



of Companies

THIRD QUARTERLY ACCOUNTS
2019-2020
(UN - AUDITED)

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.



MISION STATEMENT

To become the leaders of textile products in the local and International market & to achieve the highest level of success.

Directors' Review

On behalf of the board of directors of Faisal Spinning Mills Limited, I am presenting the unaudited condensed interim financial statements for the nine months ended March 31, 2020.

Significant Financial Performance for the Nine Months Ended March 31, 2020;

Profit after tax for the nine months ended March 31, 2020 is PKR 474.661 million as compared to PKR 569.484 million for the corresponding period ended March 31, 2019.

Earnings per share for the nine months ended March 31, 2020 is PKR 47.47 (March 31, 2019: PKR 56.95).

Break-up value of the share as on March 31, 2020 is PKR 541.76 (PKR 527.79: June 30, 2019).

The current ratio for nine months ended March 31, 2020 is 1.90 (June 30, 2019: 2.40).

Economic Challenges Due to Pandemic Circumstances

The global economy is in recession and Pakistan's economy is not an exception to this which is already facing a mild recession due to stabilization measures adopted by the government and the State Bank of Pakistan (SBP). The outbreak of Covid-19 and triggering lockdowns causing socio-economic problems to the country as the livelihood opportunities have been squeezed all of a sudden on the social front.

The government has earlier expected 3.3 - 3.4 percent GDP growth before the pandemic crisis but now it's the estimated that it will stay around to 2-2.8 percent. Similarly, it has estimated to restrict the deficit between 7.4 - 7.5 percent however, it is now expected to stay around 9 percent due to increase expenditure demand and fall in tax and non-tax revenues. Moreover, the closure of some industries may render postponement of new investment decisions in the country.

Moreover, the economist expected that the next budget would focus on restoring the economy as there would be a plethora of challenges regarding growth, fiscal deficit, expenditures and revenue losses.

Thus, it is suggested that the government should immediately devised the post-coronavirus period policies to protect the interests of adversely affect industries, creation of amicable business environment for the employment opportunities across the country and providing tax relief for at least couple of years.

New Finishing Unit

I am pleased to update our stakeholders that the shipments against the established letter of credits for the plant and machinery have start reaching the site. Fortunately, so far there has been no delay for machinery shipments however, due to the gravity of the pandemic circumstances some delays are expected for erecting of machinery.

The civil work is expected to be completed by end May 2020 as slight delay occurred in completion stage occurred due to unavailability of labor force because of the lockdown in the country.

Acknowledgment

The board highly appreciates the contribution of employees, bankers and all the stakeholders who working remotely along with immense support of our corporate regulators for creation of digital transformation environment for the regulatees during this pandemic situation.

Kindly maintain social distancing and stay safe.



Bilal Sharif

(Chief Executive)

Karachi: April 28, 2020

Faisal Spinning Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited) As at March 31, 2020

	Note	Mar 31, 2020 Un-Audited Rupees	June 30, 2019 Audited Rupees		Note	Mar 31, 2020 Un-Audited Rupees	June 30, 2019 Audited Rupees
<u>EQUITY AND LIABILITIES</u>				<u>ASSETS</u>			
<u>SHARE CAPITAL AND RESERVES</u>				<u>NON CURRENT ASSETS</u>			
Authorized capital 12,000,000 (June 30, 2019: 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>4,730,969,549</u>	<u>3,557,070,806</u>
Issued, subscribed and paid up capital		<u>100,000,000</u>	<u>100,000,000</u>	Long term investment		<u>705,281,022</u>	<u>689,653,923</u>
Reserves		<u>4,900,000,000</u>	<u>4,900,000,000</u>	Long term deposits		<u>10,540,635</u>	<u>9,636,135</u>
Unappropriated profits		<u>417,567,622</u>	<u>277,907,185</u>			<u>5,446,791,206</u>	<u>4,256,360,864</u>
Loan from directors and sponsors	4	<u>127,590,000</u>	<u>-</u>				
		<u>5,545,157,622</u>	<u>5,277,907,185</u>				
<u>NON CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>			
Long term financing - secured		<u>2,110,759,274</u>	<u>1,478,483,866</u>	Stores, spare parts and loose tools		<u>100,292,236</u>	<u>94,322,900</u>
Deferred liabilities	5	<u>1,059,162,300</u>	<u>958,528,960</u>	Stock in trade		<u>4,616,930,770</u>	<u>4,005,267,653</u>
		<u>3,169,921,574</u>	<u>2,437,012,826</u>	Trade debts		<u>1,039,541,494</u>	<u>991,416,896</u>
<u>CURRENT LIABILITIES</u>				Loans and advances		<u>85,897,884</u>	<u>69,483,087</u>
Trade and other payables		<u>733,252,716</u>	<u>742,758,759</u>	Trade deposits and prepayments		<u>218,716,896</u>	<u>122,676,103</u>
Dividend Payable		<u>150,000,000</u>	<u>-</u>	Other receivables		<u>45,961,443</u>	<u>19,617,557</u>
Unclaimed Dividend		<u>12,437,573</u>	<u>10,433,759</u>	Advance income tax		<u>275,698,004</u>	<u>293,358,349</u>
Accrued markup / interest		<u>37,140,147</u>	<u>56,990,253</u>	Sales tax refundable		<u>411,094,961</u>	<u>163,906,121</u>
Short term borrowings - secured		<u>2,500,047,679</u>	<u>1,430,911,134</u>	Cash and bank balances		<u>99,553,995</u>	<u>165,946,110</u>
Current portion of non current liabilities		<u>192,521,578</u>	<u>226,341,724</u>			<u>6,893,687,683</u>	<u>5,925,994,776</u>
		<u>3,625,399,693</u>	<u>2,467,435,629</u>				
<u>CONTINGENCIES AND COMMITMENTS</u>							
	6	<u>-</u>	<u>-</u>				
TOTAL EQUITY AND LIABILITIES		<u>12,340,478,889</u>	<u>10,182,355,640</u>	TOTAL ASSETS		<u>12,340,478,889</u>	<u>10,182,355,640</u>

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


Chief Executive
Karachi: April 28, 2020


Director


Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Profit or Loss (Un-Audited) For the Third Quarter Ended March 31, 2020

Note	Nine months ended		Quarter Ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	Rupees	Rupees	Rupees	Rupees
Sales	11,616,379,161	9,954,364,712	3,735,447,485	3,477,446,887
Cost of goods sold	10,516,810,046	8,757,121,579	3,440,526,808	2,973,464,354
Gross profit	1,099,569,115	1,197,243,133	294,920,677	503,982,533
Distribution cost	285,967,484	270,105,552	93,253,067	103,441,668
Administrative expenses	105,174,132	88,029,097	37,788,411	30,153,184
	391,141,616	358,134,649	131,041,478	133,594,852
Other income	10,278,658	10,183,090	6,411,586	2,199,731
	718,706,157	849,291,574	170,290,785	372,587,412
Other operating expenses	41,028,172	46,047,888	7,841,106	20,201,876
Finance cost	143,268,190	197,166,931	60,557,098	85,707,769
	184,296,362	243,214,819	68,398,204	105,909,645
Operating Profit	534,409,795	606,076,755	101,892,581	266,677,767
Share of profit of associated undertaking	66,998,811	66,043,784	7,549,182	27,607,961
Profit before tax	601,408,606	672,120,539	109,441,763	294,285,728
Provision for taxation	126,748,051	102,636,350	39,408,070	35,767,952
Profit after tax	474,660,555	569,484,189	70,033,693	258,517,776
Earnings per share - basic and diluted	47.47	56.95	7.00	25.85

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



Chief Executive
Karachi: April 28, 2020



Director



Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited) For the Third Quarter Ended March 31, 2020

Note	Nine months ended		Quarter Ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	474,660,555	569,484,189	70,033,693	258,517,776
Other comprehensive income for the year	-	-	-	-
Total comprehensive Income for the period	474,660,555	569,484,189	70,033,693	258,517,776

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



Chief Executive
Karachi: April 28, 2020



Director



Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For the Third Quarter Ended March 31, 2020

	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 1st July, 2018	100,000,000	24,150,000	4,175,850,000	275,085,662	4,450,935,662	-	4,575,085,662
Final Dividend for the year ended June 30, 2018 PKR 23.20 per share				(232,000,000)	(232,000,000)	-	(232,000,000)
Total comprehensive income for the nine months period ended Mar 31, 2019	-	-	-	569,484,189	569,484,189	-	569,484,189
Balance as at March 31, 2019	100,000,000	24,150,000	4,175,850,000	612,569,851	4,788,419,851	-	4,912,569,851
Balance as at 1st July, 2019	100,000,000	24,150,000	4,875,850,000	277,907,185	5,153,757,185	-	5,277,907,185
Final dividend for the year ended June 30, 2019 PKR 18.50 per share	-	-	-	(185,000,118)	(185,000,118)	-	(185,000,118)
Interim dividend for the half year ended December 31, 2019 PKR 15.00 per share				(150,000,000)	(150,000,000)	-	(150,000,000)
Total comprehensive income for the nine months period ended Mar 31, 2020	-	-	-	474,660,555	474,660,555	-	474,660,555
Loan from directors & sponsors received during the period	-	-	-	-	-	127,590,000	127,590,000
Balance as at March 31, 2020	100,000,000	24,150,000	4,875,850,000	417,567,622	5,293,417,622	127,590,000	5,545,157,622

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


Chief Executive
Karachi: April 28, 2020


Director


Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For the Third Quarter Ended March 31, 2020

	Mar 31, 2020	Mar 31, 2019
	Rupees	Rupees
Cash flows from operating activities		
Profit before tax	601,408,606	672,120,539
Adjustments for:		
Depreciation of property, plant and equipment	267,759,000	266,889,737
Share of profit of associated undertaking	(66,998,811)	(66,043,784)
Infrastructure fee - ETO	24,901,769	20,214,412
Infrastructure fee - Gas	57,116,690	81,622,307
Provision for employee benefits	36,970,000	40,275,000
Gain on disposal of property, plant and equipment	(2,954,544)	(5,034,818)
Finance cost	143,268,190	197,166,931
	460,062,294	535,089,785
Operating cash flows before movements in working capital	1,061,470,900	1,207,210,324
Increase in stores, spares and loose tools	(5,969,336)	(1,309,478)
Increase in stock in trade	(611,663,117)	(2,126,628,554)
(Increase) / Decrease in trade debts	(48,124,598)	98,870,487
Increase in loans and advances	(16,414,797)	(27,585,454)
Increase in trade deposits	(96,040,793)	(24,585,628)
(Increase) / Decrease in other receivable	(26,343,886)	7,854,397
Increase in sales tax refund and other receivables	(219,362,496)	(13,418,029)
(Decrease) / Increase in trade and other payables	(9,506,043)	35,661,878
	(1,033,425,066)	(2,051,140,381)
Cash generated from / (used) in from operations	28,045,834	(843,930,057)
Finance cost paid	(163,118,296)	(180,246,986)
Employee benefit costs paid	(18,355,119)	(19,825,419)
Income taxes paid	(109,087,706)	(117,946,390)
Long-term deposits paid	(904,500)	(482,000)
	(291,465,621)	(318,500,795)
Net cash used in operating activities	(263,419,787)	(1,162,430,852)

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For the Third Quarter Ended March 31, 2020

	Mar 31, 2020	Mar 31, 2019
	Rupees	Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	14,183,236	65,091,150
Addition in property plant and equipment	(1,452,886,435)	(413,079,817)
Dividend received	23,545,368	27,350,680
Net cash used in investing activities	(1,415,157,831)	(320,637,987)
Cash flows from financing activities		
Proceed from long term finance	820,045,506	300,841,968
Proceed of loans from directors and sponsors	127,590,000	-
Repayment of long term financing	(221,590,244)	(160,979,554)
Increase in short term borrowings	1,069,136,545	1,512,095,515
Dividends paid	(182,996,304)	(228,717,371)
Net cash generated from financing activities	1,612,185,503	1,423,240,558
Net decrease in cash and cash equivalents	(66,392,115)	(59,828,281)
Cash and cash equivalent at the beginning of period	165,946,110	125,186,375
Cash and cash equivalent at the end of period	99,553,995	65,358,094

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



Chief Executive

Karachi: April 28, 2020



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 and weaving unit engaged in the manufacture and sale of yarn and woven 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, 2019.

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

The 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, 2019.

4 LOAN FROM DIRECTORS AND SPONSORS

During the year, directors and sponsors have entered into a contract with the Company. As per contract, the loans are unsecured, interest free and repayable at the discretion of the Company. The loan is presented under equity as per Technical Release-32 of The Institute of Chartered Accountants of Pakistan.

	<i>Note</i>	Mar 31, 2020	June 30, 2019
		<i>Rupees</i>	<i>Rupees</i>
		(Un-Audited)	(Audited)
5 DEFERRED LIABILITIES			
Infra structure fee payable - ETO		145,558,573	120,656,804
Infra structure fee payable - Gas		655,256,956	598,140,266
Staff retirement benefits - gratuity		180,131,680	161,516,799
Deferred taxation		78,215,091	78,215,091
		1,059,162,300	958,528,960

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, 2019 except following:

6.1 Contingencies

Bills Discounted		<u>2,051,694,314</u>	<u>2,503,027,088</u>
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6.2 Commitments

Letter of credit (for store, raw material and machinery)		<u>6,523,143,536</u>	<u>277,266,975</u>
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	<i>Note</i>	Mar 31, 2020	June 30, 2019
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	7.1	3,572,097,598	3,533,394,262
Capital work in progress		1,158,871,951	23,676,544
		<u>4,730,969,549</u>	<u>3,557,070,806</u>
7.1 Assets owned by the Company			
Net book value at the beginning of the period/year		3,533,394,262	3,491,381,821
Additions during the period/year			
Freehold land		308,325,018	-
Factory buildings		-	800,000
Non factory buildings		-	3,790,340
Plant and machinery		-	373,667,435
Electric installation		-	6,161,443
Equipment and other assets		-	16,390,279
Vehicles		9,366,010	19,815,462
		317,691,028	420,624,959
Net book value of assets disposed during the period/year		(11,228,692)	(54,703,487)
Depreciation for the period/year		(267,759,000)	(323,909,031)
Net book value at the end of the period/year		<u>3,572,097,598</u>	<u>3,533,394,262</u>

8 PROVISION FOR TAXATION

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

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

9 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
Mr. Muhammad Salim	Director	0.29
Mr. Muhammad Amin	Director	4.61
Mr. Adil Shakeel	Shareholder	4.77
Mr. Saqib Salim	Shareholder	1.99
Mrs. Saba Yousaf	Shareholder	0.98
Mr. Muhammad Shakeel	Shareholder	0.48
Mr. Faisal Shakeel	Shareholder	4.77
Mrs. Samia Bilal	Shareholder	5.34
Mr. Azaan Bilal	Shareholder	3.37

	Nine months ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees	Rupees	Rupees	Rupees
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
9.1 Transactions with related parties				
Nature of transaction				
Purchases	1,195,481,413	1,090,781,159	473,382,089	342,634,983
Sales	9,503,796	22,700,041	2,143,119	9,159,339
Services received	231,750	231,750	77,250	77,250
Purchase of electricity	579,703	81,227,097	398,947	31,613,627
Dividend received	23,545,368	27,350,680	-	-
Loans obtained from directors and sponsors	127,590,000	-	127,590,000	-
Dividend receivable	27,826,344	-	27,826,344	-
Balance with related party	20,000	20,000	20,000	20,000

9.2 Balances with related parties

There are no other balances with related parties as at the reporting date.

10 SEGMENT REPORTING

The Company has two 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

Information about operating segments as at March 31, 2020 is as follows:

	Nine months ended			
	Mar 31, 2020			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	5,681,636,008	5,934,743,153	11,616,379,161	
Inter-segment transfers	130,800	-	130,800	
Segment results	340,067,016	378,639,141	718,706,157	
	Nine months ended			
	Mar 31, 2019			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	4,668,120,289	5,286,244,423	9,954,364,712	
Inter-segment transfers	148,159,450	-	148,159,450	
Segment results	443,855,591	405,435,983	849,291,574	
As at Mar 31, 2020				
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees

Segment assets	<u>6,134,879,734</u>	<u>4,938,874,851</u>	<u>1,266,724,304</u>	<u>12,340,478,889</u>
	As at Jun 30, 2019			
	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment assets	<u>4,977,796,441</u>	<u>3,926,314,251</u>	<u>1,278,244,948</u>	<u>10,182,355,640</u>

	As at Mar 31, 2020			
	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment liabilities	<u>4,644,716,808</u>	<u>1,926,830,795</u>	<u>223,773,664</u>	<u>6,795,321,267</u>
	As at Jun 30, 2019			
	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment liabilities	<u>2,619,069,342</u>	<u>2,076,073,459</u>	<u>209,305,654</u>	<u>4,904,448,455</u>

11 EVENTS AFTER THE REPORTING PERIOD

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

12 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.

13 GENERAL

13.1 There are no other significant activities since June 30, 2019 affecting the interim financial information.

13.2 Figures have been rounded off to the nearest Rupee.

14 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 April 28, 2020.



Chief Executive
Karachi: April 28, 2020



Director



Chief Financial Officer