



1st Quarter Report 2021-2022

J.K. SPINNING
MILLS LIMITED



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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. Farhan Safdar
Auditors	Zahid Jamil & Co. Chartered Accountants
Legal Advisor	Mahfooz Ahmad khan Advocates
Registrar's and Share Registration office	CORPTEC Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore
Bankers	Standard Chartered Bank (Pakistan) Limited The Bank of Punjab National Bank of Pakistan Habib Bank Limited Meezan Bank Limited Askari Bank Limited Summit Bank The Bank of Khyber Dubai Islamic Bank
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, 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

Faisalabad
October 28, 2021



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور نمکڑز کے کمپنی کے کاروبار میں تعاون پر شکرگزار ہیں ڈائریکٹرز کمپنی کے شاف 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
چیئر مین



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 خوش محسوس کرتے ہیں۔
مالیاتی نتائج:

مالیاتی سال کے ہیکلیوارٹر کے نتائج کے تفصیل درج ذیل ہیں:

تفصیلات	ملین روپے	ملین روپے
اختتام کوارٹر	30 ستمبر 2021	30 ستمبر 2020
سیلز	5,462.708	4,085.973
سیلز کے اخراجات	4,182.070	3,467.737
خام منافع	1,280.638	618.236
آپریٹنگ اخراجات	387.668	188.804
آپریٹنگ منافع	892.970	429.432
مالی لاگت	84.764	59.170
منافع بعد از ٹیکس	689.690	301.970
فی شیئر آمدنی	6.74	2.95

آپ کی کمپنی کے ڈائریکٹرز نے درمیانے عرصے کا ویڈیو تجزیہ نہیں کیا۔

مالی سال کے پہلے کوارٹر کے دوران یہ فیروز دست 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 سپلیٹنگ 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، ہیکٹک 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 مالی 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 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 سپلیٹنگ کی صلاحیت میں اضافے کے لئے 8064 سپنڈلز درآمد کئے جا رہے ہیں جو کہ موجودہ مالیاتی سال کے دوسرے کوارٹر تک کیسٹنگ کئے جائیں گے۔ تعمیراتی کام شروع ہو چکا ہے اور 52,896 سپنڈلز کے سپلیٹنگ یونٹ کے لیڈ آف کریڈٹ کھولے گئے ہیں۔ آپ کی کمپنی کی منجینٹ 144 انرجیٹ لومز کا ویونگ کی صلاحیت میں اضافہ، پروسیسنگ یونٹ میں سپنڈر مشین کا اضافہ اور وائرڈ ٹینٹ پلانٹ کی تعمیر کرنے کا پلان کر رہی ہے۔ بجلی کی پیداواری صلاحیت میں اضافے کے لئے ایک جنبا کرنجرل گیس ماڈل JMS-616 کا 2.679 MW کا لیڈ آف کریڈٹ کھولا گیا ہے۔

مستقبل کا نقطہ نظر:

کووڈ 19 عالمی اور ملکی معیشت کے لئے سب سے بڑے چیلنج کے طور پر ابھر رہا ہے۔ عالمی برادری کو کووڈ 19 کے وبائی مرض کے ڈیڑھ سال بعد بھی سماجی اور معاشی دونوں چیلنجز کا سامنا ہے۔ عالمی نقطہ نظر صحت کے تحریک کی شدت، کووڈ 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 روئی کی بڑھتی ہوئی قیمتوں، روپے کی قدر میں کمی، خالی کنٹینرز کی عدم دستیابی کی وجہ سے جہاز میں تاخیر، ٹیکسٹائل ایکسپورٹرز کی ورکنگ کپیٹل کی ضرورت میں اضافہ ہوا ہے۔ اور، ٹیکسٹائل ایکسپورٹ اور پیٹرنڈ انڈسٹری کو گلوبل پیسٹی کی کمی کا سامنا ہے۔ کمپنی کم سے کم نرخوں پر کپاس کی خریداری کر رہی ہے اور سپنگ 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 جاسکیں۔

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 (Rupees in thousand)	Audited 30 June 2021 (Rupees in thousand)
ASSETS	Note		
NON-CURRENT ASSETS			
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
CURRENT ASSETS			
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
TOTAL ASSETS		16,027,549	13,471,058
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital:			
200,000,000 (30 June 2021: 200,000,000)		2,000,000	2,000,000
ordinary shares of Rupees 10/- each			
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
NON-CURRENT LIABILITIES			
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
CURRENT LIABILITIES			
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
TOTAL EQUITY AND LIABILITIES		16,027,549	13,471,058
CONTINGENCIES AND COMMITMENTS	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

		Quarter ended	
		30 September	30 September
		2021	2020
Note		---- (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		(158,019)	(71,730)
Administrative expenses		(104,241)	(101,081)
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			Sub Total	REVENUE	
	ISSUED, SUBSCRIB- ED AND PAID UP SHARE CAPITAL	PREMIUM ON ISSUE OF RIGHT SHARES	MERGER RESERVE			
			REVALUA- TION SURPLUS ON FREEHOLD LAND		UNAPPR- OPRIATED PROFIT	
(Rupees in thousand)						
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
Balance as at 30 September 2020	730,839	60,904	289,636	396,036	746,576	4,249,538
						5,726,953
Balance as at 01 July 2021	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
Balance as at 30 September 2021	1,023,175	60,904	289,636	396,036	746,576	6,083,518
						7,853,269

(Rupees in thousand)

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

		Quarter ended	
		30 September 2021	30 September 2020
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
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
		(130,234)	(163,111)
Net cash (used in) / generation from operating activities		(700,749)	1,001,674
CASH FLOWS FROM INVESTING ACTIVITIES			
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
Net cash used in investing activities		(517,301)	(335,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
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)
Net cash generated from/ (used in) financing activities		1,220,721	(651,184)
Net increase in cash and cash equivalents		2,671	15,464
Cash and cash equivalents at beginning of the period		117,680	91,555
Cash and cash equivalents at end of the period		120,351	107,019

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)	
5. OPERATING FIXED ASSETS - TANGIBLE	Note		
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		4,806,956	4,809,259
5.1. Additions during the period / year - cost			
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
		107,885	1,166,942
5.2. Book value of assets disposed off during the period / year			
Plant and machinery		-	1,436
Vehicles		1,779	9,230
		1,779	10,666
6. RIGHT-OF-USE ASSETS			
Vehicles:			
Cost			
Opening book value		110,779	110,779
Impact of initial application of IFRS 16		-	-
Closing Balance		110,779	110,779
Accumulated depreciation			
Opening book value		51,460	36,630
Add : charge during the period / year at the rate of 20%		2,966	14,830
Closing Balance		54,426	51,460
		56,353	59,319
7. CAPITAL WORK-IN-PROGRESS			
Buildings on freehold land		576,243	453,847
Plant and machinery		356,299	78,269
		932,542	532,116

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

For The Quarter Ended 30 September 2021

		Un-audited 30 September 2021 (Rupees in thousand)	Audited 30 June 2021
	Note		
8. LONG TERM INVESTMENT			
Investment in associate			
J.K. Tech (Private) Limited - unquoted	8.1.		
450 (2021: 450) ordinary shares of Rupees 10 each		5	5
Less: Accumulated impairment		(5)	(5)
		<u>-</u>	<u>-</u>
8.1. 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.			
9. TAX REFUNDS DUE FROM THE GOVERNMENT			
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>
10. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
Un-Audited 30 September 2021 (No. of Shares)	Audited 30 June 2021	Un-Audited 30 September 2021 (Rupees in thousand)	Audited 30 June 2021
26,424,155	26,424,155	264,241	264,241
	Ordinary shares of Rupees 10 each fully		
	Ordinary shares of Rupees 10 each issued to		
	shareholders of J.K. Fiber Mills Limited and		
	Abid Faiq Textile Mills Limited under the		
45,947,600	scheme of merger.	459,476	459,476
	Ordinary shares of Rupees 10 each issued as		
	fully paid bonus shares		
29,945,800	29,945,800	299,458	299,458
<u>102,317,555</u>	<u>102,317,555</u>	<u>1,023,175</u>	<u>1,023,175</u>
11. LONG TERM FINANCING			
From banking Companies - secured:			
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			
12. CURRENT PORTION OF NON CURREN LIABILITIES			
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 (Rupees in thousand)	Audited 30 June 2021
Note			
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

Segments

Sale of yarn	
Sale of fabric	
Sale of waste	
Processing Income	
Export rebate	
Total revenue from contracts with customers	

For the Quarter ended 30 September 2021		
Spinning	Fabric	Total
(Rupees in thousand)		
3,217,826	-	3,217,826
-	2,072,289	2,072,289
100,304	15,242	115,546
	23,238	23,238
-	33,809	33,809
<u>3,318,130</u>	<u>2,144,578</u>	<u>5,462,708</u>

Geographic markets

Asia	
Australia	
Africa	
Europe	
North America	
South America	
Export rebate and duty drawback	

3,292,109	80,913	3,373,022
26,021	43,458	69,479
-	17,881	17,881
-	1,233,391	1,233,391
-	644,262	644,262
-	90,864	90,864
-	33,809	33,809
<u>3,318,130</u>	<u>2,144,578</u>	<u>5,462,708</u>

Timing of revenue recognition

Goods transferred at a point in time

<u>3,318,130</u>	<u>2,144,578</u>	<u>5,462,708</u>
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Segments:

Sale of yarn	
Sale of fabric	
Sale of waste	
Export rebate and duty drawback	

For the Quarter ended 30 September 2020		
Spinning	Fabric	Total
(Rupees in thousand)		
2,686,440	-	2,686,440
-	1,291,146	1,291,146
78,396	10,552	88,948
-	19,439	19,439
<u>2,764,836</u>	<u>1,321,137</u>	<u>4,085,973</u>

Geographic markets:

Asia	
Australia	
Africa	
Europe	
North America	
Export rebate and duty drawback	

2,701,402	48,500	2,749,902
-	30,064	30,064
7,878	7,478	15,356
55,556	926,572	982,128
-	289,084	289,084
-	19,439	19,439
<u>2,764,836</u>	<u>1,321,137</u>	<u>4,085,973</u>

Timing of revenue recognition:

Goods transferred at a point in time

<u>2,764,836</u>	<u>1,321,137</u>	<u>4,085,973</u>
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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

16. OTHER OPERATING EXPENSES

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

17. OTHER INCOME

Income from financial assets	17.1.	54	8,246
Income from non-financial assets	17.2.	480	959
		534	9,205

17.1. Income from financial assets

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

	Quarter ended	
	30 September	
	2021	2020
Note	(Rupees in thousand)	
17.2. Income from other than financial assets		
Gain on disposal of property, plant and equipment	-	479
Rental income	480	480
	<u>480</u>	<u>959</u>
18. CASH (UTILIZED IN) / GENERATION FROM OPERATIONS		
Profit before taxation	808,206	370,262
Adjustments for non-cash charges and other items:		
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. (1,699,375)	628,240
	<u>(570,515)</u>	<u>1,164,785</u>
18.1. Working capital changes		
(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>
19. 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:		

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>		
Associated companies:			
J.K Tech (Pvt.) Ltd	Service charges	570	570
	Rental income	480	480
Other related parties:			
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>		
Others:			
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

<u>For the quarter ended 30 September 2021</u>					
<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)
Segment profit	937,642	80,736	1,018,378	-	1,018,378

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) -----					
Revenue					
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)
Segment profit	348,388	97,037	445,425	-	445,425
Unallocated income and expense:					
Other operating expense					(25,198)
Other income					9,205
Finance cost					(59,170)
Taxation					(68,292)
Profit after taxation					301,970

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

Unallocated assets

Tax refunds due from the Government

Total assets as per balance sheet

Un-Audited 30 September 2021	Audited 30 June 2021
(Rupees in thousand)	
15,326,259	13,103,090
701,290	367,968
<u>16,027,549</u>	<u>13,471,058</u>

20.3. Reconciliation of liabilities

Total segment liabilities

Unallocated liabilities

Deferred tax liability

Workers' Profit Participation Fund

Workers' Welfare Fund

Provision for taxation

7,799,652	5,893,048
229,474	231,949
42,820	115,100
16,328	42,834
86,006	24,548
<u>8,174,280</u>	<u>6,307,479</u>

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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