



of Companies

FIRST QUARTERLY ACCOUNTS
2024-2025
(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, 2024.

Significant Financial Performance for the First Quarter Ended September 30, 2024

The company continues to struggle amid persistent challenges in the form of high energy prices, elevated borrowing cost, global slowdown and sluggish outlook for textile sector in 2024. Nonetheless, the management is optimistic for the potential recovery in the upcoming quarter and the year ahead.

The company posted a loss after tax amounting to PKR (406.932) million in the first quarter ended September 30, 2024 as compared to the profit of PKR 81.103 million corresponding period ending September 30, 2023.

Loss per share for the first quarter ended September 30, 2024 is PKR (40.69) whereas there was an EPS of PKR 8.11 in corresponding period ending September 30, 2023.

Break-up value of the share as on September 30, 2024 is PKR 1,207.78 (June 30, 2024: PKR 1,248.48).

The current ratio as on September 30, 2024 is PKR 1.27 (June 30, 2024: PKR 1.35).

Economic Outlook

It is anticipated that Pakistan's economy would continue to grow, with the industrial and services sectors expected to rebound in the current fiscal year 2024-25 however, unlike previous year it's anticipated that agriculture sector will not carry the growth momentum during the current year. Considering the preliminary estimates as of September 2024 on cotton arrivals that reported an approximate 60 percent decline compared to the same period last year, the textile sector will be seen struggling during the current year too.

The State Bank of Pakistan lowered its policy rate 17.50 in the last monetary policy owing to decline in both headline and core inflation rates over the past two months. The downward trend reflecting the ease of underlying inflationary pressures in the country as September 2024 data depicts annual inflation at 6.9 percent and core inflation also slid to 9.3 percent. A further cut of around 300 to 400 basis points is required in the upcoming monetary policy to stimulate growth for the industrial and service sector percent.

The textile industry is concerned by the depressing data on cotton production as reported by the Pakistan Cotton Ginners Association (PCGA) reveals a substantial decline in the cotton arrival as September 30, 2024. The policy makers should devise a plan to ensure a sustainable and consistent availability of cotton production in the country. Last year the cotton production was 8.397 million bales, which was a 71 percent increase from the previous year whereas for the current year the reported data reveals decline in cotton produce.

Such a huge fluctuation in the raw material hampers the long-term sustainability and growth of the textile sector. On the other hand, the fears of shortage in domestically produced cotton have led to a 21.17 percent increase in raw cotton imports in the first quarter of the current fiscal year compared to the same period last year which eventually exert pressure on foreign exchange reserves of the country.

We hope the government will take concrete and long-term steps to address the issues affecting cotton production 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)
Dated: 29th October 2024



Mohammad Salim
(Director)

Faisal Spinning Mills Limited

Condensed Interim Statement of Financial Position As at September 30, 2024

	Note	September 30, 2024	June 30, 2024		Note	September 30, 2024	June 30, 2024
		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				Property, plant and equipment	6	10,117,232,706	10,072,944,353
12,000,000 (June 30, 2024: 12,000,000) ordinary shares of PKR 10 each		120,000,000	120,000,000	Long term investment		1,437,978,153	1,473,665,420
Issued, subscribed and paid up capital		100,000,000	100,000,000	Long term deposits		36,424,217	36,424,217
Reserves		10,000,000,000	10,000,000,000			11,591,635,076	11,583,033,990
Unappropriated profits		905,115,342	1,312,047,267				
Loans from directors and sponsors	4	1,072,718,600	1,072,718,600				
		12,077,833,942	12,484,765,867				
<u>NON CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>			
Long term financing - secured		3,375,894,895	3,518,351,068	Stores, spare parts and loose tools		930,784,194	973,061,588
Employees retirement benefits		553,348,819	523,158,797	Stock in trade		13,529,719,077	12,339,666,757
Deferred taxation		213,912,983	219,266,073	Trade debts		4,212,498,028	4,088,867,198
Deferred government grant		72,205,450	78,304,326	Loans and advances		115,862,604	153,968,696
		4,215,362,147	4,339,080,264	Trade deposits and prepayments		883,645,210	422,174,330
<u>CURRENT LIABILITIES</u>				Other receivables		96,975,978	44,437,540
Trade and other payables		7,043,847,808	4,609,261,606	Advance income tax		632,180,724	572,896,986
Unclaimed dividend		19,427,951	19,460,365	Sales tax refundable		1,215,528,469	936,509,067
Accrued markup / interest		197,439,928	203,105,617	Cash and bank balances		472,727,763	575,411,747
Short term borrowings - secured		9,343,157,774	9,244,461,651			22,089,922,047	20,106,993,909
Current portion of non current liabilities		784,487,573	789,892,529				
		17,388,361,034	14,866,181,768				
<u>CONTINGENCIES AND COMMITMENTS</u>							
	5	-	-				
TOTAL EQUITY AND LIABILITIES		33,681,557,123	31,690,027,899	TOTAL ASSETS		33,681,557,123	31,690,027,899

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, 2024

	Note	Three Months ended	
		September 30, 2024	September 30, 2023
		Rupees	Rupees (Restated)
Sales		12,156,778,011	12,384,940,171
Cost of sales		(11,535,366,784)	(11,029,373,300)
Gross profit		621,411,227	1,355,566,871
Distribution cost		(413,960,723)	(437,691,912)
Administrative expenses		(140,491,156)	(111,407,241)
		(554,451,879)	(549,099,153)
Other income		41,818,511	28,239,401
		108,777,859	834,707,119
Other operating expenses		-	(19,975,140)
Finance cost		(342,313,764)	(527,116,294)
		(342,313,764)	(547,091,434)
		(233,535,905)	287,615,685
Share of loss from associated undertaking		(35,687,267)	(52,017,840)
(Loss) / Profit before levies & taxation		(269,223,172)	235,597,845
Levies - Revenue taxes	8	(143,061,843)	(162,278,298)
(Loss) / Profit before taxation		(412,285,015)	73,319,547
Taxation		5,353,090	7,783,547
(Loss) / Profit after taxation		(406,931,925)	81,103,094
(Loss) / Earning per share - basic and diluted		(40.69)	8.11

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, 2024

Note	Three Months ended	
	September 30, 2024	September 30, 2023
	Rupees	Rupees (Restated)
(Loss) / profit for the period after taxation	(406,931,925)	81,103,094
Other comprehensive income for the period	-	-
Total comprehensive (loss) / Income for the period	(406,931,925)	81,103,094

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, 2024

	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, 2023 - Audited (Restated)	100,000,000	24,150,000	9,975,850,000	2,843,890,414	12,819,740,414	1,072,718,600	14,016,609,014
Comprehensive income							
Profit after taxation	-	-	-	81,103,094	81,103,094	-	81,103,094
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	81,103,094	81,103,094	-	81,103,094
Balance as at September 30, 2023 (Restated)	100,000,000	24,150,000	9,975,850,000	2,924,993,508	12,900,843,508	1,072,718,600	14,097,712,108
Balance as at July 01, 2024 - Audited	100,000,000	24,150,000	9,975,850,000	1,312,047,267	11,287,897,267	1,072,718,600	12,484,765,867
Comprehensive income	-	-	-	-	-	-	-
Loss after taxation	-	-	-	(406,931,925)	(406,931,925)	-	(406,931,925)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(406,931,925)	(406,931,925)	-	(406,931,925)
Balance as at September 30, 2024	100,000,000	24,150,000	9,975,850,000	905,115,342	10,880,965,342	1,072,718,600	12,077,833,942

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, 2024

	September 30, Rupees	September 30, 2023 Rupees <i>(Restated)</i>
Cash flows from operating activities		
(Loss) / profit before taxation	(269,223,172)	235,597,845
Adjustments for:		
Depreciation of property, plant and equipment	235,800,000	229,200,000
Share of profit of associated undertaking	35,687,267	52,017,840
Doubtful debts recovered	(488,395)	(1,870,769)
Provision for employee benefits	41,100,000	32,100,000
Gain on disposal of property, plant and equipment	(1,036,852)	-
Finance cost	342,313,764	527,116,294
	653,375,784	838,563,365
Operating cash flows before working capital changes	384,152,612	1,074,161,210
Changes in working capital		
Stores, spares and loose tools	42,277,394	(63,464,162)
Stock in trade	(1,190,052,320)	2,142,287,915
Trade debts	(123,142,435)	(638,461,334)
Loans and advances	38,106,092	(14,257,564)
Trade deposits	(461,470,880)	(236,599,051)
Other receivable	(52,538,438)	(19,133,671)
Sales tax refund	(279,019,402)	147,448,601
Trade and other payables	2,434,586,202	1,417,830,232
	408,746,213	2,735,650,966
Cash generated from operations	792,898,825	3,809,812,176
Finance cost paid	(347,979,453)	(515,018,483)
Employee benefit costs paid	(10,909,978)	(7,464,026)
Income taxes payments - net	(202,345,581)	(128,861,576)
	(561,235,012)	(651,344,085)
Net cash generated from operating activities	231,663,813	3,158,468,091
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,800,000	-
Addition in property plant and equipment	(280,851,501)	(81,359,906)
Net cash used in investing activities	(279,051,501)	(81,359,906)
Cash flows from financing activities		
Proceed from long term financing	42,330,400	-
Repayment of long term financing	(196,290,405)	(164,432,672)
Increase / (Decrease)in short term borrowings	98,696,123	(2,958,598,746)
Dividends paid	(32,414)	-
Net cash (used in) / generated from financing activities	(55,296,296)	(3,123,031,418)
Net decrease in cash and cash equivalents	(102,683,984)	(45,923,233)
Cash and cash equivalent at the beginning of period	575,411,747	579,854,395
Cash and cash equivalent at the end of period	472,727,763	533,931,162

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, 2024

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 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, 2024.

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, 2024.

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, 2024	June 30, 2024
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
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, 2024 except following:			
5.1 Contingencies			
6.1.1 Bills Discounted		<u>5,618,271,870</u>	<u>5,293,441,788</u>
6.1.2 Share of contingencies of associated company - Blessed Textiles Limited:			
Bills discounted		<u>181,671,218</u>	<u>211,415,346</u>
		<u>181,671,218</u>	<u>211,415,346</u>
5.2 Commitments			
6.2.1 Letter of credit (for store, raw material and machinery)		<u>5,232,152,143</u>	<u>5,230,879,829</u>
6.2.2 Share of commitments of associated company - Blessed Textiles Limited:			
Letter of credit (for store, raw material and machinery)		<u>457,637,546</u>	<u>169,008,968</u>
		<u>457,637,546</u>	<u>169,008,968</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>26,120,916</u>	29,176,716
- payments later than one year		<u>83,358,222</u>	95,409,381
		<u>109,479,138</u>	<u>124,586,097</u>
	<i>Note</i>	September 30, 2024	June 30, 2024
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	<u>8,864,164,215</u>	9,096,167,363
Capital work in progress		<u>1,253,068,491</u>	976,776,990
		<u>10,117,232,706</u>	<u>10,072,944,353</u>

	September 30, 2024	June 30, 2024
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
6.1 Operating fixed assets		
Net book value at the beginning of the period/year	9,096,167,363	9,832,038,951
Additions / transfers during the period/year		
Freehold land	-	1,330,911
Plant and machinery	-	76,133,885
Equipment and other assets	-	43,924,186
Vehicles	4,560,000	40,337,476
	4,560,000	161,726,458
Net book value of assets disposed during the period/year	(763,148)	(10,960,974)
Depreciation for the period/year	(235,800,000)	(886,637,072)
Net book value at the end of the period/year	<u>8,864,164,215</u>	<u>9,096,167,363</u>
	Three Months ended	
	September 30, 2024	September 30, 2023
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
8 LEVIES & TAXES		
Current - for the year	143,061,843	162,278,298
	<u>143,061,843</u>	<u>162,278,298</u>

Levies under Income Tax Ordinance, 2001 ['the Ordinance'] have been recognized under section 113 and 154 of the Ordinance. Comparatives figures have been restated/re-arranged accordingly.

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

	Three Months ended	
	September 30, 2024	September 30, 2023
	Rupees	Rupees
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
9.1 Transactions with related parties		
Nature of transaction		
Purchases	1,973,166,979	1,534,164,139
Sales	222,788,164	18,997,177
Services received	154,500	154,500
Purchase of electricity	28,766,210	320,715
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, 2024 is as follows:

	Three Months ended			
	September 30, 2024			
	Spinning	Weaving	Finishing / Home Textile	Total
	Rupees	Rupees	Rupees	Rupees
Revenue from external customers	4,338,665,538	3,672,077,502	4,146,034,971	12,156,778,011
Inter-segment transfers	82,523,750	-	20,842,300	82,523,750
Segment results	28,662,421	31,771,742	48,343,696	108,777,859
Other operating expenses				-
Finance cost				(342,313,764)
Share of loss of associated undertaking				(35,687,267)
				<u>(269,223,172)</u>

	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	102,744,502
Segment results	52,647,766	235,789,480	546,269,873	834,707,119
Other operating expenses				(19,975,140)
Finance cost				(527,116,294)
Share of profit of associated undertaking				(52,017,840)
				<u>235,597,845</u>

	As at September 30, 2024				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	11,761,733,745	7,464,725,124	13,170,906,587	1,284,191,667	33,681,557,123

	As at June 30, 2024				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	9,299,166,200	6,642,525,650	13,252,957,999	2,495,378,050	31,690,027,899

	As at September 30, 2024				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment liabilities	5,600,146,201	3,700,303,919	10,845,754,184	1,457,518,877	21,603,723,181

	As at June 30, 2024				
	Spinning	Weaving	Finishing / Home Textile	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment liabilities	4,807,179,476	2,495,667,909	10,544,948,217	1,357,466,430	19,205,262,032

Notes to the Condensed Interim Financial Information (Un-audited)
For the Three Months period ended September 30, 2024

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 29, 2024.

14 GENERAL

14.1 There are no other significant activities since June 30, 2024 affecting the interim financial information.

14.2 Figures have been rounded off to the nearest Rupee.


Chief Executive


Director


Chief Financial Officer