

J.K. SPINNING
MILLS LIMITED



2020

QUARTERLY REPORT

For the period ended September 30, 2020



Lighting the
Way to
Financial
Well-Being



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Company Information

Chairman	Mr. Jawed Anwar
Chief Executive	Mr. Faiq Jawed
Directors	Mr. Shaiq Jawed Mr. Rehan Ashfaq Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad Mr. Mamoor Ijaz
Audit Committee	
Chairman	Mr. Rehan Ashfaq
Members	Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad
HR Committee	
Chairman	Mr. Mamoor Ijaz
Members	Mr. Shaiq Jawed Mrs. Sadaf Aamir Arshad
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Amjad Ali
Auditors	Zahid Jamil & Co. Chartered Accountants
Legal Advisor	Mahfooz Ahmad Khan Advocates
Registrar's and Share	CORPTEC Associates (Pvt.) Ltd.,
Registration office	503-E, Johar Town, Lahore
Bankers	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
Registered office	34-Falcon Enclave, Tufail Road, Lahore Cantt, Lahore
Head Office & Mills	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, 2020.

Financial Results and Operational Performance

The summarized financial results of the company for the quarter ended September 30, 2020 are as under:

Particulars	Rupees in Millions	
	Quarter Ended	
	September 30, 2020	September 30, 2019
Revenue from contracts with customers	4,085.973	3,578.210
Cost of Revenue	3,467.737	2,981.388
Gross Profit	618.236	596.822
Operating Expenses-net	188.804	219.207
Profit from Operations	429.432	377.615
Finance cost	59.170	121.213
Profit After taxation	301.970	206.422
Earnings per share (Rupees)		
-Basic	4.13	2.82
- Diluted	2.95	2.02

Your directors have not recommended any interim dividend.

Sales for the period under review increased to Rupees 4,085.973 million from Rupees 3,578.210 million. Raw material consumed remained at previous years level in view of decrease in raw material prices globally. Fuel and power cost also remained at previous years level. Salaries, wages and other benefit expenses increased due to increase in minimum wage rate. Stores, spare parts and loose tools consumed and packing material cost increased in view of inflationary factor. Repair and maintenance cost and other factory overhead cost decreased in view of better management controls. Operating expenses net of other income for the quarter ended September 30, 2020 decreased to Rupees 188.804 million from Rupees 219.207 million of corresponding period of last year in view of impact of exchange gain and loss. Financial charges decreased to Rupees 59.170 million from Rupees 121.213 million of corresponding period in view of decrease in short term borrowings and decrease in kibar rates.

Your company has earned profit after taxation of Rupees 301.970 million during the quarter ended September 30, 2020 against Rupees 206.422 million of corresponding period of last year.

Production of yarn converted into 20/S for the period under review was 9.617 million Kgs against 8.603 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. One COMPLETE GE JENBACHER NATURAL GAS GEN SETS MODEL JMS 616 of 2.679 MW commissioned during the period under review. Civil works for setting up a processing unit are in progress which is likely to start commercial production in last quarter of current financial year.

Future Outlook

Outbreak of corona virus pandemic and lock down of cities globally is hitting economies of the world. Second wave of the Corona virus has started and could be compounded by an adverse alteration of pandemic, a new threat looms over the world's economies.

Directors' Report

IMF has given a one-year relief to Pakistan during the pandemic and a US\$1.386 billion were given under the Rapid Financing Instrument to address the economic impact of the COVID-19. Aid packages from Asian Development and the World Bank, along with debt relief program by G-20, will enable the economy to greatly make up for the projected loss. Pakistan textile industry is performing well in view of local demand and massive export orders of home textile goods. State Bank of Pakistan has also reduced the discount rate and has provided financing at very low rates to the industry for payment of salary and wages of labor force.

The company is focusing on improving efficiencies and minimizing costs by enhancing spinning capacity to achieve the better financial results 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



Faiq Jawed
Chief Executive

Faisalabad
October 28, 2020

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

مستقبل کا نظریہ نظر:

کورونا وائرس کے پھیلاؤ اور عالمی سطح پر شہروں کے بند ہونے سے پوری دنیا کی اکانومی متاثر ہوئی ہے۔ کورونا وائرس کی دوسری لہر شروع ہو چکی ہے۔ جس سے اس بیماری کے منفی رد عمل میں اضافہ ہو سکتا ہے اور دنیا کی اکانومی کے سامنے نیا خطرہ ہے۔

IMF نے پاکستان کو ایک سال کا ریلیف دیا ہے اور COVID-19 کے معاشی اثر کو کم کرنے کے لیے ریپڈ فنانشنگ انسٹرومنٹ کے تحت 1.386 بلین ڈالر دیے ہیں۔ ایشین ڈیولپمنٹ، ورلڈ بینک اور ڈیٹ ریلیف پروگرام G-20 کی طرف سے امدادی پیکیج کی وجہ سے اکانومی نقصان کو پورا کرنے کے قابل ہو سکے گی۔ گھریلو بینکس کی چیزوں کی مقامی طلب اور بڑے برآمدی آرڈرز کے سبب پاکستان کی بینکسائل انڈسٹری بہتر پر فارم کر رہی ہے۔ سٹیٹ بینک آف پاکستان نے ڈسکاؤنٹ ریٹ کم کر دیے ہیں اور انڈسٹری کو تنخواہوں اور مزدوری کی مد میں کم ریٹ پر قرضے دیے ہیں۔

کمپنی سہنگ صلاحیت کو بڑھا کر کارکردگی کو بہتر اور کاسٹ کو کم کر رہی ہے تاکہ مالی سال کے اختتام 30 جون 2021 کو بہتر مالی نتائج حاصل کر سکے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور نمکیز 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 سپلائرز کا اقرار کرتی ہے اور شکرگزار بھی ہے۔

منجانب بورڈ آف ڈائریکٹرز:



فائق چاؤدھری
چیف ایگزیکٹو



جاوید انوار
چیرمین

فیصل آباد: اکتوبر 28، 2020

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 2020 کے بغیر آڈٹ کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

مالیاتی سال کے ہیکلو اراٹر کے نتائج کے تفصیل درج ذیل ہیں:

تفصیلات	ملین روپے	ملین روپے
اختتام کوارٹر	30 ستمبر 2019	30 ستمبر 2020
گاہکوں سے معاہدوں کا حصول	3,578.210	4,085.973
بیلز کے اخراجات	2,981.388	3,467.737
خام منافع	596.822	618.236
آپریٹنگ اخراجات	219.207	188.804
آپریٹنگ منافع	377.615	429.432
مالی لاگت	121.213	59.170
منافع بعد از ٹیکس	206.422	301.970
فی شیئر آمدنی - ہیک	2.82	4.13
- ڈائیویڈنڈ	2.02	2.95

آپ کی کمپنی کے ڈائریکٹرز نے درمیانے عرصے کا ڈیویڈنڈ جو پرنسپل کیا۔

مالی سال کے پہلے کوارٹر کے دوران یہ میں فروخت 3,578.210 ملین روپے سے بڑھ کر 4,085.973 ملین روپے ہوئی ہے۔ خام مال کی عالمی سطح پر قیمتوں میں کمی کے سبب خام مال کے اخراجات پچھلے سال کے لیول تک رہے ہیں۔ ایندھن اور پاور کے اخراجات پچھلے سال کے لیول تک رہے ہیں۔ تنخواہوں کے اخراجات کم از کم اجرت میں اضافہ کی وجہ سے بڑھے ہیں۔ سنور سپلیئر پارٹس، لوڈنگ ٹرانزاور پیکنگ کے اخراجات افراط زر کی وجہ سے بڑھے ہیں۔ مرمت اور بحالی کے اخراجات اور فیکٹری اور وہیڈ کے اخراجات پیکنگ کے بہتر کنٹرول کی وجہ سے کم ہوئے ہیں۔ اس کوارٹر کے آپریٹنگ اخراجات پچھلے سال کے اخراجات 219.207 ملین روپے سے کم ہو کر 188.804 ملین روپے ہو گئے ہیں۔ جبکہ مالی اخراجات پچھلے سال کے اخراجات 121.213 ملین روپے سے کم ہو کر 59.170 ملین روپے ہو گئے ہیں۔ ان اخراجات کے کم ہونے کی وجہ چھوٹے عرصے کے قرضہ جات میں کمی اور کاپیو ررہٹ میں کمی ہے۔

آپ کی کمپنی نے کوارٹر اختتام 30 ستمبر 2020 میں 301.970 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 206.422 ملین روپے تھا۔

اس کوارٹر کے دوران یہ میں 20/s دھاگے کی پیداوار پچھلے سال کی پیداوار 8.603 ملین کلوگرام سے بڑھ کر 9.617 ملین کلوگرام ہو گئی۔

آپ کی کمپنی کی انتظامیہ نے پرانی مشینری کو جدید مشینری سے بدلنے کی پالیسی اختیار کی ہوئی ہے۔ اس مالی سال کے پہلے کوارٹر کے دورانیے میں ایک جہا کر نیچرل گیس ماڈل JMS-616 کے 2.679 MW کا جزیرہ کمیشن کیا گیا ہے۔ پروسیسنگ یونٹ لگانے کے لیے سول ورک شروع ہو چکا ہے جو کہ اگلے مالی سال کے آخری کوارٹر تک کام کرنا شروع کر دے گا۔

Financial Statements

For The Quarter Ended 30 September 2020

Condensed Interim Statement of Financial Position (Un-Audited)

As At 30 September 2020

		Un-audited 30 September 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020 (RUPEES IN THOUSAND)
	NOTE		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment:			
Operating fixed assets-tangible	5	4,034,723	4,051,003
Right-of-use assets	6	70,441	74,149
Capital work-in-progress	7	665,689	393,688
Long term investment	8	-	-
Long term deposits and advances		46,206	59,890
		4,817,059	4,578,730
CURRENT ASSETS			
Stores, spare parts and loose tools		89,497	104,773
Stock-in-trade		4,174,772	4,805,601
Trade debts		1,281,321	1,267,348
Advances		63,451	61,073
Trade deposits and short term prepayments		21,266	5,408
Other receivables		58,905	32,968
Tax refunds due from the Government	9	280,001	282,745
Short term investments		29,747	21,514
Cash and bank balances		107,019	91,555
		6,105,979	6,672,985
TOTAL ASSETS		10,923,038	11,251,715



Javed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Balance Sheet (Un-Audited)

As At 30 September 2020

	NOTE	Un-audited 30 September 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (30 June 2020: 96,000,000) ordinary shares of Rupees 10 each	10	2,000,000	960,000
Issued, subscribed and paid up share capital	11	730,839	730,839
Reserves:			
Capital		746,576	746,576
Revenue		4,249,538	3,947,568
		4,996,114	4,694,144
		5,726,953	5,424,983
NON-CURRENT LIABILITIES			
Long term financing	12	1,400,122	1,087,110
Lease liabilities		20,784	25,084
Long term deposits		36,591	27,616
Deferred tax liability		237,922	228,902
		1,695,419	1,368,712
CURRENT LIABILITIES			
Trade and other payables		808,560	813,245
Contract liabilities		68,815	56,564
Accrued mark-up		28,336	33,359
Short term borrowings		2,264,338	3,173,375
Unclaimed dividend		550	550
Current portion of non-current liabilities		330,067	380,927
		3,500,666	4,458,020
TOTAL EQUITY AND LIABILITIES		10,923,038	11,251,715
CONTINGENCIES AND COMMITMENTS	13	-	-

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Javed Anwar
Chairman



Faiz Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-Audited)

For The Quarter Ended 30 September 2020

		Quarter ended	
	NOTE	30 September 2020	30 September 2019
		(RUPEES IN THOUSAND)	
Revenue from contracts with customers	14	4,085,973	3,578,210
Cost of revenue	15	(3,467,737)	(2,981,388)
Gross Profit		618,236	596,822
Distribution expenses		(71,730)	(65,038)
Administrative expenses		(101,081)	(95,001)
Other operating expenses	16	(25,198)	(59,672)
		(198,009)	(219,711)
		420,227	377,111
Other income	17	9,205	504
Operating profit		429,432	377,615
Finance cost		(59,170)	(121,213)
Profit before taxation		370,262	256,402
Taxation		(68,292)	(49,980)
Profit for the period		301,970	206,422
Earnings per Share (Rupees):	18		
-Basic		4.13	2.82
-Diluted		2.95	2.02

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Javed 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 2020

	Quarter ended	
	30 September 2020	30 September 2019
	(RUPEES IN THOUSAND)	
Profit for the period	301,970	206,422
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	301,970	206,422

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Javed Anwar
Chairman



Faiz Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

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

For The Quarter Ended 30 September 2020

	Issued, Subscribed and Paid Up Share Capital	RESERVES				REVENUE		Total Equity
		CAPITAL			Sub Total	Unappropri- ated Profit		
		Premium on Issue of Right Shares	Merger reserve	Revaluation Surplus on Freehold Land				
							----- (Rupees in thousand) -----	
Balance as at 01 July 2019	730,839	60,904	289,636	224,631	575,171	2,951,764	4,257,774	
Total comprehensive income for the quarter ended 30 September 2019	-	-	-	-	-	206,422	206,422	
Balance as at 30 September 2019	730,839	60,904	289,636	224,631	575,171	3,158,186	4,464,196	
Balance as at 01 July 2020	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	
Balance as at 30 September 2020	730,839	60,904	289,636	396,036	746,576	4,249,538	5,726,953	

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Javed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-Audited)

For The Quarter Ended 30 September 2020

		Quarter ended	
	NOTE	30 September 2020 (RUPEES IN THOUSAND)	30 September 2019
Cash flows from operating activities			
Cash generated from/(utilized) in operations	19	1,046,445	(680,474)
Finance cost paid		55,803	(114,534)
Income tax paid		(38,728)	(19,612)
Workers' profit participation fund paid		(70,821)	-
Increase in long term deposits		8,975	6,229
		(44,771)	(127,917)
Net cash genrated from/ (used) in operating activities		1,001,674	(808,391)
Cash Flows from Investing Activities			
Addition in property, plant and equipment		(349,922)	(69,350)
Decrease in long term deposits and advances		13,684	(2,083)
Proceeds from disposal of property, plant and equipment		1,212	17,513
Net cash used in investing activities		(335,026)	(53,920)
Cash flows from financing activities			
Proceeds from long term financing - net		262,239	(22,547)
Repayment of liabilities against right to use assets		(4,386)	(4,301)
Short term borrowings - net		(909,037)	895,270
Net cash (used) in / generated from financing activities		(651,184)	868,422
Net increase in cash and cash equivalents		15,464	6,111
Cash and cash equivalents at the beginning of the period		91,555	73,747
Cash and cash equivalents at the end of the period		107,019	79,858

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Javed 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 2020

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 2019.

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 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.

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 Quarter Ended 30 September 2020

	NOTE	Un-audited 30 September 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020
5. OPERATING FIXED ASSETS - TANGIBLE			
Opening book value		4,051,003	4,080,643
Add: additions during the period / year-cost	5.1	77,921	392,740
		4,128,924	4,473,383
Less: disposals during the period / year	5.2	(733)	(26,481)
		4,128,191	4,446,902
Less: depreciation during the period / year		(93,468)	(395,899)
Book value at the end of the period / year		4,034,723	4,051,003
5.1 Additions during the period / year - cost			
Freehold land		-	172,646
Buildings on freehold land		-	79,971
Plant and machinery		61,513	96,973
Electric installations and appliances		3,861	8,498
Furniture and fixtures		-	1,368
Vehicles		12,547	33,284
		77,921	392,740
5.2 Book value of assets disposed off during the period / year			
Plant and machinery		-	18,576
Vehicles		733	7,905
		733	26,481
6. RIGHT-OF-USE ASSETS			
Vehicles:			
Cost			
Opening book value		110,779	-
Impact of initial application of IFRS 16		-	110,779
Closing Balance		110,779	110,779
Accumulated depreciation			
Opening book value		36,630	-
Impact of initial application of IFRS 16		-	18,093
Add : charge during the period / year at the rate of 20%		3,708	18,537
Closing Balance		40,338	36,630
		70,441	74,149

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

For The Quarter Ended 30 September 2020

	NOTE	Un-audited 30 September 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020
7. CAPITAL WORK-IN-PROGRESS			
Buildings on freehold land		228,892	189,619
Plant and machinery		436,797	204,069
		<u>665,689</u>	<u>393,688</u>
8. LONG TERM INVESTMENT			
Investment in associate			
J.K. Tech (Private) Limited - unquoted	8.1	5	5
450 (2020: 450) ordinary shares of Rupees 10 each		(5)	(5)
Less: Accumulated impairment		<u>-</u>	<u>-</u>
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.		
9. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax refundable		100,397	120,941
Sales tax and federal excise duty refundable		288,799	270,999
		<u>389,196</u>	<u>391,940</u>
Less: Provision for doubtful tax refunds due from the Government		(109,195)	(109,195)
		<u>280,001</u>	<u>282,745</u>
10. AUTHORIZED SHARE CAPITAL		<u>2,000,000</u>	<u>960,000</u>
Authorised share capital has been increased from Rs. 960,000 thousand divided into 96,000 thousand ordinary shares of Rs. 10 each to Rs. 2,000,000 thousands divided into 200,000 thousand ordinary shares of Rs. 10 each in extra ordinary general meeting held on September 14, 2020.			
11. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
Un-Audited 30 September 2020 (No. of Shares)	Audited 30 June 2020	Un-audited 30 September 2020 (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
712,175	712,175	7,122	7,122
<u>73,083,930</u>	<u>73,083,930</u>	<u>730,839</u>	<u>730,839</u>

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

For The Quarter Ended 30 September 2020

NOTE	Un-audited	Audited
	30 September 2020 (RUPEES IN THOUSAND)	30 June 2020 (RUPEES IN THOUSAND)
12. LONG TERM FINANCING		
From banking companies - secured:		
Opening balance	1,450,421	1,430,867
Add: Obtained during the period / year	347,032	260,534
Less: Repaid during the period / year	(84,793)	(240,980)
	1,712,660	1,450,421
Less: Current portion shown under current liabilities	(312,538)	(363,311)
Closing balance	1,400,122	1,087,110

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.. 490,550 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.

13.2 Commitments

13.2.1 Letter of credit for capital expenditure amounts to Rs. 262,907 housand (30 June 2020: Rs. 401,993 thousand).

13.2.2 Letters of credit other than for capital expenditure amounts to Rs. 284,021 thousand (30 June 2020: Rs. 83,700 thousand).

	Quarter ended	
	2020	2019
	30 September (RUPEES IN 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.

Export sales	1,332,989	1,555,779
Local sales	2,733,546	2,004,705
Export rebate and duty drawback	19,438	17,726
	4,085,973	3,578,210

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

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

	For the Quarter ended 30 September 2020		
	Spinning	Fabric Division	Total
	------(Rupees in thousand)-----		
Segments			
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
Total revenue from contracts with customers	2,764,836	1,321,137	4,085,973
Geographic markets			
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
	2,764,836	1,321,137	4,085,973
Timing of revenue recognition			
Goods transferred at a point in time	2,764,836	1,321,137	4,085,973
	For the Quarter ended 30 September 2019		
	Spinning	Fabric Division	Total
	------(Rupees in thousand)-----		
Segments:			
Sale of yarn	2,083,472	5,710	2,089,182
Sale of fabric	-	1,396,917	1,396,917
Sale of waste	66,525	7,860	74,385
Export rebate and duty drawback	-	17,726	17,726
	2,149,997	1,428,213	3,578,210
Geographic markets:			
Asia	2,009,015	48,510	2,057,525
Australia	-	31,969	31,969
Africa	25,116	-	25,116
Europe	115,866	990,589	1,106,455
North America	-	318,335	318,335
South America	-	21,084	21,084
Export rebate and duty drawback	-	17,726	17,726
	2,149,997	1,428,213	3,578,210
Timing of revenue recognition:			
Goods transferred at a point in time	2,149,997	1,428,213	3,578,210

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

For The Quarter Ended 30 September 2020

	NOTE	Quarter ended	
		30 September	
		2020	2019
		(RUPEES IN THOUSAND)	
15. COST OF SALES			
Raw materials consumed		2,055,038	2,056,650
Stores, spare parts and loose tools consumed		56,575	55,469
Packing materials consumed		54,491	50,131
Processing and conversion charges		248,600	240,745
Fuel and power		271,836	272,516
Salaries, wages and other benefits		200,797	190,439
Repair and maintenance		7,116	11,440
Insurance		5,173	4,537
Other factory overheads		7,493	12,168
Depreciation		87,422	91,507
		2,994,541	2,985,602
Work-in-process:			
Opening stock		403,753	477,200
Closing stock		(498,083)	(587,444)
		(94,330)	(110,244)
Cost of goods manufactured		2,900,211	2,875,358
Finished goods:			
Opening stock		1,301,115	769,005
Closing stock		(733,589)	(662,975)
		567,526	106,030
		3,467,737	2,981,388
16. OTHER OPERATING EXPENSES			
Workers' profit participation fund		15,923	14,724
Workers' welfare fund		2,726	1,932
Donations		922	1,012
Loss on sale of property, plant and equipment		-	3,409
Exchange loss		5,627	37,614
Unrealized loss on remeasurement of investment at fair value through profit or loss		-	981
		25,198	59,672
17. OTHER INCOME			
Income from financial assets	17.1	8,246	24
Income from non-financial assets	17.2	959	480
		9,205	504

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

For The Quarter Ended 30 September 2020

	NOTE	Quarter ended	
		30 September	2019
		2020	2019
		(RUPEES IN THOUSAND)	
17.1 Income from financial assets			
Unrealized gain on remeasurement of investments at held for trading		8,233	-
Dividend income		13	24
		8,246	24
17.2 Income from other than financial assets			
Gain on disposal of property, plant and equipment		479	-
Rental income		480	480
		959	480
18. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders (Rupees in thousand)		301,970	206,422
Weighted average number of ordinary shares (Numbers)		73,083,930	73,083,930
Earnings per share Basic (Rupees)		4.13	2.82
Weighted average number of ordinary shares (Numbers) - Restated		102,317,502	102,317,502
Earnings per share - Basic and diluted (Rupees) - Restated		2.95	2.02
18.1	EPS of the current and previous period is calculated after taking into effect of bonus shares @ 40% as approved by share holders in their Annual general meeting held on october 28,2020.		
19. CASH UTILIZED IN OPERATIONS			
Profit before taxation		370,262	256,402
Adjustments for non-cash charges and other items:			
Depreciation		97,176	101,886
Finance costs		(59,170)	121,213
Provision for Workers' Welfare Fund		2,726	1,932
Provision for Workers' Profit Participation Fund		15,923	14,724
(Gain) / Loss on disposal of property, plant and equipment		(479)	3,409
Unrealized (Income) / loss on remeasurement of investments at held for trading		(8,233)	981
Working capital changes	19.1	628,240	(1,181,021)
		1,046,445	(680,474)

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

	Quarter ended	
	30 September	2019
	2020	2019
	(RUPEES IN THOUSAND)	
19.1 Working capital changes		
(Increase) / decrease in current assets:	15,276	9,685
Stores, spare parts and loose tools	630,829	(726,667)
Stock-in-trade	(13,973)	(519,005)
Trade debts	(2,378)	24,378
Advances	(15,858)	(23,868)
Trade deposits and short term prepayments	(25,937)	(16,135)
Other receivables	(17,800)	(90,992)
Tax refunds due from the Government	570,159	(1,342,604)
Increase in trade and other payables and contractual liabilities	58,081	161,583
	628,240	(1,181,021)

20. TRANSACTIONS WITH RELATED PARTIES

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:

Relationship with the Company	Nature of transactions		
Associated companies:			
J.K Tech (Pvt.) Ltd	Service charges	570	15
	Rental income	480	480
Other related parties:			
Employees' Provident Fund Trust	Amount contributed	8,108	7,241
Directors	Loans received /(repaid) - net	(35,445)	15,509

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

20.2 The outstanding balance of such parties are as under:

		Un-audited	Audited
		30 September	30 June
		2020	2020
		(RUPEES IN THOUSAND)	
Relationship with the Company	Nature of transactions		
Others:			
Directors	Short term loan	-	35,445
Key management personnels	Remuneration payable	2,200	2,200

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

20.3. 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	-

21. SEGMENT INFORMATION

	For the quarter ended 30 September 2020				
	Spinning Division	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company
	----- (RUPEES IN THOUSAND) -----				
Revenue from contracts with customers					
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 revenue	(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)
Segment profit	348,388	97,037	445,425	-	445,425
	----- (RUPEES IN THOUSAND) -----				
	For the quarter ended 30 September 2019				
	Spinning Division	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company
	----- (RUPEES IN THOUSAND) -----				
Revenue from contracts with customers					
External	2,149,097	1,429,113	3,578,210	-	3,578,210
Intersegment	-	-	-	-	-
	2,149,097	1,429,113	3,578,210	-	3,578,210
Cost of revenue	(1,800,638)	(1,180,750)	(2,981,388)	-	(2,981,388)
Gross profit	348,459	248,363	596,822	-	596,822
Distribution expenses	(10,617)	(54,421)	(65,038)	-	(65,038)
Administrative expenses	(69,828)	(25,173)	(95,001)	-	(95,001)
	(80,445)	(79,594)	(160,039)	-	(160,039)
Segment profit	268,014	168,769	436,783	-	436,783

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

For The Quarter Ended 30 September 2020

21.1 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.

	Quarter ended 30 September	
	2020	2019
	(RUPEES IN THOUSAND)	
21.2 Reconciliation of profit		
Segment profit	445,425	436,783
Other operating expenses	(25,198)	(59,672)
Other income	9,205	504
Finance cost	(59,170)	(121,213)
Taxation	(68,292)	(49,980)
Profit for the period	301,970	206,422
	Un-audited 30 September 2020	Audited 30 June 2019
	(RUPEES IN THOUSAND)	
21.3 Reconciliation of assets		
Segment operating assets	10,643,037	10,968,970
Tax refunds due from the Government	280,001	282,745
Total assets as per statement of financial position	10,923,038	11,251,715
21.4 Reconciliation of liabilities		
Segment operating liabilities	4,939,514	5,528,666
Deferred tax liability	237,922	228,902
Workers' Profit Participation Fund	15,923	69,164
Workers' Welfare Fund	2,726	-
Total liabilities as per statement of financial position	5,196,085	5,826,732

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

22. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statement were approved and authorized for issue on October 28, 2020 by the Board of Directors of the Company.

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

For The Quarter Ended 30 September 2020

23. CORRESPONDING FIGURES

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.

24. GENERAL

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



Javed Anwar
Chairman



Faiz Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer



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