



of Companies

37th Annual Report 2021

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
Mr. Muhammad Amin	Non-Executive Director
Mrs. Fatima Amin	Non-Executive Director
Mr. Iqbal Mehboob	Independent Director
Mr. Asif Elahi	Independent Director
Mr. Mustafa Tanvir	Independent Director

Chief Financial Officer

Mr. Anwar Hussain	FCA
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Company Secretary

Mr. Adeel-ur-Rehman	MBA (Finance)
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Audit Committee

Mr. Iqbal Mehboob	Chairman
Mr. Muhammad Amin	Member
Mr. Khurram Salim	Member

Human Resource Committee

Mr. Iqbal Mehboob	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	Bank of Punjab Limited
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 and Finishing Unit - III are located at:
Ferozwattwan, Sheikhpura, Punjab. Tel: 056 3731723

Spinning Unit - IV located at:
1.7 KM ,Warburton Road , Ferozwattwan , Sheikhpura, Punjab.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of the members of **Faisal Spinning Mills Limited** will be held on Wednesday, 27th October 2021 at 12:00 noon.

As we are still struggling in containing severity of Covid 19 in country and there are deep concerns for the prevailing fourth wave that has grown, amid the emergence of the delta variant strain of coronavirus. Hence, in pursuant to Circular 6 dated March 3, 2021 issued by the Securities and Exchange Commission of Pakistan and to ensure the safety and well-being of our shareholders, the meeting will be held virtually through video link facility, "Zoom" which is available on Google Play and Apple App Store.

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

Ordinary Business:

1. To confirm the minutes of the Extraordinary General Meeting held on 30th January 2021.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2021 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividends at 214.50% (PKR 21.45 per share) for the year ended 30th June, 2021, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2021-2022 and fix their remuneration. The retiring auditor M/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 note 42 of the financial statements for the year ended June 30, 2021, 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, 2022.

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) The consent of the members is hereby sought to approve the related party transactions conducted during the financial year ended June 30, 2019 and June 30, 2020.

(iii) "Resolved That Related Parties Transactions carried out at arm's length during the normal course of business activity during the fiscal year ended June 30, 2019 and 2020 as disclosed in the notes of financial statements of respective year be and are hereby ratified, approved and confirmed.

6. Any Other Business:

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

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

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

The copy of minutes of the extraordinary general meeting of the company held on 30th January, 2021 has also been enclosed and uploaded with aforesaid notice of AGM.

Karachi:
Dated: 27th September, 2021

(By the order of the Board)

Adeel-ur-Rehman Ansari
Company Secretary

Notes:

1. For attending meeting electronically due to COVID 19 Pandemic

In pursuance of Circular 6 date March 3, 2021 issued by SECP to facilitate the shareholder(s) for attending the Annual General Meeting (AGM) of the company electronically through video link facility, "Zoom" which is available on Google Play or Apple App Store. The entitled member(s) are requested to get themselves registered at least 2 working days before holding of the time of AGM at fsm.corporate@umergroup.com by providing the details on the following format:

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

- The company will send login details to the members email address for participation in AGM proceedings either through their smart phones or computer devices.
 - The login facility will be opened (10) ten minutes prior to the schedule of meeting for verification process.
 - While accessing the application "Zoom" members are requested to enter full name and folio number on the following format "Full Name - Folio Number" to mark proper attendance.
 - Members are requested to stay on 'Mute' and 'off Camera' unless moderator request for the members consent/comments/questions to approve the resolutions for ordinary and special business.
2. The Shares Transfer Books of the Company will remain closed from 19th October 2021 to 27th October, 2021 (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 18th October 2021 will be treated in time for the purpose of entitlement 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, 2021 have been uploaded on our website: www.umergroup.com. In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modarba certificates.
6. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.
7. 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.
8. E-Voting, members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
9. 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 spoilt.
- 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, 2021.

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, 2021 with its associated undertaking and related parties in accordance with its corporate policy, applicable laws, regulations compliance with the provisions of IAS 24. All the RPT reviewed and approved by the board of directors were duly placed before head of internal audit for approval, followed by the approval of audit committee

However, since common directorship exists between the related parties (by virtue of being the shareholder or common directorship), these transactions are being placed for the approval by shareholders in the Annual General Meeting. All transactions with related parties to be ratified have been disclosed in the note 42 to the financial statements for the year ended June 30, 2021

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 note 42 to the financial statements for the year ended June 30, 2021.

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, 2021 to June 30, 2022.

The Company shall be entering into transactions with its related parties during the year ending June 30, 2022 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 year ending June 30, 2022 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)(iii) of the notice for ratification and approval of the related party transactions retrospectively for the year ended June 30, 2019 and June 30, 2020.

The transactions were conducted at arm's length during the normal course of business activity as per company's policy in place along with adequate disclosure by complying the requirement under IAS 24. Since, common directorship exists between the related parties, the member's approval is hereby required to ratify the related party transactions retrospectively for the year ended June 30, 2019 and June 30, 2020.

FAISAL SPINNING MILLS LIMITED

The transactions were duly disclosed in the notes to the respective financial years for 2019 and 2020 and unaltered extracts from financial statements of RPT are reproduced below:

Related Party Transactions

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

Name of the Company	Basis of relationship	Percentage of shareholding
Bhanero Textiles Limited	Common directorship	N/A
Blessed Textiles Limited	Common directorship	18.49%
Bhanero Energy Limited	Common directorship	N/A
Firhaj Footwear (Private) Limited	Common directorship	N/A
Admiral (Private) Limited	Directorship of close family relative	N/A
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%
Amna Khurram	Directorship of close family relative	1.10%
Sadaf Farrukh	Directorship of close family relative	2.74%
Saba Yousaf	Directorship of close family relative	0.98%
Saba Saqib	Directorship of close family relative	2.12%
Muhammad Umer	Directorship of close family relative	0.97%
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%
Seema Shaheen	Directorship of close family relative	3.35%
Mohammad Amin	Director	4.61%
Mohammad Qasim	Directorship of close family relative	3.95%
Fatima Amin	Directorship of close family relative	4.51%
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	2020 Rupees	2019 Rupees
Associated undertaking			
	Sales of fabric	104,724,292	7,439,399
	Sales of yarn	61,067,062	15,168,782
	Sale of stores & spares	-	2,340,000
	Purchase of yarn	1,343,879,549	1,191,613,610
	Purchase of cotton & polyester	257,388,684	376,089,802
	Purchase of fabric	21,573,104	3,264,339
	Services received	309,000	309,000
	Dividend received	51,371,712	27,350,680
	Electricity purchased	590,760	83,670,953
	Loan received from directors and sponsors	479,337,000	-

Chairman Review Report

The Chairman Review Report is enclosed as required under the provision of section 192(4) of Companies Act 2017 for the year ended June 30, 2021 to opine chairman review on overall performance and effectiveness of the board of Faisal Spinning Mills Limited (Board) in achieving its objectives.

The country's which is already struggling to stay afloat, the economic disruption impacted by the pandemic exacerbate an already existing crisis. Almost all nations have been substantially affected by the global health emergency and Pakistan's economy is not an exception to this which does not even have the capacity to absorb the massive disruption caused by the pandemic.

The way Board has steered successfully to accelerate operational changes and managed stronger collaboration with management to increase both revenue and profitability of company in these testing times is commendable. The Board fully comprehend that sustainability in broader and holistic perspective that comprised of a framework to guide the strategy execution and creation of long-term value.

The pandemic isn't just a physical health issue but also a mental health issue that requires special attention from all of us and the company fully understands the fact that employees are the key to success in these testing times to propel the organization ahead of its competitors. The management took considerable measures to minimize the impact of pandemic situation on its employees.

On the governance side, performance of our Board remained remarkable while managing the business activities effectively in the midst of a pandemic. The unprecedented challenge for business leaders worldwide raised significant challenges for meeting corporate governance standards. The company has successfully complied with governance standards by conducting board and general meeting, organizing CBS virtually, managing the employees to work efficiently from home, timely submission of quarterly and annual reports with regulators and stakeholders by utilizing online platforms and digitalization in an efficient manner. The board and committee meets virtually whenever required and every quarter before circulation of accounts where board and committee members participate quite proactively.

The Board has discharged its duties as per provisions of Companies Act 2017 (Act), regulations under Code of Corporate Governance Regulations 2019 (Code), guidelines and directives issued by Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX) for listed companies.

The Board has carried out internally the self-evaluation for itself, members and committees as per earlier practice. The CAB session is also organized by the company to apprise shareholders and investor community about the financial performance for the year ended June 30, 2020 along with the future prospects and ventures of the company. All the members of governing board are accredited under the requirements of the Code for directors training program (DTP). There has been effective and expeditious mechanism in place for redressal in case of any grievance of its shareholders.

Dated: 27th September, 2021, Karachi.



Mohammad Salim

(Chairman)

Directors Report

We, the Board of Directors' of Faisal Spinning Mills Limited are pleased to present annual report on audited financial statements of company together with auditors' report thereon for the year ended June 30, 2021.

Financial Results

The Operational results are here as under:

Statement of Profit or Loss For the Year Ended June 30, 2021

	June 30, 2021 PKR	June 30, 2020 PKR
Sales	17,065,185,921	14,895,550,333
Cost of sales	14,576,409,796	13,485,266,980
Gross profit	2,488,776,125	1,410,283,353
Other income	842,477,705	46,257,142
	3,331,253,830	1,456,540,495
Distribution cost	533,045,025	388,475,712
Administrative expenses	205,329,051	167,708,237
Other operating expenses	138,430,599	41,755,096
Finance cost	310,769,402	246,852,141
	1,187,574,077	844,791,186
	2,143,679,753	611,749,309
Share of profit from associated undertaking	396,627,230	78,625,942
Profit before tax	2,540,306,983	690,375,251
Taxation	180,975,029	166,496,130
Profit after taxation for the year	2,359,331,954	523,879,121
Earnings per share - basic and diluted	235.93	52.39

Financial Performance

The company by the grace Allah succeeded to steer its way through challenges due to outbreak of coronavirus pandemic situation across the globe and able to post a remarkable net profit after of PKR 2,359.331 million (2020 : PKR 523.879 million) of during the year.

During the year ended June 30, 2021 the company achieved sales of PKR 17,065.186 million as compared to PKR 14,895.550 million in the corresponding year of the same period showing an increase of sales by almost 15 percent.

Dividends and Reserves Appropriation

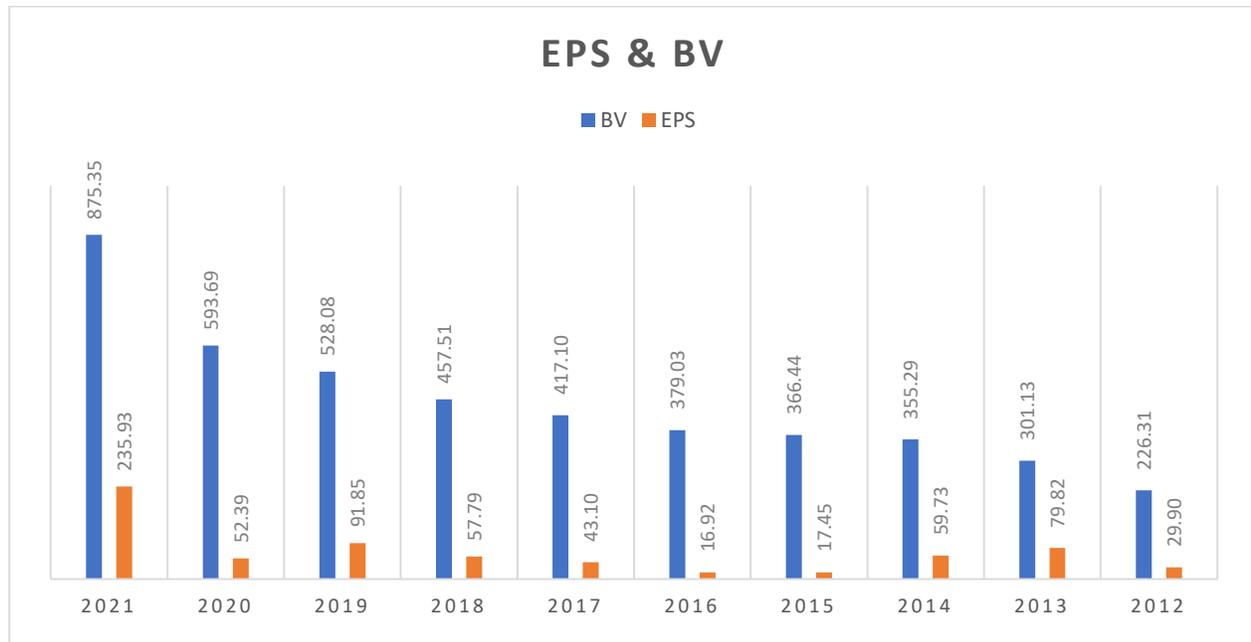
The pandemic continues to spread globally and vagueness is still around the world however, the board of directors have decided to pay off the dividends to its shareholders due to extraordinary performance of the company during the current year.

Consequently, the board of directors are pleased to approve the cash dividend of 214.50 percent i.e PKR 21.45 per share as recommendation by the audit committee subject to the approval of shareholders in forthcoming annual general meeting scheduled for October 27, 2021.

Moreover, the directors proposed to transfer an amount of PKR 2,000.00 million to the general reserve to meet any unforeseen contingencies in future.

Earning and Break-up Value of Share

The company has exhibited its firm commitment towards shareholders though earnings per share has been increased from PKR 52.39 to 235.93 whereas the breakup value of share has been increased from PKR 593.69 to PKR 875.35 during the corresponding periods ended June 30, 2021.



Cash Flow Strategy

The company to ensure that it has a sufficient liquidity to run its operations smoothly by an effectively deployment of working capital management process for managing short-term assets and liabilities by projecting future needs that enables it capacity to continue its operations smoothly with sufficient ability to satisfy current maturity of long-term obligations, short-term debt and upcoming operational expenses.

The current ratio during the current year has been improved from 1.70 to 2.14 that depicts stark indication of the financial soundness of the company and considered highly satisfactory in company's ability to pay its current obligation.

Financial Leverage

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

The long-term borrowing stands at PKR 4,404.730 million on June 30, 2021 as compared to corresponding period where it stood at PKR 4,073.591 million. Moreover, the gearing ratio of 0.76 (2020: 1.35) during the current year ended June 30, 2021 has been improved considerably.

The shareholder equity has been increased by almost 47.00 percent during the corresponding year ended June 30, 2021 showing an increased from PKR 5,936.891 million to PKR 8,753.542 million during the corresponding periods under review.

Balancing, Modernization and Replacement

In order to enhance the production of power generation facility, an amount of PKR 69.420 million has been incurred for the purchase of a 1415 KVA Jenbacher engine.

Credit Rating

The entity ratings for the current year assigned on May 27, 2021 has been maintained at A/A 1 (Single A / A-One) as per last year by the Messer's VIS Credit Rating Company Limited.

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, 2021, 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 2021 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.

Outlook of Textile Industry

Being an agrarian country, the role of textile sector cannot be ignored in these testing times which employs 40 percent of the total labor force besides contributing 8.5 percent to the GDP. The post-pandemic world is occupied with uncertainties as new variants of the novel coronavirus hitting the world hard and it's been understood that we have to live with the new normal for an extended period of time.

Presently, the country's textile sector is functioning at its full capacity due to brimming orders due to disruption of the textile supply chain and believe textile sector needs more emphasis on branding and value addition in the international market and help secure maximum orders, which can eventually augment the textiles exports of the country.

The import of textile machinery posted a growth of 35.35 percent to US\$592.076 million on a year on year basis which indicates that the industry has started importing textile machinery as part of expansion in the sector.

The exports of textile and clothing posted a 22.94 per cent growth in the outgoing financial year compared to the corresponding period and in absolute terms, the total exports of textile and clothing were \$15.4 billion in 2020-21 against \$12.526bn of the previous year. Notably, the growth in exports of value-added sectors contributed to an increase in overall exports of textiles. The textile sector has substantially increased its capacity to produce the value added and finished products and it is expected further 20 percent will be increased by the end of current fiscal 2021-22.

As per latest data textiles exports risen by 17 percent to \$1.49 billion in July, 2021 the first month of fiscal year 2021-22, as compared to corresponding period where it stood around \$1.28 billion with a remarkable contribution of 78 percent by the value added sector.

The only problem for the textile sector to prosper in long terms is availability of raw material in the country as cotton production fell by 34.35 per cent and barely managed to produce 5.6 million bales during the current year. The cotton production fell for the third consecutive year as area under

production declined while yields failed to reach targeted levels. This is the lowest cotton production in 30 years which is alarming for the textile sector as well as for our exports.

The growers are facing seed problems while the area of cultivation has also dropped. The State Bank of Pakistan (SBP) reported recently that the area dedicated to the crop recorded at 2.2m hectares, the lowest since FY82. The SBP also declared that the cotton crop has lost its competitiveness relative to other major crops.

The shortage of cotton has increased the cost of production as textile millers have to import costlier cotton to meet the massive demand of export orders as opportunity window will not last forever.

As per cotton experts said the major problem besides supply of a ten years old seed is germination to maintain plant population. The lab tests showed the range of 40-60 percent germination against the normal requirement of more than 80 percent. The growers definitely requires new seeds either by imports or through production in the country as yield of the old seeds is declining each year.

Sale of Land

The extraordinary general meeting of the company was held on January 30, 2021 for member's approval to sale 266.25 acres of land, albeit the board is empowered to execute the transaction under the provisions of section 183 of the Act.

Since, no economic activity has not been carried out on this land, the board of directors in their meeting held on December 30, 2020 have decided to sale the land and for utilization of the proceeds from the sale of land for running and managing the working capital requirement for the newly established finishing unit located in Sheikhapura Punjab.

The transaction was effectively carried out in the best interest of the company and fetched a capital gain amounting to PKR 816.973 million.

Finishing and Home Textile Unit

By the grace of Almighty Allah we have already been into commercial production since completion of trial run production in March 2021. The finishing unit has produced 7.133 million meters of fabric whereas home textile unit has successfully manufactured 3.585 million of pieces till June 30, 2021. The productions are comparatively low as compared to installed capacity due to trial run from January to March 2021 during the current fiscal year.

The EU is Pakistan's largest trading partner after the United States and GSP Plus would allow preferential tariff for Pakistani exports till 2022 to enter the 28 member countries of EU market of 500 million

consumers. Pakistan will seek two years extension in Generalized Preferential System (GSP) plus status, set to expire in 2022 from EU. Pakistan's exports to the UK saw a double-digit increase during the last fiscal year of 2020-21, crossing the two-billion-dollar mark for the first time despite Brexit uncertainties. The exports to the UK increased 33 percent to \$2.025 billion during the last fiscal year compared to \$1.526 billion in the preceding fiscal year, an increase of \$499 million. (Source: Commerce Ministry)

The major players in the textile industry have made arrangement to enhance their production capacities and at present the industry is operating at full capacity due to economic measures taken by the government for revival of the industry. The draft proposal for formulation of a Textile Policy 2021-25 is before Economic Coordination Committee, with an aim to increase textile exports from USD 13 billion to USD 25.3 billion by 2025 and USD 50 billion by 2030.

However in order to achieve these ambitious targets, Pakistan must promote the exports of high value-added products such as knitwear or readymade garments and ensure the availability of raw material at competitive pricing.

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. However, the board of directors in their meeting held on September 27, 2021 have concluded that the RPT approved by the board shall also be placed before the general meeting of the company for member's approval.

Furthermore, 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, 2022 and same shall be placed before the shareholders in the next general meeting for their formal ratification/approval.

Board Evaluation

In compliance of the regulation 10(3)(v) of Code and to enriched clarity in the leadership roles and responsibilities, improved teamwork, greater accountability, effective decision-making and communication, the company carried out the evaluation process of the board internally for assessing the board performance, members of the board and its committee members.

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
- Following are the number of meeting held and attended by board of directors, audit committee and human resource & remuneration committee during 2020-21:

FAISAL SPINNING MILLS LIMITED

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	5	5	-	-	-	-
Mr. Mohammad Shaheen	5	5	-	-	1	1
Mr. Khurram Salim	5	5	6	6	-	-
Mr. Bilal Sharif	5	5	-	-	-	-
Mr. Mohammad Amin	5	5	6	6	-	-
Mr. Hamza Shakeel	5	5	-	-	1	1
Mr. Iqbal Mehboob	5	5	6	6	1	1
Mr. Asif Elahi	5	5				
Mr. Mustafa Tanvir	5	5				
Mrs. Fatima Amin	5	5				

Audit Committee

Sr	Name	Designation	Category
i	Khurram Salim	Member	Non- Executive Director
ii	Muhammad Amin	Member	Non- Executive Director
iii	Iqbal Mehboob	Chairman	Independent Director

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

The appointment of financial literate member has been made in line with Regulation 27(1)(iii) in the Chapter X of the Code.

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

An audit committee (AC) of the company provides oversight of the financial reporting process and disclosures, the audit process, the company's system of internal controls and compliance with laws and regulations to the board. Besides, audit committee provides its recommendations to the board for appointment external auditors and maintaining smooth relationships with organizations internal audit team. The AC is also responsible to assure that company assets are appropriately safeguarded, validating interim and annual financial statements, approving related party transactions, reviewing management letter, ensuring effectiveness of internal controls, investigating and reporting on fraudulent activities, monitoring of accounting policies, oversight of any external auditors, regulatory compliance and the discussion of risk management policies with management.

The AC also play a significant role in setting the attitude of an organization by ensuring to nurture and implement a code of conduct and establish effective communication channels. The members of the committee must be aware of what management is doing to achieve compliance with laws and regulations, and they must be knowledgeable about issues such as ongoing investigations and disciplinary actions taken by the management.

Human Resource and Remuneration Committee

Sr	Name	Designation	Category
i	Iqbal Mehboob	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 review compliance with any legislative guidelines relating to compensation and benefits, review compliance with employment, labor and human rights legislation.

The HRRC responsible for recommending human resource management policy to the Board. The Committee shall have overall responsibility for recommending selection, evaluation, compensation (including retirement benefits) and succession planning of CEO, CFO and Company Secretary.

The HRRC assists the Board and management in development and oversight of compensation and human resources strategies and policies, review, approve, or recommend for Board approval, decisions relating

to the fair and competitive compensation of executives, directors, committee members and other key personnel.

Corporate Social Responsibility Policy

The company administers a comprehensive Corporate Social Responsibility (CRS) policy to operate in an economically, socially and environmentally sustainable manner by maintaining environmental with an aim to reduce pollution and greenhouse gas emissions, sustainable use of natural resources, minimizing and proper disposal of wastage, promoting re-cycling during manufacturing process. The company comprehend its duty towards society beyond their economic obligations to owners or stockholders and also beyond those prescribed by law or contract.

Challenged with the pandemic situation, the company has been quite responsive in philanthropic donations to those who were in dire need of assistance. Moreover, there has been establish programs that help employees balance the demands of work and personal life and be more satisfied and productive on the job which eventually led to reduces turnover, enhance employee morale.

The company ensures to maintain natural environment by following best practices for waste disposal, recycling, energy conservation and utilizing environmentally-friendly technologies and arranging reforestation excursions at regular intervals to create awareness.

Health, Safety and Environment Policy

The eruption of the pandemic in 2019 and its fatal waves have disrupted everyday life for everyone across the globe. Most businesses are forced to shut down its facilities under lockdown restrictions imposed by the government to mitigate the surge of virus and minimize of social interactions.

The company provided best available options to ensure their employees and workers health and safety measures in these testing times of pandemic situation.

The employees who contracted the virus are allowed with paid leaves along with complete medical treatment under existing health policies and to work from home. Besides, arranging disinfection of premises at regular intervals, conducting free testing of virus for employees, allowing leave with pay for those infected with virus, permitting flexible and shorten working hours, providing face-masks and proper sanitization at work place are some of the measure taken by the company.

One of the many challenges during the pandemic is to ensure continuity of day to day activities with appropriate decision making in compliance of the law and other regulatory frameworks. In this regard the company fully utilized the facilities available through of video meeting platforms and apps.

The company's health, safety and environment policy statement demonstrate a pleasant and workable environment by making every possible effort to remove or reduce the risks to the health, safety of all workers, contractors and visitors, and anyone else in the testing times of pandemic situation.

Directors Remuneration Policy

The feature of executive director's remuneration policy is prepared and recommended by human resource and remuneration committee (HRRC) to the board subject to the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations, 2019.

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. Remuneration policies and decisions are made through a transparent and independent process. Moreover, the remuneration of the executive directors are determined by considering the market competitiveness which is identical in akin companies, whilst also considering level of competencies, experience, scope of the board assignments and yearly meetings.

The executive directors entitled for the fixed monthly remuneration 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.

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

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, 2021 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 2022. 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 2022 and the remuneration of the auditors has been fixed at PKR 2,290,000.00 for the year 2021-22 as recommended by the audit committee to the board under regulation 32(3) of the Code. The assignments include statutory audit, half yearly review and code of corporate governance review.

Material Changes and Commitments

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

Acknowledgement

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

For and on behalf of the Board

Bilal Sharif



Chief Executive

Mohammad Salim



Director

Karachi: September 27, 2021

**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, 2021**

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. Iqbal Mehboob 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 DTP from ICAP was arranged in November 2020 for Mrs. Fatima Amin, the non-executive female director of the company. Consequently, after her successful certification, the entire board stands accredited under directors training program.

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. Iqbal Mehboob	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. Iqbal Mehboob	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 27, 2021

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, 2021 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Place: Karachi

Dated: 27 September, 2021


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, 2021 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, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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


MUSHTAQ & CO.
Chartered Accountants



Karachi.

Dated: 27 September, 2021

Faisal Spinning Mills Limited

Statement of Financial Position
As At Jun 30, 2021

<u>EQUITY AND LIABILITIES</u>			<u>ASSETS</u>				
	Note	June 30, 2021 PKR	June 30, 2020 PKR		Note	June 30, 2021 PKR	June 30, 2020 PKR
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS				
Authorized capital 12,000,000 (2020: 12,000,000) ordinary shares of PKR 10 each		<u>120,000,000</u>	<u>120,000,000</u>	Property, plant and equipment	18	<u>8,619,790,759</u>	3,860,627,486
Issued, subscribed and paid up capital	5	100,000,000	100,000,000	Capital work-in-progress	19	359,777,426	3,055,668,440
Reserves		7,300,000,000	5,300,000,000	Long term investment	20	1,112,185,082	717,433,134
Unappropriated profits		413,260,867	57,553,834	Long term deposits	21	22,618,915	10,540,635
Loan from directors and sponsors	6	940,281,000	479,337,000			<u>10,114,372,182</u>	7,644,269,695
		<u>8,753,541,867</u>	<u>5,936,890,834</u>				
NON CURRENT LIABILITIES			CURRENT ASSETS				
Long term financing - secured	7	4,404,730,067	4,073,590,976	Stores, spare parts and loose tools	22	238,240,041	124,540,026
Long term payables	8	840,903,279	860,508,904	Stock in trade	23	5,236,326,377	6,128,002,911
Employees retirement benefits	9	220,775,762	192,521,328	Trade debts	24	1,369,519,792	823,685,053
Deferred taxation	10	74,566,853	71,143,467	Loans and advances	25	148,747,264	80,128,950
Deferred grant	11	40,306,695	2,217,182	Trade deposits and prepayments	26	237,825,682	179,366,329
		<u>5,581,282,656</u>	<u>5,199,981,857</u>	Other receivables	27	23,561,693	77,853,981
CURRENT LIABILITIES							
Trade and other payables	12	1,400,126,334	960,417,174	Income tax refundable	28	150,733,872	290,373,554
Unclaimed dividend	13	14,042,893	14,088,849	Sales tax refundable	29	396,631,584	560,274,915
Accrued markup / interest	14	47,570,172	101,145,281	Bank balances	30	117,918,306	235,040,390
Short term borrowings - secured	15	1,878,178,226	3,876,008,889			<u>7,919,504,611</u>	8,499,266,109
Current portion of non current liabilities	16	359,134,645	55,002,920				
		<u>3,699,052,270</u>	<u>5,006,663,113</u>				
CONTINGENCIES AND COMMITMENTS							
	17	-	-				
TOTAL EQUITY AND LIABILITIES		<u>18,033,876,793</u>	<u>16,143,535,804</u>	TOTAL ASSETS		<u>18,033,876,793</u>	<u>16,143,535,804</u>

The annexed notes from 1 to 56 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

Faisal Spinning Mills Limited

Statement of Profit or Loss For the Year Ended June 30, 2021

	Note	June 30, 2021 PKR	June 30, 2020 PKR
Sales	31	17,065,185,921	14,895,550,333
Cost of sales	32	14,576,409,796	13,485,266,980
Gross profit		2,488,776,125	1,410,283,353
Other income	33	842,477,705	46,257,142
		3,331,253,830	1,456,540,495
Distribution cost	34	533,045,025	388,475,712
Administrative expenses	35	205,329,051	167,708,237
Other operating expenses	36	138,430,599	41,755,096
Finance cost	37	310,769,402	246,852,141
		1,187,574,077	844,791,186
		2,143,679,753	611,749,309
Share of profit from associated undertaking		396,627,230	78,625,942
Profit before tax		2,540,306,983	690,375,251
Taxation	38	180,975,029	166,496,130
Profit after taxation for the year		2,359,331,954	523,879,121
Earnings per share - basic and diluted	39	235.93	52.39

The annexed notes from 1 to 56 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, 2021

Note	June 30, 2021 PKR	June 30, 2020 PKR
Profit after taxation for the year	2,359,331,954	523,879,121
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Actuarial loss on remeasurement of employees retirement benefits - gratuity	(1,879,925)	(10,525,632)
Related deferred tax on remeasurement of employees retirement benefits - gratuity	130,286	768,297
Share of OCI of associate - net of tax	(1,875,282)	(2,395,291)
	(3,624,921)	(12,152,626)
Total comprehensive Income for the year	2,355,707,033	511,726,495

The annexed notes from 1 to 56 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, 2021

	Share Capital	Capital Reserves	Revenue Reserves		Loan from directors and sponsors	Total
			General Reserves	Unappropriated Profit		
.....PKR.....						
Balance as at June 30, 2019	100,000,000	24,150,000	4,875,850,000	280,827,457	-	5,280,827,457
Loans from directors and sponsors received during the year	-	-	-	-	479,337,000	479,337,000
Total comprehensive income for the year						
Profit for the year	-	-	-	523,879,121	-	523,879,121
Other comprehensive loss	-	-	-	(12,152,626)	-	(12,152,626)
Transaction with owners						
Final dividend for the year ended June 30, 2019 PKR. 18.50 per share	-	-	-	(185,000,118)	-	(185,000,118)
Interim dividend during the year PKR. 15 per share	-	-	-	(150,000,000)	-	(150,000,000)
Transferred to general reserve	-	-	400,000,000	(400,000,000)	-	-
Balance as at June 30, 2020	100,000,000	24,150,000	5,275,850,000	57,553,834	479,337,000	5,936,890,834
Loans from directors and sponsors received during the year	-	-	-	-	460,944,000	460,944,000
Total comprehensive income for the year						
Profit for the year	-	-	-	2,359,331,954	-	2,359,331,954
Other comprehensive loss	-	-	-	(3,624,921)	-	(3,624,921)
Transferred to general reserve	-	-	2,000,000,000	(2,000,000,000)	-	-
Balance as at June 30, 2021	100,000,000	24,150,000	7,275,850,000	413,260,867	940,281,000	8,753,541,867

The annexed notes from 1 to 56 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, 2021

	June 30, 2021 PKR	June 30, 2020 PKR
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,540,306,983	690,375,251
Adjustments for:		
Depreciation of property, plant and equipment	423,593,126	322,574,599
Share of profit from associated undertaking	(396,627,230)	(78,625,942)
Provision for ECL	13,674,143	23,509,524
Doubtful advances recovered	(17,640)	(30,668,268)
Amortization of deferred govt grant	(14,179,397)	-
Infrastructure fee - ETO	51,676,651	59,863,821
Infrastructure cess - Gas	(71,282,276)	81,848,013
Provision for staff retirement benefits	53,939,970	42,941,875
Gain on disposal of property, plant and equipment	(817,231,228)	(2,968,311)
Finance cost	310,769,402	246,852,141
	<u>(445,684,479)</u>	<u>665,327,452</u>
Operating cash flows before movements in working capital	2,094,622,504	1,355,702,703
Changes in working capital		
Stores, spares and loose tools	(113,700,015)	(30,217,126)
Stock in trade	891,676,534	(2,122,735,258)
Trade debts	(559,508,882)	175,123,734
Loans and advances	(68,600,674)	(10,879,010)
Trade deposits	(58,459,353)	(56,690,226)
Other receivables	54,292,288	(58,236,424)
Sales tax refund	163,643,331	(396,368,794)
Trade and other payables	439,709,160	217,658,415
	<u>749,052,389</u>	<u>(2,282,344,689)</u>
Cash generated by / (used in) operations	2,843,674,893	(926,641,986)
Finance cost paid	(364,344,511)	(202,697,113)
Staff retirement benefits - gratuity paid	(27,565,461)	(22,462,978)
Income taxes paid - net	(37,781,675)	(169,814,662)
Long term deposits	(12,078,280)	(904,500)
	<u>(441,769,927)</u>	<u>(395,879,253)</u>
Net cash generated from / (used) in operating activities	2,401,904,966	(1,322,521,239)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	828,877,215	14,183,236
Addition in property plant and equipment	(2,498,511,372)	(3,693,014,644)
Dividend received	-	51,371,712
Net cash used in investing activities	(1,669,634,157)	(3,627,459,696)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term finances	761,331,400	2,665,378,584
Proceeds of loan from directors and sponsors - net	460,944,000	479,337,000
Repayment of long term financing	(73,791,674)	(239,393,096)
(Decrease) / increase in short term borrowings	(1,997,830,663)	2,445,097,755
Dividend paid	(45,956)	(331,345,028)
Net cash (used in) / generated from financing activities	(849,392,893)	5,019,075,215
Net (decrease) / increase in cash and cash equivalents	(117,122,084)	69,094,280
Cash and cash equivalent at the beginning of year	235,040,390	165,946,110
Cash and cash equivalent at the end of year	117,918,306	235,040,390

The annexed notes from 1 to 56 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, 2021****1 The Company and its Operations**

- 1.1 Faisal Spinning Mills Limited ("the Company") was incorporated on 31st January 1985 as a public limited company in Pakistan under repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is quoted on Pakistan Stock Exchange Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.
- 1.2 The company is principally engaged in manufacturing and sales of yarn, greige fabric, dyed fabric and home textile products. The production facilities are located at Nooriabad, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhpura in the province of Punjab.

2 Basis of Preparation**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

Notes to the financial statements

For the year ended June 30, 2021

2.5 Standards, interpretations and amendments to published approved accounting standards

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

		Effective date (annual reporting periods beginning on or after
IAS 1	Presentation of financial statements (Amendments)	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 7	Financial Instruments : Disclosures (Amendments)	January 1, 2021
IFRS 9	Financial Instruments (Amendments)	January 1, 2021
IFRS 16	Leases (Amendments)	January 1, 2021

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

The following interpretation issued by the IASB has been waived off by SECP:

IFRIC 12	Service concession arrangements
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As per Securities and Exchange Commission of Pakistan (SECP) SRO 985 (1)/ 2019, dated September 2, 2019, for companies holding financial assets due from Government of Pakistan, the requirements contained in IFRS 9 with respect to expected credit losses method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. The Company has assessed that the above SRO does not have any significant impact on its financial statements.

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.

Notes to the financial statements**For the year ended June 30, 2021****Post retirement benefits****Defined benefit plans**

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

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

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

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

3.3 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the statement of financial position liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

3.4 Provisions

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

3.5 Trade and other payables

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

Notes to the financial statements**For the year ended June 30, 2021****3.6 Dividend**

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

3.7 Property, plant and equipment and depreciation**Owned assets**

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

Subsequent cost

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

Depreciation

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

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

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

Impairment

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

Leased assets**Recognition**

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

Initial measurement**Lease liability**

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

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

Right-of-use asset

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

Notes to the financial statements**For the year ended June 30, 2021****Subsequent measurement****Lease liability**

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

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

Right-of-use asset

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

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

3.8 Capital work in progress

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

3.9 Investments in associate - Equity Method

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

3.10 Financial assets and liabilities**Financial assets**

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

Amortised Cost

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

Fair value through other comprehensive income

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

Notes to the financial statements**For the year ended June 30, 2021****Fair value through profit or loss**

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

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

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

Derecognition

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

Financial Liabilities

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

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

Derecognition

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

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.

Notes to the financial statements**For the year ended June 30, 2021****Non-Financial Assets**

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.12 Offsetting of financial assets and financial liabilities

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

3.13 Stores and spares

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

3.14 Stock-in-trade

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

Raw material	At weighted average cost
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost
Waste	Net realizable value

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

Raw material in transit is stated at invoice price plus other charges paid thereon upto the statement of financial

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

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

3.15 Trade debts and other receivables

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

3.16 Cash and cash equivalents

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

Notes to the financial statements**For the year ended June 30, 2021****3.17 Revenue recognition**

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

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

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

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

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

3.18 Borrowing costs

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

3.19 Foreign currency translation

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

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

3.20 Transactions with related party

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

3.21 Segment reporting

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

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

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

3.22 Government Grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants. Government grants are recognised at fair value, as deferred income. Grants that compensate the Company for expenses incurred are amortised on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

Notes to the financial statements**For the year ended June 30, 2021****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, 2021
5 Issued, Subscribed and Paid up Capital

Number of shares			June 30, 2021	June 30, 2020
June 30 2021	June 30 2020		PKR	PKR
6,300,000	6,300,000	Ordinary shares of Rs 10 each allotted for consideration - fully paid in cash	63,000,000	63,000,000
3,700,000	3,700,000	Ordinary shares of Rs 10 each allotted as bonus shares	37,000,000	37,000,000
10,000,000	10,000,000		100,000,000	100,000,000

5.1 Associated company holds 1,282,900 (2020: 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 Loan from Directors and Sponsors

Directors and sponsors had entered into a contract with the Company. 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.

7	Long Term Financing - Secured From Financial Institutions	LTF/TERF Loans	Non LTF Loans	Note	June 30, 2021	June 30, 2020
		PKR	PKR		PKR	PKR
7.01	United Bank Limited - Term Finance Loan	7,921,000	-		7,921,000	9,241,000
7.02	United Bank Limited - Term Finance Loan	27,316,409	-		27,316,409	27,316,409
7.03	United Bank Limited - Term Finance Loan	48,681,280	-		48,681,280	48,681,284
7.04	United Bank Limited - Term Finance Loan	103,704,000	-		103,704,000	108,643,000
7.05	United Bank Limited - Term Finance Loan	149,017,000	-		149,017,000	156,113,000
7.06	United Bank Limited - Term Finance Loan	103,212,000	-		103,212,000	103,212,000
7.07	United Bank Limited - Term Finance Loan	165,330,750	-		165,330,750	172,218,750
7.08	United Bank Limited - Term Finance Loan	34,216,000	-		34,216,000	35,641,000
7.09	United Bank Limited - Term Finance Loan	63,691,000	-		63,691,000	63,691,000
7.10	United Bank Limited - Term Finance Loan	37,847,189	-		37,847,189	39,302,189
7.11	United Bank Limited - Term Finance Loan	138,328,662	-		138,328,662	143,648,662
7.12	United Bank Limited - Term Finance Loan	11,573,716	-		11,573,716	11,573,716
7.13	United Bank Limited - Term Finance Loan	132,534,762	-		132,534,762	132,534,762
7.14	United Bank Limited - Term Finance Loan	38,879,794	-		38,879,794	38,879,794
7.15	United Bank Limited - Term Finance Loan	73,893,960	-		73,893,960	73,893,960
7.16	United Bank Limited - Term Finance Loan	9,769,800	-		9,769,800	9,769,800
7.17	United Bank Limited - Term Finance Loan	152,145,810	-		152,145,810	152,145,810
7.18	United Bank Limited - Term Finance Loan	19,637,037	-		19,637,037	20,270,490
7.19	United Bank Limited - Term Finance Loan	114,947,872	-		114,947,872	118,655,868
7.20	United Bank Limited - Term Finance Loan	85,172,600	-		85,172,600	85,172,600
7.21	United Bank Limited - Term Finance Loan	6,251,200	-		6,251,200	6,251,200
7.22	United Bank Limited - Term Finance Loan	19,512,787	-		19,512,787	19,512,787
7.23	United Bank Limited - Term Finance Loan	30,536,676	-		30,536,676	30,536,676
7.24	United Bank Limited - Term Finance Loan	72,758,542	-		72,758,542	72,758,542
7.25	Bank Al Falah Limited - Term Finance Loan	416,400,000	-		416,400,000	416,400,000
7.26	Bank Al Falah Limited - Term Finance Loan	262,171,000	-		262,171,000	262,171,000
7.27	Bank Al Falah Limited - Term Finance Loan	323,977,500	-		323,977,500	323,977,500
7.28	Bank Al Falah Limited - Term Finance Loan	92,565,000	-		92,565,000	92,565,000
7.29	Bank Al Falah Limited - Term Finance Loan	6,526,620	-		6,526,620	6,526,620
7.30	Bank Al Falah Limited - Term Finance Loan	31,832,500	-		31,832,500	31,832,500
7.31	Bank Al Falah Limited - Term Finance Loan	14,514,000	-		14,514,000	14,514,000
7.32	Bank Al Falah Limited - Term Finance Loan	37,292,650	-		37,292,650	37,292,650
7.33	Bank Al Falah Limited - Term Finance Loan	2,898,900	-		2,898,900	2,898,900
7.34	Bank Al Falah Limited - Term Finance Loan	9,600,191	-		9,600,191	9,600,191
7.35	Bank Al Falah Limited - Term Finance Loan	10,468,249	-		10,468,249	10,468,249
7.36	Bank Al Falah Limited - Term Finance Loan	22,466,475	-		22,466,475	22,466,475
7.37	Bank Al Falah Limited - Term Finance Loan	3,990,000	-		3,990,000	3,990,000
7.38	Bank Al Falah Limited - Term Finance Loan	1,197,000	-		1,197,000	1,197,000
7.39	Bank Al Falah Limited - Term Finance Loan	3,670,100	-		3,670,100	3,670,100
7.40	Bank Al Falah Limited - Term Finance Loan	22,743,000	-		22,743,000	22,743,000
7.41	Bank Al Falah Limited - Term Finance Loan	136,907,000	-		136,907,000	136,907,000
7.42	Bank Al Falah Limited - Term Finance Loan	7,946,229	-		7,946,229	7,946,229
7.43	Bank Al Falah Limited - Term Finance Loan	2,090,240	-		2,090,240	2,090,240
7.44	Bank Al Falah Limited - Term Finance Loan	33,522,000	-		33,522,000	33,522,000
7.45	Bank Al Falah Limited - Term Finance Loan	1,578,621	-		1,578,621	1,578,621
7.46	Bank Al Falah Limited - Term Finance Loan	2,865,625	-		2,865,625	2,865,625
7.47	Bank Al Falah Limited - Term Finance Loan	8,599,973	-		8,599,973	8,599,973
7.48	Bank Al Falah Limited - Term Finance Loan	199,603,690	-		199,603,690	199,603,690
7.49	Bank Al Falah Limited - Term Finance Loan	224,735,680	-		224,735,680	224,735,680
7.50	Bank Al Falah Limited - Term Finance Loan	6,536,322	-		6,536,322	6,536,322
7.51	Bank Al Falah Limited - Term Finance Loan	159,776,760	-		159,776,760	159,776,760
7.52	Bank Al Falah Limited - Term Finance Loan	74,700,000	-		74,700,000	74,700,000
7.53	Bank Al Falah Limited - Term Finance Loan	113,266,300	-		113,266,300	113,266,300

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7.54	Bank Al Falah Limited - Term Finance Loan	146,004,400	-	146,004,400	146,004,400
7.55	Bank Al Falah Limited - Refinancing Salary	-	23,937,759	23,937,759	30,320,889
7.56	Bank Al Falah Limited - Refinancing Salary	-	26,912,236	26,912,236	34,027,741
7.57	Bank Al Falah Limited - Refinancing Salary	-	26,735,117	26,735,117	-
7.58	Bank Al Falah Limited - Refinancing Salary	-	28,030,538	28,030,538	-
7.59	Bank Al Falah Limited - Refinancing Salary	-	27,649,229	27,649,229	-
7.60	Bank Al Falah Limited - Refinancing Salary	-	27,643,365	27,643,365	-
7.61	Bank Al Falah Limited - Term Finance Loan	6,158,050	-	6,158,050	-
7.62	Bank Al Falah Limited - Term Finance Loan	86,195,600	-	86,195,600	-
7.63	Bank Al Falah Limited - Term Finance Loan	94,178,000	-	94,178,000	-
7.64	Bank Al Falah Limited - Term Finance Loan	187,346,400	-	187,346,400	-
7.65	Dubai Islamic Bank - Term Finance Loan	61,473,000	-	61,473,000	-
7.66	Bank Al Falah Limited - Term Finance Loan	14,219,610	-	14,219,610	-
7.67	Bank Al Falah Limited - Term Finance Loan	8,101,038	-	8,101,038	-
7.68	Bank Al Falah Limited - Term Finance Loan	7,528,208	-	7,528,208	-
7.69	Bank Al Falah Limited - Term Finance Loan	4,591,017	-	4,591,017	-
7.70	Bank Al Falah Limited - Term Finance Loan	13,145,479	-	13,145,479	-
7.71	Bank Al Falah Limited - Term Finance Loan	8,209,242	-	8,209,242	-
7.72	Bank Al Falah Limited - Term Finance Loan	2,251,778	-	2,251,778	-
7.73	Bank Al Falah Limited - Term Finance Loan	11,077,795	-	11,077,795	-
7.74	Bank Al Falah Limited - Term Finance Loan	5,003,507	-	5,003,507	-
7.75	Bank Al Falah Limited - Term Finance Loan	4,434,520	-	4,434,520	-
7.76	Bank Al Falah Limited - Term Finance Loan	9,710,090	-	9,710,090	-
7.77	Bank Al Falah Limited - Term Finance Loan	1,496,498	-	1,496,498	-
7.78	Bank Al Falah Limited - Term Finance Loan	330,238	-	330,238	-
7.79	Bank Al Falah Limited - Term Finance Loan	340,624	-	340,624	-
7.80	Bank Al Falah Limited - Term Finance Loan	994,782	-	994,782	-
7.81	Bank Al Falah Limited - Term Finance Loan	5,723,163	-	5,723,163	-
7.82	Bank Al Falah Limited - Term Finance Loan	21,173,770	-	21,173,770	-
7.83	Bank Al Falah Limited - Term Finance Loan	2,194,411	-	2,194,411	-
7.84	Bank Al Falah Limited - Term Finance Loan	1,209,112	-	1,209,112	-
7.85	Bank Al Falah Limited - Term Finance Loan	4,660,488	-	4,660,488	-
		4,589,072,291	160,908,244	4,749,980,535	4,124,458,954

Less: Current Maturity

		242,971,646	102,278,822	16	345,250,468	50,867,978
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Total Term Finance Loan Payable

		4,346,100,645	58,629,422		4,404,730,067	4,073,590,976
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	Security	Repayment	Markup on LTFF / TERF	Markup on non-LTFF/TERF
7.01	First pari passu charge over plant and machinery of Weaving Unit situated at 18 Kilometre, Faisalabad Road, Feroz Watwan, District Sheikhupura, to the extent of PKR 1.671 billion.	The loan is repayable in twenty three equal quarterly installments, commenced from 2nd June, 2016.	5.15% (2020: 5.15%)	-
7.02	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commenced from 6th November 2017.	3.50% (2020: 3.50%)	-
7.03	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commenced from 24th November, 2017.	3.50% (2020: 3.50%)	-
7.04	Covered under securities for term finance 7.01	The loan is repayable in thirty six equal quarterly installments, commenced from 09th December, 2016.	3.50% (2020: 3.50%)	-
7.05	Covered under securities for term finance 7.01	The loan is repayable in thirty six equal quarterly installments, commenced from 19th December, 2016.	3.50% (2020: 3.50%)	-
7.06	Covered under securities for term finance 7.01	The loan is repayable in thirty six equal quarterly installments, commenced from 23rd February, 2017.	2.50% (2020: 2.5%)	-
7.07	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commenced from 13th September, 2018.	2.50% (2020: 2.5%)	-
7.08	First pari passu charge over plant and machinery of Spinning Unit situated at A - 150, SITE Nooriabad, Sindh, to the extent of PKR 1.374 billion .	The loan is repayable in thirty two equal quarterly installments, commencing from 14 th September, 2018.	2.50% (2020: 2.5%)	-
7.09	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 28 th May, 2018.	2.50% (2020: 2.50%)	-
7.10	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 29 th March, 2019.	2.50% (2020: 2.5%)	-
7.11	Covered under securities for term finance	The loan is repayable in thirty two equal quarterly	2.50% (2020: 2.5%)	-

FAISAL SPINNING MILLS LIMITED
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For the year ended June 30, 2021

	7.08	installments, commencing from 29 th March, 2019.		
	Security	Repayment	Markup on LTFF	Markup on non-LTFF
7.12	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 04 April, 2019.	2.50% (2020: 2.5%)	-
7.13	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 04 April, 2019.	2.50% (2020: 2.5%)	-
7.14	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 24 August, 2019.	2.50% (2020: 2.5%)	-
7.15	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 30 August, 2021.	2.5% (2020: 2.5%)	-
7.16	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 23 October, 2021.	2.5% (2020: 2.5%)	-
7.17	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 03 August, 2021.	2.75% (2020: 2.75%)	-
7.18	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 09 May, 2021.	2.75% (2020: 2.75%)	-
7.19	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 07 May, 2021.	2.75% (2020: 2.75%)	-
7.20	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 09 December, 2021.	2.75% (2020: 2.75%)	-
7.21	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 09 December, 2021.	2.75% (2020: 2.75%)	-
7.22	Covered under securities for term finance 7.01	The loan is repayable in twenty equal quarterly installments, commencing from 30 June, 2022.	3% (2020: 3%)	-
7.23	Covered under securities for term finance 7.08	The loan is repayable in thirty two equal quarterly installments, commencing from 15 January, 2022.	2.5% (2020: 2.5%)	-
7.24	Covered under securities for term finance 7.01	The loan is repayable in thirty two equal quarterly installments, commencing from 13 July, 2022.	3% (2020: 3%)	-
7.25	First charge over plant and machinery of Finishing Unit situated at 1.7KM Warburton Road Sheikhpura, Punjab to the extent of PKR 3.0 billion, ranking charge over plant and machinery of Weaving Unit situated at Ferozewatoan, Sheikhpura Faisalabad Road, Punjab, to the extent of PKR 1.0 billion and ranking charge over plant and machinery of Spinning Unit situated at A - 150, SITE Nooriabad, Sindh, to the extent of PKR 400 million	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: 2.75%)	-
7.26	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: 2.75%)	-
7.27	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: 2.75%)	-
7.28	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: 2.75%)	-
7.29	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: 2.75%)	-
7.30	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: 2.75%)	-
7.31	Covered under securities for term finance	The loan is repayable in thirty two equal quarterly	2.75% (2020: 2.75%)	-

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7.25		installments, commencing from 27 November, 2022.		
7.54	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: 2.75%)	-
7.55	Ranking charge over current assets of Spinning Unit situated at A - 150, SITE Nooriabad, Sindh, to the extent of PKR 352.8 million .	The loan is repayable in eight equal quarterly installments, commencing from 1st January, 2021.	-	0.75% (2020: 0.75%)
7.56	Covered under securities for term finance 7.60	The loan is repayable in eight equal quarterly installments, commencing from 1st January, 2021.	-	0.75% (2020: 0.75%)
7.57	Covered under securities for term finance 7.60	The loan is repayable in eight equal quarterly installments, commencing from 1st January, 2021.	-	0.75% (2020: Nil)
7.58	Covered under securities for term finance 7.60	The loan is repayable in eight equal quarterly installments, commencing from 1st January, 2021.	-	0.75% (2020: Nil)
7.59	Covered under securities for term finance 7.60	The loan is repayable in eight equal quarterly installments, commencing from 1st January, 2021.	-	0.75% (2020: Nil)
7.60	Covered under securities for term finance 7.60	The loan is repayable in eight equal quarterly installments, commencing from 1st January, 2021.	-	0.75% (2020: Nil)
7.61	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: Nil)	-
7.62	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: Nil)	-
7.63	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: Nil)	-
7.64	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 27 November, 2022.	2.75% (2020: Nil)	-
7.65	Exclusive charge on Jenbacher Natural Gas Genset location at Faisal Spinning Mills Ltd, A-150, SITE Area Nooriabad, Jamshoro, Sindh to the extent of PKR 76.148 million.	The loan is repayable in thirty two equal quarterly installments, commencing from 09 April, 2023.	5% (2020: Nil)	-
7.66	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 30 March, 2023.	1.75% (2020: Nil)	-
7.67	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 30 March, 2023.	1.75% (2020: Nil)	-
7.68	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 30 March, 2023.	1.75% (2020: Nil)	-
7.69	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 04 May, 2023.	1.75% (2020: Nil)	-
7.70	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 04 May, 2023.	1.75% (2020: Nil)	-
7.71	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 04 May, 2023.	1.75% (2020: Nil)	-
7.72	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 08 June, 2023.	1.75% (2020: Nil)	-
7.73	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 08 June, 2023.	1.75% (2020: Nil)	-
7.74	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 08 June, 2023.	1.75% (2020: Nil)	-
7.75	Covered under securities for term finance	The loan is repayable in thirty two equal quarterly	1.75% (2020: Ni)	-

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Notes to the financial statements
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7.25		installments, commencing from 04 May, 2023.		
7.76	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 04 May, 2023.	1.75% (2020: Ni)	-
7.77	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 04 May, 2023.	1.75% (2020: Ni)	-
7.78	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 08 June, 2023.	1.75% (2020: Ni)	-
7.79	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 08 June, 2023.	1.75% (2020: Ni)	-
7.80	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 08 June, 2023.	1.75% (2020: Ni)	-
7.81	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 08 June, 2023.	1.75% (2020: Ni)	-
7.82	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 08 June, 2023.	1.75% (2020: Ni)	-
7.83	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 02 July, 2023.	1.75% (2020: Ni)	-
7.84	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 09 July, 2023.	1.75% (2020: Ni)	-
7.85	Covered under securities for term finance 7.25	The loan is repayable in thirty two equal quarterly installments, commencing from 22 July, 2023.	1.75% (2020: Ni)	-

8	Long Term Payable	Note	June 30, 2021	June 30, 2020
			PKR	PKR
	Infrastructure fee payable	8.1	232,197,276	180,520,625
	Gas Infrastructure cess / Tariff rate difference	8.2	608,706,003	679,988,279
			840,903,279	860,508,904
8.1	Movement in liability recognized in the statement of financial position			
	Balance at beginning of the year		180,520,625	120,656,804
	Accrued for the year		103,490,247	119,787,924
	Paid during the year		(51,813,596)	(59,924,103)
	Balance at the end of the year		232,197,276	180,520,625

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 filed petitions in Sindh High Court and Lahore High Court against the levy. During the year, Sindh High Court decided the case against the Company and directed to pay the outstanding amount to Excise and Taxation Department. The Company has filed petitions vide CP No. 4306 of 2021, 4323 of 2021, 4460 of 2021 in Supreme Court of Pakistan subsequent to year end and obtained stay on the recovery of these levies. During the pendency of final judgement on this, the Honorable Courts granting stay have directed the petitioners to pay 50% of liability for levies to ETO and to arrange bank guarantees for the remaining amount in favour of ETO. The liability represents 50% of levies against which guarantees have been arranged in favour of ETO. The company has provided bank guarantees amounting to PKR 234.89 Million (June 30, 2020: PKR 171.90 Million) in respect of unpaid infrastructure fee.

8.2 Movement in liability recognized in the statement of financial position

Balance at beginning of the year	679,988,279	598,140,266
Accrued for the year	24,144,119	81,848,013
Paid during the year	(95,426,395)	-
Balance at the end of the year	<u>608,706,003</u>	<u>679,988,279</u>

The Company vide petition 1234/2021 filed before the High Court of Sindh challenged the recovery of GIDC installments. The High Court of Sindh vide its order dated 22 November 2020 has suspended the recovery of GIDC installments. No further date is fixed for hearing. Further, the Company vide petition 1848/2021 dated 30 August 2021 filed before the High Court of Sindh challenged the levy of GIDC on the ground of the Government's failure to comply with the Supreme Court's judgment dated 13 August 2020 in relation to commencement of work on specified projects. Date of hearing is fixed for 26 November 2021. It also includes an amount of PKR 127.165 million (2020: PKR 122.270 million) on account of tariff difference on captive and general rates against which the Company has provided bank guarantee of an amount PKR 71.3 million (2020: PKR 71.3 million) and post dated cheques of PKR 10.96 (2020: PKR 7.34 million) on the orders of Sindh High Court and has accrued unpaid tariff difference.

9	Employees Retirement Benefits	Note	June 30, 2021	June 30, 2020
			PKR	PKR
	9.1 Movement in liability recognized in the statement of financial position			
	Balance at beginning of the year		192,521,328	161,516,799
	Charged to profit and loss account and other comprehensive income	16	55,819,895	53,467,507
	Benefits paid during the year		(27,565,461)	(22,462,978)
	Balance at the end of the year		<u>220,775,762</u>	<u>192,521,328</u>
	9.2 Amount charged to profit and loss account / other comprehensive income			
	Current service cost		37,258,489	30,227,621
	Interest cost		16,681,481	12,714,254
	Charge to profit and loss account		53,939,970	42,941,875
	Remeasurement charge to other comprehensive income		1,879,925	10,525,632
			<u>55,819,895</u>	<u>53,467,507</u>
	9.3			
	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, 2021 using the "Projected Unit Credit Method" assuming a discount rate of 10% (June 30, 2020: 8.5%) per annum, expected rate of increase in salaries at 9% (June 30, 2020: 7.5%) per annum.			
	9.4			
	There is no unrecognized actuarial loss / gain.			
	9.5 Historical information			
		Actuarial adjustment arising (%)	Present value of defined benefit obligation PKR	Experience adjustment on plan liabilities PKR
	30 th June 2020	5.47%	192,521,328	10,525,632
	30 th June 2019	-11.05%	161,516,799	(17,841,564)
	30 th June 2018	0.84%	164,907,649	1,379,096
	30 th June 2017	0.23%	134,655,721	303,538
	9.6 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		(7,187,455)	7,546,609
	Expected rate of increase in future salary		7,546,609	(7,317,313)
	9.7			
	The expected gratuity expense comprising of service cost and net interest for the year ending 30 th June 2022 works out to PKR 74,647,434.			
	9.8			
	The weighted average duration of defined benefit obligation is 6 years.			
		Note	June 30, 2021	June 30, 2020
			PKR	PKR
10	Deferred Taxation			
	Deferred tax liability on taxable temporary differences		183,328,271	96,749,498
	Deferred tax asset on deductible temporary differences		(108,761,418)	(25,606,031)
			<u>74,566,853</u>	<u>71,143,467</u>

	2021			
	As at July 01, 2020	Recognized in profit and loss	Recognized in other comprehensive income	As at June 30, 2021
Taxable temporary differences				
Accelerated tax depreciation on owned assets	96,749,498	86,578,773	-	183,328,271
	96,749,498	86,578,773	-	183,328,271
Deductible temporary differences				
Provision for employee benefit	(14,052,709)	(1,117,653)	(130,286)	(15,300,648)
Provision for doubtful debts and obsolete store	(11,553,322)	(385,673)	-	(11,938,995)
Unused tax credit	-	(81,521,775)	-	(81,521,775)
	(25,606,031)	(83,025,101)	(130,286)	(108,761,418)
	71,143,467	3,553,672	(130,286)	74,566,853
	2020			
	As at July 01, 2019	Recognized in profit and loss	Recognized in other comprehensive income	As at June 30, 2020
Taxable temporary differences				
Accelerated tax depreciation on owned assets	106,087,715	(9,338,217)	-	96,749,498
	106,087,715	(9,338,217)	-	96,749,498
Deductible temporary differences				
Provision for employee benefit	(13,759,336)	474,924	(768,297)	(14,052,709)
Provision for doubtful debts and obsolete store	(14,113,288)	2,559,966	-	(11,553,322)
Unused tax credit	-	-	-	-
	(27,872,624)	3,034,890	(768,297)	(25,606,031)
	78,215,091	(6,303,327)	(768,297)	71,143,467

- 10.1** Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% of the timing differences so determined based on tax rates notified by the Government of Pakistan for current and future tax years.
- 10.2** Deferred tax liability has not been recognised on taxable temporary difference on investment in Blessed Textiles Limited, an associated company because ,
a - Faisal Spinning Mills Limited is able to control the timing of the reversal of the temporary difference; and
b - it is probable that the temporary difference will not reverse in the foreseeable future.

The temporary difference associated with investment in Blessed Textiles Limited for which a deferred tax liability has not been recognised in the period presented, aggregate to Rs. 1,100.29 million (2020: Rs. 705.54 million).

	Note	June 30, 2021	June 30, 2020
		PKR	PKR
11 Deferred Grant			
Balance at beginning of the year		6,352,124	-
Recognized during the year		62,018,145	6,525,808
Amortized during the year		(14,179,397)	(173,684)
		54,190,872	6,352,124
Less: current portion	16	(13,884,177)	(4,134,942)
Balance at the end of the year		40,306,695	2,217,182
11.1	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.		
11.2	During the year, the Company entered into long-term loan agreement with Bank Al Falah Limited amounting to PKR 173.204 (2020: Nil) million under "SBP Temporary Economic Refinance Facility" for additions of new plant & machinery. The facility carries 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 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 selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan.		

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2021

		June 30, 2021	June 30, 2020
		PKR	PKR
12 Trade and Other Payables	Note		
Creditors		794,621,984	576,572,809
Accrued liabilities		311,895,163	212,275,333
Advance from customers & others	12.1	62,652,430	51,630,030
Workers' profit participation fund	12.3	106,639,813	32,791,940
Workers' welfare fund		103,232,050	71,770,135
Others	12.2	21,084,894	15,376,927
		<u>1,400,126,334</u>	<u>960,417,174</u>
12.1	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. 5,813,052 (2020: Rs. 34,904) thousand has been recognised in current year in respect of advances from customers at the beginning of period.		
12.2	Other payables include cess levied under the Cotton Cess Act, 1923, the recovery of which has been stayed by the High Court of Lahore. (see note 17.4).		
12.3 Workers' profit participation fund	Note	June 30, 2021	June 30, 2020
		PKR	PKR
Balance at beginning of the year		32,791,940	52,440,648
Interest on funds utilized in the Company's business	12.4	1,252,909	2,334,395
		<u>34,044,849</u>	54,775,043
Paid during the year		<u>(34,044,849)</u>	(54,775,043)
		-	-
Allocation / expense for the year		106,639,813	32,791,940
		<u>106,639,813</u>	<u>32,791,940</u>
12.4	Interest on workers' profit participation fund has been provided @ 112.50% (June 30, 2020: 138.75%) per annum.		
	Note	June 30, 2021	June 30, 2020
		PKR	PKR
13 Unclaimed Dividend			
Unclaimed dividend		14,042,893	14,088,849
		<u>14,042,893</u>	<u>14,088,849</u>
14 Accrued Markup / Interest		June 30, 2021	June 30, 2020
	Note	PKR	PKR
Accrued markup / interest on secured			
- long term financing	37.1	31,341,005	53,820,929
- short term borrowings		16,229,167	47,324,352
		<u>47,570,172</u>	101,145,281
15 Short Term Borrowings		June 30, 2021	June 30, 2020
		PKR	PKR
From banking companies-secured			
Money market loan		500,000,000	3,656,802,237
Running finances		1,378,178,226	219,206,652
		<u>1,878,178,226</u>	<u>3,876,008,889</u>
15.1	The aggregate approved short term borrowing facilities amounted to PKR 11,810 Million (2020: PKR 6,310 Million). Out of total facilities, facilities of PKR 9,932 Million are unavailed at the reporting date.		
15.2	These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.1% to 2% (2020: 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 Current Portion of Non Current Liabilities	Note	June 30, 2021	June 30, 2020
		PKR	PKR
Long term financing		345,250,468	50,867,978
Deferred govt. grant		13,884,177	4,134,942
		<u>359,134,645</u>	<u>55,002,920</u>
17 Contingencies and Commitments			
Contingencies			
17.1	In normal course of business, the Company has issued indemnity bonds amounting to PKR 46.968 Million (June 30, 2020: PKR 46.968 Million) and post dated cheques amounting to PKR 1,721.1 Million (2020: PKR 1,339.56 Million) in favour of collector of customs and sales tax department in lieu of custom and sales tax levies against various statutory notification and the indemnity bond furnished by the Company are likely to be released after fulfilment of the terms of related SRO's.		
17.2	Bank guarantee issued to Sui Southern Gas Company Limited on behalf of the company PKR 57.870 Million (June 30, 2020: PKR 57.870 million), Sui Northern Pipeline Company Limited amounting to PKR 292.109 Million (2020: PKR 278.139 million), Hyderabad Electric Supply Company Limited PKR 11.920 million (June 30, 2020: PKR 11.920 million), Excise and Taxation - Government of Sindh PKR 227.00 million (June 30, 2020: PKR 164 million), Excise and Taxation - Government of Punjab PKR 7.90 million (June 30, 2020: PKR 7.90 million) and Pakistan State Oil Company Limited PKR 2.250 million (June 30, 2020: PKR 2.250 million).		
17.3	In addition to above mentioned guarantees there are guarantees which are disclosed in note (8).		
17.4	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. Presently the recovery of cess has been stayed by the High Court of Lahore. No further date is fixed for hearing.		

FAISAL SPINNING MILLS LIMITED**Notes to the financial statements**

For the year ended June 30, 2021

		June 30, 2021	June 30, 2020
	Note	PKR	PKR
17.5	Bills discounted	<u>2,726,744,776</u>	<u>2,009,214,358</u>
17.6	Share of contingencies of its associated company, Blessed Textiles Limited:		
	Bank guarantees	103,249,113	63,752,805
	Bills discounted	217,374,824	225,182,384
	Post dated cheques	128,057,483	128,057,483
		<u>448,681,420</u>	<u>416,992,672</u>
Commitments			
	Letters of credit for: (Raw material, stores & machinery)	<u>2,211,005,770</u>	<u>2,173,604,045</u>
	Share of commitments of its associated company Blessed Textiles Limited:		
	- purchase of fixed assets	337,006,118	-
	- purchase of stores and spares	12,522,956	-
	- purchase of raw material	280,575,653	338,160,364
		<u>630,104,727</u>	<u>338,160,364</u>

FAISAL SPINNING MILLS LIMITED

**Notes to the financial statements
For the year ended June 30, 2021**

18.1 Equipment and other assets includes assets costing PKR 103,315,668 (2020: PKR 103,315,668) which have been fully depreciated.

		Year ended June 30 2021	Year ended June 30 2020
	NoteRupees.....	
18.2	The depreciation charge for the year has been allocated as follows:		
Cost of sales	32	406,089,181	312,111,722
Administrative expenses	35	17,503,945	10,462,877
Trial run		5,310,683	-
		<u>428,903,809</u>	<u>322,574,599</u>

18.3 Free hold lands of the Company are located at Ferozwattoan Sheikhupura with an area of 186 Kanal 5 Marla (2020: 186 Kanal 5 Marla), Gajjumata Kasur with an area of 90 Kanal 10 Marla (2020: 90 Kanal 10 Marla), Warburton Sheikhupura 451 Kanal 10 marla (2020: 405 Kanal 17 Marla), SITE Nooriabad Nil (2020: 2,120 Kanal) and leasehold lands of the Company are located at SITE Nooriabad with an area of 260.5 Kanal (2020: 261.5 Kanal).

18.4 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain/(loss) on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
.....Rupees.....							
Freehold land							
Land	9,503,685	-	9,503,685	802,000,000	792,496,315	Negotiation	Naveena Exports Ltd & Gatlene Industries (Pvt) Ltd
Land	772,419	-	772,419	25,000,000	24,227,581	Negotiation	Naveena Exports Ltd & Gatlene Industries (Pvt) Ltd
	<u>10,276,104</u>	<u>-</u>	<u>10,276,104</u>	<u>827,000,000</u>	<u>816,723,896</u>		
Plant and machinery							
Air Compressor ZR355-7.5E / Air Dryer MD 1000 W/Colling system 2XVFL 724 OX/	9,973,767	8,733,416	1,240,351	1,498,501	258,150	Negotiation	Multitex, Plot No. F-497 S.I.T.E. Police Station A Textile Avenue, Karachi
	<u>9,973,767</u>	<u>8,733,416</u>	<u>1,240,351</u>	<u>1,498,501</u>	<u>258,150</u>		
Vehicles							
AWW-366 Toyota Probox	610,000	480,519	129,481	326,000	196,519	Negotiation	Mr. Abdul samad H # 715/5/1, Fatima Jinnah Colony, Karachi
KAR-8453 CD-70 Bike	15,200	15,149	51	52,714	52,663	Negotiation	Mr. Zahid Hussain H # 382-R, Sector 10, North Karachi
	<u>625,200</u>	<u>495,668</u>	<u>129,532</u>	<u>378,714</u>	<u>249,182</u>		
30-Jun-21	<u><u>20,875,071</u></u>	<u><u>9,229,084</u></u>	<u><u>11,645,987</u></u>	<u><u>828,877,215</u></u>	<u><u>817,231,228</u></u>		
Plant and machinery							
Comber E-75	15,560,034	14,963,664	596,370	833,236	236,866	Negotiation	Bilal Traders, Flat# 1687 Block B, Samanabad Faisalabad
Air Compressor / Air Dryer	9,973,767	8,583,294	1,390,473	1,750,000	359,527	Negotiation	United Industires, D-1 37, S.I.T.E, Karachi
Air Shuttless Looms	37,503,284	30,030,140	7,473,144	8,400,000	926,856	Negotiation	Mico Medicare International, H 2, St 9, Harbns pura Lahore
	<u>63,037,085</u>	<u>53,577,098</u>	<u>9,459,987</u>	<u>10,983,236</u>	<u>1,523,249</u>		
Vehicles							
Honda Civic LEB-18 6642	2,709,166	954,228	1,754,938	3,200,000	1,445,062	Negotiation	Insurance claim
	<u>2,709,166</u>	<u>954,228</u>	<u>1,754,938</u>	<u>3,200,000</u>	<u>1,445,062</u>		
30-Jun-20	<u><u>65,746,251</u></u>	<u><u>54,531,326</u></u>	<u><u>11,214,925</u></u>	<u><u>14,183,236</u></u>	<u><u>2,968,311</u></u>		

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2021
19 Capital Work in Progress

	2021			
	As at July 01, 2020	Additions	Transfers	As at June 30, 2021
	PKR	PKR	PKR	PKR
Building and other civil works	452,604,939	1,131,536,467	(1,281,534,115)	302,607,291
Plant and machinery	2,546,657,309	1,085,655,038	(3,595,495,932)	36,816,415
Electric installation	48,015,392	64,007,280	(112,022,672)	-
Others	8,390,800	53,629,864	(41,666,944)	20,353,720
	3,055,668,440	2,334,828,649	(5,030,719,663)	359,777,426
	2020			
	As at July 01, 2019	Additions	Transfers	As at June 30, 2020
	PKR	PKR	PKR	PKR
Building and other civil works	23,676,544	450,162,009	(21,233,614)	452,604,939
Plant and machinery	-	2,546,657,309	-	2,546,657,309
Electric installation	-	48,015,392	-	48,015,392
Others	-	8,390,800	-	8,390,800
	23,676,544	3,053,225,510	(21,233,614)	3,055,668,440

19.1 OPERATIONAL RESULT OF TRIAL RUN PERIOD
FINISHING & HOME TEXTILE DIVISION
From July 1, 2020 TO March 31, 2021

	Note	June 30, 2021 PKR	June 30, 2020 PKR
Trial Run Costs			
Material consumed		287,401,083	-
Stores consumed		86,516,614	-
Salaries wages & other benefits		99,676,715	-
Utilities		23,786,570	-
Insurane		941,909	-
Repair & maintenance		3,277,281	-
Travelling & conveyance		10,096,678	-
Computer expenses		1,471,800	-
Fees & subscription		1,621,543	-
Entertainment		1,159,452	-
Legal & professional charges		275,000	-
Depreciation		5,310,683	-
Clearing & forwarding		6,103,883	-
Freight & handling		13,024,223	-
Export development surcharge		384,961	-
Sample expenses		1,383,154	-
Finance cost		3,100,079	-
Others		1,675,049	-
		547,206,677	-
Less: Trial run credits			
Sales			
Local sales		(42,945,174)	-
Export sales		(289,824,820)	-
Export rebate		(24,558)	-
Stocks transferred to commercial production		(107,064,812)	-
		(439,859,364)	-
Trial Run Loss		107,347,313	-
Sales tax on local sales is Rs 8,042,093.			
TRIAL RUN LOSS ALLOCATION			
Plant and machinery	80%	85,877,850	-
Factory building	20%	21,469,463	-
		107,347,313	-

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2021
20 Long term Investment
Investment in associates

Investment in shares of Blessed Textiles Limited (1,189,160 ordinary shares of Rs. 10 each)

1,112,185,082 717,433,134

Cost of investment

11,891,600 11,891,600

Accumulated share of post acquisition profit - net of dividends received

705,541,534 680,682,595

Share of profit for the year

396,627,230 78,625,942

Share of OCI for the year

(1,875,282) (2,395,291)

Dividend received during the year

- (51,371,712)

1,100,293,482 705,541,534

1,112,185,082 717,433,134

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

Note

Total assets

10,020,729,137 10,762,029,080

Total liabilities

3,996,023,866 6,872,481,848

Net assets

6,024,705,271 3,889,547,232

Company's share of associate's net assets

1,113,858,601 719,106,652

Sales- net

15,430,567,380 12,359,645,877

Profit for the year

2,145,301,176 425,276,715

OCI for the year

(10,143,137) (12,955,795)

Company's share of associate's profit for the year

396,627,230 78,625,942

Company's share of OCI for the year

(1,875,282) (2,395,291)

20.2 Market value per share

440.00 289.90

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

21 Long Term Deposits
Note

Security deposits

21,862,115 9,983,835

Others deposits

756,800 556,800

22,618,915 10,540,635

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.

Note
22 Stores, Spare Parts and Loose Tools

Stores, spare parts and loose tools

227,193,361 114,557,432

Packing material

13,135,510 11,755,538

Provision for slow moving store items

240,328,871 126,312,970

(2,088,830) (1,772,944)

238,240,041 124,540,026

22.1 Provision for slow moving items comprises;

Balance at the beginning of the year

1,772,944 1,772,944

Recognized during the year

315,886 -

Balance at the end of the year

2,088,830 1,772,944

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

23 Stock in Trade

Raw material

23.1 **3,906,475,604** 4,978,907,104

Raw material in transit

359,327,833 9,015,486

Work in process

281,890,064 148,196,904

Finished goods

23.2 **687,202,083** 990,814,906

Waste

1,430,793 1,068,511

5,236,326,377 6,128,002,911

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2021

23.1	Raw material stock cost PKR: Nil (2020: PKR 5,209.42 million) have been valued at PKR Nil (2020: PKR 4,550.75 million) being the replacement cost of raw material. The amount charge to profit and loss in respect of raw material written down to net realizable value is Rs. Nil (2020: PKR 658.67 million).			
23.2	Finished Goods stock cost PKR: Nil (2020: PKR 31.435 million) have been valued at PKR: Nil (2020: PKR 26.719 million) being the net realizable value of finished goods. The amount charge to profit and loss in respect of finished goods written down to net realizable value is PKR: Nil (2020: PKR 4.715 million).			
23.3	No item of stock in trade is pledged as security as at the reporting date.			
24	Trade Debts	Note	June 30, 2021 PKR	June 30, 2020 PKR
	Considered good			
	Foreign: secured through letters of credit		597,010,641	556,474,868
	Foreign: unsecured		316,925,713	-
	Local : unsecured		455,583,438	267,210,185
			1,369,519,792	823,685,053
	Considered doubtful		170,181,048	156,506,905
	Allowance for ECL	24.1	(170,181,048)	(156,506,905)
			1,369,519,792	823,685,053
		Note	June 30, 2021 PKR	June 30, 2020 PKR
24.1	Particulars of allowance for ECL on doubtful debts			
	Balance at beginning of the year		156,506,905	163,898,796
	Allowance no longer required/ recovered		-	(30,901,415)
	Charge during the year	35	13,674,143	23,509,524
	Balance at the ended of the year		170,181,048	156,506,905
25	Loans And Advances	Note	June 30, 2021 PKR	June 30, 2020 PKR
	Considered good			
	Advances to suppliers - unsecured		72,299,216	70,538,952
	Advances to employees		70,169,199	3,589,614
	Letters of credit		6,278,849	6,000,384
	Advances to suppliers - unsecured; considered doubtful		64,213	81,853
			148,811,477	80,210,803
	Provision for doubtful advances		(64,213)	(81,853)
			148,747,264	80,128,950
26	Trade Deposits and Prepayments			
	Deposit against infrastructure fee payable	26.1	234,891,427	176,039,609
	Prepaid expenses		2,934,255	3,326,720
			237,825,682	179,366,329
26.1	Effective mark up rate on these deposits range from 4.70% to 11.83% per annum (June 30, 2020: 10.25% to 11.28% per annum).			
27	Other Receivables	Note	June 30, 2021 PKR	June 30, 2020 PKR
	Quality / shortage claims receivable		23,561,693	77,853,981
			23,561,693	77,853,981
28	Income Tax Refundable			
	Advance income tax refundable / adjustable		366,391,331	463,173,011
	Provision for taxation		(215,657,459)	(172,799,457)
			150,733,872	290,373,554
29	Sales Tax Refundable			
	Sales tax refundable		396,631,584	560,274,915
	Excise duty and federal excise duty refundable		2,007,435	4,811,044
	Provision for doubtful excise duty and federal excise duty refundable		(2,007,435)	(4,811,044)
			-	-
			396,631,584	560,274,915

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2021
30 Bank Balances

Balances with banks in:			
Current accounts		113,590,121	229,189,061
Foreign currency accounts		4,287,052	5,811,061
Deposit accounts	30.1	41,133	40,268
		<u>117,918,306</u>	<u>235,040,390</u>

30.1 It carries mark up at the rate of 4.70% to 11.83% per annum (2020: 10.25% to 11.28% per annum).

	Note	June 30, 2021 PKR	June 30, 2020 PKR
31 Sales - Net			
Export			
Yarn		8,864,569,210	7,068,645,390
Fabric		4,463,505,684	4,623,631,285
Made ups		273,317,526	15,279,005
		13,601,392,420	11,707,555,680
Export rebate		827,403	22,044,587
		<u>13,602,219,823</u>	<u>11,729,600,267</u>
Local			
Yarn		243,989,864	305,950,254
Fabric		3,738,361,772	3,314,277,899
Cotton		9,589,487	-
Waste and others		183,458,243	173,219,906
		4,175,399,366	3,793,448,059
Gross sales		17,777,619,189	15,523,048,326
Discount on sales		(16,806,424)	-
Sales tax		(695,626,844)	(627,497,993)
		<u>17,065,185,921</u>	<u>14,895,550,333</u>

31.1 Export sales include PKR 525.61 million exclusive of sales tax (2020: PKR 448.341 million) in respect of indirect export sales.

31.2 Export sales include exchange gain of PKR 417.569 million (2020: PKR 460.221 million).

	Note	June 30, 2021 PKR	June 30, 2020 PKR
32 Cost of Sales			
Raw material consumed	32.1	11,647,760,980	11,786,513,413
Packing material consumed		164,763,412	136,221,363
Stores and spare parts consumed		292,090,160	222,161,364
Cost of cotton sold	32.3	7,170,819	-
Salaries, wages and benefits	32.2	762,928,525	629,069,075
Fuel, power and water		861,073,993	798,457,280
Insurance		29,743,572	30,248,508
Repair and maintenance		23,364,052	11,083,788
Rent, rates and taxes		1,071,205	1,422,189
Travelling, conveyance and entertainment		3,230,133	2,613,561
Vehicle running expenses		12,454,598	11,844,824
Communication		787,505	667,560
Fee and subscription		3,199,338	1,430,866
Depreciation	18.2	406,089,181	312,111,722
Provision for slow moving store items		315,886	-
Others		3,269,113	3,147,393
		<u>14,219,312,472</u>	<u>13,946,992,906</u>
Work in process			
Opening stock		148,196,904	149,100,120
WIP Burnt		359,349	-
Transferred from trial run production		39,000,599	-
Closing stock		(281,890,064)	(148,196,904)
		<u>(94,333,212)</u>	<u>903,216</u>
Cost of goods manufactured		<u>14,124,979,260</u>	<u>13,947,896,122</u>
Finished stocks			
Opening stock		991,883,417	509,325,411
Finished goods purchased - fabric		80,115,782	19,928,864
Transferred from trial run production		68,064,213	-
Closing stock		(688,632,876)	(991,883,417)
		<u>451,430,536</u>	<u>(462,629,142)</u>
		<u>14,576,409,796</u>	<u>13,485,266,980</u>

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2021

	Note	June 30, 2021 PKR	June 30, 2020 PKR
32.1 Raw material consumed			
Opening stock		4,987,922,590	3,346,842,122
Purchases		11,488,580,890	13,436,726,863
Cost of raw material sold - cotton		(6,734,267)	-
Cost of raw material sold - yarn/fabric		(78,861,540)	(9,132,982)
Transferred to trial run production		(477,343,256)	-
Closing stock		(4,265,803,437)	(4,987,922,590)
		<u>11,647,760,980</u>	<u>11,786,513,413</u>
32.2	Salaries, wages and benefits includes employees retirement benefits amounting to PKR 45,049,357 (June 30, 2020: PKR 37,155,167).		
32.3 Cost of cotton sold	Note	June 30, 2021 PKR	June 30, 2020 PKR
Cost of purchases		6,734,267	-
Direct expenses			
Salaries, wages and other benefits		11,289	-
Insurance		23,289	-
Finance cost		401,974	-
		436,552	-
		<u>7,170,819</u>	<u>-</u>
33 Other Income	Note	June 30, 2021 PKR	June 30, 2020 PKR
Income from financial assets			
Interest on bank deposits		11,049,440	10,751,147
Reversal of ECL		-	30,901,415
Exchange gain on foreign currency translation		-	1,403,122
Doubtful advances recovered		17,640	233,147
Amortization of deferred govt grant		14,179,397	-
Income from non financial assets			
Gain on disposal of fixed assets	18.4	817,231,228	2,968,311
		<u>842,477,705</u>	<u>46,257,142</u>
34 Distribution Cost	Note	June 30, 2021 PKR	June 30, 2020 PKR
Export			
Steamer, air freight & forwarding		246,857,197	141,883,788
Trailer freight		38,000,708	37,189,828
Clearing and forwarding		31,062,952	35,338,293
Export development surcharge		32,842,169	27,024,327
Commission		125,277,656	93,636,464
Sales promotion expenses		17,059,080	14,451,791
Insurance expenses		2,309,700	4,288,267
Claim settlement		408,897	4,760,640
Other export expenses		3,606,988	4,832,350
		497,425,347	363,405,748
Local			
Freight on local sales		6,721,851	8,198,280
Commission		28,487,835	16,706,574
Others		409,992	165,110
		35,619,678	25,069,964
		<u>533,045,025</u>	<u>388,475,712</u>
35 Administrative Expenses			
Directors' remuneration		9,600,000	9,000,000
Staff salaries and benefits	35.1	119,523,640	84,717,498
Traveling, conveyance and entertainment		4,196,720	10,914,062
Printing and stationery		4,721,689	2,575,943
Communication expenses		2,129,604	1,168,616
Vehicles running and maintenance		10,103,721	8,468,812
Legal and professional		6,508,462	3,790,557
Auditors' remuneration	35.2	1,953,000	1,953,000
Fee and subscription		6,072,328	4,198,198
Repair and maintenance		1,713,056	-
Rent, rates and taxes		1,957,792	1,147,541
Depreciation	18.2	17,503,945	10,462,877
Charity and donation	35.3	1,200,000	1,750,000
Provision for ECL		13,674,143	23,509,524
Software license renewal and maintenance fee		724,158	491,028
Others		3,746,793	3,560,581
		<u>205,329,051</u>	<u>167,708,237</u>

FAISAL SPINNING MILLS LIMITED
Notes to the financial statements
For the year ended June 30, 2021

35.1	Staff salaries and benefits includes employee retirement benefits amounting to PKR 8,890,613 (June 30, 2020: PKR 5,786,708).		June 30, 2021	June 30, 2020
35.2	Auditors' remuneration	Note	PKR	PKR
	Annual statutory audit		1,683,000	1,683,000
	Half yearly review		190,000	190,000
	Review of Code of Corporate Governance		80,000	80,000
			<u>1,953,000</u>	<u>1,953,000</u>
35.3	During the year, donation to a single party does not exceed amounting to Rs. 1,000,000 (2020: Rs. 1,000,000 was paid to University of Razia Sheikh Welfare Trust Gulberg, Lahore). No director or his spouse had any interest in the donee.			
		Note	June 30, 2021	June 30, 2020
			PKR	PKR
36	Other Operating Expenses			
	Workers' Profit Participation Fund	12.3	106,639,813	32,791,940
	Workers' Welfare Fund		31,461,915	8,963,156
	Exchange loss on foreign currency translation		328,871	-
			<u>138,430,599</u>	<u>41,755,096</u>
			June 30, 2021	June 30, 2020
		Note	PKR	PKR
37	Finance Cost			
	Mark-up on:			
	- long term financing		83,186,218	53,664,129
	- short term borrowings		157,328,591	128,687,773
	- workers' profit participation fund		1,252,909	2,334,395
	Letter of credit discounting		62,942,027	56,973,185
	Bank charges and commission		6,059,657	5,192,659
			<u>310,769,402</u>	<u>246,852,141</u>
37.1	During the year company has capitalized the borrowing cost of Rs. 126,647,962 (2020: 43,739,282).			
37.2	Capitalization rates used to determine the amount of borrowing cost eligible for capitalization ranges from 1.75% to 7.96%.			
		Note	June 30, 2021	June 30, 2020
			PKR	PKR
38	Taxation			
	Current tax			
	- Current year		215,657,459	172,799,457
	- Prior years		(38,236,102)	-
			<u>177,421,357</u>	<u>172,799,457</u>
	Deferred tax - current year		3,553,672	(6,303,327)
			<u>180,975,029</u>	<u>166,496,130</u>
38.1	Provision for current tax for the year has been made in accordance with section 113 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2020.			
38.2	Numerical reconciliation between the average tax rate and the applicable tax rate		June 30, 2021	June 30, 2020
	Applicable tax rate		%	%
			29.00	29.00
	Tax effect of amounts that are:			
	Adjustment of the prior years		(1.51)	-
	Income chargeable to tax at different rate		(20.51)	(3.97)
	Deferred tax		0.14	(0.91)
			<u>(21.88)</u>	<u>(4.88)</u>
	Effective tax rate		<u>7.12</u>	<u>24.12</u>
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		<u>2,359,331,954</u>	<u>523,879,121</u>
	Number of shares			
	Weighted average number of ordinary shares		<u>10,000,000</u>	<u>10,000,000</u>
	Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.			
	Basic earnings per share		<u>235.93</u>	<u>52.39</u>
	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 27, 2021 has proposed to pay cash dividend of @ 214.5% i.e. PKR 21.45 per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.			

41 Remuneration of Chief Executive, Directors and Executives

	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2020	June 30, 2020
	PKR	PKR	PKR	PKR	PKR	PKR
Remuneration	9,600,000	-	60,418,019	9,000,000	-	24,748,100
Allowances	-	-	7,320,593	-	-	4,983,569
Post employment benefits	-	-	7,560,533	-	-	6,364,860
	9,600,000	-	75,299,145	9,000,000	-	36,096,529
Number of persons	1	-	17	1	-	6

41.1 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.

41.2 No remuneration to non executive directors have been paid.

42 Related Party Transactions

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

Name of the related party	Basis of relationship	Percentage of shareholding
Bhanero Textiles Limited	Common directorship	N/A
Blessed Textiles Limited	Common directorship	18.49%
Bhanero Energy Limited	Common directorship	N/A
Firhaj Footwear (Private) Limited	Common directorship	N/A
Admiral (Private) Limited	Directorship of close family relative	N/A
Mohammad Salim	Director	0.29%
Yasmeen Begum	Directorship of close family relative	2.39%
Khurram Salim	Director	2.00%
Farrukh Salim	Directorship of close family relative	1.37%
Yousaf Salim	Directorship of close family relative	3.13%
Saqib Salim	Directorship of close family relative	1.99%
Muhammad Umer	Directorship of close family relative	0.97%
Yahya Farrukh	Directorship of close family relative	2.74%
Amna Khurram	Directorship of close family relative	1.10%
Saba Yousaf	Directorship of close family relative	0.98%
Saba Saqib	Directorship of close family relative	2.12%
Name of the related party	Basis of relationship	Percentage of shareholding
Bilal Sharif	Director / Chief executive	3.64%
Samia Bilal	Directorship of close family relative	5.34%
Abdullah Bilal	Directorship of close family relative	3.37%
Ali Bilal	Directorship of close family relative	3.37%
Azan Bilal	Directorship of close family relative	3.37%
Mohammad Shaheen	Director	0.33%
Mohammad Amin	Director	4.61%
Seema Shaheen	Directorship of close family relative	3.35%
Mohammad Qasim	Directorship of close family relative	3.95%
Fatima Amin	Directorship of close family relative	4.51%
Sumbul Qasim	Directorship of close family relative	2.35%
Mohammad Shakeel	Directorship of close family relative	0.48%
Nazli Shakeel	Directorship of close family relative	4.29%
Adil Shakeel	Directorship of close family relative	4.77%
Faisal Shakeel	Directorship of close family relative	4.77%
Hamza Shakeel	Director	4.77%

Nature of relationship	Nature of transactions	2021 Rupees	2020 Rupees
Associated undertaking	Sales of fabric	206,241,989	104,724,292
	Sales of cotton and yarn	62,956,509	61,067,062
	Purchase of yarn	1,569,905,255	1,343,879,549
	Purchase of cotton & polyester	307,399,183	257,388,684
	Purchase of fabric	226,756,280	21,573,104
	Services received	309,000	309,000
	Dividend received	-	51,371,712
	Electricity purchased	1,043,668	590,760
	Loan received from directors and sponsors	460,944,000	479,337,000
	Retirement benefits	Provision for gratuity	55,819,895

42.1 Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 41.

Notes to the financial statements
For the year ended June 30, 2021

43 Segment Analysis

The segment information for the reportable segments for the year ended 30th June 2021 is as follows

43.1 Operating Results

Note	Spinning		Weaving		Finishing & Home Textile		Company	
	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20
Sales								
Export sales	8,864,569,210	7,068,645,390	4,392,037,519	4,623,631,285	344,785,691	15,279,005	13,601,392,420	11,707,555,680
Local sales	315,400,319	432,504,427	3,663,285,657	3,360,943,632	196,713,390	-	4,175,399,366	3,793,448,059
Custom rebate	2,001	18,919,660	621,501	3,124,927	203,901	-	827,403	22,044,587
Inter-segment sales	57,905,000	114,188,450	243,309,583	-	-	-	301,214,583	114,188,450
	9,237,876,530	7,634,257,927	8,299,254,260	7,987,699,844	541,702,982	15,279,005	18,078,833,772	15,637,236,776
Discount and sales tax								
Discount	(16,806,424)	-	-	-	-	-	(16,806,424)	-
Sales tax	(134,716,786)	(139,123,734)	(532,327,771)	(488,374,259)	(28,582,287)	-	(695,626,844)	(627,497,993)
	(151,523,210)	(139,123,734)	(532,327,771)	(488,374,259)	(28,582,287)	-	(712,433,268)	(627,497,993)
Net sales	9,086,353,320	7,495,134,193	7,766,926,489	7,499,325,585	513,120,695	15,279,005	17,366,400,504	15,009,738,783
Cost of sales								
	7,122,597,352	7,260,431,629	7,068,838,554	6,306,147,564	686,188,473	32,876,237	14,877,624,379	13,599,455,430
Gross profit	1,963,755,968	234,702,564	698,087,935	1,193,178,021	(173,067,778)	(17,597,232)	2,488,776,125	1,410,283,353
Distribution cost								
	246,631,241	150,622,027	270,684,126	237,761,875	15,729,658	91,810	533,045,025	388,475,712
Administrative cost	95,139,688	70,726,331	76,841,357	94,611,547	33,348,006	2,370,359	205,329,051	167,708,237
	341,770,929	221,348,358	347,525,483	332,373,422	49,077,664	2,462,169	738,374,076	556,183,949
Operating result	1,621,985,039	13,354,206	350,562,452	860,804,599	(222,145,442)	(20,059,401)	1,750,402,049	854,099,404
43.2 Segment assets	5,453,031,336	6,971,839,174	3,736,001,052	3,939,841,734	6,927,783,525	3,477,193,049	16,116,815,913	14,388,873,957
Unallocated assets							1,917,060,880	1,754,661,847
							18,033,876,793	16,143,535,804
43.3 Segment liabilities	2,614,365,930	5,292,366,654	1,933,409,127	2,089,498,529	4,411,752,847	2,559,026,846	8,959,527,904	9,940,892,029
Unallocated liabilities							320,807,022	265,752,941
							9,280,334,926	10,206,644,970
43.4 Inter-segment pricing	Transactions among the business segments are recorded at arm's length prices using admissible valuation methods							
43.5 Geographic Information								
43.6	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.							
43.7	Company do not have any non current assets outside Pakistan.							
44 Reconciliation of reportable segment turnover, cost of sales, assets and liabilities							June 30, 2021	June 30, 2020
							PKR	PKR
44.1 Turnover								
Total turnover for reportable segments							17,366,400,504	15,009,738,783
Elimination of inter-segment turnover							(301,214,583)	(114,188,450)
Total turnover							17,065,185,921	14,895,550,333
44.2 Cost of sales								
Total cost of sales for reportable segments							14,877,624,379	13,599,455,430
Elimination of inter-segment revenue							(301,214,583)	(114,188,450)
Total cost of sales							14,576,409,796	13,485,266,980
44.3 Profit or loss								
Total profit for reportable segments							1,750,402,049	854,099,404
Share of profit of associated undertaking							396,627,230	78,625,942
Other operating expenses							(138,430,599)	(41,755,096)
Interest expense							(310,769,402)	(246,852,141)
Other income							842,477,705	46,257,142
Total profit before tax							2,540,306,983	690,375,251
44.4 Assets								
Total assets for reportable segments							16,116,815,913	14,388,873,957
Taxation recoverable							547,365,456	850,648,469
Bank deposits							234,891,427	176,039,609
Long term investment							1,112,185,082	717,433,134
Long term deposit							22,618,915	10,540,635
Total assets							18,033,876,793	16,143,535,804
44.5 Liabilities								
Total liabilities for reportable segments							8,959,527,904	9,940,892,029
Unclaimed dividends							14,042,893	14,088,849
Infrastructure fee							232,197,276	180,520,625
Deferred taxation							74,566,853	71,143,467
Total liabilities							9,280,334,926	10,206,644,970

Notes to the financial statements
For the year ended June 30, 2021

48 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, 2021 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:

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

	2020							
	Interest / Markup bearing			Non Interest / Markup bearing			Total	Effective Interest Rate %
	Maturity Upto One year	Maturity After One year	Subtotal	Maturity Upto One year	Maturity After One year	Subtotal		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Financial assets								
Trade debts	-	-	-	823,685,053	-	823,685,053	823,685,053	
Advances to employees	-	-	-	3,589,614	-	3,589,614	3,589,614	
Trade deposits	176,039,609	-	176,039,609	-	-	-	176,039,609	4.5 to 10.25
Other receivables	-	-	-	77,853,981	-	77,853,981	77,853,981	
Bank balances	40,268	-	40,268	235,000,122	-	235,000,122	235,040,390	
Long-term deposits	-	-	-	-	10,540,635	10,540,635	10,540,635	
Long term investments	-	-	-	-	717,433,134	717,433,134	717,433,134	
	<u>176,079,877</u>	<u>-</u>	<u>176,079,877</u>	<u>1,140,128,770</u>	<u>727,973,769</u>	<u>1,868,102,539</u>	<u>2,044,182,416</u>	
Financial liabilities								
Long-term financing	50,867,978	4,073,590,976	4,124,458,954	-	-	-	4,124,458,954	0.75 to 13.5 and KIBOR + 0.5 to 0.75
Trade and other payables	32,791,940	-	32,791,940	855,855,099	-	855,855,099	888,647,039	
Mark-up accrued on loans	-	-	-	101,145,281	-	101,145,281	101,145,281	
Short-term borrowings	3,876,008,889	-	3,876,008,889	-	-	-	3,876,008,889	KIBOR + 0.1 to 2
	<u>3,959,668,807</u>	<u>4,073,590,976</u>	<u>8,033,259,783</u>	<u>957,000,380</u>	<u>-</u>	<u>957,000,380</u>	<u>8,990,260,163</u>	
On balance sheet gap	<u>(3,783,588,930)</u>	<u>(4,073,590,976)</u>	<u>(7,857,179,906)</u>	<u>183,128,390</u>	<u>727,973,769</u>	<u>911,102,159</u>	<u>(6,946,077,747)</u>	

48.1 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.

48.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 2,950,864,414 (June 30, 2020: PKR 2,044,182,416), unsecured local trade debts, advances to suppliers, and other advances amounting in aggregate to PKR 1,463,250,684 (June 30, 2020: PKR 905,139,768) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales.

48.3 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.

48.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2021, the total foreign currency risk exposure was PKR 918,223,406 (June 30, 2020: PKR 562,285,929) in respect of foreign trade debts.

**Notes to the financial statements
For the year ended June 30, 2021**
48.5 Credit risk
48.5.1 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:

	<i>Note</i>	June 30, 2021 Rupees	June 30, 2020 Rupees
Loans and receivables:			
Long term deposits		22,618,915	10,540,635
Advances to employees		70,169,199	3,589,614
Trade receivables		1,369,519,792	823,685,053
Deposit with financial institutions		237,825,682	179,366,329
Other receivables		23,561,693	77,853,981
Cash at banks		117,918,306	235,040,390
		<u>1,841,613,587</u>	<u>1,330,076,002</u>

48.5.2 Concentration of credit risk

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

Domestic	455,583,438	267,210,185
Europe	381,016,425	244,405,714
Asia and Middle East	302,170,254	312,069,154
USA	230,749,675	-
	<u>1,369,519,792</u>	<u>823,685,053</u>

48.5.3 Impairment losses

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

Not past due	954,774,567	721,425,828
Past dues less than one year	428,419,367	102,259,221
Past dues more than one year but less than three years	95,597,195	95,597,195
Past dues more than three years	60,909,711	60,909,711
	<u>1,539,700,840</u>	980,191,955
Impairment	(170,181,048)	(156,506,905)
	<u>1,369,519,792</u>	<u>823,685,050</u>

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

As at beginning of the year	156,506,905	163,898,796
Impairment loss recognized	13,674,143	23,509,524
Impairment loss reversed	-	(30,901,415)
As at end of the year	<u>170,181,048</u>	<u>156,506,905</u>

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.

48.5.4 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.

48.6 Liquidity risk

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

	As at June 30, 2021				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	4,749,980,535	5,385,646,085	474,495,937	2,860,460,978	2,050,689,170
Short term borrowings	1,878,178,226	1,333,558,328	1,333,558,328	-	-
Accrued markup / interest	47,570,172	47,570,172	47,570,172	-	-
Trade creditors	794,621,984	794,621,984	794,621,984	-	-
Accrued liabilities	311,895,163	311,895,163	311,895,163	-	-
Unclaimed dividend	14,042,893	14,042,893	14,042,893	-	-
Other payables	190,377,137	190,377,137	190,377,137	-	-
	<u>7,986,666,110</u>	<u>8,077,711,762</u>	<u>3,166,561,614</u>	<u>2,860,460,978</u>	<u>2,050,689,170</u>

**Notes to the financial statements
For the year ended June 30, 2021**

	As at June 30, 2020				
	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	4,124,458,954	4,696,333,445	305,955,678	2,793,477,305	1,596,900,462
Short term borrowings	3,876,008,889	4,186,864,802	4,186,864,802	-	-
Accrued markup / interest	101,145,281	108,477,445	108,477,445	-	-
Trade creditors	587,749,717	587,749,717	587,749,717	-	-
Accrued liabilities	212,275,333	212,275,333	212,275,333	-	-
Unclaimed dividend	14,088,849	14,088,849	14,088,849	-	-
Other payables	88,621,989	88,621,989	88,621,989	-	-
	<u>9,004,349,012</u>	<u>9,894,411,580</u>	<u>5,504,033,813</u>	<u>2,793,477,305</u>	<u>1,596,900,462</u>

		June 30, 2021 Rupees	June 30, 2020 Rupees
48.7 Market risk			
48.7.1 Currency risk			
a)	The Company's exposure to currency risk as at the reporting date is as follows:		
	Trade receivables	597,010,641	556,474,868
	Cash and cash equivalents	4,287,052	5,811,061
	Total exposure	<u>601,297,693</u>	<u>562,285,929</u>
b)	Exchange rates applied as at the reporting date.		
	The following spot exchange rates were applied as at the reporting date wherever applicable.		

	2021		2020	
	Assets Rupees	Liabilities Rupees	Assets Rupees	Liabilities Rupees
CHF	171.32	171.86	-	177.43
JPY	1.4279	1.4324	-	1.57
Euro	188.12	188.71	189.11	189.37
CNY	24.69	24.76	-	-
USD	157.80	158.30	168.25	168.25

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 91,822,341 (2020: PKR 56,228,592). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.

		June 30, 2021 Rupees	June 30, 2020 Rupees
48.7.2 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	234,932,560	176,079,877
	Financial liabilities	4,589,072,291	4,060,110,324
	Variable rate instruments		
	Financial assets	-	-
	Financial liabilities	1,878,178,226	3,876,008,889

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 18,781,782 (2020: PKR 38,760,089). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

47.7.3 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, 2021**
48.8 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.

48.9 Fair value of financial assets and liabilities

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

	Carrying Amount			Carrying Amount		
	2021			2020		
	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	22,618,915	-	-	10,540,635	-	-
Advances to employees	70,169,199	-	-	3,589,614	-	-
Trade receivables	1,369,519,792	-	-	823,685,053	-	-
Deposit with financial institutions	237,825,682	-	-	179,366,329	-	-
Other receivables	23,561,693	-	-	77,853,981	-	-
Cash at banks	117,918,306	-	-	235,040,390	-	-
	1,841,613,587	-	-	1,330,076,002	-	-
Financial Liabilities						
Long term financing	4,749,980,535	-	-	4,124,458,954	-	-
Short term borrowings	1,878,178,226	-	-	3,876,008,889	-	-
Accrued markup / interest	47,570,172	-	-	101,145,281	-	-
Trade creditors	794,621,984	-	-	587,749,717	-	-
Accrued liabilities	311,895,163	-	-	212,275,333	-	-
Unclaimed dividend	14,042,893	-	-	14,088,849	-	-
Other payables	21,084,894	-	-	15,376,927	-	-
	7,817,373,867	-	-	8,931,103,950	-	-

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.

Notes to the financial statements
For the year ended June 30, 2021
49 Accounting Estimates and Judgments
49.1 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.

49.2 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.

49.3 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.

49.4 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.

49.5 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.

50 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:

	2021 PKR	2020 PKR
Total debt	4,818,350,804	4,130,984,762
Total equity	8,753,541,867	5,936,890,834
	<u>13,571,892,671</u>	<u>10,067,875,596</u>
Gearing	36%	41%

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 increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

51 Fair Value Measurements
51.1 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.

51.2 Assets and liabilities other than financial instruments.

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

52 Plant Capacity and Actual Production
52.1 Spinning unit

	2021	2020
Number of spindles installed	38,208	38,208
Installed capacity in kilograms converted into 20/1	23,161,653	23,485,861
Actual production of yarn in kilograms converted into 20/1	19,921,801	20,628,185

52.2 Weaving unit

Number of looms installed	265	265
Installed capacity in meters, after conversion into 50 picks	64,308,255	64,308,255
Actual production of fabric in meters	40,242,805	43,789,732

52.3 Finishing / Processing unit

Notes to the financial statements**For the year ended June 30, 2021**

Production capacity in meters	26,766,667	-
Actual production in meters (trial run)	2,753,187	-
Actual production in meters (commercial)	4,379,823	-

52.4 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.

52.5 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. The reason of short fall in production of finishing unit is that this is newly established unit and its trial run production during the year. The capacity of home textile unit cannot be determinable due to multiple type of products variation in the processes of manufacturing these products.

53 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 27, 2021.

54 NUMBER OF EMPLOYEES

	<u>2021</u>	<u>2020</u>
As at the reporting date	<u>1,562</u>	<u>1,078</u>
Average for the year	<u>1,280</u>	<u>1,037</u>

55 CORRESPONDING FIGURES

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

56 GENERAL

The figures have been rounded off to the nearest Rupee.



Chief Executive



Director



Chief Financial Officer

FAISAL SPINNING MILLS LIMITED

For the year ended June 30, 2021

Year-Wise Operating Data

	2021	2020	2019	2018	2017	2016
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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	23,485,861	24,916,086	25,162,427	22,505,869	24,308,191
Actual production - Kg	19,921,801	20,628,185	19,448,902	20,089,558	19,910,812	19,511,917

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	64,308,255	64,308,255	64,308,255	41,780,006	41,780,006	41,550,746
Actual production - Meter	40,242,805	43,789,732	44,560,931	41,522,501	38,862,180	35,797,770

Finishing Unit

Production Capacity in meters	26,766,667	-	-	-	-	-
Actual Production - Meter	7,133,010	-	-	-	-	-

(Trial & Commercial @ 3 months each)

Year-Wise Financial Data

	2021	2020	2019	2018	2017	2016
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Rupees in Thousands

Profit and loss account

Turnover (Net)	17,065,186	14,895,550	14,028,566	11,842,981	10,563,662	9,281,954
Gross profit	2,488,776	1,410,283	1,884,038	1,308,462	1,046,982	675,979
Operating profit	2,454,449	858,601	1,275,441	790,664	603,438	301,813
Financial expenses	310,769	246,852	290,548	137,361	154,387	143,489
Share profit of associate	396,627	78,626	117,479	68,124	45,443	19,646
Profit before tax	2,540,307	690,375	1,102,372	721,427	494,494	177,970
Profit after tax	2,359,332	523,879	918,500	577,855	430,994	169,214
Cash dividend	214,500	150,000	185,000	232,000	172,500	50,000

Balance Sheet

Share capital	100,000	100,000	100,000	100,000	100,000	100,000
Reserves	7,300,000	5,300,000	4,900,000	4,200,000	3,890,000	3,650,000
Shareholder equity	8,753,542	5,936,891	5,280,827	4,575,102	4,171,012	3,790,302
Long term loans	4,404,730	4,073,591	1,478,484	1,475,536	1,626,136	1,354,512
Short term loan	1,878,178	3,876,009	1,430,911	645,652	164,040	752,996
Current liabilities	3,699,052	5,006,663	2,467,436	1,496,635	902,957	1,640,897
Current portion of long term loans	359,135	55,003	226,342	224,493	160,431	123,681
Fixed assets	8,619,791	3,860,627	3,533,394	3,491,382	3,256,739	3,196,193
Current assets	7,919,505	8,499,266	5,925,995	4,245,853	3,269,374	3,290,312

FAISAL SPINNING MILLS LIMITED

Ratios	2021	2020	2019	2018	2017	2016
Performance						
Sales growth percentage - Year to Year basis	14.57%	6.18%	18.45%	12.11%	13.81%	0.01%
Gross profit (%)	14.58%	9.47%	13.43%	11.05%	9.91%	7.28%
Profit before tax (%)	14.89%	4.63%	7.86%	6.09%	4.68%	1.92%
Profit after tax (%)	13.83%	3.52%	6.55%	4.88%	4.08%	1.82%
Breakup value per share - Rupees per share	875.35	593.69	528.08	457.51	417.10	379.03
Market value of share - at the year end - Rupees per share	420.00	251.00	237.50	300.00	289.13	141.00
Earnings per share - Rupees per share	235.93	52.39	91.85	57.79	43.10	16.92
Price earning ratio	1.78	4.79	2.59	5.19	6.71	8.33
Leverage						
Gearing ratio	0.76	1.35	0.59	0.51	0.47	0.59
Debt to equity (%)	50.32%	68.61%	28.00%	32.25%	38.99%	35.74%
Interest covering ratio	9.17	3.80	4.79	6.25	4.20	2.24
Liquidity ratio						
Current ratio	2.14	1.70	2.40	2.84	3.62	2.01

FAISAL SPINNING MILLS LIMITED

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2021**

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Director's, CEO, Their Spouse and Minor Children	17	3,908,179	39.08
2	Associated Companies, Undertaking and Related Parties	16	5,011,921	50.12
3	NIT / ICP	1	500	0.01
4	Bank / Financial Institution	1	3,600	0.04
5	Insurance Company	1	222,700	2.23
6	Modaraba & Mutual Funds	1	100	0.00
7	General Public / Individuals	758	852,499	8.52
8	Other Companies	1	1	0.00
9	Joint Stock Companies	1	500	0.01
		797	10,000,000	100.00

FAISAL SPINNING MILLS LIMITED

**LIST OF SHAREHOLDERS
AS AT JUNE 30, 2021**

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

FAISAL SPINNING MILLS LIMITED

4	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODABARAS AND MUTUAL FUNDS		
	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTAR)	0.04	3,600
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2.23	222,700
	FIRST TRI-STAR MODARABA	0.00	100
5	JOINT STOCK COMPANIES		
	TAURUS SECURITIES LIMITED	0.01	500
6	OTHER COMPANIES	0.00	1
7	INDIVIDUAL SHAREHOLDERS	8.52	852,499
	TOTAL	100.00	10,000,000
8	DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN	NIL	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, 2021

NUMBERS OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD	PERCENTAGE
	FROM	TO		
352	1	100	10,299	0.10
325	101	500	149,809	1.50
31	501	1000	28,850	0.29
40	1001	5000	105,442	1.05
9	5001	10000	64,300	0.64
3	10001	15000	34,400	0.34
1	15001	20000	18,000	0.18
2	25001	30000	58,346	0.58
1	30001	35000	32,692	0.33
1	35001	40000	38,900	0.39
3	45001	50000	148,077	1.48
1	50001	55000	52,700	0.53
2	95001	100000	194,923	1.95
1	100001	105000	102,200	1.02
1	105001	110000	109,500	1.10
1	125001	130000	125,800	1.26
1	135001	140000	136,919	1.37
1	195001	200000	199,055	1.99
1	200001	205000	200,380	2.00
1	210001	215000	211,500	2.12
1	220001	225000	222,700	2.23
1	230001	235000	235,000	2.35
1	235001	240000	237,577	2.38
1	270001	275000	274,000	2.74
1	310001	315000	312,688	3.13
1	330001	335000	334,915	3.35
3	335001	340000	1,011,980	10.12
1	360001	365000	363,841	3.64
1	395001	400000	395,216	3.95
1	425001	430000	429,244	4.29
1	450001	455000	451,000	4.51
1	460001	465000	460,923	4.61
3	475001	480000	1,431,964	14.32
1	530001	535000	533,960	5.34
1	1280001	1285000	1,282,900	12.83
797			10,000,000	100.00

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



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ڈائریکٹرز کی رپورٹ

ہم، فیصل اسپننگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز، کمپنی کے آڈٹ شدہ مالی بیانات پر سالانہ رپورٹ کے ساتھ ساتھ آڈیٹرز کے ساتھ 30 جون، 2021 کو ختم ہونے والے سال کی رپورٹ پیش کرنے پر خوش ہیں۔

مالی نتائج

Statement of Profit or Loss For the Year Ended June 30, 2021

	June 30, 2021 PKR	June 30, 2020 PKR
Sales	17,065,185,921	14,895,550,333
Cost of sales	14,576,409,796	13,485,266,980
Gross profit	2,488,776,125	1,410,283,353
Other income	842,477,705	46,257,142
	3,331,253,830	1,456,540,495
Distribution cost	533,045,025	388,475,712
Administrative expenses	205,329,051	167,708,237
Other operating expenses	138,430,599	41,755,096
Finance cost	310,769,402	246,852,141
	1,187,574,077	844,791,186
	2,143,679,753	611,749,309
Share of profit from associated undertaking	396,627,230	78,625,942
Profit before tax	2,540,306,983	690,375,251
Taxation	180,975,029	166,496,130
Profit after taxation for the year	2,359,331,954	523,879,121
Earnings per share - basic and diluted	235.93	52.39 ¹

مالیاتی کارکردگی

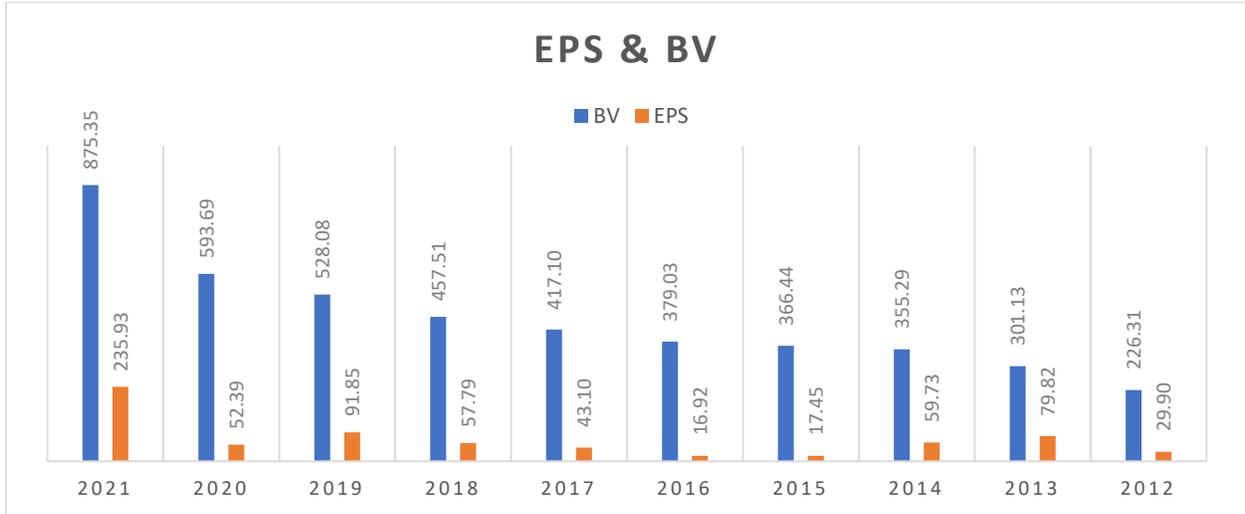
اللہ کے فضل سے کمپنی دنیا بھر میں کورونا وائرس وبائی صورتحال کے پھیلنے کی وجہ سے چیلنجوں سے نمٹنے میں کامیاب ہوئی اور سال کے دوران 2,359.331 PKR ملین (2020: 523.879 PKR ملین) کے بعد قابل ذکر خالص منافع حاصل کرنے میں کامیاب رہی۔ 30 جون 2021 کو ختم ہونے والے سال کے دوران کمپنی نے 17,065.186 ملین روپے کی فروخت حاصل کی جبکہ اسی عرصے کے اسی سال کے 14,895.550 ملین روپے کے مقابلے میں فروخت میں تقریباً 15 فیصد اضافہ ہوا۔

منافع اور ریزرو مختص۔

عالمی سطح پر وبائی بیماری پھیل رہی ہے اور اب بھی دنیا بھر میں مبہم ہے ، تاہم بورڈ آف ڈائریکٹرز نے موجودہ سال کے دوران کمپنی کی غیر معمولی کارکردگی کی وجہ سے اپنے حصص یافتگان کو منافع ادا کرنے کا فیصلہ کیا ہے۔ اس کے نتیجے میں ، بورڈ آف ڈائریکٹرز 214.50 فیصد کیش ڈیویڈنڈ کی منظوری دیتے ہوئے خوشی کا اظہار کرتے ہیں۔ مزید برآں ، ڈائریکٹرز نے مستقبل میں کسی بھی غیر متوقع ہنگامی صورتحال سے نمٹنے کے لیے 2000.00 ملین روپے کی رقم جنرل ریزرو میں منتقل کرنے کی تجویز دی۔

شیئر کی کمائی اور بریک اپ ویلیو۔

کمپنی نے حصص یافتگان کے لیے اپنے پختہ عزم کا مظاہرہ کیا ہے حالانکہ فی حصص آمدنی 52.39 روپے سے بڑھا کر 235.93 کر دی گئی ہے جبکہ 30 جون 2021 کو ختم ہونے والی اسی مدت کے دوران حصص کی بریک اپ قیمت 593.69 روپے سے بڑھا کر 875.35 روپے کر دی گئی ہے۔



کیش فلو حکمت عملی۔

کمپنی اس بات کو یقینی بناتی ہے کہ اس کے پاس کام کیپیٹل مینجمنٹ کے عمل کی مؤثر طریقے سے تعیناتی کے ذریعے اپنے آپریشن کو آسانی سے چلانے کے لیے کافی مقدار موجود ہے تاکہ مستقبل کی ضروریات کا اندازہ لگا کر مختصر مدت کے اثاثوں اور ذمہ داریوں کا انتظام کیا جا سکے جس سے اس کے کام کو آسانی سے جاری رکھنے کی صلاحیت ہو۔ طویل مدتی ذمہ داریوں کی موجودہ پختگی ، قلیل

مدتی قرض اور آئندہ آپریشنل اخراجات۔ موجودہ سال کے دوران موجودہ تناسب کو 1.70 سے 2.14 تک بہتر کیا گیا ہے جو کہ کمپنی کی مالی سالمیت کا واضح اشارہ ہے اور کمپنی کی موجودہ ذمہ داری ادا کرنے کی صلاحیت میں انتہائی تسلی بخش سمجھا جاتا ہے۔

مالی بیعانہ

کمپنی اپنے سرمائے کے ڈھانچے کو ایکویٹی اور قرض کے امتزاج کے ساتھ سنبھالتی ہے جس سے حصص یافتگان کو زیادہ سے زیادہ قیمت ملے گی۔ 30 جون 2021 کو طویل مدتی قرضہ 4,404.730 ملین روپے ہے جو کہ اسی مدت کے مقابلے میں جہاں یہ 4,073.591 ملین روپے تھا۔ مزید یہ کہ 30 جون 2021 کو ختم ہونے والے موجودہ سال کے دوران 0.76 (2020: 1.35) کے گیٹرنگ ریسیو میں کافی بہتری آئی ہے۔ 30 جون 2021 کو ختم ہونے والے اسی سال کے دوران حصص یافتگان کی مساوات میں تقریباً 47.00 00 فیصد کا اضافہ کیا گیا ہے۔

توازن ، جدید کاری اور تبدیلی۔

بجلی کی پیداوار کی سہولت کو بڑھانے کے لیے 1415 KVA Jenbacher انجن کی خریداری کے لیے 69.420 ملین روپے خرچ کیے گئے ہیں۔

کریڈٹ ریٹنگ

میسرز کی وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے گزشتہ سال کے مطابق 27 مئی 2021 کو تفویض کردہ موجودہ سال کے لیے ادارے کی درجہ بندی A / A 1 (سنگل A / A-One) پر برقرار رکھی گئی 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 2021 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی بیانات پیش کیے ، ان کے متعلقہ دستخطوں کے تحت غور کے لیے توثیق کی گئی ، جاری کرنے اور گردش کے لیے بورڈ آف ڈائریکٹرز کی منظوری اور اجازت۔

کمپنی کے مالیاتی بیانات کو کمپنی کے آڈیٹرز ، مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس نے باقاعدہ طور پر آڈٹ کیا ہے اور آڈیٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے مالی بیانات پر صاف آڈٹ رپورٹ جاری کی ہے اور کوڈ کے بیان پر صاف جائزہ رپورٹ کارپوریٹ گورننس ریگولیشنز ، 2019 "کوڈ" - یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

اکاؤنٹنگ کے معیارات

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

ٹیکسٹائل انڈسٹری کا آؤٹ لک

ایک زرعی ملک ہونے کے ناطے ، ان آزمائشی اوقات میں ٹیکسٹائل سیکٹر کے کردار کو نظر انداز نہیں کیا جا سکتا جو کہ مجموعی مزدور قوت کا 40 فیصد ملازمت کے علاوہ جی ڈی پی میں 8.5 فیصد حصہ ڈالتا ہے۔ وبائی مرض کے بعد کی دنیا غیر یقینی صورتحال میں مبتلا ہے کیونکہ ناول کورونا وائرس کی نئی شکلیں دنیا کو سخت مار رہی ہیں اور یہ سمجھا گیا ہے کہ ہمیں ایک طویل عرصے تک نئے معمول کے ساتھ رہنا ہے۔ فی الحال ، ملک کا ٹیکسٹائل سیکٹر اپنی پوری صلاحیت کے ساتھ کام کر رہا ہے کیونکہ ٹیکسٹائل سپلائی چین میں خلل پڑنے کی وجہ سے آرڈرز کی بھرمار ہے اور یقین ہے کہ ٹیکسٹائل سیکٹر کو بین الاقوامی مارکیٹ میں برانڈنگ اور ویلیو ایڈیشن پر زیادہ زور دینے کی ضرورت ہے اور زیادہ سے زیادہ آرڈر محفوظ کرنے میں مدد ملتی ہے ، جو بالآخر بڑھا سکتی ہے۔ ملک کی ٹیکسٹائل برآمد ٹیکسٹائل مشینری کی درآمد سالانہ بنیادوں پر 35.35 فیصد اضافے کے ساتھ 592.076 ملین امریکی ڈالر تک پہنچ گئی جس سے ظاہر ہوتا ہے کہ انڈسٹری نے اس شعبے میں توسیع کے حصے کے طور پر ٹیکسٹائل مشینری کی درآمد شروع کر دی ہے۔ ٹیکسٹائل اور کپڑوں کی برآمدات نے اسی دورانیے کے مقابلے میں سبکدوش ہونے والے مالی سال میں 22.94 فیصد اضافہ کیا اور مطلق شرائط کے مطابق ، 2020-21 میں ٹیکسٹائل اور کپڑوں کی کل برآمدات 15.4 بلین ڈالر تھیں جو گزشتہ سال 12.526 بلین ڈالر تھیں۔ قابل ذکر بات یہ ہے کہ ویلیو ایڈڈ سیکٹرز کی برآمدات میں اضافے نے ٹیکسٹائل کی مجموعی برآمدات میں اضافہ کیا۔ ٹیکسٹائل کے شعبے نے ویلیو ایڈڈ اور تیار شدہ مصنوعات تیار کرنے کی صلاحیت میں خاطر خواہ اضافہ کیا ہے اور توقع ہے کہ 2020-2022 کے موجودہ مالی سال کے اختتام تک اس میں مزید 20 فیصد اضافہ کیا جائے گا۔ تازہ ترین اعداد و شمار کے مطابق مالی سال 2021-22 کے پہلے مہینے کے مقابلے میں جولائی ، 2021 میں ٹیکسٹائل کی برآمدات 17 فیصد اضافے کے ساتھ 1.49 بلین ڈالر تک پہنچ گئیں ، جو کہ اسی مدت کے مقابلے میں تقریباً 1.28 بلین ڈالر رہی جو کہ ویلیو ایڈڈ سیکٹر کی 78 فیصد نمایاں شراکت کے ساتھ۔ ٹیکسٹائل سیکٹر کے لیے طویل مدتی

میں خوشحال ہونے کا واحد مسئلہ ملک میں خام مال کی دستیابی ہے کیونکہ کپاس کی پیداوار میں 34.35 فیصد کمی واقع ہوئی ہے اور وہ رواں سال کے دوران بمشکل 5.6 ملین گانٹھیں پیدا کرنے میں کامیاب ہوئی ہے۔ کپاس کی پیداوار میں مسلسل تیسرے سال کمی واقع ہوئی کیونکہ زیرتعمیر رقبہ کم ہوا جبکہ پیداوار ہدف کی سطح تک پہنچنے میں ناکام رہی۔ یہ 30 سالوں میں کپاس کی سب سے کم پیداوار ہے جو کہ ٹیکسٹائل سیکٹر کے ساتھ ہمارے برآمدات کے لیے بھی خطرناک ہے۔ کاشتکاروں کو بیج کے مسائل کا سامنا ہے جبکہ کاشت کا رقبہ بھی کم ہو گیا ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے حال ہی میں رپورٹ کیا ہے کہ فصل کے لیے وقف کردہ رقبہ 2.2 ملین ہیکٹر ریکارڈ کیا گیا ہے، جو مالی سال 82 کے بعد سب سے کم ہے۔ اسٹیٹ بینک نے یہ بھی اعلان کیا کہ کپاس کی فصل دیگر بڑی فصلوں کی نسبت اپنی مسابقت کھو چکی ہے۔ کپاس کی قلت نے پیداواری لاگت میں اضافہ کیا ہے کیونکہ ٹیکسٹائل ملرز کو برآمدی آرڈرز کی بڑی مانگ کو پورا کرنے کے لیے مہنگی روئی درآمد کرنا پڑتی ہے کیونکہ موقع ونڈو ہمیشہ کے لیے نہیں رہے گی۔ کپاس کے ماہرین کے مطابق دس سال پرانے بیج کی فراہمی کے علاوہ سب سے بڑا مسئلہ پودوں کی آبادی کو برقرار رکھنے کے لیے انکرن ہے۔ لیب ٹیسٹ میں 80 سے زائد کی عام ضرورت کے مقابلے میں 40-60 فیصد انکرن کی حد دکھائی گئی۔ کاشتکار یقینی طور پر نئے بیجوں

کی درآمد یا ملک میں پیداوار کے ذریعے ضرورت رکھتے ہیں کیونکہ ہر سال پرانے بیجوں کی پیداوار میں کمی آرہی ہے۔

زمین کی فروخت۔

کمپنی کی غیر معمولی جنرل میٹنگ 30 جنوری 2021 کو ممبر کی 266.25 ایکڑ اراضی فروخت کرنے کی منظوری کے لیے منعقد کی گئی، حالانکہ بورڈ کو ایکٹ کے سیکشن 183 کی دفعات کے تحت لین دین کو انجام دینے کا اختیار حاصل ہے۔ چونکہ، اس زمین پر کوئی معاشی سرگرمی نہیں کی گئی ہے، بورڈ آف ڈائریکٹرز نے 30 دسمبر 2020 کو اپنے اجلاس میں زمین فروخت کرنے اور کام کو چلانے اور چلانے کے لیے زمین کی فروخت سے حاصل ہونے والی رقم کو استعمال کرنے کا فیصلہ کیا ہے۔ شیخپورہ پنجاب میں واقع نئے قائم شدہ فنڈنگ یونٹ کے لیے سرمائے کی ضرورتیہ لین دین مؤثر طریقے سے کمپنی کے بہترین مفاد میں کیا گیا اور 816.973 ملین روپے کا کیپٹل گین حاصل کیا گیا۔

فنڈنگ اور ہوم ٹیکسٹائل یونٹ۔

اللہ کے فضل سے ہم مارچ 2021 میں آزمائشی پیداوار کی تکمیل کے بعد سے پہلے ہی تجارتی پیداوار میں شامل ہو چکے ہیں۔ فنڈنگ یونٹ نے 7.133 ملین میٹر فیبرک تیار کیا ہے جبکہ ہوم ٹیکسٹائل یونٹ نے 30 جون 2021 تک 3.585 ملین ٹکڑے کامیابی سے تیار

کے ہیں۔ رواں مالی سال کے دوران جنوری سے مارچ 2021 تک ٹرائل رن کی وجہ سے پروڈکشنز انسٹال کردہ صلاحیت کے مقابلے میں نسبتاً low کم ہیں۔ یورپی یونین امریکہ کے بعد پاکستان کا سب سے بڑا تجارتی شراکت دار ہے اور جی ایس پی پلس پاکستانی برآمدات کے لیے 2022 تک ترجیحی ٹیرف کی اجازت دے گا جو کہ 500 ملین صارفین کی یورپی یونین کی مارکیٹ کے 28 رکن ممالک میں داخل ہوگا۔ پاکستان جنرلائزڈ ترجیحی نظام (جی ایس پی) پلس سٹیٹس میں دو سال کی توسیع طلب کرے گا ، جو یورپی یونین سے 2022 میں ختم ہونے والی بے بریگزٹ کی غیر یقینی صورتحال کے باوجود پہلی بار ڈالر کا نشان گزشتہ مالی سال کے دوران برطانیہ کو برآمدات 33 فیصد بڑھ کر 2.025 بلین ڈالر ہو گئی جو کہ پچھلے مالی سال 1.526 بلین ڈالر تھی جو کہ 499 ملین ڈالر کا اضافہ ہے۔ (ماخذ: وزارت تجارت)

ٹیکسٹائل انڈسٹری کے بڑے کھلاڑیوں نے اپنی پیداواری صلاحیتوں کو بڑھانے کا انتظام کیا ہے اور فی الوقت صنعت کی بحالی کے لیے حکومت کی جانب سے کیے گئے معاشی اقدامات کی وجہ سے یہ صنعت پوری صلاحیت کے ساتھ کام کر رہی ہے۔ ٹیکسٹائل پالیسی 2021-25 کی تشکیل کا مسودہ تجویز اقتصادی رابطہ کمیٹی کے سامنے ہے جس کا مقصد ٹیکسٹائل کی برآمدات کو 2025 تک 13 ارب ڈالر سے بڑھا کر 25.3 بلین ڈالر اور 2030 تک 50 ارب ڈالر تک پہنچانا ہے۔ تاہم ان مہتواکانکشی اہداف کو حاصل کرنے کے لیے ، پاکستان کو اونچی ویلیو ایڈیڈ مصنوعات جیسے نٹ ویئر یا ریڈی میڈ گارمنٹس کی برآمدات کو فروغ دینا چاہیے اور مسابقتی قیمتوں پر خام مال کی دستیابی کو یقینی بنانا چاہیے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان منسلک ہے

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان۔

آپ کی کمپنی کے ڈائریکٹرز کمپنیز ایکٹ 2017 ، کوڈ کارپوریٹ گورننس ریگولیشنز 2019 "کوڈ" ، پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ہدایات کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ 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 کام کا نتیجہ ، 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۔

- ہم نے ڈائریکٹروں اور ملازمین کے درمیان ایک ضابطہ اخلاق اور کاروباری حکمت عملی تیار اور گردش کی ہے۔
- Direct بورڈ آف ڈائریکٹرز نے ویژن اور مشن کا بیان اور مجموعی کارپوریٹ حکمت عملی کا بیان اپنایا ہے۔
- تمام ڈائریکٹرز نے اس کی عام میٹنگ میں شرکت کی ہے جب تک کہ معقول وجہ کی بنا پر روک نہ لگائی جائے۔
- تمام ڈائریکٹرز کو ان کی ذمہ داریوں ، کرداروں ، معاوضوں ، اختیارات اور ذمہ داری کے ساتھ ان کی شرائط کے آغاز پر کوڈ آف کارپوریٹ گورننس ، کمپنیز ایکٹ اور آرٹیکل آف ایسوسی ایشن کے مطابق تفویض کیا جاتا ہے۔

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

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

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

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

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

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

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

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

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

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

شیئر ہولڈنگ کا نمونہ۔

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

متعلقہ پارٹی لین دین

متعلقہ پارٹی ٹرانزیکشنز (RPT) اور ان کی حیثیت IAS 24 کے تحت ضروریات کو پورا کرتے ہوئے مناسب طور پر ظاہر کی جاتی ہیں۔ 2019 اور لین دین اور ریکارڈ کی دیکھ بھال کے حوالے سے ہدایات کو کمپنی پالیسی میں شامل کیا گیا ہے۔ آر پی ٹی کو داخلی آڈٹ کے ذریعے باقاعدہ طور پر منظور کیا گیا جس کے بعد بورڈ میٹنگ میں پیش کرنے سے پہلے آڈٹ کمیٹی کی منظوری دی گئی تاکہ یہ یقینی بنایا جا سکے کہ کاروباری سرگرمیوں کے معمول کے دوران تمام ٹرانزیکشنز کی لمبائی ہے۔ تاہم ، بورڈ آف ڈائریکٹرز نے 27 ستمبر 2021 کو ہونے والے اپنے اجلاس میں یہ نتیجہ اخذ کیا ہے کہ بورڈ کی طرف سے منظور شدہ آر پی ٹی کو بھی ممبر کی منظوری کے لیے کمپنی کی جنرل میٹنگ کے سامنے رکھا جائے گا۔ مزید برآں ، بورڈ نے یہ بھی فیصلہ کیا ہے کہ 30 جون 2022 کو ختم ہونے والے مالی سال کے دوران ہونے والے لین دین کے لیے کمپنی کی جنرل میٹنگ میں ممبروں کی منظوری حاصل کی جائے اور اسے شیئر ہولڈرز کے سامنے اگلی جنرل میٹنگ میں رکھا جائے گا۔ رسمی توثیق/منظوری۔

بورڈ کی تشخیص

ضابطے کے ضابطہ 10 (3) (v) کی تعمیل اور قائدانہ کردار اور ذمہ داریوں میں بہتر وضاحت ، بہتر ٹیم ورک ، زیادہ سے زیادہ جوابدہی ، مؤثر فیصلہ سازی اور مواصلات کے لیے ، کمپنی نے اندرونی طور پر بورڈ کے تشخیصی عمل کو انجام دیا۔ بورڈ کی کارکردگی کا جائزہ ، بورڈ کے ارکان اور اس کی کمیٹی کے ارکانیک جامع جائزہ لیا گیا ہے جس کے ساتھ قانونی دستاویزات ، اجلاسوں کا ایجنڈا ، بورڈ اور کمیٹی کے اجلاسوں کے منٹس ، جگہ پر اہم پالیسیاں اور دیگر ذیلی دستاویزات ، سوالنامے ، بورڈ اور کمیٹی کے ارکان کے ساتھ بات چیت شامل ہیں۔

بورڈ کی تشکیل

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

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

بورڈ اور آڈٹ کمیٹی کے اجلاس

• تمام ڈائریکٹرز، میٹنگ میں شرکت کے اہل، کمپنی کی جنرل میٹنگز میں شرکت کی ہے۔ کوڈ کے ریگولیشن 10 (6) کے تحت ذاتی طور پر یا ویڈیو کانفرنس کے ذریعے جب تک کسی معقول کی وجہ سے ایسا کرنے سے روک دیا جائے۔ 2020-21 کے دوران بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور ہیومن ریسورس اور معاوضہ کمیٹی کے اجلاس اور شرکت کی میٹنگ کی تعداد درج ذیل ہے۔

Name of Directors	Board of Directors		Committees			
			Audit		Human Resource and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Mohammad Salim	5	5	-	-	-	-
Mr. Mohammad Shaheen	5	5	-	-	1	1
Mr. Khurram Salim	5	5	6	6	-	-
Mr. Bilal Sharif	5	5	-	-	-	-
Mr. Mohammad Amin	5	5	6	6	-	-
Mr. Hamza Shakeel	5	5	-	-	1	1
Mr. Iqbal Mehboob	5	5	6	6	1	1
Mr. Asif Elahi	5	5				

Mr. Mustafa Tanvir	5	5				
Mrs. Fatima Amin	5	5				

آڈٹ کمیٹی

Sr	Name	Designation	Category
i	Khurram Salim	Member	Non- Executive Director
ii	Muhammad Amin	Member	Non- Executive Director
iii	Iqbal Mehboob	Chairman	Independent Director

آڈٹ کمیٹی تین ارکان پر مشتمل ہے جس کے چیئرمین ایک آزاد ڈائریکٹر ہیں جبکہ باقی تمام نان ایگزیکٹو ڈائریکٹر ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے تفویض کردہ شرائط کے تحت اپنی ذمہ داریاں ادا کرتے ہیں۔ مالیاتی خواندہ رکن کی تقرری ضابطہ کے باب X میں ریگولیشن 27 (1) (iii) کے مطابق کی گئی ہے۔ کوڈ کے ریگولیشن 27 (2) کی تعمیل میں آڈٹ کمیٹی کے اجلاس باقاعدہ وقفوں سے منعقد ہوتے تھے تاکہ بورڈ آف ڈائریکٹرز کی منظوری سے قبل دونوں عبوری اور سالانہ مالیاتی بیانات کا جائزہ لیا جائے اور بیرونی آڈیٹر کے ساتھ سال میں ایک بار اضافی میٹنگ کی جائے۔ بغیر CFO اور دوسرے اندرونی آڈیٹر کے بغیر CFO اور بیرونی آڈیٹر کی موجودگی کے بغیر۔

کمپنی کی ایک آڈٹ کمیٹی (اے سی) مالیاتی رپورٹنگ کے عمل اور انکشافات ، آڈٹ کے عمل ، کمپنی کے اندرونی کنٹرول کے نظام اور بورڈ کو قوانین اور قواعد و ضوابط کی نگرانی فراہم کرتی ہے۔ اس کے علاوہ ، آڈٹ کمیٹی بیرونی آڈیٹرز کی تقرری اور تنظیموں کے اندرونی آڈٹ ٹیم کے ساتھ ہموار تعلقات برقرار رکھنے کے لیے بورڈ کو اپنی سفارشات فراہم کرتی ہے۔ اے سی یہ یقین دہانی کرانے کے لیے بھی ذمہ دار ہے کہ کمپنی کے اثاثوں کی مناسب حفاظت کی جائے ، عبوری اور سالانہ مالیاتی بیانات کی توثیق ، متعلقہ پارٹی لین دین کی منظوری ، انتظامی خط کا جائزہ ، اندرونی کنٹرول کی تاثیر کو یقینی بنانا ، دھوکہ دہی کی سرگرمیوں کی تحقیقات اور رپورٹنگ ، اکاؤنٹنگ پالیسیوں کی نگرانی ، نگرانی کسی بھی بیرونی آڈیٹر ، ریگولیٹری تعمیل اور انتظام کے ساتھ رسک مینجمنٹ پالیسیوں کی بحث۔

اے سی ایک ضابطہ اخلاق کی پرورش اور نفاذ کو یقینی بنانے اور مؤثر مواصلاتی چینلز قائم کرنے کے ذریعے تنظیم کے رویہ کو ترتیب دینے میں بھی اہم کردار ادا کرتا ہے۔ کمیٹی کے اراکین کو اس بات سے آگاہ ہونا چاہیے کہ انتظامی قوانین اور قواعد و ضوابط کی تعمیل کے لیے کیا کر رہا ہے ، اور انہیں لازمی طور پر مسائل کے بارے میں جانکاری ہونی چاہیے جیسے کہ جاری تفتیش اور نظم و ضبط کی کارروائی۔

انسانی وسائل اور معاوضہ کمیٹی

Sr	Name	Designation	Category
i	Iqbal Mehboob	Chairman	Independent Director
ii	Mohammad Shaheen	Member	Non- Executive Director
iii	Hamza Shakeel	Member	Non- Executive Director

انسانی وسائل اور معاوضہ کمیٹی (HRRC) تین ارکان پر مشتمل ہے جن میں سے تمام غیر ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئرمین ایک آزاد ڈائریکٹر ہیں۔ HRRC معاوضے اور فوائد سے متعلق کسی بھی قانون سازی کی ہدایات کی تعمیل کا جائزہ لیتا ہے، روزگار، مزدوری اور انسانی حقوق کی قانون سازی کی تعمیل کا جائزہ لیتا ہے۔ HRRC بورڈ کو انسانی وسائل کے انتظام کی پالیسی کی سفارش کرنے کا ذمہ دار ہے۔ کمیٹی، سی ای او، سی ایف او اور کمپنی سیکرٹری کے انتخاب، تشخیص، معاوضہ (بشمول ریٹائرمنٹ فوائد) اور جانشینی کی منصوبہ بندی کی سفارش کرنے کی مجموعی ذمہ داری ہوگی۔ HRRC معاوضہ اور انسانی وسائل کی حکمت عملی اور پالیسیوں کی ترقی اور نگرانی میں بورڈ اور انتظامیہ کی مدد کرتا ہے، بورڈ کی منظوری کے لیے جائزہ، منظوری، یا سفارش، ایگزیکٹوز، ڈائریکٹرز، کمیٹی ممبران اور دیگر اہم افراد کے منصفانہ اور مسابقتی معاوضے سے متعلق فیصلے۔

کارپوریٹ سماجی ذمہ داری کی پالیسی

کمپنی ایک جامع کارپوریٹ سماجی ذمہ داری (CRS) پالیسی کا انتظام کرتی ہے تاکہ اقتصادی، معاشرتی اور ماحولیاتی طور پر پائیدار انداز میں ماحولیاتی کو برقرار رکھ کر آلودگی اور گرین ہاؤس گیسوں کے اخراج کو کم کرنے، قدرتی وسائل کا پائیدار استعمال، ضائع ہونے کو کم سے کم اور مناسب طریقے سے ختم کرنے کے لیے مینوفیکچرنگ کے عمل کے دوران ری سائیکلنگ کو فروغ دینا۔ کمپنی معاشرے کے بارے میں اپنے فرض کو مالکان یا اسٹاک ہولڈرز کی معاشی ذمہ داریوں سے بالاتر سمجھتی ہے۔ وبائی صورتحال کے ساتھ چیلنج، کمپنی ان لوگوں کے لئے مخیر عطیات میں کافی جوابدہ رہی ہے جنہیں امداد کی اشد ضرورت تھی۔ مزید یہ کہ، ایسے پروگرام قائم کیے گئے ہیں جو ملازمین کو کام اور ذاتی زندگی کے تقاضوں میں توازن پیدا کرنے میں مدد دیتے ہیں اور ملازمت پر زیادہ مطمئن اور نتیجہ خیز ہوتے ہیں جس کی وجہ سے بالآخر کاروبار کم ہوتا ہے، ملازمین کے حوصلے بڑھتے ہیں۔ کمپنی فضلے کو ٹھکانے لگانے، ری سائیکلنگ، توانائی کے تحفظ اور ماحول دوست ٹیکنالوجیز کو استعمال کرنے اور آگاہی پیدا کرنے کے لیے باقاعدہ وقفوں سے جنگلات کی سیر کا اہتمام کر کے قدرتی ماحول کو برقرار رکھنا یقینی بناتی ہے۔

صحت، حفاظت اور ماحولیاتی پالیسی

2019 میں وبائی امراض کے پھیلنے اور اس کی مہلک لہروں نے پوری دنیا میں ہر ایک کے لیے روزمرہ کی زندگی کو متاثر کیا ہے۔ زیادہ تر کاروبار حکومت کی طرف سے لاک ڈاؤن پابندیوں کے تحت اپنی سہولیات کو بند کرنے پر مجبور ہیں تاکہ وائرس کے اضافے کو کم کیا جاسکے اور معاشرتی تعامل کو کم کیا جاسکے۔ کمپنی نے وبائی صورتحال کے ان آزمائشی اوقات میں اپنے ملازمین اور کارکنوں کی صحت

اور حفاظت کے اقدامات کو یقینی بنانے کے لیے بہترین دستیاب آپشن فراہم کیے۔ وہ ملازمین جنہوں نے وائرس کا شکار کیا انہیں موجودہ صحت کی پالیسیوں کے تحت مکمل طبی علاج کے ساتھ تنخواہ کی چھٹیوں کے ساتھ اور گھر سے کام کرنے کی اجازت ہے۔ اس کے علاوہ ، وقتاً فوقتاً premises احاطے کی جراثیم کشی کا بندوبست کرنا ، ملازمین کے لیے وائرس کی مفت جانچ کرنا ، وائرس سے متاثرہ افراد کے لیے تنخواہ کے ساتھ چھٹی کی اجازت دینا ، لچکدار اور کام کے اوقات کم کرنے کی اجازت دینا ، چہرے کے ماسک فراہم کرنا اور کام کی جگہ پر مناسب صفائی ستھرائی شامل ہیں۔ کمپنی کی طرف سے لیا گیا وبائی امراض کے دوران بہت سے چیلنجوں میں سے ایک یہ ہے کہ قانون اور دیگر ریگولیٹری فریم ورک کی تعمیل میں مناسب فیصلہ سازی کے ساتھ روز مرہ کی سرگرمیوں کے تسلسل کو یقینی بنایا جائے۔ اس سلسلے میں کمپنی نے ویڈیو میٹنگ پلیٹ فارمز اور ایپس کے ذریعے دستیاب سہولیات کو مکمل طور پر استعمال کیا۔ کمپنی کی صحت ، حفاظت اور ماحولیاتی پالیسی بیان صحت ، تمام کارکنوں ، ٹھیکیداروں اور زائرین ، اور وبائی صورتحال کے آزمائشی اوقات میں کسی

اور کی صحت ، خطرات کو دور کرنے یا کم کرنے کی ہر ممکن کوشش کر کے خوشگوار اور قابل عمل ماحول کا مظاہرہ کرتا ہے۔

ڈائریکٹر معاوضہ پالیسی

ایگزیکٹو ڈائریکٹر کی معاوضہ پالیسی کی خصوصیت انسانی وسائل اور معاوضہ کمیٹی (HRRC) کی طرف سے تیار کی جاتی ہے اور بورڈ کو کمپنیز ایکٹ 2017 ، کمپنیز آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 کی شرائط سے مشروط کیا جاتا ہے۔ ڈائریکٹرز اور سینئر مینجمنٹ کے معاوضے کی سطح اور ترکیب کمپنی کی طویل مدتی مقاصد کو آگے بڑھانے کے لیے بورڈ اور سینئر مینجمنٹ میں صحیح ٹیلنٹ کو اپنی طرف متوجہ کرنے اور برقرار رکھنے کی کمپنی کی خواہش کو مدنظر رکھتی ہے۔ معاوضے کی پالیسیاں اور فیصلے ایک شفاف اور آزاد عمل کے ذریعے کیے جاتے ہیں۔ مزید برآں ، ایگزیکٹو ڈائریکٹرز کے معاوضے کا تعین مارکیٹ کی مسابقت پر غور کرتے ہوئے کیا جاتا ہے جو کہ ایک جیسی کمپنیوں میں یکساں ہے ، جبکہ قابلیت کی سطح ، تجربے ، بورڈ کے اسائنمنٹس کے دائرہ کار اور سالانہ اجلاسوں پر بھی غور کیا جاتا ہے۔ مقررہ ماہانہ معاوضے اور HRRC کی سفارش کردہ دیگر تقاضوں کے حقدار ایگزیکٹو ڈائریکٹرز جنہیں بورڈ نے باقاعدہ طور پر منظور کیا اور کمپنی کے عام اجلاس میں ممبروں کی منظوری دی۔ غیر ایگزیکٹو یا آزاد ڈائریکٹرز کو کوئی فیس یا معاوضہ ادا نہیں کیا گیا۔

قانونی آڈیٹرز۔

موجودہ آڈیٹر کی میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس 27 اکتوبر 2021 کو ہونے والے سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے تاہم اہل ہونے کے باوجود انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2022 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس کو بطور بیرونی آڈیٹر مقرر کرنے کی تجویز دی ہے۔ بیرونی آڈیٹر میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس کو کوالٹی کنٹرول کے تحت تسلی بخش درجہ دیا گیا انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کا جائزہ پروگرام فرم اور اس کے تمام شراکت دار بین الاقوامی فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق کے اصولوں کے مطابق ہیں جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے اور وہ ایس ای سی پی ایکٹ 1997 کے سیکشن 136 کے تحت آڈٹ نگرانی بورڈ میں رجسٹرڈ ہیں۔ قانونی آڈیٹرز نے نہ تو کوئی فیصلہ سازی ، اندرونی آڈٹ یا انتظامی کام انجام دیا اور نہ ہی کمپنی کے کسی ڈائریکٹر یا ایگزیکٹو کے ساتھ ان کا کوئی تعلق ہے۔ منگنی کے شراکت داروں کو ہر پانچ سال کی تکمیل کے بعد گھمایا گیا۔ بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس کو بیرونی آڈیٹر مقرر کرنے کی بھی سفارش کی اور آڈیٹرز کا معاوضہ سال 2021-22 کے لیے PKR 2,290,000.00 مقرر کیا گیا ہے۔ کوڈ کے ریگولیشن 32 (3) کے تحت بورڈ کو آڈٹ کمیٹی۔ اسائنمنٹس میں قانونی آڈٹ ، ششماہی جائزہ اور کارپوریٹ گورننس ریویو کا کوڈ شامل ہے۔

مادی تبدیلیاں اور وعدے۔

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

اعتراف

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

بورڈ کے لئے اور اس کی طرف سے

بلال شریف



چیف ایگزیکٹو



محمد سلیم

ڈائریکٹر

کراچی: 27 ستمبر 2021

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 37th Annual General Meeting of the Company to be held on Wednesday 27th October, 2021 at 12:00 noon at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi.

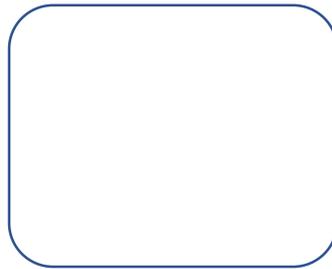
Witness: _____

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

Name : _____

CNIC/ PP: _____

Address: _____



Affix Rs.5 Revenue Stamp

Signed this _____ day of _____ 2021

Notes:

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

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

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 2021 کو منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے حاضر کرتا ہوں / کرتے ہیں۔

دستخط _____ ہر روز _____ تاریخ _____ / _____ 2021۔

گواہان:

دستخط: _____
 نام: _____
 پتہ: _____
 کمپیوٹر انزومی شناختی کارڈ نمبر: _____
 پاسپورٹ نمبر: _____

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

دستخط: _____
 نام: _____
 پتہ: _____
 کمپیوٹر انزومی 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 کمپیوٹر انزومی شناختی کارڈ تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔