



of Companies

FIRST 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.



MISSION STATEMENT

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

Faisal Spinning Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited)


As at Sep 30, 2019

	Note	Sep 30, 2019 Un-Audited Rupees	June 30, 2019 Audited Rupees		Note	Sep 30, 2019 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, 2018: 12,000,000) ordinary shares of PKR 10 each		120,000,000	120,000,000	Property, plant and equipment	6	3,469,880,261	3,557,070,806
Issued, subscribed and paid up capital		100,000,000	100,000,000	Long term investment		705,291,556	689,653,923
Reserves		4,900,000,000	4,900,000,000	Long term deposits		9,636,135	9,636,135
Unappropriated profits		415,303,444	277,907,185			4,184,807,952	4,256,360,864
		5,415,303,444	5,277,907,185				
		541.53	527.79				
<u>NON CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>			
Long term financing - secured		1,388,434,456	1,478,483,866	Stores, spare parts and loose tools		113,255,293	94,322,900
Deferred liabilities	4	988,165,803	958,528,960	Stock in trade		3,453,248,496	4,005,267,653
		2,376,600,259	2,437,012,826	Trade debts	7	894,072,308	991,416,896
<u>CURRENT LIABILITIES</u>				Loans and advances		158,106,619	69,483,087
Trade and other payables		998,966,608	742,758,759	Trade deposits and prepayments		137,407,283	122,676,103
Unclaimed Dividend		10,414,038	10,433,759	Other receivables		153,935	19,617,557
Accrued markup / interest		22,995,657	56,990,253	Advance income tax		288,337,961	293,358,349
Short term borrowings - secured		632,224,098	1,430,911,134	Sales tax refundable		304,023,305	163,906,121
Current portion of non current liabilities		187,292,594	226,341,724	Cash and bank balances		110,383,546	165,946,110
		1,851,892,995	2,467,435,629			5,458,988,746	5,925,994,776
<u>CONTINGENCIES AND COMMITMENTS</u>				<u>TOTAL ASSETS</u>			
	5	-	-			9,643,796,698	10,182,355,640
TOTAL EQUITY AND LIABILITIES		9,643,796,698	10,182,355,640				

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



Chief Executive
Karachi: October 28, 2019



Director



Chief Financial Officer

Faisal Spinning Mills Limited

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

For the first Quarter Ended Sep 30 , 2019

	Note	First Quarter	
		Sep 30, 2019	Sep 30, 2018
		Rupees	Rupees
Sales		3,722,349,382	2,943,979,233
Cost of goods sold		3,377,675,207	2,624,414,408
Gross profit		344,674,175	319,564,825
Distribution cost		94,128,895	79,200,829
Administrative expenses		33,365,983	28,985,051
		127,494,878	108,185,880
Other income		3,026,764	1,736,944
		220,206,061	213,115,889
Other operating expenses		12,310,909	11,786,385
Finance cost		44,358,362	34,250,691
		56,669,271	46,037,076
Operating Profit		163,536,790	167,078,813
Share of profit of associated undertaking		15,637,633	18,707,117
Profit before tax		179,174,423	185,785,930
Provision for taxation	8	41,778,164	30,475,114
Profit after tax		137,396,259	155,310,816
Earnings per share - basic and diluted		13.74	15.53

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



Chief Executive

Karachi: October 28, 2019



Director



Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the first Quarter Ended Sep 30 , 2019

	Note	First Quarter	
		Sep 30, 2019	Sep 30, 2018
		Rupees	Rupees
Profit for the period after taxation		137,396,259	155,310,816
Other comprehensive income for the year		-	-
Total comprehensive Income for the period		137,396,259	155,310,816

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



Chief Executive

Karachi: October 28, 2019



Director



Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For the first Quarter Ended Sep 30 , 2019

	Share Capital	Capital Reserves	Revenue Reserves		Total	Grand Total
			General Reserves	Unappropriated Profit		
	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
Total comprehensive income for three months period ended Sep 30, 2018	-	-	-	155,310,816	155,310,816	155,310,816
Balance as at Sep 30, 2018	100,000,000	24,150,000	4,175,850,000	430,396,478	4,606,246,478	4,730,396,478
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
Total comprehensive income for three months period ended Sep 30, 2019	-	-	-	137,396,259	137,396,259	137,396,259
Balance as at Sep 30, 2019	100,000,000	24,150,000	4,875,850,000	415,303,444	5,291,153,444	5,415,303,444

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


Chief Executive
Karachi: October 28, 2019


Director


Chief Financial Officer

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited)

For the first Quarter Ended Sep 30 , 2019

	Sep 30, 2019	Sep 30, 2018
	Rupees	Rupees
Cash flows from operating activities		
Profit before tax	179,174,423	185,785,930
Adjustments for:		
Depreciation of property, plant and equipment	89,253,000	86,463,737
Share of profit of associated undertaking	(15,637,633)	(18,707,117)
Infrastructure fee - ETO	1,560,572	2,947,218
Infrastructure fee - Gas	20,150,834	37,726,931
Provision for employee benefits	11,890,000	13,275,000
Gain on disposal of property, plant and equipment	-	(197,335)
Finance cost	44,358,362	34,250,691
	151,575,135	155,759,125
Operating cash flows before movements in working capital	330,749,558	341,545,055
(Increase) / Decrease in stores, spares and loose tools	(18,932,393)	8,244,039
Decrease / (Increase) in stock in trade	552,019,157	(1,008,431,597)
Decrease in trade debts	97,344,588	287,142,112
(Increase) / Decrease in loans and advances	(88,623,532)	20,953,787
Increase in trade deposits	(14,731,180)	(16,064,059)
Decrease / (Increase) in other receivable	19,463,622	(7,191,402)
Increase in sales tax refund and other receivables	(140,117,184)	(20,783,843)
Increase in trade and other payables	256,207,849	172,237,759
	662,630,927	(563,893,204)
Cash generated from / (used) in from operations	993,380,485	(222,348,149)
Finance cost paid	(78,352,958)	(34,944,508)
Employee benefit costs paid	(3,964,563)	(7,646,400)
Income taxes paid	(36,757,776)	(30,471,115)
	(119,075,297)	(73,062,023)
Net cash generated from / (used in) operating activities	874,305,188	(295,410,172)

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited)

For the first Quarter Ended Sep 30 , 2019

	Sep 30, 2019	Sep 30, 2018
	Rupees	Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	31,037,458
Addition in property plant and equipment	(2,062,455)	(63,716,363)
Net cash used in investing activities	(2,062,455)	(32,678,905)
Cash flows from financing activities		
Proceed from long term finance	-	9,769,800
Repayment of long term financing	(129,098,540)	(50,522,308)
Decrease / (Increase) in short term borrowings	(798,687,036)	363,936,201
Dividends paid	(19,721)	(14,298)
Net cash (used in) generated from financing activities	(927,805,297)	323,169,395
Net decrease in cash and cash equivalents	(55,562,564)	(4,919,682)
Cash and cash equivalent at the beginning of period	165,946,110	125,186,375
Cash and cash equivalent at the end of period	110,383,546	120,266,693

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



Chief Executive

Karachi: October 28, 2019



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 Sheikhupura 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.

	<i>Note</i>	Sep 30, 2019	June 30, 2019
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
4 DEFERRED LIABILITIES			
Infra structure fee payable - ETO		122,217,376	120,656,804
Infra structure fee payable - Gas		618,291,100	598,140,266
Staff retirement benefits - gratuity		169,442,236	161,516,799
Deferred taxation		78,215,091	78,215,091
		<u>988,165,803</u>	<u>958,528,960</u>
5 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:			
5.1 Contingencies			
Bills Discounted		<u>2,186,455,587</u>	<u>2,503,027,088</u>
5.2 Commitments			
Letter of credit (for store, raw material and machinery)		<u>170,813,849</u>	<u>277,266,975</u>

	<i>Note</i>	Sep 30, 2019	June 30, 2019
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	6.1	3,444,141,262	3,533,394,262
Capital work in progress		25,738,999	23,676,544
		<u>3,469,880,261</u>	<u>3,557,070,806</u>
6.1 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		-	-
Factory buildings		-	800,000
Non factory buildings		-	3,790,340
Plant and machinery		-	373,667,435
Office Equipment		-	-
Equipment and other assets		-	16,390,279
Vehicles		-	19,815,462
		-	420,624,959
Net book value of assets disposed during the period/year		-	(54,703,487)
Depreciation for the period/year		(89,253,000)	(323,909,031)
Net book value at the end of the period/year		<u>3,444,141,262</u>	<u>3,533,394,262</u>

	<i>Note</i>	Sep 30, 2019	June 30, 2019
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
7 TRADE DEBTS			
Considered good			
Foreign secured		328,356,737	534,855,605
Local unsecured		<u>565,715,571</u>	<u>456,561,291</u>
		894,072,308	991,416,896
Considered doubtful:		-	-
Export		14,204,494	14,204,494
Local		<u>149,694,302</u>	<u>149,694,302</u>
		163,898,796	163,898,796
Allowance for ECL		<u>(163,898,796)</u>	<u>(163,898,796)</u>
		<u>894,072,308</u>	<u>991,416,896</u>

8 PROVISION FOR TAXATION

8.1 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 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

		Quarter Ended	
		Sep 30, 2019	Sep 30, 2018
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
9.1 Transactions with related parties			
Nature of transaction			
Purchases		360,737,185	353,381,334
Sales		5,051,393	2,550,343
Services received		77,250	77,250
Purchase of electricity		-	32,745,673
Balance with related party		20,000	20,000

9.2 Balances with related parties

There are no 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 September 30, 2019 is as follows:

	First Quarter Ended Sep 30, 2019			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	1,687,364,971	2,034,984,411	3,722,349,382	
Inter-segment transfers	-	-	-	
Segment results	98,244,773	121,961,288	220,206,061	
	First Quarter Ended Sep 30, 2018			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	1,264,553,533	1,679,425,700	2,943,979,233	
Inter-segment transfers	21,313,800	-	21,313,800	
Segment results	97,385,122	115,730,767	213,115,889	
	As at Sep 30, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	4,360,007,907	4,100,190,254	1,183,598,537	9,643,796,698
	As at Jun 30, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	4,977,796,441	3,926,314,251	1,278,244,948	10,182,355,640
	As at Sep 30, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	1,800,638,093	2,227,422,694	200,432,467	4,228,493,254
	As at Jun 30, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	2,619,069,342	2,076,073,459	209,305,654	4,904,448,455

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 October 28, 2019.


Chief Executive
Karachi: October 28, 2019


Director


Chief Financial Officer