



# 1st Quarter Report 2021-2022

**J.K. SPINNING  
MILLS LIMITED**





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## Company Information

<b>Chairman</b>	Mr. Jawed Anwar
<b>Chief Executive</b>	Mr. Faiq Jawed
<b>Directors</b>	Mr. Shaiq Jawed Mr. Rehan Ashfaq Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad Mr.Mamoor Ijaz
<b>Audit Committee</b>	
<b>Chairman</b>	Mr.Rehan Ashfaq
<b>Members</b>	Mrs.Farhat Jehan Mrs.Sadaf Aamir Arshad
<b>HR Committee</b>	
<b>Chairman</b>	Mr.Mamoor Ijaz
<b>Members</b>	Mr.Shaiq Jawed Mrs.Sadaf Aamir Arshad
<b>Company Secretary</b>	Syed Hussain Shahid Mansoor Naqvi
<b>Chief Financial Officer</b>	Mr. Ghulam Muhammad
<b>Head of Internal Audit</b>	Mr. Farhan Safdar
<b>Auditors</b>	Zahid Jamil & Co. Chartered Accountants
<b>Legal Advisor</b>	Mahfooz Ahmad khan Advocates
<b>Registrar's and Share Registration office</b>	CORPTEC Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore
<b>Bankers</b>	Standard Chartered Bank (Pakistan) Limited The Bank of Punjab National Bank of Pakistan Habib Bank Limited Meezan Bank Limited Askari Bank Limited Summit Bank The Bank of Khyber Dubai Islamic Bank
<b>Registered office</b>	34-Falcon Enclave, Tufail Road, Lahore Cantt. Lahore.
<b>Head Office &amp; Mills</b>	29-KM, Sheikhpura Road, khurrianwala Faisalabad.

## Directors' Report

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

### Dear Shareholders,

The Directors' of your company feel pleasure to submit Un-audited Financial Statements of the company for the quarter ended September 30, 2021.

### Financial Results and Operational Performance

The summarized financial results of the company for the quarter ended September 30, 2021 are as under:

Particulars	Rupees in Million	
	Quarter Ended	
	September 30, 2021	September 30, 2020
Revenue from contracts with customers	5,462.708	4,085.973
Cost of revenue	4,182.070	3,467.737
Gross Profit	1,280.638	618.236
Operating Expenses-net	387.668	188.804
Profit from Operations	892.970	429.432
Finance cost	84.764	59.170
Profit After taxation	689.690	301.970
Earnings per share – (Rupees)		
Basic and Diluted	6.74	2.95

Your directors have not recommended any interim dividend.

Revenue for the period under review increased to Rupees 5,462.708 million from Rupees 4,085.973 million. Raw material consumed increased in view of increase in raw material prices globally and increase in volume. Fuel and power cost increased due to addition of processing unit and increase in spinning capacity. Salaries, wages and other benefit expenses increased due to addition of processing unit, increase in minimum wage rate and inflationary factor. Stores, spare parts and loose tools consumed and packing material cost increased in view of increase in volume and inflationary trend. Other factory overhead cost increased in view of addition of processing unit and inflationary trend. Operating expenses for the quarter ended September 30, 2021 increased to Rupees 387.668 million from Rupees 188.804 million of corresponding period of last year in view of impact of exchange loss and increase in ocean freight. Financial charges increased to Rupees 84.764 million from Rupees 59.170 million of corresponding period in view of increase in short term borrowings and long term loans.

Your company has earned profit after taxation of Rupees 689.690 million during the quarter ended September 30, 2021 against Rupees 301.970 million of corresponding period of last year.

Production of yarn converted into 20/5 for the period under review was 10.167 million Kgs against 9.617 million Kgs of corresponding period. Your company's management believes on continuing policy of Balancing Modernization and Replacement (BMR) of machinery and equipments of its production facilities. 8064 spindles has been imported for addition in existing spinning capacity which are to be commissioned in 2nd quarter of current financial year. Civil work has been started and Letter of credit has been established for addition of spinning unit comprising 52,896 spindles. Management of your company is also planning to add 144 air jet looms in its weaving capacity, adding one Stentor machine in processing unit and constructing effluent water treatment plant. Letter of credit has also been opened for import of One COMPLETE GE JENBACHER NATURAL GAS GEN SETS MODEL JMS 616 of 2.679 MW each to enhance power generation capacity.

### Future Outlook

COVID-19 has emerged as one of the biggest challenges to global and domestic economy. The global community continued to face challenges for mitigation both on the social and economic front even after one and a half years of the COVID-19 pandemic setting in. The global outlook is dependent on the severity of the health crisis, the efficacy of the vaccine against new COVID-19 strains and successful implementation of well-coordinated economic policies.

## Directors' Report

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

The company is closely watching the cotton outlook to procure cotton at minimum rates and is focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results of current financial year.

### Acknowledgement

The Directors wish to express their gratitude to our valued clients and bankers for the cooperation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted services demonstrated by the staff members and the workers of the company. The company Acknowledges and thanks all stakeholders for the confidence reposed.

For and on behalf of the Board



Jawed Anwar

Chairman



Faiq Jawed

Chief Executive

Faisalabad

October 28, 2021

## ڈائریکٹرز رپورٹ برائے حصص یافتگان:

اعتراف:

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



جاوید انوار  
چیئرمین



فاق جابد  
چیف ایگزیکٹو

منجانب بورڈ آف ڈائریکٹرز:

فیصل آباد، اکتوبر 28، 2021

## ڈائریکٹرز رپورٹ برائے حصص یافتگان: شروع اللہ کے نام سے جو نہایت مہربان اور رحم والا ہے۔

معزز حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز سال کے پہلے کوارٹر کے اختتام 30 ستمبر 2021 کے بغیر آڈٹ کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔  
مالیاتی نتائج:

مالیاتی سال کے پہلے کوارٹر کے نتائج کے تفصیل درج ذیل ہیں:

تفصیلات	میلین روپے	میلین روپے
	اختتام کوارٹر	اختتام کوارٹر
نیلز	4,085.973	5,462.708
نیلز کے اخراجات	3,467.737	4,182.070
خام منافع	618.236	1,280.638
آپریٹنگ اخراجات	188.804	387.668
آپریٹنگ منافع	429.432	892.970
مالی لاگت	59.170	84.764
منافع بعد از ٹیکس	301.970	689.690
فی شیئر آمدنی	2.95	6.74

آپ کی کمپنی کے ڈائریکٹرز نے درمیانے عرصے کا ریویو تیار نہیں کیا۔

مالی سال کے پہلے کوارٹر کے دوران یہ میں فروخت 4,085.973 ملین روپے سے بڑھ کر 5,462.708 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے اخراجات عالمی سطح پر قیمتوں اور حجم میں اضافے کی وجہ سے بڑھے ہیں۔ ایندھن اور پاور کے اخراجات میں اضافہ پروسیسنگ یونٹ اور سٹیٹک کی صلاحیت میں اضافے کی وجہ سے ہوا ہے۔ تنخواہوں کے اخراجات پروسیسنگ یونٹ میں اضافے اور کم از کم اجرت میں اضافے کی وجہ سے بڑھے ہیں۔ سٹورز، پارٹس اور اوزاروں، سٹیٹک میٹریل، پروسیسنگ، کوریجن اور دوسرے اور وہیڈز کے خرچے پروسیسنگ یونٹ میں اضافے، پیداواری حجم اور مہنگائی کی وجہ سے بڑھے ہیں۔ دوسرے فیکٹری اور وہیڈز کے اخراجات پروسیسنگ یونٹ میں اضافے اور مہنگائی کی وجہ سے بڑھے ہیں۔ اس کوارٹر کے آپریٹنگ اخراجات تبادلے کے نقصان اور بحری کرایہ میں اضافے کی وجہ سے پچھلے سال کے اخراجات 188.804 ملین روپے سے بڑھ کر 387.668 ملین روپے ہو گئے ہیں۔ جبکہ مالیاتی اخراجات پچھلے سال کے اخراجات 59.170 ملین روپے سے بڑھ کر 84.764 ملین روپے ہو گئے ہیں۔ ان اخراجات کے بڑھنے کی وجہ سے اور چھوٹے عرصے کے فرقہ جات میں اضافہ ہے۔

آپ کی کمپنی نے کوارٹر اختتام 30 ستمبر 2021 میں 689.690 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 301.970 ملین روپے تھا۔

اس کوارٹر کے دوران یہ میں 20s دھاگے کی پیداوار پچھلے سال کی پیداوار 9.617 ملین کلوگرام سے بڑھ کر 10.167 ملین کلوگرام ہو گئی۔ آپ کی کمپنی کی انتظامیہ نے پرانی مشینری کو جدید مشینری سے بدلنے کی پالیسی اختیار کی ہوئی ہے۔ موجودہ سٹیٹک کی صلاحیت میں اضافے کے لئے 8064 سپنڈلز درآمد کئے جا رہے ہیں جو کہ موجودہ مالیاتی سال کے دوسرے کوارٹر تک کیسٹڈ کئے جائیں گے۔ تعمیراتی کام شروع ہو چکا ہے اور 52,896 سپنڈلز کے سٹیٹک یونٹ کے لیئر آف کریڈٹ کھولے گئے ہیں۔ آپ کی کمپنی کی مینجمنٹ 144 ائرجیٹ لومز کا ویونگ کی صلاحیت میں اضافہ، پروسیسنگ یونٹ میں سٹیٹک مشین کا اضافہ اور اوٹریٹ پلانٹ کی تعمیر کرنے کا پلان کر رہی ہے۔ بجلی کی پیداواری صلاحیت میں اضافے کے لئے ایک جنبا کر نیجریل کس ماڈل JMS-616 کا 2.679 MW کا لیئر آف کریڈٹ کھولا گیا ہے۔

مستقبل کا نقطہ نظر:

کوویڈ 19 عالمی اور ملکی معیشت کے لئے سب سے بڑے چیلنج کے طور پر ابھر رہے۔ عالمی برادری کو کوویڈ 19 کے وبائی مرض کے ڈیڑھ سال بعد بھی سماجی اور معاشی دونوں چیلنج کا سامنا ہے۔ عالمی نقطہ نظر صحت کے بحران کی شدت، کوویڈ 19 کے خلاف ویکسین کی افادیت اور اقتصادی پالیسیوں کی کامیاب نفاذ پر منحصر ہے۔

ٹیکسٹائل کے تمام شعبے اچھی کارکردگی کا مظاہرہ کر رہے ہیں۔ تاہم روٹی کی بڑھتی ہوئی قیمتوں، روپے کی قدر میں کمی، خالی کنٹینرز کی عدم دستیابی کی وجہ سے حزیل میں تاخیر دیکھا گیا۔ ایکسپورٹرز کی ورکنگ کیپٹل کی ضرورت میں اضافہ ہوا ہے۔ اور، ٹیکسٹائل ایکسپورٹ اور ریٹیل انڈسٹری کو لیکویڈیٹی کی کمی کا سامنا ہے۔ کمپنی کم سے کم نرخوں پر کپاس کی خریداری کر رہی ہے اور سٹیٹک کی صلاحیت بہتر کرنے اور خرچے کم کرنے اور کارکردگی بہتر کرنے پر توجہ دے رہی ہے تاکہ اگلے سال کے مالی نتائج بہتر حاصل کیے جا سکیں۔



# Financial Statements

For The Quarter Ended 30 September 2021

# Condensed Interim Balance Sheet (Un-Audited)


As At 30 September 2021

		Un-audited 30 September 2021	Audited 30 June 2021
		(Rupees in thousand)	
<b>ASSETS</b>	<b>Note</b>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment:			
Operating fixed assets-tangible	5.	4,806,956	4,809,259
Right-of-use assets	6.	56,353	59,319
Capital work-in-progress	7.	932,542	532,116
Long term investment	8.	-	-
Long term deposits and advances		111,750	100,984
		5,907,601	5,501,678
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		82,947	142,424
Stock-in-trade		7,082,166	5,809,836
Trade debts		1,829,654	1,269,293
Advances		146,025	116,479
Trade deposits and short term prepayments		24,424	5,862
Other receivables		98,895	97,614
Tax refunds due from the Government	9.	701,290	367,968
Short term investments		34,196	42,224
Cash and bank balances		120,351	117,680
		10,119,948	7,969,380
<b>TOTAL ASSETS</b>		<b>16,027,549</b>	<b>13,471,058</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital:			
200,000,000 (30 June 2021: 200,000,000) ordinary shares of Rupees 10/- each		2,000,000	2,000,000
Issued, subscribed and paid up share capital	10.	1,023,175	1,023,175
Reserves:			
Capital		350,540	350,540
Revaluation surplus on freehold land		396,036	396,036
Revenue - Unappropriated profit		6,083,518	5,393,828
		6,830,094	6,140,404
		7,853,269	7,163,579
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	11.	1,229,565	1,131,883
Lease liabilities		7,639	10,078
Long term deposits		41,197	34,439
Deferred government grant		2,217	2,217
Deferred tax liability		229,474	231,949
		1,510,092	1,410,566
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,350,460	748,578
Contract liabilities		71,637	100,485
Accrued mark-up		50,356	43,051
Short term borrowings		4,497,410	3,388,280
Unclaimed dividend		617	617
Current portion of non-current liabilities	12.	607,702	591,354
Provision for taxation		86,006	24,548
		6,664,188	4,896,913
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,027,549</b>	<b>13,471,058</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13.	-	-

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
Jawed Anwar  
Chairman

  
Faiq Jawed  
Chief Executive Officer

  
Ghulam Muhammad  
Chief Financial Officer

## Condensed Interim Profit And Loss Account (Un-Audited)

For The Quarter Ended 30 September 2021

	Note	Quarter ended	
		30 September 2021	30 September 2020
		---- (Rupees in thousand) ----	
Revenue from contracts with customers	14.	5,462,708	4,085,973
Cost of revenue	15.	<u>(4,182,070)</u>	<u>(3,467,737)</u>
Gross Profit		1,280,638	618,236
Distribution expenses		<u>(158,019)</u>	<u>(71,730)</u>
Administrative expenses		<u>(104,241)</u>	<u>(101,081)</u>
Other operating expenses	16.	<u>(125,942)</u>	<u>(25,198)</u>
		<u>(388,202)</u>	<u>(198,009)</u>
		892,436	420,227
Other income	17.	<u>534</u>	<u>9,205</u>
Operating profit		892,970	429,432
Finance cost		<u>(84,764)</u>	<u>(59,170)</u>
Profit before taxation		808,206	370,262
Taxation		<u>(118,516)</u>	<u>(68,292)</u>
Profit for the period		<u><u>689,690</u></u>	<u><u>301,970</u></u>
Earnings per share (Rupees) :			
Basic and diluted		6.74	2.95

  
Jawed Anwar  
Chairman

  
Faiq Jawed  
Chief Executive Officer

  
Ghulam Muhammad  
Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Quarter Ended 30 September 2021

	Quarter ended	
	30 September 2021	30 September 2020
	--- (Rupees in thousand) ---	
Profit for the period	689,690	301,970
Other comprehensive income / (loss):		
Items not to be reclassified to profit or loss in subsequent periods:		
	-	-
Items to be reclassified to profit or loss in subsequent periods		
	-	-
Total other comprehensive income / (loss)	-	-
Total comprehensive income for the period	689,690	301,970

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
Jawed Anwar  
Chairman

  
Faiq Jawed  
Chief Executive Officer

  
Ghulam Muhammad  
Chief Financial Officer

## Condensed Interim Statement of Changes In Equity (Un-Audited)

For The Quarter Ended 30 September 2021

	RESERVES					TOTAL EQUITY	
	CAPITAL		REVALUA-TION SURPLUS ON FREEHOLD LAND	Sub Total	REVENUE UNAPPR-OPRIATED PROFIT		
	ISSUED, SUBSCRIB-ED AND PAID UP SHARE CAPITAL	PREMIUM ON ISSUE OF RIGHT SHARES					MERGER RESERVE
<b>Balance as at 01 July 2020</b>	730,839	60,904	289,636	396,036	746,576	3,947,568	5,424,983
Total comprehensive income for the quarter ended 30 September 2020	-	-	-	-	-	301,970	301,970
<b>Balance as at 30 September 2020</b>	<u>730,839</u>	<u>60,904</u>	<u>289,636</u>	<u>396,036</u>	<u>746,576</u>	<u>4,249,538</u>	<u>5,726,953</u>
<b>Balance as at 01 July 2021</b>	1,023,175	60,904	289,636	396,036	746,576	5,393,828	7,163,579
Total comprehensive income for the quarter ended 30 September 2021	-	-	-	-	-	689,690	689,690
<b>Balance as at 30 September 2021</b>	<u>1,023,175</u>	<u>60,904</u>	<u>289,636</u>	<u>396,036</u>	<u>746,576</u>	<u>6,083,518</u>	<u>7,853,269</u>

----- (Rupees in thousand) -----

Total comprehensive income for the quarter ended 30 September 2020

**Balance as at 30 September 2020**

**Balance as at 01 July 2021**

Total comprehensive income for the quarter ended 30 September 2021

**Balance as at 30 September 2021**

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
Jawed Anwar  
Chairman

  
Faiq Jawed  
Chief Executive Officer

  
Ghulam Muhammad  
Chief Financial Officer

## Condensed Interim Cash Flow Statement (Un-Audited)

For The Quarter Ended 30 September 2021

	Note	Quarter ended	
		30 September 2021	30 September 2020
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (utilized in)/ generation from operations	18	(570,515)	1,164,785
Finance costs paid		(77,459)	(62,537)
Income tax paid		(59,533)	(38,728)
Workers' profit participation fund paid		-	(70,821)
Increase in long term deposits		6,758	8,975
<b>Net cash (used in) / generation from operating activities</b>		<b>(130,234)</b>	<b>(163,111)</b>
		(700,749)	1,001,674
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition in property, plant and equipment		(508,311)	(349,922)
Increase in long term deposits and advances		(10,766)	13,684
Proceeds from disposal of property, plant and equipment		1,776	1,212
<b>Net cash used in investing activities</b>		<b>(517,301)</b>	<b>(335,026)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing - net		116,356	262,239
Repayment of liabilities against right to use assets		(4,765)	(4,386)
Short term borrowings - net		1,109,130	(909,037)
<b>Net cash generated from/ (used in) financing activities</b>		<b>1,220,721</b>	<b>(651,184)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,671</b>	<b>15,464</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>117,680</b>	<b>91,555</b>
<b>Cash and cash equivalents at end of the period</b>		<b>120,351</b>	<b>107,019</b>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
Jawed Anwar  
Chairman

  
Faiq Jawed  
Chief Executive Officer

  
Ghulam Muhammad  
Chief Financial Officer

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

### 1. THE COMPANY AND ITS OPERATIONS

J.K. Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 07 January 1987 under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017), and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 34-Falcon enclave, Tufail road, Lahore cantt. Lahore. The head office and factory premises of the Company is also located at 29-Kilometers, Sheikhpura road, Faisalabad. The Company is engaged in business of textile manufacturing which comprises spinning, weaving, stitching, buying, selling and otherwise dealing in yarn, fabrics and other goods.

### 2. BASIS OF PREPARATION

#### 2.1. Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017; and
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2. Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

#### 2.3. Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 30 June 2021.

The accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2021, except for the adoption of new standards effective as of 1 July 2019 as notified by Securities and Exchange Commission of Pakistan (SECP). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the condensed interim financial statements of the Company.

#### 3.1. IFRS 16 - Leases

IFRS 16 - Leases replaces the lease standard "IAS 17 Leases" it will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, as an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases. The associated Right-of-use (ROU) for finance leases were measured on a retrospective basis as if the new rules had always been applied. The recognized right-of-use assets only relates to the motor vehicles.

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial statements in conformity with the approved accounting standards 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. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 30 June 2021.

		Un-audited 30 September 2021	Audited 30 June 2021
		(Rupees in thousand)	
<b>5. OPERATING FIXED ASSETS - TANGIBLE</b>	<b>Note</b>		
Opening book value		4,809,259	4,051,003
Add: additions during the period / year-cost	5.1.	107,885	1,166,942
		4,917,144	5,217,945
Less: disposals during the period / year	5.2.	(1,779)	(10,666)
		4,915,365	5,207,279
Less: depreciation during the period / year		(108,409)	(398,020)
Book value at the end of the period / year		<u>4,806,956</u>	<u>4,809,259</u>
<b>5.1. Additions during the period / year - cost</b>			
Freehold land		-	211,354
Buildings on freehold land		-	123,762
Plant and machinery		52,948	683,334
Stand-by equipment		-	2,900
Electric installations and appliances		3,482	85,202
Factory Equipment		-	4,385
Vehicles		51,455	56,005
		<u>107,885</u>	<u>1,166,942</u>
<b>5.2. Book value of assets disposed off during the period / year</b>			
Plant and machinery		-	1,436
Vehicles		1,779	9,230
		<u>1,779</u>	<u>10,666</u>
<b>6. RIGHT-OF-USE ASSETS</b>			
<b>Vehicles:</b>			
<b>Cost</b>			
Opening book value		110,779	110,779
Impact of initial application of IFRS 16		-	-
Closing Balance		<u>110,779</u>	<u>110,779</u>
<b>Accumulated depreciation</b>			
Opening book value		51,460	36,630
Add : charge during the period / year at the rate of 20%		2,966	14,830
Closing Balance		<u>54,426</u>	<u>51,460</u>
		<u>56,353</u>	<u>59,319</u>
<b>7. CAPITAL WORK-IN-PROGRESS</b>			
Buildings on freehold land		576,243	453,847
Plant and machinery		356,299	78,269
		<u>932,542</u>	<u>532,116</u>



## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

	Un-audited 30 September 2021	Audited 30 June 2021	
Note	(Rupees in thousand)		
<b>8. LONG TERM INVESTMENT</b>			
<b>Investment in associate</b>			
<b>J.K. Tech (Private) Limited - unquoted</b>	8.1.		
450 (2021: 450) ordinary shares of Rupees 10 each	5	5	
Less: Accumulated impairment	(5)	(5)	
	<u>-</u>	<u>-</u>	
<b>8.1.</b> The Company holds 30% (30 June 2021: 30%) shares in J.K. Tech (Private) Limited, a private limited company incorporated in Pakistan and has its principal place of business in the province of Punjab. The principal activity of J.K. Tech (Private) Limited is to provide services of electricity transmission. This is a strategic investment of the Company for vertical integration.			
<b>9. TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Sales tax and federal excise duty refundable	810,485	477,163	
Less: Provision for doubtful tax refunds due from the Government	(109,195)	(109,195)	
	<u>701,290</u>	<u>367,968</u>	
<b>10. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
<b>Un-Audited</b>	<b>Audited</b>	<b>Un-Audited</b>	
<b>30 September</b>	<b>30 June</b>	<b>30 September</b>	
<b>2021</b>	<b>2021</b>	<b>2021</b>	
<b>(No. of Shares)</b>		<b>( Rupees in thousand )</b>	
26,424,155	26,424,155	264,241	264,241
45,947,600	45,947,600	459,476	459,476
<u>29,945,800</u>	<u>29,945,800</u>	<u>299,458</u>	<u>299,458</u>
<u>102,317,555</u>	<u>102,317,555</u>	<u>1,023,175</u>	<u>1,023,175</u>
<b>11. LONG TERM FINANCING</b>			
<b>From banking Companies - secured:</b>			
Opening balance:-	1,695,983	1,435,415	
Add: Obtained during the period / year	247,842	685,163	
Less: Repaid during the period / year	(131,486)	(424,595)	
	<u>1,812,339</u>	<u>1,695,983</u>	
Less: Current portion shown under current liabilities	(582,774)	(564,100)	
	<u>1,229,565</u>	<u>1,131,883</u>	
Closing balance			
<b>12. CURRENT PORTION OF NON CURREN LIABILITIES</b>			
Current portion of long term loan	582,774	564,100	
Current portion of deffered govt grant	12,789	12,789	
Current portion of lease liabilities	12,139	14,465	
	<u>607,702</u>	<u>591,354</u>	

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

	Un-audited 30 September 2021	Audited 30 June 2021
Note	(Rupees in thousand)	

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1. Contingencies

13.1.1. There has been no significant change in the contingencies since the date of preceding published annual financial statements except as follows:

13.1.2. Post dated cheques of Rs. 460,140 thousand (30 June 2021: Rupees 455,239 thousand) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be cashable.

#### 13.2. Commitments

13.2.1. Letter of credit for capital expenditure amounts to Rs. 2,206,349 thousand (30 June 2021: Rs. 2,491,364 thousand).

13.2.2. Letters of credit other than for capital expenditure amounts to Rs. 6,833 thousand (30 June 2021: Rs. 102,328 thousand).

### 14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below, is the reconciliation of the revenue from contract with customers with the amount disclosed in segment information.

	Quarter ended 30 September	
	2021	2020
	( Rupees in thousand )	
Export sales	2,074,931	1,332,989
Local sales	3,353,968	2,733,546
Export rebate and duty drawback	33,809	19,438
	<u>5,462,708</u>	<u>4,085,973</u>

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

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

	For the Quarter ended 30 September 2021		
	Spinning	Fabric	Total
	( Rupees in thousand )		
<b>Segments</b>			
Sale of yarn	3,217,826	-	3,217,826
Sale of fabric	-	2,072,289	2,072,289
Sale of waste	100,304	15,242	115,546
Processing Income		23,238	23,238
Export rebate	-	33,809	33,809
<b>Total revenue from contracts with customers</b>	<b>3,318,130</b>	<b>2,144,578</b>	<b>5,462,708</b>
<b>Geographic markets</b>			
Asia	3,292,109	80,913	3,373,022
Australia	26,021	43,458	69,479
Africa	-	17,881	17,881
Europe	-	1,233,391	1,233,391
North America	-	644,262	644,262
South America	-	90,864	90,864
Export rebate and duty drawback	-	33,809	33,809
	<b>3,318,130</b>	<b>2,144,578</b>	<b>5,462,708</b>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	3,318,130	2,144,578	5,462,708
	<b>3,318,130</b>	<b>2,144,578</b>	<b>5,462,708</b>
	For the Quarter ended 30 September 2020		
	Spinning	Fabric	Total
	( Rupees in thousand )		
<b>Segments:</b>			
Sale of yarn	2,686,440	-	2,686,440
Sale of fabric	-	1,291,146	1,291,146
Sale of waste	78,396	10,552	88,948
Export rebate and duty drawback	-	19,439	19,439
	<b>2,764,836</b>	<b>1,321,137</b>	<b>4,085,973</b>
<b>Geographic markets:</b>			
Asia	2,701,402	48,500	2,749,902
Australia	-	30,064	30,064
Africa	7,878	7,478	15,356
Europe	55,556	926,572	982,128
North America	-	289,084	289,084
Export rebate and duty drawback	-	19,439	19,439
	<b>2,764,836</b>	<b>1,321,137</b>	<b>4,085,973</b>
<b>Timing of revenue recognition:</b>			
Goods transferred at a point in time	2,764,836	1,321,137	4,085,973
	<b>2,764,836</b>	<b>1,321,137</b>	<b>4,085,973</b>

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

	Quarter ended		
	30 September		
	2021	2020	
	( Rupees in thousand )		
Raw materials consumed	3,488,488	2,055,038	
Stores, spare parts and loose tools consumed	126,285	56,575	
Packing materials consumed	78,720	54,491	
Processing and conversion charges	474,422	248,600	
Fuel and power	309,923	271,836	
Salaries, wages and other benefits	304,918	200,797	
Repair and maintenance	4,377	7,116	
Insurance	5,970	5,173	
Other factory overheads	15,485	7,493	
Depreciation	100,030	87,422	
	4,908,618	2,994,541	
Work-in-process:			
Opening stock	380,821	403,753	
Closing stock	(1,237,718)	(498,083)	
	(856,897)	(94,330)	
Cost of goods manufactured	4,051,721	2,900,211	
Finished goods:			
Opening stock	1,235,488	1,301,115	
Closing stock	(1,105,139)	(733,589)	
	130,349	567,526	
	4,182,070	3,467,737	
<b>16. OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund	42,820	15,923	
Workers' welfare fund	16,328	2,726	
Donations	1,427	922	
Unrealized loss on remeasurement of investments at held for trading	8,028		
Loss on sale of property, plant and equipment	3	-	
Exchange loss	57,336	5,627	
	125,942	25,198	
<b>17. OTHER INCOME</b>			
Income from financial assets	17.1.	54	8,246
Income from non-financial assets	17.2.	480	959
		534	9,205
<b>17.1. Income from financial assets</b>			
Unrealized gain on remeasurement of investments at held for trading		-	8,233
Dividend income		43	-
Interest income		11	13
		54	8,246

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

Note	Quarter ended	
	30 September	
	2021	2020
	( Rupees in thousand )	
<b>17.2. Income from other than financial assets</b>		
Gain on disposal of property, plant and equipment	-	479
Rental income	480	480
	<u>480</u>	<u>959</u>
<b>18. CASH (UTILIZED IN) / GENERATION FROM OPERATIONS</b>		
Profit before taxation	808,206	370,262
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	111,375	97,176
Finance costs	84,764	59,170
Exchange loss	57,336	-
Provision for Workers' Welfare Fund	16,328	2,726
Provision for Workers' Profit Participation Fund	42,820	15,923
Loss / (gain) on disposal of property, plant and equipment	3	(479)
Unrealized (Income) / loss on remeasurement of investments at held for trading	8,028	(8,233)
Working capital changes	18.1. <u>(1,699,375)</u>	<u>628,240</u>
	<u>(570,515)</u>	<u>1,164,785</u>
<b>18.1. Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	59,477	15,276
Stock-in-trade	(1,272,330)	630,829
Trade debts	(617,697)	(13,973)
Advances	(29,546)	(2,378)
Trade deposits and short term prepayments	(18,562)	(15,858)
Other receivables	(1,281)	(25,937)
Tax refunds due from the Government	(333,322)	(17,800)
	(2,213,261)	570,159
Increase in trade and other payables and contractual liabilities	513,886	58,081
	<u>(1,699,375)</u>	<u>628,240</u>
<b>19. TRANSACTIONS WITH RELATED PARTIES</b>		

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

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

Quarter ended	
30 September	
2021	2020

( Rupees in thousand )

<u>Relationship with the Company</u>	<u>Nature of transactions</u>		
<b>Associated companies:</b>			
J.K Tech (Pvt.) Ltd	Service charges	570	570
	Rental income	480	480
<b>Other related parties:</b>			
Employees' Provident Fund Trust	Amount contributed	9,750	8,108
Directors	Loans received /(repaid) - net	-	(35,445)

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

19.2. The outstanding balance of such parties are as under:

<u>Un-Audited</u>	<u>Audited</u>
<u>30 September</u>	<u>30 June</u>
<u>2021</u>	<u>2021</u>

( Rupees in thousand )

<u>Relationship with the Company</u>	<u>Nature of balances</u>		
<b>Others:</b>			
Key management personals	Remuneration payable	3,100	3,100

19.3. Details Of Related Parties Of The Company:

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

## 20. SEGMENT INFORMATION

For the quarter ended 30 September 2021				
<u>Spinning</u>	<u>Fabric Division</u>	<u>Total Segments</u>	<u>Adjustments and Eliminations</u>	<u>Total Company</u>

------(Rupees in thousand)-----

### Revenue

External	3,318,130	2,144,578	5,462,708	-	5,462,708
Intersegment	254,145	-	254,145	(254,145)	-
	3,572,275	2,144,578	5,716,853	(254,145)	5,462,708
Cost of sales	(2,541,924)	(1,894,291)	(4,436,215)	254,145	(4,182,070)
Gross profit	1,030,351	250,287	1,280,638	-	1,280,638

Distribution expenses	(21,971)	(136,048)	(158,019)	-	(158,019)
Administrative expenses	(70,738)	(33,503)	(104,241)	-	(104,241)
	(92,709)	(169,551)	(262,260)	-	(262,260)
<b>Segment profit</b>	<b>937,642</b>	<b>80,736</b>	<b>1,018,378</b>	<b>-</b>	<b>1,018,378</b>

### Unallocated income and expense:

Other operating expense					(125,942)
Other income					534
Finance cost					(84,764)
Taxation					(118,516)
Profit after taxation					689,690

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

For the quarter ended 30 September 2020					
Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company	
------(Rupees in thousand)-----					
<b>Revenue</b>					
External	2,764,838	1,321,135	4,085,973	-	4,085,973
Intersegment	257,168	-	257,168	(257,168)	-
	3,022,006	1,321,135	4,343,141	(257,168)	4,085,973
Cost of sales	(2,584,595)	(1,140,310)	(3,724,905)	257,168	(3,467,737)
Gross profit	437,411	180,825	618,236	-	618,236
Distribution expenses	(14,734)	(56,996)	(71,730)	-	(71,730)
Administrative expenses	(74,289)	(26,792)	(101,081)	-	(101,081)
	(89,023)	(83,788)	(172,811)	-	(172,811)
<b>Segment profit</b>	<b>348,388</b>	<b>97,037</b>	<b>445,425</b>	<b>-</b>	<b>445,425</b>
<b>Unallocated income and expense:</b>					
Other operating expense					(25,198)
Other income					9,205
Finance cost					(59,170)
Taxation					(68,292)
Profit after taxation					<u>301,970</u>

### 20.1. Adjustments and eliminations

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

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

### 20.2. Reconciliation of assets

Total segment assets

Un-Audited	Audited
30 September	30 June
2021	2021
( Rupees in thousand )	

15,326,259

13,103,090

**Unallocated assets**

Tax refunds due from the Government

701,290

367,968

Total assets as per balance sheet

16,027,549

13,471,058

### 20.3. Reconciliation of liabilities

Total segment liabilities

7,799,652

5,893,048

**Unallocated liabilities**

Deferred tax liability

229,474

231,949

Workers' Profit Participation Fund

42,820

115,100

Workers' Welfare Fund

16,328

42,834

Provision for taxation

86,006

24,548

8,174,280

6,307,479

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

## Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2021

### 21. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statement were approved and authorized for issue on October 28,2021 by the Board of Directors of the Company.

### 22. CORRESPONDING FIGURES

- 22.1. In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flow have been compared with the balances of comparable period of immediately preceding financial year.

### 23. GENERAL

- 23.1. Provision for taxation is based on this condensed interim financial information and is subject to adjustments in annual financial statements.
- 23.2. Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.



Jawed Anwar  
Chairman



Faiq Jawed  
Chief Executive Officer



Ghulam Muhammad  
Chief Financial Officer







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

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