

J.K. SPINNING  
MILLS LIMITED



March 31,  
**2021**  
3rd Quarterly Report

Lighting the  
Way to  
Financial  
Well-Being





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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. Amjad Ali
<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 Habib Bank Limited National Bank of Pakistan Askari Bank Limited The Bank of Khyber Summit Bank Meezan Bank Limited
<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 Nine months period ended March 31, 2021.

### Financial Results and Operational Performance

The summarized financial results of the company for the Nine months period ended March 31, 2021 are as under:

Particulars	Rupees in Millions	
	Nine Months Period Ended	
	31 March, 2021	31 March, 2020
Revenue from contracts with Customers	12,207.687	11,564.042
Cost of Revenue	9,952.416	9,529.030
Gross Profit	2,255.271	2,035.012
Operating Expenses	673.951	683.463
Other Income	20.892	2.757
Operating Profit	1,602.212	1,354.306
Finance Cost	182.672	322.962
Profit Before Taxation	1,419.540	1031.344
Taxation	256.644	207.194
Profit after Taxation	1,162.896	824.150
Earning Per Share - basic and diluted Rupee	11.37	8.05

Sales for the period under review increased to Rupees 12,207.687 million from Rupees 11,564.042 million of the corresponding period. Raw material consumed percentage to sale decreased to 54.59 % from 59.01% of corresponding period. Salaries and wages cost increased due to increase in minimum wage rate while fuel and power cost increased due to increase in spinning capacity. Cost of Stores and spares and loose tools consumed, packing material, processing and conversion charges and other overheads increased in view of increase in volume and inflationary impact. Operating expenses increased due to increase in volume and inflationary trend. Financial cost decreased in view of decrease in markup rates.

Your company has earned profit after tax of Rupees 1,162.896 million during the Nine Months period ended on March 31, 2021 against Rupees 824.150 million of the same period of last year.

In view of increasing requirements of working capital as a result of devaluation of Pak rupee, coronavirus pandemic impact and expansion plans, the Board of Directors did not approve any interim cash dividend.

The production of yarn converted into 20/5 for the period under review was 29.549 million Kgs against 27.419 million kgs of corresponding period of last year. Your company's management believes on continuing policy of Balancing Modernization and Replacement (BMR) of machinery and equipments of its production facilities. Letters of credit has been opened for import of spinning project machinery comprising 52,896 spindles. Civil works for spinning project are in progress. Processing unit has started commercial production at the end of third quarter of current financial year.

### Future Outlook

Last quarter of financial year seems very challenging for world economy as third wave of coronavirus, once again, led to lockdowns and restrictions across the world. It may slow down the demand for textile products world over which may adversely affect export-oriented units. However, demand for low value-added textiles, revived in Pakistan mainly because of lockdowns in other textile producing countries and US trade issues with China.

State Bank of Pakistan has reduced interest rates by 625 bps, approved refinancing of wages to prevent layoffs during

## Directors' Report

lockdown period and deferred payments of the principal amount of loans as part of the debt restructuring to businesses, provided relief under the Export Financing Scheme (EFS) and the Long-Term Financing Facility (LTFF). Furthermore, the State Bank has also launched a long-term concessionary temporary economic recovery refinance facility (TERF) for boosting investments in new capacity expansion and up-gradation of technology.

Cotton crop production has fallen by 45% from target of 15 million bales. Management of your company is importing cotton from other countries to meet its requirements and has procured cotton till first quarter of next financial year.

Management of your company is focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results for remaining period of financial year ending June 30, 2021.

### 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

Faisalabad  
April 26, 2021



**Faiq Jawed**  
Chief Executive Officer

## ڈائریکٹرز رپورٹ برائے حصص یافتگان:

اس مالی سال کے 9 ماہ کے دوران دھاگے کی پیداوار 20/s کے حساب سے 29.549 ملین کلوگرام رہی جبکہ پچھلے سال کی پیداوار 27.419 ملین کلوگرام تھی۔ آپ کی کمپنی کی انتظامیہ نے پرانی مشینری کو جدید مشینری سے بدلنے کی پالیسی اختیار کی ہوئی ہے۔ اس مالی سال کے 9 ماہ کے دوران بے میں 52,896 سینڈلز کے سپیننگ پروجیکٹ کی مشینری کی درآمد کے لئے لیٹراف کریڈٹ کھولے گئے ہیں۔ سپیننگ یونٹ لگانے کے لیے سول ورک شروع ہو چکا ہے۔ اس مالی سال کے تیسرے کوارٹر کے اختتام پر پروجیکٹ یونٹ نے کام کرنا شروع کر دیا ہے۔

### مستقبل کا نقطہ نظر:

ڈیہا کی اکانومی کیلئے آخری مالیاتی کوارٹر بہت چیلنجنگ لگ رہا ہے۔ کیونکہ کورونا وائرس کی تیسری لہر سے ایک بار پھر ڈیہا میں لاک ڈاؤن اور پابندیاں لگ سکتی ہیں۔ جسکی وجہ سے ٹیکسٹائل پروڈکٹس کی ڈیمانڈ خاص کر برآمدات والے یونٹس بڑی طرح متاثر ہو سکتے ہیں۔ تاہم کم ویلیو ایڈیشن والی پاکستانی ٹیکسٹائل مصنوعات میں دوسرے ممالک میں لاک ڈاؤن اور ریو ایس کے چائنہ سے ٹریڈ کے مسئلے کی وجہ سے اضافہ ہوا ہے۔

اسٹیٹ بینک آف پاکستان نے سود کی شرح میں 625 بی پی ایس کی کمی کر دی ہے لاک ڈاؤن کے دوران لے آف کو روکنے کے لیے اجرت کی ادائیگی کے لیے سسٹم ریٹ پرفنانسنگ مہیا کی ہے۔ اسٹیٹ بینک نے اس کے علاوہ EFS اور LTFF فنانسنگ میں بھی ریلیف دیا ہے۔ مزید برآں اسٹیٹ بینک نے پیداواری صلاحیت بڑھانے اور ٹیکنالوجی میں بہتری لانے کے لیے TERF فنانسنگ مہیا کی ہے۔

کاشن کی فصل اپنے 15 ملین بیلز کے ہدف سے 45% گر چکی ہے کمپنی کی انتظامیہ اپنی ضروریات پوری کرنے کے لیے کاشن دیگر ممالک سے درآمد کر رہی ہے اور اگلے مالی سال کے پہلے کوارٹر تک کاشن خرید چکی ہے۔

آپ کی کمپنی کی انتظامیہ کاسٹ کم کر کے، پیداواری صلاحیت بڑھا کر اور اپنی کارکردگی بہتر بنا کر سال 2021,30 کے باقی عرصے کے لئے بہتر رزلٹ حاصل کرنے کی کوشش کر رہی ہے۔

### اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور بیکرز 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۔

منجانب بورڈ آف ڈائریکٹرز:



فاق جاوید  
چیف ایگزیکٹو



جاوید انوار  
چیئر مین

فیصل آباد: اپریل - 2021,26

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

معروضہ حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز سال کے پہلے 9 ماہ کے اختتام 31 مارچ 2021 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

مالیاتی سال کے پہلے 9 ماہ کے نتائج کی تفصیل درج ذیل ہیں:

ملین روپے

تفصیلات	اختتام نومبر	اختتام نومبر
	31 مارچ 2020	31 مارچ 2021
سیلز	11,564.042	12,207.687
سیلز کے اخراجات	9,529.030	9,952.416
خام منافع	2,035.012	2,255.271
آپریٹنگ اخراجات	683.463	673.951
دیگر آمدن	2.757	20.892
آپریٹنگ منافع	1,354.306	1,602.212
مالی لاگت	322.962	182.672
منافع قبل از ٹیکس	1,031.344	1,419.540
ٹیکس	207.194	256.644
منافع بعد از ٹیکس	824.150	1,162.896
فی شیئر آمدنی	8.05	11.37

مالی سال کے نومبر کے دورانہ میں فروخت 11,564.042 ملین روپے سے بڑھ کر 12,207.687 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے استعمال کی سیلو سے شرح تناسب %59.01 سے کم ہو کر %54.59 تک ہو گئی ہے۔ نتجواہوں کے اخراجات کم از کم اجرت میں اضافہ کی وجہ سے بڑھے ہیں۔ توانائی کے اخراجات سپلائنگ کی صلاحیت کے بڑھنے سے بڑھے ہیں۔ سٹورز، پارٹس اور اوزاروں، سپلائنگ میٹریل، پروسیسنگ، کورٹن اور دوسرے اوور ہیڈز کے خرچے پیداواری صلاحیت میں اضافہ اور ہنگامی کی وجہ سے بڑھ گئے ہیں۔ اس نومبر کے آپریٹنگ اخراجات پچھلے سال کے مقابلے میں زیادہ پیداوار اور مہنگائی کی وجہ سے بڑھ گئے ہیں جبکہ مالی اخراجات شرح سود میں کمی کی وجہ سے کم ہیں۔

آپ کی کمپنی نے پہلے نومبر کے اختتام 31 مارچ 2021 میں 1,162.896 ملین روپے خاص منافع کمایا ہے جبکہ پچھلے سال کا منافع 824.150 ملین روپے تھا۔ پاکستانی روپے کی قدر میں کمی اور توسیع کے منصوبہ جات اور کرونا وائرس کی وجہ سے ورکنگ کپینٹل کی ضروریات بڑھیں جس کی وجہ سے ڈائریکٹرز نے کوئی عبوری ڈیویڈنڈ منظور نہیں کیا ہے۔



# FINANCIAL STATEMENTS

For The Nine Months Ended 31 March 2021

# Condensed Interim Statement of Financial Position (Un-Audited)

As At 31 March 2021

		Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
<b>ASSETS</b>	<b>Note</b>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment:			
Operating fixed assets-tangible	5.	4,187,904	4,051,003
Right-of-use assets	6.	63,027	74,149
Capital work-in-progress	7.	1,135,306	393,688
		5,386,237	4,518,840
Long term investment	8.	-	-
Long term deposits and advances		303,039	59,890
		5,689,276	4,578,730
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		184,373	104,773
Stock-in-trade		5,275,268	4,805,601
Trade debts		1,461,131	1,267,348
Advances		112,089	61,073
Trade deposits and short term prepayments		12,342	5,408
Other receivables		89,760	32,968
Tax refunds due from the Government	9.	366,130	282,745
Short term investments		39,554	21,514
Cash and bank balances		109,790	91,555
		7,650,437	6,672,985
<b>TOTAL ASSETS</b>		13,339,713	11,251,715
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital:			
200,000,000 (30 June 2020: 96,000,000) ordinary shares of Rupees 10/- each		2,000,000	960,000
Issued, subscribed and paid up share capital	10.	1,023,175	730,839
Reserves:			
Capital		746,576	746,576
Revenue		4,745,044	3,947,568
		5,491,620	4,694,144
		6,514,795	5,424,983
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	11.	1,267,756	1,087,110
Lease liabilities		14,068	25,084
Long term deposits		37,879	27,616
Deferred tax liability		246,969	228,902
		1,566,672	1,368,712
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,172,664	813,245
Contract liabilities		70,301	56,564
Accrued mark-up		42,127	33,359
Short term borrowings		3,419,491	3,173,375
Unclaimed dividend		390	550
Current portion of non-current liabilities		553,273	380,927
		5,258,246	4,458,020
<b>TOTAL EQUITY AND LIABILITIES</b>		13,339,713	11,251,715
<b>CONTINGENCIES AND COMMITMENTS</b>	12.	-	-

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 Profit or Loss (Un-Audited)

For The Nine Months Ended 31 March 2021

	Note	Nine Months ended		Quarter ended	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
----- (Rupees in thousand) -----					
Revenue from contracts with customers	13.	12,207,687	11,564,042	4,340,990	4,283,388
Cost of sales	14.	9,952,416	9,529,030	3,401,136	3,524,981
Gross Profit		2,255,271	2,035,012	939,854	758,407
Distribution expenses		262,440	250,142	107,358	98,189
Administrative expenses		290,408	276,266	102,418	91,052
Other operating expenses	15.	121,103	157,055	58,234	92,443
		673,951	683,463	268,010	281,684
		1,581,320	1,351,549	671,844	476,723
Other income	16.	20,892	2,757	4,285	3,909
Operating profit		1,602,212	1,354,306	676,129	480,632
Finance cost		182,672	322,962	68,550	72,099
Profit before taxation		1,419,540	1,031,344	607,579	408,533
Taxation - net		256,644	207,194	127,417	92,310
Profit for the period		1,162,896	824,150	480,162	316,223
Earnings per share - basic and diluted (Rupees)	17.	11.37	8.05	4.69	3.09

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 Comprehensive Income (Un-Audited)

For The Nine Months Ended 31 March 2021

	Nine Months ended		Quarter ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	----- (Rupees in thousand) -----			
Profit for the period	1,162,896	824,150	480,162	316,223
Other comprehensive income:				
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	-	-	-	-
Total comprehensive income for the period	<u>1,162,896</u>	<u>824,150</u>	<u>480,162</u>	<u>316,223</u>

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 Nine Months Ended 31 March 2021

	RESERVES						TOTAL EQUITY
	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	CAPITAL			REVENUE	TOTAL	
		PREMIUM ON ISSUE OF RIGHT SHARES	MERGER RESERVE	REVALUATION SURPLUS ON FREEHOLD LAND	UNAPPROPRIATED PROFIT		
----- (Rupees in thousand) -----							
<b>Balance as at 01 July 2019</b>	730,839	60,904	289,636	224,631	2,951,764	3,526,935	4,257,774
Final dividend for the year ended 30 June 2019 @ Rs. 2/- per share	-	-	-	-	(146,168)	(146,168)	(146,168)
Total comprehensive income for the Nine months ended 31 March 2020	-	-	-	-	824,150	824,150	824,150
<b>Balance as at 31 March 2020</b>	<b>730,839</b>	<b>60,904</b>	<b>289,636</b>	<b>224,631</b>	<b>3,629,746</b>	<b>4,204,917</b>	<b>4,935,756</b>
<b>Balance as at 01 July 2020</b>	730,839	60,904	289,636	396,036	3,947,568	4,694,144	5,424,983
Issue of fully paid ordinary shares of Rs.10 each, as bonus shares	292,336	-	-	-	(292,336)	(292,336)	-
Final dividend for the year ended share	-	-	-	-	(73,084)	(73,084)	(73,084)
Total comprehensive income for the Nine months ended 31 March 2021	-	-	-	-	1,162,896	1,162,896	1,162,896
<b>Balance as at 31 March 2021</b>	<b>1,023,175</b>	<b>60,904</b>	<b>289,636</b>	<b>396,036</b>	<b>4,745,044</b>	<b>5,491,620</b>	<b>6,514,795</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

## Condensed Interim Statement Of Cash Flows (Un-Audited)

For The Nine Months Ended 31 March 2021

	Note	Nine Months ended	
		31 March 2021	31 March 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	18	1,267,251	1,416,024
Finance cost paid		(172,247)	(363,541)
Income tax paid		(117,636)	(103,903)
Workers' profit participation fund paid		(70,821)	(50,704)
Increase in long term deposits		10,263	8,400
		(350,441)	(509,748)
<b>Net cash generated from operating activities</b>		<b>916,810</b>	<b>906,276</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition in property, plant and equipment		(1,176,512)	(175,765)
Proceeds from disposal of property, plant and equipment		12,625	25,059
Net (increase) in long term deposits and advances		(243,149)	(4,353)
Proceeds from short term investments		-	31,839
Investment made		(6,387)	-
<b>Net cash used in investing activities</b>		<b>(1,413,423)</b>	<b>(123,220)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		655,320	33,872
Repayment of long term financing		(299,867)	(179,055)
Repayment of liabilities against right to use assets		(13,477)	(12,372)
Short term borrowings - net		246,116	(470,711)
Dividend paid		(73,244)	(146,168)
<b>Net cash generated from / (used in) financing activities</b>		<b>514,848</b>	<b>(774,434)</b>
<b>Net increase in cash and cash equivalents</b>		<b>18,235</b>	<b>8,622</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>91,555</b>	<b>73,747</b>
<b>Cash and cash equivalents at end of the period</b>		<b>109,790</b>	<b>82,369</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 Nine Months Ended 31 March 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 (now the Companies Act, 2017) and listed on Pakistan Stock. The registered office of the Company is situated at 29-KM, Sheikhpura Road, Faisalabad where the factory premises of the Company are also located.

The Company is engaged in business of textile manufacturing comprising of ginning, spinning, 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 but subject to the limited scope review by auditors 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. 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 2020, except for the adoption of new standards effective as of 1 July 2020 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.

### 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 2020.

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

For The Nine Months Ended 31 March 2021

		Un-audited 31 March 2021	Audited 30 June 2020
	Note	(Rupees in thousand)	
<b>5. OPERATING FIXED ASSETS - TANGIBLE</b>			
Opening book value		4,051,003	4,080,643
Add: additions during the period / year-cost	5.1.	434,894	392,740
		4,485,897	4,473,383
Less: disposals during the period / year	5.2.	(8,345)	(26,481)
		4,477,552	4,446,902
Less: depreciation during the period / year		(289,648)	(395,899)
Book value at the end of the period / year		4,187,904	4,051,003
<b>5.1. Additions during the period / year - cost</b>			
Freehold land		-	172,646
Buildings on freehold land		23,150	79,971
Plant and machinery		348,949	96,973
Electric installations and appliances		15,745	8,498
Factory equipment		4,385	-
Furniture and fixture		-	1,368
Vehicles		42,665	33,284
		434,894	392,740
<b>5.2. Book value of assets disposed off during the period / year</b>			
Plant and machinery		1,436	18,576
Vehicles		6,909	7,905
		8,345	26,481
<b>6. RIGHT-OF-USE ASSETS</b>			
<b>Vehicles:</b>			
<b>Cost</b>			
Opening balance		110,779	-
Impact of initial application of IFRS 16		-	110,779
Closing balance		110,779	110,779
<b>Accumulated depreciation</b>			
Opening balance		36,630	-
Impact of initial application of IFRS 16		-	18,093
<b>Add:</b> charge during the year at the rate of 20%		11,122	18,537
Closing balance		47,752	36,630
		63,027	74,149
<b>7. CAPITAL WORK-IN-PROGRESS</b>			
Buildings on freehold land		503,019	189,619
Plant and machinery		632,287	204,069
		1,135,306	393,688
<b>8. LONG TERM INVESTMENT</b>			
<b>Investment in associate</b>			
<b>J.K. Tech (Private) Limited - unquoted</b>	8.1.		
450 (2020: 450) ordinary shares of Rupees 10 each		5	5
Less: Accumulated impairment		(5)	(5)
		-	-



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

For The Nine Months Ended 31 March 2021

- 8.1.** The Company holds 30% (30 June 2020: 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. The Company has provided for the investment in full as J.K. Tech (Pvt) Ltd. has negative equity at year end.

	Note	Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
<b>9. TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Income tax		-	120,941
Sales tax		475,325	270,999
		<u>475,325</u>	<u>391,940</u>
Less: Provision for doubtful tax refunds due from the Government		(109,195)	(109,195)
		<u>366,130</u>	<u>282,745</u>

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

Un-Audited 31 March 2021 (No. of Shares)	Audited 30 June 2020	Un-Audited 31 March 2021 ( Rupees in thousand )	Audited 30 June 2020
26,424,155	26,424,155	264,241	264,241
45,947,600	45,947,600	459,476	459,476
29,945,747	712,175	299,458	7,122
<u>102,317,502</u>	<u>73,083,930</u>	<u>1,023,175</u>	<u>730,839</u>

- 10.1.** The shareholder of the company, vide an Extraordinary General Meeting, on September 29, 2020 approved the increase in paid up share capital of the company from Rs. 1,023,175,020 divided into 102,317,502 ordinary shares of RS. 10 each, by the issuance of 29,353,572 bonus shares of face value of Rs. 10 each.

### 11. LONG TERM FINANCING

#### From banking Companies - secured:

Opening balance	1,450,421	1,430,867
Add: Obtained during the period / year	655,320	260,534
Less: Repaid during the period / year	(299,867)	(240,980)
	<u>1,805,874</u>	<u>1,450,421</u>
Less: Current portion shown under current liabilities	(538,118)	(363,311)
Closing balance	<u>1,267,756</u>	<u>1,087,110</u>

### 12. CONTINGENCIES AND COMMITMENTS

#### 12.1. Contingencies

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

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

For The Nine Months Ended 31 March 2021

**12.1.2.** Post dated cheques of Rs. 376,230 thousand (30 June 2020: Rupees 463,712 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.

### 12.2. Commitments

**12.2.1.** Letter of credit for capital expenditure amounts to Rs. 2,437,341.822 thousand (30 June 2020: Rs. 401,993 thousand).

**12.2.2.** Letters of credit other than for capital expenditure amounts to Rs. 269,260.095 thousand (30 June 2020: Rs. 83,700 thousand).

**12.2.3.** Company has entered into Ijarah lease agreement with Meezan bank limited in respect of vehicle. The commitments against such facility are as follows:

	Note	Un-audited 31 March 2021 (Rupees in thousand)	Audited 30 June 2020
Ijarah lease installments payable:			
within 1 year		8,261	8,730
within 2 to 5 years		20,652	30,556
		<u>28,913</u>	<u>39,286</u>

### 13. 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.

	Un-Audited					
	Nine Months ended 31 March 21			Nine Months ended 31 March 20		
	Spinning	Fabric division	Total	Spinning	Fabric division	Total
<b>Note</b>	----- (Rupees in thousand) -----					
<b>SALES - net</b>						
Local	5,954,676	130,783	6,085,459	7,000,724	91,763	7,092,487
Export	2,684,931	4,247,143	6,932,074	336,554	4,674,061	5,010,615
Export rebate	-	61,306	61,306	-	120,836	120,836
Inter segments	(871,152)	-	(871,152)	(659,896)	-	(659,896)
<b>13.1.</b>	<u>7,768,455</u>	<u>4,439,232</u>	<u>12,207,687</u>	<u>6,677,382</u>	<u>4,886,660</u>	<u>11,564,042</u>

**13.1.** Disaggregation of revenue based on :

	Nine Months ended 31 March 2021		
	Spinning	Fabric	Total
	( Rupees in thousand )		
<b>Segments</b>			
Sale of yarn	8,380,423	-	8,380,423
Sale of fabric	-	4,345,119	4,345,119
Sale of waste	259,184	32,807	291,991
Export rebate	-	61,306	61,306
Inter-segment eliminations	(871,152)	-	(871,152)
	<u>7,768,455</u>	<u>4,439,232</u>	<u>12,207,687</u>
<b>Geographic markets</b>			
Asia	6,429,267	169,641	6,598,908
Australia	-	120,866	120,866
Europe	743,363	2,867,799	3,611,162
Africa	595,825	32,244	628,069

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

For The Nine Months Ended 31 March 2021

<b>Nine Months ended 31 March 2021</b>		
<b>Spinning</b>	<b>Fabric</b>	<b>Total</b>
( Rupees in thousand )		
North America	-	1,188,412
South America	-	60,270
<b>7,768,455</b>	<b>4,439,232</b>	<b>12,207,687</b>
<b>7,768,455</b>	<b>4,439,232</b>	<b>12,207,687</b>

### Timing of revenue recognition

Goods transferred at a point in time

<b>Nine Months ended 31 March 2020</b>		
<b>Spinning</b>	<b>Fabric</b>	<b>Total</b>
( Rupees in thousand )		
Sale of yarn	7,105,651	-
Sale of fabric	-	4,730,818
Sale of waste	231,627	35,006
Export rebate	-	120,836
Inter-segment eliminations	(659,896)	-
<b>6,677,382</b>	<b>4,886,660</b>	<b>11,564,042</b>

### Segments:

Sale of yarn

Sale of fabric

Sale of waste

Export rebate

Inter-segment eliminations

### Geographic markets:

Asia

Australia

Europe

North America

South America

Africa

<b>Nine Months ended 31 March 2020</b>		
<b>Spinning</b>	<b>Fabric</b>	<b>Total</b>
( Rupees in thousand )		
6,397,455	153,410	6,550,865
-	89,942	89,942
254,811	3,210,826	3,465,637
-	1,363,086	1,363,086
-	69,396	69,396
25,116	-	25,116
<b>6,677,382</b>	<b>4,886,660</b>	<b>11,564,042</b>
<b>6,677,382</b>	<b>4,886,660</b>	<b>11,564,042</b>

### Timing of revenue recognition:

Goods transferred at a point in time

## 14. COST OF SALES

Note

	<b>Un-Audited</b>			
	<b>Nine Months ended</b>		<b>Quarter ended</b>	
	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	----- (Rupees in thousand) -----			
Raw materials consumed	6,664,529	6,823,617	2,376,490	2,480,672
Stores, spare parts and loose tools consumed	199,582	174,943	79,325	58,794
Packing materials consumed	179,572	153,283	66,063	53,117
Processing and conversion charges	1,067,977	978,962	431,551	365,463
Fuel and power	817,573	785,608	259,881	259,075
Salaries, wages and other benefits	643,063	536,607	233,914	155,636
Repair and maintenance	17,416	21,742	5,777	5,167
Insurance	9,737	12,266	1,101	3,171
Other factory overheads	27,213	31,885	9,689	9,987
Depreciation	269,406	277,291	93,638	92,988
	<b>9,896,068</b>	<b>9,796,204</b>	<b>3,557,429</b>	<b>3,484,070</b>

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

For The Nine Months Ended 31 March 2021

		Un-Audited			
		Nine Months ended		Quarter ended	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Note		----- (Rupees in thousand) -----			
	Work-in-process:				
	Opening stock	403,753	477,200	732,862	695,081
	Closing stock	(835,694)	(702,955)	(835,694)	(702,955)
		(431,941)	(225,755)	(102,832)	(7,874)
	Cost of goods manufactured	9,464,127	9,570,449	3,454,597	3,476,196
	Finished goods:				
	Opening stock	1,301,115	769,005	759,365	859,209
	Closing stock	(812,826)	(810,424)	(812,826)	(810,424)
		488,289	(41,419)	(53,461)	48,785
		9,952,416	9,529,030	3,401,136	3,524,981
<b>15.</b>	<b>OTHER OPERATING EXPENSES</b>				
	Workers' Profit Participation Fund	77,369	54,856	34,192	21,536
	Workers' Welfare Fund	21,578	10,926	14,834	3,818
	Donations	5,517	3,157	2,173	1,033
	Exchange loss	16,639	88,116	7,035	59,598
	Unrealized loss on remeasurement of investments at held for trading	-	-	-	6,458
		121,103	157,055	58,234	92,443
<b>16.</b>	<b>OTHER INCOME</b>				
	Income from financial assets	11,746	328	17	37
	Income from assets other than financial assets	9,146	2,429	4,268	3,872
		20,892	2,757	4,285	3,909
<b>16.1.</b>	<b>Income from financial assets</b>				
	Exchange gain - net	-	-	-	-
	Unrealized gain on remeasurement of investments at held for trading	11,653	-	-	-
	Dividend income on investment held for trading	93	328	17	37
		11,746	328	17	37
<b>16.2.</b>	<b>Income from other than financial assets</b>				
	Gain on disposal of property, plant and equipment	4,280	970	3,737	3,382
	Rental income	1,440	1,440	480	480
	Scrap sales	3,397	-	44	-
	Interest income	29	19	7	10
		9,146	2,429	4,268	3,872
<b>17.</b>	Earning per share - basic and diluted for the previous periods presented have been restated taking into consideration the corresponding effect of bonus shares issued during the period ended March 31, 2021.				

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

For The Nine Months Ended 31 March 2021

	Note	(Un-audited)	
		Nine Months ended	
		31 March 2021	31 March 2020
<b>(Rupees in thousand)</b>			
<b>18. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,419,540	1,031,344
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		300,770	312,642
Finance cost		182,672	322,962
Exchange loss		16,639	88,116
Provision for Workers' Welfare Fund		21,578	10,926
Provision for Workers' Profit Participation Fund		77,369	54,856
Gain on disposal of property, plant and equipment		(4,280)	(970)
Unrealized income on remeasurement of investments at held for trading		(11,653)	-
Working capital changes	18.1.	(735,384)	(403,852)
		<u>1,267,251</u>	<u>1,416,024</u>
<b>18.1. Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(79,600)	19,101
Stock-in-trade		(469,667)	(47,157)
Trade debts		(210,422)	(329,107)
Advances		(51,016)	(81,079)
Trade deposits and short term prepayments		(6,934)	(4,130)
Other receivables		(56,792)	(32,010)
Tax refunds due from the Government		(204,326)	(90,949)
		(1,078,757)	(565,331)
Increase in trade and other payables and contractual liabilities		343,373	161,479
		<u>(735,384)</u>	<u>(403,852)</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:			
		<b>(Un-audited)</b>	
		<b>Nine Months ended</b>	
		<b>31 March 2021</b>	<b>31 March 2020</b>
		<b>(Rupees in thousand)</b>	
<b>Relationship with the Company</b>	<b>Nature of transactions</b>		
<b>Associated companies:</b>			
J.K Tech (Pvt.) Ltd	Service charges	1,710	1,800
	Rental income	1,440	1,440
<b>Other related parties:</b>			
Employees' Provident Fund Trust	Amount contributed	24,260	19,828
Directors	Loans repaid - net	(35,445)	(22,136)
	Dividend paid	69,293	142,779
	Issue of bonus shares	286,456	-
<b>19.1.</b>	Transactions with key management personnel under the terms of employment are excluded from related party transactions.		

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

For The Nine Months Ended 31 March 2021

### Details Of Related Parties Of The Company:

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

### 20. SEGMENT INFORMATION

Nine months ended 31 March 2021					
Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company	
------(Rupees in thousand)-----					
<b>Revenue</b>					
External	7,768,455	4,439,232	12,207,687	-	12,207,687
Intersegment	871,152	-	871,152	(871,152)	-
	8,639,607	4,439,232	13,078,839	(871,152)	12,207,687
Cost of sales	(7,005,265)	(3,818,303)	(10,823,568)	871,152	(9,952,416)
Gross profit	1,634,342	620,929	2,255,271	-	2,255,271
Distribution expenses	(49,229)	(213,211)	(262,440)	-	(262,440)
Administrative expenses	(203,398)	(87,010)	(290,408)	-	(290,408)
	(252,627)	(300,221)	(552,848)	-	(552,848)
<b>Segment profit</b>	1,381,715	320,708	1,702,423	-	1,702,423
<b>Unallocated income and expense:</b>					
Other operating expense					(121,103)
Other income					20,892
Finance cost					(182,672)
Taxation					(256,644)
Profit after taxation					1,162,896

Nine months ended 31 March 2020					
Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company	
------(Rupees in thousand)-----					
<b>Revenue</b>					
External	6,677,382	4,886,661	11,564,042	-	11,564,042
Intersegment	659,896	-	659,896	(659,896)	-
	7,337,278	4,886,661	12,223,938	(659,896)	11,564,042
Cost of sales	(6,135,542)	(4,053,384)	(10,188,926)	659,896	(9,529,030)
Gross profit	1,201,736	833,277	2,035,012	-	2,035,012
Distribution expenses	(59,264)	(190,878)	(250,142)	-	(250,142)
Administrative expenses	(192,109)	(84,157)	(276,266)	-	(276,266)
	(251,373)	(275,035)	(526,408)	-	(526,408)
<b>Segment profit</b>	950,363	558,242	1,508,604	-	1,508,604
<b>Unallocated income and expense:</b>					
Other operating expense					(157,055)
Other income					2,757
Finance cost					(322,962)
Taxation					(207,194)
Profit after taxation					824,150

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

For The Nine Months Ended 31 March 2021

### 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.

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

	Un-audited 31 March 2021	Audited 30 June 2020
	(Rupees in thousand)	
<b>20.2. Reconciliation of assets</b>		
Assets of Spinning Segment	9,225,592	8,292,365
Assets of fabric division Segment	3,747,991	2,676,605
Segment operating assets	12,973,583	10,968,970
Tax refunds due from the Government	366,130	282,745
Total assets as per balance sheet	<u>13,339,713</u>	<u>11,251,715</u>
<b>20.3. Reconciliation of liabilities</b>		
Liabilities of spinning segment	4,610,798	4,368,205
Liabilities of Fabric division	1,868,204	1,156,401
Segment operating liabilities	6,479,002	5,524,606
Deferred tax liability	246,969	228,902
Workers' Profit Participation Fund	77,369	69,164
Workers' Welfare Fund	21,578	4,060
	<u>6,824,918</u>	<u>5,826,732</u>

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

### 21. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statement were approved and authorized for issue on April 26, 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



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

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

Registered Office:

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

Telephone No. +92-42-36672695

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