



**KHURSHID SPINNING
MILLS LIMITED**

**2021
ANNUAL REPORT**





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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. Muhammad Ashraf	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, Sheikhpura 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.



CHAIRMAN'S REVIEW

The Board comprises of competent and proficient leaders with expertise in diverse fields of the corporate world. The Board devises all major policies and strategies to efficiently and effectively manage the Company and is adamant about promoting and enabling modernization within the Company. The governance of the Board is in accordance with the relevant laws and regulations, and its obligations, rights, responsibilities, and duties are as specified and prescribed therein.

The country's economy suffered due to COVID-19 pandemic but a V-shaped restoration started during the reporting period. Therefore, your Company was successfully able to get continuous commercial business operations and rapid growth. The economy stabilized with improvement and healthy business environment. Due to overall economic situation and well contained pandemic, your Company has showed encouraging results. Substantial growth in revenue witnessed during the year under review.

The Board continuously strives to achieve the set business goals and objectives and remains vigilant of the Company's financial performance. Oversight on these measures was carried out on a consistent basis through the presentations by the management and auditors. The Board also keeps continuous supervision of the following:

- Quality standards of its product
- Stable and continual growth
- Encouraging diversity and upholding ethical behavior
- Development of skillful resources to attain
- Advancement and excellence

In the end, I want to thank you all for your continued support and placing your confidence in the Board to lead the Company to greater heights of corporate performance in the coming years.

Chairman

Faisalabad:
September 24, 2021

**DIRECTORS' REPORT TO THE MEMBERS**

The Directors of the Company takes pleasure in presenting before you 36th directors' report of the Company, comprising of the audited financial statements for the year ended June 30, 2021 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

	2021	2020
	(RUPEES IN THOUSAND)	
REVENUE	973,065	626,656
COST OF SALES	(864,864)	(566,749)
GROSS PROFIT	108,201	59,907
DISTRIBUTION COST	(3,007)	(337)
ADMINISTRATIVE EXPENSES	(22,046)	(16,572)
OTHER EXPENSES	(8,622)	(3,778)
OTHER INCOME	12,362	764
FINANCE COST	(9,412)	(19,087)
PROFIT BEFORE TAXATION	77,476	20,897
TAXATION	(44,264)	(3,000)
PROFIT AFTER TAXATION	<u>33,212</u>	<u>17,897</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>2.52</u>	<u>1.36</u>

FINANCIAL HIGHLIGHTS

The offtake during the year was very good as during financial year ended June 30, 2021, the Company shows profit after taxation of Rupees 33.212 million as compared to previous year's profit after taxation of Rupees 17.897 million. 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.

Despite the ongoing trade war among world economies, increased competition at national/international levels coupled with the impact of the COVID-19 pandemic, the Company had still managed to increase its sales. It is also expected that the Government, in order to boost the economy and confidence of investors, would continue its footprint in the coming year 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 remains conscious regarding its corporate social responsibility. During the current year, the Company prioritized its core value of being an environmentally conscious entity. Endorsing the idea of a greener Pakistan, staff members were provided tree saplings. The Company also ensured to keep its employees vaccinated and continued its operations with strict adherence to the SOPs.

SUBSEQUENT EVENTS

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

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, 2021 was Rupees 2.52 (2020: 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 2022.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2021 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 30 to the financial statements.

COMPOSITION OF THE BOARD

The Board of Directors as at June 30, 2021 consist of:

Total number of directors as per gender diversity:

- a) Male: **06**
- b) Female: **01**

Composition:

- a) Independent Director: **02** as named hereunder:
 - i. Mr. Sajid Hussain
 - ii. Mrs. Saira Affan
- b) Other Non-executive Directors: **03** as named hereunder:
 - i. Mr. Muhammad Ashraf
 - ii. Mr. Muhammad Amman Adil
 - iii. Mr. Qaiser Nasir



c) Executive Directors: **02** as named hereunder:

- i. Mr. Muhammad Iqbal
- ii. Mr. Zeeshan Saeed

BOARD OF DIRECTORS MEETINGS

During the year under review five 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	5
Mr. Zeeshan Saeed	5
Mr. Sajid Hussain	5
Mrs. Saira Affan	5
Mr. Muhammad Amman Adil	5
Mr. Qaiser Nasir	5

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. Sajid Hussain	4
Mr. Muhammad Amman Adil	4
Mr. Muhammad Ashraf	4

HUMAN RESOURCE & REMUNERATION COMMITTEE

One meeting of the HR & Remuneration Committee were held during the year, with the following attendance:

Name of Directors	Number of meetings attended
Mrs. Saira Affan	1
Mr. Qaiser Nasir	1
Mr. Muhammad Iqbal	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:
September 24, 2021**

Director

Chief Executive Officer



ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز مالی سال 30 جون 2021 کی 36 ویں رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔ جس کے ساتھ آڈیٹرز رپورٹ اور دوسری معلومات کوڈ آف کارپوریٹ گورننس منسلک 2019 اور کمپنیز ایکٹ 2017 کے مطابق لف ہیں۔

مالی کارکردگی:

مالیاتی نتائج کا خلاصہ درج ذیل ہے۔

2020	2021	
روپے ہزاروں میں	روپے ہزاروں میں	
626,656	973,065	آمدنی
(566,749)	(864,864)	لاگت آمدن
59,907	108,201	مجموعی نفع
(337)	(3,007)	فروخت و تقسیم کے اخراجات
(16,572)	(22,046)	انتظامی اخراجات
(3,778)	(8,622)	دیگر اخراجات
764	12,362	دیگر آمدن
(19,087)	(9,412)	مالی لاگت
20,897	77,476	قبل از ٹیکس نفع
(3,000)	(44,264)	ٹیکس
17,897	33,212	بعد از ٹیکس نفع
1.36	2.52	فی حصص نفع (روپوں میں)

30 جون 2021 کو ختم ہونے والے سال کے مالی نتائج میں مجموعی نفع 33,212 ملین روپے بعد از ٹیکس ہے۔ جبکہ پچھلے سال 17,897 ملین روپے بعد از ٹیکس نفع تھا۔ یہ منافع مستقبل میں بھی جاری رہے گا۔ اور اس کے نتائج منج سے شدت نقصانات کو بھی کم کر دیں گے۔ موجودہ تناسب میں بہتری آئے گی۔ اور اس سے کمپنی کو اپنی پیداواری سہولیات میں بہتری اور اضافہ کرنے میں مدد ملے گی۔ عالمی معیشتوں کے درمیان جاری جنگ کے باوجود covid-19 وبائی امراض کے اثرات اور قومی اور بین الاقوامی سطح پر بڑھتی ہوئی مسابقت کے باوجود کمپنی اپنی فروخت بڑھانے میں کامیاب رہی ہے۔ یہ نفع بھی کی جاتی ہے کہ یہ کمپنی مستحکم اور سرمایہ کاروں کے اعتماد کو بڑھانے کے لئے آنے والے سالوں میں بھی یہ اقدامات بھی جاری رکھے گی۔

صحت، سلامتی اور ماحول:

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

کاروباری سماجی ذمہ داری:

کمپنی یقین رکھتی ہے کہ کارپوریٹ سماجی ذمہ داری کو ہر مرحلہ پر سہولت سے سرانجام دیا جائے۔ کمپنی ملازمین اور عوام کے تحفظ اور صحت کے خطرے سے بچاؤ کے لیے محفوظ کام کرنے والے حالات کو برقرار رکھتی ہے۔ سرسبز پاکستان کے قیام کی تائید کرتے ہوئے تمام ملازمین کو درخت لگانے کی ہدایت کی گئی ہے۔ covid-19 وبائی امراض کو اس مشکل وقت میں اپنے ملازمین کی برہنہ مدد کر رہی ہے۔ وہاں کے دنوں میں کمپنی نے حفاظتی تدابیر پر عمل کیا ہے۔ کمپنی نے اپنے ملازمین کو حفاظتی ٹیکے لگانے کو بھی یقینی بنایا۔ تاکہ وہ اپنے کام احسن طریقے سے جاری رکھ سکیں۔

اہم تبدیلیاں:

مالی سال کے اختتام کے دوران کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلی اور وعدہ نہیں کیا گیا۔

ماحولیات پر کمپنی کے کاروبار کا اثر:

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

مالی ریسک منجنت:

کمپنی کی سرگرمیاں اس کو متعدد مالی خطرات بشمول (مارکیٹ کا خطرہ، کرنسی کا خطرہ، قیمت کا خطرہ، اور سودی شرح نمو) سے دوچار کرتی ہیں۔ ادھار کا خطرہ اور لیگنڈ پین کا خطرہ، کمپنی کا مجموعی ریسک منجنت پر دوگرام مالی منڈیوں کی غیر متوقع صلاحیت پر مرکوز ہے۔ اور مالی کارڈنگ پر پائے جانے والے نکتہ مشقی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی کا ٹیکس کا خطرہ اور مالی خطرات کا جائزہ لیتا ہے۔ اور ان کی تشخیص کرتا ہے۔ بورڈ مجموعی طور پر ریسک منجنت کے اصولوں کے ساتھ کرنسی ریسک، دیگر قیمتوں کا خطرہ، سودی شرح کا خطرہ، ادھار کا خطرہ اور لیگنڈ پین کا خطرہ جیسے مخصوص معاملات کو سنبھالنے والی پالیسیاں سنبھالتا 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 کارکردگی، لاگت کنٹرول اور داخلی اخراجات کم سے کم سطح تک بہتر بنانے کے لیے اپنی بھرپور کوششیں کر رہے ہیں۔ سال کے دوران کمپنی نے منافع کمانے اور اس کے جمع شدہ تنصاات کو کم سے کم کرنے کے لئے موثر اعزاز میں منصوبہ بندی کی ہے۔ اور اچھی کارکردگی کا مظاہرہ کیا ہے۔ ہم آنے والے سالوں میں اپنی آمدنی اور منافع میں حوصلہ افزائی کی توقع کر رہے ہیں۔

منافع ادا کیا:

کمپنی کے جمع شدہ خسارے کی وجہ سے ڈائریکٹرز نے منافع زدیے کی سفارش کی ہے۔

فی حصص منافع:

مالی سال 30 جون 2021 میں فی حصص منافع 2.52 روپے تھا۔ (2020: 1.36 روپے)

کلیدی آپریٹنگ اور مالی اعداد و شمار:

کلیدی آپریٹنگ اور مالی اعداد و شمار کا پچھلے پھر سالوں کا خلاصہ لگ ہے۔

آڈیٹرز:

موجودہ آڈیٹرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے بعد از ریاز منٹ 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 اکاؤنٹنٹس کو دوبارہ اگلے مالی سال 30 جون 2022 کیلئے تقرری کی سفارش کی ہے۔

شیئرز ہولڈرز کی ترتیب:

30 جون 2021 کی شیئرز ہولڈرز کی ترتیب لگ ہے۔

کوڈ آف کارپوریٹ گورننس:

کوڈ آف کارپوریٹ گورننس کا بیانہ کوڈ آف کارپوریٹ گورننس قواعد و ضوابط 2019 کے تحت لگ ہے۔

کارپوریٹ اور ناقل رپورٹنگ فریم ورک کا بیانہ:

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کئے جانے والے مالیاتی پینٹیشن منصفانہ طور پر کمپنی کے امور، اپریشنز کے نتائج، یکیش فلوز اور انیکوٹی میں تبدیلی بیان کرتے ہیں۔
- 2- کمپنی کے اکاؤنٹس کی بکس کی معقول دیکھ بھال کی گئی ہے۔
- 3- مناسب اکاؤنٹنگ پالیسیوں کو مالی بیانات کی تیاری میں لاگو کیا گیا ہے۔ اور اکاؤنٹنگ صحیح معقول، دانشندانہ فیصلوں پر مبنی ہیں۔
- 4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں بھی لاگو ہیں ان کی تمام تفصیلات پینٹیشن میں بحال ہیں۔
- 5- اندرونی کنٹرول کے نظام کا ڈیزائن بالکل ٹھیک ہے اور اسے اچھے طریقے سے لاگو اور مینٹری کیا گیا ہے۔
- 6- کمپنی کے جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7- متعلقہ فریقوں کے ساتھ تمام لین دین کو ایجاہداری سے انجام دیا گیا ہے۔ اور متعلقہ نوٹ کے ساتھ آشرف کیا گیا ہے۔
- 8- کمپنی کے پاس ایک پالیسی ہے۔ جس میں ڈائریکٹرز کے معاوضے کو درست کرنے کے شفاف طریقے کا کوئی بھی نیا یا گہرا اور کوئی بھی ڈائریکٹرز اپنے معاوضے کو تین میں ٹوٹ نہیں ہے۔ ڈائریکٹرز اور سی. ای. او. (C.E.O) کی معاوضے سے متعلق معلومات کے لئے براہ کرم مالی بیانات پر نوٹ 30 دیکھیں۔

بورڈ کی ترتیب:

30 جون 2021 تک ان افراد کے نام جو کے مالی سال کے دوران بورڈ آف ڈائریکٹرز تھے۔

صنعتی صنایع کے مطابق ڈائریکٹرز کی تعداد یہ ہے:

مرد: 06

خواتین: 01

آزاد ڈائریکٹرز دو ہیں جن کے نام درج ذیل ہیں:

جناب ساجد حسین

سز ساروہ خان

غیر ایگزیکٹو ڈائریکٹرز تین ہیں جن کے نام درج ذیل ہیں:

جناب محمد اشرف

جناب محمد امان عادل

جناب قیس ناصر

ایگزیکٹو ڈائریکٹرز دو ہیں جن کے نام درج ذیل ہیں:

جناب محمد اقبال چیف ایگزیکٹو آفیسر

جناب بیان سعید ڈائریکٹر



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

ڈائریکٹرز کے نام	حاضری
جناب محمد اشرف	05
جناب محمد اقبال	05
جناب ذیشان سعید	05
جناب ساجد حسین	05
مسز سائرہ حفان	05
جناب محمد امان عادل	05
جناب قیصر ناصر	05

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

ڈائریکٹرز کے نام	حاضری
جناب ساجد حسین	04
جناب محمد امان عادل	04
جناب محمد اشرف	04

انسانی وسائل اور معاوضہ کی کمیٹی:

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

ڈائریکٹرز کے نام	حاضری
مسز سائرہ حفان	01
جناب قیصر ناصر	01
جناب محمد اقبال	01

ڈائریکٹرز کا معاوضہ:

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

- 1- کمیٹی اپنے فیئر ایگریمنٹ ڈائریکٹرز کو کسی معاوضے کی ادائیگی نہیں کرتی گی۔ اسوائے ان کے بورڈ اور اس کے کمیٹی کے اجلاسوں میں شرکت کے۔
- 2- ڈائریکٹرز کا معاوضہ اور مینٹنس فیس بورڈ آف ڈائریکٹرز کے ذریعے طے اور منظوری کی جائے گی۔ مشاہدہ کی بورڈ میں مناسب اور باصلاحیت امیدواروں کو متوجہ کرنے کے لئے تشکیل کیا گیا ہے۔
- 3- کوئی بھی ڈائریکٹر اپنے معاوضے کے تعین میں موثر نہیں ہے۔

اقدامات کا توازن:

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

1- کمیٹی کے تاثرات کی مخالفت کرنا۔

2- قابل اطلاق قوانین اور ضابطے کی تعمیل۔

3- قابل اعتماد مالیاتی بیانیہ

کمیٹی کا اندرونی آڈٹ فنکشن باقاعدہ طور پر معیاری آپریشن طریقہ کار اور اس سے متعلق مالیاتی کنٹرول کے نفاذ کی نگرانی کرتا ہے۔

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

سالانہ بورڈ کی کارکردگی کا جائزہ:

بورڈ اپنی کارکردگی کی تفصیلات کو گورننگ بڈی کے ممبروں کے سامنے پیش کرتا ہے۔ کیونکہ یہ ایک ممبروں کے تاثرات پر دیتا ہے۔ کہ بورڈ اس وقت اپنے کردار اور ذمہ داریوں کو کس طرح ادا کر رہا ہے۔ اس کا جائزہ لینے ہوئے بورڈ نے اپنی کمیٹیاں 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 کیا ہے۔ کمیٹی کی بورڈ پر بحث و مباحثہ کے لئے غلام۔ رپورٹ پیش کرتا ہے۔

اعتراف:

بورڈ آف ڈائریکٹرز مالیاتی اداروں، بیئر ہولڈرز اور ماہرین کے تعاون اور محنت کی قدر کرتا ہے

بورڈ آف ڈائریکٹرز کی جانب سے:

محمد اقبال
 چیف ایگزیکٹو آفیسر
 جناب ذیشان سعید
 ڈائریکٹر

فیصل آباد
 24 ستمبر 2021

**KEY OPERATING AND FINANCIAL DATA**

	2021	2020	2019	2018	2017	2016
	------(RUPEES IN THOUSAND)-----					
Summary of Statement of Profit or Loss						
Profit/(Loss) before taxation	77,476	20,897	(22,408)	(4,351)	(2,286)	(23,999)
Taxation	(44,264)	(3,000)	7,953	1,076	2,202	3,378
Profit/(Loss) after taxation	33,212	17,897	(14,455)	(3,275)	(84)	(20,621)
Summary of Statement of Financial Position						
Total assets	516,401	653,866	368,017	390,355	413,361	437,392
Long term financing / loans	19,841	42,195	55,272	125,767	140,230	164,927
Deferred liabilities	23,772	18,546	-	-	-	-
Deferred income tax liability	57,477	48,858	56,008	57,837	63,870	71,374
Long term security deposits	30,000	30,000	-	-	-	-
Current liabilities	497,325	660,782	420,570	362,425	363,195	357,243
Net assets	<u>(112,014)</u>	<u>(146,515)</u>	<u>(163,833)</u>	<u>(155,674)</u>	<u>(153,934)</u>	<u>(156,152)</u>
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	122,679	135,029	150,725	155,452	164,389	174,225
Accumulated loss - net off equity portion of shareholders' loan	(379,776)	(426,627)	(459,641)	(456,209)	(463,406)	(475,460)
	<u>(112,014)</u>	<u>(146,515)</u>	<u>(163,833)</u>	<u>(155,674)</u>	<u>(153,934)</u>	<u>(156,152)</u>



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: Khurshid Spinning Mills Limited
Year Ending: 30 June 2021

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: Six
 - b. Female: One

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

Category	Name
Executive Directors	Mr. Muhammad Iqbal Mr. Zeeshan Saeed
Non-Executive Directors	Mr. Muhammad Ashraf Mr. Muhammad Amman Adil Mr. Qaiser Nasir
Independent Directors	Mr. Sajid Hussain Mrs. Saira Affan

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 one director of the company was arranged during the previous year as required by Rule 19 of the Regulations.

- Mr. Muhammad Iqbal

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. Sajid Hussain | (Chairman) |
| Mr. Muhammad Amman Adil | (Member) |
| Mr. Muhammad Ashraf | (Member) |
- b) HR and Remuneration Committee
- | | |
|--------------------|---------------|
| Mrs. Saira Affan | (Chairperson) |
| Mr. Qaiser Nasir | (Member) |
| Mr. Muhammad Iqbal | (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 2021
- b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2021
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; except for the independent directors in which fraction is not rounded up as one because the fraction (0.33) was less than 0.5.
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 requisite functions and appraises 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 2021 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 2021.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: September 24, 2021



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 2021, 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 2021 and of the profit, other comprehensive income, 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:

Sr. No.	Key audit matters	How the matter were addressed in our audit
1.	<p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 973.065 million for the year ended 30 June 2021.</p> <p>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.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none">- Summary of significant accounting policies, Revenue from contracts with customers (Note 2.17 to the financial statements).- Revenue (Note 20 to the financial statements).	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• 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.



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 & COMPANY
Chartered Accountants

Faisalabad

Date: September 24, 2021

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 (RUPEES IN THOUSAND)	2020
REVENUE	20	973,065	626,656
COST OF SALES	21	<u>(864,864)</u>	<u>(566,749)</u>
GROSS PROFIT		108,201	59,907
DISTRIBUTION COST	22	(3,007)	(337)
ADMINISTRATIVE EXPENSES	23	(22,046)	(16,572)
OTHER EXPENSES	24	(8,622)	(3,778)
OTHER INCOME	25	12,362	764
FINANCE COST	26	(9,412)	(19,087)
PROFIT BEFORE TAXATION		<u>77,476</u>	<u>20,897</u>
TAXATION	27	(44,264)	(3,000)
PROFIT AFTER TAXATION		<u>33,212</u>	<u>17,897</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	28	<u>2.52</u>	<u>1.36</u>

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 2021**

	2021	2020
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	33,212	17,897
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement gain / (loss) arising on staff retirement gratuity	1,810	(579)
Related deferred income tax liability	(521)	-
	1,289	(579)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year-net of tax	1,289	(579)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>34,501</u>	<u>17,318</u>

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 2021**

	SHARE CAPITAL	CAPITAL RESERVES		TOTAL	ACCUMULATED LOSS	TOTAL EQUITY
		Equity portion of former shareholders' loan	Surplus on revaluation of property, plant and equipment - net of deferred income tax			
	131,748	13,335	150,725	164,060	(459,641)	(163,833)
----- (RUPEES IN THOUSAND) -----						
Balance as at 01 July 2019						
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)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(12,350)	(12,350)	12,350	-
Profit for the year	-	-	-	-	33,212	33,212
Other comprehensive income for the year	-	-	-	-	1,289	1,289
Total comprehensive income for the year	-	-	-	-	34,501	34,501
Balance as at 30 June 2021	131,748	13,335	122,679	136,014	(379,776)	(112,014)

Balance as at 01 July 2019

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment - net of deferred income tax

Profit for the year

Other comprehensive loss for the year

Total comprehensive income for the year

Balance as at 30 June 2020

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

Balance as at 30 June 2021

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 2021**

	2021	2020
	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	77,476	20,897
Adjustments for non-cash charges and other items:		
Depreciation	31,318	32,456
Provision for staff retirement gratuity	10,855	7,033
Loss on disposal of property, plant and equipment	-	2,678
Amortization of deferred income - Government grant	(3,194)	(4)
Other receivables written off	2,329	-
Gain on remeasurement of Gas Infrastructure Development Cess (GIDC)	(1,025)	-
Profit on saving account	(227)	-
Finance cost	9,412	19,087
	<u>126,944</u>	<u>82,147</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(11,836)	(22,309)
Stock in trade	(8,054)	-
Trade debts	(67,362)	(3,415)
Loans and advances	16,810	(19,928)
Prepayments and other receivables	640	(640)
	(69,802)	(46,292)
(Decrease) / increase in trade and other payables	(78,658)	305,252
Cash (used in) / generated from operations	(21,516)	341,107
Finance cost paid	(1,475)	(24,774)
Staff retirement gratuity paid	(3,240)	(3,166)
Long term deposits paid	(800)	-
Income tax paid	(16,224)	(15,695)
Net cash (used in) / generated from operating activities	(43,255)	297,472
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(51,091)	(16,855)
Proceeds from disposal of property, plant and equipment	-	1,704
Profit on saving account received	103	-
Net cash used in investing activities	(50,988)	(15,151)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(83,448)	(36,260)
Proceeds from long term financing	57,788	22,195
Short term borrowings - net	(95,000)	(15,000)
Net cash used in financing activities	(120,660)	(29,065)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(214,903)	253,256
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	254,531	1,275
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 19)	<u>39,628</u>	<u>254,531</u>

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 2021**

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 and also deals in trading of fabric / made ups. The manufacturing facility of the Company is situated at 35 Kilometers, Main Sheikhpura Road, Mouza Johal, Tehsil Jaranwala, District Faisalabad.

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 except as otherwise stated in the respective accounting policies.

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 estimates for revalued amounts of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. 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

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales. 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 7.1.5 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.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are 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.

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 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends 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 those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which 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 the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.



Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies 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 e.g. when testing etc., 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 those amendments retrospectively, but only to items of property, plant and equipment that 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.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting 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.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

COVID-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. 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.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on the financial statements.

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 2021 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.

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 and equipment

a) 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. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction and installation. These are transferred to operating fixed assets as and when these are available for use. 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.

b) 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 13.1. The Company charges 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.



c) 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 Inventories

Inventories, except for stock in transit, are stated at the lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of purchase and the estimated costs necessary to make a sale. Cost is determined as follows:

Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. 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.

Stock in trade

These are valued at the lower of cost and net realizable value. Cost is determined as follows:

Finished goods are valued at cost comprising invoice value plus other charges paid thereon.

Stocks-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life 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 for 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 impairment losses had not 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, saving and deposit 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. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. 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 recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

iv) De-recognition of financial assets and financial liabilities

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.

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.

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 losses.

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 normally the transaction cost.

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.

Interest

Interest / profit on bank deposit / saving accounts is recognized on accrual basis.

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 per share

The Company presents Earnings Per Share (EPS) data for its ordinary shares. EPS 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 (2020: 13 174 800) ordinary shares of Rupees 10 each fully paid up in cash. 4 546 500 ordinary shares (2020: 4 546 500) of the Company are held by Beacon Impex (Private) Limited - an associate.

	2021	2020
	(RUPEES IN THOUSAND)	
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Balance as on 01 July	135,029	150,725
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	(12,350)	(13,899)
	(12,350)	(15,696)
Balance as on 30 June	<u>122,679</u>	<u>135,029</u>

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



	2021 (RUPEES IN THOUSAND)	2020
5. LONG TERM FINANCING		
From banking company-secured		
The Bank of Punjab		
Demand Finance - II (Note 5.1)	-	59,918
SBP-Refinance Scheme (Note 5.2)	57,713	20,391
	<u>57,713</u>	<u>80,309</u>
Less: Current portion shown under current liabilities (Note 11)	37,872	38,114
	<u>19,841</u>	<u>42,195</u>
5.1 This Demand Finance-II was 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 was non-interest bearing and was repayable in 12 equal quarterly installments of Rupees 9.065 million each, commenced from 30 June 2019. This demand finance was secured by way of creation of first exclusive equitable mortgage of Rupees 419.521 million on Company's fixed assets located at 35-Kilometers Sheikhpura Road, Faisalabad and personal guarantee of the directors of the Company. The Company has fully paid the outstanding balance on 12 February 2021.		
5.1.1 The Company 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 was the fair market rate applicable on the financial instruments of similar nature and condition. The effective cost of funds rate was 5.82 percent (2020: 5.82 percent) per annum. The reconciliation of principal amount and carrying value is given hereunder:		
Principal outstanding	63,452	99,712
Effect of adjustment	(3,534)	(8,180)
Amortization charged to statement of profit or loss using the effective interest method (Note 26)	3,534	4,646
Less: Paid during the year	(63,452)	(36,260)
Carrying value as at 30 June	<u>-</u>	<u>59,918</u>
5.2 These represent long term loans obtained under SBP refinance scheme for payment of wages and salaries to workers. The effective interest rate is calculated at 9.26% and 9.30% per annum as these loans have been recognized at the present value. These are repayable in eight equal installments starting from 01 January 2021. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The reconciliation of the carrying amount is as follows:		
Balance at beginning of the year	20,391	-
Disbursements during the year	57,788	22,195
Repayments during the year	(19,996)	-
	<u>58,183</u>	<u>22,195</u>
Discounting adjustments for recognition at fair value - deferred government grant (Note 7.2)	(3,668)	(1,804)
Unwinding of discount on liability (Note 26)	3,198	-
Balance as at end of the year	<u>57,713</u>	<u>20,391</u>
5.2.1 SBP-Refinance facility is secured by way of creation of first exclusive charge of Rupees 419.521 million on Company's fixed assets located at 35-Kilometers Sheikhpura Road, Faisalabad along with personal guarantee of the directors of the Company and corporate guarantee of Beacon Impex (Private) Limited, the associate.		
6. DEFERRED INCOME TAX LIABILITY		
Balance as on 01 July	-	55,269
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
	<u>-</u>	<u>6,411</u>
Deferred income tax liability	<u>-</u>	<u>48,858</u>



- 6.1** Uptill 30 June 2020 the Company accounted for deferred income tax liability on surplus on revaluation of property, plant and equipment due to having deferred income tax asset of Rupees 10.362 million, and due to not foreseeing sufficient taxable profits in future, deferred income tax asset was not created. However during current year, deferred income tax liability has been created due to elimination of the unused tax losses. The calculation is given hereunder:

	2021	2020
	(RUPEES IN THOUSANDS)	
Taxable temporary differences on		
Accelerated tax depreciation	67,975	-
Deductible temporary differences on		
Provision for staff retirement gratuity	6,667	-
Provision for deferred income - Government grant	655	-
Provision for GIDC	3,176	-
	10,498	-
Deferred income tax liability	<u>57,477</u>	<u>-</u>
7. DEFERRED LIABILITIES		
Staff retirement gratuity - (Note 7.1)	23,148	17,918
Deferred income - Government grant (Note 7.2)	155	628
Gas Infrastructure Development Cess (GIDC) - (Note 7.3)	469	-
	<u>23,772</u>	<u>18,546</u>

7.1 STAFF RETIREMENT GRATUITY

The actuarial valuation of the staff retirement gratuity was conducted on 30 June 2021 using the Projected Unit Credit Actuarial Cost Method.

7.1.1 Movement in the present value of staff retirement gratuity

Balance at the beginning of the year	17,918	739
Add:		
Provision for the year (Note 7.1.2)	10,855	7,033
Remeasurements recognized in other comprehensive income (Note 7.1.3)	(1,810)	579
Transferred from other companies	-	13,420
	26,963	21,771
Less:		
Payments made during the year	(3,240)	(3,166)
Increase in current liability - net	(575)	(687)
	(3,815)	(3,853)
Balance at the end of the year	<u>23,148</u>	<u>17,918</u>

7.1.2 Provision for the year

Current service cost	6,929	7,134
Past service cost	2,565	-
Interest cost	1,361	(101)
	<u>10,855</u>	<u>7,033</u>

7.1.3 Remeasurements recognized in other comprehensive income

Actuarial loss from changes in financial assumptions	120	-
Experience adjustments	(1,930)	579
	<u>(1,810)</u>	<u>579</u>

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

Present value of defined benefit obligation as at 01 July	17,918	739
Current service cost	6,929	7,134
Past service cost	2,565	-
Interest cost	1,361	(101)
Transferred from other companies	-	13,420
Benefits paid during the year	(3,240)	(3,166)
Benefits due but not yet paid	(575)	(687)
Experience adjustments	(1,810)	579
Present value of defined benefit obligation as at 30 June	<u>23,148</u>	<u>17,918</u>



	2021	2020
7.1.5 Principal actuarial assumptions used		
Discount rate for interest cost in profit or loss charge (per annum)	8.50%	8.50%
Discount rate for year end obligation (per annum)	10.00%	8.50%
Expected rate of increase in salary (per annum)	9.00%	7.50%
Average duration of the benefit (years)	7	7
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

7.1.6 Sensitivity analysis for actuarial assumptions

The calculation of staff retirement gratuity is sensitive to assumptions given in Note 7.1.5. The related sensitivity is as follows:

Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(2,089)	(1,915)
Decrease in assumption (Rupees in thousand)	1,167	731
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	1,234	783
Decrease in assumption (Rupees in thousand)	(2,177)	(1,985)

7.1.7 Projected benefit payments from plan

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

Year(s)	2021	2020
	(RUPEES IN THOUSAND)	
2021	-	3,139
2022	4,321	2,976
2023	6,653	3,448
2024 to 2031	51,433	24,824
2032 and onwards	382,459	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.

7.1.8 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2022 are Rupees 13.689 million.

7.1.9 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.

7.2 DEFERRED INCOME - GOVERNMENT GRANT

Opening balance as on 01 July	1,800	-
Recognized during the year (Note 5.2)	3,668	1,804
Amortized during the year (Note 25)	(3,194)	(4)
	<u>2,274</u>	<u>1,800</u>
Less: Current portion shown under current liabilities (Note 11)	2,119	1,172
Closing Balance as on 30 June	<u>155</u>	<u>628</u>

7.2.1 This represents deferred government grant in respect of long term loans obtained under SBP refinance scheme for payment of wages and salaries to workers as disclosed in Note 5.2 to the financial statements.



	2021	2020
	(RUPEES IN THOUSAND)	
7.3 GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE		
Balance at the beginning of the year	9,388	-
Recognized during the year	1,960	9,388
Less: Gain on remeasurement of GIDC (Note 25)	(1,025)	-
Add: Unwinding of discount on GIDC payable (Note 26)	705	-
	11,028	9,388
Less: Current portion shown under current liabilities (Note 11)	(10,559)	(9,388)
	469	-
<p>This represents non-current portion of Gas Infrastructure Development Cess (GIDC) payable to Sui Northern Gas Pipelines Limited (SNGPL). During previous years, the Company, along with various other companies had challenged the legality and validity of levy and demand of GIDC in Lahore High Court, Lahore which was pending adjudication at the end of last year. However, during the year, Supreme Court of Pakistan vide judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC, has decided the case in favor of SNGPL. Now the Company has to pay the balance amount of GIDC in 24 equal monthly installments. This liability has been recognized at fair value using discount rate of 9.26% per annum and the difference between the fair value and the total amount of liability is recognized in statement of profit or loss as other income. Subsequent to initial recognition, the effect of unwinding of liability is recognized in statement of profit or loss as finance cost.</p>		
8. LONG TERM SECURITY DEPOSIT		
<p>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.</p>		
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	67,116	24,476
Contract liabilities - unsecured	-	176,656
Accrued liabilities	92,095	47,328
Income tax deducted at source	98	93
Sales tax payable	7,996	4,028
Workers' profit participation fund (Note 9.2)	4,279	1,100
Workers' welfare fund (Note 24)	2,105	-
	173,689	253,681
9.1	As at 30 June 2021, trade creditors due to the associate, Beacon Impex (Private) Limited are amounting to Rupees 18.536 million (2020: Rupees Nil).	
9.2 Workers' profit participation fund		
Balance as at 01 July	1,100	-
Add: Provision for the year (Note 24)	4,188	1,100
Add: Interest for the year (Note 26)	51	-
	5,339	1,100
Less: Payments during the year	1,060	-
	4,279	1,100
9.2.1	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.	
10. SHORT TERM BORROWINGS		
<p>This represents unsecured interest free loan obtained from Beacon Impex (Private) Limited - the associate for working capital management and repayable uptill 30 September 2021.</p>		
11. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	37,872	38,114
Deferred income - Government grant (Note 7.2)	2,119	1,172
GIDC payable (Note 7.3)	10,559	9,388
	50,550	48,674
12. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
<p>Guarantees of Rupees 20 million (2020: Rupees 20 million) are given by the Bank of the Company to SNGPL against gas connections.</p>		
b) Commitments		
<p>There was no commitment as at 30 June 2021 (2020: Rupees Nil).</p>		



2021 **2020**
(RUPEES IN THOUSAND)

13. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 13.1)	338,533	327,724
Capital work-in-progress (Note 13.2)	14,084	5,120
	<u>352,617</u>	<u>332,844</u>

13.1. 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 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	<u>31,009</u>	<u>77,796</u>	<u>218,101</u>	<u>107</u>	<u>445</u>	<u>263</u>	<u>21,416</u>	<u>3,066</u>	<u>233</u>	<u>391</u>	<u>352,827</u>
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	<u>31,009</u>	<u>72,961</u>	<u>195,239</u>	<u>96</u>	<u>499</u>	<u>2,024</u>	<u>20,218</u>	<u>5,116</u>	<u>210</u>	<u>352</u>	<u>327,724</u>
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	<u>31,009</u>	<u>72,961</u>	<u>195,239</u>	<u>96</u>	<u>499</u>	<u>2,024</u>	<u>20,218</u>	<u>5,116</u>	<u>210</u>	<u>352</u>	<u>327,724</u>
Year ended 30 June 2021											
Opening net book value	31,009	72,961	195,239	96	499	2,024	20,218	5,116	210	352	327,724
Additions	-	8,264	19,455	-	164	6,661	3,091	4,492	-	-	42,127
Depreciation charge	-	(7,517)	(19,880)	(10)	(59)	(972)	(2,115)	(709)	(21)	(35)	(31,318)
Closing net book value	<u>31,009</u>	<u>73,708</u>	<u>194,814</u>	<u>86</u>	<u>604</u>	<u>7,713</u>	<u>21,194</u>	<u>8,899</u>	<u>189</u>	<u>317</u>	<u>338,533</u>
At 30 June 2021											
Cost / revalued amount	31,009	90,444	621,753	1,157	3,313	26,162	73,959	25,670	5,835	2,195	881,497
Accumulated depreciation	-	(16,736)	(426,939)	(1,071)	(2,709)	(18,449)	(52,765)	(16,771)	(5,646)	(1,878)	(542,964)
Net book value	<u>31,009</u>	<u>73,708</u>	<u>194,814</u>	<u>86</u>	<u>604</u>	<u>7,713</u>	<u>21,194</u>	<u>8,899</u>	<u>189</u>	<u>317</u>	<u>338,533</u>
Annual rate of depreciation (%)	-	10	10	10	10	20	10	10	10	10	10



13.1.1 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	51,847	27,622	24,225
Plant and machinery	286,241	192,019	94,222
Power generation house	61,856	47,138	14,718
2021	420,963	266,779	154,184
2020	390,153	254,613	135,540

2021 **2020**
(RUPEES IN THOUSAND)

13.1.2 Depreciation charged during the year has been allocated as follows:

Cost of sales (Note 21)	30,277	32,209
Administrative expenses (Note 23)	1,041	247
	<u>31,318</u>	<u>32,456</u>

13.1.3 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 Sheikhpura Road, Mouza Johal, Faisalabad	42.77	142 877

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

13.2 Capital work-in-progress

	Buildings on freehold land	Plant and machinery	Power generation house	Electric installations	Total
----- RUPEES IN THOUSAND -----					
As at 01 July 2019	-	-	-	-	-
Add: Additions during the year	8,185	-	-	-	8,185
Less: Transferred to operating fixed assets during the year	(3,065)	-	-	-	(3,065)
As at 30 June 2020	5,120	-	-	-	5,120
Add: Additions during the year	1,026	1,942	2,953	3,043	8,964
As at 30 June 2021	<u>6,146</u>	<u>1,942</u>	<u>2,953</u>	<u>3,043</u>	<u>14,084</u>

2021 **2020**
(RUPEES IN THOUSAND)

14. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	15,919	13,236
Spare parts	18,102	9,022
Loose tools	124	51
	<u>34,145</u>	<u>22,309</u>

15. STOCK IN TRADE

Finished goods	8,054	-
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16. TRADE DEBTS

Considered good:

Unsecured (Note 16.1)	<u>70,777</u>	<u>3,415</u>
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	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
16.1 Trade debts in respect of foreign and local jurisdictions is given under:		
Asia	8,853	-
Pakistan	61,924	3,415
	<u>70,777</u>	<u>3,415</u>
16.2 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 7 to 30 days from delivery in case of local sales and 180 days from the date of shipment in case of export sales.		
16.3 As at 30 June 2021, trade debts of Rupees 11.628 million (2020: Rupees 3.415 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing of these trade debts is as follows:		
Upto 1 month	9,773	2,415
1 to 6 months	1,855	5
More than 6 months	-	995
	<u>11,628</u>	<u>3,415</u>
17. LOANS AND ADVANCES		
Considered good:		
Employees - interest free : against salary (Note 17.1)	2,272	1,750
against expenses	395	18,283
Advance to suppliers	88	60
Advance income tax - net	-	10,732
	<u>2,755</u>	<u>30,825</u>
17.1 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.		
18. PREPAYMENTS AND OTHER RECEIVABLES		
Considered good:		
Prepayments	-	640
Profit on saving account receivable	124	-
Sales tax refundable	-	1,801
	<u>124</u>	<u>2,441</u>
19. CASH AND BANK BALANCES		
Cash with banks:		
on current accounts	38,266	254,317
on saving account (Note 19.1)	888	-
	39,154	254,317
Cash in hand	474	214
	<u>39,628</u>	<u>254,531</u>
19.1 Rate of profit on saving account is 5.50% per annum (2020: Nil).		
20. REVENUE		
Revenue from contracts with customers:		
Export sales	13,496	-
Conversion and doubling income	1,122,696	733,187
Less: Sales tax	(163,127)	(106,531)
	959,569	626,656
	<u>973,065</u>	<u>626,656</u>
20.1 The amount of Rupees 176.656 million included in contract liabilities (Note 9) as at 30 June 2020 has been recognized as revenue in 2021 (2020: Rupees Nil).		



	2021	2020
	(RUPEES IN THOUSAND)	
21. COST OF SALES		
Salaries, wages and other benefits	345,369	215,754
Staff retirement benefit	9,911	6,603
Cost of finished goods sold	11,188	-
Fuel and power	295,107	189,665
Telephone	334	223
Stores, spare parts and loose tools consumed	55,132	35,849
Packaging materials and other charges	31,032	13,665
Repair and maintenance	19,314	14,321
Travelling and conveyance	4,579	4,146
Transportation and handling	1,232	318
Rent, rates and taxes	50,400	46,200
Other factory overheads	8,063	5,143
Insurance	2,926	2,653
Depreciation (Note 13.1.2)	30,277	32,209
	<u>864,864</u>	<u>566,749</u>
22. DISTRIBUTION COST		
Salaries and other benefits	2,100	-
Staff retirement benefit	117	-
Commission to selling agents	138	125
Outward freight and handling	652	212
	<u>3,007</u>	<u>337</u>
23. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	9,785	9,128
Staff retirement benefit	827	430
Travelling and conveyance	101	112
Advertisement, printing and stationery	392	147
Electricity, sui gas and water	1,138	680
Postage and telephone	433	337
Rent, rates and taxes	1,200	1,200
Repair and maintenance	1,419	1,196
Auditor's remuneration (Note 23.1)	925	750
Legal and professional	1,419	811
Fee, subscription and periodicals	2,715	1,354
Entertainment	305	153
Others	346	27
Depreciation (Note 13.1.2)	1,041	247
	<u>22,046</u>	<u>16,572</u>
23.1 Auditor's remuneration		
Statutory audit	700	600
Other certifications including half yearly review	225	150
	<u>925</u>	<u>750</u>
24. OTHER EXPENSES		
Workers' profit participation fund (Note 9.2)	4,188	1,100
Workers' welfare fund (Note 9)	2,105	-
Loss on sale of property, plant and equipment	-	2,678
Other receivables written off	2,329	-
	<u>8,622</u>	<u>3,778</u>



	2021	2020
	(RUPEES IN THOUSAND)	
25. OTHER INCOME		
Income from financial assets		
Profit on saving account	227	-
Exchange gain	305	-
	<u>532</u>	<u>-</u>
Income from non - financial assets		
Sale of scrap	7,611	760
Amortization of deferred income - Government grant (Note 7.2)	3,194	4
Gain on remeasurement of GIDC (Note 7.3)	1,025	-
	<u>11,830</u>	<u>764</u>
	<u><u>12,362</u></u>	<u><u>764</u></u>
26. FINANCE COST		
Markup on long term financing	1,618	1
Interest on workers' profit participation fund (Note 9.2)	51	-
Mark up on borrowing from associate	-	14,137
Amortization of long term financing calculated by using the effective interest method (Note 5.1.1)	3,534	4,646
Amortization of deferred income - Government grant (Note 5.2)	3,198	-
Unwinding of discount on GIDC payable (Note 7.3)	705	-
Bank charges and commission	306	303
	<u>9,412</u>	<u>19,087</u>
27. TAXATION		
Current	29,968	9,411
Prior year adjustment	6,198	-
	<u>36,166</u>	<u>9,411</u>
Deferred tax expense / (income)	8,098	(6,411)
	<u><u>44,264</u></u>	<u><u>3,000</u></u>
		2021
		(RUPEES IN THOUSAND)
27.1 Reconciliation of tax charge for the year		
Profit before tax		<u>77,476</u>
Tax on profit @ 29%		22,468
Tax effect of lower rate on income from exports		(3,864)
Tax effect of prior year adjustment		6,198
Deferred tax expense		8,098
Others		11,364
		<u><u>44,264</u></u>
27.2 Provision for taxation for the prior year was based on minimum taxation under section 113 of the Income Tax Ordinance, 2001. Accordingly, reconciliation for the tax expenses and accounting profit was not prepared.		



EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2021	2020
Profit attributable to ordinary shareholders	(Rupees in thousand)	33,212	17,897
Weighted average number of ordinary shares	(Numbers)	13 174 800	13 174 800
Earnings per share	(Rupees)	2.52	1.36

29. 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 2020	82,113	358,427	440,540
Financing obtained	57,788	38,000	95,788
Repayment of financing	(83,448)	(133,000)	(216,448)
Amortization charged using the effective interest method	3,534	-	3,534
Balance as at 30 June 2021	59,987	263,427	323,414

	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

30. 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	2021			2020		
	Chief executive officer	Director	Executives	Chief executive officer	Directors	Executives
------(RUPEES IN THOUSAND)-----						
Managerial remuneration	578	569	5,512	-	-	3,681
Allowances						
House rent	260	256	2,205	-	-	1,473
Others	29	28	551	-	-	368
	867	853	8,268	-	-	5,522
Number of persons	1	1	3	-	-	2



- 30.1** The executives are provided with fuel reimbursement, free residence and mobile phone expenses reimbursement.
- 30.2** Aggregate amount charged in these financial statements for meeting fee to 6 (2020: 7) directors, including Chief Executive Officer of the Company was Rupees 0.365 million (2020: Rupees 0.400 million).
- 30.3** Apart from meeting fee mentioned in Note 30.2, no remuneration was paid to non-executive directors of the Company.

	2021	2020
31. NUMBER OF EMPLOYEES		
Number of employees as at 30 June	847	708
Average number of employees during the year	767	665

32. 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:

	2021	2020
	(RUPEES IN THOUSAND)	
Transactions with associate		
Finance cost	-	14,137
Purchase of goods and services	33,843	42,384
Repayment of borrowings-net	95,000	15,000
Transfer of staff retirement gratuity	-	13,196

- 32.1** Beacon Impex (Private) Limited (BIPL) is the associate of the Company holding 34.5091% shareholding in the Company.
- 32.2** Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 30.

33. 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.

34. FINANCIAL RISK MANAGEMENT

34.1 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 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

(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 is exposed to currency risk arising primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from the foreign entities. The Company's exposure to currency risk was as follows:

	2021	2020
Trade debts - USD	56,100	-

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	155.23	-
Reporting date rate	157.80	-

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.412 million (2020: Rupees Nil) higher / lower mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(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's interest rate risk arises from long term financing and bank balance in saving account. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at variable rate 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:

	2021	2020
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Bank balance in saving account	888	-
Financial liabilities		
Long term financing	57,713	20,391

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.



(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:

	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
Deposits	8,301	7,501
Trade debts	70,777	3,415
Loans and advances	2,272	1,750
Other receivables	124	-
Bank balances	39,154	254,317
	120,628	266,983

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			2021	2020
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,129	85,459
The Bank of Punjab	A1+	AA+	PACRA	37,137	168,858
First Women Bank Limited	A2	A-	PACRA	888	-
				39,154	254,317

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.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

The Company's exposure to credit risk and the expected credit losses related to trade debts is given in Note 16.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and availability of funding through and adequate amount of committed credit facility. At 30 June 2021, the Company had no available borrowing limit (2020: Rupees 22.805 million available borrowing limit) from financial institution and Rupees 39.628 million (2020: Rupees 254.531 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 2021:

	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	57,713	59,987	19,996	19,996	19,995	-
Long term security deposit	30,000	30,000	-	-	30,000	-
Trade and other payables	159,211	159,211	159,211	-	-	-
Accrued mark-up on long term financing	449	449	449	-	-	-
Short term borrowings	263,427	263,427	263,427	-	-	-
	510,800	513,074	443,083	19,996	49,995	-



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	-
Long term security deposit	30,000	30,000	-	-	-	30,000
Trade and other payables	71,804	71,804	71,804	-	-	-
Short term borrowings	358,427	358,427	358,427	-	-	-
	<u>540,540</u>	<u>545,874</u>	<u>448,361</u>	<u>23,678</u>	<u>43,835</u>	<u>30,000</u>

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.

34.2 Financial instruments by categories

	2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
	At amortized cost	
Financial assets as per statement of financial position		
Deposits	8,301	7,501
Trade debts	70,777	3,415
Loans and advances	2,272	1,750
Other receivables	124	-
Cash and bank balances	39,628	254,531
	<u>121,102</u>	<u>267,197</u>
Financial liabilities as per statement of financial position		
Long term financing	57,713	80,309
Long term security deposit	30,000	30,000
Trade and other payables	159,211	71,804
Accrued mark-up on long term financing	449	-
Short term borrowings	263,427	358,427
	<u>510,800</u>	<u>540,540</u>

Reconciliation to the line items presented in the statement of financial position is as follows:

	2021			2020		
	Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
(RUPEES IN THOUSAND)						
Assets as per statement of financial position						
Deposits	8,301	-	8,301	7,501	-	7,501
Trade debts	70,777	-	70,777	3,415	-	3,415
Loans and advances	2,272	483	2,755	1,750	29,075	30,825
Prepayments and other receivables	124	-	124	-	2,441	2,441
Cash and bank balances	39,628	-	39,628	254,531	-	254,531
	<u>121,102</u>	<u>483</u>	<u>121,585</u>	<u>267,197</u>	<u>31,516</u>	<u>298,713</u>



	2021			2020		
	Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position
----- RUPEES IN THOUSAND -----						
Liabilities as per statement of financial position						
Long term financing	57,713	-	57,713	80,309	-	80,309
Long term security deposit	30,000	-	30,000	30,000	-	30,000
Trade and other payables	159,211	14,478	173,689	71,804	181,877	253,681
Accrued mark-up on long term financing	449	-	449	-	-	-
Short term borrowings	263,427	-	263,427	358,427	-	358,427
	510,800	14,478	525,278	540,540	181,877	722,417

34.3 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.

34.4 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.

35. 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).

36. 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
---------	---------	---------	-------

----- RUPEES IN THOUSAND -----

At 30 June 2021

Freehold land	-	31,009	-	31,009
Buildings on freehold land	-	73,708	-	73,708
Plant and machinery	-	194,814	-	194,814
Power generation house	-	21,194	-	21,194
Total non-financial assets	-	320,725	-	320,725

At 30 June 2020

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

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.

37. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

DESCRIPTION	NOTE	2021
		(RUPEES IN THOUSAND)
Revenue earned from shariah compliant business	20	973,065
Exchange gain	25	305
Profit earned / interest paid on any conventional loan / advance:		
Mark-up on long term financing	26	1,618
Profit earned on saving account with bank	25	227

There was no dividend on any investment. Moreover there was no relationship with any shariah compliant banks. Furthermore the Company has become listed on Islamic Index in the current financial year. Therefore the comparative figures have not been given.

**38. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on September 24, 2021 by the Board of Directors of the Company.

39. CORRESPONDING FIGURES

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

PARTICULARS	RECLASSIFICATION		AMOUNT
	FROM	TO	(RUPEES IN THOUSAND)
Deferred income tax liability	Deferred liabilities	Deferred income tax liability	48,858
Deferred income - Government grant	Deferred income - Government grant	Current portion of non - current liabilities	1,172
GIDC payable	Trade and other payables	GIDC payable	9,388
Long term security deposit	Trade and other payables	Long term security deposit	30,000

40. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting (AGM) of Khurshid Spinning Mills Limited, ("the Company") will be held on Wednesday, October 27, 2021 at its Registered Office, 133-134, Regency the Mall, Faisalabad at 11:30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting ("AGM") held on October 27, 2020.
2. To receive, consider and approve the annual Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Auditors Report, Directors' Report and Chairman Review Report.
3. To appoint Auditors of the Company and fix their remuneration. The retiring auditors, M/S Riaz Ahmad & Company, Chartered accountants being eligible offered themselves 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 05, 2021
Faisalabad.

NOTES:

1. The share transfer books of the Company shall remain closed from October 21, 2021 to October 27, 2021 (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, 2021 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. As per Section 72 of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Act. In this regard, SECP vide its File No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised all the listed companies to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in book-entry-form. Holding shares in book-entry form has numerous benefits including secure custody of shares, instantaneous transfer of ownership and no risk of damaged, lost, forged or duplicate certificates. Accordingly, shareholders having physical shareholding are requested to convert their shares in book-entry form by opening CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form.
7. 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. The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Usher Ordinance, 1980.
8. In compliance with SECP, the audited financial statements and reports of the Company for the year ended June 30th, 2021, & notice of AGM to be held on October 27, 2021 are being placed on the company's website: www.khurshidgroup.com.pk.



9. 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.
10. Pursuant to Section 132(2) & section 134(b) of the Companies Act, 2017, if Company receives consent from Shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to registered office of the Company:

Folio / CDC Account No	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal / Joint Shareholder
------------------------	---------------------	------	--------------	--------------	-------------------------------

"I/We _____ of _____ being a member of Khurshid Spinning Mills Limited, holder of _____ ordinary Share(s) vide folio no. CDC/Account _____ hereby opt for video conference facility at _____."

Signature of Member

**FORM 34****PATTERN OF SHAREHOLDING**

1. Name of the Company **Khurshid Spinning Mills Limited**
2. Incorporation number **0014146**
3. Pattern of holding of the shares held by the shareholders as at **30-06-2021**

3.1 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
408	1	100	40,404
832	101	500	317,992
239	501	1,000	217,900
203	1,001	5,000	519,704
48	5,001	10,000	346,600
25	10,001	15,000	342,300
7	15,001	20,000	124,700
8	20,001	25,000	186,500
2	25,001	30,000	57,100
7	30,001	35,000	232,500
1	40,001	45,000	43,000
1	45,001	50,000	50,000
3	60,001	65,000	183,400
1	75,001	80,000	77,000
1	85,001	90,000	86,400
2	95,001	100,000	200,000
1	100,001	105,000	101,000
1	105,001	110,000	108,900
1	170,001	175,000	172,300
1	185,001	190,000	190,000
1	195,001	200,000	199,300
2	310,001	315,000	620,300
1	450,001	455,000	454,900
1	580,001	585,000	580,600
1	595,001	600,000	599,800
1	640,001	645,000	643,700
1	960,001	965,000	962,000
1	965,001	970,000	970,000
1	4,545,001	4,550,000	4,546,500
1,802			13,174,800



4. Categories of Shareholders	Shares Held	Percentage
1 Directors, Chief Executive Officer, and their spouse and minor children	2,017,000	15.30
2 Associated Companies, undertakings and related parties. (Parent Company)	4,546,500	34.50
3 NIT and ICP	169,600	1.28
4 Banks Development Financial Institutions, Non Banking Financial Institutions.	785,900	5.96
5 Insurance Companies	108,600	0.82
6 Modarabas and Mutual Funds	46,000	0.34
7 Shareholders holding 10% or more as per 2(above)	—	—
8 General Public		
a. Local	5,216,300	39.59
b. Foreign	—	—
9 Others (to be specified)		
Joint Stock Companies	284,900	2.16

Ali Mudassar
Company Secretary

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2021**

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	BEACON IMPEX (PRIVATE) LIMITED (BIPL)	4,546,500	34.50
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Mutual Funds (Name Wise Detail)

- -

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 IQBAL	994,400	7.55
4	MRS. SAIRA AFFAN	15,000	0.10
5	MR. SAJID HUSSAIN	15,000	0.10
6	MR. QAISER NASIR (Nominee of BIPL)	-	-
7	MR. MUHAMMAD AMMAN ADIL (Nominee of BIPL)	-	-

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	940,500	7.13
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Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	BEACON IMPEX (PRIVATE) LIMITED	4,546,500	34.50
2	MR. MUHAMMAD IQBAL	994,400	7.54
3	MR. ZEESHAN SAEED	982,600	7.45

Form of Proxy

I /We _____

of _____

being a member of Khurshid Spinning Mills Limited, hereby appoint _____

of _____

or failing him/her _____

of _____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 27, 2021 (Wednesday), at 11:30 A.M at 133-134, Regency The Mall, Faisalabad.

as witness may hand this _____ day of _____ 2021

Signed by the said member _____

in presence of _____

Please
affix
revenue
stamp

Signature(s) of Member(s)

Signature of witness

Signature of witness

Name

Name

Address

Address

.....

.....

CNIC #

CNIC #

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at 133-134, Regency The Mall, Faisalabad. not later than 48 hours before the time to holding the annual general meeting.

پراکسی فارم

میں ام 1 مسماة: _____ ساکن _____ ضلع _____ بحیثیت ممبر کمپنی، مسماة _____
ساکن _____ کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں مسماة _____ ساکن _____ کمپنی ممبر کو بطور مختار
(پراکسی) مقرر کرتا کرتی ہوں، تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ 27 اکتوبر 2021 بوقت صبح 11:30 بجے خورشید سہنگ ملز
لمیٹڈ، 133-134 ریجنسی دی مال، فیصل آباد میں منعقد ہو رہا ہے۔ میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ _____ دن _____ 2021

ریونیوسٹپ چسپاں کریں

دستخط _____
(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

فولیڈ نمبر _____
سی ڈی سی کھاتا نمبر _____
حصص کی تعداد _____

گواہ کوائف نمبر 01

دستخط _____
نام _____
پتہ _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

گواہ کوائف نمبر 02

دستخط _____
نام _____
پتہ _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

نوٹ:

پراکسی فارم کمپنی کے رجسٹرڈ آفس خورشید سہنگ ملز لمیٹڈ، 133-134 ریجنسی دی مال، فیصل آباد میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔