CORPORATE BRIEFING SESSION

FAZAL CLOTH MILLS LIMITED

October 26, 2019

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Corporate Briefing – Contents

1. Company Brief
2. Operational Development
3. Financial Results of Year Ended June 30, 2019
4. Question & Answers Session

Company Brief

Company Brief

- The Company was incorporated in Pakistan in 1966 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange.

- The Company is engaged in manufacturing and sale of textile goods. The manufacturing facilities are located at Fazal Nagar, Jhang Road, **Muzaffargarh** and **Qadirpur Rawan** Bypass, Khanewal Road, Multan in the province of Punjab.

- Head Office of the Company is situated 59/3, Abdali Road Multan.

- Registered Office is situated at 69/7, Abid Majeed Road, Lahore.

Company Brief Continued……

Board Of Directors consists of seven members;

- Sh. Naseem Ahmad — Chairman
- Mr. Rehman Naseem — Chief Executive Officer
- Mr. Amir Naseem Sheikh — Director
- Mr. Fazal Ahmed Sheikh — Director
- Mr. Faisal Ahmed — Director
- Mr. Fahd Mukhtar — Director
- Mr. Babar Ali — Independent Director

Company Brief Continued……

Pattern of Shareholding

As at June 30, 2019

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	11,654,187	38.85
Associated Companies, undertakings, and related parties	4,665,182	15.55
Banks Development Financial Institutions, Non-banking Financial Institutions	165,790	0.55
Modarba and Mutual Funds	1,787,302	5.96
Shareholders holding 10 %	10,447,861	34.83
General public	1,214,659	4.049
Others (Public Sector and government institutions)	65,019	0.22
Total	**30,000,000**	**100**

Operations / Business

Operations / Business

Brief of Operations

- The spinning division of the Company comprises of 7 spinning units with the installed capacity of 198,804 spindles and 3660 rotors, 912 MVS (Murata Vortex Spinning) producing approx.6,100 tons of yarn per month. All of the 7 spinning units are equipped with state of art Japanese and European machinery.

- The Weaving unit of the Company consist of 224 Air-jet looms producing 3.76 Million Meters of Greige fabric per month. With combination of state of the art weaving equipment, technical know-how and managerial expertise the weaving unit of the company ensures quality production and services to customers.

Operations / Business

<u>Challenges faced by business in 2018-19</u>

- Increase in local cotton prices from 6500/maund to 8600/maund.
- Substantial increase in average KIBOR from 7.03% to 12.87%.
- Substantial increase in working capital requirements.
- Liquidity issue due to issuance of sales tax refund bonds instead of refund through cash.

Operations / Business

Future Outlook

- GoP has levied GST @ 17% on local sales of textile goods. Sellers are also required to charge 3% further tax and disclose CNIC of customers who are not registered with FBR.
- Due very high rate of GST and the fact that most of the customers involved in domestic trade of textiles are not registered with FBR, sales of yarns and fabrics destined for domestic market consumption have reduced sharply. Inventory has built up resulting in higher financial cost. Margins on these products have also been reduced. Almost 25% of sales of your company are effected.
- Remaining 75% sales of your company comprise of either direct or indirect exports. Sales position and margins of this part remains satisfactory.
- In view of the above, the company expects lower profit during the current year as compared to last year.

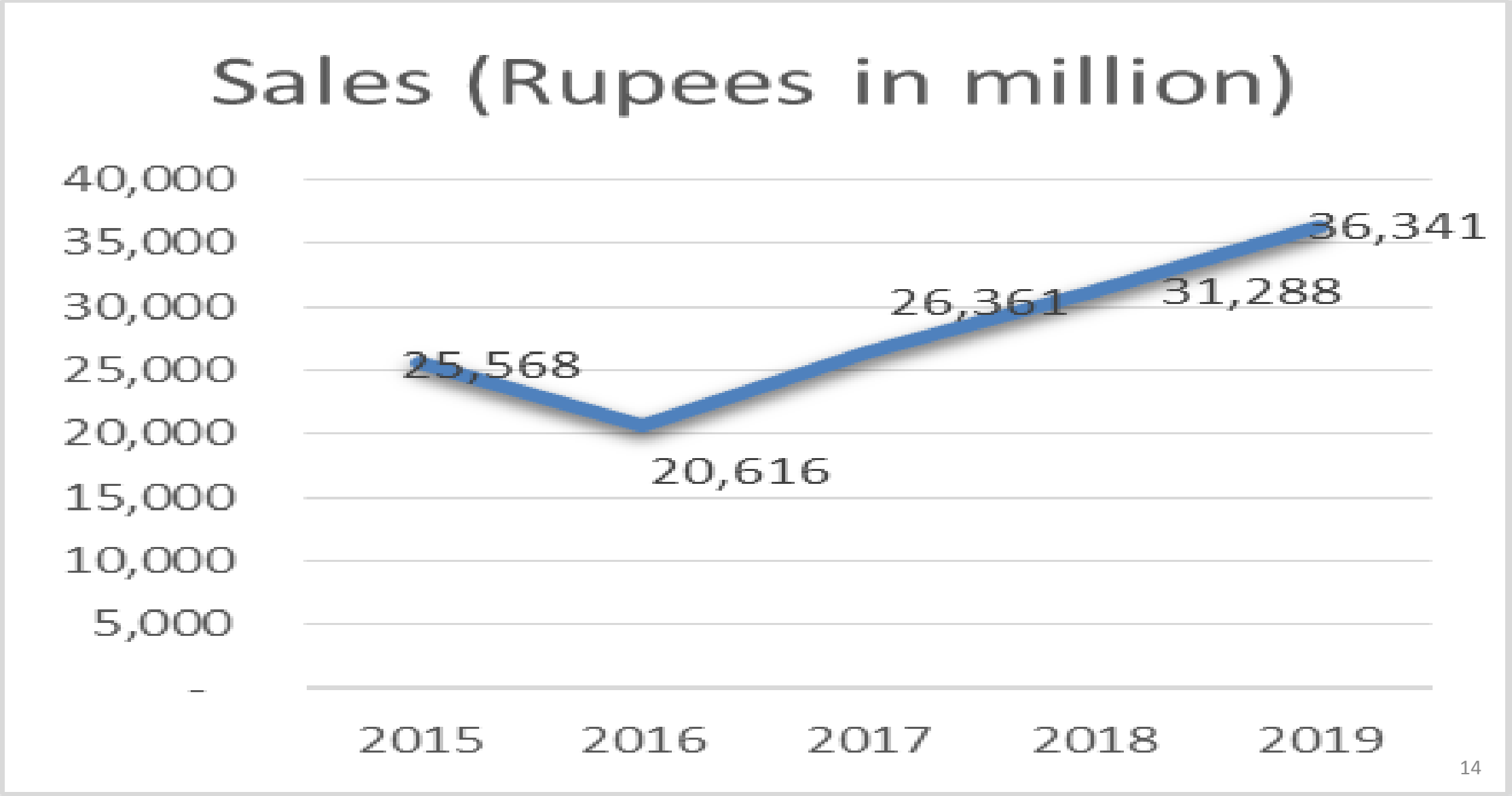
Financial Highlights of Year Ended June 30, 2019

Financial Highlights

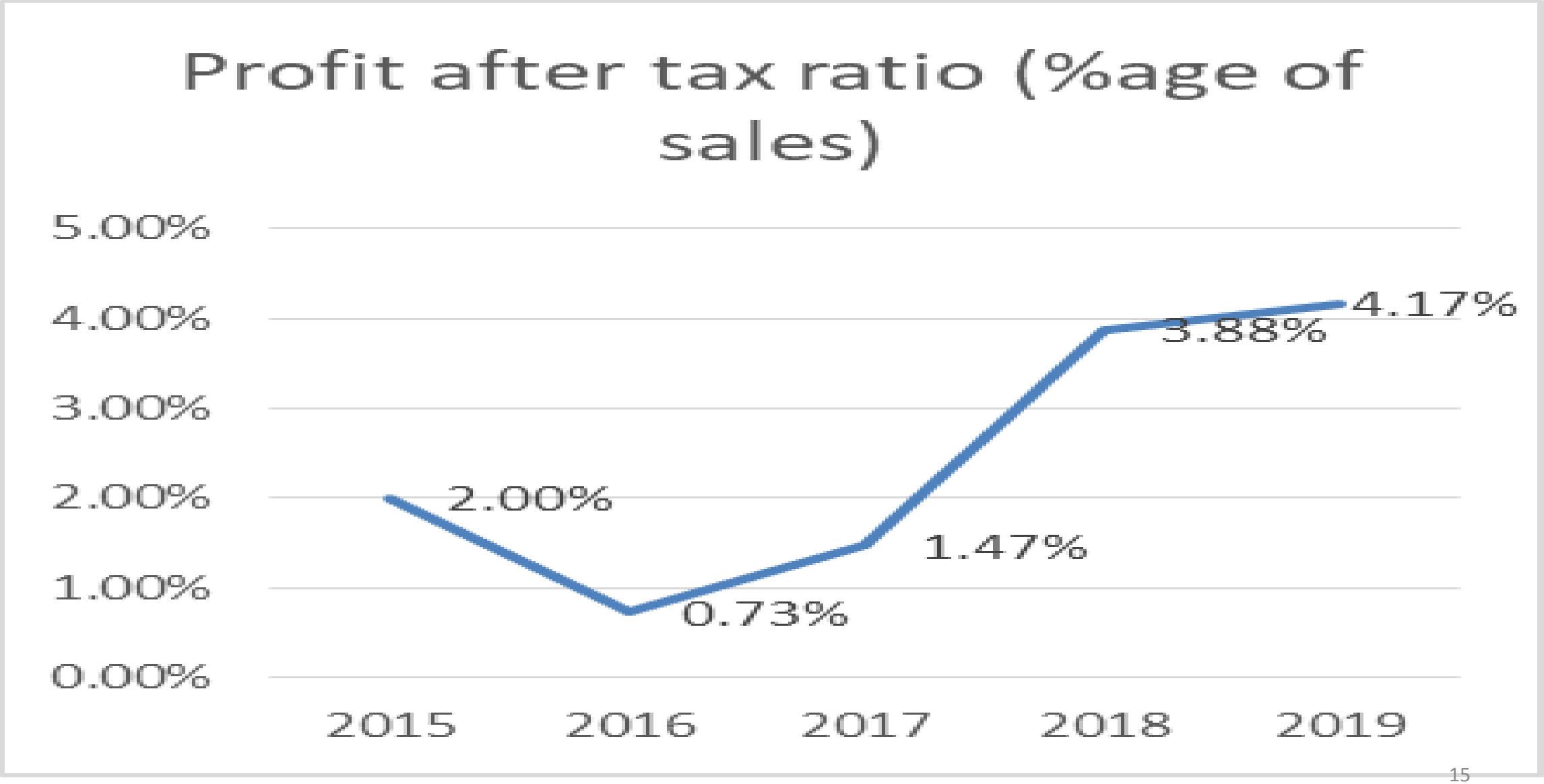
Profit & Loss for period ended June 30, 2019

Financial Highlights	2019 Rupees in ('000')	2018 Rupees in ('000')	Increase / (decrease) % age
Sales –net	36,341,097	31,288,369	16.15%
Cost of sales	31,998,617	28,552,922	12.07%
Gross profit	4,342,479	2,735,447	58.75%
EBITDA	5,249,975	3,448,334	52.25%
Depreciation	991,566	863,183	14.87%
Finance cost	1,894,234	1,143,950	65.59%
Other income	686,283	542,254	26.56%
Profit before tax	2,364,175	1,441,202	64.04%
Profit after tax	1,515,503	1,213,505	24.89%
Earnings per share –Rs	50.52	40.45	24.89%

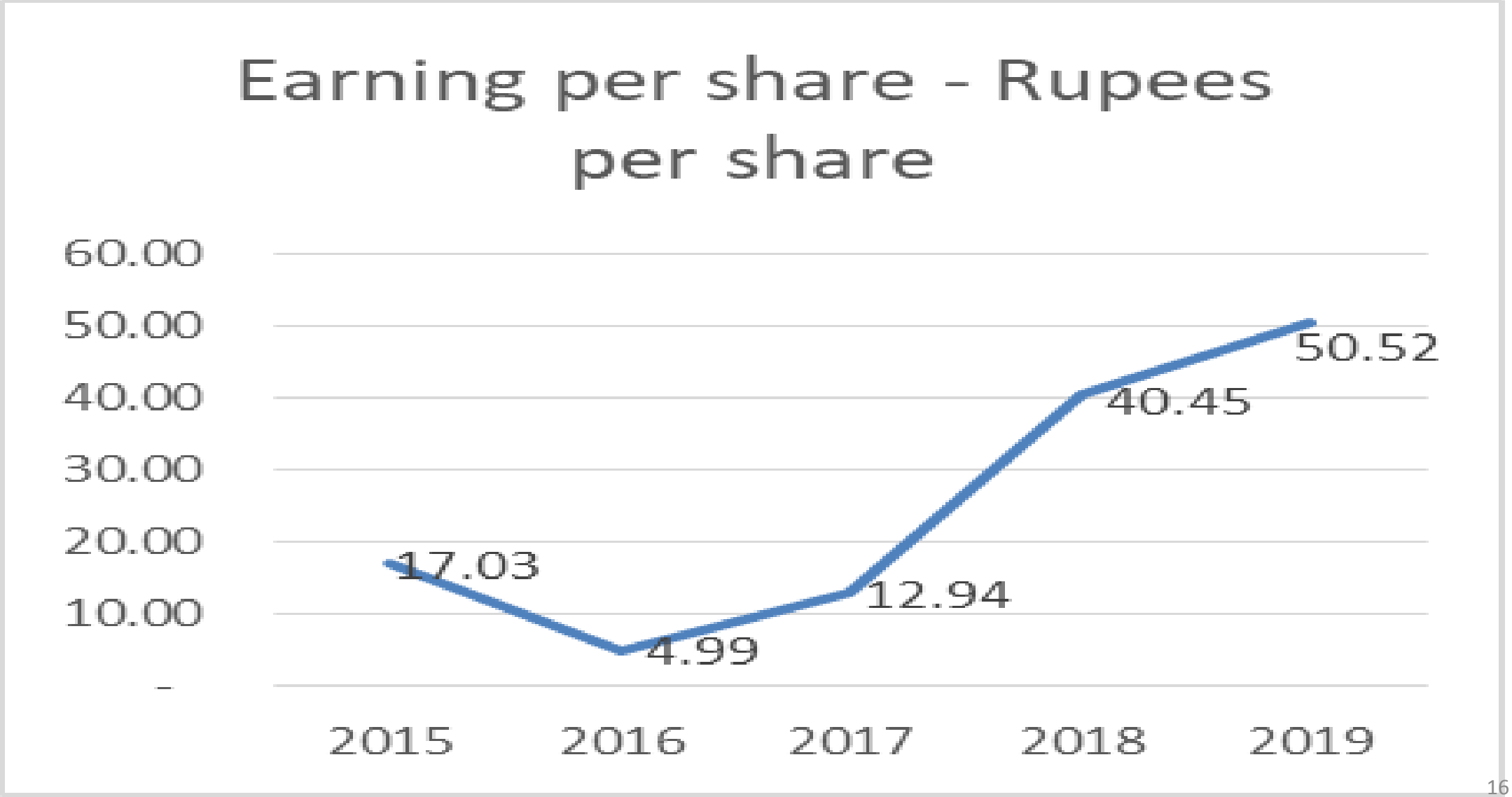
Financial Highlights- Profit & Loss
Turnover- Trend Five years



Financial Highlights- Profit & Loss
Profit after tax as% of sales- Trend Five years



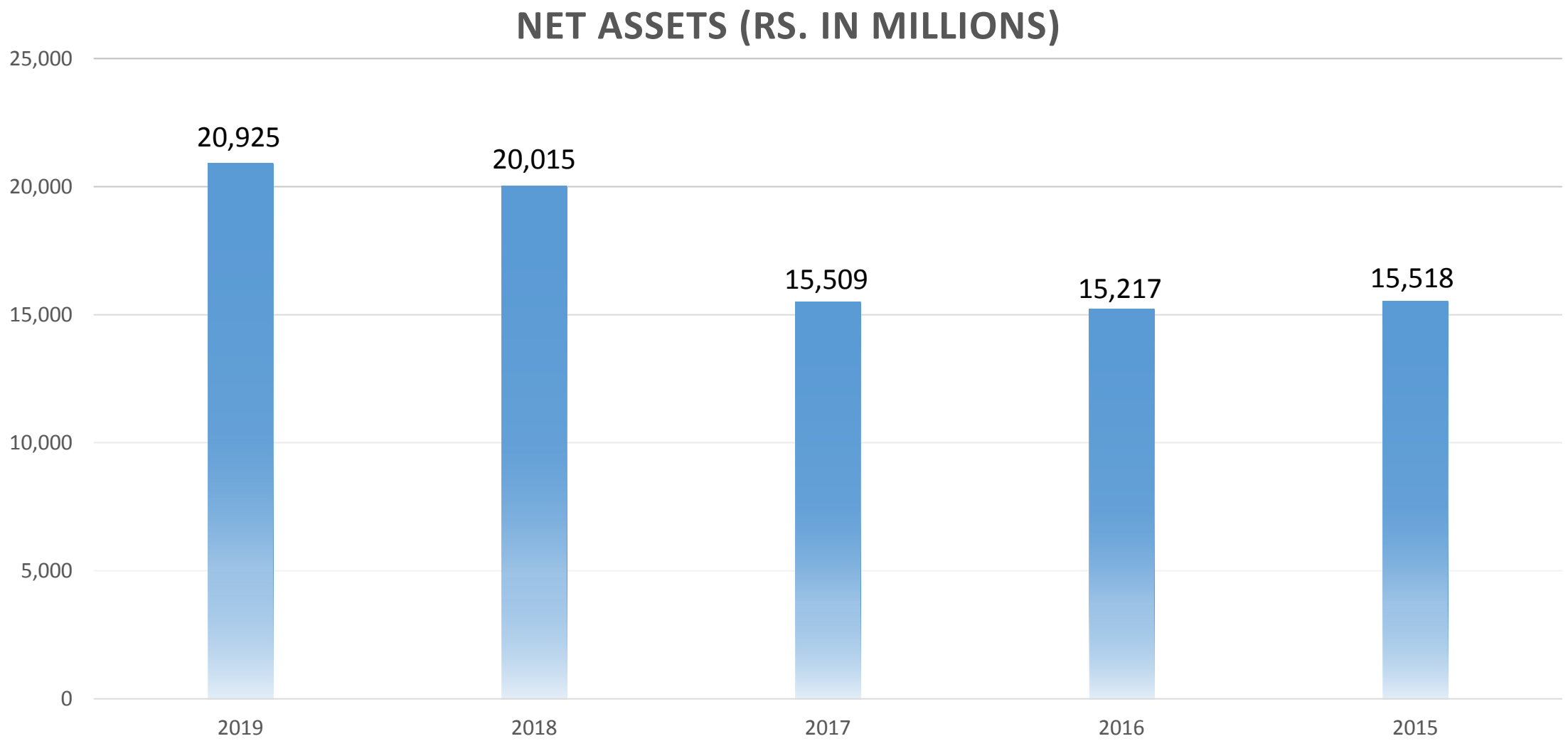
Financial Highlights- Profit & Loss
Earning per share-Trend Five years



Financial Highlights- Balance Sheet

Particulars	2018-19 …Rs…	2017-18 …Rs…
Non-current Assets	30,049,464,377	27,734,899,157
Current Assets	19,622,011,980	15,457,356,172
Total Assets	**49,671,476,357**	**43,192,255,329**
Equity	20,925,244,095	20,015,477,003
Long-term Liabilities	12,947,691,316	10,623,982,906
Current Liabilities	15,798,540,946	12,552,795,420
Total Equity & Liabilities	**49,671,476,357**	**43,192,255,329**

Financial Highlights- Balance Sheet



THANK YOU