



For The
Three Months Ended
September 30

2021





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**Company Profile**

| | | |
|---|---|---|
| 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 Non – Executive Director Executive Director Non – Executive Director Executive Director Independent Director Independent Director Independent Director |
| Audit Committee | Ms. Parveen Akhter Malik Mr. Sheikh Naseem Ahmad Mr. Amir Naseem Sheikh Mr. Babar Ali | Independent Director/Chairman Non – Executive Director Non – Executive Director Independent Director |
| Human Resource and Remuneration Committee | Mr. Babar Ali Mr. Amir Naseem Sheikh Mr. Faisal Ahmad | Independent Director/Chairman Non – Executive Director Non – Executive Director |
| Strategic Planning Committee | Mr. Rehman Naseem Mr. Masood Karim Sheikh Ms. Parveen Akhter Malik | Chief Executive Officer Independent Director Independent Director |
| Company Secretary | Mr. Asad Mustafa | |
| Chief Financial Officer | Mr. Muhammad Azam | |
| Auditors | KPMG Taseer Hadi & 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 Alfalah Limited Bank Al Habib Limited Saudi Pak Industrial & Agricultural Investment Company Limited Habib Metropolitan Bank Limited | 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 Limited Pak Libya Holding Company (Pvt.) Ltd. Pakistan Kuwait Investment Company (Private) Limited Industrial and Commercial Bank of China Limited |
| Head Office & Shares Department: | 59/3, Abdali Road, Multan. Phone: (92)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) 42-36374839 | |
| Registered Office: | 69/7, Abid Majeed 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) Qadirpur Rawan 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, 2021.

Sales were recorded at Rs. 13,519.74 Million during the three months of the current financial year compared to Rs. 13,254.86. Your Company earned after tax profit of Rs. 1,557.08 million (pre-tax profit of Rs. 1,735.56 million) as compared to Rs. 519.55 million (pre-tax profit of Rs. 788.34 million) for the corresponding period last year after charging depreciation of Rs. 397.46 million (September 30, 2020: Rs. 308.29 million). EBITDA of Rs. 2,552.57 million (September 30, 2020: Rs. 1,549.17 million) was generated.

Earnings per Share of the Company for the three months ended September 30, 2021 was Rs. 51.90 as compared to Rs. 17.32 for corresponding period in previous year.

| Financial Highlights | Three months ended | | Increase / (decrease) |
|----------------------|--------------------|-------------------|-----------------------|
| | 30-Sep-21 | 30-Sep-20 | |
| | Rupees in ('000') | Rupees in ('000') | % age |
| Sales – net | 13,519,743 | 13,254,857 | 2.00% |
| Cost of sales | 10,873,955 | 12,040,964 | -9.69% |
| Gross profit | 2,645,788 | 1,213,893 | 117.96% |
| EBITDA | 2,552,574 | 1,549,169 | 64.77% |
| Depreciation | 397,462 | 308,293 | 28.92% |
| Finance cost | 419,553 | 432,673 | -3.03% |
| Other income | 29,575 | 269,709 | -89.03% |
| Profit before tax | 1,735,560 | 788,338 | 120.15% |
| Profit after tax | 1,557,082 | 519,550 | 199.70% |

Corporate Governance

Composition of Board is as follows;

The total number of directors are nine as per the following:

- Male 8
- Female 1

Independent Director

- 1- Mr. Babar Ali
- 2- Mr. Masood Karim Sheikh
- 3- Mrs. Parveen Akhter Malik

Non- Executive Director

- 4- Mr. Sheikh Naseem Ahmed
- 5- Mr. Faisal Ahmed
- 6- Mr. Amir Naseem Sheikh

Executive Directors

- 7- Mr. Rehman Naseem
- 8- Mr. Fahd Mukhtar
- 9- Mr. Muhammad Mukhtar Sheikh



The board has formed Committees comprising of members given below:

Audit Committee

- 1- Ms. Parveen Akhter Malik (Independent Direct) - Chairman
- 2- Mr. Babar Ali – Member
- 3- Mr. Sheikh Naseem Ahmed – Member
- 4- Mr. Amir Naseem Sheikh – Member

Human Resource Committee

- 1- Mr. Babar Ali (Independent Direct) – Chairman
- 2- Mr. Faisal Ahmed – Member
- 3- Mr. Amir Naseem Sheikh– Member

Strategic Planning Committee

- 1- Mr. Rehman Naseem – Chairman
- 2- Mr. Masood Karim Sheikh – Member
- 3- Ms. Parveen Akhtar - Member

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 traveling 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.

Future Outlook


Raw material prices and freight costs have increased sharply. Yarn and fabric prices have also increased but not proportionately. Due to very high prices, finished product sales at retail level have slowed down. As a result inventories have increased with factories and margins have been squeezed. There is also a risk of correction in raw material costs which are presently at all time highs. In such an event an inventory loss can be faced. Although your company has managed to procure raw materials required at competitive prices, due to the headwinds facing the business, your management believes financial results for the remaining part of the financial year will be reasonably good but will be not be as good as the first quarter.

Management and Labor Relations

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: October 29, 2021

For & on behalf of the Board


(Sheikh Naseem Ahmad)
CHAIRMAN


(Rehman Naseem)
Chief Executive Officer

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

فضل کا تھری ماہیہ (کمپنی) کے ڈائریکٹرز سہ ماہی 30 ستمبر 2021 کی مالیاتی کارکردگی (غیر آڈٹ شدہ) پر جائزہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ رواں سال سہ ماہی ستمبر 2021 میں فروختگی 13,519.74 ملین روپے رہی جو پچھلے سال اسی سہ ماہی میں 13,254.86 ملین روپے تھی۔ لہذا اضافہ 2 فیصد رہا۔ جائزہ کے عرصے کے دوران کمپنی نے منافع بعد از ٹیکس 1,557.082 ملین روپے کمایا جبکہ عرصہ سہ ماہی ستمبر 2020,30 بعد از ٹیکس منافع 519,550 ملین روپے تھا۔ آمدنی قبل از فرسودگی منافع اور ٹیکس 2,552.574 ملین روپے رہی جو پچھلے سال سہ ماہی 2020 میں 1,549.169 ملین روپے تھی۔ فی حصص آمدنی موجودہ سہ ماہی برائے اختتام ستمبر 30 2021 میں 51.90 روپے ہے جو پچھلے سال اسی سہ ماہی میں 17.32 روپے تھی۔

| مالی حیرتیاں | سہ ماہی اختتام برائے عرصہ ستمبر 2021, 30 | سہ ماہی اختتام برائے عرصہ ستمبر 2020, 30 | (کے) / اضافہ % |
|-------------------------------------|--|--|----------------|
| | 2021 (000) | 2020 (000) | |
| خاص فروختگی | 13,519,743 | 13,254,857 | 2.00% |
| فروختگی کی لاگت | 10,873,955 | 12,040,964 | (9.69)% |
| گراس منافع | 2,645,788 | 1,213,893 | 117.96% |
| آمدنی قبل از فرسودگی منافع اور ٹیکس | 2,552,574 | 1,549,169 | 64.77% |
| فرسودگی | 397,462 | 308,293 | 28.92% |
| مالیاتی لاگت | 419,553 | 432,673 | (3.03)% |
| دیگر آمدنی | 29,575 | 269,709 | (89.03)% |
| منافع قبل از ٹیکس | 1,735,560 | 788,338 | 120.15% |
| منافع بعد از ٹیکس | 1,557,082 | 519,550 | 199.70% |

کارپوریٹ گورننس

بورڈ کی تشکیل

الف۔ کل تعداد

1- مرد آٹھ 2- خواتین ایک

تشکیل

1- آزاد ڈائریکٹرز تین

2- نان ایگزیکٹو ڈائریکٹرز تین

3- ایگزیکٹو ڈائریکٹرز تین

1- آزاد ڈائریکٹرز

جناب بابر علی

جناب مسعود کریم شیخ

محترمہ مس پروین اختر ملک

2- نان ایگزیکٹو ڈائریکٹرز

جناب شیخ نسیم احمد

جناب فیصل احمد

جناب عامر نسیم

3- ایگزیکٹو ڈائریکٹرز

جناب رحمان نسیم

جناب فہد مختار

جناب محمد مختار شیخ

بورڈ کی کمیٹیاں**بورڈ کی آڈٹ کمیٹی**

| سیریل نمبر | ڈائریکٹر کا نام | عہدہ |
|------------|-----------------------------------|----------|
| 1 | مس پروین اختر ملک (آزاد ڈائریکٹر) | چیئر مین |
| 2 | جناب شیخ نسیم احمد | ممبر |
| 3 | جناب عامر نسیم شیخ | ممبر |
| 4 | جناب بابر علی | ممبر |

**بورڈ کی ہیومن ریسورس کمیٹی**

| سیریل نمبر | ڈائریکٹر کا نام | عہدہ |
|------------|-------------------------------|--------|
| 1 | جناب بابر علی (آزاد ڈائریکٹر) | چیرمین |
| 2 | جناب عامر نسیم شیخ | ممبر |
| 3 | جناب فیصل احمد | ممبر |

اسٹریٹیجک پلاننگ کمیٹی

| سیریل نمبر | ڈائریکٹر کا نام | عہدہ |
|------------|---------------------|--------|
| 1 | جناب رحمان نسیم | چیرمین |
| 2 | جناب مسعود کریم شیخ | ممبر |
| 3 | مس پروین اختر ملک | ممبر |

ڈائریکٹر کا معاوضہ

- کمپنی نے ڈائریکٹرز کے معاوضہ کی پالیسی منظوری 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

خام مال کی قیمتوں اور مال برداری کے اخراجات میں تیزی سے اضافہ ہوا ہے۔ نسیم نسیم سے دھانگے اور کپڑے کی قیمتوں میں بھی اضافہ ہوا ہے۔ بہت زیادہ قیمتوں کی وجہ سے خوردہ سطح پر تیار مصنوعات کی فروخت میں کمی آئی ہے۔ نیچا کارخانوں کے پاس تیار شدہ مال میں اضافہ ہوا ہے اور منافع دب گیا ہے۔ خام مال کی قیمتوں میں تصحیح کا خطرہ بھی ہے جو اس وقت بلند ہے۔ ایسی صورت میں تیار شدہ مال کے نقصان کا سامنا کرنا پڑ سکتا ہے۔ اگرچہ کمپنی خام مال کی ضرورت کو ارزوں نرخوں پر خریدنے میں کامیاب ہوگی تاہم شیڈولت یہ توقع کرتی ہے کہ رواں سال کے باقی حصوں میں منافع موجودہ سرمایہ کی طرح بہت اچھا نہیں ہو سکتا۔

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)



شیخ نسیم احمد
(چیرمین)

بتاریخ: 29 اکتوبر 2021





Fazal Cloth Mills Limited

Condensed Interim Financial Information (Un-audited)

30 September 2021



Condensed Interim Statement of Financial Position

| | <i>(Un-audited)</i> 30 September 2021 <i>Rupees</i> | <i>(Audited)</i> 30 June 2021 <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 |
| <u>Capital reserves</u> | | |
| - Others capital reserves | 1,204,493,485 | 1,144,019,215 |
| - Revaluation surplus on property, plant and equipment | 17,928,660,698 | 18,009,492,456 |
| Unappropriated profits - revenue reserve | <u>16,945,274,119</u> | <u>15,243,771,588</u> |
| | 36,378,428,302 | 34,697,283,259 |
| <u>Non-current liabilities</u> | | |
| Long term financing - <i>secured</i> | 5 12,406,898,093 | 10,824,513,728 |
| Long term musharika - <i>secured</i> | 6 1,788,012,108 | 1,864,061,320 |
| Lease liability - <i>unsecured</i> | 7 73,153,106 | 72,906,099 |
| Long term payable - <i>GIDC</i> | 304,498,376 | 304,498,376 |
| Deferred liabilities: | | |
| - <i>Employee retirement benefits</i> | 295,612,854 | 288,700,623 |
| - <i>Deferred taxation</i> | 4,313,249,019 | 4,356,792,163 |
| - <i>Deferred grant</i> | 1,896,858 | 5,659,415 |
| | 19,183,320,414 | 17,717,131,724 |
| <u>Current liabilities</u> | | |
| Trade and other payables | 8 6,302,632,091 | 4,569,974,235 |
| Contract liabilities | 112,532,322 | 150,711,419 |
| Current portion of non-current liabilities | 9 3,767,608,390 | 3,663,834,315 |
| Short term borrowings - <i>secured</i> | 11,403,397,743 | 6,007,110,905 |
| Accrued mark-up | 368,341,956 | 299,113,187 |
| Unclaimed dividend | 18,946,573 | 18,946,571 |
| | 21,973,459,075 | 14,709,690,632 |
| Contingencies and commitments | 10 | |
| | <u>77,535,207,791</u> | <u>67,124,105,615</u> |

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR



As at 30 September 2021

| | | <i>(Un-audited)</i> 30 September 2021 <i>Rupees</i> | <i>(Audited)</i> 30 June 2021 <i>Rupees</i> |
|---|----|--|--|
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 11 | 40,631,596,338 | 38,416,208,361 |
| Long term investments | 12 | 2,628,453,126 | 2,567,978,856 |
| Long term loans and advances | 13 | 3,361,379,821 | 3,361,379,821 |
| Long term deposits | | 24,128,493 | 24,128,493 |
| | | 46,645,557,778 | 44,369,695,531 |
| | | | |
| <i>Current assets</i> | | | |
| Stores, spares and loose tools | | 873,253,531 | 850,372,683 |
| Stock-in-trade | | 22,595,656,443 | 15,470,402,276 |
| Trade debts | 14 | 4,803,426,358 | 4,737,549,612 |
| Loans and advances | | 275,343,794 | 225,972,661 |
| Deposits, prepayments and other receivables | | 211,080,756 | 120,424,898 |
| Mark-up accrued | | - | - |
| Short term investment | 15 | 181,825,200 | 175,950,000 |
| Tax refunds due from the Government - net | | 1,650,056,057 | 1,017,878,311 |
| Cash and bank balances | 16 | 299,007,874 | 155,859,643 |
| | | 30,889,650,013 | 22,754,410,084 |
| | | | |
| | | 77,535,207,791 | 67,124,105,615 |


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



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

For the three months ended 30 September 2021

| | | <i>Three months ended 30 September 2021 Rupees</i> | <i>Three months ended 30 September 2020 Rupees</i> |
|---|----|--|--|
| Sales - net | 17 | 13,519,743,288 | 13,254,857,867 |
| Cost of sales | 18 | (10,873,954,985) | (12,040,964,379) |
| Gross profit | | 2,645,788,303 | 1,213,893,488 |
| Selling and distribution expenses | | (121,768,646) | (101,774,101) |
| Administrative expenses | | (114,551,322) | (87,002,124) |
| Other expenses | | (283,931,259) | (53,950,990) |
| | | (520,251,227) | (242,727,215) |
| Other income | | 29,575,038 | 269,709,400 |
| Profit from operations | | 2,155,112,114 | 1,240,875,673 |
| Share of loss from associates | | - | (19,865,140) |
| Finance cost | | (419,552,529) | (432,672,828) |
| Profit before taxation | | 1,735,559,585 | 788,337,705 |
| Taxation | | (178,477,911) | (268,787,700) |
| Profit after taxation | | 1,557,081,674 | 519,550,005 |
| Earnings per share - basic and diluted | | 51.90 | 17.32 |

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the three months ended 30 September 2021

| | <i>Three months ended 30 September 2021 Rupees</i> | <i>Three months ended 30 September 2020 Rupees</i> |
|--|--|--|
| Profit after taxation | 1,557,081,674 | 519,550,005 |
| <u>Other comprehensive income - 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 | 60,474,270 | 185,832,391 |
| Total comprehensive income for the period | <u>1,617,555,944</u> | <u>705,382,396</u> |

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Changes in Equity (Un-Audited)

For the three months ended 30 September 2021

| | 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 2020 | 300,000,000 | 77,616,000 | 175,000,000 | 927,362,846 | 9,243,287,786 | 9,956,439,891 | 20,679,706,523 |
| 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 | - | - | - | (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) | - | 519,550,005 | 361,434,988 |
| Effect on deferred tax due to change in proration rate | - | - | - | - | (68,975,644) | 68,975,644 | - |
| Balance as at 30 September 2020 | 300,000,000 | 77,616,000 | 175,000,000 | 769,247,829 | 9,103,810,039 | 10,544,965,540 | 20,970,639,408 |
| Total comprehensive income for the period: | | | | | | | |
| Profit for nine months ended 30 June 2021 | - | - | - | - | - | 4,912,206,704 | 4,912,206,704 |
| Other comprehensive income for nine months ended 30 June 2021 | - | - | - | 122,155,386 | 9,198,296,406 | 4,978,807 | 9,325,430,599 |
| Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax | - | - | - | 122,155,386 | 9,198,296,406 | 4,917,185,511 | 14,237,637,303 |
| Transfer from surplus on revaluation of fixed assets on disposal - net of tax | - | - | - | - | (375,402,007) | 375,402,007 | - |
| Effect on deferred tax due to change in proration rate | - | - | - | - | (6,218,530) | 6,218,530 | - |
| Effect on deferred tax due to change in proration rate | - | - | - | - | 89,006,548 | - | 89,006,548 |
| Transactions with the owners of the Company: | | | | | | | |
| Interim cash dividend @ Rs. 20 per ordinary share for the nine months period ended 31 March 2021 | - | - | - | - | - | (600,000,000) | (600,000,000) |
| Balance as at 30 June 2021 | 300,000,000 | 77,616,000 | 175,000,000 | 891,403,215 | 18,009,492,456 | 15,243,771,588 | 34,697,283,259 |
| Balance as at 30 June 2021 | 300,000,000 | 77,616,000 | 175,000,000 | 891,403,215 | 18,009,492,456 | 15,243,771,588 | 34,697,283,259 |
| Total comprehensive income for the period: | | | | | | | |
| Profit for three months ended 30 September 2021 | - | - | - | - | - | 1,557,081,674 | 1,557,081,674 |
| Other comprehensive income for three months ended 30 September 2021 | - | - | - | 60,474,270 | - | - | 60,474,270 |
| Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax | - | - | - | 60,474,270 | - | 1,557,081,674 | 1,617,555,944 |
| Transfer from surplus on revaluation of fixed assets on disposal - net of tax | - | - | - | - | (144,420,857) | 144,420,857 | - |
| Effect on deferred tax due to change in proration rate | - | - | - | - | 63,589,099 | - | 63,589,099 |
| Balance as at 30 September 2021 | 300,000,000 | 77,616,000 | 175,000,000 | 951,877,485 | 17,928,660,698 | 16,945,274,119 | 36,378,428,302 |

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Cash Flows (Un-Audited)

For the three months ended 30 September 2021

| | <i>Three months ended 30 September 2021 Rupees</i> | <i>Three months ended 30 September 2020 Rupees</i> |
|--|--|--|
| <u>Cash flows from operating activities</u> | | |
| Profit before taxation | 1,735,559,585 | 788,337,705 |
| <i>Adjustments for:</i> | | |
| Depreciation on property, plant and equipment | 397,461,946 | 308,293,133 |
| Unrealized gain on re-measurement of short term investment | (5,875,200) | (18,054,000) |
| Fair value gain on long term investment | - | (139,363,986) |
| Provision for gratuity | 38,321,763 | 35,049,351 |
| Provision for infrastructure cess | 50,426,361 | 16,979,649 |
| Provision for workers' profit participation fund | 92,665,853 | 39,931,663 |
| Provision for workers' welfare fund | 24,807,615 | 11,763,606 |
| Gain on disposal of property, plant and equipment | (328,962) | (573,443) |
| Share of loss from associates | - | 19,865,140 |
| Finance income | - | (43,496,871) |
| Finance cost | 419,552,529 | 432,672,828 |
| Cash generated from operations before working capital changes | 2,752,591,490 | 1,451,404,775 |
| <u>Effect on cash flows due to working capital changes</u> | | |
| <i>(Increase) / decrease in current assets:</i> | | |
| Stores, spares and loose tools | (22,880,848) | (94,299,329) |
| Stock-in-trade | (7,125,254,167) | 1,885,373,147 |
| Trade debts | (65,876,746) | (1,196,531,178) |
| Loans and advances | (49,371,133) | (26,101,012) |
| Deposits, prepayments and other receivables | (90,655,858) | 98,562,720 |
| | (7,354,038,752) | 667,004,348 |
| <i>Increase / (decrease) in current liabilities:</i> | | |
| Trade and other payables | 1,526,578,930 | 1,612,930,523 |
| Cash (used in) / generated from operations | (3,074,868,332) | 3,731,339,646 |
| Gratuity paid to employees | (31,409,532) | (33,514,450) |
| Taxes paid - net | (790,609,696) | (31,395,024) |
| | (822,019,228) | (64,909,474) |
| Net cash (used in) / generated from operating activities | (3,896,887,560) | 3,666,430,172 |
| <u>Cash flows from investing activities</u> | | |
| Fixed capital expenditure | (2,613,129,066) | (347,675,720) |
| Proceeds from sale of property, plant and equipment | 608,103 | 1,753,700 |
| Long term loan and advances to associates | - | (526,599,000) |
| Net cash used in investing activities | (2,612,520,963) | (872,521,020) |
| <u>Cash flows from financing activities</u> | | |
| Long term financing obtained | 2,391,983,806 | 692,884,723 |
| Long term financing repaid | (690,837,924) | (79,395,774) |
| Long term musharika repaid | (94,799,213) | - |
| Short term borrowings - net | 5,396,286,838 | (2,958,039,608) |
| Lease rentals paid | (2,415,765) | (2,196,150) |
| Finance cost paid - net | (347,660,988) | (597,787,085) |
| Net cash generated from / (used in) financing activities | 6,652,556,754 | (2,944,533,894) |
| Net increase and (decrease) in cash and cash equivalents | 143,148,231 | (150,624,742) |
| Cash and cash equivalents at beginning of the period | 155,859,643 | 298,849,020 |
| Cash and cash equivalents at end of the period | 299,007,874 | 148,224,278 |

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



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

For the three months ended 30 September 2021

1 Reporting entity

The Company comprises of :

- Fazal Cloth Mills Limited

Associates having significant influence:

- Fatima Transmission Company Limited

- Fatima Electric Company Limited

1.1 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 financial information comprises the condensed interim statement of financial position of the Company as at 30 September 2021 and the related condensed interim 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 2021.

2.2.3 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2021, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the three months period ended 30 September 2020.



3 Estimates and judgments

3.1 The preparation of condensed interim 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 financial information are the same as those that were applied to the annual financial statements of the Company for the year ended 30 June 2021.

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 financial information are same as those applied in the preparation of the annual financial statements for the year ended 30 June 2021.



| | (Un-audited) 30 September 2021 | (Audited) 30 June 2021 |
|--|--------------------------------------|------------------------------|
| | Rspees | Rspees |
| | 13,730,468,143 | 12,392,810,608 |
| | 2,391,983,806 | 2,386,340,693 |
| | 6,069,142,252 | 6,069,142,252 |
| | 15,431,614,252 | 15,790,468,143 |
| | (27,837,290) | (38,761,145) |
| | 15,403,776,735 | 13,691,706,998 |
| | (2,996,878,642) | (2,867,193,270) |
| | 12,406,898,093 | 10,824,513,728 |

Note

5.1

9

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

| Lender | Amount | Rate of Markup Per Annum | Security |
|---|---------------|-------------------------------|--|
| Askari Bank Limited | | | |
| - Term finance - TF / LTF | 359,678,880 | 6 months KIBOR + 1.00% | 1st joint part passu charge/ mortgage of Rs. 1,792 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. |
| Allied Bank Limited | | | |
| - Term loan - X / LTFP-X | 17,006,984 | 6 months KIBOR + 0.75% | 1st joint part passu charge/ mortgage of Rs. 4,720 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. |
| National Bank of Pakistan | | | |
| - Demand finance - X / LTFP-X | 160,834,296 | 1.50% fixed rate | 1st joint part passu charge/ mortgage of Rs. 3,577 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. |
| - Demand finance - X under SBP's LTFP Scheme | 618,791,704 | SBP rate + 0.75% (fixed rate) | 1st joint part passu charge/ mortgage of Rs. 3,577 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. |
| The Bank of Khyber | | | |
| - Demand Finance under SBP's LTFP scheme | 416,940,300 | SBP rate + 1.50% (fixed rate) | 1st joint part passu charge/ mortgage of Rs. 1,231 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors. |
| - Demand finance / LTFP | 83,069,700 | 6 months KIBOR + 1.50% | 1st joint part passu charge/ mortgage of Rs. 1,231 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors. |
| The Bank of Punjab | | | |
| - Term finance /LTFP | 88,402,942 | 6 months KIBOR + 1.75% | 1st joint part passu charge/ mortgage of Rs. 4,154 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors. |
| Bank Al Habib Limited | | | |
| - Term finance /LTFP | 150,269,000 | 6 months KIBOR + 2.00% | 1st joint part passu charge/ mortgage of Rs. 1,134 million on all present and future fixed assets of the Company. |
| Saudi Pak Industrial & Agricultural Investment Co. Ltd | | | |
| - Term finance /LTFP | 500,000,000 | 6 months KIBOR + 2.25% | 1st joint part passu charge/ mortgage of Rs. 1,067.00 million on all present and future fixed assets of the Company. |
| | 2,391,983,806 | | |

| | (Un-audited) 30 September 2021 | (Audited) 30 June 2021 |
|--|--------------------------------------|------------------------------|
| | Rspees | Rspees |
| | 2,627,600,637 | 2,897,859,415 |
| | (94,799,213) | (270,258,778) |
| | 2,532,801,424 | 2,627,600,637 |
| | (744,769,316) | (763,539,317) |
| | 1,788,032,108 | 1,864,061,320 |

Note

9

6 - Long term musharaka - secured

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



| | <i>(Un-audited)</i> 30 September 2021 <i>Rupees</i> | <i>(Audited)</i> 30 June 2021 <i>Rupees</i> |
|---|--|--|
| 7 Lease liability | | |
| Opening Balance | 72,906,099 | 71,173,118 |
| Increase / (Decrease) during the period | 247,007 | 1,732,981 |
| Closing Balance | <u>73,153,106</u> | <u>72,906,099</u> |
| 8 Trade and other payables | | |
| Trade creditors | 962,978,591 | 605,847,100 |
| Accrued liabilities | 1,198,624,046 | 1,219,964,812 |
| Due to associated undertakings | 829,712,000 | 523,589,177 |
| Bills payable | 1,985,252,196 | 1,081,640,184 |
| Tax deducted at source | 38,325,439 | 5,664,473 |
| Infrastructure cess | 735,734,723 | 685,308,362 |
| Workers' profit participation fund | 389,048,054 | 296,382,205 |
| Workers' welfare fund | 87,339,717 | 62,532,103 |
| Loan from Director | 299,693 | 299,693 |
| Others | 75,317,632 | 88,746,126 |
| | <u>6,302,632,091</u> | <u>4,569,974,235</u> |
| 8.1 Due to associated undertakings | | |
| Ahmed Fine Textile Mills Limited | 805,040,951 | 498,919,627 |
| Hussain Gineries Limited | 13,250,969 | 13,250,970 |
| Fatima Energy Limited | 7,550,000 | 7,550,000 |
| Fazal-ur-Rehman Foundation | 30,000 | 28,500 |
| Fatima Fertilizer Company Limited | 3,799,579 | 3,799,579 |
| Pakarab Fertilizer Limited | 40,501 | 40,501 |
| | <u>829,712,000</u> | <u>523,589,177</u> |
| 9 Current portion of non-current liabilities | | |
| Long term financing - secured | 2,996,878,642 | 2,867,193,270 |
| Long term musharika - secured | 744,789,316 | 763,539,317 |
| Deferred grant | 25,940,432 | 33,101,728 |
| | <u>3,767,608,390</u> | <u>3,663,834,315</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 2021. | | |
| 10.1.2 Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility are USD 1.06 million and Euro 0.07 million (30 June 2021: USD 12.81 million and Euro 0.32 million). | | |



| | | <i>(Un-audited)</i> 30 September 2021 | <i>(Audited)</i> 30 June 2021 |
|---|-------------|---|-------------------------------------|
| | <i>Note</i> | <i>Rupees</i> | <i>Rupees</i> |
| 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>1,398,338,969</u> | <u>1,235,938,854</u> |
| 10.2.2 Commitments against irrevocable letters of credit: | | | |
| - capital expenditure | | 1,815,651,838 | 2,634,184,982 |
| - raw material and stores and spares | | <u>6,069,090,232</u> | <u>5,132,411,591</u> |
| | | <u>7,884,742,070</u> | <u>7,766,596,573</u> |
| 10.2.3 Commitments in respect of foreign exchange forward contracts: | | <u>189,944,841</u> | <u>1,178,466,000</u> |
| 11 Property, plant and equipment | | | |
| Operating property, plant and equipment | 11.1 | 37,744,588,318 | 38,055,135,210 |
| Right of use of Asset | 11.2 | 55,999,911 | 57,435,806 |
| Capital work-in-progress | 11.3 | <u>2,831,008,109</u> | <u>303,637,345</u> |
| | | <u>40,631,596,338</u> | <u>38,416,208,361</u> |
| 11.1 Opening net book value | | 38,055,135,210 | 27,828,545,057 |
| <i>Additions during the period / year:</i> | | | |
| Freehold land | | - | 4,726,400 |
| Factory building on free hold land | | 45,189,730 | 196,519,907 |
| Non-factory building on free hold land | | 2,169,609 | 65,197,945 |
| Plant and machinery | | 30,157,486 | 698,447,121 |
| Electric fittings and installations | | - | 14,485,979 |
| Sui gas installations | | 831,380 | 6,525,576 |
| Tools, laboratory equipment and arms | | - | 51,281,076 |
| Fire extinguishing equipments and scales | | - | 1,952,212 |
| Office equipment | | 1,228,610 | 13,585,536 |
| Furniture and fixtures | | 6,000 | 1,238,928 |
| Vehicles | | 6,175,486 | 69,349,511 |
| | | <u>85,758,301</u> | <u>1,123,310,191</u> |
| Addition on revaluation surplus | | - | 10,558,450,056 |
| Carrying value of assets disposed off during the period / year | | (279,142) | (24,911,143) |
| Depreciation charge for the period / year | | (396,026,051) | (1,430,258,951) |
| Closing net book value | | <u>37,744,588,318</u> | <u>38,055,135,210</u> |



| | (Un-audited) 30 September 2021 | (Audited) 30 June 2021 |
|---|--------------------------------------|------------------------------|
| Note | Rupees | Rupees |
| 11.2 Right of use Asset | | |
| Opening net book value | 57,435,806 | 68,922,967 |
| Depreciation charge for the period | <u>(1,435,895)</u> | <u>(11,487,161)</u> |
| Closing net book value | <u>55,999,911</u> | <u>57,435,806</u> |
| 11.3 The detail of capital work-in-progress is as follows: | | |
| Factory building on free hold land | | |
| <i>Material and expenses</i> | 6,596,147 | 392,110 |
| <i>Advance payments</i> | <u>16,728,167</u> | <u>16,022,971</u> |
| | 23,324,314 | 16,415,081 |
| Non-factory building on free hold land | | |
| <i>Material and expenses</i> | 23,537,002 | 14,366,804 |
| <i>Advance payments</i> | <u>12,743,974</u> | <u>9,892,865</u> |
| | 36,280,976 | 24,259,669 |
| Plant and machinery | | |
| <i>Cost and expenses</i> | 63,240,810 | 9,502,252 |
| <i>Advance payments</i> | <u>15,514,828</u> | <u>17,591,000</u> |
| <i>Letters of credit</i> | <u>2,538,032,695</u> | <u>150,605,607</u> |
| | 2,616,788,333 | 177,698,859 |
| Tools, laboratory equipment and arms | | |
| <i>Cost and expenses</i> | 385,600 | 385,600 |
| Electric fittings and Installations - Advance payments | | |
| <i>Cost and expenses</i> | 71,076,641 | 16,100 |
| <i>Advance payments</i> | <u>26,355,802</u> | <u>36,718,627</u> |
| Fire fighting equipment & weigh scales | | |
| <i>Cost and expenses</i> | 3,441,898 | 105,500 |
| <i>Advance payments</i> | | 2,222,420 |
| Office equipment - Advance payments | 1,820,506 | 820,057 |
| Furniture - Advance payments | 1,305,928 | 1,746,133 |
| Vehicles - Advance payments | <u>50,228,111</u> | <u>43,249,299</u> |
| | <u>2,831,008,109</u> | <u>303,637,345</u> |
| 12 Long term investments | | |
| <i>At fair value through OCI</i> | | |
| Fatima Fertilizer Company Limited - <i>quoted</i> | 12.1 <u>1,871,552,661</u> | 1,811,078,391 |
| Fatima Energy Limited - <i>unquoted</i> | 12.2 <u>720,195,000</u> | 720,195,000 |
| Multan Real Estate (Private) Limited - <i>unquoted</i> | 12.3 <u>36,693,860</u> | 36,693,860 |
| | 2,628,441,521 | 2,567,967,251 |
| <i>Associated companies - at equity method</i> | | |
| Fatima Transmission Company Limited - <i>unquoted</i> | - | - |
| Fatima Electric Company Limited - <i>unquoted</i> | 12.4 <u>11,605</u> | <u>11,605</u> |
| | 11,605 | 11,605 |
| | <u>2,628,453,126</u> | <u>2,567,978,856</u> |



| | Shares | | Market value | | Market value per share | | Percentage of holding | |
|--|-------------------|--------------|-------------------|--------------|------------------------|--------------|-----------------------|--------------|
| | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 |

Note

12.1 At fair value through OCI

| | | | | | | | | |
|---|------------|------------|---------------|---------------|-------|-------|-------|-------|
| Fatima Fertilizer Company Limited <i>quoted</i> | 62,994,031 | 62,994,031 | 1,871,552,461 | 1,811,078,391 | 29.71 | 28.75 | 3.00% | 3.00% |
|---|------------|------------|---------------|---------------|-------|-------|-------|-------|

12.1.1 The investment in Fatima Fertilizer Company Limited (FFCL) has been designated as fair value through OCI under IFRS 9. FFCL is an associated undertaking of the Company as per the Companies Act 2017, however, for the purpose of measurement it has been classified as investment at fair value through OCI. The Company does not have significant influence on FFCL.

| | Shares | | Fair value | | Percentage of holding | |
|--|-------------------|--------------|-------------------|--------------|-----------------------|--------------|
| | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 |

Note

12.2 Fatima Energy Limited *-related party*

| | | | | | | | | |
|--|-------------|-------------|-------------|-------------|--------|--------|--------|--------|
| Fatima Energy Limited <i>-unquoted</i> | 108,300,000 | 108,300,000 | 720,195,000 | 720,195,000 | 19.00% | 19.00% | 19.00% | 19.00% |
|--|-------------|-------------|-------------|-------------|--------|--------|--------|--------|

12.1.2 The investments in Fatima Energy Limited (FEL) has been designated at fair value through OCI under IFRS 9. The fair value has been determined by an independent valuer and has been designated at Level 3 as mentioned in note 19.

12.3 This represents 9.96% ordinary shares of Multan Real Estate (Private) Limited (MREPL), which is a dormant entity. The latest valuation was based on present market value of property of MREPL.

12.4 Associated companies with significant influence - at equity method

| | Shares | | Carrying value | | Percentage of holding | |
|--|-------------------|--------------|-------------------|--------------|-----------------------|--------------|
| | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 |

Note

12.4.1 Fatima Transmission Company Limited *unquoted*

12.4.2 Fatima Electric Company Limited *unquoted*

| | | | | | | | | |
|---|------------------|------------------|---------------|---------------|--------|--------|--------|--------|
| Fatima Transmission Company Limited <i>unquoted</i> | 5,520,000 | 5,520,000 | - | - | 24.00% | 24.00% | 24.00% | 24.00% |
| Fatima Electric Company Limited <i>unquoted</i> | 7,000 | 7,000 | 11,605 | 11,605 | 20.00% | 20.00% | 20.00% | 20.00% |
| | 5,527,000 | 5,527,000 | 11,605 | 11,605 | | | | |

12.4.1 Fatima Transmission Company Limited (FTCL) was incorporated in Pakistan on December 26, 2014 as a public limited company under the Companies Act, 2017. The principal activity of FTCL includes operation and maintenance of transmission lines, electrical transmission facilities, electrical circuits, transformers and sub-stations and the movement & delivery of electric power.

12.4.2 Fatima Electric Company Limited (FECI) was incorporated in Pakistan on February 29, 2016 as a public limited company under the Companies Act, 2017. The principal activity of FECI is to carry on supplying, generating, distributing and dealing in electricity and all forms of energy and power generated by any source.



| | <i>(Un-audited)</i> 30 September 2021 <i>Rupees</i> | <i>(Audited)</i> 30 June 2021 <i>Rupees</i> |
|---|---|--|
| 13 Long term loan and advances | | |
| | <i>Note</i> | |
| Fatima Energy Limited - <i>related party</i> | 3,249,360,788 | 3,249,360,788 |
| Fatima Transmission Company Limited - <i>associate</i> | 112,019,033 | 112,019,033 |
| Pak Arab Energy Limited - <i>associate</i> | 25,904,160 | 25,904,160 |
| | 3,387,283,981 | 3,387,283,981 |
| Less: Loss allowance | (25,904,160) | (25,904,160) |
| | <u>3,361,379,821</u> | <u>3,361,379,821</u> |
| 14 Trade debts | | |
| <i>Export debtors - secured against letters of credit:</i> | | |
| Considered good | 649,926,856 | 1,033,603,141 |
| <i>Local debtors - unsecured</i> | | |
| Related Parties - considered good | 627,216,433 | 410,464,121 |
| Others - considered good | 3,526,283,069 | 3,293,482,350 |
| Others - considered doubtful | 24,559,349 | 24,559,349 |
| | 4,178,058,851 | 3,728,505,820 |
| Provision for doubtful balances | (24,559,349) | (24,559,349) |
| | 4,153,499,502 | 3,703,946,471 |
| | <u>4,803,426,358</u> | <u>4,737,549,612</u> |
| 14.1 These include due from following associated undertakings on account of trading activities. | | |
| | <i>(Un-audited)</i> 30 September 2021 <i>Rupees</i> | <i>(Audited)</i> 30 June 2021 <i>Rupees</i> |
| Reliance Weaving Mills Limited | 19,745,136 | 19,263,397 |
| Fazal Rehman Fabrics Limited | 607,471,297 | 391,200,724 |
| | <u>627,216,433</u> | <u>410,464,121</u> |
| 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. 29.71 per share (30 June 2021 : Rs. 28.75 per share)</i> | 175,950,000 | 163,587,600 |
| Unrealized fair value gain on re-measurement of investment | 5,875,200 | 12,362,400 |
| | <u>181,825,200</u> | <u>175,950,000</u> |
| 16 Cash and bank balances | | |
| Cash in hand | 29,880,963 | 12,531,945 |
| <i>Cash at banks</i> | | |
| - Current accounts | 269,073,873 | 143,277,062 |
| - Saving accounts | 53,038 | 50,636 |
| | 269,126,911 | 143,327,698 |
| | <u>299,007,874</u> | <u>155,859,643</u> |



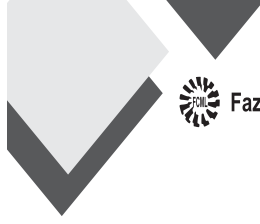
| | <i>Three months ended 30 September 2021 Rupees</i> | <i>Three months ended 30 September 2020 Rupees</i> |
|-----------------------|--|--|
| 17 Sales - net | | |
| <i>Gross sales</i> | | |
| Local | 10,762,158,502 | 11,736,060,791 |
| Direct export | 3,741,987,834 | 2,580,678,835 |
| Indirect export | 600,799,942 | 694,109,060 |
| | 15,104,946,278 | 15,010,848,686 |
| <i>Sales tax</i> | | |
| Local sales | (1,585,202,990) | (1,755,990,819) |
| | 13,519,743,288 | 13,254,857,867 |

Note

17.1

17.1 It includes sales made to direct exporters against 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. 600.80 million (30 September 2020: Rs. 694.11 million).

| | <i>Three months ended 30 September 2021 Rupees</i> | <i>Three months ended 30 September 2020 Rupees</i> |
|-----------------------------------|--|--|
| 18 Cost of sales | | |
| Raw material consumed | 8,635,903,873 | 7,173,004,510 |
| Packing material consumed | 165,353,860 | 128,049,144 |
| Salaries, wages and benefits | 748,998,155 | 634,488,576 |
| Travelling and conveyance | 2,869,343 | 2,705,935 |
| Power and fuel | 1,029,550,694 | 860,052,938 |
| Stores and spares consumed | 251,771,813 | 231,023,778 |
| Processing charges | 93,250,344 | 79,507,681 |
| Freight charges-outward | 182,399,579 | 87,787,436 |
| Repair and maintenance | 13,472,057 | 8,625,841 |
| Vehicle running and maintenance | 3,859,020 | 6,578,393 |
| Insurance | 25,244,330 | 22,324,868 |
| Depreciation | 385,117,087 | 297,332,262 |
| Others | 1,801,951 | 966,116 |
| | 11,539,592,106 | 9,532,447,478 |
| <i>Work-in-process :</i> | | |
| Opening balance | 501,212,180 | 439,889,015 |
| Closing balance | (566,043,859) | (436,454,488) |
| | (64,831,679) | 3,434,527 |
| Cost of goods manufactured | 11,474,760,427 | 9,535,882,005 |
| <i>Finished goods :</i> | | |
| Opening balance | 3,416,104,612 | 4,620,290,075 |
| Finished goods purchased | 873,468,851 | 477,411,727 |
| Closing balance | (4,914,274,962) | (2,736,293,241) |
| | (624,701,499) | 2,361,408,561 |
| Cost of goods sold | 10,850,058,928 | 11,897,290,566 |
| Cost of raw material sold | 23,896,057 | 143,673,813 |
| | 10,873,954,985 | 12,040,964,379 |



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 if quoted price is readily and regularly available from an exchange dealer, broker, industry Company, 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.

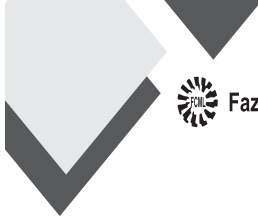
As at 30 September 2021

Financial assets - measured at fair value

| | Financial assets at amortised cost | Carrying amount | | Fair value | | | Total |
|------------------------------|------------------------------------|-----------------------------------|------------------------|-----------------------------|---------------|-------------|---------------|
| | | Fair value through Profit or loss | Fair value through OCI | Other financial liabilities | Level 1 | Level 2 | |
| Short term investment | - | 181,825,200 | - | - | 181,825,200 | - | 181,825,200 |
| Long term investments | - | 2,628,441,521 | - | - | 1,871,552,661 | 756,888,860 | 2,628,441,521 |
| Trade debts | 4,803,426,358 | - | - | - | - | - | - |
| Cash and bank balances | 299,007,874 | - | - | - | - | - | - |
| Long term deposits | 24,128,493 | - | - | - | - | - | - |
| Other receivables | 72,738,563 | - | - | - | - | - | - |
| Mark-up accrued | - | - | - | - | - | - | - |
| Long term loans and advances | 3,387,283,981 | - | - | - | 3,387,283,981 | - | - |
| | 8,586,585,269 | 181,825,200 | 2,628,441,521 | - | 2,053,377,861 | 756,888,860 | 2,810,266,721 |

Financial assets - not measured at fair value

| | Financial assets at amortised cost | Fair value through Profit or loss | Fair value through OCI | Other financial liabilities | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|------------------------------------|-----------------------------------|------------------------|-----------------------------|---------|---------|---------|----------------|
| Long term financing - secured | - | - | - | 15,431,614,025 | - | - | - | - |
| Long term musharaka - secured | - | - | - | 2,532,801,424 | - | - | - | - |
| Long term payable - GIDC | - | - | - | 304,498,376 | - | - | - | - |
| Trade and other payables | - | - | - | 4,976,866,526 | - | - | - | - |
| Lease liability - unsecured | - | - | - | 73,153,106 | - | - | - | - |
| Unclaimed dividend | - | - | - | 11,403,397,743 | - | - | - | - |
| Short term borrowings - secured | - | - | - | 368,341,956 | - | - | - | - |
| Accrued mark-up | - | - | - | 18,946,573 | - | - | - | - |
| | - | - | - | 35,109,619,729 | - | - | - | 35,109,619,729 |



| | Carrying amount | | Fair value | | | |
|---|-----------------------------------|------------------------|----------------|---------|-------------|---------------|
| | Fair value through Profit or Loss | Fair value through OCI | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at amortised cost | | | | | | |
| Short term investments | 175,950,000 | - | 175,950,000 | - | - | 175,950,000 |
| Long term investments | - | 2,567,967,251 | 1,811,078,391 | - | 756,888,860 | 2,567,967,251 |
| Financial assets - measured at amortised cost | | | | | | |
| Trade debts | 4,737,549,612 | - | 4,737,549,612 | - | - | - |
| Cash and bank balances | 155,859,643 | - | 155,859,643 | - | - | - |
| Long term deposits | 24,128,493 | - | 24,128,493 | - | - | - |
| Other receivables | 120,424,898 | - | 120,424,898 | - | - | - |
| Mark-up accrued | - | - | - | - | - | - |
| Long term loans and advances | 3,361,379,821 | - | 3,361,379,821 | - | - | - |
| | 8,399,342,467 | 2,567,967,251 | 1,987,028,391 | - | 756,888,860 | 2,743,917,251 |
| Financial liabilities - not measured at fair value | | | | | | |
| Long term financing - secured | - | - | - | - | - | - |
| Long term musharka - secured | - | 13,730,468,142 | 12,392,810,608 | - | - | - |
| Long term payable - <i>GIDC</i> | - | 2,627,600,636 | 2,897,859,414 | - | - | - |
| Trade and other payables | - | 304,498,376 | 304,498,376 | - | - | - |
| Lease liability - <i>measured</i> | - | 3,520,087,092 | 2,692,707,211 | - | - | - |
| Unclaimed dividend | - | 72,906,099 | 71,173,118 | - | - | - |
| Short term borrowings - secured | - | 18,946,571 | 13,748,423 | - | - | - |
| Accrued mark-up | - | 6,007,110,905 | 11,537,224,217 | - | - | - |
| | - | 299,113,187 | 517,191,250 | - | - | - |
| | - | 26,580,731,008 | 26,580,731,008 | - | - | - |

As at 30 June 2021

Financial assets - measured at fair value

Financial assets - measured at amortised cost

Financial assets - measured at amortised cost

Financial assets - measured at amortised cost

Financial assets - measured at amortised cost

Financial assets - measured at amortised cost

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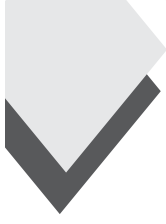
Financial assets - measured at amortised cost

Financial assets - measured at amortised cost

Financial assets - measured at amortised cost

Financial assets - measured at amortised cost

Financial assets - measured at amortised cost



20 Segment information

20.1 Segment revenue and results

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

| | Spinning | | Weaving | | Total | |
|-----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | (Un-audited) 30 September 2021 | (Un-audited) 30 September 2020 | (Un-audited) 30 September 2021 | (Un-audited) 30 September 2020 | (Un-audited) 30 September 2021 | (Un-audited) 30 September 2020 |
| External revenues | 9,444,979,300 | 10,684,172,955 | 2,514,518,423 | 1,736,595,542 | 13,519,743,288 | 13,254,857,867 |
| Intersegment revenues | 1,558,469,673 | 828,569,670 | 1,775,892 | 5,519,700 | (1,560,245,565) | (834,089,370) |
| Cost of sales | (8,556,161,174) | (10,413,150,752) | (757,548,246) | (793,724,257) | (10,873,954,985) | (12,040,964,379) |
| Intersegment cost of sales | (1,775,892) | (5,519,700) | (1,558,469,673) | (828,569,670) | 1,560,245,565 | 834,089,370 |
| Selling and distribution expenses | (103,215,131) | (81,209,881) | (18,553,515) | (20,564,220) | (121,768,646) | (101,774,101) |
| Administrative expenses | (100,553,384) | (76,228,051) | (13,997,938) | (10,774,073) | (114,551,322) | (87,002,124) |
| Other operating expense | (283,931,259) | (54,431,436) | - | 480,446 | (283,931,259) | (53,950,990) |
| Finance cost | (382,905,243) | (384,794,880) | (36,647,286) | (47,877,948) | (419,552,529) | (432,672,828) |
| Other operating income | 12,256,940 | 269,177,932 | 17,318,098 | 531,468 | 29,575,038 | 269,709,400 |
| Share of loss of associate | - | - | - | - | - | (19,865,140) |
| Profit before tax | 1,587,163,830 | 766,585,856 | 148,395,754 | 41,616,989 | 1,735,559,585 | 788,337,705 |

20.1.1 The accounting policies of the reportable segments are the same as those described in the annual financial statements for the preceding year ended 30 June 2021.

**21 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 30 September 2021 Rupees</i> | <i>Three months ended 30 September 2020 Rupees</i> |
|--|--|--|
| Associated Companies | | |
| Purchase of goods and services | 677,854,224 | 506,866,991 |
| Sale of goods and services | 1,493,463,867 | 1,382,959,225 |
| Receipts against sale of goods and services - <i>net</i> | 904,979,193 | 776,553,356 |
| Reimbursable expenses | 1,500 | 3,870,651 |
| Long term advances to associates | - | 526,599,000 |
| Interest accrued on long term advances to associates | - | 43,496,871 |

22 Date of authorization for issue

This condensed interim financial information was authorized for issue by the Board of Directors on 29 October 2021.

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

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Fax: +92 61 4541832

Registered Office:

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Lahore Cantt, Lahore.+92 (42) 36684909