



ISO 9002 APPROVED



# **Khurshid Spinning Mills Limited**

## **1ST QUARTERLY REPORT**

**SEPTEMBER 30, 2018  
(UN-AUDITED)**



**COMPANY INFORMATION**

<b>Board of Directors</b>	Mr. Muhammad Ashraf	Chairman
	Mr. Muhammad Iqbal	Chief Executive Officer
	Mr. Zeeshan Saeed	Director
	Mr. Muhammad Shahbaz Ali	Director
	Mr. Faseeh Uzaman	Director
	Khawaja Amer Khurshid	Director
	Khawaja Asem Khurshid	Director
<b>Audit Committee</b>	Mr. Zeeshan Saeed	Chairman
	Khawaja Asem Khurshid	Member
	Mr. Muhammad Shahbaz Ali	Member
<b>HR and Remuneration Committee</b>	Mr. Muhammad Shahbaz Ali	Chairman
	Mr. Muhammad Iqbal	Member
	Mr. Faseeh Uzaman	Member
<b>CFO/Company Secretary</b>	Mr. Ali Mudassar	
<b>Auditors</b>	Riaz Ahmad and Company	
	Chartered Accountants	
	560-F, Raja Road, Gulistan Colony,	
	Faisalabad.	
<b>Bankers</b>	National Bank of Pakistan	
	The Bank of Punjab	
	Meezan Bank Limited	
	Habib Metropolitan Bank Limited	
<b>Share Registrar</b>	Corplink (Private) Limited	
	Wings Arcade, 1-K, Commercial, Model Town, Lahore.	
<b>Registered/Head Office</b>	133-134, Regency the Mall, Faisalabad.	
<b>Mills</b>	35 Kilometer, Sheikhupura Road, Faisalabad.	



**DIRECTORS REPORT TO THE SHAREHOLDERS  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018**

The Directors of the Company are pleased to present the un-audited Condensed Interim Financial Information for the 1<sup>st</sup> quarter ended on September 30, 2018.

The company has sustained profit after taxation of Rupees 0.050 million as compared to the 1<sup>st</sup> quarter's loss after taxation of Rupees 2.522 million of preceding year. There has been no production operation since October 2011 due to overdue debts and non-availability of working capital.

**Future Prospects**

Your company has leased out its production facilities to Messrs Beacon Impex (Pvt.) Limited at monthly lease rent of Rupees 3.000 million. Now, the operations are being carried out by the lessee and proper arrangements have been made by the lessee to keep the assets in good running condition. The directors of the Company are fully aware of the affairs of the company and are making their strenuous efforts to improve overall performance of the company, cost controls and internal expenses to a minimum level to reduce the losses of the Company.

**Acknowledgement**

We would like to take this opportunity to express my 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 financial institutions for extending their co-operation.

**Faisalabad  
October 27, 2018**

**Zeeshan Saeed**  
Director

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

**MUHAMMAD IQBAL**  
Chief Executive Officer



## حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ


عرصہ سہ ماہی 30 ستمبر 2018

کمپنی کے ڈائریکٹرز 30 ستمبر 2018 عرصہ سہ ماہی کے غیر آڈٹ شدہ مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔ کمپنی کا 30 ستمبر 2018 کے اختتام پر بعد از ٹیکس منافع 0.050 ملین روپے ہے۔ جبکہ اس کے برعکس پچھلی سہ ماہی میں بعد از ٹیکس نقصان 2.522 ملین روپے تھا۔ آپ کی کمپنی نے 31 اکتوبر 2011 سے کوئی پیداوار نہیں کی، جس کی وجہ فنڈز کی قلت اور زائد قرضے ہیں۔ مستقبل کے امکانات۔

آپ کی کمپنی نے اپنے پیداواری اثاثہ جات کو ٹیکنامیکس پرائیویٹ لمیٹڈ کو ماہانہ کرایہ داری مبلغ 3.000 ملین روپے میں دیا ہے۔ جو کہ آپ کی کمپنی کے تمام اثاثہ جات کی بہت اچھی طرح دیکھ بھال اور مرمت کے لیے آنے والے تمام اخراجات خود ادا کر رہی ہے۔ کمپنی کے ڈائریکٹرز اپنی تمام تر توانائیاں بروے کار لا رہے ہیں۔ تاکہ کمپنی کے اخراجات کو کم سے کم رکھیں اور ماہانہ کرایہ داری سے زیادہ سے زیادہ منافع ہو۔

### اعتراف

بورڈ آف ڈائریکٹرز، مالیاتی اداروں، شیئرز ہولڈرز اور اپنے ملازمین کی لگن اور محنت کی قدر کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے  
  
 فہیل آبادی  
  
 محمد اقبال

فیصل آباد  
 27 اکتوبر 2018

چیف ایگزیکٹو آفیسر  
 ڈائریکٹر



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	Un-audited 30 September 2018 (Rupees in thousand)	Audited 30 June 2018
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
17 000 000 (30 June 2018: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000
<b>Issued, subscribed and paid up share capital</b>			
13 174 800 (30 June 2018: 13 174 800) ordinary shares of Rupees 10 each		131,748	131,748
<b>Capital reserves</b>			
Equity Portion Of Shareholders' Loan		13,335	13,335
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax		152,959	155,452
<b>Accumulated loss</b>		(453,029)	(455,572)
<b>Total equity</b>		(154,987)	(155,037)
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	78,201	85,884
Long term loans	6	40,594	39,883
Deferred income tax liability		56,182	57,200
		174,977	182,967
<b>CURRENT LIABILITIES</b>			
Trade and other payables		121,415	120,716
Short term borrowings		208,559	208,559
Current portion of non-current liabilities		22,221	22,481
Provision for taxation		11,569	10,669
		363,764	362,425
<b>TOTAL LIABILITIES</b>		538,741	545,392
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	7	383,754	390,355
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	257,027	263,580
Investment properties		110,124	110,124
Long term deposits		5,733	5,733
		372,884	379,437
<b>CURRENT ASSETS</b>			
Loans and advances		8,926	8,901
Sales tax refundable		1,801	1,801
Cash and bank balances		143	216
		10,870	10,918
<b>TOTAL ASSETS</b>		383,754	390,355

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2018**

Quarter ended	
30 September 2018	30 September 2017
(Rupees in thousand)	

OTHER INCOME	9,000	7,500
ADMINISTRATIVE EXPENSES	(257)	(504)
OTHER EXPENSES	(6,522)	(7,246)
FINANCE COST	(2,289)	(2,692)
LOSS BEFORE TAXATION	(68)	(2,942)
TAXATION	118	420
PROFIT/(LOSS) AFTER TAXATION	50	(2,522)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	-	(0.19)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER





**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2018**

Quarter ended	
30 September 2018	30 September 2017
(Rupees in thousand)	

PROFIT/(LOSS) AFTER TAXATION	50	(2,522)
OTHER COMPREHENSIVE INCOME	-	-
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	<u>50</u>	<u>(2,522)</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2018

SHARE CAPITAL	RESERVES			REVENUE RESERVES		TOTAL	TOTAL EQUITY
	EQUITY PORTION OF SHAREHOLDERS' LOAN	Capital Reserves	Surplus on revaluation of plant, equipment and investment properties - net of deferred income tax	ACCUMULATED LOSS			
					(RUPEES IN THOUSAND)		
Balance as at 30 June 2017-Audited	131,748	13,335	164,389	177,724	(463,406)	(285,682)	(153,934)
Transfer from surplus on revaluation of plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(2,731)	(2,731)	2,731	-	-
Loss for the 1st quarter ended 30 September 2017	-	-	-	-	(2,522)	(2,522)	(2,522)
Other comprehensive income for the 1st quarter ended 30 September 2017	-	-	-	-	-	-	-
Total comprehensive profit for the 1st quarter ended 30 September 2017	-	-	-	-	(2,522)	(2,522)	(2,522)
Balance as at 30 September 2017-Unaudited	131,748	13,335	161,658	174,993	(463,197)	(288,204)	(156,456)
Transfer from surplus on revaluation of plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(8,350)	(8,350)	8,350	-	-
Adjustment of deferred income tax liability due to re-assessment at year end	-	-	2,144	2,144	-	2,144	2,144
Loss for the nine months ended 30 June 2018	-	-	-	-	(725)	(725)	(725)
Other comprehensive income for the nine months ended 30 June 2018	-	-	-	-	-	-	-
Total comprehensive loss for the nine months ended 30 June 2018	-	-	-	-	(725)	(725)	(725)
Balance as at 30 June 2018-Audited	131,748	13,335	155,452	168,787	(455,572)	(286,785)	(155,037)
Transfer from surplus on revaluation of plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(2,493)	(2,493)	2,493	-	-
Profit for the 1st quarter ended 30 September 2018	-	-	-	-	50	50	50
Other comprehensive income for the 1st quarter ended 30 September 2018	-	-	-	-	-	-	-
Total comprehensive profit for the 1st quarter ended 30 September 2018	-	-	-	-	50	50	50
Balance as at 30 September 2018-Unaudited	131,748	13,335	152,959	166,294	(453,029)	(286,735)	(154,987)

CHIEF EXECUTIVE OFFICER

DIRECTOR

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**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2018**

Quarter ended	
30 September 2018	30 September 2017

(Rupees in thousand)

**CASH FLOWS FROM OPERATING ACTIVITIES**

**Loss before taxation** (68) (2,942)

**Adjustments for non-cash charges and other items:**

Depreciation 6,553 7,284

Finance cost 2,289 2,692

**Working capital changes**

Increase in loans and advances (25) (43)

Increase in trade and other payables 699 2,505

**Cash generated from operations** 9,448 9,496

Finance cost paid (196) (723)

**Net cash generated from operating activities** 9,252 8,773

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of long term financing (9,325) (8,761)

**NET CASH USED IN FINANCING ACTIVITIES** (9,325) (8,761)

**NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS** (73) 12

**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** 216 79

**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** 143 91

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2018**

**1. THE COMPANY AND ITS OPERATIONS**

Khurshid Spinning Mills Limited is a public limited company incorporated in Pakistan under the 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.

Geographical location and addresses of all business units of the Company are as follows:

Manufacturing Unit	Address
Spinning Unit	35 Kilometers, Sheikhpura Road, Faisalabad

On 07 May 2018, Beacon Impex (Private) Limited (BIL) made a public announcement of intention to acquire 67.2546% shares of the Company. The time period of the public announcement will expire on 03 November 2018. In this regard, a share purchase agreement has been signed between BIL and Sellers.

**2. BASIS OF PREPARATION**

This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017:

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. This condensed interim financial information are un-audited, and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

**3. ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.



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

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

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

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in Company's annual audited financial statements for the year ended 30 June 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2018.

Un-Audited 30 September 2018	Audited 30 June 2018
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(Rupees in thousand)

#### 5. LONG TERM FINANCING

##### The Bank of Punjab:

Demand finance - I	4,091	13,416
Demand finance - II	96,331	94,949
Total	100,422	108,365
Less: Current portion shown under current liabilities	22,221	22,481
	78,201	85,884

#### 6. LONG TERM LOANS

These represent unsecured interest free loans obtained from sponsor directors / shareholders of the Company. These loans are repayable in one bullet installment on 30 June 2020.

#### 7. CONTINGENCIES AND COMMITMENTS

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

#### 8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	255,259	261,812
Capital work-in-process	1,768	1,768
	257,027	263,580





### 8.1 Operating fixed assets:

Opening book value	261,812	290,947
<b>Less:</b> Depreciation for the period / year	(6,553)	(29,135)
	<u>255,259</u>	<u>261,812</u>

**8.2** Plant and machinery and other facilities located at mills along with investment properties have been given on lease at monthly rental of Rupees 3.000 million (30 June 2018: Rupees 3.000 million).

## 9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors. Significant transactions with related parties are as follows:

Un-Audited 30 September 2018	Audited 30 June 2018
(Rupees in thousand)	

### i) Period end balances

Long term loans - Directors	40,594	39,883
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## 10. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on 27 October 2018 by the Board of Directors of the Company.

## 11. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the amounts of comparable period of immediately preceding financial year.

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

## 12. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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133-134, Regency the Mall, Faisalabad

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