



Mr. Hafiz Maqsood Munshi  
Manager – RAD  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
KARACHI - 74000

Dear Sir

## NON-COMPLIANCE OF PSX REGULATIONS NO. 5.11.1.(b) & (i) BY M/S KHURSHID SPINNING MILLS LIMITED (“the Company”)

Please refer to your Notice No. PSX/N-1197 dated September 27, 2019 on the subject matter.

We draw your kind attention towards Note 1.2 to the audited financial statements of the Company for the year ended 30 June 2019, which is reproduced below:

### QUOTE

“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 of 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.”



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UNQUOTE

You would further appreciate that the Company made disclosure of this material information to PSX on 01 August 2019.

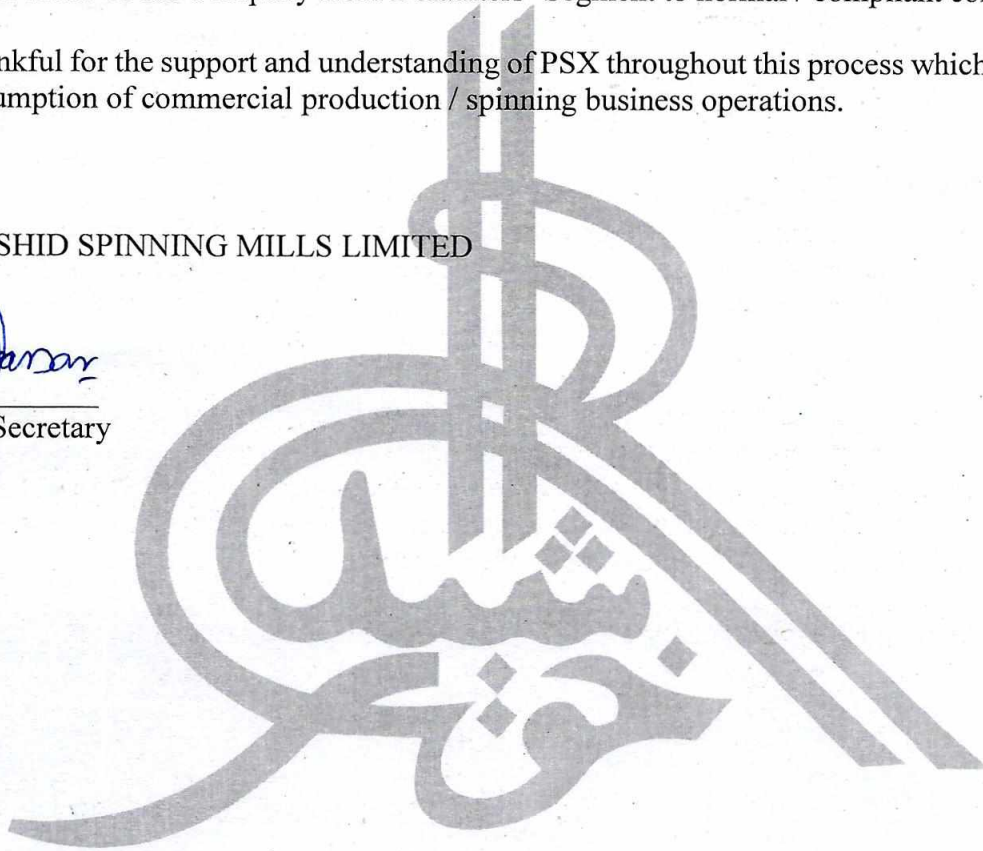
You would further note from the audited financial statements of the Company for the year ended 30 June 2019 that the auditors of the Company have issued unmodified opinion on the financial statements of the Company based on resumption of commercial operations in principal line of business.

In view of the fact that the Company has resumed commercial production / spinning business operations and the auditors' opinion on latest audited annual financial statements of the Company is unmodified, we are pleased to report that the Company is now in compliance with all applicable requirements of PSX, therefore, you are requested to please withdraw the Notice under reference and shift the name of the Company from Defaulters' Segment to normal / compliant companies.

We are thankful for the support and understanding of PSX throughout this process which ultimately lead to resumption of commercial production / spinning business operations.

Sincerely  
for KHURSHID SPINNING MILLS LIMITED

  
Company Secretary



**ISO 9002 CERTIFIED COMPANY**

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**Mills:** 35-Kilometers, Sheikhpura Road, Faisalabad.

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