

Minutes of the Corporate Briefing Session - 2020

The Corporate Briefing Session (“CBS”) was conducted virtually on November 23, 2020 and the session was chaired by Mr. Muhammad Salim, the director of the company.

The CBS was commenced by the brief introduction 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, 2020.

Finally, the question and answers session were carried by the participant in the session.

The presentation is enclosed for your perusal.



FAISAL SPINNING MILLS LIMITED

CORPORATE BRIEFING SESSION - 2020



Table of Contents

Introduction

Outlook of Textile Industry

Financial Performance

New Finishing Unit (Work in Progress)

Question and Answers

Thankyou Note

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 36 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

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 Sheikhupura, Punjab.
- iii) Finishing Unit III with production capacity of 18.00 million meterage, located at 1.7 KM Warburton Road , Ferozwattwan , Sheikhupura, Punjab. (Work in Progress)

Credit Rating

The final rating of **A/A 1 (Single A / A-One)** has been assigned to the company by the rating company Messer's JCR-VIS on April 22 ,2020. The assigned ratings have been placed on "Rating Watch-Developing" status.

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. Fatima Amin	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

Outlook of Textile Industry

Cotton outputs in Pakistan have plunged to 21-year lows mainly due to poor seeds and lack of technology and innovations, threatening the livelihoods of growers and textile sector's viability.

The country is going to harvest 8.5 million bales of cotton in 2020/21, according to latest official statistics. The estimate is less than even what it produced way back in 1990-91. The least production on record if compared with the expected output was registered in 1998/99 when the country picked 8.7 million bales. As per PCGA around 3.452 million bales have been arrived up to 31st October 2020 as compared 6.097 million in corresponding period of the last year.

Despite the fact that local textile industry consumes around 16 million bales, domestic cotton productivity never exceeded 14 million bales necessitating the import of minimum to 1.5 to 2 million bales of cotton each year to meet the requirement of the local textile industry. However, this year imports may touch the highest levels in the last couple of decades, putting an extra burden on current account position and foreign exchange.

Finishing Unit

The erecting of machinery is in process and we are quite optimistic to commence our commercial production by January 2021. However, the eruption of second wave though not much intense so far in Pakistan might delay our targeted deadlines in case lock down situation arises.

Our recently developed apparel division is operating with full capacity due to diversion of orders from other countries owing to the spread of coronavirus.

Financial Performance

During the year ended June 30, 2020 the company achieved sales of PKR 14,895.550 million as compared to PKR 14,028.566 million in the corresponding year of the same period showing an increase of sales by 6.18%.

The company earns a profit after tax amounting to PKR 523.879 million during the year ended 30 June, 2020 (2019: PKR 918.500 million).

Statement of Profit or Loss
For the Year Ended June 30, 2020

	June 30, 2020 PKR	June 30, 2019 PKR
Sales	14,895,550,333	14,028,566,145
Cost of sales	13,485,266,980	12,144,528,218
Gross profit	1,410,283,353	1,884,037,927
Other income	46,257,142	30,479,561
	1,456,540,495	1,914,517,488
Distribution cost	388,475,712	359,691,377
Administrative expenses	167,708,237	218,206,900
Other operating expenses	41,755,096	61,177,800
Finance cost	246,852,141	290,547,845
	844,791,186	929,623,922
	611,749,309	984,893,566
Share of profit from associated undertaking	78,625,942	117,478,502
Profit before tax	690,375,251	1,102,372,068
Provision for taxation		
Current tax - Current year	172,799,457	171,415,830
Current tax - Prior year	-	(430,012)
Deferred	(6,303,327)	12,886,399
	166,496,130	183,872,217
Profit after taxation for the year	523,879,121	918,499,851
Earnings per share - basic and diluted	52.39	91.85

Faisal Spinning Mills Limited

For the year ended June 30, 2020

11

Year-Wise Operating Data

2020	2019	2018	2017	2016	2015
------	------	------	------	------	------

Spinning Unit

Spindle installed

38,208	38,208	38,208	38,208	38,208	38,208
--------	--------	--------	--------	--------	--------

Spindles worked - Average

38,208	38,208	38,208	38,208	38,208	38,208
--------	--------	--------	--------	--------	--------

Installed capacity after conversion into 20/s count - Kg

23,485,861	24,916,086	25,162,427	22,505,869	24,308,191	24,516,987
------------	------------	------------	------------	------------	------------

Actual production - Kg

20,628,185	19,448,902	20,089,558	19,910,812	19,511,917	19,185,613
------------	------------	------------	------------	------------	------------

Weaving Unit

Air jet looms installed

265	265	265	265	265	263
-----	-----	-----	-----	-----	-----

Air jet looms worked

265	265	265	265	265	263
-----	-----	-----	-----	-----	-----

Installed capacity after conversion into 50 picks - Meter

64,308,255	64,308,255	41,780,006	41,780,006	41,550,746	41,237,155
------------	------------	------------	------------	------------	------------

Actual production - Meter

43,789,732	44,560,931	41,522,501	38,862,180	35,797,770	32,012,776
------------	------------	------------	------------	------------	------------

Year-Wise Financial Data

2020	2019	2018	2017	2016	2015
------	------	------	------	------	------

Rupees in Thousands

Profit and loss account

Turnover (Net)	14,895,550	14,028,566	11,842,981	10,563,662	9,281,954	9,281,027
Gross profit	1,410,283	1,884,038	1,308,462	1,046,982	675,979	807,076
Operating profit	858,601	1,275,441	790,664	603,438	301,813	449,623
Financial expenses	246,852	290,548	137,361	154,387	143,489	211,756
Share profit of associate	78,626	117,479	68,124	45,443	19,646	15,160
Profit before tax	690,375	1,102,372	721,427	494,494	177,970	253,027
Profit after tax	523,879	918,500	577,855	430,994	169,214	174,549
Cash dividend	150,000	185,000	232,000	172,500	50,000	50,000

Balance Sheet

Share capital	100,000	100,000	100,000	100,000	100,000	100,000
Reserves	5,300,000	4,900,000	4,200,000	3,890,000	3,650,000	3,400,000
Shareholder equity	5,936,891	5,280,827	4,575,102	4,171,012	3,790,302	3,664,386
Long term liabilities	4,073,591	1,478,484	1,475,536	1,626,136	1,354,512	704,433
Short term loan	3,876,009	1,430,911	645,652	164,040	752,996	-
Current liabilities	5,006,663	2,467,436	1,496,635	902,957	1,640,897	886,126
Current portion of long term loans	55,003	226,342	224,493	160,431	123,681	320,820
Fixed assets	3,860,627	3,533,394	3,491,382	3,256,739	3,196,193	2,466,091
Current assets	8,499,266	5,925,995	4,245,853	3,269,374	3,290,312	2,465,022

Ratios**Performance**

Sales growth percentage - Year to Year basis

6.18%	18.45%	12.11%	13.81%	0.01%	-5.11%
-------	--------	--------	--------	-------	--------

Gross profit (%)

9.47%	13.43%	11.05%	9.91%	7.28%	8.70%
-------	--------	--------	-------	-------	-------

Profit before tax (%)

4.63%	7.86%	6.09%	4.68%	1.92%	2.73%
-------	-------	-------	-------	-------	-------

Profit after tax (%)

3.52%	6.55%	4.88%	4.08%	1.82%	1.88%
-------	-------	-------	-------	-------	-------

Breakup value per share - Rupees per share

593.69	528.08	457.51	417.10	379.03	366.44
--------	--------	--------	--------	--------	--------

Market value of share - at the year end - Rupees per share

251.00	237.50	300.00	289.13	141.00	146.00
--------	--------	--------	--------	--------	--------

Earnings per share - Rupees per share

52.39	91.85	57.79	43.10	16.92	17.45
-------	-------	-------	-------	-------	-------

Price earning ratio

4.79	2.59	5.19	6.71	8.33	8.36
------	------	------	------	------	------

Leverage

Gearing ratio

1.35	0.59	0.51	0.47	0.59	0.28
------	------	------	------	------	------

Debt to equity (%)

68.61%	28.00%	32.25%	38.99%	35.74%	19.22%
--------	--------	--------	--------	--------	--------

Interest covering ratio

3.80	4.79	6.25	4.20	2.24	2.19
------	------	------	------	------	------

Liquidity ratio

Current ratio

1.70	2.40	2.84	3.62	2.01	2.78
------	------	------	------	------	------

Turnover (Millions)

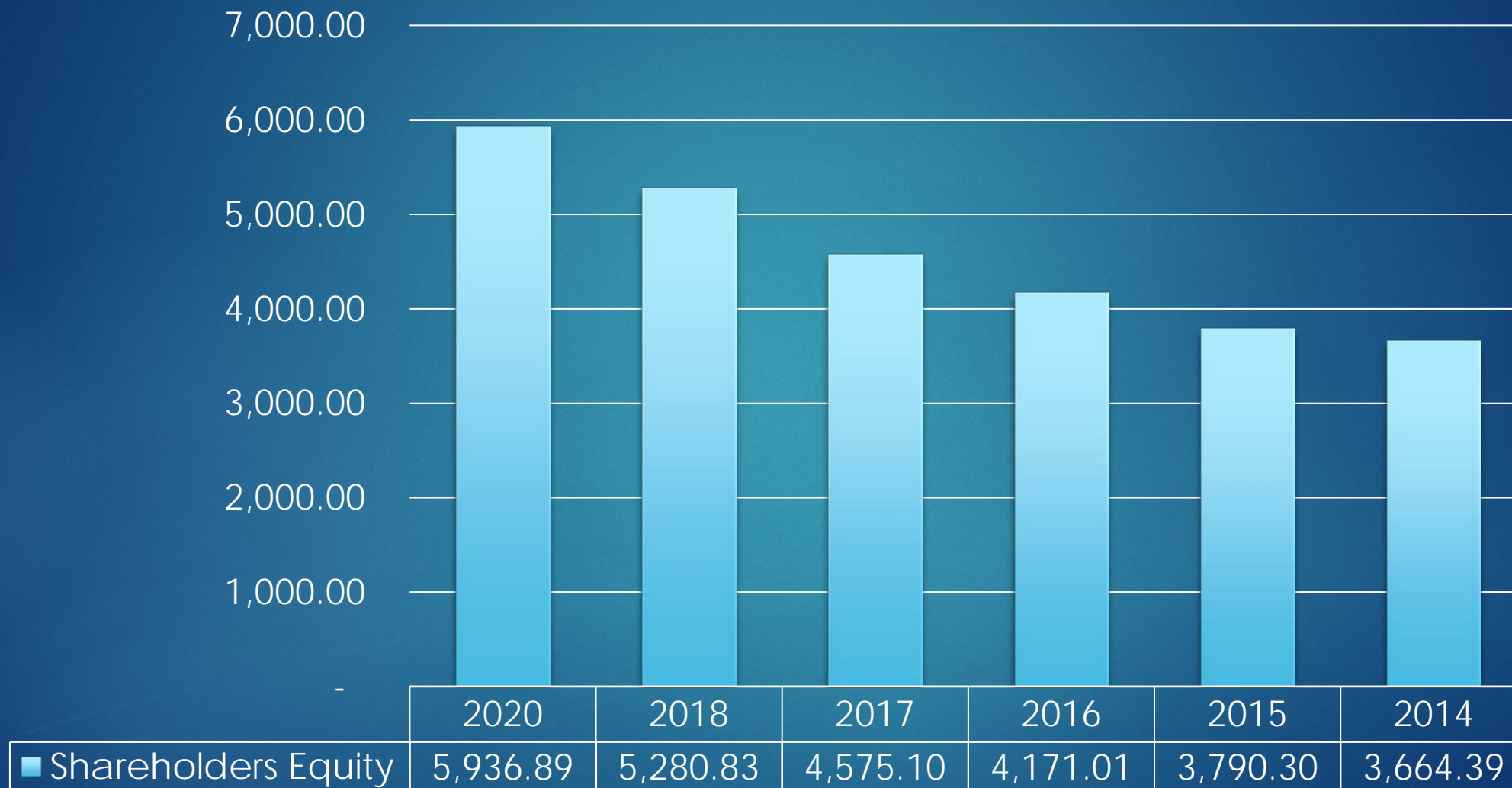


PBT & PAT

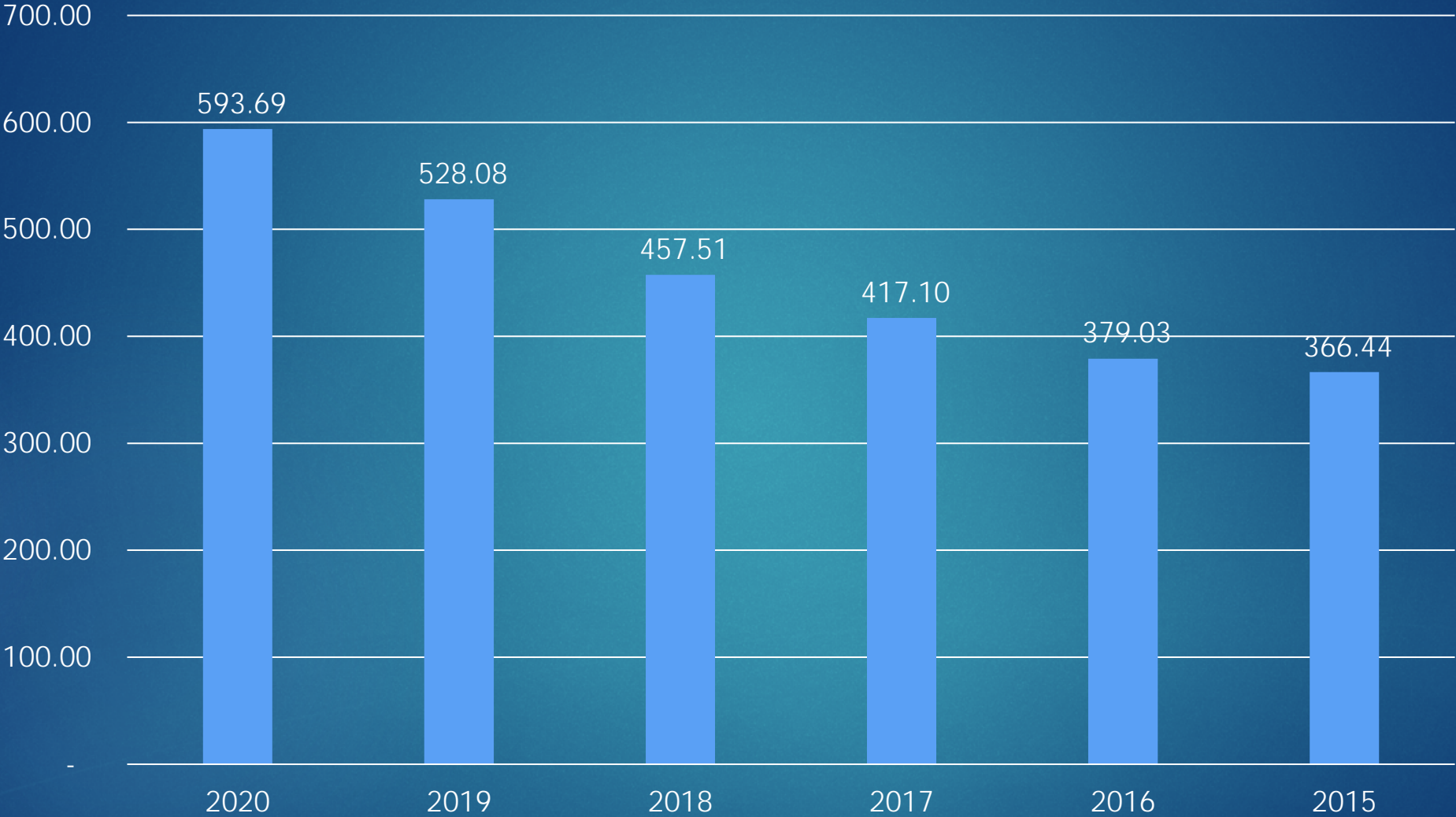
■ Profit before tax (%) ■ Profit after tax (%)



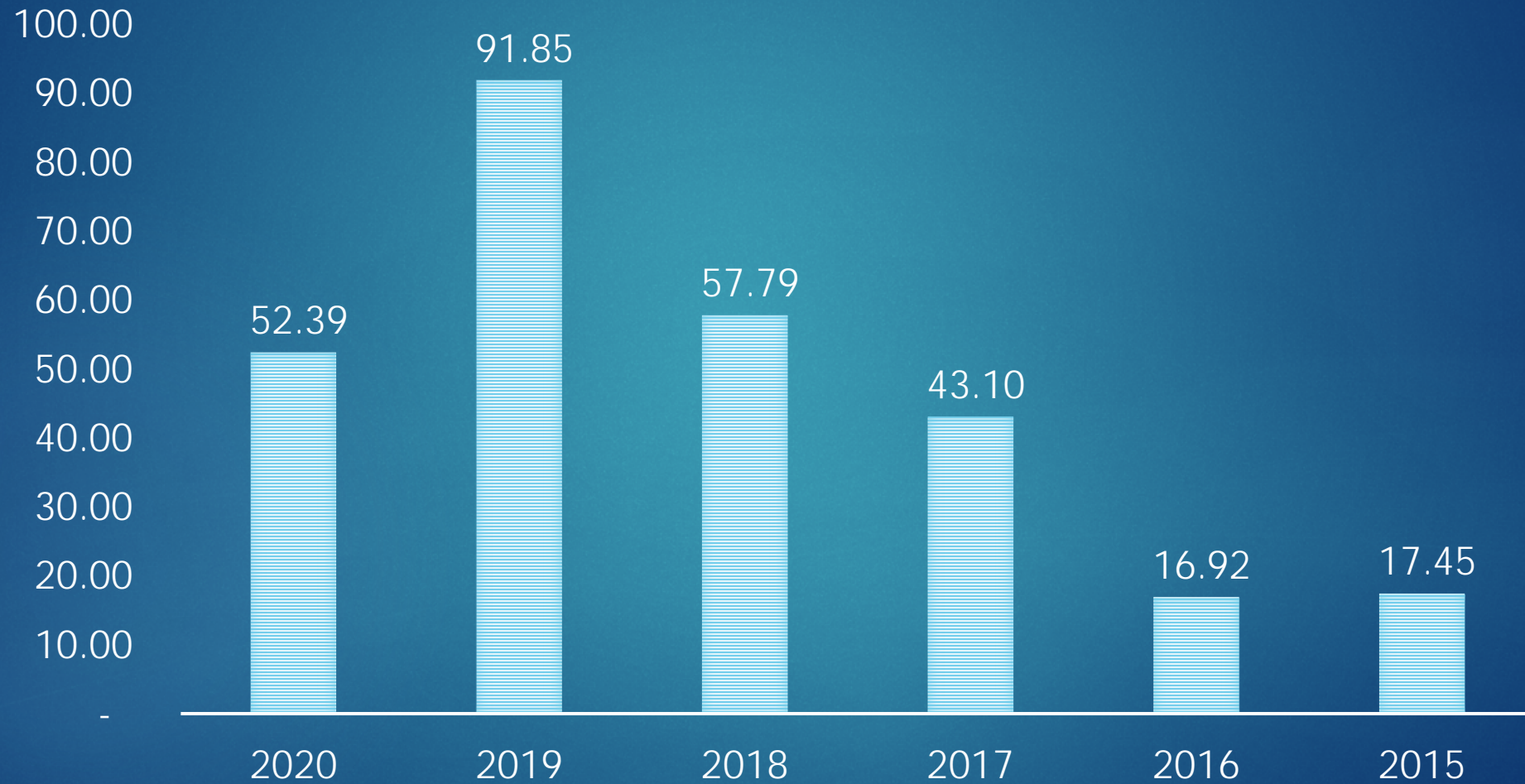
Shareholders Equity



Breakup Value of Share

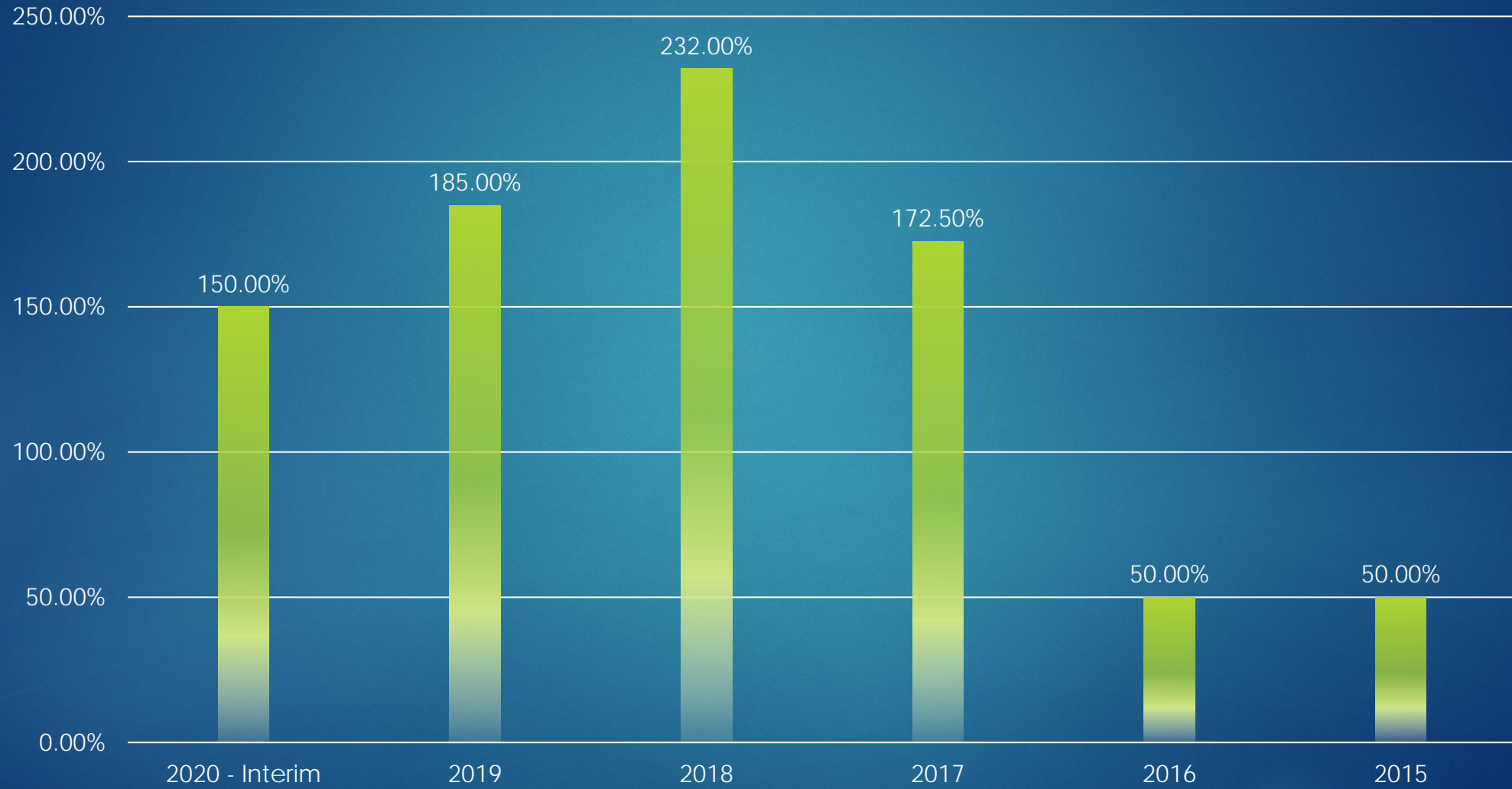


Earnings Per Share



Cash Dividend - %

19



Faisal Spinning Mills Limited

Categories Of Shareholders

As At June 30, 2020

20

Sr	Categories Of Shareholders	Numbers Of Shareholders	Shares Held	Percentage %
1	Director's, CEO, Their Spouse and Minor Children	17	3,908,179	39.08
2	Associated Companies, Undertaking and Related Parties	16	5,011,921	50.12
3	NIT / ICP	1	500	0.01
4	Bank / Financial Institution	1	3,600	0.04
5	Insurance Company	1	222,700	2.23
6	Modaraba & Mutual Funds	1	100	0.00
7	General Public / Individuals	785	851,899	8.52
8	Other Companies	2	501	0.01
9	Joint Stock Companies	2	600	0.01
		826	10,000,000	100.00

Faisal Spinning Mills Limited

Free Float of Shares

As on June 30, 2020

21

Total outstanding shares		10,000,000
<u>Less :</u>		
Shares held by Directors /Sponsors	7,637,200	
Government holding as Promoter /Acquirer /Controller		
Shares held by Associated Undertakings	1,282,900	
Shares held with General Public	<u>160,500</u>	9,080,600
Free Float		<u><u>919,400</u></u>
Total number of shares available in CDC		2,205,300
Total number of shares available in Physical Form		<u>7,794,700</u>
Total		<u><u>10,000,000</u></u>

Question & Answers Session

The honorable guest and shareholders of the company are requested to proceed for question and answer session with regard to the financial statements for the year ended June 30, 2020.

Thanks