

Faisal Spinning Mills Limited

Corporate Briefing Session

Minutes of the Corporate Briefing Session

The Corporate Briefing Session (“CBS”) was conducted on November 25, 2019 in Pakistan Stock Exchange Auditorium.

The session was chaired by Mr. Muhammad Salim, the director and chairman of the company. The director of the company, Mr. Khurram Salim along with the chief financial officer and the company secretary have also attended the CBS.

The CBS was commenced by the recitation of some verses of Holy Quran thereafter a brief introduction was given about the Umer Group and the company followed by the prevailing economic scenario and financial performance of the company for the year ended June 30, 2019.

Finally, the question and answers session was carried by the shareholders, investors and analyst community presented in the session.

The presentation is enclosed for your perusal.



FAISAL SPINNING MILLS LIMITED

CORPORATE BRIEFING SESSION

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Introduction

Umer Group of Companies - UGC

Established in 1980, the Umer Group of Companies with headquarter in Karachi, has been at the forefront of textile industry in Pakistan since many years. Through dedicated efforts, hard work and by the grace of Allah Umer Group is one of the leading groups of Pakistan.

Apart form textiles, the group has successfully diversified into footwear manufacturing and retailing, dairy , real estate and sugar industry

Faisal Spinning Mills Limited

The company operated under the management of UGC and primarily engaged in spinning and weaving activities for more than 35 years. Its units are equipped with latest machinery coupled with a modernized laboratory to ensure high quality standards and consistency in production process. The company is accredited by the **Oeko Tex**, an Austrian based international association which assures that the produce is free from harmful chemical and safe for human usage.

The company generally exports US , Europe and Far East countries of more than 80 percent of its total sales.

Incorporation

The company **Faisal Spinning Mills Limited** established in January 1985.

Symbol

FASM

Legal Status

Public Limited Company.

Capital

Authorized Capital - 120,000,000

Issued Paid-up Capital - 100,000,000

(Ordinary Share of Rs. 10 each)

Associated Undertakings

Bhanero Textiles Mills Ltd

Blessed Textiles Ltd



Board of Directors

Sr	Names of Directors	Designation
I	Mr. Bilal Sharif	Executive Director / CEO
II	Mr. Khurram Salim	NXD - Director
III	Mr. Mohammad Amin	NXD - Director
IV	Mr. Hamza Shakeel	NXD - Director
V	Mrs. Marium Adil	NXD - Director
VI	Mr. Mohammad Salim	NXD - Director / Chairman
VII	Mr. Mohammad Shaheen	NXD - Director
VIII	Mr. Iqbal Mehboob	Independent Director
IX	Mr. Mustafa Tanvir	Independent Director
X	Mr. Asif Elahi	Independent Director



Registered and Liaison Office

Registered office of the company is located at Umer House, 23/1, Sector 23, K.I.A , Karachi.

Liaison office of the company is located at City Towers, Main Boulevard, Gulberg-II, Lahore.

Manufacturing Units

- i) Spinning Unit I with an installed capacity of 38,208 spindles, located at Nooriabad, Sindh.
- ii) Weaving Unit II with an installed capacity of 265 air-jet looms, located at Sheikhpura, Punjab.

Credit Rating

The rating of A /A 1 (Single A / A-One) has been assigned to the company by the rating company Messer's JCR-VIS which is considered as "Stable" outlook.

Outlook of Textile Industry

The current cotton arrival estimates fall far short of fulfilling domestic requirement of the textile industry by 15.00 million bales approximately. The production shortage forces the entire value chain to rely on imported cotton to meet the shortfall substantially increasing the import bill and negatively impacting the competitiveness of our exports.

Imprudent policies by successive governments on cotton production resulted in progressive decrease of cotton acreage and yield per hectare. Cotton production target set for this year was 15 million bales without considering the basic measures to achieve the target and as a result under 9 million bales are expected this year.

Other reasons behind reduction in cotton output include unavailability of quality seed, pest resistant seed, outdated technology, water shortage, low profitability and lack of awareness of farmers regarding cotton production, competing crops and government policies.

Financial Performance

The company achieved sales of PKR 14,028.566 million during the year ended June 30, 2019 as compared to PKR 11,842.981 million in the corresponding year showing an increase of sales by 18.45%.

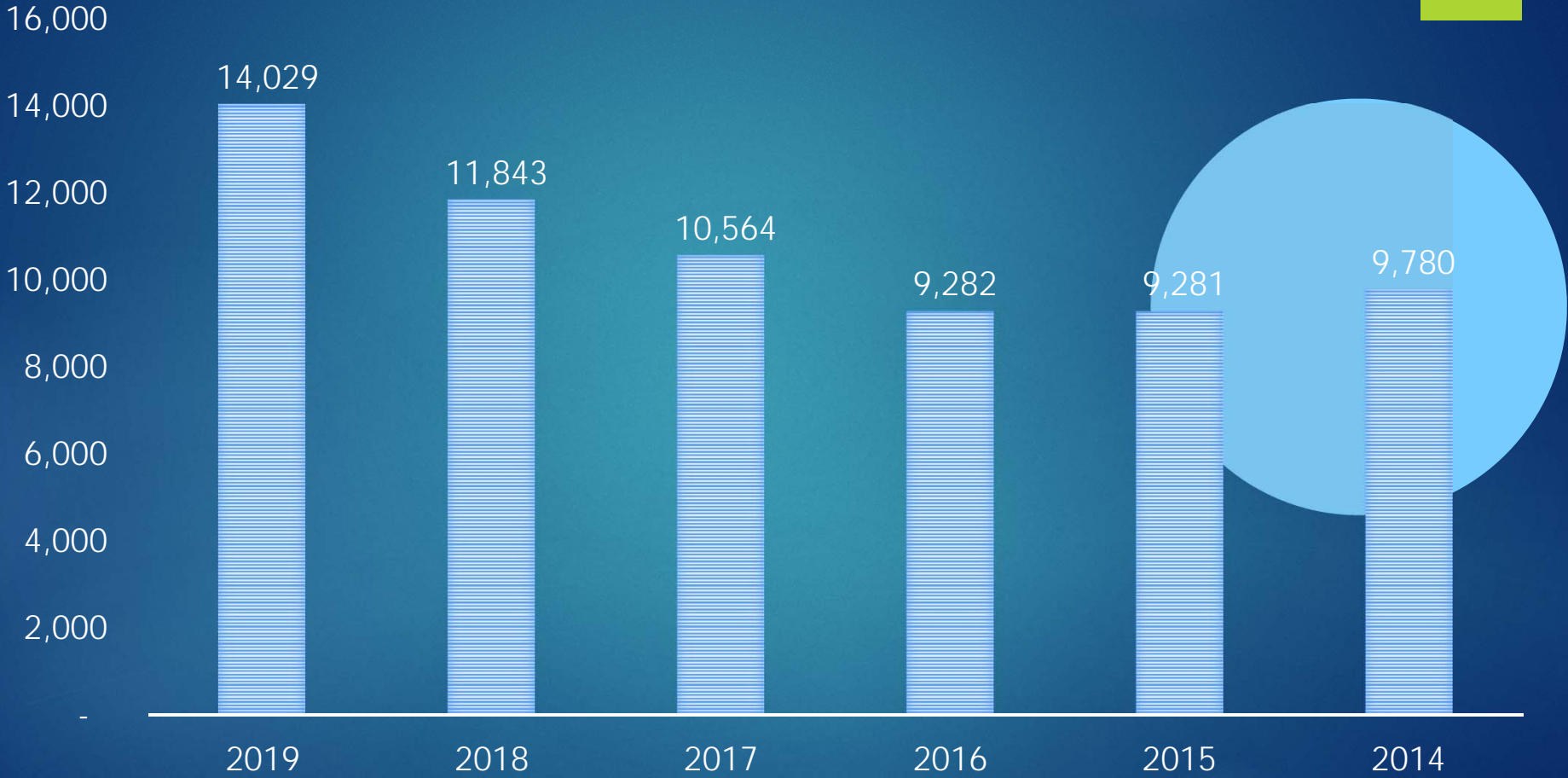
Moreover, there is a noticeable increase in exports sales by almost 23 percent during the current year.

The company earns a profit after tax amounting to PKR 918.500 million during the year ended 30 June, 2019 showing an increase by 59 percent as compared to the corresponding period.

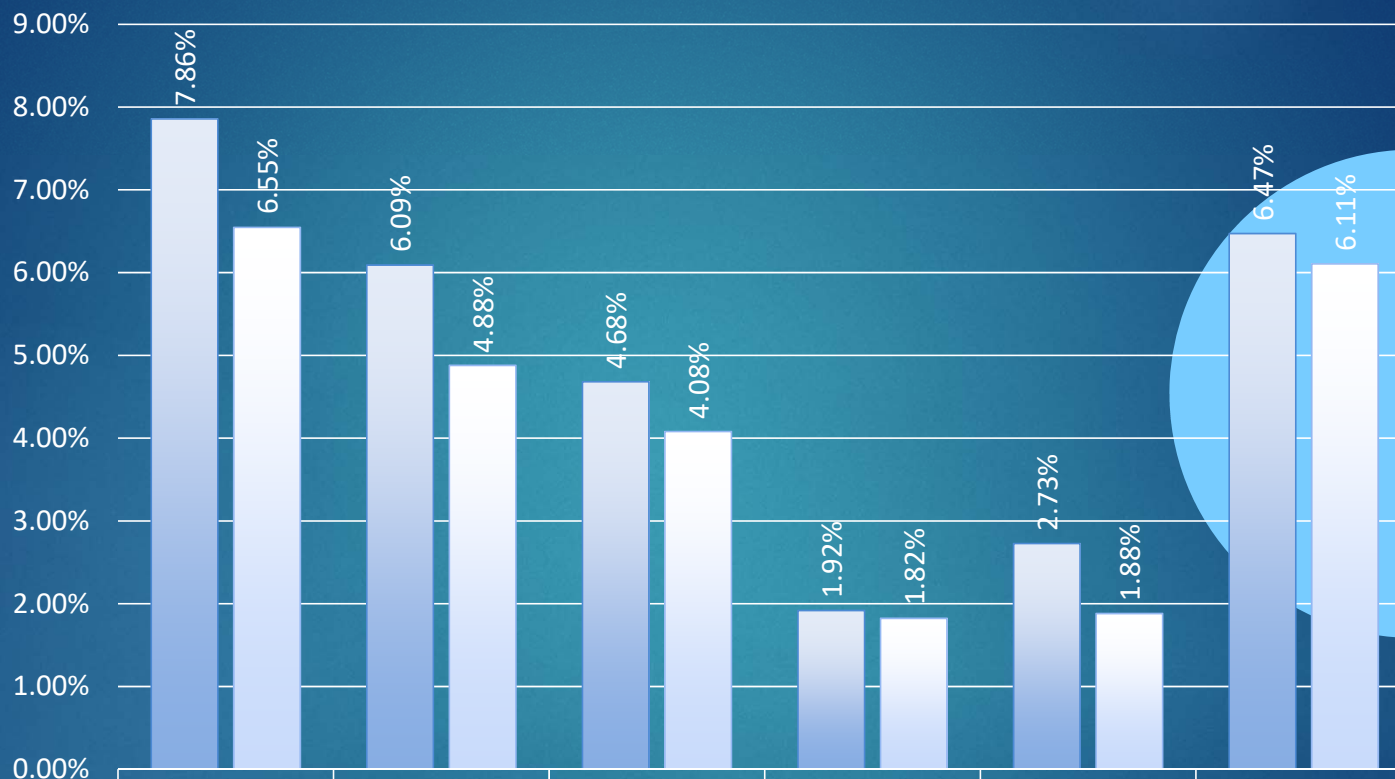
Statement of Profit or Loss
For the year ended June 30, 2019

	June 30, 2019 PKR	June 30, 2018 PKR
Sales	14,028,566,145	11,842,981,031
Cost of sales	12,144,528,218	10,534,518,803
Gross profit	1,884,037,927	1,308,462,228
Other income	30,479,561	3,700,693
Share of profit from associated undertaking	117,478,502	68,124,372
Profit before tax	1,102,372,068	721,426,613
Provision for taxation	183,872,217	143,571,536
Profit after taxation for the year	918,499,851	577,855,077
Earnings per share - basic and diluted	91.85	57.79

Turnover (Millions)



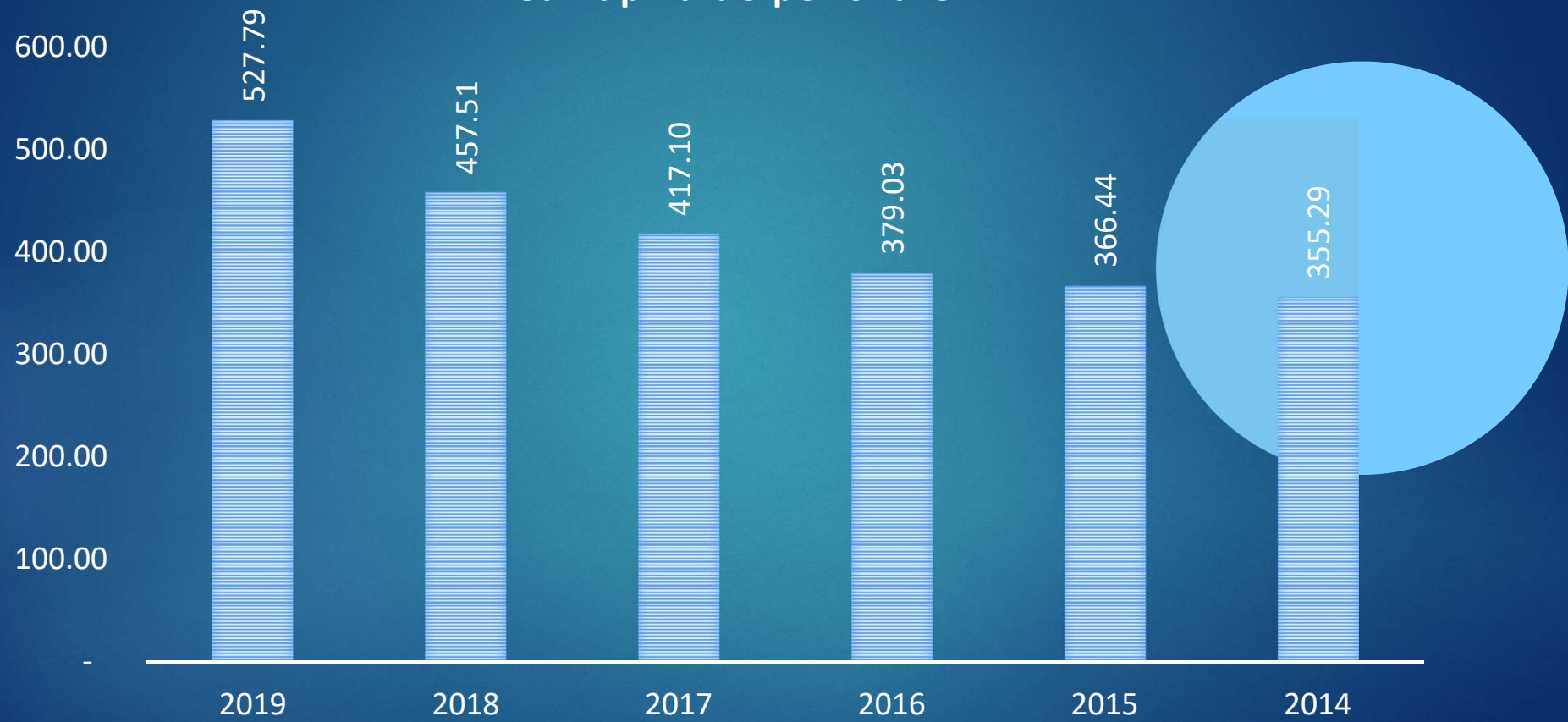
PBT & PAT to Sales



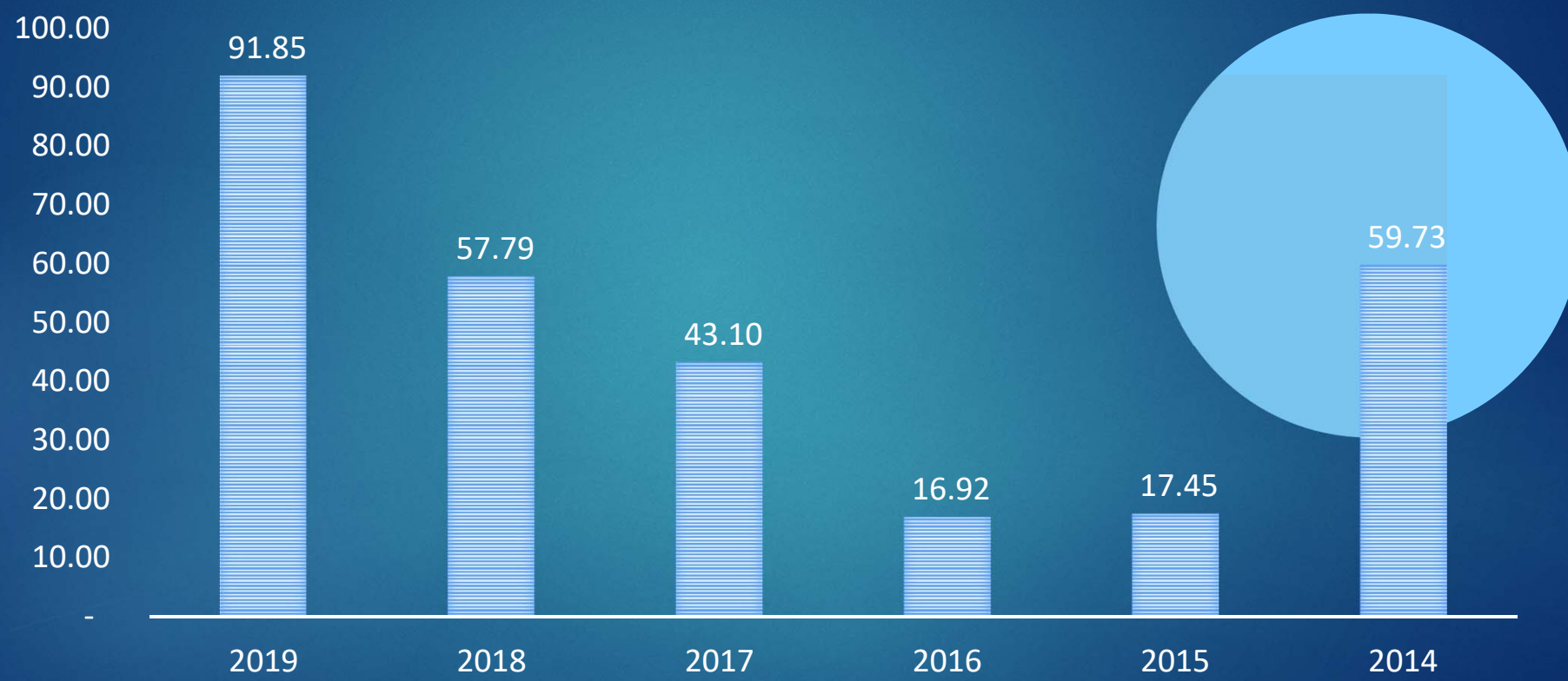
	2019	2018	2017	2016	2015	2014
■ Profit before tax (%)	7.86%	6.09%	4.68%	1.92%	2.73%	6.47%
■ Profit after tax (%)	6.55%	4.88%	4.08%	1.82%	1.88%	6.11%

■ Profit before tax (%) ■ Profit after tax (%)

Break up value per share



Earnings per share



Cash Dividend - %



Year-Wise Operating Data

2019	2018	2017	2016	2015	2014
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Spinning Unit

Spindle installed	38,208	38,208	38,208	38,208	38,208	37,920
Spindles worked - Average	38,208	38,208	38,208	38,208	38,208	32,186
Installed capacity - Conversion 20/s count	19,921,801	19,921,801	19,921,801	19,921,801	19,921,801	11,957,025
Actual production - Kg	19,448,902	20,089,558	19,910,812	19,511,917	19,185,613	15,695,603

Weaving Unit

Air jet looms installed	265	265	265	265	263	263
Air jet looms worked	265	265	265	265	263	263
Installed capacity - Conversion 50 picks - Meter	64,308,255	41,780,006	41,780,006	41,550,746	41,237,155	41,237,155
Actual production - Meter	44,560,931	41,522,501	38,862,180	35,797,770	32,012,776	32,931,606

Year-Wise Financial Data

2019	2018	2017	2016	2015	2014
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Rupees in Thousands

Profit and loss account

Turnover (Net)	14,028,566	11,842,981	10,563,662	9,281,954	9,281,027	9,780,480
Gross profit	1,884,038	1,308,462	1,046,982	675,979	807,076	1,279,136
Operating profit	1,275,441	790,664	603,438	301,813	449,623	821,889
Financial expenses	290,548	137,361	154,387	143,489	211,756	231,377
Share profit of associate	117,479	68,124	45,443	19,646	15,160	42,516
Profit before tax	1,102,372	721,427	494,494	177,970	253,027	633,028
Profit after tax	918,500	577,855	430,994	169,214	174,549	597,259
Cash dividend	185,000	232,000	172,500	50,000	50,000	50,000

Balance Sheet

Share capital	100,000	100,000	100,000	100,000	100,000	100,000
Reserves	4,900,000	4,200,000	3,890,000	3,650,000	3,400,000	3,400,000
Shareholder equity	5,277,907	4,575,102	4,171,012	3,790,302	3,664,386	3,552,943
Long term liabilities	1,478,484	1,475,536	1,626,136	1,354,512	704,433	1,041,909
Short term loan	1,430,911	645,652	164,040	752,996	-	349,953
Current liabilities	2,467,436	1,496,635	902,957	1,640,897	886,126	1,127,597
Current portion - LT loans	226,342	224,493	160,431	123,681	320,820	276,014
Fixed assets	3,533,394	3,491,382	3,256,739	3,196,193	2,466,091	2,019,622
Current assets	5,925,995	4,245,853	3,269,374	3,290,312	2,465,022	2,801,337

Performance Ratios

	2019	2018	2017	2016	2015	2014
Sales growth (%)	18.45%	12.11%	13.81%	0.01%	-5.11%	15.22%
Gross profit (%)	13.43%	11.05%	9.91%	7.28%	8.70%	13.08%
Profit before tax (%)	7.86%	6.09%	4.68%	1.92%	2.73%	6.47%
Profit after tax (%)	6.55%	4.88%	4.08%	1.82%	1.88%	6.11%

	2019	2018	2017	2016	2015	2014
Breakup value per share	527.79	457.51	417.10	379.03	366.44	355.29
Market value of share	237.50	300.00	289.13	141.00	146.00	163.03

Earnings per share	91.85	57.79	43.10	16.92	17.45	59.73
Price earning ratio	2.59	5.19	6.71	8.33	8.36	2.73

Leverage

Gearing ratio	0.59	0.51	0.47	0.59	0.28	0.47
Debt to equity (%)	28.01%	32.25%	38.99%	35.74%	19.22%	29.33%
Interest covering ratio	4.79	6.25	4.20	2.24	2.19	3.74

Liquidity ratio

Current ratio	2.40	2.84	3.62	2.01	2.78	2.48
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New Venture

The board of directors in the meeting held on September 26, 2019 accorded their formal approval for setting up a finishing plant as a value addition initiative.

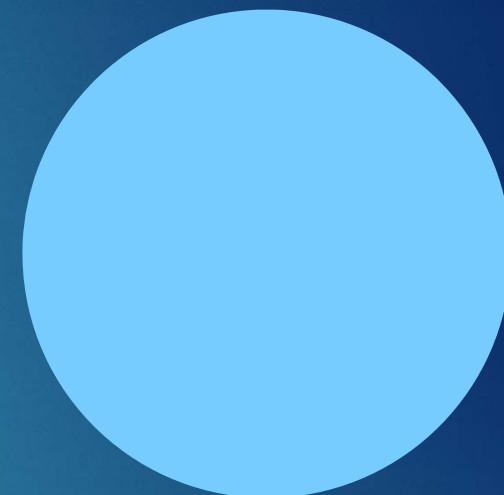
The cost of project is around PKR 5.00 billion with a production capacity of almost 18.000 million meterage per annum.

The letter of credits for import of plant and machinery have already been established whereas civil work is expected to commenced by the end of December 2019.

The commercial production is expected to be commence by the end of year 2020.



Questions and Answers Session



Thankyou

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