



*of Companies*  
**31<sup>st</sup> Annual Report 2015**

**UMER GROUP OF COMPANIES**

**FAISAL SPINNING MILLS LIMITED**

## Vision

*A Company providing quality textile  
Products and maintaining  
An excellent Level of ethical and  
Professional standards*



## Mission Statement

*To become a leader of textile products  
In the local and  
International markets  
And to achieve  
The highest level of success*

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## CORPORATE INFORMATION

Board of Directors	Mr. Bilal Sharif Mr. Khurrum Salim Mr. Mohammad Amin Mr. Adil Shakeel Mr. Mohammad Salim Mr. Mohammad Sharif Mr. Mohammad Shaheen Mr. Mohammad Shakeel Mr. Iqbal Mehboob Mr. Anwar Hussain, FCA	Chief Executive / Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director / Chairman Executive Director Non Executive Director Executive Director Independent Director
Chief Financial Officer	Mr. Anwar Hussain, FCA	
Company Secretary	Syed Ashraf Ali, FCA	
Audit Committee	Mr. Iqbal Mehboob Mr. Mohammad Amin Mr. Adil Shakeel	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Mohammad Shaheen Mr. Mohammad Amin Mr. Mohammad Shakeel	Chairman Member Member
Auditors	M/s Mushatq and Company Chartered Accountants 407, Commerce Centre, Hasrat Mohani Road, Karachi	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	Bank Al Habib Limited Bank Alfalah Limited Dubai Islamic Bank Habib Bank Limited Meezan Bank Limited Samba Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Share Registrar	Hameed Majeed Associates (Private) Limited 5 <sup>th</sup> 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: <a href="mailto:khioff@umergroup.com">khioff@umergroup.com</a> - Website: <a href="http://www.umergroup.com">http://www.umergroup.com</a>	
Liaison / Correspondence office	9 <sup>th</sup> Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: <a href="mailto:lhroff@umergroup.com">lhroff@umergroup.com</a> Website: <a href="http://www.umergroup.com">http://www.umergroup.com</a>	
Mills At:	Spinning Unit is situated at: A-150, SITE Nooriabad, Sindh Tel : 025 4670002 Weaving Unit is situated at: 18 - KM, Sheikhpura Faisalabad Road, Feroz Watwan, Sheikhpura, Punjab. Tel: 056 3731446-7	



# FAISAL SPINNING MILLS LIMITED *of Companies*

## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 31st Annual General Meeting of the members of **Faisal Spinning Mills Limited** will be held on Wednesday 28<sup>th</sup> October 2015 at 5:30 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

### Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on 27<sup>th</sup> October 2014.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30<sup>th</sup> June, 2015 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @ 50% (i.e. PKR 5 per share) for the year ended 30<sup>th</sup> June, 2015, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2015-2016 and fix their remuneration. The retiring auditors M/S Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

(By the order of the Board)

### Karachi:

Date: 23<sup>rd</sup> September 2015

**Syed Ashraf Ali, FCA**  
Company Secretary

### NOTES:

1. The Shares Transfer Books of the Company will remain closed from 21<sup>st</sup> October 2015 to 28<sup>th</sup> October, 2015 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 20<sup>th</sup> October 2015 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30<sup>th</sup> June, 2015.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
5. As instructed by Securities and Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc/2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares were requested to submit copies of their valid CNICs as requested by our letters and also through advertisement in newspapers. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/National Tax numbers alongwith the folio numbers to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers failing, which we will not be responsible if we are not able to pay the dividends.
6. In order to make process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your bank account for all future dividends declared by the Company. Accordingly all non CDC shareholders are requested to send their bank account details to the Company's Registrar at the address given above. Shareholders who hold shares with Participant/Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/ Central Depository Company of Pakistan Ltd.
7. Members are requested to immediately inform of any change in their addresses to our share Registrar, Hameed Majeed Associates (Private) Limited.
8. The financial statements of the company for the year ended 30<sup>th</sup> June 2015 has been published on the website and may be downloaded from the following link, <http://www.umergroup.com/faisal-financial-reports.html>
9. Members eager of getting financial statements through email, are request to kindly visit the company website and fill the standard request form.



# FAISAL SPINNING MILLS LIMITED *of Companies*

## Directors' Report

On behalf of the Board of Directors of **Faisal Spinning Mills Limited**, we are pleased to submit audited financial statements of the Company for the year ended 30<sup>th</sup> June 2015.

### Overview

The company has earned profit after tax of PKR 174.548 million during the year ended 30<sup>th</sup> June 2015 against the last year profit after tax of PKR 597.259 million. The earning per share of company is PKR 17.45 as compared to PKR 59.73 in previous year.

### Economic Challenges and Current Crisis

Pakistan's GDP growth accelerates to 4.24% in 2014-15 against the growth of 4.03% in last year. But it is still below the desire level of GDP growth. Shortage of electricity and gas and law and order situation are main constraint for enhancement in GDP rate.

The cost of production of textile products is high and not compatible with other countries like China, Bangladesh and India, due to high cost of electricity and gas and levy of GIDC on gas.

The crude oil prices have been significantly reduced in the world but no significant benefits of cost reduction has been passed through by the government to industries.

Government should transfer the benefits of reduction in oil prices to industrial unit in order to compete with regional countries and increase the GDP growth and export of Pakistan.

### Operating Results

Financial results of the company for the year ended 30<sup>th</sup> June 2015 is summarized as under;

	<b>2015</b>	2014
	<b>Rupees</b>	Rupees
Sales	9,281,026,639	9,780,480,114
Gross profit	807,076,487	1,278,595,352
Profit before taxation	253,027,249	633,027,561
Taxation		
Current year	50,148,224	35,784,440
Prior year	32,241	(16,545)
Deferred tax	28,297,887	-
	<u>78,478,352</u>	<u>35,767,895</u>
Profit after taxation	174,548,897	597,259,666
<b>Comprehensive income</b>		
Re-measurement of employees retirement benefits obligation – Actuarial loss	(13,870,186)	(5,610,760)
Deferred tax	764,155	-
	<u>(13,106,031)</u>	<u>(5,610,760)</u>
Total comprehensive income	161,442,866	591,648,906
Un-appropriated profit brought forward	52,943,097	111,294,191
Profit available for appropriation	214,385,963	702,943,097
Appropriations:		
Dividend paid	(50,000,000)	(50,000,000)
Transferred to General Reserve	(100,000,000)	(600,000,000)
Un-appropriated profit carried forward	<u>164,385,963</u>	<u>52,943,097</u>
	=====	=====
Basic and diluted earning per share	17.45	59.73
	====	====



# FAISAL SPINNING MILLS LIMITED *of Companies*

Sales of the company have decreased from PKR 9.780 billion to 9.281 billion due to decline in yarn and fabric prices. Gross profit for the year under review is amounting to PKR 807.076 million as compared to PKR 1,278.595 million in prior year. Whereas profit before taxation for the year under review is amounting to PKR 253.027 million as compared to PKR 633.027 million in prior year. The lack of demand of yarn in local and international market, increase in depreciation expense and increases in fuel and power cost were the main causes of decrease in profitability of company.

## Dividend

The board of directors is pleased to recommend a final cash dividend of 50% i.e PKR 5.0 per share (June 2014: 50% i.e. PKR 5 per share) for the approval of shareholders at the forthcoming annual general meeting.

## Balance Sheet

Long term borrowing at the year end was PKR 704.433 million (2014: PKR 1,041.909 million). Resulting a debt equity ratio of 16:84 as on 30<sup>th</sup> June 2015 (June 2014: 23:77). Gearing ratio was 0.28 at 30<sup>th</sup> June 2015 as compared to 0.47 at 30<sup>th</sup> June 2014. The liquidity position of the company is good with a current ratio of 2.78 as at 30<sup>th</sup> June 2015 (June 2014: 2.48). The total of shareholders' fund stood at PKR 3.664 billion (2014: PKR 3.552 billion).

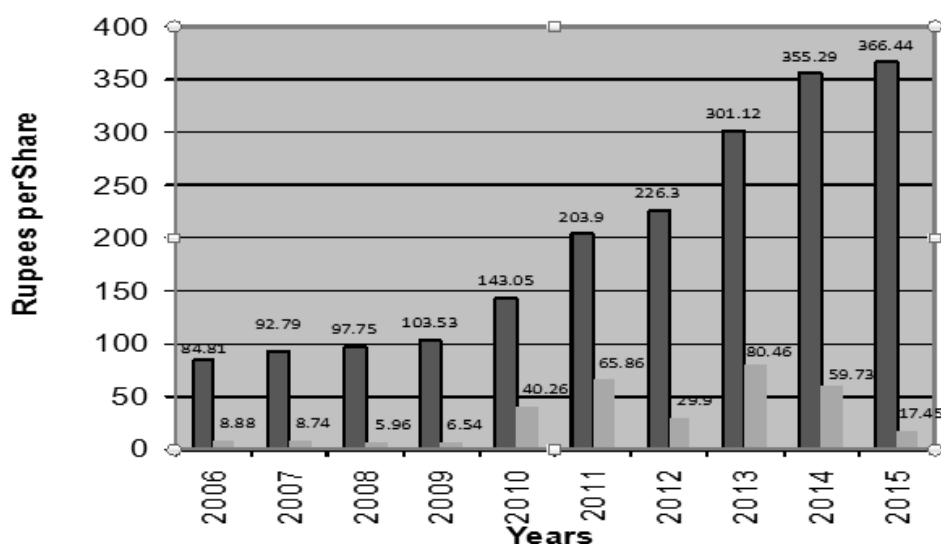
## Cash Flow Management

During the year, the Company repaid its debt obligation of PKR 323.031 million while raising new debt of PKR 30.361 million. The company is well placed for its commitments towards long and short term loans.

Net increase in cash and cash equivalents for the year is Rs. 23.558 million which comprises of net cash generated from operating activities, net cash used in investing activities and net outflows from financing activities amounting to Rs. 877.626 million, Rs. (161.943) million and Rs. (692.123) million respectively.

## Breakup Value and Earning per Share

The breakup value of your share as on 30<sup>th</sup> June 2015 is PKR 366.44 (30<sup>th</sup> June 2014: PKR 355.29). The Earning per Share (EPS) of your company for the year ended 30<sup>th</sup> June 2015 is PKR 17.45 (30<sup>th</sup> June 2014: PKR 59.73).



## Statement on Corporate and Financial Reporting Framework

The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code. As a part of the compliance of the Code, we confirm the following:

# FAISAL SPINNING MILLS LIMITED of Companies

- 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 except for change in accounting policy of retirement benefits as disclosed in detail in note 2.5.1 (g), and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are 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 Statement of Ethics 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.
- As required by the Code of Corporate Governance, 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 held during the year and attendance by each director has been given separately.
  - Key operating and financial statistics for last six years.
- Information about taxes and levies is given in the notes to the financial statements.

Board Meetings			Audit Committee Meeting		
S. No.	Director's Name	Attendance	S. No.	Member's Name	Attendance
1	Mr. Bilal Sharif	3/4	1	Mr. Iqbal Mehboob	4/4
2	Mr. Khurum Salim	4/4	2	Mr. Mohammad Amin	4/4
3	Mr. Mohammad Amin	3/4	3	Mr. Adil Shakeel	4/4
4	Mr. Adil Shakeel	4/4			
5	Mr. Mohammad Salim	4/4			
6	Mr. Mohammad Sharif	4/4			
7	Mr. Mohammad Shaheen	3/4			
8	Mr. Mohammad Shakeel	3/4			
9	Mr. Iqbal Mehboob	4/4			

## Audit Committee

The audit committee of the company is working as required by the code of corporate governance. The audit committee has established internal audit system to monitor and review the adequacy and implementation of internal control at each level. The meetings of audit committee were held in compliance of the requirements of Code of Corporate Governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

## Human Resource and Remuneration Committee:

The human resource and remuneration committee of the company is working as required by the code of corporate governance and term of reference as approved by the board of directors. The human resource and remuneration committee has established sound and effective employees' development programme.



## **Board's Performance Evaluation**

Governance and Evaluation Committee has assessed the Board's performance based on the established mechanism of self-assessment by the individual Board members. The above mechanism was approved by the Board on the recommendation of Governance and Evaluation Committee.

## **CEO's Performance Evaluation**

During the year, the Human Resource and Remuneration Committee of the Board evaluated the performance of the CEO in line with the established performance based evaluation system.

The evaluation was reviewed against the following criteria:

- o Leadership
- o Policy and strategy
- o People Management
- o Business Processes/Excellence
- o Governance and Compliance
- o Financial Performance
- o Impact on Society

## **Financial statements**

As required under listing regulations of stock exchanges the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Mushtaq and Company, Chartered Accountants. Auditors have issued clean audit report on financial statements for the year ended 30th June 2015 and clean review report on Statement of Code of Corporate Governance and their reports are attached with the financial statements.

No material changes in contingencies and commitments, affecting the financial position of your company, have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

## **Pattern of Shareholding**

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately. No trade in the shares of the company was carried out by Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary and their spouses and minor children during the year ended 30<sup>th</sup> June 2015.

## **Auditors**

The present auditors M/s Mushtaq and Company, Chartered Accountants shall retire offer themselves for re-appointment as auditor of the company. The audit committee has recommended the appointment of aforesaid M/s Mushtaq and Company, Chartered Accountants, as external auditor for the year ended 30th June 2016. The external auditors, M/s Mushtaq and Company, Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

## **Corporate Social Responsibility**

Company is extensively supporting educational and health projects with renowned NGO. Company spent PKR 2.250 million under social commitments during the year. The company worked closely with NGO to support their programs for Health and Education to provide socio-economic opportunities to a multitude of individuals and households.

## **Safety, Health and Environment**

We believe that it is our duty to protect the health, safety and welfare of our workers, contractors, communities and other people who may be associated with our business. We strive to ensure that all our stakeholders are protected from any such event that may cause harm or pose as a risk to their health and safety. Company always ensures environment preservation and adopts all the possible means for environment protection. We have been taking various steps to ensure minimal dust and emission from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions.

With the blessing of Al-Mighty Allah no major accidents or incidents took place at the business units during the year under review.

## **Director Education Program**

Four directors have been awarded certification of Corporate Governance Leadership Skills by the Pakistan Institute of Corporate Governance. Whereas three directors are exempt from obtaining certification of Corporate Governance Leadership Skills based on their education and experience as provided in Code of Corporate Governance 2012.

## **Major Judgment Areas**

Main areas related to income taxes, deferred tax, retirement benefit obligations and accounting estimates and judgments are detailed in notes to the financial statements.

## **Accounting Standards**

The accounting policies of the Company fully reflect the requirements of the Companies Ordinance 1984 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Ordinance as well as through directives issued by the Securities and Exchange Commission of Pakistan.

## **Future Prospect and Cotton Expectation**

We foresee a challenging period ahead to maintain profitability of the company based on prolong sluggish demand of yarn in local and international markets and increases in gas and electricity tariff.

Currently the price of cotton is around PKR 4,700 per maund. As per the estimate the local production of cotton will be around 13.3 million bales whereas the estimate of cotton consumption is around 14.5 million bales. The current cotton stock to use ratio of the world is around 99% as per USDA's latest reports. Therefore, it is expected that the prices of cotton will be moderate in subsequent period.

The results of the first quarter of the next fiscal year will depend on the direction of cotton prices and demand of yarn. The management expects a lower profitability in subsequent period.


## **Acknowledgement**

We are grateful to our employees who are our assets for their efforts in the Company achieving its results. We are also thankful to our shareholders for the trust and confidence reposed in the Company.

For and on behalf of the Board of Directors

Karachi:

Date: 23<sup>rd</sup> September 2015



**Bilal Sharif**  
Chief Executive

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407-Commerce Centre Hasrat Mohani Road Karachi-74200 Tel: 32638521-4 Fax: 32639843  
**Branch Office:** 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626  
Email: Address: mustaq\_vohra@hotmail.com

Member of



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### REVIEW REPORT TO THE MEMBERS

#### *On the Statement of Compliance with Best Practices of the Code of Corporate Governance*

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Faisal Spinning Mills Limited** (the Company) for the year ended June 30, 2015 to comply with the Listing Regulations of the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, the Listing Regulations of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine 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 respect, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2015.

**MUSHTAQ & COMPANY**  
Chartered Accountants

**Lahore:**  
Date: 23<sup>rd</sup> September 2015

**Engagement Partner:**  
Abdul Qadoos  
F.C.A.

# FAISAL SPINNING MILLS LIMITED

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2015

This statement is being presented to comply with the code of corporate governance contained in listing regulation of the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The company applies the principles contained in the Code in the following manner.

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times. At present the includes;

Category	Name
Independent Director	Mr. Iqbal Mehboob
Executive Directors	Mr. Bilal Sharif Mr. Mohammad Sharif Mr. Mohammad Shakeel
Non Executive Directors	Mr. Khurram Salim Mr. Mohammad Amin Mr. Adil Shakeel Mr. Mohammad Salim Mr. Mohammad Shaheen

2. The directors have confirmed that none of the directors of the company are serving as a director in more than seven listed companies, including this company.
3. The Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the company.
4. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
5. There was no casual vacancy occurred in board of directors during the year.
6. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment as determined by the CEO. However, there was no new appointment made during the year.
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 and the Board met once in every quarter. During the year four meetings of Board of Directors was held. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
8. All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFII. No director in the board is a member of any Stock exchange in Pakistan.
9. The company arranged briefing for its directors to apprise them of their duties and responsibilities. An independent director also acquired certification by the Pakistan Institute of Corporate Governance (PICG).
10. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.
11. The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

**STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE  
OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2015**

12. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
13. The Board has formed an audit committee. It comprises three members. The Chairman of the committee is an independent director. The remaining two members are non-executive directors.
14. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, majority of them including Chairman of committee are non executive directors.
15. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors have been taken by the Board.
16. The Company has put in place a mechanism undertaking annually an evaluation of the Board's own performance and of its committees to enhance board performance.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.
18. All material information as described in clause (Xiii) of the Code of Corporate Governance is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in time.
19. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
20. The Board has set up effective internal audit function with suitable qualified and experienced personnel, which are involved in the internal audit function on full time basis.
21. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of accountants (IFAC) guidelines on Code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
22. The "Closed Period", prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
23. All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of directors' meeting for their consideration and formal approval.
24. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
25. We confirm that all other material principles contained in the code have been complied with.

**For and on behalf of the Board of Directors**



**Bilal Sharif**  
Chief Executive

**Karachi:**  
Date: 23<sup>rd</sup> September 2014

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407-Commerce Centre Hasrat Mohani Road Karachi-74200 Tel: 32638521-4 Fax: 32639843

**Branch Office:** 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email: Address: mustaq\_vohra@hotmail.com

Member of



Illinois, USA

### AUDITORS' REPORT TO THE MEMBER

We have audited the annexed Balance Sheet of **Faisal Spinning Mills Limited** ("the Company") as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that;

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion;

- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
- (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**MUSHTAQ & COMPANY**  
Chartered Accountants

**Lahore:**

Date: 23<sup>rd</sup> September 2015

**Engagement Partner:**  
Abdul Qadoos  
F.C.A.

# FAISAL SPINNING MILLS LIMITED

## Balance Sheet As At 30<sup>th</sup> June, 2015

	Note	30 <sup>th</sup> June 2015 Rupees	30 <sup>th</sup> June 2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
12,000,000 (2014: 12,000,000) ordinary shares of PKR 10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	5	<b>100,000,000</b>	100,000,000
Reserves		<b>3,500,000,000</b>	3,400,000,000
Unappropriated profits		<b>64,385,963</b>	52,943,097
		<b>3,664,385,963</b>	3,552,943,097
<b>NON CURRENT LIABILITIES</b>			
Long-term financing - secured	6	<b>704,432,590</b>	1,041,909,003
Liabilities against assets subject to finance lease	7	-	-
		<b>704,432,590</b>	1,041,909,003
<b>DEFERRED LIABILITIES</b>	8	<b>182,232,873</b>	115,967,165
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	<b>552,769,385</b>	478,850,726
Accrued markup / interest	10	<b>12,536,908</b>	22,779,586
Short-term borrowings - secured	11	-	349,952,831
Current portion of non current liabilities	12	<b>320,819,913</b>	276,014,196
		<b>886,126,206</b>	1,127,597,339
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,437,177,632</b></u>	<u>5,838,416,604</u>

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

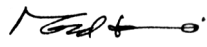
Karachi:  
Date: 23<sup>rd</sup> September 2015

  
Bilal Sharif  
Chief Executive

# FAISAL SPINNING MILLS LIMITED

## Balance Sheet As At 30<sup>th</sup> June, 2015

	Note	30 <sup>th</sup> June 2015 Rupees	30 <sup>th</sup> June 2014 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	14	2,466,090,622	2,019,622,057
Capital work-in-progress	15	808,225	525,689,393
Long term investment	16	496,397,757	484,210,230
Long term deposits	17	8,859,135	7,558,235
		<b>2,972,155,739</b>	<b>3,037,079,915</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	18	67,833,505	85,156,827
Stock in trade	19	1,703,046,951	2,176,379,677
Trade debts	20	267,388,443	216,177,580
Loans and advances	21	93,802,032	41,992,334
Trade deposits and prepayments	22	35,552,377	32,222,856
Other receivables	23	2,594,432	2,594,432
Income tax refundable	24	137,452,054	114,336,345
Sales tax refundable	25	80,139,073	78,822,247
Cash and bank balances	26	77,213,026	53,654,391
		<b>2,465,021,893</b>	<b>2,801,336,689</b>
<b>TOTAL ASSETS</b>		<b>5,437,177,632</b>	<b>5,838,416,604</b>

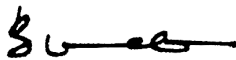
  
**Mohammad Salim**  
 Director



## Profit and Loss Account For the Year Ended 30<sup>th</sup> June 2015

	Note	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
		<u>Rupees</u>	<u>Rupees</u>
Sales	27	9,281,026,639	9,780,480,114
Cost of sales	28	8,473,950,152	8,501,884,762
<b>Gross profit</b>		<b>807,076,487</b>	1,278,595,352
Other income	29	8,716,155	9,183,512
		<b>815,792,642</b>	1,287,778,864
Distribution cost	30	269,261,308	308,910,100
Administrative expenses	31	78,981,247	69,373,811
Other operating expenses	32	17,927,097	87,606,775
Finance cost	33	211,756,168	231,376,766
		<b>577,925,820</b>	697,267,452
		<b>237,866,822</b>	590,511,412
Share of profit from associated undertaking		15,160,427	42,516,149
<b>Profit before tax</b>		<b>253,027,249</b>	633,027,561
Provision for taxation			
Current tax - Current year		50,148,224	35,784,440
Current tax - Prior year		32,241	(16,545)
Deferred		28,297,887	-
	34	<b>78,478,352</b>	35,767,895
<b>Profit after taxation for the year</b>		<b>174,548,897</b>	597,259,666
<b>Earnings per share - basic and diluted</b>	35	<b>17.45</b>	59.73

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



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director

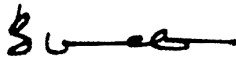
Karachi:

Date: 23<sup>rd</sup> September 2015

**Statement of Comprehensive Income  
For the Year Ended 30<sup>th</sup> June 2015**

	<b>30<sup>th</sup>June 2015 Rupees</b>	<b>30<sup>th</sup>June 2014 Rupees</b>
Profit after taxation for the year	<b>174,548,897</b>	597,259,666
<b>Other comprehensive income for the year</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Actuarial loss on remeasurement of employees retirement benefits - gratuity	<b>(13,870,186)</b>	(5,610,760)
Related deferred tax on remeasurement of employees retirement benefits - gratuity	<b>764,155</b>	-
	<b>(13,106,031)</b>	(5,610,760)
<b>Total comprehensive Income for the year</b>	<b><u>161,442,866</u></b>	<u>591,648,906</u>

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



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director

**Karachi:**  
Date: 23<sup>rd</sup> September 2015

# FAISAL SPINNING MILLS LIMITED


## Cash Flow Statement For The Year Ended 30<sup>th</sup> June 2015

	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	253,027,249	633,027,561
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	249,829,218	210,241,381
Share of profit from associated undertaking	(15,160,427)	(42,516,149)
Provision for bad debts	-	396,241
Doubtful debts recovered	-	(1,185,085)
Infrastructure fee	4,021,665	9,121,698
Provision for staff retirement benefits - gratuity	34,571,430	20,603,189
(Gain) on disposal of property, plant and equipment	(6,499,972)	(5,665,560)
Finance cost	211,756,168	231,376,766
	<b>478,518,082</b>	<b>422,372,481</b>
<b>Operating cash flows before movements in working capital</b>	<b>731,545,331</b>	<b>1,055,400,042</b>
<b>Changes in working capital</b>		
Decrease / (Increase) in stores, spares and loose tools	17,323,322	(6,486,659)
Decrease / (Increase) in stock in trade	473,332,726	(87,080,381)
Decrease / (Increase) in trade debts	(51,210,863)	180,976,278
Decrease / (Increase) in loans and advances	(51,809,698)	18,996,755
(Increase) in trade deposits	(3,329,521)	(9,437,036)
Decrease in other receivable	-	2,815,320
(Increase) in sales tax refund and other receivables	(1,316,826)	(6,536,337)
Increase in trade and other payables	73,418,844	61,866,305
	<b>456,407,984</b>	<b>155,114,245</b>
<b>Cash generated by operations</b>	<b>1,187,953,315</b>	<b>1,210,514,287</b>
Finance cost paid	(221,998,846)	(221,496,523)
Staff retirement benefits - gratuity paid	(13,731,305)	(18,201,242)
Income taxes paid	(73,296,174)	(102,914,125)
Long-term deposits refunded	(1,300,900)	(2,525,040)
	<b>(310,327,225)</b>	<b>(345,136,930)</b>
<b>Net cash from operating activities</b>	<b>877,626,090</b>	<b>865,377,357</b>

## Cash Flow Statement For The Year Ended 30<sup>th</sup> June 2015

	<b>30<sup>th</sup> June 2015</b>	<b>30<sup>th</sup> June 2014</b>
	<u>Rupees</u>	<u>Rupees</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	11,100,000	29,834,304
Addition in property plant and equipment	(176,016,658)	(998,248,161)
Dividend received	2,972,900	5,945,800
<b>Net cash used in investing activities</b>	<u>(161,943,758)</u>	<u>(962,468,057)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from long term finance	30,361,000	781,222,345
Payment of long-term financing	(320,808,293)	(83,434,500)
Payment of obligation under finance lease	(2,223,403)	(1,986,393)
Decrease in short-term borrowings	(349,952,831)	(579,047,169)
Dividend paid	(49,500,170)	(49,436,270)
<b>Net cash from financing activities</b>	<u>(692,123,697)</u>	<u>67,318,013</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>23,558,635</b>	<b>(29,772,687)</b>
<b>Cash and cash equivalent at the beginning of year</b>	<u>53,654,391</u>	<u>83,427,078</u>
<b>Cash and cash equivalent at the end of year</b>	<u>77,213,026</u>	<u>53,654,391</u>

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



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director

**Karachi:**

Date: 23<sup>rd</sup> September 2015

**Statement of Changes in Equity  
For The Year Ended 30<sup>th</sup> June 2015**

	Share Capital Rupees	Reserves			Unappropriated Profit Rupees	Total Rupees
		Capital Reserves Rupees	General Reserves Rupees	Total		
<b>Balance as at 30th June, 2013</b>	100,000,000	24,150,000	2,775,850,000	2,800,000,000	111,294,191	3,011,294,191
Final dividend for the year ended June 30, 2013 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the year - Restated	-	-	-	-	591,648,906	591,648,906
Transferred to general reserve	-	-	600,000,000	600,000,000	(600,000,000)	-
<b>Balance as at 30th June, 2014</b>	100,000,000	24,150,000	3,375,850,000	3,400,000,000	52,943,097	3,552,943,097
Final dividend for the year ended June 30, 2014 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the year	-	-	-	-	161,442,866	161,442,866
Transferred to general reserve	-	-	100,000,000	100,000,000	(100,000,000)	-
<b>Balance as at 30th June, 2015</b>	<b>100,000,000</b>	<b>24,150,000</b>	<b>3,475,850,000</b>	<b>3,500,000,000</b>	<b>64,385,963</b>	<b>3,664,385,963</b>

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

**Bilal Sharif**  
Chief Executive

**Mohammad Salim**  
Director

**Karachi:**

Date: 23<sup>rd</sup> September 2015



# FAISAL SPINNING MILLS LIMITED *of Companies*

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

### 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 Companies Ordinance, 1984 and is quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.
- 1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Nooriabad, District Dadu in the province of Sindh and Feroz Watwan, 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

- 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.

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

- 2.5.1 **Changes in accounting policies arising from standards, interpretations and amendments to published approved accounting standards that are effective in the current year**

Certain standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- 2.5.2 **Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date**

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date. Their impact on the Company's financial statements cannot be ascertained as at the reporting date.

# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

## Standards, interpretations and amendments

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization

## Description

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have significant impact on Company's financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

IAS 27 (Revised 2011) – Separate Financial Statements

Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. Management is currently considering the effect of new standard.

IFRS 10 'Consolidated Financial Statements'

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the company.

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

Standards, interpretations and amendments	Description
IFRS 11 – Joint Arrangements	IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on Company's financial statements.
IFRS 12 – Disclosure of Interests in Other Entities	IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not like to have material impact on Company's financial statements.
IFRS 13 – Fair Value Measurement	IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

**2.5.3** Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan till 30<sup>th</sup> June 2015:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

### 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 employee 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.



# FAISAL SPINNING MILLS LIMITED

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

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

### Post retirement benefits

#### Defined benefit plans

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

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

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

### 3.3 Taxation

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

#### Current

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

#### Deferred

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

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

### 3.4 Provisions

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

### 3.5 Trade and other payables

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

### 3.6 Dividend

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

### 3.7 Property, plant and equipment and depreciation

#### Owned assets

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

# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

## 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

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

### 3.8 Capital work in process

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

### 3.9 Investments

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 Derivative financial instruments

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency borrowings and effects on cash flow of any fluctuations in interest rates. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is estimated by reference to current forward exchange rates for contracts with similar maturity profile. The fair value of interest rate swap contracts is estimated by reference to estimated market value for similar instruments.

In relation to cash flow hedges which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income.

# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

When the hedge commitment result in the recognition of an asset or a liability, then, the associated gains or losses previously recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of an asset or a liability. Effect of remaining period of hedge, if material, is taken to profit and loss account, being considered fair value hedge.

Hedge accounting is discontinued when the hedging instrument is expired or is sold, terminated or exercised, or no longer qualifies for special hedge accounting. At that point, any cumulative gain or loss on the hedging instrument recognized in equity is kept until the forecasted occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to net profit or loss for the period.

#### Other financial liabilities

All other financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

### 3.11 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.

### 3.12 Stock-in-trade

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

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

Valuation of raw material, work in process and finished goods as on 30<sup>th</sup> June 2015 have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

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

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

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

### 3.13 Trade debts and other receivables

These are carried at original invoice amount less provisions for any uncollectible amount. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

### 3.14 Cash and cash equivalents

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

### 3.15 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

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.

### 3.16 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.

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

### 3.17 Impairment

All company's assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment losses are recognized in the profit and loss account currently.

### 3.18 Foreign currency translation

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

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

### 3.19 Offsetting of financial assets and financial liabilities

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

### 3.20 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Ordinance 1984.

### 3.21 Segment reporting

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

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

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

## 4 Capital Management

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

## 5 Issued, Subscribed and Paid up Capital

Number of shares		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
June 30 2015	June 30 2014	Rupees	Rupees
6,300,000	6,300,000	63,000,000	63,000,000
3,700,000	3,700,000	37,000,000	37,000,000
<u>10,000,000</u>	<u>10,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

5.1 Associated company holds 1,282,900 (2014: 1,282,900) ordinary shares of Rs. 10 each in the company.

	LTFF Loans Rupees	Non LTFF Loans Rupees	30 <sup>th</sup> June 2015 Rupees	30 <sup>th</sup> June 2014 Rupees
<b>6 Long Term Finances From Financial Institutions - Secured</b>				
6.01 United Bank Limited - Term Finance Loan	-	-	-	55,844,000
6.02 United Bank Limited - Term Finance Loan	-	-	-	1,015,000
6.03 United Bank Limited - Term Finance Loan	-	-	-	35,864,000
6.04 Bank Al Habib Limited - Term Finance Loan	-	-	-	9,413,000
6.05 United Bank Limited - Term Finance Loan	60,976,000	-	60,976,000	81,300,000
6.06 United Bank Limited - Term Finance Loan	109,858,000	-	109,858,000	125,552,000
6.07 United Bank Limited - Term Finance Loan	-	86,000,000	86,000,000	129,000,000
6.08 United Bank Limited - Term Finance Loan	-	63,698,567	63,698,567	95,547,851
6.09 United Bank Limited - Term Finance Loan	-	84,329,068	84,329,068	126,493,600
6.10 United Bank Limited - Term Finance Loan	-	8,358,525	8,358,525	11,144,700
6.11 United Bank Limited - Term Finance Loan	-	140,860,387	140,860,387	187,813,849
6.12 United Bank Limited - Term Finance Loan	-	19,342,619	19,342,619	21,101,039
6.13 United Bank Limited - Term Finance Loan	-	17,811,680	17,811,680	18,586,100
6.14 United Bank Limited - Term Finance Loan	-	19,918,138	19,918,138	20,784,138
6.15 United Bank Limited - Term Finance Loan	18,748,000	18,750,000	37,498,000	50,000,000
6.16 United Bank Limited - Term Finance Loan	-	25,475,775	25,475,775	25,475,775
6.17 United Bank Limited - Term Finance Loan	-	101,607,744	101,607,744	101,607,744
6.18 United Bank Limited - Term Finance Loan	-	219,157,000	219,157,000	219,157,000
6.19 United Bank Limited - Term Finance Loan	30,361,000	-	30,361,000	-
	219,943,000	805,309,503	1,025,252,503	1,315,699,796
Less: Current maturity	60,048,000	260,771,913	320,819,913	273,790,793
Total Term Finance Loan Payable	159,895,000	544,537,590	704,432,590	1,041,909,003

	Security	Repayment	Markup on LTFF	Markup on Non LTFF
6.01	First pari passu charge over plant and machinery of Weaving Unit situated at 18 Kilometer, Faisalabad Road, Feroz Watwan, District Sheikhpura, to the extent of PKR 508.0 million .	Initially the loan was repayable in five years with one year grace period. The loan was repayable in sixteen equal quarterly installments, commenced from July 03, 2012. During the year management has decided to pay total loan amount to reduce the borrowing cost. As a result, entire amount of loan has been repaid on February 09, 2015.	11.1% (2014: 11.1%)	-
6.02	Covered under securities for term finance 6.01	Initially the loan was repayable in five years with one year grace period. The loan was repayable in sixteen equal quarterly installments, commenced from July 03, 2012. During the year management has decided to pay total loan amount to reduce the borrowing cost. As a result, entire amount of loan has been repaid on February 09, 2015.	11.1% (2014: 11.1%)	-

# FAISAL SPINNING MILLS LIMITED

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

	Security	Repayment	Markup on LTFF	Markup on Non LTFF
6.03	Covered under securities for term finance 6.01	Initially the loan was repayable in five years with one year grace period. The loan was repayable in sixteen equal quarterly installments, commenced from August 27, 2012. During the year management has decided to pay total loan amount to reduce the borrowing cost. As a result, entire amount of loan has been repaid on February 09, 2015.	11.1% (2014: 11.1%)	-
6.04	Specific hypothecation charge of PKR 26.0 million over 507 number GTP Weaving Frames installed at weaving unit of company situated at 18 Kilometer, Faisalabad Road, Feroz Watwan, District Sheikhpura.	Initially the loan was repayable in five years with one year grace period. The loan was repayable in sixteen equal quarterly installments, commenced from August 25, 2012. During the year management has decided to pay total loan amount to reduce the borrowing cost. As a result, entire amount of loan has been repaid on February 25, 2015.	11.1% (2014: 11.1%)	-
6.05	Covered under securities for term finance 6.01	The loan is repayable in sixteen equal quarterly installments, commenced from 14th September, 2014.	9.4% (2014: 9.4%)	-
6.06	Covered under securities for term finance 6.01	The loan is repayable in sixteen equal quarterly installments, commenced from 17th March, 2015.	9.05% (2014: 9.05%)	-
6.07	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 twelve equal quarterly installments, commencing from 11th September, 2014.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.08	Covered under securities for term finance 6.07	The loan is repayable in twelve equal quarterly installments, commencing from 20th September, 2014.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.09	Covered under securities for term finance 6.07	The loan is repayable in twelve equal quarterly installments, commencing from 24th September, 2014.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.10	Covered under securities for term finance 6.07	The loan is repayable in twelve equal quarterly installments, commencing from 8th October, 2014.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

	Security	Repayment	Markup on LTFF	Markup on Non LTFF
6.11	Covered under securities for term finance 6.07	The loan is repayable in twelve equal quarterly installments, commencing from 16th October, 2014.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.12	Covered under securities for term finance 6.07	The loan is repayable in twenty four equal quarterly installments, commencing from 30th March, 2015.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.13	Covered under securities for term finance 6.07	The loan is repayable in twenty four equal quarterly installments, commencing from 5th May, 2015.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.14	Covered under securities for term finance 6.07	The loan is repayable in twenty four equal quarterly installments, commencing from 25th May, 2015.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.15	Covered under securities for term finance 6.07	The loan is repayable in twelve equal quarterly installments, commencing from 28th October, 2014.	9.05% (2014:9.05%)	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.16	Covered under securities for term finance 6.07	The loan is repayable in twenty four equal quarterly installments, commencing from 9th July, 2015.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.17	Covered under securities for term finance 6.07	The loan is repayable in twenty four equal quarterly installments, commencing from 4th August, 2015.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)
6.18	Covered under securities for term finance 6.07	The loan is repayable in twenty four equal quarterly installments, commencing from 5th September, 2015.	-	Three month KIBOR plus 0.75% (2014: Three month KIBOR plus 0.75%)

# FAISAL SPINNING MILLS LIMITED

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Rupees	Rupees
<b>7 Liabilities Against Assets Subject to Finance Lease</b>		
Minimum lease payments		
Up to one year	-	2,301,473
More than one year but less than five years	-	-
	-	2,301,473
Financial charges not yet due		
Up to one year	-	(78,070)
More than one year but less than five years	-	-
	-	(78,070)
Present value of minimum lease payments		
Up to one year	-	2,223,403
More than one year but less than five years	-	-
	-	2,223,403
Current portion shown under current liabilities	-	2,223,403
	-	-

7.1 This represents finance lease entered into with a banking institution for lease of vehicles. Markup is payable on three month KIBOR + 1.10% (2014: three month KIBOR + 1.10%) on monthly rental basis for a period of 36 months. The lease agreement contains purchase bargain option. Taxes, repairs, replacement and insurance costs are borne by the company. This is secured against the leased assets.

		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Note	Rupees	Rupees
<b>8 Deferred Liability</b>			
Infra structure fee payable	8.1	32,925,512	28,903,847
Staff retirement benefits - gratuity	8.2.1	121,773,629	87,063,318
Deferred taxation	8.3	27,533,732	-
		<b>182,232,873</b>	<b>115,967,165</b>

8.1 This represents amount payable to Excise and Taxation Department, Government of Sindh in respect of infrastructure fee levied through fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006). The Supreme Court in his judgment dated 17th May 2011 has decided that fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006) is valid and hence the levy imposed and collected from the effective date of the fifth version i.e. 28th December 2006 is valid and all imposition and collection before 28th December 2006 are declared to be invalid. The company has now filed petition in Sindh High Court, challenging fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006 regarding levy of infrastructure fee from the 28th December 2006. During the pendency of decision on fifth version of law, Sindh High Court has directed on 31st May 2011 to pay 50% of liability to Excise and Taxation Department, Government of Sindh, and provide bank guarantee of the remaining amount as calculated in accordance with the decision of Supreme Court of Pakistan. Subsequent imports of the company be released against 50% payment infrastructure fee to Excise and Taxation Department, Government of Sindh and furnishing bank guarantee of balance 50% amount. The company has provided bank guarantees amounting to PKR 32.805 Million (June 30, 2014: PKR 30.005 Million) in respect of unpaid infrastructure fee. The company has accrued unpaid infrastructure fee.

		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Note	Rupees	Rupees
<b>8.2 Staff retirement benefits - gratuity</b>			
<b>8.2.1 Movement in liability recognized in the balance sheet</b>			
Balance at beginning of year		87,063,318	79,050,611
Charged to profit and loss account and other comprehensive income	8.2.2	48,441,616	26,213,949
Benefits paid during the year		(13,731,305)	(18,201,242)
Balance at the end of the year		<b>121,773,629</b>	<b>87,063,318</b>



# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

	30th June 2015 Rupees	30th June 2014 Rupees
<b>8.2.2 Amount charged to profit and loss account / other comprehensive income</b>		
Current service cost	21,477,063	14,260,884
Interest cost	13,094,367	6,342,305
Charge to profit and loss account	34,571,430	20,603,189
Remeasurement charge to other comprehensive income	13,870,186	5,610,760
	<b>48,441,616</b>	<b>26,213,949</b>

**8.2.3** 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, 2015 using the "Projected Unit Credit Method" assuming a discount rate of 10.5% (June 30, 2014: 10%) per annum, expected rate of increase in salaries at 10.5% (June 30, 2014: 10%) per annum.

**8.2.4** There is no unrecognised actuarial loss/gain.

## 8.2.5 Historical information

	Actuarial adjustment arising (%)	Present value of defined benefit obligation PKR	Experience adjustment on plan liabilities PKR
30 <sup>th</sup> June 2015	11.39%	121,773,629	13,870,186
30 <sup>th</sup> June 2014	6.44%	87,063,318	5,610,760
30 <sup>th</sup> June 2013	8.08%	79,050,611	6,383,339
30 <sup>th</sup> June 2012	4.49%	64,851,460	2,911,852
30 <sup>th</sup> June 2011	8.46%	59,293,795	5,016,794

## 8.2.6 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(13,338,385)	14,851,764
Expected rate of increase in future salary	15,302,412	(13,922,285)

**8.2.7** The expected gratuity expense for the year ending 30th June 2016 is work out to PKR 44,755,621.

	30 <sup>th</sup> June 2015 Rupees	30 <sup>th</sup> June 2014 Rupees
<b>8.3 Deferred taxation</b>		
<b>Deferred tax liability / (assets) arising in respect of:</b>		
<b>Taxable temporary differences</b>		
Accelerated tax depreciation on owned assets	37,993,379	-
<b>Deductible temporary differences</b>		
Provision for employee benefit	(6,708,914)	-
Provision for doubtful debts	(3,750,733)	-
	(10,459,647)	-
	<b>27,533,732</b>	<b>-</b>



# FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

		30th June 2015	30th June 2014
		Rupees	Rupees
<b>8.3.1 Deferred taxation has been recognized as follows</b>			
Recognized in profit and loss account		28,297,887	-
Recognized in equity		(764,155)	-
		<u>27,533,732</u>	<u>-</u>
<b>8.3.2</b>	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 30% of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.		
		30th June 2015	30th June 2014
		Rupees	Rupees
<b>9 Trade and Other Payable</b>	<b>Note</b>		
Creditors		186,705,695	229,169,722
Accrued liabilities		301,783,928	155,712,003
Workers' profit participation fund	9.1	12,866,553	34,007,628
Workers' welfare fund	32.1	45,184,588	53,587,076
Unclaimed dividend		4,380,581	3,880,751
Others		1,848,040	2,493,546
		<u>552,769,385</u>	<u>478,850,726</u>
<b>9.1 Workers' profit participation fund</b>			
Balance at beginning of the year		34,007,628	42,324,511
Interest on funds utilized in the Company's business	9.2	1,537,140	2,046,430
		<u>35,544,768</u>	<u>44,370,941</u>
Paid during the year		(35,544,768)	(44,370,941)
		-	-
Allocation / expense for the year		12,866,553	34,007,628
		<u>12,866,553</u>	<u>34,007,628</u>
<b>9.2</b>	Interest on workers' profit participation fund has been provided @ 37.5% (June 30, 2014: 37.5%) per annum.		
<b>10 Accrued markup / interest</b>			
Accrued markup / interest on secured			
- long-term financing		11,974,384	19,335,588
- short-term borrowings		562,524	3,443,998
		<u>12,536,908</u>	<u>22,779,586</u>
<b>11 Short Term Borrowings</b>			
<b>From banking companies-secured</b>			
Short term money market loan		-	349,952,831
		<u>-</u>	<u>349,952,831</u>
<b>11.1</b>	The aggregate approved short term borrowing facilities amounted to PKR 4,360.0 Million (2014: PKR 4,260.0 Million).		
<b>11.2</b>	These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.1% to 2% (2014: 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. These facilities are expiring on various dates from October 31, 2015 to April 30, 2016.		



# FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Rupees	Rupees
<b>12 Current Portion of Non Current Liabilities</b>		
Long term financing	320,819,913	273,790,793
Liabilities against assets subject to finance lease	-	2,223,403
	320,819,913	276,014,196

## 13 Contingencies and Commitments

### Contingencies

**13.1** In normal course of business, the Company has issued indemnity bonds amounting to PKR 46.968 Million (June 30, 2014: PKR 46.968 Million) and post dated cheques amounting to PKR 188.461 Million (2014: PKR 168.439 Million) in favour of collector of customs and sales tax department in lieu of custom and sales tax levies against various statutory notification and the indemnity bond furnished by the Company are likely to be released after fulfillment of the terms of related SRO's.

**13.2** Bank guarantee issued to Sui Southern Gas Company Limited on behalf of the company PKR 52.567 Million (June 30, 2014: PKR 42.059 million) and to Sui Northern Pipeline Company Limited amounting to PKR 44.398 Million (2014: PKR 39.073 million).

### Commitments

Letters of credit for: (Raw material, stores & machinery)	751,976,882	45,230,008
Civil works	-	12,000,000
	751,976,882	57,230,008

## 14 PROPERTY, PLANT AND EQUIPMENT

Description	COST				DEPRECIATION				Book value as at June 30, 2015	Rate
	As at July 01, 2014	Additions	Transfers / (disposals)	As at June 30, 2015	As at July 01, 2014	Charge For the year	Transfers / (disposal)	As at June 30, 2015		
.....Rupees.....										
Freehold land	23,879,028	-	-	23,879,028	-	-	-	-	23,879,028	-
Leasehold land	7,115,885	-	-	7,115,885	-	-	-	-	7,115,885	-
Factory building on freehold land	234,041,827	-	-	234,041,827	161,470,957	7,257,088	-	168,728,045	65,313,782	10
Factory building on leasehold land	81,785,248	-	-	81,785,248	65,859,202	1,679,544	-	67,538,746	14,246,502	10
factory building on Leasehold extension	91,222,677	42,329,131	-	133,551,808	31,492,092	6,515,261	-	38,007,353	95,544,455	10
Non factory building on freehold land	91,734,032	-	-	91,734,032	36,327,766	2,770,314	-	39,098,080	52,635,952	5
Non factory building on leasehold land	26,956,055	-	-	26,956,055	14,165,869	302,696	-	14,468,565	12,487,490	5
Non factory building on Leasehold extension	63,544,124	69,480,796	-	133,024,920	8,592,749	2,825,090	-	11,417,839	121,607,081	5
Plant and machinery	2,948,571,818	468,569,987	-	3,368,210,343	1,372,493,332	183,192,692	(44,499,616)	1,511,186,408	1,857,023,935	10
		(48,931,462)						-		
Electric equipment and fitting	109,228,923	83,498,060	-	192,726,983	48,018,967	10,718,159	-	58,737,126	133,989,857	10
Gas line and pipe fitting	7,943,179	-	-	7,943,179	4,957,001	298,617	-	5,255,618	2,687,561	10
Factory equipment	23,529,391	-	-	23,529,391	12,423,858	1,359,690	-	13,783,548	9,745,843	10
Office equipment	2,478,707	-	-	2,478,707	1,640,972	39,552	-	1,680,524	798,183	10
Furniture and fixtures	7,331,344	-	-	7,331,344	5,171,552	215,980	-	5,387,532	1,943,812	10
Equipment and other assets	166,728,482	28,396,345	-	195,124,827	137,802,811	24,938,150	-	162,740,961	32,383,866	Three years
Vehicles	53,209,926	8,623,507	(1,055,300)	67,781,033	23,519,224	6,864,833	(887,103)	33,093,643	34,687,390	20
			7,002,900				3,596,689			
	3,939,300,646	700,897,826	7,002,900	4,597,214,610	1,923,936,352	248,977,666	(41,790,030)	2,131,123,988	2,466,090,622	
			(49,986,762)							
<b>ASSETS SUBJECT TO FINANCE LEASE:</b>										
Vehicle	7,002,900	-	(7,002,900)	-	2,745,137	851,552	(3,596,689)	-	-	20
	7,002,900	-	(7,002,900)	-	2,745,137	851,552	(3,596,689)	-	-	
<b>2015</b>	3,946,303,546	700,897,826	-	4,597,214,610	1,926,681,489	249,829,218	(45,386,719)	2,131,123,988	2,466,090,622	
			(49,986,762)							

# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

## PROPERTY, PLANT AND EQUIPMENT

Description	COST				DEPRECIATION				Book value as at June 30, 2014	Rate
	As at July 01, 2013	Additions / (disposals)	Transfers	As at June 30, 2014	As at July 01, 2013	Charge For the year	Transfers / (disposal)	As at June 30, 2014		
	Rupees									
Freehold land	23,879,028	-	-	23,879,028	-	-	-	-	23,879,028	-
Leasehold land	6,944,885	171,000	-	7,115,885	-	-	-	-	7,115,885	-
Factory building on freehold land	234,041,827	-	-	234,041,827	153,407,526	8,063,431	-	161,470,957	72,570,870	-
Factory building on leasehold land	81,785,248	-	-	81,785,248	64,675,603	1,183,599	-	65,859,202	15,926,046	10
factory building on Leasehold extension	47,534,953	43,687,724	-	91,222,677	26,275,493	5,216,599	-	31,492,092	59,730,585	10
Non factory building on freehold land	91,734,032	-	-	91,734,032	33,411,646	2,916,120	-	36,327,766	55,406,266	10
Non factory building on leasehold land	26,956,055	-	-	26,956,055	13,847,241	318,628	-	14,165,869	12,790,186	5
Non factory building on Leasehold extension	14,786,333	48,757,791	-	63,544,124	6,414,579	2,178,170	-	8,592,749	54,951,375	5
Plant and machinery	2,356,710,370	673,642,022	1,671,346	2,948,571,818	1,292,562,506	143,035,101	(2,803,587)	1,372,493,332	1,576,078,486	5
			(83,451,920)				(60,300,688)			
Electric equipment and fitting	74,407,671	34,821,252	-	109,228,923	40,995,619	4,581,653	2,441,695	48,018,967	61,209,956	10
Gas line and pipe fitting	7,943,179	-	-	7,943,179	4,625,203	331,798	-	4,957,001	2,986,178	10
Factory equipment	16,277,920	7,251,471	-	23,529,391	11,080,855	772,191	570,812	12,423,858	11,105,533	10
Office equipment	2,478,707	-	-	2,478,707	1,597,024	43,948	-	1,640,972	837,735	10
Furniture and fixtures	7,204,422	126,922	-	7,331,344	4,933,926	237,626	-	5,171,552	2,159,792	10
Equipment and other assets	144,779,185	23,620,643	(1,671,346)	166,728,482	101,651,834	36,359,897	(208,920)	137,802,811	28,925,671	10
Vehicles	37,476,624	17,591,582	-	53,209,926	20,421,813	3,938,179	-	23,519,224	29,690,702	Three years
			(1,858,280)				(840,768)			
	<b>3,174,940,439</b>	<b>849,670,407</b>	<b>(85,310,200)</b>	<b>3,939,300,646</b>	<b>1,775,900,868</b>	<b>209,176,940</b>	<b>(61,141,456)</b>	<b>1,923,936,352</b>	<b>2,015,364,294</b>	<b>20</b>
<b>ASSETS SUBJECT TO FINANCE LEASE:</b>										
Vehicles	7,002,900	-	-	7,002,900	1,680,696	1,064,441	-	2,745,137	4,257,763	20
	7,002,900	-	-	7,002,900	1,680,696	1,064,441	-	2,745,137	4,257,763	
<b>2014</b>	<b>3,181,943,339</b>	<b>849,670,407</b>	<b>(85,310,200)</b>	<b>3,946,303,546</b>	<b>1,777,581,564</b>	<b>210,241,381</b>	<b>(61,141,456)</b>	<b>1,926,681,489</b>	<b>2,019,622,057</b>	

14.1 Equipment and other assets includes assets amounting to PKR 99,950,299 (2014: PKR 99,950,299) which has been fully depreciated.

	Note	Year ended June 30 2015	Year ended June 30 2014
14.2 The depreciation charge for the year has been allocated as follows:			
<b>Cost of sales</b>	28	241,857,301	204,965,829
<b>Administrative expenses</b>	31	7,971,917	5,275,552
		<u>249,829,218</u>	<u>210,241,381</u>

### 14.3 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain / (loss) on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
Rupees							
<b>Plant and machinery</b>							
Ring Frame	36,129,757	32,904,767	3,224,990	7,250,000	4,025,010	Negotiation	Bhanero Textile Mills Limited, Karachi
Ring Frame	11,637,047	10,563,592	1,073,455	3,500,000	2,426,545	Negotiation	H.A. Haq Spinning Mills Limited, Faisalabad
Knitting machine	1,164,658	1,031,257	133,401	150,000	16,599	Negotiation	Bhanero Textile Mills Limited, Karachi
	48,931,462	44,499,616	4,431,846	10,900,000	6,468,154		
<b>Vehicles</b>							
Honda City-LWQ-5520	1,055,300	887,103	168,197	200,000	31,803	Negotiation	Athar Ahmed Khan, house   # 4, Muhallah Block No.7 Prem Nagar, Sanda Road, Lahore
	1,055,300	887,103	168,197	200,000	31,803		
<b>30-Jun-15</b>	<b>49,986,762</b>	<b>45,386,719</b>	<b>4,600,043</b>	<b>11,100,000</b>	<b>6,499,957</b>		

# FAISAL SPINNING MILLS LIMITED of Companies

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

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
<b>Plant and machinery</b>							
Airjetlooms-eightsets	18,142,468	13,223,574	4,918,894	6,600,000	1,681,106	Negotiation	Gagan Textile
Airjetlooms-sixsets	13,606,851	9,917,680	3,689,171	4,600,000	910,829	Negotiation	Ahmed Industries
Airjetlooms-foursets	9,071,234	6,674,315	2,396,919	3,000,000	603,081	Negotiation	Ahmed Industries
Airjetlooms-oneset	2,519,979	1,818,972	701,007	750,000	48,993	Negotiation	Ahmed Industries
Airjetlooms-sixteensets	36,284,936	26,697,260	9,587,676	11,134,304	1,546,628	Negotiation	Van Guard Industries
Airjetlooms-oneset	2,519,979	1,831,163	688,816	750,000	61,184	Negotiation	Ahmed Industries
Jacquard-foursets	1,306,473	137,724	1,168,749	1,200,000	31,251	Negotiation	Ahmed Industries
	83,451,920	60,300,688	23,151,232	28,034,304	4,883,072		
<b>Vehicles</b>							
Honda Civic-AUU-663	1,858,280	840,768	1,017,512	1,800,000	782,488	Insurance claim	UBL Insurer Limited
	1,858,280	840,768	1,017,512	1,800,000	782,488		
<b>30-Jun-14</b>	85,310,200	61,141,456	24,168,744	29,834,304	5,665,560		

	<b>30<sup>th</sup> June 2015</b>	<b>30<sup>th</sup> June 2014</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>15 Capital Work in Progress</b>		
Building and other civil works	77,664	50,307,694
Plant and machinery	730,561	419,184,096
Electric installation	-	50,791,345
Other - Stores for capitalization	-	5,406,258
	<u>808,225</u>	<u>525,689,393</u>
<b>16 Long term Investment</b>		
<b>Investment in associates</b>		
Investment in shares of Blessed Textiles Limited (1,189,160 ordinary shares of Rs. 10 each)	496,397,757	484,210,230
Cost of investment	11,891,600	11,891,600
Accumulated share of post acquisition profit - net of dividends received	472,318,630	435,748,281
Share of profit for the year	15,160,427	42,516,149
Dividend received during the year	(2,972,900)	(5,945,800)
	<u>484,506,157</u>	<u>472,318,630</u>
	<u>496,397,757</u>	<u>484,210,230</u>
<b>16.1 Summarized financial information of Blessed Textiles Limited is set out below:</b>		
Total assets	4,960,871,757	5,466,062,719
Total liabilities	2,282,031,080	2,847,037,357
Net assets	2,678,840,677	2,619,025,362
Company's share of associate's net assets	496,397,757	484,210,230
Sales- net	7,623,285,484	7,379,619,755
Profit for the year	82,000,630	229,963,899
Company's share of associate's profit for the year	15,160,427	42,516,149
<b>16.2 Market value per share</b>	146.00	151.96
Percentage of holding	18.49%	18.49%



# FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

	<b>30<sup>th</sup>June 2015</b>	<b>30<sup>th</sup>June 2014</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>17 Long Term Deposits</b>		
Security deposits	8,597,335	6,660,335
Others deposits	261,800	897,900
	<u>8,859,135</u>	<u>7,558,235</u>
<b>18 Stores, spare parts and loose tools</b>		
Stores, spare parts and loose tools	53,011,625	67,316,837
Chemicals and lubricants	4,928,859	9,548,641
Packing material	10,973,509	9,371,837
	<u>68,913,993</u>	<u>86,237,315</u>
Provision for slow moving store items	(1,080,488)	(1,080,488)
	<u>67,833,505</u>	<u>85,156,827</u>
<b>18.1 Provision for slow moving items comprises;</b>		
Balance at the beginning of the year	1,080,488	1,080,488
Recognised during the year	-	-
Written off during the year	-	-
Balance at the end of the year	<u>1,080,488</u>	<u>1,080,488</u>
<b>19 Stock in Trade</b>		
Raw material	1,108,364,183	1,604,818,137
Raw material in transit	88,168,950	104,810,078
Work in process	502,128,606	462,180,774
Finished goods	4,385,212	4,570,688
Waste	<u>1,703,046,951</u>	<u>2,176,379,677</u>

**19.1** Raw material stock cost PKR nil (2014: PKR 1,658,001,466) have been valued at PKR nil (2014: PKR 1,416,192,976) 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 PKR Nil (2014: PKR 241,808,490)

**19.2** Finished goods stock cost PKR 18,842,280 (2014: PKR 146,648,110) has been valued at PKR 6,825,501 (2014: PKR 130,053,436) being the replacement value of finished goods. The amount charge to profit and loss in respect of finished goods written down to net realizable value is PKR 12,016,779 (2014:16,594,674).

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

	<b>30<sup>th</sup>June 2015</b>	<b>30<sup>th</sup>June 2014</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>20 Trade Debts</b>		
Considered good		
Foreign secured through letters of credit	93,483,534	62,266,475
Local : unsecured	173,904,909	153,911,105
	<u>267,388,443</u>	<u>216,177,580</u>
Considered doubtful:		
Export	14,204,494	14,204,494
Local	50,057,560	50,057,560
	<u>64,262,054</u>	<u>64,262,054</u>
Provision for doubtful debts	(64,262,054)	(64,262,054)
	<u>267,388,443</u>	<u>216,177,580</u>

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

**20.1** The movement of the provision of doubtful receivable is as follow

Balance at the beginning of the year	64,262,054	64,262,054
Bad debts recovered during the year	-	-
Bad debts provided during the year	-	-
Balance at the ended of the year	<u>64,262,054</u>	<u>64,262,054</u>

### 21 Loans and Advances

Advances to suppliers - unsecured; considered good	87,210,769	35,486,930
Advances to employees	6,192,199	6,322,849
Letters of credit	394,228	174,335
Others	4,836	8,220
	<u>93,802,032</u>	<u>41,992,334</u>

### 22 Trade Deposits and Prepayments

Deposit against infrastructure fee payable	33,838,030	30,764,977
Trade deposit	1,115,000	555,000
Prepaid expenses	599,347	902,879
	<u>35,552,377</u>	<u>32,222,856</u>

**23.1** Effective mark up rate on these deposits range from 5.50% to 8% per annum (June 30, 2014: 7% to 8% per annum).

### 23 Other Receivables

Quality claim and other receivables	<u>2,594,432</u>	<u>2,594,432</u>
-------------------------------------	------------------	------------------

### 24 Income Tax Refundable

Advance income tax	86,759,207	102,914,126
Income tax refundable	101,062,225	47,427,813
	187,821,432	150,341,939
Provision for taxation	(50,369,378)	(36,005,594)
	<u>137,452,054</u>	<u>114,336,345</u>

### 25 Sales Tax Refundable

Sales tax refundable	80,139,073	78,822,247
Excise duty and federal excise duty refundable	3,817,583	3,817,583
Provision for doubtful excise duty and federal excise duty refundable	(3,817,583)	(3,817,583)
	<u>80,139,073</u>	<u>78,822,247</u>

### 26 Cash and bank balances

Cash in hand	-	-
Balances with banks in:		
Current accounts	70,943,201	44,133,930
Foreign currency accounts	2,815,796	9,474,516
Deposit accounts	3,454,029	45,945
	<u>77,213,026</u>	<u>53,654,391</u>

**26.1** It carries mark up at the rate of 5.00 to 9.24 (2014: 5.00 to 7.00) percent per annum.



# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Note	Rupees	Rupees
<b>27 Sales - Net</b>			
Export			
Yarn		4,360,748,597	4,387,301,011
Fabric		2,331,274,784	4,067,039,326
Waste		2,409,673	27,062,170
		6,694,433,054	8,481,402,507
Export rebate		2,932,943	1,444,112
Local		6,697,365,997	8,482,846,619
Yarn		261,030,143	164,404,863
Fabric		2,111,034,324	1,045,000,822
Cotton		164,624,484	15,955,750
Waste and others		117,723,067	128,502,248
		2,654,412,018	1,353,863,683
Gross sales		9,351,778,015	9,836,710,302
Sales tax		(70,751,376)	(56,230,188)
		<u>9,281,026,639</u>	<u>9,780,480,114</u>

27.1 Export sales include PKR nil (2014: PKR 855,020,669) in respect of indirect export sales.

27.2 Export sales include exchange gain of PKR 55,596,291 (2014: PKR 133,079,928).

		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014 Restated
		Rupees	Rupees
<b>28 Cost of Sales</b>			
Raw material consumed	28.1	6,459,572,513	7,148,532,815
Packing material consumed		120,325,029	106,348,995
Stores and spare parts consumed		169,929,134	152,842,035
Salaries, wages and benefits	28.2	455,900,259	382,862,106
Fuel, power and water		837,945,042	668,842,131
Insurance		21,097,749	22,302,854
Repair and maintenance		9,973,406	9,723,633
Rent, rates and taxes		1,797,830	2,815,647
Travelling, conveyance and entertainment		1,113,055	833,922
Vehicle running expenses		7,937,369	8,514,103
Communication		624,435	562,433
Fee and subscription		193,630	81,160
Depreciation	14.2	241,857,301	204,965,829
Others		1,011,470	1,219,496
		<u>8,329,278,222</u>	<u>8,710,447,159</u>





# FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014 Restated
		Rupees	Rupees
Work in process			
Opening stock		104,810,078	77,154,693
Closing stock		(88,168,950)	(104,810,078)
		16,641,128	(27,655,385)
Cost of goods manufactured		8,345,919,350	8,682,791,774
Cost of cotton sold	28.3	160,992,034	14,250,791
Finished stocks			
Opening stock		466,751,462	258,122,827
Finished goods purchased		392,915	465,920
Yarn and waste purchased		6,408,209	13,004,912
Closing stock		(506,513,818)	(466,751,462)
		(32,961,232)	(195,157,803)
<b>28.1 Raw material consumed</b>		<b>8,473,950,152</b>	<b>8,501,884,762</b>
Opening stock		1,604,818,137	1,754,021,776
Purchases		6,125,374,051	7,025,050,559
Cost of Raw material sold - cotton		(155,847,283)	(12,716,471)
Cost of Raw material sold - yarn		(6,408,209)	(13,004,912)
Closing stock		(1,108,364,183)	(1,604,818,137)
		6,459,572,513	7,148,532,815
<b>28.2 Salaries, wages and benefits includes employees retirement benefits amounting to PKR 27,913,183 ( June 30,2014: PKR 17,988,573).</b>			
<b>28.3 Cost of cotton sold</b>			
Cost of purchases		155,847,283	12,716,471
Direct expenses		5,144,751	1,534,320
		160,992,034	14,250,791
<b>29 Other Income</b>			
<b>Income from financial assets</b>			
Interest on bank deposits		2,136,935	2,332,867
<b>Income from assets other than financial assets</b>			
Gain on disposal of property, plant and equipment	14.3	6,499,972	5,665,560
Exchange gain/(loss) on foreign currency translation		79,248	-
Bad debts reversed / recovered		-	1,185,085
		8,716,155	9,183,512
<b>30 Distribution Cost</b>			
<b>Export</b>			
Steamer and air freight		87,580,170	102,401,895
Trailer freight		23,249,395	30,033,080
Clearing and forwarding		19,001,168	18,485,103
Export development surcharge		16,369,988	19,063,966
Commission		77,164,072	88,536,392
Sales promotion expenses		16,810,131	14,234,427
Insurance expenses		2,905,133	3,909,747
Claim settlement		320,559	2,985,420
Other export expenses		4,570,615	5,663,489
		247,971,231	285,313,519

# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
		Rupees	Rupees
<b>Local</b>			
	Freight on local sales	5,386,565	9,530,697
	Commission	14,777,543	13,210,944
	Quality claim	1,020,152	522,540
	Others	105,817	332,400
		<u>21,290,077</u>	<u>23,596,581</u>
		<u>269,261,308</u>	<u>308,910,100</u>
		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
		Rupees	Rupees
<b>31</b>	<b>Administrative Cost</b>		
	Directors' remuneration	14,400,000	12,400,000
	Staff salaries and benefits	35,127,628	29,170,689
	Traveling, conveyance and entertainment	5,051,284	6,246,921
	Printing and stationery	1,750,122	1,800,975
	Communication expenses	872,702	1,136,586
	Vehicles running and maintenance	3,645,964	4,430,540
	Legal and professional	919,500	2,251,311
	Auditors' remuneration	1,700,000	1,531,000
	Fee and subscription	2,457,902	715,000
	Repair and maintenance	260,300	92,310
	Rent, rates and taxes	1,054,655	1,032,647
	Depreciation	7,971,917	5,275,552
	Charity and donation	2,250,000	2,150,000
	Bad debts expenses	-	396,241
	Software license renewal and maintenance fee	294,141	285,574
	Others	1,225,132	458,465
		<u>78,981,247</u>	<u>69,373,811</u>
<b>32.1</b> Staff salaries and benefits includes employee retirement benefits amounting to PKR 6,658,248 (June 30, 2014: PKR 2,614,616).			
		30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
		Rupees	Rupees
<b>31.2</b>	<b>Auditors' remuneration</b>		
	Annual statutory audit	1,460,000	1,331,000
	Half yearly review	160,000	160,000
	Review of Code of Corporate Governance	80,000	40,000
		<u>1,700,000</u>	<u>1,531,000</u>
<b>32</b>	<b>Other Operating Expenses</b>		
	Workers' Profit Participation Fund	12,866,553	34,007,628
	Workers' Welfare Fund	5,060,544	53,587,076
	Exchange loss on foreign currency translation	-	12,071
		<u>17,927,097</u>	<u>87,606,775</u>

**32.1** It includes the provision for Workers' Welfare Fund. The company had accounted for all Workers' Welfare Fund liability in previous year. The company has filed the appeal before the Supreme Court of Pakistan against the decision of Sindh High Court. The case is pending before the Supreme Court of Pakistan.

# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	<u>Rupees</u>	<u>Rupees</u>
<b>33 Finance Cost</b>		
Mark-up on:		
- long term financing	119,452,542	78,783,907
- short term borrowings	60,916,610	123,221,478
- finance lease	81,145	300,635
- workers' profit participation fund	1,537,140	2,046,430
Letter of credit discounting	27,108,425	25,101,552
Bank charges and commission	2,660,306	1,922,764
	<u>211,756,168</u>	<u>231,376,766</u>

## 34 Provision for Taxation

**34.1** Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2014. Tax credit under Section 65 B of Income Tax Ordinance 2001 amounting to PKR 43,724,316 (June 2014: PKR 67,364,202) has been deducted from tax payable.

**34.2** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on September 23, 2015 has distributed sufficient cash dividend for the year ended 30 June 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2015.

	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	%	%
<b>34.3 Numerical reconciliation between the average tax rate and the applicable tax rate</b>		
Applicable tax rate	33.00	34.00
<b>Tax effect of amounts that are:</b>		
Income chargeable to tax at different rate	16.07	(10.06)
Tax credit	(17.29)	(10.51)
Deferred tax	(11.94)	-
inadmissible expense / (non taxable income)	-	(7.93)
Effective tax rate	<u>19.84</u>	<u>5.50</u>

## 35 Earnings per Share - Basic and Diluted

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

### Earnings

Earnings for the purpose of basic earnings per share - After tax profit for the year	<u>174,548,897</u>	<u>597,259,666</u>
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### Number of shares

Weighted average number of ordinary shares	<u>10,000,000</u>	<u>10,000,000</u>
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Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.

<b>Basic earnings per share</b>	<u>17.45</u>	<u>59.73</u>
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# FAISAL SPINNING MILLS LIMITED *of Companies*

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

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.

### 36 NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

In respect of current period, the board of directors in their meeting held on 23<sup>rd</sup> September 2015 has proposed to pay cash dividend of @50% i.e. PKR 5 per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

### 37 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive		Director	
	Year ended June 30, 2015	Year ended June 30, 2014	Year ended June 30, 2015	Year ended June 30, 2014
Remuneration	4,800,000	4,400,000	9,600,000	8,000,000
	4,800,000	4,400,000	9,600,000	8,000,000
Number of persons	1	1	2	2

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

### 38 Related Party Transactions

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

Nature of relationship	Nature of transactions	30 <sup>th</sup> June 2014	30 <sup>th</sup> June 2013
		Rupees	Rupees
Associated undertaking	Sales of fabric	1,529,195	1,154,635
	Sales of machinery, stores, spare parts and loose tools	9,910,140	-
	Sales of cotton	595,475	-
	Sales of yarn	4,681,334	34,735,350
	Purchase of yarn	807,544,618	829,486,849
	Purchase of cotton	65,787,172	-
	Purchase of fabrics	404,702	479,898
	Purchase of property, plant and equipment	2,223,000	-
	Services received	68,407,435	300,000
	Dividend received	2,972,900	5,945,800
	Electricity purchased	191,809,021	128,694,966
Retirement benefits	Provision for gratuity	48,441,616	26,213,949
Key management	Remuneration	14,400,000	12,400,000
Balance with related parties		20,000	20,000

### 39 Segment Analysis

The segment information for the reportable segments for the year ended 30<sup>th</sup> June 2015 is as follows

# FAISAL SPINNING MILLS LIMITED of Companies

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

39.1 Operating Results	Spinning		Weaving		Power Generation		Company	
	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14
<b>Sales</b>								
Export sales	4,363,158,270	4,409,109,956	2,331,274,784	4,072,292,551	-	-	6,694,433,054	8,481,402,507
Local sales	520,728,101	284,433,332	2,133,683,917	1,069,430,351	-	-	2,654,412,018	1,353,863,683
Custom rebate	-	-	2,932,943	1,444,112	-	-	2,932,943	1,444,112
Inter-segment sales	48,323,700	140,627,900	-	-	508,811,471	498,359,817	557,135,171	638,987,717
	4,932,210,071	4,834,171,188	4,467,891,644	5,143,167,014	508,811,471	498,359,817	9,908,913,186	10,475,698,019
<b>Discount and sales tax</b>								
Discount	-	-	-	-	-	-	-	-
Sales tax	(7,377,204)	(9,619,819)	(63,374,172)	(46,610,369)	-	-	(70,751,376)	(56,230,188)
	(7,377,204)	(9,619,819)	(63,374,172)	(46,610,369)	-	-	(70,751,376)	(56,230,188)
<b>Net sales</b>	4,924,832,867	4,824,551,369	4,404,517,472	5,096,556,645	508,811,471	498,359,817	9,838,161,810	10,419,467,831
<b>Cost of sales</b>	4,456,340,288	4,307,403,746	4,100,527,871	4,385,251,627	(82,918,007)	(190,770,611)	8,473,950,152	8,501,884,762
<b>Gross profit</b>	468,492,579	517,147,623	303,989,601	711,305,018	591,729,478	689,130,428	1,364,211,658	1,917,583,069
<b>Distribution cost</b>	136,284,319	138,943,422	132,976,989	169,966,678	-	-	269,261,308	308,910,100
<b>Administrative cost</b>	43,577,905	40,881,452	34,990,759	28,473,331	412,583	19,028	78,981,247	69,373,811
	179,862,224	179,824,874	167,967,748	198,440,009	412,583	19,028	348,242,555	378,283,911
<b>Operating result</b>	288,630,355	337,322,749	136,021,853	512,865,009	591,316,895	689,111,400	1,015,569,103	1,539,299,158
<b>39.2 Segment assets</b>	2,790,545,199	3,186,878,157	1,753,169,742	1,785,813,862	136,776,642	150,032,551	4,680,491,583	5,122,724,570
<b>Unallocated assets</b>							756,686,049	715,692,034
							5,437,177,632	5,838,416,604
<b>39.3 Segment liabilities</b>	1,016,831,659	1,507,907,347	491,485,847	653,576,609	199,634,338	91,204,953	1,707,951,844	2,252,688,909
<b>Unallocated liabilities</b>							64,839,825	32,784,598
							1,772,791,669	2,285,473,507

#### 39.4 Inter-segment pricing

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

40 Reconciliation of reportable segment turnover, cost of sales, assets and liabilities	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Rupees	Rupees
<b>40.1 Turnover</b>		
Total turnover for reportable segments	9,838,161,810	10,419,467,831
Elimination of inter-segment turnover	(557,135,171)	(638,987,717)
<b>Total turnover</b>	<u>9,281,026,639</u>	<u>9,780,480,114</u>
<b>40.2 Cost of sales</b>		
Total cost of sales for reportable segments	8,473,950,152	8,501,884,762
Elimination of inter-segment revenue	-	-
<b>Total cost of sales</b>	<u>8,473,950,152</u>	<u>8,501,884,762</u>
<b>40.3 Assets</b>		
Total assets for reportable segments	4,680,491,583	5,122,724,570
Taxation recoverable	217,591,127	193,158,592
Bank deposits	33,838,030	30,764,977
Long term investment	496,397,757	484,210,230
Long term deposit	8,859,135	7,558,235
<b>Total assets</b>	<u>5,437,177,632</u>	<u>5,838,416,604</u>



# FAISAL SPINNING MILLS LIMITED of Companies

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Rupees	Rupees
<b>40.4 Liabilities</b>		
Total liabilities for reportable segments	1,707,951,844	2,252,688,909
Unclaimed dividends	4,380,581	3,880,751
Infrastructure fee	32,925,512	28,903,847
Deferred taxation	27,533,732	-
<b>Total liabilities</b>	<b>1,772,791,669</b>	<b>2,285,473,507</b>

	Note	Spinning		Weaving		Power Generation		Company	
		Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14
<b>41 Cost of sales</b>									
Raw material consumed	41.1	3,255,590,577	3,456,797,755	3,203,981,936	3,691,735,060	-	-	6,459,572,513	7,148,532,815
Packing material consumed		104,989,138	88,154,742	15,335,891	18,194,253	-	-	120,325,029	106,348,995
Stores and spare parts		31,843,081	30,918,219	120,069,457	105,708,814	18,016,596	16,215,002	169,929,134	152,842,035
Salaries, wages and benefits		231,650,359	203,758,278	215,201,154	171,551,019	9,048,746	7,552,809	455,900,259	382,862,106
Fuel, power and water									
Inter-segment		467,806,510	443,817,127	41,004,961	54,542,690	(508,811,471)	(498,359,817)	-	-
Other		27,766,521	18,249,401	432,355,150	389,575,168	380,982,955	259,792,039	841,104,626	667,616,608
		495,573,031	462,066,528	473,360,111	444,117,858	(127,828,516)	(238,567,778)	841,104,626	667,616,608
Electricity duty		-	-	-	-	(3,159,584)	1,225,523	(3,159,584)	1,225,523
Insurance		11,012,932	13,151,937	4,830,994	4,319,622	5,253,823	4,831,295	21,097,749	22,302,854
Repair and maintenance		5,237,794	3,782,383	3,696,692	3,277,138	1,038,920	2,664,112	9,973,406	9,723,633
Rent, rates and taxes		1,677,315	2,713,607	120,515	102,040	-	-	1,797,830	2,815,647
Travelling, conveyance and entertainment		607,501	447,940	322,997	238,632	182,557	147,350	1,113,055	833,922
Vehicle running expenses		6,094,811	6,385,995	1,693,420	1,961,582	149,138	166,526	7,937,369	8,514,103
Communication		188,797	156,698	414,032	384,243	21,606	21,492	624,435	562,433
Fee and subscription		-	-	193,630	63,860	-	17,300	193,630	81,160
Depreciation		136,804,098	87,620,842	90,711,082	102,407,212	14,342,121	14,937,775	241,857,301	204,965,829
Others		840	-	994,044	1,201,513	16,586	17,983	1,011,470	1,219,496
		4,281,270,274	4,355,954,924	4,130,925,955	4,545,262,846	(82,918,007)	(190,770,611)	8,329,278,222	8,710,447,159
Work in process									
Opening stock		22,648,416	18,141,488	82,161,662	59,013,205	-	-	104,810,078	77,154,693
Closing stock		(20,654,369)	(22,648,416)	(67,514,581)	(82,161,662)	-	-	(88,168,950)	(104,810,078)
		1,994,047	(4,506,928)	14,647,081	(23,148,457)	-	-	16,641,128	(27,655,385)
Cost of goods manufactured		4,283,264,321	4,351,447,996	4,145,573,036	4,522,114,389	(82,918,007)	(190,770,611)	8,345,919,350	8,682,791,774
Cost of cotton sold	41.2	160,992,034	14,250,791	-	-	-	-	160,992,034	14,250,791
Finished stocks									
Opening stock		134,323,739	76,028,698	332,427,723	182,094,129	-	-	466,751,462	258,122,827
Finished goods purchased		-	-	392,915	465,920	-	-	392,915	465,920
Yarn purchased		-	-	6,408,209	13,004,912	-	-	6,408,209	13,004,912
Closing stock		(122,239,806)	(134,323,739)	(384,274,012)	(332,427,723)	-	-	(506,513,818)	(466,751,462)
		12,083,933	(58,295,041)	(45,045,165)	(136,862,762)	-	-	(32,961,232)	(195,157,803)
		4,456,340,288	4,307,403,746	4,100,527,871	4,385,251,627	(82,918,007)	(190,770,611)	8,473,950,152	8,501,884,762
<b>41.1 Raw material consumed</b>									
Opening stock		1,416,192,975	1,475,616,373	188,625,162	278,405,403	-	-	1,604,818,137	1,754,021,776
Purchases									
Inter-segment		(48,323,700)	(140,627,900)	48,323,700	140,627,900	-	-	-	-
Other		2,991,422,168	3,550,718,728	3,133,951,883	3,474,331,831	-	-	6,125,374,051	7,025,050,559
		2,943,098,468	3,410,090,828	3,182,275,583	3,614,959,731	-	-	6,125,374,051	7,025,050,559
Raw material sold - cotton		(155,847,283)	(12,716,471)	-	-	-	-	(155,847,283)	(12,716,471)
Raw material sold - yarn		-	-	(6,408,209)	(13,004,912)	-	-	(6,408,209)	(13,004,912)
Closing stock		(947,853,583)	(1,416,192,975)	(160,510,600)	(188,625,162)	-	-	(1,108,364,183)	(1,604,818,137)
		3,255,590,577	3,456,797,755	3,203,981,936	3,691,735,060	-	-	6,459,572,513	7,148,532,815

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

	Spinning		Weaving		Power Generation		Company	
	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14
<b>41.2 Cost of cotton sold</b>								
Cost of purchase	155,847,283	12,716,471	-	-	-	-	155,847,283	12,716,471
Direct expenses	5,144,751	1,534,320	-	-	-	-	5,144,751	1,534,320
	<u>160,992,034</u>	<u>14,250,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,992,034</u>	<u>14,250,791</u>
<b>42 Distribution cost</b>								
<b>Export</b>								
Steamer and air freight	46,500,354	45,950,899	41,079,816	56,450,996	-	-	87,580,170	102,401,895
Trailer freight	15,394,070	13,431,880	7,855,325	16,601,200	-	-	23,249,395	30,033,080
Clearing and forwarding	11,464,248	9,297,238	7,536,920	9,187,865	-	-	19,001,168	18,485,103
Export development surcharge	10,624,057	10,546,729	5,745,931	8,517,237	-	-	16,369,988	19,063,966
Commission	39,037,769	45,394,428	38,126,303	43,141,964	-	-	77,164,072	88,536,392
Sales promotion expenses	6,227,376	2,495,767	10,582,755	11,738,660	-	-	16,810,131	14,234,427
Adhesive stamps	-	-	2,905,133	3,909,747	-	-	2,905,133	3,909,747
Claim settlement	-	-	320,559	2,985,420	-	-	320,559	2,985,420
Other export expenses	213,663	933,490	4,356,952	4,729,999	-	-	4,570,615	5,663,489
	<u>129,461,537</u>	<u>128,050,431</u>	<u>118,509,694</u>	<u>157,263,088</u>	<u>-</u>	<u>-</u>	<u>247,971,231</u>	<u>285,313,519</u>
<b>Local</b>								
Freight on local sales	5,095,771	9,085,523	290,794	445,174	-	-	5,386,565	9,530,697
Commission	1,727,011	1,807,468	13,050,532	11,403,476	-	-	14,777,543	13,210,944
Quality claim	-	-	1,020,152	522,540	-	-	1,020,152	522,540
Others	-	-	105,817	332,400	-	-	105,817	332,400
	<u>6,822,782</u>	<u>10,892,991</u>	<u>14,467,295</u>	<u>12,703,590</u>	<u>-</u>	<u>-</u>	<u>21,290,077</u>	<u>23,596,581</u>
	<u>136,284,319</u>	<u>138,943,422</u>	<u>132,976,989</u>	<u>169,966,678</u>	<u>-</u>	<u>-</u>	<u>269,261,308</u>	<u>308,910,100</u>
<b>43 Administrative cost</b>								
Directors' remuneration	14,400,000	12,400,000	-	-	-	-	14,400,000	12,400,000
Staff salaries and benefits	19,911,042	17,888,345	15,216,586	11,282,344	-	-	35,127,628	29,170,689
Traveling, conveyance and entertainment	601,015	890,645	4,450,269	5,356,276	-	-	5,051,284	6,246,921
Printing and stationery	316,132	351,259	1,430,635	1,446,776	3,355	2,940	1,750,122	1,800,975
Communication expenses	307,315	374,316	565,387	762,270	-	-	872,702	1,136,586
Vehicles running and maintenance	1,381,831	1,604,295	2,264,133	2,826,245	-	-	3,645,964	4,430,540
Legal and professional	-	1,697,311	534,500	554,000	385,000	-	919,500	2,251,311
Auditors' remuneration	850,000	765,500	850,000	765,500	-	-	1,700,000	1,531,000
Fee and subscription	2,052,451	-	405,451	715,000	-	-	2,457,902	715,000
Repair and maintenance	186,050	13,710	74,250	78,600	-	-	260,300	92,310
Rent, rates and taxes	1,054,655	1,032,647	-	-	-	-	1,054,655	1,032,647
Depreciation	2,199,253	2,651,351	5,748,436	2,608,273	24,228	15,928	7,971,917	5,275,552
Charity and donation	-	500,000	2,250,000	1,650,000	-	-	2,250,000	2,150,000
Bad debts expenses	-	396,241	-	-	-	-	-	396,241
Software license renewal and maintenance fee	294,141	285,574	-	-	-	-	294,141	285,574
Others	24,020	30,258	1,201,112	428,047	-	160	1,225,132	458,465
	<u>43,577,905</u>	<u>40,881,452</u>	<u>34,990,759</u>	<u>28,473,331</u>	<u>412,583</u>	<u>19,028</u>	<u>78,981,247</u>	<u>69,373,811</u>

## 44 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. As at June 30, 2015 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.

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

### 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

	2015							
	Interest / Markup bearing			Non Interest / Markup bearing			Total	Effective Interest Rate %
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
<b>Financial assets</b>								
Trade debts	-	-	-	267,388,443	-	267,388,443	267,388,443	
Loans and advances	-	-	-	6,197,035	-	6,197,035	6,197,035	
Trade deposits	33,838,030	-	33,838,030	1,115,000	-	1,115,000	34,953,030	5.50 to 8
Other receivables	-	-	-	2,594,432	-	2,594,432	2,594,432	
Bank balances	3,454,029	-	3,454,029	73,758,997	-	73,758,997	77,213,026	
Long-term deposits	-	-	-	-	8,859,135	8,859,135	8,859,135	
	<u>37,292,059</u>	<u>-</u>	<u>37,292,059</u>	<u>351,053,907</u>	<u>8,859,135</u>	<u>359,913,042</u>	<u>397,205,101</u>	
<b>Financial liabilities</b>								
Long-term financing	320,819,913	704,432,590	1,025,252,503	-	-	-	1,025,252,503	6 to 11.1 and KIBOR + 0.75
Trade and other payables	12,866,553	-	12,866,553	494,718,244	-	494,718,244	507,584,797	
Mark-up accrued on loans	-	-	-	12,536,908	-	12,536,908	12,536,908	
Short-term borrowings	-	-	-	-	-	-	-	KIBOR + 0.1 to 2
	<u>333,686,466</u>	<u>704,432,590</u>	<u>1,038,119,056</u>	<u>507,255,152</u>	<u>-</u>	<u>507,255,152</u>	<u>1,545,374,208</u>	
<b>On balance sheet gap</b>	<u>(296,394,407)</u>	<u>(704,432,590)</u>	<u>(1,000,826,997)</u>	<u>(156,201,245)</u>	<u>8,859,135</u>	<u>(147,342,110)</u>	<u>(1,148,169,107)</u>	
<b>Contingencies</b>								
Post dated cheques							188,461,262	
Indemnity bonds							46,968,016	
Guarantees (Note 8.1 and Note 13.2)							129,770,754	
Letters of credit							751,976,882	

	2014							
	Interest / Markup bearing			Non Interest / Markup bearing			Total	Effective Interest Rate %
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
<b>Financial assets</b>								
Trade debts	-	-	-	216,177,580	-	216,177,580	216,177,580	
Loans and advances	-	-	-	6,331,069	-	6,331,069	6,331,069	
Trade deposits	30,764,977	-	30,764,977	555,000	-	555,000	31,319,977	7 to 8
Other receivables	-	-	-	2,594,432	-	2,594,432	2,594,432	
Bank balances	-	-	-	53,654,391	-	53,654,391	53,654,391	
Long-term deposits	-	-	-	-	7,558,235	7,558,235	7,558,235	
Long term investments	-	-	-	-	484,210,230	484,210,230	484,210,230	
	<u>30,764,977</u>	<u>-</u>	<u>30,764,977</u>	<u>279,312,472</u>	<u>491,768,465</u>	<u>771,080,937</u>	<u>801,845,914</u>	



# FAISAL SPINNING MILLS LIMITED of Companies

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

2014

	Interest / Markup bearing			Non Interest / Markup bearing			Total Rupees	Effective Interest Rate %
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
<b>Financial liabilities</b>								6 to 11.1 and KIBOR + 0.75
Long-term financing	276,014,196	1,041,909,003	1,317,923,199	-	-	-	1,317,923,199	
Trade and other payables	34,007,628	-	34,007,628	391,256,022	-	391,256,022	425,263,650	
Mark-up accrued on loans	-	-	-	22,779,586	-	22,779,586	22,779,586	
Short-term borrowings	349,952,831	-	349,952,831	-	-	-	349,952,831	KIBOR + 0.1 to 2
	<u>659,974,655</u>	<u>1,041,909,003</u>	<u>1,701,883,658</u>	<u>414,035,608</u>	<u>-</u>	<u>414,035,608</u>	<u>2,115,919,266</u>	
<b>On balance sheet gap</b>	<u>(629,209,678)</u>	<u>(1,041,909,003)</u>	<u>(1,671,118,681)</u>	<u>(134,723,136)</u>	<u>491,768,465</u>	<u>357,045,329</u>	<u>(1,314,073,352)</u>	
<b>Contingencies</b>								
Post dated cheques							168,439,963	
Indemnity bonds							46,968,016	
Guarantees (Note 8 and Note 13.2)							111,138,460	
Letters of credit							45,230,008	
Civil work							12,000,000	

#### 44.1 Interest rate risk management

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

#### 44.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 982,137,183 (June 30, 2014: PKR 838,410,058 ), unsecured local trade debts, advances to suppliers, and other advances amounting in aggregate to PKR 364,484,733 (June 30, 2014: PKR 260,764,346) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales."

#### 44.3 Liquidity risk

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

#### 44.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2015, the total foreign currency risk exposure was PKR 96,299,330 (June 30, 2014: PKR 71,740,991) in respect of foreign trade debts.

#### 44.5 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. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values."

# FAISAL SPINNING MILLS LIMITED of Companies

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

## 44.6 Credit risk

### 44.6.1 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:

	30 <sup>th</sup> June 2015 Rupees	30 <sup>th</sup> June 2014 Rupees
Loans and receivables:		
Long term deposits	8,859,135	7,558,235
Trade receivables	267,388,443	216,177,580
Deposit with financial institutions	35,552,377	32,222,856
Other receivables	2,594,432	2,594,432
Cash at banks	77,213,026	53,654,391
	<b>391,607,413</b>	312,207,494

### 44.6.2 Concentration of credit risk

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

Domestic	173,904,909	153,911,105
Europe	23,221,905	21,422,782
United States of America	7,675,506	7,377,099
Asia and Middle East	62,586,123	33,466,594
	<b>267,388,443</b>	216,177,580

### 44.6.3 Impairment losses

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

Not past due	267,115,887	216,177,580
Past dues less than one year	24,468	-
Past dues more than one year but less than three years	248,088	-
Past dues more than three years	64,262,054	64,262,054
	<b>331,650,497</b>	280,439,634
Impairment	<b>(64,262,054)</b>	(64,262,054)
	<b>267,388,443</b>	216,177,580

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

As at beginning of the year	64,262,054	64,262,054
Impairment loss recognized	-	-
Impairment loss reversed	-	-
As at end of the year	<b>64,262,054</b>	64,262,054

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

### 44.6.4 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.

### 44.7 Liquidity risk

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

# FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

	As at June 30, 2015				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,025,252,503	1,217,039,019	398,241,881	818,797,138	-
Accrued markup / Interest	12,536,908	12,536,908	12,536,908	-	-
Trade creditors	186,705,695	186,705,695	186,705,695	-	-
Accrued liabilities	301,783,928	301,783,928	301,783,928	-	-
Unclaimed dividend	4,380,581	4,380,581	4,380,581	-	-
Other payables	14,714,593	14,714,593	14,714,593	-	-
	<u>1,545,374,208</u>	<u>1,737,160,724</u>	<u>918,363,586</u>	<u>818,797,138</u>	<u>-</u>
	As at June 30, 2014				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	1,315,699,796	1,650,478,927	391,041,244	1,259,437,683	-
Liabilities against assets subject to finance lease	2,223,403	2,301,473	2,301,473	-	-
Short term borrowings	349,952,831	388,097,690	388,097,690	-	-
Accrued markup / interest	22,779,586	22,779,586	22,779,586	-	-
Trade creditors	229,169,722	229,169,722	229,169,722	-	-
Accrued liabilities	155,712,003	155,712,003	155,712,003	-	-
Unclaimed dividend	3,880,751	3,880,751	3,880,751	-	-
Other payables	36,501,174	36,501,174	36,501,174	-	-
	<u>2,115,919,266</u>	<u>2,488,921,326</u>	<u>1,229,483,643</u>	<u>1,259,437,683</u>	<u>-</u>
				<b>30<sup>th</sup> June 2015</b>	<b>30<sup>th</sup> June 2014</b>
				<b>Rupees</b>	<b>Rupees</b>

## 44.8 Market risk

### 44.8.1 Currency risk

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

Trade receivables	<b>93,483,534</b>	62,266,475
Cash and cash equivalents	<b>2,815,796</b>	9,474,516
Total exposure	<b>96,299,330</b>	71,740,991

All foreign currency balances are denominated in USD. Average exchange rate used during the year and spot exchange rate applied at the reporting date was PKR 101.85 / USD (2014: PKR 98.55 / USD ). Spot exchange rate for foreign currency balances under usance letter of credit applied at the reporting date was PKR 98.87 / USD (2014: PKR 95.6754 / USD).

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 9,629,933 (2014: PKR 7,174,099). 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.

### 44.8.2 Interest rate risk

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



# FAISAL SPINNING MILLS LIMITED

Notes to the financial statements  
For the year ended 30<sup>th</sup> June 2015

	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014
	Rupees	Rupees
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	<b>219,943,000</b>	333,988,000
<b>Variable rate instruments</b>		
Financial assets	<b>37,292,059</b>	30,810,922
Financial liabilities	<b>805,309,503</b>	1,333,888,030

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 8,053,095 (2014: PKR 13,338,880). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

#### 44.9 Fair values

Fair value is the amount for which an asset could be exchanged or a liability be settled between knowledgeable willing parties, in an arm's length transaction. As at the reporting date, the fair values of all financial instruments are considered to approximate their book values.

#### 45 Accounting Estimates and Judgments

##### 45.1 Income taxes

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

##### 45.2 Investment stated at fair value

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

##### 45.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

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

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

##### 45.5 Interest rate and cross currency swap

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

#### 46 PLANT CAPACITY AND ACTUAL PRODUCTION

	2015	2014
<b>46.1 Spinning unit</b>		
Number of spindles installed	38,208	37,920
Number of spindles worked (Average)	38,208	32,186
Number of working days	364	364
Number of shifts per day	3	3
Installed capacity in kilograms, after conversion into 20/s count (based on actual number of working days)	19,921,801	11,957,025
Actual production of yarn in kilograms,	19,185,613	15,695,603

# FAISAL SPINNING MILLS LIMITED of Companies

## Notes to the financial statements For the year ended 30<sup>th</sup> June 2015

### 46.2 Weaving unit

Number of looms installed	263	263
Number of looms worked	263	263
Number of working days	364	364
Number of shifts per day	3	3
Installed capacity in meters, after conversion into 50 picks (based on number of actual working days)	41,237,155	41,237,155
Actual production of fabric in meters	32,012,776	32,931,606

**46.3** 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.

**46.4** The difference between installed capacity and actual production is in normal course of business.

### 47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on 23<sup>rd</sup> September 2015.

### 48 NUMBER OF EMPLOYEES

	2015	2014
Average number of employees for the year ended 30th June	1,077	1,026
Number of employees as on 30th June	1,081	1,026

### 49 CORRESPONDING FIGURES

**49.1** Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the purposes of comparison. Following reclassifications have been made in these financial statements.

NOTE	FROM	TO	REASOSNS	AMOUNT
28	Cost of Sales -electricity duty	Cost of Sales -fuel, power and water	Better classification	1,225,523
32	Other income	Other operating expenses	Better classification	12,071
31	Admin expenses - Comm. expenses	Admin expenses-Software licence renewal	Better classification	285,574
8	Infrastructure fee payable	Deferred liabilities-infrastructure fee	Better classification	28,903,847

**49.2** Nomenclature of the following accounts have been changed for better understanding and presentation.

NOTE	PREVIOUS YEAR	CURRENT YEAR	REASON
6	Long term finances	Long term financing	Better presentation
7	Obligation under finance lease	Liabilities against assets subject to finance lease	Better presentation
8.2	Employee benefits	Staff retirement benefits - gratuity	Better presentation
10	Markup accrued on loans and other	Accrued markup / interest	Better presentation
12	Current portion of long term loans	Current portion of non current liabilities	Better presentation
26	Bank Balances	Cash and bank balances	Better presentation

### 50 GENERAL

The figures have been rounded off to the nearest Rupee.

**Bilal Sharif**  
Chief Executive

Karachi:

Date: 23<sup>rd</sup> September 2015

**Mohammad Salim**  
Director

# FAISAL SPINNING MILLS LIMITED of Companies

## Year wise Operating Data

Year Ended 30<sup>th</sup> June

	2015	2014	2013	2012	2011	2010
<b>Spinning Unit</b>						
Spindle installed	38,208	37,920	30,720	30,720	30,720	30,720
Spindles worked - Average	38,208	32,186	30,720	30,720	30,720	30,720
Installed capacity after conversion into 20/s count - Kg	19,921,801	11,957,025	11,434,172	11,434,172	11,434,172	11,434,172
Actual production - Kg	19,185,613	15,695,603	13,231,667	12,291,733	12,110,907	11,554,389

### Weaving Unit

Air jet looms installed	263	263	277	263	263	243
Air jet looms worked	263	263	263	263	263	243
Installed capacity after conversion into 50 picks - Meter	41,237,155	41,237,155	41,237,155	41,237,155	41,237,155	41,107,384
Actual production - Meter	32,012,776	32,931,606	31,489,829	31,585,583	39,542,809	43,814,538

## Year wise Financial Data

Year Ended 30<sup>th</sup> June

	2015	2014	2013	2012	2011	2010
<b>Rupees in Thousands</b>						
<b>Profit and loss account</b>						
Turnover (Net)	9,281,027	9,780,480	8,488,787	7,632,725	9,137,111	5,230,637
Gross profit	807,076	1,279,136	1,286,668	860,465	1,248,952	875,473
Operating profit	449,623	821,889	957,776	509,741	867,387	567,198
Financial expenses	211,756	231,377	154,786	186,617	223,733	211,118
Share profit of associate	15,160	42,516	72,957	52,374	112,704	78,301
Profit before tax	253,027	633,028	875,947	375,498	756,358	434,381
Profit after tax	174,549	597,259	798,232	298,997	658,553	402,630
Cash dividend	50,000	50,000	50,000	75,000	50,000	7,500

### Balance Sheet

Share capital	100,000	100,000	100,000	100,000	100,000	100,000
Reserves	3,500,000	3,400,000	2,800,000	2,100,000	1,800,000	1,250,000
Shareholder equity	3,664,386	3,552,943	3,011,294	2,263,062	2,039,064	1,430,510
Long term liabilities	704,433	1,041,909	536,700	181,680	263,194	121,716
Short term loan	-	349,953	929,000	540,500	625,341	599,783
Current liabilities	886,126	1,127,597	1,443,741	1,086,663	1,218,842	1,193,096
Current portion of long term loans	320,820	276,014	85,421	95,563	178,933	266,916
Fixed assets	2,466,091	2,019,622	1,404,362	1,439,395	1,513,757	1,340,343
Current assets	2,465,022	2,801,337	2,856,422	1,737,076	1,733,161	1,291,859

### Ratios

#### Performance

Sales growth percentage -

Year to Year basis

Gross profit (%)

Profit before tax (%)

Profit after tax (%)

-5.11%	15.22%	11.22%	-16.46%	74.68%	22.44%
8.70%	13.08%	15.16%	11.27%	13.67%	16.74%
2.73%	6.47%	10.32%	4.92%	8.28%	8.30%
1.88%	6.11%	9.40%	3.92%	7.21%	7.70%

#### Leverage

Gearing ratio

Debt to equity (%)

Interest covering ratio

0.28	0.47	0.52	0.36	0.52	0.69
19.22%	29.33%	17.82%	8.03%	12.91%	8.51%
2.19	3.74	6.66	3.01	4.38	3.06

#### Liquidity ratio

Current ratio

2.78	2.48	1.98	1.60	1.42	1.08
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**PATTERN OF SHAREHOLDING  
AS AT JUNE 30, 2015**

NUMBER OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
232	1	100	10,282
356	101	500	167,159
45	501	1000	42,390
48	1001	5000	122,600
9	5001	10000	66,300
3	10001	15000	39,200
3	15001	20000	52,426
4	25001	30000	115,892
1	30001	35000	32,692
2	45001	50000	98,077
2	50001	55000	105,000
1	70001	75000	74,600
2	95001	100000	194,923
1	105001	110000	109,500
1	120001	125000	122,100
1	125001	130000	129,231
1	135001	140000	136,919
1	195001	200000	199,055
1	200001	205000	200,380
1	210001	215000	211,500
1	220001	225000	222,700
1	230001	235000	235,000
1	235001	240000	237,577
1	270001	275000	274,000
1	280001	285000	280,500
1	310001	315000	312,688
2	330001	335000	669,910
3	335001	340000	1,011,923
1	395001	400000	395,216
1	450001	455000	451,000
1	460001	465000	460,923
1	530001	535000	533,960
1	660001	665000	661,500
1	735001	740000	739,977
1	1280001	1285000	1,282,900
<u>733</u>			<u>10,000,000</u>

\* There is no shareholding in the slab not mentioned



# FAISAL SPINNING MILLS LIMITED *of Companies*

AS AT JUNE 30, 2015

Sr #	Shareholder Category	Percentage	No. of Shares
<b>1</b>	<b>ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES</b>		
	ADMIRAL (PVT) LTD	12.83	1,282,900
	MR. FARRUKH SALEEM	1.36	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	7.40	739,977
	MRS. SABA YOUSUF	0.97	97,923
	MRS. SABA SAQIB	2.12	211,500
	MRS. SADAF FARRUKH	2.74	274,000
	MRS. SUMBUL HUSSAIN	2.35	235,000
	MR. HAMZA SHAKEEL	2.81	280,500
	MISS. NOOR SHAKEEL	0.50	50,000
<b>2</b>	<b>NIT</b>		
	INVESTMENT CORPORATION OF PAKISTAN	0.01	500
<b>3</b>	<b>CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN</b>		
	MR. MUHAMMAD SHARIF	0.29	28,846
	MR. MUHAMMAD SALEEM	0.29	28,846
	MR. MUHAMMAD SHAHEEN	0.33	32,692
	MR. MUHAMMAD SHAKEEL	0.48	48,077
	MR. KHURRAM SALEEM	2.00	200,380
	MR. BILAL SHARIF	3.34	334,995
	MR. MUHAMMAD AMIN	4.61	460,923
	MR. ADIL SHAKEEL	6.62	661,500
	MR. IQBAL MEHBOOB VOHRA	0.01	500
	MRS. YASMIN BEGUM	2.38	237,577
	MRS. ANJUM BEGUM	0.00	57
	MRS. SEEMA BEGUM	3.35	334,915
	MRS. NAZLI BEGUM	1.29	129,231
	MRS. AMNA KHURRAM	1.10	109,500
	MRS. SAMIA BILAL	5.34	533,960
	MRS. FATIMA AMIN	4.51	451,000
	MASTER ABDULLAH BILAL	3.37	337,200
	MASTER ALI BILAL	3.37	337,361
	MASTER AZAAN BILAL	3.37	337,362
	MASTER UMER KHURRUM	0.97	97,000
<b>4</b>	<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODABARAS AND MUTUAL FUNDS</b>		
	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTAR)	0.04	3,600
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2.23	222,700
	FIRST TRI-STAR MODARABA	0.00	100



# FAISAL SPINNING MILLS LIMITED

AS AT JUNE 30, 2015

Sr #	Shareholder Category	Percentage	No. of Shares
<b>5</b>	<b>JOINT STOCK COMPANIES</b>		
	TAURUS SECURITIES LIMITED	0.01	500
	ZILLION CAPITAL SECURITIES (PVT) LTD.	0.01	1,000
<b>6</b>	<b>OTHER COMPANIES</b>	0.04	3,501
<b>7</b>	<b>INDIVIDUAL SHAREHOLDERS</b>	8.50	850,499
	<b>TOTAL</b>	<u><u>100.00</u></u>	<u><u>10,000,000</u></u>
<b>8</b>	<b>DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN</b>	-	NIL
<b>9</b>	<b>SHAREHOLDERS HOLDING 05% OR MORE</b>		
	ADMIRAL (PVT) LTD	12.83	1,282,900
	MR. FAISAL SHAKEEL	7.40	739,977
	MR. ADIL SHAKEEL	6.62	661,500
	MRS. SAMIA BILAL	5.34	533,960

## CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2015

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer their Spouses and minor children	20	4,701,922	47.02
2	Associated Companies, Undertaking and Related Parties	12	4,215,678	42.15
3	NIT / ICP	1	500	0.01
4	Bank / Financial Institution	1	3,600	0.04
5	Insurance Company	1	222,700	2.22
6	Modarabas & Mutual Funds	1	100	0.00
7	General Public / Individuals	691	850,499	8.50
8	Other Companies	4	3,501	0.04
9	Joint Stock Companies	2	1,500	0.02
		<b>733</b>	<b>10,000,000</b>	<b>100.00</b>

# JamaPunji

## Securities and Exchange Commission of Pakistan's Landmark Initiative for Investor Education



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**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 31<sup>st</sup> Annual General Meeting of the Company to be held on  
Wednesday 28<sup>th</sup> October, 2015 at 5:30 p.m. at Umer House, 23/1, Sector 23, S.M. Farooq  
Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

WITNESS

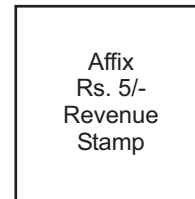
Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

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



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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Notes:

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

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

**REGISTERED OFFICE**

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

Phones : 021 - 35115177 - 80

Fax No. : 021 - 35063002 - 3

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

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