of Companies

# 38th Annual Report 2022

## UMER GROUP OF COMPANIES

## FAISAL SPINNING MILLS LIMITED

# Vision

A company providing quality textile products by maintaining an excellent level of ethical & professional standards.

★★★★★★

# Mission Statement

To become the leader of textile products globally and to achieve the epitome level of success.

# Faisal Spinning Mills Limited

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# Corporate Information

**Governing Board**

| | |
|---|---|
| Mr. Mohammad Salim | Non-Executive Director / Chairman |
| Mr. Muhammad Shaheen | Non-Executive Director |
| Mr. Hamza Shakeel | Non-Executive Director |
| Mr. Khurrum Salim | Non-Executive Director |
| Mr. Bilal Sharif | Executive Director / CEO |
| Mr. Muhammad Amin | Non-Executive Director |
| Mrs. Fatima Amin | Non-Executive Director |
| Mr. Tauqeer Ahmed Sheikh | Independent Director |
| Mr. Asif Elahi | Independent Director |
| Mr. Mustafa Tanvir | Independent Director |

**Chief Financial Officer**

| | |
|---|---|
| Mr. Anwar Hussain | FCA |

**Company Secretary**

| | |
|---|---|
| Mr. Adeel-ur-Rehman | MBA (Finance) |

**Audit Committee**

| | |
|---|---|
| Mr. Tauqeer Ahmed Sheikh | Chairman |
| Mr. Muhammad Amin | Member |
| Mr. Khurrum Salim | Member |

**Human Resource Committee**

| | |
|---|---|
| Mr. Tauqeer Ahmed Sheikh | Chairman |
| Mr. Muhammad Shaheen | Member |
| Mr. Hamza Shakeel | Member |

**Statutory Auditors**

M/s Mushatq and Company (Chartered Accountants)
407, Commerce Centre, Hasrat Mohani Road, Karachi.

**Legal Adivsor**

M. Zahid Farooq- Advocate Lahore High Court

**Bankers**

| | |
|---|---|
| Bank Alfalah Limited | Bank Islami Pakistan Ltd |
| Dubai Islamic Bank | Bank Al Habib Limited |
| Faysal Bank Ltd | Habib Metropolitan Bank Ltd |
| Habib Bank Limited | Askari Bank Limited |
| MCB Bank Limited | The Bank of Punjab Ltd |
| Meezan Bank Limited | Soneri Bank Limited |
| Samba Bank Limited | Allied Bank Limited |
| United Bank Limited | |

**Share Registrar**

Hameed Majeed Associated (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
URL : http://www.umergroup.com

**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

**Manufacturing Units**

Spinning Unit - I is located at:
A-150, S.I.T.E. Nooriabad. Tel: (+92-0222) 660-002

Weaving Unit - II are located at:

Ferozwattwan, Sheikhupura, Punjab. Tel: 056 3731723

Finishing / Home Divsion Unit - III located at:
1.7 KM ,Warburton Road , Ferozwattwan , Sheikhupura, Punjab.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of the members of **Faisal Spinning Mills Limited** will be held on Thursday, 27th October 2022 at 04:00 pm 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:

The following ordinary and special business is proposed to be conducted in the meeting:

**Ordinary Business:**

1. To confirm the minutes of the last annual general meeting held on 27th October, 2021.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2022 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividends at 214.50% (PKR 21.45 per share) for the year ended 30th June, 2022, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2022-2023 and fix their remuneration at PKR 2,775,000.00. The retiring auditor Messer's Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.

**5. Special Business:**

**(A)** To approve by way of special resolution with or without modification the following resolutions in respect of related party transactions under the provisions of Section 208 of the Companies Act, 2017:

**(i) "Resolved That** Related Parties Transactions carried out during the year as disclosed in the financial statements for the year ended June 30, 2022, be and are hereby ratified, approved and confirmed."

**(ii) "Resolved That** the Board of Directors of the Company be and are hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the financial year ending June 30, 2023.

**Further Resolved That** that transactions approved by Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next general meeting for their formal ratification/approval."

**6. Any Other Business:**

To transact any other business with the permission of the chairman.

The statement of material facts in relation to aforesaid special business as required under section 134(3) of the Act and SRO 423 (I)/2018 is enclosed.

Moreover, the notice along with statement of material fact have been dispatched to the shareholders by post and uploaded placed on company website at "www.umergroup.com".

The copy of minutes of the last annual general meeting of the company held on October 27, 2021 has also been enclosed and uploaded with aforesaid notice of AGM.

**Karachi:** **(By the order of the Board)**

**Dated: 28th September, 2022** **Adeel ur Rehman Ansari**
**Company Secretary**

**Notes:**

1. **For attending the meeting electronically**

   In pursuance of SMD/SE/2(20)2021/117 to ensure the participation of members in the general meeting electronically, the members can attend the meeting through video link facility, "Zoom" which is available on Google Play or Apple App Store. The entitled member(s) can access with following ID and password:

   Join Zoom Meeting

   ***https://zoom.us/j/3822738660?pwd=T2ppUWYxSCtjUXduQ2ErR0lNSEMzQT09***

   **Meeting ID: 382 273 8660**

   **Passcode: fsmcorp**

2. The Shares Transfer Books of the Company will remain closed from 20th October 2022 to 27th October, 2022 (both days inclusive). Transfers received in order at the registered office of the company situated at Umer House, 23/I, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 19th October 2022 will be treated in time for the purpose of entitlement of dividend and to attend the Annual General Meeting of the company.

3. Members interested to attend the virtual meeting through some other member as proxy are requested to send their proxy form (Enclosed) via email at fsm.corporate@umergroup.com or at the registered office of the company not later than 48 hours before the time of holding the meeting.

4. 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*

5. In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares and dividend or modarba certificates as on June 30, 2022 have been uploaded on our website: 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 modarba certificates.

6. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.

   Pursuant to the provisions of the Finance Act 2022 effective July 1, 2022, 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 19th October 2022, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly

7. 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.

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. 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. 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.

10. Under the provision of Section 72 of the Act, the shareholders are now required to replace their physical shares with book-entry form at earliest. Accordingly, the physical shares are now required to be converted into Book-Entry Form and kept by Shareholders in their Central Depository System (CDS) Accounts. The CDS Account can be opened and maintained by any CDC Participant {Stock Broker or CDC Investor Account Services Department (CDC IAS) of Central Depository Company of Pakistan Limited situated at Karachi, Lahore and Islamabad.

    <u>The following are key features of holding shares in book-entry form in CDC:</u>

- Book-Entry shares cannot be lost, stolen or spoiled.
- No need for issuance of duplicate shares.
- Book-Entry shares can instantly be traded (Sell/Purchase) in Stock Market.
- No requirement of transfer deed for transfer/sale of Book-Entry shares.
- Book-Entry shares can be pledged for availing of any financing facility.
- Instant credit of Bonus and Right shares entitlements in Book-Entry form.
- 24/07 online access of CDS Accounts for reviewing portfolio information.
- Easy access of periodic Account statements of CDS Accounts.

**Statement of Material Facts Under Section 134 (3) of The Companies Act, 2017**

Items pertaining to 5(A)(i) of the notice for ratification and approval of the related party transactions during the year ended June 30, 2022.

The related party transactions (RPT) were carried out at arm's length during the normal course of business activity during the year ended June 30, 2022 with its associated undertaking and related parties in accordance with its corporate policy, applicable laws, regulations compliance with the provisions of IAS 24. All the RPT reviewed and approved by the board of directors were duly placed before head of internal audit for approval, followed by the approval of audit committee

However, since common directorship exists between the related parties (by virtue of being the shareholder or common directorship), these transactions are being placed for the approval by shareholders in the Annual General Meeting. All transactions with related parties to be ratified have been disclosed in the financial statements for the year ended June 30, 2022

The transactions entered into with the related parties include, but are not limited to, sale & purchase of goods, dividends paid and received, investments and divestment made (in accordance with the approval of shareholders and board where applicable). The nature of relationship with these related parties has also been stated in the financial statements for the year ended June 30, 2022.

**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 related party | 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 |
| Mohammad Salim | Director | 0.29% |
| Yasmeen Begum | Directorship of close family relative | 2.39% |
| Khurram Salim | Director | 2.00% |
| Farrukh Salim | Directorship of close family relative | 1.37% |
| Yousaf Salim | Directorship of close family relative | 3.13% |
| Saqib Salim | Directorship of close family relative | 1.99% |
| Muhammad Umer | Directorship of close family relative | 0.97% |
| Yahya Farrukh | Directorship of close family relative | 2.74% |
| Amna Khurram | Directorship of close family relative | 1.10% |
| Saba Yousaf | Directorship of close family relative | 0.98% |
| Saba Saqib | Directorship of close family relative | 2.12% |
| **Name of the related party** | **Basis of relationship** | **Percentage of shareholding** |
| Bilal Sharif | Director / Chief executive | 3.64% |
| Samia Bilal | Directorship of close family relative | 5.34% |
| Abdullah Bilal | Directorship of close family relative | 3.37% |
| Ali Bilal | Directorship of close family relative | 3.37% |
| Azan Bilal | Directorship of close family relative | 3.37% |
| Mohammad Shaheen | Director | 0.33% |
| Mohammad Amin | Director | 4.61% |
| Seema Shaheen | Directorship of close family relative | 3.35% |
| Mohammad Qasim | Directorship of close family relative | 3.95% |
| Fatima Amin | Directorship of close family relative | 4.51% |
| Sumbul Qasim | Directorship of close family relative | 2.35% |
| Mohammad Shakeel | Directorship of close family relative | 0.48% |
| Nazli Shakeel | Directorship of close family relative | 4.29% |
| Adil Shakeel | Directorship of close family relative | 4.77% |
| Faisal Shakeel | Directorship of close family relative | 4.77% |
| Hamza Shakeel | Director | 4.77% |

| Nature of relationship | Nature of transactions | **2022** | 2021 |
|---|---|---|---|
| | | **Rupees** | Rupees |
| **Associated undertaking** | | | |
| | Sales of fabric | **49,577,029** | 206,241,989 |
| | Sales of cotton and yarn | **145,259,856** | 62,956,509 |
| | Purchase of yarn | **2,429,089,838** | 1,569,905,255 |
| | Purchase of cotton & polyester | **523,266,757** | 307,399,183 |
| | Purchase of fabric | **1,204,100,969** | 226,756,280 |
| | Services received | **309,000** | 309,000 |
| | Dividend received | **39,242,280** | - |
| | Electricity purchased | **5,277,661** | 1,043,668 |
| Loan (repaid) / received from directors and sponsors | | **(2,500,000)** | 460,944,000 |

<u>Items pertaining to 5(A)(ii) of the notice for board authorization to approve related party transactions that will be conducted during the period July 1, 2022 to June 30, 2023.</u>

The Company shall be entering into transactions with its related parties during the year ending June 30, 2023 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business activity. Since, there has been common directorship in the related party transactions, the Board seeks member's consent to approve such transactions with the related parties from time-to-time on case to case basis for the fiscal year ending June 30, 2023 and such transactions shall be deemed to be approved by the shareholders. The nature and scope of such related party transactions is explained above and these transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

# Chairman Review Report

As required under section 192(4) of Companies Act 2017 it gives me immense pleasure to present a review report for the year ended June 30, 2022 on the performance and effectiveness of the board of Faisal Spinning Mills Limited (Board) in achieving its objectives.

The textile sector is witnessing initial signs of a global slowdown in demand as high energy and commodity prices have weakened demand for products in the top export markets of the US and Europe coupled with high inflation in both markets. Besides, manufactures, suppliers and retailers are incurring additional carrying cost for higher inventory levels at the moment. Hence, in my opinion it seems difficult for the sector to maintain the profitability in upcoming years.

Presently, the rising of commodity and oil prices globally, widening of fiscal deficit, deteriorating position of PKR, depleting FCY reserves, double digit inflation and high borrowing cost are some of the critical factors to country's economy. Nevertheless, the board has steered successfully the growth of the company by accelerating both revenues and and profitability. The credit goes board of directors which is govern by the strong governance framework that structures the board and how it operates in which all the members understand the division of responsibilities to perform in effective manner for achievement of corporate objectives.

The Board has applied governance standards in an efficient and transparent manner as per regulations under Code of Corporate Governance Regulations 2019 (Code), guidelines and provisions of Companies Act 2017(Act), Securities and Exchange Commission of Pakistan (Commission) and Pakistan Stock Exchange (PSX).

The Board has established robust risk management policies and these were reviewed at regular intervals for the identification, assessment and prioritization of risks followed by minimizing, monitoring and controlling the impact of risk realities and enhancing the opportunity potential by applying coordinated and economical resources. The devised strategies and objectives of the company are continually monitored for progress against the objectives whereas independent directors challenge the board's perspectives to ensure sound decision-making.

In pursuant of regulation 10(3)(V) of the Code, the management has established formal mechanism internally to conduct evaluation process of the Board, members and committees. All the members of the Board are accredited under directors training program (DTP) as required under chapter VI of the Code. There has been an extensive and functional website is maintained to keep the shareholders abreast with corporate financial performance, notices, announcements. Both the audit and human resource committees are chaired by an independent director and comprised of non-executive directors.

The company conduct regularly every year a Corporate Briefing Session where members of the executive team generally the CEO, CFO and Company Secretary provide information about the company's historic performance, its financials and future prospects to the shareholders and investors.

The board strictly adhere to corporate governance standards and always strives for incessant improvement rather perfection. The board ensure the compliance of code with regard to the appointment of chief financial officer, company secretary and head of internal audit. The board in consultation with audit committee has developed a robust internal audit department which functionally reports to the audit committee to assures independence of audit function. The internal audit team comprised of appropriate members encompassing requite experience and skills to discharge their responsibilities effectively.

Dated: 28th September, 2022, Karachi.

**Mohammad Salim**
(Chairman)

# Directors Report

The Board of Director's 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, 2022.

## Financial Results

The Operational results are here as under:

| | June 30, 2022<br>PKR | June 30, 2021<br>Restated<br>PKR |
|---|---|---|
| Sales | **32,074,369,748** | 17,065,185,921 |
| Cost of sales | **25,701,983,801** | 14,576,409,796 |
| **Gross profit** | **6,372,385,947** | 2,488,776,125 |
| Other income | **73,383,339** | 828,298,308 |
| | **6,445,769,286** | 3,317,074,433 |
| Distribution cost | **1,258,864,404** | 553,281,330 |
| Administrative expenses | **328,184,900** | 185,092,746 |
| Other operating expenses | **318,223,878** | 138,430,599 |
| Finance cost | **408,214,000** | 296,590,005 |
| | **2,313,487,182** | 1,173,394,680 |
| | **4,132,282,104** | 2,143,679,753 |
| Share of profit from associated undertaking | **592,860,794** | 396,627,230 |
| **Profit before tax** | **4,725,142,898** | 2,540,306,983 |
| Taxation | **626,919,602** | 240,187,821 |
| **Profit after taxation for the year** | **4,098,223,296** | 2,300,119,162 |
| **Earnings per share - basic and diluted** | **409.82** | 230.01 |

## Financial Recitals

Despite of disruptions owing to due pandemic and other challenges like inadequate supply of energy coupled with higher borrowing cost inflationary pressure and borrowing, the company has performed remarkably well to post a net profit after of PKR 4,098.223 million (2021: PKR 2,300.119 million) during the year translating into EPS of PKR 409.82 for the current year (EPS 2021: PKR 230.01).

During the year ended June 30, 2022 the company achieved sales of PKR 32,074.369 million as compared to PKR 17,065.185 million in the corresponding year of the same period showing an increase of sales

exponentially by almost 87.95 percent. The gross profit has also been increased by 5.28 percent i.e from PKR 2,488.776 million to PKR 6,372.385 during the corresponding period.

## Dividends and Reserves Appropriation

The board of directors are pleased to approve the cash dividend of 214.50 percent i.e PKR 21.45 per share as recommendation by the audit committee subject to the approval shareholders in forthcoming annual general meeting scheduled for October 27, 2022.

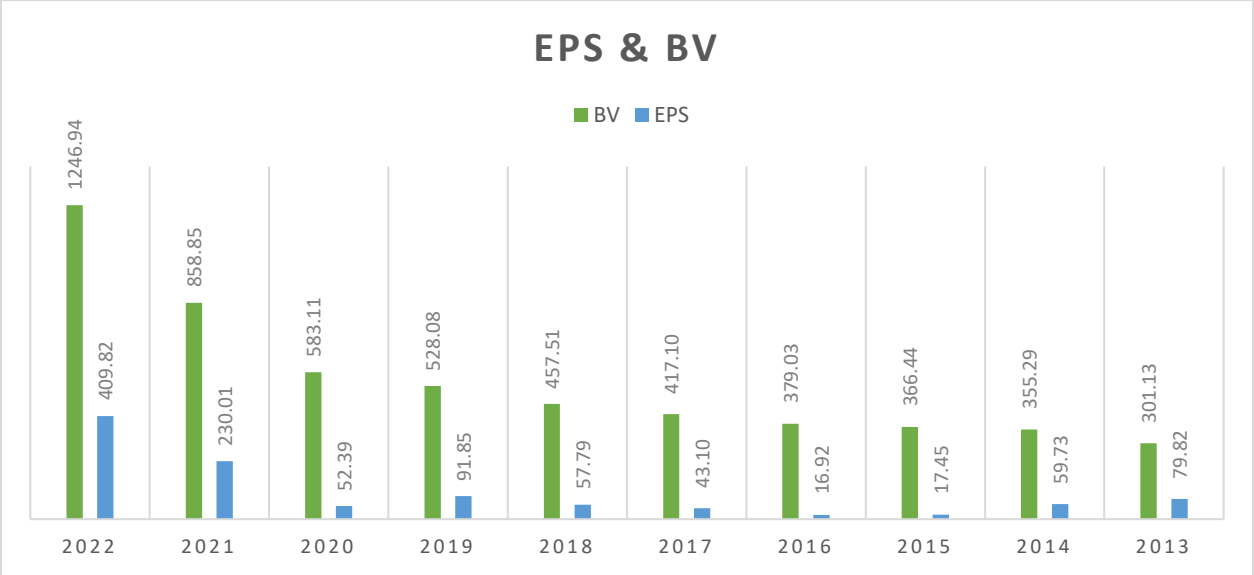
Moreover, the directors proposed to transfer an amount of PKR 2,700.00 million to the general reserve to meet any unanticipated contingencies in future.

## Earning and Break-up Value of Share

EPS helps investors understand whether investing in a particular company is profitable. A consistent EPS growth may indicate the company's profitability, suggesting its ability to pay higher dividends over time.

The company considers shareholder value is of prime importance and both considerable time and efforts are taken while decisions making process that will affect the interests and wealth of its shareholders.

The company has exhibited its firm commitment towards shareholders though earnings per share has been increased from PKR 230.01 to 409.82 whereas the breakup value of share has been increased from PKR 409.82 to PKR 1,246.94 during the corresponding years ended June 30, 2022.




## Cash Flow Strategy

Working capital is a prevalent metric for the efficiency, liquidity and overall health of a company. It is a reflection of the results of various company activities, including revenue collection, debt management,

inventory management and payments to suppliers since it includes inventory, accounts payable and receivable, cash, portions of debt due within the period of a year and other short-term accounts.

The current ratio during the current year has been slightly decreased from 2.14 to 1.78 but still within acceptable limits as per industry norms and quite sufficient to cover its financial obligations.

## Financial Leverage

The capital structure and in financial components of a company have a particular importance in choosing optimal financing decision. The board pursue an optimal capital structure strategy in which debt and equity combine to reduce the cost of capital and enhance the firms' profitability and increasing the shareholders' value.

The long-term borrowing stands at PKR 4,632.023 million on June 30, 2022 as compared to corresponding period where it stood at PKR 4,404.730 million. Moreover, the gearing ratio of 0.81 (2021: 0.77) during the current year ended June 30, 2022 has been slightly increased during the corresponding periods.

The shareholder equity has been increased by almost 45.19 percent during the corresponding year ended June 30, 2022 showing an increased from PKR 12,469.372 million to PKR 8,588.497 million.

## Balancing, Modernization and Replacement

During the current year an amount of PKR 900.00 million approximately has been added in plant and machinery for replacement of 14 air jet looms and other machinery in order to maintain the pace with technological advancements.

## Credit Rating

The entity's rating at A/A-1 (Single A / A-One) has been reaffirmed by Messer's VIS Credit Rating Company Limited on August 11, 2022 for the current year. The entity's outlook has been assigned as 'Stable' on given ratings.

## 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, 2022, 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 2022 and clean review report on Statement of Code of Corporate Governance Regulations, 2019 "Code". 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.

## Industry Outlook

Pakistan's fragile economy is bringing back the country's textile sector, particularly after post-covid era. The country observed records in exports by the textile sector because of the rapid development and progress of the textile companies. Notably, the measures taken by State Bank of Pakistan during covid era are highly commendable like massive reduction in policy rate, extension & rescheduling of loans, offering subsidized financing under various other schemes for payroll loans. These actions not only helped the industry to mitigate the economic impact of covid but also have a long-term effect on growth of industry since major expansion has been by the textile sector to avail the benefit of subsidized financing.

Textile sector plays an important and supportive role in the economy by contributing a major chunk country's foreign exchange exchequer since it contributed around 61 percent to the total exports of $31.8 billion during the fiscal year 2021-22.

The country's textile exports grew by 25.53 percent during the fiscal year 2021-22 i.e products worth $19.33 billion during the fiscal year were exported by the textile sector as compared to PKR $ 15.40 billion in the preceding fiscal year ***(Source: PBS).*** The government was eyeing to fetch textile exports of $25 billion for the fiscal year 2022-2023 where sixty percent of Pakistan's textile exports are to the United States and Europe.

The impediments are still there for textile sector as both domestic and global challenges are dampening the outlook:

- Since, the cotton demand for textile industry grows but cotton production has declined substantially over the last decade, mainly due to fall in cultivation area followed by lower yield resulting from water shortage and inconsistent rainfall. In the fiscal year 2021-22, cotton production stood at 8.3 million bales, which is 2.2 million bales lower than the targeted production thus, textile industry has to rely on imported cotton to meet the country's demand, putting pressure on country's import bill.

- The cotton shortage that remains the key concern for the country over an extended period of time. The downward trend of PKR against greenback will be critical factor for the growth of textile sectors since country has to reply mostly on import of cotton to fulfil the demand of spinning sector.

- The floods have also become a serious challenge after and negatively impacted economic activity. The recent abnormal monsoon flooding, have adversely affected important crops including

cotton, which may impact the economic outlook through agricultural performance and massively reduced the potential output of both main and minor Kharif crops, thus shifting with positive outlook of the agriculture sector.

- The government has formally decided to supply electricity at a rate of 9 cents per kWh and RLNG at $9 per MMBtu without any disparity to zero-rated five export-oriented sectors which includes textile sector too till June 2023, enabling these sectors will remain regionally competitive since 65 percent of Pakistan's exports come from these five sectors. Nonetheless, there're news that there might be an increase in gas and electricity tariff amid the ongoing energy crises, this will certainly hamper the growth of textile sector.

- Home textiles segment had a fantastic run last year, or just after COVID-19 related restrictions were lifted across the globe. Both demand and supply side factors appear to be unsupportive of the kind of growth the home textiles segment saw over the last two years. The economic conditions like lower inflation, higher savings, expectations of higher growth, less supply bottlenecks in China led to both demand and supply growing at tremendous rates in this market. The current factors in the economy are extremely opposite and therefore, hint at slow movement in the market for home textiles.

- The IMF predicted that global growth will be around 3.6 percent owing to to Russian- Ukrainian crisis along with negative spillover effects of pandemic. The surging inflation, disruptions in global networks of production and trade, rapid increase in fuel and food prices and, higher commodity prices will result in lower apparel demand.

## 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 Corporate Governance Regulations 2019 "Code", 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.
- 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 Regulations, 2019.
- 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 36 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 relevant information thereon is annexed accordingly.

## Related Party Transactions

The Related Party Transactions (RPT) and their status are adequately disclosed by complying the requirement under IAS 24. Moreover, there is a robust policy in place for all in pursuant to the notification issued by Securities and Exchange Commission of Pakistan vide SRO 768(1)2019 and the guidelines have been duly incorporated in the company policy with regard to transactions and maintenance of records.

The RPT were duly approved by the internal audit followed by the approval of the audit committee before presentation of the same in the board meeting, to ensure that all the transactions are at arm's length during the normal conduct of business activity.

All the RPT's during the current fiscal year ending June 30, 2022 will be presented before the general meeting of the company for members approval. Similarly, the board has also decided to avail the approval of members in the general meeting of the company for the transactions to be carried during the fiscal year ending June 30, 2023 and same shall be placed before the shareholders in the next annual general meeting for their formal ratification/approval.

## Board Evaluation

A comprehensive evaluation and assessment have been carried out by us to measure the performance of each member of the board and committees in pursuance of the regulation 10(3)(v) of Code of Corporate Governance Regulations, 2019. The board evaluation conducted internally with an aim to enhance the efficiency of board operations and clarifying the roles and responsibilities of fellow board members to avoid unnecessary conflict. The board evaluation process assists us in identification of appropriate mix of skills, experiences required by the members and creating an alignment between shareholders and Board. The information congregated via questionnaires administered as well as information consequent from our communications with the board members and committee members. A comprehensive questionnaire entailing two-way communication process on significant corporate governance matters has also been responded by committee and board members.

## Board Composition

As required under regulation 34 of Code 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 general meetings of the company in person or through video conference under Regulation 10(6) of the Code unless precluded from doing so due to any reasonable

- Following are the number of meetings held and attended by board of directors, audit committee and human resource & remuneration committee during 2021-22:

| 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 Shaheen | 4 | 4 | - | - | 1 | 1 |
| Mr. Khurrum Salim | 4 | 3 | 6 | 6 | - | - |
| Mr. Bilal Sharif | 4 | 4 | - | - | - | - |
| Mr. Mohammad Amin | 4 | 4 | 6 | 6 | - | - |
| Mr. Hamza Shakeel | 4 | 4 | - | - | 1 | 1 |
| Mr. Iqbal Mehboob | 1 | 1 | 2 | 2 | - | - |
| Mr. Tauqeer Ahmed Sheikh | 3 | 3 | 4 | 4 | - | - |
| Mr. Asif Elahi | 4 | 4 | | | | |
| Mr. Mustafa Tanvir | 4 | 4 | | | | |
| Mrs. Fatima Amin | 4 | 4 | | | | |

## Audit Committee

| Sr | Name | Designation | Category |
|---|---|---|---|
| i | Khurrum Salim | Member | Non- Executive Director |
| ii | Muhammad Amin | Member | Non- Executive Director |
| iii | Tauqeer A Sheikh | Chairman | Independent Director |

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 27(1)(iii) in the Chapter X of the Code.

The meetings of audit committee were held at regular intervals in compliance with the Regulation 27(2) of the Code to review the both interim and annual financial statements before the approval of board of directors along with an additional meeting once a year with an external auditor without the CFO and other with an internal auditor without the presence of the CFO and external auditor.

The AC is a sub-group of a company's board of directors responsible for the oversight of the financial reporting and disclosure process of the company with complete awareness of the processes and internal controls of the company. The AC normally liaise with the management team, independent auditor, and internal auditors to monitor the choice of accounting policies and principles and to ensure compliance with laws and regulations.

The AC ensures that appropriate policies and processes are in place for the prevention and identification of fraud, such as asset misappropriation, corruption, and financial statement fraud and closely works with management to make sure that necessary steps are taken on the detection of fraud.

The AC regularly meets with management and the statutory auditors to discuss the quarterly and audited annual financial statements of the company while during the annual audit, the audit committee meets separately with external auditor's and head of internal audit in compliance of regulation 27(2)(iii) of Code to discuss matters that need to be discussed confidentially.

The AC plays a significant role in setting the tone of an organization by ensuring to implement a code of conduct and establish effective communication channels. The AC are fully aware of what management is doing to achieve compliance with laws and regulations, and they must be knowledgeable about issues such as ongoing investigations and disciplinary actions. The AC members collectively works toward preventing fraud and are adept at detecting willful accounting errors and anomalies.

## Human Resource and Remuneration Committee

| Sr | Name | Designation | Category |
|---|---|---|---|
| i | Tauqeer A Sheikh | Chairman | Independent Director |
| ii | Mohammad Shaheen | Member | Non- Executive Director |
| iii | Hamza Shakeel | Member | Non- Executive Director |

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 recommends significant human resource management policies to the Board for selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.

The purpose of HRRC is to maximize the productivity of an organization by optimizing the effectiveness of its board, management team and its employees. The HRRC responsible for recommending human resource management policy to the Board. The Committee shall have overall responsibility for recommending selection, evaluation, compensation (including retirement benefits) and succession planning of CEO, CFO and Company Secretary.

The HRRC assists the board and management with recruitment & training of the Senior Management, remuneration, performance evaluation, succession planning and measures for effective utilization of the human capital.

## Corporate Social Responsibility Policy

The company develops policies relating to a company's ethical, sustainable and environmental responsibilities by ensuring a company has a positive impact on local communities and the environment.

The company has a social responsibility towards its community and the environment in all aspects of the company’s operations such as problems that have an impact on the environment such as pollution, waste,

product safety and labor but not limited to providing funds to the community and social environment, but also includes maintaining good long-term relationships with parties related to the company. The company manages a comprehensive Corporate Social Responsibility (CRS) policy to operate in an economically, socially and environmentally sustainable manner by maintaining environmental with an aim to reduce pollution and greenhouse gas emissions, sustainable use of natural resources, minimizing and proper disposal of wastage, promoting re-cycling during manufacturing process.

## Health, Safety and Environment Policy

The company is committed to ensuring a safe and healthful workplace and protecting the environment and firmly believes that safety and protecting the environment is good business and that all work-related injuries, illnesses, property losses and adverse environmental impacts are preventable. To fulfill this commitment, the company ensure that management accepts full responsibility for protecting workers and the environment. In case of any unforeseen mishap with any employee a comprehensive group life insurance is already in place for workers. The company also provides made arrangements for health policy for its administrative employees at both Karachi and Lahore offices.

The company aligns health, safety and environmental considerations equal status with the company's other business objectives and integrate them into all aspects of work and actively strive to continuously improve health, safety and environmental performance.

The company policy is vigilant on water and air pollution, chemical and oil spills, smog, drinking water quality, land conservation and management, and wildlife protection.

## Directors Remuneration Policy

The director's remuneration policy is a cornerstone for efficiency and stability of company for retaining right talent in the board and senior management to drive the company's long-term objectives.

Since the board and senior management of the company carries responsibilities to provide strategic direction, vital business decisions and implementation, it is crucial that they should be made more responsible and accountable for their performance. The remuneration practices of senior management and board members is one of the very important aspects of overall Corporate Governance framework, as it influences the performance of the company, which resultantly impact the returns to ordinary shareholders and the stability of the company.

The remuneration policy is prepared under the recommendations and suggestions 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, 2019.

The executive directors entitled for the fixed monthly remuneration and other perquisites recommended by HRRC which were duly approved by the board and followed by the approval of members in general meeting of the company.

In pursuance of section 227(l)(a) of the Act, the following remuneration (Note 36) has been paid to the directors of the company during the current fiscal year:

a) Mr. Bilal Sharif (CEO) - PKR 800,000.00 per month.

Besides, the other fringe benefits for above directors includes company maintained vehicle with fuel, business travelling and communication expenses.

No fee or remuneration has been paid to any other directors of the company.

## Statutory Auditors

The present auditor's M/s Mushtaq & Company, Chartered Accountants shall retire on the conclusion of the annual general meeting scheduled for October 27, 2022 however, being eligible they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2023. The external auditor M/s Mushtaq & Company, Chartered Accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan. 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 and they are registered with Audit Oversight Board under section 36I of SECP Act, 1997.

The statutory auditors neither performed any of the decision making, internal audit or management functions nor they have any sort of relationship with any directors or executives of the company. The engagement partners were rotated after completion of every five years.

The Board of Directors also recommended the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2023 and the remuneration of the auditors has been fixed at PKR 2,775,000.00 for the year 2022-23 as recommended by the audit committee to the board under regulation 32(3) of the Code. The assignments include statutory audit, half yearly review and code of corporate governance review.

## 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 Officer)**

**Mohammad Salim**
**(Director)**

**Karachi: September 28, 2022**

**Annexure A**

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The statement is being presented to comply with the requirement of regulation 36(1) contained in Code of Corporate Governance Regulations, 2019 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.

**Faisal Spinning Mills Limited**
**Year Ending June 30, 2022**

The company has complied with the requirements of the Regulations in the following manner:-
1. The total number of directors are ten (10) as per the following,-

a. Male : Nine (9)
b. Female : One(1)

2. The composition of the Board is as follows:

| Sr | Category | Name |
|---|---|---|
| i) | Independent Directors (*) | Mr. Tauqeer Ahmed Sheikh<br>Mr. Asif Elahi<br>Mr. Mustafa Tanvir |
| iii) | Non- Executive Directors | Mr. Muhammad Salim<br>Mr. Muhammad Shaheen<br>Mr. Khurrum Salim<br>Mr. Muhammad Amin<br>Mr. Hamza Shakeel |
| ii) | Executive Directors | Mr. Bilal Sharif |
| iv) | Female director | Mrs. Fatima Amin |

(*) Explanation required under Regulation 6(1) of Code*:*
*While calculating the minimum number of ID directors the fraction was not rounded upwards to 1. The reason being that as per general rule only number exceeding 0.5 shall be rounded to next number.*

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

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

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

9. The Board has arranged Directors' Training program for the following:
The entire board is accredited under directors training program.
(Name of Executive & Designation - (N/A);

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

**(a) Audit Committee**

| Name | Designation |
|---|---|
| Mr. Tauqeer Ahmed Sheikh | Chairman - Independent Director |
| Mr. Khurrum Salim | Member - Non- Executive Director |
| Mr. Muhammad Amin | Member - Non- Executive Director |

**(b) Human Resource & Remuneration Committee**

| Name | Designation |
|---|---|
| Mr. Tauqeer Ahmed Sheikh | Chairman - Independent Director |
| Mr. Muhammad Shaheen | Member - Non- Executive Director |
| Mr. Hamza Shakeel | Member - Non- Executive Director |

**c) Nomination Committee (N/A)**

Explanation

As the formation of Nomination Committee (NC) is not mandatory under regulation 29 of the Code, the functions and responsibilities of NC are performed by the Human Resources & Remuneration Committee.

**d) Risk Management Committee (N/A)**

Explanation

As the formation of Risk Management Committee (RMC) is not mandatory under regulation 30 of the Code, the functions and responsibilities of RMC are performed Audit Committee.

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 (quarterly/half yearly/ yearly) of the committee were as per following,-

| Name of Committee | Frequency of Meeting |
|---|---|
| Audit Committee | Quarterly |
| HR and Remuneration Committee | 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (N/A):

**For and on behalf of the Board**

**MOHAMMAD SALIM**
(Chairman)

Karachi
September 28, 2022

# MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqandco.com, audit.khi@mushtaqandco.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, 2019 (the Regulations) prepared by the Board of Directors of Faisal Spinning Mills Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions 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.

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, 2022.

Place: Karachi
Dated: **28 September, 2022**

MUSHTAQ & CO.
Chartered Accountants

**Engagement Partner:**

Zahid Hussain Zahid, FCA

UDIN: CR202210043YZoUMnW5V

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com



## *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, 2022 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, 2022 and of the profit and other comprehensive loss, 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.

We have determined the matters described below to be the key audit matters to be communicated in our report:

| *S. No.* | *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|---|
| *1.* | *Revenue Recognition*<br><br>Refer to note no. 3.17 and 32 to the audited financial statements. | Our key audit procedures in this area amongst others included the following;<br><br>- Evaluated the appropriateness of the Company's |

| | | |
|---|---|---|
| | Revenue from sale of Company's products for the year ended 30 June 2022 has increased by approximately 88% as compared to last year. The Company recognizes revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.<br><br>There is an inherent risk that revenue may be overstated since the Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before the control has been transferred.<br><br>Considering revenue recognition a significant risk area, we have identified this as a key audit matter. | revenue recognition accounting policy and its compliance with IFRS 15: 'Revenue from Contracts with Customers'.<br><br>- Obtained an understanding of management's internal controls over the revenue process and tested effectiveness of controls relevant to such process.<br><br>- Performed testing of sales transactions on a sample basis to ensure that the related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer.<br><br>- Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period.<br><br>-Checked on a sample basis, approval of sales prices by the appropriate authority.<br><br>- Considered the adequacy of the disclosures in respect of revenues in accordance with the applicable financial reporting standards. |

*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.

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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.
- 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, FCA.**

**MUSHTAQ & CO**
Chartered Accountants

MUSHTAQ & COMPANY KARACHI Chartered Accountants

Karachi.
Dated: 28 September, 2022

UDIN: AR2022100436cxzHEiLJ

# Faisal Spinning Mills Limited

**Statement of Financial Position**
**As at Jun 30, 2022**

| EQUITY AND LIABILITIES | Note | June 30, 2022 PKR | June 30, 2021 Restated PKR | June 30, 2020 Restated PKR |
|---|---|---|---|---|
| **SHARE CAPITAL AND RESERVES** | | | | |
| **Authorized capital** | | | | |
| 12,000,000 (2021: 12,000,000) ordinary shares of PKR 10 each | | **120,000,000** | 120,000,000 | 120,000,000 |
| Issued, subscribed and paid up capital | 6 | **100,000,000** | 100,000,000 | 100,000,000 |
| Reserves | 7 | **11,431,590,875** | 7,548,216,845 | 5,251,722,604 |
| Loan from directors and sponsors | 8 | **937,781,000** | 940,281,000 | 479,337,000 |
| | | **12,469,371,875** | 8,588,497,845 | 5,831,059,604 |
| **NON CURRENT LIABILITIES** | | | | |
| Long term financing - secured | 9 | **4,632,023,289** | 4,404,730,067 | 4,073,590,976 |
| Long term payables | 10 | **728,148,758** | 840,903,279 | 860,508,904 |
| Employees retirement benefits | 11 | **279,196,638** | 220,775,762 | 192,521,328 |
| Deferred taxation | 12 | **403,954,780** | 239,610,875 | 176,974,697 |
| Deferred government grant | 13 | **130,363,502** | 40,306,695 | 2,217,182 |
| | | **6,173,686,967** | 5,746,326,678 | 5,305,813,087 |
| **CURRENT LIABILITIES** | | | | |
| Trade and other payables | 14 | **3,027,830,323** | 1,400,126,334 | 960,417,174 |
| Unclaimed dividend | 15 | **16,262,328** | 14,042,893 | 14,088,849 |
| Accrued markup / interest | 16 | **59,739,714** | 47,570,172 | 101,145,281 |
| Short term borrowings - secured | 17 | **4,872,154,197** | 1,878,178,226 | 3,876,008,889 |
| Current portion of non current liabilities | 18 | **615,010,224** | 359,134,645 | 55,002,920 |
| | | **8,590,996,786** | 3,699,052,270 | 5,006,663,113 |
| **CONTINGENCIES AND COMMITMENTS** | 19 | **-** | - | - |
| **TOTAL EQUITY AND LIABILITIES** | | **27,234,055,628** | 18,033,876,793 | 16,143,535,804 |

| ASSETS | Note | June 30, 2022 PKR | June 30, 2021 Restated PKR | June 30, 2020 Restated PKR |
|---|---|---|---|---|
| **NON CURRENT ASSETS** | | | | |
| Property, plant and equipment | 20 | **10,256,372,692** | 8,979,568,185 | 6,916,295,926 |
| Long term investment | 21 | **1,665,323,062** | 1,112,185,082 | 717,433,134 |
| Long term deposits | 22 | **27,532,315** | 22,618,915 | 10,540,635 |
| | | **11,949,228,069** | 10,114,372,182 | 7,644,269,695 |
| **CURRENT ASSETS** | | | | |
| Stores, spare parts and loose tools | 23 | **451,133,609** | 238,240,041 | 124,540,026 |
| Stock in trade | 24 | **5,537,520,571** | 5,236,326,377 | 6,128,002,911 |
| Trade debts | 25 | **3,259,091,468** | 1,369,519,792 | 823,685,053 |
| Loans and advances | 26 | **189,066,437** | 148,747,264 | 80,128,950 |
| Trade deposits and prepayments | 27 | **333,171,706** | 237,825,682 | 179,366,329 |
| Other receivables | 28 | **34,982,109** | 23,561,693 | 77,853,981 |
| Income tax refundable | 29 | **53,170,097** | 150,733,872 | 290,373,554 |
| Sales tax refundable | 30 | **984,175,231** | 396,631,584 | 560,274,915 |
| Bank balances | 31 | **4,442,516,331** | 117,918,306 | 235,040,390 |
| | | **15,284,827,559** | 7,919,504,611 | 8,499,266,109 |
| **TOTAL ASSETS** | | **27,234,055,628** | 18,033,876,793 | 16,143,535,804 |

*The annexed notes from 1 to 54 form an integral part of these financial statements.*

**Chief Executive** **Director** **Chief Financial Officer**

# Faisal Spinning Mills Limited

**Statement of Profit or Loss**
**For the Year Ended June 30, 2022**

| | Note | June 30, 2022 | June 30, 2021 Restated |
|---|---|---|---|
| | | PKR | PKR |
| Sales | 32 | **32,074,369,748** | 17,065,185,921 |
| Cost of sales | 33 | **25,701,983,801** | 14,576,409,796 |
| **Gross profit** | | **6,372,385,947** | 2,488,776,125 |
| Other income | 34 | **73,383,339** | 828,298,308 |
| | | **6,445,769,286** | 3,317,074,433 |
| Distribution cost | 35 | **1,258,864,404** | 553,281,330 |
| Administrative expenses | 36 | **328,184,900** | 185,092,746 |
| Other operating expenses | 37 | **318,223,878** | 138,430,599 |
| Finance cost | 38 | **408,214,000** | 296,590,005 |
| | | **2,313,487,182** | 1,173,394,680 |
| | | **4,132,282,104** | 2,143,679,753 |
| Share of profit from associated undertaking | | **592,860,794** | 396,627,230 |
| **Profit before tax** | | **4,725,142,898** | 2,540,306,983 |
| Taxation | 39 | **626,919,602** | 240,187,821 |
| **Profit after taxation for the year** | | **4,098,223,296** | 2,300,119,162 |
| **Earnings per share - basic and diluted** | 40 | **409.82** | 230.01 |

*The annexed notes from 1 to 54 form an integral part of these financial statements.*

**Chief Executive** **Director** **Chief Financial Officer**

# Faisal Spinning Mills Limited

**Statement of Comprehensive Income**
**For the Year Ended June 30, 2022**

| | Note | June 30, 2022 | June 30, 2021 Restated |
|---|---|---|---|
| | | PKR | PKR |
| Profit after taxation for the year | | **4,098,223,296** | 2,300,119,162 |
| **Other comprehensive income for the year** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Actuarial gain / (loss) on remeasurement of employees retirement benefits - gratuity | | **131,268** | (1,879,925) |
| Related deferred tax on remeasurement of employees retirement benefits - gratuity | | **-** | 130,286 |
| Share of OCI of associate - net of tax | | **(480,534)** | (1,875,282) |
| | | **(349,266)** | (3,624,921) |
| **Total comprehensive Income for the year** | | **4,097,874,030** | 2,296,494,241 |

*The annexed notes from 1 to 54 form an integral part of these financial statements.*

**Chief Executive** **Director** **Chief Financial Officer**

# Faisal Spinning Mills Limited

**Statement of Changes in Equity**
**For the Year Ended June 30, 2022**

| | Share Capital | Capital Reserves | Revenue Reserves | | Loan from directors and sponsors | Total |
|---|---|---|---|---|---|---|
| | | | General Reserves | Unappropriated Profit | | |
| | ……PKR…… | | | | | |
| **Balance as at June 30, 2020** | 100,000,000 | 24,150,000 | 5,275,850,000 | 57,553,834 | 479,337,000 | 5,936,890,834 |
| Effect of deferred tax on investment in associate | | | | (105,831,230) | | (105,831,230) |
| **Balance as at June 30, 2020 - Restated** | 100,000,000 | 24,150,000 | 5,275,850,000 | (48,277,396) | 479,337,000 | 5,831,059,604 |
| Loans from directors and sponsors repaid during the year | - | - | - | - | 460,944,000 | 460,944,000 |
| **Total comprehensive income for the year** | | | | | | |
| Profit for the year | - | - | - | 2,300,119,162 | - | 2,300,119,162 |
| Other comprehensive loss | - | - | - | (3,624,921) | - | (3,624,921) |
| **Transaction with owners** | | | | | | |
| Transferred to general reserve | - | - | 2,000,000,000 | (2,000,000,000) | - | - |
| **Balance as at June 30, 2021- Restated** | 100,000,000 | 24,150,000 | 7,275,850,000 | 248,216,845 | 940,281,000 | 8,588,497,845 |
| Loans from directors and sponsors received during the year | - | - | - | - | (2,500,000) | (2,500,000) |
| **Total comprehensive income for the year** | | | | | | |
| Profit for the year | - | - | - | 4,098,223,296 | - | 4,098,223,296 |
| Other comprehensive loss | - | - | - | (349,266) | - | (349,266) |
| Dividends | | | | | | |
| Final for the year ended June 2021 @ Rs. 21.45 per share | - | - | - | (214,500,000) | | (214,500,000) |
| Transferred to general reserve | - | - | 2,700,000,000 | (2,700,000,000) | - | - |
| **Balance as at June 30, 2022** | **100,000,000** | **24,150,000** | **9,975,850,000** | **1,431,590,875** | **937,781,000** | **12,469,371,875** |

*The annexed notes from 1 to 54 form an integral part of these financial statements.*

**Chief Executive** **Director** **Chief Financial Officer**

# Faisal Spinning Mills Limited

**Statement of Cash Flows**
**For the Year Ended June 30, 2022**

| | June 30, 2022 PKR | June 30, 2021 PKR |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | **4,725,142,898** | 2,540,306,983 |
| **Adjustments for:** | | |
| Depreciation of property, plant and equipment | **842,406,367** | 423,593,126 |
| Share of profit from associated undertaking | **(592,860,794)** | (396,627,230) |
| Provision for ECL | **42,687,149** | 13,674,143 |
| Revesal of allowance for ECL | **(13,674,143)** | (17,640) |
| Infrastructure fee - ETO | **89,653,907** | 51,676,651 |
| Infrastructure cess - Gas | **(202,408,428)** | (71,282,276) |
| Provision for staff retirement benefits | **89,703,271** | 53,939,970 |
| Gain on disposal of property, plant and equipment | **(4,285,725)** | (817,231,228) |
| Finance cost | **408,214,000** | 296,590,005 |
| | **659,435,604** | (445,684,479) |
| **Operating cash flows before movements in working capital** | **5,384,578,502** | 2,094,622,504 |
| **Changes in working capital** | | |
| Stores, spares and loose tools | **(212,893,568)** | (113,700,015) |
| Stock in trade | **(301,194,194)** | 891,676,534 |
| Trade debts | **(1,918,584,682)** | (559,508,882) |
| Loans and advances | **(40,319,173)** | (68,600,674) |
| Trade deposits | **(95,346,024)** | (58,459,353) |
| Other receivables | **(11,420,416)** | 54,292,288 |
| Sales tax refund | **(587,543,647)** | 163,643,331 |
| Trade and other payables | **1,627,703,989** | 439,709,160 |
| | **(1,539,597,715)** | 749,052,389 |
| **Cash generated from / (used in) operations** | **3,844,980,787** | 2,843,674,893 |
| Finance cost paid | **(396,044,458)** | (364,344,511) |
| Staff retirement benefits - gratuity paid | **(31,151,127)** | (27,565,461) |
| Income taxes paid - net | **(365,011,922)** | (37,781,675) |
| Long term deposits | **(4,913,400)** | (12,078,280) |
| | **(797,120,907)** | (441,769,927) |
| **Net cash generated from operating activities** | **3,047,859,880** | 2,401,904,966 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from disposal of property, plant and equipment | **52,339,907** | 828,877,215 |
| Addition in property, plant and equipment | **(2,167,265,056)** | (2,498,511,372) |
| Dividend received | **39,242,280** | - |
| **Net cash used in investing activities** | **(2,075,682,869)** | (1,669,634,157) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from long term finances | **928,122,934** | 761,331,400 |
| (Repayment) / proceeds of loan from directors and sponsors - net | **(2,500,000)** | 460,944,000 |
| Repayment of long term financing | **(354,897,326)** | (73,791,674) |
| Increase / (Decrease) in short term borrowings | **2,993,975,971** | (1,997,830,663) |
| Dividend paid | **(212,280,565)** | (45,956) |
| **Net cash generated from / (used in) financing activities** | **3,352,421,014** | (849,392,893) |
| **Net increase / (decrease) in cash and cash equivalents** | **4,324,598,025** | (117,122,084) |
| **Cash and cash equivalent at the beginning of year** | **117,918,306** | 235,040,390 |
| **Cash and cash equivalent at the end of year** | **4,442,516,331** | 117,918,306 |

*The annexed notes from 1 to 54 form an integral part of these financial statements.*

**Chief Executive** **Director** **Chief Financial Officer**

**Notes to the financial statements**
**For the year ended June 30, 2022**

**1 The Company and its Operations**

**1.1** Faisal Spinning Mills Limited ("the Company") was incorporated on 31st 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 Exchange 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, greige fabric, dyed fabric and home textile products. The production facilities are located at Nooriabad, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhupura 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.

**Notes to the financial statements**
**For the year ended June 30, 2022**

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

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

| | | Effective date (annual reporting periods beginning on or after |
|---|---|---|
| IAS 1 | Presentation of financial statements (Amendments) | January 1, 2023 |
| IAS 8 | Accounting policies, changes in accounting estimates and errors (Amendments) | January 1, 2023 |
| IAS 12 | Income Taxes (Amendments) | January 1, 2023 |
| IAS 16 | Property, Plant and Equipment (Amendments) | January 1, 2022 |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets (Amendments) | January 1, 2022 |
| IAS 41 | Agriculture (Amendments) | January 1, 2022 |
| IFRS 3 | Business Combinations (Amendments) | January 1, 2022 |
| IFRS 9 | Financial Instruments (Amendments) | January 1, 2022 |
| IFRS 16 | Leases (Amendments) | January 1, 2022 |

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

| | |
|---|---|
| IFRS 1 | First-time Adoption of International Financial Reporting |
| IFRS 17 | Insurance contracts |

**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 statement of financial position 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.

There is risk that the final salary at the time of cessation of service is greater than what the entity has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**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 statement of financial position 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 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 statement of financial position 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.

**Leased assets**
**Recognition**
The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company). The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

**Initial measurement**
**Lease liability**
At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

**Right-of-use asset**
The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

**Subsequent measurement**
**Lease liability**
After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

**Right-of-use asset**
After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

**Ijarah Contracts**
Payments made under ijarah contract are charged to the statement of profit or loss on a straight line basis over the period of the lease as per IFAS 2.

**3.8 Capital work in progress**
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.

**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.

**Notes to the financial statements**
**For the year ended June 30, 2022**

**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 statement of financial position 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.

**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 |
| Work in progress | At average manufacturing cost |
| Finished goods | At average manufacturing cost |
| 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 statement of financial position 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**

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

**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.

**Notes to the financial statements**
**For the year ended June 30, 2022**

**3.17 Revenue recognition**

According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

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.

**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 statement of financial position 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 of 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.

**3.22 Deffered Government Grants**

In accordance with IFRS 9 the benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity and temporary economic refinance facility, is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within in the statement of profit or loss.

**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.

**Notes to the financial statements**
**For the year ended June 30, 2022**

**5 Impact of restatement**

Deferred tax on 'Investment in Associated Company' was not being recognized in previous years considering the future impact on tax as Nil. During the year, the management has re-evaluted the scenario and considered it more appropriate to provide deferred tax on Investment in Associated Company. The impact of deferred tax being recognised is considered to be material hence effect of this recognition in financial statements has been applied retrospectively according to relevant requirements of IAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The effect of restatement for each of the relevant line items of financial statement for the prior periods presented is as follows:

| | Amount in Rupees | | |
|---|---|---|---|
| | **As Previously reported** | **As Restated** | **Effect of Restatement** |
| **Effect on Statement of Financial Position 2020** | | | |
| Reserves | 5,357,553,834 | 5,251,722,604 | (105,831,230) |
| Deferred taxation | 71,143,467 | 176,974,697 | 105,831,230 |
| **Effect on Statement of Financial Position 2021** | | | |
| Reserve | 7,713,260,867 | 7,548,216,845 | (165,044,022) |
| Deferred taxation | 74,566,853 | 239,610,875 | 165,044,022 |
| **Effect on Statement of profit or loss 2021** | | | |
| Taxation | 180,975,029 | 240,187,821 | 59,212,792 |
| Earnings per share - basic and diluted | 235.93 | 230.01 | (5.92) |
| **Effect on Statement of changes in equity 2021** | | | |
| Unappropriated profits | 413,260,867 | 248,216,845 | (165,044,022) |

## 6 Issued, Subscribed and Paid up Capital

| Number of shares June 30 2022 | Number of shares June 30 2021 | | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|
| 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 |
| 10,000,000 | 10,000,000 | | **100,000,000** | 100,000,000 |

**6.1** Associated company holds 1,282,900 (2021: 1,282,900) ordinary shares of Rs. 10 each in the company.

**6.2** The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.

## 7 Reserves

| | | | |
|---|---|---|---|
| Capital Reserves | | **24,150,000** | 24,150,000 |
| General Reserves | **7.1** | **9,975,850,000** | 7,275,850,000 |
| Unappropriated Profit | | **1,431,590,875** | 248,216,845 |
| | | **11,431,590,875** | 7,548,216,845 |

**7.1** General reserve is primarily a revenue reserve being maintained to have adequate resources for future requirements and business operations.

## 8 Loan from Directors and Sponsors

Directors and sponsors had entered into a contract with the Company to finance equity portion i.e land, building and local components of plant & machinery of new Finishing and Home Textile Division. As per contract, the loans are unsecured, interest free and repayable at the discretion of the Company. The loan is presented under equity as per Technical Release-32 of The Institute of Chartered Accountants of Pakistan.

## 9 Long Term Financing - Secured

**From Financial Institutions**

| Facility | Rate | Repayments | Frequnecy | Security | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|---|---|
| **United Bank Limited** | | | | | | |
| LTFF | SBP rate + Spread ranging from 0.5 % to 0.75% (SBP rate + Spread ranging from 0.5 % to 0.75%) | The loans are repayable in Thirty Two equal quarterly installments, commenced from 2015 and ending in 2029 | Quarterly | First pari passu charge over plant and machinery of Weaving Unit situated at 1Noori Abad, to the extent of Rs. 1.674 billion. | **497,779,399** | 579,031,599 |
| | SBP rate + Spread ranging from 0.5 % to 3.15% (SBP rate + Spread ranging from 0.5 % to 3.15%) | The loans are repayable in Thirty Two equal quarterly installments, commenced from 2015 and ending in 2032 | | First pari passu charge over plant and machinery of Weaving Unit situated at 18 Kilometre, Faisalabad Road, Feroz Watwan, District Sheikhpura, to the extent of Rs. 2.205 billion. | **1,156,717,051** | 1,067,848,247 |
| TERF | SBP rate + Spread 0.75% (2021: Nill) | The loans are repayable in Thirty Two equal quarterly installments, commencing from Aug 2023 and ending in May 2031 | | First charge over plant and machinery of Weaving Unit situated at 18 KM, Faisalabad Road, Feroz Watwan, Sheikhpura, to the extent of Rs. 2.205 billion. | **117,716,255** | - |
| | | | | | **1,772,212,705** | 1,646,879,846 |
| **Bank Al Falah Limited : -** | | | | | | |
| LTFF | SBP rate + 0.75% (2021: SBP rate + 0.75%) | The loans are repayable in Thirty Two equal quarterly installments, commenced from Nov 2022 and ending in June 2032 | Quarterly | First charge over plant and machinery of Finishing Unit situated at 1.7KM Warburton Road Sheikhupura, Punjab to the extent of Rs. 5.1 billion. | **2,989,035,858** | 2,754,324,075 |
| TERF | SBP rate + 0.75% (2021: SBP rate + 0.75%) | The loans are repayable in Thirty Two equal quarterly installments, commencing from March 2023 and ending in Nov 2031 | | | **324,329,449** | 126,395,370 |
| Salaries Refinancing | 0.75% (2021: 0.75%) | The loans are repayable in eight equal installments, commenced from Jan 2021 and ending in Oct 2022. | | Ranking charge over current asset of the Company | **55,460,109** | 160,908,244 |
| | | | | | **3,368,825,416** | 473,041,627,689 |

| | | | | | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|---|---|
| **Dubai Islamic Bank Limited** | | | | | | |
| LTFF | SBP rate + Spread 2.0% (2021: 2.0%) | The loans are repayable in twenty equal installments, commencing from May 2023 and ending in February 2028. | Quarterly | Exclusive charge on Jenbacher Natural Gas Genset location at Faisal Spinning Mills Ltd, A-150, SITE Area Nooriabad, Jamshoro, Sindh to the extent of Rs. 76.148 million. | **61,473,000** | 61,473,000 |
| | | | | | **61,473,000** | 61,473,000 |
| **Bank Islami Limited** | | | | | | |
| IFRE | SBP rate + Spread 1.0% (2021: Nil) | The loans are repayable in thirty nine equal installments, commencing from July 2022 and ending in March 2032. | Quarterly | Specific Charge over plant and machinery comprising solar power equipment installed at finishing Unit situated at 1.7KM Warburton Road Sheikhupura, Punjab to the extent of Rs. 25 Million. | **17,238,528** | - |
| | | | | | **17,238,528** | |
| | | | | | **5,219,749,649** | 4,749,980,535 |
| Less: Current portion shown in current liabilities | | | | **18** | **587,726,360** | 345,250,468 |
| | | | | | **4,632,023,289** | 4,404,730,067 |

| | | Note | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|
| **10** | **Long Term Payables** | | | |
| | Infrastructure fee payable | **10.1** | **321,851,183** | 232,197,276 |
| | Gas Infrastructure cess / Tariff rate difference | **10.2** | **406,297,575** | 608,706,003 |
| | | | **728,148,758** | 840,903,279 |

**10.1 Movement in liability recognized in the statement of financial position**

| | | |
|---|---|---|
| Balance at beginning of the year | **232,197,276** | 180,520,625 |
| Accrued for the year | **101,955,553** | 103,490,247 |
| Paid during the year | **(12,301,646)** | (51,813,596) |
| Balance at the end of the year | **321,851,183** | 232,197,276 |

Sindh Infrastructure Cess was levied by Excise and Taxation Officer ['ETO'] Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan and Punjab Infrastructure Tax levied by ETO Government of Punjab on movement of imported goods entering the Punjab Province from outside Pakistan. The Company has filed petitions vide CP No. 4306 of 2021, 4323 of 2021, 4460 of 2021 in Supreme Court of Pakistan and obtained stay on the recovery of these levies. During the pendency of final judgement on this, the Hounrable Courts granting stay have directed the petitioners to arrange bank gaurantees for the amount in favour of ETO.The company has provided bank guarantees amounting to Rs. 320.9 Million (June 30, 2021: Rs. 234.89 Million) in respect of unpaid infrastructure fee.

**10.2 Movement in liability recognized in the statement of financial position**

| | | |
|---|---|---|
| Balance at beginning of the year | **608,706,003** | 679,988,279 |
| Accrued for the year | **30,552,612** | 24,144,119 |
| Paid / reversed during the year | **(232,961,040)** | (95,426,395) |
| Balance at the end of the year | **406,297,575** | 608,706,003 |

The Company vide petition 1234/2021 filed before the High Court of Sindh challenged the recovery of GIDC installments. The High Court of Sindh vide its order dated 22 November 2020 has suspended the recovery of GIDC installments. No further date is fixed for hearing. Further, the Company vide petition 1848/2021 dated 30 August 2021 filed before the High Court of Sindh challenged the levy of GIDC on the ground of the Government's failure to comply with the Supreme Court's judgment dated 13 August 2020 in relation to commencement of work on specified projects. It also includes an amount of Rs. 157.71 million (2021: Rs. 127.165 million) on account of tarrif difference on captive and general rates against which the Company has provided bank guarantee / post dated cheques of an aggregagte amount Rs. 109.07 million (2021: Rs. 82.332 million) on the orders of Sindh High Court and has accrued unpaid tarrif difference.

**11 Employees Retirement Benefits**

**11.1 Movement in liability recognized in the statement of financial position**

| | | |
|---|---|---|
| Balance at beginning of the year | **220,775,762** | 192,521,328 |
| Charged to profit and loss account and other comprehensive income | **89,572,003** | 55,819,895 |
| Benefits paid during the year | **(31,151,127)** | (27,565,461) |
| Balance at the end of the year | **279,196,638** | 220,775,762 |

| | | Note | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|
| **11.2** | **Amount charged to profit and loss account / other comprehensive income** | | | |
| | Current service cost | | **64,602,046** | 37,258,489 |
| | Interest cost | | **25,101,225** | 16,681,481 |
| | Charge to profit and loss account | | **89,703,271** | 53,939,970 |
| | Remeasurement charge to other comprehensive income | | **(131,268)** | 1,879,925 |
| | | | **89,572,003** | 55,819,895 |

**11.3** 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, 2022 using the "Projected Unit Credit Method" assuming a discount rate of 13.25% (June 30, 2021: 10%) per annum, expected rate of increase in salaries at 12.25% (June 30, 2021: 9%) per annum.

**11.4** There is no unrecognized actuarial loss / gain.

**11.5** **Historical information**

| | Actuarial adjustment arising (%) | Present value of defined benefit obligation Rs. | Experience adjustment on plan liabilities Rs. |
|---|---|---|---|
| 30th June 2021 | 0.85% | 220,775,762 | 1,879,925 |
| 30th June 2020 | 5.47% | 192,521,328 | 10,525,632 |
| 30th June 2019 | -11.05% | 161,516,799 | (17,841,564) |
| 30th June 2018 | 0.84% | 164,907,649 | 1,379,096 |

**11.6** **Sensitivity analysis of actuarial assumptions**

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.

| | Increase in assumption | Decrease in assumption |
|---|---|---|
| Discount rate | (10,003,928) | 10,240,018 |
| Expected rate of increase in future salary | 10,240,018 | (9,973,702) |

**11.7** The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2023 works out to Rs. 129,921,329.

**11.8** The weighted average duration of defined benefit obligation is 7 years.

**12** **Deferred Taxation**

| | | |
|---|---|---|
| Deferred tax liabilty on taxable temporary differences | **431,194,423** | 348,372,293 |
| Deferred tax asset on deductible temporary differences | **(27,239,643)** | (108,761,418) |
| | **403,954,780** | 239,610,875 |

| | 2022 | | | |
|---|---|---|---|---|
| | As at July 01, 2021 | Recognized in profit and loss | Recognized in other comprehensive income | As at June 30, 2022 |
| **Taxable temporary differences** | | | | |
| Accelerated tax depreciation on owned assets | **183,328,271** | **-** | **-** | **183,328,271** |
| Investment in associated company | **165,044,022** | **82,822,130** | **-** | **247,866,152** |
| | **348,372,293** | **82,822,130** | **-** | **431,194,423** |
| **Deductible temporary differences** | | | | |
| Provision for employee benefit | **(15,300,648)** | **-** | **-** | **(15,300,648)** |
| Provision for doubtful debts and obsolete store | **(11,938,995)** | **-** | **-** | **(11,938,995)** |
| Unused tax credit | **(81,521,775)** | **81,521,775** | **-** | **-** |
| | **(108,761,418)** | **81,521,775** | **-** | **(27,239,643)** |
| | **239,610,875** | **164,343,905** | **-** | **403,954,780** |

| | 2021 (Restated) | | | |
|---|---|---|---|---|
| | As at July 01, 2020 | Recognized in profit and loss | Recognized in other comprehensive income | As at June 30, 2021 |
| **Taxable temporary differences** | | | | |
| Accelerated tax depreciation on owned assets | 96,749,498 | 86,578,773 | - | 183,328,271 |
| Investment in associated company | 105,831,230 | 59,212,792 | - | 165,044,022 |
| | 202,580,728 | 145,791,565 | - | 348,372,293 |
| **Deductible temporary differences** | | | | |
| Provision for employee benefit | (14,052,709) | (1,117,653) | (130,286) | (15,300,648) |
| Provision for doubtful debts and obsolete store | (11,553,322) | (385,673) | - | (11,938,995) |
| Unused tax credit | - | (81,521,775) | - | (81,521,775) |
| | (25,606,031) | (83,025,101) | (130,286) | (108,761,418) |
| | 176,974,697 | 62,766,464 | (130,286) | 239,610,875 |

**12.1** Deferred tax on temporary difference for the year has not been accounted for as revenue of the Company is subject to taxation under the final tax regime owing to more than 80% export sales. Deferred tax is provided for only investment in associates and unused tax credit expected to be expired. Deferred tax has been calculated at 15% of the timing differences arising on investment in associate based on tax rates notified by the Government of Pakistan for dividends of current and future years.

| | | Note | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|
| **13** | **Deferred government grant** | | | |
| | Balance at beginning of the year | | **54,190,872** | 6,352,124 |
| | Recognized during the year | | **130,297,112** | 62,018,145 |
| | Amortized during the year | | **(26,840,618)** | (14,179,397) |
| | | | **157,647,366** | 54,190,872 |
| | Less: current portion | **18** | **(27,283,864)** | (13,884,177) |
| | Balance at the end of the year | | **130,363,502** | 40,306,695 |

**13.1** The Company obtained term loan / SBP COVID-19 relief facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Company obtained Rs. 223.456 million, for paying salaries for the months from April 2020 to September 2020. The loan is repayable in eight equal quarterly installments, starting from January 2021. This long term financing facility is secured by way of hypothecation charge over current assets of the Company. The facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 0%) plus bank's spread of 0.75% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

**13.2** The Company obtained long-term loan agreements with Bank Al Falah Limitedamounting to Rs. 444.9 million (2021: 173.2) and United bank limited amounting to Rs. 154.2 million (2021: Nil) million under "SBP Temporary Economic Refinance Facility" for additions of new plant & machinery. The facilities carry mark-up at State Bank of Pakistan (SBP) rate 1% plus bank's spread of 0.75% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loans have been measured at fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan.

| | | | | |
|---|---|---|---|---|
| **14** | **Trade and Other Payables** | | | |
| | Creditors | | **1,702,494,336** | 794,621,984 |
| | Accrued liabilities | | **617,330,670** | 311,895,163 |
| | Advance from customers & others | **14.1** | **257,654,541** | 62,652,430 |
| | Workers' profit participation fund | **14.2** | **221,879,854** | 106,639,813 |
| | Workers' welfare fund | | **199,576,074** | 103,232,050 |
| | Others | | **28,894,848** | 21,084,894 |
| | | | **3,027,830,323** | 1,400,126,334 |

**14.1** 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. 55,357,975 (2021: Rs.5,813,052) thousand has been recognised in current year in respect of advances from customers at the beginning of period.

**14.2 Workers' profit participation fund**

| | | | |
|---|---|---|---|
| Balance at beginning of the year | | **106,639,813** | 32,791,940 |
| Interest on funds utilized in the Company's business | **14.3** | **5,050,955** | 1,252,909 |
| | | **111,690,768** | 34,044,849 |
| Paid during the year | | **(111,690,768)** | (34,044,849) |
| | | **-** | - |
| Allocation / expense for the year | | **221,879,854** | 106,639,813 |
| | | **221,879,854** | 106,639,813 |

**14.3** Interest on workers' profit participation fund has been provided @ 160.88% (June 30, 2021: 112.5%) per annum.

| | | | | |
|---|---|---|---|---|
| **15** | **Unclaimed Dividend** | | | |
| | Unclaimed dividend | | **16,262,328** | 14,042,893 |

| 16 | Accrued Markup / Interest | Note | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|
| | Accrued markup / interest on secured | | | |
| | - long term financing | | **35,018,576** | 31,341,005 |
| | - short term borrowings | | **24,721,138** | 16,229,167 |
| | | | **59,739,714** | 47,570,172 |

| 17 | Short Term Borrowings- secured | | | |
|---|---|---|---|---|
| | **From banking companies-secured** | | | |
| | Money market loan | | **-** | 500,000,000 |
| | Running finance | **17.2** | **1,774,826,162** | 738,178,226 |
| | State Bank of Pakistan (SBP) refinances | **17.3** | **3,097,328,035** | 640,000,000 |
| | | | **4,872,154,197** | 1,878,178,226 |

**17.1** The aggregate approved short term borrowing facilities amounted to Rs. 11,914 Million (2021: Rs. 11,810 Million). Out of total facilities, facilities of Rs.7041.85 Million (2021: Rs.9,932 million) are unavailed at the reporting date.

**17.2** These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.1% to 2% (2021: 1 to 3 month KIBOR + spread between 0.1% to 2%) per annum payable quarterly. These facilities are secured against hypothecation charge on stock, stores and receivables.

**17.3** The rates of mark-up range from 1% to 7.5% (2021: 3%) per annum during the year on the balance outstanding.

| 18 | Current Portion of Non Current Liabilities | June 30, 2022 | June 30, 2021 |
|---|---|---|---|
| | Long term financing | **587,726,360** | 345,250,468 |
| | Deferred govt. grant | **27,283,864** | 13,884,177 |
| | | **615,010,224** | 359,134,645 |

**19 Contingencies and Commitments**

**Contingencies**

**19.1** In normal course of business, the Company has issued Post dated cheques / indemnity bonds amounting to Rs. 2,334.1 Million (2021: Rs.1,768.1 Million) in favour of collector of customs 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 fulfilment of the terms of related SRO's.

**19.2** Bank guarantees issued to utility companies on behalf of the company amounting Rs. 451.20 million (June 30, 2021: Rs. 367.85 million), Excise and Taxation - Government of Sindh Rs. 313.00 million (June 30, 2021: Rs. 227.00 million), Excise and Taxation - Government of Punjab Rs. 7.90 million (June 30, 2021: Rs. 7.90 million) and Pakistan State Oil Company Limited Rs. 2.250 million (June 30, 2021: Rs. 2.250 million).

**19.3** The Company vide petition ICA 239111 of 2018 filed before the High Court of Lahore challenged the recovery of Cotton Cess against the judgment passed in writ petition No. 311009 of 2016 and writ petition No. 214708 of 2018 respectively. No further date is fixed for hearing.

| | | | |
|---|---|---|---|
| **19.4** | Bills discounted | **5,520,138,937** | 2,726,744,776 |
| **19.5** | Share of contingencies of its associated company, Blessed Textiles Limited: | | |
| | Bank guarantees | **128,873,815** | 103,249,113 |
| | Bills discounted | **377,343,837** | 217,374,824 |
| | Post dated cheques | **850,638,070** | 128,057,483 |
| | | **1,356,855,722** | 448,681,420 |

**Commitments**

| | | |
|---|---|---|
| Letters of credit for: (Raw material, stores & machinery) | **15,159,059,758** | 2,211,005,770 |
| Share of commitments of its associated company Blessed Textiles Limited: | | |
| - purchase of fixed assets | **297,336,686** | 337,006,118 |
| - purchase of stores and spares | **22,331,132** | 12,522,956 |
| - purchase of raw material | **570,154,990** | 280,575,653 |
| | **889,822,808** | 630,104,727 |

Ijarah Vehicles:

The Company has entered into Ijarah arrangements for vehicles with Meezan Bank Limited. These arrangements have been made for the period of five years. This arrangements carry Mark up 3 Month KIBOR+ 0.50 per annum. The rate would be fixed for the first three months on the last working day before the first disbursement date and subsequently on each last working day immediately preceding the beginning of next three months. Lease rentals shall be revised in accordance with the change in KIBOR to appropriately reflect the Bench Mark. Future Ijarah payments due under these arrangements at the period end are as follows:

| | | |
|---|---|---|
| Not later than one year | **3,509,148** | - |
| Later than one year & not later than five years | **12,135,450** | - |
| Later than five years | **-** | - |
| | **15,644,598** | - |

**20 Property, Plant and Equipment**

| | | | |
|---|---|---|---|
| Operating fixed assets | **20.1** | **9,891,076,393** | 8,619,790,759 |
| Capital work in progess | **20.6** | **365,296,299** | 359,777,426 |
| | | **10,256,372,692** | 8,979,568,185 |

**Notes to the financial statements**
**For the year ended June 30, 2022**

**20.1 Operating fixed assets**

| Description | COST | | | | DEPRECIATION | | | | Book value as at June 30, 2022 | Annual rate of depreciation % |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at July 01, 2021 | Additions | Transfers / Disposal | As at June 30, 2022 | As at July 01, 2021 | Charge for the year | Transfers / Disposal | As at June 30, 2022 | | |
| | ....Rupees.... | | | | | | | | | |
| Freehold land | 818,262,617 | 193,974,462 | - | 1,012,237,079 | - | - | - | - | 1,012,237,079 | - |
| Leasehold land | 72,442,085 | 150,435,000 | - | 222,877,085 | - | - | - | - | 222,877,085 | - |
| Factory building on freehold land | 1,497,280,902 | 372,834,523 | - | 1,870,115,425 | 210,313,170 | 131,803,727 | - | 342,116,897 | 1,527,998,528 | 10 |
| Factory building on leasehold land | 236,045,095 | - | 16,572,004 | 252,617,099 | 158,655,812 | 9,376,623 | 195,061 | 168,227,496 | 84,389,603 | 10 |
| Factory building on Leasehold extension | 21,741,789 | - | (16,572,004) | 5,169,785 | 4,627,147 | 73,770 | (195,061) | 4,505,856 | 663,929 | 10 |
| Non factory building on freehold land | 95,524,372 | 284,446,027 | - | 379,970,399 | 53,539,608 | 3,284,430 | - | 56,824,038 | 323,146,361 | 5 |
| Non factory building on leasehold land | 20,390,399 | - | - | 20,390,399 | 15,470,492 | 245,995 | - | 15,716,487 | 4,673,912 | 5 |
| Non factory building on Leasehold extension | 168,065,547 | - | - | 168,065,547 | 65,571,072 | 8,080,952 | - | 73,652,024 | 94,413,523 | 5 |
| Plant and machinery | 8,272,689,534 | 917,681,822 | (487,180) | 9,044,426,131 | 2,482,423,719 | 614,330,839 | 6,417,613 | 3,000,039,013 | 6,044,387,118 | 10 |
| | | | (145,458,045) | | | | (103,133,158) | | | |
| Electric equipment and fitting | 327,168,268 | 9,581,385 | 487,180 | 337,236,833 | 130,137,645 | 19,810,263 | 243,376 | 150,191,284 | 187,045,549 | 10 |
| Gas line and pipe fitting | 7,943,179 | - | - | 7,943,179 | 6,514,897 | 142,828 | - | 6,657,725 | 1,285,454 | 10 |
| Factory equipment | 43,846,137 | 3,764,335 | - | 47,610,472 | 15,743,031 | 1,414,068 | (6,646,902) | 10,510,197 | 37,100,275 | 10 |
| Office equipment | 2,917,742 | 35,052,635 | - | 37,970,377 | 2,001,373 | 93,045 | (14,087) | 2,080,331 | 35,890,046 | 10 |
| Furniture and fixtures | 57,784,476 | 96,429,379 | - | 154,213,855 | 7,309,600 | 5,851,067 | - | 13,160,667 | 141,053,188 | 10 |
| Equipment and other assets | 266,617,530 | 30,749,020 | - | 297,366,550 | 228,475,437 | 23,637,355 | - | 252,112,792 | 45,253,758 | Three years |
| Vehicles | 172,257,916 | 66,797,595 | (12,675,038) | 226,380,473 | 80,403,826 | 24,261,405 | (6,945,743) | 97,719,488 | 128,660,985 | 20 |
| | | | | | | | - | | | |
| **2022** | **12,080,977,588** | **2,161,746,183** | **-** | **14,084,590,688** | **3,461,186,829** | **842,406,367** | **-** | **4,193,514,295** | **9,891,076,393** | |
| | | | **(158,133,083)** | | | | **(110,078,901)** | | | |

**Operating fixed assets**

| Description | COST | | | | DEPRECIATION | | | | Book value as at June 30, 2021 | Annual rate of depreciation % |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at July 01, 2020 | Additions | Transfers / Disposal | As at June 30, 2021 | As at July 01, 2020 | Charge for the year | Transfers / Disposal | As at June 30, 2021 | | |
| | ....Rupees.... | | | | | | | | | |
| Freehold land | 768,155,429 | 60,383,292 | (10,276,104) | 818,262,617 | - | - | - | - | 818,262,617 | - |
| Leasehold land | 72,442,085 | - | - | 72,442,085 | - | - | - | - | 72,442,085 | - |
| Factory building on freehold land | 236,454,827 | - | 1,260,826,075 | 1,497,280,902 | 195,734,226 | 14,578,944 | - | 210,313,170 | 1,286,967,732 | 10 |
| Factory building on leasehold land | 215,337,055 | - | 20,708,040 | 236,045,095 | 150,264,529 | 8,391,283 | - | 158,655,812 | 77,389,283 | 10 |
| factory building on Leasehold extension | 21,741,789 | - | - | 21,741,789 | 4,627,147 | - | - | 4,627,147 | 17,114,642 | 10 |
| Non factory building on freehold land | 95,524,372 | - | - | 95,524,372 | 51,329,883 | 2,209,725 | - | 53,539,608 | 41,984,764 | 5 |
| Non factory building on leasehold land | 20,390,399 | - | - | 20,390,399 | 15,211,549 | 258,943 | - | 15,470,492 | 4,919,907 | 5 |
| Non factory building on Leasehold extension | 168,065,547 | - | - | 168,065,547 | 56,719,049 | 8,852,023 | - | 65,571,072 | 102,494,475 | 5 |
| Plant and machinery | 4,687,167,369 | - | 3,595,495,932 | 8,272,689,534 | 2,139,482,821 | 345,013,325 | 6,660,989 | 2,482,423,719 | 5,790,265,815 | 10 |
| | | | (9,973,767) | | | - | (8,733,416) | - | - | |
| Electric equipment and fitting | 215,145,596 | - | 112,022,672 | 327,168,268 | 117,737,333 | 12,400,312 | - | 130,137,645 | 197,030,623 | 10 |
| Gas line and pipe fitting | 7,943,179 | - | - | 7,943,179 | 6,356,199 | 158,698 | - | 6,514,897 | 1,428,282 | 10 |
| Factory equipment | 33,718,091 | 10,128,046 | - | 43,846,137 | 21,734,325 | 669,695 | (6,660,989) | 15,743,031 | 28,103,106 | 10 |
| Office equipment | 2,917,742 | - | - | 2,917,742 | 1,883,902 | 117,471 | - | 2,001,373 | 916,369 | 10 |
| Furniture and fixtures | 7,331,345 | 35,767,931 | 14,685,200 | 57,784,476 | 6,183,542 | 1,126,058 | - | 7,309,600 | 50,474,876 | 10 |
| Equipment and other assets | 239,635,786 | - | 26,981,744 | 266,617,530 | 209,608,521 | 18,866,916 | - | 228,475,437 | 38,142,093 | Three years |
| Vehicles | 110,168,979 | 62,714,137 | - | 172,257,916 | 64,639,078 | 16,260,416 | (495,668) | 80,403,826 | 91,854,090 | 20 |
| | | | (625,200) | - | - | | - | - | - | |
| | **6,902,139,590** | **168,993,406** | **5,009,844,592** | **12,080,977,588** | **3,041,512,104** | **428,903,809** | **(9,229,084)** | **3,461,186,829** | **8,619,790,759** | |
| 2021 | **6,902,139,590** | **168,993,406** | **5,009,844,592** | **12,080,977,588** | **3,041,512,104** | **428,903,809** | **(9,229,084)** | **3,461,186,829** | **8,619,790,759** | |

**20.2** Equipment and other assets includes assets costing PKR 103,315,668 (2021: PKR 103,315,668) which have been fully depreciated.

| | | Note | Year ended June 30 2022 | Year ended June 30 2021 |
|---|---|---|---|---|
| | | | .....Rupees..... | |
| **20.3** | The depreciation charge for the year has been allocated as follows: | | | |
| | Cost of sales | **33** | **812,200,850** | 406,089,181 |
| | Administrative expenses | **36** | **30,205,517** | 17,503,945 |
| | Trial run | | - | 5,310,683 |
| | | | **842,406,367** | 428,903,809 |

**20.4** Free hold lands of the Company are located at Ferozwattoan Sheikhupura with an area of 186 Kanal 5 Marla (2021: 186 Kanal 5 Marla), Gajjumata Kasur with an area of 90 Kanal 10 Marla (2021: 90 Kanal 10 Marla), Warburton Sheikhupura 711 Kanal 18 marla (2021: 451 Kanal 10 Marla), and leasehold lands of the Company are located at SITE Nooriabad with an area of 284.5 Kanal (2021: 260.5 Kanal).

**20.5 Disposal of operating fixed assets**

| 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..... | | | | | | |
| **Plant and machinery** | | | | | | | |
| Tsudokoma Looms | 105,243,503 | 69,762,922 | 35,480,581 | 36,800,000 | 1,319,419 | Negotiation | Multitex, Plot No. F-497 S.I.T.E. Police Station A Textile Avenue, Karachi |
| Waukesha Engine | 19,276,107 | 15,701,999 | 3,574,108 | 3,555,556 | (18,552) | Negotiation | Mubashir Brothers, 318 E Block, Sir Syed Town, Faisalabad |
| Waukesha Engine | 20,938,435 | 17,668,237 | 3,270,198 | 3,282,051 | 11,853 | Negotiation | Mubashir Brothers, 318 E Block, Sir Syed Town, Faisalabad |
| | 145,458,045 | 103,133,158 | 42,324,887 | 43,637,607 | 1,312,720 | | |
| **Vehicles** | | | | | | | |
| Toyota Surf BD - 8606 | 3,704,663 | 3,458,567 | 246,096 | 750,000 | 503,904 | Negotiation | Mr. Altaf, House # 68-B, Railway Officer Colony, Lahore Cant. |
| KIA Picanto, LEB 20 - 7606 | 1,955,570 | 677,931 | 1,277,639 | 1,919,300 | 641,661 | Insurance claim | Adamjee Insurance Company Limited |
| Suzuki Mehran LEE 16 - 4230 | 703,330 | 499,750 | 203,580 | 400,000 | 196,420 | Negotiation | Mr.Nadeem Mustafa, House # 202 Ghazi Road, Lahore |
| Toyota Corolla BPB - 580 | 2,257,095 | 1,066,152 | 1,190,943 | 2,800,000 | 1,609,057 | Insurance claim | UBL Insurers Limited |
| Honda Civic LEB 20 - 6103 | 4,054,380 | 1,243,343 | 2,811,037 | 2,833,000 | 21,963 | Insurance claim | UBL Insurers Limited |
| | 12,675,038 | 6,945,743 | 5,729,295 | 8,702,300 | 2,973,005 | | |
| **30-Jun-22** | 158,133,083 | 110,078,901 | 48,054,182 | 52,339,907 | 4,285,725 | | |
| **Freehold land** | | | | | | | |
| Freehold land | 9,503,685 | - | 9,503,685 | 802,000,000 | 792,496,315 | Negotiation | Naveena Exports Ltd & Gatlene Industries (Pvt) Ltd |
| Freehold land | 772,419 | - | 772,419 | 25,000,000 | 24,227,581 | Negotiation | Naveena Exports Ltd & Gatlene Industries (Pvt) Ltd |
| | | | | - | | | |
| | 10,276,104 | - | 10,276,104 | 827,000,000 | 816,723,896 | | |
| **Plant and machinery** | | | | | | | |
| Air Compressor | 9,973,767 | 8,733,416 | 1,240,351 | 1,498,501 | 258,150 | Negotiation | Multitex, Plot No. F-497 S.I.T.E. Police Station A Textile Avenue, |
| | 9,973,767 | 8,733,416 | 1,240,351 | 1,498,501 | 258,150 | | |
| **Vehicles** | | | | | | | |
| Toyota Probox AWW - 366 | 610,000 | 480,519 | 129,481 | 326,000 | 196,519 | Negotiation | Mr. Abdul Samad H # 715/5/1, Fatima Jinnah Colony, Karachi |
| Bike KAR - 8453 | 15,200 | 15,149 | 51 | 52,714 | 52,663 | Negotiation | Mr. Zahid Hussain H 382-R, Sector 10, North Karachi |
| | 625,200 | 495,668 | 129,532 | 378,714 | 249,182 | | |
| **30-Jun-21** | 20,875,071 | 9,229,084 | 11,645,987 | 828,877,215 | 817,231,228 | | |

**20.6 Capital work in progess**

| | 2022 | | | |
|---|---|---|---|---|
| | **As at July 01, 2021** | **Additions** | **Transfers** | **As at June 30, 2022** |
| | **Rs.** | **Rs.** | **Rs.** | **Rs.** |
| Building and other civil works | **302,607,291** | **607,699,405** | **(807,715,550)** | **102,591,146** |
| Plant and machinery | **36,816,415** | **1,173,756,755** | **(948,614,579)** | **261,958,591** |
| Electric installation | **-** | **6,985,512** | **(6,238,950)** | **746,562** |
| Others | **20,353,720** | **39,980,056** | **(60,333,776)** | **-** |
| | **359,777,426** | **1,828,421,728** | **(1,822,902,855)** | **365,296,299** |

| | 2021 | | | |
|---|---|---|---|---|
| | As at July 01, 2020 | Additions | Transfers | As at June 30, 2021 |
| | Rs. | Rs. | Rs. | Rs. |
| Building and other civil works | 452,604,939.00 | 1,131,536,467.00 | (1,281,534,115.00) | 302,607,291.00 |
| Plant and machinery | 2,546,657,309.00 | 1,085,655,038.00 | (3,595,495,932.00) | 36,816,415.00 |
| Electric installation | 48,015,392.00 | 64,007,280.00 | (112,022,672.00) | - |
| Others | 8,390,800.00 | 53,629,864.00 | (41,666,944.00) | 20,353,720.00 |
| | 3,055,668,440.00 | 2,334,828,649.00 | (5,030,719,663.00) | 359,777,426.00 |

**20.7 OPERATIONAL RESULT OF TRIAL RUN PERIOD**
**HOME TEXTILE DIVISION**
**From July 1, 2020 TO March 31, 2021**

| | | **Note** | **June 30, 2022** | June 30, 2021 |
|---|---|---|---|---|
| | | | **Rs.** | Rs. |
| **Trial Run Costs** | | | | |
| Material consumed | | | - | 287,401,083 |
| Stores consumed | | | - | 86,516,614 |
| Salaries wages & other benefits | | | - | 99,676,715 |
| Utilities | | | - | 23,786,570 |
| Insurane | | | - | 941,909 |
| Repair & maintenance | | | - | 3,277,281 |
| Travelling & conveyance | | | - | 10,096,678 |
| Computer expenses | | | - | 1,471,800 |
| Fees & subscription | | | - | 1,621,543 |
| Entertainment | | | - | 1,159,452 |
| Legal & professional charges | | | - | 275,000 |
| Depreciation | | | - | 5,310,683 |
| Clearing & forwarding | | | - | 6,103,883 |
| Freight & handling | | | - | 13,024,223 |
| Export development surcharge | | | - | 384,961 |
| Sample expenses | | | - | 1,383,154 |
| Finance cost | | | - | 3,100,079 |
| Others | | | - | 1,675,049 |
| | | | - | 547,206,677 |
| **Less: Trial run credits** | | | | |
| **Sales** | | | | |
| Local sales | | **20.7.1** | - | (42,945,174) |
| Export sales | | | - | (289,824,820) |
| Export rebate | | | - | (24,558) |
| Stocks transferred to commercial production | | | - | (107,064,812) |
| | | | - | (439,859,364) |
| Trial Run Loss | | | - | 107,347,313 |
| **20.7.1** Sales tax on local sales is Nil (2021: Rs 8,042,093) | | | | |
| **TRIAL RUN LOSS ALLOCATION** | | | | |
| Plant and machinery | 80% | | - | 85,877,850 |
| Factory building | 20% | | - | 21,469,463 |
| | | | - | **107,347,313** |

**21 Long term Investment**
**Investment in associates**

| | **June 30, 2022** | June 30, 2021 |
|---|---|---|
| Investment in shares of Blessed Textiles Limited | **1,665,323,062** | 1,112,185,082 |
| Cost of investment 1,189,160 ordinary shares of Rs. 10 each ( 2021: 1,189,160 shares) | **11,891,600** | 11,891,600 |
| Accumulated share of post acquisition profit / OCI - net of dividends received | **1,100,293,482** | 705,541,534 |
| Share of profit for the year | **592,860,794** | 396,627,230 |
| Share of OCI for the year | **(480,534)** | (1,875,282) |
| Dividend received during the year | **(39,242,280)** | - |
| | **1,653,431,462** | 1,100,293,482 |
| | **1,665,323,062** | 1,112,185,082 |

**21.1** Summarized financial information of Blessed Textiles Limited is set out below:

| | Note | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|
| Total assets | | **17,325,525,656** | 10,020,729,137 |
| Total liabilities | | **8,308,974,473** | 3,996,023,866 |
| Net assets | | **9,016,551,183** | 6,024,705,271 |
| Company's share of associate's net assets | | **1,666,996,580** | 1,113,858,601 |
| Sales- net | | **22,031,311,882** | 15,430,567,380 |
| Profit for the year | | **3,206,701,054** | 2,145,301,176 |
| OCI for the year | | **(2,599,142)** | (10,143,137) |
| Company's share of associate's profit for the year | | **592,860,794** | 396,627,230 |
| Company's share of OCI for the year | | **(480,534)** | (1,875,282) |
| **21.2** Market value per share | | **490.00** | 440.00 |

**21.3** This represents 18.49% shares in Blessed Textiles Limited, an associated company (The Company). Investment has been accounted for using 'Equity Method' of accounting as per IAS - 28 Investments in Associates and Joint Ventures. The Company is incorporated in Pakistan as a Public Limited Company and is listed on Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of yarn and woven fabric. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at 18 KM, Feroze Wattoan, Sheikhupura Road, District Sheikhupura in the Province of Punjab.

## 22 Long Term Deposits

| | | | |
|---|---|---|---|
| Security deposits | | **24,959,115** | 21,862,115 |
| Ijarah deposits | | **1,368,400** | - |
| Others | **22.1** | **1,204,800** | 756,800 |
| | | **27,532,315** | 22,618,915 |

**22.1** It includes security deposit amounting to Rs. 20,000 given to Admiral (Private) Limited, an associated company, against rent of building in normal course of business.

## 23 Stores, Spare Parts and Loose Tools

| | | | |
|---|---|---|---|
| Stores, spare parts and loose tools | | **453,222,439** | 240,328,871 |
| Provision for slow moving store items | **23.1** | **(2,088,830)** | (2,088,830) |
| | | **451,133,609** | 238,240,041 |

**23.1 Provision for slow moving items comprises;**

| | | |
|---|---|---|
| Balance at the beginning of the year | **2,088,830** | 1,772,944 |
| Recognized during the year | **-** | 315,886 |
| Balance at the end of the year | **2,088,830** | 2,088,830 |

**23.2** No item of stores, spares and loose tools is pledged as security as at reporting date.

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

## 24 Stock in Trade

| | | | |
|---|---|---|---|
| Raw material | | **2,503,293,485** | 3,906,475,604 |
| Raw material in transit | | **260,128,576** | 359,327,833 |
| Work in process | | **656,970,486** | 281,890,064 |
| Finished goods | **24.1** | **2,117,128,024** | 688,632,876 |
| | | **5,537,520,571** | 5,236,326,377 |

**24.1** Stock of finished goods includes stock of waste valued at Rs. 1,739,273 (2021: Rs. 1,430,793). The entire stock of waste is valued at net realizable value.

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

## 25 Trade Debts

| | | | |
|---|---|---|---|
| Considered good | | | |
| Foreign: secured through letters of credit | | **1,731,453,122** | 597,010,641 |
| Foreign: unsecured | | **667,071,046** | 316,925,713 |
| Local : unsecured | | **860,567,300** | 455,583,438 |
| | | **3,259,091,468** | 1,369,519,792 |
| Considered doubtful | | **199,194,054** | 170,181,048 |
| Allowance for ECL | **25.1** | **(199,194,054)** | (170,181,048) |
| | | **3,259,091,468** | 1,369,519,792 |

**25.1 Particulars of allowance for ECL on doubtful debts**

| | | |
|---|---|---|
| Balance at beginning of the year | **170,181,048** | 156,506,905 |
| Allowance no longer required / recovered | **(13,674,143)** | - |
| Charge during the year | **42,687,149** | 13,674,143 |
| Balance at the end of the year | **199,194,054** | 170,181,048 |

| | | Note | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|
| **26** | **Loans And Advances** | | | |
| | **Considered good** | | | |
| | Advances to suppliers - unsecured | | **170,805,441** | 72,299,216 |
| | Advances to employees | **26.1** | **10,277,176** | 70,169,199 |
| | Letters of credit | | **4,262,486** | 6,278,849 |
| | Margin against letters of credit | | **3,721,334** | - |
| | Advances to suppliers - unsecured; considered doubtful | | **64,213** | 64,213 |
| | | | **189,130,650** | 148,811,477 |
| | Provision for doubtful advances | | **(64,213)** | (64,213) |
| | | | **189,066,437** | 148,747,264 |

**26.1** These represent advances to employees against future salaries and post employment benefits in accordance with the company policy.

| | | | | |
|---|---|---|---|---|
| **27** | **Trade Deposits and Prepayments** | | | |
| | Deposit against infrastructure fee payable | **27.1** | **329,391,427** | 234,891,427 |
| | Prepaid expenses | | **3,780,279** | 2,934,255 |
| | | | **333,171,706** | 237,825,682 |

**27.1** Effective mark up rate on these deposits range from 4.51% to 9% per annum (June 30, 2021: 4.70% to 11.83% per annum).

| | | | | |
|---|---|---|---|---|
| **28** | **Other Receivables** | | | |
| | Claims receivable | | **34,982,109** | 23,561,693 |
| | | | **34,982,109** | 23,561,693 |
| **29** | **Income Tax Refundable** | | | |
| | Advance income tax refundable / adjustable | | **515,745,794** | 366,391,331 |
| | Provision for taxation | | **(462,575,697)** | (215,657,459) |
| | | | **53,170,097** | 150,733,872 |
| **30** | **Sales Tax Refundable** | | | |
| | Sales tax refundable | | **984,175,231** | 396,631,584 |
| | Excise duty and federal excise duty refundable | | **2,007,435** | 2,007,435 |
| | Provision for doubtful excise duty and federal excise duty refundable | | **(2,007,435)** | (2,007,435) |
| | | | **-** | - |
| | | | **984,175,231** | 396,631,584 |
| **31** | **Bank Balances** | | | |
| | Balances with banks in: | | | |
| | Current accounts | | **1,283,270,085** | 113,590,121 |
| | Foreign currency accounts | | **42,940,089** | 4,287,052 |
| | Deposit accounts | **31.1** | **3,116,306,157** | 41,133 |
| | | | **4,442,516,331** | 117,918,306 |

**31.1** It carries mark up at the rate of 2.82% to 16.80% per annum (2021: 4.70% to 11.83% per annum).

| | | | | |
|---|---|---|---|---|
| **32** | **Sales - Net** | | | |
| | Export | | | |
| | Yarn | | **13,049,468,900** | 8,864,569,210 |
| | Fabric | | **8,242,187,984** | 4,463,505,684 |
| | Made ups | | **5,081,588,452** | 273,317,526 |
| | | | **26,373,245,336** | 13,601,392,420 |
| | Export rebate | | **21,734,307** | 827,403 |
| | | | **26,394,979,643** | 13,602,219,823 |
| | Local | | | |
| | Yarn | | **539,961,849** | 243,989,864 |
| | Fabric | | **6,121,012,289** | 3,738,361,772 |
| | Cotton | | **-** | 9,589,487 |
| | Made Up | | **608,908** | - |
| | Waste and others | | **280,155,865** | 183,458,243 |
| | | | **6,941,738,911** | 4,175,399,366 |
| | Gross sales | | **33,336,718,554** | 17,777,619,189 |
| | Discount on sales | | **(363,780)** | (16,806,424) |
| | Sales tax | | **(1,261,985,026)** | (695,626,844) |
| | | | **32,074,369,748** | 17,065,185,921 |

**32.1** Export sales include Rs. 1,489.06 million exclusive of sales tax (2021: Rs. 525.61 million) in respect of indirect export sales.

**32.2** Export sales include exchange gain of Rs. 1,045.71 million (2021: Rs. 417.569 million).

| | | Note | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|
| **33** | **Cost of Sales** | | | |
| | Raw material consumed | **33.1** | **22,397,678,756** | 11,647,760,980 |
| | Packing material consumed | | **298,024,186** | 164,763,412 |
| | Stores and spare parts consumed | | **1,184,174,368** | 292,090,160 |
| | Cost of cotton sold | **33.3** | **-** | 7,170,819 |
| | Salaries, wages and benefits | **33.2** | **1,384,874,767** | 762,928,525 |
| | Fuel, power and water | | **1,287,158,853** | 861,073,993 |
| | Insurance | | **58,210,590** | 29,743,572 |
| | Repair and maintenance | | **11,510,756** | 23,364,052 |
| | Rent, rates and taxes | | **981,620** | 1,071,205 |
| | Travelling, conveyance and entertainment | | **9,927,573** | 3,230,133 |
| | Vehicle running expenses | | **24,764,637** | 12,454,598 |
| | Communication | | **1,076,700** | 787,505 |
| | Fee and subscription | | **4,856,408** | 3,199,338 |
| | Depreciation | **20.3** | **812,200,850** | 406,089,181 |
| | Provision for slow moving store items | | **-** | 315,886 |
| | Others | | **8,762,770** | 3,269,113 |
| | | | **27,484,202,834** | 14,219,312,472 |
| | Work in process | | | |
| | Opening stock | | **281,890,064** | 148,196,904 |
| | WIP Burnt | | **-** | 359,349 |
| | Transferred from trial run production | | **-** | 39,000,599 |
| | Closing stock | | **(656,970,486)** | (281,890,064) |
| | | | **(375,080,422)** | (94,333,212) |
| | Cost of goods manufactured | | **27,109,122,412** | 14,124,979,260 |
| | Finished stocks | | | |
| | Opening stock | | **688,632,876** | 991,883,417 |
| | Finished goods purchased - fabric | | **21,356,537** | 80,115,782 |
| | Transferred from trial run production | | **-** | 68,064,213 |
| | Closing stock | | **(2,117,128,024)** | (688,632,876) |
| | | | **(1,407,138,611)** | 451,430,536 |
| | | | **25,701,983,801** | 14,576,409,796 |
| **33.1** | **Raw material consumed** | | | |
| | Opening stock | | **4,265,803,437** | 4,987,922,590 |
| | Purchases | | **20,910,113,618** | 11,488,580,890 |
| | Cost of raw material sold - cotton | | **-** | (6,734,267) |
| | Cost of raw material sold - yarn/fabric | | **(14,816,238)** | (78,861,540) |
| | Transferred to trial run production | | **-** | (477,343,256) |
| | Closing stock | | **(2,763,422,061)** | (4,265,803,437) |
| | | | **22,397,678,756** | 11,647,760,980 |

**33.2** Salaries, wages and benefits includes employees retirement benefits amounting to Rs. 73,622,845 (June 30, 2021: Rs. 45,049,357).

| | | | | |
|---|---|---|---|---|
| **33.3** | **Cost of cotton sold** | | | |
| | Cost of purchases | | **-** | 6,734,267 |
| | **Direct expenses** | | | |
| | Salaries, wages and other benefits | | **-** | 11,289 |
| | Insurance | | **-** | 23,289 |
| | Finance cost | | **-** | 401,974 |
| | | | **-** | 436,552 |
| | | | **-** | 7,170,819 |
| **34** | **Other Income** | | | |
| | **Income from financial assets** | | | |
| | Interest on bank deposits | | **51,360,156** | 11,049,440 |
| | Reversal of ECL | | **13,674,143** | - |
| | Exchange gain on foreign currency translation | | **4,063,315** | - |
| | Doubtful advances recovered | | **-** | 17,640 |
| | **Income from non financial assets** | | **-** | - |
| | Gain on disposal of fixed assets | **20.5** | **4,285,725** | 817,231,228 |
| | | | **73,383,339** | 828,298,308 |

| | | Note | June 30, 2022 Rs. | June 30, 2021 Rs. |
|---|---|---|---|---|
| **35** | **Distribution Cost** | | | |
| | **Export** | | | |
| | Steamer, air freight & forwarding | | **611,221,389** | 246,857,197 |
| | Trailer freight | | **56,420,138** | 38,000,708 |
| | Clearing and forwarding | | **83,341,836** | 31,062,952 |
| | Export development surcharge | | **59,963,053** | 32,842,169 |
| | Commission | | **269,338,495** | 125,277,656 |
| | Sales promotion expenses | | **20,389,417** | 17,059,080 |
| | Insurance expenses | | **9,942,807** | 2,309,700 |
| | Claim settlement | | **-** | 408,897 |
| | Salaries, wages and benefits | **35.1** | **72,941,674** | 20,236,305 |
| | Other export expenses | | **8,439,590** | 3,606,988 |
| | | | **1,191,998,399** | 517,661,652 |
| | **Local** | | | |
| | Freight on local sales | | **10,527,326** | 6,721,851 |
| | Commission | | **55,614,318** | 28,487,835 |
| | Quality claim | | **245,794** | - |
| | Others | | **478,567** | 409,992 |
| | | | **66,866,005** | 35,619,678 |
| | | | **1,258,864,404** | 553,281,330 |

**35.1** Salaries, wages and benefits includes employees retirement benefits amounting to Rs. 3,911,504 (June 30, 2021: Rs. 1,139,574).

| | | | | |
|---|---|---|---|---|
| **36** | **Administrative Expenses** | | | |
| | Directors' remuneration | | **9,600,000** | 9,600,000 |
| | Staff salaries and benefits | **36.1** | **166,375,886** | 99,287,335 |
| | Traveling, conveyance and entertainment | | **16,002,406** | 4,196,720 |
| | Printing and stationery | | **8,880,970** | 4,721,689 |
| | Communication expenses | | **4,230,468** | 2,129,604 |
| | Vehicles running and maintenance | | **20,653,646** | 10,103,721 |
| | Legal and professional | | **3,476,245** | 6,508,462 |
| | Auditors' remuneration | **36.2** | **2,290,000** | 1,953,000 |
| | Fee and subscription | | **5,482,609** | 6,072,328 |
| | Repair and maintenance | | **1,544,475** | 1,713,056 |
| | Rent, rates and taxes | | **4,834,370** | 1,957,792 |
| | Depreciation | **20.3** | **30,205,517** | 17,503,945 |
| | Charity and donation | **36.3** | **1,500,000** | 1,200,000 |
| | Provision for ECL | | **42,687,149** | 13,674,143 |
| | Ijarah lease rental | | **2,022,282** | - |
| | Software license renewal and maintenance fee | | **4,306,258** | 724,158 |
| | Others | | **4,092,619** | 3,746,793 |
| | | | **328,184,900** | 185,092,746 |

**36.1** Staff salaries and benefits includes employee retirement benefits amounting to Rs. 12,128,923 (June 30, 2021: Rs. 8,890,613).

**36.2** **Auditors' remuneration**

| | | |
|---|---|---|
| Annual statutory audit | **2,020,000** | 1,683,000 |
| Half yearly review | **190,000** | 190,000 |
| Review of Code of Corporate Governance | **80,000** | 80,000 |
| | **2,290,000** | 1,953,000 |

**36.3** During the year, donation to a single party does not exceed Rs. 1 million (2021: Nil). No director or his spouse had any interest in the donee.

| | | | | |
|---|---|---|---|---|
| **37** | **Other Operating Expenses** | | | |
| | Workers' Profit Participation Fund | **14.2** | **221,879,854** | 106,639,813 |
| | Workers' Welfare Fund | | **96,344,024** | 31,461,915 |
| | Exchange loss on foreign currency translation | | **-** | 328,871 |
| | | | **318,223,878** | 138,430,599 |
| **38** | **Finance Cost** | | | |
| | Mark-up on: | | | |
| | - long term financing | | **133,029,709** | 69,006,821 |
| | - short term borrowings | | **148,624,430** | 157,328,591 |
| | - workers' profit participation fund | | **5,050,955** | 1,252,909 |
| | Letter of credit discounting | | **109,987,416** | 62,942,027 |
| | Bank charges and commission | | **11,521,490** | 6,059,657 |
| | | | **408,214,000** | 296,590,005 |

**38.1** During the year, the company has capitalized the borrowing cost of Rs. 1,521,331 (2021: 126,647,962).

**38.2** Capitalization rates used to determine the amount of borrowing cost eligible for capitalization is 2.5% (2021: 1.75% to 7.96%).

| | Note | June 30, 2022 Rs. | June 30, 2021 Restated Rs. |
|---|---|---|---|
| **39 Taxation** | | | |
| Current tax | | | |
| - Current year | | **462,575,697** | 215,657,459 |
| - Prior years | | **-** | (38,236,102) |
| | | **462,575,697** | 177,421,357 |
| Deferred tax | | **164,343,905** | 62,766,464 |
| | | **626,919,602** | 240,187,821 |

**39.1** The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

**39.2** There is no relationship between tax expense and accounting profit since the Company's profits are subject to tax under the Final Tax Regime for the current year. Accordingly, no numerical reconciliation has been presented.

**40 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 | **4,098,223,296** | 2,300,119,162 |
| **Number of shares** | | |
| Weighted average number of ordinary shares | **10,000,000** | 10,000,000 |
| Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares. | | |
| **Basic earnings per share** | **409.82** | 230.01 |

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.

**41 Non Adjusting Events after the Reporting Period**

In respect of current period, the board of directors in their meeting held on September 28, 2022 has proposed to pay cash dividend of @ 214.5% i.e. Rs. 21.45 per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

**42 CHANGES FROM FINANCING CASH FLOWS**

| | June 30, 2022 | | | |
|---|---|---|---|---|
| | **Loan from directors and sponsors** | **Long term finances** | **Short term borrowings** | **Unclaimed dividend** |
| As at beginning of the year | **940,281,000** | **4,749,980,535** | **1,878,178,226** | **14,042,893** |
| Long term finances obtained | **-** | **928,122,934** | **-** | **-** |
| Repayment of loan | **(2,500,000)** | **(354,897,326)** | **-** | **-** |
| Deferred grant recognized during the year | | **(130,297,112)** | **-** | **-** |
| Loan accretion | | **26,840,618** | | **-** |
| Net increase in short term borrowings | | | **2,993,975,971** | **-** |
| Dividend declared during the year | **-** | **-** | **-** | **214,500,000** |
| Dividend paid during the year | **-** | **-** | **-** | **(212,280,565)** |
| As at end of the year | **937,781,000** | **5,219,749,649** | **4,872,154,197** | **16,262,328** |

| | June 30, 2021 | | | |
|---|---|---|---|---|
| | Loan from directors and sponsors | Long term finances | Short term borrowings | Unclaimed dividend |
| As at beginning of the year | 479,337,000 | 4,124,458,954 | 3,876,008,889 | 14,088,849 |
| Long term finances obtained | - | 761,331,400 | - | - |
| Repayment of loan | 460,944,000 | (73,791,674) | - | - |
| Deferred grant recognized during the year | - | (62,018,145) | - | - |
| Loan accretion | - | - | | - |
| Net increase in short term borrowings | - | | (1,997,830,663) | - |
| Dividend declared during the year | - | - | - | - |
| Dividend paid during the year | - | - | - | (45,956) |
| As at end of the year | 940,281,000 | 4,749,980,535 | 1,878,178,226 | 14,042,893 |

**43 Remuneration of Chief Executive, Directors and Executives**

| | Chief Executive | Director | Executives | Chief Executive | Director | Executives |
|---|---|---|---|---|---|---|
| | **June 30, 2022** | **June 30, 2022** | **June 30, 2022** | June 30, 2021 | June 30, 2021 | June 30, 2021 |
| | **Rs.** | **Rs.** | **Rs.** | Rs. | Rs. | Rs. |
| Remuneration | **9,600,000** | | **91,501,538** | 9,600,000 | - | 60,418,019 |
| Allowances | **-** | | **21,668,220** | - | - | 7,320,593 |
| Post employment benefits | **-** | | **18,963,246** | - | - | 7,560,533 |
| | **9,600,000** | **-** | **132,133,004** | 9,600,000 | - | 75,299,145 |
| Number of persons | **1** | **-** | **30** | 1 | - | 17 |

**43.1** 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.

**43.2** No remuneration to non executive directors have been paid.

**44 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 related party** | **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 |
| Admiral (Private) Limited | Directorship of close family relative | N/A |
| Mohammad Salim | Director | 0.29% |
| Yasmeen Begum | Directorship of close family relative | 2.39% |
| Khurram Salim | Director | 2.00% |
| Farrukh Salim | Directorship of close family relative | 1.37% |
| Yousaf Salim | Directorship of close family relative | 3.13% |
| Saqib Salim | Directorship of close family relative | 1.99% |
| Muhammad Umer | Directorship of close family relative | 0.97% |
| Yahya Farrukh | Directorship of close family relative | 2.74% |
| Amna Khurram | Directorship of close family relative | 1.10% |
| Saba Yousaf | Directorship of close family relative | 0.98% |
| Saba Saqib | Directorship of close family relative | 2.12% |
| **Name of the related party** | **Basis of relationship** | **Percentage of shareholding** |
| Bilal Sharif | Director / Chief executive | 3.64% |
| Samia Bilal | Directorship of close family relative | 5.34% |
| Abdullah Bilal | Directorship of close family relative | 3.37% |
| Ali Bilal | Directorship of close family relative | 3.37% |
| Azan Bilal | Directorship of close family relative | 3.37% |
| Mohammad Shaheen | Director | 0.33% |
| Mohammad Amin | Director | 4.61% |
| Seema Shaheen | Directorship of close family relative | 3.35% |
| Mohammad Qasim | Directorship of close family relative | 3.95% |
| Fatima Amin | Directorship of close family relative | 4.51% |
| Sumbul Qasim | Directorship of close family relative | 2.35% |
| Mohammad Shakeel | Directorship of close family relative | 0.48% |
| Nazli Shakeel | Directorship of close family relative | 4.29% |
| Adil Shakeel | Directorship of close family relative | 4.77% |
| Faisal Shakeel | Directorship of close family relative | 4.77% |
| Hamza Shakeel | Director | 4.77% |

| **Nature of relationship** | **Nature of transactions** | **2022** | 2021 |
|---|---|---|---|
| | | **Rupees** | Rupees |
| **Associated undertaking** | | | |
| | Sales of fabric | **49,577,029** | 206,241,989 |
| | Sales of cotton and yarn | **145,259,856** | 62,956,509 |
| | Purchase of yarn | **2,429,089,838** | 1,569,905,255 |
| | Purchase of cotton | **523,266,757** | 307,399,183 |
| | Purchase of fabric | **1,204,100,969** | 226,756,280 |
| | Services received | **309,000** | 309,000 |
| | Dividend received | **39,242,280** | - |
| | Electricity purchased | **5,277,661** | 1,043,668 |
| Loan (repaid) / received from directors and sponsors | | **(2,500,000)** | 460,944,000 |
| Retirement benefits | Provision for gratuity | **89,572,003** | 55,819,895 |

**44.1** Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 43.

## 45 SEGMENT INFORMATION

### 45.1 Products and services from which reportable segments derive their revenues

Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The Company's reportable segments are therefore as follows:

| Segment |
|---|
| Spinning |
| Weaving |
| Finishing & Home Textile |

Information regarding Company's reportable segments is presented below.

### 45.2 Information about reportable segments

| | June-2022 | | | |
|---|---|---|---|---|
| | **Spinning** | **Weaving** | **Finishing & Home Textile** | **Total** |
| | ***Rupees*** | ***Rupees*** | ***Rupees*** | ***Rupees*** |
| Revenue from external customers | **13,508,558,883** | **10,876,024,971** | **7,689,785,894** | **32,074,369,748** |
| Intersegment revenues | **81,533,250** | **267,487,037** | **9,663,346** | **358,683,633** |
| Depreciation | **142,195,132** | **158,902,553** | **541,308,682** | **842,406,367** |
| Segment results | **4,079,441,269** | **700,919,387** | **(239,864,552)** | **4,540,496,104** |
| Segment assets | **7,635,795,829** | **5,604,102,285** | **10,934,565,382** | **24,174,463,496** |
| Segment liabilities | **2,082,725,607** | **3,215,279,922** | **8,724,609,933** | **14,022,615,462** |
| Interest income | **41,377,737** | **448,172** | **9,534,247** | **51,360,156** |
| Additions to non-current assets | **727,062,724** | **495,452,122** | **1,502,801,590** | **2,725,316,436** |
| Disposals of property, plant and equipment | **8,281,345** | **35,684,161** | **4,088,676** | **48,054,182** |

| | June-2021 | | | |
|---|---|---|---|---|
| | **Spinning** | **Weaving** | **Finishing & Home Textile** | **Total** |
| | *Rupees* | *Rupees* | *Rupees* | *Rupees* |
| Revenue from external customers | 9,028,448,320 | 7,523,616,906 | 513,120,695 | 17,065,185,921 |
| Intersegment revenues | 57,905,000 | 243,309,583 | | 301,214,583 |
| Depreciation | 148,376,115 | 169,015,050 | 106,201,961 | 423,593,126 |
| Segment results | 2,313,169,198 | 523,041,779 | (395,941,219) | 2,440,269,758 |
| Segment assets | 5,453,031,336 | 3,736,001,052 | 6,927,783,525 | 16,116,815,913 |
| Segment liabilities | 2,614,365,930 | 1,933,409,127 | 4,411,752,847 | 8,959,527,904 |
| Interest income | 9,263,403 | 1,786,037 | - | 11,049,440 |
| Additions to non-current assets | 862,923,037 | 26,130,277 | 2,428,429,198 | 3,317,482,512 |
| Disposals of property, plant and equipment | 827,378,714 | 1,498,501 | - | 828,877,215 |

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment results represent operating profit earned by the segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

**Notes to the financial statements**
**For the year ended June 30, 2022**

**45.3 Reconciliations of reportable segment information**

**45.3.1 Segment revenues**

| | June-2022 | | | |
|---|---|---|---|---|
| | **Spinning** | **Weaving** | **Finishing & Home Textile** | **Total** |
| | ***Rupees*** | ***Rupees*** | ***Rupees*** | ***Rupees*** |
| Total for reportable segments | **13,590,092,133** | **11,143,512,008** | **7,699,449,240** | **32,433,053,381** |
| Inter-segment revenues | **(81,533,250)** | **(267,487,037)** | **(9,663,346)** | **(358,683,633)** |
| Total for the Company | **13,508,558,883** | **10,876,024,971** | **7,689,785,894** | **32,074,369,748** |

| | June-2021 | | | |
|---|---|---|---|---|
| | **Spinning** | **Weaving** | **Finishing & Home Textile** | **Total** |
| | *Rupees* | *Rupees* | *Rupees* | *Rupees* |
| Total for reportable segments | 9,086,353,320 | 7,766,926,489 | 513,120,695 | 17,366,400,504 |
| Inter-segment revenues | (57,905,000) | (243,309,583) | - | (301,214,583) |
| Total for the Company | 9,028,448,320 | 7,523,616,906 | 513,120,695 | 17,065,185,921 |

**45.3.2 Segment assets**

| | June-2022 | | | |
|---|---|---|---|---|
| | **Spinning** | **Weaving** | **Finishing & Home Textile** | **Total** |
| | ***Rupees*** | ***Rupees*** | ***Rupees*** | ***Rupees*** |
| Total for reportable segments | **7,635,795,829** | **5,604,102,285** | **10,934,565,382** | **24,174,463,496** |
| Unallocated assets | | | | |
| Taxation recoverable | | | | **1,037,345,328** |
| Bank deposits | | | | **329,391,427** |
| Long term investment | | | | **1,665,323,062** |
| Long term deposit | | | | **27,532,315** |
| Total for the Company | **7,635,795,829.00** | **5,604,102,285.00** | **10,934,565,382.00** | **27,234,055,628.00** |

| | June-2021 | | | |
|---|---|---|---|---|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | *Rupees* | *Rupees* | *Rupees* | *Rupees* |
| Total for reportable segments | 5,453,031,336 | 3,736,001,052 | 6,927,783,525 | 16,116,815,913 |
| Unallocated assets | | | | |
| Taxation recoverable | | | | 547,365,456 |
| Bank deposits | | | | 234,891,427 |
| Long term investment | | | | 1,112,185,082 |
| Long term deposit | | | | 22,618,915 |
| Total for the Company | 5,453,031,336 | 3,736,001,052 | 6,927,783,525 | 18,033,876,793 |

**Notes to the financial statements**
**For the year ended June 30, 2022**

**45.3.3 Segment liabilities**

| | June-2022 | | | |
|---|---|---|---|---|
| | **Spinning** | **Weaving** | **Finishing & Home Textile** | **Total** |
| | ***Rupees*** | ***Rupees*** | ***Rupees*** | ***Rupees*** |
| Total for reportable segments | **2,082,725,607** | **3,215,279,922** | **8,724,609,933** | **14,022,615,462** |
| Un-allocated liabilities | | | | |
| Unclaimed dividends | | | | **16,262,328** |
| Infrastructure fee | | | | **321,851,183** |
| Deferred taxation | | | | **403,954,780** |
| Total for the Company | **2,082,725,607** | **3,215,279,922** | **8,724,609,933** | **14,764,683,753** |

| | June-2021 | | | |
|---|---|---|---|---|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | *Rupees* | *Rupees* | *Rupees* | *Rupees* |
| Total for reportable segments | 2,614,365,930 | 1,933,409,127 | 4,411,752,847 | 8,959,527,904 |
| Un-allocated liabilities | | | | |
| Unclaimed dividends | | | | 14,042,893 |
| Infrastructure fee | | | | 232,197,276 |
| Deferred taxation | | | | 239,610,875 |
| Total for the Company | 2,614,365,930 | 1,933,409,127 | 4,411,752,847 | 9,445,378,948 |

**45.4 Geographical information**

The geographic information analyses the entity's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

| | |
|---|---|
| USA | 1,921,012,769 |
| Asia , Middle East | 11,421,263,249 |
| Europe and others | 13,052,703,625 |
| Pakistan | 6,941,738,911 |
| | 33,336,718,554 |
| Export Rebate | 21,734,307 |
| Discount | (363,780) |
| Sales tax | (1,261,985,026) |
| | **32,096,104,055** |

**45.5 Information about significant customers**

There is no single significant external customer to whom sales in excess of 10% of the Company's total sales were made during

**45.6** Company do not have any non current assets outside Pakistan.

**Notes to the financial statements**
**For the year ended June 30, 2022**

## 46 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, 2022 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:

| | 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Interest / Markup bearing | | | Non Interest / Markup bearing | | | | |
| | 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 | Effective Interest Rate % |
| **Financial assets** | | | | | | | | |
| Trade debts | - | - | - | 3,259,091,468 | - | 3,259,091,468 | 3,259,091,468 | |
| Advances to employees | - | - | - | 10,277,176 | - | 10,277,176 | 10,277,176 | |
| Trade deposits | 329,391,427 | - | 329,391,427 | - | - | - | 329,391,427 | 4.51 to 9 |
| Other receivables | - | - | - | 34,982,109 | - | 34,982,109 | 34,982,109 | |
| Bank balance | 3,116,306,157 | - | 3,116,306,157 | 1,326,210,174 | - | 1,326,210,174 | 4,442,516,331 | 2.82 to 16.80 |
| Long-term deposits | - | - | - | - | 27,532,315 | 27,532,315 | 27,532,315 | |
| Long term investments | - | - | - | - | 1,665,323,062 | 1,665,323,062 | 1,665,323,062 | |
| | 3,445,697,584 | - | 3,445,697,584 | 4,630,560,927 | 1,692,855,377 | 6,323,416,304 | 9,769,113,888 | |
| **Financial liabilities** | | | | | | | | |
| Long-term financing | 587,726,360 | 4,632,023,289 | 5,219,749,649 | - | - | - | 5,219,749,649 | 0.75 to 5.15 |
| Trade and other payables | 221,879,854 | - | 221,879,854 | 2,606,374,395 | - | 2,606,374,395 | 2,828,254,249 | |
| Mark-up accrued on loans | - | - | - | 59,739,714 | - | 59,739,714 | 59,739,714 | |
| Short-term borrowings | 4,872,154,197 | - | 4,872,154,197 | | - | - | 4,872,154,197 | KIBOR + 0.1 to 2 and 1% to 7.5% |
| | 5,681,760,411 | 4,632,023,289 | 10,313,783,700 | 2,666,114,109 | - | 2,666,114,109 | 12,979,897,809 | |
| **On balance sheet gap** | (2,236,062,827) | (4,632,023,289) | (6,868,086,116) | 1,964,446,818 | 1,692,855,377 | 3,657,302,195 | (3,210,783,921) | |

| | 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Interest / Markup bearing | | | Non Interest / Markup bearing | | | | |
| | 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 | Effective Interest Rate % |
| **Financial assets** | | | | | | | | |
| Trade debts | - | - | - | 1,369,519,792 | - | 1,369,519,792 | 1,369,519,792 | |
| Advances to employees | - | - | - | 70,169,199 | - | 70,169,199 | 70,169,199 | |
| Trade deposits | 234,891,427 | - | 234,891,427 | | - | - | 234,891,427 | 4.7 to 11.83 |
| Other receivables | - | - | - | 23,561,693 | - | 23,561,693 | 23,561,693 | |
| Bank balances | 41,133 | - | 41,133 | 117,877,173 | - | 117,877,173 | 117,918,306 | |
| Long-term deposits | - | - | - | - | 22,618,915 | 22,618,915 | 22,618,915 | |
| Long term investments | - | - | - | - | 1,112,185,082 | 1,112,185,082 | 1,112,185,082 | |
| | 234,932,560 | - | 234,932,560 | 1,581,127,857 | 1,134,803,997 | 2,715,931,854 | 2,950,864,414 | |
| **Financial liabilities** | | | | | | | | |
| Long-term financing | 345,250,468 | 4,404,730,067 | 4,749,980,535 | - | - | - | 4,749,980,535 | 0.75 to 5.15 and KIBOR + 0.5 to 0.75 |
| Trade and other payables | 106,639,813 | - | 106,639,813 | 1,190,254,471 | - | 1,190,254,471 | 1,296,894,284 | |
| Mark-up accrued on loans | - | - | - | 47,570,172 | - | 47,570,172 | 47,570,172 | |
| Short-term borrowings | 1,878,178,226 | - | 1,878,178,226 | - | - | - | 1,878,178,226 | KIBOR + 0.1 to 2 |
| | 2,330,068,507 | 4,404,730,067 | 6,734,798,574 | 1,237,824,643 | - | 1,237,824,643 | 7,972,623,217 | |
| **On balance sheet gap** | (2,095,135,947) | (4,404,730,067) | (6,499,866,014) | 343,303,214 | 1,134,803,997 | 1,478,107,211 | (5,021,758,803) | |

### 46.1 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.

### 46.2 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 9,769 million (June 30, 2021: PKR 2,950 million) unsecured local trade debts, advances to suppliers, and other advances amounting in aggregate to PKR 3,304 million (June 30, 2021: PKR 1,463 million) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales.

### 46.3 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 statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

### 46.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2022, the total foreign currency risk exposure was PKR 1,774.39 million (June 30, 2021: PKR 918 million) in respect of foreign trade debts.

**46.5 Credit risk**

**46.5.1 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:

| | *Note* | June 30, 2022 Rupees | June 30, 2021 Rupees |
|---|---|---|---|
| **Loans and receivables:** | | | |
| Long term deposits | | **27,532,315** | 22,618,915 |
| Advances to employees | | **10,277,176** | 70,169,199 |
| Trade receivables | | **3,259,091,468** | 1,369,519,792 |
| Deposit with financial institutions | | **333,171,706** | 237,825,682 |
| Other receivables | | **34,982,109** | 23,561,693 |
| Cash at banks | | **4,442,516,331** | 117,918,306 |
| | | **8,107,571,105** | 1,841,613,587 |

**46.5.2 Concentration of credit risk**

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

| | | |
|---|---|---|
| Domestic | **860,567,300** | 455,583,438 |
| Europe | **1,446,852,198** | 381,016,425 |
| Asia and Middle East | **324,782,068** | 302,170,254 |
| USA | **626,889,903** | 230,749,675 |
| | **3,259,091,469** | 1,369,519,792 |

**46.5.3 Impairment losses**

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

| | | |
|---|---|---|
| Not past due | **2,422,930,428** | 954,774,567 |
| Past dues less than one year | **974,445,384** | 428,419,367 |
| Past dues more than one year but less than three years | **-** | 95,597,195 |
| Past dues more than three years | **60,909,711** | 60,909,711 |
| | **3,458,285,523** | 1,539,700,840 |
| Impairment | **(199,194,054)** | (170,181,048) |
| | **3,259,091,469** | 1,369,519,792 |

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

| | | |
|---|---|---|
| As at beginning of the year | **170,181,048** | 156,506,905 |
| Impairment loss recognized | **42,687,149** | 13,674,143 |
| Impairment loss reversed | **(13,674,143)** | - |
| As at end of the year | **199,194,054** | 170,181,048 |

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.

**46.5.4 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.

**46.6 Liquidity risk**

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

| | As at June 30, 2022 | | | | |
|---|---|---|---|---|---|
| | **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 | 5,219,749,649 | 5,992,806,017 | 738,434,149 | 3,391,315,049 | 1,863,056,820 |
| Short term borrowings | 4,872,154,197 | 3,146,291,459 | 3,146,291,459 | - | - |
| Accrued markup / interest | 59,739,714 | 59,739,714 | 59,739,714 | - | - |
| Trade creditors | 1,702,494,336 | 1,702,494,336 | 1,702,494,336 | - | - |
| Accrued liabilities | 617,330,670 | 617,330,670 | 617,330,670 | - | - |
| Unclaimed dividend | 16,262,328 | 16,262,328 | 16,262,328 | - | - |
| Other payables | 508,429,243 | 508,429,243 | 508,429,243 | - | - |
| | 12,996,160,137 | 12,043,353,767 | 6,788,981,899 | 3,391,315,049 | 1,863,056,820 |

| | As at June 30, 2021 | | | | |
|---|---|---|---|---|---|
| | 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 | 4,749,980,535 | 5,385,646,085 | 474,495,937 | 2,860,460,978 | 2,050,689,170 |
| Short term borrowings | 1,878,178,226 | 1,333,558,328 | 1,333,558,328 | - | - |
| Accrued markup / interest | 47,570,172 | 47,570,172 | 47,570,172 | - | - |
| Trade creditors | 794,621,984 | 794,621,984 | 794,621,984 | - | - |
| Accrued liabilities | 311,895,163 | 311,895,163 | 311,895,163 | - | - |
| Unclaimed dividend | 14,042,893 | 14,042,893 | 14,042,893 | - | - |
| Other payables | 190,377,137 | 190,377,137 | 190,377,137 | - | - |
| | 7,986,666,110 | 8,077,711,762 | 3,166,561,614 | 2,860,460,978 | 2,050,689,170 |

**46.7 Market risk**

| | June 30, 2022 Rupees | June 30, 2021 Rupees |
|---|---|---|

**46.7.1 Currency risk**

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

| | | |
|---|---|---|
| Trade receivables | **1,731,453,122** | 597,010,641 |
| Cash and cash equivalents | **42,940,089** | 4,287,052 |
| Total exposure | **1,774,393,211** | 601,297,693 |

b) Exchange rates applied as at the reporting date.

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

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Assets Rupees | Liabilities Rupees | Assets Rupees | Liabilities Rupees |
| CHF | **215.43** | **215.96** | 171.32 | 171.86 |
| JPY | **1.5047** | **1.5083** | 1.43 | 1.43 |
| Euro | **215.23** | **215.75** | 188.12 | 188.71 |
| CNY | **30.85** | **30.93** | 24.69 | 24.76 |
| USD | **205.50** | **206.00** | 157.80 | 158.30 |

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 177.439 million (2021: PKR 60.1 million). 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, 2022 Rupees | June 30, 2021 Rupees |
|---|---|---|

**46.7.2 Interest rate risk**

The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows:

| | | |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | **3,445,697,584** | 234,932,560 |
| Financial liabilities | **-** | 4,589,072,291 |
| **Variable rate instruments** | | |
| Financial assets | - | - |
| Financial liabilities | **4,872,154,197** | 1,878,178,226 |

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 4,872.15 million (2021: PKR 18.78 million). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

**46.7.3 Other Price Risk**

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

**Notes to the financial statements**
**For the year ended June 30, 2022**

**46.8 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.

**46.9 Fair value of financial assets and liabilities**

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

| | Carrying Amount | | | Carrying Amount | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| | At amortized cost | Fair value through profit or loss | Fair value through other comprehensive income | At amortized cost | Fair value through profit or loss | Fair value through other comprehensive income |
| | '----------Rupees---------- | | | | | |
| **Financial assets** | | | | | | |
| Long term deposits | **27,532,315** | - | - | 22,618,915 | - | - |
| Advances to employees | **10,277,176** | - | - | 70,169,199 | - | - |
| Trade receivables | **3,259,091,468** | - | - | 1,369,519,792 | - | - |
| Deposit with financial institutions | **333,171,706** | - | - | 237,825,682 | - | - |
| Other receivables | **34,982,109** | - | - | 23,561,693 | - | - |
| Cash at banks | **4,442,516,331** | - | - | 117,918,306 | - | - |
| | **8,107,571,105** | - | - | **1,841,613,587** | - | - |
| **Financial Liabilities** | | | | | | |
| Long term financing | **5,219,749,649** | - | - | 4,749,980,535 | - | - |
| Short term borrowings | **4,872,154,197** | - | - | 1,878,178,226 | - | - |
| Accrued markup / interest | **59,739,714** | - | - | 47,570,172 | - | - |
| Trade creditors | **1,702,494,336** | - | - | 794,621,984 | - | - |
| Accrued liabilities | **617,330,670** | - | - | 311,895,163 | - | - |
| Unclaimed dividend | **16,262,328** | - | - | 14,042,893 | - | - |
| Other payables | **28,894,848** | - | - | 21,084,894 | - | - |
| | **12,516,625,742** | - | - | **7,817,373,867** | - | - |

The basis for determining fair values is as follows:

**Interest rates used for determining fair value**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

**47 Accounting Estimates and Judgments**

**47.1 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.

**47.2 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.

**47.3 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.

**47.4 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.

**47.5 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.

**48 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. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances including current maturity. Total capital employed includes total equity as shown in the statement of financial position plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

| | **2022**<br>**Rs.** | 2021<br>Rs. |
|---|---|---|
| Total debt | **5,404,237,633** | 4,818,350,804 |
| Total equity | **12,469,371,875** | 8,588,497,845 |
| | **17,873,609,508** | 13,406,848,649 |
| **Gearing** | **30%** | 36% |

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance. The decrease in the gearing ratio resulted primarily from increase in equity of the Company.

**49 Fair Value Measurements**

**49.1 Financial Instruments**

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments approximate to their fair values.

**49.2 Assets and liabilities other than financial instruments.**

None of the assets and liabilities other than certain financial instruments are measured at fair value.

| **50 Plant Capacity and Actual Production** | **2022** | 2021 |
|---|---|---|
| **50.1 Spinning unit** | | |
| Number of spindles installed | **38,208** | 38,208 |
| Installed capacity in kilograms converted into 20/1 | **23,161,653** | 23,161,653 |
| Actual production of yarn in kilograms | **22,834,826** | 19,921,801 |
| **50.2 Weaving unit** | | |
| Number of looms installed | **265** | 265 |
| Installed capacity in meters, after conversion into 50 | **67,578,655** | 64,308,255 |
| Actual production of fabric in meters | **41,155,105** | 40,242,805 |
| **50.3 Finishing / Processing unit** | | |
| Production capacity in meters | **28,000,000** | 26,766,667 |
| Actual production in meters (trial run) | **-** | 2,753,187 |
| Actual production in meters (commercial) | **28,674,769** | 4,379,823 |

**50.4 Home Textile / Stitching**

The plant capacity of this division is indeterminable due to multi product plans involving varying processes of manufacturing and run length of order lots.

**50.5** 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.

**51 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 28, 2022.

**52 NUMBER OF EMPLOYEES**

| | **2022** | 2021 |
|---|---|---|
| As at the reporting date | **1,903** | 1,562 |
| Average for the year | **1,777** | 1,280 |

**53 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged where necessary to facilitate comparison. Amortization of deferred grant net off with interest expense for the better presentation of statement of profit and loss (Note 34 & Note 38). Following major reclassifications has been made during the year.

| Description | Reclassified from | Reclassified to | Note |
|---|---|---|---|
| Capital Work in progress | Presented on face of statement of financial position | Property plant and equipment | 20.6 |
| Unappropriated Profit | Presented on face of statement of financial position | Reserves | 7 |

**54 GENERAL**

The figures have been rounded off to the nearest Rupee.

**Chief Executive** **Director** **Chief Financial Officer**

**Faisal Spinning Mills Limited**
For the year ended June 30, 2022

**Year-Wise Operating Data**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| **Spinning Unit** | | | | | | |
| Spindle installed | 38,208 | 38,208 | 38,208 | 38,208 | 38,208 | 38,208 |
| Spindles worked - Average | 38,208 | 38,208 | 38,208 | 38,208 | 38,208 | 38,208 |
| Installed capacity after conversion into 20/s count - Kg | 23,161,653 | 23,161,653 | 23,485,861 | 24,916,086 | 25,162,427 | 22,505,869 |
| Actual production - Kg | 22,834,826 | 19,921,801 | 20,628,185 | 19,448,902 | 20,089,558 | 19,910,812 |
| **Weaving Unit** | | | | | | |
| Air jet looms installed | 265 | 265 | 265 | 265 | 265 | 265 |
| Air jet looms worked | 265 | 265 | 265 | 265 | 265 | 265 |
| Installed capacity after conversion into 50 picks - Meter | 67,578,655 | 64,308,255 | 64,308,255 | 64,308,255 | 41,780,006 | 41,780,006 |
| Actual production - Meter | 41,155,105 | 40,242,805 | 43,789,732 | 44,560,931 | 41,522,501 | 38,862,180 |
| **Finshing Unit** | | | | | | |
| Production Capacity in meters | 28,000,000 | 26,766,667 | - | - | - | - |
| Actual Production - Meter | 28,674,769 | 7,133,010 | - | - | - | - |

(Year 2021 Inclusive of Trial & Commercial)

**Year-Wise Financial Data**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| | | | **Rupees in Thousands** | | | |
| **Profit and loss account** | | | | | | |
| Turnover (Net) | 32,074,370 | 17,065,186 | 14,895,550 | 14,028,566 | 11,842,981 | 10,563,662 |
| Gross profit | 6,372,386 | 2,488,776 | 1,410,283 | 1,884,038 | 1,308,462 | 1,046,982 |
| Operating profit | 4,540,496 | 2,440,270 | 858,601 | 1,275,441 | 790,664 | 603,438 |
| Financial expenses | 408,214 | 296,590 | 246,852 | 290,548 | 137,361 | 154,387 |
| Share profit of associate | 592,861 | 396,627 | 78,626 | 117,479 | 68,124 | 45,443 |
| Profit before tax | 4,725,143 | 2,540,307 | 690,375 | 1,102,372 | 721,427 | 494,494 |
| Profit after tax | 4,098,223 | 2,300,119 | 523,879 | 918,500 | 577,855 | 430,994 |
| Cash dividend | 214,500 | 214,500 | 150,000 | 185,000 | 232,000 | 172,500 |
| **Balance Sheet** | | | | | | |
| Share capital | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Reserves | 10,000,000 | 7,300,000 | 5,300,000 | 4,900,000 | 4,200,000 | 3,890,000 |
| Shareholder equity | 12,469,372 | 8,588,498 | 5,831,060 | 5,280,827 | 4,575,102 | 4,171,012 |
| Long term loans | 4,632,023 | 4,404,730 | 5,831,060 | 1,478,484 | 1,475,536 | 1,626,136 |
| Short term loan | 4,872,154 | 1,878,178 | 3,876,009 | 1,430,911 | 645,652 | 164,040 |
| Current liabilities | 8,590,997 | 3,699,052 | 5,006,663 | 2,467,436 | 1,496,635 | 902,957 |
| Current portion of long term loans | 615,010 | 359,135 | 55,003 | 226,342 | 224,493 | 160,431 |
| Fixed assets | 9,891,076 | 8,619,791 | 3,860,627 | 3,533,394 | 3,491,382 | 3,256,739 |
| Current assets | 15,284,828 | 7,919,505 | 8,499,266 | 5,925,995 | 4,245,853 | 3,269,374 |

| Ratios | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| **Performance** | | | | | | |
| Sales growth percentage - Year to Year basis | 87.95% | 14.57% | 6.18% | 18.45% | 12.11% | 13.81% |
| Gross profit (%) | 19.87% | 14.58% | 9.47% | 13.43% | 11.05% | 9.91% |
| Profit before tax (%) | 14.73% | 14.89% | 4.63% | 7.86% | 6.09% | 4.68% |
| Profit after tax (%) | 12.78% | 13.48% | 3.52% | 6.55% | 4.88% | 4.08% |
| | | | | | | |
| Breakup value per share - Rupees per share | 1,246.94 | 858.85 | 583.11 | 528.08 | 457.51 | 417.10 |
| Market value of share - at the year end - Rupees per share | 450.00 | 420.00 | 251.00 | 237.50 | 300.00 | 289.13 |
| | | | | | | |
| Earnings per share - Rupees per share | 409.82 | 230.01 | 52.39 | 91.85 | 57.79 | 43.10 |
| Price earning ratio | 1.10 | 1.83 | 4.79 | 2.59 | 5.19 | 6.71 |
| | | | | | | |
| **Leverage** | | | | | | |
| Gearing ratio | 0.81 | 0.77 | 1.35 | 0.59 | 0.51 | 0.47 |
| Debt to equity (%) | 37.15% | 51.29% | 100.00% | 28.00% | 32.25% | 38.99% |
| Interest covering ratio | 12.58 | 9.57 | 3.80 | 4.79 | 6.25 | 4.20 |
| | | | | | | |
| **Liquidity ratio** | | | | | | |
| Current ratio | 1.78 | 2.14 | 1.70 | 2.40 | 2.84 | 3.62 |

**FAISAL SPINNING MILLS LIMITED**
**CATEGORIES OF SHAREHOLDERS**
**AS AT JUNE 30, 2022**

| SR # | CATEGORIES OF SHAREHOLDERS | NUMBERS OF SHAREHOLDERS | SHARES HELD | PERCENTAGE % |
|---|---|---|---|---|
| 1 | Director's, CEO, Their Spouse and Minor Children | 17 | 3,908,279 | 39.08 |
| 2 | Associated Companies, Undertaking and Related Parties | 16 | 5,011,921 | 50.12 |
| 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 | General Public / Individuals | 727 | 852,499 | 8.52 |
| 7 | Other Companies | 1 | 1 | 0.00 |
| 8 | Joint Stock Companies | 1 | 500 | 0.01 |
| | | **765** | **10,000,000** | **100.00** |

**FAISAL SPINNING MILLS LIMITED**
**AS AT JUNE 30, 2022**

| Sr # | Shareholder Category | Percentage | No. of Shares |
|---|---|---|---|
| 1 | **ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES** | | |
| | ADMIRAL (PVT) LTD | 12.83 | 1,282,900 |
| | MR. MOHAMMAD SHAKEEL | 0.48 | 48,077 |
| | MR. ADIL SHAKEEL | 4.77 | 477,321 |
| | 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. MUHAMMAD UMER | 0.97 | 97,000 |
| | MR. YAHYAA FURRUKH | 2.74 | 274,000 |
| | MRS. MARIUM ADIL | 0.01 | 500 |
| | MRS. NAZLI BEGUM | 4.29 | 429,244 |
| | MRS. SABA YOUSUF | 0.98 | 97,923 |
| | MRS. SABA SAQIB | 2.12 | 211,500 |
| | MRS. SUMBUL QASIM | 2.35 | 235,000 |
| 2 | **NIT** | | |
| | INVESTMENT CORPORATION OF PAKISTAN | 0.01 | 500 |
| 3 | **CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN** | | |
| | 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. HAMZA SHAKEEL | 4.77 | 477,322 |
| | MR. ASIF ELAHI | 0.01 | 500 |
| | MR. MUSTAFA TANVIR | 0.01 | 500 |
| | MR. TAUQEER AHMED SHEIKH | 0.01 | 600 |
| | 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 |
| | MASTER ALI BILAL | 3.37 | 337,361 |
| | MASTER AZAAN BILAL | 3.37 | 337,362 |

| | | | |
|---|---|---|---|
| **4** | **BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES** | | |
| | NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTAR) | 0.04 | 3,600 |
| | STATE LIFE INSURANCE CORPORATION OF PAKISTAN | 2.23 | 222,700 |
| **5** | **JOINT STOCK COMPANIES** | | |
| | TAURUS SECURITIES LIMITED | 0.01 | 500 |
| **6** | **OTHER COMPANIES** | 0.00 | 1 |
| **7** | **INDIVIDUAL SHAREHOLDERS** | 8.52 | 852,499 |
| | **TOTAL** | **100.00** | **10,000,000** |
| **8** | **DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN** | | |
| | Shares Purchased by Mr. Tauqeer Ahmed Sheikh | 0.01 | 600 |
| **9** | **SHAREHOLDERS HOLDING 05% OR MORE** | | |
| | ADMIRAL (PVT) LTD | 12.83 | 1,282,900 |
| | MRS. SAMIA BILAL | 5.34 | 533,960 |

**FAISAL SPINNING MILLS LIMITED**
**PATTERN OF SHAREHOLDING**
**AS AT JUNE 30, 2022**

| NUMBERS OF SHAREHOLDERS | SHARE HOLDING FROM | SHARE HOLDING TO | TOTAL SHARES HELD | PERCENTAGE |
|---|---|---|---|---|
| 331 | 1 | 100 | 10,233 | 0.10 |
| 315 | 101 | 500 | 146,050 | 1.46 |
| 31 | 501 | 1000 | 28,071 | 0.28 |
| 38 | 1001 | 5000 | 101,200 | 1.01 |
| 9 | 5001 | 10000 | 65,600 | 0.66 |
| 4 | 10001 | 15000 | 45,746 | 0.46 |
| 1 | 15001 | 20000 | 18,000 | 0.18 |
| 1 | 20001 | 25000 | 22,700 | 0.23 |
| 1 | 25001 | 30000 | 28,846 | 0.29 |
| 1 | 30001 | 35000 | 32,692 | 0.33 |
| 1 | 35001 | 40000 | 39,000 | 0.39 |
| 3 | 45001 | 50000 | 148,077 | 1.48 |
| 1 | 50001 | 55000 | 52,700 | 0.53 |
| 2 | 95001 | 100000 | 194,923 | 1.95 |
| 1 | 100001 | 105000 | 103,400 | 1.03 |
| 1 | 105001 | 110000 | 109,500 | 1.10 |
| 1 | 125001 | 130000 | 127,500 | 1.28 |
| 1 | 135001 | 140000 | 136,919 | 1.37 |
| 1 | 195001 | 200000 | 199,055 | 1.99 |
| 1 | 200001 | 205000 | 200,380 | 2.00 |
| 1 | 210001 | 215000 | 211,500 | 2.12 |
| 1 | 220001 | 225000 | 222,700 | 2.23 |
| 1 | 230001 | 235000 | 235,000 | 2.35 |
| 1 | 235001 | 240000 | 237,577 | 2.38 |
| 1 | 270001 | 275000 | 274,000 | 2.74 |
| 1 | 310001 | 315000 | 312,688 | 3.13 |
| 1 | 330001 | 335000 | 334,915 | 3.35 |
| 3 | 335001 | 340000 | 1,011,980 | 10.12 |
| 1 | 360001 | 365000 | 363,841 | 3.64 |
| 1 | 395001 | 400000 | 395,216 | 3.95 |
| 1 | 425001 | 430000 | 429,244 | 4.29 |
| 1 | 450001 | 455000 | 451,000 | 4.51 |
| 1 | 460001 | 465000 | 460,923 | 4.61 |
| 3 | 475001 | 480000 | 1,431,964 | 14.32 |
| 1 | 530001 | 535000 | 533,960 | 5.34 |
| 1 | 1280001 | 1285000 | 1,282,900 | 12.83 |
| **765** | | | **10,000,000** | **100.00** |

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

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# ڈائریکٹرز کی رپورٹ

ہم ، فیصل اسپننگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز ، کمپنی کے آڈٹ شدہ مالی بیانات پر سالانہ رپورٹ کے ساتھ ساتھ آڈیٹرز کے ساتھ 30 جون ، 2022 کو ختم ہونے والے سال کی رپورٹ پیش کرنے پر خوش ہیں۔

## مالی نتائج

| | June 30, 2022<br>PKR | June 30, 2021<br>Restated<br>PKR |
|---|---|---|
| Sales | **32,074,369,748** | 17,065,185,921 |
| Cost of sales | **25,701,983,801** | 14,576,409,796 |
| **Gross profit** | **6,372,385,947** | 2,488,776,125 |
| Other income | **73,383,339** | 828,298,308 |
| | **6,445,769,286** | 3,317,074,433 |
| Distribution cost | **1,258,864,404** | 553,281,330 |
| Administrative expenses | **328,184,900** | 185,092,746 |
| Other operating expenses | **318,223,878** | 138,430,599 |
| Finance cost | **408,214,000** | 296,590,005 |
| | **2,313,487,182** | 1,173,394,680 |
| | **4,132,282,104** | 2,143,679,753 |
| Share of profit from associated undertaking | **592,860,794** | 396,627,230 |
| **Profit before tax** | **4,725,142,898** | 2,540,306,983 |
| Taxation | **626,919,602** | 240,187,821 |
| **Profit after taxation for the year** | **4,098,223,296** | 2,300,119,162 |
| **Earnings per share - basic and diluted** | **409.82** | 230.01 |

## مالیاتی کارکردگی

ا وبائی امراض اور توانائی کی ناکافی فراہمی جیسے اعلی قرضے لینے کی لاگت کے افراط زر کے دباؤ اور قرض لینے کی وجہ سے رکاوٹوں کے کے بعد خالص منافع پوسٹ کرنے کے لیے نمایاں کارکردگی کا (ملین 2,300 PKR :2021) ملین 4,098.223 PKR باوجود، کمپنی نے -(EPS 2021: PKR 230.01) میں ترجمہ کرنے والا سال EPS کے 409.82 PKR مظاہرہ کیا ہے۔ موجودہ سال کے لیے

ملین کی فروخت حاصل کی جو کہ اسی مدت کے اسی 32,074.369 PKR جون 2022 کو ختم ہونے والے سال کے دوران کمپنی نے 30 ملین کے مقابلے میں تقریباً 87.95 فیصد تیزی سے فروخت میں اضافہ کو ظاہر کرتی ہے۔ مجموعی منافع 17,065.185 PKR سال میں ہو گیا ہے۔ 6,372.385 PKR ملین سے 2,488.776 PKR میں بھی 5.28 فیصد اضافہ ہوا ہے یعنی اسی مدت کے دوران

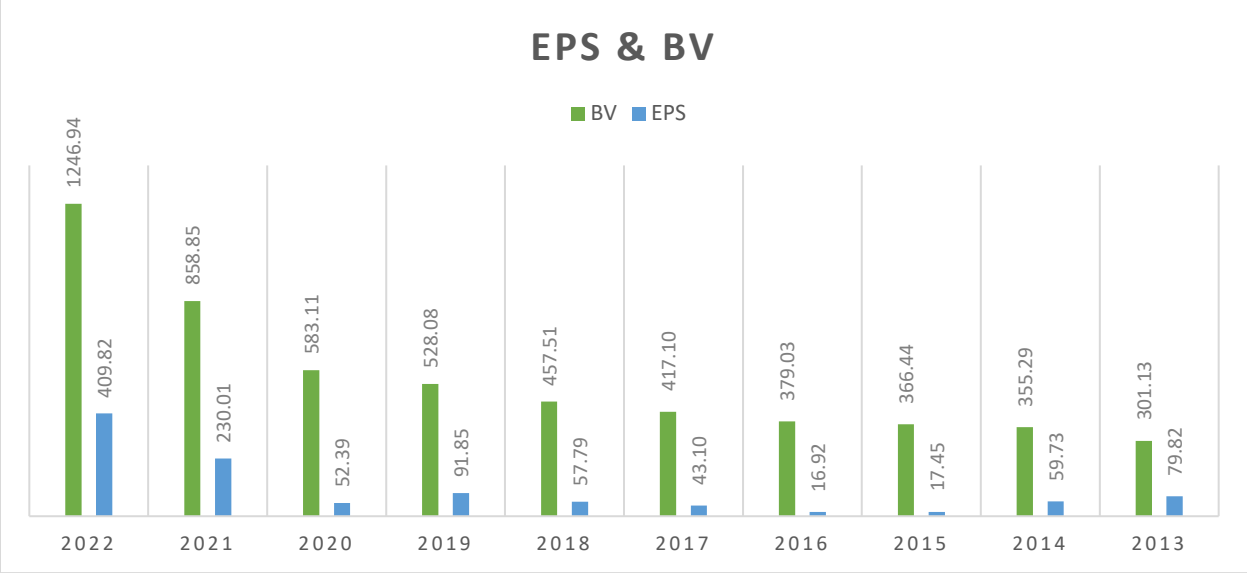
## منافع اور ریزرو مختص۔

فی حصص کو آڈٹ کمیٹی کی سفارش کے طور پر منظور کرتے 21.45 PKR بورڈ آف ڈائریکٹرز 214.50 فیصد کے نقد ڈیویڈنڈ یعنی ہوئے خوشی محسوس کرتے ہیں جو کہ 27 اکتوبر 2022 کو ہونے والی آئندہ سالانہ جنرل میٹنگ میں منظوری کے حصول داروں سے ملین کی رقم 2,700.00 PKR مشروط ہے۔مزید برآں، ڈائریکٹرز نے مستقبل میں کسی بھی غیر متوقع ہنگامی صورتحال سے نمٹنے کے لیے جنرل ریزرو میں منتقل کرنے کی تجویز پیش کی۔

## شیئر کی کمائی اور بریک اپ ویلیو۔

ک میں مسلسل EPS سرمایہ کاروں کو یہ سمجھنے میں مدد کرتا ہے کہ آیا کسی خاص کمپنی میں سرمایہ کاری منافع بخش ہے۔ EPS اضافہ کمپنی کے منافع کی نشاندہی کر سکتا ہے، جو وقت کے ساتھ ساتھ زیادہ منافع ادا کرنے کی اس کی اہلیت کو ظاہر کرتا ہے۔

کمپنی سمجھتی ہے کہ شیئر ہولڈر کی قدر اولین اہمیت ہے اور فیصلہ سازی کے عمل کے دوران کافی وقت اور کوششیں لی جاتی ہیں جو اس کے شیئر ہولڈرز کے مفادات اور دولت کو متاثر کرے گی۔کمپنی نے شیئر ہولڈرز کے تئیں اپنے پختہ عزم کا مظاہرہ کیا ہے حالانکہ سے بڑھا کر 409.82 کر دی گئی ہے جبکہ 30 جون 2022 کو ختم ہونے والے اسی سالوں کے دوران شیئر 230.01 PKR فی شیئر آمدنی ہو گئی ہے۔ 1,246.94 PKR سے 409.82 PKR کی بریک اپ ویلیو




## کیش فلو حکمت عملی۔

ورکنگ کیپیٹل کمپنی کی کارکردگی، لیکویڈیٹی اور مجموعی صحت کے لیے ایک مروجہ میٹرک ہے۔ یہ کمپنی کی مختلف سرگرمیوں کے نتائج کی عکاسی کرتا ہے، جس میں ریونیو اکٹھا کرنا، قرض کا انتظام، انوینٹری کا انتظام اور سپلائرز کو ادائیگیاں شامل ہیں کیونکہ اس میں - انوینٹری، قابل ادائیگی اور قابل وصول اکاؤنٹس، نقد، ایک سال کی مدت میں واجب الادا قرض کے حصے اور دیگر مختصر شامل ہیں۔ مدتی اکاؤنٹس۔موجودہ سال کے دوران موجودہ تناسب 2.14 سے کم ہو کر 1.78 ہو گیا ہے لیکن پھر بھی صنعت کے اصولوں کے مطابق قابل قبول حد کے اندر ہے اور اپنی مالی ذمہ داریوں کو پورا کرنے کے لیے کافی ہے۔

## مالی بیعانہ

زیادہ سے زیادہ مالیاتی فیصلے کے انتخاب میں سرمائے کی ساخت اور کمپنی کے مالی اجزاء کی خاص اہمیت ہوتی ہے۔ بورڈ ایک بہترین سرمائے کے ڈھانچے کی حکمت عملی پر عمل پیرا ہے جس میں قرض اور ایکویٹی مل کر سرمائے کی لاگت کو کم کرتے ہیں اور فرموں کے منافع ملین ہے PKR 4,632.023 میں اضافہ کرتے ہیں اور شیئر ہولڈرز کی قدر میں اضافہ کرتے ہیں۔30 جون 2022 کو طویل مدتی قرضہ ملین تھا۔ مزید برآں، 30 جون 2022 کو ختم ہونے والے موجودہ سال کے دوران PKR 4,404.730 جبکہ اسی مدت کے مقابلے میں یہ کے گیئرنگ ریشو میں اسی مدت کے دوران تھوڑا سا اضافہ کیا گیا ہے۔30 جون 2022 کو ختم ہونے والے اسی سال (2021: 0.77) 0.81

PKR 8,588.497 ملین سے بڑھ کر PKR 12,469.372 کے دوران شیئر ہولڈر کی ایکویٹی میں تقریباً 45.19 فیصد اضافہ ہوا ہے جو کہ ملین ہو گیا ہے۔

## توازن ، جدید کاری اور تبدیلی۔

موجودہ سال کے دوران تکنیکی ترقی کے ساتھ رفتار کو برقرار رکھنے کے لیے 14 ایئر جیٹ لومز اور دیگر مشینری کی تبدیلی کے لیے پلانٹ اور مشینری میں تقریباً 900.00 ملین روپے کا اضافہ کیا گیا ہے۔

## کریڈٹ ریٹنگ

پر ہستی (A/A-One سنگل) A/A-1 کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے VIS موجودہ سال کے لیے 11 اگست 2022 کو میسر کی کی درجہ بندی کی دوبارہ تصدیق کی گئی ہے۔ دی گئی درجہ بندیوں پر ہستی کے آؤٹ لک کو 'مستحکم' کے طور پر تفویض کیا گیا ہے۔

## مالیاتی گوشوارے

جیسا کہ کمپنیز ایکٹ 2017 کے تحت ضرورت ہے ، پی ایس ایکس کے ریگولیشن **ریگولیشنز** اور ایس ای سی پی کی طرف سے جاری کردہ ہدایات چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی بیانات پیش کیے ، ان کے متعلقہ دستخطوں کے تحت غور کے لیے توثیق کی گئی ، جاری کرنے اور گردش کے لیے بورڈ آف ڈائریکٹرز کی منظوری اور اجازت۔

کمپنی کے مالیاتی بیانات کو کمپنی کے آڈیٹرز ، مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس نے باقاعدہ طور پر آڈٹ کیا ہے اور آڈیٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے مالی بیانات پر صاف آڈٹ رپورٹ جاری کی ہے اور کوڈ کے بیان پر صاف جائزہ رپورٹ کارپوریٹ گورننس ریگولیشنز ، 2019 "کوڈ"۔ یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

## اکاؤنٹنگ کے معیارات

کمپنی کی اکاؤنٹنگ پالیسیاں کمپنیز ایکٹ ، 2017 اور اس طرح کے منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈز اور انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی مکمل طور پر عکاسی کرتی ہیں جیسا کہ اس ایکٹ کے تحت مطلع کیا گیا ہے اور ساتھ ہی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کے ذریعے۔

# انڈسٹری کا آؤٹ لک

پاکستان کی کمزور معیشت ملک کے ٹیکسٹائل سیکٹر کو واپس لا رہی ہے، خاص طور پر کووڈ کے بعد کے دور کے بعد۔ ٹیکسٹائل کمپنیوں کی تیز رفتار ترقی اور پیشرفت کی وجہ سے ملک نے ٹیکسٹائل سیکٹر کی برآمدات میں ریکارڈ کا مشاہدہ کیا۔ قابل ذکر بات یہ ہے کہ سٹیٹ بینک آف پاکستان نے کوویڈ کے دور میں جو اقدامات اٹھائے ہیں وہ انتہائی قابل تعریف ہیں جیسے پالیسی ریٹ میں بڑے پیمانے پر کمی، قرضوں کی توسیع اور ری شیڈولنگ، پے رول لون کے لیے مختلف دیگر اسکیموں کے تحت سبسڈی والے فنانسنگ کی پیشکش۔ ان اقدامات سے نہ صرف صنعت کو کووڈ کے معاشی اثرات کو کم کرنے میں مدد ملی بلکہ صنعت کی نمو پر بھی طویل مدتی اثرات مرتب ہوئے ہیں کیونکہ ٹیکسٹائل سیکٹر کی جانب سے سبسڈی یافتہ فنانسنگ کا فائدہ اٹھانے کے لیے بڑی توسیع کی گئی ہے۔

ٹیکسٹائل سیکٹر ملک کے زرمبادلہ کے خزانے میں ایک بڑا حصہ ڈال کر معیشت میں ایک اہم اور معاون کردار ادا کرتا ہے کیونکہ اس نے مالی سال 2021-22 کے دوران 31.8 بلین ڈالر کی کل برآمدات میں تقریباً 61 فیصد کا حصہ ڈالا۔مالی سال 2021-22 کے دوران ملک کی ٹیکسٹائل کی برآمدات میں 25.53 فیصد اضافہ ہوا یعنی ٹیکسٹائل سیکٹر کی جانب سے مالی سال کے دوران 19.33 بلین ڈالر ۔ حکومت مالی سال 2022-2023 کے(PBS :ماخذ) بلین ڈالر تھیں PKR 15.40 کی مصنوعات برآمد کی گئیں جو پچھلے مالی سال میں لیے 25 بلین ڈالر کی ٹیکسٹائل برآمدات حاصل کرنے کی کوشش کر رہی تھی جہاں پاکستان کی ٹیکسٹائل برآمدات کا ساٹھ فیصد امریکہ اور یورپ کو ہوتا ہے۔ٹیکسٹائل سیکٹر کے لیے اب بھی رکاوٹیں موجود ہیں کیونکہ ملکی اور عالمی دونوں چیلنجز آؤٹ لک کو کم کر رہے ہیں:• چونکہ، ٹیکسٹائل کی صنعت کے لیے کپاس کی مانگ بڑھ رہی ہے لیکن گزشتہ دہائی کے دوران کپاس کی پیداوار میں خاطر خواہ کمی واقع ہوئی ہے، جس کی بنیادی وجہ کاشت کے رقبے میں کمی ہے جس کے بعد پانی کی کمی اور غیر متواتر بارشوں کے نتیجے میں کم پیداوار ہے۔ مالی سال 2021-22 میں کپاس کی پیداوار 8.3 ملین گانٹھیں رہی جو کہ ہدف کی پیداوار سے 2.2 ملین گانٹھیں کم ہے اس طرح ٹیکسٹائل انڈسٹری کو ملکی طلب کو پورا کرنے کے لیے درآمدی روئی پر انحصار کرنا پڑتا ہے جس سے ملک کے درآمدی بل پر PKR دباؤ پڑتا ہے۔کپاس کی قلت جو ملک کے لیے ایک طویل مدت کے لیے اہم تشویش کا باعث بنی ہوئی ہے۔ گرین بیک کے مقابلے میں کا نیچے کی طرف رجحان ٹیکسٹائل کے شعبوں کی ترقی کے لیے اہم عنصر ہو گا کیونکہ ملک کو اسپننگ سیکٹر کی مانگ کو پورا کرنے کے لیے زیادہ تر روئی کی درآمد پر جواب دینا پڑتا ہے۔• سیلاب کے بعد بھی ایک سنگین چیلنج بن گیا ہے اور اس نے اقتصادی سرگرمیوں پر منفی اثر ڈالا ہے۔ مون سون کے حالیہ غیر معمولی سیلاب نے کپاس سمیت اہم فصلوں کو بری طرح متاثر کیا ہے، جو زرعی کارکردگی

کے ذریعے اقتصادی نقطہ نظر کو متاثر کر سکتا ہے اور خریف کی اہم اور چھوٹی دونوں فصلوں کی ممکنہ پیداوار کو بڑے پیمانے پر کم کر سکتا ہے، اس طرح زرعی شعبے کے مثبت نقطہ نظر میں تبدیلی آ رہی ہے۔• حکومت نے باضابطہ طور پر 9 سینٹ فی کلو واٹ فی گھنٹہ اور آر ایل این جی 9 ڈالر فی ایم ایم بی ٹی یو کے حساب سے صفر کی درجہ بندی کے پانچ برآمدی شعبوں کو بغیر کسی تفاوت کے بجلی فراہم کرنے کا باضابطہ فیصلہ کیا ہے جس میں ٹیکسٹائل کا شعبہ بھی جون 2023 تک شامل ہے، یہ شعبے علاقائی طور پر فعال رہیں گے۔ مسابقتی چونکہ پاکستان کی 65 فیصد برآمدات ان پانچ شعبوں سے آتی ہیں۔ بہر حال، یہ خبریں ہیں کہ توانائی کے جاری بحران کے درمیان گیس اور بجلی کے نرخوں میں اضافہ ہو سکتا ہے، یہ یقینی طور پر ٹیکسٹائل سیکٹر کی ترقی کو متاثر کرے گا۔

سے متعلقہ پابندیاں اٹھائے جانے کے COVID-19 ہوم ٹیکسٹائل سیگمنٹ نے گزشتہ سال شاندار دوڑ کا مظاہرہ کیا، یا پوری دنیا میں • بعد۔ گھریلو ٹیکسٹائل طبقہ نے پچھلے دو سالوں میں جس قسم کی ترقی دیکھی ہے اس کی طلب اور رسد کے دونوں ضمنی عوامل غیر معاون دکھائی دیتے ہیں۔ اقتصادی حالات جیسے کم افراط زر، زیادہ بچتیں، زیادہ ترقی کی توقعات، چین میں رسد میں کمی کی وجہ سے اس مارکیٹ میں طلب اور رسد دونوں میں زبردست شرح اضافہ ہوا۔ معیشت میں موجودہ عوامل انتہائی مخالف ہیں اور اس وجہ سے نے پیش گوئی کی ہے کہ عالمی نمو تقریباً 3.6 فیصد رہے گی جس IMF •گھریلو ٹیکسٹائل کی مارکیٹ میں سست حرکت کا اشارہ ہے۔ کی وجہ روسی-یوکرائنی بحران کے ساتھ ساتھ وبائی امراض کے منفی اثرات ہیں۔ بڑھتی ہوئی مہنگائی، پیداوار اور تجارت کے عالمی نیٹ ورکس میں رکاوٹیں، ایندھن اور خوراک کی قیمتوں میں تیزی سے اضافہ اور اجناس کی اونچی قیمتوں کے نتیجے میں ملبوسات کی مانگ کم ہوگی۔

## کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان منسلک ہے

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان۔

آپ کی کمپنی کے ڈائریکٹرز کمپنیز ایکٹ 2017 ، کوڈ کارپوریٹ گورننس ریگولیشنز 2019 "کوڈ" ، پاکستان اسٹاک ایکسچینج لمیٹڈ کی 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 مندرجہ ذیل کی تصدیق کرتے ہیں:

financial یہ مالیاتی بیانات ، جو کمپنی کے انتظام کے ذریعہ تیار کیے گئے ہیں ، اس کے معاملات کی منصفانہ حالت ، اس کے کام کا نتیجہ ، نقد بہاؤ اور ایکوئٹی میں تبدیلیوں کو پیش کرتے ہیں۔

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

account مناسب حساب کتاب کی پالیسیوں کو مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلے پر مبنی ہے۔

• بین الاقوامی مالیاتی رپورٹنگ کے معیارات ، جیسا کہ پاکستان میں لاگو ہوتا ہے ، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

internal اندرونی کنٹرول کا نظام ڈیزائن میں درست تھا اور اسے مؤثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔

the کمپنی کی مستقل تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں تھے۔

corporate کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی ، جیسا کہ فہرست سازی کے قواعد و ضوابط میں تفصیلی ہے۔

• ہم نے ڈائریکٹروں اور ملازمین کے درمیان ایک ضابطہ اخلاق اور کاروباری حکمت عملی تیار اور گردش کی ہے۔

Direct بورڈ آف ڈائریکٹرز نے ویژن اور مشن کا بیان اور مجموعی کارپوریٹ حکمت عملی کا بیان اپنایا ہے۔

• تمام ڈائریکٹرز نے اس کی عام میٹنگ میں شرکت کی ہے جب تک کہ معقول وجہ کی بنا پر روک نہ لگائی جائے۔

• تمام ڈائریکٹرز کو ان کی ذمہ داریوں ، کرداروں ، معاوضوں ، اختیارات اور ذمہ داری کے ساتھ ان کی شرائط کے آغاز پر کوڈ آف کارپوریٹ گورننس ، کمپنیز ایکٹ اور آرٹیکل آف ایسوسی ایشن کے مطابق تفویض کیا جاتا ہے۔

the کمپنی کے تمام ڈائریکٹرز کو ڈائریکٹر ٹریننگ پروگرام (ڈی ٹی پی) کے تحت منظور شدہ / چھوٹ دی گئی ہے جیسا کہ کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 کی ضرورت ہے۔

human انسانی وسائل ، سیٹی بجانے ، خریداری ، اسٹیک ہولڈرز کے ساتھ مواصلاتی طریقہ کار ، ماحولیات ، صحت اور حفاظت ، ڈائریکٹر کا معاوضہ ، اینٹی منی لانڈرنگ اور رسک مینجمنٹ وغیرہ پر بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ اہم پالیسیوں کا مناسب تازہ ترین ریکارڈ موجود ہے۔ .

• جیسا کہ کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کی ضرورت ہے ، ہم نے درج ذیل معلومات کو اس رپورٹ میں شامل کیا ہے۔

o شیئر ہولڈنگ کے پیٹرن کا بیان الگ سے دیا گیا ہے۔

o متعلقہ کاروباری اداروں اور متعلقہ افراد کے حصص کا بیان۔

o سال کے دوران ہونے والی بورڈ میٹنگز اور سالانہ جنرل میٹنگ کا بیان اور ہر ڈائریکٹر کی حاضری الگ سے دی گئی ہے۔

o کمپنیز ایکٹ کے سیکشن 192 (4) کی دفعات کے تحت چیئرمین جائزہ رپورٹ۔

ضابطے کے ضابطہ 36 کے تحت چیئرمین کی طرف سے دستخط شدہ تعمیل کا بیان۔

six پچھلے چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعدادوشمار۔ ٹیکس اور لیویز کے بارے میں معلومات منسلک آڈٹ شدہ مالی بیانات میں مناسب طریقے سے ظاہر کی گئی تھیں۔

listed کمپنی ایس ای سی پی کی طرف سے جاری کردہ ہدایات کی سختی سے پیروی کرتی ہے جو کہ لسٹڈ کمپنیوں کے اندرونی تجارت کی ممانعت پر ہے اور کمپنی کے حصص میں کوئی تجارت اس کے ڈائریکٹر ، سی ای او ، سی ایف او ، کمپنی سیکرٹری ، ہیڈ آف انٹرنل آڈٹ اور ان کے میاں بیوی اور نابالغ بچوں کے علاوہ نہیں شیئر ہولڈنگ کے انداز میں انکشاف

## شیئر ہولڈنگ کا نمونہ۔

شیئر ہولڈنگ کا پیٹرن اور اس سے متعلقہ معلومات اس کے مطابق منسلک ہیں۔

## متعلقہ پارٹی لین دین

کے تحت ضرورت کی تعمیل کرتے ہوئے مناسب طور پر انکشاف کیا جاتا IAS 24 اور ان کی حیثیت کا (RPT) متعلقہ پارٹی ٹرانزیکشنز کے ذریعے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ نوٹیفکیشن کے مطابق سب کے SRO 768(1) ،ہے۔ مزید برآں لیے ایک مضبوط پالیسی موجود ہے۔ )2019 اور گائیڈ لائنز کو کمپنی کی پالیسی میں لین دین اور ریکارڈ کی دیکھ بھال کے حوالے سے مناسب طریقے سے شامل کیا گیا ہے۔

آر پی ٹی کو اندرونی آڈٹ کے ذریعے باضابطہ طور پر منظور کیا گیا تھا جس کے بعد بورڈ میٹنگ میں اسے پیش کرنے سے پہلے آڈٹ کمیٹی کی منظوری لی گئی تھی، تاکہ اس بات کو یقینی بنایا جا سکے کہ کاروباری سرگرمی کے معمول کے دوران تمام لین دین مکمل طور پر مکمل ہوں۔

کو ممبران کی منظوری کے لیے کمپنی کی جنرل میٹنگ کے سامنے RPT جون 2022 کو ختم ہونے والے موجودہ مالی سال کے دوران تمام 30 پیش کیا جائے گا۔ اسی طرح، بورڈ نے 30 جون 2023 کو ختم ہونے والے مالی سال کے دوران کئے جانے والے لین دین کے لیے کمپنی کی جنرل

میٹنگ میں ممبران کی منظوری حاصل کرنے کا بھی فیصلہ کیا ہے اور اسے اگلی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے سامنے رکھا جائے گا۔ ان کی رسمی توثیق/ منظوری۔

## بورڈ کی تشخیص

کے مطابق بورڈ اور کمیٹیوں کے ہر ممبر کی کارکردگی کی پیمائش کرنے (v)کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے ضابطے 10(3) کے لیے ہمارے ذریعہ ایک جامع جائزہ اور جائزہ لیا گیا ہے۔ بورڈ کی جانچ اندرونی طور پر کی گئی بورڈ کی کارروائیوں کی کارکردگی کو بڑھانا اور بورڈ کے ساتھی اراکین کے کردار اور ذمہ داریوں کو واضح کرنا تاکہ غیر ضروری تنازعات سے بچا جا سکے۔ بورڈ کی تشخیص کا عمل ہمیں مہارتوں کے مناسب امتزاج، اراکین کو درکار تجربات اور شیئر ہولڈرز اور بورڈ کے درمیان صف بندی کرنے میں مدد کرتا ہے۔

زیر انتظام سوالناموں کے ذریعے جمع کی گئی معلومات کے ساتھ ساتھ بورڈ کے اراکین اور کمیٹی کے اراکین کے ساتھ ہماری بات چیت کے نتیجے میں حاصل ہونے والی معلومات۔ کارپوریٹ گورننس کے اہم معاملات پر دو طرفہ مواصلاتی عمل پر مشتمل ایک جامع سوالنامہ کا بھی کمیٹی اور بورڈ ممبران نے جواب دیا ہے۔

## بورڈ کی تشکیل

ضابطہ 34 کے تحت ضرورت کے مطابق دس (10) ڈائریکٹرز کا بورڈ مندرجہ ذیل پر مشتمل 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

• تمام ڈائریکٹرز ، میٹنگ میں شرکت کے اہل ، کمپنی کی جنرل میٹنگز میں شرکت کی ہے۔کوڈ کے ریگولیشن 10 (6) کے تحت ذاتی طور پر یا ویڈیو کانفرنس کے ذریعے جب تک کسی معقول کی وجہ سے ایسا کرنے سے روک دیا جائے۔2021-22 کے دوران بورڈ آف ڈائریکٹرز ، آڈٹ کمیٹی اور ہیومن ریسورس اور معاوضہ کمیٹی کے اجلاس اور شرکت کی میٹنگ کی تعداد درج ذیل ہے۔

| 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 Shaheen | 4 | 4 | - | - | 1 | 1 |
| Mr. Khurrum Salim | 4 | 3 | 6 | 6 | - | - |
| Mr. Bilal Sharif | 4 | 4 | - | - | - | - |
| Mr. Mohammad Amin | 4 | 4 | 6 | 6 | - | - |
| Mr. Hamza Shakeel | 4 | 4 | - | - | 1 | 1 |
| Mr. Iqbal Mehboob | 1 | 1 | 2 | 2 | - | - |
| Mr. Tauqeer Ahmed Sheikh | 3 | 3 | 4 | 4 | - | - |
| Mr. Asif Elahi | 4 | 4 | | | | |
| Mr. Mustafa Tanvir | 4 | 4 | | | | |
| Mrs. Fatima Amin | 4 | 4 | | | | |

## آڈٹ کمیٹی

| Sr | Name | Designation | Category |
|---|---|---|---|
| i | Khurrum Salim | Member | Non- Executive Director |
| ii | Muhammad Amin | Member | Non- Executive Director |
| iii | Tauqeer A Sheikh | Chairman | Independent Director |

آڈٹ کمیٹی تین ممبران پر مشتمل ہوتی ہے جس میں چیئرمین ایک آزاد ڈائریکٹر ہوتا ہے جبکہ باقی تمام نان ایگزیکٹو ڈائریکٹر ہوتے ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے تفویض کردہ شرائط کے تحت اپنی ذمہ داریاں نبھاتے ہیں۔مالیاتی خواندہ ممبر کی تقرری ضابطہ کے کے مطابق کی گئی ہے۔بورڈ آف ڈائریکٹرز کی منظوری سے قبل عبوری اور سالانہ مالیاتی گوشواروں کا (iii)میں ضابطہ 27(1) X باب جائزہ لینے کے لیے آڈٹ کمیٹی کے اجلاس باقاعدگی سے وقفے وقفے سے منعقد کیے جاتے تھے اور سال میں ایک بار بیرونی آڈیٹر کے ساتھ ایک کمپنی کے بورڈ ACاور بیرونی آڈیٹر کی موجودگی کے بغیر۔ CFO اور دوسرے اندرونی آڈیٹر کے ساتھ CFO اضافی میٹنگ ہوتی تھی۔ بغیر

آف ڈائریکٹرز کا ایک ذیلی گروپ ہے جو کمپنی کی مالیاتی رپورٹنگ اور انکشاف کے عمل کی نگرانی کے لیے ذمہ دار ہے اور کمپنی کے عمل اور اندرونی کنٹرول سے مکمل آگاہی رکھتا ہے۔ اکاؤنٹنگ پالیسیوں اور اصولوں کے انتخاب پر نظر رکھنے اور قوانین اور ضوابط کی تعمیل اس بات کو یقینی بناتا ہے ACعام طور پر انتظامی ٹیم، آزاد آڈیٹر، اور اندرونی آڈیٹرز کے ساتھ رابطہ کرتا ہے۔ AC کو یقینی بنانے کے لیے ،کہ دھوکہ دہی کی روک تھام اور شناخت کے لیے مناسب پالیسیاں اور عمل موجود ہیں، جیسے کہ اثاثوں کا غلط استعمال، بدعنوانی اور مالیاتی اسٹیٹمنٹ فراڈ اور انتظامیہ کے ساتھ مل کر کام کرتا ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ فراڈ کی نشاندہی پر ضروری کمپنی کے سہ ماہی اور آڈٹ شدہ سالانہ مالیاتی بیانات پر تبادلہ خیال کرنے کے لیے انتظامیہ اور قانونی آڈیٹرز ACاقدامات کیے جائیں۔ سے باقاعدگی سے ملاقات کرتا ہے جبکہ سالانہ آڈٹ کے دوران، آڈٹ کمیٹی ریگولیشن 27(2) کی تعمیل میں بیرونی آڈیٹر اور اندرونی آڈٹ ان معاملات پر بات کرنے کے لیے جن پر رازداری سے بات کرنے کی ضرورت ہے۔ (iii کے سربراہ کے ساتھ الگ سے ملاقات کرتی ہے۔

ضابطہ اخلاق کو لاگو کرنے اور موثر مواصلاتی چینلز کے قیام کو یقینی بنا کر تنظیم کے لہجے کو ترتیب دینے میں اہم کردار ادا کرتا AC اس بات سے پوری طرح واقف ہے کہ انتظامیہ قوانین اور ضوابط کی تعمیل حاصل کرنے کے لیے کیا کر رہی ہے، اور انہیں جاری AC ہے۔ ممبران اجتماعی طور پر دھوکہ دہی کو روکنے کے لیے AC تحقیقات اور تادیبی کارروائیوں جیسے مسائل کے بارے میں علم ہونا چاہیے۔ کام کرتے ہیں اور جان بوجھ کر اکاؤنٹنگ کی غلطیوں اور بے ضابطگیوں کا پتہ لگانے میں ماہر ہیں۔

## انسانی وسائل اور معاوضہ کمیٹی

| Sr | Name | Designation | Category |
|---|---|---|---|
| i | Tauqeer A Sheikh | Chairman | Independent Director |
| ii | Mohammad Shaheen | Member | Non- Executive Director |
| iii | Hamza Shakeel | Member | Non- Executive Director |

ا تین ممبران پر مشتمل ہے جن میں سے سبھی نان ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئرمین (HRRC) ہیومن ریسورس اینڈ ریمونریشن کمیٹی سی ای او کے انتخاب، تشخیص، معاوضہ (بشمول ریٹائرمنٹ فوائد) اور جانشینی کی منصوبہ بندی کے HRRC ایک آزاد ڈائریکٹر ہیں۔ کا مقصد کسی تنظیم کے بورڈ، انتظامی ٹیم اور اس کے HRRCلیے بورڈ کو انسانی وسائل کے انتظام کی اہم پالیسیوں کی سفارش کرتا ہے۔ ملازمین کی تاثیر کو بہتر بنا کر اس کی پیداواری صلاحیت کو زیادہ سے زیادہ کرنا ہے۔ بورڈ کو انسانی وسائل کے انتظام کی پالیسی کی اور کمپنی سکریٹری کے انتخاب، تشخیص، معاوضے (بشمول ریٹائرمنٹ فوائد) اور جانشینی CEO، CFO ۔HRRC سفارش کرنے کا ذمہ دار

سینئر مینجمنٹ کی بھرتی اور تربیت، معاوضے، کارکردگی HRRC کی منصوبہ بندی کی سفارش کرنے کی مجموعی ذمہ داری کمیٹی پر ہوگی۔ کا جائزہ، جانشینی کی منصوبہ بندی اور انسانی سرمائے کے موثر استعمال کے لیے اقدامات میں بورڈ اور انتظامیہ کی مدد کرتا ہے۔

## کارپوریٹ سماجی ذمہ داری کی پالیسی

کمپنی کمپنی کی اخلاق، پائیدار اور ماحولیاتی ذمہ داریوں سے متعلق پالیسیاں تیار کرتی ہے اس بات کو یقینی بنا کر کہ کمپنی کا مقامی کمیونٹیز اور ماحول پر مثبت اثر پڑے۔کمپنی کی اپنی کمیونٹی اور ماحولیات کے تئیں ایک سماجی ذمہ داری ہے کمپنی کے کاموں کے تمام پہلوؤں جیسے مسائل جن کا ماحول پر اثر پڑتا ہے جیسے آلودگی، فضلہ،مصنوعات کی حفاظت اور مزدوری لیکن صرف کمیونٹی اور سماجی ماحول کو فنڈز فراہم کرنے تک محدود نہیں، بلکہ کمپنی سے متعلقہ فریقوں کے ساتھ اچھے طویل مدتی تعلقات کو برقرار رکھنا بھی شامل ہے۔ کمپنی آلودگی اور گرین ہاؤس گیسوں کے اخراج کو کم کرنے، قدرتی وسائل کے پائیدار استعمال، ضیاع کو کم سے کم اور مناسب طریقے سے ٹھکانے لگانے کے مقصد کے ساتھ ماحولیاتی برقرار رکھتے ہوئے اقتصادی، سماجی اور ماحولیاتی طور پر پائیدار طریقے سے پالیسی کا انتظام کرتی ہے۔ مینوفیکچرنگ کے عمل کے دوران ری سائیکلنگ (CRS) کام کرنے کے لیے ایک جامع کارپوریٹ سماجی ذمہ داری کو فروغ دینا۔

## صحت ، حفاظت اور ماحولیاتی پالیسی

کمپنی ایک محفوظ اور صحت مند کام کی جگہ کو یقینی بنانے اور ماحول کی حفاظت کے لیے پرعزم ہے اور اس بات پر پختہ یقین رکھتی ہے کہ حفاظت اور ماحول کی حفاظت ایک اچھا کاروبار ہے اور کام سے متعلق تمام چوٹیں، بیماریاں، املاک کے نقصانات اور منفی ماحولیاتی اثرات کو روکا جا سکتا ہے۔ اس عزم کو پورا کرنے کے لیے، کمپنی اس بات کو یقینی بناتی ہے کہ انتظامیہ کارکنوں اور ماحول کے تحفظ کی مکمل ذمہ داری قبول کرے۔ کسی بھی ملازم کے ساتھ کسی غیر متوقع حادثے کی صورت میں کارکنوں کے لیے ایک جامع گروپ لائف انشورنس پہلے سے ہی موجود ہے۔ کمپنی کراچی اور لاہور دونوں دفاتر میں اپنے انتظامی ملازمین کے لیے ہیلتھ پالیسی کے لیے بنائے گئے انتظامات بھی فراہم کرتی ہے۔کمپنی صحت، حفاظت اور ماحولیاتی تحفظات کو کمپنی کے دیگر کاروباری مقاصد کے ساتھ مساوی حیثیت دیتی ہے اور انہیں کام کے تمام پہلوؤں میں ضم کرتی ہے اور صحت، حفاظت اور ماحولیاتی کارکردگی کو مسلسل بہتر بنانے کے ،لیے فعال طور پر کوشش کرتی ہے۔کمپنی کی پالیسی پانی اور فضائی آلودگی، کیمیائی اور تیل کے اخراج، سموگ، پینے کے پانی کے معیار زمین کے تحفظ اور انتظام اور جنگلی حیات کے تحفظ پر چوکس ہے۔

## ڈائریکٹر معاوضہ پالیسی

ڈائریکٹر کی معاوضے کی پالیسی کمپنی کے طویل مدتی مقاصد کو آگے بڑھانے کے لیے بورڈ اور سینئر مینجمنٹ میں صحیح ٹیلنٹ کو برقرار ،رکھنے کے لیے کمپنی کی کارکردگی اور استحکام کا سنگ بنیاد ہے۔چونکہ کمپنی کا بورڈ اور سینئر مینجمنٹ اسٹریٹجک سمت فراہم کرنے اہم کاروباری فیصلوں اور عمل درآمد کی ذمہ داریاں نبھاتے ہیں، اس لیے یہ بہت ضروری ہے کہ انہیں ان کی کارکردگی کے لیے زیادہ ذمہ دار اور جوابدہ بنایا جائے۔ سینئر مینجمنٹ اور بورڈ ممبران کے معاوضے کے طریقے کارپوریٹ گورننس کے مجموعی فریم ورک کے بہت اہم پہلوؤں میں سے ایک ہیں، کیونکہ یہ کمپنی کی کارکردگی کو متاثر کرتا ہے، جس کے نتیجے میں عام شیئر ہولڈرز کو واپسی اور کمپنی کے استحکام پر اثر پڑتا ہے۔معاوضے کی پالیسی کمپنیز ایکٹ 2017، کمپنیز آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس کی سفارشات اور تجاویز کے تحت تیار کی (HRRC) ریگولیشنز، 2019 کی دفعات کے تحت بورڈ کو انسانی وسائل اور معاوضے کی کمیٹی کی طرف سے تجویز کردہ دیگر مراعات کے حقدار ہیں جن کی بورڈ نے HRRC گئی ہے۔ایگزیکٹو ڈائریکٹرز مقررہ ماہانہ معاوضے اور کے (a)(I)باضابطہ طور پر منظوری دی اور اس کے بعد کمپنی کی جنرل میٹنگ میں ممبران کی منظوری لی گئی۔ایکٹ کے سیکشن 227 :مطابق، موجودہ مالی سال کے دوران کمپنی کے ڈائریکٹرز کو درج ذیل معاوضہ (نوٹ 36) ادا کیا گیا ہے

ماہانہ۔ PKR 800,000.00 - (CEO) جناب بلال شریف

اس کے علاوہ، مندرجہ بالا ڈائریکٹرز کے لیے دیگر فوائد میں ایندھن کے ساتھ کمپنی کی دیکھ بھال کی گاڑی، کاروباری سفر اور مواصلاتی اخراجات شامل ہیں۔

کمپنی کے کسی دوسرے ڈائریکٹر کو کوئی فیس یا معاوضہ ادا نہیں کیا گیا ہے۔

## قانونی آڈیٹرز۔

موجودہ آڈیٹر کے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 27 اکتوبر 2022 کو طے شدہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے، تاہم، اہل ہونے کی وجہ سے انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2023 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور ایکسٹرنل آڈیٹر مقرر کرنے کی تجویز دی ہے۔

کوالٹی کنٹرول کے تحت بیرونی آڈیٹر میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو تسلی بخش درجہ بندی دی گئی ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کا جائزہ پروگرام۔ فرم اور اس کے تمام پارٹنر انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی طرف سے اپنائے گئے کوڈ آف ایتھکس پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے رہنما اصولوں کی تعمیل کرتے ہیں اور وہ ایس ای سی پی ایکٹ کے تحت آڈٹ اوور سائیٹ بورڈ کے ساتھ رجسٹرڈ ہیں۔قانونی آڈیٹرز نے نہ تو کوئی فیصلہ سازی، اندرونی آڈٹ ا کے سیکشن 36 1997

یا انتظامی کام انجام دیا اور نہ ہی ان کا کمپنی کے کسی ڈائریکٹر یا ایگزیکٹوز کے ساتھ کسی قسم کا تعلق ہے۔ منگنی کے شراکت داروں کو ہر پانچ سال کی تکمیل کے بعد گھمایا جاتا تھا۔بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور ایکسٹرنل آڈیٹر تقرری کی بھی سفارش کی اور سال 2022-23 کی تجویز کے مطابق آڈیٹرز کا معاوضہ مقرر کیا گیا ہے۔ کوڈ کے ضابطہ 32(3) کے تحت بورڈ کو آڈٹ کمیٹی۔ اسائنمنٹس میں قانونی آڈٹ، ششماہی PKR 2,775,000.00 جائزہ اور کارپوریٹ گورننس ریویو کا کوڈ شامل ہے۔

## مادی تبدیلیاں اور وعدے۔

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

## اعتراف

میں بورڈ آف ڈائریکٹرز ، قابل قدر شیئر ہولڈرز ، کسٹمرز ، بینکرز ، سپلائرز اور دیگر سٹیک ہولڈرز کا ان کا تعاون ، اعتماد اور اعتماد کا انتہائی مقروض ہوں۔ میں تمام ملازمین کی ان کی وفاداری کی لگن اور محنت کی بھی تعریف کرتا ہوں جس نے کمپنی کو اپنے مقاصد کے حصول میں مدد دی۔

بورڈ کے لئے اور اس کی طرف سے

بلال شریف

چیف ایگزیکیٹو

محمد سلیم

ڈائریکٹر

کراچی: 28 ستمبر 2022

# فیصل اسپننگ ملز لمیٹڈ

## پراکسی فارم

میں ----------کے----------
کے رکن اور عام شیئر کے حامل کی حیثیت کے----------(شیئر کی تعداد)
رجسٹر کا فولیو نمبر----------اور/یا سی ڈی سی فولیو کا آئی ڈی نمبر----------اور ذیلی اکاؤنٹ نمبر----------کے
----------یا----------کے----------
کو کمپنی کے سالانہ اجلاسِ جو 27 اکتوبر 2022 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----------/---------- 2022۔

گواہان:

دستخط: ----------

نام: ----------

پتہ: ----------

---

کمپیوٹرائز قومی شناختی کارڈ نمبر: ----------

پاسپورٹ نمبر: ----------

---

دستخط شیئر ہولڈر

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

دستخط: ----------

نام: ----------

پتہ: ----------

---

کمپیوٹرائز 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 فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

# Faisal Spinning Mills Ltd

## 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 proxy to act on my/our behalf at the 38th Annual General Meeting of the Company to be held on Thursday 27th October, 2022 at 04:00 pm at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi.

Witness: _____

Signature : _____ ( Signature should agree with specimen registered with company)

Name : _____

CNIC/ PP: _____

Address: _____

_____

Affix Rs.5 Revenue Stamp

Signed this_____ day of _____ 2022

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 along with 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.