



1ST QUARTER  
REPORT

**2022-23**



J.K. SPINNING  
MILLS LIMITED





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## Company Information

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

# Directors' Report

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

## Dear Shareholders,

The Directors' of your company feel pleasure to submit Un-audited Financial Statements of the company for the quarter ended September 30, 2022.

## Financial Results and Operational Performance

The summarized financial results of the company for the quarter ended September 30, 2022 are as under:

Particulars	Rupees in Million	
	Quarter ended	
	30 September, 2022	30 September, 2021
Revenue from contracts with Customers	9,613.207	5,458.302
Cost of Sales	7,939.385	4,182.070
Gross Profit	1,673.822	1,276.232
Operating Expenses-net	733.705	383.262
Profit from Operations	940.117	892.970
Finance cost	107.016	84.764
Profit After taxation	676.304	689.690
Earnings per share – Rupee -Basic	6.61	6.74

Your directors have not recommended any interim dividend in view of instable market conditions.

Sales for the period under review increased to Rupees 9,613.207 million from Rupees 5,458.302 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 increase in electricity tariff. Salaries, wages and other benefit expenses increased due to 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 high inflation rate. Operating expenses for the quarter ended September 30, 2022 increased to Rupees 733.705 million from Rupees 383.262 million of corresponding period of last year in view of impact of increase in volume of fabric export and inflationary factor. Financial charges increased to Rupees 107.016 million from Rupees 84.764 million of corresponding period in view of increase in KIBOR rates and increase in short term and long term borrowings.

Your company has earned profit after taxation of Rupees 676.304 million during the quarter ended September 30, 2022 against Rupees 689.690 million of corresponding period of last year.

Production of yarn converted into 20/5 for the period under review was 10.243 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. Civil work has been completed and installation of machinery for addition of complete spinning unit comprising 52,896 spindles is in progress which is likely to be commissioned in 3rd quarter of current financial year. Your company has opened letters of credit for import of three Blow Room lines, sixteen Card machines, thirteen draw frame machines for BMR of spinning unit #1. Letters of credit has also been established for import of one Bleaching plant, one Binger Dye Padding Mangle machine and one eight chamber Stentor machine to enhance capacity of fabric processing unit.

## Future Outlook

Pakistan economy has badly affected by flooding and heavy rains during July-September 2022. Most of agriculture crops in flooded areas has been devastated. Cotton crop has been totally destroyed in flooded areas and country cotton output will be much lower than the projected figures. State bank of Pakistan has increased policy rates to 15% which would result in high financial cost for remaining period of current financial year.

## Directors' Report

Russian-Ukraine conflict is continuously threatening the global economy and conflict is badly slackening the global economies in view of slow demand, high inflation rate and increasing interest rates. Economists and all institutions are predicting a significant slowdown of global growth in year 2022 and are not expecting major recovery rebound in year 2023.

Export orders has been slowed and local demand is fragile in view of weak purchasing power of peoples. New York Cotton future is showing downward trend and spinning sector is facing losses due to high raw material inventory cost.

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 of Directors

Faisalabad  
October 28, 2022



**Jawed Anwar**  
Chairman



Faiz Jawed  
Chief Executive

## ڈائریکٹرز رپورٹ برائے حصص یافتگان:

علاقوں میں کپاس کی فصل مکمل طور پر تباہ ہو چکی ہے اور ملک میں کپاس کی پیداوار متوقع اعداد و شمار سے بہت کم ہوگی۔ اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ بڑھا کر 15 فیصد کر دیا ہے جس کے نتیجے میں رواں مالی سال کی بقیہ مدت کے لیے زیادہ مالی لاگت آئے گی۔

روس اور یوکرین تنازعہ عالمی معیشت کو مسلسل خطرہ بنا رہا ہے اور یہ تنازعہ سست مانگ، مہنگائی کی بلند شرح اور شرح سود میں اضافے کے پیش نظر عالمی معیشتوں کو بری طرح سے سست کر رہا ہے۔ ماہرین اقتصادیات اور تمام ادارے سال 2022 میں عالمی ترقی میں نمایاں کمی کی پیش گوئی کر رہے ہیں اور سال 2023 میں بھی بڑی بحالی کی توقع نہیں کر رہے ہیں۔

لوگوں کی قوت خرید کمزور ہونے کی وجہ سے برآمدی آرڈرز سست ہو گئے ہیں اور مقامی مانگ کمزور ہے۔ نیویارک کاشن کے سودوں کی مستقبل میں قیمتیں نیچے کی طرف بڑھ رہی ہیں۔

اور اسپتک سیکڑ کو خام مال کی انوسٹری لاگت زیادہ ہونے کی وجہ سے نقصان کا سامنا ہے۔

کمپنی کم سے کم نرخوں پر کپاس خرید کر روئی کے نقطہ نظر کو قرب سے دیکھ رہی ہے اور موجودہ مالی سال کے سازگار مالیاتی نتائج حاصل کرنے کے لیے صلاحیت کو بڑھا کر، استعداد کار کو بہتر بنا کر لاگت کو کم کرنے پر توجہ مرکوز کر رہی ہے۔

### اعتراف:

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

منجانب بورڈ آف ڈائریکٹرز:

فیصل آباد: 28 اکتوبر 2022



جاوید انوار  
چیئرمین



فائق جاوید  
چیف ایگزیکٹو

## ڈائریکٹرز رپورٹ برائے حصص یافتگان:

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 2022 کے بغیر آڈٹ کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔ مالیاتی نتائج:

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

تفصیلات	ملین روپے	ملین روپے
اختتام کوارٹر	30 ستمبر 2022	30 ستمبر 2021
گاہکوں سے معاہدوں کا محصول	9,613.207	5,458.302
سیلز کے اخراجات	7,939.385	4,182.070
خام منافع	1,673.822	1,276.232
آپریٹنگ اخراجات	733.705	383.262
آپریٹنگ منافع	940.117	892.970
مالی لاگت	107.016	84.764
منافع بعد از ٹیکس	676.304	689.690
فی شیئر آمدنی	6.61	6.74

آپ کے ڈائریکٹرز نے غیر مستحکم مارکیٹ کے حالات کے پیش نظر کسی عبوری ڈیویڈنڈ کی سفارش نہیں کی ہے۔

زیر جائزہ مدت کے لیے فروختہ 5,458.302 ملین روپے سے بڑھ کر 9,613.207 ملین روپے ہو گئی۔ عالمی سطح پر خام مال کی قیمتوں میں اضافے اور حجم میں اضافے کے پیش نظر خام مال کی کھپت میں اضافہ ہوا۔ بجلی کے نرخوں میں اضافے سے ایندھن اور بجلی کی قیمت بڑھ گئی۔ کم از کم اجرت کی شرح میں اضافے اور مہنگائی کے عنصر کی وجہ سے نچوڑا ہوا، اجرتوں اور دیگر فوائد کے اخراجات میں اضافہ ہوا۔ حجم میں اضافے اور مہنگائی کے رجحان کے پیش نظر اسٹورز، اسپیئر پارٹس اور لوڈنگ یونٹ کی کھپت اور پیکنگ میٹریل کی لاگت میں اضافہ ہوا۔ مہنگائی کی بلند شرح کے پیش نظر دیگر فیکٹری اور ہڈی کی لاگت میں اضافہ ہوا۔ 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے آپریٹنگ اخراجات فیبرک ایکسپنڈرٹ کے حجم میں اضافے اور اخراجات زر کے عنصر کے اثرات کے پیش نظر گزشتہ سال کی اسی مدت کے 383.262 ملین روپے سے بڑھ کر 733.705 ملین روپے ہو گئے۔ KIBOR کی شرح میں اضافے اور مختصر مدت اور طویل مدتی قرضوں میں اضافے کے پیش نظر مالیاتی چارجز اسی مدت کے 84.764 ملین روپے سے بڑھ کر 107.016 ملین روپے ہو گئے۔

آپ کی کمپنی نے 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے دوران 676.304 ملین روپے کا ٹیکس کے بعد منافع کمایا ہے جو گزشتہ سال کی اسی مدت کے 689.690 ملین روپے تھا۔ زیر جائزہ مدت کے لیے S/20 دھاگے کی پیداوار پچھلے سال کی پیداوار 9.617 ملین کلوگرام سے بڑھ کر 10.243 ملین کلوگرام ہو گئی۔ آپ کی کمپنی کی انتظامیہ نے پرانی مشینری کو جدید مشینری سے بدلنے (BMR) کی پالیسی اختیار کی ہوئی ہے۔ 52,896 سپنزلز پر مشتمل مکمل سپنگ یونٹ کے اضافے کے لیے سول درک مکمل کر لیا گیا ہے اور مشینری کی تنصیب کا عمل جاری ہے۔ جو موجودہ مالی سال کی تیسری سہ ماہی میں شروع ہونے کا امکان ہے۔ آپ کی کمپنی نے اسپننگ یونٹ نمبر 1 کے BMR کے لیے تین بلوروم لانچر، سولہ کارڈ مشینیں، تیرہ ڈرافٹیم مشینوں کی درآمد کے لیے لیٹر آف کریڈٹ کھولے ہیں۔ فیبرک پروسیسنگ یونٹ کی صلاحیت کو بڑھانے کے لیے ایک بچنگ پلانٹ، ایک بچر ڈائی پیڈنگ مینگل مشین اور ایک آٹھ جیمبر سپنڈر مشین کی درآمد کے لیے لیٹر آف کریڈٹ بھی کھولے گئے ہیں۔

مستقبل کا نقطہ نظر:

پاکستان کی معیشت جو لائیو تا ستمبر 2022 کے دوران سیلاب اور شدید بارشوں سے بری طرح متاثر ہوئی ہے۔ سیلاب زدہ علاقوں میں زیادہ تر زراعت کی فصلیں تباہ ہو چکی ہیں۔ سیلاب زدہ



# Financial Statements

For the Quarter Ended 30 September 2022

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

As At 30 September 2022

		Un-audited 30 September 2022 (RUPEES IN THOUSAND)	Audited 30 June 2022
	NOTE		
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
200 000 000 (30 June 2022: 200 000 000 ordinary shares of Rupees 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital		1,023,175	1,023,175
Reserves:			
Capital reserves			
Merger reserve		289,636	289,636
Premium on issue of right shares		60,904	60,904
Surplus on revaluation of freehold land		597,419	597,419
		947,959	947,959
Revenue reserve - unappropriated profit		9,578,176	8,901,872
<b>Total reserves</b>		10,526,135	9,849,831
<b>TOTAL EQUITY</b>		11,549,310	10,873,006
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	3	2,663,670	1,509,663
Deferred income - government grant		321,649	25,422
Deferred income tax liability		213,514	212,220
		3,198,833	1,747,305
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,014,105	1,935,292
Accrued mark-up		77,145	43,491
Short term borrowings		4,149,177	3,919,863
Unclaimed dividend		688	688
Current portion of non-current liabilities		548,942	564,323
Provision for taxation - net		146,886	133,544
		6,936,943	6,597,201
<b>TOTAL LIABILITIES</b>		10,135,776	8,344,506
<b>CONTINGENCIES AND COMMITMENTS</b>	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		21,685,086	19,217,512

The annexed notes from 1 to 18 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 Financial Position (Un-Audited)

As At 30 September 2022

		Un-audited 30 September 2022 (RUPEES IN THOUSAND)	Audited 30 June 2022
	NOTE		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	9,334,456	7,170,940
Right-of-use assets	6	28,285	29,774
Long term investment		-	-
Long term deposits		23,436	23,436
		<b>9,386,177</b>	<b>7,224,150</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		217,447	204,533
Stock-in-trade		6,727,414	6,911,108
Trade debts		3,710,379	3,049,876
Advances		149,895	135,718
Short term deposit and prepayments		30,085	2,758
Other receivables		50,181	35,532
Sales tax refundable		848,544	529,206
Short term investments		404,685	987,274
Cash and bank balances		160,279	137,357
		<b>12,298,909</b>	<b>11,993,362</b>
<b>TOTAL ASSETS</b>		<b>21,685,086</b>	<b>19,217,512</b>

The annexed notes from 1 to 18 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 Quarter Ended 30 September 2022

		Quarter ended	
	NOTE	30 September 2022	30 September 2021
(RUPEES IN THOUSAND)			
Revenue from contracts with customers		9,613,207	5,458,302
Cost of sales	7	(7,939,385)	(4,182,070)
Gross Profit		1,673,822	1,276,232
Distribution cost		(343,824)	(158,019)
Administrative expenses		(118,242)	(104,241)
Other expenses	8	(297,997)	(125,942)
		(760,063)	(388,202)
		913,759	888,030
Other income	9	26,358	4,940
Profit from operations		940,117	892,970
Finance cost		(107,016)	(84,764)
Profit before taxation		833,101	808,206
Taxation		(156,797)	(118,516)
Profit After Taxation		676,304	689,690
Earnings per share – basic and diluted (Rupees)		6.61	6.74

The annexed notes from 1 to 18 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 Quarter Ended 30 September 2022

	Quarter ended	
	30 September 2022	30 September 2021
	(RUPEES IN THOUSAND)	
<b>Profit after taxation</b>	<b>676,304</b>	<b>689,690</b>
Other comprehensive income:		
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>		
Surplus on revaluation of freehold land	-	-
<b>Items that may be reclassified to profit or loss in subsequent periods</b>	-	-
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>676,304</b>	<b>689,690</b>

The annexed notes from 1 to 18 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 2022

	RESERVES						TOTAL EQUITY
	CAPITAL			REVENUE			
	SHARE CAPITAL	Merger reserve	PREMIUM ON ISSUE OF RIGHT SHARES	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB TOTAL	UNAPPROPRIATED PROFIT	
----- (RUPEES IN THOUSAND) -----							
Balance as at 30 June 2021 - (Audited)	1,023,175	289,636	60,904	396,036	746,576	5,393,828	6,140,404
Transactions with owners:							
Profit for the Quarter ended 30 September 2021	-	-	-	-	-	689,690	689,690
Other comprehensive income for the Quarter ended 30 September 2021	-	-	-	-	-	-	-
Total comprehensive income for the Quarter ended 30 September 2021	-	-	-	-	-	689,690	689,690
<b>Balance as at 30 September 2021 - (Un-audited)</b>	<b>1,023,175</b>	<b>289,636</b>	<b>60,904</b>	<b>396,036</b>	<b>746,576</b>	<b>6,083,518</b>	<b>7,853,269</b>
Transaction with owners:							
Final dividend for the year ended 30 June 2021 at the rate of Rupees 1.50 per share	-	-	-	-	-	(153,476)	(153,476)
Profit for the nine months ended 30 June 2022	-	-	-	-	-	2,971,830	2,971,830
Other comprehensive income for the nine months ended 30 June 2022	-	-	-	201,383	201,383	-	201,383
Total comprehensive income for the nine months ended 30 June 2022	-	-	-	201,383	201,383	2,971,830	3,173,213
<b>Balance as at 30 June 2022 - (Audited)</b>	<b>1,023,175</b>	<b>289,636</b>	<b>60,904</b>	<b>597,419</b>	<b>947,959</b>	<b>8,901,872</b>	<b>10,873,006</b>
Transaction with owners:							
Profit for the quarter ended 30 September 2022	-	-	-	-	-	676,304	676,304
Other comprehensive income for the quarter ended 30 September 2022	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2022	-	-	-	-	-	676,304	676,304
<b>Balance as at 30 September 2022 - (Un-audited)</b>	<b>1,023,175</b>	<b>289,636</b>	<b>60,904</b>	<b>597,419</b>	<b>947,959</b>	<b>9,578,176</b>	<b>11,549,310</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



**Jawed Anwar**  
Chairman



**Faiz Jawed**  
Chief Executive Officer



**Ghulam Muhammad**  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the Quarter Ended 30 September 2022

		Quarter ended	
	NOTE	30 September 2022	30 September 2021
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash generated from operations	10	257,952	(574,523)
Finance cost paid		(73,362)	(77,459)
Income tax paid		(142,161)	(59,533)
Net cash generated from / (used in) operating activities		42,429	(711,515)
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(2,284,400)	(508,311)
Proceeds from sale of property, plant and equipment		3,085	1,776
Proceeds from sale of investments		581,408	-
Net cash used in investing activities		(1,699,907)	(506,535)
Cash flows from financing activities			
Proceeds from long term financing		1,602,626	247,842
Repayment of long term financing		(149,117)	(131,486)
Repayment of lease liabilities		(2,423)	(4,765)
Short term borrowings - net		229,314	1,109,130
Net cash generated from financing activities		1,680,400	1,220,721
Net increase in cash and cash equivalents		22,922	2,671
Cash and cash equivalents at the beginning of the period		137,357	117,680
Cash and cash equivalents at the end of the period		160,279	120,351

The annexed notes from 1 to 18 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 2022

## 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. The head office and factory premises of the Company are 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### a) Statement of compliance

i) 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
- Provisions of and directives issued under the Companies Act, 2017.

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.

ii) These condensed interim financial statements do not include all the information and disclosures as required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2021.

iii) These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

#### b) Accounting policies

The accounting policies and methods of computations used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2022.

### 2.2 Critical accounting estimates, judgments and financial risk management

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions of accounting estimates are recognized prospectively commencing from the period of revision.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the annual financial statements of the Company for the year ended 30 June 2022.



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

For the Quarter Ended 30 September 2022

	Un-audited 30 September 2022 (RUPEES IN THOUSAND)	Audited 30 June 2022
<b>3. LONG TERM FINANCING</b>		
<b>Financing from banking companies - secured</b>		
Opening balance	2,055,330	1,695,983
Add:		
Obtained during the period / year	1,602,626	954,563
Amortization during the period / year	58,316	13,312
	3,716,272	2,663,858
Less:		
Repaid during the period / year	149,117	576,333
Deferred income recognized during the period / year	354,543	32,195
	503,660	608,528
	3,212,612	2,055,330
Less: Current portion shown under current liabilities	548,942	545,667
	2,663,670	1,509,663
<b>4. CONTINGENCIES AND COMMITMENTS</b>		
<b>a) Contingencies</b>		
There has been no significant change in the status of contingencies as reported in annual financial statements of the Company for the year ended 30 June 2022 except as follows:		
i)	Post dated cheques of Rupees 2,908.479 million (30 June 2022: Rupees 2,854.924 million) have been 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 can be encashed by the custom authorities.	
<b>b) Commitments</b>		
i)	Letters of credit for capital expenditure are of Rupees 1,736.019 million (30 June 2022: Rupees 3,311.512 million).	
ii)	Letters of credit other than for capital expenditure are of Rupees 43.369 million (30 June 2022: Rupees 1,488.286 million).	
iii)	Outstanding foreign currency forward contracts are of Rupees 3,706.082 million (30 June 2022: Rupees 4,666.061 million).	
iv)	Ijarah commitments are of Rupees 15.526 million (30 June 2022: Rupees 20.324 million).	

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

For the Quarter Ended 30 September 2022

		Un-Audited 30 September 2022 ( Rupees in thousand )	Audited 30 June 2022
	NOTE		
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	5,375,991	5,377,900
Capital work-in-progress	5.2	3,958,465	1,793,040
		<b>9,334,456</b>	<b>7,170,940</b>
<b>5.1 Operating fixed assets</b>			
Opening book value		5,377,900	4,809,259
<b>Add:</b>			
Cost of additions during the period / year	5.1.1	118,975	839,367
Effect of surplus on revaluation during the period / year		-	201,383
Book value of assets transferred from right-of-use-assets	6	-	20,260
		<b>118,975</b>	<b>1,061,010</b>
		<b>5,496,875</b>	<b>5,870,269</b>
Less: Book value of deletions during the period / year	5.1.2	3,047	11,472
		<b>5,493,828</b>	<b>5,858,797</b>
Less: Depreciation charged during the period / year		117,837	480,897
		<b>5,375,991</b>	<b>5,377,900</b>
<b>5.1.1 Cost of additions during the period / year</b>			
Freehold land		-	64,826
Buildings on freehold land		9,485	290,934
Plant and machinery		-	305,940
Electric installations and appliances		540	56,052
Vehicles		108,950	121,615
		<b>118,975</b>	<b>839,367</b>
<b>5.1.2 Book value of deletions during the period / year</b>			
Plant and machinery		-	1,732
Vehicles		3,047	9,740
		<b>3,047</b>	<b>11,472</b>
<b>5.2 Capital work-in-progress</b>			
Freehold land		16,628	16,628
Buildings on freehold land		819,879	675,386
Plant and machinery		2,950,824	761,986
Advance against purchase of vehicles		112,682	238,511
Electric installations and appliances		58,452	100,529
		<b>3,958,465</b>	<b>1,793,040</b>

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

For the Quarter Ended 30 September 2022

	NOTE	Un-Audited	Audited
		30 September 2022 ( Rupees in thousand )	30 June 2022
<b>6. RIGHT-OF-USE ASSETS</b>			
<b>Vehicles:</b>			
Opening book value		29,774	59,319
Less: Book value of assets transferred to operating fixed assets	5.1	-	20,260
		29,774	39,059
Less: Depreciation charged during the period / year		1,489	9,285
		28,285	29,774
		(Un-audited)	
		Quarter ended	
		30 September 2022	30 September 2021
		(RUPEES IN THOUSAND)	
<b>7. COST OF SALES</b>			
Raw materials consumed		5,443,804	3,488,488
Stores, spare parts and loose tools consumed		195,201	126,285
Packing materials consumed		118,076	78,720
Processing, sizing and conversion charges		600,082	474,422
Fuel and power		657,669	309,923
Salaries, wages and other benefits		398,391	304,918
Repair and maintenance		9,619	4,377
Insurance		8,012	5,970
Other factory overheads		27,583	15,485
Depreciation		104,936	100,030
		7,563,373	4,908,618
Work-in-process:			
Opening stock		915,302	380,821
Closing stock		(769,858)	(1,237,718)
		145,444	(856,897)
Cost of goods manufactured		7,708,817	4,051,721
Finished goods:			
Opening stock		2,279,326	1,235,488
Closing stock		(2,048,758)	(1,105,139)
		230,568	130,349
		7,939,385	4,182,070

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

For the Quarter Ended 30 September 2022

		(Un-audited)	
		Quarter ended	
		30 September 2022	30 September 2021
		(RUPEES IN THOUSAND)	
<b>8. OTHER EXPENSES</b>			
Donations		5,463	1,427
Workers' profit participation fund		34,714	42,820
Workers' welfare fund		9,653	16,328
Loss on sales of property, plant and equipment		-	3
Net exchange loss		172,242	57,336
Fair value loss on forward exchange contracts		74,744	-
Unrealized loss on remeasurement of investments at FVTPL		1,181	8,028
		<b>297,997</b>	<b>125,942</b>
<b>9. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income on investments at FVTPL		21,700	43
Profit on saving account		14	11
		<b>21,714</b>	<b>54</b>
<b>Income from non-financial assets</b>			
Rental income		540	480
Scrap sales		4,065	4,406
Gain on sale of property, plant and equipment		39	-
		<b>4,644</b>	<b>4,886</b>
		<b>26,358</b>	<b>4,940</b>
<b>10. CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		<b>833,101</b>	<b>808,206</b>
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		119,326	111,375
Finance cost		107,016	84,764
Provision for workers' welfare fund		9,653	16,328
Provision for workers' profit participation fund		34,714	42,820
(Gain) / Loss on sale of property, plant and equipment		(39)	3
Unrealized loss on remeasurement of investments at FVTPL		1,181	8,028
Working capital changes	10.1	(847,000)	(1,646,047)
		<b>257,952</b>	<b>(574,523)</b>

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

For the Quarter Ended 30 September 2022

NOTE	Un-audited	
	Quarter ended	
	30 September 2022	30 September 2021
	(RUPEES IN THOUSAND)	
<b>10.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(12,914)	59,477
Stock-in-trade	183,694	(1,272,330)
Trade debts	(660,503)	(617,697)
Advances	(14,177)	(22,788)
Short term deposit and prepayments	(27,327)	(29,328)
Other receivables	(14,649)	(1,281)
Sales tax refundable	(319,338)	(333,322)
	(865,214)	(2,217,269)
Increase in trade and other payables	18,214	571,222
	(847,000)	(1,646,047)

## 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related parties 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 is as follows:

	(Un-audited)	
	Quarter ended	
	30 September 2022	30 September 2021
	(RUPEES IN THOUSAND)	
<b>i) Transactions</b>		
<b>Associated company</b>		
<b>J.K. Tech (Private) Ltd</b>		
Service charges	630	570
Rental income	540	480
<b>Other related parties:</b>		
Company's contribution to Employees' Provident Fund Trust	12,395	9,750
	(Un-audited)	Audited
	30 September 2022	30 June 2022
	(RUPEES IN THOUSAND)	
<b>ii) Period end balances</b>		
<b>Associated company</b>		
Trade and other payables	142	273

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

For the Quarter Ended 30 September 2022

### 12. SEGMENT INFORMATION

	Spinning		Fabric		Elimination of inter-segment transactions		Total Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	30 September	30 September	30 September	30 September	30 September	30 September	30 September	30 September
	2022	2021	2022	2021	2022	2021	2022	2021
	(RUPEES IN THOUSAND)							
<b>Revenue</b>								
External	4,009,933	3,315,038	5,603,274	2,143,264	-	-	9,613,207	5,458,302
Intersegment	1,269,007	254,145	-	-	(1,269,007)	(254,145)	-	-
Cost of sales	5,278,940	3,569,183	5,603,274	2,143,264	(1,269,007)	(254,145)	9,613,207	5,458,302
Gross profit	(4,632,256)	(2,541,924)	(4,576,136)	(1,894,291)	1,269,007	254,145	(7,939,385)	(4,182,070)
	646,684	1,027,259	1,027,138	248,973	-	-	1,673,822	1,276,232
Distribution cost	(31,463)	(21,971)	(312,361)	(136,048)	-	-	(343,824)	(158,019)
Administrative expenses	(79,140)	(70,738)	(39,102)	(33,503)	-	-	(118,242)	(104,241)
Profit before taxation and unallocated income and expenses	(110,603)	(92,709)	(351,463)	(169,551)	-	-	(462,066)	(262,260)
	536,081	934,550	675,675	79,422	-	-	1,211,756	1,013,972
Unallocated income and expenses								
Other expenses							(297,997)	(125,942)
Other income							26,358	4,940
Finance cost							(107,016)	(84,764)
Taxation							(156,797)	(118,516)
							676,304	689,690

### 12.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Total Company	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 September	30 June	30 September	30 June	30 September	30 June
	2022	2022	2022	2022	2022	2022
	(RUPEES IN THOUSAND)					
<b>Total assets for reportable segments</b>	14,249,605	13,536,817	6,586,937	5,151,489	20,836,542	18,688,306
Sales tax refundable					848,544	529,206
<b>Total assets as per condensed interim statement of financial position</b>					21,685,086	19,217,512
<b>Total liabilities for reportable segments</b>	5,200,064	4,154,534	4,530,945	3,511,120	9,731,009	7,665,654
Unallocated liabilities					404,767	678,852
<b>Total liabilities as per condensed interim statement of financial position</b>					10,135,776	8,344,506

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

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

For the Quarter Ended 30 September 2022

12.2 Geographical Information	(RUPEES IN THOUSAND)					
	Spinning (Un-audited)		Fabric (Un-audited)		Total Company (Un-audited)	
	Quarter ended 30 September 2022	30 September 2021	Quarter ended 30 September 2022	30 September 2021	Quarter ended 30 September 2022	30 September 2021

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

America	-	-	1,380,175	735,126	1,380,175	735,126
Asia, Africa and Australia	32,113	26,021	45,525	80,393	77,638	106,414
Europe	-	-	4,114,935	1,267,200	4,114,935	1,267,200
Pakistan	3,977,820	3,289,017	62,639	60,545	4,040,459	3,349,562
	4,009,933	3,315,038	5,603,274	2,143,264	9,613,207	5,458,302

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

Yarn	3,833,514	3,217,826	17,247	2,887	3,850,761	3,220,713
Fabric	-	-	5,575,252	2,103,211	5,575,252	2,103,211
Processing Income	-	-	3,960	23,238	3,960	23,238
Waste	176,419	97,212	6,815	13,928	183,234	111,140
	4,009,933	3,315,038	5,603,274	2,143,264	9,613,207	5,458,302

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

For the Quarter Ended 30 September 2022

### 13. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### Fair value hierarchy

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

	Level 1	Level 2	Level 3	Level 4
	----- (Rupees in thousand) -----			
<b>Recurring fair value measurements</b>				
<b>FINANCIAL ASSETS:</b>				
<b>At 30 September 2022 - (Un-audited)</b>				
At fair value through profit or loss	404,685	-	-	404,685
	404,685	-	-	404,685
<b>At 30 June 2022 - (Audited)</b>				
At fair value through profit or loss	987,274	-	-	987,274
	987,274	-	-	987,274
<b>FINANCIAL LIABILITIES:</b>				
<b>At 30 September 2022 - (Un-audited)</b>				
Derivative financial liabilities	-	153,412	-	153,412
	-	153,412	-	153,412
<b>At 30 June 2022 - (Audited)</b>				
At fair value through profit or loss	-	78,667	-	78,667
	-	78,667	-	78,667

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.



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

For the Quarter Ended 30 September 2022

### 14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 30 June 2022.

Description	Un-audited	Audited
	30 September 2022	30 June 2022
(RUPEES IN THOUSAND)		
<b>15. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX</b>		
Shariah compliant bank deposits / bank balances		
Bank balances	29,630	16,948
Loans / advances obtained as per Islamic mode		
Long term financing	390,641	409,392
Short term borrowings	1,102,741	1,230,302
Contract liabilities	129,796	275,180

	Un-audited	
	30 September 2022	30 September 2021
(RUPEES IN THOUSAND)		
<b>Dividend earned or loss on shariah compliant investments</b>		
Dividend income	21,700	43
Unrealized loss on remeasurement of investments at FVTPL	1,181	8,028
<b>Exchange loss - net</b>	172,242	57,336
<b>Profit earned from shariah compliant bank deposits / bank balances</b>	14	11
<b>Revenue earned from shariah compliant business</b>	9,613,207	5,458,302
<b>Mark-up paid on Islamic mode of financing</b>		
Mark-up on long term financing	4,987	3,062
Mark-up on short term borrowings	23,381	4,699
<b>Interest paid on any conventional loans</b>		
Mark-up on long term financing	11,981	11,206
Mark-up on short term borrowings	39,383	56,640

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

For the Quarter Ended 30 September 2022

### Relationship with shariah compliant banks

Bank Name	Relationship
Askari Bank Limited	Bank balances
Dubai Islamic Bank Limited	Bank balance and short term borrowings
Meezan Bank Limited	Bank balances, long term financing and short term borrowings

### 16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue on October 28, 2022 by the Board of Directors.

### 17. 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 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 flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

PARTICULARS	RECLASSIFICATION		AMOUNT
	FROM	TO	(RUPEES IN THOUSAND)
Scrape Sales	Revenue from contracts with customers	Other Income	4,406

### 18. GENERAL

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



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

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