KHURSHID SPINNING MILLS LIMITED

2020 Annual Report

Khurshid Spinning Mills Ltd.

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COMPANY INFORMATION

Board of Directors	Mr. Muhammad Ashraf	Chairman
	Mr. Muhammad Iqbal	Chief Executive Officer
	Mr. Zeeshan Saeed	Director
	Mr. Sajid Hussain	Director
	Mrs. Saira Affan	Director
	Mr. Muhammad Amman Adil	Director (Nominee-BIPL)
	Mr. Qaiser Nasir	Director (Nominee-BIPL)
Audit Committee	Mr. Sajid Hussain	Chairman
	Mr. Muhammad Amman Adil	Member
	Mr. Zeeshan Saeed	Member
HR and Remuneration Committee	Mrs. Saira Affan	Chairman
	Mr. Qaiser Nasir	Member
	Mr. Muhammad Iqbal	Member
Company Secretary	Mr. Ali Mudassar	
Chief Financial Officer	Mr. Bisharat Ali	
Auditors	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
Banks	The Bank of Punjab Habib Metropolitan Bank Limited First Women Bank Ltd.	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered/Head Office	133 - 134, Regency The Mall, Faisalabad.	
Mills	35 - Kilometer, Sheikhupura Road, Faisalabad .	

VISION STATEMENT

- We aim at maintaining the confidence of our valued customers by fulfilling their needs, demands and stipulations.
- We will achieve consistent financial performance which creates value for the shareholders.
- Our organization encourages employee participation that also helps us to achieve quality results.
- We believe in innovative technology applications to achieve continuous improvement and ability to avail the required opportunities.
- We intend to involve all employees in the development and implementation of quality systems, which will be reviewed periodically to ensure their effectiveness.
- We aim to improve the profitability of our company through improved efficiency and cost controls.
- We will take effective measures so as to protect the environment and contribute towards the economic strength of the country and function as a good corporate citizen.

MISSION STATEMENT

We aim to strive for market leadership, to maintain full confidence of our customers, ensure continuous improvement in profitability and at maintenance of industry standards by striving for quality products and introduction of innovative quality applications.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of Khurshid Spinning Mills Limited, will be held on Tuesday, October 27, 2020 at its Registered Office, 133-134, Regency the Mall, Faisalabad at 03:00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Extraordinary General Meeting ("EOGM") held on July 11, 2020.

2. To receive, consider and approve the annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Auditors' and Directors' Reports thereon and Chairman's Review Report.

3. To appoint Auditors for the year ending June 30, 2021 and to fix their remuneration. Present auditors M/S Riaz Ahmad and Co., Chartered Accountants, retire and offered themselves to for re-appointment.

OTHER BUSINESS:

4. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD

COMPANY SECRETARY

Dated: October 3, 2020 Faisalabad.

NOTES:

1. The share transfer books of the Company shall remain closed from October 21, 2020 to October 27, 2020 (both days inclusive), to determine the names of members entitled to attend the meeting. Transfers received in order at Registered Office of the Company or our Share Registrar, M/S Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on 20 October, 2020 will be considered in time.

2. All members entitled to attend and vote at this meeting may appoint a person/representative as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at Registered Office of the Company, duly stamped, signed and witnessed not less than 48 hours before the meeting. An instrument of Proxy applicable for meeting is available on www.khurshidgroup.com.pk who have deposited their shares into Central Depository Company of Pakistan ("CDC") will further have to follow the mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan. A proxy must be a member.

3. Members are requested to notify changes, if any, in their registered address.

4. Shareholders, being individual whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) / Original Passport along with their Account Number in CDS for verification. In case of corporate entity, the Board of Director's Resolution / Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.

5. Members are hereby informed that pursuant to SECP vide SRO 787(1)/2014 dated September 8, 2014 and Section 223(6) of the Companies Act, 2017 has provided an option to receive audited financial statements electronically through email. Hence, member who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e-mail addresses and consent for electronic transmission to the Shares Registrar of the company by filling the form available at company's website: www.khurshidgroup.com.pk

6. Pursuant to section 242 of the Companies Act. 2017, all listed companies must pay cash dividend through electronic mode. Physical Share Holders are required to provide immediately their "International Bank Account Number ("IBAN") containing the title of Account, along with name of Bank, Branch name, and address. In case share are held in CDC then Electronic Credit Mandate Form shall be dispatched directly to Shareholder's broker / participant / CDC Investor Account Services.

7. In compliance with SECP, the audited financial statements and reports of the Company for the year ended June 30, 2020, & notice of AGM to be held on October 27, 2020 are being placed on the company's website: www.khurshidgroup.com.pk.

8. Pursuant to the directions given by the Securities & Exchange Commission of Pakistan (SECP) through SRO 470 (1) / 2016 dated May 31, 2016 that has allowed the companies to circulate its Annual Audited Accounts to its members through CD / USB / DVD at their registered Addresses. Shareholders who wish to receive the hard copy of Financial Statements shall have to fill the standard request form, which is available on the Company's website (www.khurshidgroup.com.pk) and send to the Company at its registered address.

9. Shareholders may participate in the meeting Via Video link facility if the company receives consent at least 07 days before the date of meeting from shareholders, holding an aggregate 10 % or more shareholding residing in any other City. The company will arrange the facility in that city. In this regard, it is requested to fill the following Form and submit at the registered address:

   "I/We _______being a member of Khurshid Spinning Mills Limited, holder of ________ ordinary Shares vide folio no. CDC/Account ______ hereby opt for video conference facility at _______."

   ____
   Signature of Member

CHAIRMAN'S REVIEW REPORT

I am feeling pleasant to present performance review of Khurshid Spinning Mills Limited and the role played by the Board in achieving the goals of the Company, for the year ended June 30, 2020.

The year under review was a very difficult year for the entire country due to COVID-19 pandemic. The pandemic has badly damage the economic growth of the country which demonstrated its worst performance, posting a negative growth in the financial year 2020.

Government and State Bank of Pakistan announced encouraging package for industry in shape of reduction in interest rate and payroll re-financing to ensure continuity and provide working capital for growth and employment.

Despite the challenges, the board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, Corporate Objectives, Plans, Financial Statements and other reports. All the significant issues throughout the year were presented before the Board regularly by the management. The Board has exercised its powers in accordance with the laws and regulations applicable. The Board also played a key role in monitoring the management performance and focus on major risk areas. The Board was fully involved in the strategic planning process and augmenting the vision of the Company.

The Company has accumulated losses, therefore, no dividend have been paid during the year. Khurshid Spinning Mills Limited Complies with all the requirements set out in the law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to committee meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non-executive and independent directors are equally involved in important decisions of the board.

During the year under review the overall performance of the Board on basis of approved criteria was satisfactory.

Chairman

Faisalabad:
October 03, 2020

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Company are pleased to submit 35th directors' report of the Company, comprising of the audited financial statements for the year ended June 30, 2020 along with Auditors' Report thereon and other required information under Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies Act 2017.

FINANCIAL RESULTS

	2020	2019
	(RUPEES IN THOUSAND)	
REVENUE	626,656	-
COST OF SALES	(566,749)	-
GROSS PROFIT	59,907	-
DISTRIBUTION COST	(337)	-
ADMINISTRATIVE EXPENSES	(16,572)	(2,479)
OTHER EXPENSES	(3,778)	(27,849)
OTHER INCOME	764	30,000
FINANCE COST	(19,087)	(22,080)
PROFIT/(LOSS) BEFORE TAXATION	20,897	(22,408)
TAXATION	(3,000)	7,953
PROFIT/(LOSS) AFTER TAXATION	17,897	(14,455)
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	1.36	(1.10)

FINANCIAL HIGHLIGHTS

Financial results for the year ended June 30, 2020 shows profit after taxation of Rupees 17.897 million as compared to previous year's loss after taxation of Rupees 14.455 million. With effect from 01 August 2019, the Company recommenced its commercial operations / spinning business operations. The Company has entered into yarn processing arrangement with customers due to which revenue and profitability of the Company increased significantly. The pattern will continue in future and result in reduction in accumulated losses and improvement of current ratio. This will help Company to improve and enhance its production facilities.

Financial year 2019-20 was a very difficult year for the whole world due to the COVID-19 pandemic. Spread of pandemic all over the world highly damaged the Global and domestic business environment as Pakistan industry had already facing a difficult time due to high cost of production, higher inflation rate and rupee devaluation continued to exert significant pressure on the overall economy specially manufacturing industry. However, Government takes immediate action to control the pandemic in the country. The Government and the State Bank of Pakistan (SBP) responded swiftly by decreasing interest rate and launching refinance schemes to support employment. Due to Governments announced package and supportive measures, the impact of COVID-19 outbreak expected to support the post-COVID-19 economic recovery as well.

ENVIRONMENT, HEALTH AND SAFETY

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. To keep our employees safe, the Company strictly follows social distancing protocols. Clear guidelines were issued, and frequent communication was made with all employees to ensure that they understand their role to revoke spread of pandemic while ensuring that Company's operations are carried out smoothly.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company strongly believes in integration of corporate social responsibility into its business that are influenced directly or indirectly by our business. During these unprecedented times, the Company has committed to provide maximum support to employees for COVID-19 treatments. The Company continued its operations during the pandemic with strict adherence to the SOPs.

MATERIAL CHANGES

There have been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year and the date of the report other than election of directors held on July 11, 2020.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

Your company strives to follow best practices such as paper less environment and conserving energy.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Risk management is carried out by the Company's risk manager under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

FUTURE OUTLOOK

The directors of the Company are fully aware of the affairs of the company and are making their strenuous efforts to improve overall performance of the company, cost controls and internal expenses to a minimum level to generate maximum profits of the Company. During the year, the company has planned efficiently and perform well to earn profits and reduce its accumulated losses. We are expecting encouraging growth in our revenues and profits in coming years.

DIVIDEND

Since the Company has accumulated losses, therefore, the directors have not recommended any dividend for the year.

EARNINGS PER SHARE

The basic and diluted earnings per share for the year ended June 30, 2020 was Rupees 1.36.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for last six years in summarized form is annexed.

EXTERNAL AUDITORS

The auditors Messrs Riaz Ahmad & Company, Chartered Accountants, retires and being eligible, has offered themselves for their re-appointment. The Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the next financial year ending 30 June 2021.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2020 is annexed.

Compliance with the Code of Corporate Governance
The "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019" is annexed.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK
The directors are pleased to report that:

a) The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There is no significant doubt on the Company's ability to continue as a going concern.

g) All transactions with related parties have been executed at arm's length and have been disclosed in the financial statements under relevant notes.

h) The Company has a policy in place that ensures transparent procedures for fixing the remuneration of Directors and no single Director is involved in determining his own remuneration. For Information on remuneration of Directors and CEO, please refer note 26 to the financial statements.

BOARD AND ITS MEETINGS

The names of the persons who, at any time during the financial year, were directors of the Company are as follows:

Mr. Muhammad Ashraf
Mr. Muhammad Iqbal
Mr. Zeeshan Saeed
Mr. Muhammad Shahbaz Ali
Mr. Faseeh Uzaman
Mr. Muhammad Amman Adil
Mr. Muhammad Qaiser Nasir

The total number of directors are seven as per the following:

a. Male: **07**
b. Female: **0**

A female director appointed as member of the board of the company in July 2020, subsequent to reporting date.

The composition of board is as follows:

a) Independent Director: **03** as named hereunder:
i. Mr. Muhammad Shahbaz Ali
ii. Mr. Faseeh Uzaman
iii. Mr. Zeeshan Saeed

b) Other Non-executive Directors: **03** as named hereunder:
i. Mr. Muhammad Ashraf
ii. Mr. Muhammad Amman Adil
iii. Mr. Qaiser Nasir

c) Executive Director: **01** as named hereunder:
i. Mr. Muhammad Iqbal, Chief Executive

BOARD OF DIRECTORS MEETINGS

During the year under review six meetings were held and number of meetings attended by each director is as follows:

Name of Directors	Number of meetings attended
Mr. Muhammad Ashraf	5
Mr. Muhammad Iqbal	6
Mr. Zeeshan Saeed	6
Mr. Muhammad Shahbaz Al i	6
Mr. Faseeh Uzaman	6
Mr. Muhammad Amman Adil	6
Mr. Muhammad Qaiser Nasir	6

AUDIT COMMITTEE MEETINGS

Four meetings of the Audit Committee were held during the year, with the following attendance:

Name of Directors	Number of meetings attended
Mr. Zeeshan Saeed	4
Mr. Muhammad Shahbaz Ali	4
Mr. Muhammad Amman Adil	4

HUMAN RESOURCE & REMUNERATION COMMITTEE

One meeting of the Audit Committee were held during the year, with the following attendance:

Name of Directors	Number of meetings attended
Mr. Muhammad Shahbaz Ali	1
Mr. Muhammad Iqbal	1
Mr. Faseeh Uzaman	1

DIRECTOR'S REMUNERATION

The Board of Directors has devised the policy for the determination of remuneration. Following are its salient features.

a) The Company will not pay any remuneration to its Non-Executive Directors except as meeting fee for attending the Board and its committee meetings;
b) The remuneration of directors and meeting fee shall be determined and approved by the Board of Directors. Remuneration package is designed to attract suitable candidate and talent on the Board;
c) No single Director is involved in determining his own remuneration

ADEQUACY OF INTERNAL AND FINANCIAL CONTROLS

The Board of Directors has established an effective system of Internal and Financial Controls that ensure:

a) Effective and efficient conduct of operations;
b) Safeguarding company assets;
c) Compliance with applicable Laws and Regulation; and
d) Reliable Financial Reporting

Internal audit function of the Company regularly appraises and monitors the implementation of Standard Operating Procedures and respective financial controls.

Internal audit reports are presented to the Audit Committee, as per internal audit plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control framework and financial statement in its meetings.

ANNUAL BOARD PERFORMANCE EVALUATION

The Board considers its performance assessment as a key contributor to good governance as it provides feedback from the Directors on their perceptions of how the Board is currently performing its role and responsibilities. Envisaging the same, the Board devised in-house questionnaires based on emerging and leading practices to assist performance of the board as a whole, of its committees and of its members. The Company Secretary presents the summarized report for discussion and review of the Board annually.

ACKNOWLEDGMENT

We would like to take this opportunity to express appreciation to the employees of the company for their hard work and commitment. We would also like to express our gratitude to the valued shareholders and lenders for extending their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Faisalabad:	**Director**	**Chief Executive Officer**
October 03, 2020		

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز مالی سال 30جون 2020 کی 35 ویں رپورٹ آپ کی خدمت میں پیش کررہے ہیں۔جس کے ساتھ آڈیٹرز رپورٹ اوردوسری معلومات کوڈ آف کارپوریٹ گورنس (موجودہ کمپنی ایکٹ 2019) کے مطابق لف ہیں۔

مالی کارگردگی:

مالیاتی نتائج کا خلاصہ درج ذیل ہے۔

	2020	2019
	ہزارروپوں میں	ہزارروپوں میں
آمدنی	626,656	-
لاگت سیلز	(556,749)	
مجموعی نفع	59,907	-
ڈسٹری بیوشن خرچہ	(337)	-
انتظامی اخراجات	(16,572)	(2,479)
دیگر اخراجات	(3,778)	(27,849)
دیگر آمدن	764	30,000
مالی لاگت	(19,087)	(22,080)
قبل از ٹیکس نفع / نقصان	20,897	(22,408)
ٹیکس	3,000	7,953
بعد از ٹیکس نفع / نقصان	17,897	(14,455)
فی حصص نفع / نقصان روپوں میں	1.36	(1.10)

30جون 2020 کو ختم ہونے والے سال کے مالی نتائج میں مجموعی نفع 17.897 ملین روپے بعد از ٹیکس ہے۔ جبکہ پچھلے سال 14.455 ملین روپے قبل از ٹیکس نقصان تھا۔ 01 اگست 2019 سے کمپنی نے اپنی مالیاتی سرگرمیاں شروع کردی ہیں۔کمپنی نے دھاگے کے صارفین کے لئے اپنی خدمات شروع کردی ہیں۔جس کی وجہ سے کمپنی کی آمدنی میں نمایاں اضافہ ہوا ہے۔اور یہ منافع مستقبل میں بھی جاری رہے گا۔اوراس کے نتائج جمع شدہ نقصانات کو بھی کم کردیں گے۔اور موجودہ تناسب میں بہتری آئے گی۔اوراس سے کمپنی کو اپنی پیداواری سہولیات میں بہتری اور اضافہ کرنے میں مدد ملے گی۔

Covid-19 وباء کی وجہ سے مالی سال 20-2019 پوری دنیا کے لئے ایک بہت مشکل سال تھا۔اس وبائی مرض نے عالمی اور مقامی کاروبار کو بے حد نقصان پہنچایا۔کیونکہ پاکستان کی صنعت پہلے ہی مشکلات کا سامنا کررہی ہے۔ اس کے پیداواری اخراجات ساتھ افراط ذر کی شرح اور روپے کی قدر میں کمی نے مجموعی معشیت خاص طور پر مینوفیکچرنگ انڈسٹری پر نمایاں دباؤ ڈالا ہے۔ تاہم حکومت نے وباء پر قابو پانے کے لیے فوری کاروائی کی حکومت اور اسٹیٹ بینک آف پاکستان (SBP) نے شرح سود میں اورری فنانس اسکیموں کا آغاز کرکے بے روزگاری پر فوری قابو پایا ہے حکومت کے معاون پیکج کے اقدامات سے Covid-19 کے اثرات کے بعد معاشی بحالی میں بہتری کی امید ہے۔

ماحولیات، صحت، اور حفاظت:

کمپنی ملازمین اور عوام کی صحت کو لاحق خطرے سے بچانے کے لیے اقدامات کرنے پر یقین رکھتی ہے۔اپنے ملازمین کو محفوظ رکھنے کے لیے کمپنی سماجی فاصلاتی پروٹوکول کی سختی سے پیروی کرتی ہے۔وباء کے پھیلنے سے متعلق واضح ہدایات جاری کر دی گئی ہیں۔تاکہ کمپنی کے کاروباری معاملات احسن طریقے سے چلتے رہیں۔

کارپوریٹ سماجی ذمہ داری:

کمپنی یقین رکھتی ہے۔کہ کارپوریٹ سماجی ذمہ داری کو پرعزم طریقہ سے سرانجام دیا جاے۔کمپنی ملازمین اور عوام کے تحفظ اور صحت کے خطرے سے بچنے کے محفوظ کام کرنے والے حالات کو برقرار رکھتی ہے۔ Covid-19 وباء کی اس مشکل وقت میں اپنے ملازمین کی ہر ممکن مدد کررہی ہے۔وباء کے دنوں میں کمپنی نے حفاظتی تدابیر پر مکمل کیا ہے۔

اہم تبدیلیاں:

30جون 2020 اور 03 اکتوبر 2020 مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلی اور وعدہ نہیں کیا گیا۔ماسوائے ڈائریکٹران کے الیکشن جو کہ 11 جولائی 2020 کو منعقد ہوئے۔

ماحولیات پر کمپنی کے کاروبار کا اثر:

آپ کی کمپنی کاغذ کے کم سے کم استعمال اور ڈائریکٹر کی توانائی کے تحفظ جیسے بہترین طریقوں پر عمل کرنے کی پوری کوشش کرتی ہے۔

مالی رسک مینجمنٹ:

کمپنی کی سرگرمیاں اس کو متعدد مالی خطرات سے دوچار کرتی ہیں۔ مارکیٹ کا خطرہ، کرنسی کا خطرہ، قیمت کا خطرہ اور سود کی شرح نمو کریڈٹ رسک اور لیکویڈیٹی رسک کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالی منڈیوں کی غیر متوقع صلاحیت پر مرکوز ہے۔ اور مالی کارگردگی پر پائے جانے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔کمپنی کے رسک منیجر بورڈ آف ڈائریکٹر کی منظور شدہ پالیسیوں کے تحت رسک کنٹرول کرتے ہیں اور کمپنی رسک محکمہ مالی خطرات کا جائزہ لیتا ہے اوراس کی تشخیص کرتا ہے۔بورڈ مجموعی طور پر رسک مینجمنٹ کے اصولوں کے ساتھ، کرنسی رسک، دیگر قیمتوں کا خطرہ سود کی شرح کا خطرہ، کریڈٹ رسک، اور لیکویڈیٹی رسک، جیسے مخصوص معاملات کو سنبھالنے والی پالیسیاں مہیا کرتا ہے۔

مستقبل کے امکانات:

کمپنی کے ڈائریکٹرز کمپنی کے امور سے پوری طرح واقف ہیں۔ اور کمپنی کو زیادہ سے زیادہ منافع کمانے کے لئے کمپنی کی مجموعی کارردگی، لاگت کنٹرول ۔ اور داخلی اخراجات کم سے کم سطح تک بہتر بنانے کے لیے اپنی بھرپور کوششیں کرر ہے ہیں۔ سال کے دوران کمپنی نے منافع کمانے اوراس کے جمع شدہ نقصانات کوکم سے کرنے کے لئے موثر انداز میں منصوبہ بندی کی ہے۔ اور اچھی کارکردگی کا مظاہرہ کیاہے۔ ہم آنے والے سالوں میں اپنی آمدنی اور منافع میں حوصلہ افزا ترقی کی توقع کر رہے ہیں۔

منافع ادا کیا:

کمپنی کے گزشتہ خساروں کی وجہ سے ڈائریکٹرز نے منافع نہ دینے کی سفارش کی ہے۔

فی حصص منافع:

مالی سال 30 جون 2020 میں فی حصص منافع 1.36 روپے تھا۔

کلیدی آپریٹنگ اور مالی اعداد و شمار:

کلیدی آپریٹنگ اور مالی اعداد وشمار کا پچھلے چھ سالوں کا خلاصہ لف ہے۔

آڈیٹرز

موجودہ آڈیٹرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاونٹنٹس نے بعد از ریٹائرمنٹ اور اہلیت کی بنا پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی نے ریاض احمد اینڈ کمپنی چارٹرڈ اکاونٹنٹس کو دوبارہ اگلے مالی سال 30 جون 2021 کیلئے تقرری کی سفارش کی ہے

شیئر ہولڈرز کی ترتیب

30 جون 2020 کی شیئر ہولڈر کی ترتیب لف ہے۔

کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کا بیانیہ کوڈ آف کارپوریٹ گورننس قواعد وضوابط 2019 کے تحت لف ہے

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا بیانیہ

1- کمپنی کی انتظامیہ کی طرف سے تیار کئے جانے والے مالیاتی سٹیٹمنٹس منصفانہ طور پر کمپنی کے امور، اپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی بیان کرتے ہیں

2- کمپنی کے اکاونٹس کی بکس کی معقول دیکھ بھال کی گئی ہے

3- مناسب اکاونٹنگ پالیسیوں کو مالی بیانات کی تیاری میں لاگو کیا گیا ہے۔ اور اکاونٹنگ تخمینے معقول، دانشمندانہ فیصلوں پرمبنی ہیں

4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں بھی لاگو ہیں ان کی تمام فنانشل اسٹیٹمنٹس میں مکمل پیروی کی گئی ہے۔

5- اندرونی کنٹرول کے نظام کا ڈیزائن بلکل ٹھیک ہے اور اسے اچھے طریقے سے لاگو اور مانیٹر کیا گیا ہے۔

6- کمپنی کے جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں

7- متعلقہ فریقوں کے ساتھ تمام لین دین کو ایمانداری سے انجام دیا گیا ہے۔ اور متعلقہ نوٹ کے تحت مالی بیانات میں انکشاف کیا گیا ہے۔

8- کمپنی کے پاس ایک پالیسی ہے۔ جس میں ڈائریکٹرز کے معاوضے کو درست کرنے کے شفاف طریقہ کار کو یقینی بنایا گیا ہے۔ اور کوئی بھی ڈائریکٹر اپنے معاوضے کے تعین میں ملوث نہی ہے۔ ڈائریکٹرز اورس ای او کی معاوضے سے متعلق معلومات کے لئے براہ کرم مالی بیانات پر نوٹ 26 دیکھیں۔

بورڈ اور اس کی ملاقاتیں:

ان افراد کے نام جو کے مالی سال کے دوران بورڈ آف ڈائریکٹرز تھے۔

ڈائریکٹرز کے نام

جناب محمد اشرف

جناب محمد اقبال

جناب ذیشان سعید

جناب محمد شہباز علی

جناب فصیح ازمان

جناب محمد امان عادل

جناب قیصر ناصر

درج ذیل ڈائریکٹرز سات ہیں:

مرد: 07

خواتین: 00

ایک خاتون ڈائریکٹرر کو جولائی 2020 میں کمپنی کے بورڈ کی ممبر کے طور پر مقرر کیا گیا ہے

آزاد ڈائریکٹرر:

جناب محمد شہباز علی

جناب فصیح ازمان

جناب ذیشان سعید

غیر ایگزیکٹو ڈائریکٹر:
جناب محمد اشرف
جناب محمد امان عادل
جناب قیصر ناصر
ایگزیکٹو ڈائریکٹر:
جناب محمد اقبال

مالی سال کے دوران میں بورڈ آف ڈائریکٹرز نے درج ذیل ملاقاتیں کیں۔ حاضریوں کا ریکارڈ درج ذیل ہے۔

ڈائریکٹرز کے نام	حاضری
جناب محمد اشرف	05
جناب محمد اقبال	06
جناب ذیشان سعید	06
جناب محمد شہباز علی	06
جناب فصیح الزمان	06
جناب محمد امان عادل	06
جناب قیصر ناصر	06

آڈٹ کمیٹی نے زیر جائزہ مالی سال کے دوارن ملاقاتیں کی۔ جن کی تفصیلات درج ذیل ہیں

ڈائریکٹرز کے نام	حاضری
جناب ذیشان سعید	04
جناب محمد شہباز علی	04
جناب محمد امان عادل	04

انسانی وسائل اور معاوضہ کی کمیٹی:

انسانی وسائل اور معاوضہ کمیٹی نے زیر جائزہ مالی سال کے دوارن ایک ملاقات کی۔ جس کی تفصیلات درج ذیل ہے۔

ڈائریکٹرز کے نام	حاضری
جناب محمد شہباز علی	01
جناب محمد اقبال	01
جناب فصیح الزمان	01

ڈائریکٹر کا معاوضہ:

بورڈ آف ڈائریکٹرز نے معاوضے کے عزم کے لئے پالیسی مرتب کی ہے۔ اس کی نمایاں خصوصیات مندرجہ ذیل ہیں۔

1- کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو کسی معاوضے کی ادائیگی نہیں کرے گی۔ ماسوائے اس کے بورڈ اور اس کے کمیٹی کے اجلاسوں میں شرکت کے۔
2- ڈائریکٹرز کا معاوضہ اور میٹنگ فیس بورڈ آف ڈائریکٹرز کے ذریعہ طے اور منظوری دی جائے گی۔ معاوضہ پیکج بورڈ میں مناسب امیدوار اور صلاحیتوں مدنظر رکھ کر کیا جاتا ہے۔
3- کوئی بھی ڈائریکٹر اپنے معاوضے داخلی اور مالی تعین میں ملوث نہیں ہے۔

اقدامات کا توازن:

داخلی اور مالی اقدمات کا توازن بورڈ آف ڈایکٹرز نے اندورنی اور مالیاتی اقدامات کا ایک موثر نظام قائم کیا ہے۔ جس سے یہ یقینی بنایا جاتا ہے۔

1- کمپنی کے اثاثوں کی حفاظت کرنا۔

2- قابل اطلاق قوانین اور ضابطے کی تعمیل۔

3- قابل اعتماد مالیاتی بیانیہ

کمپنی کا اندرونی آڈٹ فنکشن باقاعدہ طور پر معیاری آپریٹنگ طریقہ کار اور اس سے متعلق مالیتی کنٹرول کے نفاذ کی نگرانی کرتا ہے۔

داخلی آڈٹ کی رپورٹ داخلی آڈٹ پلان کے مطابق اڈٹ کمیٹی کو پیش کی جاتی ہے۔ اس کے مطابق اڈٹ کمیٹی اپنے اجلاسوں میں اندرونی کنٹرول فریم ورک اور مالی بیان کا جائیزہ لیتی ہے۔

سالانہ بورڈ کی کارگردگی کا جائیزہ:

بورڈ اپنی کارگردگی کی تشخیص کو گڈ گورنس کلیدی مدگار کے طور پر دیکھتا ہے۔ کیونکہ یہ ڈایکٹرز سے ان کے تاثرات پر رائے دیتا ہے۔ کہ بورڈ اس وقت اپنے کردار اور زمہ داریوں کس طرح ادا کر رہا ہے۔ اس کا جائزہ لیتے ہوئے بورڈ نے اپنی کمیٹیوں اور اس کے ممبروں کی مجموعی طور پر بورڈ کی کارکردگی میں مدد کے لئے ابھرتے اور معروف طریقوں پر مبنی سوالنامے کا ماحول وضع کیے ہیں۔ کمپنی سکریٹری سلانہ بورڈ پر بحث و مباحثہ کے لئے خلاصہ رپورٹ پیش کرتا ہے۔

اعتراف

بورڈ آف ڈائریکٹرز مالیاتی اداروں، شیئر ہولڈرز اور اپنے ملازمین کی لگن اور محنت کی قدر کرتا ہے

بورڈ آف ڈائریکٹرز کی جانب سے

محمد اقبال	جناب ذیشان سعید	فیصل آباد
چیف ایگزیکٹو آفیسر	ڈائریکٹر	03 اکتوبر 2020

KEY OPERATING AND FINANCIAL DATA

	2020	2019	2018	2017	2016	2015
	(RUPEES IN THOUSAND)					
Summary of Statement of Profit or Loss						
Profit/(Loss) before taxation	20,897	(22,408)	(4,351)	(2,286)	(23,999)	(36,144)
Taxation	(3,000)	7,953	1,076	2,202	3,378	6,627
Profit/(Loss) after taxation	17,897	(14,455)	(3,275)	(84)	(20,621)	(29,517)
Summary of Statement of Financial Position						
Total assets	653,866	368,017	390,355	413,361	437,392	457,283
Long term financing / loans	42,195	55,272	125,767	140,230	164,927	188,915
Deferred liabilities	68,576	56,008	57,837	63,870	71,374	77,830
Current liabilities	689,610	420,570	362,425	363,195	357,243	332,409
Net assets	(146,515)	(163,833)	(155,674)	(153,934)	(156,152)	(141,871)
Represented by:						
Share capital	131,748	131,748	131,748	131,748	131,748	131,748
Equity portion of shareholders' loan	13,335	13,335	13,335	13,335	13,335	13,335
Surplus on revaluation of plant, equipment and investment properties - net of deferred income tax	135,029	150,725	155,452	164,389	174,225	180,745
Accumulated loss - net off equity portion of shareholders' loan	(426,627)	(459,641)	(456,209)	(463,406)	(475,460)	(467,699)
	(146,515)	(163,833)	(155,674)	(153,934)	(156,152)	(141,871)

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
Name of Company: Khurshid Spinning Mills Limited
Year Ending: 30 June 2020

The Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are seven as per following:
   a. Male: Seven
   b. Female: No

The requirement for the appointment of a female director in the board of the company has been complied after election of directors in July 2020, subsequent to reporting date.

2. The composition of the Board of Directors ("the Board") is as follows:

Category	Name
Executive Director	Mr. Muhammad Iqbal
Non-Executive Director	Mr. Muhammad Ashraf
	Mr. Muhammad Amman Adil
	Mr. Qaiser Nasir
Independent Directors	Mr. Muhammad Shahbaz Ali
	Mr. Fasseh Uzaman
	Mr. Zeeshan Saeed

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Directors' training program of following two directors of the company was arranged during the year as required by Rule 19 of the Regulations.
   - Mr. Muhammad Iqbal
   - Mr. Fasseh Uzaman

   We could not wholly comply with this requirement due to COVID-19. However, the company is fully intended to comply such requirement as per Regulations in next financial year.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Zeeshan Saeed	(Chairman)
Mr. Muhammad Amman Adil	(Member)
Mr. Muhammad Shahbaz Ali	(Member)

b) HR and Remuneration Committee

Mr. Muhammad Shahbaz Ali	(Chairman)
Mr. Muhammad Iqbal	(Member)
Mr. Faseeh Uzaman	(Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings of the committee were as per following:

a) Audit Committee: Four meetings during the financial year ended 30 June 2020
b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2020

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;

Non-Mandatory Requirement	**Reg. No.**	**Explanation**
Nomination Committee	29(1)	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee;
Risk Management Committee	30(1)	Currently, the Board has not constituted Risk Management Committee and the Company's Risk Manager perform the requsite functions and apprises the board accordingly.

(Muhammad Ashraf)
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Khurshid Spinning Mills Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Khurshid Spinning Mills Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: October 03, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Khurshid Spinning Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Khurshid Spinning Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following is the key audit matter:

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter were addressed in our audit</th></tr>
<tr><td>1.</td><td>Revenue recognition

The Company recognized net revenue of Rupees 626.656 million for the year ended 30 June 2020.

We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.

For further information, refer to the following:

- Summary of significant accounting policies, Revenue from contracts with customers (Note 2.17 to the financial statements).

- Revenue (Note 16 to the financial statements).</td><td>Our procedures included, but were not limited to:

• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.

• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.

• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.

• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.

• We compared the detail of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.

• We also considered the appropriateness of disclosures in the financial statements.</td></tr>
</table>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar. Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
Date: October 03, 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	NOTE	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
17 000 000 (2019: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000
Issued, subscribed and paid up share capital			
13 174 800 (2019: 13 174 800) ordinary shares of Rupees 10 each fully paid in cash	3	131,748	131,748
Capital reserves			
Equity portion of former shareholders' loans		13,335	13,335
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	135,029	150,725
Accumulated loss		(426,627)	(459,641)
Total equity		(146,515)	(163,833)
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	42,195	55,272
Deferred liabilities	6	68,576	56,008
		110,771	111,280
CURRENT LIABILITIES			
Trade and other payables	7	293,069	550
Short term borrowings	8	358,427	373,427
Accrued mark-up on short term borrowings		-	10,333
Current portion of long term financing	5	38,114	36,260
		689,610	420,570
		800,381	531,850
TOTAL LIABILITIES			
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		653,866	368,017

	NOTE	2020 (RUPEES IN THOUSAND)	2019 (RUPEES IN THOUSAND)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	332,844	352,827
Long term deposits		7,501	7,501
		340,345	360,328
CURRENT ASSETS			
Stores, spares parts and loose tools	11	22,309	-
Trade debts	12	3,415	-
Loans and advances	13	30,825	4,613
Prepayments and other receivables	14	2,441	1,801
Cash and bank balances	15	254,531	1,275
		313,521	7,689
TOTAL ASSETS		653,866	368,017

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020	2019
		(RUPEES IN THOUSAND)	
REVENUE	16	626,656	-
COST OF SALES	17	(566,749)	-
GROSS PROFIT		59,907	-
DISTRIBUTION COST	18	(337)	-
ADMINISTRATIVE EXPENSES	19	(16,572)	(2,479)
OTHER EXPENSES	20	(3,778)	(27,849)
OTHER INCOME	21	764	30,000
FINANCE COST	22	(19,087)	(22,080)
PROFIT / (LOSS) BEFORE TAXATION		20,897	(22,408)
TAXATION	23	(3,000)	7,953
PROFIT / (LOSS) AFTER TAXATION		17,897	(14,455)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	24	1.36	(1.10)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	(RUPEES IN THOUSAND)	
PROFIT / (LOSS) AFTER TAXATION	17,897	(14,455)
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of plant and equipment	-	8,868
Related deferred income tax liability	-	(2,572)
	-	6,296
Remeasurement loss on staff retirement gratuity	(579)	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year-net of tax	(579)	6,296
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	17,318	(8,159)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	SHARE CAPITAL	CAPITAL RESERVES			ACCUMULATED LOSS	TOTAL EQUITY
		Equity portion of former shareholders' loans	Surplus on revaluation of property, plant and equipment - net of deferred income tax	TOTAL		
	(RUPEES IN THOUSAND)					
Balance as at 01 July 2018	131,748	13,335	155,452	168,787	(456,209)	(155,674)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(11,023)	(11,023)	11,023	-
Loss for the year	-	-	-	-	(14,455)	(14,455)
Other comprehensive income for the year	-	-	6,296	6,296	-	6,296
Total comprehensive loss for the year	-	-	6,296	6,296	(14,455)	(8,159)
Balance as at 30 June 2019	131,748	13,335	150,725	164,060	(459,641)	(163,833)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(13,899)	(13,899)	13,899	-
Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment - net of deferred income tax	-	-	(1,797)	(1,797)	1,797	-
Profit for the year	-	-	-	-	17,897	17,897
Other comprehensive loss for the year	-	-	-	-	(579)	(579)
Total comprehensive income for the year	-	-	-	-	17,318	17,318
Balance as at 30 June 2020	131,748	13,335	135,029	148,364	(426,627)	(146,515)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	20,897	(22,408)
Adjustments for non-cash charges and other items:		
Depreciation	32,456	27,977
Provision for staff retirement gratuity	7,033	102
Loss on sale of property, plant and equipment	2,678	-
Amortization of deferred grant	(4)	-
Finance cost	19,087	22,080
	82,147	27,751
Working capital changes		
Increase in current assets:		
Stores, spare parts and loose tools	(22,309)	-
Trade debts	(3,415)	-
Loans and advances	(19,928)	(126)
Prepayments and other receivables	(640)	-
	(46,292)	(126)
Increase / (decrease) in trade and other payables	305,252	(11,907)
Cash generated from operations	341,107	15,718
Finance cost paid	(24,774)	(209)
Staff retirement gratuity paid	(3,166)	-
Income tax paid	(15,695)	(2,805)
Net cash generated from operating activities	297,472	12,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(16,855)	-
Proceeds from sale of property, plant and equipment	1,704	-
Net cash used in investing activities	(15,151)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	22,195	-
Repayment of long term financing	(36,260)	(22,481)
Repayment of long term loans	-	(45,773)
Short term borrowings-net	(15,000)	56,609
Net cash used in financing activities	(29,065)	(11,645)
NET INCREASE IN CASH AND CASH EQUIVALENTS	253,256	1,059
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,275	216
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 15)	254,531	1,275

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. THE COMPANY AND ITS OPERATIONS

1.1 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 Kilometers, Main Sheikhupura Road, Mouza Johal, Tehsil Jaranwala, District Faisalabad. During the year, the Company has recommenced its commercial operations from 01 August 2019. The Company has entered into yarn processing arrangements due to which revenue and profitability of the Company has been increased significantly and accumulated losses has been started to decrease. In future, these factors will allow the Company to improve and enhance its production facilities.

1.2 Impact of COVID-19 on these financial statements

The pandemic of COVID-19 which rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. From 24 March 2020, the Government of the Punjab announced a temporary lockdown as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Company temporarily suspended its operations. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in Company's revenue. However, subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, operations of the Company is fast reverting back to normal level. Moreover, the Company has availed a facility of Rupees 22.195 million from The Bank of Punjab, sanctioned under State Bank of Pakistan Refinance Scheme for payment of wages and salaries to workers and employees of business concerns, as given in Note 5.2. According to management's assessment, there is no other significant accounting impact of the effects of COVID-19 in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, modified by revaluation of certain items of property, plant and equipment. Moreover, staff retirement gratuity is carried at their present value.

c) Critical accounting estimates and judgments

The preparation of 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. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

The estimate for revalued amount of certain items of property, plant and equipment is based on valuation performed by external professional valuer. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

Inventory write-down is made based on the current market conditions and historical experience. It could change significantly as a result of changes in market conditions.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 6.2.5 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

d) Standard, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- Amendments to IFRS 09 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRSs: 2015 – 2017 Cycle

The amendments and interpretation listed above do not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. However the implications of IFRS 16 are given hereunder;

IFRS 16 'Leases' has replaced the guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 provided a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. A lessee recognizes a right of use asset representing the right of use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to IAS 17. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior period and is not expected to significantly affect the current or future periods.

e) Standard and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standard and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

Interest Rate Benchmark Reform which amended IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments: Recognition and Measurement', is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published report setting out its recommended reforms of some major interest rate benchmarks such as Interbank Offer Rates (IBORs). Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks.

In these amendments, the term 'interest rates benchmarks reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential impacts of the uncertainty caused by the reform. A company shall apply these exceptions to all hedging relationships directly affected by interest rate benchmark reform. These amendments are not likely to affect the financial statements of the Company.

Amendments to IFRS 16 'Leases' (effective for annual periods beginning on or after 01 June 2020). Under pervious requirements of IFRS 16, lessee assesses whether rent concessions are leased modification, if so, apply the specific guidance on accounting for lease modification. This generally involves remeasuring these lease liabilities using the revised lease payments and revised discount rates. In light of the effects of the COVID-19 pandemic and the fact that many lessees are applying the standard for the first time in their financial statements, the IASB has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concession are leased modifications, and instead are permitted to account for as if these were not leased modifications. Rent concessions are eligible for the practical expedient if these occur as a direct consequence of the COVID-19 pandemic and if following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially same as, or less than, the considerations for the lease immediately preceding the change; any reduction in lease payments effect only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2022). These amendments have been added to further clarify when a liability is classified as current. These amendments also changes the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to opening balance of retained earning or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment which are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

Following annual improvements to IFRSs: 2018 - 2020 are effective for annual periods beginning on or after 01 January 2022.

- IFRS 9 'Financial Instruments' - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above improvements are not likely to affect the financial statements of the Company.

On 29 March 2018, the IASB has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

2.3 Staff retirement gratuity

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme, calculated from the date of their joining with the Company. The Company's obligation under the scheme is determined through actuarial valuation carried under Projected Unit Credit Actuarial Cost Method. Actuarial valuation is conducted by an independent actuary. The obligation at the date of statement of financial position is measured at the present value of the estimated future cash outflows. All contributions are charged to statement of profit or loss for the year.

Actuarial gains and losses (remeasurement gains / losses) on staff retirement gratuity are recognized immediately in other comprehensive income.

Calculation of staff retirement gratuity requires assumptions to be made of future outcomes which mainly include increase in salary and the discount rates used to convert future cash flows to current values. Calculations are sensitive to changes in underlying assumptions.

Change in accounting policy

Previously, staff retirement gratuity was calculated on the basis of last drawn salary. From the current year, the Company has changed its accounting policy to calculate the staff retirement benefits on the basis of actuarial valuation in accordance with IAS 19 'Employee Benefits' to cover the period of service completed by employees using Projected Unit Credit Actuarial Cost Method. The amount recognized in the statement of financial position represents the present value of staff retirement gratuity as adjusted for certain remeasurements and experience adjustments.

This change in accounting policy has been applied prospectively in accordance with IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors' due to non-availability of the actuarial data for previous years and considering the immateriality of the figures involved. Had there been no change in this accounting policy, the figures recognized in these financial statements would have been different as follows:

	(RUPEES IN THOUSAND)
Staff retirement gratuity would have been lower by	1,263
Profit after taxation would have been higher by	684
Other comprehensive loss would have been lower by	579
Earnings per share would have been higher by (Rupees)	0.05

There would have been no impact on statement of cash flows.

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.5 Property, plant, equipment and depreciation
Operating fixed assets

All operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Increases in the carrying amounts arising on revaluation of are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of deferred income tax, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 10.1. The Company changes its depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Change in accounting estimate

Previously, depreciation on property, plant and equipment was being charged from the month the asset became available for use and on disposal, upto the month preceding the month of disposal. Now the Company has decided to charge the depreciation from the day when the asset becomes available for use and upto the day preceding the day of disposal.

This change in accounting estimate has been accounted for prospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had there been no change in this accounting estimate, the figures recognized in these financial statements would have been different as follows:

	(RUPEES IN THOUSAND)
Property, plant and equipment would have been lower by	38
Profit after taxation would have been lower by	38

There is no significant impact of this change in accounting estimate on earnings per share of the Company.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.6 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred for sale. Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at invoice value plus other charges incidental thereto.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Financial Instruments

i) Recognition, classification and measurement of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

II) Classification and measurement of financial instruments

Financial assets

a) Classification

The Company classifies its financial assets at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

Financial liabilities

Classification and measurement

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value minus transaction costs.

Financial liabilities are subsequently measured at amortized cost using the effective yield method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are de-recognized as well as through effective interest rate amortization process.

III) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv) De-recognition

a) Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial asset that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs on the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a transaction cost on borrowing and amortized over the period of the facility to which it relates.

2.11 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as of deduction, net of tax.

2.12 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts overdue by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a life time expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Other receivables are recognized at amortized cost, less any allowance for expected credit loses.

2.13 Borrowing cost

Interest, mark-up and other charges on long term financing are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term financing. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.14 Dividend and other appropriations

Dividend and other appropriations are recognized in the financial statements in the period in which these are approved.

2.15 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

2.16 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.17 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rental income

Revenue from rental income is recognized when rent is accrued.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

III) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.18 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / (LPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.19 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.20 Government grants

Grants from the Government are recognized at their fair value when there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 13 174 800 (2019: 13 174 800) ordinary shares of Rupees 10 each fully paid up in cash. 4 546 500 ordinary shares (2019: 4 546 500) of the Company are held by Beacon Impex (Private) Limited - an associate.

	2020	2019
	(RUPEES IN THOUSAND)	
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Balance as on 01 July	150,725	99,743
Add:		
Net increase in surplus on revaluation - net of deferred income tax	-	6,296
Transferred in from investment properties to property, plant and equipment	-	55,709
	-	62,005
Less:		
Surplus transferred to accumulated loss on sale of property, plant and equipment - net of deferred income tax	(1,797)	-
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax	(13,899)	(11,023)
	(15,696)	(11,023)
Balance as on 30 June	135,029	150,725

4.1 Revaluation of property, plant and equipment of the Company was carried out on 31 December 2018 by an independent valuers, Messrs Zafar Iqbal and Company by reference to prevailing market prices. Previously revaluations were carried out by independent valuers on 30 September 1995, 11 April 2003, 17 March 2005, 15 June 2011 and 30 June 2016.

5. LONG TERM FINANCING

	2020	2019
From banking company - secured		
The Bank of Punjab		
Demand Finance - II (Note 5.1)	59,918	91,532
SBP-Refinance Scheme (Note 5.2)	20,391	-
	80,309	91,532
Less: Current portion shown under current liabilities	38,114	36,260
	42,195	55,272

5.1 This Demand Finance-II is restructured by the Bank by conversion of entire overdue mark-up payable by the Company including merger / transfer of mark-up liability payable by A.K. Exports (Private) Limited (an associated company) amounting to Rupees 51.209 million. This demand finance is non-interest bearing and will be repayable in 12 equal quarterly installments of Rupees 9.065 million each, commenced from 30 June 2019. This Demand Finance is secured by way of creation of first exclusive equitable mortgage of Rupees 419.521 million on Company's fixed assets located at 35-Kilometers Sheikhupura Road, Faisalabad and personal guarantee of the directors of the Company.

5.1.1 The Company has determined the amortized cost of its mark-up free demand finance using the effective interest method. Rate of cost of funds used to calculate the amortized cost is the fair market rate applicable on the financial instruments of similar nature and condition. The effective cost of funds rate is 5.82 percent (2019: 5.82 percent) per annum. The reconciliation of principal amount and carrying value is given hereunder:

	2020	2019
	(RUPEES IN THOUSAND)	
Principal outstanding	99,712	108,777
Effect of adjustment	(8,180)	(13,828)
Amortization charged to statement of profit or loss using the effective interest method (Note 22)	4,646	5,648
Less: Paid durin the year	(36,260)	(9,065)
Carrying value as at 30 June	59,918	91,532

5.2 This term finance facility aggregating to Rupees 22.195 million is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. The mark-up rate under the scheme is SBP rate+3%, payable on quarterly basis. It is repayable in eight equal quarterly installments starting from 01 January 2021. These are secured against exclusive charge of Rupees 419.512 million over fixed assets of the Company along with personal guarantee of all directors of the Company and corporate guarantee of Beacon Impex (Private) Limited, the associate. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 6.26% per annum.

6. DEFERRED LIABILITIES

	2020	2019
Deferred income tax liability (Note 6.1)	48,858	55,269
Staff retirement gratuity (Note 6.2)	17,918	739
Deferred income - Government grant (Note 6.3)	1,800	-
	68,576	56,008

6.1 DEFERRED INCOME TAX LIABILITY

	2020	2019
Balance as on 01 July	55,269	57,200
Add: Increase in deferred income tax liability due to increase in surplus on revaluation	-	2,572
	55,269	59,772
Less:		
Adjustment of deferred income tax liability due to sale of property, plant and equipment	734	-
Deferred income tax liability on account of incremental depreciation charged during the year transferred to the statement of profit or loss	5,677	4,503
	6,411	4,503
Deferred income tax liability recognized	48,858	55,269

6.1.1 The Company has accumulated tax losses of Rupees 237.496 million (2019: Rupees 282.921 million) including unabsorbed tax depreciation as at 30 June 2020. The related deferred income tax asset amounting to Rupees 10.362 million (2019: Rupees 12.561 million) has not recognized in these financial statements due to non-availability of sufficient future taxable profits as these temporary differences may not probably be reversed in the foreseeable future.

6.2 STAFF RETIREMENT GRATUITY

The actuarial valuation of the staff retirement gratuity was conducted on 30 June 2020 using the Projected Unit Credit Actuarial Cost Method.

		2020	2019
		(RUPEES IN THOUSAND)	
6.2.1	**Movement in the present value of staff retirement gratuity**		
	Balance at the beginning of the year	739	637
	Add:		
	Provision for the year (Note 6.2.2)	7,033	102
	Transferred from other companies (Note 6.2.3)	13,420	-
	Experience adjustment recognized in other comprehensive income	579	-
		21,771	739
	Less:		
	Payments made during the year	(3,166)	-
	Increase in current liability - net	(687)	-
		(3,853)	-
	Balance at the end of the year	17,918	739
6.2.2	**Provision for the year**		
	Current service cost	7,134	102
	Interest cost reversed	(101)	-
		7,033	102

6.2.3 Transferred from other companies

Staff retirement gratuity of the employees transferred from other companies includes Rupees 13.196 million from Beacon Impex (Private) Limited - the associate.

6.2.4 Reconciliation of present value of defined benefit obligation as at 30 June is given below:

	2020	2019
	(RUPEES IN THOUSAND)	
Present value of defined benefit obligation as at 01 July	739	637
Current service cost	7,134	102
Interest cost reversal	(101)	-
Transferred from other companies	13,420	-
Benefits paid during the year	(3,166)	-
Benefits due but not yet paid	(687)	-
Experience adjustment	579	-
Present value of defined benefit obligation as at 30 June	17,918	739

		2020	2019
6.2.5	**Principal actuarial assumptions used**		
	Discount rate for interest cost in profit or loss charge (per annum)	8.50%	-
	Discount rate for year end obligation (per annum)	8.50%	-
	Expected rate of increase in salary (per annum)	7.50%	-
	Average duration of the benefit (years)	7	-
	Mortality rates	SLIC 2001-05	-
		set back 1 year	-
	Withdrawal rate	Age based	-
	Retirement assumption	Age 60	-

6.2.6 Sensitivity analysis for actuarial assumptions

The calculation of staff retirement gratuity is sensitive to assumptions given in Note 6.2.5. The related sensitivity is as follows:

Discount rate	1.00%	-
Increase in assumption (Rupees in thousand)	(1,915)	-
Decrease in assumption (Rupees in thousand)	731	-
Future salary increase	1.00%	-
Increase in assumption (Rupees in thousand)	783	-
Decrease in assumption (Rupees in thousand)	(1,985)	-

6.2.7 Projected benefit payments from plan

Followings are the expected distribution and timing of benefit payments at year end:

Year(s)	2020	2019
	(RUPEES IN THOUSAND)	
2021	3,139	-
2022	2,976	-
2023	3,448	-
2024 to 2030	24,824	-
2031 and onwards	144,785	-

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

6.2.8 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2021 are Rupees 6.539 million.

6.2.9 Risks associated with the scheme

Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

- **Mortality risk -** The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Withdrawal risk -** The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2020	2019
6.3 DEFERRED INCOME - GOVERNMENT GRANT	(RUPEES IN THOUSAND)	
Recognized during the year	1,804	-
Amortized during the year (Note 21)	(4)	-
Closing balance	1,800	-

6.3.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in Note 5.2 to the financial statements. In accordance with IFRS 9 'Financial Instruments', loan obtained under the Refinance Scheme was initially recognized at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

	2020	2019
	(RUPEES IN THOUSAND)	

7. TRADE AND OTHER PAYABLES

	2020	2019
Creditors	24,476	-
Advances from customers	176,656	-
Accrued liabilities	56,716	550
Income tax deducted at source	93	-
Sales tax payable	4,028	-
Workers profit participation fund (Note 7.1)	1,100	-
Security deposit (Note 7.2)	30,000	-
	293,069	550

7.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is charged at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

7.2 This deposit is interest free and is being utilized for the purpose of business in accordance with the terms of written agreement with the customer and repayable on completion of contract period.

8. SHORT TERM BORROWINGS

This represents unsecured interest free loan obtained for a period of twelve months starting from 01 October 2019 from Beacon Impex (Private) Limited (BIPL) - the associate for working capital management. Previously mark-up on this loan was being charged by BIPL at the rate of its average borrowing cost plus 0.05 percent per annum. The rate of mark-up remained 15.02% (2019: 13.20%) per annum. However from 01 October 2019, the agreement for the loan was revised and the loan became interest free.

9. CONTINGENCIES AND COMMITMENTS

a) Contingencies

I) The Company appealed before Lahore High Court, Lahore on 27 August 2019 against the income tax charged on electricity bills amounting to Rupees 2.145 million which was dismissed on 06 July 2020, subsequently to the reporting date. However the Company has filed an Intra Court Appeal before Lahore High Court, Lahore on 22 July 2020, which is pending for decision. No provision has been recognized in the books of account as the Company is confident on positive outcome of the appeal, on the advice of legal counsel.

II) Guarantees of Rupees 20 million (30 June 2019: Rupees Nil) are given by the Bank of the Company to Sui Northern Gas Pipelines Limited against gas connections.

b) Commitments

There was no commitment as at 30 June 2020 (30 June 2019: Rupees Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	2020	2019
Operating fixed assets (Note 10.1)	327,724	352,827
Capital work-in-progress (Note 10.2)	5,120	-
	332,844	352,827

10.1 OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Power generation house	Electric installations	Factory equipment	Electric equipment and appliances	Total
	RUPEES IN THOUSAND										
At 30 June 2018											
Cost / revalued amount	-	-	606,632	1,157	3,046	17,552	67,703	18,821	5,835	2,195	722,941
Accumulated depreciation	-	-	(371,327)	(1,038)	(2,551)	(17,223)	(46,238)	(15,415)	(5,576)	(1,761)	(461,129)
Net book value	-	-	235,305	119	495	329	21,465	3,406	259	434	261,812
Year ended 30 June 2019											
Opening net book value	-	-	235,305	119	495	329	21,465	3,406	259	434	261,812
Transferred from investment properties	31,009	79,115	-	-	-	-	-	-	-	-	110,124
Effect of surplus on revaluation	-	-	6,660	-	-	-	2,208	-	-	-	8,868
Depreciation charge	-	(1,319)	(23,864)	(12)	(50)	(66)	(2,257)	(340)	(26)	(43)	(27,977)
Closing net book value	31,009	77,796	218,101	107	445	263	21,416	3,066	233	391	352,827
At 30 June 2019											
Cost / revalued amount	31,009	79,115	613,292	1,157	3,046	17,552	69,911	18,821	5,835	2,195	841,933
Accumulated depreciation	-	(1,319)	(395,191)	(1,050)	(2,601)	(17,289)	(48,495)	(15,755)	(5,602)	(1,804)	(489,106)
Net book value	31,009	77,796	218,101	107	445	263	21,416	3,066	233	391	352,827
Year ended 30 June 2020											
Opening net book value	31,009	77,796	218,101	107	445	263	21,416	3,066	233	391	352,827
Additions	-	3,065	3,304	-	103	1,949	957	2,357	-	-	11,735
Disposals:											
Cost / revalued amount	-	-	(14,298)	-	-	-	-	-	-	-	(14,298)
Accumulated depreciation	-	-	9,916	-	-	-	-	-	-	-	9,916
	-	-	(4,382)	-	-	-	-	-	-	-	(4,382)
Depreciation charge	-	(7,900)	(21,784)	(11)	(49)	(188)	(2,155)	(307)	(23)	(39)	(32,456)
Closing net book value	31,009	72,961	195,239	96	499	2,024	20,218	5,116	210	352	327,724
At 30 June 2020											
Cost / revalued amount	31,009	82,180	602,298	1,157	3,149	19,501	70,868	21,178	5,835	2,195	839,370
Accumulated depreciation	-	(9,219)	(407,059)	(1,061)	(2,650)	(17,477)	(50,650)	(16,062)	(5,625)	(1,843)	(511,646)
Net book value	31,009	72,961	195,239	96	499	2,024	20,218	5,116	210	352	327,724
Annual rate of depreciation (%)	-	10	10	10	10	20	10	10	10	10	

10.1.1 Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets would have been as follows:

	Cost	Accumulated depreciation	Net book value
	-------(RUPEES IN THOUSAND)-------		
Freehold land	21,019	-	21,019
Buildings on freehold land	43,583	25,603	17,980
Plant and machinery	266,786	183,267	83,519
Power generation house	58,765	45,743	13,022
2020	390,153	254,613	135,540
2019	389,853	247,525	142,328

10.1.2 Depreciation charge for the year has been allocated as follows:

	2020	2019
	(RUPEES IN THOUSAND)	
Cost of sales (Note 17)	32,209	-
Administrative expenses (Note 19)	247	128
Other expenses	-	27,849
	32,456	27,977

10.1.3 Particulars of immovable properties (i.e. land and buildings) in the name of the Company are as follows:

Particulars	Location	Area of land	Covered area of buildings
		Kanals	Sq. ft.
Manufacturing facility	35 Kilometers, Main Sheikhupura Road, Mouza Johal, Faisalabad	42.77	142 877

10.1.4 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Description	Revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Loss	Mode of disposal	Particulars of purchaser
	----------(RUPEES IN THOUSAND)----------						
Plant and machinery							
Ingersoll Plant-Huwa 1994	9,807	6,829	2,978	608	(2,370)	Negotiation	Mr. Nabi Ahmad, Chak No. 33 R.B. Dharowali, Tehsil Shahkot, District Nankana Sahib
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000	4,491	3,087	1,404	1,096	(308)		
	14,298	9,916	4,382	1,704	(2,678)		

10.1.5 Forced sales value of revalued property, plant and equipment as per last revaluation was Rupees 295.845 million.

10.2 Capital work-in-progress	2020	2019
	(RUPEES IN THOUSAND)	
Buildings on freehold land	3,368	-
Electric installations	1,752	-
	5,120	-

		2020	2019
		(RUPEES IN THOUSAND)	
11	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores	13,236	-
	Spare parts	9,022	-
	Loose tools	51	-
		22,309	-
12	**TRADE DEBTS**		
	Considered good:		
	Unsecured	3,415	-

12.1 As at 30 June 2020, all of the trade debts (2019: Nil) were past due but not impaired. The ageing of these trade debts is as follows:

	2020	2019
Upto 1 month	2,415	-
1 to 6 months	5	-
More than 6 months	995	-
	3,415	-

		2020	2019
13	**LOANS AND ADVANCES**		
	Considered good:		
	Employees - interest free :		
	- against salary (Note 13.1)	1,750	165
	- against expenses	18,283	-
	Advance to supplier	60	-
	Advance income tax - net	10,732	4,448
		30,825	4,613

13.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balances to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.

		2020	2019
14.	**PREPAYMENTS AND OTHER RECEIVABLES**		
	Prepayments	640	-
	Sales tax refundable	1,801	1,801
		2,441	1,801
15.	**CASH AND BANK BALANCES**		
	Cash with banks:		
	On current accounts	254,317	1,219
	Cash in hand	214	56
		254,531	1,275
16.	**REVENUE**		
	Conversion and doubling income	733,187	-
	Less: Sales Tax	(106,531)	-
		626,656	-
17.	**COST OF SALES**		
	Salaries, wages and other benefits	215,754	-
	Staff retirement benefit	6,603	-
	Fuel and power	189,665	-
	Telephone	223	-
	Stores, spare parts and loose tools consumed	35,849	-
	Packaging materials and other charges	13,665	-

	2020	2019
	(RUPEES IN THOUSAND)	
Repair and maintenance	14,321	-
Travelling and conveyance	4,146	-
Transportation and handling	318	-
Rent, rates and taxes	46,200	-
Other factory overheads	5,143	-
Insurance	2,653	-
Depreciation (Note 10.1.2)	32,209	-
	566,749	-

18. DISTRIBUTION COST

Commission to selling agents	125	-
Outward freight and handling	212	-
	337	-

19. ADMINISTRATIVE EXPENSES

Salaries and other benefits	9,128	787
Staff retirement benefit	430	102
Travelling and conveyance	112	33
Advertisement, printing and stationery	147	100
Electricity, sui gas and water	680	111
Postage and telephone	337	22
Rent, rates and taxes	1,200	147
Repair and maintenance	1,196	6
Auditor's remuneration (Note 19.1)	750	550
Legal and professional	811	80
Fee, subscription and periodicals	1,354	308
Entertainment	153	71
Others	27	34
Depreciation (Note 10.1.2)	247	128
	16,572	2,479

19.1 Auditor's remuneration

Statutory audit	600	300
Other certifications including half yearly review	150	250
	750	550

20. OTHER EXPENSES

Workers' profit participation fund	1,100	-
Loss on sale of property, plant and equipment	2,678	-
Depreciation	-	27,849
	3,778	27,849

21. OTHER INCOME

Income from non-financial assets

Rental income	-	30,000
Sale of scrap	760	-
Amortization of deferred grant (Note 6.3)	4	-
	764	30,000

22. FINANCE COST

Mark-up on long term financing	1	207
Mark-up on borrowings from associate	14,137	10,333
Amortization of long term financing calculated by using the effective interest method (Note 5.1.1)	4,646	5,648
Fair value adjustment of loans from former sponsor directors / shareholders	-	5,890
Bank charges and commission	303	2
	19,087	22,080

23. TAXATION

	2020	2019
	(RUPEES IN THOUSAND)	
Current (Note 23.1)	9,411	-
Prior year adjustment	-	(3,450)
	9,411	(3,450)
Deferred	(6,411)	(4,503)
	3,000	(7,953)

23.1 Provision for current taxation represents the turnover tax under Section 113 of the Income Tax Ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company of Rupees 237.496 million (2019: 282.921 million).

24. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings / (loss) per share which is based on:

		2020	2019
Profit / (loss) for the year	(Rupees in thousand)	17,897	(14,455)
Weighted average number of ordinary shares	(Numbers)	13,174,800	13,174,800
Earnings / (loss) per share	(Rupees)	1.36	(1.10)

25. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Long term financing	Short term borrowings	Total
	----(RUPEES IN THOUSAND)-----		
Balance as at 01 July 2019	91,532	373,427	464,959
Financing obtained	22,195	-	22,195
Repayment of financing	(36,260)	(15,000)	(51,260)
Amortization charged using the effective interest method	4,646	-	4,646
Balance as at 30 June 2020	82,113	358,427	440,540

	Long term financing	Long term loans	Short term borrowings	Total
	------------(RUPEES IN THOUSAND)-------------			
Balance as at 01 July 2018	108,365	39,883	208,559	316,924
Financing obtained	-	-	56,609	56,609
Amortization charged using the effective interest method	5,648	-	-	5,648
Repayment of financing	(22,481)	(45,773)	-	(22,481)
Fair value adjustment	-	5,890	-	-
Transferred from accrued liabilities and other payables	-	-	108,259	108,259
Balance as at 30 June 2019	91,532	-	373,427	464,959

26. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements for remuneration including all benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

DESCRIPTION	2020			2019		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	------------------(RUPEES IN THOUSAND)----------------------					
Managerial remuneration	-	-	3,681	-	-	-
Allowances						
House rent	-	-	1,473	-	-	-
Others	-	-	368	-	-	-
	-	-	5,522	-	-	-
Number of persons	-	-	2	-	-	-

26.1 The executives are provided with fuel reimbursement, free residence and mobile phone expenses reimbursement.

26.2 Aggregate amount charged in these financial statements for meeting fee to 7 (2019: 6) directors, including Chief Executive Officer of the Company was Rupees 0.400 million (2019: Rupees 0.100 million).

26.3 Apart from meeting fee mentioned in Note 26.2, no remuneration, fee or any other expenses have been paid to Chief Executive Officer and directors of the Company.

	2020	2019
27. NUMBER OF EMPLOYEES		
Number of employees as on 30 June (Note 27.1)	708	3
Average number of employees during the year	665	3

27.1 These include all permanent and contractual employees of the Company.

28. TRANSACTIONS WITH RELATED PARTIES

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

	2020	2019
	(RUPEES IN THOUSAND)	
Transactions with associate		
Loan obtained	-	56,609
Finance cost	14,137	10,333
Purchase of goods and services	42,384	-
Repayment of borrowings	15,000	-
Transfer of staff retirement gratuity	13,196	-

28.1 Beacon Impex (Private) Limited (BIPL) is the associate of the Company holding 34.5091% shareholding in the Company.

28.2 Detail of compensation to key management personnel comprising of Chief Executive Officer and directors is disclosed in Note 26.

29. PLANT CAPACITY AND ACTUAL PRODUCTION

Plant capacity and actual production is not given because the Company is currently performing yarn processing arrangements for third parties with no involvement of Company's own raw material purchases.

30. FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price. All such activities are carried out with the approval of the Board. The Company is exposed to currency risk, other price risk and interest rate risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / payable balances in foreign currency as at 30 June 2020 (2019: Rupees Nil).

(II) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(III) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2020	2019
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	20,391	-
Floating rate instruments		
Financial liabilities		
Short term borrowings	-	373,427

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the financial year ended 30 June 2019 would have been Rupees 3.734 million higher / lower, mainly as a result of higher / lower interest expense on floating rate financial instruments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	(RUPEES IN THOUSAND)	
Deposits	7,501	7,501
Trade debts	3,415	-
Loans and advances	1,750	165
Bank balances	254,317	1,219
	266,983	8,885

The Company's exposure to credit risk and the expected credit losses related to trade debts is given in Note 12.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2020	2019
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	85,459	1,148
The Bank of Punjab	A1+	AA	PACRA	168,858	70
Meezan Bank Limited	A-1+	AA+	VIS	-	1
				254,317	1,219

Due to the Company's long standing business relationships with these counterparties, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

The Company manages liquidity risk by maintaining sufficient cash and availability of funding through and adequate amount of committed credit facility. At 30 June 2020, the Company had Rupees 22.805 million (2019: Rupees Nil) available borrowing institution from financial institution and Rupees 254.531 million (2019: Rupees 1.275 million) cash and bank balances. Management believes that currently the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Long term financing	80,309	85,643	18,130	23,678	43,835	-
Trade and other payables	111,192	111,192	111,192	-	-	-
Short term borrowings	358,427	358,427	358,427	-	-	-
	549,928	555,262	487,749	23,678	43,835	-

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Long term financing	91,532	99,712	18,130	18,130	36,260	27,192
Trade and other payables	550	550	550	-	-	-
Short term borrowings	373,427	411,240	411,240	-	-	-
Accrued mark-up on short term borrowings	10,333	10,333	10,333	-	-	-
	475,842	521,835	440,253	18,130	36,260	27,192

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significant different amounts. The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate which has been disclosed in Note 5 to these financial statements.

30.2 Financial instruments by categories

	2020	2019
	(RUPEES IN THOUSAND)	
	At amortized cost	
Financial assets as per statement of financial position		
Deposits	7,501	7,501
Trade debts	3,415	-
Loans and advances	1,750	165
Cash and bank balances	254,531	1,275
	267,197	8,941

Financial liabilities as per statement of financial position	2020	2019
	(RUPEES IN THOUSAND)	
Long term financing	80,309	91,532
Trade and other payables	60,744	550
Short term borrowings	358,427	373,427
Accrued mark-up on short term borrowings	-	10,333
	499,480	475,842

30.3 Offsetting financial assets and financial liabilities

As on the reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

30.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

31. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to 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. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: Quoted prices (unadjusted) in active market for identical assets / liabilities.

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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

32. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
At 30 June 2020	--------------------	RUPEES IN THOUSAND	--------------------	
Freehold land	-	31,009	-	31,009
Buildings on freehold land	-	72,961	-	72,961
Plant and machinery	-	195,239	-	195,239
Power generation house	-	20,218	-	20,218
Total non-financial assets	-	319,427	-	319,427
At 30 June 2019				
Freehold land	-	31,009	-	31,009
Buildings on freehold land	-	77,796	-	77,796
Plant and machinery	-	218,101	-	218,101
Power generation house	-	21,416	-	21,416
Total non-financial assets	-	348,322	-	348,322

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.

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

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its freehold land, buildings on freehold land, plant and machinery and power generation house (classified as property, plant and equipment) after significant intervals. The management updates the assessment of the fair value of freehold land, buildings on freehold land, plant and machinery and power generation house taking into account the most recent independent valuations. The management determines the property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery and power generation house is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery and power generation house of the same specifications.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of freehold land, buildings on freehold land, plant, machinery and power generation house after significant intervals.

Changes in fair values are analyzed at each reporting date during discussion between the management of the Company and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

33. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 03, 2020 by the Board of Directors of the Company.

34. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made except for the following:

PARTICULARS	RECLASSIFICATION		AMOUNT
	FROM	TO	(RUPEES IN THOUSAND)
Security deposit	Capital work-in-progress	Long term deposits	1,768
Provision for taxation	Provision for taxation	Advance Income tax - net	7,219
Staff retirement gratuity	Staff retirement gratuity	Deferred liabilities	739
Deferred income tax liability	Deferred income tax liability	Deferred liabilities	55,269

35. GENERAL

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



CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

FORM 34

PATTERN OF SHAREHOLDING

1. Name of the Company **KHURSHID SPINNING MILLS LIMITED**

2. Incorporation Number **0014146**

3.1. Pattern of holding of the shares held by the shareholders as at **30-06-2020**

3.2 No. of Shareholders	------Shareholdings------ **From**	**To**	**Total Shares Held**
427	1	100	42,304
839	101	500	318,100
238	501	1,000	215,096
188	1,001	5,000	503,700
45	5,001	10,000	316,700
23	10,001	15,000	317,000
9	15,001	20,000	163,900
7	20,001	25,000	158,500
2	25,001	30,000	56,100
5	30,001	35,000	167,400
1	40,001	45,000	43,000
2	45,001	50,000	100,000
1	50,001	55,000	50,400
3	60,001	65,000	187,400
2	80,001	85,000	167,000
1	85,001	90,000	86,400
1	100,001	105,000	101,000
1	105,001	110,000	109,900
1	110,001	115,000	115,000
1	170,001	175,000	174,500
1	185,001	190,000	190,000
1	200,001	205,000	200,800
1	450,001	455,000	454,900
1	580,001	585,000	580,600
1	595,001	600,000	599,800
1	620,001	625,000	620,300
1	655,001	660,000	656,500
1	960,001	965,000	962,000
1	965,001	970,000	970,000
1	4,545,001	4,550,000	4,546,500
1,807			**13,174,800**

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	2,044,000	15.51%
2.3.2 Associated Companies, undertakings and related parties	4,546,500	34.51%
2.3.3 NIT and ICP	174,600	1.33%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	798,700	6.06%
2.3.5 Insurance Companies	108,600	0.82%
2.3.6 Modarabas and Mutual Funds	46,000	0.35%
2.3.7 Shareholders holding 10% or more as per 2.3.2		
2.3.8 General Public		
a. Local	5,134,800	38.97%
b. Foreign		
2.3.9 Others - Joint Stock Companies	321,600	2.44%
Total Ordinary Shares	**13,174,800**	**100.00%**

3. Signature of Chief Executive/Secretary	
4. Name of Signatory	**ALI MUDASSAR**
5. Designation	**COMPANY SECRETARY**
6. NIC Number	**35402-0165605-5**
7. Date	**03-10-2020**

Categories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2020

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	BEACON IMPEX (PRIVATE) LIMITED	4,546,500	34.51%
Mutual Funds (Name Wise Detail)		-	0.00%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MUHAMMAD ASHRAF	10,000	0.08%
2	MR. ZEESHAN SAEED	982,600	7.46%
3	MR. MUHAMMAD SHAHBAZ ALI	13,500	0.10%
4	MR. MUHAMMAD IQBAL	994,400	7.55%
5	MR. FASEEH UL ZAMAN	13,500	0.10%
6	MR. QAISER NASIR (Nominee of Becon Impex)	-	0.00%
7	MR. MUHAMMAD AMMAN ADIL (Nominee of Becon Impex)	-	0.00%
Executives:		-	0.00%
Public Sector Companies & Corporations:		-	0.00%
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		953,300	7.24%
Shareholders holding five percent or more voting intrest in the listed company (Name wise detail)			
1	BEACON IMPEX (PRIVATE) LIMITED	4,546,500	34.51%
2	MR. MUHAMMAD IQBAL	994,400	7.55%
3	MR. ZEESHAN SAEED	982,600	7.46%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	Name	Sale	Purchase
1	MR. MUHAMMAD IQBAL	-	970,000
2	MR. ZEESHAN SAEED	-	962,000


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KHURSHID SPINNING MILLS LIMITED

PROXY FORM

I/We……………………………………………………………………………………….

of…………………………………………………………………………………………..

In the district of……………………………………………being a member/members of

Khurshid Spinning Mills Limited holding………………..….………..Ordinary Share

of Rs. 10/-each hereby appoint Mr./Ms………………………………………………..…

of……………………………………………………………………………a member of

or falling him/her Mr./Ms. ……………………………………………………………….

of……………………………………………..…….who is also a member of the Company,

vide Registered Folio No. ……………CDC A/C NO…………………………………..as

my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 27 October 2020 at 03:00 P.M. at 133-134, Regency the Mall, Faisalabad - the Registered Office of the Company and at any adjournment thereof.

As witness my/our hand this……………………day of……………………..…2020

1. Witness…………………………
2. Witness…………………………

Date………………………………...

Place……………………………….

Please affix here
revenue stamp
or Rs. 5
and sign across

Signature should

Agree with the
Signature registered
With the Company

IMPORTANT

A member entitled to vote at the meeting may appoint a proxy. Proxy in order to be effective must be received at Registrars/Registered Office of the Company duly signed, stamped and witnessed not less than 48 hours before the meeting.

پراکسی فارم

حصص کی تعداد ---------------------- فولیو نمبر ---------------------- سی ڈی سی کھاتہ نمبر ----------------------

میں/ہم مسمی/مسماۃ -- ساکن ----------------------
بحیثیت ممبر خورشید اسپننگ ملز لمیٹیڈ، مسمی/مسماۃ ---------------------- ساکن ----------------------

کمپنی ممبر کو بطور (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کا سالانہ اجلاس عام منعقدہ بروز منگل بتاریخ 27 اکتوبر 2020 بوقت سہ پہر 03:00 بجے بشمول التوا سالانہ اجلاس عام بابت خورشید اسپننگ ملز لمیٹیڈ **133-134** ریجنسی دی مال فیصل آباد میں ووٹ ڈال سکے۔

دستخط بتاریخ ---------------- دن ---------------- 2020۔

باموجودگی گواہ مسمی/مسماۃ --
نام --
ولدیت/زوجیت --
ساکن / سکنہ --

دستخط ----------------------
گواہ کی موجودگی میں دستخط شدہ
(دستخط کمپنی میں موجود رجسٹرڈ کے مطابق ہونے چاہیں)

دستخط گواہ ----------------------
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ----------------------

پانچ روپے کی ریونیو سٹمپ

اہم نوٹ:
پراکسی فارم رجسٹرڈ آفس خورشید اسپننگ ملز لمیٹیڈ **133-134** ریجنسی دی مال فیصل آباد میں اجلاس کے انعقاد سے کم از کم ۴۸ گھنٹے پہلے جمع کرانا لازمی ہے۔ بشمول رسیدی ٹکٹ، دستخط شدہ ممبر اور گواہ شدہ۔ بصورت دیگر قابل قبول نہ ہوگا۔