



of Companies

FIRST QUARTERLY ACCOUNTS
2022-2023
(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, 2022.

Significant Financial Performance for the First Quarter Ended September 30, 2022;

Profit after tax for the first quarter ended September 30, 2022 is PKR 405.057 million as compared to PKR 936.037 million in the corresponding period ended September 30, 2021.

Earnings per share for first quarter ended September 30, 2022 is PKR 40.51 (Sept 30 2021: PKR 93.60).

Break-up value of the share as on September 30, 2022 is PKR 1,287.44 (June 30, 2022: PKR 1,246.94).

The current ratio as on September 30, 2022 is 1.74 (June 30, 2021: 1.78).

Economic Outlook of Pakistan

As per World Bank the country's economy is expected to grow by only 2 percent in the current fiscal year ending June 2023 due to disruptions caused by disastrous floods, a tight monetary policy, higher inflation, and a less conducive global environment. The recent floods are expected to have a substantial negative impact on country's economy in particular agricultural production since masses are associated with this sector.

Macroeconomic risks also remain high as Pakistan faces challenges associated with a large current account deficit, high public debt, and lower demand from its traditional export markets amid subdued global growth. However, the removal of Pakistan from FATF grey list is a good sign for the economy as experts believe that the development would boost the country's perception and allow Pakistan to attract foreign investment in the long run. The country must continue to ensure sustainable progress along international standards to maintain momentum.

The PKR depreciation is also affecting the economy by increasing since it increases the cost of doing business which in turn will lower the business competitiveness in the global market. The exchange rate fluctuations will have severe consequences like impacts on interest rates, production levels, prices, and employment opportunities. Pakistan is facing a huge economic crisis due to sliding of rupee against the greenback which could become a worst-case scenario if not dealt with suitable economic policies. The devaluation of the Pakistani rupee in comparison to the US dollar is becoming an everlasting risk for Pakistan's economy and making economy vulnerable. The ongoing situation is becoming a major cause of distress for the economy in terms of both micro and macro perspectives.

The inflation rate hit a historic high at 23.20 percent in September 2022 as the country undertook tough measures to revive the International Monetary Fund's (IMF) loan program. Besides, the increase in commodity and oil prices are causing the higher inflation in the country.

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)

Faisal Spinning Mills Limited

Condensed Interim Statement of Financial Position As at September 30, 2022

	Note	September 30, 2022	June 30, 2022		Note	September 30, 2022	June 30, 2022
		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				Property, plant and equipment	7	10,234,883,151	10,256,372,692
12,000,000 (June 30, 2022: 12,000,000) ordinary shares of PKR 10 each		120,000,000	120,000,000	Long term investment		1,725,736,639	1,665,323,062
Issued, subscribed and paid up capital		100,000,000	100,000,000	Long term deposits		30,789,580	27,532,315
Reserves		10,000,000,000	10,000,000,000			11,991,409,370	11,949,228,069
Unappropriated profits		1,836,647,499	1,431,590,875				
Loan from directors and sponsors	4	937,781,000	937,781,000				
		12,874,428,499	12,469,371,875				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured		4,515,433,794	4,632,023,289	Stores, spare parts and loose tools		536,384,294	451,133,609
Long term payables	5	749,671,543	728,148,758	Stock in trade		6,064,064,071	5,537,520,571
Employees retirement benefits		296,791,585	279,196,638	Trade debts	8	3,339,485,152	3,259,091,468
Deferred taxation		403,954,780	403,954,780	Loans and advances		385,785,275	189,066,437
Deferred grant		133,533,935	130,363,502	Trade deposits and prepayments		407,265,533	333,171,706
		6,099,385,637	6,173,686,967	Other receivables		1,476,355	34,982,109
CURRENT LIABILITIES				Advance income tax		10,126,760	53,170,097
Trade and other payables		2,890,448,532	3,027,830,323	Sales tax refundable		887,754,626	984,175,231
Unclaimed Dividend		16,218,378	16,262,328	Cash and bank balances		4,789,570,346	4,442,516,331
Accrued markup / interest		74,163,690	59,739,714			16,421,912,412	15,284,827,559
Short term borrowings - secured		5,785,089,223	4,872,154,197				
Current portion of non current liabilities		673,587,823	615,010,224				
		9,439,507,646	8,590,996,786				
CONTINGENCIES AND COMMITMENTS	6	-	-				
TOTAL EQUITY AND LIABILITIES		28,413,321,782	27,234,055,628	TOTAL ASSETS		28,413,321,782	27,234,055,628

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 Quarter Ended September 30, 2022

	Note	Quarter Ended	
		September 30, 2022	September 30, 2021
		Rupees	Rupees
Sales		7,824,537,238	6,549,225,745
Cost of goods sold		6,917,962,357	5,242,686,692
Gross profit		906,574,881	1,306,539,053
Distribution cost		357,142,643	243,898,147
Administrative expenses		91,301,965	63,943,904
		448,444,608	307,842,051
Other income		191,463,928	21,127,730
		649,594,201	1,019,824,732
Other operating expenses		35,512,265	67,157,306
Finance cost		121,637,322	78,760,663
		157,149,587	145,917,969
Operating Profit		492,444,614	873,906,763
Share of profit of associated undertaking		60,413,577	131,802,259
Profit before tax		552,858,191	1,005,709,022
Provision for taxation	9	147,801,567	69,671,555
Profit after tax		405,056,624	936,037,467
Earnings per share - basic and diluted		40.51	93.60

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 Quarter Ended September 30, 2022

	Note	Quarter Ended	
		September 30, 2022	September 30, 2021
		Rupees	Rupees
Profit for the period after taxation		405,056,624	936,037,467
Other comprehensive income for the period		-	-
Total comprehensive Income for the period		405,056,624	936,037,467

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


Chief Executive


Director


Chief Executive

Faisal Spinning Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For the Quarter Ended September 30, 2022

	Share Capital	Capital Reserves	Revenue Reserves		Loans from Directors & Sponsors	Grand Total
			General Reserves	Unappropriated Profit		
	PKR	PKR	PKR	PKR		PKR
Balance as at July 01, 2021 - Restated	100,000,000	24,150,000	7,275,850,000	248,216,845	940,281,000	8,588,497,845
Comprehensive income						
Profit after taxation				936,037,467	-	936,037,467
Other comprehensive income				-	-	-
	-	-	-	936,037,467	-	936,037,467
Loan proceeds from directors & sponsors during the period	-	-	-	-	(2,500,000)	(2,500,000)
	-	-	-	-	-	-
Balance as at September 30, 2021 - Restated	100,000,000	24,150,000	7,275,850,000	1,184,254,312	937,781,000	9,522,035,312
Balance as at July 01, 2022	100,000,000	24,150,000	9,975,850,000	1,431,590,875	937,781,000	12,469,371,875
Comprehensive income	-	-	-	-	-	-
Profit after taxation	-	-	-	405,056,624	-	405,056,624
Other comprehensive income	-	-	-	-	-	-
	-	-	-	405,056,624	-	405,056,624
Balance as at September 30, 2022	100,000,000	24,150,000	9,975,850,000	1,836,647,499	937,781,000	12,874,428,499

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 Quarter Ended September 30, 2022

	September 30, 2022 Rupees	September 30, 2021 Rupees
Cash flows from operating activities		
Profit before tax	552,858,191	1,005,709,022
Adjustments for:		
Depreciation of property, plant and equipment	229,200,000	185,853,000
Share of profit of associated undertaking	(60,413,577)	(131,802,259)
Doubtful debts recovered	(42,687,149)	(13,674,143)
Provision for employee benefits	23,374,999	21,129,999
Gain on disposal of property, plant and equipment	(483,476)	(503,904)
Finance cost	121,637,322	78,760,663
	270,628,119	139,763,356
Operating cash flows before movements in working capital	823,486,310	1,145,472,378
Changes in working capital		
Stores, spares and loose tools	(85,250,685)	(64,940,232)
Stock in trade	(526,543,500)	(647,083,891)
Trade debts	(37,706,535)	(968,526,010)
Loans and advances	(196,718,838)	(14,142,538)
Trade deposits	(74,093,827)	(58,084,600)
Other receivable	33,505,754	(1,918,236)
Sales tax refund	96,420,605	(245,010,608)
Long term payables	(137,381,791)	(167,964,665)
Trade and other payables	21,522,785	434,012,972
	(906,246,032)	(1,733,657,808)
Cash used in operations	(82,759,722)	(588,185,430)
Finance cost paid	(107,213,346)	(74,553,135)
Employee benefit costs paid	(5,780,052)	(5,536,262)
Income taxes payments - net	(104,758,230)	(55,464,786)
Long-term deposits	(3,257,265)	-
	(221,008,893)	(135,554,183)
Net cash used in operating activities	(303,768,615)	(723,739,613)

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For the Quarter Ended September 30, 2022

	September 30, 2022 Rupees	September 30, 2021 Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	23,100,000	750,000
Addition in property plant and equipment	(230,326,982)	(651,005,594)
Net cash used in investing activities	(207,226,982)	(650,255,594)
Cash flows from financing activities		
Proceed from long term finance	39,519,073	210,005,498
Repayment of loans from directors and sponsors	-	(2,500,000)
Repayment of long term financing	(94,360,537)	(81,772,639)
Increase in short term borrowings	912,935,026	1,667,425,402
Dividends paid	(43,950)	(84,161)
Net cash generated from financing activities	858,049,612	1,793,074,100
Net increase in cash and cash equivalents	347,054,015	419,078,893
Cash and cash equivalent at the beginning of period	4,442,516,331	117,918,306
Cash and cash equivalent at the end of period	4,789,570,346	536,997,199

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, 2022.

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, 2022.

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>	September 30,2022	June 30, 2022
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
5 DEFERRED LIABILITIES			
Infra structure development cess payable - ETO		346,282,358	321,851,183
Infra structure fee payable / Rate difference - Gas		403,389,185	406,297,575
		749,671,543	728,148,758

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, 2022 except following:

6.1 Contingencies

Bills Discounted 3,410,505,213 5,520,138,937

6.2 Commitments

Letter of credit (for store, raw material and machinery) 17,670,796,801 15,159,059,758

6.3 Commitments under ijarah contracts

The aggregate amount of ujarah payments for ijarah financing and the period in which these payments will become due are as follows:

- payments not later than one year	12,142,572	3,509,148
- payments later than one year	45,791,859	12,135,450
	57,934,431	15,644,598

	<i>Note</i>	September 30,2022	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	9,653,790,524	9,891,076,393
Capital work in progress		581,092,627	365,296,299
		<u>10,234,883,151</u>	<u>10,256,372,692</u>
7.1 Operating fixed assets			
Net book value at the beginning of the period/year		9,891,076,393	8,619,790,759
Additions during the period/year			
Freehold land		-	193,974,462
Leasehold land		-	150,435,000
Factory buildings lease hold land		-	372,834,523
Factory buildings free hold land		-	284,446,027
Plant and machinery		8,300,000	917,194,642
Electric installation		-	10,068,565
Factory equipment		-	3,764,335
Office equipment		-	35,052,635
Furniture and fixture		-	96,429,379
Equipment and other assets		-	30,749,020
Vehicles		6,230,655	66,797,595
		14,530,655	2,161,746,183
Net book value of assets disposed during the period/year		(22,616,524)	(48,054,182)
Depreciation for the period/year		(229,200,000)	(842,406,367)
Net book value at the end of the period/year		<u>9,653,790,524</u>	<u>9,891,076,393</u>

	<i>Note</i>	September 30,2022	June 30, 2021
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
8 TRADE DEBTS			
Considered good			
Foreign - secured		1,555,863,518	1,731,453,122
Foreign - unsecured		516,944,343	667,071,046
Local - unsecured		1,266,677,291	860,567,300
		3,339,485,152	3,259,091,468
Considered doubtful:		156,506,905	199,194,054
Allowance for ECL		(156,506,905)	(199,194,054)
		<u>3,339,485,152</u>	<u>3,259,091,468</u>

		Quarter Ended	
		September 30,2022	September 30, 2021
		<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	147,801,567	69,671,555
- prior years		-	-
Deferred taxation	9.2	-	-
		<u>147,801,567</u>	<u>69,671,555</u>

9.1 Provision for current tax has been made in accordance with the relevant 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

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
Firhaj Footwear (Private) Limited	Associated companies	N/A

	Quarter Ended	
	September 30, 2022	September 30, 2021
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
10.1 Transactions with related parties		
Nature of transaction		
Purchases	1,552,937,827	719,978,870
Sales	5,673,827	8,083,995
Services received	77,250	77,250
Purchase of electricity	1,253,759	30,737
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, 2022 is as follows:

	First Quarter Ended September 30, 2022				Total Rupees
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees		
	Revenue from external customers	2,602,117,193	2,813,261,750	2,409,158,295	
Inter-segment transfers	5,404,500	104,051,871	4,896,238		114,352,609
Segment results	215,463,075	240,205,216	193,925,910		649,594,201
	First Quarter Ended September 30, 2021				
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees		Total Rupees
Revenue from external customers	2,959,289,785	2,499,056,155	1,090,879,805		6,549,225,745
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
	As at September 30, 2022				
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees	Un-allocated Rupees	Total Rupees
Segment assets	9,176,424,385	5,902,863,100	11,918,772,745	1,415,261,552	28,413,321,782
	As at Jun 30, 2022				
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees	Un-allocated Rupees	Total Rupees
Segment assets	7,700,167,137	5,978,129,227	11,480,342,363	2,075,416,901	27,234,055,628
	As at September 30, 2022				
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	2,385,208,173	3,033,036,073	9,370,411,899	750,237,138	15,538,893,283
	As at Jun 30, 2022				
	Spinning Rupees	Weaving Rupees	Finishing / Home Textile Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	2,082,725,607	3,215,279,922	8,724,609,933	742,068,291	14,764,683,753

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, 2022 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 26, 2022.



Chief Executive



Director



Chief Financial Officer