



*of Companies*

**35<sup>th</sup> Annual Report 2019**

**UMER GROUP OF COMPANIES**

**FAISAL SPINNING MILLS LIMITED**

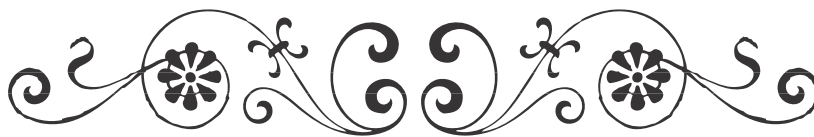
## Vision

*A company providing quality textile  
products and maintaining  
an excellent level of ethical and  
professional standards*



## Mission Statement

*To become a leader of textile products  
in the local and  
international markets  
and to achieve  
the highest level of success*



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## CORPORATE INFORMATION

Board of Directors	Mr. Bilal Sharif Mr. Khurrum Salim Mr. Muhammad Amin Mr. Muhammad Salim Mrs. Marium Adil Mr. Muhammad Shaheen Mr. Hamza Shakeel Mr. Iqbal Mehboob Mr. Mustafa Tanvir Mr. Asif Elahi	Chief Executive / Director Non Executive Director Non Executive Director Non Executive Director / Chairman Non Executive Director Non Executive Director Non Executive Director Independent Director Independent Director Independent Director
<b>Chief Financial Officer</b>	Mr. Anwar Hussain, FCA	
Company Secretary	Mr. Adeel-ur-Rehman Ansari, MBA	
Audit Committee	Mr. Iqbal Mehboob Mr. Muhammad Amin Mr. Khurrum Salim	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Iqbal Mehboob Mr. Muhammad Shaheen Mr. Hamza Shakeel	Chairman Member Member
Auditors	M/s Mushatq and Company Chartered Accountants 407, Commerce Centre, Hasrat Mohani Road, Karachi	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	Bank Alfalah Limited Dubai Islamic Bank Habib Bank Limited MCB Bank Limited Meezan Bank Limited Samba Bank Limited Standard Chartered Bank (Pakistan) Limited Bank Islami Pakistan Ltd Habib Metropolitan Bank Ltd United Bank Limited	
Share Registrar	Hameed Majeed Associates (Private) Limited 5th Floor Karachi Chamber, Karachi	
Registered Office	Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3 Email: khioff@umergroup.com - Website: <a href="http://www.umergroup.com">http://www.umergroup.com</a>	
Liaison / Correspondence office	9th Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan. Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: lhroff@umergroup.com Website: <a href="http://www.umergroup.com">http://www.umergroup.com</a>	
Mills At:	Spinning Unit & Weaving Unit are situated at:Feroz Watwan, Sheikhpura, Punjab. Tel: 056- 3731446-7  Weaving Unit is situated at: 18 - KM, Sheikhpura Faisalabad Road, Feroz Watwan, Sheikhpura, Punjab. Tel: 056 3731446-7	

# FAISAL SPINNING MILLS LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 35th Annual General Meeting of the members of Faisal Spinning Mills Limited will be held on Saturday, 26th October 2019 at 10:30 AM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

### Ordinary Business

1. To confirm the minutes of the Extra Ordinary General Meeting held on 29th December 2018.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2019 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @ 185.00% (i.e. PKR 18.50 per share) for the year ended 30th June, 2019, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2019-2020 and fix their remuneration. The retiring auditor M/S Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

### Special Business:

6. To approve the enhancement in remuneration of the Chief Executive Officer of the company.
7. The board of directors accorded their approval for circulation of annual audited financial statements together with auditors report, directors' report, chairman's review report to every member of the company and every person who is entitled to receive notice of general meeting through electronically under provisions of section 223(6) of the Companies Act, 2017" Act".

### Statement under section 134(3) of the Companies Act, 2017 regarding Special Business

The statement sets out the material facts concerning the special business given in agenda item (6) of the notice intended to be transacted at the annual general meeting.

The shareholders approval is sought for enhancement in remuneration of the Chief Executive Officer of the company. The existing remuneration of the CEO is PKR 650,000/- per month.

For this purpose, following ordinary resolution is proposed to be passed with or without modification by the shareholders at the annual general meeting of the company scheduled for 26th October, 2019.

**"Resolved That,** the company hereby approves the monthly remuneration of Mr. Bilal Sharif the Chief Executive Officer, a sum not exceeding PKR 800,000/-.

The statement sets out the material facts concerning the special business given in agenda item (7) of the notice intended to be transacted at the annual general meeting.

The directors of the company accorded their approval for circulation of annual audited financial statements along with auditors report, directors' report, chairman's review report through electronically (CD,DVD,USB) at their registered address under provisions of section 223(6) of the Companies Act, 2017.

Accordingly, to validate the approval under "Act" the board of directors recommended the following ordinary resolution be passed at the annual general meeting of the company scheduled for 26th October, 2019.

**"Resolved That,** consent and approval of the members of the company be and is hereby accorded to validate the circulation of annual audited financial statements along with auditors report, directors' report, chairman's review report through electronically (CD,DVD,USB) at their registered address under provisions of section 223(6) of the Companies Act, 2017".

(By the order of the Board)

Adeel-ur-Rehman Ansari  
Company Secretary

Karachi:

Dated: 26<sup>th</sup> September 2019

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

1. The Shares Transfer Books of the Company will remain closed from 18th October 2019 to 26th October, 2019 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/I, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 17th October 2019 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2019.
2. Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the company not later than 48 hours before the time of holding the meeting.
3. Pursuant to section 132(2) of Companies Act, 2017 the company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least seven (07) days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company at least 10 days before holding of the Annual General Meeting:

"I/We, \_\_\_\_\_ being a member of Faisal Spinning Mills Limited, holder of \_\_\_\_\_ ordinary shares vide folio \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

\_\_\_\_\_  
Signature of Member

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
5. Section 242 of Companies Act 2017 which states that, "Any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders". In compliance of section 242 SECP issued a circular CLD/CCD/PR(11)/2017 No.18/2017 dated 1-Aug-17 requiring listed companies to obtain electronic dividend mandate from the Shareholders and in this regard a notice had already been sent to all the shareholders.

Further, Securities and Exchange Commission of Pakistan (SECP) vide notification No. SRO 1145(1)/2017 dated November 6, 2017 in terms of provision of section 242 of the Companies Act, 2017 issued regulations for distribution of dividends by the listed companies requiring entitled shareholders to provide valid information pertaining to designated bank account including name of bank, title of account, address of bank branch and international bank account number.

In this regard we request all registered shareholders to provide the bank details in order to credit their cash dividends directly to their bank account, if declared. Also provide us verification of bank detail with your concern bank and submit to in case of book-entry securities in CDS, to CDS participants and in case of physical securities to the Company's Share Registrar.

6. In compliance of section 244 of Companies Act 2017 and SECP circular No. CLD/CCD/PR(11)/2017 Direction No.16 of 2017 dated 7-July -2017 regarding dividends, shares or modaraba certificates remains unclaimed or unpaid for a period of three years from the date it is due or payable shall be vested with Federal Government after complying the requirements of Companies Act 2017.

In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares, dividend or modaraba certificates as on June 30, 2019 have been uploaded on our website: [www.umergroup.com](http://www.umergroup.com).

In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modaraba certificates.

## NOTICE OF ANNUAL GENERAL MEETING

7. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.
8. Pursuant to Notification vide SRO 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.umergroup.com](http://www.umergroup.com). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 2MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
9. Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:
  - a. For filer of income tax return 15%
  - b. For non-filers of income tax return 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing.

In the event of non-receipt of the information by 24th October 2019, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

10. E-Voting, members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.



## CHAIRMAN REVIEW REPORT

As required under section 192(4) of Companies Act 2017 attached herewith a review report for the year ended June 30, 2019 by the chairman on overall performance and effectiveness of the board of **Faisal Spinning Mills Limited** (Board) in achieving its objectives.

The company has set its corporate governance standards that involves balancing the interests of a company's various stakeholders like shareholders, management, customers, suppliers, financiers, government and the community. These standards also provides the framework for attaining a company's objectives which encompasses every practical sphere of management from action plans and internal controls to performance measurement and corporate disclosure.

The Board has performed and discharge its duties as per provisions of Companies Act 2017(Act), regulations under Code of Corporate Governance 2017 (Code), guidelines issued by Securities and Exchange Commission of Pakistan (SECP) and regulatory compliance required for listed companies by Pakistan Stock Exchange (PSX). The Board has opted to carry out the evaluation process internally under the regulation 10(V) of the Code which showed that board has played an effective and active role in achieving its objectives.


To be an effective in today's business world, the Board must has diversity within its members to face ever-increasingly complex and difficult matters. The management believes that diverse board brings an expansive array of perspectives as a result of synergy that creates a powerful dynamic to meet the future challenges. By recognizing that we are not an exception to this fact, the newly reconstituted board of ten directors comprised of five non-executive, three independent, one female and one executive director.

The Board has well-established and effective structures, policies and processes in place that will ensure the Company's sustainability. The Board is quite determined in mitigating all types of risk by incorporating proper risk management policies on both financial and operation risk arenas. The review depicts proper risk identification polices are in place to safeguard the organizations resources, repute interests of shareholders.

The Board has an effective mechanism is in place for communication with stakeholders and deputed couple of individuals including company secretary to promptly resolve all the queries of shareholders. An effective website which also fulfilling in the regulatory compliance is a comprehensive medium to disseminate the information to the shareholders on issues related to notice of annual general meetings, date elections, financial results and distribution of dividends etc.

The directors regularly attended the board and committee meetings to discuss the financial statements or any specific agenda. Besides, all the directors have attended the annual general meeting of the company in compliance of the regulations issued under Code.

Karachi:  
Date: 26<sup>th</sup> September 2019

  
**Mohammad Salim**  
(Chairman)

## Directors Report

We, the Board of Directors' of Faisal Spinning Mills Limited are pleased to present annual report on audited financial statements of company together with auditors' report thereon for the year ended June 30, 2019.

### Financial Results

The Operational results are here as under:

	2019 Rupees	2018 Rupees
Sales	14,028,566,145	11,842,981,031
Cost of sales	12,144,528,218	10,534,518,803
Gross profit	1,884,037,927	1,308,462,228
Other income	30,479,561	3,700,693
Add: Share of profit from associated undertaking	117,478,502	68,124,372
Less: Selling, Admin, Finan & Other Expenses	929,623,922	658,860,680
Less: Profit before taxation	1,102,372,068	721,426,613
Taxation		
Current year	171,415,830	144,142,228
Prior year	(430,012)	(5,759,731)
Deferred	12,886,399	5,189,039
	183,872,217	143,571,536
Profit after taxation	918,499,851	577,855,077
Basic and diluted earnings per share	91.85	57.79

### Financial Performance

During the year ended June 30, 2019 the company achieved sales of PKR 14,028.566 million as compared to PKR 11,842.981 million in the corresponding year of the same period showing an increase of sales by 18.45%. Moreover, there is a noticeable increase in exports sales by almost 23 percent during the current year.

The company earns a profit after tax amounting to PKR 918.500 million during the year ended 30 June, 2019 showing an increase by 59 percent as compared to the corresponding period.

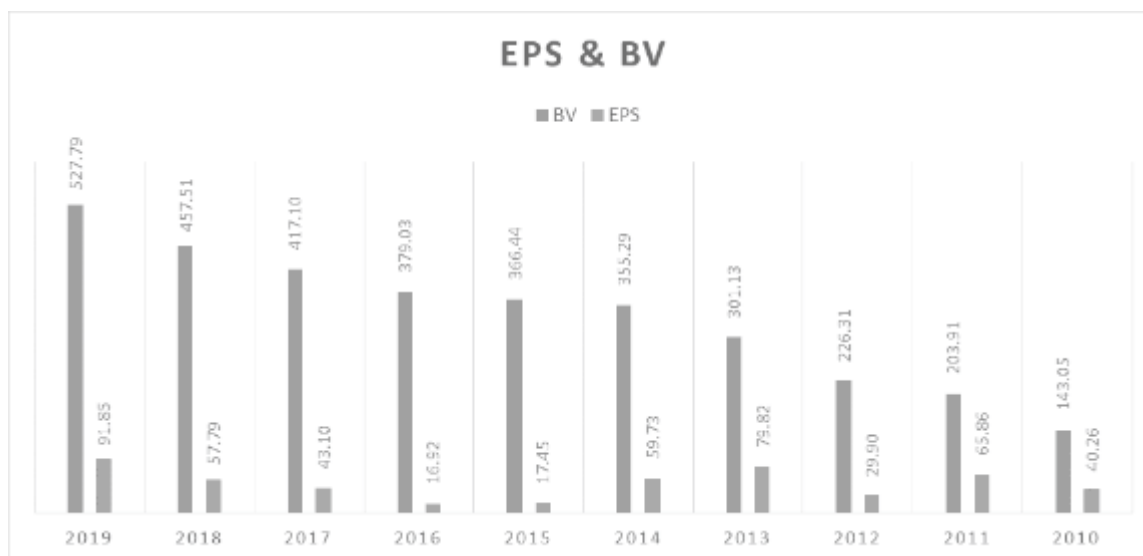
### Dividends and Reserves Appropriation

In the preceding year 2018 the dividend at 232.00% i.e PKR 23.20 has been paid by the company whereas for the current year the board of directors are pleased to recommend a final cash dividend of 185.00% i.e PKR 18.50 per share in line with the recommendation of audit committee for the approval shareholders in forthcoming annual general meeting scheduled on October 26, 2019.

Moreover, the directors proposed to transfer an amount of PKR 700.000 million to the general reserve to meet any unforeseen contingencies in future.

### Earning and Break-up Value of Share

The company has exhibited its firm commitment towards shareholders depicted by the increase in both earnings per share from PKR 57.79 to PKR 91.85 and breakup value of share from PKR 457.51 to PKR 527.98 during the current year ended June 30, 2019 as compared to corresponding year.



## Cash Flow Strategy

Management strategy is designed to monitor and utilize the components of working capital in the utmost financially efficient manner to assure that company maintains sufficient cash flow to meet its short-term obligations that simultaneously generates the maximum benefit to the shareholders of the company.

The current ratio of 2.40 during the current year depicts stark indication of the financial soundness of the company and considered highly satisfactory in company's ability to pay its current obligation.

During the current year the company paid PKR 160.307 million in the national exchequer towards income tax whereas an PKR 549.22 million for debt service of the company. Moreover, an amount of PKR 228.793 million has been paid during the current year towards final cash dividend by the company.

## Financial Leverage

The company manages its capital structure with the combination of equity and debt in way that will maximize the value to the shareholders.

The long-term borrowing stands at PKR 1,478.484 million on June 30, 2019 as compared to corresponding period where it stood at PKR 1,475.536 million. The shareholder equity have been increased by 15.36 during the corresponding year ended June 30, 2019. The shareholders equity has been increased from PKR 4,575.087 million to PKR 5,277.907 million during the corresponding periods under review.

## Balancing, Modernization and Replacement

During the year the board has appropriated an amount of PKR 406.000 million approximately towards BMR for modernization the plant and Machinery, Building & Equipment in order to cope up with the technological advancement around the globe.

## Expansion Plans

The board of directors in the meeting held on September 26, 2019 accorded their formal approval for setting up a finishing plant as a value addition initiative with a production capacity of almost 18.000 million meterage per annum. The commercial production is expected to be commence by the end of year 2020.

## Credit Rating

The final rating of A/A 1 (Single A / A-One) has been assigned to the company by the rating company Messer's JCR-VIS. The outlook on the assigned rating is "Stable".

## Financial Statements

As required under Companies Act 2017, listing regulations of PSX and directives issued by the SECP the Chief Executive Officer and Chief Financial Officer presented the financial statements of the company for the year ended June 30, 2019, duly endorsed under their respective signatures for consideration, approval and authorization by the board of directors for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Mushtaq & Company, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2018 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

## Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Act, 2017 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Act as well as through directives issued by the Securities and Exchange Commission of Pakistan.

## Overview on Cotton

The crop cultivation targets for the current sowing season were achieved by over 91 percent as it went up by 1.0 percent as compared with the area under cotton crop cultivation during same period of last year. The cultivation of cotton sowing in the province of Punjab was over 2.29 million hectares of land as against the set targets of 2.31 million hectares for the period under review whereas crop sowing in the Sindh was decreased by 40 percent and attributed the low sowing trend with dry weather during the crop sowing time as well as shortage of water for crop irrigation. The Balochistan and KPK provinces were assigned a task to cultivated the crop over 0.1 million hectares. The recent rains in Punjab & KPK would assist in boosting the area under cotton growing as well as enhance the output.

## Economic Overview of the Pakistan

The Pakistan's economic growth in current fiscal year is nine-year low of 3.3 per cent (5.5 per cent in 2018) and expected to be circa at 4.0 per cent due to both internal and external factors. The recent both monetary and fiscal measures taken by the incumbent government to cut aggregate demand in the overheated economy in the shape of hiking in key interest rate accompanied by the increase in power tariffs and recent surge in gas prices would take inflation to a higher side.

The measures to narrow down fiscal and current account deficits like rupee depreciation, global economic slowdown due to the escalated US-China trade war and likely increase in international oil prices would also hamper the economic growth in the country.

## Visualizing Optimism

On the constructive side, some of the economic indicators may bounce back to show some steadiness with stabilization policies in place and the economy moving along the reforms agenda, the country's macroeconomic indicators are expected to slowly revert to a steady trajectory. Investments in the industry to grow exports and substitute imports are a precondition for sustainable future economic growth. The economic stability the government expects to achieve on the back of fiscal, monetary and structural reforms it is executing under the 39-month, \$6 billion bailout package from the International Monetary Fund is unlikely to last long unless it puts in place policies conducive for improving the business climate to attract new investments.

## Silver lining

Some support to the GDP growth can possibly come from strong prospects in the agriculture sector, where there is potential for higher output if the impact of constraints affecting area under cultivation and yields in an effective manner. Investment in the industry to grow exports and substitute imports are a precondition for sustainable future economic growth.

## Impediments

Unfortunately, the business and investment sentiments are at their lowest at present. The situation will worsen going forward if measures are not taken to correct the policies that have led us to this point where businessmen are forced to drop their investment plans.

There are several factors that have contributed in depressed business and investment sentiments;

- Massive exchange rate adjustments over the last one year.
- Increased cost of borrowing.
- Severe cash flow crunch by the manufacturers owing to withdrawal of zero-rated regime for exporters.
- Gas price subsidy issues.
- Withdrawal of zero-rating that will tie up the working capital in the refund regime for a six-month cycle.
- Previous amount tied on account of in sales and income tax refunds.
- The existing tax credit of 10 per cent on new investments under section 65B of income tax ordinance has been halved for the present fiscal year and the concession will be completely abolished from the next financial year.

The monetary policy adjustments rendering an aggressive increase in 150 bps by the central bank making the benchmark at 13.25% , falling off Pak Rupee against US Dollar by circa 33 percent during the financial year 2018 to 2019 (June 2018:121 to June 2019:160) against the greenback coupled with new taxation measures announced in the budget and certain other policy changes have steeply raised the cost of investments in the industry and affected export competitiveness.

Further, the share of subsidized loan under the EFS (export finance scheme to cover exporters' needs for working capital) and LTF (long-term financing facility for purchase of machinery and equipment) as a ratio of the textile industry's total exposure (to bank credit) has also been decreased in 2018, which means the industry was compelled to borrow commercial loans at a very heavy price to meet their financing needs for working capital. The cost of capital eroded the profitability of the textile industry which is a high volume and low margin sector where majority already operating under a very thin margin.

The scenario renders it extremely difficult for the industry to execute an investment plan with an exchange rate of 157 - 160 (Rupee to Dollar) while the feasibility was conducted at Rs.121 in 2018. The textile exporters who planned to increase their production capacities to take advantage of foreign buyers during last one and a half years have been forced to either put their plans on hold or scale down the size of their investments amid the new business environment prevailing in the country.

To conclude we suggests to the government that in order to provide a conducive business environment and facilitate the exporters it must try to eliminate the obstacles that are slowing down the pace of prevailing economic environment in the country, stop punishing the businessmen for the inability of law enforcing department to recover taxes from those who aren't paying their share in exchequer accordingly.

## Compliance with Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed.

## Statement on Corporate and Financial Reporting Framework

The Directors of your company are aware of their responsibilities under Companies Act 2017, Regulations under Code of Corporate Governance 2017, Rule Book of the Pakistan Stock Exchange Limited and directives issued by Securities & Exchange Commission of Pakistan. As a part of the compliance to the regulators we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- All the directors have attended its general meeting unless preclude due to reasonable reason.

# FAISAL SPINNING MILLS LIMITED *of Companies*

- All the directors are assigned with their responsibilities, roles, remuneration, powers and obligation at the commencement of their terms in accordance with Code of Corporate Governance, Companies Act and Article of Association.
- All the directors of the Company are accredited / exempted under Directors Training Program (DTP) as required by the Code of Corporate Governance regulation.
- There has been a proper updated record of the significant policies duly approved by the board of directors on human resource, whistle blower, procurement, communication mechanism with stakeholders, environment, health and safety, director's remuneration, anti-money laundering and risk management etc.
- As required by the Code of Corporate Governance and Companies Act 2017, we have included the following information in this report:
  - Statement of pattern of shareholding has been given separately.
  - Statement of shares held by associated undertakings and related persons.
  - Statement of the board meetings and annual general meeting held during the year and attendance by each director has been given separately.
  - Chairman review report under the provisions of section 192(4) of the Companies Act.
  - Statement of compliance duly signed by the chairman under regulation 40 of the Code.
- Key operating and financial statistics for last six years. Information about taxes and levies had been adequately disclosed in the annexed audited financial statements.
- The company strictly follow the guidelines issued by SECP on prohibition of insider trading for listed companies and no trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

## Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

## Related Party

There is a robust policy in place for all related party transactions (RPT) in pursuant to the notification issued by Securities and Exchange Commission of Pakistan vide SRO 768(1)2018 and the guidelines have been duly incorporated in the company policy with regard to transactions and maintenance of records.

## Board Evaluation

The company has opted to conduct evaluation process of the board internally in compliance of the regulation 10(3)(v) of code of corporate governance 2017 for assessing the board performance, members of the board and its committee members.

A comprehensive review has been carried out entailing statutory documents, the minutes of board and committee meetings, policies currently in place and other ancillary documents, questionnaires, interactions with the board and committee members.

## Board Composition

As required under regulation 36 of CCG 2017 the board of ten (10) directors is comprised as follows;

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Directors	3	0	3
(ii)	Executive Director	1	0	1
(ii)	Non- Executive Directors	5	1	6

## Board and Audit Committee Meetings

- All the directors, eligible to attend the meeting have attended the annual general meeting of the company held on October 25, 2018 in person under regulation 10(6) of the Code of Corporate Governance.
- Following are the number of meeting held and attended by board of directors, audit committee and human resource & remuneration committee during 2018-19:

Name of Directors	Board of Directors		Committees			
			Audit		Human Resource and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Mohammad Salim	4	4	-	-	-	-
Mr. Mohammad Sharif	2	2	-	-	-	-
Mr. Mohammad Shaheen	4	4	-	-	2	2
Mr. Khurram Salim	4	4	3	3	-	-
Mr. Bilal Sharif	4	4	-	-	-	-
Mr. Mohammad Amin	4	4	6	6	-	-
Mr. Adil Shakeel	2	2	3	3	-	-
Mr. Hamza Shakeel	4	4	-	-	2	2
Mr. Iqbal Mehboob	4	4	6	6	2	2
Mr. Asif Elahi	2	2				
Mr. Mustafa Tanvir	2	2				
Mrs. Mariam Adil	2	2				

## Elections of Directors and Reconstitution of Board

The elections were held during the year and board was reconstituted on December 29, 2018 in which all the contesting members were duly elected unopposed. The appointments of independent, executive, non-executive and female directors have been made in strict compliance of the regulations issued under code of corporate governance.

## Audit Committee

The audit committee comprises of three members of which chairman is an independent director whereas all the other are non-executive directors and discharge its responsibilities under terms of reference assigned by the board of directors.

The appointment of financial literate member has been made in line with regulation 28(1)(c) of chapter X in the Code of Corporate Governance, 2017.

The meetings of audit committee were held at regular intervals in compliance with the Regulation 28(2) of chapter X in the Code of Corporate Governance, 2017 (Code) to review the both interim and annual financial statements before the approval of board of directors along with an additional meetings once a year with an external auditors without the CFO and other with an internal auditor without the presence of the CFO and external auditor.

An audit committee is one of the major operating committees of a company's board of directors that is in charge of overseeing financial reporting and disclosures, monitoring of accounting policies, oversight of any external auditors, regulatory compliance and the discussion of risk management policies with management.

Audit committees maintain communication with the company's chief financial officer (CFO) and head of internal audit. The committee also has the authority to initiate special investigations in cases where it is determined that accounting practices are problematic or suspected and an internal auditor assists the committee in such efforts.



## Human Resource and Remuneration Committee

The human resource and remuneration committee (HRRC) is comprised of three members of which all are non-executive directors whereas chairman is an independent director. The HRRC review compliance with any legislative guidelines relating to compensation and benefits, review compliance with employment, labor and human rights legislation.

The HRRC on behalf of the Board of Directors oversee and administer the company's human resource policies, plans, and procedures, review, approve, or recommend for Board approval, decisions relating to the fair and competitive compensation of executives, directors, committee members and other key personnel.

## Corporate Social Responsibility Policy

The companies CSR strategies encourage the company to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and society by engaging in philanthropic contribution for the benefit of the society, initiating community support investment and educational programs, recognizing the need to protect the natural environment by following best practices for waste disposal, recycling, energy conservation and utilizing environmentally-friendly technologies.

The company arranges reforestation excursions at regular intervals to create awareness.

## Health, Safety and Environment Policy

The company is strongly committed towards health and safety at work and strictly adhere to the rules and regulations for managing health and safety effectively and minimizing all sorts of negative impact to optimized sustainable environment.

The company's health, safety and environment policy statement demonstrate a pleasant and workable environment by making every possible effort to remove or reduce the risks to the health, safety of all workers, contractors and visitors, and anyone else who may be affected by business operations and ensuring the compliance towards health, safety and environment legislation.

## Directors Remuneration Policy

The feature of executive director's remuneration policy is prepared and recommended by human resource and remuneration committee (HRRC) to the board subject to the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations.

The remuneration of the executive directors is determined by considering the market competitiveness which is identical in akin companies, whilst also considering level of competencies, experience, scope of the board assignments and yearly meetings.

The executive directors entitled for the fixed monthly remuneration recommended by HRRC which is approved in the board meeting, followed by the approval of members in General Meeting.

No fee or remuneration has been paid either to non-executive or independent directors.

## Statutory Auditors

The present auditors M/s Mushtaq & Co., Chartered Accountants shall retire on the conclusion of the annual general meeting scheduled on October 26, 2019 however, being eligible they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Co., Chartered Accountants, as external auditor for the year ended 30th June 2020. The external auditors M/s Mushtaq & Co., Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan. The Board of Directors also recommended the appointment of M/s Mushtaq & Co., Chartered Accountants, as external auditor for the year ended 30th June 2020.

## Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of report of directors' report.



## Acknowledgement

I am highly indebted to Board of Directors, valued shareholders, customers, bankers, suppliers and other stakeholders for their support, trust and confidence. I also appreciate to all employees for their loyalty dedication and hard work which enabled the Company to achieve its objectives.

For and on behalf of the Board



**Bilal Sharif**  
Chief Executive

Karachi: September 26, 2019



**Muhammad Salim**  
Director

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The statement is being presented to comply with the requirement of regulation 40 contained in Code of Corporate Governance, 2017 for the purpose of establishing a framework of good corporate governance, whereby a company quoted at Pakistan Stock Exchange Limited is managed in compliance with best practices of corporate governance.

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

- The total number of directors are ten (10) as per the following:

- Male : Nine (9)
- Female : One(1)

- The composition of board is as follows:

Sr	Category	Name
a)	Independent Directors	Mr. Iqbal Mehboob Mr. Asif Elahi Mr. Mustafa Tanvir
b)	Executive Director	Mr. Bilal Sharif
c)	Non- Executive Directors	Mr. Muhammad Salim Mr. Muhammad Shaheen Mr. Muhammad Amin Mr. Khurum Salim Mr. Hamza Shakeel Mrs. Mariam Adil

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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.
- 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.
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- All the directors on the Board are accredited / exempted from directors training programs.  
  
The Board has arranged directors training program during the financial year for the following:  
Mrs. Mariam Adil - (Non-Executive Director)
- The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- CFO and CEO duly endorsed the financial statements before approval of the board.

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

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

### Audit Committee

Name	Designation
Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Mohammad Amin	Member - Non- Executive Director
Mr. Khurram Salim	Member - Non- Executive Director

### Human Resource & Remuneration Committee

Name	Designation
Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Mohammad Shaheen	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

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

14. The frequency of meetings of the audit and human resource committees were as per following:

Name of Committee	Frequency of Meeting
Audit Committee	Quarterly
HR and Remuneration Committee	Half Yearly
Nomination Committee	Not applicable
Risk Management Committee	Not applicable

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


16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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. We confirm that all other requirements of the Regulations have been complied with.

**For and on behalf of the Board**

**Karachi:**  
**Date: 26<sup>th</sup> September 2019**

  
**Mohammad Salim**  
(Chairman)

# MUSHTAQ & COMPANY

## CHARTERED ACCOUNTANTS

H O. 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3  
Email Address: mushctaquo@hotmail.com



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### Independent Auditor's Review Report

#### *To the members of Faisal Spinning Mills Limited on the Statement of Compliance with the Code of Corporate Governance*

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 **Faisal Spinning Mills Limited** for the year ended June 30, 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 June 30, 2019.

**MUSHTAQ & COMPANY**  
Chartered Accountants

Place: Lahore  
Dated: **September 26, 2019**

**Engagement Partner:**  
Zahid Hussain Zahid, (ACA)

Lahore Office: 19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6  
Islamabad Office: 313. First floor millennium heights, F-11/1, Islamabad Tel: 051-2224970

### Independent auditor's report to the members of

#### *Faisal Spinning Mills Limited*

#### *Report on the Audit of the Financial Statements*

##### **Opinion**

We have audited the annexed financial statements of **Faisal Spinning Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statements of other 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, statement of profit or loss and other 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 June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

##### **Basis for Opinion**

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

##### **Key Audit Matter(s)**

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.

Key audit matter(s)	How the matter was addressed in our audit
<p><b>1 Valuation of Inventory</b></p> <p>We refer to accounting policies, note 18 &amp; 19.</p> <p>The total value of inventory consisting of Stores and Stocks as of June 30, 2019, is amounted to Rs. 4.009 billion representing 40.26 % of the total assets (2018: Rs. 2.474 billion, 29.57 % of the total assets). Inventories are measured at the lower of cost and net realizable value. As a result, the management apply judgement in determining the appropriate values for slow-moving or obsolete items.</p> <p>The inventory is material to our audit because the inventory is exposed to price fluctuation due to market factors. The valuation of Finished Goods also involves complex methods of allocation of factory overheads to inventory.</p>	<p>We checked the appropriateness of management's assumptions applied in calculating the value of the inventory and provisions by:</p> <ul style="list-style-type: none"><li>- assessing the Company's accounting policies over recognizing inventory in compliance with applicable accounting standards;</li><li>- attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li><li>- evaluating the design and implementation of key inventory controls;</li><li>- testing the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value, obtained through a detailed review of sales subsequent to the year-end;</li></ul>

# MUSHTAQ & COMPANY

## CHARTERED ACCOUNTANTS

H O. 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3  
Email Address: mushctaqa@hotmail.com



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Key audit matter(s)	How the matter was addressed in our audit
Due to above said factors, inventory costing was considered a significant risk of inventory overvaluation.	<ul style="list-style-type: none"><li>- assessing whether bases of allocation of the variable and fixed costs are reasonable; and</li><li>- an analytic review was also performed on inventory.</li></ul> We assessed the Company's disclosures in the financial statements in respect of inventory

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

Management is responsible for the other information. The other information comprises director's report and last six years' financial analysis 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 are 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.

Lahore Office: 19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6

Islamabad Office: 313. First floor millennium heights, F-11/1, Islamabad Tel: 051-2224970

# MUSHTAQ & COMPANY

## CHARTERED ACCOUNTANTS

H O. 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3  
Email Address: mushctaqco@hotmail.com



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- 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 provided 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 other 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Zahid Hussain Zahid, ACA.

Place: Lahore  
Dated: **September 26, 2019**

**MUSHTAQ & COMPANY**  
Chartered Accountants

Lahore Office: 19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6  
Islamabad Office: 313. First floor millennium heights, F-11/1, Islamabad Tel: 051-2224970

## Statement of Financial Position As At June 30, 2019

	Note	June 30, 2019 PKR	June 30, 2018 PKR
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>SHARE CAPITAL AND RESERVES</u></b>			
Authorized capital 12,000,000 (2018: 12,000,000) ordinary shares of PKR 10 each		120,000,000	120,000,000
Issued, subscribed and paid up capital	5	100,000,000	100,000,000
Reserves		4,900,000,000	4,200,000,000
Unappropriated profits		277,907,185	275,085,662
		5,277,907,185	4,575,085,662
<b><u>NON CURRENT LIABILITIES</u></b>			
Long-term financing - secured	6	1,478,483,866	1,475,536,209
	7	958,528,960	818,451,774
<b><u>DEFERRED LIABILITIES</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	8	742,758,759	599,665,652
Unclaimed dividend	9	10,433,759	7,226,735
Accrued markup / interest	10	56,990,253	19,613,533
Short-term borrowings - secured	11	1,430,911,134	645,651,760
Current portion of non current liabilities	12	226,341,724	224,493,423
		2,467,435,629	1,496,651,103
<b><u>CONTINGENCIES AND COMMITMENTS</u></b>			
	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		10,182,355,640	8,365,724,748

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:  
Date: 26<sup>th</sup> September 2019



Bilal Sharif  
Chief Executive



Mohammad Salim  
Director



Anwar Hussain  
Chief Financial Officer



## Statement of Financial Position As At June 30, 2019

	<u>Note</u>	June 30, 2019	June 30, 2018
<u>ASSETS</u>		<u>PKR</u>	<u>PKR</u>
<b><u>NON CURRENT ASSETS</u></b>			
Property, plant and equipment	14	3,533,394,262	3,491,381,821
Capital work-in-progress	15	23,676,544	19,809,445
Long term investment	16	689,653,923	599,526,101
Long term deposits	17	9,636,135	9,154,135
		<b>4,256,360,864</b>	<b>4,119,871,502</b>
<b><u>CURRENT ASSETS</u></b>			
Stores, spare parts and loose tools	18	94,322,900	70,806,434
Stock in trade	19	4,005,267,653	2,403,295,127
Trade debts	20	991,416,896	1,035,166,834
Loans and advances	21	69,483,087	71,454,064
Trade deposits and prepayments	22	122,676,103	93,073,897
Other receivables	23	19,617,557	13,271,023
Income tax refundable	24	293,358,349	304,036,327
Sales tax refundable	25	163,906,121	129,563,165
Bank balances	26	165,946,110	125,186,375
		<b>5,925,994,776</b>	<b>4,245,853,246</b>
<b>TOTAL ASSETS</b>		<b>10,182,355,640</b>	<b>8,365,724,748</b>

Karachi:  
Date: 26<sup>th</sup> September 2019



Bilal Sharif  
Chief Executive



Mohammad Salim  
Director



Anwar Hussain  
Chief Financial Officer

## Statement of Profit or Loss For the year ended June 30, 2019

	Note	June 30, 2019 PKR	June 30, 2018 PKR
Sales	27	14,028,566,145	11,842,981,031
Cost of sales	28	12,144,528,218	10,534,518,803
<b>Gross profit</b>		<b>1,884,037,927</b>	<b>1,308,462,228</b>
Other income	29	30,479,561	3,700,693
		<b>1,914,517,488</b>	<b>1,312,162,921</b>
Distribution cost	30	359,691,377	343,056,784
Administrative expenses	31	218,206,900	132,299,033
Other operating expenses	32	61,177,800	46,143,681
Finance cost	33	290,547,845	137,361,182
		<b>929,623,922</b>	<b>658,860,680</b>
		<b>984,893,566</b>	<b>653,302,241</b>
Share of profit from associated undertaking		117,478,502	68,124,372
<b>Profit before tax</b>		<b>1,102,372,068</b>	<b>721,426,613</b>
Provision for taxation			
Current tax - Current year		171,415,830	144,142,228
Current tax - Prior year		(430,012)	(5,759,731)
Deferred		12,886,399	5,189,039
	34	<b>183,872,217</b>	<b>143,571,536</b>
<b>Profit after taxation for the year</b>		<b>918,499,851</b>	<b>577,855,077</b>
<b>Earnings per share - basic and diluted</b>	35	<b>91.85</b>	<b>57.79</b>

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:  
Date: 26<sup>th</sup> September 2019



Bilal Sharif  
Chief Executive



Mohammad Salim  
Director



Anwar Hussain  
Chief Financial Officer

## Statement of Comprehensive Income For the year ended June 30, 2019

Note	June 30, 2019 PKR	June 30, 2018 PKR
Profit after taxation for the year	918,499,851	577,855,077
<b>Other comprehensive income for the year</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Actuarial (loss)/gain on remeasurement of employees retirement benefits - gratuity	17,841,564	(1,379,096)
Related deferred tax on remeasurement of employees retirement benefits - gratuity	(1,519,892)	97,823
	16,321,672	(1,281,273)
<b>Total comprehensive income for the year</b>	<b>934,821,523</b>	<b>576,573,804</b>

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:  
Date: 26<sup>th</sup> September 2019



Bilal Sharif  
Chief Executive



Mohammad Salim  
Director



Anwar Hussain  
Chief Financial Officer

## Statement of Changes in Equity For the year ended June 30, 2019

	Share Capital	Capital Reserves	Revenue Reserves		Total
			General Reserves	Unappropriated Profit	
			.....PKR.....		
<b>Balance as at June 30, 2017</b>	100,000,000	24,150,000	3,865,850,000	181,011,828	4,171,011,828
Final dividend for the year ended June 30, 2017 PKR. 17.25 per share	-	-	-	(172,499,970)	(172,499,970)
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	577,855,077	577,855,077
Other comprehensive (loss)/gain	-	-	-	(1,281,273)	(1,281,273)
Transferred to general reserve	-	-	310,000,000	(310,000,000)	-
<b>Balance as at June 30, 2018</b>	100,000,000	24,150,000	4,175,850,000	275,085,662	4,575,085,662
Final dividend for the year ended June 30, 2018 PKR. 23.20 per share	-	-	-	(232,000,000)	(232,000,000)
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	918,499,851	918,499,851
Other comprehensive (loss)/gain	-	-	-	16,321,672	16,321,672
Transferred to general reserve	-	-	700,000,000	(700,000,000)	-
<b>Balance as at June 30, 2019</b>	100,000,000	24,150,000	4,875,850,000	277,907,185	5,277,907,185

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:  
Date: 26<sup>th</sup> September 2019



Bilal Sharif  
Chief Executive



Mohammad Salim  
Director



Anwar Hussain  
Chief Financial Officer

## Statement of Cash Flows For the year ended June 30, 2019

	June 30, 2019 PKR	June 30, 2018 PKR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,102,372,068	721,426,613
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	323,909,031	329,423,478
Share of profit from associated undertaking	(117,478,502)	(68,124,372)
Provision for bad debts	93,736,350	21,198,704
Doubtful debts recovered / reversed	(21,198,704)	-
Infrastructure fee - ETO	29,353,960	18,356,828
Infrastructure fee - Gas	99,707,785	137,847,397
Provision for staff retirement benefits - gratuity	41,520,181	50,000,086
Loss on disposal of property, plant and equipment	1,612,675	6,368,234
Finance cost	290,547,845	137,361,182
	<b>741,710,621</b>	<b>632,431,537</b>
<b>Operating cash flows before movements in working capital</b>	<b>1,844,082,689</b>	<b>1,353,858,150</b>
<b>Changes in working capital</b>		
(Increase) / decrease in stores, spares and loose tools	(23,516,466)	14,925,077
(Increase) in stock in trade	(1,601,972,526)	(393,020,837)
(Increase) in trade debts	(28,787,708)	(660,493,758)
Decrease in loans and advances	1,970,977	34,552
(Increase) in trade deposits	(29,602,206)	(18,505,093)
(Increase) in other receivable	(6,346,534)	(10,676,591)
(Increase) / Decrease in sales tax refund and other receivables	(34,342,956)	81,185,882
Increase in trade and other payables	143,093,107	45,195,484
	<b>(1,579,504,312)</b>	<b>(941,355,284)</b>
<b>Cash generated by operations</b>	<b>264,578,377</b>	<b>412,502,866</b>
Finance cost paid	(253,171,125)	(136,331,648)
Staff retirement benefits - gratuity paid	(27,069,467)	(21,127,253)
Income taxes paid	(160,307,840)	(135,038,447)
Long-term deposits	(482,000)	(295,000)
	<b>(441,030,432)</b>	<b>(292,792,348)</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(176,452,055)</b>	<b>119,710,518</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	53,090,812	6,250,000
Addition in property plant and equipment	(424,492,058)	(354,053,514)
Dividend received	27,350,680	18,194,148
<b>Net cash used in investing activities</b>	<b>(344,050,566)</b>	<b>(329,609,366)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from long term finance	300,841,968	73,893,960
Payment of long-term financing	(296,046,010)	(160,431,135)
Increase in short-term borrowings	785,259,374	481,612,099
Dividend paid	(228,792,976)	(170,704,674)
<b>Net cash generated from financing activities</b>	<b>561,262,356</b>	<b>224,370,250</b>
<b>Net increase in cash and cash equivalents</b>	<b>40,759,735</b>	<b>14,471,402</b>
<b>Cash and cash equivalent at the beginning of year</b>	<b>125,186,375</b>	<b>110,714,973</b>
<b>Cash and cash equivalent at the end of year</b>	<b>165,946,110</b>	<b>125,186,375</b>

\* No non-cash item are included in these activities.

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:  
Date: 26<sup>th</sup> September 2019



Bilal Sharif  
Chief Executive



Mohammad Salim  
Director



Anwar Hussain  
Chief Financial Officer

## Notes to the financial statements For the year ended June 30, 2019

### 1 The Company and its Operations

**1.1** Faisal Spinning Mills Limited ("the Company") was incorporated on 31<sup>st</sup> January 1985 as a public limited company in Pakistan under repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.

**1.2** The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Nooriabad, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhpura in the province of Punjab.

### 2 Basis of Preparation

#### 2.1 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 (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee.

#### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 45 to these financial statements.

## Notes to the financial statements

For the year ended June 30, 2019

### 2.5 Standards, interpretations and amendments to published approved accounting standards

#### 2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year :

Following standards, amendments and interpretations are effective for the year beginning on or after July 01, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on January 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

#### 2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

- The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:
- IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

## Notes to the financial statements

### For the year ended June 30, 2019

- There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

### 3 Summary of Significant Accounting Policies

#### 3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

#### 3.2 Employee benefits

##### Short term employees benefits

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

##### Post retirement benefits

##### Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

#### 3.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

##### Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

##### Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based



## Notes to the financial statements

### For the year ended June 30, 2019

on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

#### 3.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 3.5 Trade and other payables

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

#### 3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

#### 3.7 Property, plant and equipment and depreciation

##### Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

##### Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

##### Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

##### Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

## Notes to the financial statements

For the year ended June 30, 2019

### 3.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

### 3.9 Investments in associate - Equity Method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the carrying amount is increased or decreased to recognize the company's share of profit or loss of associates. Share of post acquisition profit and loss of associates is accounted for in the company's profit and loss account. Distribution received from investee, reduces the carrying amount of investment. The changes in the associate's equity which are not recognized in the associates' profit and loss account, are recognized directly in the equity of the Company.

### 3.10 Financial assets and liabilities

#### Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

#### Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

## Notes to the financial statements

For the year ended June 30, 2019

### Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

### Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

## 3.11 Impairment

### Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only 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 no impairment loss had been recognized.

## 3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

## Notes to the financial statements

### For the year ended June 30, 2019

#### 3.13 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

#### 3.14 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost or replacement cost whichever is lower
Work in	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower
Waste	Net realizable value

Valuation of raw material, work in process and finished goods as on 30th June have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

#### 3.15 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well forecast direction of conditions at their reporting date.

There has been change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivable considered irrecoverable are written off.

#### 3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

#### 3.17 Revenue recognition

Revenue from sale of goods is recognised when control of goods is transferred to customers.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

#### 3.18 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

## Notes to the financial statements

### For the year ended June 30, 2019

#### 3.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

#### 3.20 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

#### 3.21 Segment reporting

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment Segments reported are Spinning, Weaving and Power Generation, Which also reflects the management structure of company.

## 4 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements

### For the year ended June 30, 2019

#### 5 Issued, Subscribed and Paid up Capital

Number of shares			June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
			2019	2018	PKR	PKR
6,300,000	6,300,000	Ordinary shares of Rs 10 each allotted for consideration - fully paid in cash			63,000,000	63,000,000
3,700,000	3,700,000	Ordinary shares of Rs 10 each allotted as bonus shares			37,000,000	37,000,000
<u>10,000,000</u>	<u>10,000,000</u>				<u>100,000,000</u>	<u>100,000,000</u>

5.1 Associated company holds 1,282,900 (2018: 1,282,900) ordinary shares of Rs. 10 each in the company.

6	Long Term Financing - Secured From Financial Institutions	LTF Loans	Non LTF Loans	June 30, 2019	June 30, 2018
		PKR	PKR	PKR	PKR
6.01	United Bank Limited - Term Finance Loan	13,201,000	-	13,201,000	18,481,000
6.02	United Bank Limited - Term Finance Loan	32,519,533	-	32,519,533	37,722,657
6.03	United Bank Limited - Term Finance Loan	57,953,908	-	57,953,908	67,226,532
6.04	United Bank Limited - Term Finance Loan	123,460,000	-	123,460,000	143,216,000
6.05	United Bank Limited - Term Finance Loan	177,401,000	-	177,401,000	205,785,000
6.06	United Bank Limited - Term Finance Loan	121,972,000	-	121,972,000	140,732,000
6.07	United Bank Limited - Term Finance Loan	192,882,750	-	192,882,750	220,434,750
6.08	United Bank Limited - Term Finance Loan	39,916,000	-	39,916,000	45,616,000
6.09	United Bank Limited - Term Finance Loan	74,763,000	-	74,763,000	85,835,000
6.10	United Bank Limited - Term Finance Loan	45,122,189	-	45,122,189	46,577,189
6.11	United Bank Limited - Term Finance Loan	164,928,662	-	164,928,662	170,248,662
6.12	United Bank Limited - Term Finance Loan	13,288,340	-	13,288,340	13,716,996
6.13	United Bank Limited - Term Finance Loan	152,169,542	-	152,169,542	157,078,237
6.14	United Bank Limited - Term Finance Loan	44,434,050	-	44,434,050	44,434,050
6.15	United Bank Limited - Term Finance Loan	-	-	-	8,792,099
6.16	United Bank Limited - Term Finance Loan	-	5,420,960	5,420,960	8,518,640
6.17	United Bank Limited - Term Finance Loan	-	6,062,138	6,062,138	9,526,138
6.18	United Bank Limited - Term Finance Loan	-	8,491,935	8,491,935	12,737,895
6.19	United Bank Limited - Term Finance Loan	-	33,869,248	33,869,248	50,803,872
6.20	United Bank Limited - Term Finance Loan	-	-	-	109,578,496
6.21	United Bank Limited - Term Finance Loan	-	22,233,407	22,233,407	29,074,459
6.22	United Bank Limited - Term Finance Loan	73,893,960	-	73,893,960	73,893,960
6.23	United Bank Limited - Term Finance Loan	9,769,800	-	9,769,800	-
6.24	United Bank Limited - Term Finance Loan	152,145,810	-	152,145,810	-
6.25	United Bank Limited - Term Finance Loan	20,270,490	-	20,270,490	-
6.26	United Bank Limited - Term Finance Loan	118,655,868	-	118,655,868	-
		<u>1,628,747,902</u>	<u>76,077,688</u>	<u>1,704,825,590</u>	<u>1,700,029,632</u>

#### Less: Current Maturity

6.01	United Bank Limited - Term Finance Loan	5,280,000	-	5,280,000	5,280,000
6.02	United Bank Limited - Term Finance Loan	5,203,124	-	5,203,124	5,203,124
6.03	United Bank Limited - Term Finance Loan	9,272,624	-	9,272,624	9,272,624
6.04	United Bank Limited - Term Finance Loan	19,756,000	-	19,756,000	19,756,000
6.05	United Bank Limited - Term Finance Loan	28,384,000	-	28,384,000	28,384,000
6.06	United Bank Limited - Term Finance Loan	18,760,000	-	18,760,000	18,760,000
6.07	United Bank Limited - Term Finance Loan	27,552,000	-	27,552,000	27,552,000
6.08	United Bank Limited - Term Finance Loan	5,700,000	-	5,700,000	5,700,000
6.09	United Bank Limited - Term Finance Loan	11,072,000	-	11,072,000	11,072,000
6.10	United Bank Limited - Term Finance Loan	7,275,000	-	7,275,000	2,910,000
6.11	United Bank Limited - Term Finance Loan	26,600,000	-	26,600,000	10,640,000
6.12	United Bank Limited - Term Finance Loan	1,714,624	-	1,714,624	428,656
6.13	United Bank Limited - Term Finance Loan	19,634,780	-	19,634,780	4,908,695
6.14	United Bank Limited - Term Finance Loan	5,554,256	-	5,554,256	-
6.15	United Bank Limited - Term Finance Loan	-	-	-	3,516,840
6.16	United Bank Limited - Term Finance Loan	-	3,097,680	3,097,680	3,097,680
6.17	United Bank Limited - Term Finance Loan	-	3,464,000	3,464,000	3,464,000
6.18	United Bank Limited - Term Finance Loan	-	4,245,960	4,245,960	4,245,960
6.19	United Bank Limited - Term Finance Loan	-	16,934,624	16,934,624	16,934,624
6.20	United Bank Limited - Term Finance Loan	-	-	-	36,526,168
6.21	United Bank Limited - Term Finance Loan	-	6,841,052	6,841,052	6,841,052
		<u>191,758,408</u>	<u>34,583,316</u>	<u>226,341,724</u>	<u>224,493,423</u>
Total Term Finance Loan Payable		<u>1,436,989,494</u>	<u>41,494,372</u>	<u>1,478,483,866</u>	<u>1,475,536,209</u>

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements

### For the year ended June 30, 2019

	Security	Repayment	Markup on LTFF	Markup on non-LTFF
6.01	First pari passu charge over plant and machinery of Weaving Unit situated at 18 Kilometer, Faisalabad Road, Feroz Watwan, District Sheikhpura, to the extent of PKR 1,651.0 million.	The loan is repayable in twenty equal quarterly installments, commenced from 2nd June, 2016.	5.15% (2018: 5.15%)	-
6.02	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commenced from 4th November 2017.	3.50% (2018: 3.50%)	-
6.03	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commenced from 24th November, 2017.	3.50% (2018: 3.50%)	-
6.04	Covered under securities for term finance 6.01	The loan is repayable in thirty six equal quarterly installments, commenced from 09th December, 2016.	3.50% (2018: 3.50%)	-
6.05	Covered under securities for term finance 6.01	The loan is repayable in thirty six equal quarterly installments, commenced from 17th December, 2016.	3.50% (2018: 3.50%)	-
6.06	Covered under securities for term finance 6.01	The loan is repayable in thirty six equal quarterly installments, commenced from 23rd February, 2017.	2.50% (2018: 2.5%)	-
6.07	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commenced from 13th September, 2018.	2.50% (2018: 2.5%)	-
6.08	First pari passu charge over plant and machinery of Spinning Unit situated at A - 150, SITE Nooriabad, Sindh, to the extent of PKR 1.374 billion .	The loan is repayable in thirty two equal quarterly installments, commencing from 14 <sup>th</sup> September, 2018.	2.50% (2018: 2.5%)	-
6.09	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 28 <sup>th</sup> May, 2018.	2.50% (2016: 2.50%)	-
6.10	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 29 <sup>th</sup> March, 2019.	2.50% (2018: 2.5%)	-
6.11	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 29 <sup>th</sup> March, 2019.	2.50% (2018: 2.5%)	-
6.12	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 4 <sup>th</sup> April, 2019.	2.50% (2018: 2.5%)	-
6.13	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 4 <sup>th</sup> April, 2019.	2.50% (2018: 2.5%)	-
6.14	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 24 <sup>th</sup> August, 2019.	2.50% (2018: 2.5%)	-
6.15	Covered under securities for term finance 6.08	The loan was repayable in twenty four equal quarterly installments, commencing from 30 <sup>th</sup> March, 2015. The Company has pre-paid the total outstanding amount of the loan during the year.	-	Three month KIBOR plus 0.75% (2018: Three month KIBOR plus 0.75%)
6.16	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 5 <sup>th</sup> May, 2015.	-	Three month KIBOR plus 0.75% (2018: Three month KIBOR plus 0.75%)
6.17	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 25 <sup>th</sup> May, 2015.	-	Three month KIBOR plus 0.75% (2018: Three month KIBOR plus 0.75%)
6.18	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 9 <sup>th</sup> July, 2015.	-	Three month KIBOR plus 0.75% (2018: Three month KIBOR plus 0.75%)

## Notes to the financial statements

For the year ended June 30, 2019

	Security	Repayment	Markup on LTFF	Markup on non-LTFF
6.19	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 4 <sup>th</sup> August, 2015.	-	Three month KIBOR plus 0.75% (2018: Three month KIBOR plus 0.75%)
6.20	Covered under securities for term finance 6.08	The loan was repayable in twenty four equal quarterly installments, commencing from 5 <sup>th</sup> September, 2015. The Company has pre-paid the total outstanding amount of the loan during the year.	-	Three month KIBOR plus 0.75% (2018: Three month KIBOR plus 0.75%)
6.21	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 27 <sup>th</sup> October, 2016.	-	Three month KIBOR plus 0.50% (2018: Three month KIBOR plus 0.75%)
6.22	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commencing from 30 <sup>th</sup> August, 2020.	2.5% (2018: 2.5%)	-
6.23	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commencing from 23 <sup>rd</sup> October, 2020.	2.50% (2018: Nil)	-
6.24	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commencing from 3 <sup>rd</sup> August, 2021.	2.75% (2018: Nil)	-
6.25	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commencing from 09 <sup>th</sup> May, 2021.	2.75% (2018: Nil)	-
6.26	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commencing from 07 <sup>th</sup> May, 2021.	2.75% (2018: Nil)	-

7	Deferred Liability	Note	June 30, 2019	June 30, 2018
			PKR	PKR
	Infrastructure fee payable - ETO	7.1	120,656,804	91,302,844
	Staff retirement benefits - gratuity	7.2	161,516,799	164,907,649
	Deferred taxation	7.3	78,215,091	63,808,800
	Infrastructure fee payable - Gas	7.4	598,140,266	498,432,481
			<b>958,528,960</b>	<b>818,451,774</b>

- 7.1 This represents amount payable to Excise and Taxation Department, Government of Sindh in respect of infrastructure fee levied through fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006). The Supreme Court in his judgment dated 17<sup>th</sup> May 2011 has decided that fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006) is valid and hence the levy imposed and collected from the effective date of the fifth version i.e. 28<sup>th</sup> December 2006 is valid and all imposition and collection before 28<sup>th</sup> December 2006 are declared to be invalid. The company has now filed petition in Sindh High Court, challenging fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006 regarding levy of infrastructure fee from the 28<sup>th</sup> December 2006. During the pendency of decision on fifth version of law, Sindh High Court has directed on 31<sup>st</sup> May 2011 to pay 50% of liability to Excise and Taxation Department, Government of Sindh, and provide bank guarantee of the remaining amount as calculated in accordance with the decision of Supreme Court of Pakistan. Subsequent imports of the company be released against 50% payment infrastructure fee to Excise and Taxation Department, Government of Sindh and furnishing bank guarantee of balance 50% amount. This also includes an amount payable to Excise and Taxation Department, The Government of the Punjab, in respect of Infrastructure Development Cess. The company had filed WP No. 25754/16 in Lahore High Court and during the pendency of decision, Lahore High Court has directed to pay 50% of the liability to Excise and Taxation Department, Government of the Punjab and provide bank guarantee of the balance 50% amount. The company has provided bank guarantees amounting to PKR 121.69 Million (June 30, 2018: PKR 91.48 Million) in respect of unpaid infrastructure fee. The company has accrued unpaid infrastructure fee.



# FAISAL SPINNING MILLS LIMITED *of Companies*

## Notes to the financial statements

For the year ended June 30, 2019

		June 30, 2019	June 30, 2018
	Note	PKR	PKR
<b>7.2 Staff retirement benefits - gratuity</b>			
<b>7.2.1 Movement in liability recognized in the balance sheet</b>			
Balance at beginning of year		164,907,649	134,655,721
Charged to profit and loss account and other comprehensive income	7.2.2	23,678,617	51,379,181
Benefits paid during the year		(27,069,467)	(21,127,253)
Balance at the end of the year		161,516,799	164,907,649
		June 30, 2019	June 30, 2018
		PKR	PKR
<b>7.2.2 Amount charged to profit and loss account / other comprehensive income</b>			
Current service cost		24,418,518	38,521,567
Interest cost		17,101,663	11,478,518
Charge to profit and loss account		41,520,181	50,000,085
Remeasurement charge to other comprehensive income		(17,841,564)	1,379,096
		23,678,617	51,379,181
<b>7.2.3</b>	The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. Actuarial valuation has been carried out by independent actuary as at June 30, 2019 using the "Projected Unit Credit Method" assuming a discount rate of 14.25% (June 30, 2018: 10%) per annum, expected rate of increase in salaries at 12% (June 30, 2018: 10%) per annum.		
<b>7.2.4</b>	There is no unrecognized actuarial loss / gain.		
<b>7.2.5 Historical information</b>	<b>Actuarial adjustment arising (%)</b>	<b>Present value of defined benefit obligation</b>	<b>Experience adjustment on plan liabilities</b>
		PKR	PKR
30 <sup>th</sup> June 2018	0.84%	164,907,649	1,379,096
30 <sup>th</sup> June 2017	0.23%	134,655,721	303,538
30 <sup>th</sup> June 2016	-5.58%	129,269,809	(7,207,892)
30 <sup>th</sup> June 2015	6.44%	87,063,318	5,610,760
<b>7.2.6 Sensitivity analysis of actuarial assumptions</b>			
The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.			
		<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate		(4,706,337)	4,917,523
Expected rate of increase in future salary		4,973,149	(4,841,076)
<b>7.2.7</b>	The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2020 works out to PKR 47,176,928.		

# FAISAL SPINNING MILLS LIMITED *of Companies*

## Notes to the financial statements

### For the year ended June 30, 2019

7.2.8 The weighted average duration of defined benefit obligation is 6 years.

	June 30, 2019	June 30, 2018
	PKR	PKR
<b>7.3 Deferred taxation</b>		
<b>Deferred tax liability / (assets) arising in</b>		
<b>Taxable temporary differences</b>		
Accelerated tax depreciation on owned assets	106,087,715	82,112,361
<b>Deductible temporary differences</b>		
Provision for employee benefit	(13,759,336)	(11,697,322)
Provision for doubtful debts and obsolete store	(14,113,288)	(6,606,239)
Unused tax losses	-	-
	(27,872,624)	(18,303,561)
	<b>78,215,091</b>	<b>63,808,800</b>
<b>7.3.1 Deferred taxation has been recognized as follows</b>		
Recognized in statement of profit or loss	12,886,399	5,189,039
Recognized in statement of changes in equity	1,519,892	(97,823)
	<b>14,406,291</b>	<b>5,091,216</b>

7.3.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

7.4 This represents infrastructure cess levied by Sui Northern Gas Pipelines Limited ('SNGPL') and Sui Southern Gas Pipelines Limited ('SSGC'). The Company and others have filed a suit before the Lahore High Court ('LHC') & Sindh High Court ('SHC') challenging the levy. The LHC & SHC has granted the stay in favour of the Company and directed the SNGPL and SSGC to avoid collection of GIDC. The liability represents amount of GIDC payable against which the Company has stay order in favour of it.

	Note	June 30, 2019 PKR	June 30, 2018 PKR
<b>8 Trade and Other Payable</b>			
Creditors		274,328,395	274,312,773
Accrued liabilities		257,753,872	216,658,453
Advance from customers & others	8.1	89,457,917	11,818,732
Workers' profit participation fund	8.2	52,440,648	35,029,666
Workers' welfare fund		62,806,979	55,682,502
Others		5,970,948	6,163,526
		<b>742,758,759</b>	<b>599,665,652</b>

8.1 Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 11.82 million has been recognised in current year in respect of advances from customers at the beginning of period.

## Notes to the financial statements

For the year ended June 30, 2019

	Note	June 30, 2019 PKR	June 30, 2018 PKR
<b>8.2 Workers' profit participation fund</b>			
Balance at beginning of the year		35,029,666	23,773,802
Interest on funds utilized in the Company's business	8.3	2,741,588	3,523,032
		<u>37,771,254</u>	<u>27,296,834</u>
Paid during the year		(37,771,254)	(27,097,204)
		<u>-</u>	<u>199,630</u>
Allocation / expense for the year		52,440,648	34,830,036
		<u>52,440,648</u>	<u>35,029,666</u>
<b>8.3</b>	Interest on workers' profit participation fund has been provided @ 174% (June 30, 2018: 129.375%) per annum.		
		<b>June 30, 2019 PKR</b>	<b>June 30, 2018 PKR</b>
<b>9 Unclaimed dividend</b>			
Unclaimed dividend		10,433,759	7,226,735
		<u>10,433,759</u>	<u>7,226,735</u>
<b>10 Accrued markup / interest</b>		<b>June 30, 2019 PKR</b>	<b>June 30, 2018 PKR</b>
Accrued markup / interest on secured			
- long-term financing		12,382,715	12,104,388
- short-term borrowings		44,607,538	7,509,145
		<u>56,990,253</u>	<u>19,613,533</u>
<b>11 Short Term Borrowings</b>			
<b>From banking companies-secured</b>			
Running finance		830,911,134	580,651,760
Short term money market loan		600,000,000	65,000,000
		<u>1,430,911,134</u>	<u>645,651,760</u>
<b>11.1</b>	The aggregate approved short term borrowing facilities amounted to PKR 5,560 Million (2018: PKR 4,860.0 Million).		
<b>11.2</b>	These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.1% to 2% (2018: 1 to 3 month KIBOR + spread between 0.05% to 2%) per annum payable quarterly. These facilities are secured against hypothecation charge on stock, stores and receivables.		
		<b>June 30, 2019 PKR</b>	<b>June 30, 2018 PKR</b>
<b>12 Current Portion of Non Current Liabilities</b>			
Long term financing		226,341,724	224,493,423
		<u>226,341,724</u>	<u>224,493,423</u>
<b>13 Contingencies and Commitments</b>			
<b>Contingencies</b>			
<b>13.1</b>	In normal course of business, the Company has issued indemnity bonds amounting to PKR 46.968 Million (June 30, 2018: PKR 46.968 Million) and post dated cheques amounting to PKR 697.478 Million (2018: PKR 188.461 Million) in favour of collector of customs and sales tax department in lieu of custom and sales tax levies against various statutory notification and the indemnity bond furnished by the Company are likely to be released after fulfillment of the terms of related SRO's.		

# FAISAL SPINNING MILLS LIMITED *of Companies*

## Notes to the financial statements

### For the year ended June 30, 2019

**13.2** Bank guarantee issued to Sui Southern Gas Company Limited on behalf of the company PKR 57.870 Million (June 30, 2018: PKR 57.870 million), Sui Northern Pipeline Company Limited amounting to PKR 78.498 Million (2018: PKR 78.498 million), Hyderabad Electric Supply Company Limited PKR 11.920 million (June 30, 2018: PKR 11.920 million), Excise and Taxation - Government of Sindh PKR 113.805 million (June 30, 2018: PKR 85.305), Excise and Taxation - Government of Punjab PKR 7.89 million (June 30, 2018: PKR 6.18 million) and Pakistan State Oil Company Limited PKR 2.250 million (June 30, 2018: PKR 2.250 million).

	June 30, 2019 PKR	June 30, 2018 PKR
<b>13.3</b> Bills discounted	<b>2,503,027,088</b>	<b>2,100,450,091</b>
<b>Commitments</b>		
Letters of credit for: (Raw material, stores & machinery)	<b>277,266,975</b>	<b>581,418,960</b>

## 14 PROPERTY, PLANT AND EQUIPMENT

Description	COST				DEPRECIATION				Book value as at June 30, 2019	Annual rate of depreciation %
	As at July 01, 2018	Additions	Transfers / Disposal	As at June 30, 2019	As at July 01, 2018	Charge for the year	Transfers / Disposal	As at June 30, 2019		
	Rupees.....									
Freehold land	463,505,329	-	-	463,505,329	-	-	-	-	463,505,329	-
Leasehold land	7,367,085	-	-	7,367,085	-	-	-	-	7,367,085	-
Factory building on freehold land	234,041,827	800,000	-	234,841,827	186,428,081	4,841,374	-	191,269,455	43,572,372	10
Factory building on leasehold land	215,337,055	-	-	215,337,055	135,000,602	8,033,645	-	143,034,247	72,302,808	10
Factory building on Leasehold extension	21,741,789	-	-	21,741,789	612,601	2,112,919	-	2,725,520	19,016,269	10
Non factory building on freehold land	91,734,032	3,790,340	-	95,524,372	46,605,282	2,398,575	-	49,003,857	46,520,515	5
Non factory building on leasehold land	20,390,399	-	-	20,390,399	14,652,061	286,917	-	14,938,978	5,451,421	5
Non factory building on Leasehold extension	146,831,933	-	-	146,831,933	41,139,634	8,040,003	-	49,179,637	97,652,296	5
Plant and machinery	4,273,397,873	373,667,435	5,309,776	4,516,082,158	1,750,566,037	262,765,427	2,223,555	1,933,228,499	2,582,853,659	10
			(136,292,926)				(82,326,520)			
Electric equipment and fitting	208,009,153	6,161,443	-	214,170,596	95,704,616	11,281,800	-	106,986,416	107,184,180	10
Gas line and pipe fitting	7,943,179	-	-	7,943,179	5,983,945	195,924	-	6,179,869	1,763,310	10
Factory equipment	30,432,139	-	-	30,432,139	19,660,289	1,077,186	-	20,737,475	9,694,664	10
Office equipment	2,917,742	-	-	2,917,742	1,641,396	127,634	-	1,769,030	1,148,712	10
Furniture and fixtures	7,331,345	-	-	7,331,345	5,914,305	141,704	-	6,056,009	1,275,336	10
Equipment and other assets	207,853,507	16,390,279	(5,309,776)	218,934,010	183,426,532	11,784,028	(2,223,555)	192,987,005	25,947,005	Three years
Vehicles	91,212,533	19,815,462	(7,515,860)	103,512,135	51,329,718	10,821,895	(6,778,779)	55,372,834	48,139,301	20
	6,030,046,920	420,624,959	-	6,306,863,093	2,538,665,099	323,909,031	-	2,773,468,831	3,533,394,262	
			(143,808,786)				(89,105,299)			
2019	6,030,046,920	420,624,959	-	6,306,863,093	2,538,665,099	323,909,031	-	2,773,468,831	3,533,394,262	
			(143,808,786)				(89,105,299)			

### PROPERTY, PLANT AND EQUIPMENT

Description	COST				DEPRECIATION				Book value as at June 30, 2018	Annual rate of depreciation %
	As at July 01, 2017	Additions	Transfers / Disposal	As at June 30, 2018	As at July 01, 2017	Charge for the year	Transfers / Disposal	As at June 30, 2018		
	Rupees.....									
Freehold land	17,267,828	446,237,501	-	463,505,329	-	-	-	-	463,505,329	-
Leasehold land	7,367,085	-	-	7,367,085	-	-	-	-	7,367,085	-
Factory building on freehold land	234,041,827	-	-	234,041,827	181,137,664	5,290,417	-	186,428,081	47,613,746	10
Factory building on leasehold land	215,337,055	-	-	215,337,055	134,888,165	112,437	-	135,000,602	80,336,453	10
factory building on Leasehold extension	2,067,507	19,674,282	-	21,741,789	612,601	-	-	612,601	21,129,188	10
Non factory building on freehold land	91,734,032	-	-	91,734,032	44,230,085	2,375,197	-	46,605,282	45,128,750	5
Non factory building on leasehold land	20,390,399	-	-	20,390,399	14,350,044	302,017	-	14,652,061	5,738,338	5
Non factory building on Leasehold extension	146,357,934	473,999	-	146,831,933	23,244,821	17,894,813	-	41,139,634	105,692,299	5
Plant and machinery	4,233,746,117	81,580,398	-	4,273,397,873	1,507,176,390	273,045,317	(238,284)	1,750,566,037	2,522,831,836	10
			(41,928,642)				(29,417,386)	-	-	
Electric equipment and fitting	208,009,153	-	-	208,009,153	82,988,048	12,478,284	238,284	95,704,616	112,304,537	10
Gas line and pipe fitting	7,943,179	-	-	7,943,179	5,766,253	217,692	-	5,983,945	1,959,234	10
Factory equipment	30,432,139	-	-	30,432,139	18,463,417	1,196,872	-	19,660,289	10,771,850	10
Office equipment	2,886,242	31,500	-	2,917,742	1,499,580	141,816	-	1,641,396	1,276,346	10
Furniture and fixtures	7,331,345	-	-	7,331,345	5,756,858	157,447	-	5,914,305	1,417,040	10
Equipment and other assets	186,130,040	21,723,467	-	207,853,507	176,026,218	7,400,314	-	183,426,532	24,426,975	Three years
Vehicles	85,262,617	6,963,116	(1,013,200)	91,212,533	43,425,085	8,810,855	(906,222)	51,329,718	39,882,815	20
	-	-	-	-	-	-	-	-	-	
	5,496,304,499	576,684,263	(42,941,842)	6,030,046,920	2,239,565,229	329,423,478	(30,323,608)	2,538,665,099	3,491,381,821	
2018	5,496,304,499	576,684,263	(42,941,842)	6,030,046,920	2,239,565,229	329,423,478	(30,323,608)	2,538,665,099	3,491,381,821	

# FAISAL SPINNING MILLS LIMITED *of Companies*

## Notes to the financial statements

### For the year ended June 30, 2019

- 14.1** Equipment and other assets includes assets amounting to PKR 103,315,668 (2018: PKR 103,315,668) which has been fully depreciated.

		Year ended June 30 2019	Year ended June 30 2018
Note		.....Rupees.....	
<b>14.2</b>	The depreciation charge for the year has been allocated as follows:		
	<b>Cost of sales</b>	<b>28</b>	<b>312,817,798</b>
			320,313,360
	<b>Administrative expenses</b>	<b>31</b>	<b>11,091,233</b>
			9,110,118
		<b>323,909,031</b>	<b>329,423,478</b>

- 14.3** Free hold lands of the Company are located at Ferozwattoan Sheikhupura, Gajumata Kasur with an area of 276 Kanal 6 Marla (2018: 276 Kanal 6 Marla) , SITE Nooriabad 2,120 Kanal (2018: 2,120 Kanal) and leasehold lands of the Company are located at SITE Nooriabad with an area of 264 Kanal (2018: 264 Kanal).

### 14.4 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain/(loss) on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
	.....Rupees.....						
<b>Plant and machinery</b>							
Janbacher Generator	51,551,224	21,063,766	30,487,458	30,487,458	-	Negotiation	Orient Energy Systems (Private) Limited, Karachi
Waukesha Generator	20,964,321	15,029,928	5,934,393	4,900,000	(1,034,393)	Negotiation	Tariq Glass Industries Ltd, 128 J, Model Town Lahore
Waukesha Generator	20,964,321	15,029,928	5,934,393	4,900,000	(1,034,393)	Negotiation	Tariq Glass Industries Ltd, 128 J, Model Town Lahore
Air Jet looms	42,813,060	31,202,898	11,610,162	11,653,354	43,192	Negotiation	Mamco International Ltd, Offshore Aljazeera, Alkhaima, UAE
	136,292,926	82,326,520	53,966,406	51,940,812	(2,025,594)		
<b>Vehicles</b>							
Toyota Corolla ATV-10-648	1,940,900	1,636,708	304,192	400,000	95,808	Negotiation	Mr. Muhammad Muzammil, H # 83, Arif Jan Road, Lahore
Toyota Corolla LRV-859	1,193,705	1,151,312	42,393	150,000	107,607	Negotiation	Mr. Muhammad Abdullah, H # 279D, Faisal Town Lahore
Honda Civic LEB-9331	1,942,000	1,647,953	294,047	300,000	5,953	Negotiation	Mr. Yasir Munir, H # 229, Muslim Town 1 Faisalabad
Toyota Corolla APZ-912	1,018,625	954,459	64,166	100,000	35,834	Negotiation	Mr. Faisal Khan, House # 201-B, Gulistan e Johar Karachi
Toyota Hilux LXP-8889	859,780	844,969	14,811	150,000	135,189	Negotiation	Mr. Imran Arif, H # 49, Farooq Street, Ichra Lahore
Suzuki Cultus LRV-2083	560,850	543,378	17,472	50,000	32,528	Negotiation	Mr. Tariq Yaseen, H # 40/B2, PGECHS Lahore
	7,515,860	6,778,779	737,081	1,150,000	412,919		
<b>30-Jun-19</b>	143,808,786	89,105,299	54,703,487	53,090,812	(1,612,675)		
<b>Plant and machinery</b>							
Waukesha Generator	20,964,321	14,708,693	6,255,628	3,000,000	(3,255,628)	Negotiation	Ali Akhlaq (Private) Limited, Faisalabad
Waukesha Generator	20,964,321	14,708,693	6,255,628	3,000,000	(3,255,628)	Negotiation	Ali Akhlaq (Private) Limited, Faisalabad
	41,928,642	29,417,386	12,511,256	6,000,000	(6,511,256)		
<b>Vehicles</b>							
Toyota Corolla LEH 2189	1,013,200	906,222	106,978	250,000	143,022	Negotiation	Mr. Shamshad, Chak # L7/1 Okara
	1,013,200	906,222	106,978	250,000	143,022		
<b>30-Jun-18</b>	42,941,842	30,323,608	12,618,234	6,250,000	(6,368,234)		



## Notes to the financial statements For the year ended June 30, 2019

		June 30, 2019 PKR	June 30, 2018 PKR
<b>15</b>	<b>Capital Work in Progress</b>		
	Building and other civil works	23,676,544	16,112,289
	Plant and machinery	-	3,697,156
		23,676,544	19,809,445
<b>16</b>	<b>Long term Investment</b>		
	<b>Investment in associates</b>		
	Investment in shares of Blessed Textiles Limited (1,189,160 ordinary shares of Rs. 10 each)	689,653,923	599,526,101
	Cost of investment	11,891,600	11,891,600
	Accumulated share of post acquisition profit - net of dividends received	587,634,501	537,704,277
	Share of profit for the year	117,478,502	68,124,372
	Dividend received during the year	(27,350,680)	(18,194,148)
		677,762,323	587,634,501
		689,653,923	599,526,101
<b>16.1</b>	Summarized financial information of Blessed Textiles Limited is set out below:		
	Total assets	9,128,551,667	9,305,318,352
	Total liabilities	5,373,462,905	6,053,513,704
	Net assets	3,755,088,762	3,251,804,648
	Company's share of associate's net assets	694,247,723	601,199,629
	Sales- net	12,346,174,829	10,257,434,039
	Profit for the year	635,424,773	368,475,194
	Company's share of associate's profit for the year	117,478,502	68,124,372
<b>16.2</b>	Market value per share	239.90	374.00
	Percentage of holding	18.49%	18.49%
<b>17</b>	<b>Long Term Deposits</b>	June 30, 2019 PKR	June 30, 2018 PKR
	Security deposits	9,079,335	8,597,335
	Others deposits	556,800	556,800
		9,636,135	9,154,135
<b>17.1</b>	It includes security deposit amounting to Rs. 20,000 given to Admiral (Private) Limited, an associated company, against rent of building.		
<b>18</b>	<b>Stores, Spare Parts and Loose Tools</b>		
	Stores, spare parts and loose tools	86,050,899	60,627,119
	Packing material	10,044,945	11,952,259
		96,095,844	72,579,378
	Provision for slow moving store items	(1,772,944)	(1,772,944)
		94,322,900	70,806,434
<b>18.1</b>	<b>Provision for slow moving items comprises;</b>		
	Balance at the beginning of the year	1,772,944	1,080,488
	Recognized during the year	-	692,456
	Written off during the year	-	-
	Balance at the end of the year	1,772,944	1,772,944



## Notes to the financial statements For the year ended June 30, 2019

	June 30, 2019 PKR	June 30, 2018 PKR
<b>19 Stock in Trade</b>		
Raw material	3,290,142,406	1,708,497,940
Raw material in transit	56,699,716	233,889,023
Work in process	149,100,120	109,812,941
Finished goods	508,514,423	347,966,379
Waste	810,988	3,128,844
	<u>4,005,267,653</u>	<u>2,403,295,127</u>

**19.1** The entire stock of waste is valued at net realizable value.

**19.2** No item of stock in trade is pledged as security as at the reporting date.

	June 30, 2019 PKR	June 30, 2018 PKR
<b>20 Trade Debts</b>		
Considered good		
Foreign secured through letters of credit	534,855,605	743,434,353
Local : unsecured	456,561,291	291,732,481
	991,416,896	1,035,166,834
Considered doubtful		
Export	14,204,494	14,204,494
Local	149,694,302	77,156,656
	163,898,796	91,361,150
Allowance for ECL <b>20.1</b>	(163,898,796)	(91,361,150)
	<u>991,416,896</u>	<u>1,035,166,834</u>

### **20.1 Particulars of allowance for ECL on doubtful debts**

	June 30, 2019 PKR	June 30, 2018 PKR
Balance at beginning of the year	91,361,150	70,162,446
Allowance no longer required/ recovered	(21,198,704)	-
Charge during the year	93,736,350	21,198,704
Balance at the ended of the year	<u>163,898,796</u>	<u>91,361,150</u>

### **20.2 Total export sales during the year to closing trade debts**

	2019		2018	
Region	Contract PKR	Letter of credit PKR	Contract PKR	Letter of credit PKR
Africa	-	-	2,715,804	-
Asia	369,365,366	3,245,969,122	228,909,576	1,771,094,244
Europe	996,143,015	696,590,471	107,678,401	1,082,310,095
United Kingdom	-	-	-	702,870,247
United States of America	251,163,236	15,640,524	-	-
<b>Total</b>	<u>1,616,671,617</u>	<u>3,958,200,117</u>	<u>339,303,781</u>	<u>3,556,274,586</u>



## Notes to the financial statements For the year ended June 30, 2019

<b>21</b>	<b>Loans And Advances</b>		<b>June 30, 2019</b>	<b>June 30, 2018</b>
			<b>PKR</b>	<b>PKR</b>
	<b>Considered good</b>			
	Advances to suppliers - unsecured		52,901,693	68,274,602
	Advances to employees		4,701,622	3,090,546
	Letters of credit		8,755,203	85,550
	Others		3,124,569	3,366
			<u>69,483,087</u>	<u>71,454,064</u>
<b>22</b>	<b>Trade Deposits and Prepayments</b>			
	Deposit against infrastructure fee payable	<b>22.1</b>	121,690,420	91,481,266
	Trade deposit		-	50,000
	Prepaid expenses		985,683	1,542,631
			<u>122,676,103</u>	<u>93,073,897</u>
	<b>22.1</b> Effective mark up rate on these deposits range from 4.5% to 10.25 % per annum (June 30, 2018: 4.5% to 6% per annum).			
<b>23</b>	<b>Other Receivables</b>		<b>June 30, 2019</b>	<b>June 30, 2018</b>
			<b>PKR</b>	<b>PKR</b>
	Quality claim and other receivables		19,617,557	13,271,023
			<u>19,617,557</u>	<u>13,271,023</u>
<b>24</b>	<b>Income Tax Refundable</b>			
	Income tax refundable / adjustable		464,774,179	448,178,555
	Provision for taxation		(171,415,830)	(144,142,228)
			<u>293,358,349</u>	<u>304,036,327</u>
<b>25</b>	<b>Sales Tax Refundable</b>			
	Sales tax refundable		163,906,121	129,563,165
	Excise duty and federal excise duty refundable		4,811,044	4,811,044
	Provision for doubtful excise duty and federal excise duty refundable		(4,811,044)	(4,811,044)
			-	-
			<u>163,906,121</u>	<u>129,563,165</u>
			<b>June 30, 2019</b>	<b>June 30, 2018</b>
			<b>PKR</b>	<b>PKR</b>
<b>26</b>	<b>Bank balances</b>			
	Balances with banks in:			
	Current accounts		159,790,204	124,425,637
	Foreign currency accounts		6,116,902	727,271
	Deposit accounts	<b>26.1</b>	39,004	33,467
			<u>165,946,110</u>	<u>125,186,375</u>
	<b>26.1</b> It carries mark up at the rate of 4.5 to 10.25 (2018: 4.5 to 6) percent per annum.			





## Notes to the financial statements For the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	PKR	PKR
<b>27 Sales - Net</b>		
Export		
Yarn	6,000,846,912	5,303,375,913
Fabric	4,145,834,285	2,938,841,227
	10,146,681,197	8,242,217,140
Export rebate	171,446,733	118,869,858
	10,318,127,930	8,361,086,998
Local		
Yarn	567,534,125	318,518,676
Fabric	2,988,022,174	3,021,088,922
Waste and others	155,306,651	142,772,726
	3,710,862,950	3,482,380,324
Gross sales	14,028,990,880	11,843,467,322
Sales tax	(424,735)	(486,291)
	14,028,566,145	11,842,981,031

27.1 Export sales include PKR 480,572,080 (2018: PKR 464,060,092) in respect of indirect export sales.

	Note	June 30, 2019	June 30, 2018
		PKR	PKR
<b>28 Cost of Sales</b>			
Raw material consumed	28.1	10,230,035,285	8,352,658,981
Packing material consumed		122,734,911	105,757,730
Stores and spare parts consumed		188,257,997	176,294,884
Salaries, wages and benefits	28.2	532,443,782	561,779,594
Fuel, power and water		881,584,827	834,594,048
Insurance		27,859,040	20,379,143
Repair and maintenance		12,683,636	7,316,453
Rent, rates and taxes		1,184,553	1,685,058
Travelling, conveyance and entertainment		1,022,254	889,403
Vehicle running expenses		9,959,872	6,867,118
Communication		626,829	590,075
Fee and subscription		321,700	135,725
Depreciation	14.2	312,817,798	320,313,360
Others		1,955,227	1,439,111
		12,323,487,711	10,390,700,683
Work in process			
Opening stock		109,812,941	117,591,854
Closing stock		(149,100,120)	(109,812,941)
		(39,287,179)	7,778,913
Cost of goods manufactured		12,284,200,532	10,398,479,596
Finished stocks			
Opening stock		351,095,223	472,316,015
Finished goods purchased - fabric		18,557,874	14,818,415
Closing stock		(509,325,411)	(351,095,223)
		(139,672,314)	136,039,207
		12,144,528,218	10,534,518,803



## Notes to the financial statements

For the year ended June 30, 2019

	Note	June 30, 2019 PKR	June 30, 2018 PKR
<b>28.1 Raw material consumed</b>			
Opening stock		1,942,386,963	1,420,366,421
Purchases		11,647,781,694	8,953,128,877
Cost of raw material sold - yarn		(13,291,250)	(10,606,954)
Cost of raw material - lost / impaired		-	(67,842,400)
Closing stock		(3,346,842,122)	(1,942,386,963)
		<u>10,230,035,285</u>	<u>8,352,658,981</u>
<b>28.2</b> Salaries, wages and benefits includes employees retirement benefits amounting to PKR 35,917,656 (June 30, 2018: PKR			
<b>29 Other Income</b>	Note	June 30, 2019 PKR	June 30, 2018 PKR
<b>Income from financial assets</b>			
Interest on bank deposits		7,082,846	3,649,545
Bad debts reversed / recovered		21,198,704	-
Exchange gain / (loss) on foreign currency translation		2,198,011	51,148
		<u>30,479,561</u>	<u>3,700,693</u>
<b>30 Distribution Cost</b>			
<b>Export</b>			
Steamer, air freight & forwarding		110,521,664	81,242,425
Trailer freight		30,888,139	30,026,146
Clearing and forwarding		15,832,753	21,638,596
Export development surcharge		25,001,044	18,306,970
Commission		109,326,573	132,282,435
Sales promotion expenses		15,959,218	11,873,853
Insurance expenses		4,911,132	3,270,651
Claim settlement		-	860,913
Other export expenses		13,620,393	6,250,764
		<u>326,060,916</u>	<u>305,752,753</u>
<b>Local</b>			
Freight on local sales		11,403,928	8,546,237
Commission		21,884,253	26,068,549
Advertisement expenses		-	2,636,895
Others		342,280	52,350
		<u>33,630,461</u>	<u>37,304,031</u>
		<u>359,691,377</u>	<u>343,056,784</u>
<b>31 Administrative Expenses</b>			
Directors' remuneration		11,700,000	15,600,000
Staff salaries and benefits	31.1	70,203,771	59,446,804
Traveling, conveyance and entertainment		7,914,498	5,253,091
Printing and stationery		2,546,115	2,274,292
Communication expenses		1,051,895	1,140,651
Vehicles running and maintenance		6,978,287	5,928,291
Legal and professional		667,000	4,302,922
Auditors' remuneration	31.2	1,791,000	1,791,000
Fee and subscription		5,589,600	1,188,819
Repair and maintenance		54,500	-
Rent, rates and taxes		1,126,772	1,070,091
Depreciation	14.2	11,091,233	9,110,118
Charity and donation	31.3	1,600,000	1,100,000
Bad debts expenses		93,736,350	21,198,704
Software license renewal and maintenance fee		334,272	803,816
Others		1,821,607	2,090,434
		<u>218,206,900</u>	<u>132,299,033</u>

**31.1** Staff salaries and benefits includes employee retirement benefits amounting to PKR 5,602,550 (June 30, 2018: PKR 5,522,899).



## Notes to the financial statements

For the year ended June 30, 2019

		June 30, 2019	June 30, 2018
		PKR	PKR
<b>31.2 Auditors' remuneration</b>	<b>Note</b>		
Annual statutory audit		1,530,000	1,530,000
Half yearly review		181,000	181,000
Review of Code of Corporate Governance		80,000	80,000
		<u>1,791,000</u>	<u>1,791,000</u>
<b>31.3</b>	No director or his spouse had any interest in the donee.		
		<b>June 30, 2019</b>	<b>June 30, 2018</b>
		<b>PKR</b>	<b>PKR</b>
<b>32 Other Operating Expenses</b>	<b>Note</b>		
Workers' Profit Participation Fund	8.2	52,440,648	34,830,036
Workers' Welfare Fund		7,124,477	4,945,411
Loss on disposal of property, plant and equipment	14.4	1,612,675	6,368,234
		<u>61,177,800</u>	<u>46,143,681</u>
		<b>June 30, 2019</b>	<b>June 30, 2018</b>
		<b>PKR</b>	<b>PKR</b>
<b>33 Finance Cost</b>	<b>Note</b>		
Mark-up on:			
- long term financing		65,844,978.00	60,624,080
- short term borrowings		166,799,262.00	34,508,834
- workers' profit participation fund		2,741,588.00	3,523,032
Letter of credit discounting		50,743,324.00	35,102,981
Bank charges and commission		4,418,693.00	3,602,255
		<u>290,547,845.00</u>	<u>137,361,182.00</u>
<b>34 Provision for Taxation</b>			
<b>34.1</b>	Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2018. Tax credit under Section 65B of Income Tax Ordinance 2001 amounting to PKR 37,366,744 (June 2018: PKR 8,158,040) has been deducted from tax payable.		
<b>34.2 Numerical reconciliation between the average tax rate and the applicable tax rate</b>		<b>June 30, 2019</b>	<b>June 30, 2018</b>
		<b>%</b>	<b>%</b>
Applicable tax rate		29.00	30.00
<b>Tax effect of amounts that are:</b>			
adjustment of the prior years		(0.04)	(0.88)
Income chargeable to tax at different rate		(7.80)	(6.68)
Tax credit		(3.79)	(1.25)
Deferred tax		1.31	0.79
		<u>(10.33)</u>	<u>(8.02)</u>
Effective tax rate		<u>18.67</u>	<u>21.98</u>

## Notes to the financial statements

### For the year ended June 30, 2019

#### 35 Earnings per Share - Basic and Diluted

The calculation of the basic earnings per share is based on the following data:

##### Earnings

Earnings for the purpose of basic earnings per share - After tax profit for the year

##### Number of shares

Weighted average number of ordinary shares

Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.

##### Basic earnings per share

No figure for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	June 30, 2019	June 30, 2018
	PKR	PKR
Earnings		
Earnings for the purpose of basic earnings per share - After tax profit for the year	918,499,851	577,855,077
Number of shares		
Weighted average number of ordinary shares	10,000,000	10,000,000
Basic earnings per share	91.85	57.79

#### 36 NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

In respect of current period, the board of directors in their meeting held on September 26, 2019 has proposed to pay cash dividend of @ 185% i.e. PKR 18.50 per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

#### 37 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2018	June 30, 2018	June 30, 2018
	PKR	PKR	PKR	PKR	PKR	PKR
Remuneration	7,800,000	3,900,000	24,599,100	7,800,000	7,800,000	14,573,550
Allowances	-	-	5,223,992	-	-	1,190,090
Post employment benefits	-	-	2,049,925	-	-	2,206,500
	7,800,000	3,900,000	31,873,017	7,800,000	7,800,000	17,970,140
Number of persons	1	1	11	1	1	7

37.1 In addition to the above, the Chief Executive Officer and all directors are provided with free use of Company maintained cars and telephone for business use.

37.2 No remuneration to non executive directors have been paid.

#### 38 Related Party Transactions

The related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out sale and purchase of goods and services transactions with various related parties. Names, basis of relationship, nature and description of related party transactions along with monetary value are as follows:

Name of the Company	Basis of relationship	Percentage of shareholding
Bhanero Textiles Limited	Common directorship	N/A
Blessed Textiles Limited	Common directorship	18.49%
Bhanero Energy Limited	Common directorship	N/A
Firhaj Footwear (Private) Limited	Common directorship	N/A
Admiral (Private) Limited	Directorship of close family relative	N/A

# FAISAL SPINNING MILLS LIMITED *of Companies*

## Notes to the financial statements

For the year ended June 30, 2019

Nature of relationship	Nature of transactions	2019 Rupees	2018 Rupees
Associated undertaking			
	Sales of fabric	7,439,399	9,716,305
	Sales of yarn	15,168,782	11,606,981
	Sale of stores & spares	2,340,000	-
	Purchase of yarn	1,191,613,610	1,055,197,704
	Purchase of cotton & polyester	376,089,802	148,806,516
	Purchase of fabric	3,264,339	943,866
	Purchase of shoes	-	30,210
	Services received	309,000	309,000
	Dividend received	27,350,680	18,194,148
	Electricity purchased	83,670,953	399,893,014
Retirement benefits	Provision for gratuity	23,678,617	51,379,181
Key management	Remuneration	11,700,000	15,600,000

## 39 Segment Analysis

The segment information for the reportable segments for the year ended 30th June 2019 is as follows

39.1	Operating Results	Note	Spinning		Weaving		Company	
			Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18
	<b>Sales</b>							
	Export sales		6,000,846,912	5,303,375,913	4,145,834,285	2,938,841,227	10,146,681,197	8,242,217,140
	Local sales		675,156,757	426,200,808	3,035,706,193	3,056,179,516	3,710,862,950	3,482,380,324
	Custom rebate		106,807,165	55,951,921	64,639,568	62,917,937	171,446,733	118,869,858
	Inter-segment sales		148,159,450	49,227,500	-	-	148,159,450	49,227,500
			6,930,970,284	5,834,756,142	7,246,180,046	6,057,938,680	14,177,150,330	11,892,694,822
	Discount and sales tax							
	Discount		-	-	-	-	-	-
	Sales tax		(343,638)	(325,912)	(81,097)	(160,379)	(424,735)	(486,291)
			(343,638)	(325,912)	(81,097)	(160,379)	(424,735)	(486,291)
	Net sales		6,930,626,646	5,834,430,230	7,246,098,949	6,057,778,301	14,176,725,595	11,892,208,531
	Cost of sales		5,936,132,221	4,885,254,999	6,356,555,447	5,698,491,304	12,292,687,668	10,583,746,303
	Gross profit		994,494,425	949,175,231	889,543,502	359,286,997	1,884,037,927	1,308,462,228
	Distribution cost		126,695,976	151,791,452	232,995,401	191,265,332	359,691,377	343,056,784
	Administrative cost		64,723,680	58,260,948	153,483,220	74,038,085	218,206,900	132,299,033
			191,419,656	210,052,400	386,478,621	265,303,417	577,898,277	475,355,817
	Operating result		803,074,769	739,122,831	503,064,881	93,983,580	1,306,139,650	833,106,411
39.2	Segment assets		4,977,796,441	4,142,479,406	3,926,314,251	3,089,484,348	8,904,110,692	7,231,963,754
	Unallocated assets						1,278,244,948	1,133,760,994
							10,182,355,640	8,365,724,748
39.3	Segment liabilities		2,619,069,342	2,000,544,231	2,076,073,459	1,627,756,476	4,695,142,801	3,628,300,707
	Unallocated liabilities						209,305,654	162,338,379
							4,904,448,455	3,790,639,086

## Notes to the financial statements

For the year ended June 30, 2019

### 39.4 Inter-segment pricing

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. There were no major customer of company which formed 10 percent or more of the company's revenue.

### 40 Reconciliation of reportable segment turnover, cost of sales, assets and liabilities

	June 30, 2019 PKR	June 30, 2018 PKR
<b>40.1 Turnover</b>		
Total turnover for reportable segments	14,176,725,595	11,892,208,531
Elimination of inter-segment turnover	(148,159,450)	(49,227,500)
Total turnover	14,028,566,145	11,842,981,031
<b>40.2 Cost of sales</b>		
Total cost of sales for reportable segments	12,292,687,668	10,583,746,303
Elimination of inter-segment revenue	(148,159,450)	(49,227,500)
Total cost of sales	12,144,528,218	10,534,518,803
<b>40.3 Assets</b>		
Total assets for reportable segments	8,904,110,692	7,231,963,754
Taxation recoverable	457,264,470	433,599,492
Bank deposits	121,690,420	91,481,266
Long term investment	689,653,923	599,526,101
Long term deposit	9,636,135	9,154,135
Total assets	10,182,355,640	8,365,724,748
<b>40.4 Liabilities</b>		
Total liabilities for reportable segments	4,695,142,801	3,628,300,707
Unclaimed dividends	10,433,759	7,226,735
Infrastructure fee	120,656,804	91,302,844
Deferred taxation	78,215,091	63,808,800
Total liabilities	4,904,448,455	3,790,639,086

**For the year ended June 30, 2019**

		Note	Spinning		Weaving		Company	
			Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18
41	Cost of sales							
	Raw material consumed	41.1	4,948,772,809	3,934,060,165	5,429,421,926	4,467,826,316	10,378,194,735	8,401,886,481
	Packing material consumed		98,963,753	88,919,101	23,771,158	16,838,629	122,734,911	105,757,730
	Stores and spare parts		50,398,583	53,814,695	137,859,414	122,480,189	188,257,997	176,294,884
	Salaries, wages and benefits		260,503,510	275,968,657	271,940,272	285,810,937	532,443,782	561,779,594
	Fuel, power and water							
	Inter-segment		-	-	-	-	-	-
	Other		338,003,211	332,314,482	543,581,616	502,279,566	881,584,827	834,594,048
			338,003,211	332,314,482	543,581,616	502,279,566	881,584,827	834,594,048
	Electricity duty		-	-	-	-	-	-
	Insurance		19,357,709	12,885,295	8,501,331	7,493,848	27,859,040	20,379,143
	Repair and maintenance		4,662,641	1,270,565	8,020,995	6,045,888	12,683,636	7,316,453
	Rent, rates and taxes		970,413	1,529,698	214,140	155,360	1,184,553	1,685,058
	Travelling, conveyance and entertainment		428,207	361,415	594,047	527,988	1,022,254	889,403
	Vehicle running expenses		6,975,233	4,915,900	2,984,639	1,951,218	9,959,872	6,867,118
	Communication		126,362	143,951	500,467	446,124	626,829	590,075
	Fee and subscription		27,750	43,125	293,950	92,600	321,700	135,725
	Depreciation		156,413,742	171,508,796	156,404,056	148,804,564	312,817,798	320,313,360
	Others		88,319	183,908	1,866,908	1,255,203	1,955,227	1,439,111
			5,885,692,242	4,877,919,753	6,585,954,919	5,562,008,430	12,471,647,161	10,439,928,183
	Work in process							
	Opening stock		26,311,596	28,460,558	83,501,345	89,131,296	109,812,941	117,591,854
	Closing stock		(35,201,337)	(26,311,596)	(113,898,783)	(83,501,345)	(149,100,120)	(109,812,941)
			(8,889,741)	2,148,962	(30,397,438)	5,629,951	(39,287,179)	7,778,913
	Cost of goods manufactured		5,876,802,501	4,880,068,715	6,555,557,481	5,567,638,381	12,432,359,982	10,447,707,096
	Cost of cotton sold	41.2	-	-	-	-	-	-
	Finished stocks							
	Opening stock		181,964,742	187,151,026	169,130,481	285,164,989	351,095,223	472,316,015
	Finished goods purchased		1,947,096	-	16,610,778	14,818,415	18,557,874	14,818,415
	Yarn purchased		-	-	-	-	-	-
	Closing stock		(124,582,118)	(181,964,742)	(384,743,293)	(169,130,481)	(509,325,411)	(351,095,223)
			59,329,720	5,186,284	(199,002,034)	130,852,923	(139,672,314)	136,039,207
			5,936,132,221	4,885,254,999	6,356,555,447	5,698,491,304	12,292,687,668	10,583,746,303
		Note						
			Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18
41.1	Raw material consumed							
	Opening stock		1,656,536,824	1,051,391,117	285,850,139	368,975,304	1,942,386,963	1,420,366,421
	Purchases							
	Inter-segment		-	-	148,159,450	49,227,500	148,159,450	49,227,500
	Other		5,971,537,128	4,607,048,272	5,676,244,566	4,346,080,605	11,647,781,694	8,953,128,877
			5,971,537,128	4,607,048,272	5,824,404,016	4,395,308,105	11,795,941,144	9,002,356,377
	Raw material sold - cotton		-	-	-	-	-	-
	Raw material sold - yarn		-	-	(13,291,250)	(10,606,954)	(13,291,250)	(10,606,954)
	Raw material - Impaired / lost		-	(67,842,400)	-	-	-	(67,842,400)
	Closing stock		(2,679,301,143)	(1,656,536,824)	(667,540,979)	(285,850,139)	(3,346,842,122)	(1,942,386,963)
			4,948,772,809	3,934,060,165	5,429,421,926	4,467,826,316	10,378,194,735	8,401,886,481
41.2	Cost of cotton sold							
	Cost of purchase		-	-	-	-	-	-
	Direct expenses		-	-	-	-	-	-
			-	-	-	-	-	-
42	Distribution cost							
	Export							
	Steamer and air freight		55,459,540	33,411,302	55,062,124	47,831,123	110,521,664	81,242,425
	Trailer freight		15,427,937	17,595,179	15,460,202	12,430,967	30,888,139	30,026,146
	Clearing and forwarding		-	12,034,216	15,832,753	9,604,380	15,832,753	21,638,596
	Export development surcharge		14,717,170	11,060,001	10,283,874	7,246,969	25,001,044	18,306,970
	Commission		17,085,300	62,859,132	92,241,273	69,423,303	109,326,573	132,282,435
	Sales promotion expenses		635,076	634,948	15,324,142	11,238,905	15,959,218	11,873,853
	Adhesive stamps		-	-	4,911,132	3,270,651	4,911,132	3,270,651
	Claim settlement		-	-	-	860,913	-	860,913
	Other export expenses		5,381,146	625,120	8,239,247	5,625,644	13,620,393	6,250,764
			108,706,169	138,219,898	217,354,747	167,532,855	326,060,916	305,752,753
	Local							
	Freight on local sales		10,130,203	7,701,906	1,273,725	844,331	11,403,928	8,546,237
	Commission		7,816,741	5,849,681	14,067,512	20,218,868	21,884,253	26,068,549
	Quality claim		-	-	-	2,636,895	-	2,636,895
	Others		42,863	19,967	299,417	32,383	342,280	52,550
			17,989,807	13,571,554	15,640,654	23,732,477	33,630,461	37,304,031
			126,695,976	151,791,452	232,995,401	191,265,332	359,691,377	343,056,781

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements

### For the year ended June 30, 2019

43	Administrative cost	Note	Spinning		Weaving		Company	
			Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18
	Directors' remuneration		11,700,000	15,600,000	-	-	11,700,000	15,600,000
	Staff salaries and benefits		39,756,745	30,776,613	30,447,026	28,670,191	70,203,771	59,446,804
	Traveling, conveyance and entertainment		809,479	523,130	7,105,019	4,729,961	7,914,498	5,253,091
	Printing and stationery		261,525	550,510	2,284,590	1,723,782	2,546,115	2,274,292
	Communication expenses		241,578	253,347	810,317	887,304	1,051,895	1,140,651
	Vehicles running and maintenance		1,133,484	784,976	5,844,803	5,143,315	6,978,287	5,928,291
	Legal and professional		165,000	4,046,772	502,000	256,150	667,000	4,302,922
	Auditors' remuneration		891,500	895,000	899,500	896,000	1,791,000	1,791,000
	Fee and subscription		4,747,528	36,000	842,072	1,152,819	5,589,600	1,188,819
	Repair and maintenance		-	-	54,500	-	54,500	-
	Rent, rates and taxes		1,126,772	1,070,091	-	-	1,126,772	1,070,091
	Office expenses		-	-	-	-	-	-
	Depreciation		3,240,833	2,972,063	7,850,400	6,138,055	11,091,233	9,110,118
	Charity and donation		-	250,000	1,600,000	850,000	1,600,000	1,100,000
	Inadmissible input		-	-	-	-	-	-
	Bad debts expenses		-	-	93,736,350	21,198,704	93,736,350	21,198,704
	Software license renewal and maintenance fee		334,272	321,416	-	482,400	334,272	803,816
	Others		314,964	181,030	1,506,643	1,909,404	1,821,607	2,090,434
			<u>64,723,680</u>	<u>58,260,948</u>	<u>153,483,220</u>	<u>74,038,085</u>	<u>218,206,900</u>	<u>132,299,033</u>

## 44 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. As at June 30, 2019 the net fair value of all financial instruments has been based on the valuation methodology outlined below:-

### Long-term deposits

Long term deposits does not carry any rate of return. The fair value of it has been taken at book value as it is not considered materially different and readily exchangeable.

### Non-current liabilities

For all non-current liabilities except for loan from sponsors, the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and reprising profiles of similar non-current liabilities.

### Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

The analysis of yield / mark-up rate risk is as under:

	2019							
	Interest / Markup bearing			Non Interest / Markup bearing				Effective Interest Rate %
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Total Rupees	
Financial assets								
Trade debts	-	-	-	991,416,896	-	991,416,896	991,416,896	
Loans and advances	-	-	-	7,826,191	-	7,826,191	7,826,191	
Trade deposits	121,690,420	-	121,690,420	-	-	-	121,690,420	4.5 to 10.25
Other receivables	-	-	-	19,617,557	-	19,617,557	19,617,557	
Bank balance	39,004	-	39,004	165,907,106	-	165,907,106	165,946,110	
Long-term deposits	-	-	-	-	9,636,135	9,636,135	9,636,135	
Long term investments	-	-	-	-	689,653,923	689,653,923	689,653,923	
	121,729,424	-	121,729,424	1,184,767,750	699,290,058	1,884,057,808	2,005,787,232	
Financial liabilities								
Long-term financing	226,341,724	1,478,483,866	1,704,825,590	-	-	-	1,704,825,590	2.5 to 13.5 and KIBOR + 0.5 to 0.75
Trade and other payables	52,440,648	-	52,440,648	627,511,132	-	627,511,132	679,951,780	
Mark-up accrued on loans	-	-	-	56,990,253	-	56,990,253	56,990,253	
Short-term borrowings	1,430,911,134	-	1,430,911,134	-	-	-	1,430,911,134	KIBOR + 0.1 to 2
	1,709,693,506	1,478,483,866	3,188,177,372	684,501,385	-	684,501,385	3,872,678,757	
On balance sheet gap	(1,587,964,082)	(1,478,483,866)	(3,066,447,948)	500,266,365	699,290,058	1,199,556,423	(1,866,891,525)	



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For the year ended June 30, 2019

2018								
Interest / Markup bearing			Non Interest / Markup bearing				Total	Effective Interest Rate %
Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees			
Financial assets								
Trade debts	-	-	-	1,035,166,834	-	1,035,166,834	1,035,166,834	4.5 to 6
Loans and advances	-	-	-	3,093,912	-	3,093,912	3,093,912	
Trade deposits	91,481,266	-	91,481,266	50,000	-	50,000	91,531,266	
Other receivables	-	-	-	13,271,023	-	13,271,023	13,271,023	
Bank balances	33,467	-	33,467	125,152,908	-	125,152,908	125,186,375	
Long-term deposits	-	-	-	-	9,154,135	9,154,135	9,154,135	2.5 to 9.4 and KIBOR + 0.5 to 0.75
Long term investments	-	-	-	-	599,526,101	599,526,101	599,526,101	
	91,514,733	-	91,514,733	1,176,734,677	608,680,236	1,785,414,913	1,876,929,646	
Financial liabilities								
Long-term financing	224,493,423	1,475,536,209	1,700,029,632	-	-	-	1,700,029,632	KIBOR + 0.1 to 2
Trade and other payables	35,029,666	-	35,029,666	508,953,484	-	508,953,484	543,983,150	
Mark-up accrued on loans	-	-	-	19,613,533	-	19,613,533	19,613,533	
Short-term borrowings	645,651,760	-	645,651,760	-	-	-	645,651,760	KIBOR + 0.1 to 2
	905,174,849	1,475,536,209	2,380,711,058	528,567,017	-	528,567,017	2,909,278,075	
On balance sheet gap	(813,660,116)	(1,475,536,209)	(2,289,196,325)	648,167,660	608,680,236	1,256,847,896	(1,032,348,429)	

### 44.1 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Changes in interest rates can affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative to financial borrowings or vice versa. The Company manages its risk by interest rate swapping, maintaining a fair balance between interest rates and financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

### 44.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 2,005,867,119 (June 30, 2018: PKR 1,862,458,244), unsecured local trade debts, advances to suppliers, and other advances amounting in aggregate to PKR 1,018,860,644 (June 30, 2018: PKR 1,051,531,769) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales.

### 44.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

### 44.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2019, the total foreign currency risk exposure was PKR 534,855,605 (June 30, 2018: PKR 743,434,353) in respect of foreign trade debts.

### 44.5 Credit risk

#### 44.5.1 Maximum credit exposure

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:



## Notes to the financial statements

### For the year ended June 30, 2019

Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Loans and receivables:		
Long term deposits	9,636,135	9,154,135
Trade receivables	991,416,896	1,035,166,834
Deposit with financial institutions	122,676,103	93,073,897
Other receivables	19,617,557	13,271,023
Cash at banks	165,946,110	125,186,375
	<b>1,309,292,801</b>	<b>1,275,852,264</b>

#### 44.5.2 Concentration of credit risk

Maximum exposure to credit risk by geographical region as at the reporting date is:

Domestic	456,561,291	291,732,481
Europe	124,743,018	293,641,579
Asia and Middle East	393,207,895	449,792,774
USA	16,904,692	-
	<b>991,416,896</b>	<b>1,035,166,834</b>

#### 44.5.3 Impairment losses

The ageing of trade debts as at the reporting date is as follows:

Not past due	634,782,322	915,799,972
Past dues less than one year	319,328,952	140,565,566
Past dues more than one year but less than three years	131,041,972	-
Past dues more than three years	70,162,446	70,162,446
	<b>1,155,315,692</b>	<b>1,126,527,984</b>
Impairment	(163,898,796)	(91,361,150)
	<b>991,416,896</b>	<b>1,035,166,834</b>

The movement in allowance for impairment in respect of trade debts during the year is as follows:

As at beginning of the year	91,361,150	70,162,446
Impairment loss recognized	93,736,350	21,198,704
Impairment loss reversed	(21,198,704)	-
As at end of the year	<b>163,898,796</b>	<b>91,361,150</b>

Credit quality of counter parties is assessed based on historical default rates. All trade debts not past due are considered good. The management believes that allowance for impairment of trade debts past dues is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

#### 4.5.4 Collateral held

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements

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#### 44.6 Liquidity risk

Following are the contractual maturities of financial liabilities, including estimated interest payments

As at June 30, 2019					
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,704,825,590	1,891,367,508	271,471,088	1,041,289,765	578,606,655
Short term borrowings	1,430,911,134	1,545,670,207	1,545,670,207	-	-
Accrued markup / interest	56,990,253	64,322,417	64,322,417	-	-
Trade creditors	274,328,395	274,328,395	274,328,395	-	-
Accrued liabilities	257,753,872	257,753,872	257,753,872	-	-
Unclaimed dividend	10,433,759	10,433,759	10,433,759	-	-
Other payables	147,869,513	147,869,513	147,869,513	-	-
	<b>3,883,112,516</b>	<b>4,191,745,671</b>	<b>2,571,849,251</b>	<b>1,041,289,765</b>	<b>578,606,655</b>
As at June 30, 2018					
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,700,029,632	1,910,453,058	285,459,783	1,039,083,143	585,910,132
Short term borrowings	645,651,760	697,433,031	697,433,031	-	-
Accrued markup / interest	19,613,533	19,613,533	19,613,533	-	-
Trade creditors	274,312,773	274,312,773	274,312,773	-	-
Accrued liabilities	216,658,453	216,658,453	216,658,453	-	-
Unclaimed dividend	7,226,735	7,226,735	7,226,735	-	-
Other payables	53,011,924	53,011,924	53,011,924	-	-
	<b>2,916,504,810</b>	<b>3,178,709,507</b>	<b>1,553,716,232</b>	<b>1,039,083,143</b>	<b>585,910,132</b>

June 30, 2019  
Rupees

June 30, 2018  
Rupees

#### 44.7 Market risk

##### 44.7.1 Currency risk

a) The Company's exposure to currency risk as at the reporting date is as follows:

Trade receivables	534,855,605	743,434,353
Cash and cash equivalents	6,116,902	727,271
Total exposure	<b>540,972,507</b>	<b>744,161,624</b>

b) Exchange rates applied as at the reporting date.

The following spot exchange rates were applied as at the reporting date wherever applicable.

	2019		2018	
	Assets Rupees	Liabilities Rupees	Assets Rupees	Liabilities Rupees
CHF	-	168.03	-	122.32
JPY	-	1.52	-	1.10
Euro	186.99	186.37	-	141.57
USD	164.00	164.50	121.40	121.60

## Notes to the financial statements

### For the year ended June 30, 2019

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 54,097,251 (2018: PKR 74,416,162). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.

	June 30, 2019 Rupees	June 30, 2018 Rupees
<b>44.7.2 Interest rate risk</b>		
The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows:		
<b>Fixed rate instruments</b>		
Financial assets	121,729,424	91,514,733
Financial liabilities	1,628,747,902	1,470,998,033
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	1,506,988,822	874,683,359

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by PKR 15,069,888 (2018: PKR 8,746,834). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

### 44.8 Fair values

Fair value is a price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

## 45 Accounting Estimates and Judgments

### 45.1 Income taxes

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

### 45.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

### 45.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. 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 affect on the depreciation charge and impairment.

### 45.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

### 45.5 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

## Notes to the financial statements

For the year ended June 30, 2019

46 PLANT CAPACITY AND ACTUAL PRODUCTION	2019	2018
<b>46.1 Spinning unit</b>		
Number of spindles installed	38,208	38,208
Number of spindles worked (Average)	38,208	38,208
Number of working days	364	364
Number of shifts per day	3	3
Installed capacity in kilograms, after conversion into 20/s count (based on actual number of working days)	19,921,801	19,921,801
Actual production of yarn in kilograms.	19,448,902	20,089,558
<b>46.2 Weaving unit</b>		
Number of looms installed	265	265
Number of looms worked	265	265
Number of working days	364	364
Number of shifts per day	3	3
Installed capacity in meters, after conversion into 50 picks (based on number of actual working days)	64,308,255	41,780,006
Actual production of fabric in meters	44,560,931	41,522,501
<b>46.3</b> It is difficult to precisely describe production capacity and the resultant production in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed, twist etc. in case of spinning. In case of weaving fluctuation depends on factors such as loom width, width of fabric produced, type of yarn used etc. It would vary accordingly to the pattern of production adopted in a particular year.		
<b>46.4</b> The difference between installed capacity and actual production is in normal course of business.		

## 47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 26, 2019.

## 48 NUMBER OF EMPLOYEES

	2019	2018
As at the reporting date		
Head office	61	60
Mills	948	1,204
	1,009	1,264
Average for the year		
Head office	60	61
Mills	950	1,181
	1,010	1,242

## 49 CORRESPONDING FIGURES

**49.1** Figures have been rounded off to the nearest rupee. Corresponding figures have been re-arranged where necessary to facilitate comparison. However, no significant reclassification has been made.

## 50 GENERAL

The figures have been rounded off to the nearest Rupee.

Karachi:  
Date: 26<sup>th</sup> September 2019



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director



**Anwar Hussain**  
Chief Financial Officer

# FAISAL SPINNING MILLS LIMITED

## Year-Wise Operating Data

2019	2018	2017	2016	2015	2014
------	------	------	------	------	------

### Spinning Unit

Spindle installed  
Spindles worked - Average  
Installed capacity after conversion into 20/s count - Kg  
Actual production - Kg

38,208	38,208	38,208	38,208	38,208	37,920
38,208	38,208	38,208	38,208	38,208	32,186
19,921,801	19,921,801	19,921,801	19,921,801	19,921,801	11,957,025
19,448,902	20,089,558	19,910,812	19,511,917	19,185,613	15,695,603

### Weaving Unit

Air jet looms installed  
Air jet looms worked  
Installed capacity after conversion into 50 picks - Meter  
Actual production - Meter

265	265	265	265	263	263
265	265	265	265	263	263
64,308,255	41,780,006	41,780,006	41,550,746	41,237,155	41,237,155
44,560,931	41,522,501	38,862,180	35,797,770	32,012,776	32,931,606

### Year-Wise Financial Data

2019	2018	2017	2016	2015	2014
------	------	------	------	------	------

Rupees in Thousands

### Profit and loss account

Turnover (Net)  
Gross profit  
Operating profit  
Financial expenses  
Share profit of associate  
Profit before tax  
Profit after tax  
Cash dividend

14,028,566	11,842,981	10,563,662	9,281,954	9,281,027	9,780,480
1,884,038	1,308,462	1,046,982	675,979	807,076	1,279,136
1,275,441	790,664	603,438	301,813	449,623	821,889
290,548	137,361	154,387	143,489	211,756	231,377
117,479	68,124	45,443	19,646	15,160	42,516
1,102,372	721,427	494,494	177,970	253,027	633,028
918,500	577,855	430,994	169,214	174,549	597,259
185,000	232,000	172,500	50,000	50,000	50,000

### Balance Sheet

Share capital  
Reserves  
Shareholder equity  
Long term liabilities  
Short term loan  
Current liabilities  
Current portion of long term loans  
Fixed assets  
Current assets

100,000	100,000	100,000	100,000	100,000	100,000
4,900,000	4,200,000	3,890,000	3,650,000	3,400,000	3,400,000
5,277,907	4,575,102	4,171,012	3,790,302	3,664,386	3,552,943
1,478,484	1,475,536	1,626,136	1,354,512	704,433	1,041,909
1,430,911	645,652	164,040	752,996	-	349,953
2,467,436	1,496,635	902,957	1,640,897	886,126	1,127,597
226,342	224,493	160,431	123,681	320,820	276,014
3,533,394	3,491,382	3,256,739	3,196,193	2,466,091	2,019,622
5,925,995	4,245,853	3,269,374	3,290,312	2,465,022	2,801,337

### Ratios

#### Performance

Sales growth percentage - Year to Year basis  
Gross profit (%)  
Profit before tax (%)  
Profit after tax (%)

18.45%	12.11%	13.81%	0.01%	-5.11%	15.22%
13.43%	11.05%	9.91%	7.28%	8.70%	13.08%
7.86%	6.09%	4.68%	1.92%	2.73%	6.47%
6.55%	4.88%	4.08%	1.82%	1.88%	6.11%

Breakup value per share - Rupees per share  
Market value of share - at the year end - Rupees per share

527.79	457.51	417.10	379.03	366.44	355.29
237.50	300.00	289.13	141.00	146.00	163.03

Earnings per share - Rupees per share  
Price earning ratio

91.85	57.79	43.10	16.92	17.45	59.73
2.59	5.19	6.71	8.33	8.36	2.73

#### Leverage

Gearing ratio  
Debt to equity (%)  
Interest covering ratio

0.59	0.51	0.47	0.59	0.28	0.47
28.01%	32.25%	38.99%	35.74%	19.22%	29.33%
4.79	6.25	4.20	2.24	2.19	3.74

#### Liquidity ratio

Current ratio

2.40	2.84	3.62	2.01	2.78	2.48
------	------	------	------	------	------

## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2019

NUMBERS OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
357	1	100	10,541
343	101	500	157,843
32	501	1000	30,183
42	1001	5000	106,900
10	5001	10000	64,200
3	10001	15000	34,400
2	15001	20000	33,600
1	25001	30000	28,846
1	30001	35000	32,692
2	35001	40000	76,033
1	40001	45000	41,100
2	45001	50000	98,077
1	50001	55000	53,400
3	95001	100000	294,923
1	100001	105000	102,000
1	105001	110000	109,500
1	135001	140000	136,919
1	195001	200000	199,055
1	200001	205000	200,380
1	210001	215000	211,500
1	220001	225000	222,700
1	230001	235000	235,000
1	235001	240000	237,577
1	270001	275000	274,000
1	310001	315000	312,688
1	330001	335000	334,915
3	335001	340000	1,011,980
1	360001	365000	363,841
1	395001	400000	395,216
1	425001	430000	429,244
1	450001	455000	451,000
1	460001	465000	460,923
3	475001	480000	1,431,964
1	530001	535000	533,960
1	1280001	1285000	1,282,900
<b>825</b>			<b>10,000,000</b>

\* Note: The slabs representing nil holding have been omitted.

# FAISAL SPINNING MILLS LIMITED

AS AT JUNE 30, 2019


Sr #	Shareholder Category	Percentage	No. of Shares
<b>1</b>	<b>ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES</b>		
	ADMIRAL (PVT) LTD	12.83	1,282,900
	MR. MOHAMMAD SHAKEEL	0.48	48,077
	MR. MUHAMMAD SHARIF	0.01	500
	MR. FARRUKH SALEEM	1.37	136,919
	MR. YOUSUF SALEEM	3.13	312,688
	MR. SAQIB SALEEM	1.99	199,055
	MR. MUHAMMAD QASIM	3.95	395,216
	MR. FAISAL SHAKEEL	4.77	477,321
	MR. ABDULLAH BILAL	3.37	337,257
	MR. UMER KHURRAM	0.97	97,000
	MRS. NAZLI BEGUM	4.29	429,244
	MRS. SABA YOUSUF	0.98	97,923
	MRS. SABA SAQIB	2.12	211,500
	MRS. SADAF FARRUKH	2.74	274,000
	MRS. SUMBUL QASIM	2.35	235,000
<b>2</b>	<b>NIT</b>		
	INVESTMENT CORPORATION OF PAKISTAN	0.01	500
<b>3</b>	<b>CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN</b>		
	MR. MUHAMMAD SALEEM	0.29	28,846
	MR. MUHAMMAD SHAHEEN	0.33	32,692
	MR. KHURRAM SALEEM	2.00	200,380
	MR. BILAL SHARIF	3.64	363,841
	MR. MUHAMMAD AMIN	4.61	460,923
	MR. ADIL SHAKEEL	4.77	477,321
	MR. HAMZA SHAKEEL	4.77	477,322
	MR. IQBAL MEHBOOB VOHRA	0.01	500
	MR. ASIF ELAHI	0.01	500
	MR. MUSTAFA TANVIR	0.01	500
	MRS. YASMIN BEGUM	2.39	238,577
	MRS. SEEMA BEGUM	3.35	334,915
	MRS. AMNA KHURRAM	1.10	109,500
	MRS. SAMIA BILAL	5.34	533,960
	MRS. FATIMA AMIN	4.51	451,000
	MRS. MARIUM ADIL	0.01	500
	MASTER ALI BILAL	3.37	337,361
	MASTER AZAAN BILAL	3.37	337,362
<b>4</b>	<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODABARAS AND MUTUAL FUNDS</b>		
	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTAR)	0.04	3,600
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2.23	222,700
	FIRST TRI-STAR MODARABA	0.00	100




Sr #	Shareholder Category	Percentage	No. of Shares
<b>5</b>	<b>JOINT STOCK COMPANIES</b>		
	TAURUS SECURITIES LIMITED	0.01	500
	MRA SECURITIES LIMITED-MF	0.01	1,000
	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LIMITED	0.03	2,500
	INSIGHT SECURITIES (PVT.) LIMITED	0.06	5,500
<b>6</b>	<b>OTHER COMPANIES</b>	0.01	501
<b>7</b>	<b>INDIVIDUAL SHAREHOLDERS</b>	8.42	842,499
	<b>TOTAL</b>	<b>100.00</b>	<b>10,000,000</b>
<b>8</b>	<b>DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN</b>		
	<b><u>MR. ADIL SHAKEEL AND FAISAL SHAKEEL SHARES GIFTED TO HIS MOTHER AND BROTHER</u></b>		
	MRS. NAZLI BEGUM	3.00	300,013
	MR. HAMZA SHAKEEL	1.47	146,822
<b>9</b>	<b>SHAREHOLDERS HOLDING 05% OR MORE</b>		
	ADMIRAL (PVT) LTD	12.83	1,282,900
	MRS. SAMIA BILAL	5.34	533,960

## CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2019

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer their Spouses and minor childrens	19	4,386,000	43.86
2	Associated Companies, Undertaking and Related Parties	15	4,534,600	45.35
3	NIT / ICP	1	500	0.01
4	Bank / Financial Institution	1	3,600	0.04
5	Insurance Company	1	222,700	2.23
6	Modaraba & Mutual Funds	1	100	0.00
7	General Public / Individuals	781	842,499	8.42
8	Other Companies	2	501	0.01
9	Joint Stock Companies	4	9,500	0.10
		<b>825</b>	<b>10,000,000</b>	<b>100.00</b>

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آر آر سی کے ذریعہ تجویز کردہ مقررہ مابانہ معاوضے کے حقدار ہیں جو بورڈ میٹنگ میں منظور ہو جاتے ہیں ، اس کے بعد جنرل میٹنگ میں ممبروں کی منظوری مل جاتی ہے۔ غیر ایگزیکٹو یا آزاد ڈائریکٹرز کو کسی بھی قسم کی فیس یا معاوضے کی ادائیگی نہیں کی گئی ہے۔

**قانونی آڈیٹر۔**

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس 26 اکتوبر ، 2019 کو شیڈول ہونے والے سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے ، البتہ اہل ہونے کے بعد انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2020 کو ختم ہونے والے سال کے لئے میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز پیش کی ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کا کوالٹی جائزہ لینے کا پروگرام اور فرم اور اس کے تمام شراکت دار اخلاق کے بارے میں بین الاقوامی فیڈریشن آف اکاؤنٹنٹس کے رہنما اصولوں کی تعمیل کرتے ہیں جیسا کہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے۔ بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے سال کے لئے میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس کو بیرونی آڈیٹر کی حیثیت سے تقرری کی بھی سفارش کی۔

#### مادی تبدیلیاں اور وعدے۔

کمپنی کے مالی سال کے اختتام کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے جس سے بیلنس شیٹ سے متعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ۔

#### اعتراف

میں بورڈ آف ڈائریکٹرز ، قابل قدر حصص یافتگان ، صارفین ، بینکروں ، سپلائرز اور دیگر اسٹیک ہولڈرز کی ان کی حمایت ، اعتماد اور اعتماد کے لئے انتہائی مقروض ہوں۔ میں بھی تمام ملازمین کی وفاداری سے لگن اور محنت کے لئے ان کی تعریف کرتا ہوں جس نے کمپنی کو اپنے مقاصد کے حصول میں کامیاب کیا۔

بورڈ کے لئے اور اس کی طرف سے۔

بلال شریف۔



چیف ایگزیکٹو

محمد سلیم



ڈائریکٹر

کراچی: 26 ستمبر ، 2019۔

میں خصوصی تحقیقات کا آغاز کرے جہاں یہ طے کیا جاتا ہے کہ اکاؤنٹنگ کے عمل مشکوک یا مشتبہ ہیں اور اندرونی آڈیٹر کمیٹی کو اس طرح کی کوششوں میں معاونت کرتا ہے۔

#### انسانی وسائل اور معاوضہ کمیٹی۔

ہیومن ریسورس اینڈ ایمونیشن کمیٹی (ایچ آر سی) تین ممبروں پر مشتمل ہے جن میں سے سبھی نان ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئرمین آزاد ڈائریکٹر ہیں۔ HRRC معاوضے اور فوائد سے متعلق کسی بھی قانون ساز رہنما خطوط کی تعمیل کا جائزہ لے، ملازمت، مزدوری اور انسانی حقوق سے متعلق قانون سازی کی تعمیل کا جائزہ لے۔

بورڈ آف ڈائریکٹرز کی جانب سے ایچ آر سی کمیٹی کی انسانی وسائل کی پالیسیاں، منصوبے، اور طریقہ کار کی نگرانی اور انتظامیہ، بورڈ کی منظوری کے لئے جائزہ، منظوری، یا تجویز، ایگزیکٹوز، ڈائریکٹرز، کمیٹی ممبران اور دیگر کے منصفانہ اور مسابقتی معاوضے سے متعلق فیصلے اہم اہلکار۔

#### کارپوریٹ سماجی ذمہ داری کی پالیسی۔

کمپنیوں کی سی ایس آر کی حکمت عملی کمیٹی کو معاشرے کے مفادات کے لئے مخیر خدمات کے حصول میں، معاشرے کے تعاون کی سرمایہ کاری اور تعلیمی پروگراموں کو شروع کر کے، ماحولیات اور اسٹیک ہولڈرز سمیت صارفین، ملازمین، سرمایہ کاروں، برادریوں اور معاشرے پر مثبت اثر ڈالنے کی ترغیب دیتی ہے، فضلہ کو ضائع کرنے، ری سائیکلنگ، توانائی کے تحفظ اور ماحول دوست ٹیکنالوجی کے استعمال کے لئے best بہترین طریقوں پر عمل کرتے ہوئے قدرتی ماحول کو تحفظ فراہم کرنے کی ضرورت ہے۔ شعور بیدار کرنے کے لئے کمیٹی باقاعدہ وقفوں پر جنگلات کی کٹائی کے سیر کا اہتمام کرتی ہے۔

#### صحت، حفاظت اور ماحولیاتی پالیسی۔

کمپنی کام کے دوران صحت اور حفاظت کے لئے پُر عزم ہے اور صحت اور حفاظت کو موثر طریقے سے سنبھالنے کے لئے sustain قوانین اور ضوابط پر سختی سے عمل کرتی ہے اور ہر طرح کے منفی اثر کو کم سے کم مستحکم ماحول تک پہنچا سکتی ہے۔ کمیٹی کی صحت، حفاظت اور ماحولیاتی پالیسی کے بیان میں صحت، تمام کارکنوں، تھیکیداروں اور زائرین کی حفاظت، اور جو بھی دوسرا کاروبار سے متاثر ہو سکتا ہے ان کی صحت، حفاظت کو لاحق خطرات کو دور کرنے یا اسے کم کرنے کی ہر ممکن کوشش کر کے ایک خوشگوار اور قابل عمل ماحول کا مظاہرہ کرتا ہے۔ صحت، حفاظت اور ماحولیاتی قانون سازی کی تعمیل کو یقینی بنانا۔

#### ڈائریکٹرز معاوضہ کی پالیسی۔

ایگزیکٹو ڈائریکٹر کی معاوضہ پالیسی کی خصوصیت کو انسانی وسائل اور معاوضہ کمیٹی (ایچ آر سی) نے بورڈ ایکٹ برائے کمپنیز ایکٹ 2017، کمپنیوں کے آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشنز کے تحت تیار اور تجویز کیا ہے۔ ایگزیکٹو ڈائریکٹرز کا معاوضہ مارکیٹ کی مسابقت پر غور کرتے ہوئے طے کیا جاتا ہے جو ایک جیسی کمپنیوں میں مماثلت رکھتا ہے، جبکہ بورڈ کی اسائنمنٹس کے دائرہ کار اور سالانہ اجلاسوں کی اہلیت، تجربہ، صلاحیت اور سطح پر بھی غور کیا جاتا ہے۔ ایگزیکٹو ڈائریکٹرز ایچ آر سی کے ذریعہ تجویز کردہ مقررہ ماہانہ معاوضے کے حقدار ہیں جو بورڈ میٹنگ میں منظور ہو جاتے ہیں، اس کے بعد جنرل میٹنگ میں ممبروں کی منظوری مل جاتی ہے۔ غیر ایگزیکٹو یا آزاد ڈائریکٹرز کو کسی بھی قسم کی فیس یا معاوضے کی ادائیگی نہیں کی گئی ہے۔

#### قانونی آڈیٹر۔

	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Mohammad Salim	4	4	-	-	-	-
Mr. Mohammad Sharif	2	2	-	-	-	-
Mr. Mohammad Shaheen	4	4	-	-	2	2
Mr. Khurram Salim	4	4	3	3	-	-
Mr. Bilal Sharif	4	4	-	-	-	-
Mr. Mohammad Amin	4	4	6	6	-	-
Mr. Adil Shakeel	2	2	3	3	-	-
Mr. Hamza Shakeel	4	4	-	-	2	2
Mr. Iqbal Mehboob	4	4	6	6	2	2
Mr. Asif Elahi	2	2				
Mr. Mustafa Tanvir	2	2				
Mrs. Mariam Adil	2	2				

بورڈ آف ڈائریکٹرز کا انتخاب اور تنظیم نو۔

انتخابات ایک سال کے دوران ہوئے تھے اور 29 دسمبر، 2018 کو بورڈ کی تشکیل نو کی گئی تھی جس میں مقابلہ کرنے والے تمام ممبروں کو بلا تفریق منتخب کیا گیا تھا۔ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت جاری کردہ ضابطوں کی سختی سے عمل کرتے ہوئے آزاد، ایگزیکٹو، غیر ایگزیکٹو اور خواتین ڈائریکٹرز کی تقرری کی گئی ہیں۔

#### حساب کتاب کا گروہ یا لوگ

آڈٹ کمیٹی میں تین اراکین پر مشتمل ہے جس میں چیئرمین آزاد ڈائریکٹر ہیں جبکہ دیگر تمام نان ایگزیکٹو ڈائریکٹر ہیں اور بورڈ آف ڈائریکٹرز کے مقرر کردہ حوالہ کی شرائط کے تحت اپنی ذمہ داریوں کو نبھاتے ہیں۔ مالی خواندگی والے ممبر کی تقرری کوڈ آف کارپوریٹ گورننس، 2017 کے باب X کے ریگولیشن 28 (1) (c) کے مطابق کیا گیا ہے۔ بورڈ آف ڈائریکٹرز کی منظوری سے قبل دونوں عبوری اور سالانہ مالی بیانات کا جائزہ لینے کے لئے کوڈ آف کارپوریٹ گورننس، 2017 (کوڈ) کے باب X کے ضابطہ 28 (2) کی تعمیل میں آڈٹ کمیٹی کے اجلاس باقاعدہ وقفوں پر ہوئے۔ بیرونی آڈیٹرز کے ساتھ سال میں ایک بار اضافی ملاقاتیں ہوں جن کے بغیر سی ایف او کے بغیر اور دوسرے اندرونی آڈیٹر کے بغیر سی ایف او اور بیرونی آڈیٹر کی موجودگی کے بغیر۔ ایک آڈٹ کمیٹی کمیٹی کے بورڈ آف ڈائریکٹرز کی ایک بڑی آپریشننگ کمیٹی ہے جو مالی رپورٹنگ اور انکشافات، اکاؤنٹنگ پالیسیوں کی نگرانی، کسی بھی بیرونی آڈیٹر کی نگرانی، ریگولیٹری تعمیل اور انتظامیہ کے ساتھ رسک مینجمنٹ پالیسیوں کے بارے میں تبادلہ خیال کرتی ہے۔ آڈٹ کمیٹی کمیٹی کے چیف فنانشل آفیسر (سی ایف او) اور اندرونی آڈٹ کے سربراہ کے ساتھ بات چیت برقرار رکھتی ہیں۔ کمیٹی کو یہ اختیار بھی حاصل ہے کہ وہ ان معاملات

listed کمپنی درج کمپنیوں کے اندرونی کاروبار کی ممانعت کے بارے میں ایس ای سی پی کی طرف سے جاری کردہ رہنما خطوط پر سختی سے عمل کرتی ہے اور کمپنی کے حصص میں کوئی ٹریڈنگ اس کے ڈائریکٹرز ، سی ای او ، سی ایف او ، کمپنی سیکریٹری ، ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات اور نابالغ بچوں نے نہیں کی تھی۔ حصص یافتگی کے شیئر ہولڈنگ کا نمونہ۔

شیئر ہولڈنگ کا نمونہ اور شیئر ہولڈنگ کے نمونوں سے متعلق اضافی معلومات الگ سے منسلک ہیں۔

#### متعلقہ پارٹی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے ایس آر او 768 (1) 2018 کے ذریعے جاری کردہ نوٹیفکیشن کے تحت پارٹی سے متعلق تمام لین دین (آر پی ٹی) کے لئے ایک مضبوط پالیسی موجود ہے اور لین دین کے سلسلے میں کمپنی پالیسی میں باقاعدگی سے شامل کیا گیا ہے۔ اور ریکارڈ کی بحالی۔

#### بورڈ کی تشخیص۔

کمپنی نے بورڈ کی کارکردگی ، بورڈ کے ممبران اور اس کمیٹی کے ممبروں کے جائزہ لینے کے لئے کارپوریٹ گورننس 2017 کے ضابطہ اخلاق 10 (3) (v) کی تعمیل میں داخلی طور پر بورڈ کی تشخیصی کارروائی کا انتخاب کیا ہے۔ قانونی دستاویزات ، بورڈ اور کمیٹی کے اجلاسوں کے منٹ ، اس وقت موجود پالیسیاں اور دیگر ذیلی دستاویزات ، سوالنامے ، بورڈ اور کمیٹی ممبروں کے ساتھ بات چیت کے بارے میں ایک جامع جائزہ لیا گیا ہے۔

#### بورڈ مرکب

جیسا کہ سی سی جی 2017 کے ضابطہ 36 کے تحت مطلوبہ دس (10) ڈائریکٹرز کا بورڈ درج ذیل ہے؛

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Directors	3	0	3
(ii)	Executive Director	1	0	1
(ii)	Non- Executive Directors	5	1	6

#### بورڈ اور آڈٹ کمیٹی کے اجلاس۔

• اجلاس میں شریک ہونے کے اہل ، تمام ڈائریکٹرز ، کوڈ آف کارپوریٹ گورننس کے ریگولیشن 10 (6) کے تحت ذاتی طور پر 25 اکتوبر 2018 کو منعقدہ کمپنی کے سالانہ جنرل اجلاس میں شریک ہوئے ہیں۔

2018-2019ء کے دوران بورڈ آف ڈائریکٹرز ، آڈٹ کمیٹی اور ہیومن ریسورس اور معاوضہ کمیٹی کے اجلاس اور شرکت کی تعداد درج ذیل ہے۔

statements مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

statements بین الاقوامی مالیاتی رپورٹنگ کے معیارات ، جیسا کہ پاکستان میں قابل اطلاق ہیں ، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

internal اندرونی کنٹرول کا نظام ڈیزائن کے مطابق تھا اور اس کو موثر انداز میں نافذ اور نگرانی کی جا رہی ہے۔

going کمپنی کی تشویش کی حیثیت سے جاری رکھنے کی اہلیت پر کوئی خاص شبہات نہیں تھے۔

corporate کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی مادی روانگی نہیں ہوئی ہے ، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

• ہم نے ڈائریکٹرز اور ملازمین کے مابین ایک ضابطہ ، اخلاق اور کاروباری حکمت عملی تیار کی ہے اور اس کی گردش کی ہے۔

Direct بورڈ آف ڈائریکٹرز نے ایک وژن اور مشن بیان اور کارپوریٹ حکمت عملی کی مجموعی وضاحت کو اپنایا ہے۔

• تمام ڈائریکٹرز اس کے عمومی اجلاس میں شریک ہوئے ہیں جب تک کہ معقول وجوہ کی بنا پر تعطل نہ کیا جائے۔

Corporate تمام ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس ، کمپنیز ایکٹ اور آرٹیکل آف ایسوسی ایشن کے مطابق اپنی شرائط کے آغاز پر اپنی ذمہ داریوں ، کردار ، معاوضے ، اختیارات اور ذمہ داری کے ساتھ تفویض کیا گیا ہے۔

Corporate کوڈ آف کارپوریٹ گورننس ریگولیشن کے تحت مطلوب کمپنی کے تمام ڈائریکٹرز کو ڈائریکٹرز ٹریننگ پروگرام (ڈی ٹی پی) کے تحت منظور شدہ / چھوٹ دی گئی ہے۔

resource انسانی وسائل ، سیٹی بنانے والا ، خریداری ، اسٹیک ہولڈرز کے ساتھ مواصلات کا طریقہ کار ، ماحولیات ، صحت اور حفاظت ، ڈائریکٹر کا معاوضہ ، اینٹی مانی لانڈرنگ اور رسک مینجمنٹ وغیرہ سے متعلق اہم پالیسیوں کا صحیح اپ ڈیٹ ریکارڈ موجود ہے۔

Corporate کوڈ آف کارپوریٹ گورننس اینڈ کمپنیز ایکٹ 2017 کی ضرورت کے مطابق ، ہم نے اس رپورٹ میں درج ذیل معلومات شامل کی ہیں۔

o حصص یافتگی کے انداز کا بیان الگ سے دیا گیا ہے۔

o متعلقہ اقدامات اور متعلقہ افراد کے ذریعہ رکھے ہوئے حصص کا بیان۔

o بورڈ کے اجلاسوں کا بیان اور سال کے دوران منعقدہ سالانہ عمومی اجلاس اور ہر ڈائریکٹر کی حاضری کو الگ سے دیا گیا ہے۔

o کمپنیوں ایکٹ کی دفعہ 192 (4) کی دفعات کے تحت چیئرمین جائزہ رپورٹ۔

ضابطہ اخلاق 40 کے تحت چیئرمین کے ذریعہ دستخط شدہ تعینات کا بیان۔

last گذشتہ چھ سالوں سے اہم آپریننگ اور مالی اعداد و شمار۔ منسلک آڈٹ مالیاتی بیانات میں ٹیکسوں اور محصولات کے بارے میں معلومات کا کافی حد تک انکشاف کیا گیا تھا۔



income موجودہ مالی سال کے لئے انکم ٹیکس آرڈیننس کی سیکشن B65 کے تحت نئی سرمایہ کاریوں پر 10 فیصد ٹیکس کریڈٹ آدھا کر دیا گیا ہے اور اگلے مالی سال سے یہ رعایت مکمل طور پر ختم کردی جائے گی۔

مالیاتی پالیسی ایڈجسٹمنٹ جو مالی بینک 2018 کی طرف سے مالی سال 2018 سے لے کر 2019 (جون 2018: 121 تا جون 2019: 160 کے دوران امریکی ڈالر کے مقابلے میں پاک روپیہ کی قیمت میں 13 فیصد کمی کے ساتھ ، 13.25% کی سطح پر بنی ہے) کے ذریعہ 150 بی پی ایس میں جارحانہ اضافے کی پیش کش ہے۔ ( گرین بیک کے خلاف بجٹ میں اعلان کردہ ٹیکسوں کے نئے اقدامات اور کچھ دیگر پالیسیوں میں تبدیلیوں نے صنعت میں سرمایہ کاری کی لاگت میں تیزی سے اضافہ کیا ہے اور برآمدی مسابقت کو متاثر کیا ہے۔ مزید یہ کہ ٹیکسٹائل انڈسٹری کے مکمل نمائش (بینک کو) کے تناسب کے مطابق EFS (برآمدی مالیاتی اسکیم کے لئے برآمد کنندگان کی ورکنگ سرمایہ کے لئے ضرورت کو پورا کرنے کے لئے) اور ایل ٹی ایف (طویل مدتی فنانسنگ سہولت) کے تحت سبسڈی والے قرض کا حصہ کریڈٹ) کو بھی 2018 میں کم کیا گیا ہے ، اس کا مطلب ہے کہ صنعت کاری کو دارالحکومت کے لئے ان کی مالی معاونت کی ضروریات کو پورا کرنے کے لئے بہت بھاری قیمت پر تجارتی قرضے لینے پر مجبور کیا گیا تھا۔ سرمائے کی لاگت نے ٹیکسٹائل کی صنعت کے منافع کو ختم کردیا جو ایک اعلیٰ حجم اور کم مارجن سیکٹر ہے جہاں اکثریت پہلے ہی انتہائی پتلی مارجن کے تحت کام کر رہی ہے۔ یہ منظر نامہ اس صنعت کو سرمایہ کاری کے منصوبے کو 157 - 160 (روپیہ سے ڈالر) کے زر مبادلہ کی شرح کے ساتھ نافذ کرنا انتہائی مشکل قرار دیتا ہے جبکہ 2018 میں اس کی فزیبلٹی 2121 روپے تھی۔ ٹیکسٹائل ایکسپورٹرز جنہوں نے اپنی پیداواری صلاحیتوں میں اضافہ کرنے کا ارادہ کیا پچھلے ڈیڑھ سال کے دوران غیر ملکی خریداروں سے فائدہ اٹھائیں یا تو وہ ملک میں نئے کاروبار کے ماحول کے مابین اپنے منصوبوں کو روکنے یا ان کی سرمایہ کاری کا سائز کم کرنے پر مجبور ہو گئے ہیں۔ اختتام کے ل we ہم حکومت کو مشورہ دیتے ہیں کہ سازگار کاروباری ماحول کی فراہمی اور برآمد کنندگان کی سہولت کے ل it ، ان کو ان رکاوٹوں کو ختم کرنے کی کوشش کرنی ہوگی جو ملک میں مروجہ معاشی ماحول کی رفتار کو کم کر رہی ہیں ، تاجروں کو قانون کی عدم استحکام کی سزا دینا بند کریں۔ محکمہ نافذ کرنا ان لوگوں سے ٹیکس وصول کرنے کے لئے جو اس کے مطابق خزانے میں اپنا حصہ ادا نہیں کر رہے ہیں۔

#### کارپوریٹ گورننس کے کوڈ کی تعمیل۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان جوڑا گیا ہے۔

#### کارپوریٹ اور مالی رپورٹنگ کے فریم ورک پر بیان۔

آپ کی کمپنی کے ڈائریکٹرز کمپنیز ایکٹ 2017 ، کوڈ آف کارپوریٹ گورننس 2017 کے تحت قواعد و ضوابط ، پاکستان اسٹاک ایکسچینج لمیٹڈ کے رول بک اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ہدایات کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ ریگولیٹرز کی تعمیل کے ایک حصے کے طور پر ، ہم درج ذیل کی تصدیق کرتے ہیں:

financial کمپنی کی انتظامیہ کے ذریعہ تیار کردہ یہ مالی بیانات ، اس کی امور کی منصفانہ حیثیت ، اس کے کاموں ، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کا نتیجہ پیش کرتے ہیں۔

company کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔

رواں مالی سال میں پاکستان کی معاشی نمو نو سال کی کم ترین سطح 3.3 فیصد (2018 میں 5.5 فیصد) ہے اور اس کی توقع ہے کہ داخلی اور خارجی دونوں عوامل کی وجہ سے یہ شرح 4.0 فیصد رہ جائے گی۔ اہم سود کی شرح میں اضافے کی شکل میں بجلی کی قیمتوں میں اضافے اور گیس کی قیمتوں میں حالیہ اضافے کے ساتھ موجودہ حکومت کی طرف سے حالیہ معاشی نظام میں مجموعی طلب کو کم کرنے کے etd حالیہ مالیاتی اور مالی اقدامات ، افراط زر کو اونچی طرف لے جائیں گے۔ روپے کی قدر میں کمی جیسے مالی اور کرنٹ اکاؤنٹ کے خسارے کو کم کرنے کے اقدامات ، بڑھتے ہوئے امریکی چین تجارت تجارتی جنگ کی وجہ سے عالمی معاشی سست روی اور تیل کے بین الاقوامی قیمتوں میں ممکنہ اضافے سے ملک میں معاشی نمو رکاوٹ ہوگی۔

#### خیالی اصلاح۔

تعمیری پہلو سے ، معاشی استحکام کی پالیسیوں کو برقرار رکھنے اور معیشت میں اصلاحات کے ایجنڈے کے ساتھ آگے بڑھتے ہوئے کچھ استحکام ظاہر کرنے کے لئے کچھ معاشی اشارے واپس اچھال سکتے ہیں ، توقع کی جارہی ہے کہ ملک کے معاشی اشارے آہستہ آہستہ مستحکم رفتار کی طرف لوٹ آئیں گے۔ مستقبل میں پائیدار معاشی نمو کے لئے برآمدات اور متبادل درآمدات میں اضافے کے لئے صنعت میں سرمایہ کاری ایک شرط ہے۔ حکومت معاشی استحکام کی توقع کر رہی ہے جو وہ مالی ، مالیاتی اور ساختی اصلاحات کی پشت پر حاصل کرنا چاہتی ہے جو وہ 39 ماہ کے تحت انجام دے رہی ہے ، بین الاقوامی مالیاتی فنڈ سے 6 بلین ڈالر کے بیل آؤٹ پیکیج کے طویل عرصے تک چلنے کا امکان نہیں ہے جب تک کہ وہ اس میں بہتری لانے کے لئے موزوں پالیسیاں نہ بنائے۔ کاروبار کی آب و ہوا نئی سرمایہ کاری کو راغب کرنے کے لئے۔

#### چاندی کا اسٹر

جی ڈی پی کی نمو کے لئے کچھ معاونت ممکنہ طور پر زراعت کے شعبے میں مضبوط امکانات سے آسکتی ہے ، جہاں کاشت کے زیر اثر رقبے کو متاثر کرنے والے رکاوٹوں کے اثر و رسوخ کو موثر انداز میں حاصل کرنے کے امکانات موجود ہیں۔ مستقبل میں پائیدار معاشی نمو کے لئے برآمدات اور متبادل درآمدات میں اضافے کے لئے صنعت میں سرمایہ کاری ایک شرط ہے۔

#### رکاوٹیں۔

بدقسمتی سے ، اس وقت کاروبار اور سرمایہ کاری کے جذبات انتہائی کم ہیں۔ اگر حالات ان پالیسیوں کو درست کرنے کے اقدامات نہ اٹھائے جائیں جن سے ہمیں اس مقام تک پہنچایا گیا ہے جہاں تاجر اپنی سرمایہ کاری کے منصوبے چھوڑنے پر مجبور ہیں تو صورتحال مزید خراب ہوگی۔

افسردہ کاروبار اور سرمایہ کاری کے جذبات میں بہت سے عوامل کارفرما ہیں۔

one گذشتہ ایک سال کے دوران بڑے پیمانے پر زر مبادلہ کی شرح میں ایڈجسٹمنٹ۔

ادھار لینے کی لاگت میں اضافہ۔

exp برآمد کنندگان کے لئے صفر ریٹڈ حکومت کو واپس لینے کی وجہ سے مینوفیکچررز کی طرف سے شدید نقد فلو بحران

• گیس کی قیمت میں سبسڈی کے معاملات۔

zero صفر درجہ بندی کا انخلا جو 6 ماہ کے چکر کے لئے رقم کی واپسی کی حکومت میں ورکنگ سرمایہ کو جوڑ دے گا۔

• فروخت اور انکم ٹیکس کی واپسی میں اکاؤنٹ پر بندھی پچھلی رقم۔

سال کے دوران ، بورڈ نے پی ایم آر کے لئے 406.000 ملین کی رقم تقریباً BM پی ایم آر کے لئے پلانٹ اور مشینری ، عمارت اور سازو سامان کی جدید کاری کے لئے مختص کی ہے ، تاکہ پوری دنیا میں تکنیکی ترقی سے نمٹ سکے۔

#### توسعی منصوبے۔

بورڈ آف ڈائریکٹرز نے 26 ستمبر ، 2019 کو منعقدہ اجلاس میں تقریباً 18.000 ملین میٹیرج سالانہ کی پیداواری صلاحیت کے ساتھ ایک ویلیو ایڈیشن اقدام کے طور پر ایک فائننگ پلانٹ کے قیام کے لئے باقاعدہ منظوری دی۔ توقع ہے کہ تجارتی پیداوار سال 2020 کے اختتام تک شروع ہوگی۔

#### کریڈٹ ریٹنگ

A / A 1 (سنگل A-One / A) کی حتمی درجہ بندی کمپنی کو Messer's JCR-VIS ریٹنگ کمپنی نے تفویض کردی ہے۔ تفویض کردہ درجہ بندی پر نقطہ نظر "مستحکم" ہے۔

#### مالیاتی گوشوارے

کمپنیز ایکٹ 2017 کے تحت ضرورت کے مطابق ، پی ایس ایکس کے درج ذیل قواعد و ضوابط اور ایس ای سی پی کے ذریعہ جاری کردہ ہدایات چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے 30 جون ، 2019 کو ختم ہونے والے سال کے لئے کمپنی کے مالی بیانات پیش کیے ، جن کی دستخطوں کے تحت باقاعدگی سے اس کی توثیق کی گئی ، جاری اور گردش کے لئے بورڈ آف ڈائریکٹرز کی منظوری اور اجازت۔ کمپنی کے مالی بیانات کمپنی کے آڈیٹرز ، مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس کے ذریعہ باقاعدگی سے آڈٹ کیے گئے ہیں اور آڈیٹرز نے 30 جون 2018 کو ختم ہونے والے مالی بیانات کے بارے میں کلین آڈٹ رپورٹ اور بیان کے ضابطے سے متعلق صاف جائزہ رپورٹ جاری کی ہے۔ کارپوریٹ گورننس یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

#### کاؤنٹنگ معیارات

کمپنی کی اکاؤنٹنگ پالیسیاں کمپنیز ایکٹ ، 2017 اور اس طرح کے منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات اور بین الاقوامی مالیاتی رپورٹنگ معیارات کی ضروریات کو پوری طرح سے ظاہر کرتی ہیں جنہیں اس ایکٹ کے تحت مطلع کیا گیا ہے اور ساتھ ہی ساتھ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ہدایات کے ذریعہ بھی۔

#### کائن پر جائزہ:

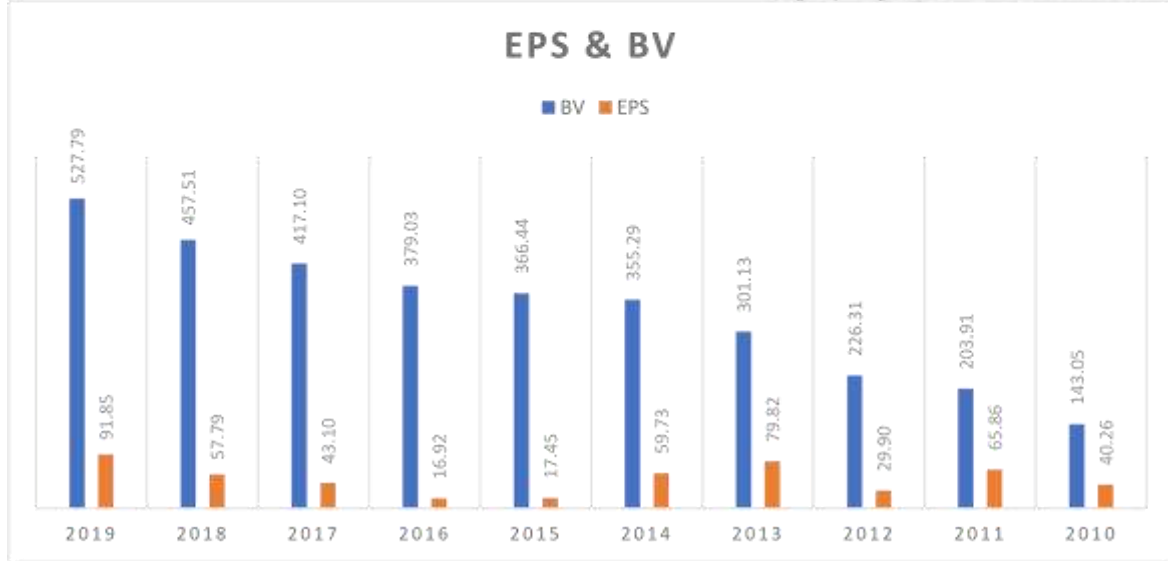
پچھلے سال کے اسی عرصے کے دوران روٹی کی فصل کے کاشت کے رقبے کے مقابلے میں موجودہ ہوائی سیزن میں فصلوں کی کاشت کے اہداف میں 91 فیصد سے زیادہ کا اضافہ ہوا تھا۔ صوبہ پنجاب میں روٹی کی کاشت کا تخمینہ 2.29 ملین ہیکٹر رقبے سے زیادہ تھا جب کہ زیر جائزہ مدت کے لئے 2.31 ملین ہیکٹر کے طے شدہ اہداف تھے جبکہ سندھ میں فصلوں کی ہوائی 40 فیصد کم ہوگئی تھی اور اس کی وجہ خشک ہوائی کے ساتھ کم ہوائی کے رجحان کو قرار دیا گیا تھا۔ فصل کی ہوائی کے وقت کے ساتھ ساتھ فصلوں کی آبپاشی کے لئے پانی کی قلت۔ صوبہ بلوچستان اور کے پی کے میں 0.1 ملین ہیکٹر پر فصل کاشت کرنے کے لئے ایک کام سونپا گیا تھا۔ پنجاب اور کے پی کے میں حالیہ بارش سے کپاس کی کاشت کے رقبے کو بڑھا نے اور پیداوار کو بڑھا نے میں مدد ملے گی۔

پاکستان کا معاشی جائزہ۔

کمپنی۔ مزید یہ کہ ، ڈائریکٹرز نے مستقبل میں کسی بھی غیر متوقع ہنگامی صورتحال کو پورا کرنے کے لئے پی کے آر 700,000 ملین کی رقم کو جنرل ریزرو میں منتقل کرنے کی تجویز پیش کی۔

#### حصص کی کمائی اور بریک اپ ویلیو

اس کمپنی نے حصص یافتگان کے لئے اپنی پختہ عزم کا مظاہرہ کیا ہے جس میں پی کے آر 57.79 سے پی کے آر 91.85 تک فی حصص دونوں حصص میں اضافہ اور رواں سال کے مقابلے میں 30 جون 2019 کو ختم ہونے والے رواں سال کے دوران پی کے آر 457.51 سے پی کے آر 527.98 تک حصص کی بریک اپ ویلیو۔



#### کیش فلو اسٹریٹیجی

مینجمنٹ حکمت عملی کو یہ کام کرنے کے لئے کام کرنے والے سرمائے کے اجزاء کی نگرانی اور ان کے استعمال کے لئے ڈیزائن کیا گیا ہے تاکہ یہ یقین دلایا جاسکے کہ کمپنی اپنی مختصر مدت کی ذمہ داریوں کو پورا کرنے کے لئے کافی رقم کے بہاؤ کو برقرار رکھتی ہے جو بیک وقت کمپنی کے حصص داروں کو زیادہ سے زیادہ فائدہ پہنچاتی ہے۔ رواں سال کے دوران 2.40 کا موجودہ تناسب کمپنی کی مالی خوبی کے واضح اشارے کو دکھایا گیا ہے اور کمپنی کی موجودہ ذمہ داری ادا کرنے کی صلاحیت میں انتہائی تسلی بخش سمجھا گیا ہے۔ رواں سال کے دوران کمپنی نے قومی خزانے میں پی کے آر کو 160.307 ملین انکم ٹیکس کی مد میں ادائیگی کی جبکہ کمپنی کے قرض کی خدمت کے لئے ایک پی کے آر نے 549.22 ملین روپے ادا کیے۔ مزید یہ کہ کمپنی کے ذریعہ حتمی نقد منافع کے لئے رواں سال کے دوران پی کے آر 228.793 ملین کی رقم ادا کردی گئی ہے۔

#### مالی بیعانہ

کمپنی اس طرح سے ایکویٹی اور قرض کے امتزاج کے ساتھ اپنے دارالحکومت کے ڈھانچے کا انتظام کرتی ہے جس سے حصص یافتگان کی قیمت میں زیادہ سے زیادہ اضافہ ہوجائے گا۔ اسی مدت کے مقابلے میں 30 جون ، 2019 کو طویل مدتی ادھار PKR 1,478,484 ملین کھڑا ہے جہاں یہ PKR 1,475,536 ملین رہا۔ جائزہ کے تحت اسی عرصے کے دوران 30 جون 2019 کو ختم ہونے والے اسی سال کے دوران حصص یافتگان کی ایکویٹی میں 15.36 فیصد کا اضافہ کیا گیا ہے۔

توازن ، جدید اور تبدیلی۔

## ڈائریکٹرز کی رپورٹ

ہم، فیصل اسپننگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز، کمپنی کے آڈیٹڈ مالیاتی بیانات پر سالانہ رپورٹ کے ساتھ ساتھ آڈیٹرز کے ساتھ 30 جون، 2019 کو ختم ہونے والے سال کی رپورٹ پیش کرنے پر خوش ہیں۔

مالی نتائج۔

عملیاتی نتائج یہاں ہیں:

	2019 Rupees	2018 Rupees
Sales	14,028,566,145	11,842,981,031
Cost of sales	12,144,528,218	10,534,518,803
Gross profit	1,884,037,927	1,308,462,228
Other Income	30,479,561	3,700,693
Add: Share of profit from associated undertaking	117,478,502	68,124,372
Less : Selling, Admin, Finan & Other Expenses	929,623,922	658,860,680
Less :Profit before taxation	1,102,372,068	721,426,613
Taxation		
Current year	171,415,830	144,142,228
Prior year	(430,012)	(5,759,731)
Deferred	12,886,399	5,189,039
	183,872,217	143,571,536
<b>Profit after taxation</b>	<b>918,499,851</b>	<b>577,855,077</b>
<b>Basic and diluted earnings per share</b>	<b>91.85</b>	<b>57.79</b>

مالیاتی کارکردگی

30 جون، 2019 کو ختم ہونے والے سال کے دوران کمپنی نے پی کے آر 14,028.566 ملین کی فروخت حاصل کی جبکہ اس سال کے اسی سال کے دوران پی کے آر 11,842.981 ملین کی فروخت میں 18.45 فیصد کا اضافہ ہوا ہے۔ مزید یہ کہ رواں سال کے دوران برآمدات کی فروخت میں تقریباً 23 فیصد اضافہ دیکھنے میں آیا ہے۔ کمپنی 30 جون، 2019 کو ختم ہونے والے سال کے دوران پی کے آر 918.500 ملین ٹیکس کے بعد منافع کما رہی ہے، اس عرصے کے مقابلے میں اس میں 59 فیصد کا اضافہ ہوا ہے۔

ڈیویڈنڈ اینڈ ریزروئوز مختص

پچھلے سال 2018 میں کمپنی کو 232.00% یعنی پی کے آر 23.20 ہر منافع ادا کیا گیا ہے جبکہ موجودہ سال کے لئے بورڈ آف ڈائریکٹرز اس بات کی سفارش کر رہے ہیں کہ اس کی سفارش کے مطابق ہر حصے میں 185.00 ie یعنی پی کے آر 18.50 فی حصص کی حتمی نقد منافع کی سفارش کی جائے۔ 26 اکتوبر 2019 کو شیڈول آئندہ سالانہ عام اجلاس میں منظوری کے حصص یافتگان کے لئے آڈٹ

proxy to act on my/our behalf at the 35th Annual General Meeting of the Company to be held on Saturday 26th October, 2019 at 10:30 at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi.

## PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of **FAISAL SPINNING MILLS LIMITED** and holder of \_\_\_\_\_  
ordinary shares as per Share Register Folio No. \_\_\_\_\_ and/or CDC Participant  
ID No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint  
Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ or failing  
him/her \_\_\_\_\_ of \_\_\_\_\_ as my / our

WITNESS

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC/Passport # \_\_\_\_\_

Affix  
Rs. 5/-  
Revenue  
Stamp

(Signature should agree with the  
specimen signature registered  
with the Company)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

### Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **FAISAL SPINNING MILLS LIMITED**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.



## پرسی فارم

میں \_\_\_\_\_ کے \_\_\_\_\_  
 کے رکن اور عام شیئر کے حامل کی حیثیت کے \_\_\_\_\_ (شیئر کی تعداد)  
 رجسٹرڈ کارپوریٹ نمبر \_\_\_\_\_ اور ای سی ڈی سی فلیو کا آئی ڈی نمبر \_\_\_\_\_ اور ڈیلی اکاؤنٹ نمبر \_\_\_\_\_ کے  
 \_\_\_\_\_ یا \_\_\_\_\_ کے  
 کو کمپنی کے سالانہ اجلاس جو 26 اکتوبر 2019 کو منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط \_\_\_\_\_ بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ / \_\_\_\_\_ 2019 -  
 گواہان:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

پاسپورٹ نمبر:

دستخط شیئر ہولڈر

(دستخط کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

پاسپورٹ نمبر:

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیے۔ نمائندے کو کمپنی کا رکن ہونا ضروری نہیں۔  
 سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرد افراد درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ تصدیق شدہ نقل یا پاسپورٹ، پرس کی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔



**REGISTERED OFFICE**

Umer House, 23/1, Sector 23, S.M. Farooq Road,  
Korangi Industrial Area, Karachi-74900, Pakistan

Phones : 021 - 35115177 - 80

Fax No. : 021 - 35063002 - 3

E-mail : [khioff@umergroup.com](mailto:khioff@umergroup.com)

Website : [www.umergroup.com](http://www.umergroup.com)