

ANNUAL REPORT 2025



J.K. SPINNING
MILLS LIMITED

إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ



14-10-1940 to 22-03-2025

The Board of Directors and management of the Company are deeply saddened by the passing of our visionary Chairman, Mian Jawed Anwar. His leadership, unwavering commitment, and profound contributions helped shape the Company into what it is today.

Mian Jawed Anwar was more than a Chairman — he was a guiding force, a mentor, and a source of inspiration to all who had the privilege of working with him. His legacy of integrity, resilience, and strategic foresight will continue to guide us in the years to come.

We extend our heartfelt condolences to his family and loved ones during this time of great loss. The Company stands ready to offer its full support to his family in navigating any matters that may arise.

May Allah (SWT) grant him eternal peace and the highest ranks in Jannah. Ameen.



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Company Information

Chairperson

Mrs. Farhat Jehan

Chief Executive

Mr. Faiq Jawed

Directors

Mr. Shaiq Jawed
Mrs. Nageen Faiq
Mrs. Sadaf Aamir Arshad
Mr. Muhammad Tayyab Zahid
Syed Sohaib Mansoor Naqvi

Audit Committee

Chairman Syed Sohaib Mansoor Naqvi
Members Mrs. Farhat Jehan
Mrs. Sadaf Aamir Arshad

HR Committee

Chairman Mr. Muhammad Tayyab Zahid
Members Mr. Shaiq Jawed
Syed Sohaib Mansoor Naqvi

Risk Management Committee

Chairman Mr. Faiq Jawed
Members Mr. Shaiq Jawed
Syed Sohaib Mansoor Naqvi

Nomination Committee

Chairperson Mrs. Farhat Jehan
Members Mr. Faiq Jawed
Mr. Shaiq Jawed

Sustainability Committee

Chairman Mr. Muhammad Tayyab Zahid
Members Mr. Shaiq Jawed
Mr. Sadaf Aamir Arshad

Director Finance

Mr. Ghulam Muhammad

Chief Financial Officer

Khawaja Nadeem Abbas

Company Secretary

Mr. Ghulam Muhammad

Head of Internal Audit

Mr. Farhan Safdar

Auditors

Riaz Ahmad & Company
Chartered Accountants

Legal Advisor

Mahfooz Ahmad Khan Advocates

Registrar's and Share Registration office

CORPTEC Associates (Pvt.) Ltd.,
503-E, Johar Town, Lahore

Bankers

Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
National Bank of Pakistan
Habib Bank Limited
Meezan Bank Limited
Askari Bank Limited
Summit Bank
The Bank of Khyber
Dubai Islamic Bank
Industrial and Commercial Bank of China

Registered office

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

Head Office & Mills

29-KM, Sheikhupura Road, Khurrianwala
Faisalabad.





VISION

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

MISSION

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

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

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



Chairperson's Review

It is a great honor for me to be elected as the Chairperson of the Board of Directors of J.K. Spinning Mills Limited , following the sad demise of our respected leader, Mr. Jawed Anwar (May Allah bless his soul with eternal peace). I pay tribute to his remarkable struggle, vision, and commitment that transformed this organization from its modest beginnings into a leading name in Pakistan's textile industry. His legacy will always be remembered and appreciated in the years ahead. Today, this institution provides employment opportunities to thousands of people, and it will be a challenge for his successors to fill the void he has left behind.

I am deeply grateful to my fellow directors for entrusting me with this responsibility. It is my privilege to present the 39th Annual Report of the Company for the financial year ended June 30, 2025.

Farhat Jehan
Chairperson

ECONOMIC OUTLOOK

The outgoing year was a challenging one for Pakistan's economy. Growth is estimated at 2.7% for FY2025, compared to 2.5% in the previous year, falling short of the government's initial GDP growth target of 3.6%. While fragile recovery has begun, significant challenges remain. Progress has been supported by structural reforms, easing inflation, improved fiscal consolidation, and declining interest rates—reaching 11% by May 2025—under the ongoing IMF Extended Fund Facility program.

KEY ECONOMIC INDICATORS & TRENDS

- GDP Growth: Forecasts range from 2.3% (UN) to 2.7% (World Bank & Ministry of Planning) for FY2025.
- Inflation: Expected to ease to 5–7% in FY2026 (SBP), supported by lower interest rates.
- Fiscal Consolidation: Strengthened by record-high tax collections and measures to reduce public debt.
- Monetary Policy: A tighter policy stance continues, anchoring inflation and stabilizing markets.

GROWTH DRIVERS

- Reforms: Sustained implementation under the IMF program is crucial for long-term stability.
- Private Investment: Improved business confidence and lower inflation/interest rates are expected to stimulate consumption and investment.
- Macroeconomic Stability: Enhanced by disciplined fiscal and monetary management.

CHALLENGES

- Sectoral Weakness: Adverse weather, floods, and pest attacks hampered agriculture; high input costs weakened industrial performance.
- Job Creation: Slower economic growth continues to limit new employment opportunities.
- Political Stability: Governance challenges and political uncertainty remain key risks.

BUSINESS PERFORMANCE

During FY2025, J.K. Spinning Mills Limited demonstrated steadfast commitment to growth through customer engagement and operational improvements. Despite

the closure of 34,000 spindles in the last two months of the year, we achieved our highest-ever revenue of Rs. 42.837 billion, an increase of 2.44% over the previous year.

Gross profit was recorded at 10.85%, while net profit stood at 1.20%. Profitability was adversely impacted by higher raw material costs, increased conversion expenses, and working capital requirements. Nevertheless, our strong reserves and cash generation have further reinforced the Company's financial position.

Key operational highlights include:

- Implementation of our BMR policy to meet customer demand, including the addition of 6,000 rotors now in production.
- Investment of Rs. 161 million in automation, including a flat sheet cross-hemming unit and an automatic pillowcase side-closing unit, with LCs and funding arrangements already secured.
- Expansion of renewable energy capacity: from the current 7.5 MW to a planned 15 MW.

With the grace of Almighty Allah, we remain confident in achieving further successes, supported by financial strength, technical expertise, and the dedication of our employees.

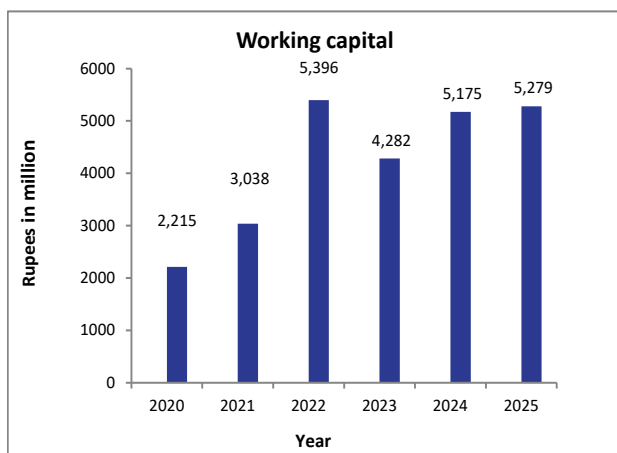
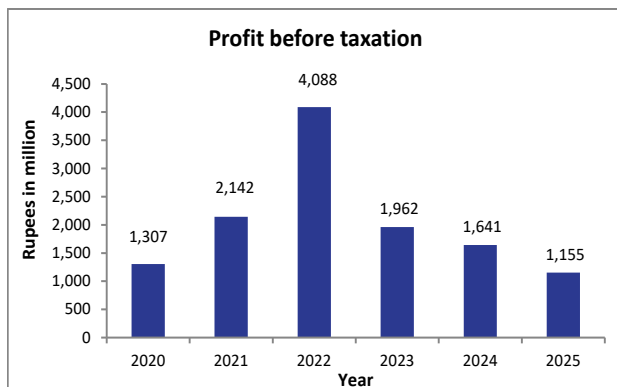
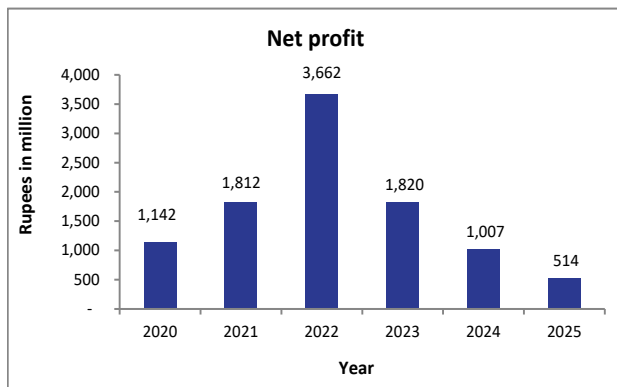
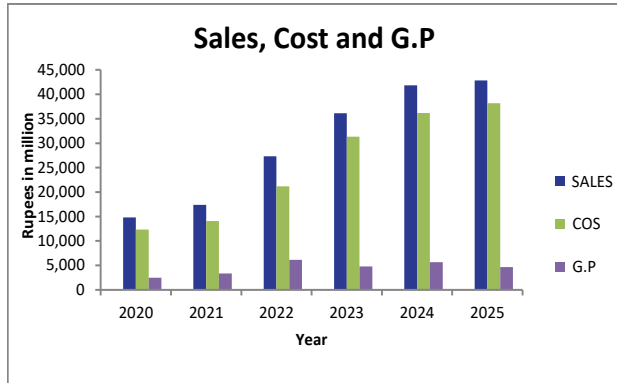
ROLE OF THE BOARD OF DIRECTORS

The Board's performance, assessed against a comprehensive set of criteria, has been exemplary. Its contributions include:

- Clear alignment with the Company's vision, mission, and values;
- Formulating strategic plans and making decisions in the best interest of stakeholders;
- Ongoing review of performance, incorporating findings from auditors and consultants;
- Maintaining a balanced mix of executive, non-executive, and independent directors;
- Rigorous evaluation of investment proposals;
- Upholding robust internal controls and governance practices.

Our Board Committees continue to provide critical insights and support, with clearly defined Terms of Reference and members selected for their skills and expertise. Regular meetings ensured thorough deliberation on all key matters.

Chairperson's Review



SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

We are committed to being a responsible corporate citizen. Our CSR initiatives aim to contribute positively to society, particularly in education, health, and women empowerment. We are also advancing sustainability through:

- Investment in renewable energy, reducing both our carbon footprint and production costs;
- Strengthening workplace health and safety standards;
- Supporting social development projects for the wider community.

LOOKING AHEAD

The management of J.K. Spinning Mills remains dedicated to enhancing sustainability, competitiveness, and community engagement. We are committed to expanding renewable energy projects, continuing investments in automation and modernization, and strengthening our initiatives in education, health, and women empowerment.

At the same time, we recognize that Pakistan's economy is likely to remain under pressure due to the devastating impact of the recent floods, which have severely affected agriculture and disrupted supply chains. These challenges will inevitably influence overall economic performance and create uncertainties for the business environment. Nevertheless, with our strong financial position, resilient workforce, and clear strategic direction, we are confident in our ability to navigate these headwinds and continue contributing positively to the Company's growth and to the national economy.

فرہت جہان

Farhat Jehan
Chairperson

Faisalabad
September 17, 2025



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 J.K. Spinning Mills Limited are pleased to present the financial results of the Company together with the audited financial statements for the year ended June 30, 2025.

Financial Highlights

The financial year under review proved to be highly challenging for the textile sector due to a stringent monetary policy, sluggish recoveries in global markets, persistent inflationary pressures, and political instability in the country. Despite these adversities, the Company managed to maintain performance at a controlled level.

A summary of financial highlights is as under:

	2025	2024
	Rupees in Thousand	
Revenue	42,837,847	41,816,395
Gross Profit	4,648,557	5,642,046
Profit before Levy & Taxation	1,155,128	1,641,443
Levy/Taxation	641,267	634,932
Profit after Taxation	513,861	1,006,511
GP ratio	10.85%	13.49%
NP ratio	1.19%	2.40%

Dividend:

The Company remains committed to enhancing shareholder value and ensuring sustainable returns over the long term. In its meeting held on September 17, 2025, the Board of Directors recommended a cash dividend of 20% (Rs. 2 per share) for the ordinary shareholders, excluding Directors, CEO, their spouses, and close relatives. (June 30, 2024: Nil).

Earnings Per Share

Earnings per share (EPS) for the year ended June 30, 2025 stood at Rs. 5.02 per share, compared to Rs. 9.84 per share in the previous year.

Corporate And Financial Reporting Framework:

The Board of Directors is committed to the highest standards of corporate governance. The Company has complied with the Code of Corporate Governance as required by SECP and the Pakistan Stock Exchange. The Auditor's review report on the Statement of Compliance forms part of this Annual Report.



The Directors confirm that:

- The financial statements present fairly the state of affairs, results of operations, cash flows, and changes in equity.
- Proper books of account have been maintained.
- Consistent accounting policies and prudent estimates have been applied.
- International Accounting Standards applicable in Pakistan have been followed with adequate disclosure of departures, if any.
- The system of internal control is sound in design and effectively implemented. Internal audit continuously monitors and strengthens controls.
- The Company has the ability to continue as a going concern.
- No material departure from best practices of corporate governance occurred.
- There was no default in the repayment of debts during the year.
- No material post-balance sheet events occurred that could affect the Company's financial position.
- Information regarding outstanding taxes and levies is given in the notes to the accounts.
- Environmental standards are observed, and no activity harmful to the environment is carried out.
- Provident Fund Trust audited accounts showed

a value of Rs. 646.956 million as on June 30, 2024.

- The number of employees stood at 2,880 (2024: 3,198).
- No trades in Company shares were carried out by Directors, CEO, CFO, Company Secretary, or their spouses/minor children during the year.

Risk Management

The Board of Directors oversees risk management through a comprehensive framework supervised by the Risk Management Committee (RMC). This ensures protection of assets, financial integrity, operational efficiency, and compliance with legal/regulatory requirements.

- Strategic Risks: Tackled through innovation, technology upgradation (BMR), and integrated decision-making across divisions.
- Internal Financial Controls: Regularly reviewed through Internal Audit with emphasis on fraud prevention, risk mitigation, and compliance.

Opportunities

As one of Pakistan's leading textile manufacturers, the Company is well-positioned to avail opportunities such as:

- Regionally diversified export base ensuring



sustainable growth.

- Strong domestic demand from vibrant local industry.
- Vertical integration enabling operational efficiencies.
- Abundant manpower due to the country's demographic profile.

Corporate Social Responsibility (CSR)

The Company actively contributes to social welfare and national development through:

- Significant payments of taxes, duties, and levies.
- Export earnings that help strengthen Pakistan's foreign exchange reserves.
- Equal employment opportunities based on merit, without bias of gender, class, ethnicity, or religion.
- Safe and conducive work environment promoting continuous learning.
- Investment in employee health and wellness programs.
- Planned installation of wastewater treatment plants in the home textile division as part of eco-friendly initiatives.

Sustainability & Development

Sustainability remains a core value of JKS. The Company integrates environmental stewardship, social responsibility, and ethical governance into its operations to create long-term value for stakeholders while safeguarding the planet.

Board Composition and Meetings

As of June 30, 2025, the Board comprised seven (7) members with diverse backgrounds and expertise:

Category	No. of Directors
Independent Directors	2
Non-Executive Directors	3
Executive Directors	2
Total	7

Name of Director	Meetings Attended
Mrs. Farhat Jehan Chairperson/ Non-Executive Director	03
Mr. Faiq Jawed Chief Executive Officer/Executive Director	04
Mr. Shaiq Jawed Executive Director	04
Syed Sohaib Mansoor Naqvi Independent Director	04
Mrs. Nageen Faiq Non-Executive Director	01
Mrs. Sadaf Aamir Arshad Non-Executive Director	04
Mr. Muhammad Tayyab Zahid Independent Director	04
Mr. Jawed Anwar Late/Retired Ex-Chairman/Non-Executive Director	03

Tribute & Board Changes

During the year, the Board of Directors deeply mourned the sad demise of Mr. Jawed Anwar, Chairman and a long-serving Director of J.K. Spinning Mills Limited. His vision, dedication, and invaluable contributions played a pivotal role in the growth and success of the Company. The Board places on record its highest appreciation for his services and prays to Almighty Allah to grant him eternal peace.

The Board also extends a warm welcome to Mrs. Nageen Faiq, who has joined as a Non-Executive Director. The Board looks forward to her valuable guidance and contributions towards the continued progress of the Company.

Committees of the Board

The Audit Committee, Human Resource Committee, Risk Management Committee, and Nomination Committee functioned in line with their terms of reference.



Attendance records of committees are as under

Audit Committee

Names	Meetings Attended
Syed Sohaib Mansoor Naqvi(Chairman)	04
Mrs. Farhat Jehan	04
Mrs. Sadaf Aamir Arshad	04

HUMAN RESOURCE COMMITTEE

One meeting of human resource committee was held and attendance is as under:

Names	Meetings Attended
Mr.Muhammad Tayyab Zahid (Chairman)	01
Mr. Shaiq Jawed	01
Syed Sohaib Mansoor Naqvi	01

RISK MANAGEMENT COMMITTEE

Risk management committee met one time. The names of Directors and their attendance are given below :

Names	Meetings Attended
Mr. Faiq Jawed (Chairman)	01
Mr. Shaiq Jawed	01
Syed Sohaib Mansoor Naqvi	01

NOMINATION COMMITTEE

This committee met twice in a year, the names of its Directors and their attendance are given below:

Names	Meetings Attended
Mrs. Farhat Jehan (Chairperson)	01
Mr. Faiq Jawed	02
Mr. Shaiq Jawed	02
Mr. Jawed Anwar/Retired	01

SUSTAINABILITY COMMITTEE

One meeting of Sustainability committee was held and attendance is as under:

Names	Meetings Attended
Mr.Muhammad Tayyab Zahid(Chairman)	01
Mr. Shaiq Jawed	01
Mrs. Sadaf Aamir	01

Directors' Training

All Directors are fully conversant with their duties. Those required to obtain certification under the Directors' Training Program have either completed it or are exempt due to experience. Newly appointed Directors will complete training in due course.

Directors' Remuneration

The Board determines remuneration in line with the Code of Corporate Governance, ensuring no Director participates in the decision regarding his/her own remuneration. Details of Directors' and CEO's remuneration are provided in the notes to the financial statements.

Auditors

M/s Riaz Ahmad & Company, Chartered Accountants, retire at the conclusion of the Annual General Meeting and, being eligible, have offered themselves for reappointment for the year ending June 30, 2026. The Audit Committee and the Board recommend their reappointment.

Chairperson's Review

The accompanying Chairperson's Review covers the Company's principal activities, major developments, and future outlook, duly endorsed by the Board of Directors.



Events after Reporting Period

No significant events occurred after the reporting period that require disclosure in this report.

Acknowledgement

The Board of Directors gratefully acknowledges the support of valued clients, bankers, and stakeholders. We also record our appreciation for the dedication and hard work of the management, staff, and workers of the Company.

For and on behalf of Board of Directors

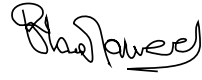
FAIQ JAWED
Chief Executive Officer

Shaiq Jawed
Director

Faisalabad
September 17, 2025

اعتراف:

بورڈ آف ڈائریکٹرز قابل قدر کائنات، بینکرز اور اسٹیک ہولڈرز کے تعاون کا شکر گزار اعتراف کرتا ہے۔ ہم کمپنی کی انتظامیہ، عملے اور کارکنوں کی لگن اور محنت کے لیے اپنی تعریف بھی ریکارڈ کرتے ہیں۔



شائق جاوید
ڈائریکٹر



فاق جاوید
چیف ایگزیکٹو

منجانب بورڈ آف ڈائریکٹرز:
فیصل آباد: ستمبر 17، 2025

پائیداری کمیٹی:

پائیداری کمیٹی کا ایک اجلاس منعقد ہوا اور حاضری حسب ذیل ہے:

نام	میٹنگز میں حاضری
مسٹر محمد طیب زاہد (چیئرمین)	01
مسٹر شائق جاوید	01
صدف عامر	01

ڈائریکٹرز کی تربیت:

تمام ڈائریکٹرز اپنے فرائض سے پوری طرح واقف ہیں۔ ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کرنے کے لیے درکار افراد نے یا تو اسے مکمل کر لیا ہے یا تجربے کی وجہ سے مستثنیٰ ہیں۔ نئے تعینات ہونے والے ڈائریکٹر مقررہ وقت پر تربیت مکمل کریں گے۔

ڈائریکٹرز کا معاوضہ:

بورڈ کو ڈ آف کارپوریٹ گورننس کے مطابق معاوضے کا تعین کرتا ہے، اس بات کو یقینی بناتے ہوئے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے بارے میں فیصلے میں شریک نہ ہو۔ ڈائریکٹرز اور سی ای او کے معاوضے کی تفصیلات مالی بیانات کے نوٹس میں فراہم کی گئی ہیں۔

آڈیٹرز:

میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جاتے ہیں اور اہل ہوتے ہوئے، 30 جون 2026 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ ان کی دوبارہ تقرری کی سفارش کرتے ہیں۔

چیئر پرسن کا جائزہ:

ساتھی چیئر پرسن کے جائزے میں کمپنی کی بنیادی سرگرمیوں، اہم پیشرفت، اور مستقبل کے نقطہ نظر کا احاطہ کیا گیا ہے، جس کی بورڈ آف ڈائریکٹرز کی طرف سے باقاعدہ توثیق کی گئی ہے۔

رپورٹنگ کی مدت کے بعد کے واقعات:

رپورٹنگ کی مدت کے بعد کوئی اہم واقعہ پیش نہیں آیا جس کے لیے اس رپورٹ میں انکشاف ضروری ہے۔

کمیٹیوں کی حاضری کا ریکارڈ حسب ذیل ہے۔
آڈٹ کمیٹی:

میٹنگز میں حاضری

04

نام
سید صہیب منصور نقوی (چیئر مین)

04

مسز فرحت جہاں

04

مسز صدف عامر ارشد

ہیومن ریسورس کمیٹی:

انسانی وسائل کمیٹی کا ایک اجلاس منعقد ہوا اور حاضری حسب ذیل ہے:

میٹنگز میں حاضری

01

نام
مسٹر محمد طیب زاہد (چیئر مین)

01

مسٹر شائق جاوید

01

سید صہیب منصور نقوی

رسک مینجمنٹ کمیٹی:

رسک مینجمنٹ کمیٹی کا ایک بار اجلاس ہوا۔ ڈائریکٹرز کے نام اور ان کی حاضری درج ذیل ہے:

میٹنگز میں حاضری

01

نام
مسٹر شائق جاوید (چیئر مین)

01

مسٹر شائق جاوید

01

سید صہیب منصور نقوی

نامزدگی کمیٹی:

اس کمیٹی کا دو بار اجلاس ہوا۔ ڈائریکٹرز کے نام اور ان کی حاضری درج ذیل ہے:

میٹنگز میں حاضری

01

نام
مسز فرحت جہاں (چیئر پرسن)

02

مسٹر شائق جاوید

02

مسٹر شائق جاوید

01

مسٹر جاوید انوار لیٹ (ریٹائرڈ)

بورڈ کی تشکیل اور میٹنگز۔

30 جون 2025 تک، بورڈ میں متنوع پس منظر اور مہارت رکھنے والے سات (7) اراکین شامل تھے:

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

نام	میٹنگز میں حاضری
فرحت جہاں	چیئر پرسن / نان ایگزیکٹو ڈائریکٹرز
فائق جاوید	03
شائق جاوید	04
سید صہیب منصور نقوی	04
نگین فائق	04
صف عامر ارشد	01
محمد طیب زاہد	04
جاوید انوار لیٹ (ریٹائرڈ)	04
	03

خراج تحسین اور بورڈ کی تبدیلیاں:

سال کے دوران، بورڈ آف ڈائریکٹرز نے جناب جاوید انور، چیئر مین اور طویل عرصے تک جے کے کے ڈائریکٹر رہنے والے کے انتقال پر گہرے رنج و غم کا اظہار کیا۔ سپننگ ملز لمیٹڈ ان کے وژن، لگن، اور انمول شراکت نے کمپنی کی ترقی اور کامیابی میں اہم کردار ادا کیا۔ بورڈ ان کی خدمات کو ریکارڈ پر سب سے زیادہ خراج تحسین پیش کرتا ہے اور اللہ تعالیٰ سے دعا کرتا ہے کہ وہ انہیں ابدی سکون عطا فرمائے۔

بورڈ مسز نگین فائق کا بھی پر تپاک خیر مقدم کرتا ہے، جنہوں نے بطور نان ایگزیکٹو ڈائریکٹر شمولیت اختیار کی ہے۔ بورڈ کمپنی کی مسلسل ترقی کے لیے ان کی گرانقدر رہنمائی اور شراکت کا منتظر ہے۔

بورڈ کی کمیٹیاں:

آڈٹ کمیٹی، ہیومن ریسورس کمیٹی، رسک مینجمنٹ کمیٹی، اور نامزدگی کمیٹی نے اپنی شرائط کے مطابق کام کیا۔

رہسک مینجمنٹ:

بورڈ آف ڈائریکٹرز رہسک مینجمنٹ کمیٹی (RMC) کے زیر نگرانی ایک جامع فریم ورک کے ذریعے رہسک مینجمنٹ کی نگرانی کرتا ہے۔ یہ اثاثوں کے تحفظ، مالی سالمیت، آپریشنل کارکردگی، اور قانونی/ریگولیٹری تقاضوں کی تعمیل کو یقینی بناتا ہے۔

اسٹریٹجک خطرات:

جدت، ٹیکنالوجی اپ گریڈیشن (BMR)، اور ڈیجیٹل میں مربوط فیصلہ سازی کے ذریعے نمٹا گیا۔

اندرونی مالیاتی کنٹرول:

دھوکہ دہی کی روک تھام، خطرے میں کمی، اور تعمیل پر زور دیتے ہوئے اندرونی آڈٹ کے ذریعے باقاعدگی سے جائزہ لیا جاتا ہے۔

مواقع:

پاکستان کے معروف ٹیکسٹائل مینوفیکچررز میں سے ایک کے طور پر، کمپنی مواقع سے فائدہ اٹھانے کے لیے اچھی پوزیشن میں ہے جیسے:

• علاقائی طور پر متنوع برآمدی بنیاد پائیدار ترقی کو یقینی بنانا۔

• متحرک مقامی صنعت سے مضبوط گھریلو مانگ۔

• عمودی انضمام آپریشنل صلاحیتوں کو چالو کرتا ہے۔

• ملک کے آبادیاتی پروفائل کی وجہ سے وافر افرادی قوت۔

کارپوریٹ سماجی ذمہ داری (CSR):

کمپنی سماجی، بہبود اور قومی ترقی میں فعال طور پر حصہ ڈالتی ہے:

• ٹیکسوں، ڈیوٹیوں، اور محصولات کی اہم ادا نیکیاں۔

• برآمدی آمدنی جو پاکستان کے زرمبادلہ کے ذخائر کو مضبوط کرنے میں مدد کرتی ہے۔

• جنس، طبقے، نسل یا مذہب کے تعصب کے بغیر، میرٹ کی بنیاد پر روزگار کے مساوی مواقع۔

• محفوظ اور سازگار کام کا ماحول جو مسلسل سیکھنے کو فروغ دیتا ہے۔

• ملازمین کی صحت اور تندرستی کے پروگراموں میں سرمایہ کاری۔

• ماحول دوست اقدامات کے حصے کے طور پر ہوم ٹیکسٹائل ڈویژن میں گندے پانی کی صفائی کے پلانٹس کی منصوبہ بندی کی تنصیب۔

پائیداری اور ترقی:

پائیداری JKS کی بنیادی قدر ہے۔ کمپنی سارے کی حفاظت کے ساتھ ساتھ اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کے لیے ماحولیاتی ذمہ

داری، سماجی ذمہ داری، اور اخلاقی حکمرانی کو اپنی کارروائیوں میں ضم کرتی ہے۔

کارپوریٹ گورننس سے ہم آہنگی:

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

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

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

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

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

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

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

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

• کمپنی نے سال کے دوران اپنی ادائیگیوں میں کوئی ڈفالٹ نہیں کیا ہے۔

• واجب الادا ٹیکسز اور ڈیوٹیوں کی تفصیلات اکاؤنٹس کے نوٹس میں درج ہیں۔

• کمپنی کا کوئی بھی کاروبار ماحولیاتی تبدیلیوں پر رُبر اثر نہیں ڈال رہا۔

• پراویڈنٹ فنڈ کی انوسٹمنٹ کی قدر آڈٹ شدہ مالیاتی سال 2024 کے اختتام پر 646.956 ملین روپے تھی۔

• سال 2025 کے اختتام پر کمپنی کے ملازمین کی تعداد 2,880 ہے جبکہ پچھلے سال یہ تعداد 3,198 تھی۔

• کمپنی کے ڈائریکٹرز، ای او، ایف او، سیکریٹری اور ان کے سپاؤسز اور کم عمر بچوں نے کمپنی کے حصص میں کوئی کام نہیں کیا۔

ڈائریکٹر رپورٹ برائے حصص یافتگان:

ڈائریکٹر رپورٹ برائے حصص یافتگان:

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

معزز حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2025 کی ختم ہونے والے سال کے آڈٹ شدہ مالیاتی حسابات کے ساتھ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی شہ سُر خیاں:

زیر جائزہ مالی سال سخت مانیٹری پالیسی، عالمی منڈیوں میں سست ریکوری، مہنگائی کے مسلسل دباؤ اور ملک میں سیاسی عدم استحکام کی وجہ سے ٹیکسٹائل سیکٹر کے لیے انتہائی چیلنجنگ ثابت ہوا۔ ان مشکلات کے باوجود، کمپنی کنٹرول سطح پر کارکردگی کو برقرار رکھنے میں کامیاب رہی۔ مالیاتی جھلکیوں کا خلاصہ حسب ذیل ہے:

روپے ہزار میں

تفصیلات	2024	2025
آمدنی	41,816,395	42,837,847
مجموعی منافع	5,642,046	4,648,557
قبل از ٹیکس منافع	1,641,443	1,155,128
ٹیکس	634,932	641,267
سال کا منافع	1,006,511	513,861
جی پی کا تناسب	13.49%	10.85%
این پی کا تناسب	2.40%	1.19%

ڈیویڈنڈ:

کمپنی حصص یافتگان کی قدر کو بڑھانے اور طویل مدت میں پائیدار منافع کو یقینی بنانے کے لیے پرمزم ہے۔ 17 ستمبر 2025 کو ہونے والی اپنی میٹنگ میں، بورڈ آف ڈائریکٹرز نے ڈائریکٹرز، سی ای او، ان کی شریک حیات، اور قریبی رشتہ داروں کو چھوڑ کر عام شیئر ہولڈرز کے لیے 20% (2 روپے فی شیئر) کیش ڈیویڈنڈ کی سفارش کی۔ (30 جون، 2024: صفر)۔

آمدنی فی شیئر:

فی شیئر آمدنی برائے مالیاتی سال 30 جون 2025 میں 5.02 روپے فی شیئر رہی۔ مقابلتا پچھلے سال کی فی شیئر آمدن 9.84 روپے فی شیئر تھی۔

Vertical Analysis

	2025		2024		2023		2022		2021		2020	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET												
TOTAL EQUITY	14,043,215	44%	13,494,981	44%	12,488,470	45%	10,873,006	57%	7,163,579	52%	5,424,983	48%
NON-CURRENT LIABILITIES	3,320,892	10%	3,031,334	10%	3,556,698	13%	1,747,305	9%	1,376,127	10%	1,368,712	12%
CURRENT LIABILITIES	14,644,669	46%	14,038,696	46%	11,468,414	42%	6,597,201	34%	5,347,334	39%	4,458,020	40%
TOTAL LIABILITIES	17,965,561	56%	17,070,030	56%	15,025,112	55%	8,344,506	43%	6,723,461	48%	5,826,732	52%
TOTAL EQUITY AND LIABILITIES	32,008,776	100%	30,565,011	100%	27,513,582	100%	19,217,512	100%	13,887,040	100%	11,251,715	100%
ASSETS												
NON-CURRENT ASSETS	11,997,910	37%	11,351,059	37%	11,762,765	43%	7,224,150	38%	5,501,678	40%	4,578,730	41%
CURRENT ASSETS	20,010,866	63%	19,213,952	63%	15,750,817	57%	11,993,362	62%	8,385,362	60%	6,672,985	59%
TOTAL ASSETS	32,008,776	100%	30,565,011	100%	27,513,582	100%	19,217,512	100%	13,887,040	100%	11,251,715	100%
PROFIT AND LOSS ACCOUNT												
SALES	42,837,847	100.00%	41,816,395	100.00%	36,128,679	100.00%	27,332,542	100.00%	17,402,936	100.00%	14,827,225	100.00%
COST OF SALES	38,189,290	89.15%	36,174,349	86.51%	31,342,388	86.75%	21,171,839	77.46%	14,070,969	80.85%	12,328,599	83.15%
GROSS PROFIT	4,648,557	10.85%	5,642,046	13.49%	4,786,291	13.25%	6,160,703	22.54%	3,331,967	19.15%	2,498,626	16.85%
DISTRIBUTION COST	1,413,195	3.30%	1,316,123	3.15%	1,146,835	3.17%	1,036,494	3.79%	432,817	2.49%	336,092	2.27%
ADMINISTRATIVE EXPENSES	602,332	1.41%	583,482	1.40%	505,016	1.40%	424,443	1.55%	373,846	2.15%	337,602	2.28%
OTHER OPERATING EXPENSES	270,647	0.63%	118,464	0.28%	321,701	0.89%	506,137	1.85%	165,373	0.95%	133,636	0.90%
	2,286,174	5.34%	2,018,069	4.83%	1,973,552	5.46%	1,967,074	7.20%	972,036	5.59%	807,330	5.44%
	2,362,383	5.51%	3,623,977	8.67%	2,812,739	7.79%	4,193,629	15.34%	2,359,931	13.56%	1,691,296	11.41%
OTHER OPERATING INCOME	592,652	1.38%	424,702	1.02%	105,381	0.29%	266,184	0.97%	49,016	0.28%	12,214	0.08%
PROFIT FROM OPERATIONS	2,955,035	6.90%	4,048,679	9.68%	2,918,120	8.08%	4,459,813	16.32%	2,408,947	13.84%	1,703,510	11.49%
FINANCE COST	1,799,907	4.20%	2,407,236	5.76%	955,976	2.65%	371,888	1.36%	266,541	1.53%	396,618	2.67%
PROFIT BEFORE TAXATION AND LEVY	1,155,128	2.70%	1,641,443	3.93%	1,962,144	5.43%	4,087,925	14.96%	2,142,406	12.31%	1,306,892	8.81%
LEVY AND TAXATION	641,267	1.50%	634,932	1.52%	142,045	0.39%	426,405	1.56%	330,726	1.90%	164,920	1.11%
PROFIT AFTER TAXATION	513,861	1.20%	1,006,511	2.41%	1,820,099	5.04%	3,661,520	13.40%	1,811,680	10.41%	1,141,972	7.70%

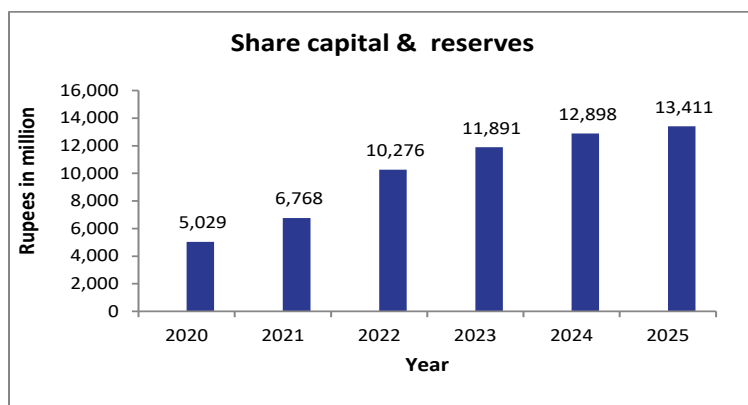
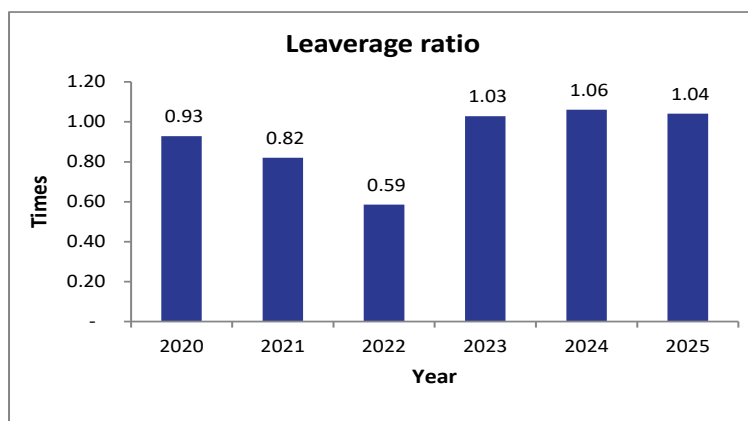
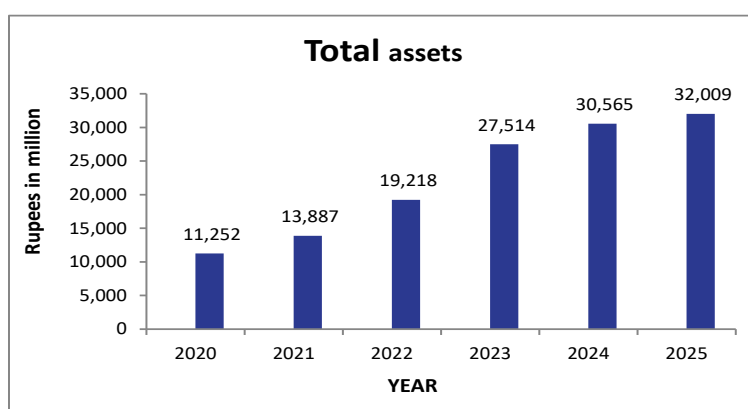
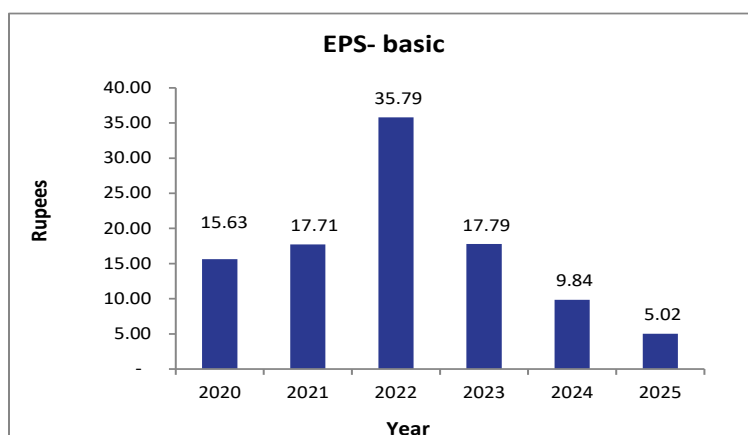
Horizontal Analysis Based on Year 2020

	2025		2024		2023		2022		2021		2020	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET												
TOTAL EQUITY	14,043,215	259%	13,494,981	249%	12,488,470	230%	10,873,006	200%	7,163,579	132%	5,424,983	100%
NON-CURRENT LIABILITIES	3,320,892	243%	3,031,334	221%	3,556,698	260%	1,747,305	128%	1,376,127	101%	1,368,712	100%
CURRENT LIABILITIES	14,644,669	329%	14,038,696	315%	11,468,414	257%	6,597,201	148%	5,347,334	120%	4,458,020	100%
TOTAL LIABILITIES	17,965,561	308%	17,070,030	293%	15,025,112	258%	8,344,506	143%	6,723,461	115%	5,826,732	100%
TOTAL EQUITY AND LIABILITIES	32,008,776	284%	30,565,011	272%	27,513,582	245%	19,217,512	171%	13,887,040	123%	11,251,715	100%
ASSETS												
NON-CURRENT ASSETS	11,997,910	262%	11,351,059	248%	11,762,765	257%	7,224,150	158%	5,501,678	120%	4,578,730	100%
CURRENT ASSETS	20,010,866	300%	19,213,952	288%	15,750,817	236%	11,993,362	180%	8,385,362	126%	6,672,985	100%
TOTAL ASSETS	32,008,776	284%	30,565,011	272%	27,513,582	245%	19,217,512	171%	13,887,040	123%	11,251,715	100%
PROFIT AND LOSS ACCOUNT												
SALES	42,837,847	289%	41,816,395	282%	36,128,679	244%	27,332,542	184%	17,402,936	117%	14,827,225	100%
COST OF SALES	38,189,290	310%	36,174,349	293%	31,342,388	254%	21,171,839	172%	14,070,969	114%	12,328,599	100%
GROSS PROFIT	4,648,557	186%	5,642,046	226%	4,786,291	192%	6,160,703	247%	3,331,967	133%	2,498,626	100%
DISTRIBUTION COST	1,413,195	420%	1,316,123	392%	1,146,835	341%	1,036,494	308%	432,817	129%	336,092	100%
ADMINISTRATIVE EXPENSES	602,332	178%	583,482	173%	505,016	150%	424,443	126%	373,846	111%	337,602	100%
OTHER OPERATING EXPENSES	270,647	203%	118,464	89%	321,701	241%	506,137	379%	165,373	124%	133,636	100%
	2,286,174	283%	2,018,069	250%	1,973,552	244%	1,967,074	244%	972,036	120%	807,330	100%
	2,362,383	140%	3,623,977	214%	2,812,739	166%	4,193,629	248%	2,359,931	140%	1,691,296	100%
OTHER OPERATING INCOME	592,652	4852%	424,702	3477%	105,381	863%	266,184	2179%	49,016	401%	12,214	100%
PROFIT FROM OPERATIONS	2,955,035	173%	4,048,679	238%	2,918,120	171%	4,459,813	262%	2,408,947	141%	1,703,510	100%
FINANCE COST	1,799,907	454%	2,407,236	607%	955,976	241%	371,888	94%	266,541	67%	396,618	100%
PROFIT BEFORE TAXATION AND LEVY	1,155,128	88%	1,641,443	126%	1,962,144	150%	4,087,925	313%	2,142,406	164%	1,306,892	100%
LEVY AND TAXATION	641,267	389%	634,932	385%	142,045	86%	426,405	259%	330,726	201%	164,920	100%
PROFIT AFTER TAXATION	513,861	45%	1,006,511	88%	1,820,099	159%	3,661,520	321%	1,811,680	159%	1,141,972	100%

Key Operating and Financial Results

for last six years

		RUPEES in 000					
PARTICULARS		2025	2024	2023	2022	2021	2020
SUMMARIZED BALANCE SHEET							
NON-CURRENT ASSETS							
Property, Plant And Equipment		11,741,237	11,290,876	11,664,607	7,170,940	5,418,923	4,518,840
Long Term Loans		-	-	-	-	-	-
Other Non-Current Assets		256,673	60,183	98,158	53,210	82,755	59,890
CURRENT ASSETS							
Stores, Spares And Loose Tools		359,154	324,899	283,957	204,533	142,424	104,773
Stock In Trade		11,107,260	10,674,019	8,489,011	6,911,108	5,809,836	4,805,601
Trade Debts		5,287,163	4,293,691	4,009,764	3,049,876	1,697,846	1,267,348
Other Current Assets		3,257,289	3,921,343	2,968,085	1,827,845	735,256	495,263
TOTAL ASSETS		32,008,776	30,565,011	27,513,582	19,217,512	13,887,040	11,251,715
Share Holders' Equity							
Surplus on Revaluation of Operating Fixed Assets		631,792	597,419	597,419	597,419	396,036	396,036
NON-CURRENT LIABILITIES							
Long Term Financing		3,297,832	2,993,657	3,510,224	1,535,085	1,131,883	1,087,110
Liabilities Against Assets Subject To Finance Lease		23,060	37,677	46,474	-	10,078	25,084
Deferred Tax		-	-	-	212,220	231,949	228,902
Other Non-Current Liabilities		-	-	-	-	2,217	27,616
CURRENT LIABILITIES							
Short Term Borrowings		9,803,222	9,763,274	7,860,721	3,919,863	3,816,833	3,173,375
Current Portion of Long Term Liabilities		857,704	919,687	862,382	564,323	591,354	380,927
Other Current Liabilities		3,983,743	3,355,735	2,745,311	2,113,015	939,147	903,718
Total Equity And Liabilities		32,008,776	30,565,011	27,513,582	19,217,512	13,887,040	11,251,715
PROFIT & LOSS							
Sales		42,837,847	41,816,395	36,128,679	27,332,542	17,402,936	14,827,225
Gross Profit		4,648,557	5,642,046	4,786,291	6,160,703	3,331,967	2,498,626
EBITDA		4,061,715	5,156,933	3,504,315	4,949,995	2,821,796	2,117,946
Profit From Operations		2,955,035	4,048,679	2,918,120	4,459,813	2,408,947	1,703,510
Profit Before Tax		1,155,128	1,641,443	1,962,144	4,087,925	2,142,406	1,306,892
Profit After Tax		513,861	1,006,511	1,820,099	3,661,520	1,811,680	1,141,972
CASH FLOWS							
Cash Flow From Operating Activities		1,700,635	(525,747)	(1,705,268)	2,680,369	483,835	37,203
Cash Flow From Investing Activities		(2,117,301)	(657,330)	(4,055,843)	(2,961,622)	(1,279,971)	(406,053)
Cash Flow From Financing Activities		267,162	1,433,707	5,995,990	313,501	809,690	386,658
Changing In Cash & Cash Equivalents		(149,504)	250,630	234,879	32,248	13,554	17,808
Cash & Cash Equivalents - Year End		472,879	618,656	372,236	137,357	105,109	91,555
PROFITABILITY RATIOS							
Gross Profit	%	10.85	13.49	13.25	22.54	19.15	16.85
EBITDA To Sales	%	9.48	12.33	9.70	18.11	16.21	14.28
Pre Tax Profit	%	2.70	3.93	5.43	14.96	12.31	8.81
After Tax Profit	%	1.20	2.41	5.04	13.40	10.41	7.70
Return On Equity	%	3.83	7.80	15.31	35.63	26.77	22.71
Return On Capital Employed	%	3.08	6.33	11.82	31.00	22.93	18.67
Dividend Rate (Cash)	%	20.00	-	-	20.00	15.00	10.00
Leverage Ratio		1.04	1.06	1.03	0.59	0.82	0.93
LIQUIDITY RATIOS							
Current Ratio	Times	1.37	1.37	1.37	1.82	1.57	1.50
Quick Ratio	Times	0.58	0.59	0.61	0.74	0.46	0.40
Cash To Current Liabilities	Times	0.03	0.04	0.03	0.02	0.02	0.02
Cash Flows From Operation To Sales	Times	0.04	(0.01)	(0.05)	0.10	0.03	0.00
Debt To EBITDA	Times	3.44	2.66	3.50	1.22	1.97	2.20
EBITDA To Debt	Times	0.29	0.38	0.29	0.82	0.51	0.45
Debt Service Coverage Ratio (DSCR)	Times	1.60	1.68	2.44	5.62	4.08	3.32
Intrest Coverage Ratio (ICR)	Times	1.64	1.68	3.05	11.99	9.04	4.30



Statement of Compliance

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

For the year ended June 30, 2025

Name of Company: J. K. Spinning Mills Limited
Year Ended: June 30, 2025

Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

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

Gender	Number
Male	4 (Four)
Female	3 (Three)

2. The composition of Board is as follows:

Category	Names
Independent Directors	Syed Sohaib Mansoor Naqvi Mr. Muhammad Tayyab Zahid
Non-Executive Directors	Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad Mrs. Nageen Faiq
Executive Directors	Mr. Faiq Jawed Mr. Shaiq Jawed

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 Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the

8. The Board has 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, appointed during the year after elections, 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 committees comprising of members given below:

a) Audit Committee	Syed Sohaib Mansoor Naqvi, Chairman Mrs. Farhat Jehan, Member Mrs. Sadaf Aamir Arshad, Member
b) HR and Remuneration Committee	Mr. Muhammad Tayyab Zahid, Chairman Mr. Shaiq Jawed, Member Syed Sohaib Mansoor Naqvi, Member
c) Nomination Committee	Mrs. Farhat Jehan, Chairperson Mr. Faiq Jawed, Member Mr. Shaiq Jawed, Member
d) Risk Management Committee	Mr. Faiq Jawed, Chairman Mr. Shaiq Jawed, Member Syed Sohaib Mansoor Naqvi, Member
e) Sustainability Committee	Mr. Muhammad Tayyab Zahid, Chairman Mr. Shaiq Jawed, Member Mrs. Sadaf Amir, Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

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

Statement of Compliance

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

a) **Audit Committee:**

Four meetings of Audit Committee were held during the financial year ended June 30, 2025.

b) **HR and Remuneration Committee:**

One meeting of HR and Remuneration Committee were held during the financial year ended June 30, 2025.

c) **Nomination Committee:**

Three meetings of Nomination Committee were held during the financial year ended June 30, 2025.

d) **Risk Management Committee:**

One meeting of Risk Management Committee was held during the financial year ended June 30, 2025.

e) **Sustainability Committee:**

One meeting of Sustainability Committee was held during the financial year ended June 30, 2025.

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 financial 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.

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

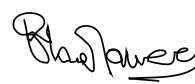
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants

ON BEHALF OF THE BOARD OF DIRECTORS



FAIQ JAWED

Chief Executive Officer



SHAIQ JAWED

Director

Date: September 17, 2025
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 2025 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 2025.



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 17 September 2025

UDIN: CR202510184H6cJUK9tA

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 39TH ANNUAL GENERAL MEETING OF THE MEMBERS OF J.K. SPINNING MILLS LIMITED WILL BE HELD ON FRIDAY, 24 OCTOBER, 2025 AT 11.30 AM, AT 29 K.M, SHEIKHUPURA ROAD, KHURRIANWALA, FAISALABAD / THROUGH VIDEO LINK, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. 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, 2025.

www.jkgroup.net/financial-reports



2. To appoint Auditors for the year 2025-2026 and fix their remuneration. The present Auditors M/s Riaz Ahmad and Company, Chartered Accountants, being eligible, has offered themselves for reappointment.
3. To consider, approve and declare Final Cash Dividend at Rs.2/- per share i.e., 20 % to Ordinary Share Holders except Directors, CEO, their Spouses and close relatives for the year ended 30th June, 2025 as recommended by the Board of Directors.

SPECIAL BUSINESS:

4. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2025 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, 2026 by passing the Special resolution with or without modification.

(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

6. Any business with permission of Chair.

BY THE ORDER OF THE BOARD

Ghulam Muhammad
COMPANY SECRETARY

FAISALABAD:

Dated: September 17, 2025

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 17, 2025 to October 24, 2025 (both days inclusive). Transfers received at the Company's Share Registrar, M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on 16 October, 2025 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 legal@jkgroup.net as per below table by the close of business hours (5:00 pm) on October 22, 2025:

Name of Member	CNIC No. / NTN	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.

PROCEDURE FOR E-VOTING FOR SPECIAL BUSINESS:

- a) Details of e-Voting facility will be shared through e-mail with those members of the Company who have valid cell numbers / e-mail addresses (Registered e-mail ID) available in the Register of Members of the Company by the end of business on October 16, 2025. Members who intend to exercise their right of vote through E-voting shall provide their valid cell numbers and email addresses on or before 18 October 2024.
- b) Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- c) E-Voting will start from October 21, 2025, 09:00 am. and shall close on October 23, 2025 at 5:00 pm. Members can cast their votes any time during this period.
- d) Once the vote is cast by a member/proxyholder, he / she shall not be allowed to change it subsequently. E-voting Service Provider: M/s. Corptec Associates (Pvt.) Limited

PROCEDURE FOR VOTING THROUGH POSTAL BALLOT:

The members may alternatively opt for voting through postal ballot which is attached to the notice of meeting circulated to them. The postal ballot paper is also available for download from the website of the Company at www.jkgroup.net.

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairperson of the meeting through post on the Company's registered address 29-KM, Sheikhpura Road, Khurrianwala, Faisalabad, Pakistan or email at chairman@jkgroup.net on October 23, 2025 upto 5 pm. A postal ballot received after this time / date shall not be considered for voting. The signature on the ballot paper shall match the signature on CNIC. Please note that in case of any dispute in voting including the casting of more than one vote, the decision of the Chairperson of the meeting shall be final.

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. The current withholding tax rates on dividend payments as prescribed by the Income Tax Ordinance, 2001 (the Ordinance) are 15% for persons whose names are appearing in the active taxpayers' list (ATL) and 30% for persons whose names are not appearing in the ATL. To enable the Company to make tax

Notice of Annual General Meeting

deduction on the amount of Cash Dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the ATL available on the website of the Federal Board of Revenue, are advised to make sure that their names are entered into ATL before the date of dividend payment, otherwise they shall not be treated as Active Taxpayers (despite the fact that they are filers of income tax return) and tax on their Cash Dividend will be deducted @ 30%. The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Share Registrar of the Company. The FBR has clarified that shareholders' accounts jointly held by Filers and Non-Filers shall be dealt separately and in such particular situation, each account holder is to be treated either as a Filer or a Non-Filer and tax will be deducted according to his/her shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company.

Folio No/CDC Account No	Total No of Shares	Name of Principal Shareholder and CNIC #	Share Holding	Name of Joint Shareholders and CNIC #	Share Holding
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- 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.
- 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.
- The notice of Annual General Meeting has also been posted on the Company's website.
- 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 24, 2025. The Directors in their meeting held on September 17, 2025 have recommended to the Shareholders to pass the following special resolutions.

- Item Number 4 of the Notice - Ratification and approval of the related party transactions carried out during the year ended June 30, 2025.**

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 37th 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, 2025 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in next AGM for their formal approval / ratification. Accordingly, these transactions are being placed before the AGM for the formal approval / ratification by shareholders. All transactions with related parties to be ratified have been disclosed in the Note 42 to the financial statement for the year ended June 30, 2025. Party-wise details of such related party transactions are given below:

Notice of Annual General Meeting

Name of Related Party	Basis of Relationship	Nature of transactions	PKR in '000'
Associate:			
J.K. Tech (Private) Limited (JKTPL)	30% Shareholding in JKTPL	Service charges	2,880
		Rental income	2,640
		Expenses paid on behalf of JKTPL	424
Other related parties:			
J.K. Spinning Mills Limited: Employees' Provident Fund Trust	Post-employment benefit plan	Contribution made	74,234
Chief Executive Officer and a Director	Members of Board of Directors	Loan obtained	500,000
Executives	Key Management Personnel	Vehicles Sold	13,594

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 42 to the financial statement for the year ended June 30, 2025. 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, 2025 by passing the following special resolution with or without modification:

"RESOLVED THAT the transactions conducted with Related Parties as disclosed in the Note 42, of the financial statements for the year ended June 30, 2025 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, 2026.**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2026 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, 2026, 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, 2026 by passing the following special resolution with or without modification:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case-to-case basis for the financial year ending June 30, 2026."

"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."

Financial Statements

For the Year Ended June 30, 2025

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 2025, 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 material accounting policy information 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 2025 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:

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
1.	Inventory existence and valuation As at 30 June 2025, inventories are stated at Rupees 11,466.414 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 359.154 million - Stock in trade of Rupees 11,107.260 million Inventories are stated at lower of cost and net realizable value.	Our procedures over existence and valuation of inventories included, but were not limited to: ▪ 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.

Independent Auditors' Report

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

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	We identified existence and valuation of inventories as a key audit matter due to its size, representing 35.82% of total assets of the Company as at 30 June 2025, and the judgment involved in valuation. For further information on inventories, refer to the following: - Material accounting policy information, Inventories (Note 2.12 to the financial statements). - Stores, spare parts and loose tools (Note 18) and Stock-in-trade (Note 19) to the financial statements.	▪ For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. ▪ On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. ▪ In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. ▪ We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. ▪ We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.
2.	Revenue recognition The Company recognized net revenue of Rupees 42,837.847 million for the year ended 30 June 2025. 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. For further information on revenue recognition, refer to the following: - Material accounting policy information, Revenue recognition (Note 2.15 to the financial statements). - Revenue from contracts with customers (Note 28 to the financial statements).	Our procedures included, but were not limited to: ▪ We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. ▪ We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. ▪ We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. ▪ We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. ▪ We also considered the appropriateness of disclosures in the financial statements.

Independent Auditors' Report

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

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
3.	Capital expenditure 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. 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. For further information, refer to the following: - Material accounting policy information, Property, plant and equipment (Note 2.7 to the financial statements). - Property, plant and equipment (Note 14 to the financial statements).	Our procedures included, but were not limited to: ▪ We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. ▪ We evaluated the appropriateness of capitalization policies and depreciation rates. ▪ We performed tests of details on costs capitalized. ▪ We verified the accuracy of management's calculation used for the impairment testing.

Information Other than the Financial Statements and Auditor's 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.

Independent Auditors' Report

To the members of J.K. SPINNING MILLS LIMITED

Report on the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 17 September 2025

UDIN: AR2025101847A1ZXEtXl

Statement of Financial Position

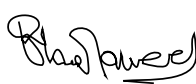
As at June 30, 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200 000 000 (2024: 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	631,792	597,419
		982,332	947,959
Revenue reserve - unappropriated profit		12,037,708	11,523,847
Total reserves		13,020,040	12,471,806
TOTAL EQUITY		14,043,215	13,494,981
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	3,143,263	2,741,448
Lease liabilities	6	23,060	37,677
Deferred income - Government grant	7	154,569	252,209
		3,320,892	3,031,334
CURRENT LIABILITIES			
Trade and other payables	8	3,771,774	2,887,196
Accrued mark-up	9	189,512	355,641
Short term borrowings	10	9,803,222	9,763,274
Current portion of non-current liabilities	11	857,704	919,687
Taxation and levy - net	12	21,708	112,149
Unclaimed dividend		749	749
		14,644,669	14,038,696
TOTAL LIABILITIES		17,965,561	17,070,030
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		32,008,776	30,565,011

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



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Khawaja Nadeem Abbas
Chief Financial Officer

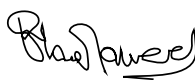
Statement of Financial Position

As at June 30, 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	11,741,237	11,290,876
Right-of-use asset	15	47,282	59,102
Long term investment	16	-	-
Long term deposits	17	209,391	1,081
		11,997,910	11,351,059
CURRENT ASSETS			
Stores, spare parts and loose tools	18	359,154	324,899
Stock-in-trade	19	11,107,260	10,674,019
Trade debts	20	5,287,163	4,293,691
Advances	21	169,315	103,179
Short term deposits and prepayment	22	36,191	53,659
Other receivables	23	79,193	184,088
Sales tax refundable	24	1,763,176	2,940,152
Short term investments	25	649,302	21,609
Cash and bank balances	26	472,879	618,656
		19,923,633	19,213,952
Non-current assets classified as held for sale	27	87,233	-
		20,010,866	19,213,952
TOTAL ASSETS		32,008,776	30,565,011



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Khawaja Nadeem Abbas
Chief Financial Officer

Statement of Profit or Loss

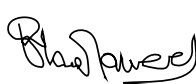
For the Year ended June 30, 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
Revenue	28	42,837,847	41,816,395
Cost of sales	29	(38,189,290)	(36,174,349)
Gross profit		4,648,557	5,642,046
Distribution cost	30	(1,413,195)	(1,316,123)
Administrative expenses	31	(602,332)	(583,482)
Other expenses	32	(270,647)	(118,464)
		(2,286,174)	(2,018,069)
Other income	33	2,362,383	3,623,977
		592,652	424,702
Profit from operations		2,955,035	4,048,679
Finance cost	34	(1,799,907)	(2,407,236)
Profit before taxation and levy		1,155,128	1,641,443
Levy	35	(369,988)	(634,932)
Profit before taxation		785,140	1,006,511
Taxation	36	(271,279)	-
Profit after taxation		513,861	1,006,511
Earnings per share - basic and diluted (rupees)	37	5.02	9.84

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



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Khawaja Nadeem Abbas
Chief Financial Officer

Statement of Comprehensive Income

For the Year ended June 30, 2025

	2025 (RUPEES IN THOUSAND)	2024
PROFIT AFTER TAXATION	513,861	1,006,511
OTHER COMPREHENSIVE INCOME:		
Items that will not be reclassified to statement of profit or loss in subsequent periods:		
Surplus on revaluation of freehold land	34,373	-
Items that may be reclassified to statement of profit or loss in subsequent periods	-	-
Other comprehensive income for the year	34,373	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	548,234	1,006,511

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



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Khawaja Nadeem Abbas
Chief Financial Officer

Statement of Changes in Equity

For the Year ended June 30, 2025

	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 30 June 2023	1,023,175	289,636	60,904	597,419	947,959	10,517,336	11,465,295	12,488,470	
Profit for the year	-	-	-	-	-	1,006,511	1,006,511	1,006,511	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	1,006,511	1,006,511	1,006,511	
Balance as at 30 June 2024	1,023,175	289,636	60,904	597,419	947,959	11,523,847	12,471,806	13,494,981	
Profit for the year	-	-	-	-	-	513,861	513,861	513,861	
Other comprehensive income for the year	-	-	-	34,373	34,373	-	34,373	34,373	
Total comprehensive income for the year	-	-	-	34,373	34,373	513,861	548,234	548,234	
Balance as at 30 June 2025	1,023,175	289,636	60,904	631,792	982,332	12,037,708	13,020,040	14,043,215	

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



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Khawaja Nadeem Abbas
Chief Financial Officer

Statement of Cash Flows

For the Year ended June 30, 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024 (RUPEES IN THOUSAND)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	4,684,226	2,444,915
Finance cost paid		(1,945,175)	(2,443,506)
Mark-up paid against lease liabilities		(7,099)	(10,137)
Income tax and levy paid		(731,708)	(428,695)
Net (increase) / decrease in long term deposits		(208,310)	23,200
Workers' profit participation fund paid	8.2	(91,299)	(111,524)
Net cash generated from / (used in) operating activities		1,700,635	(525,747)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,666,040)	(769,716)
Proceeds from sale of property, plant and equipment		77,874	58,820
Investments made		(616,235)	-
Profit received on saving accounts and term deposit receipts		63,262	35,720
Proceeds from sale of investments		23,838	17,846
Net cash used in investing activities		(2,117,301)	(657,330)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing	38.2	1,156,298	350,631
Repayment of long term financing	38.2	(917,377)	(810,258)
Repayment of lease liabilities	38.2	(11,707)	(9,185)
Short term borrowings - net	38.2	39,948	1,902,553
Dividend paid		-	(34)
Net cash from financing activities		267,162	1,433,707
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(149,504)	250,630
NET FOREIGN EXCHANGE DIFFERENCE ON TRANSLATION OF BANK BALANCES		3,727	(4,210)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		618,656	372,236
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	472,879	618,656

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



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Khawaja Nadeem Abbas
Chief Financial Officer

Notes to the Financial Statements

For the Year ended 30 June 2025

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 on 24 September 1990. 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. 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. MATERIAL ACCOUNTING POLICY INFORMATION

The material 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 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 2025

Allowance for expected credit losses

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 and levy

In making the estimates for income tax and levy 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. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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.

Classification of investments

The management of the Company determines the appropriate classification at the time of purchase or increase in holding and classifies its investments in accordance with IFRS 9 'Financial instruments'.

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 2024:

- Amendments to IAS 1 'Presentation of Financial Statements' – Classification of liabilities as current or non-current;
- Amendments to IAS 1 'Presentation of Financial Statements' – Non-current liabilities with covenants;

Notes to the Financial Statements

For the Year ended 30 June 2025

- Amendments to IFRS 16 'Leases' – Lease liability in a sale and leaseback transaction; and
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures – Supplier finance arrangements'.

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2024 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) Standards, amendments and improvements to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, amendments and improvements to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2025 or later periods:

IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

As per the current scenario, the Company will fall in Phase-I of the criteria as per the order from Securities and Exchange Commission of Pakistan (SECP) dated 31 December 2024. Therefore the effective date of these two sustainability standards for the Company is for annual reporting periods beginning on or after 01 July 2025.

The International Accounting Standards Board (IASB) has published 'Annual Improvements to IFRS Accounting Standards — Volume 11'. The amendments are effective for annual reporting periods beginning on or after 01 January 2026. It contains amendments to following standards relevant to the Company, as result of the IASB's annual improvements project:

- IFRS 7 Financial Instruments: Disclosures;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows.

Classification and Measurements of Financial Instruments (Amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments') effective for annual periods beginning on or after 01 January 2026. These amendments address matters identified during the past - implementation review of the classification and measurement requirements of IFRS 9.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

Notes to the Financial Statements

For the Year ended 30 June 2025

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2025 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 these 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 obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Notes to the Financial Statements

For the Year ended 30 June 2025

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 and levy

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. Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.7 Property, plant and equipment

a) Cost / Revalued amount

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

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.

Notes to the Financial Statements

For the Year ended 30 June 2025

b) Depreciation

Depreciation on operating fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is de-recognized. Depreciation is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of operating fixed assets over their expected useful lives at the rates mentioned in Note 14.1. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) De-recognition

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

d) Capital work-in-progress

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

2.8 Leases

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 of these assets are recognized as expense on 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.

Notes to the Financial Statements

For the Year ended 30 June 2025

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.

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.

Notes to the Financial Statements

For the Year ended 30 June 2025

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.

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).

Notes to the Financial Statements

For the Year ended 30 June 2025

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.

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.

Notes to the Financial Statements

For the Year ended 30 June 2025

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.

Investment under the equity method of accounting, the associate is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

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.

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, saving and deposit 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. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.15 Revenue recognition

i) Revenue from contracts with customers

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.

Notes to the Financial Statements

For the Year ended 30 June 2025

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.

ii) 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.

iii) Rent

Revenue is recognized when rent is accrued.

iv) Dividend

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

v) Other revenue

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

vi) 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.

vii) 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.

viii) 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 received. Contract liabilities are recognized as revenue when the Company accomplishes its performance obligations under the contract.

2.16 Trade debts and other receivables

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

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

Notes to the Financial Statements

For the Year ended 30 June 2025

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.

2.21 Impairment of non-financial assets

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2025

2.23 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.24 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.

2.25 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.

2.26 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.

2.27 Contingent liabilities

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

Notes to the Financial Statements

For the Year ended 30 June 2025

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	2025 (NUMBER OF SHARES)	2024		2025 (RUPEES IN THOUSAND)	2024
	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

- 3.1 The share capital of the Company consists only of fully paid ordinary shares with a nominal value of Rupees 10 per share. All shares are equally eligible to receive dividends and the repayment of the capital and represent one vote at shareholders' meetings of the Company.

4. RESERVES

Composition of reserves is as follows:

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	631,792	597,419
		982,332	947,959
Revenue reserve - unappropriated profit		12,037,708	11,523,847
		13,020,040	12,471,806

4.1 Premium on issue of right shares

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

Balance as on 01 July		597,419	597,419
Add: Surplus on revaluation of freehold land	14.1	34,373	-
Balance as on 30 June		631,792	597,419

5. LONG TERM FINANCING

From banking companies / financial institutions - secured			
Long term loans	5.1	3,210,491	2,689,459
Diminishing musharakah	5.2	679,403	845,771
		3,889,894	3,535,230
Less: Current portion shown under current liabilities	11		
Long term loans		571,816	627,095
Diminishing musharakah		174,815	166,687
		746,631	793,782
		3,143,263	2,741,448

Notes to the Financial Statements

For the Year ended 30 June 2025

5.1 Long term loans

2025									
Banking Companies	Note	Loan Amount					Rate of interest per annum	Repayment commencement date	Maturity date
		Opening	Received	(Repaid)	Impact of deferred grant - net	Closing			
		(RUPEES IN THOUSAND)							
The Bank of Punjab	5.1.1	1,352,332	500,000	(427,056)	115,743	1,541,019	SBP rate for LTFF + 1.25% to 2%, SBP rate for TERF + 2% and 3 Month KIBOR + 1.25% to 2%	November 2017	May 2031
National Bank of Pakistan	5.1.2	731,963	445,899	(190,914)	-	986,948	SBP rate for LTFF + 1.25% and 3 Month KIBOR + 1% to 1.5%	October 2018	April 2031
Habib bank limited	5.1.3	143,607	202,230	(42,237)	-	303,600	3 Month KIBOR + 1.25%	October 2023	March 2031
Bank of Khyber	5.1.4	461,557	-	(82,633)	-	378,924	3 Month KIBOR + 1.5% and SBP rate for LTFF + 1.25%	January 2024	January 2030
		2,689,459	1,148,129	(742,840)	115,743	3,210,491			

2024									
Banking Companies	Loan Amount					Rate of interest per annum	Repayment commencement date	Maturity date	
	Opening	Received	(Repaid)	Impact of deferred grant - net	Closing				
	(RUPEES IN THOUSAND)								
Askari Bank Limited	6,551	-	(6,551)	-	-	SBP rate for LTFF / 3 Month KIBOR + 1.25%	June 2019	October 2023	
The Bank of Punjab	1,596,522	-	(372,818)	128,628	1,352,332	SBP rate for LTFF + 1.25% to 2%, SBP rate for TERF + 2% and 3 Month KIBOR + 1%	November 2017	May 2031	
National Bank of Pakistan	954,031	-	(222,068)	-	731,963	SBP rate for LTFF + 1.25% and 3 Month KIBOR + 1%	October 2018	July 2028	
Habib bank limited	168,950	-	(25,343)	-	143,607	2% and 3 Month KIBOR + 1.25%	October 2023	June 2028	
Bank of Khyber	499,465	-	(37,908)	-	461,557	3 Month KIBOR + 1.5% and 8.25%	January 2025	January 2030	
	3,225,519	-	(664,688)	128,628	2,689,459				

5.1.1 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 fifty seven 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 certain tranches 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% (2024: 12.77% to 20.03%) per annum. Interest repricing and payment are made on quarterly basis. These facilities are secured against first joint pari passu charge of 986.667 million over fixed assets of the Company, exclusive / specific hypothecation first charge of 3,280.786 million over plant and machinery of the Company and ranking charge of 1,201.000 million over fixed assets of the Company and personal guarantee of three directors of the Company.

Notes to the Financial Statements

For the Year ended 30 June 2025

5.1.2 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 nine 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 and ten semi-annual installments. Interest repricing and payment are made on quarterly basis. These facilities are secured against first joint pari passu charge of 947.333 million over fixed assets of the Company, exclusive / specific hypothecation first charge of 252.267 million over plant and machinery of the Company and ranking charge of 400.000 million over fixed assets of the Company and personal guarantee of three directors of the Company and personal guarantee of two directors of the Company.

5.1.3 These facilities were obtained to finance new generator and solar. Current balance payable is aggregate of five tranches. 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. Interest repricing and payment are made on quarterly basis. These facilities are secured against first joint pari passu charge of 766.667 million over fixed assets of the Company, exclusive / specific hypothecation first charge of 1,783.109 million over plant and machinery of the Company and ranking charge of 667.000 million over fixed assets of the Company and personal guarantee of two directors of the Company.

5.1.4 These facilities were obtained 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. Interest repricing and payment are made on quarterly basis. These facilities are secured against first joint pari passu charge of 200.000 million over fixed assets of the Company and exclusive / specific hypothecation first charge of 667.000 million over plant and machinery of the Company.

5.2 Diminishing musharika

2025								
LENDER	Note	Loan Amount				Rate of profit per annum	Repayment commencement date	Maturity date
			Received	(Repaid)	Closing			
		(RUPEES IN THOUSAND)						
Meezan Bank Limited	5.2.1	686,971	8,169	(146,865)	548,275	SBP rate for ILTFF + 1.25% to 2%, 3 Month KIBOR + 0.50% to 1%	September 2020	June 2033
First Habib Modaraba	5.2.2	158,800	-	(27,672)	131,128	3 Month KIBOR + 1.25%	January 2025	June 2027
		845,771	8,169	(174,537)	679,403			

2024								
LENDER	Loan Amount				Rate of profit per annum	Repayment commencement date	Maturity date	
		Received	(Repaid)	Closing				
	(RUPEES IN THOUSAND)							
Meezan Bank Limited	640,710	191,831	(145,570)	686,971	SBP rate for ILTFF + 1.25% to 2%, 3 Month KIBOR + 0.50% to 1%	September 2020	June 2033	
First Habib Modaraba	-	158,800	-	158,800	3 Month KIBOR + 1.25%	January 2025	June 2027	
	640,710	350,631	(145,570)	845,771				

Notes to the Financial Statements

For the Year ended 30 June 2025

5.2.1 These facilities were obtained to finance generator / spinning machinery / solar project of the Company along with spares parts. Current balance payable is aggregate of five tranches. As per terms of the agreement, principal is to be repaid on quarterly basis in five, seven and ten years including one year grace period. After expiry of grace period, facility will be repaid in sixteen, twenty four and thirty six equal quarterly installments. Interest repricing and payment are made on quarterly basis. These facilities are secured against first joint pari passu charge of 667.000 million over fixed assets of the Company and exclusive / specific hypothecation first charge of 1,334.000 million over plant and machinery of the Company and personal guarantee of three directors of the Company.

5.2.2 This facility was obtained for purchase of vehicles. As per terms of the agreement, principal is to be repaid on monthly basis in three years including six months grace period. After expiry of grace period, facility will be repaid in thirty equal monthly installments. Interest repricing is made on quarterly basis while payment will be made on monthly basis. This facility is secured against hire purchase agreement of vehicle to be registered in the name of first habib modaraba.

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	2025 (RUPEES IN THOUSAND)	2024
6. LEASE LIABILITIES			
Total lease liabilities	6.1	36,493	47,839
Less: Current portion shown under current liabilities	11	(13,433)	(10,162)
		23,060	37,677
6.1 Reconciliation of lease liabilities			
Balance as on 01 July		47,839	56,271
Interest accrued on lease liabilities	34	7,460	10,890
		55,299	67,161
Less: Payments made during the year		(18,806)	(19,322)
Balance as on 30 June		36,493	47,839
6.2 This relates to a vehicle acquired under finance lease agreement from The Bank of Punjab (BOP). The implicit interest rates used to arrive at the present value of minimum lease payments are 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 assets and personal guarantee of three directors of the Company.			
6.3 Maturity analysis of the lease liabilities is as follows:			
Not later than one year		17,838	20,162
Later than one year but not later than two years		17,838	20,162
Later than two years but not later than five years		7,431	28,565
		43,107	68,889
Less: Future finance cost		(6,614)	(21,050)
Present value of lease liabilities		36,493	47,839

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
7. DEFERRED INCOME - GOVERNMENT GRANT			
Balance as on 01 July		367,952	496,580
Less: Amortized during the year		115,743	128,628
		252,209	367,952
Less: Current portion shown under current liabilities	11	97,640	115,743
		154,569	252,209

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. 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 Government loan at the below market rate of interest is treated as a Government Grant. The Company has obtained these loans as disclosed in Note 5.1.1 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. There are no unfulfilled conditions or contingencies attached to this grant.

8. TRADE AND OTHER PAYABLES			
Creditors	8.1	1,301,236	1,003,252
Accrued liabilities		1,341,718	838,747
Contract liabilities - unsecured		362,570	459,833
Retention money payable		1,143	517
Income tax deducted at source		3,102	2,950
Sales tax payable		49,331	55,382
Fair value of forward exchange contracts		64,332	-
Workers' profit participation fund	8.2	59,644	77,898
Workers' welfare fund	8.3	215,978	192,404
Payable to banks under bill discounting arrangement	20.5	260,900	152,107
Other payables		111,820	104,106
		3,771,774	2,887,196

8.1 These include Rupees 0.072 million (2024: Rupees 0.256 million) due to J.K. Tech (Private) Limited, a related party.

8.2 Workers' profit participation fund			
Balance as on 01 July		77,898	101,944
Interest for the year	34	13,401	9,580
Provision for the year	32	59,644	77,898
		150,943	189,422
Less: Payments made during the year		91,299	111,524
Balance as on 30 June		59,644	77,898

8.2.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profits (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

8.3 Workers' welfare fund			
Balance as on 01 July		192,404	162,803
Provision for the year	32	23,574	29,601
Balance as on 30 June		215,978	192,404

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
9. ACCRUED MARK-UP			
Long term financing		72,716	107,027
Short term borrowings		116,796	248,614
		189,512	355,641
10. SHORT TERM BORROWINGS			
From banking companies - secured			
Export refinances	10.1 & 10.3	3,831,000	2,190,331
Other short term finances	10.2 & 10.3	5,972,222	7,072,943
		9,803,222	9,263,274
Others - unsecured			
Related parties	10.4	-	500,000
		9,803,222	9,763,274
10.1	Rate of markup is SBP rate + 1% (2024: SBP rate + 1%) per annum on the balance outstanding.		
10.2	Rate of markup is 1 Month KIBOR, 3 Month KIBOR and 6 Month KIBOR + 0.70% to 1.50% (2024: 1 Month KIBOR, 3 Month KIBOR and 6 Month KIBOR + 0.70% to 1.50%) per annum on the balance outstanding.		
10.3	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 26,299 million (2024: Rupees 19,666 million).		
10.4	These represent interest free loans obtained from Chief Executive Officer and a Director of the Company to meet the Company's working capital requirements. These were repaid during the year.		
11. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	5	746,631	793,782
Current portion of lease liabilities	6	13,433	10,162
Current portion of deferred income - Government grant	7	97,640	115,743
		857,704	919,687
12. TAXATION AND LEVY - NET			
Advance income tax - net			
Provision for taxation	36	271,279	-
Less: Advance income tax		707,357	213,495
		(436,078)	(213,495)
Levy - net			
Levy payable		457,960	565,106
Less: Prepaid levy		174	239,462
		457,786	325,644
		21,708	112,149

Notes to the Financial Statements

For the Year ended 30 June 2025

13. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) Additional Commissioner Inland Revenue (ADCIR) amended the assessment for tax year 2012, vide assessment order dated 21 March 2017, by amending the Company's apportionment of expenses, disallowing certain expenses and tax credits and created a tax demand of Rupees 29.860 million. Being aggrieved with the order, the Company preferred an appeal before the Commissioner Inland Revenue, Appeals (CIR (A)) on 04 May 2017 which is pending for adjudication.
- ii) The Company has filed an appeal on 30 April 2020 before the Appellate Tribunal Inland Revenue against the tax demand created by Assistant Commissioner Inland Revenue amounting to Rupees 31.659 million vide assessment order dated 10 August 2018, relating to tax year 2016. The appeal is pending for adjudication.
- iii) The Company has filed an appeal before the Appellate Tribunal Inland Revenue on 30 June 2021 against the re-assessment made by Additional Commissioner Inland Revenue, regarding the Company's apportionment of expenses, disallowing certain expenses and creating tax demand of Rupees 178.887 million for the tax year 2015 vide order dated 07 January 2019. The appeal is pending for adjudication.
- iv) The Company filed writ petition on 25 January 2022 in Lahore High Court, Lahore to avail the relief of tax credit under section 65-B of the Income Tax, Ordinance, 2001. In response to which, Lahore High Court, Lahore allowed the Company to file return of income tax by taking the effect of section 65-B of the Ordinance. Moreover the income tax department was advised by Lahore High Court, Lahore to complete the process of determination regarding entitlement of tax credit under section 65-B of the Ordinance. By getting this interim relief, the Company filed its revised income tax return on 27 January 2022 by taking the effect of tax credit under section 65-B of the Ordinance amounting to Rupees 79.011 million. However the outcome of the petition is pending.
- v) Deputy Commissioner Inland Revenue passed Order-in-Original No.60/2016 dated 11 April 2016 for the recovery of Rupees 7.904 million along with default surcharge and penalty. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)) who passed Order in Appeal No.465/2016 dated 12 July 2016 and reduced amount to the extent of Rupees 3.107 million. Being aggrieved with decision, the Company filed before Appellate Tribunal Inland Revenue (ATIR) which is pending for adjudication.
- vi) Audit Officer Inland Revenue passed Order-in-Original No. 69/2019 dated 27 June 2019 for the recovery of inadmissible input tax along with default surcharge. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR(A)) who remanded back the case to Audit Officer Inland Revenue vide Order in Appeal No. 397/2019 dated 18 September 2019. Being aggrieved with decision the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) against the total amount of Rupees 9.680 million on 28 October 2019 which is pending for adjudication.
- vii) Assistant Commissioner Inland Revenue passed Order-in-Original No. 30/2020 dated 05 March 2020 for the recovery of sales tax against packing material of Rupees 2.935 million along with default surcharge and penalty. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)) who passed Order in Appeal No. 149/21 dated 24 March 2021 and rejected the appeal. Being aggrieved with decision, the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) on 20 April 2021 which is pending for adjudication.
- viii) Deputy Commissioner Inland Revenue (DCIR) passed Order-in-Original No. 66/2020 dated 12 October 2020 for the recovery of post refund audit for the period 2014-2015 of Rupees 1.704 million recoverable along with default surcharge and penalty. The Company filed appeal before Commissioner Inland Revenue, Appeals (CIR (A)) who passed Order in Appeal No. 213/ST dated 10 February 2021 and rejected the appeal. Being aggrieved with decision, the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) on 29 March 2021 which is pending for adjudication.
- ix) Deputy Commissioner Inland Revenue (DCIR) 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, 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, who remanded back the case to DCIR dated 15 October 2024. Remand back proceedings are in progress.

Notes to the Financial Statements

For the Year ended 30 June 2025

- x) 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 (2024: 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.

- xi) Guarantees of Rupees 482.463 million (2024: Rupees 440.423 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.

- xii) Post dated cheques of Rupees 6,239.813 million (2024: Rupees 6,329.303 million) have been issued to custom authorities in respect of duties on imported materials availed on the basis of consumption and export plans and to First Habib Modaraba against loan and markup on diminishing musharkah. If documents of exports / rentals are not provided / paid on due dates, issued cheques shall be encashable.

Commitments

- i) Letters of credit for capital expenditure are of Rupees 160.999 million (2024: Rupees 59.078 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 2,127,536 million (2024: Rupees 3,802.973 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 6,167.675 million (2024: Rupees 4,818.549 million).
- iv) The Company entered into Ijarah lease agreements with Meezan Bank Limited and Dubai Islamic Bank Pakistan Limited in respect of vehicles. Further Ijarah payments under Ijarah were as follows:

	2025 (RUPEES IN THOUSAND)	2024
Not later than one year	-	5,110
Later than one year and not later than five years	-	1,874
	-	6,984

- v) Following represent commitment arising from short-term lease recognized on a straight-line basis as expense under the practical expedients applied by the Company. The amount of future payments under this lease and the period in which these payments will become due are as follows:

Not later than 1 year	2,880	2,880
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14. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	14.1	10,745,841	11,030,486
Capital work-in-progress	14.2	995,396	260,390
		11,741,237	11,290,876

Notes to the Financial Statements

For the Year ended 30 June 2025

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
At 30 June 2023										
Cost / revalued amount	970,887	2,042,815	10,119,814	318,629	692,271	706,417	254,38	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
Year ended 30 June 2024										
Opening 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
Additions	2,198	459,720	173,231	29,788	251,946	125,723	-	-	-	1,042,606
Disposals:										
Cost	-	-	(38,197)	-	-	(110,509)	-	-	-	(148,706)
Accumulated depreciation	-	-	27,279	-	-	71,459	-	-	-	98,738
	-	-	(10,918)	-	-	(39,050)	-	-	-	(49,968)
Depreciation charge during the year	-	(139,357)	(743,577)	(27,397)	(44,860)	(108,022)	(1,459)	(209)	(28,598)	(1,093,479)
Closing net book value	973,085	1,630,957	6,793,511	262,732	633,166	466,033	13,130	488	257,384	11,030,486
At 30 June 2024										
Cost / revalued amount	973,085	2,502,535	10,254,848	348,417	944,217	721,631	254,38	29,664	438,936	16,238,771
Accumulated depreciation	-	(871,578)	(3,461,337)	(85,685)	(311,051)	(255,598)	(12,308)	(29,176)	(181,552)	(5,208,285)
Net book value	973,085	1,630,957	6,793,511	262,732	633,166	466,033	13,130	488	257,384	11,030,486
Year ended 30 June 2025										
Opening net book value	973,085	1,630,957	6,793,511	262,732	633,166	466,033	13,130	488	257,384	11,030,486
Additions	18,482	133,960	325,624	-	264,307	188,661	-	-	-	931,034
Revaluation surplus (Note 4.2)	34,373	-	-	-	-	-	-	-	-	34,373
Classified as non current asset held for sale:										
Cost	(87,233)	-	-	-	-	-	-	-	-	(87,233)
Accumulated depreciation	(87,233)	-	-	-	-	-	-	-	-	(87,233)
Disposals:										
Cost	-	-	(288,382)	-	(360)	(46,292)	-	-	-	(335,034)
Accumulated depreciation	-	-	240,537	-	185	26,353	-	-	-	267,075
	-	-	(47,845)	-	(175)	(19,939)	-	-	-	(67,959)
Depreciation charge during the year	-	(167,561)	(683,772)	(26,273)	(70,441)	(119,616)	(1,313)	(146)	(25,738)	(1,094,860)
Closing net book value	938,707	1,597,356	6,387,518	236,459	826,857	515,139	11,817	342	231,646	10,745,841
At 30 June 2025										
Cost / revalued amount	938,707	2,636,495	10,292,090	348,417	1,208,164	864,000	25,438	29,664	438,936	16,781,911
Accumulated depreciation	-	(1,039,139)	(3,904,572)	(111,958)	(381,307)	(348,861)	(13,621)	(29,322)	(207,290)	(6,036,070)
Net book value	938,707	1,597,356	6,387,518	236,459	826,857	515,139	11,817	342	231,646	10,745,841
Annual rate of depreciation (%)	-	10	10	10	10	20	10	30	10	

Notes to the Financial Statements

For the Year ended 30 June 2025

14.1.1 Value of freehold land of the Company has been determined by an independent valuer, M Y K Associates (Private) Limited on 22 October 2024 applying fair market value. Previously it was revalued by an independent valuer as at 15 January 2022, 06 December 2021, 30 June 2020 and 30 June 2017. Had there been no revaluation, the value of freehold land would have been lower by Rupees 551.378 million (2024: Rupees 597.419 million). The book value of freehold land on cost basis is Rupees 387.329 million (2024: Rupees 375.666 million).

14.1.2 Forced sale value of freehold land as per last revaluation carried out during the financial year ended 30 June 2025 was Rupees 782.191 million.

	Note	2025 (RUPEES IN THOUSAND)	2024
14.1.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales	29	973,785	983,789
Administrative expenses	31	121,075	109,690
		1,094,860	1,093,479

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	724.98	1 853 616
Sales Office	Main Bazar, Montgomery Road, Near Clock Tower, Opposite Habib Bank Limited, Faisalabad	0.05	272
		725.03	1 853 888

Notes to the Financial Statements

For the Year ended 30 June 2025

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

Description	Qty.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of purchasers
Nos. ----- (RUPEES IN THOUSAND) -----								
Vehicles								
Fortuner Sigma-4 AHY-546	1	6,508	4,938	1,570	11,900	10,330	Negotiation	Mr. Ahmad Abdullah, Faisalabad
Honda Civic LEF-19-1472	1	3,541	2,476	1,065	1,160	95	Company Policy	Syed Hussain Shahid Mansoor Naqvi, Faisalabad
Honda City I-Vtec LEE-19-4736	1	1,947	1,330	617	958	341	Company Policy	Mr. Naeem Sajid, Faisalabad
Honda City I-Vtec LEH-19-5275	1	2,348	1,667	681	1,286	605	Company Policy	Mr. Farhan Ali, Faisalabad
Toyota Corolla Xli LEA-20-1057	1	2,609	1,728	881	882	1	Company Policy	Rana Ehsan ullah, Faisalabad
Suzuki Cultus Vxl FD-202	1	1,882	1,235	647	776	129	Company Policy	Mr. Abdul Razzaq, Faisalabad
Honda Civic Vti LE-2139	1	4,030	2,767	1,263	1,279	16	Company Policy	Mr. Ghulam Muhammad, Faisalabad
Toyota Corolla Gli FD-142	1	2,903	1,958	945	951	6	Company Policy	Mr. Muhammad Iqbal, Faisalabad
Suzuki Wagon R Vxr LEA-1055	1	1,605	1,104	501	526	25	Company Policy	Mr. Imran Jamil, Faisalabad
Fortuner Sigma-4 AFX-023	1	9,309	3,838	5,471	8,723	3,252	Company Policy	Mr. Qayyum Mohsin Malik, Faisalabad
Honda City Aspire 1.5 AST-792	1	5,879	588	5,291	5,480	189	Company Policy	Mr. Farhan Saleem, Faisalabad
Sub Total		42,561	23,629	18,932	33,921	14,989		
Plant and machinery								
Process Winder 21-C (Uqc)	3	59,536	48,644	10,892	11,186	294	Negotiation	Mubashar Brother, Faisalabad
Auto Coner 338 With Quantum	3	57,199	45,709	11,490	6,102	(5,388)	Negotiation	Mubashar Brother, Faisalabad
Carding Frame Tc06	2	22,862	18,071	4,791	5,000	209	Negotiation	Aims Textile Services, Faisalabad
Twisting Machine	6	21,006	17,060	3,946	5,231	1,285	Negotiation	Zafar Iqbal Olympia, Faisalabad
Ring Frame	2	11,725	9,266	2,459	2,706	247	Negotiation	Grace Tex International (Ideal Trading), Faisalabad
Simplex Machine	1	1,600	853	747	767	20	Negotiation	Grace Tex International (Ideal Trading), Faisalabad
Sub Total		173,928	139,603	34,325	30,992	(3,333)		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		118,545	103,843	14,702	12,961	(1,741)		
Total		335,034	267,075	67,959	77,874	9,915		

Notes to the Financial Statements

For the Year ended 30 June 2025

14.2 CAPITAL WORK-IN-PROGRESS

Description	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations and appliances	Vehicles	Total
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----- RUPEES IN THOUSAND -----

Balance at 30 June 2023	4,034	476,784	13,490	8,209	30,763	533,280
Additions during the year	13,007	131,742	159,741	247,834	187,604	739,928
Transferred to operating fixed assets	(2,198)	(459,720)	(173,231)	(251,946)	(125,723)	(1,012,818)
Balance at 30 June 2024	14,843	148,806	-	4,097	92,644	260,390
Additions during the year	30,648	44,830	1,199,268	260,210	131,084	1,666,040
Transferred to operating fixed assets during the year	(18,482)	(133,960)	(325,624)	(264,307)	(188,661)	(931,034)
Balance at 30 June 2025	27,009	59,676	873,644	-	35,067	995,396

	NOTE	2025 (RUPEES IN THOUSAND)	2024
15. RIGHT-OF-USE ASSETS			
Vehicle		59,102	73,877
Less: Depreciation charge during the year	31	11,820	14,775
		47,282	59,102

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

16. LONG TERM INVESTMENT

Investment in equity accounted associate

J.K. Tech (Private) Limited - Unquoted

450 (2024: 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 2.877 million (2024: Rupees 2.869 million). The results of the equity accounted associate are based on un-audited financial statements for the year ended 30 June 2025.

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
16.2 Summarized statement of financial position			
Current assets		696	949
Non-current assets		3,759	3,765
Total assets		4,455	4,714
Current liabilities		(100)	(333)
Non-current liabilities		(13,888)	(13,888)
Total liabilities		(13,988)	(14,221)
Net assets		(9,533)	(9,507)
16.3 Reconciliation to carrying amounts:			
As at 01 July		(9,507)	(9,373)
Loss after taxation		(26)	(134)
As at 30 June		(9,533)	(9,507)
16.4 Summarized statement of comprehensive income			
Revenue		2,880	2,640
Loss for the year		(26)	(134)
Total comprehensive loss		(26)	(134)
16.5	The Company holds 30% (2024: 30%) shares in J.K. Tech (Private) Limited (JKTPL), a limited liability company incorporated in Pakistan and holding its principal place of business at 29 Kilometer Sheikhpura Road, Faisalabad. The principal activity of JKTPL 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 JKTPL has negative equity at year end.		
16.6	There was no contingent liabilities relating to the Company's interest in JKTPL.		
17. LONG TERM DEPOSITS			
Security deposits against Ijarah		-	24,045
Security deposits against utilities services		209,391	236
		209,391	24,281
Less: Current portion shown under current assets	22	-	23,200
		209,391	1,081
18. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	18.1	234,548	225,243
Spare parts		123,860	98,740
Loose tools		746	916
		359,154	324,899
18.1	These include store in transit of Rupees 30.032 million (2024: Rupees 47.418 million).		
18.2	Stores, spare parts and loose tools include items which may result in fixed capital expenditure but are not distinguishable.		

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
19. STOCK-IN-TRADE			
Raw materials	19.1&19.2	5,593,032	5,941,099
Work-in-process	19.3	1,260,764	1,105,335
Finished goods	19.4	4,114,710	3,555,917
Waste		138,754	71,668
		11,107,260	10,674,019

19.1 These include stock in transit of Rupees 915.422 million (2024: Rupees 1,146.138 million).

19.2 These include stock of Rupees 1,298.170 million (2024: Rupees 1,214.749 million) sent to outside parties for conversion.

19.3 This includes stock of Rupees 339.301 million (2024: Rupees 185.992 million) sent to outside parties for processing.

19.4 These include stock in transit of Rupees 830.739 million (2024: Rupees 609.683 million).

19.5 Stock-in-trade of Rupees 27.496 million (2024: Rupees 4,890.310 million) is being carried at net realizable value.

19.6 The aggregate amount of Rupees 13.020 million (2024: Rupees 361.033 million) has been charged to cost of sales, being the cost of inventory written down during the year.

20. TRADE DEBTS

Considered good:

Secured		1,723,191	1,858,226
Unsecured		3,570,166	2,438,220
		5,293,357	4,296,446
Less: Allowance for expected credit losses	20.3	6,194	2,755
		5,287,163	4,293,691

20.1 Trade debts in respect of foreign and local jurisdictions is given under:

Australia	6,331	-
Belgium	135,731	67,198
Brazil	47,816	-
Bulgaria	31,666	-
Canada	31,905	-
Ecuador	-	29,518
France	171,105	145,493
Germany	27,784	-
Great Britain	634,689	697,867
Greece	2,760	-
Hong Kong	1,485	-
Italy	113,301	278,215

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
Jamaica		-	15,830
Lithuania		25,032	56,504
Mexico		52,179	84,533
Netherland		15,039	-
Portugal		19,433	65,555
Romania		39,364	47,370
Spain		62,852	118,530
Thailand		35,597	-
Ukraine		-	24,875
United States Of America		269,122	226,738
Pakistan		3,570,166	2,438,220
		5,293,357	4,296,446

20.2 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10 to 75 days from delivery in case of local sales and 30 to 120 days in case of export sales.

20.3 Allowance for expected credit losses

As at 01 July		2,755	3,309
Add: Recognized during the year	32	3,718	2,012
		6,473	5,321
Less: Recovered during the year	33	279	2,566
As at 30 June		6,194	2,755

20.4 As at 30 June 2025, trade debts aggregating to Rupees 5,293.357 million (2024: Rupees 4,296.446 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		5,114,236	3,959,292
Upto 1 month		150,795	212,497
1 to 6 months		2,717	117,925
More than 6 months		25,609	6,732
		5,293,357	4,296,446

20.5 Trade debts include Rupees 260.900 million (2024: Rupees 152.107 million) provided to banks under bill discounting arrangements with full recourse (Note 8).

21. ADVANCES

Considered good:

Against expenses			
- Executives		12,906	3,713
- Other employees		16,043	4,156
		28,949	7,869
Employees against salary	21.1	18	111
Advances to suppliers / service providers		123,957	89,457
Letters of credit		16,391	5,742
		169,315	103,179

Notes to the Financial Statements

For the Year ended 30 June 2025

- 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 advances given.

	NOTE	2025 (RUPEES IN THOUSAND)	2024
22. SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits		36,191	30,212
Prepayment		-	247
Current portion of long term deposits	17	-	23,200
		36,191	53,659
23. OTHER RECEIVABLES			
Considered good:			
Export rebate and claims		67,509	59,845
Fair value of forward exchange contracts		-	105,289
Other receivables		11,681	7,410
Profit on saving accounts and term deposit receipts		3	11,544
		79,193	184,088
Considered doubtful:			
Other receivables		2,471	-
Less: Provision for doubtful other receivables	23.1	2,471	-
		-	-
		79,193	184,088
23.1 Provision for doubtful other receivables			
As at 01 July		-	-
Add: Provision for the year	32	2,471	-
As at 30 June		2,471	-
24. SALES TAX REFUNDABLE			
Sales tax and federal excise duty refundable		1,872,371	3,049,347
Less: Provision for doubtful sales tax and federal excise duty refundable		109,195	109,195
		1,763,176	2,940,152
25. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
Equity investments - quoted	25.1	9,495	19,901
Mutual funds	25.2	1,950	1,708
At amortized cost			
Debt instruments - term deposit receipts	25.3	637,857	-
		649,302	21,609

Notes to the Financial Statements

For the Year ended 30 June 2025

25.1 Equity investments - quoted

	2025			2024		
	Carrying value	Fair value adjustment	Market value	Carrying value	Fair value adjustment	Market value
	------(RUPEES IN THOUSAND)-----					
D.G. Khan Cement Company Limited 10 000 (2024: 10 000) fully paid ordinary shares of Rupees 10 each	903	753	1,656	513	390	903
National Refinery Limited 1 000 (2024: 1 000) fully paid ordinary shares of Rupees 10 each	265	(22)	243	150	115	265
Pakistan State Oil Company Limited Nil (2024: 35 920) fully paid ordinary shares of Rupees 10 each	-	-	-	3,987	1,983	5,970
Habib Bank Limited 13 200 (2024: 13 200) fully paid ordinary shares of Rupees 10 each	1,637	728	2,365	967	671	1,638
Ghandhara Industries Limited Nil (2024: 23 000) fully paid ordinary shares of Rupees 10 each	-	-	-	1,852	4,436	6,288
The Searle Company Limited 47 282 (2024: 47 282) fully paid ordinary shares of Rupees 10 each	2,701	1,446	4,147	1,811	889	2,700
United Bank Limited Nil (2024: 5 000) fully paid ordinary shares of Rupees 10 each	-	-	-	588	693	1,281
International Steels Limited 5 000 (2024: 5 000) fully paid ordinary shares of Rupees 10 each	423	41	464	203	220	423
Dost Steels Limited 75 000 (2024: 75 000) fully paid ordinary shares of Rupees 10 each	433	187	620	398	35	433
	6,362	3,133	9,495	10,469	9,432	19,901
25.2 Mutual funds						
NBP Financial Sector Income Fund 176 396 (2024: 20 999) units held	1,880	4	1,884	223	-	223
NBP Islamic Daily Dividend Fund 2 320 (2024: 146 953) units held	23	-	23	1,470	-	1,470
NBP Money Market Fund 2 072 (2024: Nil) units held	21	-	21	-	-	-
NBP Islamic Money Market Fund 63 (2024: Nil) units held	1	-	1	-	-	-
Meezan Cash Fund 327 (2024: 298) units held	17	-	17	15	-	15
Meezan Daily Income Fund 82 (2024: Nil) units held	4	-	4	-	-	-
	1,946	4	1,950	1,708	-	1,708

25.2.1 The fair value of funds are based on the Net Asset Value (NAV) being the current bid price at reporting date as quoted by the respective asset management companies.

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
25.3 Debt instruments - term deposit receipts			
At amortized cost	25.3.1	616,000	-
Add: Accrued interest		21,857	-
		637,857	-

25.3.1 These represent Term Deposit Receipts (TDRs) with banking companies having maturity period of 1 year and carry profit at the rate of 7.00% to 17.50% per annum (2024: Nil).

26. CASH AND BANK BALANCES

With banks:

On current accounts			
Local currency		283,768	132,620
Foreign currency	26.1	159,136	141,166
		442,904	273,786
On saving accounts	26.2	10,175	7,905
Term deposit receipts	26.2	-	330,000
		453,079	611,691
Cash in hand		19,800	6,965
		472,879	618,656

26.1 These represent US\$ 561,127 (2024: US\$ 507,246).

26.2 Rate of profit on saving accounts was ranging from 0.13% to 10.10% (2024: 0.25% to 15.97%) per annum.

26.3 These represented Term Deposit Receipts (TDRs) with banking companies having maturity period of 3 months and carried profit at the rate of 18.75% to 21% per annum.

27. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

These represent freehold land and building on freehold land amounting to Rupees 87.233 million. The book value of building on freehold land is Rupees Nil. Value of freehold land has been determined by an independent valuer, M Y K Associates (Private) Limited on 22 October 2024 applying fair market value. Had there been no revaluation, the value of freehold land would have been lower by Rupees 80.414 million. The book value of freehold land on cost basis is Rupees 6.819 million. Forced sale value of freehold land as per last revaluation carried out during the financial year ended 30 June 2025 was Rupees 74.148 million.

Carrying amounts of these assets will be recovered principally through sale transaction rather than through continuing use. The Company intends to dispose of land and building and anticipates that the disposal will be completed subsequent to the reporting period. The Company is currently in negotiation with some potential buyers. The Directors of the Company expect that the fair value less cost to sell of these assets will be higher than the aggregate carrying amount of the related assets.

Particulars of immovable property in the name of the Company are as follows:

Particulars	Location	Area Kanal	Covered area Sq. Ft.
Godown	Dost Street, Maqbool Road, Faisalabad	6.24	26 546

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
28. REVENUE			
Revenue from contracts with customers:			
-Export sales		23,607,676	21,665,325
-Local sales	28.1	18,989,306	19,950,952
-Processing income	28.2	181,996	124,206
		42,778,978	41,740,483
Export rebate		58,869	75,912
		42,837,847	41,816,395
28.1 Local sales			
Sales		22,407,381	22,802,269
Less: Sales tax		3,418,075	2,851,317
		18,989,306	19,950,952
28.1.1	Local sales includes waste sales of Rupees 1,056.960 million (2024: Rupees 1,172.526 million).		
28.2	Processing income is net of sales tax amounting to Rupees 32.759 million (2024: Rupees 22.357 million).		
28.3	The amount of Rupees 416.377 million included in contract liabilities (Note 8) at 30 June 2024 has been recognised as revenue during the year (2024: Rupees 368.105 million).		
29. COST OF SALES			
Raw materials consumed	29.1	26,109,200	25,819,279
Stores, spare parts and loose tools consumed		1,619,695	1,319,906
Packing materials consumed		724,197	615,718
Processing, sizing and conversion charges		3,566,516	2,461,599
Fuel and power		4,007,600	4,020,247
Salaries, wages and other benefits	29.2	1,863,738	1,614,724
Repair and maintenance		39,545	45,070
Insurance		46,670	37,529
Depreciation on property, plant and equipment	14.1.3	973,785	983,789
Other factory overheads	29.3	19,652	19,051
		38,970,598	36,936,912
Work-in-process			
Opening stock		1,105,335	957,701
Closing stock		(1,260,764)	(1,105,335)
		(155,429)	(147,634)
Cost of goods manufactured		38,815,169	36,789,278
Finished goods			
Opening stock		3,627,585	3,012,656
Closing stock		(4,253,464)	(3,627,585)
		(625,879)	(614,929)
		38,189,290	36,174,349

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
29.1 Raw materials consumed			
Opening stock		5,941,099	4,518,654
Add: Purchased during the year		25,761,133	27,241,724
		31,702,232	31,760,378
Less: Closing stock		(5,593,032)	(5,941,099)
		26,109,200	25,819,279

29.2 Salaries, wages and other benefits include provident fund contribution of Rupees 60.851 million (2024: Rupees 54.228 million) by the Company.

29.3 These include Rupees 2.880 million (2024: Rupees 2.640 million) related to short term lease in respect of rental expenses to J.K. Tech (Private) Limited, a related party.

30. DISTRIBUTION COST

Salaries and other benefits	30.1	51,999	45,933
Freight and shipment		769,596	617,047
Commission to selling agents		444,624	462,920
Travelling and conveyance		34,312	25,120
Export development surcharge		57,475	53,820
Insurance		2,588	9,350
Miscellaneous		52,601	101,933
		1,413,195	1,316,123

30.1 Salaries and other benefits include provident fund contribution of Rupees 2.836 million (2024: Rupees 2.521 million) by the Company.

31. ADMINISTRATIVE EXPENSES

Salaries and other benefits	31.1	295,953	313,480
Travelling and conveyance		19,349	14,066
Vehicles' running and maintenance		36,213	30,817
Rent, rates and taxes	31.2	8,204	10,134
Utilities		-	212
Repair and maintenance		5,883	2,908
Insurance		12,400	12,562
Printing and stationery		306	91
Advertisement		378	541
Communication		26,534	23,736
Fee and subscription		33,592	27,280
Entertainment		17,490	12,793
Legal and professional		3,480	3,260
Auditor's remuneration	31.3	3,835	3,285
Depreciation on property, plant and equipment	14.1.3	121,075	109,690
Depreciation on right-of-use asset	15	11,820	14,775
Other charges		5,820	3,852
		602,332	583,482

31.1 Salaries and other benefits include provident fund contribution of Rupees 10.547 million (2024: Rupees 10.811 million) by the Company.

31.2 These include ljarah rentals amounting to Rupees 7.826 million (2024: Rupees 9.861 million) of vehicles.

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
31.3 Auditors' remuneration:			
Audit fee		3,200	2,800
Half yearly review		200	150
Certifications required by various regulations		185	185
Reimbursable expenses		250	150
		3,835	3,285
32. OTHER EXPENSES			
Donations	32.1 and 32.2	11,619	8,949
Allowance for expected credit losses	20.3	3,718	2,012
Provision for doubtful other receivables	23.1	2,471	-
Workers' profit participation fund	8.2	59,644	77,898
Workers' welfare fund	8.3	23,574	29,601
Fair value loss on forward exchange contracts		169,621	-
Minor balances written off		-	4
		270,647	118,464
32.1 The name of donees to whom donation is made in excess of Rupees 1.162 million (2024: Rupees 0.895 million) 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		1,100	1,200
32.2 None of the directors or their spouses have any interest in the donees.			
33. OTHER INCOME			
Income from financial assets			
Dividend income on investments at FVTPL		957	1,486
Unrealized gain on remeasurement of investments at FVTPL		3,137	9,432
Gain on sale of investments at FVTPL		10,302	8,003
Profit on saving accounts and TDRs		73,578	43,728
Net exchange gain		383,847	215,463
Fair value gain on forward exchange contracts		-	105,289
Reversal of allowance for expected credit losses	20.3	279	2,566
Duty drawback of previous years recovered during the year		79,463	-
		551,563	385,967
Income from non-financial assets			
Rental income		2,640	2,400
Scrap sales		28,534	27,035
Gain on sale of property, plant and equipment		9,915	8,852
Credit balances written back		-	448
		41,089	38,735
		592,652	424,702

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
34. FINANCE COST			
Mark up / profit on:			
Long term financing		365,190	467,485
Short term borrowings		1,303,850	1,832,787
Lease liabilities	6.1	7,460	10,890
Interest on workers' profit participation fund	8.2	13,401	9,580
Bank charges and commission		110,006	86,494
		1,799,907	2,407,236
35. LEVY			
Levy for the year	35.1	377,865	565,106
Prior year adjustment		(7,877)	69,826
		369,988	634,932
35.1	Levy represents minimum tax on turnover and other income under relevant provisions of the Income Tax Ordinance, 2001.		
36. TAXATION			
Current tax:			
- for the year	36.1 and 12	271,279	-
36.1	Taxation for the year represents tax on taxable income under relevant provisions of Income Tax Ordinance, 2001.		
36.2 Reconciliation between tax expense and accounting profit			
Profit before levy and taxation		1,155,128	1,641,443
Applicable tax rate		29%	29%
Tax on accounting profit		334,987	476,018
Prior period adjustment		(7,877)	69,826
Effect of super tax		111,852	82,645
Effect of final tax regime income taxed at a lower rate		174	224,051
Effect of minimum tax		535,830	243,000
Effect of expenses / income that are not considered in determining taxable liability		(333,699)	(460,608)
Current tax liability and levy payable as per applicable law		641,267	634,932
Taxation	36	271,279	-
Levy	35	369,988	634,932
		641,267	634,932

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
36.3 Deferred income tax			
Taxable temporary differences on			
Accelerated tax depreciation		1,542,335	1,496,477
Right-of-use assets		18,440	23,050
		1,560,775	1,519,527
Deductible temporary differences on			
Lease liabilities		14,232	18,657
Allowance for expected credit losses		2,416	1,074
Provision for doubtful other receivables		964	-
Unrealized loss on FVTPL investments		-	1,605
Provision for doubtful sales tax refundable		42,586	42,586
Unused tax losses and minimum tax		1,500,577	1,455,605
		1,560,775	1,519,527
Deferred income tax liability		-	-

36.4 Deferred income tax asset on minimum tax and 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 31.606 million (2024: Rupees 15.602 million) in respect of unused tax losses and minimum tax as sufficient tax profits may not be available to set off these in the foreseeable future.

36.5 Unused tax losses available for carry forward as at 30 June 2025 representing unabsorbed depreciation are of Rupees 2,589.594 million (2024: Rupees 2,648.678 million). Total minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2025 is of Rupees 781.201 million (2024: Rupees 438.223 million). The minimum tax will expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax (RUPEES IN THOUSAND)	Accounting year in which minimum tax will expire
2025	375,277	2028
2024	210,701	2027
2023	195,223	2026
	781,201	

	NOTE	2025 (RUPEES IN THOUSAND)	2024
37. EARNING PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders (Rupees in thousand)		513,861	1,006,511
Weighted average number of ordinary shares (Numbers)		102,317,502	102 317 502
Earnings per share (Rupees)		5.02	9.84

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
38. CASH GENERATED FROM OPERATIONS			
Profit before levy and taxation		1,155,128	1,641,443
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment	14.1.3	1,094,860	1,093,479
Depreciation on right-of-use asset	15	11,820	14,775
Net unrealized exchange gain		(27,852)	(97,239)
Finance cost	34	1,799,907	2,407,236
Provision for workers' profit participation fund	31	59,644	77,898
Profit on saving accounts and TDRs	33	(73,578)	(43,728)
Gain on sale of property, plant and equipment	33	(9,915)	(8,852)
Credit balances written back	33	-	(448)
Gain on sale of investments at FVTPL	33	(10,302)	(8,003)
Minor balances written off	32	-	4
Allowance for expected credit losses	32	3,718	2,012
Provision for doubtful other receivables	32	2,471	-
Reversal of allowance for expected credit losses	33	(279)	(2,566)
Unrealized gain on remeasurement of investments at FVTPL	33	(3,137)	(9,432)
Working capital changes	38.1	681,741	(2,621,664)
		4,684,226	2,444,915
38.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(34,255)	(40,942)
- Stock-in-trade		(433,241)	(2,185,008)
- Trade debts		(972,786)	(283,189)
- Advances		(66,136)	5,720
- Short term deposits and prepayment		17,468	(31,649)
- Other receivables		90,883	(19,126)
- Sales tax refundable		1,176,976	(646,261)
		(221,091)	(3,200,454)
Increase in trade and other payables		902,832	578,790
		681,741	(2,621,664)

Notes to the Financial Statements

For the Year ended 30 June 2025

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

	2025				2024			
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend
	(RUPEES IN THOUSAND)							
Balance as at 01 July	3,535,230	47,839	9,763,274	749	3,866,229	56,271	7,860,721	783
Proceeds from long term financing	1,156,298	-	-	-	350,631	-	-	-
Other charges accrued but not paid	-	361	-	-	-	753	-	-
Amortization of deferred grant - net	115,743	-	-	-	128,628	-	-	-
Borrowings obtained - net	-	38	39,948	-	-	-	1,902,553	-
Repayment of long term financing	(917,377)	-	-	-	(810,258)	-	-	-
Repayment of lease liabilities	-	(11,707)	-	-	-	(9,185)	-	-
Dividend paid	-	-	-	-	-	-	-	(34)
Balance as at 30 June	3,889,894	36,531	9,803,222	749	3,535,230	47,839	9,763,274	749

Notes to the Financial Statements

For the Year ended 30 June 2025

	NOTE	2025 (RUPEES IN THOUSAND)	2024
38.3 Non cash financing activities			
Deferred income - Government grant - net		115,743	128,628
Other charges accrued but not paid		361	753

39. 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	
	2025	2024	2025	2024	2025	2024	2025	2024
	----- (RUPEES IN THOUSAND) -----							
Managerial remuneration	18,000	18,000	18,000	18,000	12,800	19,200	118,865	116,575
Other allowances	-	8,955	-	8,381	-	8,989	-	-
Reimbursable expenses	-	5,957	-	3,904	-	3,852	-	-
Contribution to provident fund	1,000	1,000	1,000	1,000	711	1,066	5,110	5,396
Total	19,000	33,912	19,000	31,285	13,511	33,107	123,975	121,971
Number of persons	1	1	1	1	1	1	42	38

39.1 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.

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

40. 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.

	2025 (NUMBER OF PERSONS)	2024
41. NUMBER OF EMPLOYEES		
Number of employees as at 30 June	2,880	3,198
Average number of employee during the year	3,197	3,237

42. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the associate, other related parties, employees' provident fund trust 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 2025

			2025 (RUPEES IN THOUSAND)	2024
Name of related party	Basis of relationship	Nature of transaction		
Associated Company				
J.K. Tech (Private) Limited	30% shareholding in JKTPL	Service charges	2,880	2,640
		Rental income	2,640	2,400
		Expenses paid on behalf of JKTPL	424	235
Other related parties				
J.K. Spinning Mills Limited - Employees' Provident Fund Trust (Note 42.2)	Post employment benefit plan	Contribution made	74,234	67,560
Chief Executive Officer and a Director	Members of Board of Directors	Loans obtained	-	500,000
		Loans repaid	500,000	-
Executives	Key management personnel	Vehicles sold	13,954	11,517

42.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 39.

43. PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2024: 1,098 shifts)

(Kgs.) 64,042 64,442

Actual production converted to 20s count based on 3 shifts per day for 1,094 shifts (2024: 1,094 shifts)

(Kgs.) 47,612 47,910

Weaving

100 % plant capacity converted to 50 picks based on 3 shifts per day for 1,095 shifts (2024: 1,098 shifts)

(Sq. Mtr.) 20,986 20,986

Actual production converted to 50 picks based on 3 shifts per day for 1,068 shifts (2024: 1,068 shifts)

(Sq. Mtr.) 17,841 17,882

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.

43.1 REASON FOR LOW PRODUCTION

Spinning

Under utilization of available capacity is mainly due to relocation of some ring frames and producing specialized yarn during the year. Moreover power shut downs / jerks were also the reason for low production.

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 2025

44. SEGMENT INFORMATION

	Spinning		Fabric Division		Elimination of Inter-segment transactions		Total - Company	
	2025	2024	2025	2024	2025	2024	2025	2024
(RUPEES IN THOUSAND)								
Revenue from contracts with customers								
External	18,636,715	19,405,557	24,201,132	22,410,838	-	-	42,837,847	41,816,395
Intersegment	2,047,129	2,632,063	-	-	(2,047,129)	(2,632,063)	-	-
	20,683,844	22,037,620	24,201,132	22,410,838	(2,047,129)	(2,632,063)	42,837,847	41,816,395
Cost of sales	(19,121,106)	(19,930,897)	(21,115,313)	(18,875,515)	2,047,129	2,632,063	(38,189,290)	(36,174,349)
Gross profit	1,562,738	2,106,723	3,085,819	3,535,323	-	-	4,648,557	5,642,046
Distribution cost	(82,617)	(111,318)	(1,330,578)	(1,204,805)	-	-	(1,413,195)	(1,316,123)
Administrative expenses	(399,464)	(401,679)	(202,868)	(181,803)	-	-	(602,332)	(583,482)
	(482,081)	(512,997)	(1,533,446)	(1,386,608)	-	-	(2,015,527)	(1,899,605)
Profit before taxation and unallocated income and expenses	1,080,657	1,593,726	1,552,373	2,148,715	-	-	2,633,030	3,742,441
Unallocated income and expenses:								
Other expenses							(270,647)	(118,464)
Other income							592,652	424,702
Finance cost							(1,799,907)	(2,407,236)
Levy							(369,988)	(634,932)
Taxation							(271,279)	-
Profit after taxation							513,861	1,006,511

44.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric Division		Total - Company	
	2025	2024	2025	2024	2025	2024
(RUPEES IN THOUSAND)						
Total assets for reportable segments	20,359,766	18,944,944	9,864,126	8,679,915	30,223,892	27,512,710
Sales tax refundable					1,763,176	2,940,152
Advance income tax - net					21,708	112,149
Total assets as per statement of financial position					32,008,776	30,565,011
Total liabilities for reportable segments	10,926,468	11,277,108	6,741,763	5,410,471	17,668,231	16,687,579
Unallocated liabilities					297,330	382,451
Total liabilities as per statement of financial position					17,965,561	17,070,030

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

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

Yarn	17,868,949	18,518,328	47,172	422,586	17,916,121	18,940,914
Fabric	-	-	4,901,082	5,266,859	4,901,082	5,266,859
Made ups	-	-	18,942,919	16,490,750	18,942,919	16,490,750
Processing income	-	-	181,996	124,206	181,996	124,206
Waste	767,766	887,229	127,963	106,437	895,729	993,666
	18,636,715	19,405,557	24,201,132	22,410,838	42,837,847	41,816,395

Notes to the Financial Statements

For the Year ended 30 June 2025

44.3 Geographical Information

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

	Spinning		Fabric		Total Company	
	2025	2024	2025	2024	2025	2024
	------(RUPEES IN THOUSAND)-----					
Albania	-	-	9,166	-	9,166	-
Australia	-	-	141,415	-	141,415	-
Bangladesh	-	-	40,655	2,797	40,655	2,797
Belgium	-	-	1,066,564	1,138,875	1,066,564	1,138,875
Brazil	-	-	263,141	30,650	263,141	30,650
Bulgaria	-	-	84,616	244,095	84,616	244,095
Canada	-	-	82,699	-	82,699	-
Colombia	-	-	66,008	60,574	66,008	60,574
Croatia	-	-	-	1,087	-	1,087
Cyprus	-	-	29,464	26,167	29,464	26,167
Ecuador	-	-	221,954	215,212	221,954	215,212
Egypt	-	178,237	-	-	-	178,237
Fiji	-	-	-	9,283	-	9,283
France	-	-	3,295,065	3,073,014	3,295,065	3,073,014
Germany	-	-	481,414	119,971	481,414	119,971
Great Britain	-	-	7,019,687	6,733,069	7,019,687	6,733,069
Greece	-	-	103,830	4,525	103,830	4,525
Italy	-	-	1,589,115	1,866,265	1,589,115	1,866,265
Jamaica	-	-	-	112,608	-	112,608
Kazakhstan	-	-	44,117	-	44,117	-
Lithuania	-	-	341,404	340,397	341,404	340,397
Malaysia	-	-	50,226	16,012	50,226	16,012
Mexico	-	-	427,657	440,748	427,657	440,748
Netherlands	-	-	829,344	47,786	829,344	47,786
Oman	-	-	14,405	-	14,405	-
Poland	-	-	241,497	159,712	241,497	159,712
Portugal	-	-	236,938	435,487	236,938	435,487
Romania	-	-	277,030	304,613	277,030	304,613
Saudi Arabia	-	-	95,811	56,916	95,811	56,916
Serbia	-	-	-	4,384	-	4,384
Slovakia	-	-	45,084	20,020	45,084	20,020
Somalia	-	-	22,013	-	22,013	-
South Africa	-	-	87,136	75,504	87,136	75,504
Spain	-	-	2,070,633	2,001,100	2,070,633	2,001,100
Sri Lanka	-	-	55,586	-	55,586	-
Suriname	-	-	11,990	-	11,990	-
Sweden	-	-	13,494	-	13,494	-
Tunisia	-	-	30,793	13,629	30,793	13,629
Turkey	-	-	-	34,613	-	34,613
Ukraine	-	-	98,749	48,831	98,749	48,831
United Arab Emirates	-	-	55,804	23,401	55,804	23,401
United States of America	-	-	3,978,764	3,809,532	3,978,764	3,809,532
Vietnam	-	-	-	16,212	-	16,212
West Indies	-	-	84,408	-	84,408	-
Pakistan	18,636,715	19,227,314	534,587	847,844	19,171,302	20,075,158
Export rebate	-	6	58,869	75,905	58,869	75,911
	18,636,715	19,405,557	24,201,132	22,410,838	42,837,847	41,816,395

Notes to the Financial Statements

For the Year ended 30 June 2025

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

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

44.6 Revenue from major customers

There are two major customers (2024: One) of the Company's Fabric Segment representing revenue of Rupees 5,736.341 million (2024: Rupees 5,684.221 million). Revenue from Spinning Segment of the Company does not include any major customer.

45. FINANCIAL RISK MANAGEMENT

45.1 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 program 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:

Notes to the Financial Statements

For the Year ended 30 June 2025

	2025	2024
Cash at banks - USD	561,127	507,246
Trade debts - USD	4,120,312	4,157,455
Trade debts - Euro	899,600	1,267,184
Trade debts - GBP	657,581	488,667
Trade and other payables - USD	-	(183,000)
Net exposure - USD	4,681,439	4,481,701
Net exposure - Euro	899,600	1,267,184
Net exposure - GBP	657,581	488,667
Following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	279.03	282.96
Reporting date rate	283.60	278.30
Rupees per Euro		
Average rate	300.28	306.45
Reporting date rate	332.25	297.88
Rupees per GBP		
Average rate	359.58	356.88
Reporting date rate	388.97	351.22

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 78.775 million (2024: Rupees 74.506 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.

(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:

Notes to the Financial Statements

For the Year ended 30 June 2025

Index	Impact on profit after taxation	
	2025 (RUPEES IN THOUSAND)	2024
PSX 100 / MUFAP (10% increase)	1,064	2,012
PSX 100 / MUFAP (10% decrease)	(1,064)	(2,012)

(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. However the Company has no significant long term interest bearing assets. 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:

	2025 (RUPEES IN THOUSAND)	2024
Fixed rate instruments:		
Financial assets		
Term deposit receipts	616,000	330,000
Financial liabilities:		
Long term financing	1,304,262	1,758,271
Short term borrowings	3,831,000	2,190,331
Floating rate instruments:		
Financial assets		
Bank balances - saving accounts	10,175	7,905
Financial liabilities		
Long term financing	2,585,632	1,776,959
Lease liabilities	36,493	47,839
Short term borrowings	5,972,222	7,072,943

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 71.850 million (2024: Rupees 74.488 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.

Notes to the Financial Statements

For the Year ended 30 June 2025

(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:

	2025 (RUPEES IN THOUSAND)	2024
Trade debts	5,287,163	4,293,691
Advances	18	111
Deposits	245,582	54,493
Investments	649,302	21,609
Other receivables	11,684	121,773
Bank balances	453,079	611,691
	6,646,828	5,103,368

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 2025

	Rating			2025	2024
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Askari Bank Limited	A1+	AA+	PACRA	85,842	15,308
The Bank of Punjab	A1+	AA+	PACRA	84,394	237,716
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	72,267	32,524
The Bank of Khyber	A1	AA-	VIS	2,307	131,342
Habib Bank Limited	A1+	AAA	VIS	60,076	30,585
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	11,368	22,949
National Bank of Pakistan	A1+	AAA	PACRA	25,986	25,500
Allied Bank Limited	A1+	AAA	PACRA	20	16
Meezan Bank Limited	A1+	AAA	VIS	51,357	81,889
Bank Makramah Limited	A3	BBB-	VIS	25	25
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	28,936	33,275
Industrial and Commercial Bank of China	-	A1	Moody's	449	450
BankIslami Pakistan Limited	A1	AA-	PACRA	3,078	99
JS Bank Limited	A1+	AA	PACRA	110	-
Bank Alfalah Limited	A1+	AAA	PACRA	783	-
United Bank Limited	A1+	AAA	VIS	26,068	-
MCB Bank Limited	A1+	AAA	PACRA	13	13
				453,079	611,691
Equity investments					
D.G. Khan Cement Company Limited		AA	PACRA	1,656	903
National Refinery Limited		AA	PACRA	243	265
Pakistan State Oil Company Limited		AA+	VIS	-	5,970
Habib Bank Limited		AAA	VIS	2,365	1,638
Ghandhara Industries Limited		Unknown		-	6,288
The Searle Company Limited		AA-	VIS	4,147	2,700
United Bank Limited		AAA	VIS	-	1,281
International Steels Limited		A+	VIS	464	423
Dost Steels Limited		Unknown		620	433
				9,495	19,901
Mutual funds					
NBP Financial Sector Income Fund		A+(f)	PACRA	1,884	223
NBP Islamic Daily Dividend Fund		AA+(f)	PACRA	23	1,470
NBP Money Market Fund		AA(f)	PACRA	21	-
NBP Islamic Money Market Fund		AA(f)	PACRA	1	-
Meezan Cash Fund		AA(f)	PACRA	17	-
Meezan Daily Income Fund		AM1	PACRA	4	15
				1,950	1,708
Term deposit receipts					
The Bank of Punjab	A1+	AA+	PACRA	350,000	-
The Bank of Khyber	A1	AA-	VIS	266,000	-
Sub total				616,000	-
Grand Total				1,080,524	633,300

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 2025

(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 2024, the Company had Rupees 16,496 million (2024: Rupees 10,403 million) available funded borrowing limits from financial institutions and Rupees 472.879 million (2024: Rupees 618.656 million) cash and bank balances. Moreover, the Company has Rupees 1,540 million (2024: Rupees 587 million) unfunded borrowing limits out of which Rupees 782.463 million (2024: Rupees 440 million) were utilized. 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 2025:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	----- (RUPEES IN THOUSAND) -----					
Non-derivative financial liabilities:						
Long term financing	3,889,894	4,125,913	424,692	444,642	1,095,843	2,160,736
Lease liabilities	36,493	43,107	8,919	8,919	17,838	7,431
Trade and other payables	3,016,817	3,016,817	3,016,817	-	-	-
Accrued mark-up	189,512	189,512	189,512	-	-	-
Short term borrowings	9,803,222	10,118,195	10,118,195	-	-	-
Unclaimed dividend	749	749	749	-	-	-
Derivative financial liabilities						
Fair value of forward exchange contracts	64,332	64,332	64,332	-	-	-
	17,001,019	17,558,625	13,823,216	453,561	1,113,681	2,168,167

Contractual maturities of financial liabilities as at 30 June 2024:

Non-derivative financial liabilities:						
Long term financing	3,535,230	4,573,545	459,305	481,823	892,896	2,739,521
Lease liabilities	47,839	68,889	10,081	10,081	20,162	28,565
Trade and other payables	2,098,729	2,098,729	2,098,729	-	-	-
Accrued mark-up	355,641	355,641	355,641	-	-	-
Short term borrowings	9,763,274	10,506,518	10,506,518	-	-	-
Unclaimed dividend	749	749	749	-	-	-
	15,801,462	17,604,071	13,431,023	491,904	913,058	2,768,086

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates / profit rates effective as at 30 June. The rates of interest / mark-up / profit have been disclosed in Note 5, Note 6 and Note 10 to these financial statements.

Notes to the Financial Statements

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45.2 Financial instruments by categories

	2025			2024		
	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	-	5,287,163	5,287,163	-	4,293,691	4,293,691
Advances	-	18	18	-	111	111
Deposits	-	245,582	245,582	-	54,493	54,493
Short term investments	11,445	637,857	649,302	21,609	-	21,609
Other receivables	-	11,684	11,684	105,289	16,484	121,773
Cash and bank balances	-	472,879	472,879	-	618,656	618,656
	11,445	6,655,183	6,666,628	126,898	4,983,435	5,110,333

	2025		2024	
	At amortized cost	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	-	3,889,894	3,889,894	3,535,230
Lease liabilities	-	36,493	36,493	47,839
Trade and other payables	64,332	3,016,817	3,081,149	2,098,729
Accrued mark-up	-	189,512	189,512	355,641
Short term borrowings	-	9,803,222	9,803,222	9,763,274
Unclaimed dividend	-	749	749	749
	64,332	16,936,687	17,001,019	15,801,462

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

	2025			2024		
	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	5,287,163	-	5,287,163	4,293,691	-	4,293,691
Advances	18	169,297	169,315	111	103,068	103,179
Long term deposits	209,391	-	209,391	1,081	-	1,081
Short term deposits and prepayment	36,191	-	36,191	53,412	247	53,659
Short term investments	649,302	-	649,302	21,609	-	21,609
Other receivables	11,684	67,509	79,193	121,773	62,315	184,088
Cash and bank balances	472,879	-	472,879	618,656	-	618,656
	6,666,628	236,806	6,903,434	5,110,333	165,630	5,275,963

Notes to the Financial Statements

For the Year ended 30 June 2025

	2025			2024		
	Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position
	----- RUPEES IN THOUSAND -----					
As at 30 June						
Liabilities as per statement of financial position						
Long term financing	3,889,894	-	3,889,894	3,535,230	-	3,535,230
Lease liabilities	36,493	-	36,493	47,839	-	47,839
Trade and other payables	3,081,149	690,625	3,771,774	2,098,729	788,467	2,887,196
Accrued mark-up	189,512	-	189,512	355,641	-	355,641
Short term borrowings	9,803,222	-	9,803,222	9,763,274	-	9,763,274
Unclaimed dividend	749	-	749	749	-	749
	17,001,019	690,625	17,691,644	15,801,462	788,467	16,589,929

45.3 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.

45.4 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 and short term borrowings obtained by the Company as referred to Note 5 and Note 10 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

	2025 RUPEES IN THOUSAND	2024
Borrowings	13,729,609	13,346,343
Total equity	14,043,215	13,494,981
Total capital employed	27,772,824	26,841,324
	(PERCENTAGE)	
Gearing ratio	49.44	49.72

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 2025

46. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
Recurring fair value measurement				
At 30 June 2025				
Financial assets				
At fair value through profit or loss	11,445	-	-	11,445
Total financial assets	11,445	-	-	11,445
Financial liabilities				
Derivative financial liabilities	-	64,332	-	64,332
Total financial liabilities	-	64,332	-	64,332
At 30 June 2024				
At fair value through profit or loss	21,609	-	-	21,609
Derivative financial assets	-	105,289	-	105,289
Total financial liabilities	21,609	105,289	-	126,898

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 2025

(ii) Valuation techniques used to determine fair values

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

47. 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 2025				
Freehold land	-	1,025,940	-	1,025,940
Total non-financial assets	-	1,025,940	-	1,025,940
At 30 June 2024				
Freehold land	-	973,085	-	973,085
Total non-financial assets	-	973,085	-	973,085

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.

Notes to the Financial Statements

For the Year ended 30 June 2025

48. DISCLOSURE REQUIREMENTS FOR COMPANY NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES AS ITS CORE BUSINESS ACTIVITIES

Description	NOTE	2025 RUPEES IN THOUSAND	2024
Financing (long-term, short-term, or lease financing) obtained as per Islamic mode			
Short term borrowings		5,079,645	5,881,699
Long term financing		8,169	350,631
Interest or mark-up accrued on any conventional loan or advance			
Short term borrowings		1,086,869	1,623,812
Long term financing		261,122	318,867
Shariah-compliant bank deposits, bank balances, and TDRs		83,371	115,263
Revenue earned from shariah compliant business segment	28	42,837,847	41,816,395
Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates		686	794
Exchange gain earned from actual currency	33	383,847	215,463
Profit paid on Islamic mode of financing		218,188	297,566
Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non-compliant income			
Shariah-compliant			
Dividend income on investments at FVTPL		683	1,105
Unrealized gain on remeasurement of investments at FVTPL	33	3,137	9,432
Gain on sale of investments at FVTPL	33	10,302	8,003
Profit on saving accounts and TDRs		84	95
Net Exchange gain	33	383,847	215,463
Reversal of allowance for expected credit losses - trade debts	33	279	2,566
Duty drawback of previous years recovered during the year	33	79,463	-
Rental income	33	2,640	2,400
Scrap sales	33	28,534	27,035
Gain on disposal of operating fixed assets - net	33	9,915	8,852
Credit balances written back		-	448
Non-compliant			
Profit on saving accounts and TDRs		73,494	43,633
Dividend income on investments at FVTPL		274	381
Unrealised exchange gain on forward contracts		-	105,289

Notes to the Financial Statements

For the Year ended 30 June 2025

Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc

Name	Relationship
Meezan Bank Limited	Bank balance, long term and short term borrowings
Dubai Islamic Bank Pakistan Limited	Bank balance and short term borrowings
BankIslami Pakistan Limited	Bank balance and short term borrowings
First Habib Modarba	Long term borrowings

49. NON ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on 17 September 2025 have proposed cash dividend of Rupees 2 per share for the year ended 30 June 2025 (2024: Rupees Nil) to ordinary shareholders except Directors, Chief Executive Officer and their spouses. However, this event has been considered as non adjusting under IAS 10 and has not been recognized in these financial statements.

50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 17, 2025.

51. CORRESPONDING FIGURES

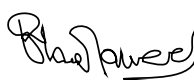
Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made.

52. GENERAL

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



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Khawaja Nadeem Abbas
Chief Financial Officer

Pattern of Shareholding

As on June 30, 2025

No. of Share Holders	Share Holding		Total Shares Held
	From	To	
77	1	100	1,495
52	101	500	15,813
39	501	1,000	30,809
50	1,001	5,000	123,026
15	5,001	10,000	102,493
2	10,001	15,000	24,333
1	15,001	20,000	20,000
2	20,001	25,000	43,955
2	25,001	30,000	55,959
1	40,001	45,000	43,619
2	60,001	65,000	129,923
2	500,001	505,000	1,008,000
1	510,001	515,000	511,499
1	790,001	795,000	790,818
1	860,001	865,000	864,360
1	1,005,001	1,010,000	1,009,493
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
258			102,317,502

Shareholders' Category	No. of Share Holders/Folios	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouse :			
-Directors and Spouse	12	71,417,064	69.7995
-Chief Executive Officer	3	24,804,614	24.2428
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
General Public:			
a. Local	227	6,021,160	5.8848
b. Foreign	-	-	-
Other	10	58,797	0.0573
Total	258	102,317,502	100.0000

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

GENDER PAY GAP STATEMENT

UNDER CIRCULAR NO.10 DATED 17 APRIL 2025

Following is gender pay gap calculated for the year ended June 30, 2025:

I.	Mean Gender Pay Gap	Nil
II.	Median Gender Pay Gap	Nil



Faiq Jawed
Chief Executive Officer
September 17, 2025

Form of Proxy

39th 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 39th Annual General Meeting of the Company, to be held on the 24th day of October, 2025 and at any adjournment thereof.

At witness my/our hand /seal this _____ day of _____ 2025.

Witnesses:

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

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

Folio No./CDC Account No.

Revenue Stamps of Rs 50/-

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

انتالیسواں 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 _____ یاس کی عدم موجودگی میں
_____ حامل (CNIC) یا پاسپورٹ نمبر _____ کو مؤرخہ 24 اکتوبر 2025 کو منعقد ہونے والے انتالیسواں 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/کرتے ہیں

گواہان کی موجودگی میں میرے/ہمارے دستخط/مہر بروز _____ 2025 ثبت کیے گئے/کی گئی

گواہان

1. دستخط _____

نام _____

پتہ _____

کمپیوٹرائزڈ شناختی کارڈ/پاسپورٹ نمبر _____

2. دستخط _____

نام _____

پتہ _____

کمپیوٹرائزڈ شناختی کارڈ/پاسپورٹ نمبر _____

پچاس روپے کارپوریٹ اسٹمپ

فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر

حصص یافتہ کے دستخط

نوٹس

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

J.K. SPINNING MILLS LIMITED

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jkgroup.net