



of Companies

**FIRST QUARTERLY ACCOUNTS
2021-2022
(UN - AUDITED)**

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED



Vision

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



Mission Statement

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

Directors' Review

On behalf of the board of directors of Faisal Spinning Mills Limited, I am pleased to present the unaudited condensed interim financial statements for the first quarter ended September 30, 2021.

Significant Financial Performance for the First Quarter Ended September 30, 2021;

Profit after tax for the first quarter ended September 30, 2021 is PKR 936.037 million as compared to PKR 71.858 million in the corresponding period ended September 30, 2020.

Earnings per share for the first quarter ended September 30, 2021 is PKR 93.60 (Sep 30 2020: PKR 7.19).

Break-up value of the share as on September 30, 2021 is PKR 968.71 (June 30, 2021: PKR 875.35).

The current ratio for first quarter ended September 30, 2021 is 1.78 (June 30, 2021: 2.14).

Economic Outlook

The IMF projected country growth by 4 percent during 2021-22, which is still below the official target of 4.8 percent yet it seems to be decent rate by having the circumstances we faced in the form of pandemic.

However, the current account deficit is of great concern for the country which remained elevated at \$3.4 billion during the July-September of fiscal year 2021-22 owing to increase in demand of machinery along with a surge in energy pricing (both coal & oil) Besides, the cold temperatures in the northern hemisphere are also expected to deteriorate energy pricing and it's apparent that until mid 2022 the energy prices are not going to settle down.

The increase in global commodity pricing and shipping freight charges due to disruption in supply chain are also the cause of widening in the current account deficit during the first quarter of the fiscal year.

Albeit our textile exports increased by 27 percent i.e \$4.4 billion on YoY basis coupled with record remittances of \$8 billion during July-September 2021, the lofty import bills offset its impact in the current account deficit.

The PKR slide continues against the green back which is trading above 173 in October 2021. There are reports that negotiations with the International Monetary Fund (IMF) are expected to be concluded soon to avail the next tranche of a \$6 billion under Extended Fund Facility (EFF). This means stringent monetary measure may be taken soon by the State Bank of Pakistan and it's highly anticipated that key rate might increase by 100 basis points.

Since the industry is still in the recovery phase from the pandemic, any change in benchmark rate will make them less competitive with the regional competitors due to increase in borrowing cost.

Acknowledgment

The Board highly appreciates the contribution of employees, bankers, corporate regulators, stakeholders and other government authorities for their continuous support.

On behalf of the Board



Bilal Sharif
(Chief Executive Officer)
October 28, 2021
Karachi

Faisal Spinning Mills Limited

Condensed Interim Statement of Financial Position As at September 30, 2021

	Note	September 30, 2021	June 30, 2021		Note	September 30, 2021	June 30, 2021
		Un-Audited Rupees	Audited Rupees	ASSETS		Un-Audited Rupees	Audited Rupees
<u>EQUITY AND LIABILITIES</u>							
<u>SHARE CAPITAL AND RESERVES</u>				<u>NON CURRENT ASSETS</u>			
Authorized capital 12,000,000 (June 30, 2021: 12,000,000) ordinary shares of PKR 10 each		<u>120,000,000</u>	<u>120,000,000</u>	Property, plant and equipment	7	<u>9,444,474,683</u>	<u>8,979,568,185</u>
Issued, subscribed and paid up capital		<u>100,000,000</u>	<u>100,000,000</u>	Long term investment		<u>1,243,987,341</u>	<u>1,112,185,082</u>
Reserves		<u>7,300,000,000</u>	<u>7,300,000,000</u>	Long term deposits		<u>22,618,915</u>	<u>22,618,915</u>
Unappropriated profits		<u>1,349,298,334</u>	<u>413,260,867</u>			<u>10,711,080,939</u>	<u>10,114,372,182</u>
Loan from directors and sponsors	4	<u>937,781,000</u>	<u>940,281,000</u>				
		<u>9,687,079,334</u>	<u>8,753,541,867</u>				
<u>NON CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>			
Long term financing - secured		<u>4,478,106,605</u>	<u>4,404,730,067</u>	Stores, spare parts and loose tools		<u>303,180,273</u>	<u>238,240,041</u>
Long term payables	5	<u>672,938,614</u>	<u>840,903,279</u>	Stock in trade		<u>5,883,410,268</u>	<u>5,236,326,377</u>
Employees retirement benefits		<u>236,369,499</u>	<u>220,775,762</u>	Trade debts		<u>2,351,719,945</u>	<u>1,369,519,792</u>
Deferred taxation		<u>74,566,853</u>	<u>74,566,853</u>	Loans and advances		<u>162,889,802</u>	<u>148,747,264</u>
Deferred grant		<u>80,249,007</u>	<u>40,306,695</u>	Trade deposits and prepayments		<u>295,910,282</u>	<u>237,825,682</u>
		<u>5,542,230,578</u>	<u>5,581,282,656</u>	Other receivables		<u>25,479,929</u>	<u>23,561,693</u>
<u>CURRENT LIABILITIES</u>				Advance income tax		<u>136,527,103</u>	<u>150,733,872</u>
Trade and other payables		<u>1,834,139,306</u>	<u>1,400,126,334</u>	Sales tax refundable		<u>641,642,192</u>	<u>396,631,584</u>
Unclaimed Dividend		<u>13,958,732</u>	<u>14,042,893</u>	Cash and bank balances		<u>536,997,199</u>	<u>117,918,306</u>
Accrued markup / interest		<u>51,777,700</u>	<u>47,570,172</u>			<u>10,337,756,993</u>	<u>7,919,504,611</u>
Short term borrowings - secured		<u>3,545,603,628</u>	<u>1,878,178,226</u>				
Current portion of non current liabilities		<u>374,048,654</u>	<u>359,134,645</u>				
		<u>5,819,528,020</u>	<u>3,699,052,270</u>				
<u>CONTINGENCIES AND COMMITMENTS</u>							
	6	-	-				
TOTAL EQUITY AND LIABILITIES		<u>21,048,837,932</u>	<u>18,033,876,793</u>	TOTAL ASSETS		<u>21,048,837,932</u>	<u>18,033,876,793</u>

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Profit or Loss (Un-Audited)

For the First Quarter Ended September 30, 2021

	Note	September 30, 2021	September 30, 2020
		Rupees	Rupees
Sales		6,549,225,745	3,668,040,148
Cost of goods sold		5,242,686,692	3,353,283,747
Gross profit		1,306,539,053	314,756,401
Distribution cost		243,898,147	98,029,784
Administrative expenses		63,943,904	35,264,440
		307,842,051	133,294,224
Other income		21,127,730	4,081,181
		1,019,824,732	185,543,358
Other operating expenses		67,157,306	6,710,308
Finance cost		78,760,663	83,304,811
		145,917,969	90,015,119
Operating Profit		873,906,763	95,528,239
Share of profit of associated undertaking		131,802,259	16,244,389
Profit before tax		1,005,709,022	111,772,628
Provision for taxation	9	69,671,555	39,914,724
Profit after tax		936,037,467	71,857,904
Earnings per share - basic and diluted		93.60	7.19

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited) For the First Quarter Ended September 30, 2021

	Quarter Ended	
	September 30, 2021	September 30, 2020
	Rupees	Rupees
Profit for the period after taxation	936,037,467	71,857,904
Other comprehensive income for the period	-	-
Total comprehensive Income for the period	936,037,467	71,857,904

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited)

For the First Quarter Ended September 30, 2021

	Share Capital	Capital Reserves	Revenue Reserves			Loans from Directors & Sponsors	Grand Total
			General Reserves	Unappropriated Profit	Total		
	PKR	PKR	PKR	PKR	PKR		PKR
Balance as at July 01, 2020	100,000,000	24,150,000	5,275,850,000	57,553,834	5,333,403,834	479,337,000	5,936,890,834
Comprehensive income							
Profit after taxation				71,857,904	71,857,904	-	71,857,904
Other comprehensive income				-	-	-	-
	-	-	-	71,857,904	71,857,904	-	71,857,904
Loan proceeds from directors & sponsors during the period	-	-	-	-	-	328,444,000	328,444,000
Balance as at September 30, 2020	100,000,000	24,150,000	5,275,850,000	129,411,738	5,405,261,738	807,781,000	6,337,192,738
Balance as at July 01, 2021	100,000,000	24,150,000	7,275,850,000	413,260,867	7,689,110,867	940,281,000	8,753,541,867
Comprehensive income	-	-	-	-	-	-	-
Profit after taxation	-	-	-	936,037,467	936,037,467	-	936,037,467
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	936,037,467	936,037,467	-	936,037,467
Loan to directors & sponsors repaid during the period	-	-	-	-	-	(2,500,000)	(2,500,000)
Balance as at September 30, 2021	100,000,000	24,150,000	7,275,850,000	1,349,298,334	8,625,148,334	937,781,000	9,687,079,334

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For the First Quarter Ended September 30, 2021

	September 30, 2021	September 30, 2020
	Rupees	Rupees
Cash flows from operating activities		
Profit before tax	1,005,709,022	111,772,628
Adjustments for:		
Depreciation of property, plant and equipment	185,853,000	84,303,000
Share of profit of associated undertaking	(131,802,259)	(16,244,389)
Doubtful debts recovered	(13,674,143)	-
Infrastructure fee - ETO	14,300,197	10,950,187
Infrastructure fee - Gas	(182,264,862)	10,179,206
Provision for employee benefits	21,129,999	13,420,000
Gain on disposal of property, plant and equipment	(503,904)	-
Finance cost	78,760,663	83,304,811
	<u>(28,201,309)</u>	<u>185,912,815</u>
Operating cash flows before movements in working capital	977,507,713	297,685,443
Increase in stores, spares and loose tools	(64,940,232)	(35,729,159)
Increase / (decrease) in stock in trade	(647,083,891)	1,525,211,179
Increase in trade debts	(968,526,010)	(229,868,291)
Increase / (decrease) in loans and advances	(14,142,538)	2,335,062
Increase in trade deposits	(58,084,600)	(35,143,949)
Increase / (decrease) in other receivable	(1,918,236)	73,824,830
Increase / (decrease) in sales tax refund	(245,010,608)	170,620,140
Increase in trade and other payables	434,012,972	1,634,965
	<u>(1,565,693,143)</u>	<u>1,472,884,777</u>
Cash (used in) / generated from from operations	(588,185,430)	1,770,570,220
Finance cost paid	(74,553,135)	(78,721,695)
Employee benefit costs paid	(5,536,262)	(5,448,703)
Income taxes payments - net	(55,464,786)	81,545,792
Long-term deposits	-	(11,878,280)
	<u>(135,554,183)</u>	<u>(14,502,886)</u>
Net cash (used in) / generated from operating activities	(723,739,613)	1,756,067,334

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For the First Quarter Ended September 30, 2021

	September 30, 2021	September 30, 2020
	Rupees	Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	750,000	-
Addition in property plant and equipment	(651,005,594)	(774,408,383)
Net cash used in investing activities	(650,255,594)	(774,408,383)
Cash flows from financing activities		
Proceed from long term finance	210,005,498	488,719,168
Proceed of loans from directors and sponsors	(2,500,000)	328,444,000
Repayment of long term financing	(81,772,639)	-
Increase in short term borrowings	1,667,425,402	(1,912,422,217)
Dividends paid	(84,161)	(6,000)
Net cash generated from / (used in) financing activities	1,793,074,100	(1,095,265,049)
Net increase / (decrease) in cash and cash equivalents	419,078,893	(113,606,098)
Cash and cash equivalent at the beginning of period	117,918,306	235,040,390
Cash and cash equivalent at the end of period	536,997,199	121,434,292

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

1 REPORTING ENTITY

Faisal Spinning Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Repealed Companies Ordinance, 1984, now Companies Act, 2017 and is listed on Pakistan Stock Exchange Limited. The Company is primarily a spinning, weaving, dyeing, stitching unit engaged in the manufacture and sale of yarn and woven fabric, dyed and stiched fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at Nooriabad District Dadu in the Province of Sindh and District Sheikhpura in the Province of Punjab.

2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2021.

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

All accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2021.

4 LOAN FROM DIRECTORS AND SPONSORS

Directors and sponsors entered into a contract with the Company to provide funds to the Company. As per the contract, the loans are unsecured, interest free and repayable at the discretion of the Company. The loans are presented under equity as per Technical Release-32 of The Institute of Chartered Accountants of Pakistan.

	<i>Note</i>	Sep 30, 2021	June 30, 2021
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
5 DEFERRED LIABILITIES			
Infra structure development cess payable		246,497,473	232,197,276
Infra structure fee payable - Gas		426,441,141	608,706,003
		672,938,614	840,903,279
6 CONTINGENCIES AND COMMITMENTS			
There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2021 except following:			
6.1 Contingencies			
Bills Discounted		3,227,498,245	2,726,744,776
6.2 Commitments			
Letter of credit (for store, raw material and machinery)		669,040,231	630,104,727

	<i>Note</i>	Sep 30, 2021	June 30, 2021
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	8,465,425,773	8,619,790,759
Capital work in progress		979,048,910	359,777,426
		<u>9,444,474,683</u>	<u>8,979,568,185</u>
7.1 Operating fixed assets			
Net book value at the beginning of the period/year		8,619,790,759	3,860,627,486
Additions during the period/year			
Freehold land		-	60,383,292
Factory buildings lease hold		-	1,281,534,115
Plant and machinery		-	3,609,757,974
Electric installation		-	112,022,672
Factory equipment		-	(4,133,996)
Furniture and fixture		-	50,453,131
Equipment and other assets		-	26,981,744
Vehicles		31,734,110	62,714,137
		31,734,110	5,199,713,069
Net book value of assets disposed during the period/year		(246,096)	(11,645,987)
Depreciation for the period/year		(185,853,000)	(428,903,809)
Net book value at the end of the period/year		<u>8,465,425,773</u>	<u>8,619,790,759</u>

	<i>Note</i>	Sep 30, 2021	June 30, 2021
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
8 TRADE DEBTS			
Considered good			
Foreign secured		513,220,402	597,010,641
Foreign unsecured		733,855,101	316,925,713
Local unsecured		1,104,644,442	455,583,438
		2,351,719,945	1,369,519,792
Considered doubtful:			
Export		14,204,494	14,204,494
Local		142,302,411	155,976,554
		156,506,905	170,181,048
Allowance for ECL		(156,506,905)	(170,181,048)
		2,351,719,945	1,369,519,792

		Quarter Ended	
		Sep 30, 2021	Sep 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
9 PROVISION FOR TAXATION			
Current taxation			
- For the year	9.1	69,671,555	39,914,724
- prior years		-	-
Deferred taxation	9.2	-	-
		<u>69,671,555</u>	<u>39,914,724</u>

9.1 Provision for current tax has been made in accordance with the requirements of Income Tax Ordinance, 2001.

9.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Chief Executive and

Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Names and details of transactions and balances with related parties are as under:

Name	Nature of relationship	Shareholding percentage
Bhanero Textile Mills Limited	Associated companies	N/A
Blessed Textiles Limited	Associated companies	18.49
Bhanero Energy Limited	Associated companies	N/A
Admiral (Private) Limited	Associated companies	N/A
Bilal Sharif	Director	3.64

	Quarter Ended	
	Sep 30, 2021	Sep 30, 2020
	Rupees (Un-Audited)	Rupees (Un-Audited)
10.1 Transactions with related parties		
Nature of transaction		
Purchases	719,978,870	482,887,366
Sales	8,083,995	186,895,034
Services received	77,250	77,250
Purchase of electricity	30,737	-
Loans obtained from directors and sponsors	-	328,444,000
Loans repaid to directors and sponsors	2,500,000	-
Remuneration to key management personnel	2,400,000	2,400,000
Balance with related party	20,000	20,000

11 SEGMENT REPORTING

The Company has three reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the company's reportable segments.

Reportable segment	Principal activity
Spinning	Manufacture and sale of yarn
Weaving	Manufacture and sale of woven fabric
Finishing / Home Textile	Manufacture and sale of dyed and stitched fabric

Information about operating segments as at September 30, 2021 is as follows:

	First Quarter Ended September 30, 2021				Total Rupees
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees		
	Revenue from external customers	2,959,289,785	2,499,056,155	1,090,879,805	
Inter-segment transfers	-	38,794,410	595,243,308	634,037,718	
Segment results	557,925,929	360,656,120	101,242,683	1,019,824,732	
	First Quarter Ended September 30, 2020				Total Rupees
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees		
	Revenue from external customers	1,842,641,566	1,825,398,582	-	
Inter-segment transfers	57,054,000	-	-	57,054,000	
Segment results	129,065,809	56,477,549	-	185,543,358	
Segment assets	AS at Sep 30, 2021				Total Rupees
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees	Un-allocated Rupees	
	6,195,692,207	5,118,965,683	8,582,438,110	1,151,741,932	
Segment assets	As at Jun 30, 2021				Total Rupees
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees	Un-allocated Rupees	
	5,587,537,404	3,960,701,252	6,965,208,841	1,520,429,296	

	AS at Sep 30, 2021				Total
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	
	Rupees	Rupees	Rupees	Rupees	
Segment liabilities	2,581,853,299	2,800,795,183	5,658,045,790	321,064,326	11,361,758,598
	As at Jun 30, 2021				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment liabilities	2,614,365,930	1,933,409,127	4,411,752,847	320,807,022	9,280,334,926

12 EVENTS AFTER THE REPORTING PERIOD

12.1 There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

13 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

14 GENERAL

14.1 There are no other significant activities since June 30, 2021 affecting the interim financial information.

14.2 Figures have been rounded off to the nearest Rupee.

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on October 28, 2021.



Chief Executive



Director



Chief Financial Officer