790
Number of persons	1	1	1	1	1	1	38	33

37.1 The Chief Executive Officer, directors and certain executives are provided with free use of the Company maintained vehicles. Certain directors and executives 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.

	2023	2022
	(NUMBER OF PERSONS)	
39. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	3 218	2 846
Average number of employees during the year	3 012	2 775

## 40. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the associate, other related parties, post employment benefit plan and key management personnel. The Company in the normal course of business carried out transactions with various 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 2023

			2023	2022
			(RUPEES IN THOUSAND)	
Name of related party	Basis of relationship	Nature of transaction		
<b>Associated Company</b>				
J.K. Tech (Private) Limited	30% shareholding in JKTPL	Service charges	2,520	2,280
		Rental income	2,280	1,920
		Expenses paid on behalf of JKTPL	262	276
<b>Other related parties</b>				
J.K. Spinning Mills Limited - Employees' Provident Fund Trust (Note 40.2)	Post employment benefit plan	Contribution made	52,166	39,761
Chief Executive Officer, directors, and their spouses	Members of Board of Directors and their relatives	Dividend paid	201,607	145,075
Executives	Key management personnel	Dividend paid	17	13
		Vehicles sold	25,434	4,458

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 0.566 million (2022: Rupees 0.096 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 (2022: 1 095 shifts)

(Kgs.)

64 255

45 666

Actual production converted to 20s count based on 3 shifts per day for 1,094 shifts (2022: 1,094 shifts)

(Kgs.)

42 107

40 287

### Weaving

100 % plant capacity converted to 50 picks based on 3 shifts per day for 1 095 shifts (2022: 1 095 shifts)

(Sq. Mtr.)

20 986

20 986

Actual production converted to 50 picks based on 3 shifts per day for 1 050 shifts (2022: 1 059 shifts)

(Sq. Mtr.)

17 334

16 964

### 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 REASON FOR LOW PRODUCTION

### Spinning

Under utilization of available capacity is mainly due to installation of 52 896 spindles from which the production was made for one month during the year.

### Weaving

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

# Notes to the Financial Statements

For the Year ended 30 June 2023

## 42. SEGMENT INFORMATION

	Spinning		Fabric Division		Elimination of Inter-segment transactions		Total - Company	
	2023	2022	2023	2022	2023	2022	2023	2022
----- (RUPEES IN THOUSAND) -----								
Revenue								
External	16,099,053	15,178,759	20,029,626	12,153,783	-	-	36,128,679	27,332,542
Intersegment	3,063,295	3,578,700	-	-	(3,063,295)	(3,578,700)	-	-
	19,162,348	18,757,459	20,029,626	12,153,783	(3,063,295)	(3,578,700)	36,128,679	27,332,542
Cost of sales	(19,506,717)	(16,071,068)	(14,898,966)	(8,679,471)	3,063,295	3,578,700	(31,342,388)	(21,171,839)
Gross (loss) / profit	(344,369)	2,686,391	5,130,660	3,474,312	-	-	4,786,291	6,160,703
Distribution cost	(106,965)	(151,274)	(1,039,870)	(885,220)	-	-	(1,146,835)	(1,036,494)
Administrative expenses	(352,011)	(300,633)	(153,005)	(123,810)	-	-	(505,016)	(424,443)
	(458,976)	(451,907)	(1,192,875)	(1,009,030)	-	-	(1,651,851)	(1,460,937)
(Loss) / profit before taxation and unallocated income and expenses	(803,345)	2,234,484	3,937,785	2,465,282	-	-	3,134,440	4,699,766
Unallocated income and expenses:								
Other expenses							(321,701)	(506,137)
Other income							105,381	266,184
Finance cost							(955,976)	(371,888)
Taxation							(142,045)	(426,405)
Profit after taxation							1,820,099	3,661,520

### 42.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric Division		Total - Company	
	2023	2022	2023	2022	2023	2022
----- (RUPEES IN THOUSAND) -----						
Total assets for reportable segments	17,919,702	13,536,817	7,205,900	5,151,489	25,125,602	18,688,306
Sales tax refundable					2,293,891	529,206
Advance income tax - net					94,089	-
Total assets as per statement of financial position					27,513,582	19,217,512
Total liabilities for reportable segments	10,680,545	4,154,534	4,079,820	3,511,120	14,760,365	7,665,654
Unallocated liabilities					264,747	678,852
Total liabilities as per statement of financial position					15,025,112	8,344,506

All segment liabilities are allocated to reportable segments other than corporate liabilities.

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

	Spinning		Fabric Division		Total - Company	
	2023	2022	2023	2022	2023	2022
----- (RUPEES IN THOUSAND) -----						
Yarn	15,359,405	14,761,629	173,444	-	15,532,849	14,761,629
Fabric	-	-	4,377,377	2,747,246	4,377,377	2,747,246
Made ups	-	-	15,416,751	9,308,179	15,416,751	9,308,179
Processing income	-	-	24,745	53,555	24,745	53,555
Waste	739,648	417,130	37,309	44,803	776,957	461,933
	16,099,053	15,178,759	20,029,626	12,153,783	36,128,679	27,332,542



# Notes to the Financial Statements

For the Year ended 30 June 2023

## 42.3 Geographical Information

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

	Spinning		Fabric		Total Company	
	2023	2022	2023	2022	2023	2022
	------(RUPEES IN THOUSAND)-----					
Australia	-	-	-	43,458	-	43,458
Bangladesh	-	71,192	-	-	-	71,192
Belgium	-	-	487,607	230,779	487,607	230,779
Brazil	-	-	54,045	117,005	54,045	117,005
Bulgaria	-	-	154,981	92,956	154,981	92,956
Canada	-	-	-	991	-	991
Chile	-	-	-	28,906	-	28,906
Croatia	-	-	33,473	-	33,473	-
Cyprus	-	-	6,645	49,791	6,645	49,791
Czech Republic	-	-	4,414	-	4,414	-
Ecuador	-	-	402,141	225,104	402,141	225,104
Egypt	286,467	470,485	-	-	286,467	470,485
Estonia	-	-	40,089	7,623	40,089	7,623
Fiji	-	-	-	6,384	-	6,384
France	-	-	4,891,008	930,993	4,891,008	930,993
Germany	-	-	174,950	110,814	174,950	110,814
Great Britain	-	-	5,656,971	2,537,496	5,656,971	2,537,496
Greece	-	-	-	3,041	-	3,041
Italy	-	-	641,299	383,310	641,299	383,310
Jamaica	-	-	99,125	30,668	99,125	30,668
Lithuania	-	-	253,414	29,482	253,414	29,482
Malaysia	-	-	17,886	-	17,886	-
Maldives	-	-	-	7,080	-	7,080
Mauritius	-	-	4,574	-	4,574	-
Mexico	-	-	242,425	99,938	242,425	99,938
Netherland	-	-	10,709	1,513,990	10,709	1,513,990
Oman	-	-	-	5,318	-	5,318
Poland	-	-	50,771	37,423	50,771	37,423
Portugal	-	-	848,810	407,788	848,810	407,788
Romania	-	-	197,823	177,451	197,823	177,451
Saudi Arabia	-	-	65,471	17,634	65,471	17,634
Slovenia	-	-	26,725	38,710	26,725	38,710
Somalia	-	-	-	122,668	-	122,668
Spain	-	-	1,542,413	628,542	1,542,413	628,542
Sweden	-	-	9,105	3,801	9,105	3,801
Tunisia	-	-	-	48,478	-	48,478
United Arab Emirates	-	-	-	14,024	-	14,024
United States of America	-	-	3,674,398	3,852,461	3,674,398	3,852,461
Venezuela	-	-	-	13,445	-	13,445
Pakistan	15,599,607	9,007,199	377,517	287,239	15,977,124	9,294,438
Export rebate and duty drawback	88	-	60,837	48,992	60,925	48,992
Others - SPOs	212,891	5,629,883	-	-	212,891	5,629,883
	<b>16,099,053</b>	<b>15,178,759</b>	<b>20,029,626</b>	<b>12,153,783</b>	<b>36,128,679</b>	<b>27,332,542</b>

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

# Notes to the Financial Statements

For the Year ended 30 June 2023

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 Board). 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.

(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 / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:



	2023	2022
Cash at banks - USD	660,301	89,726
Trade debts - USD	3,670,750	4,591,018
Trade debts - Euro	2,038,912	393,129
Trade debts - GBP	586,107	376,515
Trade and other payables - USD	(206,720)	-
Net exposure - USD	4,124,331	4,680,744
Net exposure - Euro	2,038,912	393,129
Net exposure - GBP	586,107	376,515
Following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	242.65	178.81
Reporting date rate	286.60	205.50
Rupees per Euro		
Average rate	274.05	201.60
Reporting date rate	313.72	215.23
Rupees per GBP		
Average rate	288.91	236.74
Reporting date rate	364.77	215.43

#### 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 96.685 million (2022: Rupees 52.473 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 2023

## (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 Index of Pakistan Stock Exchange Limited (PSX) and Mutual Funds Association of Pakistan (MUFAP) on the Company's profit after taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 10% with all other variables held constant and the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation	
	2023	2022
	(RUPEES IN THOUSAND)	
PSX 100 / MUFAP (10% increase)	2,067	91,816
PSX 100 / MUFAP (10% decrease)	(2,067)	(91,816)

## (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, bank balances in saving account and term deposit receipts. 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:

	2023	2022
	(RUPEES IN THOUSAND)	
<b>Fixed rate instruments:</b>		
<b>Financial assets</b>		
Term deposit receipts	120,000	-
<b>Financial liabilities:</b>		
Long term financing	2,215,936	1,535,010
Short term borrowings	2,656,000	2,099,000
<b>Floating rate instruments:</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	26,334	402
<b>Financial liabilities</b>		
Long term financing	1,650,293	520,320
Lease liabilities	56,271	10,189
Short term borrowings	5,204,721	1,820,863



# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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 65.407 million (2022: Rupees 13.351 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:

	2023	2022
	(RUPEES IN THOUSAND)	
Trade debts	4,009,764	3,049,876
Advances	55	27
Deposits	46,291	25,446
Investments	21,755	987,274
Other receivables	13,577	4,869
Bank balances	348,706	113,663
	<b>4,440,148</b>	<b>4,181,155</b>

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 recognized expected credit losses in respect of trade debts as given in Note 20.3 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 2023

	Rating			2023	2022
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
<b>Banks:</b>					
National Bank of Pakistan	A-1+	AAA	VIS	48,861	-
Allied Bank Limited	A1+	AAA	PACRA	13	8
Askari Bank Limited	A1+	AA+	PACRA	15,623	1,574
Habib Bank Limited	A-1+	AAA	VIS	28,295	52,283
MCB Bank Limited	A1+	AAA	PACRA	13	13
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	29,023	16,984
The Bank of Punjab	A1+	AA+	PACRA	145,724	5,342
Bank of Khyber	A1	A+	PACRA	503	4,417
Summit Bank Limited		Suspended	VIS	25	25
Industrial and Commercial Bank of China	P-1	A-2	Moody's	138	500
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	17,416	15,688
Meezan Bank Limited	A-1+	AAA	VIS	62,621	16,475
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	451	354
				16,948	34,508
				348,706	113,663
<b>Short term investments</b>					
Attock Refinery Limited	A1+	AA	PACRA	3,004	3,076
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	513	625
National Refinery Limited	A1+	AA+	PACRA	150	252
Oil and Gas Development Company Limited	A-1+	AAA	VIS	78	79
Pakistan State Oil Company Limited	A-1+	AA+	VIS	3,987	6,172
Habib Bank Limited	A-1+	AAA	VIS	967	1,205
Ghandhara Industries Limited	A1	A+	PACRA	1,852	3,633
The Searle Company Limited	A-1	AA-	VIS	1,811	4,122
United Bank Limited	A-1+	AAA	VIS	588	566
International Steels Limited	A-1	A+	VIS	203	297
Lucky Cement Limited	A-1+	AA+	VIS	6,761	5,945
Dost Steels Limited		Unknown		398	401
				20,312	26,373
<b>Mutual funds</b>					
NBP Financial Sector Income Fund	A+(f)		PACRA	187	162
NBP Islamic Daily Dividend Fund	AA(f)		PACRA	1,243	960,727
Al Meezan Investment Management Limited	AM1		PACRA	13	12
				1,443	960,901
<b>Sub total</b>				21,755	987,274
<b>Grand Total</b>				370,461	1,100,937

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 2023

## (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 2023, the Company had Rupees 7,831 million (2022: Rupees 11,736 million) available borrowing limits from financial institutions and Rupees 372.236 million (2022: Rupees 137.357 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 2023:

	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	3,866,229	5,429,685	723,294	653,337	1,183,729	2,869,325
Lease liabilities	56,271	80,139	9,072	9,072	18,144	43,851
Trade and other payables	1,580,599	1,580,599	1,580,599	-	-	-
Accrued mark-up	411,628	411,628	411,628	-	-	-
Short term borrowings	7,860,721	8,483,028	8,483,028	-	-	-
Unclaimed dividend	783	783	783	-	-	-
Derivative financial liabilities						
Fair value of forward exchange contracts	3,526	3,526	3,526	-	-	-
	13,779,757	15,989,388	11,211,930	662,409	1,201,873	2,913,176

Contractual maturities of financial liabilities as at 30 June 2023:

	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	2,055,330	2,730,752	372,023	365,955	774,351	1,218,423
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						
Fair value of forward exchange contracts	78,667	78,667	78,667	-	-	-
	7,289,353	8,038,571	5,674,381	371,416	774,351	1,218,423

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 / profit 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 2023

## 4.3.2 Financial instruments by categories

	2023			2022		
	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	-	4,009,764	4,009,764	-	3,049,876	3,049,876
Advances	-	55	55	-	27	27
Deposits	-	46,291	46,291	-	25,446	25,446
Short term investments	21,755	-	21,755	987,274	-	987,274
Other receivables	-	13,577	13,577	-	4,869	4,869
Cash and bank balances	-	372,236	372,236	-	137,357	137,357
	21,755	4,441,923	4,463,678	987,274	3,217,575	4,204,849

	2023			2022		
	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						
Long term financing	-	3,866,229	3,866,229	-	2,055,330	2,055,330
Lease liabilities	-	56,271	56,271	-	10,189	10,189
Trade and other payables	3,526	1,580,599	1,584,125	78,667	1,181,125	1,259,792
Accrued mark-up	-	411,628	411,628	-	43,491	43,491
Short term borrowings	-	7,860,721	7,860,721	-	3,919,863	3,919,863
Unclaimed dividend	-	783	783	-	688	688
	3,526	13,776,231	13,779,757	78,667	7,210,686	7,289,353

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

	2023			2022		
	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	4,009,764	-	4,009,764	3,049,876	-	3,049,876
Advances	55	108,848	108,903	27	135,691	135,718
Long term deposits	46,291	-	24,281	25,446	-	23,436
Short term deposits and prepayments	22,010	-	22,010	2,010	748	2,758
Short term investments	21,755	-	21,755	987,274	-	987,274
Other receivables	13,577	41,624	55,201	4,869	30,663	35,532
Cash and bank balances	372,236	-	372,236	137,357	-	137,357
	4,485,688	150,472	4,614,150	4,206,859	167,102	4,371,951



# Notes to the Financial Statements

For the Year ended 30 June 2023

	2023			2022		
	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 -----						
<b>As at 30 June</b>						
<b>Liabilities as per statement of financial position</b>						
Long term financing	3,866,229	-	3,866,229	2,055,330	-	2,055,330
Lease liabilities	56,271	-	56,271	10,189	-	10,189
Trade and other payables	1,584,125	748,775	2,332,900	1,259,792	675,500	1,935,292
Accrued mark-up	411,628	-	411,628	43,491	-	43,491
Short term borrowings	7,860,721	-	7,860,721	3,919,863	-	3,919,863
Unclaimed dividend	783	-	783	688	-	688
	<b>13,779,757</b>	<b>748,775</b>	<b>14,528,532</b>	<b>7,289,353</b>	<b>675,500</b>	<b>7,964,853</b>

### 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, and to make adjustments to it in the light of changes in economic conditions, the Company may adjust the amount of dividends to be paid to shareholders or issue new shares. 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. Borrowings represent long term financing, lease liabilities and short term borrowings obtained by the Company as referred to Note 5, Note 6 and Note 11 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.

	2023	2022
RUPEES IN THOUSAND		
Borrowings	11,783,221	5,985,382
Total equity	12,488,470	10,873,006
<b>Total capital employed</b>	<b>24,271,691</b>	<b>16,858,388</b>
(PERCENTAGE)		
Gearing ratio	48.55	35.50

The increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

# Notes to the Financial Statements

For the Year ended 30 June 2023

## 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) -----			
<b>Recurring fair value measurement</b>				
<b>At 30 June 2023</b>				
<b>Financial assets</b>				
At Fair value through profit or loss	21,755	-	-	21,755
	<b>21,755</b>	<b>-</b>	<b>-</b>	<b>21,755</b>
<b>At 30 June 2022</b>				
At Fair value through profit or loss	987,274	-	-	987,274
	<b>987,274</b>	<b>-</b>	<b>-</b>	<b>987,274</b>
<b>Financial liabilities</b>				
<b>At 30 June 2023</b>				
Derivative financial liabilities	-	3,526	-	3,526
	<b>-</b>	<b>3,526</b>	<b>-</b>	<b>3,526</b>
<b>At 30 June 2022</b>				
Derivative financial liabilities	-	78,667	-	78,667
	<b>-</b>	<b>78,667</b>	<b>-</b>	<b>78,667</b>

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 2023

## (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 2023				
Freehold land	-	970,887	-	970,887
Total non-financial assets	-	970,887	-	970,887
At 30 June 2022				
Freehold land	-	958,332	-	958,332
Total non-financial assets	-	958,332	-	958,332

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 measurements.

### (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. Last valuation of freehold land was 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 2023 of Rupees Nil (2022: Rupees 2) per share at their meeting held on September 25, 2023. 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 2023

## 47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 25, 2023.

## 48. CORRESPONDING FIGURES

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

## 49. 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, 2023

No. of Share Holders	Share Holding		Total Shares Held
	From	To	
62	1	100	976
62	101	500	20,329
53	501	1,000	42,506
70	1,001	5,000	176,745
14	5,001	10,000	102,693
5	10,001	15,000	61,618
5	15,001	20,000	89,700
3	20,001	25,000	67,255
2	25,001	30,000	53,800
1	40,001	45,000	43,619
1	45,001	50,000	50,000
2	55,001	60,000	113,126
1	60,001	65,000	64,974
1	75,001	80,000	79,000
1	100,001	105,000	101,000
2	500,001	505,000	1,008,000
1	510,001	515,000	511,499
1	530,001	535,000	533,577
1	790,001	795,000	790,818
1	860,001	865,000	864,360
1	1,060,001	1,065,000	1,061,256
1	1,265,001	1,270,000	1,266,022
1	1,540,001	1,545,000	1,543,500
1	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
<b>298</b>			<b>102,317,502</b>

Shareholders' Category	No. of Share Holders/Folios	No. of Shares Held	Percentage
<b>Directors, Chief Executive Officer and their spouse :</b>			
-Directors and Spouse	12	71,408,614	69.7912
-Chief Executive Officer	3	24,804,614	24.2428
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions Insurance Companies Modarbas</b>			
Banks, Development Financial Institutions, Non Banking Financial Institutions	3	3,666	0.0036
Insurance Companies	2	7,644	0.0075
Modarbas	1	4,557	0.0045
<b>General Public:</b>			
a. Local	268	6,031,135	5.8945
b. Foreign	-	-	-
Other	9	57,272	0.0560
<b>Total</b>	<b>298</b>	<b>102,317,502</b>	<b>100.0000</b>

## 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





# Form of Proxy

## 37<sup>th</sup> 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 37<sup>th</sup> Annual General Meeting of the Company, to be held on the 27th day of October, 2023 and at any adjournment thereof.

At witness my/our hand /seal this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

### 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

سینٹیسویں سالانہ اجلاس عام  
میں / ہم ساکن \_\_\_\_\_ حامل کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ نمبر \_\_\_\_\_  
اور بطور رکن جے کے سپننگ ملز لمیٹڈ \_\_\_\_\_ حامل کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ نمبر \_\_\_\_\_ یا اس  
کی عدم موجودگی میں \_\_\_\_\_ حامل (CNIC) یا پاسپورٹ نمبر \_\_\_\_\_ کو مورخہ 27 اکتوبر 2023 کو منعقد  
ہونے والے سینٹیسویں 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 \_\_\_\_\_ 2023 ثبت کیے گئے / کی گئی  
گواہان

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

پانچ روپے کاربونیو اسٹمپ

سی ڈی سی اکاؤنٹ نمبر

حصص یافتہ کے دستخط

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





[jkgroup.net](http://jkgroup.net)

## **J.K. SPINNING MILLS LIMITED**

Registered Office:

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

Telephone No. +92-42-36672695

E-mail: [jkgroup@jkgroup.net](mailto:jkgroup@jkgroup.net)