



ISO 9002 APPROVED



# **Khurshid Spinning Mills Limited**

**ACCOUNTS  
FOR THE FIRST QUARTER ENDED  
30 SEPTEMBER 2019**



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## COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Muhammad Ashraf	Chairman
	Mr. Muhammad Iqbal	Chief Executive Officer
	Mr. Zeeshan Saeed	Director
	Mr. Muhammad Shahbaz Ali	Director
	Mr. Faseeh Uzaman	Director
	Mr. Muhammad Amman Adil	Director (Nominee Beacon Impex (Pvt) Ltd.)
	Mr. Qaiser Nasir	Director (Nominee Beacon Impex (Pvt) Ltd.)
<b>Audit Committee</b>	Mr. Zeeshan Saeed	Chairman
	Mr. Muhammad Amman Adil	Member
	Mr. Muhammad Shahbaz Ali	Member
<b>HR and Remuneration Committee</b>	Mr. Muhammad Shahbaz Ali	Chairman
	Mr. Muhammad Iqbal	Member
	Mr. Faseeh Uzaman	Member
<b>Company Secretary</b>	Mr. Ali Mudassar	
<b>Chief Financial Officer</b>	Mr. Bisharat Ali	
<b>Auditors</b>	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
<b>Bankers</b>	National Bank of Pakistan The Bank of Punjab Habib Metropolitan Bank Limited	
<b>Share Registrar</b>	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
<b>Registered/Head Office</b>	133, 134, Regency The Mall, Faisalabad.	
<b>Mills</b>	35 Kilometer, Sheikhpura Road, Faisalabad	



**DIRECTORS' REPORT TO THE MEMBERS  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019**

The Directors of the Company are pleased to present the un-audited condensed interim financial information for the 1<sup>st</sup> quarter ended on September 30, 2019.

**FINANCIAL PERFORMANCE**

Financial highlights of the Company are as follows:

	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>(Rupees in thousand)</b>	
REVENUE	118,966	9,000
COST OF SALES	<u>(91,297)</u>	<u>(6,522)</u>
GROSS PROFIT	27,669	2,478
ADMINISTRATIVE EXPENSES	(3,589)	(257)
FINANCE COST	<u>(15,610)</u>	<u>(2,289)</u>
PROFIT / (LOSS) BEFORE TAXATION	8,470	(68)
TAXATION	<u>(351)</u>	<u>118</u>
PROFIT AFTER TAXATION	<u><u>8,119</u></u>	<u><u>50</u></u>
EARNING PER SHARE - BASIC AND DILUTED (RUPEES)	<u><u>0.62</u></u>	<u><u>0.00</u></u>

The Company has earned profit after taxation of Rupees 8.119 million during first quarter ended by 30 September 2019 as compared to the first quarter profit after taxation of Rupees 0.050 million of corresponding year. The Company has recommenced its commercial operations / spinning business operations from 01 August 2019. The Company has entered into yarn processing arrangement with the client due to which revenue and profitability of the Company will increase significantly and accumulated losses will start decreasing in the near future. This will help to improve and enhance production facilities and quality as well.

**FUTURE PROSPECTS**

Pakistan's textile industry did not show any progress during the first quarter due to increase in cost of raw material, energy, finance and inconsistent economic policies. However, the management of your Company is fully aware of the affairs of the Company and understand current economic scenario. Therefore they are making their strenuous efforts to improve overall performance of the Company by continuously concentrating on profit generating paths through improvement in production efficiency, cost controls and retaining expenses to a minimum level.

**COMPOSITION OF BOARD**

Composition of board is as follows:

<b>Gender wise:</b>	<b>No. of Directors</b>
Male	07
Female	00
<b>Total</b>	<b>07</b>

**Category wise:**

Independent Directors	03
Non-Executive Directors	03
Executive Director	01

**COMMITTEES OF THE BOARD****Audit Committee of the Board:****Name of Directors**

Mr. Zeeshan Saeed	Chairman/Member
Mr. Muhammad Amman Adil	Member
Mr. Muhammad Shahbaz Ali	Member

**Human Resource & Remuneration (HR&R) Committee:****Name of Directors**

Mr. Muhammad Shahbaz Ali	Chairman/Member
Mr. Muhammad Iqbal	Member
Mr. Faseeh Uzaman	Member

**DIRECTORS' REMUNERATION**

The Company does not pay remuneration to its directors including independent directors except for meeting fee.

**ACKNOWLEDGEMENT**

We would like to take this opportunity to express my appreciation to the employees of the Company for their hard work and commitment. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the commercial banks, business associates, customers and all others whose efforts and contributions strengthened the Company.

**For and on behalf of the Board of Directors**

**ZEESHAN SAEED**  
DIRECTOR

**MUHAMMAD IQBAL**  
Chief Executive Officer

**Faisalabad**  
**October 29, 2019**



## حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ رپورٹ

پہلی ختم شدہ ماہی 30 ستمبر 2019

کمپنی کے ڈائریکٹرز پہلی ماہی ختم شدہ 30 ستمبر 2019 کے غیر آڈٹ شدہ مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

مالیاتی کارکردگی:

30 ستمبر 2018	30 ستمبر 2019	
روپے ہزاروں میں	روپے ہزاروں میں	
9,000	118,966	آمدنی
(6,522)	(91,297)	لاگت سبز
2,478	27,669	مجموعی نفع
(257)	(3,589)	انتظامی اخراجات
(2,289)	(15,610)	مالی لاگت
(68)	8,470	قبل از ٹیکس منافع / نقصان
118	(351)	ٹیکس
50	8,119	بعد از ٹیکس منافع
=	0.62	نی حصص منافع روپوں میں

کمپنی کا پہلی ماہی ختم شدہ 30 ستمبر 2019 کے اختتام پر بعد از ٹیکس منافع 08.119 ملین روپے ہے۔ جبکہ اس کے برعکس پچھلی ماہی میں بعد از ٹیکس منافع 0.050 ملین روپے تھا۔ کمپنی نے 01 اگست 2019 کو اپنی تجارتی سرگرمیاں بحال کر لی ہیں۔ کمپنی نے دھاگہ بنانے کے لئے خریداروں سے معاہدہ کیا ہے۔ جس کی وجہ سے کمپنی کی آمدنی اور منافع میں نمایاں اضافہ ہوگا۔ اور مستقبل قریب میں جمع ہونے والے نقصانات کم ہونا شروع ہو جائیں گے۔ اس سے پیداوار کی سہولیات اور معیار کو بھی بہتر بنانے میں مدد ملے گی۔

مستقبل کے امکانات۔

پاکستان ٹیکسٹائل انڈسٹری نے پہلی ماہی کے دوران کسی بھی پیش رفت کو ظاہر نہیں کیا ہے۔ جس کی وجہ خام مال، توانائی اور مالی لاگت میں اضافہ اور متضاد معاشی پالیسیاں ہیں، تاہم، آپ کی کمپنی کی مینجمنٹ، کمپنی کے امور سے پوری طرح واقف ہے۔ اور موجودہ معاشی منظر نامے کو سمجھتی ہے۔ لہذا وہ پیداوار کی استعداد کار، لاگت پر قابو پانے اور اخراجات کو کم سے کم سطح تک برقرار رکھنے کے ذریعے اور منافع پیدا کرنے والے راستوں پر مستحکم رہ کر کمپنی کی مجموعی کارکردگی کو بہتر بنانے کے لئے اپنی بھرپور کوششیں کر رہے ہیں۔



بورڈ کی ترتیب:

بورڈ کی ترتیب درج ذیل ہے۔

صنعتی لحاظ سے:

07 مرد:

00 خواتین:

07 میزان:

کیٹگری لحاظ سے۔

03 آزاد ڈائریکٹرز:

03 غیر ایگزیکٹو ڈائریکٹرز:

01 ایگزیکٹو ڈائریکٹرز:

بورڈ کی ترتیب:

بورڈ کی ترتیب درج ذیل ہے۔

بورڈ کی آڈٹ کمیٹی:

جناب ذیشان سعید / ممبر

جناب محمد امان عادل / ممبر

جناب محمد شہباز علی / ممبر

بورڈ کی انسانی وسائل اور معاوضہ کمیٹی:

جناب محمد شہباز علی / ممبر

جناب محمد اقبال / ممبر

جناب فصیح الزمان / ممبر

ڈائریکٹرز کا معاوضہ:

کمپنی ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو مینٹنگ فیس کے علاوہ کسی قسم کے معاوضے کی ادائیگی نہیں کرتی ہے۔

## اعتراف

بورڈ آف ڈائریکٹرز، شیئر ہولڈرز، بینک، تجارتی قراہت داروں اور اپنے ملازمین کی لگن، کاوشوں اور محنت کی قدر کرتا ہے

بورڈ آف ڈائریکٹرز کی طرف سے:

ذیشان سعید

ڈائریکٹر

محمد اقبال

چیف ایگزیکٹو آفیسر

فیصل آباد

29 اکتوبر 2019



## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Note	Un-Audited 30 September 2019 (Rupees in thousand)	Audited 30 June 2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
17 000 000 (30 June 2019: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000
<b>Issued, subscribed and paid up share capital</b>			
13 174 800 (30 June 2019: 13 174 800) ordinary shares of Rupees 10 each		131,748	131,748
<b>Capital reserves</b>			
Equity portion of shareholders' loan		13,335	13,335
Surplus on revaluation of property, plant and equipment - net of deferred income tax		147,217	150,725
<b>Accumulated loss</b>		(448,014)	(459,641)
<b>TOTAL EQUITY</b>		(155,714)	(163,833)
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	47,671	55,272
Deferred income tax liability		53,836	55,269
Staff retirement gratuity		15,165	739
		116,672	111,280
<b>CURRENT LIABILITIES</b>			
Trade and other payables		53,674	550
Short term borrowings		373,427	373,427
Accrued mark-up on short term borrowings		14,137	10,333
Current portion of non-current liabilities		36,260	36,260
Provision for taxation		9,003	7,219
		486,501	427,789
<b>TOTAL LIABILITIES</b>		603,173	539,069
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	6	447,459	375,236
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	346,476	354,595
Long term deposits		5,733	5,733
		352,209	360,328
<b>CURRENT ASSETS</b>			
Store, spare & loose tools		23,222	-
Trade debts		38,656	-
Loans and advances		16,370	11,832
Sales tax refundable		-	1,801
Cash and bank balances		17,002	1,275
		95,250	14,908
<b>TOTAL ASSETS</b>		447,459	375,236

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER





**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE 1st QUARTER ENDED 30 SEPTEMBER 2019**

Quarter Ended	
30 September 2019	30 September 2018

(Rupees in thousand)

REVENUE	118,966	9,000
COST OF SALES	(91,297)	(6,522)
GROSS PROFIT	<u>27,669</u>	<u>2,478</u>
ADMINISTRATIVE EXPENSES	(3,589)	(257)
FINANCE COST	(15,610)	(2,289)
PROFIT / (LOSS) BEFORE TAXATION	<u>8,470</u>	<u>(68)</u>
TAXATION	(351)	118
PROFIT AFTER TAXATION	<u><u>8,119</u></u>	<u><u>50</u></u>
EARNING PER SHARE - BASIC AND DILUTED (RUPEES)	<u><u>0.62</u></u>	<u><u>-</u></u>

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE 1st QUARTER ENDED 30 SEPTEMBER 2019

Quarter Ended	
30 September 2019	30 September 2018

(Rupees in thousand)

PROFIT AFTER TAXATION	8,119	50
OTHER COMPREHENSIVE INCOME	-	-
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>8,119</b>	<b>50</b>

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE 1st QUARTER ENDED 30 SEPTEMBER 2019

	RESERVES					TOTAL	TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVES			
	SHARE CAPITAL	Equity Portion of Shareholders' Loan	Surplus on Revaluation of Plant, Equipment - Net of Deferred Income Tax	Sub-Total	Accumulated Loss		
	131,748	13,335	155,452	168,787	(456,209)	(287,422)	(155,674)
<b>Balance as at 30 June 2018-Audited (restated)</b>	-	-	(2,493)	(2,493)	2,493	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	50	50	50
Loss for the 1st quarter ended 30 September 2018	-	-	-	-	-	-	-
Other comprehensive income for the 1st quarter ended 30 September 2018	-	-	-	-	-	-	-
Total comprehensive income for the 1st quarter ended 30 September 2018	-	-	-	-	50	50	50
<b>Balance as at 30 September 2018-Unaudited</b>	131,748	13,335	152,959	166,294	(453,666)	(287,372)	(155,624)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(8,530)	(8,530)	8,530	-	-
Loss for the nine months ended 30 June 2019	-	-	-	-	(14,505)	(14,505)	(14,505)
Other comprehensive income for the nine months ended 30 June 2019	-	-	6,296	6,296	-	6,296	6,296
Total comprehensive loss for the nine months ended 30 June 2019	-	-	6,296	6,296	(14,505)	(8,209)	(8,209)
<b>Balance as at 30 June 2019-Audited</b>	131,748	13,335	150,725	164,060	(459,641)	(295,581)	(163,833)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(3,508)	(3,508)	3,508	-	-
Profit for the 1st quarter ended 30 September 2019	-	-	-	-	8,119	8,119	8,119
Other comprehensive income for the 1st quarter ended 30 September 2019	-	-	-	-	-	-	-
Total comprehensive income for the 1st quarter ended 30 September 2019	-	-	-	-	8,119	8,119	8,119
<b>Balance as at 30 September 2019-Unaudited</b>	131,748	13,335	147,217	160,552	(448,014)	(287,462)	(155,714)

The annexed notes form an integral part of these condensed interim financial information.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE 1st QUARTER ENDED 30 SEPTEMBER 2019**

	Quarter Ended	
	30 September 2019	30 September 2018
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before taxation</b>	8,470	(68)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	8,119	6,553
Provision for staff retirement gratuity	14,426	-
Finance cost	15,610	2,289
<b>Working capital changes</b>		
(Increase) / Decrease in current assets		
Store, spare & loose tools	(23,222)	-
Trade debts	(38,656)	-
Loans and advances	(3,188)	(25)
Sales tax refundable	1,801	-
	(63,265)	(25)
Increase in trade and other payables	53,124	699
<b>Cash generated from operations</b>	36,484	9,448
Finance cost paid	(11,806)	(196)
Income tax paid	(1,350)	-
<b>Net cash generated from operating activities</b>	23,328	9,252
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(7,601)	(9,325)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(7,601)	(9,325)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	15,727	(73)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	1,275	216
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	17,002	143

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE 1st QUARTER ENDED 30 SEPTEMBER 2019**

**1. THE COMPANY AND ITS OPERATIONS**

Khurshid Spinning Mills Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 133-134, Regency the Mall, Faisalabad. The Company manufactures and deals in all types of yarn. The manufacturing facility of the Company is situated at 35 Kilometer, Main Sheikhpura Road, Mouza Johal, Tehsil Jaranwala, District Faisalabad,

The Company has recommenced its commercial operations / spinning business operations from 01 August 2019. The Company has entered into yarn processing arrangement with the client due to which revenue and profitability of the Company will increase significantly and accumulated losses will start decreasing in near future. This will help to improve and enhance production facilities and quality as well.

**2. BASIS OF PREPARATION**

This condensed interim financial information 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.

This condensed interim financial information do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. This condensed interim financial information 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.

**3. ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

**4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.



However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in Company's annual audited financial statements for the year ended 30 June 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2019.

<b>Un-Audited</b>	<b>Audited</b>
<b>30 September</b>	<b>30 June</b>
<b>2019</b>	<b>2019</b>

(Rupees in thousand)

**5. LONG TERM FINANCING**

**The Bank of Punjab:**

Demand finance - II	83,931	91,532
Less: Current portion shown under current liabilities	(36,260)	(36,260)
	47,671	55,272

**6. CONTINGENCIES AND COMMITMENTS**

There was no contingent liability and commitment as at 30 September 2019 (30 June 2019: Nil).

**7. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets (Note 7.1)	344,708	352,827
Capital work-in-progress	1,768	1,768
	346,476	354,595

**7.1 Operating fixed assets:**

Opening book value	352,827	261,812
<b>Add:</b> Transferred from investment properties during the period / year	-	110,124
<b>Add:</b> Effect of surplus on revaluation	-	8,868
<b>Less:</b> Depreciation for the period / year	(8,119)	(27,977)
	344,708	352,827

**7.2** Plant and machinery and other facilities located at mills along with investment properties were given to Beacon Impex (Pvt.) Limited on lease at monthly rental basis. However, the lease agreement was expired on 30 April 2019 and thereafter investment properties including freehold land and building thereon was transferred to operating fixed assets.



**8. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associate and other related parties. The Company in the normal course of business carries out transactions with various parties. Detail of transaction with related parties, other than those which have been disclosed elsewhere in these financial statements are as follows:

<b>Un-Audited</b>	<b>Un-Audited</b>
<b>30 September</b>	<b>30 September</b>
<b>2019</b>	<b>2018</b>

(Rupees in thousand)

**Associated Company**

**Beacon Impex (Pvt.) Limited**

Finance cost	14,137	-
Purchase of goods and services	29,884	-
Transfer of deferred liability	12,904	-

**9. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial information was approved and authorized for issue on 29 October 2019 by the Board of Directors of the Company.

**10. CORRESPONDING FIGURES**

In order to comply with the requirements of IAS 34 'Interim Financial Reporting', 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 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. However, no significant re-arrangements have been made.

**11. GENERAL**

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**BOOK  
POST**

***PRINTED MATTER***



If undelivered Please return to:

**Khurshid Spinning Mills Limited**

133-134, Regency the Mall, Faisalabad

Ph: +92 41 2610030 Fax: +92 41 2610027