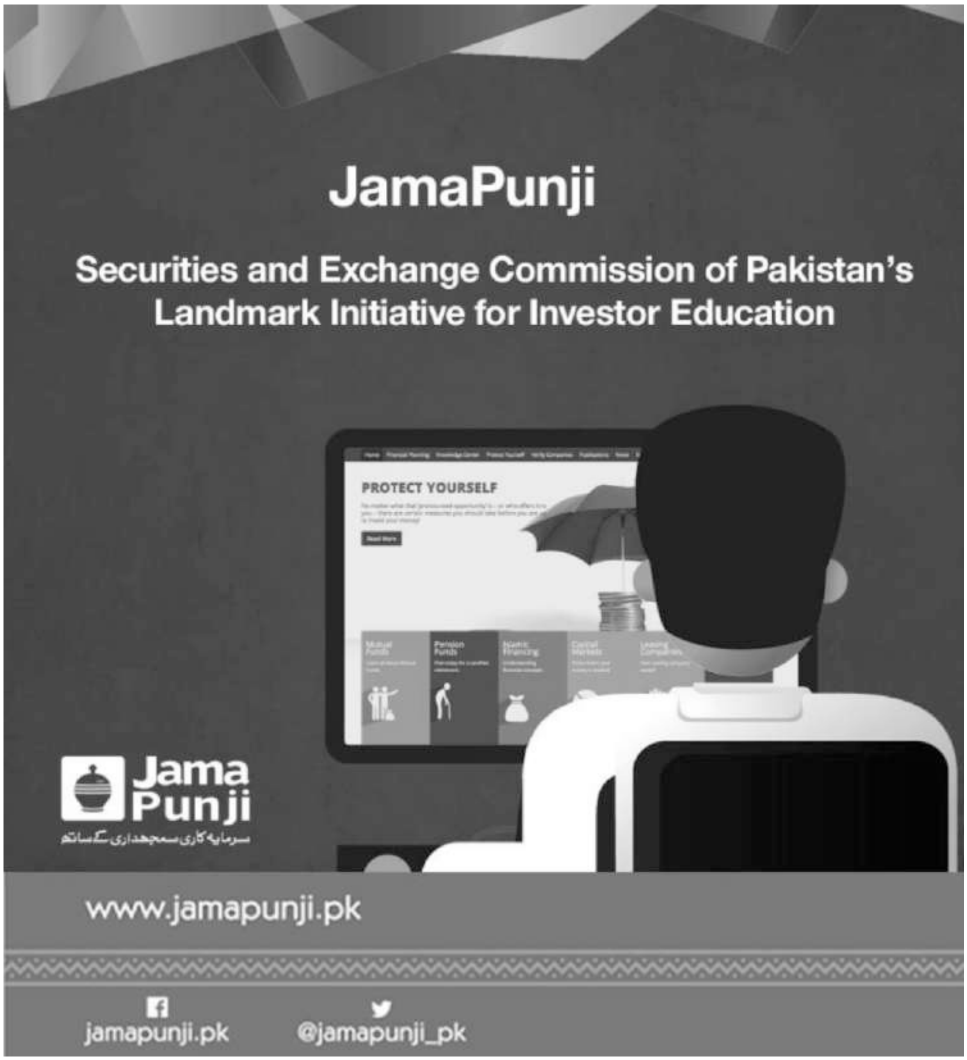
Khurshid Spinning Mills Limited

بسم الله الرحمن الرحيم

In the name of ALLAH,
The Most Beneficent,
The Most merciful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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.

COMPANY INFORMATION

Board of Directors	Mr. Muhammad Ashraf	Chairman
	Mr. Muhammad Iqbal	Chief Executive Officer
	Mr. Zeeshan Saeed	Director
	Mr. Muhammad Shahbaz Ali	Director
	Mr. Faseeh Uzaman	Director
	Mr. Muhammad Amman Adil	Director (Beacon Nominee)
	Mr. Qaiser Nasir	Director (Beacon Nominee)
Audit Committee	Mr. Zeeshan Saeed	Chairman
	Mr. Muhammad Amman Adil	Member
	Mr. Muhammad Shahbaz Ali	Member
HR and Remuneration Committee	Mr. Muhammad Shahbaz Ali	Chairman
	Mr. Muhammad Iqbal	Member
	Mr. Faseeh Uzaman	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	
Bankers	National Bank of Pakistan The Bank of Punjab Meezan Bank Limited Habib Metropolitan Bank Limited	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered/Head Office	133, 134, Regency The Mall, Faisalabad.	
Mills	35 Kilometer, Sheikhupura Road, Faisalabad	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the members, holding Ordinary Shares of Khurshid Spinning Mills Limited, will be held on Monday, October 28, 2019 at its Registered Office, 133-134, Regency the Mall, Faisalabad at 03:00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting held on October 27, 2018.

2. To receive, consider and adopt the Chairman's Review Report, Reports of Directors and Auditors together with audited Annual Financial Statements of the company for the year ended 30th, June 2019.

3. To appoint the auditors and fix their remuneration for the next financial year ending 30th June, 2020. The retiring auditors Messer's Riaz Ahmad and Company, Chartered Accountants, being eligible, have offered themselves for re-appointment as External Auditors of the Company for the year 2019-20.

OTHER BUSINESS:

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

BY ORDER OF THE BOARD

COMPANY SECRETARY

Dated: October 5, 2019
Faisalabad.

NOTES:

1. The share transfer books of the Company shall remain closed from October 21, 2019 to October 28, 2019 (both days inclusive). 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 19 October, 2019 will be considered in time.

2. A member 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 no later than 48 hours before the meeting. An instrument of Proxy applicable for meeting is attached herewith.

3. Shareholders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) 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.

4. SECP vide SRO 787(1)/2014 dated September 8, 2014 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. 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, since the Company is required to pay cash Dividend through electronic mode, directly into the bank accounts of its shareholder in case share are held in CDC then Electronic Credit Mandate Form must be submitted directly to Shareholder's broker/participant / CDC Account Services. .

5. In compliance with SECP, the audited financial statements and reports of the Company for the year ended June 30, 2019, & notice of AGM on 28th October 2019 are being placed on the company's website: www.khurshidgroup.com.pk for the information and review of shareholders.

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

7. **New Tax Implementation on Dividends:** Pursuant to the provisions of the Finance Act 2019 effective from July 01, 2019 the rate of tax deduction on dividend payment under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

   1. For persons appearing in the active taxpayers list -15 %
   2. for person not appearing in the active taxpayers list – 30%

   To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30% shareholders are advised to make sure that their names are entered in the Active Tax Payers List (ATL) Provided on the website of FBR before the first day of book closure, otherwise tax on their final cash dividend will be deducted @ 30 % instead of 15%., the Fbr has clarified that where the shares are held in joint accounts/names, each account /joint holder will be treated individually as either a person appearing in the active taxpayer's list or a person not appearing in the active taxpayers list and tax will be deducted according to his/her status on active taxpayers list via-a-vis shareholding position. The shareholder, who are having joint shareholding status, are requested to kindly intimate their shareholding proportion to the Share Registrar of the Company.

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

____

Signature of Member

CHAIRMAN'S REVIEW REPORT

The year under review the board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, Corporate Objectives, Plans, Financial Statements and other reports. All the significant issues throughout the year were presented before the Board regularly by the management and external auditors. The Board has exercised its powers in accordance with the laws and regulations applicable on the company. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the company. The Board of your company has been assigned the role and responsibilities as defined by the Code of Corporate Governance and the Companies Act 2017, briefly enumerated below:

- Performance of fiduciary and statutory duties with a sense of objective judgment and in good faith, in the best interest of the company and its stakeholders.
- Maintenance of high corporate governance standards, including governance of risk management.
- Adherence to the Company objectives, vision and mission.
- Performance of specific tasks as outlined in Regulation 10(3) of Code of Corporate Governance.

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

Chairman

Faisalabad:
October 5, 2019

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Company are pleased to submit 34th annual report of the Company, comprising of the audited financial statements for the year ended June 30, 2019 along with Auditors' Report thereon and other required information under Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Companies Act 2017. The Financial results of the Company are summarized hereunder:

	2019	2018
	(RUPEES IN THOUSAND)	
		Restated
REVENUE	30,000	37,001
ADMINISTRATIVE EXPENSES	(2,479)	(2,215)
OTHER EXPENSES	(27,849)	(28,985)
FINANCE COST	(22,080)	(10,152)
LOSS BEFORE TAXATION	(22,408)	(4,351)
TAXATION	7,953	1,076
LOSS AFTER TAXATION	(14,455)	(3,275)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(1.10)	(0.25)

ACQUISITION OF THE COMPANY AND RESUMPTION OF COMMERCIAL OPERATIONS

Beacon Impex (Private) Limited (BIPL) entered into a Share Purchase Agreement dated 15 October 2018 ("SPA") with Mr. Khawaja Amer Khurshid and Khawaja Asem Khurshid (collectively, the "Sellers") for the sale and purchase of 4,546,500 Ordinary Shares representing 34.5091% of the total issued share capital of Khurshid Spinning Mills Limited. The shares under the SPA were acquired by BIPL on 08 April 2019 after compliance with applicable provisions of the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. BIPL also appointed its nominee directors on the board of directors the Company on 08 April 2019. After completion of all formalities concerning acquisition of 34.5091% shares of the Company by BIPL, the Company initiated the process of resumption of commercial production / spinning business operations of the Company. For resumption of commercial production / spinning business operations of the Company, lease of plant and machinery and other facilities located at mills of the Company to BIPL was discontinued; hiring / transfer of employees was done; organization structure was defined; arrangement of working capital; negotiations made with customers; agreements made with vendors; IT infrastructure put in place; compliances with legal, corporate and miscellaneous matters etc. With effect from 01 August 2019, subsequent to the reporting period, the Company recommenced its commercial operations / spinning business operations. During the month of August 2019, the Company earned revenue of Rupees 60.692 million and profit of Rupees 5.557 million. The Company has entered into yarn processing arrangement with the client due to which revenue and profitability of the Company will increase significantly. Hence, accumulated losses will reduce in the near future and current ratio will also improve. This will help the Company to improve and enhance its production facilities. The Company enjoys complete financial support of BIPL.

ENVIRONMENT, HEALTH AND SAFETY
The Company maintains safe working conditions avoiding the risk to the health of employees and public at large.

CORPORATE SOCIAL RESPONSIBILITY (CSR)
The Company strongly believes in integration of corporate social responsibility into its business that are influenced directly or indirectly by our business.

MATERIAL CHANGES
There have been no material changes and commitments affecting the financial position of the company which have occurred between 30 June 2019 and 05 October 2019 except for as disclosed under the heading "ACQUISITION OF THE COMPANY AND RESUMPTION OF COMMERCIAL OPERATIONS" above.

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 programme 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 finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. 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, liquidity risk.

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

Loss per share
Loss per share for the year ended June 30, 2019 was Rupees 1.10.

Key operating and financial data
Key operating and financial data for last 06 years in summarized form is annexed.

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 2020.

Pattern of Shareholding
Pattern of shareholding as on June 30, 2019 is annexed.

Compliance with the Code of Corporate Governance
The "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017" is annexed.

Statement on Corporate and Financial Reporting Framework

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.

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

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

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

d) There are no doubts upon the Company's ability to continue as a going concern as the Company has resumed its commercial operations wef 01 August 2019.

BOARD AND ITS MEETINGS

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

Mr. Muhammad Ashraf
Muhammad Iqbal
Khawaja Asem Khurshid
Khawaja Amer Khurshid
Mr. Zeeshan Saeed
Mr. Muhammad Shahbaz Ali
Mr. Faseeh Uzaman
Mr. Muhammad Amman Adil
Mr. Muhammad Qaiser Nasir

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

a. Male: 07
b. Female: 0

The directors expect that the board of directors shall have female director in near future.

The composition of board is as follows:

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

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

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

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
Muhammad Iqbal	5

Khawaja Asem Khurshid	3
Khawaja Amer Khurshid	3
Mr. Zeeshan Saeed	5
Mr. Muhammad Shahbaz Ali	5
Mr. Faseeh Uzaman	5
Mr. Muhammad Amman Adil	2
Mr. Muhammad Qaiser Nasir	2

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

Name of Directors	Number of meetings attended
Mr. Zeeshan Saeed	4
Khawaja Asem Khurshid	3
Mr. Muhammad Shahbaz Ali	4
Mr. Muhammad Amman Adil	1

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: **Chief Executive Officer**

October 05, 2019

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز مالی سال 30 جون 2019 کی 34 ویں رپورٹ آپ کی خدمت میں پیش کررہے ہیں۔ جس کے ساتھ آڈیٹرز رپورٹ اور دوسری معلومات کوڈ آف کارپوریٹ گورننس اور کمپنی آرڈیننس 1984 (موجودہ کمپنی ایکٹ 2017) کے مطابق لف ہیں۔

مالیاتی نتائج کا خلاصہ درج ذیل ہیں۔

	2019	2018
	ہزارروپوں میں	ہزارروپوں میں
		ازسرنو
آمدنی	30,000	37,001
انتظامی اخراجات	(2,479)	(2,215)
دیگر اخراجات	(27,849)	(28,985)
فنانس اخراجات	(22,080)	(10,152)
قبل از ٹیکس نقصان	(22,408)	(4,351)
ٹیکس	7,953	1,076
بعد از ٹیکس نقصان	(14,455)	(3.275)
فی حصص نقصان روپوں میں	(1.10)	(0.25)

کمپنی کا حصول اور تجارتی سرگرمیوں کی بحالی:

بیکن ایمپیکس پرائیویٹ لمیٹڈ (بی آئی پی ایل) نے 15 اکتوبر 2018 کو معاہدہ خریدوفروخت کے تحت خواجہ عامر خورشید اور خواجہ عاصم خورشید (فروخت کنندگان) کے ساتھ عام حصص جن کی تعداد -/4,546,500 بنتی ہے۔ کی خریداری کا معاہدہ کیا تھا۔ جوکہ خورشید اسپننگ ملز لمیٹیڈ کے جاری کردہ حصص کیپٹل کا 34.5091% بنتی ہے۔ معاہدہ خریدوفروخت کے تحت بیکن ایمپیکس پرائیویٹ لمیٹڈ (بی آئی پی ایل) نے تمام حصص کا حصول 08 اپریل 2019 کو سیکورٹیز ایکٹ 2015 لسٹڈ ووٹنگ کے حصص اور ٹیک اوور کے باقاعدہ حصول، ضابطہ 2017 کی تکمیل کے بعد مکمل کیا۔ بیکن ایمپیکس پرائیویٹ لمیٹڈ نے بورڈ میں اپنے نامزد ڈائیکٹرز کا تقرر 08 اپریل 2019 کو کیا۔ 34.5091% حصص کے حصول کی تمام کاروائیاں پوری کرنے کے بعد اب کمپنی نے اپنی کمرشل پیداوار اور تجارتی سرگرمیاں دوبارہ شروع کردی ہیں۔ تجارتی سرگرمیوں کی بحالی کے لئے کمپنی میں واقع پلانٹ اور مشینری اور دیگر سہولیات کی کرایہ داری بند کردی ہے۔ ملازمین کی خدمات اور نئی بھرتی بھی مکمل کرلی گئی ہے۔ کمپنی کی تنظیم نو، ورکنگ سرمایہ، صارفین سے بات چیت، خریداروں سے معاہدے، اور آئی ٹی کے بنیادی ڈھانچے کو مکمل کرلیا گیا ہے۔ تمام قانونی کارپوریٹ اور متفرق امور مکمل کرلیے گئے ہیں 01 اگست 2019 بعد از مالی سال نے اپنی تجارتی سرگرمیاں بحال کرلی ہیں۔ ماہ اگست میں کمپنی نے 60.692 میلن روپے خالص آمدنی اور 5.557 کا منافع کمایا۔ کمپنی نے دھاگہ بنانے کے عمل کے لیے مختلف معاہدے کیے ہیں جس سے کمپنی کے منافع میں کافی اضافہ ہوگا۔

مستقبل قریب میں جمع ہونے والے نقصانات میں کافی کمی ائے گی۔ اور موجودہ تناسب میں بھی بہتری آئے گی۔ اس سے کمپنی کو اپنی پیداواری سہولیات میں بہتری اور اضافہ کرنے میں مدد بھی ملے گی۔ کمپنی کو بیکن ایمپیکس پرائیویٹ لمیٹڈ کی مکمل مالی مدد حاصل ہے۔

ماحولیات، صحت، اور حفاظت:

کمپنی ملازمین اور عوام کی صحت کو لاحق خطرے سے بچانے کے لیے اقدامات کرنے پر یقین رکھتی ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی اپنے تجارتی مقاصد کے حصول کارپورٹ سماجی ذمہ داری سرانجام دینے پر یقین رکھتی ہے۔

اہم تبدیلیاں:

30 جون 2019 اور 5 اکتوبر 2019 کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلی اور وعدہ نہیں کیا گیا ہے اور ماسوائے کمپنی کا حصول اور تجارتی سرگرمیوں کی بحالی جو اوپر بیان کی گئی ہیں۔

فنانشل رسک مینجمنٹ:

کمپنی کی سرگرمیاں اسے متعدد مالی خطرے سے دوچار کرتی ہیں۔ مارکیٹ کا خطرہ (کرنسی کا خطرہ قیمتوں کا خطرہ اور شرح سود کا خطرہ) کریڈٹ اسک اور لیکوڈیٹی کا خطرہ۔ کمپنی کا مجموعی اسک مینجمنٹ پروگرام مالی منڈیوں غیر متوقع صلاحیت پر مزکور ہے اور مالی کارکردگی پر پائے جانے والے محکمہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے اسک مینجمنٹ کمپنی کے فنانس ڈپارٹمنٹ کے ذریعہ بورڈ آف ڈائریکٹرز کی منظور شدہ پالیسیوں کے تحت کی جاتی ہے کمپنی کا محکمہ خزانہ مالی خطرات کا جائزہ لیتا ہے اور اسے روکے رکھتا ہے۔

بورڈ مجموعی طور پر اسک مینجمنٹ کے اصولوں کے ساتھ ساتھ کرنسی اسک، دیگر قیمتوں کا خطرہ، شرح سود کا خطرہ، کریڈٹ اسک اور لیکویڈیٹی اسک جیسے مخصوص حصوں کا احاطہ کرنے والی پالیسیاں مہیا کرتا ہے۔

ماحولیات پر کمپنی کے کاروبار کا اثر:

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

مالی رسک مینجمنٹ:

کمپنی کی سرگرمیاں اس کو متعدد مالی خطرات سے دوچار کرتی ہیں۔ مارکیٹ کا خطرہ، کرنسی کا خطرہ۔ قیمت کا خطرہ۔ اور سود کی شرح نمو۔ کریڈٹ رسک، اور لیکویڈیٹی رسک، کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالی منڈیوں کی غیر متوقع صلاحیت پر مرکوز ہے۔ اور مالی کارکردگی پر پائے جانے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ رسک مینجمنٹ کمپنی کے محکمہ خزانہ کے زریعہ بورڈ آف ڈائیریکٹرز کے ذریعہ منظور شدہ پالیسیوں کے تحت کیا جاتا ہے۔ اور کمپنی کا محکمہ خزانہ مالی خطرات کا جائیزہ لیتا ہے۔ کمپنی کا محکمہ خزانہ اس کی تشخیص کرتا ہے۔ بورڈ مجموعی طور پر رسک مینجمنٹ کے اصولوں کے ساتھ، کرنسی رسک، دیگر قیمتوں کا خطرہ سود کی شرح کا خطرہ، کریڈٹ رسک، لیکویڈیٹی رسک، جیسے مخصوص علاقوں کو ڈھکنے والی پالیسیاں مہیا کرتا ہے۔

منافع ادا کیا

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

فی حصص نقصان

مالی سال 30 جون 2019 مین فی حصص نقصان 1.10 روپے تھا۔

آڈیٹرز

موجودہ آڈیٹرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے بعد از ریٹائرمنٹ اور اہلیت کی بنا پر خود کو دوبارہ تقرری کیلیئے پیش کیا ہے بورڈ آف ڈایریکٹرز کی آڈٹ کمیٹی نے ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو دوبارہ اگلے مالی سال 30 جون 2020 کیلیئے تقرری کی سفارش کی ہے

شیئر ہولڈرز کی ترتیب

30 جون 2019 کی شیئر ہولڈر کی ترتیب لف ہے۔

کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کا بیانیہ کوڈ آف کارپوریٹ گورننس قواعد وضوابط 2017 کے تحت لف ہے

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا بیانیہ

1- کمپنی کی انتظامیہ کی طرف سے تیار کئے جانے والے مالیاتی سٹیٹمینٹس منصفانہ طور پر کمپنی کے امور، اپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی بیان کرتے ہیں
2- کمپنی کے اکاؤنٹس کی بکس کی معقول دیکھ بھال کی گئی ہے
3- مناسب اکاؤنٹنگ پالسیوں کو مالی بیانات کی تیاری میں لاگو کیا گیا ہے۔ اور اکاؤنٹنگ تخمینے معقول، دانشمندانہ فیصلوں پر مبنی ہیں
4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں بھی لاگو ہیں ان کی تمام فنانشل اسٹیٹمینٹس میں مکمل پیروی کی گئی ہے۔
5- اندرونی کنٹرول کے نظام کا ڈیزائن بلکل ٹھیک ہے اور اسے اچھے طریقے سے لاگو اور مانیٹر کیا گیا ہے۔
6- کمپنی کے جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں کیونکہ کمپنی نے یکم اگست 2019 سے اپنی تجارتی سرگرمیاں بحال کرلی ہیں۔

بورڈ اور اس کی ملاقاتیں

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

ڈائریکٹرز کے نام

جناب محمد اشرف

جناب محمد اقبال

خواجہ عاصم خورشید

خواجہ عامر خورشید

جناب ذیشان سعید

جناب محمد شہباز علی

جناب فصیح از مان

جناب محمد امان عادل

جناب قیصر ناصر

درج ذیل ڈائریکٹرز سات ہیں:

مرد: 07

خواتین: 00

ڈائریکٹرز توقع کرتے ہیں کہ مستقبل قریب میں بورڈ آف ڈائیکٹرز میں خاتون ڈائریکٹر ہو نگی۔

آزاد بورڈ آف ڈائیکٹرز بورڈ کی ترتیب اس طرح ہے۔:

جناب محمد شہباز علی

جناب فصیح ازمان

جناب ذیشان سعید

غیر ایگزیکٹیو ڈائریکٹرز:

جناب محمد اشرف

جناب محمد امان عادل

جناب قیصر ناصر

ایگزیکٹیو ڈائریکٹرز:

جناب محمد اقبال

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

ڈائریکٹرز کے نام	حاضری
جناب محمد اشرف	05
جناب محمد اقبال	04
خواجہ عاصم خورشید	03
خواجہ عامر خورشید	03
جناب ذیشان سعید	05
جناب محمد شہباز علی	05
جناب فصیح ازمان	05
جناب محمد امان عادل	02
جناب قیصر ناصر	02

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

ڈائریکٹرز کے نام	حاضری
جناب ذیشان سعید	04
خواجہ عاصم خورشید	03
جناب محمد شہباز علی	04
جناب محمد امان عادل	01

بورڈ کی سالانہ کارکردگی کا جائزہ:

بورڈ کی کارکردگی گڈ گورننس میں کلیدی کردار ادا کرتی ہے کیونکہ یہ ڈائریکٹرز کے خیالات پر فیڈ بیک مہیا کرتا ہے، کہ بورڈ کس طرح اپنے کردار اور ذمہ داری کو انجام دیتا ہے۔اسی کا اندازہ کرنے ہوئے بورڈ نے اپنی کمپنیوں اور اس کے ممبروں کی مجموعی طور پر بورڈ کی کارکردگی کی مدد کیلئے ابھرتے ہوئے اور معروف طریقوں پر مبنی سوال ناپے واضع کئے ہیں۔کمپنی سیکٹری سالانہ بورڈ پر بحث اور جائزہ لینے کیلئے خلاصہ رپورٹ پیش کرتا ہے۔

اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے

فیصل آباد

05 اکتوبر 2019

محمد اقبال

چیف ایگزیکٹو آفیسر

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017
Name of Company: Khurshid Spinning Mills Limited
Year Ending: 30 June 2019

Khurshid Spinning Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 ("the Regulations") in the following manner:

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

The requirement for the appointment of a female director in the board of the company will be complied in near future.

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

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

3. Directors have confirmed that none of them is serving as a Director on more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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 Companies Act, 2017 ("the Act") and these Regulations.

7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. No training program for the directors of the company was arranged during the year as required by Rule 20 of the Regulations. However, we shall comply this requirement in next financial year.

10. The Board has approved appointment of Chief Financial Officer and Company Secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

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

a) Audit Committee

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

b) HR and Remuneration Committee

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

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

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

a) Audit Committee: Four meetings during the financial year ended 30 June 2019
b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2019

15. The Board has not set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. However, effective internal audit function has been set up and head of internal audit has been appointed subsequent to the balance sheet date.

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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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. The Company Secretary and Chief Financial Officer of the Company are the same person. However, the Company has appointed another person as Chief Financial Officer subsequent to the balance sheet date.

19. We confirm that all other requirements of the Regulations have been complied with.

Signatures
(Muhammad Ashraf)
Chairman

KEY OPERATING AND FINANCIAL DATA

	2019	2018	2017	2016	2015	2014
	(RUPEES IN THOUSAND)					
Summary of Statement of Profit or Loss						
(Loss) / profit before taxation	(22,408)	(4,351)	(2,286)	(23,999)	(36,144)	(19,406)
Taxation	7,953	1,076	2,202	3,378	6,627	9,444
(Loss) / profit after taxation	(14,455)	(3,275)	(84)	(20,621)	(29,517)	(9,962)
Summary of Statement of Financial Position						
Total assets	375,236	390,355	413,361	437,392	457,283	473,185
Long term financing / loans	55,272	125,767	140,230	164,927	188,915	431,613
Deferred liabilities	56,008	57,837	63,870	71,374	77,830	87,096
Current liabilities	427,789	362,425	363,195	357,243	332,409	82,804
Net assets	(163,833)	(155,674)	(153,934)	(156,152)	(141,871)	(128,328)
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	150,725	155,452	164,389	174,225	180,745	192,188
Accumulated loss - net off equity portion of shareholders' loan	(459,641)	(456,209)	(463,406)	(475,460)	(467,699)	(465,599)
	(163,833)	(155,674)	(153,934)	(156,152)	(141,871)	(128,328)
Ratios:						
Gross loss to sales %age	N/A	N/A	N/A	N/A	N/A	N/A
Loss before tax to sales %age	N/A	N/A	N/A	N/A	N/A	N/A
Loss after tax to sales %age	N/A	N/A	N/A	N/A	N/A	N/A
Current ratio	1:0.035	1:0.030	1:0.020	1:0.012	1:0.005	1:0.002

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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Khurshid Spinning Mills Limited (the Company) for the year ended 30 June 2019 in accordance with the requirements of Regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 2019.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
2	No female director was appointed in the Board of Directors after the casual vacancy occurred during the year
9	The Company has not made any arrangement to carry out training program for their directors
10	The Board of Directors has not appointed Head of Internal Audit
15	The Board has not set up an effective internal audit function
18	Chief Financial Officer and Company Secretary is the same person

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants
Faisalabad
Date: October 05, 2019.

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 2019, 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 2019 and of the loss, 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.

Emphasis of Matter

We draw attention to Note 1.2 to the financial statements, which more fully explains the acquisition and change of management of the Company and the fact that the Company has recommenced commercial operations / spinning (yarn processing) operations subsequent to the reporting period with effect from 01 August 2019. These financial statements have been prepared using going concern basis of accounting. Our opinion is not modified in respect of this matter.

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.

We have determined that there are no key audit matters to communicate in our report.

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 and 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 Mubashar Mehmood.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants
Faisalabad
Date: October 05, 2019.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTE	2019	2018	2017
		(RUPEES IN THOUSAND)		
			Restated	Restated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
17 000 000 (2018: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000	170,000
Issued, subscribed and paid up share capital				
13 174 800 (2018: 13 174 800) ordinary shares of Rupees 10 each fully paid in cash	3	131,748	131,748	131,748
Capital reserves				
Equity portion of former shareholders' loan		13,335	13,335	13,335
Surplus on revaluation of property, plant, equipment and investment properties - net of deferred income tax	4	150,725	155,452	164,389
Accumulated loss		(459,641)	(456,209)	(464,015)
Total equity		(163,833)	(155,674)	(154,543)
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	5	55,272	85,884	103,001
Long term loans	6	-	39,883	37,229
Deferred income tax liability	7	55,269	57,200	63,870
Staff retirement gratuity	8	739	637	609
		111,280	183,604	204,709
CURRENT LIABILITIES				
Accrued liabilities and other payables	9	550	120,716	111,577
Short term borrowings	10	373,427	208,559	208,559
Accrued mark-up on short term borrowings		10,333	-	-
Current portion of long term financing	5	36,260	22,481	35,840
Provision for taxation		7,219	10,669	7,219
		427,789	362,425	363,195
TOTAL LIABILITIES		539,069	546,029	567,904
CONTINGENCIES AND COMMITMENTS	11			
TOTAL EQUITY AND LIABILITIES		375,236	390,355	413,361

	NOTE	2019	2018	2017
		(RUPEES IN THOUSAND)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	12	354,595	263,580	292,715
Investment properties	13	-	110,124	107,623
Long term deposits		5,733	5,733	5,733
		360,328	379,437	406,071
CURRENT ASSETS				
Loans and advances	14	11,832	8,901	5,410
Sales tax recoverable		1,801	1,801	1,801
Cash and bank balances	15	1,275	216	79
		14,908	10,918	7,290
TOTAL ASSETS		375,236	390,355	413,361

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019	2018
		(RUPEES IN THOUSAND)	
			Restated
INCOME	16	30,000	37,001
ADMINISTRATIVE EXPENSES	17	(2,479)	(2,215)
OTHER EXPENSES	18	(27,849)	(28,985)
FINANCE COST	19	(22,080)	(10,152)
LOSS BEFORE TAXATION		(22,408)	(4,351)
TAXATION	20	7,953	1,076
LOSS AFTER TAXATION		(14,455)	(3,275)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	21	(1.10)	(0.25)

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 2019

	2019	2018
	(RUPEES IN THOUSAND)	
		Restated
LOSS AFTER TAXATION	(14,455)	(3,275)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of plant and equipment	8,868	-
Related deferred income tax liability	(2,572)	-
Other comprehensive income - net of deferred income tax	6,296	-
Items that may be reclassified subsequently to profit or loss	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(8,159)	(3,275)

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 2019

	SHARE CAPITAL	RESERVES					TOTAL EQUITY
		CAPITAL RESERVES					
		EQUITY PORTION OF FORMER SHAREHOLDERS' LOAN	SURPLUS ON REVALUATION OF PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX	SUB-TOTAL	ACCUMULATED LOSS	TOTAL	
	(RUPEES IN THOUSAND)						
Balance as at 30 June 2017	131,748	13,335	164,389	177,724	(463,406)	(285,682)	(154,943)
Impact of restatement (Note-2.3)	-	-	-	-	(609)	(609)	(609)
Balance as at 30 June 2017 - restated	131,748	13,335	164,389	177,724	(464,015)	(286,291)	(154,543)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(11,081)	(11,081)	11,081	-	-
Adjustment of deferred income tax liability due to re-assessment at year end	-	-	2,144	2,144	-	2,144	2,144
Loss for the year - restated	-	-	-	-	(3,275)	(3,275)	(3,275)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(3,275)	(3,275)	(3,275)
Balance as at 30 June 2018 - restated	131,748	13,335	155,452	168,787	(456,209)	(287,422)	(155,674)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(11,023)	(11,023)	11,023	-	-
Loss for the year	-	-	-	-	(14,455)	(14,455)	(14,455)
Other comprehensive income for the year	-	-	6,296	6,296	-	6,296	6,296
Total comprehensive loss for the year	-	-	6,296	6,296	(14,455)	(8,159)	(8,159)
Balance as at 30 June 2019	131,748	13,335	150,725	164,060	(459,641)	(295,581)	(163,833)

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 2019

	2019	2018
	(RUPEES IN THOUSAND)	
		Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(22,408)	(4,351)
Adjustments for non-cash charges and other items:		
Depreciation	27,977	29,135
Provision for staff retirement gratuity	102	28
Gain on remeasurement of fair value of investment properties	-	(2,501)
Finance cost	22,080	10,152
	27,751	32,463
Working capital changes		
Increase in loans and advances	(126)	(39)
(Decrease) / increase in accrued liabilities and other payables	(11,907)	9,139
Cash generated from operations	15,718	41,563
Finance cost paid	(209)	(2,166)
Income tax paid	(2,805)	(3,452)
Net cash generated from operating activities	12,704	35,945
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(22,481)	(35,808)
Repayment of long term loans	(45,773)	-
Short term borrowings - net	56,609	-
Net cash used in financing activities	(11,645)	(35,808)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,059	137
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	216	79
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 15)	1,275	216

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 2019

1. THE COMPANY AND ITS OPERATIONS

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

1.2 Beacon Impex (Private) Limited (BIPL) entered into a Share Purchase Agreement dated 15 October 2018 ("SPA") with Mr. Khawaja Amer Khurshid and Khawaja Asem Khurshid (collectively, the "Sellers") for the sale and purchase of 4,546,500 Ordinary Shares representing 34.5091% of the total issued share capital of Khurshid Spinning Mills Limited. The shares under the SPA were acquired by BIPL on 08 April 2019 after compliance with applicable provisions of the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. BIPL also appointed its nominee directors on the board of directors the Company on 08 April 2019.

After completion of all formalities concerning acquisition of 34.5091% shares of the Company by BIPL, the Company initiated the process of resumption of commercial production / spinning business operations of the Company. For resumption of commercial production / spinning business operations of the Company, lease of plant and machinery and other facilities located at mills of the Company to BIPL was discontinued; hiring / transfer of employees was done; organization structure was defined; arrangement of working capital; negotiations made with customers; agreements made with vendors; IT infrastructure put in place; compliances with legal, corporate and miscellaneous matters etc.

With effect from from 01 August 2019, subsequent to the reporting period, the Company recommenced its commercial operations / spinning business operations. During the month of August 2019, the Company earned revenue of Rupees 60.692 million and profit of Rupees 5.557 million. The Company has entered into yarn processing arrangement with the client due to which revenue and profitability of the Company will increase significantly. Hence, accumulated losses will reduce in the near future and current ratio will also improve. This will help the Company to improve and enhance its production facilities. The Company enjoys complete financial support of BIPL.

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 for certain items of property, plant and equipment which are carried at their fair value.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

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

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.

Allowance for expected credit losses

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

Revenue from contracts with customers involving sale of goods

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

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

Following standards, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IAS 40 (Amendments), 'Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company has to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9. This is disclosed in Note 2.9. Most of the other amendments listed above, apart from IFRS 9 and IFRS 15 (as disclosed in Note 2.18) did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. Moreover Company has recommenced its accounting policy with respect to staff retirement gratuity which is dealt with retrospectively and disclosed in Note 2.3 to these financial statements.

e) Standards, interpretation and amendments to published approved accounting standards that are not yet effective but relevant to the Company

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

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard in the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.
IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

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

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

f) 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 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

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.

During the financial year ended 30 June 2012, the Company had suspended the unfunded gratuity scheme for its employees due to the discontinuance of the Company's operations. Now the Company has restarted to operate unfunded gratuity scheme for its existing employees, calculated from the date of their joining with the Company. This recommencement of accounting policy has been made retrospectively in these financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The effect of the retrospective application of accounting policy is given below:

	As at 30 June 2018			As at 30 June 2017		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	(RUPEES IN THOUSAND)					
Effect on statement of financial position						
Staff retirement gratuity	-	637	637	-	609	609
Effect on statement of changes in equity						
Accumulated loss	(455,572)	(637)	(456,209)	(463,406)	(609)	(464,015)

	2018	2017
Effect on statement of profit or loss	(RUPEES IN THOUSAND)	
Increase in loss after taxation	(28)	(609)
Effect on loss per share		
Increase in loss per share	(0.002)	(0.046)

There was no impact on statement of comprehensive income and on statement of cash flows as a result of retrospective application of accounting policy.

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.

2.5 Property, plant, equipment and depreciation

Operating fixed assets

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

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

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

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

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 12.1. Depreciation is charged from the month in which asset is available for use and upto the month preceding the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

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 (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is de-recognized.

2.6 Investment properties

Land and buildings held to earn rental income were classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is included in the statement of profit or loss for the year in which it arises.

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. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. 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 or amortization, 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 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 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measure expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i) Recognition 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

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Measurement

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

Financial liabilities

Classification and measurement

The adoption of IFRS 9 did not have a signi?cant effect on the Company's accounting policies related to ?nancial liabilities, and therefore no change in the classification and measurement of financial liabilities.

iii) Impairment of financial assets

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

iv) De-recognition

a) Financial assets

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

vi) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Loans and receivables	Amortized cost
	RUPEES IN THOUSAND	
Opening balance (before reclassification)	5,988	-
Adjustment on adoption of IFRS 9 by reclassifying financial instruments designated as "Loans and Receivables" to "Amortized Cost"	(5,988)	5,988
Opening balance (after reclassification)	-	5,988

2.10 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds 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 Accrued liabilities and other payables

Accrued liabilities and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.13 Other receivables

Other receivables are carried at original invoice value less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Receivables considered bad are written off when identified.

2.14 Borrowing costs

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, is capitalized as part of the cost of that asset.

2.15 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.16 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.17 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.

2.18 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period. These are further elaborated hereunder:

i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

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. Related Government grant is recognized when there is reasonable assurance that Company will comply with the conditions attached to it and grant will be received.

Rental Income

Revenue from rental income is recognized when rent is accrued.

Other revenue

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

ii) Contract assets

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

iii) Contract liabilities

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

iv) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of accumulated loss in the year of initial application is Rupees Nil.

2.19 Earnings / (loss) per share

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 13 174 800 (2018: 13 174 800) ordinary shares of Rupees 10 each fully paid up in cash. 4 546 500 ordinary shares (2018: Nil) of the Company are held by Beacon Impex (Private) Limited - an associate.

	2019	2018
	(RUPEES IN THOUSAND)	
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Property, plant and equipment (Note 4.1)	150,725	99,743
Investment properties (Note 4.2)	-	55,709
	150,725	155,452

4.1 Property, plant and equipment

	2019	2018
Balance as on 01 July	99,743	109,248
Add:		
Net increase in surplus on revaluation - net of deferred income tax (Note 7)	6,296	-
Transferred in from investment properties to property, plant and equipment (Note	55,709	-
Adjustment of deferred income tax liability due to the re-assessment	-	1,576
	62,005	1,576
Less: Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax	(11,023)	(11,081)
Balance as on 30 June	150,725	99,743

4.1.1 Revaluation of plant and machinery and power generation house 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 September 1995, 11 April 2003, 17 March 2005, 15 June 2011 and 30 June 2016.

4.2 Investment properties

	2019	2018
Balance as on 01 July	55,709	55,141
Add: Related deferred income tax liability	-	568
Less: Transferred to property, plant and equipment (Note 4.2.1)	(55,709)	-
Balance as on 30 June	-	55,709

4.2.1 Lease agreement of freehold land along with buildings thereon has been expired on 30 April 2019 so surplus related to investment properties has been transferred to surplus on revaluation of property, plant and equipment.

5. LONG TERM FINANCING

	2019	2018
Secured		
The Bank of Punjab		
Demand Finance - I (Note 5.1 and Note 5.3)	-	13,416
Demand Finance - II (Note 5.2 and Note 5.3)	91,532	94,950
	91,532	108,365
Less: Current portion shown under current liabilities	36,260	22,481
	55,272	85,884

5.1 The Demand Finance-I was restructured by the Bank by conversion of entire principal outstanding liability of the Company including merger / transfer of principal liability of A.K. Exports (Private) Limited (an associated company) amounting to Rupees 109.073 million. This demand finance has been completely repaid on 02 January 2019.

5.2 This Demand Finance-II is restructured by the Bank by conversion of entire overdue mark-up payable by the Company including merger / transfer of mark-up liability payable by A.K. Exports (Private) Limited (an associated company) amounting to Rupees 51.209 million. This demand finance is non-interest bearing and will be repayable in 12 equal quarterly installments of Rupees 9.065 million each, commenced from 30 June 2019.

5.2.1 The Company has determined the amortized cost of its mark-up free demand finance using the effective interest method. Rate of cost of funds used to calculate the amortized cost is the fair market rate applicable on the financial instruments of similar nature and condition. The effective cost of funds rate is 5.82 percent (2018: 5.82 percent) per annum. The reconciliation of principal amount and carrying value is given hereunder:

	2019	2018
	(RUPEES IN THOUSAND)	
Principal outstanding	108,777	108,777
Effect of adjustment	(13,828)	(19,159)
Amortization charged to statement of profit or loss using the effective interest method (Note 19)	5,648	5,332
Less: Paid during the year	(9,065)	-
Carrying value as at 30 June	91,532	94,950

5.3 The Demand Finances is secured by way of creation of first exclusive equitable mortgage of Rupees 419.521 million on Company's fixed assets located at 35-Kilometers Sheikhupura Road, Faisalabad along with token registered mortgage of Rupees 0.100 million and personal guarantee of the former directors of the Company.

6. LONG TERM LOANS

	2019	2018
From sponsor directors / shareholders		
Opening balance	39,883	37,229
Add: Fair value adjustment (Note 19)	5,890	2,654
Less: Paid during the year	(45,773)	-
Closing balance	-	39,883

6.1 These represented unsecured interest free loans obtained from former sponsor directors / shareholders of the Company. These loans were repayable in one bullet installment on 30 June 2020. However, due to substantial acquisition by Beacon Impex (Private) Limited (BIPL), the sponsor directors were not remained directors / shareholders of the Company. Therefore this loan was re-paid on 22 May 2019.

7. DEFERRED INCOME TAX LIABILITY

	2019	2018
Balance as on 01 July	57,200	63,870
Add: Increase in deferred income tax liability due to increase in surplus (Note 4.1)	2,572	-
	59,772	63,870
Less:		
Transferred to surplus on revaluation of plant and equipment (Note 4.1)	-	1,576
Transferred to surplus on revaluation of investment properties (Note 4.2)	-	568
Deferred income tax liability on account of incremental depreciation charged during the year transferred to the statement of profit or loss	4,503	4,526
	4,503	6,670
Deferred income tax liability recognized	55,269	57,200

7.1 The Company has accumulated tax losses of Rupees 282.920 million (2018: Rupees 286.314 million) including unabsorbed depreciation as at 30 June 2019. The related deferred income tax asset amounting to Rupees 12.561 million (2018: Rupees 13.540 million) has not recognized in these financial statements due to non-availability of sufficient future taxable profits as these temporary differences may not probably be reversed in the foreseeable future.

	2019	2018
	(RUPEES IN THOUSAND)	
8. STAFF RETIREMENT GRATUITY		Restated
Opening balance	637	609
Add: Provision for the year	102	28
Closing balance	739	637

8.1 During the financial year ended 30 June 2012, the Company suspended the unfunded gratuity scheme for its employees due to the discontinuance of the Company's operations. Now the Company has restarted to operate unfunded gratuity scheme for its existing employees, calculated from the date of their joining with the Company. This recommencement of accounting policy has been made retrospectively in these financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' as given in Note 2.3.

	2019	2018
	(RUPEES IN THOUSAND)	
9. ACCRUED LIABILITIES AND OTHER PAYABLES		
Accrued liabilities	550	559
Others (Note 9.1)	-	120,157
	550	120,716

9.1 These represented the amount payable to Beacon Impex (Private) Limited (BIPL), the associate. The figure of Rupees 120.157 million was subsequently reduced to Rupees 108.259 million uptill 01 April 2018. After BIPL became the associate, this balance was transferred to short term borrowings from the associate.

10. SHORT TERM BORROWINGS

This represents unsecured loan obtained from Messers Beacon Impex (Private) Limited (BIPL) - the associate for working capital management. After BIPL became associate, on 08 April 2019, BIPL made an agreement with the Company regarding these borrowings, started to charge mark-up on these borrowings at the rate of its average borrowing cost plus 0.05 percent per annum (2018: Nil). This loan along with accrued mark-up is repayable uptill 07 April 2020. The rate of mark-up remained 13.20% per annum from April 2019 to June 19.

11. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 June 2019 (2018: Rupees Nil).

12. PROPERTY, PLANT AND EQUIPMENT

	2019	2018
Operating fixed assets (Note 12.1)	352,827	261,812
Capital work-in-progress (Note 12.2)	1,768	1,768
	354,595	263,580

12.1 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 2017											
Cost / revalued amount	-	-	606,632	1,157	3,046	17,552	67,703	18,821	5,835	2,195	722,941
Accumulated depreciation	-	-	(345,182)	(1,025)	(2,496)	(17,141)	(43,853)	(15,037)	(5,547)	(1,713)	(431,994)
Net book value	-	-	261,450	132	550	411	23,850	3,784	288	482	290,947
Year ended 30 June 2018											
Opening net book value	-	-	261,450	132	550	411	23,850	3,784	288	482	290,947
Depreciation charge	-	-	(26,145)	(13)	(55)	(82)	(2,385)	(378)	(29)	(48)	(29,135)
Closing net book value	-	-	235,305	119	495	329	21,465	3,406	259	434	261,812
At 30 June 2018											
Cost / revalued amount	-	-	606,632	1,157	3,046	17,552	67,703	18,821	5,835	2,195	722,941
Accumulated depreciation	-	-	(371,327)	(1,038)	(2,551)	(17,223)	(46,238)	(15,415)	(5,576)	(1,761)	(461,129)
Net book value	-	-	235,305	119	495	329	21,465	3,406	259	434	261,812
Year ended 30 June 2019											
Opening net book value	-	-	235,305	119	495	329	21,465	3,406	259	434	261,812
Transferred from investment properties (Note 13)	31,009	79,115	-	-	-	-	-	-	-	-	110,124
Effect of surplus on revaluation	-	-	6,660	-	-	-	2,208	-	-	-	8,868
Depreciation charge	-	(1,319)	(23,864)	(12)	(50)	(66)	(2,257)	(340)	(26)	(43)	(27,977)
Closing net book value	31,009	77,796	218,101	107	445	263	21,416	3,066	233	391	352,827
At 30 June 2019											
Cost / revalued amount	31,009	79,115	613,292	1,157	3,046	17,552	69,911	18,821	5,835	2,195	841,933
Accumulated depreciation	-	(1,319)	(395,191)	(1,050)	(2,601)	(17,289)	(48,495)	(15,755)	(5,602)	(1,804)	(489,106)
Net book value	31,009	77,796	218,101	107	445	263	21,416	3,066	233	391	352,827
Annual rate of depreciation (%)	-	10	10	10	10	20	10	10	10	10	

12.1.1 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	40,518	23,889	16,629
Plant and machinery	269,551	179,340	90,211
Power generation house	58,765	44,296	14,469
2019	389,853	247,525	142,328
2018	328,316	212,005	116,311

	2019	2018
	(RUPEES IN THOUSAND)	
12.1.2 Depreciation charge for the year has been allocated as follows:		
Administrative expenses (Note 17)	128	150
Other expenses (Note 18)	27,849	28,985
	27,977	29,135

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

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

12.1.4 Freehold land, buildings thereon, plant, machinery and other facilities located at mills were previously given on lease to Messrs Beacon Impex (Private) Limited (an associate) at monthly rental of Rupees 3.000 million (2018: Rupees 3.000 million). The lease agreement has been expired on 30 April 2019 and thereafter has not been renewed therefore freehold land and buildings thereon classified as investment properties have been transferred to property, plant and equipment.

12.1.5 Forced sales value of revalued freehold land and buildings thereon was Rupees 202.240 million as at 31 December 2018. While forced sale value of plant, machinery and power generation house was Rupees 93.605 million as at 30 April 2019.

12.1.6 Fair value of investment property on date of transfer is deemed cost for purpose of Property, plant and equipment.

	2019	2018
	(RUPEES IN THOUSAND)	
12.2 Capital work-in-progress		
Electric installations	1,768	1,768
13. INVESTMENT PROPERTIES		
Balance as on 01 July	110,124	107,623
Add: Fair value gain	-	2,501
	110,124	110,124
Less: Transferred to property, plant and equipment (Note 12.1)	(110,124)	-
Balance as on 30 June	-	110,124

13.1 The fair value of investment properties, comprising freehold land and buildings thereon has been determined on 30 April 2019 by Messrs Zafar Iqbal and Company, an independent valuer, before transferring them to property, plant and equipment. The fair market value of these properties was determined from market based evidence in accordance with the value of similar land and building existing in near vicinity.

	2019	2018
14. LOANS AND ADVANCES		
Considered good:		
Employee - against salary (Note 14.1)	165	39
Income tax	11,667	8,862
	11,832	8,901

14.1 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.

		2019	2018
		(RUPEES IN THOUSAND)	
15.	**CASH AND BANK BALANCES**		
	Cash with banks:		
	On current accounts	1,219	159
	Cash in hand	56	57
		1,275	216
16.	**INCOME**		
	Income from non-financial assets		
	Rental income	30,000	34,500
	Gain on remeasurement of fair value of investment properties	-	2,501
		30,000	37,001

		2019	2018
		(RUPEES IN THOUSAND)	
			Restated
17.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits	787	601
	Staff retirement gratuity	102	28
	Travelling and conveyance	33	19
	Advertisement, printing and stationery	100	92
	Electricity, sui gas and water	111	107
	Postage and telephone	22	34
	Rent, rates and taxes	147	113
	Repair and maintenance	6	9
	Auditor's remuneration (Note 17.1)	550	335
	Legal and professional	80	60
	Fee, subscription and periodicals	308	563
	Entertainment	71	77
	Others	34	27
	Depreciation (Note 12.1.2)	128	150
		2,479	2,215
17.1	**Auditor's remuneration**		
	Statutory audit	300	300
	Other certifications including half yearly review	250	35
		550	335
18.	**OTHER EXPENSES**		
	Depreciation (Note 12.1.2)	27,849	28,985
19.	**FINANCE COST**		
	Mark-up on long term financing	207	2,073
	Mark-up on borrowings from associated company	10,333	-
	Amortization on demand finance calculated by using the effective interest method (Note 5.2.1)	5,648	5,332
	Fair value adjustment of loans from former sponsor directors / shareholders (Note 6)	5,890	2,654
	Bank charges and commission	2	93
		22,080	10,152

20. TAXATION

	2019	2018
	(RUPEES IN THOUSAND)	
Current (Note 20.1)	-	3,450
Prior year adjustment	(3,450)	-
	(3,450)	3,450
Deferred	(4,503)	(4,526)
	(7,953)	(1,076)

20.1 No provision for taxation has been made in these financial statements due to accumulated tax losses of the Company. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company.

21. LOSS PER SHARE - BASIC AND DILUTED

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

		2019	2018 Restated
Loss for the year	(Rupees in thousand)	(14,455)	(3,275)
Weighted average number of ordinary shares	(Numbers)	13 174 800	13 174 800
Loss per share	(Rupees)	(1.10)	(0.25)

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

	Long term financing	Long term loans	Short term borrowings	Total
	----------------(RUPEES IN THOUSAND)----------------			
Balance as at 01 July 2018	108,365	39,883	208,559	356,807
Short term borrowing - net	-	-	56,609	56,609
Repayment of financing	(22,481)	(45,773)	-	(68,254)
Amortization charged using the effective interest method	5,648	-	-	5,648
Fair value adjustment	-	5,890	-	5,890
Transferred from accrued liabilities and other payables	-	-	108,259	108,259
Balance as at 30 June 2019	91,532	-	373,427	464,959

23. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

23.1 No remuneration, fee or any other expenses have been paid to Chief Executive Officer and directors of the Company for their services and no employee of the Company falls within definition of executive as defined in the 4th schedule to the Companies Act, 2017.

23.2 Aggregate amount charged in the financial statements for meeting fee to 6 (2018: 7) directors was Rupees 0.100 million (2018: Rupees 0.057 million).

24. NUMBER OF EMPLOYEES

	2019	2018
Number of employees as on 30 June	3	3
Average number of employees during the year	3	3

25. TRANSACTIONS WITH RELATED PARTIES

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

	2019	2018
	(RUPEES IN THOUSAND)	
Associated company		
Beacon Impex (Private) Limited		
Loan obtained during the period	56,609	-
Finance cost	10,333	-

25.1 Beacon Impex (Private) Limited (BIPL) became associate of the Company due to acquisition of 34.5091% shareholding in the Company on 08 April 2019.

25.2 Detail of compensation to key management personnel comprising of Chief Executive Officer and directors is disclosed in Note 23.

26. PLANT CAPACITY AND ACTUAL PRODUCTION

Plant capacity and actual production detail is not given due to non-operation of production facilities during the year.

27. FINANCIAL RISK MANAGEMENT

27.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's 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, liquidity risk and use of non-derivative financial instruments.

(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 has no receivable / payable balances in foreign currency as at 30 June 2019 (2018: Rupees Nil).

(ii) Other price risk

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

(iii) Interest rate risk

This 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 short term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2019	2018
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	-	13,416
Floating rate instruments		
Financial liabilities		
Short term borrowings	373,427	-

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 3.734 million higher / lower (2018: Rupees Nil), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming that amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

(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:

	2019	2018
	(RUPEES IN THOUSAND)	
Deposits	5,733	5,733
Loans and advances	165	39
Bank balances	1,219	159
	7,117	5,931

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			2019	2018
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A-1+	AAA	VIS	-	5
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,148	1
The Bank of Punjab	A1+	AA	PACRA	70	152
Meezan Bank Limited	A-1+	AA+	VIS	1	1
				1,219	159

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

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash. At 30 June 2019, the Company had not any unveiled borrowing limits from financial institutions and Rupees 1.275 million (2018: Rupees 0.216 million) cash and bank balances. Management believes that currently the liquidity risk to be high. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019:

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

Contractual maturities of financial liabilities as at 30 June 2018:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities:						
Long term financing	108,365	122,196	13,416	9,065	36,260	63,455
Long term loans	39,883	39,883	-	-	39,883	-
Accrued liabilities and other payables	120,716	120,716	120,716	-	-	-
Short term borrowings	208,559	208,559	208,559	-	-	-
	477,523	491,354	342,691	9,065	76,143	63,455

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective as at 30 June. The rates of interest / mark-up have been disclosed in Note 5 and Note 10 to these financial statements.

27.2 Financial instruments by categories

	2019	2018
	(RUPEES IN THOUSAND)	
	At amortized cost	Loans and receivables
Financial assets as per statement of financial position		
Deposits	5,733	5,733
Loans and advances	165	39
Cash and bank balances	1,275	216
	7,173	5,988
	At amortized cost	
Financial liabilities as per statement of financial position		
Long term financing	91,532	108,365
Long term loans	-	39,883
Accrued liabilities and other payables	550	120,716
Short term borrowings	373,427	208,559
Accrued mark-up on short term borrowings	10,333	-
	475,842	477,523

27.3 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.

27.4 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.

28. 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 recognised 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: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

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

29. 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 2019				
Freehold land	-	31,009	-	31,009
Buildings on freehold land	-	77,796	-	77,796
Plant and machinery	-	218,101	-	218,101
Power generation house	-	21,416	-	21,416
Total non-financial assets	-	348,322	-	348,322
At 30 June 2018				
Plant and machinery	-	235,305	-	235,305
Power generation house	-	21,465	-	21,465
Investment properties	-	110,124	-	110,124
Total non-financial assets	-	366,894	-	366,894

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. As at 30 April 2019, the fair value of freehold land and buildings thereon has been determined by Messrs Zafar Iqbal and Company. The valuation of plant and machinery along with power generation house has been performed by Messers Zafar Iqbal and Company as at 31 December 2018.

Changes in fair values are analyzed at each reporting date during the annual valuation 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.

30. EVENT AFTER THE REPORTING PERIOD

The Company has resumed its operations on 01 August 2019 and started its commercial operations / spinning business operations.

31. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2019 by the Board of Directors of the Company.

32. CORRESPONDING FIGURES

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

33. GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR** **CHIEF FINANCIAL OFFICER**

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company **Khurshid Spinning Mills Limited**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2019**

2.2 No. of Shareholders	------Shareholdings------ **From**	**To**	**Total Shares Held**
446	1	100	44,411
844	101	500	319,600
234	501	1,000	212,600
177	1,001	5,000	469,889
46	5,001	10,000	319,600
20	10,001	15,000	274,400
6	15,001	20,000	110,700
5	20,001	25,000	115,300
5	25,001	30,000	134,800
4	30,001	35,000	134,300
1	35,001	40,000	35,900
1	40,001	45,000	43,500
1	45,001	50,000	50,000
2	60,001	65,000	122,700
1	65,001	70,000	69,200
1	80,001	85,000	82,500
1	95,001	100,000	99,400
1	100,001	105,000	101,000
1	110,001	115,000	112,400
1	160,001	165,000	161,500
1	175,001	180,000	177,000
1	185,001	190,000	190,000
1	200,001	205,000	204,300
1	455,001	460,000	458,900
1	580,001	585,000	580,600
1	595,001	600,000	599,300
1	650,001	655,000	650,300
1	820,001	825,000	822,200
1	1,930,001	1,935,000	1,932,000
1	4,545,001	4,550,000	4,546,500
1,808			**13,174,800**

2.3 Categories of shareholders	**Share held**	**Percentage**
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	82,000	0.6224%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	4,546,500	34.5091%
2.3.3 NIT and ICP	181,600	1.3784%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	2,897,600	21.9935%
2.3.5 Insurance Companies	108,600	0.8243%
2.3.6 Modarabas and Mutual Funds	52,500	0.3985%
2.3.7 Share holders holding 10% or more	6,478,500	49.1734%
2.3.8 General Public		
a. Local	5,116,900	38.8385%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	189,100	1.4353%

Khurshid Spinning Mills Limited
Categories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2019

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	BEACON IMPEX (PRIVATE) LIMITED	4,546,500	34.5091%
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MUHAMMAD ASHRAF	10,000	0.0759%
2	MR. ZEESHAN SAEED (CDC)	20,600	0.1564%
3	MR. MUHAMMAD SHAHBAZ ALI (CDC)	13,500	0.1025%
4	MR. MUHAMMAD IQBAL (CDC)	24,400	0.1852%
5	MR. FASEEH UL ZAMAN (CDC)	13,500	0.1025%
6	MR. QAISER NASIR (Nominee of Becon Impex)	-	0.0000%
7	MR. MUHAMMAD AMMAN ADIL (Nominee of Becon Impex)	-	0.0000%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		3,058,700	23.2163%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	BEACON IMPEX (PRIVATE) LIMITED	4,546,500	34.5091%
2	BANKERS EQUITY LTD	1,932,000	14.6644%
3	NATIONAL BANK OF PAKISTAN	822,200	6.2407%

KHURSHID SPINNING MILLS LIMITED

PROXY FORM

I/We..
of...
In the district of...being a member/members of
Khurshid Spinning Mills Limited holding......................................Ordinary Share
of Rs. 10/-each hereby appoint Mr./Ms...
of...a member of
or failing him/her Mr./Ms. ....
of...who is also a member of the Company,
vide Registered Folio No. ....CDC A/C NO..as
my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 28 October 2019 at 03:00 P.M. at 133-134, Regency the Mall, Faisalabad - the Registered Office of the Company and at any adjournment thereof.

As witness my/our hand this........................day of...........................2019

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

Date......................................
Place.....................................

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

Signature should Agree with the Signature registered With the Company

IMPORTANT

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

KHURSHID SPINNING MILLS LIMITED

Notice of 34th Annual General Meeting

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If undelivered please return to:

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Khurshid Spinning Mills Limited

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