



2020

**FOR THE
THREE MONTHS ENDED
SEPTEMBER 30, 2020**



Fazal Cloth Mills Limited

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**Company Information**

Board of Directors	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Amir Naseem Sheikh Mr. Muhammad Mukhtar Sheikh Mr. Faisal Ahmed Mr. Fahd Mukhtar Mr. Babar Ali Mr. Masood Karim Shaikh Ms. Parveen Akhter Malik	Chairman Chief Executive Officer Independent Director Independent Director Independent Director
Audit Committee	Mr. Babar Ali Mr. Sheikh Naseem Ahmad Mr. Fahd Mukhtar	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Babar Ali Mr. Fahd Mukhtar Mr. Faisal Ahmad	Chairman Member Member
Company Secretary	Mr. Asad Mustafa	
Chief Financial Officer	Mr. Muhammad Azam	
Auditors	KPMG TaseerHadi& Co., Chartered Accountants	
Bankers	Allied Bank Limited National Bank of Pakistan MCB Bank Limited Meezan Bank Limited United Bank Limited Standard Chartered Bank Pakistan Limited Habib Bank Limited Soneri Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited Saudi Pak Industrial & Agricultural Investment Company Ltd Habib Metropolitan Bank Ltd	Faysal Bank Limited Askari Bank Limited The Bank of Punjab The Bank of Khyber Pak Brunei Investment Company Limited Pak Oman Investment Company Limited Summit Bank Limited Dubai Islamic Bank (Pakistan) Limited JS Bank Limited Bank Islami Pakistan Ltd
Head Office & Shares Department:	59/3, Abdali Road, Multan. Phone: (92) 61-4579001-7,4781637 Fax: (92) 61-4541832 E-mail: corporate@fazalcloth.com; shares@fazalcloth.com Website: www.fazalcloth.com	
Shares Registrar:	Vision Consulting Ltd. 3-C, LDA Flats, Lawrence Road, Lahore. shares@vcl.com.pk Phone: (92) 42-36283096, 36283097 Fax: (92) 42-36312550	
Registered Office:	69/7, AbidMajeed Road, Survey No. 248/7, Lahore Cantt, Lahore. Phone: (92) 42-36684909	
Mills:	i) Fazal Nagar, Jhang Road, Muzaffargarh– Pakistan Ph. (92) 66-2422216,18 Fax: (92) 66-2422217 ii) QadirpurRawan Bypass, Khanewal Road, Multan – Pakistan Ph. (92)61-6740041-43, Fax : (92) 61-6740052	



DIRECTORS' REVIEW

Dear Shareholders!

Assalam-o-Alaikum

Your Directors are pleased to present before you un-audited financial information of Fazal Cloth Mills Limited, for three months ended September 30, 2020.

Sales were recorded at Rs. 12,055.11 million during the three months of the current financial year compared to Rs. 8,403.43 million during the corresponding period last year, registering an increase of 43.45%. Your Company earned after tax profit of Rs. 379.92 million (pre-tax profit of Rs. 619.73 million) as compared to Rs. 338.81 million (pre-tax profit of Rs. 440.46 million) for the corresponding period last year after charging depreciation of Rs. 269.03 million (September 30, 2019: Rs. 253.95 million). EBITDA of Rs. 1,264.56 million (September 30, 2019: Rs. 1,331.72 million) was generated.

Earnings per Share of the Company for the three months ended September 30, 2020 was Rs. 12.66 as compared to Rs. 11.29 for corresponding period in previous year.

Subsidiary Companies and Consolidated Financial Statements

The consolidated condensed interim un-audited financial information comprising Fazal Cloth Mills Limited and Fazal Weaving Mills Limited is annexed with separate interim condensed un-audited financial information of your Company in accordance with the requirements of International Accounting Standard 27 (Consolidated and Separate Financial Statements), 34 (Interim Financial Reporting) and applicable provisions of Companies Act, 2017. During the three months reported the Group earned after tax profit of Rs. 519.55 million (pre-tax profit of Rs. 788.34 million) as compared to Rs. 386.19 million (pre-tax profit of Rs. 498.62 million) earned in the same period last year after charging depreciation of Rs. 308.29 million (September 30, 2019: Rs. 293.99 million). EBITDA of Rs. 1,549.17 million (September 30, 2019: Rs. 1,549.91 million) was generated. EBITDA per ordinary share was Rs. 51.64 (September 30, 2019: Rs. 51.66).

Financial Highlights	Three months ended		Increase / (decrease)
	30 September 2020	30 September 2019	
		Rupees in ('000')	% age
	13,254,857	9,569,549	38.51%
Cost of sales	12,040,964	8,011,551	50.30%
Gross profit	1,213,893	1,557,998	(22.09)%
EBITDA	1,549,169	1,549,910	(0.06)%
Depreciation	308,293	293,989	4.87%
Finance cost	432,673	741,231	(41.63)%
Other income	269,709	77,892	246.26%
Profit before tax	788,338	498,617	58.10%
Profit after tax	519,550	386,189	34.53%
EPS-Rupees	17.32	12.87	34.53%

Corporate Governance

Composition of Board is as follows;

1. Total number of directors are nine as per the following:
 - a. Male: Eight
 - b. Female: One
2. The composition of Board is as follows:
 - a. Independent Directors 3
 - b. Non-Executive Directors 3
 - c. Executive Directors 3

3. The board has formed committees comprising of members given below:

Name of Committee	Name of Members and Chairman
Audit Committee	1. Mr. Babar Ali (Independent Director) Chairman 2. Mr. Sheikh Naseem Ahmed – Member 3. Mr. Fahd Mukhtar – Member
Human Resource and Remuneration Committee	1. Mr. Babar Ali (Independent Director) Chairman 2. Mr. Fahd Mukhtar – Member 3. Mr. Faisal Ahmed – Member

4. Directors' Remuneration

The Board of Directors has approved Directors' Remuneration Policy. The main features of the policy are as follows:

- a. The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board and its Committees meetings.
- b. The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings.
- c. The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.

5. Future Outlook

Demand for manufactured products including textiles remains strong world over. Consumers are spending less on travel and other services. The savings are being used to buy manufactured products. This is good for the textile industry in Pakistan including your Company. Barring a major lockdown on the same pattern as in March/April, chances of which appear less, we expect this trend to continue. Your management expects sales to remain strong and profitability to be healthy during the current financial year.

Management and Labor Relation

The relations between the workers and management remained cordial throughout the period. Your Directors wish to thank all workers and staff members for their hard work.

Dated: November 27, 2020

For & on behalf of the Board


(Amir Naseem Sheikh)
DIRECTOR



(Rehman Naseem)
Chief Executive Officer

**ڈائریکٹرز جائزہ رپورٹ****معزز شیئر ہولڈرز**

فضل کا تھر ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز سہ ماہی 30 ستمبر 2020 کی مالیاتی کارکردگی پر جائزہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ رواں سہ ماہی ستمبر 2020 میں فروختگی 12,055.11 ملین روپے رہی جو پچھلے سال سہ ماہی میں 8,403.43 ملین روپے تھی۔ لہذا اضافہ 43.45 فیصد رہا۔ جائزہ کے عرصے کے دوران کمپنی نے منافع بعد از ٹیکس 379.92 ملین روپے کمایا جبکہ عرصہ سہ ماہی ستمبر 2019,30 بعد از ٹیکس منافع 338.81 ملین روپے تھا۔ آمدنی قبل از فرسودگی منافع اور ٹیکس 1,264.56 ملین روپے رہی جو کہ پچھلی سہ ماہی 2019 میں 1,331.72 ملین روپے تھی۔ فی حصص آمدنی موجودہ سہ ماہی میں 12.66 روپے ہے جو کہ پچھلے سال اسی سہ ماہی میں 11.29 روپے تھی۔

ذیلی کمپنی اور یکجا مالیاتی سٹیٹمنٹس

یکجا عبوری مالیاتی حسابات کمپنی اور فضل و یوگ ملز لمیٹڈ پر مشتمل ہیں جو کہ کمپنی کی علیحدہ عبوری مالیاتی حسابات کے علاوہ ہیں اور عالمی اکاؤنٹنگ معیار 27 اور 34 اوکینیڈیا ایکٹ 2017 کی متعلقہ قوانین کی روشنی میں تیار کیے گئے ہیں۔

رواں سال سہ ماہی 30 ستمبر 2020 میں گروپ نے فرسودگی کا خرچہ 308.29 ملین روپے منہا کرنے کے بعد بعد از ٹیکس منافع 519.55 ملین روپے کمایا جبکہ پچھلے سال اسی سہ ماہی میں فرسودگی کا خرچہ 293.99 ملین روپے منہا کرنے کے بعد بعد از ٹیکس منافع 386.189 ملین تھا۔ رواں سہ ماہی 30 ستمبر 2020 میں کمپنی کی فی حصص آمدنی 51.64 روپے ہے جو پچھلی سہ ماہی 30 ستمبر 2019 میں 51.66 روپے تھی۔

مالی شرح زیاں	سہ ماہی اختتام برائے عرصہ ستمبر 30، 2020	سہ ماہی اختتام برائے عرصہ ستمبر 30، 2019	(کی) / اضافہ %
	2020 (000)	2019 (000)	
خاص فروختگی	13,254,857	9,569,549	38.51%
فروختگی کی لاگت	12,040,964	8,011,551	50.30%
کس منافع	1,213,893	1,557,998	(22.09)%
آمدنی قبل از فرسودگی منافع اور ٹیکس	1,549,169	1,549,910	(0.06)%
فرسودگی	308,293	293,989	4.87%
مالیاتی لاگت	432,673	741,231	(41.63)%
دیگر آمدنی	269,709	77,892	246.26%
منافع قبل از ٹیکس	788,338	498,617	58.10%
منافع بعد از ٹیکس	519,550	386,189	34.53%
آمدنی فی حصص	17.32	12.87	34.53%

بورڈ کی تشکیل

الف۔ کل تعداد

1- مرد 8

2- خواتین 1

تشکیل

1- آزاد ڈائریکٹر 3

2- نان ایگزیکٹو ڈائریکٹر 3

3- ایگزیکٹو ڈائریکٹر 3

کارپوریٹ گورننس

بورڈ کی کل دو کمپنیاں ہیں

بورڈ کی آڈٹ کمیٹی

سیریل نمبر	ڈائریکٹر کا نام	عہدہ
1	جناب بابر علی	چیرمین
2	جناب شیخ نسیم احمد	ممبر
3	جناب فہد مختار	ممبر

بورڈ کی بیومن ریسورس کمیٹی

سیریل نمبر	ڈائریکٹر کا نام	عہدہ
1	جناب ہارٹل	چیئرمین
2	جناب فہد مختار	ممبر
3	جناب فیصل احمد	ممبر

ڈائریکٹرز کا معاوضہ

- کمپنی نے ڈائریکٹرز کے معاوضہ کی پالیسی منظوری کی ہوئی ہے جو کہ درج ذیل ہے۔
- سوائے مینٹگ فیس کے، کمپنی آزاد اور نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہ کرے گی۔
- مینٹگ کی مد میں سفری اور رہائشی اخراجات کمپنی ادا کرے گی۔
- بورڈ اس پالیسی میں وقت کے ساتھ ساتھ ترمیم اور منظوری کرتی رہے گی۔

مستقبل کا نقطہ نظر

تیار شدہ ٹیکسٹائل مصنوعات کی طلب میں اضافہ پوری دنیا میں دیکھا جا رہا ہے۔ صارفین سفر اور دیگر اخراجات پر کم خرچ کر رہے ہیں۔ بچت کا استعمال تیار شدہ مصنوعات خریدنے کے لیے کیا جا رہا ہے۔ یہ آپ کی کمپنی سمیت پاکستان میں ٹیکسٹائل کی صنعت کے لیے اچھا ہے۔ مارچ/اپریل کی طرح اسی طرز پر ایک بڑے لاک ڈاؤن کو چھوڑ کر، جس کے امکانات کم دیکھائی دیتے ہیں۔ ہم توقع کرتے ہیں کہ یہ رجحان جاری رہے گا۔ آپ کی انتظامیہ کو توقع ہے کہ موجودہ مالی سال کے دوران فروخت مستحکم رہے گی۔ اور منافع صحت مند رہے گا۔

انتظامیہ اور لیبر طبقہ میں تعلقات

انتظامیہ اور لیبر طبقہ میں تعلقات پر جوش اور ہموار ہے۔ ڈائریکٹرز انتظامیہ اور تمام ورکرز کی محنت اور کوشش کو سراہتے ہیں۔

بورڈ کی طرف سے

رحمان نسیم
(چیف ایگزیکٹو آفیسر ڈائریکٹر)

بتاریخ: نومبر 27, 2020

عامر نسیم شیخ
(ڈائریکٹر)



Fazal Cloth Mills Limited
Condensed Interim Unconsolidated Financial Information (Un-audited)
For the three months ended 30 September 2020

Condensed Interim Unconsolidated Statement of Financial Position

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>30 September</i>	<i>30 June</i>
		<i>2020</i>	<i>2020</i>
<i>Note</i>		<i>Rupees</i>	<i>Rupees</i>
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		300,000,000	300,000,000
<i>Capital reserves</i>			
- Others capital reserves		1,365,811,237	1,179,978,846
- Revaluation surplus on property, plant and equipment		8,620,655,459	8,748,727,025
Unappropriated profits - revenue reserve		<u>11,056,588,090</u>	<u>10,613,449,839</u>
		21,343,054,786	20,842,155,710
<u>Non-current liabilities</u>			
Long term financing - <i>secured</i>	5	10,570,265,933	10,835,680,457
Long term musharika - <i>secured</i>	6	2,529,166,667	2,622,916,667
Lease liability	7	71,582,573	71,173,118
<i>Deferred liabilities:</i>			
- <i>Staff retirement benefit</i>		269,264,980	268,630,086
- <i>Deferred taxation</i>		3,244,399,749	3,106,579,895
- <i>Deferred grant</i>		22,714,535	16,981,576
		16,707,394,437	16,921,961,799
<u>Current liabilities</u>			
Current portion of non-current liabilities	8	1,798,435,912	888,634,241
Trade and other payables	9	4,744,147,716	3,321,848,058
Unclaimed dividend		13,748,422	13,748,423
Short term borrowings - <i>secured</i>		6,623,967,054	9,224,750,985
Accrued mark-up		295,108,693	451,749,186
		13,475,407,797	13,900,730,893
Contingencies and commitments	10	51,525,857,020	51,664,848,402

The annexed notes from 1 to 22 form an integral part of these unconsolidated financial information.


 (REHMAN NASEEM)
 CHIEF EXECUTIVE OFFICER


 (SHEIKH NASEEM AHMAD)
 DIRECTOR

As at 30 September 2020

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>30 September</i>	<i>30 June</i>
		<i>2020</i>	<i>2020</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	11	25,188,080,522	25,112,809,713
Long term investments	12	3,596,696,894	3,520,660,277
Long term loan and advances	13	3,831,592,174	3,263,701,707
Long term deposits		24,128,493	24,128,493
		32,640,498,083	31,921,300,190
<u>Current assets</u>			
Stores, spares and loose tools		687,600,583	644,609,994
Stock-in-trade		10,488,191,419	11,843,911,463
Trade debts	14	5,777,126,730	4,827,172,241
Loans and advances		1,036,417,741	1,176,505,729
Deposits, prepayments and other receivables		352,643,557	445,172,969
Mark-up accrued		146,721,338	133,343,071
Short term investment	15	181,641,600	163,587,600
Tax refunds due from the Government - net		152,400,758	259,643,956
Cash and bank balances	16	62,615,211	249,601,189
		18,885,358,937	19,743,548,212
		51,525,857,020	51,664,848,402


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER

Condensed Interim Unconsolidated Statement of Profit or Loss (Un-Audited)
 For the three months ended 30 September 2020

	<i>Note</i>	<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
Sales - net	17	12,055,105,357	8,403,425,738
Cost of sales	18	<u>(10,855,171,586)</u>	<u>(7,107,158,074)</u>
Gross profit		1,199,933,771	1,296,267,664
Selling and distribution expenses		<u>(95,275,177)</u>	<u>(89,611,135)</u>
Administrative expenses		<u>(78,112,952)</u>	<u>(75,045,036)</u>
Other expenses		<u>(163,746,764)</u>	<u>(151,010,973)</u>
		<u>(337,134,893)</u>	<u>(315,667,144)</u>
Other income		<u>132,738,269</u>	<u>97,174,424</u>
Profit from operations		995,537,147	1,077,774,944
Finance cost		<u>(375,811,759)</u>	<u>(637,315,182)</u>
Profit before taxation		619,725,388	440,459,762
Taxation		<u>(239,806,837)</u>	<u>(101,648,119)</u>
Profit after taxation		<u>379,918,551</u>	<u>338,811,643</u>
Earnings per share - basic and diluted		<u>12.66</u>	<u>11.29</u>

The annexed notes from 1 to 22 form an integral part of these unconsolidated financial information.


 (REHMAN NASEEM)
 CHIEF EXECUTIVE OFFICER


 (SHEIKH NASEEM AHMAD)
 DIRECTOR


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-Audited)
For the three months ended 30 September 2020

	<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
Profit after taxation	379,918,551	338,811,643
<u>Other comprehensive income / (loss) - net of tax</u>		
<i>Items that will never be reclassified to statement of profit or loss:</i>		
Net change in fair value of financial assets at FVOCI	185,832,391	(158,115,017)
Total comprehensive income (loss) for the period	<u>565,750,942</u>	<u>180,696,626</u>

The annexed notes from 1 to 22 form an integral part of these unconsolidated financial information.


 (REHMAN NASEEM)
 CHIEF EXECUTIVE OFFICER


 (SHEIKH NASEEM AHMAD)
 DIRECTOR


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER



Condensed Interim Unconsolidated Statement of Changes in Equity (Un-Audited)
For the three months ended 30 September 2020

	Capital reserves				Revenue reserve		Total
	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
Rupees							
Balance as at 30 June 2019	300,000,000	77,616,000	175,000,000	1,120,927,815	9,038,995,462	10,217,558,059	20,930,097,336
Total comprehensive income for the period:							
Profit for three months ended 30 September 2019	-	-	-	-	-	338,811,643	338,811,643
Other comprehensive (loss)/ income for three months ended 30 September 2019	-	-	-	(158,115,017)	-	-	(158,115,017)
	-	-	-	(158,115,017)	-	338,811,643	180,696,626
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(67,588,668)	67,588,668	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(4,826,162)	4,826,162	-
Balance as at 30 September 2019	300,000,000	77,616,000	175,000,000	962,812,798	8,966,580,633	10,628,784,531	21,110,793,962
Total comprehensive income for the period:							
Profit for nine months ended 30 June 2020	-	-	-	-	-	61,906,082	61,906,082
Other comprehensive (loss)/ income for nine months ended 30 June 2019	-	-	-	(35,449,952)	-	25,884,353	(9,565,599)
	-	-	-	(35,449,952)	-	87,790,435	52,340,483
Effect on deferred tax due to change in proration rate	-	-	-	-	(5,978,735)	-	(5,978,735)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(211,373,297)	211,373,297	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(501,575)	501,575	-
Transactions with the owners of the Company:							
Cash dividend @ Rs. 10.50 per ordinary share for the year ended 30 June 2019	-	-	-	-	-	(315,000,000)	(315,000,000)
Balance as at 30 June 2020	300,000,000	77,616,000	175,000,000	927,362,846	8,748,727,025	10,613,449,839	20,842,155,710
Total comprehensive income for the period:							
Profit for three months ended 30 September 2020	-	-	-	-	-	379,918,551	379,918,551
Other comprehensive (loss)/ income for three months ended 30 September 2020	-	-	-	185,832,391	-	-	185,832,391
	-	-	-	185,832,391	-	379,918,551	565,750,942
Effect on deferred tax due to change in tax rate and proration rate	-	-	-	-	(64,851,866)	-	(64,851,866)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(63,219,700)	63,219,700	-
Balance as at 30 September 2020	300,000,000	77,616,000	175,000,000	1,113,195,237	8,620,655,459	11,056,588,090	21,343,054,786

The annexed notes from 1 to 22 form an integral part of these unconsolidated financial information.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Unconsolidated Statement of Cash Flows (Un-Audited)

For the three months ended 30 September 2020

	<i>Three months ended 30 September 2020</i>	<i>Three months ended 30 September 2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<u>Cash flows from operating activities:</u>		
Profit before taxation	619,725,388	440,459,762
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	269,025,765	253,949,838
Unrealized loss / (gain) on re-measurement of short term investment	(18,054,000)	39,406,049
Fair value loss on long term investment	109,795,774	-
Provision for gratuity	30,356,568	35,646,105
Provision for infrastructure cess	16,979,649	17,880,314
Provision for workers' profit participation fund	39,931,663	23,391,128
Provision for workers' welfare fund	11,763,606	3,971,672
(Gain) / Loss on disposal of property, plant and equipment	(515,482)	10,055,515
Finance income	(54,669,734)	(95,273,568)
Finance cost	375,811,759	637,315,182
Cash generated from operations before working capital changes	1,400,150,956	1,366,801,997
<u>Effect on cash flows due to working capital changes:</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(42,990,589)	1,597,515
Stock-in-trade	1,355,720,044	352,622,406
Trade debts	(949,954,489)	472,713,602
Loans and advances	140,087,988	266,565,399
Deposits, prepayments and other receivables	92,529,412	(10,290,566)
Sales tax refund bonds	-	(291,382,274)
	595,392,366	791,826,082
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	1,353,624,740	160,555,389
Cash generated from operations	3,349,168,062	2,319,183,468
Gratuity paid to employees	(29,721,674)	(18,126,727)
Taxes paid - net	(59,595,652)	205,303,589
	(89,317,326)	187,176,862
Net cash generated from operating activities	3,259,850,736	2,506,360,331
<u>Cash flows from investing activities:</u>		
Fixed capital expenditure	(345,314,792)	(1,400,050,753)
Proceeds from sale of property, plant and equipment	1,533,700	2,478,200
Long term loan and advances to associates	(526,599,000)	(140,765,448)
Long term deposits	=	(62,000)
Net cash used in investing activities	(870,380,092)	(1,538,400,001)
<u>Cash flows from financing activities:</u>		
Long term financing obtained	635,765,880	1,667,762,035
Long term financing repaid	(79,395,774)	(429,987,345)
Long term musharika obtained	-	500,000,000
Long term musharika repaid	-	(108,750,000)
Short term borrowings - net	(2,600,783,931)	(2,054,773,873)
Lease rentals paid	(2,196,150)	-
Finance cost paid - net	(529,846,647)	(546,775,343)
Net cash used in financing activities	(2,576,456,622)	(972,524,526)
Net increase in cash and cash equivalents	(186,985,978)	(4,564,196)
Cash and cash equivalents at beginning of the period	249,601,189	160,566,500
Cash and cash equivalents at end of the period	62,615,211	156,002,304

The annexed notes from 1 to 22 form an integral part of these unconsolidated financial information.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



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

For the three months ended 30 September 2020

1 Reporting entity

Fazal Cloth Mills Limited ("the Company") was incorporated in Pakistan in 1966 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange (PSX). The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Company is principally engaged in manufacture and sale of yarn and fabric. The manufacturing facilities and ware houses are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

2 Basis of preparation

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of Accounting

2.2.1 This condensed interim unconsolidated financial information comprises the condensed interim unconsolidated statement of financial position of the Company as at 30 September 2020 and the related condensed interim unconsolidated statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof.

2.2.2 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2020.

2.2.3 Comparative unconsolidated statement of financial position numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2020, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, statement of cash flows and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the three months period ended 30 September 2019.

2.2.4 These condensed interim unconsolidated financial information are the separate financial statements of the Company in which investments in subsidiary are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Condensed interim consolidated financial information of the Group is prepared and presented separately.

3 Estimates and judgments

3.1 The preparation of condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

3.2 Estimates and judgments made by the management in the preparation of this condensed interim unconsolidated financial information are the same as those that were applied to the unconsolidated annual financial statements of the Company for the year ended 30 June 2020.

4 Statement of consistency in accounting policies

4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial statements are same as those applied in the preparation of the unconsolidated annual financial statements for the year ended 30 June 2020.



	(Un-audited) 30 September 2020	(Audited) 30 June 2020
	Rupees	Rupees
	11,471,549,608	9,650,863,462
	635,765,880	3,006,825,713
	(52,836,458)	(30,891,117)
	(79,395,774)	(1,186,139,567)
	11,975,083,256	11,440,658,491
	(1,404,817,323)	(604,978,034)
	<u>10,570,265,933</u>	<u>10,835,680,457</u>

5 Long term financing - secured

Opening balance
Loan obtained during the period / year
Less: deferred grant
Repayments made during the period / year
Closing balance
Less: current portion grouped under current liabilities

5.1 - Markup bearing finances availed during the period from conventional banks:

Lender	Amount -- Rupees --	Rate of Mark Up Per Annum	Security
Allied Bank Limited			
Term finance / LTFF	133,081,523	6 Months KIBOR + 1.00%	
Term finance / SBP's Salary & Wages Refinance	268,496,755	1.30% fixed rate.	1st Joint Pari Passu Change/Mortgage of Rs. 4,063 million on all present and future fixed assets of the Company and personal guarantees sponsoring directors of the Company.
Term finance under SBP's LTFF	19,468,233	SBP rate + 0.75% (fixed rate)	
The Bank of Punjab			
Term finance / LTFF	4,829,947	6 Months KIBOR + 1.50%	1st Joint Pari Passu Change/Mortgage of Rs. 2,917 million on all present and future fixed assets of the Company and personal guarantees sponsoring directors of the Company.
Term finance under SBP's LTFF	192,058,180	SBP rate + 1.50% (fixed rate)	
Askari Bank Limited			
Term finance	17,831,242	6 Months KIBOR + 1.00%	1st Joint Pari Passu Change/Mortgage of Rs. 1,731.50 million on all present and future fixed assets of the Company and personal guarantees sponsoring directors of the Company.
	<u>635,765,880</u>		

6 Long term musharika - secured

Opening balance
Loan obtained during the period / year
Repayments made during the period / year
Closing balance
Less: current portion grouped under current liabilities

	(Un-audited) 30 September 2020	(Audited) 30 June 2020
	Rupees	Rupees
	2,892,663,333	2,161,250,000
	-	1,000,000,000
	-	(268,586,667)
	<u>2,892,663,333</u>	<u>2,892,663,333</u>
	(363,496,666)	(269,746,666)
	<u>2,529,166,667</u>	<u>2,622,916,667</u>

	<i>(Un-audited)</i> 30 September 2020 Rupees	<i>(Audited)</i> 30 June 2020 Rupees
7 Lease liability		
Opening Balance	71,173,118	-
Effect of initial application of IFRS-16	-	68,922,967
Increase / (Decrease) during the period	409,455	2,250,151
Closing Balance	<u>71,582,573</u>	<u>71,173,118</u>
8 Current portion of non-current liabilities		
Long term financing - secured	1,404,817,323	604,978,034
Long term musharika - secured	363,496,666	269,746,666
Deferred grant	30,121,923	13,909,541
	<u>1,798,435,912</u>	<u>888,634,241</u>
9 Trade and other payables		
Trade creditors	793,007,208	490,794,165
Accrued liabilities	1,118,726,288	1,069,140,306
Contract liabilities	268,335,473	299,531,400
Due to associated undertakings	594,011,659	314,504,221
Bills payable	1,310,296,984	557,272,334
Tax deducted at source	9,721,464	9,231,910
Infrastructure cess	501,420,016	484,440,367
Workers' profit participation fund	91,570,675	51,639,012
Workers' welfare fund	57,057,949	45,294,343
	<u>4,744,147,716</u>	<u>3,321,848,058</u>
9.1 Due to associated undertakings		
Ahmed Fine Textile Mills Limited	494,517,000	246,420,298
Hussain Gineries Limited	12,000,970	12,012,520
Fazal weaving Mills Limited	37,589,253	32,225,080
Fatima Energy Limited	34,108,516	21,957,598
Reliance Weaving Mills Limited	13,780,798	-
Fatima Fertilizer Company Limited	1,765,621	1,765,621
Fazal Farm (Private) Limited	-	54,103
Fazal-ur-Rehman Foundation	209,000	28,500
Pakarab Fertilizer Limited	40,501	40,501
	<u>594,011,659</u>	<u>314,504,221</u>
10 Contingencies and commitments		
10.1 Contingencies		
10.1.1 There has been no change in the status of contingencies since the annual audited financial statements as at 30 June 2020.		
10.1.2 Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility aggregating to Nil (30 June 2020: USD 2.81 million).		
	<i>(Un-audited)</i> 30 September 2020 Rupees	<i>(Audited)</i> 30 June 2020 Rupees
10.2 Commitments		
10.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.	<u>984,554,700</u>	<u>979,554,700</u>
10.2.2 Commitments against irrevocable letters of credit:		
- capital expenditure	91,826,784	324,053,382
- raw material and stores and spares	952,257,220	1,195,456,542
	<u>1,044,084,004</u>	<u>1,519,509,924</u>
10.2.3 Commitments in respect of foreign exchange forward contracts:	<u>332,880,000</u>	<u>506,250,000</u>

	<i>(Un-audited)</i> 30 September	<i>(Audited)</i> 30 June
	2020	2020
Note	Rupees	Rupees
II Property, plant and equipment		
Operating property, plant and equipment	11.1 24,512,624,608	24,747,588,650
Right of use Asset	11.2 61,743,492	63,179,387
Capital work-in-progress	11.3 613,712,422	302,041,676
	25,188,080,522	25,112,809,713
11.1 Opening net book value	24,747,588,650	23,518,103,577
<i>Additions during the period / year:</i>		
Freehold land	2,665,000	-
Factory building on free hold land	8,070,699	253,665,246
Non-factory building on free hold land	583,109	71,122,090
Plant and machinery	13,761,145	1,860,838,974
Electric fittings and installations	-	95,166,584
Sui gas installations	492,400	359,550
Tools, laboratory equipment and arms	257,343	2,363,859
Fire extinguishing equipments and scales	631,922	1,657,970
Office equipment	2,939,344	12,226,312
Furniture and fixtures	139,214	1,155,937
Vehicles	4,103,870	18,588,672
	33,644,046	2,317,145,194
Addition on revaluation surplus	-	-
Carrying value of assets disposed off during the period / year	(1,018,218)	(14,506,394)
Depreciation charge for the period / year	(267,589,870)	(1,073,153,727)
Closing net book value	24,512,624,608	24,747,588,650
11.2 Right of use Asset		
Opening net book value	63,179,387	-
Effect of initial application of IFRS-16	-	68,922,967
Depreciation charge for the period	(1,435,895)	(5,743,580)
Closing net book value	61,743,492	63,179,387
11.3 The detail of capital work-in-progress is as follows:		
<i>Factory building on free hold land</i>		
Material and expenses	23,974,671	22,477,370
Advance payments	17,558,401	14,617,445
	41,533,072	37,094,815
<i>Non-factory building on free hold land</i>		
Material and expenses	40,603,849	40,850,055
Advance payments	4,513,392	-
	45,117,241	40,850,055
<i>Plant and machinery</i>		
Cost and expenses	71,997,201	7,636,595
Advance payments	32,963,977	38,634,615
Letters of credit	301,204,243	171,883,925
	406,165,421	218,155,135
<i>Electric fittings and Installations - Cost and advance payments</i>	5,217,482	993,019
<i>Tools, laboratory equipment and arms - Cost and expenses</i>	385,600	385,600
<i>Office equipment - Cost and expenses</i>	965,336	798,778
<i>Furniture and fixtures - Cost and expenses</i>	156,567	128,287
<i>Vehicles - Cost and advance payments</i>	9,817,537	3,635,987
	613,712,422	302,041,676

	<i>(Un-audited)</i> 30 September 2020 <i>Rupees</i>	<i>(Audited)</i> 30 June 2020 <i>Rupees</i>
12 Long term investments		
Investments in related parties:		
<i>At fair value through OCI</i>		
Fatima Fertilizer Company Limited - quoted	1,869,662,840	1,683,830,449
Fatima Energy Limited - unquoted	1,388,406,000	1,498,201,774
Multan Real Estate (Private) Limited	33,358,054	33,358,054
	3,291,426,894	3,215,390,277
<i>Subsidiary company - at cost</i>		
Fazal Weaving Mills Limited	250,000,000	250,000,000
<i>Associated companies - at cost</i>		
Fatima Transmission Company Limited - unquoted	55,200,000	55,200,000
Fatima Electric Company Limited - unquoted	70,000	70,000
	55,270,000	55,270,000
	3,596,696,894	3,520,660,277

13 Long term loan and advances
Long term loan to subsidiary

Fazal Weaving Mills Limited	13.1	530,000,000	530,000,000
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Long term advances to associates

Fatima Energy Limited	13.2	3,184,368,981	2,635,370,514
Pak Arab Energy Limited		25,904,160	25,904,160
Fatima Transmission Company Limited		91,319,033	72,427,033
	13.3	3,301,592,174	2,733,701,707
		3,831,592,174	3,263,701,707

13.1 These represents loans disbursed to meet the working capital requirements, operational / capital nature needs thereof. It carries mark-up at weighted average borrowing cost of the Company.

	<i>(Un-audited)</i> 30 September 2020 <i>Rupees</i>	<i>(Audited)</i> 30 June 2020 <i>Rupees</i>
13.2 Fatima Energy Limited		
Long term advance to associates	3,005,615,522	2,497,908,522
Mark-up accrued (interest free)	178,753,459	137,461,992
Balance as at	3,184,368,981	2,635,370,514

13.3 Provisions of section 199 of the Companies Act, 2017 have been fully complied with in respect of advances to associated companies.

		<i>(Un-audited)</i> 30 September 2020 Rupees	<i>(Audited)</i> 30 June 2019 Rupees
14 Trade debts	<i>Note</i>		
<i>Export debtors - secured against letters of credit:</i>			
Considered good		1,445,624,402	1,737,407,751
<i>Local debtors - unsecured</i>			
Related Parties - considered good	14.1	700,538,578	235,786,179
Others - considered good		3,630,963,750	2,853,978,311
Others - considered doubtful		38,383,303	38,383,303
		4,369,885,631	3,128,147,793
Provision for doubtful balances		(38,383,303)	(38,383,303)
		4,331,502,328	3,089,764,490
		5,777,126,730	4,827,172,241

14.1 These include due from following associated undertakings on account of trading activities.

	<i>(Un-audited)</i> 30 September 2020 Rupees	<i>(Audited)</i> 30 June 2020 Rupees
Reliance Weaving Mills Limited	-	6,165,835
Fazal Rehman Fabrics Limited	700,538,578	229,620,344
	700,538,578	235,786,179

15 Short term investment

At fair value through statement of profit or loss

Investment in related party:

Fatima Fertilizer Company Limited - quoted 6,120,000 (30 June 2020 : 6,120,000) fully paid ordinary shares of Rs. 10 each having market value of Rs. 29.68 per share (30 June 2020 : Rs. 26.73 per share)	163,587,600	182,682,000
Unrealized fair value gain / (loss) on re-measurement of investment	18,054,000	(19,094,400)
	181,641,600	163,587,600

16 Cash and bank balances

Cash in hand	12,432,074	12,567,362
<i>Cash at banks</i>		
- Current accounts	49,160,641	236,983,694
- Saving accounts	1,022,496	50,133
	50,183,137	237,033,827
	62,615,211	249,601,189

	<i>Note</i>	<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
17 Sales - net			
<i>Gross sales</i>			
Local		10,874,171,073	4,936,963,517
Direct export		2,117,584,204	2,519,620,776
Indirect export	17.1	694,109,060	955,009,438
		13,685,864,337	8,411,593,731
<i>Sales tax</i>			
Local sales		(1,630,758,980)	(8,167,993)
		12,055,105,357	8,403,425,738

17.1 It includes sales made to direct exporters against Standard Purchase Order (SPOs) amounting to Rs. Nil (30 September 2019: Rs 549.55 million) and Duty and Tax Remission for Exports ("DTRE") to a related party under S.R.O 185(I)/ 2001 dated 21 March 2001, amounting to Rs. 694.11 million (30 September 2019: Rs. 405.46 million).

	<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
18 Cost of sales		
Raw and packing materials consumed	6,275,269,547	5,746,004,356
Manufacturing costs	1,938,055,679	1,843,798,853
	8,213,325,226	7,589,803,209
Opening stock of work-in-process	382,761,015	358,479,339
Closing stock of work-in-process	(378,424,488)	(362,265,331)
Cost of goods manufactured	8,217,661,753	7,586,017,217
Opening stock of finished goods	4,311,044,636	1,714,623,220
Finished goods purchased	511,779,755	899,611,637
	13,040,486,144	10,200,252,074
Closing stock of finished goods	(2,328,988,371)	(3,098,426,374)
Cost of raw material sold	143,673,813	5,332,374
	10,855,171,586	7,107,158,074


(SHEIKH NASEEM AHMAD)
CHAIRMAN


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

**19 Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Financial assets at amortised cost	Fair value through Profit or loss	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----							
As at 30 September 2020							
Financial assets - measured at fair value							
Short term investment	-	181,641,600	181,641,600	181,641,600	-	-	181,641,600
Long term investments	-	3,291,426,894	3,291,426,894	1,869,662,840	-	1,421,764,054	3,291,426,894
Financial assets - not measured at fair value							
Trade debts	5,777,126,730	-	5,777,126,730	-	-	-	-
Cash and bank balances	62,615,211	-	62,615,211	-	-	-	-
Long term deposits	24,128,493	-	24,128,493	-	-	-	-
Other receivables	25,767,296	-	25,767,296	-	-	-	-
Loan and advances	829,073,716	-	829,073,716	-	-	-	-
Mark-up accrued	146,721,338	-	146,721,338	-	-	-	-
Long term advances to associates	3,831,592,174	-	3,831,592,174	-	-	-	-
	10,697,024,958	181,641,600	10,878,666,558	2,051,304,440	-	1,421,764,054	3,473,068,494
Financial liabilities - not measured at fair value							
Long term financing - secured	-	-	-	-	-	-	-
Long term musharika - secured	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-	-
Lease liability	-	-	-	-	-	-	-
Unclaimed dividend	-	-	-	-	-	-	-
Short term borrowings - secured	-	-	-	-	-	-	-
Accrued mark-up	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	25,688,195,470	25,688,195,470	-	-	-	-



	Carrying amount		Fair value					
	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----								
Financial assets at amortised cost								
Short term investment	-	163,587,600	-	163,587,600	163,587,600	-	-	163,587,600
Long term investments	-	-	1,717,188,503	1,717,188,503	1,683,830,449	-	33,358,054	1,717,188,503
Financial assets - not measured at fair value								
Trade debts	4,827,172,241	-	-	4,827,172,241	-	-	-	-
Cash and bank balances	249,601,189	-	-	249,601,189	-	-	-	-
Long term deposits	24,128,493	-	-	24,128,493	-	-	-	-
Other receivables	178,770,495	-	-	178,770,495	-	-	-	-
Loan and advances	1,011,328,507	-	-	1,011,328,507	-	-	-	-
Mark-up accrued	133,343,071	-	-	133,343,071	-	-	-	-
Long term advances to associates	3,263,701,707	-	-	3,263,701,707	-	-	-	-
	9,688,045,703	163,587,600	1,717,188,503	11,568,821,806	1,847,418,049	-	33,358,054	1,880,776,103
Financial liabilities - not measured at fair value								
Long term financing - secured	-	-	11,471,549,608	11,471,549,608	-	-	-	-
Long term musharika - secured	-	-	2,892,663,333	2,892,663,333	-	-	-	-
Trade and other payables	-	-	2,431,711,026	2,431,711,026	-	-	-	-
Lease liability	-	-	71,173,118	71,173,118	-	-	-	-
Unclaimed dividend	-	-	13,748,423	13,748,423	-	-	-	-
Short term borrowings - secured	-	-	9,224,750,985	9,224,750,985	-	-	-	-
Accrued mark-up	-	-	451,749,186	451,749,186	-	-	-	-
	-	-	26,557,345,679	26,557,345,679	-	-	-	-

20 Related party transactions

The related parties comprise of associated companies, directors of the Company and entities under common directorship, key management personnel and post employment retirement plan. The company in the normal course of business carries out various transactions with various related parties. Detail of such transactions are as follows:

	<i>Three months ended</i> 30 September 2020 <i>Rupees</i>	<i>Three months ended</i> 30 September 2019 <i>Rupees</i>
Subsidiary Company		
Sale of goods and services	11,700	57,777,759
Purchase of goods and services	495,595,873	576,657,955
Payments against purchase of goods and services - <i>net</i>	492,000,000	144,226,178
Interest income on subordinated loan	11,172,863	19,356,906
Associated Companies		
Long term advances to associates	526,599,000	140,765,448
Purchase of goods and services	506,866,991	378,290,944
Sale of goods and services	1,315,087,566	809,137,942
Receipts against sale of goods and services- <i>Net</i>	613,560,291	411,318,004
Reimbursable expenses	3,870,651	-
Interest accrued on long term advances to associates	43,496,871	75,916,662

21 Date of authorization for issue

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on 27 November 2020.

22 General

Figures in the financial statements have been rounded-off to the nearest rupee.



(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER



(SHEIKH NASEEM AHMAD)
DIRECTOR



(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Fazal Cloth Mills Limited (The Group)
Condensed Interim Consolidated Financial Information (Un-audited)
For the three months ended 30 September 2020

Condensed Interim Consolidated Statement of Financial Position

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>30 September</i>	<i>30 June</i>
	<i>2020</i>	<i>2020</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
EQUITY AND LIABILITIES		
<u>Share capital and reserves</u>		
Authorized share capital	700,000,000	700,000,000
Issued, subscribed and paid-up capital	300,000,000	300,000,000
<i>Capital reserves</i>		
- Others capital reserves	1,365,811,237	1,179,978,846
- Revaluation surplus on property, plant and equipment	9,103,810,039	9,243,287,786
Unappropriated profits - revenue reserve	11,140,200,583	10,551,674,934
	21,909,821,859	21,274,941,566
<u>Non-current liabilities</u>		
Long term financing - <i>secured</i>	11,339,403,378	11,632,970,065
Long term musharika - <i>secured</i>	2,532,801,424	2,627,600,636
Lease liability	71,582,573	71,173,118
<i>Deferred liabilities:</i>		
- <i>Staff retirement benefit</i>	293,301,505	291,766,604
- <i>Deferred taxation</i>	3,282,533,634	3,125,765,394
- <i>Deferred grant</i>	26,021,535	19,534,423
	17,545,644,049	17,768,810,240
<u>Current liabilities</u>		
Current portion of non-current liabilities	2,005,932,635	1,010,564,898
Trade and other payables	5,350,126,346	3,668,520,905
Unclaimed dividend	13,748,422	13,748,423
Short term borrowings - <i>secured</i>	8,579,184,609	11,537,224,217
Accrued mark-up	349,471,388	517,191,250
	16,298,463,400	16,747,249,693
Contingencies and commitments	55,753,929,308	55,791,001,499

The annexed notes from 1 to 23 form an integral part of these consolidated financial information.


 (REHMAN NASEEM)
 CHIEF EXECUTIVE OFFICER


 (SHEIKH NASEEM AHMAD)
 DIRECTOR

As at 30 September 2020

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>30 September</i>	<i>30 June</i>
		<i>2020</i>	<i>2020</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	11	28,234,905,183	28,196,702,854
Long term investments	12	3,317,494,422	3,012,163,185
Long term advances to associates	13	3,301,592,174	2,733,701,707
Long term deposits		24,128,493	24,128,493
		34,878,120,272	33,966,696,239
<u>Current assets</u>			
Stores, spares and loose tools		793,737,778	699,438,449
Stock-in-trade		12,618,469,495	14,503,842,642
Trade debts	14	6,342,112,025	5,145,580,847
Loans and advances		230,631,186	204,530,174
Deposits, prepayments and other receivables		366,872,040	465,434,760
Mark-up accrued		31,544,060	29,338,656
Short term investment	15	181,641,600	163,587,600
Tax refunds due from the Government - net		162,576,574	313,703,112
Cash and bank balances	16	148,224,278	298,849,020
		20,875,809,036	21,824,305,260
		55,753,929,308	55,791,001,499


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Profit or Loss (Un-Audited)
For the three months ended 30 September 2020

	Note	<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
Sales - net	17	13,254,857,867	9,569,549,192
Cost of sales	18	(12,040,964,379)	(8,011,551,118)
Gross profit		1,213,893,488	1,557,998,074
Selling and distribution expenses		(101,774,101)	(101,327,394)
Administrative expenses		(87,002,124)	(84,606,265)
Other expenses		(53,950,990)	(194,035,718)
		(242,727,215)	(379,969,377)
Other income		269,709,400	77,892,379
Profit from operations		1,240,875,673	1,255,921,076
Share of loss from associates		(19,865,140)	(16,072,805)
Finance cost		(432,672,828)	(741,231,573)
Profit before taxation		788,337,705	498,616,698
Taxation		(268,787,700)	(112,427,647)
Profit after taxation		519,550,005	386,189,051
Earnings per share - basic and diluted		17.32	12.87

The annexed notes from 1 to 23 form an integral part of these consolidated financial information.



(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER



(SHEIKH NASEEM AHMAD)
DIRECTOR



(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Comprehensive Income (Un-Audited)
For the three months ended 30 September 2020

	<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
Profit after taxation	519,550,005	386,189,051
<u>Other comprehensive income (Loss) - net of tax</u>		
<i>Items that will never be reclassified to statement of profit or loss:</i>		
Net change in fair value of financial assets at FVOCI	185,832,391	(158,115,017)
Total comprehensive income (Loss) for the period	<u>705,382,396</u>	<u>228,074,034</u>

The annexed notes from 1 to 23 form an integral part of these consolidated financial information.


 (REHMAN NASEEM)
 CHIEF EXECUTIVE OFFICER


 (SHEIKH NASEEM AHMAD)
 DIRECTOR


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER



Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)
For the three months ended 30 September 2020

	Capital reserves				Revenue reserve		Total
	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
	Rupees						
Balance as at 30 June 2019	300,000,000	77,616,000	175,000,000	1,120,927,815	9,558,609,807	10,476,717,528	21,708,871,150
Total comprehensive income for the period:							
Profit for three months ended 30 September 2019	-	-	-	-	-	386,189,051	386,189,051
Other comprehensive (loss) income for three months ended 30 September 2019	-	-	-	(158,115,017)	-	-	(158,115,017)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	(158,115,017)	-	386,189,051	228,074,034
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(73,740,300)	73,740,300	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(4,826,162)	4,826,162	-
Balance as at 30 September 2019	300,000,000	77,616,000	175,000,000	962,812,798	9,480,043,345	10,941,473,041	21,936,945,184
Total comprehensive income for the period:							
Profit for nine months ended 30 June 2020	-	-	-	-	-	(330,408,568)	(330,408,568)
Other comprehensive (loss) income for nine months ended 30 June 2020	-	-	-	(35,449,952)	-	25,354,285	(10,095,667)
Effect on deferred tax due to change in proration rate	-	-	-	-	(35,449,952)	(305,054,283)	(340,504,235)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(6,499,383)	-	(6,499,383)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(229,754,601)	229,754,601	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(501,575)	501,575	-
Transactions with the owners of the Group:							
Cash dividend @ Rs. 10.50 per ordinary share for the year ended 30 June 2019	-	-	-	-	-	(315,000,000)	(315,000,000)
Balance as at 30 June 2020	300,000,000	77,616,000	175,000,000	927,362,846	9,243,287,786	10,551,674,934	21,274,941,566
Total comprehensive income for the period:							
Profit for three months ended 30 September 2020	-	-	-	-	-	519,550,005	519,550,005
Other comprehensive (loss) income for three months ended 30 September 2020	-	-	-	185,832,391	-	-	185,832,391
Effect on deferred tax due to change in proration rate	-	-	-	185,832,391	-	519,550,005	705,382,396
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(70,502,103)	-	(70,502,103)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(68,975,644)	68,975,644	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	-	-	-
Balance as at 30 September 2020	300,000,000	77,616,000	175,000,000	1,113,195,237	9,103,810,039	11,140,200,583	21,909,821,859

The annexed notes from 1 to 23 form an integral part of these consolidated financial information.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Condensed Interim Consolidated Statement of Cash Flows (Un-Audited)

For the three months ended 30 September 2020

	<i>Three months ended 30 September 2020</i>	<i>Three months ended 30 September 2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<u>Cash flows from operating activities</u>		
Profit before taxation	788,337,705	498,616,698
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	308,293,133	293,989,153
Amortization on intangible assets	-	-
Unrealized loss/(gain) on re-measurement of short term investment	(18,054,000)	46,621,365
Fair value gain on long term investment	(139,363,986)	-
Provision for gratuity	35,049,351	40,247,178
Provision for infrastructure cess	16,979,649	17,880,315
Provision for workers' profit participation fund	39,931,663	27,340,825
Provision for workers' welfare fund	11,763,606	4,786,172
Loss on disposal of property, plant and equipment	(573,443)	10,055,515
Share of loss from associates	19,865,140	16,072,805
Finance income	(43,496,871)	(75,916,662)
Finance cost	432,672,828	741,231,573
Cash generated from operations before working capital changes	1,451,404,775	1,620,924,937
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(94,299,329)	11,940,283
Stock-in-trade	1,885,373,147	1,004,466,849
Trade debts	(1,196,531,178)	821,984,107
Loans and advances	(26,101,012)	(22,677,251)
Deposits, prepayments and other receivables	98,562,720	(2,530,672)
Sales tax refund bonds	-	(388,353,206)
	667,004,348	1,424,830,110
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	1,612,930,523	65,725,562
Cash generated from operations	3,731,339,646	3,111,480,609
Gratuity paid to employees	(33,514,450)	(21,014,860)
Taxes paid - net	(31,395,024)	390,894,132
	(64,909,474)	369,879,272
Net cash generated from operating activities	3,666,430,172	3,481,359,881
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(347,675,720)	(1,408,087,359)
Proceeds from sale of property, plant and equipment	1,753,700	2,478,200
Long term loan and advances to associates	(526,599,000)	(140,765,448)
Long term deposits	-	(62,000)
Net cash used in investing activities	(872,521,020)	(1,546,436,607)
<u>Cash flows from financing activities</u>		
Long term financing obtained	692,884,723	1,667,762,035
Long term financing repaid	(79,395,774)	(531,782,255)
Long term musharika obtained	-	500,000,000
Long term musharika repaid	-	(109,799,213)
Short term borrowings - net	(2,958,039,608)	(2,783,613,066)
Lease rentals paid	(2,196,150)	-
Finance cost paid - net	(597,787,085)	(655,805,550)
Net cash generated from financing activities	(2,944,533,894)	(1,913,238,049)
Net cash generated from / (used in) financing activities	(150,624,742)	21,685,225
Cash and cash equivalents at beginning of the period	298,849,020	199,476,038
Cash and cash equivalents at end of the period	148,224,278	221,161,263

The annexed notes from 1 to 23 form an integral part of these consolidated financial information.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)*For the three months ended 30 September 2020***1 Reporting entity****The Group comprises of :**

- Fazal Cloth Mills Limited ("the Holding Company"); and
- Fazal Weaving Mills Limited ("the Subsidiary Company").

Associates having significant influence:

- Fatima Transmission Company Limited
- Fatima Electric Company Limited

- 1.1** Fazal Cloth Mills Limited ("the Holding Company") was incorporated in Pakistan in 1966 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange ('PSX'). The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Company is principally engaged in manufacture and sale of yarn and fabric. The manufacturing facilities and ware houses are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.
- 1.2** The Subsidiary Company was incorporated in Pakistan in 1989 as a public limited company under the Repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Subsidiary Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Subsidiary Company is engaged in the manufacture and sale of yarn. The manufacturing facility of the Subsidiary Company is located at Mauza Khairabad Qadir Pur Rawan By Pass, Khanewal Road, Multan in the province of Punjab. The Subsidiary Company commenced its commercial production on April 01, 2014.

2 Basis of preparation**2.1 Statement of Compliance**

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of Accounting

- 2.2.1** This condensed interim consolidated financial information comprises the condensed interim consolidated statement of financial position of the Group as at 30 September 2020 and the related condensed interim consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof.
- 2.2.2** This condensed interim consolidated financial information does not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2020.



2.2.3 Comparitive consolidated statement of financial position numbers are extracted from the annual audited consolidated financial statements of the Group for the year ended 30 June 2020, whereas comparitive condensed interim consolidated statement of profit or loss , condensed interim consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity are stated from unaudited condensed interim consolidated financial information of the Group for the three months period ended 30 September 2019.

3 Estimates and judgments

3.1 The preparation of condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

3.2 Estimates and judgments made by the management in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the consolidated annual financial statements of the Group for the year ended 30 June 2020.

4 Statement of consistency in accounting policies

4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial statements are same as those applied in the preparation of the consolidated annual financial statements for the year ended 30 June 2020.



Note	(Un-audited) 30 September 2020 Rupees	(Audited) 30 June 2020 Rupees
	12,392,810,608	10,794,116,894
5.1	692,884,723	3,048,399,043
	(60,557,713)	(33,534,992)
	(78,395,724)	(1,449,205,329)
	12,945,761,844	12,357,275,616
8	(1,606,358,466)	(724,305,551)
	<u>11,339,403,378</u>	<u>11,632,970,065</u>

5. Long term financing - secured

Opening balance
Loan obtained during the period / year
Less: delerred grant
Repayments made during the period / year
Closing balance
Less: current portion grouped under current liabilities

- Markup bearing finances availed during the period from conventional banks:

Lender	Amount -- Rupees --	Rate of Mark Up Per Annum	Security
Allied Bank Limited			
Term finance / LTFF	133,081,523	6 Months KIBOR + 1.00%	
Term finance / SBP's Salary & Wages Refinance	268,496,755	1.50% fixed rate	1st Joint Pari Passu Charge/Mortgage of Rs. 4,063 million on all present and future fixed assets of the Holding Company and personal guarantees sponsoring directors of the Holding Company.
Term finance under SBP's LTFF	19,468,233	SBP rate + 0.75% (fixed rate)	
Term finance / SBP's Salary & Wages Refinance	57,108,843	1.50% fixed rate	1st Joint pari passu charge / mortgage of Rs. 1,333.34 million over all present and future fixed assets of the Company, personal guarantees of sponsoring directors and corporate guarantee of the Holding Company.
The Bank of Punjab			
Term finance / LTFF	4,829,947	6 Months KIBOR + 1.50%	
Term finance under SBP's LTFF	192,058,180	SBP rate + 1.50% (fixed rate)	1st Joint Pari Passu Charge/Mortgage of Rs. 2,917 million on all present and future fixed assets of the Holding Company and personal guarantees sponsoring directors of the Holding Company.
Askari Bank Limited			
Term finance	17,851,242	6 Months KIBOR + 1.00%	1st Joint Pari Passu Charge/Mortgage of Rs. 1,751.50 million on all present and future fixed assets of the Holding Company and personal guarantees sponsoring directors of the Holding Company.
	<u>692,884,723</u>		

6. Long term munaharika - secured

Opening balance
Loan obtained during the period / year
Repayments made during the period / year
Closing balance
Less: current portion grouped under current liabilities

Note	(Un-audited) 30 September 2020 Rupees	(Audited) 30 June 2020 Rupees
	2,897,859,415	2,169,056,619
6.1	-	1,000,000,000
	-	(271,197,205)
	2,897,859,415	2,897,859,414
8	(365,057,991)	(270,258,778)
	<u>2,532,801,424</u>	<u>2,627,600,636</u>

	<i>(Un-audited)</i> 30 September 2020 <i>Rupees</i>	<i>(Audited)</i> 30 June 2020 <i>Rupees</i>
7 Lease liability		
Opening Balance	71,173,118	-
Effect of initial application of IFRS-16	-	68,922,967
Increase / (Decrease) during the period	409,455	2,250,151
Closing Balance	<u>71,582,573</u>	<u>71,173,118</u>
8 Current portion of non-current liabilities		
Long term financing - secured	1,606,358,466	724,305,551
Long term musharika - secured	365,057,991	270,258,778
Deferred grant	34,516,178	16,000,569
	<u>2,005,932,635</u>	<u>1,010,564,898</u>
9 Trade and other payables		
Trade creditors	929,287,643	556,632,651
Accrued liabilities	1,336,400,568	1,295,814,335
Contract liabilities	271,169,984	308,136,434
Due to associated undertakings	593,331,344	282,279,141
Bills payable	1,481,890,890	557,681,391
Tax deducted at source	11,446,433	10,052,389
Infrastructure cess	573,777,676	556,798,026
Workers' profit participation fund	91,570,676	51,639,012
Workers' welfare fund	60,951,439	49,187,833
Loan from Director	299,693	299,693
	<u>5,350,126,346</u>	<u>3,668,520,905</u>
9.1 Due to associated undertakings		
Ahmed Fine Textile Mills Limited	494,517,000	246,420,298
Hussain Gineries Limited	12,000,970	12,012,520
Reliance Weaving Mills Limited	13,780,798	-
Fatima Energy Limtied	34,108,516	21,957,598
Fazal Rehman Fabrics Limited	36,908,938	-
Fazal Farm (Private) Limited	-	54,103
Fazal-ur-Rehman Foundation	209,000	28,500
Fatima Fertilizer Company Limited	1,765,621	1,765,621
Pakarab Fertilizer Limited	40,501	40,501
	<u>593,331,344</u>	<u>282,279,141</u>
10 Contingencies and commitments		
10.1 Contingencies		
10.1.1 There has been no change in the status of contingencies since the annual audited financial statements as at 30 June 2020.		
10.1.2 Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility aggregating to USD 2.25 million (30 June 2020: USD 7.25 million).		
10.2 Commitments		
10.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Group, to various institutions and corporate bodies.		
- The Holding Company	984,554,700	979,554,700
- The Subsidiary Company	<u>88,006,000</u>	<u>88,006,000</u>



	<i>(Un-audited)</i> 30 September 2020 Rupees	<i>(Audited)</i> 30 June 2020 Rupees
10.2.2 Commitments against irrevocable letters of credit:		
<u>The Holding Company</u>		
- capital expenditure	91,826,784	324,053,382
- raw material and stores and spares	952,257,220	1,195,456,542
- others	<u>1,044,084,004</u>	<u>1,519,509,924</u>
<u>The Subsidiary Company</u>		
- raw material and stores and spares	<u>202,214,432</u>	<u>349,546,759</u>
10.2.3 Commitments in respect of foreign exchange forward contracts:		
- The Holding Company	<u>332,880,000</u>	<u>506,250,000</u>
- The Subsidiary Company	<u>249,660,000</u>	<u>590,625,000</u>
11 Property, plant and equipment		
Operating property, plant and equipment	11.1 27,554,807,779	27,828,545,057
Right of use of Asset	11.2 61,743,492	63,179,387
Capital work-in-progress	11.3 <u>618,353,912</u>	<u>304,978,410</u>
	<u>28,234,905,183</u>	<u>28,196,702,854</u>
11.1 Opening net book value	27,828,545,057	26,743,990,836
<i>Additions during the period / year:</i>		
Freehold land	2,665,000	-
Factory building on free hold land	8,154,099	254,780,498
Non-factory building on free hold land	671,159	72,172,629
Plant and machinery	13,761,145	1,869,401,897
Electric fittings and installations	309,771	96,862,491
Sui gas installations	492,400	359,550
Tools, laboratory equipment and arms	257,343	2,409,322
Fire extinguishing equipments and scales	631,922	4,675,470
Office equipment	3,114,294	12,262,637
Furniture and fixtures	139,214	1,155,937
Vehicles	4,103,870	18,588,672
	<u>34,300,217</u>	<u>2,332,669,103</u>
Carrying value of assets disposed off during the period / year	(1,180,257)	(14,506,394)
Depreciation charge for the period / year	(306,857,238)	(1,233,608,488)
Closing net book value	<u>27,554,807,779</u>	<u>27,828,545,057</u>
11.2 Right of use Asset		
Opening net book value	63,179,387	-
Effect of initial application of IFRS-16	-	68,922,967
Depreciation charge for the period	(1,435,895)	(5,743,580)
Closing net book value	<u>61,743,492</u>	<u>63,179,387</u>



	<i>(Un-audited)</i> 30 September 2020 <i>Rupees</i>	<i>(Audited)</i> 30 June 2020 <i>Rupees</i>
11.3 The detail of capital work-in-progress is as follows:		
<i>Factory building on free hold land</i>		
Material and expenses	23,974,671	22,477,370
Advance payments	17,558,401	14,617,445
	41,533,072	37,094,815
<i>Non-factory building on free hold land</i>		
Material and expenses	40,687,149	37,342,262
Advance payments	6,566,511	5,560,912
	47,253,660	42,903,174
<i>Plant and machinery</i>		
Cost and expenses	72,275,504	7,813,168
Advance payments	32,963,977	38,634,615
Letters of credit	405,558,409	171,883,925
	510,797,890	218,331,708
<i>Electric fittings and Installations - Cost and advance payments</i>	7,215,010	1,700,061
<i>Tools, laboratory equipment and arms - Cost and expenses</i>	385,600	385,600
<i>Fire Fighting Equipment & Weigh Scales - Cost and advance payments</i>	175,000	-
<i>Office equipment - Cost and expenses</i>	980,836	798,778
<i>Furniture and fixtures - Cost and expenses</i>	195,307	128,287
<i>Vehicles - Cost and advance payments</i>	9,817,537	3,635,987
	618,353,912	304,978,410
12 Long term investments		
Investments in related parties:		
<i>At fair value through OCI</i>		
Fatima Fertilizer Company Limited - quoted	1,869,662,840	1,683,830,449
Fatima Energy Limited - unquoted	1,388,406,000	1,268,905,404
Multan Real Estate (Private) Limited	33,358,054	33,358,054
	3,291,426,894	2,986,093,907
<i>Associated companies - at equity method</i>		
Fatima Transmission Company Limited - unquoted	26,049,173	26,050,673
Fatima Electric Company Limited - unquoted	18,355	18,605
	26,067,528	26,069,278
	3,317,494,422	3,012,163,185
13 Long term advances to associates		
Fatima Energy Limited	3,184,368,981	2,635,370,514
Fatima Transmission Company Limited	91,319,033	72,427,033
Pak Arab Energy Limited	25,904,160	25,904,160
	3,301,592,174	2,733,701,707
13.1 Fatima Energy Limited		
Long term advance to associates	3,005,615,522	2,497,908,522
Mark-up accrued (interest free)	178,753,459	137,461,992
Balance as at	3,184,368,981	2,635,370,514

	<i>(Un-audited)</i> 30 September 2020 Rupees	<i>(Audited)</i> 30 June 2020 Rupees
<i>Note</i>		
14 Trade debts		
<i>Export debtors - secured against letters of credit:</i>		
Considered good	1,615,930,212	1,820,507,561
<i>Local debtors - unsecured</i>		
Related Parties - considered good	700,538,578	293,998,651
Others - considered good	4,027,597,770	3,031,074,635
Others - considered doubtful	38,383,303	40,337,838
	4,766,519,651	3,365,411,124
Provision for doubtful balances	(40,337,838)	(40,337,838)
	4,726,181,813	3,325,073,286
	6,342,112,025	5,145,580,847
14.1 These include due from following associated undertakings on account of trading activities.		
	<i>(Un-audited)</i> 30 September 2020 Rupees	<i>(Audited)</i> 30 June 2020 Rupees
Reliance Weaving Mills Limited	-	19,158,901
Fazal Rehman Fabrics Limited	700,538,578	274,839,750
	700,538,578	293,998,651
15 Short term investment		
<u><i>At fair value through statement of profit or loss.</i></u>		
Investment in related party:		
Fatima Fertilizer Company Limited - quoted <i>6,120,000 (30 June 2020 : 6,120,000) fully paid ordinary shares of Rs. 10 each having market value of Rs. 29.68 per share (30 June 2020 : Rs. 26.73 per share)</i>	163,587,600	182,682,000
Unrealized fair value gain / (loss) on re-measurement of investment	18,054,000	(19,094,400)
	181,641,600	163,587,600
16 Cash and bank balances		
Cash in hand	19,287,016	17,990,118
<i>Cash at banks</i>		
- Current accounts	127,914,766	280,808,769
- Saving accounts	1,022,496	50,133
	128,937,262	280,858,902
	148,224,278	298,849,020

	<i>Note</i>	<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
17 Sales - net			
<i>Gross sales</i>			
Local		11,736,060,791	5,225,535,188
Direct export		2,580,678,835	3,397,172,559
Indirect export	17.1	694,109,060	955,009,438
		15,010,848,686	9,577,717,185
<i>Sales tax</i>			
Local sales		(1,755,990,819)	(8,167,993)
		13,254,857,867	9,569,549,192

17.1 It includes sales made to direct exporters against Standard Purchase Order (SPOs) amounting to Rs. Nil (30 September 2019: Rs 549.55 million) and Duty and Tax Remission for Exports ("DTRE") to a related party under S.R.O 185(I)/ 2001 dated 21 March 2001, amounting to Rs. 694.11 million (30 September 2019: Rs. 405.46 million).

		<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
18 Cost of sales			
Raw and packing materials consumed		7,301,053,655	6,845,134,452
Manufacturing costs		2,231,393,824	2,113,408,131
		9,532,447,479	8,958,542,584
Opening stock of work-in-process		439,889,015	410,363,326
Closing stock of work-in-process		(436,454,488)	(410,462,331)
Cost of goods manufactured		9,535,882,006	8,958,443,579
Opening stock of finished goods		4,620,290,075	1,844,002,220
Finished goods purchased		477,411,726	645,505,881
		14,633,583,807	11,447,951,680
Closing stock of finished goods		(2,736,293,241)	(3,441,732,936)
Cost of raw material sold		143,673,813	5,332,374
		12,040,964,379	8,011,551,118

**19 Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 30 September 2020**Financial assets - measured at fair value**

Short term investment	-	181,641,600	-	-	181,641,600	-	-	-	-	181,641,600
Long term investments	-	-	3,291,426,894	-	3,291,426,894	-	-	-	1,421,764,054	3,291,426,894

Financial assets - not measured at fair value

Trade debts	6,342,112,025	-	-	-	6,342,112,025	-	-	-	-	-
Cash and bank balances	148,224,278	-	-	-	148,224,278	-	-	-	-	-
Long term deposits	24,128,493	-	-	-	24,128,493	-	-	-	-	-
Other receivables	27,026,685	-	-	-	27,026,685	-	-	-	-	-
Mark-up accrued - associated companies	31,544,060	-	-	-	31,544,060	-	-	-	-	-
Long term advances to associates	3,501,592,174	-	-	-	3,501,592,174	-	-	-	-	-
	9,874,627,715	181,641,600	3,291,426,894	-	13,347,696,209	2,051,304,440	-	-	1,421,764,054	3,473,068,494

19.1

Financial liabilities - not measured at fair value

Long term financing - secured	-	-	-	12,945,761,844	12,945,761,844	-	-	-	-	-
Long term musharka - secured	-	-	-	2,897,859,415	2,897,859,415	-	-	-	-	-
Trade and other payables	-	-	4,341,210,138	-	4,341,210,138	-	-	-	-	-
Unclaimed dividend	-	-	13,748,422	-	13,748,422	-	-	-	-	-
Short term borrowings - secured	-	-	8,579,184,609	-	8,579,184,609	-	-	-	-	-
Accrued mark-up	-	-	349,471,388	-	349,471,388	-	-	-	-	-
	-	-	-	29,127,235,816	29,127,235,816	-	-	-	-	-

19.1



	Carrying amount		Fair value				
	Fair value through Profit or Loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----							
Financial assets at amortised cost							
Short term investments	163,587,600	-	163,587,600	163,587,600	-	-	163,587,600
Long term investments	-	1,717,188,503	1,717,188,503	1,683,830,449	-	33,358,054	1,717,188,503
Financial assets - not measured at fair value							
Trade debts	5,145,580,847	-	5,145,580,847	-	-	-	-
Cash and bank balances	298,849,020	-	298,849,020	-	-	-	-
Long term deposits	24,128,493	-	24,128,493	-	-	-	-
Other receivables	189,673,459	-	189,673,459	-	-	-	-
Mark-up accrued - associated companies	29,338,656	-	29,338,656	-	-	-	-
Long term advances to associates	2,733,701,707	-	2,733,701,707	-	-	-	-
19.1	8,421,272,182	1,717,188,503	10,302,048,285	1,847,418,049	-	33,358,054	1,880,776,103
----- Rupees -----							
Financial liabilities - not measured at fair value							
Long term financing - secured	-	-	12,392,810,608	-	-	-	-
Long term musharika - secured	-	-	2,897,859,414	-	-	-	-
Trade and other payables	-	-	2,692,707,211	-	-	-	-
Lease liability - <i>unsecured</i>	-	-	71,173,118	-	-	-	-
Unclaimed dividend	-	-	13,748,423	-	-	-	-
Short term borrowings - secured	-	-	11,537,224,217	-	-	-	-
Accrued mark-up	-	-	517,191,250	-	-	-	-
19.1	-	-	30,122,714,241	-	-	-	-

19.1 The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.



20 Segment information

20.1 Segment revenue and results

Following is an analysis of the Group's revenue and results by reportable segments:

	Spinning		Weaving		Total	
	(Un-audited) 30 September 2020	(Un-audited) 30 September 2019	(Un-audited) 30 September 2020	(Un-audited) 30 September 2019	(Un-audited) 30 September 2020	(Un-audited) 30 September 2019
	----- Rupees -----					
External revenues	10,684,172,955	6,622,228,978	1,736,595,542	1,859,112,109	13,254,857,867	9,569,549,192
Intersegment revenues	828,569,670	1,088,138,104	5,519,700	70,000	(834,089,370)	(1,088,208,104)
Cost of sales	(10,413,150,752)	(6,301,439,738)	(793,724,257)	(621,903,275)	(12,040,964,379)	(8,011,551,118)
Intersegment cost of sales	(5,519,700)	(70,000)	(828,569,670)	(1,088,138,104)	834,089,370	1,088,208,104
Selling and distribution expenses	(81,209,881)	(86,101,002)	(20,564,220)	(15,226,392)	(101,774,101)	(101,327,394)
Administrative expenses	(7,622,051)	(73,826,289)	(10,774,073)	(10,779,976)	(87,002,124)	(84,606,265)
Other operating expense	(54,431,436)	(194,035,718)	480,446	-	(53,950,990)	(194,035,718)
Finance cost	(384,794,880)	(661,886,399)	(47,877,948)	(79,345,174)	(432,672,828)	(741,231,573)
Other operating income	269,177,932	85,258,016	531,468	(7,365,637)	269,709,400	77,892,379
Share of loss of associate	-	-	-	-	(19,865,140)	(16,072,805)
Profit before tax	766,585,856	478,265,952	41,616,989	36,423,551	788,337,705	498,616,698

20.1.1 The accounting policies of the reportable segments are the same as those described in the annual Consolidated financial statements for the preceding year ended 30 June 2020.

21 Related party transactions

The related parties comprise of associated companies, directors of the Group and entities under common directorship, key management personnel and post employment retirement plan. The Group in the normal course of business carries out various transactions with various related parties. Detail of such transactions are as follows:

	<i>Three months ended 30 September 2020 Rupees</i>	<i>Three months ended 30 September 2019 Rupees</i>
Associated Companies		
Long term advances to associates	526,599,000	140,765,448
Purchase of goods and services	506,866,991	378,290,944
Sale of goods and services	1,382,959,225	863,005,013
Receipts against sale of goods and services - <i>net</i>	776,553,356	416,058,004
Reimbursable expenses	3,870,651	-
Interest accrued on long term advances to associates	43,496,871	75,916,662

22 Date of authorization for issue

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on 27 November 2020.

23 General

Figures in the financial statements have been rounded-off to the nearest rupee.



(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER



(SHEIKH NASEEM AHMAD)
DIRECTOR



(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Head Office / Shares Department:

59/3, Abdali Road, Multan
Ph: +92 61 4579001-7, 4781637
Fax: +92 61 4541832

Registered Office:

69/7, Abid Majeed Road, Survey # 248/7
Lahore Cantt, Lahore.+92 (42) 36684909