



of Companies

39th Annual Report 2023

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. Khurram 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. Khurram 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 Advisor

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 located at:
Ferozwattwan, Sheikhpura, Punjab. Tel: 056 3731723

Finishing Unit - III & Home Division IV located at:
1.7 KM , Warburton Road , Ferozwattwan , Sheikhpura, Punjab.



FAISAL SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of the members of **Faisal Spinning Mills Limited** will be held on Friday, 27th October 2023 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, 2022.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2023 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividends at 115.00% (PKR 11.50 per share) for the year ended 30th June, 2023, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2023-2024 and fix their remuneration as per last year 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, 2023, 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, 2024.

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."

(B)To approve by way of ordinary resolution with or without modification the transmission of annual audited financial statements of the company to members through QR enable code and weblink as allowed by Security and Exchange Commission of Pakistan vide its' S.R.O. 389(I)/ 2023 dated March 21, 2023 instead of CD/DVD/USB.

(i) Resolved That, the consent of the members be and is hereby accorded to transmit the annual audited financial statements including auditor's report, directors' report, chairman's review and other reports contained therein to the members of company through QR enable code and weblink.

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".

Karachi:

Dated: 28th September, 2023

(By the order of the Board)

**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://us05web.zoom.us/j/3822738660?pwd=T2ppUWYxSctjUXduQ2ErR0INSEMzQT09>

Meeting ID: 382 273 8660

Passcode: fsmcorp

2. The Shares Transfer Books of the Company will remain closed from 20th October 2023 to 27th October, 2023 (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 2023 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 us on 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 2023 effective July 1, 2023, 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 2023, 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 the Act and applicable clauses of Companies (Postal Ballot) Regulations 2018 issued vide amended SRO 254(1)/2018.
 - a) The schedule and procedure of postal ballot / E-Voting will be placed on the company's website i.e., www.umergroup.com before seven (7) days of the meeting.
 - b) The procedure for e-voting facility will be shared through email with those members of the company who have valid cell numbers/email addresses (Registered email ID) available in the register of members by the end of 20th October, 2023. Thus, those members who intend to exercise their right to vote through E-Voting shall provide their valid cell numbers and email on or before 20th October, 2023 with the registrar of the company or email us at: ("fsm.corporate@umergroup.com").
 - c) The board of directors under the clause 5 of SRO 254(1)/2018 have appointed the share registrar of the company M/s Hameed Majeed & Associates (Pvt) Ltd to conduct the e-Voting services. They have their own secured web portal system to perform the services adequately in a smooth manner.
 - d) The board of directors under the clause 11 of SRO 254(1)/2018 have appointed Messer's Mushtaq and Company, Chartered Accountants, being eligible with satisfactory QCR rating from ICAP. They possess necessary knowledge and experience to independently scrutinize and conduct the voting services.

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.

The following are key features of holding shares in book-entry form in CDC:

- 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, 2023.

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, 2023 with its associated undertaking and related parties in accordance with its corporate policy, applicable laws and regulations in 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, 2023.

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, 2023.

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% |
| 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 | 2.36% |
| 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 | 2023 Rupees | 2022 Rupees |
|------------------------|------------------------------------------------------|----------------|----------------|
| Associated undertaking | Sales of fabric | 27,604,549 | 49,577,029 |
| | Sales of yarn | 13,381,559 | 145,259,856 |
| | Purchase of yarn | 3,586,289,535 | 2,429,089,838 |
| | Purchase of cotton | 703,026,274 | 523,266,757 |
| | Purchase of fabric | 3,033,601,964 | 1,204,100,969 |
| | Services received | 309,000 | 309,000 |
| | Dividend received | 39,242,280 | 39,242,280 |
| | Electricity purchased | 10,351,833 | 5,277,661 |
| | Loan received / (repaid) from directors and sponsors | 134,937,600 | (2,500,000) |

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, 2023 to June 30, 2024.

The Company shall be entering into transactions with its related parties during the year ending June 30, 2024 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, 2024 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.

Items pertaining to 5(B)(i) of the notice for circulation of annual audited accounts via QR enabled code:

Considering the digital evolvement, the SECP vide S.R.O. 389 (I)/2023 dated March 21, 2023, subject to the approval of the members of the company, has allowed listed companies to circulate the Annual Report including audited financial statements, auditor's report and Directors report, etc to its members through QR enabled code and weblink and also permitted that the circulation of annual financial statements through CD/DVD/USB may be discontinued. In this regard the notice of meeting shall be dispatched to members as per requirements of the Act, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act and the company shall ensure that the QR code and web link is accurate and members are able to download the required information at all times.

Chairman Review Report

Enclosed Chairman Review Report for the fiscal year ended June 30, 2023 to present my assessment on the overall performance of the board of Faisal Spinning Mills Limited ("FSML") in achieving its objectives as required under the provisions of section 192(4) of the Companies Act, 2017. The board at FSML 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).

Once a powerhouse of export revenues, the textile sector continual dismal performance is quite worrisome. There has been a decline in textile exports by 15 percent on month to month basis for the first month of the new fiscal year 2023-24 whereas there has been a considerable decline of 21 percent for the first seven months of the current calendar year (*Source: APTMA*). Given the trajectory of decline, Pakistan is likely to fall short by \$3 billion in textile exports from the exports achieved last year. In these circumstances

The decline of textile exports coupled with gloomy economic condition, the responsibility rests with the FSML board for strategic governance and oversight to manage the affairs of the company. The board assures that all legal and ethical standards are followed and the organization assets and resources are appropriately managed. At FSML the board takes up extraordinary efforts to have high-level oversight of corporate activities and performance in existing situation. Some individual board members of FSML are deeply involved to play an activist roles since directors' decisions have a critical impact on a company's profitability.

Code of Corporate Governance

The FSML board is responsible for risk governance and determining the company's risk tolerance by establishing risk management policies. The board conducts an overall review of business risks at regular intervals or in case of any unusual circumstances to ensure effectiveness of a sound system of risk identification, risk management, and related systemic and internal controls to safeguard the company's assets, resources, reputation, and interests. At FSML, the board of directors prepares, adopts, and reviews a vision and mission statement to assess the efficacy of the company's governance practices and overall corporate strategy. The board assures that company has a thorough record of the specifics of the major policies, as well as the dates of approval or amending.

Assignments of Roles & Responsibilities by the Chairman

At FSML, the chair of the board is holds the premier supervisory positions whereas board is responsible for choosing CEOs, establishing their salary, and approving certain management choices, in addition to managing the company's long-term direction. The chairman, as the leader of the board of directors, wields

enormous power over all of these choices thus at the commencement of director's term, the chairman issues a letter to the directors outlining their position, obligations, powers, and responsibilities under the Act and the company's Articles of Association, as well as their salary and entitlement. Since all the ten members of the Board, are accredited under the requirements of the Code for directors training program (DTP) they comprehend their roles and responsibilities in an effective manner.

Board Evaluation

The performance evaluation is vital to determine the strengths as well as weaknesses of overall board, its committees and individual board members in order to increase their overall effectiveness. The conduct of the board evaluation process at FSML assists in regular assessments and encourages collaborative decision making which results in higher performance by individual directors. Besides, it also encourages directors to work together effectively to reduce conflict in the boardroom and embed a culture of good governance and team spirit.

The FSML conducts the board evaluation process internally which is headed by chairman along with company secretary with primarily focused on the following corporate governance areas:

- *Board composition, diversity and leadership structure.*
- *Long-term strategy, corporate purpose, and sustainability issues*
- *Good governance practices, ethics, social and environmental compliance.*
- *Human capital management & compensation.*
- *Shareholder and stakeholder engagement.*
- *Training, development, induction programs & succession planning.*
- *Corporate strategies, risk management and internal controls.*
- *Material transaction with related parties.*

Stakeholder Management

At FSML each stakeholder requirement is first assessed then tailored for prompt dissemination of information. In order to foster effective communication the board has established effective communication vehicles for regular engagement with both internal and external stakeholders which is a core element of our success. There has been effective and expeditious mechanism in place for redressal in case of any grievance of its shareholders.



Mohammad Salim

(Chairman)

28th September 2023, Karachi.

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, 2023.

Financial Recitals

The Operational results for June 30, 2023 are here as under:

| | June 30, 2023 PKR | June 30, 2022 PKR |
|-----------------------------------------------|-----------------------|----------------------|
| Sales - Net | 37,672,807,610 | 32,074,369,748 |
| Cost of sales | 33,110,576,747 | 25,701,983,801 |
| Gross profit | 4,562,230,863 | 6,372,385,947 |
| Other income | 453,100,553 | 73,383,339 |
| | 5,015,331,416 | 6,445,769,286 |
| Distribution cost | 1,605,961,445 | 1,258,864,404 |
| Administrative expenses | 423,508,171 | 328,184,900 |
| Other operating expenses | 115,125,932 | 318,223,878 |
| Finance cost | 1,267,154,365 | 408,214,000 |
| | 3,411,749,913 | 2,313,487,182 |
| | 1,603,581,503 | 4,132,282,104 |
| Share of profit from associated undertaking | 138,813,770 | 592,860,794 |
| Profit before taxation | 1,742,395,273 | 4,725,142,898 |
| Taxation | 280,475,906 | 626,919,602 |
| Profit after taxation for the year | 1,461,919,367 | 4,098,223,296 |
| Earnings per share - basic and diluted | 146.19 | 409.82 |

With the poor economic outlook and continued deterioration in economic conditions due to energy crisis, steep devaluation of PKR, decline in foreign remittances, high borrowing cost and inflationary pressure, the company is still able post a net profit after of PKR 1,461.919 million (2022: PKR 4,098.223 million) during the year translating into EPS of PKR 146.19 for the current year (EPS 2022: PKR 409.82).

During the year ended June 30, 2023 the company achieved sales of PKR 37,672.807 million as compared to PKR 32,074.369 million in the corresponding year of the same period showing an increase of sales by

almost 17.45 percent. However, the gross profit and profit after tax have been decreased by 7.76 percent 8.90 percent respectively during the corresponding years.

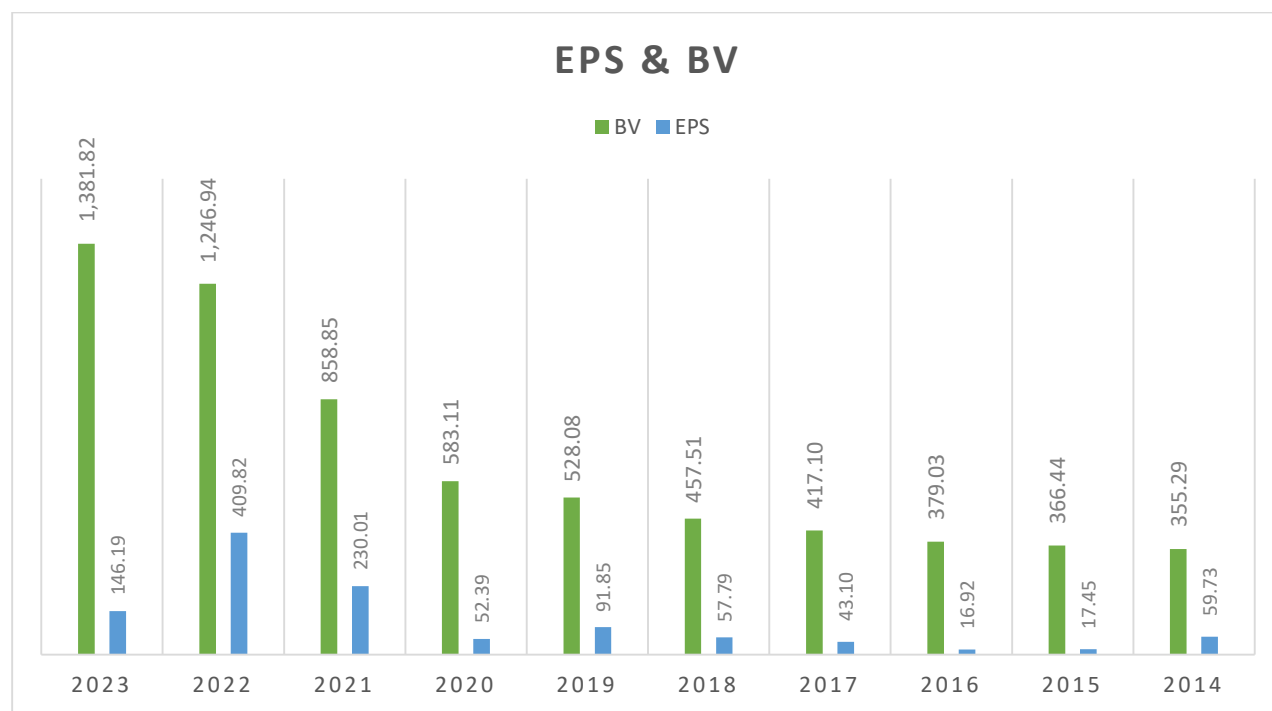
Dividends and Reserves Appropriation

The board of directors are pleased to approve the cash dividend of 115.00 percent i.e PKR 11.50 per share as recommendation by the audit committee subject to the approval shareholders in forthcoming annual general meeting scheduled for October 27, 2023.

Earning and Break-up Value of Share

Investors can determine the profitability of a certain company by looking at its EPS. Consistent EPS increase may be a sign of the company's profitability and ability to gradually raise dividends. The board prioritizes the value of its shareholders and invests considerable time and efforts while taking decisions that would impact the interests and wealth of its shareholders.

The company's earnings per share has been decreased from PKR 409.82 to PKR 146.19 whereas the breakup value of share has been increased from PKR 1,246.94 to PKR 1,381.82 during the corresponding years ended June 30, 2023.



Working Capital Management

Working capital management has a significant role in the success of any business enterprise thus the company focuses on efficient working capital management ensuring and striving for optimum utilization of resources tied to working capital.

The current ratio during the current year has been slightly decreased from 1.79 to 1.53 but still within acceptable limits as per industry norms and quite sufficient to cover its financial obligations.

Financial Leverage

A company's capital structure decision is crucial because it could affect profitability and long-term viability as a result, the structure has been maintained in a way that is most advantageous that derives maximum advantage out of it and is able to adopt the dynamic business environment. The board pursue an optimal capital structure strategy in which debt and equity combine to reduce the cost of capital and enhance the organizational profitability and increasing the shareholders' value.

The long-term borrowing stands at PKR 4,019.675 million on June 30, 2023 as compared to corresponding period where it stood at PKR 4,632.023 million. Moreover, the gearing ratio of 1.09 (2022: 0.81) has been slightly increased during the corresponding years.

The shareholder equity has been increased by almost 11 percent during the corresponding year ended June 30, 2023 showing an increased from PKR 12,469.372 million to PKR 13,818.226 million.

Balancing, Modernization and Replacement

During the current year an amount of PKR 500.00 million approximately has been added in plant and 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 26th September, 2023 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, 2023, 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 2023 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.

Economic Outlook

Pakistan's economy revived from economic fallout associated during covid however, due to strengthened domestic demand, imports have grown much higher than exports leading to a large trade deficit. In order to achieve a sustainable and strong economic growth, Pakistan needs to increase private investment and export more. However, high import tariff rates, limited availability of long-term financing to expand export capacity, inadequate provision of market intelligence services for exporters, low productivity, high energy cost over the period hampers the growth of exports in the country. The country's foreign exchange, jobs, and productivity growth are all affected by the long-term drop in exports as a share of GDP hence it's, facing the basic problems to compete in global markets which is critical for long-term success.

Pakistan's export performance has always been dismal contrary to the SAARC region's exports increased from US\$ 271.00 to US\$ 566.00 billion during the year 2010 to year 2022 i.e nearly 110 percent increase while Pakistan's exports increased from US\$ 21.4 billion to US\$ 31.1 billion i.e 45 percent in the same time period.

Albeit textile industry dominates Pakistani exports, accounting for more than 60 percent of total export receipts. The government has frequently encouraged export sales through various incentive programmes such as concessional interest rate financing schemes, tariff drawbacks to exporters, and discounted rates granted to manufacturers investing in machinery. The rupee's devaluation can only benefit exporters who have made adequate investments to take advantage of a more competitive rupee. The policy makers have been consistently formulating excellent policies to address challenges in the industrial sector of the country, however, in order to navigate the complex and rapidly changing landscape of global textile industry these have been fruitless due to non-continuity and lack of implementation as some policies yield short-term benefits since they often lack sustainability in the long term.

The Pakistan textile industry capable of embracing with countless opportunities to capture greater market share but reforms in energy, technological upgradation, diversification and value addition will be necessary in order to enhance the potential of the textile sector and facilitate economic growth at unprecedented levels for the betterment of the country.

Unfortunately, as the economy faces severe fiscal limitations, such incentives have been reduced, and exporters of items that rely on such incentives are likely to suffer. It is critical to develop a policy that encourages exporters without relying on fiscal incentives. Exporters must consider investments in upgrading the quality of their products and focus on quality-based competition rather than price-based competition, which is dependent upon government incentives.

Recommendations that can help to improve export competitiveness:

- Reduce effective rates of protection gradually through a long-term tariff rationalisation approach to stimulate exports.
- Reallocate export finance away from working capital and towards capacity expansion via the Long-Term finance Facility.
- Consolidate market intelligence services by assisting new exporters and assessing the impact of current interventions to improve their effectiveness.
- Design and implement a long-term strategy to improve firm productivity that fosters competition, innovation, and maximises export potential.
- Negotiate free trade agreements and expand market access, investing in research and development to meet market trends and standards.
- Work towards establishing Pakistan as a reliable and quality supplier by enhancing productivity, efficiency, and quality to stay competitive.

In essence, policymakers must enhance exporter capacities in order to encourage exporters to improve the quality of their products, improve their capacity to comply with technical standards imposed by major export destinations, and reduce the cost of participating in international trading operations. A more comprehensive approach is required to increase Pakistani exports.

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, 2023 will be presented before the general meeting of the company for member's 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, 2024 and same shall be placed before the shareholders in the next annual general meeting for their formal ratification/approval.

Board Evaluation

The board evaluation is crucial tool for gauging the effectiveness and performance of the board and regular board evaluations promote group decision-making and excellence among individual directors. Additionally, it motivates board members to collaborate well in order to lessen conflict in the boardroom and foster a culture of ethical leadership and camaraderie.

A comprehensive review has been carried out accompanied by statutory documents, agenda of meetings, minutes of board and committee meetings, significant policies in place and other ancillary documents, questionnaires, interactions with the board and committee 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 cause.
- Following are the number of meetings held and attended by board of directors, audit committee and human resource & remuneration committee during 2022-23:

| 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 | 6 | 6 | - | - | - | - |
| Mr. Muhammad Shaheen | 6 | 6 | - | - | 1 | 1 |
| Mr. Khurram Salim | 6 | 6 | 6 | 6 | - | - |
| Mr. Bilal Sharif | 6 | 6 | - | - | - | - |
| Mr. Muhammad Amin | 6 | 6 | 6 | 6 | - | - |
| Mr. Hamza Shakeel | 6 | 6 | - | - | 1 | 1 |
| Mr. Tauqeer Ahmed Sheikh | 6 | 6 | 6 | 6 | - | - |
| Mr. Asif Elahi | 6 | 6 | | | | |
| Mr. Mustafa Tanvir | 6 | 6 | | | | |
| Mrs. Fatima Amin | 6 | 5 | | | | |

Audit Committee

| Sr | Name | Designation | Category |
|-----|----------------------|-------------|-------------------------|
| i | Tauqeer Ahmed Sheikh | Chairman | Non- Executive Director |
| ii | Muhammad Amin | Member | Non- Executive Director |
| iii | Khurram Salim | Member | 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 10 of the Code. The audit committee met regularly 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 in absence of the CFO and another with an internal auditor in absence of both the CFO and external auditor.

A company's board of directors' audit committee (AC), which has full knowledge of the company's procedures and internal controls, is in charge of overseeing the financial reporting and disclosure process. In order to oversee the selection of accounting policies and principles and to guarantee compliance with laws and regulations, the AC typically coordinates with the management team, independent auditor, and internal auditors.

The AC works closely with management to ensure that the necessary measures are taken on the detection of fraud and makes sure that the proper policies and procedures are in place for the prevention and identification of fraud, such as asset misappropriation, corruption, and financial statement fraud.

By making sure that a code of conduct is put into place and that efficient communication routes are established up, the AC significantly contributes to establishing the tone of an organisation. The AC must be informed about matters including ongoing investigations and disciplinary proceedings as well as what management is doing to ensure compliance with laws and regulations. The AC members are skilled at identifying accounting errors and abnormalities and work together to prevent fraudulent activities.

Human Resource and Remuneration Committee

| Sr | Name | Designation | Category |
|-----|----------------------|-------------|-------------------------|
| i | Tauqeer Ahmed 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 goal of HRRC is to increase an organization's productivity by improving the effectiveness of its board, management team, and staff. The HRRC is in charge of advising the Board on human resource management policies. The Committee will be in charge of proposing the CEO, CFO, and Company Secretary's selection, appraisal, salary and succession planning.

The HRRC supports the board and management with senior management recruiting and training, salary, performance evaluation, succession planning, and measures for effective human capital utilisation.

Corporate Social Responsibility Policy

The company ensures that it has a beneficial impact on local communities and the environment, the corporation establishes policies relating to a company's ethical, sustainable, and environmental responsibilities.

The company has a social obligation towards community and the environment in all aspects of its operations, including pollution, waste, product safety, and labour. This includes not only providing funds to the community and social environment, but also 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 reducing pollution and greenhouse gas emissions, using natural resources sustainably, minimising and properly disposing of waste, and promoting re-cycling during the manufacturing process. Renewable energy holds immense importance for Pakistan's current energy crisis sector and sustainable development by harnessing the country's abundant sunlight via solar energy alternative. The company has taken renewable energy initiative at its various units to reduce carbon emissions, achieve energy independence and greener environment.

Health, Safety and Environment Policy

The company is devoted to providing a safe and healthy workplace as well as environmental protection, and it fully believes that safety and environmental protection are good business, and that all work-related accidents, illnesses, property losses, and negative environmental consequences are avoidable. To meet

this objective, the organisation ensures that management bears full responsibility for worker and environmental protection. A comprehensive group life insurance policy is already in place for employees in the event of an unforeseen disaster. The corporation has also created health coverage plans for its administrative personnel in both the Karachi and Lahore offices.

Health, safety, and environmental issues are given equal weight with the company's other commercial objectives, and they are integrated into all aspects of work. The organisation actively strives to continuously enhance health, safety, and environmental performance.

Water and air pollution, chemical and oil spills, smog, drinking water quality, land conservation and management, and wildlife protection are all priorities for the company.

Directors Remuneration Policy

The board of directors' remuneration policy is a foundation for the company's efficiency and stability in maintaining the proper personnel on the board and in senior management to drive the company's long-term objectives.

Since the company's board and senior management are responsible for providing strategic direction, critical business choices, and implementation, it is critical that they be made more responsible and accountable for their performance. The remuneration practises of senior management and board members are one of the most significant components of the overall Corporate Governance framework, since they influence the company's performance, which in turn effects the returns to ordinary shareholders and the company's stability.

The remuneration policy is prepared under the recommendations and suggestions by human resource and remuneration committee (HRRC) to the board under 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 as disclosed in note 35 of the financial statement 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, 2023 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 2024. 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 2024 and the remuneration of the auditors has been fixed as per last year at PKR 2,775,000.00 (Year 2022: PKR 2,775,000.00) for the year 2023-24 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 extremely obligated to the board of directors, valued shareholders, customers, lenders, suppliers, and other stakeholders for their encouragement, confidence, and support and would like to express my gratitude to every employee for their commitment, perseverance, and hard work in helping the business succeed.

For and on behalf of the Board



Bilal Sharif
(Chief Executive Officer)

Karachi: September 28, 2023



Mohammad Salim
(Director)

**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, 2023**

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 Mr. Asif Elahi Mr. Mustafa Tanvir |
| iii) | Non- Executive Directors | Mr. Muhammad Salim Mr. Muhammad Shaheen Mr. Khurram Salim Mr. Muhammad Amin 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. Khurram 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, 2023

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, 2023 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, 2023.



Place: Karachi
Dated: September 28, 2023

UDIN: CR202310043kR7MKe8jC



MUSHTAQ & CO.
Chartered Accountants

Engagement Partner:

Zahid Hussain Zahid, FCA

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, 2023 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, 2023 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. | Stock in Trade Refer to note 3.14 & 23 to the financial | Our key audit procedures in this area amongst others included the following; |

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>statements.</p> <p>We identified this area as a key audit matter because inventories constitute significant portion of total assets of the Company.</p> <p>Further, determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgment and estimation.</p> | <ul style="list-style-type: none"> - Observed physical inventory count procedures and compared on a sample basis, physical count with inventory sheets. - Compared on sample basis specific purchases and directly attributable cost with underlying supporting documents. - Checked overhead absorption rates at different stages of production to ascertain valuation of work in process and finished goods. - Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards. - Assessed the provision for slow moving stock as at the year end and assessed whether it is in accordance with the Company's policies and relevant accounting and reporting standards. - Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

Management is responsible for the other information. The other information comprises director's report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of

Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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



Karachi.

Dated: September 28, 2023

UDIN: AR202310043WR3sZHPT

Faisal Spinning Mills Limited


Statement of Financial Position As at June 30, 2023

| | Note | June 30, 2023 | | June 30, 2022 | | | Note | June 30, 2023 | | June 30, 2022 | |
|---------------------------------------------------------------------------------------|------|-----------------------|----------------|---------------|--|-------------------------------------|------|-----------------------|----------------|---------------|--|
| | | PKR | | PKR | | | | PKR | | PKR | |
| <u>EQUITY AND LIABILITIES</u> | | | | | | <u>ASSETS</u> | | | | | |
| <u>SHARE CAPITAL AND RESERVES</u> | | | | | | <u>NON CURRENT ASSETS</u> | | | | | |
| Authorized capital 12,000,000 (2022: 12,000,000) ordinary shares of PKR 10 each | | 120,000,000 | 120,000,000 | | | Property, plant and equipment | 19 | 10,117,690,255 | 10,256,372,692 | | |
| Issued, subscribed and paid up capital | 5 | 100,000,000 | 100,000,000 | | | Long term investment | 20 | 1,762,526,599 | 1,665,323,062 | | |
| Reserves | 6 | 12,645,507,664 | 11,431,590,875 | | | Long term deposits | 21 | 31,189,580 | 27,532,315 | | |
| Loan from directors and sponsors | 7 | 1,072,718,600 | 937,781,000 | | | | | 11,911,406,434 | 11,949,228,069 | | |
| | | 13,818,226,264 | 12,469,371,875 | | | | | | | | |
| <u>NON CURRENT LIABILITIES</u> | | | | | | <u>CURRENT ASSETS</u> | | | | | |
| Long term financing - secured | 8 | 4,019,675,982 | 4,632,023,289 | | | Stores, spare parts and loose tools | 22 | 741,495,000 | 451,133,609 | | |
| Long term payables | 9 | 1,069,733,571 | 763,595,905 | | | Stock in trade | 23 | 15,327,363,107 | 5,537,520,571 | | |
| Employees retirement benefits | 10 | 395,311,495 | 279,196,638 | | | Trade debts | 24 | 3,693,493,152 | 3,259,091,468 | | |
| Deferred taxation | 11 | 418,683,878 | 403,954,780 | | | Loans and advances | 25 | 183,321,157 | 189,066,437 | | |
| Deferred government grant | 12 | 103,090,128 | 130,363,502 | | | Trade deposits and prepayments | 26 | 431,245,292 | 333,171,706 | | |
| | | 6,006,495,054 | 6,209,134,114 | | | Other receivables | 27 | 96,401,357 | 34,982,109 | | |
| | | | | | | Income tax refundable | 28 | 408,225,866 | 53,170,097 | | |
| <u>CURRENT LIABILITIES</u> | | | | | | | | 1,324,147,128 | 984,175,231 | | |
| Trade and other payables | 13 | 3,450,544,451 | 2,992,383,176 | | | Cash and bank balances | 30 | 579,854,395 | 4,442,516,331 | | |
| Unclaimed dividend | 14 | 18,325,851 | 16,262,328 | | | | | 22,785,546,454 | 15,284,827,559 | | |
| Accrued markup / interest | 15 | 416,282,045 | 59,739,714 | | | | | | | | |
| Short term borrowings - secured | 16 | 10,260,976,667 | 4,872,154,197 | | | | | | | | |
| Current portion of non current liabilities | 17 | 726,102,556 | 615,010,224 | | | | | | | | |
| | | 14,872,231,570 | 8,555,549,639 | | | | | | | | |
| <u>CONTINGENCIES AND COMMITMENTS</u> | | | | | | | | | | | |
| | 18 | - | - | | | | | | | | |
| TOTAL EQUITY AND LIABILITIES | | 34,696,952,888 | 27,234,055,628 | | | TOTAL ASSETS | | 34,696,952,888 | 27,234,055,628 | | |

The annexed notes from 1 to 53 form an integral part of these financial statements.


Chief Executive
Annual Report 2023


Director
Faisal Spinning Mills Ltd


Chief Financial Officer
35

Faisal Spinning Mills Limited

Statement of Profit or Loss For the Year Ended June 30, 2023

| | Note | June 30, 2023 PKR | June 30, 2022 PKR |
|-----------------------------------------------|------|-----------------------|----------------------|
| Sales - Net | 31 | 37,672,807,610 | 32,074,369,748 |
| Cost of sales | 32 | 33,110,576,747 | 25,701,983,801 |
| Gross profit | | 4,562,230,863 | 6,372,385,947 |
| Other income | 33 | 453,100,553 | 73,383,339 |
| | | 5,015,331,416 | 6,445,769,286 |
| Distribution cost | 34 | 1,605,961,445 | 1,258,864,404 |
| Administrative expenses | 35 | 423,508,171 | 328,184,900 |
| Other operating expenses | 36 | 115,125,932 | 318,223,878 |
| Finance cost | 37 | 1,267,154,365 | 408,214,000 |
| | | 3,411,749,913 | 2,313,487,182 |
| | | 1,603,581,503 | 4,132,282,104 |
| Share of profit from associated undertaking | | 138,813,770 | 592,860,794 |
| Profit before taxation | | 1,742,395,273 | 4,725,142,898 |
| Taxation | 38 | 280,475,906 | 626,919,602 |
| Profit after taxation for the year | | 1,461,919,367 | 4,098,223,296 |
| Earnings per share - basic and diluted | 39 | 146.19 | 409.82 |

The annexed notes from 1 to 53 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, 2023

| | Note | June 30, 2023 PKR | June 30, 2022 PKR |
|--------------------------------------------------------------------------------------|------|----------------------|----------------------|
| Profit after taxation for the year | | 1,461,919,367 | 4,098,223,296 |
| Other comprehensive income /(loss) for the year | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Actuarial (loss) / gain on remeasurement of employees retirement benefits - gratuity | | (31,134,625) | 131,268 |
| Share of OCI of associate - net of tax | | (2,367,953) | (480,534) |
| | | (33,502,578) | (349,266) |
| Total comprehensive Income for the year | | 1,428,416,789 | 4,097,874,030 |

The annexed notes from 1 to 53 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, 2023

| | Share Capital | Capital Reserves | Revenue Reserves | | Loan from directors and sponsors | Total |
|-------------------------------------------------------------------------|--------------------|-------------------|----------------------|-----------------------|----------------------------------|-----------------------|
| | | | General Reserves | Unappropriated Profit | | |
| | | |PKR..... | | | |
| 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 paid 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 dividend for the year ended June 30, 2021 PKR. 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 |
| Loans from directors and sponsors received during the year | - | - | - | - | 134,937,600 | 134,937,600 |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | - | - | - | 1,461,919,367 | - | 1,461,919,367 |
| Other comprehensive loss | - | - | - | (33,502,578) | - | (33,502,578) |
| Dividends | | | | | | |
| Final dividend for the year ended June 30, 2022 PKR. 21.45 per share | - | - | - | (214,500,000) | - | (214,500,000) |
| Transferred to general reserve | - | - | - | - | - | - |
| Balance as at June 30, 2023 | 100,000,000 | 24,150,000 | 9,975,850,000 | 2,645,507,664 | 1,072,718,600 | 13,818,226,264 |

The annexed notes from 1 to 53 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, 2023

| | Note | June 30, 2023 PKR | June 30, 2022 PKR |
|------------------------------------------------------------------|------|-------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 1,742,395,273 | 4,725,142,898 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 913,778,903 | 842,406,367 |
| Share of profit from associated undertaking | | (138,813,770) | (592,860,794) |
| Provision for ECL | | 1,870,769 | 42,687,149 |
| Reversal of allowance for ECL | | (42,687,149) | (13,674,143) |
| Infrastructure fee - ETO | | 280,565,726 | 89,653,907 |
| Infrastructure cess - Gas | | 25,571,940 | (202,408,428) |
| Provision for staff retirement benefits | | 126,340,049 | 89,703,271 |
| Gain on disposal of property, plant and equipment | | (1,827,675) | (4,285,725) |
| Finance cost | | 1,267,154,365 | 408,214,000 |
| | | 2,431,953,158 | 659,435,604 |
| Operating cash flows before movements in working capital | | 4,174,348,431 | 5,384,578,502 |
| Changes in working capital | | | |
| Stores, spares and loose tools | | (290,361,391) | (212,893,568) |
| Stock in trade | | (9,789,842,536) | (301,194,194) |
| Trade debts | | (393,585,304) | (1,918,584,682) |
| Loans and advances | | 5,745,280 | (40,319,173) |
| Trade deposits | | (98,073,586) | (95,346,024) |
| Other receivables | | (61,419,248) | (11,420,416) |
| Sales tax refund | | (339,971,897) | (587,543,647) |
| Trade and other payables | | 458,161,275 | 1,627,703,989 |
| | | (10,509,347,407) | (1,539,597,715) |
| Cash (used in) / generated from operations | | (6,334,998,976) | 3,844,980,787 |
| Finance cost paid | | (910,612,034) | (396,044,458) |
| Staff retirement benefits - gratuity paid | | (41,359,817) | (31,151,127) |
| Income taxes paid - net | | (620,802,577) | (365,011,922) |
| Long term deposits | | (3,657,265) | (4,913,400) |
| | | (1,576,431,693) | (797,120,907) |
| Net cash (used in) / generated from operating activities | | (7,911,430,669) | 3,047,859,880 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of property, plant and equipment | | 26,053,000 | 52,339,907 |
| Addition in property, plant and equipment | | (799,321,791) | (2,167,265,056) |
| Dividend received | | 39,242,280 | 39,242,280 |
| Net cash used in investing activities | | (734,026,511) | (2,075,682,869) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term finances | | 53,629,032 | 928,122,934 |
| Proceeds / (Repayment) of loan from directors and sponsors - net | | 134,937,600 | (2,500,000) |
| Repayment of long term financing | | (582,157,381) | (354,897,326) |
| Increase in short term borrowings | | 5,388,822,470 | 2,993,975,971 |
| Dividend paid | | (212,436,477) | (212,280,565) |
| Net cash generated from financing activities | | 4,782,795,244 | 3,352,421,014 |
| Net (decrease) / increase in cash and cash equivalents | | (3,862,661,936) | 4,324,598,025 |
| Cash and cash equivalent at the beginning of year | | 4,442,516,331 | 117,918,306 |
| Cash and cash equivalent at the end of year | 30 | 579,854,395 | 4,442,516,331 |

The annexed notes from 1 to 53 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, 2023****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 Wattowan, 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, 2023

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 & January 1, 2024 |
| IAS 7 | Statement of Cash Flows (Amendments) | January 1, 2024 |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 1, 2023 |
| IAS 12 | Income Taxes (Amendments) | January 1, 2023 |
| IFRS 4 | Insurance Contracts (Amendments) | January 1, 2023 |
| IFRS 9 | Financial Instruments: Disclosures (Amendments) | January 1, 2024 |
| IFRS 16 | Leases (Amendments) | January 1, 2024 |

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 |
| IFRIC 12 | Service concession arrangements |

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.

Notes to the financial statements**For the year ended June 30, 2023****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.

Notes to the financial statements**For the year ended June 30, 2023****Depreciation**

Depreciation is charged to profit or loss 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 and four 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.

Notes to the financial statements**For the year ended June 30, 2023****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 or 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.

Notes to the financial statements**For the year ended June 30, 2023**

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.

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.

Notes to the financial statements**For the year ended June 30, 2023****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.

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 or loss account currently.

Notes to the financial statements**For the year ended June 30, 2023****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 or 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 Deferred 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.

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2023
5 Issued, Subscribed and Paid up Capital

| Number of shares | | | June 30, 2023 | June 30, 2022 |
|-------------------|-------------------|-------------------------------------------------------------------------------|--------------------|--------------------|
| June 30 2023 | June 30 2022 | | Rs. | 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 |
| <u>10,000,000</u> | <u>10,000,000</u> | | <u>100,000,000</u> | <u>100,000,000</u> |

5.1 Associated company holds 1,282,900 (2022: 1,282,900) ordinary shares of Rs. 10 each in the company.

5.2 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.

6 Reserves

| | | | |
|-----------------------|-----|-----------------------|-----------------------|
| Capital Reserves | | 24,150,000 | 24,150,000 |
| General Reserves | 6.1 | 9,975,850,000 | 9,975,850,000 |
| Unappropriated Profit | | 2,645,507,664 | 1,431,590,875 |
| | | <u>12,645,507,664</u> | <u>11,431,590,875</u> |

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

7 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.

8 Long Term Financing - Secured From Financial Institutions

| Facility | Rate | Repayments | Frequency | Security | June 30, 2023 Rs. | June 30, 2022 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. 1.374 billion. | 467,857,059 | 497,779,399 |
| | SBP rate + Spread ranging from 0.5 % to 1% (SBP rate + Spread ranging from 0.5 % to 1%) | 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. | 979,858,299 | 1,156,717,051 |
| TERF | SBP rate + Spread 0.75% (SBP rate + Spread 0.75%) | 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. | 124,211,397 | 117,716,255 |
| | | | | | 1,571,926,755 | 1,772,212,705 |
| Bank Al Falah Limited | | | | | | |
| LTFF | SBP rate + 0.75% (2022: 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 Sheikhpura, Punjab to the extent of Rs. 5.1 billion. | 2,730,818,406 | 2,989,035,858 |
| TERF | SBP rate + 0.75% (2022: SBP rate + 0.75%) | The loans are repayable in Thirty Two equal quarterly installments, commencing from March 2023 and ending in Nov 2031 | | | 338,312,493 | 324,329,449 |
| Salaries Refinancing | 0.75% (2022: 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 | - |
| | | | | | 3,069,130,899 | 3,368,825,416 |

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2023

| | | | | | June 30, 2023 | June 30, 2022 | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|-------------|
| | | | | | Rs. | Rs. | |
| Dubai Islamic Bank Limited | | | | | | | |
| LTFF | SBP rate + Spread 2.0% (2022: SBP rate + Spread 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. | 58,399,350 | 61,473,000 | |
| | | | | | 58,399,350 | 61,473,000 | |
| Bank Islami Limited | | | | | | | |
| IFRE | SBP rate + Spread 1.0% (2022: SBP rate + Spread 1.0%) | 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 Sheikhpura, Punjab to the extent of Rs. 25 Million. | 19,048,160 | 17,238,528 | |
| | | | | | 19,048,160 | 17,238,528 | |
| | | | | | 4,718,505,164 | 5,219,749,649 | |
| Less: Current portion shown in current liabilities | | | | | 17 | 587,726,360 | |
| | | | | | 4,019,675,982 | 4,632,023,289 | |
| 9 Long Term Payables | | | | | | | |
| | | | | | June 30, 2023 | June 30, 2022 | |
| | | | | | Rs. | Rs. | |
| Infrastructure fee payable | | | | | 9.1 | 602,416,909 | 321,851,183 |
| Gas Infrastructure cess / Tariff rate difference | | | | | 9.2 | 467,316,662 | 441,744,722 |
| | | | | | 1,069,733,571 | 763,595,905 | |
| 9.1 Movement in liability recognized in the statement of financial position | | | | | | | |
| Balance at beginning of the year | | | | | 321,851,183 | 232,197,276 | |
| Accrued for the year | | | | | 280,565,726 | 101,955,553 | |
| Paid during the year | | | | | - | (12,301,646) | |
| Balance at the end of the year | | | | | 602,416,909 | 321,851,183 | |
| 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. 593.39 Million (June 30, 2022: Rs. 320.9 Million) in respect of unpaid infrastructure fee. | | | | | | | |
| 9.2 Movement in liability recognized in the statement of financial position | | | | | | | |
| Balance at beginning of the year | | | | | 441,744,722 | 641,808,947 | |
| Accrued for the year | | | | | 28,480,330 | 32,896,815 | |
| Paid / reversed during the year | | | | | (2,908,390) | (232,961,040) | |
| Balance at the end of the year | | | | | 467,316,662 | 441,744,722 | |
| It includes an amount of Rs. 186.20 million (2022: Rs. 177.71 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 of Rs. 129.03 million (2022: Rs. 109.07 million) on the orders of Sindh High Court and has accrued unpaid tarrif difference. 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 had suspended the recovery of GIDC installments. 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. | | | | | | | |
| 10 Employees Retirement Benefits | | | | | | | |
| 10.1 Movement in liability recognized in the statement of financial position | | | | | | | |
| Balance at beginning of the year | | | | | 279,196,638 | 220,775,762 | |
| Charged to profit or loss account and other comprehensive income | | | | | 157,474,674 | 89,572,003 | |
| Benefits paid during the year | | | | | (41,359,817) | (31,151,127) | |
| Balance at the end of the year | | | | | 395,311,495 | 279,196,638 | |

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2023

| | Note | June 30, 2023 Rs. | June 30, 2022 Rs. |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|
| 10.2 | Amount charged to profit or loss account / other comprehensive income | | |
| | Current service cost | 82,632,188 | 64,602,046 |
| | Interest cost | 43,707,861 | 25,101,225 |
| | Charge to profit or loss account | 126,340,049 | 89,703,271 |
| | Remeasurement charge to other comprehensive income | 31,134,625 | (131,268) |
| | | 157,474,674 | 89,572,003 |
| 10.3 | 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, 2023 using the "Projected Unit Credit Method" assuming a discount rate of 16.25% (June 30, 2022: 13.25%) per annum, expected rate of increase in salaries at 15.25% (June 30, 2022: 12.25%) per annum. | | |
| 10.4 | There is no unrecognized actuarial loss / gain. | | |
| 10.5 | Historical information | | |
| | | Actuarial adjustment arising (%) | Present value of defined benefit obligation Rs. |
| | | | Experience adjustment on plan liabilities Rs. |
| | 30 th June 2022 | -0.05% | 279,196,638 |
| | 30 th June 2021 | 0.85% | 220,775,762 |
| | 30 th June 2020 | 5.47% | 192,521,328 |
| | 30 th June 2019 | -11.05% | 161,516,799 |
| 10.6 | 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 | (13,460,959) | 14,160,441 |
| | Expected rate of increase in future salary | 14,160,441 | (13,690,638) |
| 10.7 | The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2024 works out to Rs. 145,465,792. | | |
| 10.8 | The weighted average duration of defined benefit obligation is 6 years. | | |
| 11 | Deferred Taxation | | |
| | Deferred tax liability on taxable temporary differences | 445,923,521 | 431,194,423 |
| | Deferred tax asset on deductible temporary differences | (27,239,643) | (27,239,643) |
| | | 418,683,878 | 403,954,780 |

| | 2023 | | | |
|-------------------------------------------------|---------------------|------------------------------|------------------------------------------|---------------------|
| | As at July 01, 2022 | Recognized in profit or loss | Recognized in other comprehensive income | As at June 30, 2023 |
| Taxable temporary differences | | | | |
| Accelerated tax depreciation on owned assets | 183,328,271 | - | - | 183,328,271 |
| Investment in associated company | 247,866,152 | 14,729,098 | - | 262,595,250 |
| | 431,194,423 | 14,729,098 | - | 445,923,521 |
| 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 | - | - | - | - |
| | (27,239,643) | - | - | (27,239,643) |
| | 403,954,780 | 14,729,098 | - | 418,683,878 |

| | 2022 | | | As at June 30, 2022 |
|-------------------------------------------------|------------------------|---------------------------------|------------------------------------------------|------------------------|
| | As at July 01, 2021 | Recognized in profit or loss | Recognized in other comprehensive income | |
| 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 |

11.1 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.

| 12 | Deferred government grant | Note | June 30, 2023 | June 30, 2022 |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------|----------------------|
| | | | Rs. | Rs. |
| | Balance at beginning of the year | | 157,647,366 | 54,190,872 |
| | Recognized during the year | | - | 130,297,112 |
| | Amortized during the year | | (27,283,864) | (26,840,618) |
| | | | 130,363,502 | 157,647,366 |
| | Less: current portion | 17 | (27,273,374) | (27,283,864) |
| | Balance at the end of the year | | 103,090,128 | 130,363,502 |
| 12.1 | 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. The entire loan has been repaid during the year. | | | |
| 12.2 | The Company obtained long-term loan agreements with Bank Al Falah Limited and United bank limited 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. | | | |
| 13 | Trade and Other Payables | | | |
| | Creditors | | 2,096,313,850 | 1,702,494,336 |
| | Accrued liabilities | | 706,889,098 | 581,883,523 |
| | Advance from customers & others | 13.1 | 279,809,343 | 257,654,541 |
| | Workers' profit participation fund | 13.2 | 79,614,251 | 221,879,854 |
| | Workers' welfare fund | | 235,087,755 | 199,576,074 |
| | Others | | 52,830,154 | 28,894,848 |
| | | | 3,450,544,451 | 2,992,383,176 |
| 13.1 | 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.244,057,359 (2022: Rs.55,357,975) has been recognised in current year in respect of advances from customers at the beginning of period. | | | |
| 13.2 | Workers' profit participation fund | | | |
| | Balance at beginning of the year | | 221,879,854 | 106,639,813 |
| | Interest on funds utilized in the Company's business | 13.3 | 9,008,762 | 5,050,955 |
| | | | 230,888,616 | 111,690,768 |
| | Paid during the year | | (230,888,616) | (111,690,768) |
| | Allocation / expense for the year | | 79,614,251 | 221,879,854 |
| | | | 79,614,251 | 221,879,854 |
| 13.3 | Interest on workers' profit participation fund has been provided @ 160.88% (June 30, 2022: 160.88%) per annum. | | | |
| 14 | Unclaimed Dividend | | | |
| | Unclaimed dividend | | 18,325,851 | 16,262,328 |

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2023

| 15 | Accrued Markup / Interest | Note | June 30, 2023 Rs. | June 30, 2022 Rs. |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------|-----------------------|
| | Accrued markup / interest on secured | | | |
| | - long term financing | | 35,308,922 | 35,018,576 |
| | - short term borrowings | | 380,973,123 | 24,721,138 |
| | | | 416,282,045 | 59,739,714 |
| 16 | Short Term Borrowings- secured | | | |
| | From banking companies-secured | | | |
| | Money market loan | | 464,000,000 | - |
| | Running finance / Murabaha / Musharika | 16.2 | 6,145,606,668 | 1,774,826,162 |
| | State Bank of Pakistan (SBP) refinances | 16.3 | 3,651,369,999 | 3,097,328,035 |
| | | | 10,260,976,667 | 4,872,154,197 |
| 16.1 | The aggregate approved short term borrowing facilities amounted to Rs. 19,850.75 Million (2022: Rs. 11,914 Million). Out of total facilities, facilities of Rs.9,608.86 Million (2022: Rs.7,041.85 million) are unavailed at the reporting date. | | | |
| 16.2 | These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.1% to 2% (2022: 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. | | | |
| 16.3 | The rates of mark-up range from 3% to 19% (2022: 1% to 7.5%) per annum during the year on the balance outstanding. | | | |
| 17 | Current Portion of Non Current Liabilities | | | |
| | Long term financing | | 698,829,182 | 587,726,360 |
| | Deferred govt. grant | | 27,273,374 | 27,283,864 |
| | | | 726,102,556 | 615,010,224 |
| 18 | Contingencies and Commitments | | | |
| | Contingencies | | | |
| 18.1 | In normal course of business, the Company has issued Post dated cheques / indemnity bonds amounting to Rs. 5,016.65 Million (2022: Rs.2,334.1 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. | | | |
| 18.2 | Bank guarantees issued to utility companies on behalf of the company amounting Rs. 451.20 million (June 30, 2022: Rs. 451.20 million), Excise and Taxation - Government of Sindh Rs. 585.51 million (June 30, 2022: Rs. 313.00 million), Excise and Taxation - Government of Punjab Rs. 7.90 million (June 30, 2022: Rs. 7.90 million) and Pakistan State Oil Company Limited Rs. 2.250 million (June 30, 2022: Rs. 2.250 million). | | | |
| 18.3 | 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. | | | |
| 18.4 | The Government has levied Super Tax on high earning persons as well on companies assessed under final tax regime, which was levied by the Government for the tax year 2022 in addition to corporate tax rate of 29%. The Company together with other parties challenged it for tax year 2022 in the Sindh High Court who decided the matter in favour of the petitioners ultra vires to the Constitution of Pakistan. The FBR challenged the said decision before the Supreme Court of Pakistan who, vide interim order dated February 2023, directed that the taxpayers shall pay super tax to Nazir on the direction of sindh high court. The Company, complying with the directions, provided security of 100% super tax to the Nazir of High Court. 50% of which was encashed and deposited with the FBR. The hearing and appeal before the Supreme Court of Pakistan is pending. Amendments made through finance act 2023 are also being challenged in honorable high courts. | | | |
| 18.5 | Bills discounted | | 6,549,622,870 | 5,520,138,937 |
| 18.6 | Share of contingencies of its associated company, Blessed Textiles Limited: | | | |
| | Bank guarantees | | 180,430,246 | 128,873,815 |
| | Bills discounted | | 382,520,529 | 377,343,837 |
| | Post dated cheques | | 2,806,892,240 | 850,638,070 |
| | | | 3,369,843,015 | 1,356,855,722 |
| | Commitments | | | |
| 18.7 | Letters of credit for: (Raw material, stores & machinery) | | 705,867,442 | 15,159,059,758 |
| 18.8 | Share of commitments of its associated company Blessed Textiles Limited: | | | |
| | - purchase of fixed assets | | - | 297,336,686 |
| | - purchase of stores and spares | | 4,056,669 | 22,331,132 |
| | - purchase of raw material | | 81,275,919 | 570,154,990 |
| | | | 85,332,588 | 889,822,808 |
| 18.9 | 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 | | 13,710,843 | 3,509,148 |
| | Later than one year & not later than five years | | 40,030,459 | 12,135,450 |
| | Later than five years | | - | - |
| | | | 53,741,302 | 15,644,598 |
| 19 | Property, Plant and Equipment | | | |
| | Operating fixed assets | 19.1 | 9,832,038,951 | 9,891,076,393 |
| | Capital work in progress | 19.6 | 285,651,304 | 365,296,299 |
| | | | 10,117,690,255 | 10,256,372,692 |

Notes to the financial statements
For the year ended June 30, 2023

19.1 Operating fixed assets

| Description | COST | | | | DEPRECIATION | | | | Book value as at June 30, 2023 | Annual rate of depreciation % |
|---------------------------------------------|-----------------------|-------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|----------------------|--------------------------------|-------------------------------|
| | As at July 01, 2022 | Additions | Transfers / Disposal | As at June 30, 2023 | As at July 01, 2022 | Charge for the year | Transfers / Disposal | As at June 30, 2023 | | |
| Rupees | | | | | | | | | | |
| Freehold land | 1,012,237,079 | 3,492,370 | - | 1,015,729,449 | - | - | - | - | 1,015,729,449 | - |
| Leasehold land | 222,877,085 | - | - | 222,877,085 | - | - | - | - | 222,877,085 | - |
| Factory building on freehold land | 1,870,115,425 | - | 169,873,881 | 2,039,989,306 | 342,116,897 | 154,215,469 | - | 496,332,366 | 1,543,656,940 | 10 |
| Factory building on leasehold land | 252,617,099 | - | - | 252,617,099 | 168,227,496 | 8,505,354 | - | 176,732,850 | 75,884,249 | 10 |
| Factory building on Leasehold extension | 5,169,785 | - | - | 5,169,785 | 4,505,856 | - | - | 4,505,856 | 663,929 | 10 |
| Non factory building on freehold land | 379,970,399 | - | 114,973,852 | 494,944,251 | 56,824,038 | 19,296,980 | - | 76,121,018 | 418,823,233 | 5 |
| Non factory building on leasehold land | 20,390,399 | - | - | 20,390,399 | 15,716,487 | 233,696 | - | 15,950,183 | 4,440,216 | 5 |
| Non factory building on Leasehold extension | 168,065,547 | - | - | 168,065,547 | 73,652,024 | 4,720,676 | - | 78,372,700 | 89,692,847 | 5 |
| Plant and machinery | 9,058,688,173 | - | 453,737,530 | 9,439,138,724 | 3,000,039,013 | 627,491,784 | - | 3,576,860,342 | 5,862,278,382 | 10 |
| | | | (73,286,979) | | | | (50,670,455) | | | |
| Electric equipment and fitting | 337,236,833 | - | 25,519,561 | 362,756,394 | 150,191,284 | 19,095,653 | - | 169,286,937 | 193,469,457 | 10 |
| Gas line and pipe fitting | 7,943,179 | - | - | 7,943,179 | 6,657,725 | 77,217 | - | 6,734,942 | 1,208,237 | 10 |
| Factory equipment | 33,348,430 | - | 6,572,925 | 39,921,355 | 10,510,197 | 5,480,796 | - | 15,990,993 | 23,930,362 | 10 |
| Office equipment | 37,970,377 | - | - | 37,970,377 | 2,080,331 | 83,740 | - | 2,164,071 | 35,806,306 | 10 |
| Furniture and fixtures | 154,213,855 | - | 8,257,162 | 162,471,017 | 13,160,667 | 14,174,128 | - | 27,334,795 | 135,136,222 | 10 |
| Equipment and other assets | 297,366,550 | 13,478,295 | 7,148,355 | 317,993,200 | 252,112,792 | 28,601,205 | - | 280,713,997 | 37,279,203 | 3 to 4 years |
| Vehicles | 226,380,473 | 75,912,855 | (5,049,973) | 297,243,355 | 97,719,488 | 31,802,205 | (3,441,172) | 126,080,521 | 171,162,834 | 20 |
| | 14,084,590,688 | 92,883,520 | 786,083,266 | 14,885,220,522 | 4,193,514,295 | 913,778,903 | - | 5,053,181,571 | 9,832,038,951 | |
| | | | (78,336,952) | | | | (54,111,627) | | | |
| 2023 | 14,084,590,688 | 92,883,520 | 786,083,266 | 14,885,220,522 | 4,193,514,295 | 913,778,903 | - | 5,053,181,571 | 9,832,038,951 | |
| | | | (78,336,952) | | | | (54,111,627) | | | |

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 | 8,286,951,576 | 917,681,822 | (487,180) | 9,058,688,173 | 2,482,423,719 | 614,330,839 | 6,417,613 | 3,000,039,013 | 6,058,649,160 | 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 | 29,584,095 | 3,764,335 | - | 33,348,430 | 15,743,031 | 1,414,068 | (6,646,902) | 10,510,197 | 22,838,233 | 10 |
| Office equipment | 2,917,742 | 35,052,635 | - | 37,970,377 | 2,001,373 | 93,045 | (14,087) | 2,080,331 | 35,806,306 | 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 | 3 to 4 years |
| Vehicles | 172,257,916 | 66,797,595 | - | 226,380,473 | 80,403,826 | 24,261,405 | (6,945,743) | 97,719,488 | 128,660,985 | 20 |
| | | | (12,675,038) | | | | | | | |
| | 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) | | | |
| 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 | |

19.2 Equipment and other assets includes assets costing PKR 103,315,668 (2022: PKR 103,315,668) which have been fully depreciated.

Notes to the financial statements
For the year ended June 30, 2023

| | Note | Year ended June 30 2023 | Year ended June 30 2022 |
|-------------------------|---------------------------------------------------------------------|-------------------------|-------------------------|
| | |Rupees..... | |
| 19.3 | The depreciation charge for the year has been allocated as follows: | | |
| Cost of sales | 32 | 867,718,830 | 812,200,850 |
| Administrative expenses | 35 | 46,060,073 | 30,205,517 |
| | | 913,778,903 | 842,406,367 |

19.4 Free hold lands of the Company are located at Ferozwattoan Sheikhpura with an area of 186 Kanal 5 Marla (2022: 186 Kanal 5 Marla), Gajjumata Kasur with an area of 90 Kanal 10 Marla (2022: 90 Kanal 10 Marla), Warburton Sheikhpura 714 Kanal 1 Marla (2021: 711 Kanal 18 Marla), and leasehold lands of the Company are located at SITE Nooriabad with an area of 284.5 Kanal (2021: 284.5 Kanal).

19.5 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 | | | | | | | |
| Tsudkoma looms | 73,286,979 | 50,670,455 | 22,616,524 | 23,100,000 | 483,476 | Negotiation | Multitex, Plot F-497, Near S.I.T.E, Police Station A Textile Avenue, |
| | 73,286,979 | 50,670,455 | 22,616,524 | 23,100,000 | 483,476 | | |
| Vehicles | | | | | | | |
| Honda Civic AYY - 384 | 2,155,040 | 1,898,576 | 256,464 | 550,000 | 293,536 | Negotiation | Mr. Faisal, House B-47, Block A, KDA Officer Housing Society, Karachi |
| Honda CD-70 KDX - 5266 | 42,000 | 40,136 | 1,864 | 3,000 | 1,136 | Negotiation | Mr. Yasir Khan, House L2/17-A PNT Colony Gizri Road, Karachi |
| Toyota Corolla AGH - 363 | 1,005,793 | 987,826 | 17,967 | 100,000 | 82,033 | Negotiation | Mr. Haji Ashfaq, House 31, Overseas Co-operative Housing Society, Ka |
| KIA Picanto ADZ 21 -926 | 1,847,140 | 514,634 | 1,332,506 | 2,300,000 | 967,494 | Insurance claim | UBL Insurers Limited |
| | 5,049,973 | 3,441,172 | 1,608,801 | 2,953,000 | 1,344,199 | | |
| 30-Jun-23 | 78,336,952 | 54,111,627 | 24,225,325 | 26,053,000 | 1,827,675 | | |
| 30-Jun-22 | 158,133,083 | 110,078,901 | 48,054,182 | 52,339,907 | 4,285,725 | | |

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2023

| 19.6 | Capital work in progress | 2023 | | | |
|-------------|---------------------------------------------------------------------------------------|------------------------|----------------------|------------------------|------------------------|
| | | As at July 01, 2022 | Additions | Transfers | As at June 30, 2023 |
| | | Rs. | Rs. | Rs. | Rs. |
| | Building and other civil works | 102,591,146 | 283,118,339 | (284,847,733) | 100,861,752 |
| | Plant and machinery | 261,958,591 | 378,891,019 | (466,833,058) | 174,016,552 |
| | Electric installation | 746,562 | 24,121,682 | (24,868,244) | - |
| | Others | - | 20,307,231 | (9,534,231) | 10,773,000 |
| | | 365,296,299 | 706,438,271 | (786,083,266) | 285,651,304 |
| | | 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 |
| 20 | Long term Investment | | | June 30, 2023 | June 30, 2022 |
| | Investment in associates | Note | | Rs. | Rs. |
| | Investment in shares of Blessed Textiles Limited | | | 1,762,526,599 | 1,665,323,062 |
| | Cost of investment 1,189,160 ordinary shares of Rs. 10 each (2022: 1,189,160 shares) | | | 11,891,600 | 11,891,600 |
| | Accumulated share of post acquisition profit / OCI - net of dividends received | | | 1,653,431,462 | 1,100,293,482 |
| | Share of profit for the year | | | 138,813,770 | 592,860,794 |
| | Share of OCI for the year | | | (2,367,953) | (480,534) |
| | Dividend received during the year | | | (39,242,280) | (39,242,280) |
| | | | | 1,750,634,999 | 1,653,431,462 |
| | | | | 1,762,526,599 | 1,665,323,062 |
| | Total assets | | | 27,269,973,203 | 17,325,525,656 |
| | Total liabilities | | | 17,625,001,196 | 8,308,974,473 |
| | Net assets | | | 9,644,972,007 | 9,016,551,183 |
| | Company's share of associate's net assets | | | 1,783,180,179 | 1,666,996,580 |
| | Sales- net | | | 24,156,586,324 | 22,031,311,882 |
| | Profit for the year | | | 750,824,252 | 3,206,701,054 |
| | OCI for the year | | | (12,807,928) | (2,599,142) |
| | Company's share of associate's profit for the year | | | 138,813,770 | 592,860,794 |
| | Company's share of OCI for the year | | | (2,367,953) | (480,534) |
| | Company's share of Contingencies for the year | | | 3,369,843,015 | 1,356,855,722 |
| | Company's share of Commitments for the year | | | 85,332,588 | 889,822,808 |
| | Market value per share | | | 331.62 | 490.00 |
| 20.1 | Summarized Statement of Financial Position | | | | |
| | Non Current Assets | | | 8,364,437,646 | 6,151,809,899 |
| | Current Assets | | | 18,905,535,557 | 11,173,715,757 |
| | | | | 27,269,973,203 | 17,325,525,656 |
| | Non Current Liabilities | | | 5,699,796,476 | 3,972,244,011 |
| | Current Liabilities | | | 11,925,204,720 | 4,336,730,462 |
| | | | | 17,625,001,196 | 8,308,974,473 |
| | Net Assets | | | 9,644,972,007 | 9,016,551,183 |
| 20.2 | Summarized Statement of Profit or Loss | | | | |
| | Revenue | | | 24,156,586,324 | 22,030,768,817 |
| | Profit before tax | | | 1,013,920,699 | 3,789,503,733 |

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2023

| | Note | June 30, 2023 Rs. | June 30, 2022 Rs. |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| 20.3 Reconciliation to carrying amount | | | |
| Opening net assets | | 9,016,551,183 | 6,024,705,271 |
| Profit for the year | | 750,824,252 | 3,206,701,054 |
| OCI | | (12,807,928) | (2,599,142) |
| Dividend paid during the year | | (212,256,000) | (212,256,000) |
| | | 525,760,324 | 2,991,845,912 |
| | | 9,542,311,507 | 9,016,551,183 |
| Loan from directors | | 102,660,500 | - |
| Net assets | | 9,644,972,007 | 9,016,551,183 |
| Shareholding in associate | | 18.49% | 18.49% |
| Proportion of associate ownership | | 1,764,200,117 | 1,666,996,580 |
| Other adjustments | | (1,673,518) | (1,673,518) |
| | | 1,762,526,599 | 1,665,323,062 |
| 20.4 | 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, Sheikhpura Road, District Sheikhpura in the Province of Punjab. | | |
| 21 Long Term Deposits | | | |
| Security deposits | | 24,959,115 | 24,959,115 |
| Ijarah deposits | | 4,625,665 | 1,368,400 |
| Others | 21.1 | 1,604,800 | 1,204,800 |
| | | 31,189,580 | 27,532,315 |
| 21.1 | 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. | | |
| 22 Stores, Spare Parts and Loose Tools | | | |
| Stores, spare parts and loose tools | | 743,583,830 | 453,222,439 |
| Provision for slow moving store items | 22.1 | (2,088,830) | (2,088,830) |
| | | 741,495,000 | 451,133,609 |
| 22.1 Provision for slow moving items comprises; | | | |
| Balance at the beginning of the year | | 2,088,830 | 2,088,830 |
| Recognized during the year | | - | - |
| Balance at the end of the year | | 2,088,830 | 2,088,830 |
| 22.2 | No item of stores, spares and loose tools is pledged as security as at reporting date. | | |
| 22.3 | No item of stock in trade is pledged as security as at the reporting date. | | |
| 23 Stock in Trade | | | |
| Raw material | | 10,526,231,859 | 2,503,293,485 |
| Raw material in transit | | 521,079,366 | 260,128,576 |
| Work in process | | 960,979,255 | 656,970,486 |
| Finished goods | 23.1 | 3,319,072,627 | 2,117,128,024 |
| | | 15,327,363,107 | 5,537,520,571 |
| 23.1 | Stock of finished goods includes stock of waste valued at Rs. 2,268,516 (2022: Rs. 1,739,273). The entire stock of waste is valued at net realizable value. | | |
| 23.2 | No item of stock in trade is pledged as security as at the reporting date. | | |
| 24 Trade Debts | | | |
| Considered good | | | |
| Foreign: secured through letters of credit | | 1,494,568,452 | 1,731,453,122 |
| Foreign: unsecured | | 558,818,670 | 667,071,046 |
| Local : unsecured | | 1,640,106,030 | 860,567,300 |
| | | 3,693,493,152 | 3,259,091,468 |
| Considered doubtful | | 158,377,674 | 199,194,054 |
| Allowance for ECL | 24.1 | (158,377,674) | (199,194,054) |
| | | 3,693,493,152 | 3,259,091,468 |
| 24.1 Particulars of allowance for ECL on doubtful debts | | | |
| Balance at beginning of the year | | 199,194,054 | 170,181,048 |
| Allowance no longer required / recovered | | (42,687,149) | (13,674,143) |
| Charge during the year | | 1,870,769 | 42,687,149 |
| Balance at the end of the year | | 158,377,674 | 199,194,054 |

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2023

| | | June 30, 2023 | June 30, 2022 |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| | Note | Rs. | Rs. |
| 25 Loans And Advances | | | |
| Considered good | | | |
| Advances to suppliers - unsecured | | 167,190,899 | 170,805,441 |
| Advances to employees | 25.1 | 15,149,586 | 10,277,176 |
| Letters of credit | | 562,050 | 4,262,486 |
| Margin against letters of credit | | - | 3,721,334 |
| Advances to suppliers - unsecured; considered doubtful | | 64,213 | 64,213 |
| Others | | 418,622 | - |
| | | 183,385,370 | 189,130,650 |
| Provision for doubtful advances | | (64,213) | (64,213) |
| | | 183,321,157 | 189,066,437 |
| 25.1 | These represent advances to employees against future salaries and post employment benefits in accordance with the company policy. | | |
| 26 Trade Deposits and Prepayments | | | |
| Deposit against infrastructure fee payable | 26.1 | 425,391,427 | 329,391,427 |
| Prepaid expenses | | 5,853,865 | 3,780,279 |
| | | 431,245,292 | 333,171,706 |
| 26.1 | Effective mark up rate on these deposits range from 6% to 19.50% per annum (June 30, 2022: 4.51% to 9% per annum). | | |
| 27 Other Receivables | | | |
| Claims receivable | | 96,401,357 | 34,982,109 |
| | | 96,401,357 | 34,982,109 |
| 28 Income Tax Refundable | | | |
| Advance income tax refundable / adjustable | | 889,782,341 | 515,745,794 |
| Provision for taxation | | (481,556,475) | (462,575,697) |
| | | 408,225,866 | 53,170,097 |
| 29 Sales Tax Refundable | | | |
| Sales tax refundable | | 1,324,147,128 | 984,175,231 |
| 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) |
| | | 1,324,147,128 | 984,175,231 |
| 30 Cash and Bank Balances | | | |
| Cash in hand | | 834,220 | - |
| Balances with banks in: | | | |
| Current accounts | | 348,620,013 | 1,283,270,085 |
| Foreign currency accounts | | 212,024,599 | 42,940,089 |
| Saving accounts | 30.1 | 18,375,563 | 3,116,306,157 |
| | | 579,020,175 | 4,442,516,331 |
| | | 579,854,395 | 4,442,516,331 |
| 30.1 | It carries mark up at the rate of 19.50% to 21.50% per annum (2022: 2.82% to 16.80% per annum). | | |
| 31 Sales - Net | | June 30, 2023 | June 30, 2022 |
| | Note | Rs. | Rs. |
| Export | | | |
| Yarn | | 13,220,144,272 | 13,049,468,900 |
| Fabric | | 9,656,644,844 | 8,242,187,984 |
| Made ups | | 9,029,644,772 | 5,081,588,452 |
| | | 31,906,433,888 | 26,373,245,336 |
| Export rebate | | 4,561,825 | 21,734,307 |
| | | 31,910,995,713 | 26,394,979,643 |
| Local | | | |
| Yarn | | 629,327,665 | 539,961,849 |
| Fabric | | 6,391,377,870 | 6,121,012,289 |
| Cotton | | - | - |
| Made Up | | 35,515,138 | 608,908 |
| Waste and others | | 289,807,618 | 280,155,865 |
| | | 7,346,028,291 | 6,941,738,911 |
| Gross sales | | 39,257,024,004 | 33,336,718,554 |
| Discount on sales | | (26,699,745) | (363,780) |
| Sales tax | | (1,557,516,649) | (1,261,985,026) |
| | | 37,672,807,610 | 32,074,369,748 |
| 31.1 | Export sales include Rs. 2,692.27 million exclusive of sales tax (2022: Rs. 1,489.06 million) in respect of indirect export sales. | | |

FAISAL SPINNING MILLS LIMITED
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| 32 | Cost of Sales | Note | June 30, 2023 | June 30, 2022 |
|------|-----------------------------------------------------------------------------------------------------------------------------------|------|------------------------|------------------------|
| | | | Rs. | Rs. |
| | Raw material consumed | 32.1 | 27,486,208,333 | 22,397,678,756 |
| | Packing material consumed | | 434,159,689 | 298,024,186 |
| | Stores and spare parts consumed | | 1,442,145,103 | 1,034,306,673 |
| | Salaries, wages and benefits | 32.2 | 1,998,268,410 | 1,384,874,767 |
| | Fuel, power and water | | 2,168,020,237 | 1,437,026,548 |
| | Insurance | | 81,155,055 | 58,210,590 |
| | Repair and maintenance | | 14,089,961 | 11,510,756 |
| | Rent, rates and taxes | | 1,119,351 | 981,620 |
| | Travelling, conveyance and entertainment | | 17,843,051 | 9,927,573 |
| | Vehicle running expenses | | 41,952,179 | 24,764,637 |
| | Communication | | 1,098,509 | 1,076,700 |
| | Fee and subscription | | 13,491,955 | 4,856,408 |
| | Depreciation | 19.3 | 867,718,830 | 812,200,850 |
| | Others | | 12,085,574 | 8,762,770 |
| | | | 34,579,356,237 | 27,484,202,834 |
| | Work in process | | | |
| | Opening stock | | 656,970,486 | 281,890,064 |
| | Closing stock | | (960,979,255) | (656,970,486) |
| | | | (304,008,769) | (375,080,422) |
| | Cost of goods manufactured | | 34,275,347,468 | 27,109,122,412 |
| | Finished stocks | | | |
| | Opening stock | | 2,117,128,024 | 688,632,876 |
| | Finished goods purchased - fabric | | 45,546,331 | 21,356,537 |
| | Finished goods theft | | (8,372,449) | - |
| | Closing stock | | (3,319,072,627) | (2,117,128,024) |
| | | | (1,164,770,721) | (1,407,138,611) |
| | | | 33,110,576,747 | 25,701,983,801 |
| | | | June 30, 2023 | June 30, 2022 |
| | | | Rs. | Rs. |
| 32.1 | Raw material consumed | | | |
| | Opening stock | | 2,763,422,061 | 4,265,803,437 |
| | Purchases | | 35,810,831,577 | 20,910,113,618 |
| | Cost of raw material sold - yarn/fabric | | (40,734,080) | (14,816,238) |
| | Closing stock | | (11,047,311,225) | (2,763,422,061) |
| | | | 27,486,208,333 | 22,397,678,756 |
| 32.2 | Salaries, wages and benefits includes employees retirement benefits amounting to Rs. 104,870,247 (June 30, 2022: Rs. 73,622,845). | | | |
| 33 | Other Income | | | |
| | Income from financial assets | | | |
| | Interest on bank deposits | | 290,379,403 | 51,360,156 |
| | Reversal of ECL | | 42,687,149 | 13,674,143 |
| | Exchange gain on foreign currency translation | | 27,289,986 | 4,063,315 |
| | Dividends from short term investments | | 90,421,094 | - |
| | Gain on disposal of investments | | 495,246 | - |
| | Income from non financial assets | | | |
| | Gain on disposal of fixed assets | 19.5 | 1,827,675 | 4,285,725 |
| | | | 453,100,553 | 73,383,339 |

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| 34 | Distribution Cost | Note | June 30, 2023 | June 30, 2022 |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------------|---------------|
| | | | Rs. | Rs. |
| | Export | | | |
| | Steamer, air freight & forwarding | | 415,948,433 | 611,221,389 |
| | Trailer freight | | 112,900,984 | 56,420,138 |
| | Clearing and forwarding | | 111,859,797 | 83,341,836 |
| | Export development surcharge | | 67,365,729 | 59,963,053 |
| | Commission | | 609,053,623 | 269,338,495 |
| | Sales promotion expenses | | 102,041,860 | 20,389,417 |
| | Insurance expenses | | 9,754,065 | 9,942,807 |
| | Salaries, wages and benefits | 34.1 | 73,929,070 | 72,941,674 |
| | Other export expenses | | 11,498,305 | 8,439,590 |
| | | | 1,514,351,866 | 1,191,998,399 |
| | Local | | | |
| | Freight on local sales | | 13,195,237 | 10,527,326 |
| | Commission | | 77,761,153 | 55,614,318 |
| | Quality claim | | 26,640 | 245,794 |
| | Others | | 626,549 | 478,567 |
| | | | 91,609,579 | 66,866,005 |
| | | | 1,605,961,445 | 1,258,864,404 |
| 34.1 | Salaries, wages and benefits includes employees retirement benefits amounting to Rs. 3,911,397 (June 30, 2022: Rs. 3,911,504). | | | |
| 35 | Administrative Expenses | | | |
| | Directors' remuneration | | 9,600,000 | 9,600,000 |
| | Staff salaries and benefits | 35.1 | 210,475,675 | 166,375,886 |
| | Traveling, conveyance and entertainment | | 52,202,227 | 16,002,406 |
| | Printing and stationery | | 12,079,223 | 8,880,970 |
| | Communication expenses | | 4,063,438 | 4,230,468 |
| | Vehicles running and maintenance | | 40,943,153 | 20,653,646 |
| | Legal and professional | | 5,513,225 | 3,476,245 |
| | Auditors' remuneration | 35.2 | 2,775,000 | 2,290,000 |
| | Fee and subscription | | 8,096,696 | 5,482,609 |
| | Repair and maintenance | | 720,367 | 1,544,475 |
| | Rent, rates and taxes | | 5,156,906 | 4,834,370 |
| | Depreciation | 19.3 | 46,060,073 | 30,205,517 |
| | Charity and donation | 35.3 | 4,900,000 | 1,500,000 |
| | Provision for ECL | | 1,870,769 | 42,687,149 |
| | Ijarah lease rental | | 7,837,683 | 2,022,282 |
| | Software license renewal and maintenance fee | | 7,439,644 | 4,306,258 |
| | Others | | 3,774,092 | 4,092,619 |
| | | | 423,508,171 | 328,184,900 |
| 35.1 | Staff salaries and benefits includes employee retirement benefits amounting to Rs. 17,558,405 (June 30, 2022: Rs. 12,128,923). | | | |
| 35.2 | Auditors' remuneration | | | |
| | Annual statutory audit | | 2,505,000 | 2,020,000 |
| | Half yearly review | | 190,000 | 190,000 |
| | Review of Code of Corporate Governance | | 80,000 | 80,000 |
| | | | 2,775,000 | 2,290,000 |
| 35.3 | During the year, donation to following party exceeded Rs. 1 million (2022: Nil). No director or his spouse had any interest in the donee. Lahore Institute of Health Sciences | | | |
| | | | 2,000,000 | - |
| 36 | Other Operating Expenses | | | |
| | Workers' Profit Participation Fund | 13.2 | 79,614,251 | 221,879,854 |
| | Workers' Welfare Fund | | 35,511,681 | 96,344,024 |
| | | | 115,125,932 | 318,223,878 |
| 37 | Finance Cost | | | |
| | Mark-up on: | | | |
| | - long term financing | | 142,677,305 | 133,029,709 |
| | - short term borrowings | | 919,674,552 | 148,624,430 |
| | - workers' profit participation fund | | 9,008,762 | 5,050,955 |
| | Letter of credit discounting | | 172,470,894 | 109,987,416 |
| | Bank charges and commission | | 23,322,852 | 11,521,490 |
| | | | 1,267,154,365 | 408,214,000 |
| 37.1 | During the year, the company has capitalized the borrowing cost of Rs. 3,769,121 (2022: 1,521,331). | | | |
| 37.2 | Capitalization rates used to determine the amount of borrowing cost eligible for capitalization is 4.5% (2022: 2.5%). | | | |

FAISAL SPINNING MILLS LIMITED
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| | Note | June 30, 2023 Rs. | June 30, 2022 Rs. |
|--------------------|------|----------------------|----------------------|
| 38 Taxation | | | |
| Current tax | | | |
| - Current year | | 481,556,475 | 462,575,697 |
| - Prior years | | (215,809,667) | - |
| | | 265,746,808 | 462,575,697 |
| Deferred tax | | 14,729,098 | 164,343,905 |
| | | 280,475,906 | 626,919,602 |

38.1 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.

38.2 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.

39 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 1,461,919,367 4,098,223,296

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 146.19 409.82

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.

40 Non Adjusting Events after the Reporting Period

In respect of current period, the board of directors in their meeting held on September 28, 2023 has proposed to pay cash dividend of @ 115% i.e. Rs. 11.50 per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

41 CHANGES FROM FINANCING CASH FLOWS

| | June 30, 2023 | | | | |
|-------------------------------------------|----------------------------------|----------------------|-----------------------|--------------------|--|
| | Loan from directors and sponsors | Long term finances | Short term borrowings | Unclaimed dividend | |
| As at beginning of the year | 937,781,000 | 5,219,749,649 | 4,872,154,197 | 16,262,328 | |
| Long term finances obtained | - | 53,629,032 | - | - | |
| Repayment of loan | 134,937,600 | (582,157,381) | - | - | |
| Deferred grant recognized during the year | - | - | - | - | |
| Loan accretion | - | 27,283,864 | - | - | |
| Net increase in short term borrowings | - | - | 5,388,822,470 | - | |
| Dividend declared during the year | - | - | - | 214,500,000 | |
| Dividend paid during the year | - | - | - | (212,436,477) | |
| As at end of the year | <u>1,072,718,600</u> | <u>4,718,505,164</u> | <u>10,260,976,667</u> | <u>18,325,851</u> | |
| | 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 | <u>937,781,000</u> | <u>5,219,749,649</u> | <u>4,872,154,197</u> | <u>16,262,328</u> | |

42 Remuneration of Chief Executive, Directors and Executives

| | Chief Executive | Director | Executives | Chief Executive | Director | Executives |
|--------------------------|------------------|---------------|--------------------|------------------|---------------|--------------------|
| | June 30, 2023 | June 30, 2023 | June 30, 2023 | June 30, 2022 | June 30, 2022 | June 30, 2022 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Remuneration | 9,600,000 | - | 134,541,661 | 9,600,000 | - | 91,501,538 |
| Allowances | - | - | 23,056,013 | - | - | 21,668,220 |
| Post employment benefits | - | - | 21,853,985 | - | - | 18,963,246 |
| | 9,600,000 | - | 179,451,659 | 9,600,000 | - | 132,133,004 |
| Number of persons | 1 | - | 49 | 1 | - | 30 |

42.1 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.

42.2 No remuneration to non executive directors have been paid.

43 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% | | |
| 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 | 2.36% | | |
| 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 | | 2023 Rupees | 2022 Rupees |
| Associated undertaking | Sales of fabric | | 27,604,549 | 49,577,029 |
| | Sales of yarn | | 13,381,559 | 145,259,856 |
| | Purchase of yarn | | 3,586,289,535 | 2,429,089,838 |
| | Purchase of cotton | | 703,026,274 | 523,266,757 |
| | Purchase of fabric | | 3,033,601,964 | 1,204,100,969 |
| | Services received | | 309,000 | 309,000 |
| | Dividend received | | 39,242,280 | 39,242,280 |
| | Electricity purchased | | 10,351,833 | 5,277,661 |
| | Loan received / (repaid) from directors and sponsors | | 134,937,600 | (2,500,000) |
| | Retirement benefits | Provision for gratuity | 157,474,674 | 89,572,003 |

43.1 Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 42.

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44 SEGMENT INFORMATION
44.1 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.

44.2 Information about reportable segments

| | June-2023 | | | |
|--------------------------------------------|----------------|----------------|-----------------------------|----------------|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Revenue from external customers | 13,489,088,018 | 10,569,062,526 | 13,614,657,066 | 37,672,807,610 |
| Intersegment revenues | 7,784,500 | 379,234,422 | 8,323,394 | 395,342,316 |
| Depreciation | 131,806,908 | 176,173,970 | 605,798,025 | 913,778,903 |
| Segment results | 193,078,839 | 886,258,316 | 1,791,398,713 | 2,870,735,868 |
| Segment assets | 12,734,594,728 | 5,523,724,337 | 12,487,153,223 | 30,745,472,288 |
| Segment liabilities | 7,365,994,845 | 2,577,231,774 | 9,896,073,367 | 19,839,299,986 |
| Interest income | 278,562,453 | 11,816,950 | - | 290,379,403 |
| Additions to non-current assets | 173,769,657 | 270,488,017 | 455,924,919 | 900,182,593 |
| Disposals of property, plant and equipment | 276,295 | 22,616,524 | 1,332,506 | 24,225,325 |
| | June-2022 | | | |
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| 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 |

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.

44.3 Reconciliations of reportable segment information
44.3.1 Segment revenues

| | June-2023 | | | |
|-------------------------------|----------------|----------------|-----------------------------|----------------|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Total for reportable segments | 13,496,872,518 | 10,948,296,948 | 13,622,980,460 | 38,068,149,926 |
| Inter-segment revenues | (7,784,500) | (379,234,422) | (8,323,394) | (395,342,316) |
| Total for the Company | 13,489,088,018 | 10,569,062,526 | 13,614,657,066 | 37,672,807,610 |

FAISAL SPINNING MILLS LIMITED
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| | June-2022 | | | |
|-------------------------------|-----------------------|-----------------------|-----------------------------|-----------------------|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| 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 |

44.3.2 Segment Profits

| | June-2023 | | | |
|---------------------------------------------|--------------------|--------------------|-----------------------------|----------------------|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Operating Profit | 162,691,587 | 944,491,228 | 1,878,678,985 | 2,985,861,800 |
| Unallocated expenses | | | | |
| Other operating expenses | | | | (115,125,932) |
| Finance cost | | | | (1,267,154,365) |
| Share of profit from associated undertaking | | | | 138,813,770 |
| Total for the Company | 162,691,587 | 944,491,228 | 1,878,678,985 | 1,742,395,273 |

| | June-2022 | | | |
|---------------------------------------------|----------------------|--------------------|-----------------------------|----------------------|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Operating Profit | 4,385,021,355 | 747,910,872 | (274,212,245) | 4,858,719,982 |
| Unallocated expenses | | | | |
| Other operating expenses | | | | (318,223,878) |
| Finance cost | | | | (408,214,000) |
| Share of profit from associated undertaking | | | | 592,860,794 |
| Total for the Company | 4,385,021,355 | 747,910,872 | (274,212,245) | 4,725,142,898 |

44.3.3 Segment assets

| | June-2023 | | | |
|-------------------------------|-----------------------|----------------------|-----------------------------|-----------------------|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Total for reportable segments | 12,734,594,728 | 5,523,724,337 | 12,487,153,223 | 30,745,472,288 |
| Unallocated assets | | | | |
| Taxation recoverable | | | | 1,732,372,994 |
| Bank deposits | | | | 425,391,427 |
| Long term investment | | | | 1,762,526,599 |
| Long term deposit | | | | 31,189,580 |
| Total for the Company | 12,734,594,728 | 5,523,724,337 | 12,487,153,223 | 34,696,952,888 |

| | June-2022 | | | |
|-------------------------------|----------------------|----------------------|-----------------------------|-----------------------|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| 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 | 5,604,102,285 | 10,934,565,382 | 27,234,055,628 |

FAISAL SPINNING MILLS LIMITED**Notes to the financial statements****For the year ended June 30, 2023****44.3.4 Segment liabilities**

| | June-2023 | | | |
|-------------------------------|----------------------|----------------------|-----------------------------|-----------------------|
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Total for reportable segments | 7,365,994,845 | 2,577,231,774 | 9,896,073,367 | 19,839,299,986 |
| Un-allocated liabilities | | | | |
| Unclaimed dividends | | | | 18,325,851 |
| Infrastructure fee | | | | 602,416,909 |
| Deferred taxation | | | | 418,683,878 |
| Total for the Company | 7,365,994,845 | 2,577,231,774 | 9,896,073,367 | 20,878,726,624 |
| | June-2022 | | | |
| | Spinning | Weaving | Finishing & Home Textile | Total |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| 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 |

44.4 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 | 1,927,622,148 |
| Asia, Middle East | 10,007,362,299 |
| Europe and others | 16,801,962,613 |
| Pakistan | 10,515,515,119 |
| | <u>39,252,462,179</u> |
| Export Rebate | 4,561,825 |
| Discount | (26,699,745) |
| Sales tax | (1,557,516,649) |
| | <u>37,672,807,610</u> |

44.5 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 the year.

44.6 Company do not have any non current assets outside Pakistan.

**Notes to the financial statements
For the year ended June 30, 2023**

45 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, 2023 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:

| | 2023 | | | | | | | |
|------------------------------|---------------------------|------------------------|-------------------------|-------------------------------|----------------------|----------------------|-------------------------|--------------------------------|
| | Interest / Markup bearing | | | Non Interest / Markup bearing | | | Total | Effective Interest Rate |
| | Maturity Upto | Maturity After | Subtotal | Maturity Upto | Maturity After | Subtotal | | |
| | One year | One year | | One year | One year | | Rupees | % |
| Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | | |
| Financial assets | | | | | | | | |
| Trade debts | - | - | - | 3,693,493,152 | - | 3,693,493,152 | 3,693,493,152 | |
| Advances to employees | - | - | - | 15,149,586 | - | 15,149,586 | 15,149,586 | |
| Trade deposits | 425,391,427 | - | 425,391,427 | - | - | - | 425,391,427 | 6 to 19.5 |
| Other receivables | - | - | - | 96,401,357 | - | 96,401,357 | 96,401,357 | |
| Bank balance | 18,375,563 | - | 18,375,563 | 561,478,832 | - | 561,478,832 | 579,854,395 | 19.50 to 21.50 |
| Long-term deposits | - | - | - | - | 31,189,580 | 31,189,580 | 31,189,580 | |
| Long term investments | - | - | - | - | 1,762,526,599 | 1,762,526,599 | 1,762,526,599 | |
| | <u>443,766,990</u> | <u>-</u> | <u>443,766,990</u> | <u>4,366,522,927</u> | <u>1,793,716,179</u> | <u>6,160,239,106</u> | <u>6,604,006,096</u> | |
| Financial liabilities | | | | | | | | |
| Long-term financing | 698,829,182 | 4,019,675,982 | 4,718,505,164 | - | - | - | 4,718,505,164 | 0.75 to 5.15 |
| Trade and other payables | 79,614,251 | - | 79,614,251 | 3,135,842,445 | - | 3,135,842,445 | 3,215,456,696 | |
| Mark-up accrued on loans | - | - | - | 416,282,045 | - | 416,282,045 | 416,282,045 | |
| Short-term borrowings | 10,260,976,667 | - | 10,260,976,667 | - | - | - | 10,260,976,667 | KIBOR + 0.1 to 2 and 7.5 to 19 |
| | <u>11,039,420,100</u> | <u>4,019,675,982</u> | <u>15,059,096,082</u> | <u>3,552,124,490</u> | <u>-</u> | <u>3,552,124,490</u> | <u>18,611,220,572</u> | |
| On balance sheet gap | <u>(10,595,653,110)</u> | <u>(4,019,675,982)</u> | <u>(14,615,329,092)</u> | <u>814,398,437</u> | <u>1,793,716,179</u> | <u>2,608,114,616</u> | <u>(12,007,214,476)</u> | |
| | 2022 | | | | | | | |
| | Interest / Markup bearing | | | Non Interest / Markup bearing | | | | |
| | Maturity Upto | Maturity After | Subtotal | Maturity Upto | Maturity After | Subtotal | Total | Effective Interest Rate |
| | One year | One year | | One year | One year | | Rupees | % |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | |
| 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 | 16 to 19.5 |
| Other receivables | - | - | - | 34,982,109 | - | 34,982,109 | 34,982,109 | |
| Bank balances | 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 | |
| | <u>3,445,697,584</u> | <u>-</u> | <u>3,445,697,584</u> | <u>4,630,560,927</u> | <u>1,692,855,377</u> | <u>6,323,416,304</u> | <u>9,769,113,888</u> | |
| 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 | 2,570,927,248 | - | 2,570,927,248 | 2,792,807,102 | |
| Mark-up accrued on loans | - | - | - | 59,739,714 | - | 59,739,714 | 59,739,714 | KIBOR + 0.1 to 2 and |
| Short-term borrowings | 4,872,154,197 | - | 4,872,154,197 | - | - | - | 4,872,154,197 | 1% to 7.5% |
| | <u>5,681,760,411</u> | <u>4,632,023,289</u> | <u>10,313,783,700</u> | <u>2,630,666,962</u> | <u>-</u> | <u>2,630,666,962</u> | <u>12,944,450,662</u> | |
| On balance sheet gap | <u>(2,236,062,827)</u> | <u>(4,632,023,289)</u> | <u>(6,868,086,116)</u> | <u>1,999,893,965</u> | <u>1,692,855,377</u> | <u>3,692,749,342</u> | <u>(3,175,336,774)</u> | |

45.1 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.

45.2 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 6,604.01 million (June 30, 2022: PKR 9,769.11 million) unsecured local trade debts, advances to suppliers, and other advances amounting in aggregate to PKR 3,805.04 million (June 30, 2022: PKR 3,304.35 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.

45.3 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.

45.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2023, the total foreign currency risk exposure was PKR 2,265.41 million (June 30, 2022: PKR 2,441.46 million) in respect of foreign trade debts.

**Notes to the financial statements
For the year ended June 30, 2023**
45.5 Credit risk
45.5.1 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, 2023 Rupees | June 30, 2022 Rupees |
|-------------------------------------|------|-------------------------|-------------------------|
| Loans and receivables: | | | |
| Long term deposits | | 31,189,580 | 27,532,315 |
| Advances to employees | | 15,149,586 | 10,277,176 |
| Trade receivables | | 3,693,493,152 | 3,259,091,468 |
| Deposit with financial institutions | | 431,245,292 | 333,171,706 |
| Other receivables | | 96,401,357 | 34,982,109 |
| Cash at banks | | 579,020,175 | 4,442,516,331 |
| | | 4,846,499,142 | 8,107,571,105 |

45.5.2 Concentration of credit risk

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

| | | |
|----------------------|----------------------|----------------------|
| Domestic | 1,640,106,030 | 860,567,300 |
| Europe | 1,082,764,803 | 1,446,852,198 |
| Asia and Middle East | 472,562,387 | 324,782,068 |
| USA | 498,059,932 | 626,889,903 |
| | 3,693,493,152 | 3,259,091,469 |

45.5.3 Impairment losses

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

| | | |
|-------------------------------------------------------|----------------------|----------------------|
| Not past due | 3,382,618,041 | 2,327,333,234 |
| Past due less than one year | 312,692,209 | 974,445,384 |
| Past due more than one year but less than three years | 53,671 | - |
| Past due more than three years | 156,506,905 | 156,506,905 |
| | 3,851,870,826 | 3,458,285,523 |
| Impairment | (158,377,674) | (199,194,054) |
| | 3,693,493,152 | 3,259,091,469 |

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

| | | |
|-----------------------------|--------------------|--------------------|
| As at beginning of the year | 199,194,054 | 170,181,048 |
| Impairment loss recognized | 1,870,769 | 42,687,149 |
| Impairment loss reversed | (42,687,149) | (13,674,143) |
| As at end of the year | 158,377,674 | 199,194,054 |

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.

45.5.4 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.

45.6 Liquidity risk

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

| | As at June 30, 2023 | | | | |
|---------------------------|---------------------------|----------------------------------|----------------------------|-----------------------------|--------------------------------|
| | 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 | 4,718,505,164 | 5,256,768,725 | 725,805,440 | 3,117,647,801 | 1,413,315,484 |
| Short term borrowings | 10,260,976,667 | 10,260,976,667 | 10,260,976,667 | - | - |
| Accrued markup / interest | 416,282,045 | 416,282,045 | 416,282,045 | - | - |
| Trade creditors | 2,096,313,850 | 2,096,313,850 | 2,096,313,850 | - | - |
| Accrued liabilities | 706,889,098 | 706,889,098 | 706,889,098 | - | - |
| Unclaimed dividend | 18,325,851 | 18,325,851 | 18,325,851 | - | - |
| Other payables | 52,830,154 | 52,830,154 | 412,253,748 | - | - |
| | 18,270,122,829 | 18,808,386,390 | 14,636,846,699 | 3,117,647,801 | 1,413,315,484 |

**Notes to the financial statements
For the year ended June 30, 2023**

| | 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 | 581,883,523 | 617,330,670 | 617,330,670 | - | - |
| Unclaimed dividend | 16,262,328 | 16,262,328 | 16,262,328 | - | - |
| Other payables | 28,894,848 | 508,429,243 | 508,429,243 | - | - |
| | <u>12,481,178,595</u> | <u>12,043,353,767</u> | <u>6,788,981,899</u> | <u>3,391,315,049</u> | <u>1,863,056,820</u> |

45.7 Market risk
45.7.1 Currency risk

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

| | | |
|---------------------------|-----------------------------|----------------------|
| Trade receivables | 1,494,568,452 | 1,731,453,122 |
| Cash and cash equivalents | 212,024,599 | 42,940,089 |
| Total exposure | <u>1,706,593,051</u> | <u>1,774,393,211</u> |

b) Exchange rates applied as at the reporting date.

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

| | 2023 | | 2022 | |
|------|------------------|-----------------------|------------------|-----------------------|
| | Assets Rupees | Liabilities Rupees | Assets Rupees | Liabilities Rupees |
| CHF | 320.34 | 320.90 | 215.43 | 215.96 |
| JPY | 2.00 | 2.00 | 1.50 | 1.51 |
| Euro | 313.72 | 314.27 | 215.23 | 215.75 |
| CNY | 39.91 | 39.98 | 30.85 | 30.93 |
| USD | 286.60 | 287.10 | 205.50 | 206.00 |

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 170.66 million (2022: PKR 177.44 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.

45.7.2 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 | 443,766,990 | 3,445,697,584 |
| Financial liabilities | 4,718,505,164 | 5,219,749,649 |

Variable rate instruments

| | | |
|-----------------------|-----------------------|---------------|
| Financial assets | - | - |
| Financial liabilities | 10,260,976,667 | 4,872,154,197 |

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 102.61 million (2022: PKR 48.72 million). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

45.7.3 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, 2023**
45.8 Fair values

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

45.9 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 2023 | | | Carrying Amount 2022 | | |
|-------------------------------------|--------------------------------------|--------------------------------------------------------|-------------------------|-----------------------------------------|--------------------------------------------------------|
| 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 | 31,189,580 | - | 27,532,315 | - | - |
| Advances to employees | 15,149,586 | - | 10,277,176 | - | - |
| Trade receivables | 3,693,493,152 | - | 3,259,091,468 | - | - |
| Deposit with financial institutions | 431,245,292 | - | 333,171,706 | - | - |
| Other receivables | 96,401,357 | - | 34,982,109 | - | - |
| Cash at banks | 579,020,175 | - | 4,442,516,331 | - | - |
| | 4,846,499,142 | - | 8,107,571,105 | - | - |
| Financial Liabilities | | | | | |
| Long term financing | 4,718,505,164 | - | 5,219,749,649 | - | - |
| Short term borrowings | 10,260,976,667 | - | 4,872,154,197 | - | - |
| Accrued markup / interest | 416,282,045 | - | 59,739,714 | - | - |
| Trade creditors | 2,096,313,850 | - | 1,702,494,336 | - | - |
| Accrued liabilities | 706,889,098 | - | 581,883,523 | - | - |
| Unclaimed dividend | 18,325,851 | - | 16,262,328 | - | - |
| Other payables | 52,830,154 | - | 28,894,848 | - | - |
| | 18,270,122,829 | - | 12,481,178,595 | - | - |

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.

46 CORRESPONDING FIGURES

Corresponding figures have been re-arranged where necessary to facilitate comparison. Following major reclassifications has been made during the year.

| Description | Reclassified from | Reclassified to | Note | Amount |
|----------------------------------|---------------------|--------------------|------|------------|
| Gas Infrastructure cess / Tariff | Accrued liabilities | Long Term Payables | 9.2 | 35,447,147 |

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:

| | 2023 | 2022 |
|----------------|-----------------------|----------------|
| | Rs. | Rs. |
| Total debt | 4,876,152,530 | 5,404,237,633 |
| Total equity | 13,818,226,264 | 12,469,371,875 |
| | 18,694,378,794 | 17,873,609,508 |
| Gearing | 26% | 30% |

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

| | 2023 | 2022 |
|--------------------------------------------------------------|-------------------|-------------|
| 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 | 20,101,182 | 22,834,826 |
| 50.2 Weaving unit | | |
| Number of looms installed | 265 | 265 |
| Installed capacity in meters, after conversion into 50 picks | 68,379,830 | 67,578,655 |
| Actual production of fabric in meters | 38,211,707 | 41,155,105 |
| 50.3 Finishing / Processing unit | | |
| Production capacity in meters | 33,000,000 | 28,000,000 |
| Actual production in meters | 34,338,963 | 28,674,769 |

FAISAL SPINNING MILLS LIMITED

Notes to the financial statements**For the year ended June 30, 2023****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, 2023.

52 NUMBER OF EMPLOYEES

| | <u>2023</u> | <u>2022</u> |
|--------------------------|--------------|--------------|
| As at the reporting date | <u>2,094</u> | <u>1,903</u> |
| Average for the year | <u>2,004</u> | <u>1,777</u> |

53 GENERAL

The figures have been rounded off to the nearest Rupee.

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

Faisal Spinning Mills Limited

Historical Data for the Year Ended June 30, 2023

Year-Wise Operating Data

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------------------------------------|------------|------------|------------|------------|------------|------------|
| 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 | 23,161,653 | 23,485,861 | 24,916,086 | 25,162,427 |
| Actual production - Kg | 20,101,182 | 22,834,826 | 19,921,801 | 20,628,185 | 19,448,902 | 20,089,558 |

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 | 68,379,830 | 67,578,655 | 64,308,255 | 64,308,255 | 64,308,255 | 41,780,006 |
| Actual production - Meter | 38,211,707 | 41,155,105 | 40,242,805 | 43,789,732 | 44,560,931 | 41,522,501 |

Finishing Unit

| | | | | | | |
|-------------------------------|------------|------------|------------|---|---|---|
| Production Capacity in meters | 33,000,000 | 28,000,000 | 26,766,667 | - | - | - |
| Actual Production - Meter | 34,338,963 | 28,674,769 | 7,133,010 | - | - | - |

(Year 2021 Inclusive of Trial & Commercial)

Year-Wise Financial Data

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|------|------|------|------|------|------|
|--|------|------|------|------|------|------|

Rupees in Thousands**Profit and loss account**

| | | | | | | |
|---------------------------|------------|------------|------------|------------|------------|------------|
| Turnover (Net) | 37,672,808 | 32,074,370 | 17,065,186 | 14,895,550 | 14,028,566 | 11,842,981 |
| Gross profit | 4,562,231 | 6,372,386 | 2,488,776 | 1,410,283 | 1,884,038 | 1,308,462 |
| Operating profit | 2,870,736 | 4,540,496 | 2,440,270 | 858,601 | 1,275,441 | 790,664 |
| Financial expenses | 1,267,154 | 408,214 | 296,590 | 246,852 | 290,548 | 137,361 |
| Share profit of associate | 138,814 | 592,861 | 396,627 | 78,626 | 117,479 | 68,124 |
| Profit before tax | 1,742,395 | 4,725,143 | 2,540,307 | 690,375 | 1,102,372 | 721,427 |
| Profit after tax | 1,461,919 | 4,098,223 | 2,300,119 | 523,879 | 918,500 | 577,855 |
| Cash dividend | 115,000 | 214,500 | 214,500 | 150,000 | 185,000 | 232,000 |

Balance Sheet

| | | | | | | |
|------------------------------------|------------|------------|-----------|-----------|-----------|-----------|
| Share capital | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Reserves | 12,645,508 | 11,431,591 | 7,300,000 | 5,300,000 | 4,900,000 | 4,200,000 |
| Shareholder equity | 13,818,226 | 12,469,372 | 8,588,498 | 5,831,060 | 5,280,827 | 4,575,102 |
| Long term loans | 4,019,676 | 4,632,023 | 4,404,730 | 5,831,060 | 1,478,484 | 1,475,536 |
| Short term loan | 10,260,977 | 4,872,154 | 1,878,178 | 3,876,009 | 1,430,911 | 645,652 |
| Current liabilities | 14,872,232 | 8,555,550 | 3,699,052 | 5,006,663 | 2,467,436 | 1,496,635 |
| Current portion of long term loans | 726,103 | 615,010 | 359,135 | 55,003 | 226,342 | 224,493 |
| Fixed assets | 9,832,039 | 9,891,076 | 8,619,791 | 3,860,627 | 3,533,394 | 3,491,382 |
| Current assets | 22,785,546 | 15,284,828 | 7,919,505 | 8,499,266 | 5,925,995 | 4,245,853 |

Ratios**Performance**

Sales growth percentage - Year to Year basis

Gross profit (%)

Profit before tax (%)

Profit after tax (%)

Breakup value per share - Rupees per share

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

Earnings per share - Rupees per share

Price earning ratio

Leverage

Gearing ratio

Debt to equity (%)

Interest covering ratio

Liquidity ratio

Current ratio

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------------------------------|----------|----------|--------|---------|--------|--------|
| Sales growth percentage - Year to Year basis | 17.45% | 87.95% | 14.57% | 6.18% | 18.45% | 12.11% |
| Gross profit (%) | 12.11% | 19.87% | 14.58% | 9.47% | 13.43% | 11.05% |
| Profit before tax (%) | 4.63% | 14.73% | 14.89% | 4.63% | 7.86% | 6.09% |
| Profit after tax (%) | 3.88% | 12.78% | 13.48% | 3.52% | 6.55% | 4.88% |
| Breakup value per share - Rupees per share | 1,381.82 | 1,246.94 | 858.85 | 583.11 | 528.08 | 457.51 |
| Market value of share - at the year end - Rupees per share | 323.75 | 450.00 | 420.00 | 251.00 | 237.50 | 300.00 |
| Earnings per share - Rupees per share | 146.19 | 409.82 | 230.01 | 52.39 | 91.85 | 57.79 |
| Price earning ratio | 2.21 | 1.10 | 1.83 | 4.79 | 2.59 | 5.19 |
| Gearing ratio | 1.09 | 0.81 | 0.77 | 1.35 | 0.59 | 0.51 |
| Debt to equity (%) | 29.09% | 37.15% | 51.29% | 100.00% | 28.00% | 32.25% |
| Interest covering ratio | 2.38 | 12.58 | 9.57 | 3.80 | 4.79 | 6.25 |
| Current ratio | 1.53 | 1.79 | 2.14 | 1.70 | 2.40 | 2.84 |

FAISAL SPINNING MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2023

| 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 | 17 | 5,012,421 | 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 | 747 | 849,899 | 8.50 |
| 7 | Other Companies | 1 | 1 | 0.00 |
| 8 | Joint Stock Companies | 5 | 2,600 | 0.03 |
| | | 790 | 10,000,000 | 100.00 |

FAISAL SPINNING MILLS LIMITED
AS AT JUNE 30, 2023

| 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 | 2.36 | 235,500 |
| 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 | 0.03 | 2,600 |
| 6 | OTHER COMPANIES | 0.00 | 1 |
| 7 | INDIVIDUAL SHAREHOLDERS | 8.50 | 849,899 |
| | TOTAL | <u>100.00</u> | <u>10,000,000</u> |
| 8 | DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN | | NIL |
| 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, 2023








| NUMBERS OF SHAREHOLDERS | SHARE HOLDING | | TOTAL SHARES HELD | PERCENTAGE |
|-------------------------|---------------|---------|-------------------|---------------|
| | FROM | TO | | |
| 352 | 1 | 100 | 10,620 | 0.11 |
| 319 | 101 | 500 | 147,597 | 1.48 |
| 29 | 501 | 1000 | 26,883 | 0.27 |
| 41 | 1001 | 5000 | 108,900 | 1.09 |
| 10 | 5001 | 10000 | 71,200 | 0.71 |
| 3 | 10001 | 15000 | 34,400 | 0.34 |
| 1 | 15001 | 20000 | 16,000 | 0.16 |
| 1 | 25001 | 30000 | 28,846 | 0.29 |
| 1 | 30001 | 35000 | 32,692 | 0.33 |
| 2 | 35001 | 40000 | 79,000 | 0.79 |
| 2 | 45001 | 50000 | 98,077 | 0.98 |
| 1 | 50001 | 55000 | 52,700 | 0.53 |
| 2 | 95001 | 100000 | 194,923 | 1.95 |
| 1 | 105001 | 110000 | 109,500 | 1.10 |
| 1 | 125001 | 130000 | 125,900 | 1.26 |
| 2 | 135001 | 140000 | 273,919 | 2.74 |
| 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 |
| 790 | | | 10,000,000 | 100.00 |








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



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ڈائریکٹرز کی رپورٹ

م، 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، 2023 کو ختم ہونے والے سال کی رپورٹ پیش کرنے پر خوش ہیں۔

مالی نتائج

| | June 30, 2023 PKR | June 30, 2022 PKR |
|-----------------------------------------------|-----------------------|----------------------|
| Sales - Net | 37,672,807,610 | 32,074,369,748 |
| Cost of sales | 33,110,576,747 | 25,701,983,801 |
| Gross profit | 4,562,230,863 | 6,372,385,947 |
| Other income | 453,100,553 | 73,383,339 |
| | 5,015,331,416 | 6,445,769,286 |
| Distribution cost | 1,605,961,445 | 1,258,864,404 |
| Administrative expenses | 423,508,171 | 328,184,900 |
| Other operating expenses | 115,125,932 | 318,223,878 |
| Finance cost | 1,267,154,365 | 408,214,000 |
| | 3,411,749,913 | 2,313,487,182 |
| | 1,603,581,503 | 4,132,282,104 |
| Share of profit from associated undertaking | 138,813,770 | 592,860,794 |
| Profit before taxation | 1,742,395,273 | 4,725,142,898 |
| Taxation | 280,475,906 | 626,919,602 |
| Profit after taxation for the year | 1,461,919,367 | 4,098,223,296 |
| Earnings per share - basic and diluted | 146.19 | 409.82 |

مالیاتی کارکردگی

ا توانائی کی بحران، PKR کی زبردست قدر میں کمی، غیر ملکی ترسیلات زر میں کمی، قرض لینے کی بلند لاگت اور افراط زر کی بڑاؤ کی وجہ سے خراب معاشی نقطہ نظر اور معاشی حالات میں مسلسل لیگاڑ کے ساتھ کمپنی اب بھی PKR 1,461.919 ملین (2022): کی بعد خالص منافع حاصل کرنے میں کامیاب ہے۔ PKR 4,098.223 ملین) سال کے دوران موجودہ سال کے لئے PKR 146.19 کے EPS میں ترجمہ (EPS 2022: PKR 409.82)۔

30 جون 2023 کو ختم ہونے والے سال کے دوران کمپنی نے PKR 37,672.807 ملین کی فروخت حاصل کی جو کہ اسی مدت کے اسی سال میں PKR 32,074.369 ملین کے مقابلے میں تقریباً 17.45 فیصد فروخت میں اضافہ کو ظاہر کرتی ہے۔ تاہم اسی سال کے دوران مجموعی منافع اور بعد از ٹیکس منافع میں بالترتیب 7.76 فیصد اور 8.90 فیصد کمی واقع ہوئی ہے۔

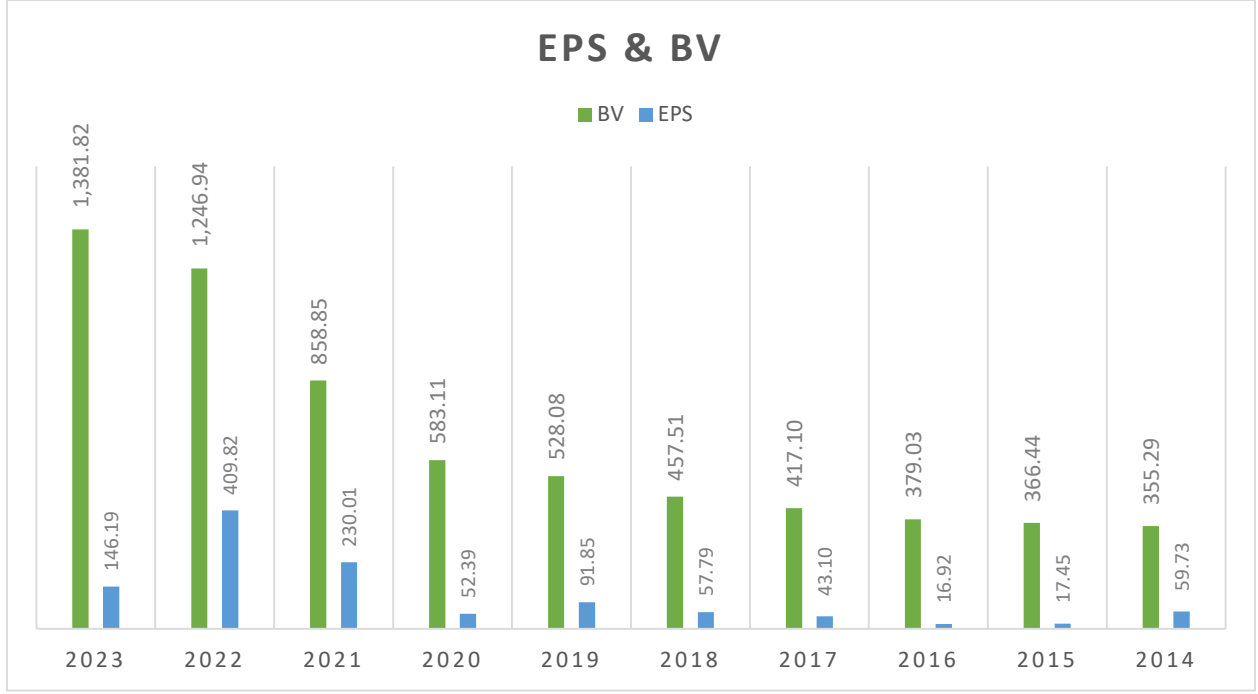
منافع اور ریزرو مختص۔

بورڈ آف ڈائریکٹرز 27 اکتوبر 2023 کو شیڈول ہونے والی آئندہ سالانہ جنرل میٹنگ میں آڈٹ کمیٹی کی سفارش کے طور پر 115.00 فیصد یعنی PKR 11.50 فی حصص کے کیش ڈیویڈنڈ کی منظوری دیتے ہوئے خوش ہیں۔

شیئر کی کمائی اور بریک اپ ویلیو۔

سرمایہ کار کسی خاص کمپنی کے EPS کو دیکھ کر اس کے منافع کا تعین کر سکتے ہیں۔ EPS میں مسلسل اضافہ کمپنی کے منافع اور بتدریج ڈیویڈنڈ بڑھانے کی صلاحیت کی علامت ہو سکتا ہے۔ بورڈ اپنے شیئر ہولڈرز کی قدر کو ترجیح دیتا ہے اور ایسے فیصلے کرتے ہوئے کافی وقت اور کوششیں گاتا ہے جس سے اس کے شیئر ہولڈرز کے مفادات اور دولت پر اثر پڑے۔

کمپنی کی فی حصص آمدنی PKR 409.82 سے کم ہو کر PKR 146.19 ہو گئی ہے جبکہ 30 جون 2023 کو ختم ہونے والے اسی سالوں کے دوران شیئر کی بریک اپ ویلیو PKR 1,246.94 سے PKR 1,381.82 ہو گئی ہے۔



ورکنگ کپٹل مینجمنٹ

کسی بھیکاروباری ادارے کی کامیابی میں ورکنگ کپٹل مینجمنٹ کا اہم کردار ہوتا ہے اس لیے کمپنی ورکنگ کپٹل کے موثر انتظام کو یقینی بنانے اور ورکنگ کپٹل سے ہنس لک وسائل کے زیادہ سے زیادہ استعمال کے لیے کوشش کرنے پر توجہ مرکوز کرتی ہے۔ موجودہ سال کے دوران موجودہ تناسب 1.79 سے 1.53 تک تھوڑا سا کم ہو گیا ہے لیکن پھر بھی صنعت کے اصولوں کے مطابق قبل قبول حدوں کے اندر ہے اور اپنی مالی ذمہ داریوں کو پورا کرنے کے لیے کافی ہے۔

مالی بیعانہ

کمپنی کے سرمائے کے ڈھانچے کا فیصلہ بہت اہم ہے کیونکہ یہ منافع اور طویل مدتی عملداری کو متاثر کر سکتا ہے، اس کے نتیجے میں ڈھانچے کو اس طرح برقرار رکھا گیا ہے جو سب سے زیادہ فائدہ مند ہے جو اس سے زیادہ فائدہ اٹھاتا ہے اور متحرک کاروباری ماحول کو اپنانے کے قابل ہوتا 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 تنظیمی منافع میں اضافہ کرتے ہیں اور شیئر ہولڈرز کی قدر میں اضافہ کرتے ہیں۔

30 جون 2023 کو طویل مدتی قرضہ PKR 4,019.675 ملین ہے جبکہ اسی مدت کے مقابلے میں یہ PKR 4,632.023 ملین تھا۔ مزید برآں، اسی سالوں کے دوران 1.09 (2022: 0.81) کے گیٹرنگ ریشو میں تھوڑا سا اضافہ کیا گیا ہے۔

30 جون 2023 کو ختم ہونے والے اسی سال کے دوران شیئر ہولڈر کی ایکویٹی میں تقریباً 11 فیصد اضافہ ہوا ہے جو کہ PKR 12,469.372 ملین سے بڑھ کر PKR 13,818.226 ملین ہو گیا ہے۔

توازن ، جدید کاری اور تبدیلی۔

رواں سال کے دوران تکنیکی ترقی کے ساتھ رفتار کو برقرار رکھنے کے لیے لانٹ اور مشینری میں تقریباً 500.00 ملین روپے کا اضافہ کیا گیا ہے۔

کریڈٹ ریٹنگ

موجودہ سال کے لیے 26 ستمبر 2023 کو Messer's VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے A/A-1 (سگنل A/A-One) پر مستی کی درجہ بندی کی دوبارہ تصدیق کی گئی ہے۔ دی گئی درجہ بندیوں پر مستی 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 2023 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 اینگ کمپنی ، چارٹرڈ اکاؤنٹنٹس نیب افیڈہ طور پر آڈٹ کیا ہے اور آڈیٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے مالی بیانات پر صاف آڈٹ رپورٹ جاری کی ہے اور کوڈ کے بیان پر صاف جائزہ رپورٹ کا رپورٹ رپورٹ گورنرس ریگولیشنز ، 2019 "کوڈ"۔ یہ رپورٹیں مالی بیانات کے ساتھ ہنس لک 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 حامل طور پر رکھائی 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۔

اقتصادی آؤٹ لک

پاکستان کی معیشت کووڈ کے دوران ہنس لک معاشی خرابی سے بحال ہوئی تاہم، مضبوط گھریلو طلب کی وجہ سے درآمدات برآمدات کے مقابلے میں بہت زیادہ بڑھی ہیں جس کی وجہ سے تجارتی خسارہ بہت زیادہ ہے۔ ایکپائیدار اور مضبوط اقتصادی ترقی کے حصول کے لیے پاکستان کو نجی سرمایہ کاری اور برآمدات کو مزید بڑھانے کی ضرورت ہے۔ تاہم، اعلیٰ درآمدی ٹیرف کی شرح، برآمدی صلاحیت کو بڑھانے کے لیے طویل مدتی فنانسنگ کی محدود دستیابی، برآمد کنندگان کے لیے مارکیٹ لٹیلی جنس خدمات کی ناکافی فراہمی کم پیداواری صلاحیت، مدت کے دوران توانائی کی زیادہ لاگت ملک میں برآمدات کی ترقی کو روکتی ہے۔ ملک کا زہاد لہ، ملازمتیں، اور پیداواری نمو یہ سب جی ڈی پی کے حصہ کے طور پر برآمدات میں طویل مدتی کمی سے متاثر ہوتے ہیں اس لیے اسے عالمی منڈیوں میں مقابلہ کرنے کے لیے بنیادی مسائل کا سامنا ہے جو طویل مدتی کامیابی کے لیے اہم ہے۔

پاکستان کی برآمدات کی کارکردگی ہمیشہ مایوس کن رہی ہے اس کے برعکس سارک خطے کی برآمدات سال 2010 سے 2022 کے دوران 271.00 امریکی ڈالر سے بڑھ کر 566.00 بلین امریکی ڈالر ہو گئیں یعنی تقریباً 110 فیصد اضافہ جبکہ پاکستان کی برآمدات 21.4 بلین امریکی ڈالر سے بڑھ کر 11.1 بلین امریکی ڈالر تک پہنچ گئیں۔ اسی مدت میں 45 فیصد۔

اگرچہ ٹیکسٹائل انڈسٹری پاکستانی برآمدات پر حاوی ہے، جبکہ برآمدی وصولیوں کا 60 فیصد سے زیادہ ہے۔ حکومت نے متعدد ترغیبی پروگراموں کے ذریعے برآمدات کی فروخت کی حوصلہ افزائی کی ہے جیسے کہ رعایتی شرح سود کی مالیاتی اسکیم، برآمد کنندگان کو ٹیرف کی خرابیاں، اور مشینری میں سرمایہ کاری کرنے والے مینوفیکچررز کو دی جانے والی رعایتی شرح۔ روے کی قدر میر کمی صرف ان برآمد کنندگان کو فائدہ پہنچا سکتی ہے جنہوں نے زیادہ مسبقتی رویے کا فائدہ اٹھانے کے لیے مناسب سرمایہ کاری کی ہے پالیسی ساز ملک کے صنعتی شعبے میں درپیش چیلنجز سے نمٹنے کے لیے مسلسل بہترین پالیسیاں تشکیل دے رہے ہیں، تاہم عالمی ٹیکسٹائل انڈسٹری کے پیچیدہ اور تیزی سے بدلتے ہوئے منظر نامے کو نیویگیٹ کرنے کے لیے پالیسیاں عدم تسلسل اور ان پر عمل درآمد نہ ہونے کی وجہ سے بے نتیجہ رہی ہیں۔ کچھ پالیسیاں قلیل مدتی فوائد حاصل کرتی ہیں کیونکہ ان میں اکثر طویل مدتی پائیداری کا فقدان ہوتا ہے۔

پاکستان کی ٹیکسٹائل انڈسٹری زیادہ سے زیادہ مارکیٹ شیئر حاصل کرنے کے لیے شمار مواقع سے فائدہ اٹھانے کی صلاحیت رکھتی ہے لیکن ٹیکسٹائل سیکٹر کی صلاحیت کو بڑھانے اور معاشی ترقی کو بے مثال سطح پر پہنچانے کے لیے توانائی، تکنیکی اپ گریڈیشن، تنوع اور ویلیو ایڈیشن میں اصلاحات ضروری ہوں گی۔ ملک کا۔

بدقسمتی سے، چونکہ معیشت کو شدید مالیاتی حدود کا سامنا ہے، اس طرح کی مراعات کو کم کر دیا گیا ہے، اور ایسی مراعات پر انحصار کرنے والی اشیاء کے برآمد کنندگان کو نقصان پہنچنے کا خدشہ ہے۔ مالی مراعات پر انحصار کی بجائے ایک ایسی پالیسی تیار کرنا ضروری ہے جو برآمد کنندگان کی حوصلہ افزائی کرے۔ برآمد کنندگان کو اپنی مصنوعات کے معیار کو بہتر بنانے کے لیے سرمایہ کاری پر غور کرنا چاہیے اور قیمت پر مبنی مقابلے کی بجائے معیار کی بنیاد پر مسبقیت پر توجہ مرکوز کرنی چاہیے، جو کہ حکومتی مراعات پر منحصر ہے۔

وہ سفارشات جو برآمدی مسبقیت کو بہتر بنانے میں مدد کر سکتی ہیں:

- برآمدات کی حوصلہ افزائی کے لیے طویل المدتی ٹیرف ریشنلائزیشن اپروچ کے ذریعے تحفظ کی موثر شرحوں کو بتدریج کم کریں۔
- ایکسپورٹ فنانس کو ورکنگ کپیٹل سے دور اور طویل مدتی مالیاتی سہولت کے ذریعے صلاحیت میں توسیع کی طرف دوبارہ مختص کریں۔
- نئے برآمد کنندگان کی مدد کر کے اور ان کی تاثیر کو بہتر بنانے کے لیے موجودہ مداخلتوں کے اثرات کا جائزہ لے کر مارکیٹ لٹیلی جنس خدمات کو مستحکم کریں۔
- مضبوط پیداواری صلاحیت کو بہتر بنانے کے لیے ایک طویل مدتی حکمت عملی وضع کریں اور اس پر عمل درآمد کریں جو مسابقت، اختراع کو فروغ دیتی ہے اور برآمدی صلاحیت کو زیادہ سے زیادہ کرتی ہے۔
- آزاد تجارتی معاہدوں پر گفت و شنید کریں اور مارکیٹ تک رسائی کو وسعت دیں، مارکیٹ کے رجحانات اور معیارات کو پورا کرنے کے لیے تحقیق اور ترقی میں سرمایہ کاری کریں۔
- مسابقتی رہنے کے لیے پیداواریت کارکردگی اور معیار کو بڑھا کر پاکستان کو ایک قبل اعتماد اور معیاری سپلائر کے طور پر قائم کرنے کے لیے کام کریں۔
- خلاصہ یہ ہے کہ الیسی سازوں کو برآمد کنندگان کو اپنی مصنوعات کے معیار کو بہتر بنانے، بڑے برآمدی مقامات کی طرف سے عائد کردہ تکنیکی معیارات کی تعمیل کرنے کی اپنی صلاحیت کو بہتر بنانے، اور بین الاقوامی تجارتی کارروائیوں میں حصہ لینے کی لاگت کو کم کرنے کے لیے برآمد کنندگان کی صلاحیتوں میں اضافہ کرنا چاہیے پاکستانی برآمدات بڑھانے کے لیے مزید جامع حکمت عملی کی ضرورت ہے۔

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 ڈائریکٹر کمپنیز ایکٹ 2017، کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 "کوڈ" پاکستان اسٹاک ایکسچینج لمیٹڈ کی رولبک اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ہدایات کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ ریگولیشنز 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 اکاؤنٹس کی صحیحہ، نقد بہاؤ اور ایکوٹی 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۔

- مم 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 مشرک 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 گائی 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 آرگنل 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 ، سیٹیپ جانے ، 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 امپالیسیوں کا مناسب تازہ ترین ریکارڈ موجود ہے۔

- جیسا کہ کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کی ضرورت ، مم نے درج ذیل معلومات کو اس رپورٹ میں شامل کیا ہے۔
- o شیئر ہولڈنگ کے پیئرنگ 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 کا جائزہ رپورٹ۔

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

ix چھلے چھ سالوں کی کلیدی آپٹینگ اور مالیاتی اعداد و شمار۔ ٹیکس اور لیویز کے بارے میں معلومات ہنسک آڈٹ شدہ مالی بیانات میں مناسب طریقے سے ظاہر کی گئی تھیں۔

sted کمپنی ایس ای سی پی کی طرف سے جاری کردہ ہدایات کی سختی سے پیروی کرتی ہے جو کہ لسٹنگ 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 ، میڈ آف انٹرنل آڈٹ اور ان کے میاں بیوی اور نیا لگبچوں کے علاوہ نہیں شیئر ہولڈنگ کے انداز میں انکشاف

شیئر مولڈنگ کا نمونہ۔

شیئر مولڈنگ کا پیٹرن اور اس سے متعلقہ معلومات اس کے مطابق ہنسلک ہیں۔

متعلقہ پارٹی لین دین

پارٹی ٹرانزیکشنز (RPT) اور ان کی حیثیت کا IAS 24 کے تحت ضرورت کی تعمیل کرتے ہوئے مناسب طور پر انکشاف کیا جاتا ہے۔ مزید برآں، SRO 768 (1) کے ذریعے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ نوٹیفکیشن کے مطابق سب کے لیے ایک مضبوط پالیسی موجود ہے۔ 2019 اوگائیڈ 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 مضبوط 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 کا عمل طور پر مکمل ہوں۔ 30 جون 2023 کو ختم ہونے والے موجودہ مالی سال کے دوران تمام RPT کو ممبر کی منظوری کے لیے کمپنی کی جنرل میٹنگ کے سامنے پیش کیا جائے گا۔ اسی طرح، بورڈ نے 30 جون 2024 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 اگلے سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے سامنے رکھا جائے گا۔ ان کی رسمی توثیق / منظوری۔

بورڈ کی تشخیص

بورڈ کی تشخیص بورڈ کی تاثیر اور کارکردگی کا اندازہ گمانے کے لیے ایک اہم ذریعہ ہے اور بورڈ کی باقاعدہ تشخیص انفرادی ڈائریکٹرز کے درمیان گروپ فیصلہ سازی اور فضیلت کو فروغ دیتی ہے۔ مزید برآں، یہ بورڈ کے گمان کو بورڈ روم میں تنازعات کو کم کرنے اور اخلاقی قیادت اور دوستی کے لچر کو فروغ دینے کے لیے اچھی طرح سے تعاون کرنے کی ترغیب دیتا ہے۔ قانونی دستاویزات، اجلاسوں کے ایجنڈے، بورڈ اوکمیٹی کے اجلاسوں کے مناس، اہم پالیسیوں اور دیگر ذیلی دستاویزات، سوالنامے، بورڈ اوکمیٹی کے گمان کے ساتھ بات چیت کے ساتھ ایک جامع جائزہ لیا گیا ہے۔

بورڈ کی تشکیل

ضبطہ 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، مینجنگ میں شرکت کے اہل کمپنی کی جنرل میٹنگز میں شرکت کی ہے۔ کوڈ کے ریگولیشن 10 (6) کے تحت ذاتی طور پر یا ویڈیو کنفرنس کے ذریعے جب تک کسی معقول کی وجہ سے ایسا کرنے سے روک دیا جائے۔ 2022-23 کے دوران بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور میومن 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 | 6 | 6 | - | - | - | - |
| Mr. Muhammad Shaheen | 6 | 6 | - | - | 1 | 1 |
| Mr. Khurram Salim | 6 | 6 | 6 | 6 | - | - |
| Mr. Bilal Sharif | 6 | 6 | - | - | - | - |
| Mr. Muhammad Amin | 6 | 6 | 6 | 6 | - | - |
| Mr. Hamza Shakeel | 6 | 6 | - | - | 1 | 1 |
| Mr. Tauqeer Ahmed Sheikh | 6 | 6 | 6 | 6 | - | - |
| Mr. Asif Elahi | 6 | 6 | | | | |
| Mr. Mustafa Tanvir | 6 | 6 | | | | |
| Mrs. Fatima Amin | 6 | 5 | | | | |

آڈٹ کمیٹی

| Sr | Name | Designation | Category |
|-----|----------------------|-------------|-------------------------|
| i | Tauqeer Ahmed Sheikh | Chairman | Non- Executive Director |
| ii | Muhammad Amin | Member | Non- Executive Director |
| iii | Khurram Salim | Member | 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 کیاب 10 میں ضابطہ 27(1)(iii) کے مطابق کی گئی ہے۔ بورڈ آف ڈائریکٹرز کی منظوری سے قبل عبوری اور سالانہ مالیاتی گوشواروں کا جائزہ لینے کے لیے کوڈ کے ضابطہ 27(2) کی تعمیل میں آڈٹ کمیٹی باقاعدگی سے مٹینگ کرتی تھی اور CFO کی غیر موجودگی میں بیرونی آڈیٹر کے ساتھ سال میں ایک بار اضافی مٹینگ کرتی تھی۔ اور دوسرا CFO اور بیرونی آڈیٹر دونوں کی غیر موجودگی میں اندرونی آڈیٹر کے ساتھ۔

کمپنی کے بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی (AC)، جس کے ممبران کے طریقہ کار اور اندرونی کنٹرول کا مکمل علم ہے، مالیاتی رپورٹنگ اور افشاء کرنے کے عمل کی نگرانی کا انچارج ہے۔ اکاؤنٹنگ پالیسیوں اور اصولوں کے انتخاب کی نگرانی کرنے اور قوانین اور ضوابط کی تعمیل کی ضمانت دینے کے لیے، AC عام طور پر انتظامی ٹیم، آزاد آڈیٹر، اور اندرونی آڈیٹرز کے ساتھ ہم آہنگی کرتا ہے۔

AC اس بات کو یقینی بنانے کے لیے انتظامیہ کے ساتھ مل کر کام کرتا ہے کہ دھوکہ دہی کا پتہ لگانے کے لیے ضروری اقدامات کیے گئے ہیں اور اس بات کو یقینی بناتا ہے کہ دھوکہ دہی کی روک تھام اور شناخت کے لیے مناسب پالیسیاں اور طریقہ کار موجود ہیں، جس سے کہ اثاثوں کا غلط استعمال بدعنوانی، اور مالیاتی بیان میں دھوکہ دہی۔

اس بات کو یقینی بنا کر کہ ایک ضابطہ اخلاق لاگو کیا گیا ہے اور مواصلات کے موثر راستے قائم کیے گئے ہیں، AC کسی تنظیم کے لہجے کو قائم کرنے میں اہم کردار ادا کرتا ہے۔ AC کو ان معاملات کی بارے میں آگاہ کیا جانا چاہیے جن میں جاری تحقیقات اور تادیبی کارروائیوں کے ساتھ ساتھ انتظامیہ قوانین اور ضوابط کی تعمیل کو یقینی بنانے کے لیے کیا کر رہی ہے۔ AC ممبران اکاؤنٹنگ کی غلطیوں اور اسامیوں کی نشاندہی کرنے میں مامور ہیں اور دھوکہ دہی کی سرگرمیوں کو روکنے کے لیے مل کر کام کرتے 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 |

میومن ریسورس اینڈ ریمونڈیشن کمیٹی (HRRC) تین ممبران پر مشتمل ہے جن میں سے سبھی نان ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئرمین ایک آزاد ڈائریکٹر ہیں۔ HRRC سی ای او کے انتخاب، تشخیص، معاوضہ (بشمول ریٹائرمنٹ فوائد) اور جانشینی کی منصوبہ بندی کے لیے بورڈ کو انسانی وسائل کے انتظام کی اہمپالیسیوں کی سفارش کرتا ہے۔

HRRC کا مقصد کسی تنظیم کے بورڈ، انتظامی ٹیم اور عملے کی تاثیر کو بہتر بنا کر اس کی پیداواری صلاحیت کو بڑھانا ہے۔ HRRC انسانی وسائل کے انتظام کی پالیسیوں پر بورڈ کو مشورہ دینے کا انچارج ہے کمیٹی CEO، CFO، اور کمپنی سیکرٹری کے انتخاب، تشخیص، تنخواہ اور جانشینی کی منصوبہ بندی کی تجویز پیش کرنے کی ذمہ دار ہوگی۔ HRRC سینئر مینجمنٹ کی بھرتی اور تربیت، تنخواہ کارکردگی کی جانچ، جانشینی کی منصوبہ بندی، اور انسانی سرمائے کے مؤثر استعمال کے اقدامات کے ساتھ بورڈ اور انتظامیہ کی مدد کرتا ہے۔

کارپوریٹ سماجی ذمہ داری کی پالیسی

کمپنی اس بات کو یقینی بناتی ہے کہ اس کا مقامی کمیونٹیز اور ماحول پر فائدہ مند اثر پڑے کارپوریٹ کمپنی کی اخلاقی پائیدار، اور ماحولیاتی ذمہ داریوں سے متعلق پالیسیاں قائم کرتی ہے۔ کمپنی کی اپنی کارروائیوں کے تمام پہلوؤں بشمول آلودگی، فضلہ، مصنوعات کی حفاظت، اور مزدوری میر کمیونٹی اور ماحول کے تئیں سماجی ذمہ داری ہے۔ اس میں نہ صرف کمیونٹی اور سماجی ماحول کو فنڈز فراہم کرنا 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 کو پائیدار طریقے سے استعمال کرنے، کچرے کو کم سے کم اور مناسب طریقے سے ٹھکانے گانے، اور دوبارہ سائیکلنگ کو فروغ دے

کر اقتصادی، سماجی اور ماحولیاتی طور پر پائیدار طریقے سے کام کرنے کے لیے ایک جامع کارپوریٹ سماجی ذمہ داری (CRS) پالیسی کا انتظام کرتی ہے۔

صحت ، حفاظت اور ماحولیاتی پالیسی

کمپنی ایک محفوظ اور صحت منکام کی جگہ فراہم کرنے کے ساتھ ساتھ ماحولیاتی تحفظ کے لیے وقف ہے، اور اسے مکمل یقین ہے کہ حفاظت اور ماحولیاتی تحفظ ایک اچھک اربار ہے، اور یہ کام سے متعلق تمام حادثات، بیماریاں، املاک کے نقصانات، اور منفی ماحولیاتی نتائج سے بچا جا سکتا ہے۔ اس مقصد کو پورا کرنے کے لیے، تنظیم اس بات کو یقینی بناتی ہے کہ انتظامیہ کارکنان اور ماحولیاتی تحفظ کی پوری ذمہ داری لے۔ کسی غیر متوقع آفت کی صورت میں ملازمین کے لیے ایک جامع گروپ لائف انشورنس پالیسی پہلے سے موجود ہے کارپوریشن نے کراچی اور لامور دونوں دفاتر میں اپنے انتظامی اہلکاروں کے لیے میلتھ کوریج کے منصوبے بھی بنائے ہیں۔ صحت، حفاظت، اور ماحولیاتی مسائل کو کمپنی کے دیگر تجارتی مقاصد کے برابر وزن دیا جاتا ہے، اور کام کے تمام پہلوؤں میں مربوط ہوتے ہیں۔ تنظیم صحت، حفاظت اور ماحولیاتی کارکردگی کو مسلسل بڑھانے کے لیے سرگرم عمل ہے۔ پانی اور فضائی آلودگی، کیمیائی اور تیل کے اخراج، سموگ، پنے کیپانیکا، معیار، زمیریکا تحفظ اور انتظام، اور جگلی حیاتیکا تحفظ کمپنی کی ترجیحات ہیں۔

ڈائریکٹر معاوضہ پالیسی

بورڈ آف ڈائریکٹرز کی معاوضے کی پالیسی کمپنی کے طویل مدتی مقاصد کو آگے بڑھانے کے لیے بورڈ پر مناسب عملے کو برقرار رکھنے اور سینئر مینجمنٹ میں کمپنی کی کارکردگی اور استحکام کی بنیاد ہے۔

چونکہ کمپنی کا بورڈ اور سینئر مینجمنٹ اسٹریٹجک سمت، اہم کاروباری انتخاب اور عمل درآمد فراہم کرنے کے ذمہ دار ہیں، اس لیے یہ ضروری ہے کہ انہیں ان کی کارکردگی کے لیے زیادہ ذمہ دار اور جولدہ بنایا جائے۔ سینئر مینجمنٹ اور بورڈ کے ممبران کے معاوضے کے طریقے کارپوریٹ گورننس کے مجموعی فریم ورک کے سب سے اہم اجزاء میں سے ایک ہیں، کیونکہ یہ کمپنی کی کارکردگی کو متاثر کرتے ہیں، جس کے نتیجے میں عام شیئر ہولڈرز کو واپسی اور کمپنی کے استحکام پر اثر پڑتا ہے۔

معاوضے کی پالیسی کمپنی ایکٹ 2017 کمپنیز آرگنیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کی دفعات کے تحت بورڈ کو انسانی وسائل اور معاوضے کی کمیٹی (HRRC) کی سفارشات اور تجاویز کے تحت تیار کی گئی ہے۔

ایگزیکٹو ڈائریکٹرز مقررہ ماہانہ معاوضے اور HRRC کی طرف سے تجویز کردہ دیگر مراعات کے حقدار ہیں جن کی بورڈ نے مضابطہ طور پر منظوری دی اور اس کی معاوضہ کمپنی کے جنرل اجلاس میں ممبران کی منظوری لی گئی۔

ایکٹ کے سیکشن 227(a)(I) کی تعمیل میں، مالیاتی بیان کے نوٹ 35 میں ظاہر کردہ مندرجہ ذیل معاوضہ کمپنی کے ڈائریکٹرز کو رواں مالی سال کے دوران ادا کیا گیا ہے:

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

اس کے علاوہ، اوپر والے ڈائریکٹرز کے لیے دیگر فوائد میں ایندھن کے ساتھ کمپنی کی دیکھ بھال کرنے والی گاڑی کاروباری سفر اور مواصلات کے 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 اینگ کمپنی، چارٹرڈ اکاؤنٹنٹس 27 اکتوبر 2023 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۔ آڈٹنگ میٹی نے 30 جون 2024 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینگ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور ایکسٹرنل آڈیٹر تقرری کی تجویز دی ہے۔ کوالٹی کنٹرول کے تحت بیرونی آڈیٹر میسرز مشتاق اینگ 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 ایٹھکس پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے رہنما اصولوں کی تعمیل کرتے ہیں اور وہ ایس ای سی پی ایکٹ 1997 کے سیکشن 136 کے تحت آڈٹ اور سائٹ بورڈ کے ساتھ رجسٹرڈ ہیں۔

قانونی آڈیٹرز نے نہ تو کوئی فیصلہ سازی، اندرونی آڈٹ یا انتظامی کام انجام دیا اور نہ ہی ان کمپنی کے کسی ڈائریکٹر یا ایگزیکٹوز کے ساتھ کسی قسم کا تعلق ہے۔ منگنی کے شراکت داروں کو مپانچ سال کی تکمیل کے بعد گھمایا جاتا تھا۔

بورڈ آف ڈائریکٹرز نے میسرز مشتاق اینگ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2024 کو ختم ہونے والے سال کے لیے بطور ایکسٹرنل آڈیٹر تعینات کرنے کی بھی سفارش کی اور آڈیٹر کا معاوضہ گزشتہ سال کی طرح (PKR 2,775,000.00 (سال: 2024) مقرر کیا گیا ہے۔ (2,775,000.00) سال 2023-24 کے لیے جیسا کہ کوڈ کے ضابطے 32(3) کے تحت بورڈ کو آڈٹنگ میٹی نے تجویز کیا ہے۔ اسائنمنٹس میں قانونی آڈٹ، ششماپی جائزہ اور کارپوریٹ گورننس 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 بیلس شیٹ کا تعلق ہے اور ڈائریکٹرز کی رپورٹ کی رپورٹ کی تاریخ۔

اعتراف

میں بورڈ آف ڈائریکٹرز، قبل قدر شیئر ہولڈرز، صارفین، قرض دہندگان، سپلائرز، اور دیگر اسٹیک ہولڈرز کا ان کی حوصلہ افزائی، اعتماد اور تعاون کے لیے انتہائی پابند ہوں اور میں ہر ملازم کے عزم، استقامت اور محنت کے لیے ان کا شکریہ ادا کرنا چاہوں گا۔ کاروبار کی کامیابی میں مدد کرنے میں۔

بورڈ کے لئے اور اس کی طرف سے

بالال شریف



چیف ایگزیکٹو



محمد سلیم

ڈائریکٹر

کراچی: 28 ستمبر 2023

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 39th Annual General Meeting of the Company to be held on Friday 27th October, 2023 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 _____ 2023

Notes:

If a member is unable to attend the meeting, they may complete and sign this proxy 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. This proxy form shall 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.

فیصل اسپننگ ملز لمیٹڈ

پراکسی فارم

میں _____ کے _____ کے رکن اور عام شیئر کے حامل کی حیثیت کے _____ (شیئر کی تعداد) _____ کے رجنٹر کا فوئیو نمبر _____ اور ایسی ڈی سی فوئیو کا آئی ڈی نمبر _____ اور ذیلی اکاؤنٹ نمبر _____ کے _____ کے _____ کو کمپنی کے سالانہ اجلاس جو 27 اکتوبر 2023 کو منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے حاضر دکرنا ہوں / کرتے ہیں۔

دستخط _____ بروز _____ تاریخ _____ / _____ / 2023۔

گواہان:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ 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:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

پاسپورٹ نمبر:

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹینگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیے۔ نمائندے کو کمپنی کارکن 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۔