



of Companies

**FIRST QUARTERLY ACCOUNTS
2023-2024
(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, 2023.

Significant Financial Performance for the First Quarter Ended September 30, 2023;

Profit after tax for the first quarter ended September 30, 2023 is PKR 73.320 million as compared to PKR 405.057 million in the corresponding period ended September 30, 2022.

Earnings per share for first quarter ended September 30, 2023 is PKR 7.33 (Sept 30 2022: PKR 40.51).

Break-up value of the share as on September 30, 2023 is PKR 1,389.15 (June 30, 2023: PKR 1,381.82).

The current ratio as on September 30, 2023 is 1.60 (June 30, 2023: 1.53).

Economic Outlook of Pakistan

During the first month of the current fiscal year 2023-24, production fell in 16 sectors whilst just eight showed modest growth. The country's large-scale manufacturing (LSM) sector experienced contraction of 1.09 percent on YoY basis in the first month July 23 of the current fiscal year 2023-24 whereas July 2023 observed a steeper decline of 3.62 percent as compared to the corresponding month of the last fiscal year.

The experts projected the GDP growth rate somewhere between 2.5 to 3.5 percent for the fiscal year 2023-24 as unlike 2022-23, the policy of physically limiting imports has been abandoned as per IMF directives. Hence, production units ought to be able to import the inputs they need and invest in expansion of capacity. However, due to significant cost-push pressures, projections of the growth rate of the LSM sector should be approached with care as electricity and gas industrial tariffs are fast rising, coupled with exceptionally high borrowing rates. This will not only increase the cost of working capital but also deterring investment in capacity growth.

In the previous fiscal year 2022-23, total textile exports declined by 14.6 percent to \$16.5 billion compared to the record high of \$19.35 billion achieved in FY2021-22. Pakistan's textile sector exports witnessed a significant decline of 15 percent in July 2023, totaling at US\$ 1.31 billion, compared to US\$1.54 billion in the same month the previous year (APTMA). In July 2023, sales of mostly all major components textile sector declined, this includes cotton cloth, knitwear, bed sheets, towels, and readymade garments. The textile industry will continue to face economic headwinds from high interest rates, currency devaluation, high electricity tariffs, an increase in raw material costs & suspension of zero-rating status in fiscal year 2024.

Pakistan's textile industry constitutes a significant portion of around 60 percent of the country's exports, has been hit hard by competition from other Asian countries as well as the economic slowdown and political instability. Amidst the global economic slowdown triggered by the Ukrainian conflict and the increase in energy expenses, Pakistan's industrial manufacturing sector has also been adversely affected, mirroring the situation in other parts of the world. The textile industry, faces additional challenges due to the country's struggling economy and prolonged periods of political instability. These factors have compounded the difficulties faced by the textile sector in Pakistan.

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)
Dated: 27th October, 2023



Mohammad Salim
(Director)

Faisal Spinning Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited) As at September 30, 2023

	Note	September 30, 2023	June 30, 2023		Note	September 30, 2023	June 30, 2023
		Un-Audited Rupees	Audited Rupees	ASSETS		Un-Audited Rupees	Audited Rupees
<u>EQUITY AND LIABILITIES</u>				<u>NON CURRENT ASSETS</u>			
<u>SHARE CAPITAL AND RESERVES</u>				<u>NON CURRENT ASSETS</u>			
Authorized capital 12,000,000 (June 30, 2023: 12,000,000) ordinary shares of PKR 10 each		120,000,000	120,000,000	Property, plant and equipment	7	9,969,850,161	10,117,690,255
Issued, subscribed and paid up capital		100,000,000	100,000,000	Long term investment		1,710,508,759	1,762,526,599
Reserves		10,000,000,000	10,000,000,000	Long term deposits		31,189,580	31,189,580
Unappropriated profits		2,718,827,211	2,645,507,664			11,711,548,500	11,911,406,434
Loan from directors and sponsors	4	1,072,718,600	1,072,718,600				
		13,891,545,811	13,818,226,264				
<u>NON CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>			
Long term financing - secured		3,844,838,520	4,019,675,982	Stores, spare parts and loose tools		804,959,162	741,495,000
Long term payables	5	1,084,036,065	1,069,733,571	Stock in trade		13,185,075,192	15,327,363,107
Employees retirement benefits		419,947,469	395,311,495	Trade debts		4,333,825,255	3,693,493,152
Deferred taxation		418,683,878	418,683,878	Loans and advances		197,578,721	183,321,157
Deferred government grant		97,254,972	103,090,128	Trade deposits and prepayments		667,844,343	431,245,292
		5,864,760,904	6,006,495,054	Other receivables		115,535,028	96,401,357
<u>CURRENT LIABILITIES</u>				Advance income tax		374,809,144	408,225,866
Trade and other payables		4,854,072,189	3,450,544,451	Sales tax refundable		1,176,698,527	1,324,147,128
Unclaimed Dividend		18,325,851	18,325,851	Cash and bank balances		533,931,162	579,854,395
Accrued markup / interest		428,379,856	416,282,045			21,390,256,534	22,785,546,454
Short term borrowings - secured		7,302,377,921	10,260,976,667				
Current portion of non current liabilities		742,342,502	726,102,556				
		13,345,498,319	14,872,231,570				
<u>CONTINGENCIES AND COMMITMENTS</u>							
	6	-	-				
TOTAL EQUITY AND LIABILITIES		33,101,805,034	34,696,952,888	TOTAL ASSETS		33,101,805,034	34,696,952,888

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 Three Months Period Ended September 30, 2023

	Note	Three Months Ended	
		September 30, 2023	September 30, 2022
		Rupees	Rupees
Sales		12,384,940,171	7,824,537,238
Cost of goods sold		(11,029,373,300)	(6,917,962,357)
Gross profit		1,355,566,871	906,574,881
Distribution cost		(437,691,912)	(357,142,643)
Administrative expenses		(111,407,241)	(91,301,965)
		(549,099,153)	(448,444,608)
Other income		28,239,401	191,463,928
		834,707,119	649,594,201
Other operating expenses		(19,975,140)	(35,512,265)
Finance cost		(527,116,294)	(121,637,322)
		(547,091,434)	(157,149,587)
Operating Profit		287,615,685	492,444,614
Share of (loss) / profit of associated undertaking		(52,017,840)	60,413,577
Profit before taxation		235,597,845	552,858,191
Provision for taxation	8	(162,278,298)	(147,801,567)
Profit after taxation		73,319,547	405,056,624
Earning per share - basic and diluted		7.33	40.51

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 Three Months Period Ended September 30, 2023

	Note	Three Months Ended	
		September 30, 2023	September 30, 2022
		Rupees	Rupees
Profit for the period after taxation		73,319,547	405,056,624
Other comprehensive income for the period		-	-
Total comprehensive income for the period		73,319,547	405,056,624

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 Three Months Period Ended September 30, 2023

	Share Capital	Capital Reserves	Revenue Reserves			Loans from Directors & Sponsors	Grand Total
			General Reserves	Unappropriated Profit	Total		
	PKR	PKR	PKR	PKR	PKR	PKR	PKR
Balance as at July 01, 2022 - Audited	100,000,000	24,150,000	9,975,850,000	1,431,590,875	11,407,440,875	937,781,000	12,469,371,875
Comprehensive income							
Profit after taxation	-	-	-	405,056,624	405,056,624	-	405,056,624
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	405,056,624	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	11,812,497,499	937,781,000	12,874,428,499
Balance as at July 01, 2023 - Audited	100,000,000	24,150,000	9,975,850,000	2,645,507,664	12,621,357,664	1,072,718,600	13,818,226,264
Comprehensive income	-	-	-				
Profit after taxation	-	-	-	73,319,547	73,319,547	-	73,319,547
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	73,319,547	73,319,547	-	73,319,547
							-
Balance as at September 30, 2023	100,000,000	24,150,000	9,975,850,000	2,718,827,211	12,694,677,211	1,072,718,600	13,891,545,811

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 Three Months Period Ended September 30, 2023

	September 30, 2023 Rupees	September 30, 2022 Rupees
Cash flows from operating activities		
Profit before taxation	235,597,845	552,858,191
Adjustments for:		
Depreciation of property, plant and equipment	229,200,000	229,200,000
Share of profit of associated undertaking	52,017,840	(60,413,577)
Doubtful debts recovered	(1,870,769)	(42,687,149)
Provision for employee benefits	32,100,000	23,374,999
Gain on disposal of property, plant and equipment	-	(483,476)
Finance cost	527,116,294	121,637,322
	838,563,365	270,628,119
Operating cash flows before working capital changes	1,074,161,210	823,486,310
Changes in working capital		
Stores, spares and loose tools	(63,464,162)	(85,250,685)
Stock in trade	2,142,287,915	(526,543,500)
Trade debts	(638,461,334)	(37,706,535)
Loans and advances	(14,257,564)	(196,718,838)
Trade deposits	(236,599,051)	(74,093,827)
Other receivable	(19,133,671)	33,505,754
Sales tax refund	147,448,601	96,420,605
Trade and other payables	1,403,527,738	(137,381,791)
Long term payables	14,302,494	21,522,785
	2,735,650,966	(906,246,032)
Cash generated from / (used in) from operations	3,809,812,176	(82,759,722)
Finance cost paid	(515,018,483)	(107,213,346)
Employee benefit costs paid	(7,464,026)	(5,780,052)
Income taxes payments - net	(128,861,576)	(104,758,230)
Long-term deposits	-	(3,257,265)
	(651,344,085)	(221,008,893)
Net cash generated from / (used in) operating activities	3,158,468,091	(303,768,615)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	23,100,000
Addition in property plant and equipment	(81,359,906)	(230,326,982)
Net cash used in investing activities	(81,359,906)	(207,226,982)
Cash flows from financing activities		
Proceed from long term finance	-	39,519,073
Repayment of long term financing	(164,432,672)	(94,360,537)
(Decrease) / Increase in short term borrowings	(2,958,598,746)	912,935,026
Dividends paid	-	(43,950)
Net cash (used in) / generated from financing activities	(3,123,031,418)	858,049,612
Net (decrease) / increase in cash and cash equivalents	(45,923,233)	347,054,015
Cash and cash equivalent at the beginning of period	579,854,395	4,442,516,331
Cash and cash equivalent at the end of period	533,931,162	4,789,570,346

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



Chief Executive



Director



Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited)

For the Three Months Period Ended September 30, 2023

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 stitched 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, 2023.

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, 2023.

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, 2023	June 30, 2023
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
5 LONG TERM PAYABLES			
Infra structure development cess payable - ETO		616,719,403	602,416,909
Infra structure fee payable - Gas		<u>467,316,662</u>	<u>467,316,662</u>
		<u>1,084,036,065</u>	<u>1,069,733,571</u>
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, 2023 except following:			
6.1 Contingencies			
6.1.1 Bills Discounted		<u>4,433,242,949</u>	<u>6,549,622,870</u>
6.1.2 Share of contingencies of its associated company, Blessed Textiles Limited:			
Bills discounted		<u>369,948,563</u>	<u>382,520,529</u>
		<u>369,948,563</u>	<u>382,520,529</u>
6.2 Commitments			
6.2.1 Letter of credit (for store, raw material and machinery)		<u>723,921,654</u>	<u>705,867,442</u>
6.2.2 Share of commitments of its associated company Blessed Textiles Limited:			
Letter of credit (for store, raw material and machinery)		<u>127,273,307</u>	<u>85,332,588</u>
		<u>127,273,307</u>	<u>85,332,588</u>
6.2.3 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		<u>13,511,760</u>	13,710,843
- payments later than one year		<u>37,434,625</u>	40,030,459
		<u>50,946,385</u>	<u>53,741,302</u>

	Note	September 30, 2023	June 30, 2022
		Rupees (Un-Audited)	Rupees (Audited)
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	9,662,371,471	9,832,038,951
Capital work in progress		307,478,690	285,651,304
		<u>9,969,850,161</u>	<u>10,117,690,255</u>
7.1 Operating fixed assets			
Net book value at the beginning of the period/year		9,832,038,951	9,891,076,393
Additions during the period/year			
Freehold land		-	3,492,370
Factory buildings lease hold		-	169,873,881
Factory buildings free hold		-	114,973,852
Plant and machinery		19,707,125	453,737,530
Electric installation		-	25,519,561
Factory equipment		-	6,572,925
Furniture and fixture		-	8,257,162
Equipment and other assets		13,660,365	20,626,650
Vehicles		26,165,030	75,912,855
		59,532,520	878,966,786
Net book value of assets disposed during the period/year		-	(24,225,325)
Depreciation for the period/year		(229,200,000)	(913,778,903)
Net book value at the end of the period/year		<u>9,662,371,471</u>	<u>9,832,038,951</u>

8 PROVISION FOR TAXATION

- 8.1** No provision for deferred tax has been made as the impact of the same is considered immaterial and provision for current tax has been made in accordance with the requirements of Income Tax Ordinance, 2001.

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 in the Company
Bhanero Textile Mills Limited	Associated companies	N/A
Blessed Textiles Limited	Associated companies	N/A
Bhanero Energy Limited	Associated companies	N/A
Admiral (Private) Limited	Associated companies	12.83
Mohammad Salim	Director	0.29
Khurram Salim	Director	2.00
Mohammad Shaheen	Director	0.33
Mohammad Amin	Director	4.61
Hamza Shakeel	Director	4.77
Bilal Sharif	Director	3.64
Yasmeen Begum	Directorship of close family relative	2.39
Farrukh Salim	Directorship of close family relative	1.37
Yousaf Salim	Directorship of close family relative	3.13
Saqib Salim	Directorship of close family relative	1.99
Amna Khurram	Directorship of close family relative	1.10
Sadaf Farrukh	Directorship of close family relative	N/A
Saba Yousaf	Directorship of close family relative	0.98
Saba Saqib	Directorship of close family relative	2.12
Muhammad Umer	Directorship of close family relative	0.97
Samia Bilal	Directorship of close family relative	5.34
Abdullah Bilal	Directorship of close family relative	3.37
Ali Bilal	Directorship of close family relative	3.37
Azan Bilal	Directorship of close family relative	3.37
Seema Shaheen	Directorship of close family relative	3.35
Mohammad Qasim	Directorship of close family relative	3.95
Fatima Amin	Directorship of close family relative	4.51
Mohammad Shakeel	Directorship of close family relative	0.48
Nazli Shakeel	Directorship of close family relative	4.29
Adil Shakeel	Directorship of close family relative	4.77
Faisal Shakeel	Directorship of close family relative	4.77
Yahya Farrukh	Directorship of close family relative	2.74
Sumbul Qasim	Directorship of close family relative	2.35
Anjum Sharif	Directorship of close family relative	N/A

	September 30, 2023	September 30, 2022
	Rupees	Rupees
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
9.1 Transactions with related parties		
Nature of transaction		
Purchases	1,534,164,139	1,552,937,827
Sales	18,997,177	5,673,827
Services received	154,500	77,250
Purchase of electricity	320,715	1,253,759
Remuneration to key management personnel	2,400,000	2,400,000
Balance with related party	20,000	20,000

10 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, 2023 is as follows:

	Three Months Ended September 30, 2023			
	Spinning	Weaving	Finishing / Home Textile	Total
	Rupees	Rupees	Rupees	Rupees
Revenue from external customers	5,002,790,375	3,343,560,497	4,038,589,299	12,384,940,171
Inter-segment transfers	-	98,210,450	4,534,052	98,210,450
Segment results	26,060,192	235,363,850	545,043,676	806,467,718
Other operating income				28,239,401
Other operating expenses				(19,975,140)
Finance cost				(52,116,294)
Share of loss of associated undertaking				(52,017,840)
				<u>235,597,845</u>
	Three Months Ended September 30, 2022			
	Spinning	Weaving	Finishing / Home Textile	Total
	Rupees	Rupees	Rupees	Rupees
Revenue from external customers	2,602,117,193	2,813,261,750	2,409,158,295	7,824,537,238
Inter-segment transfers	5,404,500	104,051,871	4,896,238	114,352,609
Segment results	65,772,788	229,708,437	162,649,048	458,130,273
Other operating income				191,463,928
Other operating expenses				(35,512,265)
Finance cost				(121,637,322)
Share of profit of associated undertaking				60,413,577
				<u>552,858,191</u>

	As at September 30, 2023				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>10,938,218,764</u>	<u>6,317,942,154</u>	<u>14,339,696,075</u>	<u>1,505,948,041</u>	<u>33,101,805,034</u>
	As at June 30, 2023				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	12,798,863,511	5,777,728,298	13,493,027,607	2,627,333,472	34,696,952,888
	As at September 30, 2023				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment liabilities	<u>4,111,881,857</u>	<u>2,951,041,495</u>	<u>11,111,932,590</u>	<u>1,035,403,281</u>	<u>19,210,259,223</u>

Notes to the Condensed Interim Financial Information (Un-audited)
For the Three Months Period Ended September 30, 2023

	As at June 30, 2023				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Segment liabilities	<u>7,365,994,845</u>	<u>2,577,231,774</u>	<u>9,896,073,367</u>	<u>1,039,426,638</u>	<u>20,878,726,624</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 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 27, 2023.

14 GENERAL

14.1 There are no other significant activities since June 30, 2023 affecting the interim financial information.

14.2 Figures have been rounded off to the nearest Rupee.



Chief Executive



Director



Chief Financial Officer