



Fazal Cloth Mills Limited



Interim Financial Information

FOR THE
NINE MONTHS ENDED
MARCH 31, 2020



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**Company Information**

Board of Directors	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Amir Naseem Sheikh Mr. Fazal Ahmed Sheikh Mr. Faisal Ahmed Mr. Fahd Mukhtar Mr. Babar Ali	Chairman Chief Executive Officer Independent Director
Audit Committee	Mr. Babar Ali Mr. Naseem Ahmad Mr. Fahd Mukhtar	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Babar Ali Mr. Amir Naseem Sheikh Mr. Faisal Ahmad	Chairman Member Member
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 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) 42-36374839	
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 the nine months ended March 31, 2020.

Sales were recorded at Rs. 26,968.98 million during the nine months of the current financial year compared to Rs. 24,809.77 million during the corresponding period last year, registering an increase of 8.70%. Your Company earned after tax profit of Rs. 554.24 million (pre-tax profit of Rs. 897.33 million) as compared to Rs. 1,050.72 million (pre-tax profit of Rs. 1,361.22 million) for the corresponding period last year after charging depreciation of Rs. 798.40 million (March 31, 2019: Rs. 730.20 million). EBITDA of Rs. 3,624.23 million (March 31, 2019: Rs. 3,436.93 million) was generated.

Earnings per Share of the Company for the Nine months ended March 31, 2020 are Rs. 18.47 as compared to Rs. 35.02 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 Group 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 nine months reported the Group earned profit after tax of Rs. 323.36 million (pre-tax profit of Rs. 709.07 million) as compared to Rs. 1,102.70 million (pre-tax profit of Rs. 1,512.48 million) earned in the same period last year after charging depreciation of Rs. 918.67 million as compare to Rs. 855.35 million in the same period last year. EBITDA of Rs. 3,843.00 million (March 31, 2019: Rs. 4,025.70 million) was generated. EBITDA per ordinary share is Rs. 128.10 (March 31, 2019: Rs. 134.19).

Financial Highlights	Nine months ended		Increase / (decrease)
	31 March 2020	31 March 2019	
	Rupees in ('000')	Rupees in ('000')	% age
Sales –net	31,150,298	28,389,215	9.73%
Cost of sales	27,125,564	24,919,023	8.85%
Gross profit	4,024,734	3,470,193	15.98%
EBITDA	3,842,999	4,025,693	-4.54%
Depreciation	918,667	855,348	7.40%
Finance cost	2,215,258	1,657,867	33.62%
Other income	264,090	299,849	-11.93%
Profit before tax	709,074	1,512,478	-53.12%
Profit after tax	323,362	1,102,701	-70.68%
EPS-Rupees	10.78	36.76	-70.68%


Future Outlook

The Economic Sudden Stop caused by the lockdowns ordered by Governments world over as a result of the Covid-19 pandemic has made the future prospects of the Company impossible to predict. Depending on when the lockdowns are lifted and whether or not the spread of the virus remains under control after this will determine when retail sales for textiles, one of the worst hit sectors of the economy, pick up. Until this time, sales for products produced by our Company will remain much below normal resulting in inventory build-up. Under the circumstances, your management is unable to provide guidance for future outlook of the Company.

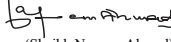
Management and Labor Relations

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.

Place: Multan
Dated: April 30, 2020


(Rehman Naseem)
Chief Executive Officer

For & on behalf of the Board
Sd/-


(Sheikh Naseem Ahmad)
Chairman



ڈائریکٹرز جائزہ رپورٹ

معزز شیئر ہولڈرز

فضل کا تھریڈ ملز (کمپنی) کے ڈائریکٹرز نو ماہی مارچ 31، 2020 کی مالیاتی کارکردگی پر جائزہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ رواں سال نو ماہی 2020 میں فروختگی 26,968.98 ملین روپے رہی جو پچھلے سال اسی نو ماہی میں 24,809.77 ملین روپے تھی۔ لہذا اضافہ %8.70 فیصد رہا۔ جائزہ کے عرصے کے دوران کمپنی نے فرسودگی کا خرچہ 798.40 ملین روپے منہا کرنے کے بعد منافع بعد از ٹیکس 554.24 ملین روپے کمایا جبکہ عرصہ نو ماہی مارچ 31، 2019 فرسودگی کا خرچہ 730.20 ملین روپے منہا کرنے کے بعد 1,050.72 ملین روپے تھا۔ آمدنی قبل از فرسودگی، منافع اور ٹیکس 3,624.23 ملین روپے رہی جو کہ پچھلے نو ماہی مارچ 2019 میں 3,436.93 ملین روپے تھی۔ فی حصص آمدنی موجودہ نو ماہی میں 18.47 روپے ہے جو کہ پچھلے سال اسی نو ماہی میں 35.02 روپے تھی۔

ذیلی کمپنی اور یکجا مالیاتی سٹیٹمنٹس

یکجا عبوری مالیاتی حسابات کمپنی اور فضل و یونگ ملز لمیٹڈ پر مشتمل ہیں جو کہ کمپنی کی علیحدہ عبوری مالیاتی حسابات کے علاوہ ہیں اور عالمی اکاؤنٹنگ معیار 27 اور 34 اور کنٹریز ایکٹ 2017 کی متعلقہ قوانین کی روشنی میں تیار کیے گئے ہیں۔ رواں سال نو ماہی مارچ 2020 میں گروپ نے فرسودگی کا خرچہ 918.67 ملین روپے منہا کرنے کے بعد بعد از ٹیکس منافع 323.36 ملین روپے کمایا جبکہ پچھلے سال اسی نو ماہی میں فرسودگی کا خرچہ 855.35 ملین روپے منہا کرنے کے بعد بعد از ٹیکس منافع 1,102.70 ملین روپے تھا۔ رواں نو ماہی مارچ 2019 میں گروپ کی فی حصص قبل از ٹیکس اور فرسودگی 128.10 روپے ہے جو پچھلے نو ماہی مارچ 2019 میں 134 روپے تھی۔

مائی جھلکیاں	نوماہی اختتام برائے عرصہ مارچ 31		(کم) / اضافہ
	2019	2020	
خالص فروختگی	28,389,215	31,150,298	9.73%
فروختگی لاگت	24,919,023	27,125,564	8.85%
گراس منافع	3,470,193	4,024,734	15.98%
آمدنی قبل از ٹیکس، فرسودگی	4,025,693	3,842,999	4.54%
فرسودگی	855,348	918,667	7.40%
مالیاتی لاگت	1,657,867	2,215,258	33.62%
دوسری آمدنی	299,849	264,090	-11.93%
منافع قبل از ٹیکس	1,512,478	709,074	-53.12%
منافع بعد از ٹیکس	1,102,701	323,362	-70.68%
آمدنی فی حصص - روپے	36.76	10.78	-70.68%

مستقبل کا نقطہ نظر

کرونا وائرس کی وجہ سے عالمی سطح پر معیشت رک چکی ہے۔ لہذا کمپنی کے مستقبل کے حالات کی پیش گوئی کرنا مشکل ہے۔ کمپنی کی فروختگی میں اضافہ کب تک ممکن ہوگا یہ لاک ڈاؤن اور وائرس کے پھیلاؤ میں کمی پر منحصر ہے۔ اس وقت تک کمپنی کی فروختگی میں کمی رہے گی اور سٹاک میں اضافہ ہوگا۔ ان حالات میں کمپنی کے مستقبل کے حوالے سے پیش گوئی مشکل ہے۔

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
شیخ نسیم احمد
ڈائریکٹر

رحمان نسیم
(چیف ایگزیکٹو آفیسر / ڈائریکٹر)

بتاریخ: اپریل 30، 2020





Fazal Cloth Mills Limited
Condensed Interim Unconsolidated Financial Information (Un-audited)
For the nine months ended March 31, 2020

Condensed Interim Unconsolidated Statement of Financial Position

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>31 March</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>
Note	<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	842,504,134	1,373,543,815
- Revaluation surplus on property, plant and equipment	8,872,082,539	9,038,995,462
Unappropriated profits - revenue reserve	<u>10,661,070,814</u>	<u>10,212,704,818</u>
	20,675,657,487	20,925,244,095
<u>Non-current liabilities</u>		
Long term financing - <i>secured</i>	5 8,932,469,213	7,984,533,368
Long term musharika - <i>secured</i>	6 2,308,333,334	1,685,416,667
Lease liability	7 76,568,417	-
Deferred liabilities:		
- <i>Staff retirement benefit</i>	288,922,888	255,329,914
- <i>Deferred taxation</i>	2,973,561,240	3,022,411,367
	14,579,855,091	12,947,691,316
<u>Current liabilities</u>		
Current portion of non-current liabilities	8 2,628,012,278	2,142,163,428
Trade and other payables	9 4,040,322,248	3,326,593,203
Unclaimed dividend	14,203,064	12,340,081
Short term borrowings - <i>secured</i>	12,428,581,016	9,910,552,807
Accrued mark-up	544,682,960	406,891,427
	19,655,801,566	15,798,540,946
Contingencies and commitments	10	
	<u>54,911,314,144</u>	<u>49,671,476,357</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

As at 31 March 2020

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	11	25,085,660,871	24,000,031,655
Long term investments	12	3,059,197,281	3,590,236,962
Long term loan and advances	13	3,084,239,715	2,435,124,267
Long term deposits		24,128,493	24,071,493
		31,253,226,360	30,049,464,377
<u>Current assets</u>			
Stores, spares and loose tools		618,479,917	665,347,135
Stock-in-trade		14,754,540,675	10,942,040,120
Trade debts	14	4,727,744,235	5,432,387,658
Loans and advances		1,608,854,783	567,894,315
Deposits, prepayments and other receivables		347,765,177	352,249,486
Mark-up accrued		600,753,740	293,102,880
Short term investment	15	131,090,400	182,682,000
Tax refunds due from the Government - net		503,894,722	1,025,741,886
Cash and bank balances	16	364,964,135	160,566,500
		23,658,087,784	19,622,011,980
		54,911,314,144	49,671,476,357


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER



Condensed Interim Unconsolidated Statement of Profit or Loss (Un-Audited)
For the Nine months and quarter ended 31 March 2020

	Note	Nine months ended		Quarter ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Rupees	Rupees	Rupees	Rupees
Sales - net	17	26,968,977,447	24,809,774,022	9,280,012,366	9,052,373,470
Cost of sales	18	(23,472,180,850)	(21,881,304,951)	(8,145,771,201)	(8,007,292,908)
Gross profit		3,496,796,597	2,928,469,071	1,134,241,165	1,045,080,562
Selling and distribution expenses		(288,382,058)	(165,825,335)	(97,798,612)	(52,337,926)
Administrative expenses		(247,851,844)	(216,714,435)	(71,324,530)	(61,471,047)
Other expenses		(456,074,969)	(128,291,446)	(307,308,715)	(56,396,697)
		(992,308,871)	(510,831,216)	(476,431,857)	(170,205,670)
Other income		321,341,243	289,102,549	121,011,341	43,433,462
Profit from operations		2,825,828,969	2,706,740,404	778,820,649	918,308,354
Finance cost		(1,927,927,606)	(1,345,516,042)	(656,526,032)	(566,594,686)
Profit before taxation		897,901,363	1,361,224,362	122,294,617	351,713,668
Taxation		(343,663,221)	(310,500,496)	(111,910,818)	(141,592,775)
Profit after taxation		554,238,142	1,050,723,866	10,383,799	210,120,893
Earnings per share - basic and diluted		18.47	35.02	0.35	7.00

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 Nine months and quarter ended 31 March 2020

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<i>31 March 2020</i>	<i>31 March 2019</i>	<i>31 March 2020</i>	<i>31 March 2019</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Profit after taxation	554,238,142	1,050,723,866	10,383,799	210,120,893
<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	(531,039,681)	61,734,151	(325,679,140)	(194,651,556)
Total comprehensive income (loss) for the period	<u>23,198,461</u>	<u>1,112,458,017</u>	<u>(315,295,341)</u>	<u>15,469,337</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 nine months ended 31 March 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 2018	300,000,000	77,616,000	175,000,000	1,272,824,947	9,574,659,705	8,615,376,351	20,015,477,003
Total comprehensive income for the period:							
Profit for nine months ended 31 March 2019	-	-	-	-	-	1,050,723,866	1,050,723,866
Other comprehensive (loss)/ income for nine months ended 31 March 2019	-	-	-	61,734,151	-	-	61,734,151
	-	-	-	61,734,151	-	1,050,723,866	1,112,458,017
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(222,859,688)	222,859,688	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(16,261,586)	16,261,586	-
Transactions with the owners of the Company:							
Cash dividend @ Rs. 8.50 per ordinary share for the year ended 30 June 2018	-	-	-	-	-	(255,000,000)	(255,000,000)
Balance as at 31 March 2019	300,000,000	77,616,000	175,000,000	1,334,559,098	9,335,538,431	9,650,221,491	20,872,935,020
Total comprehensive income for the period:							
Profit for three months ended 30 June 2019	-	-	-	-	-	464,778,895	464,778,895
Other comprehensive (loss)/ income for three months ended 30 June 2019	-	-	-	(213,631,283)	-	21,311,751	(192,319,532)
	-	-	-	(213,631,283)	-	486,090,646	272,459,363
Effect on deferred tax due to change in tax rate and proration rate	-	-	-	-	(220,150,288)	-	(220,150,288)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(74,453,287)	74,453,287	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(1,939,394)	1,939,394	-
Balance as at 30 June 2019	300,000,000	77,616,000	175,000,000	1,120,927,815	9,038,995,462	10,212,704,818	20,925,244,095
Total comprehensive income for the period:							
Profit for nine months ended 31 March 2020	-	-	-	-	-	554,238,142	554,238,142
Other comprehensive (loss)/ income for nine months ended 31 March 2020	-	-	-	(531,039,681)	-	-	(531,039,681)
	-	-	-	(531,039,681)	-	554,238,142	23,198,461
Effect on deferred tax due to change in tax rate and proration rate	-	-	-	-	42,214,931	-	42,214,931
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(203,848,619)	203,848,619	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(5,279,235)	5,279,235	-
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 31 March 2020	300,000,000	77,616,000	175,000,000	589,888,134	8,872,082,539	10,661,070,814	20,675,657,487

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 nine months ended 31 March 2020

	<i>Nine months ended</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<u>Cash flows from operating activities</u>		
Profit before taxation	897,901,363	1,361,224,362
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	798,402,888	730,199,007
Unrealized loss / (gain) on re-measurement of short term investments	51,591,600	(5,997,600)
Provision for doubtful debts	12,309,534	9,951,552
Provision for gratuity	106,959,937	82,968,336
Provision for infrastructure cess	57,082,386	34,694,105
Provision for workers' profit participation fund	47,634,184	72,391,572
Provision for workers' welfare fund	7,148,135	14,215,503
Loss on disposal of property, plant and equipment	11,104,124	21,493,741
Finance cost	1,927,927,606	1,345,516,042
Cash generated from operations before working capital changes	3,918,061,757	3,666,656,620
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	46,867,218	(34,998,045)
Stock-in-trade	(3,812,500,555)	(4,003,177,746)
Trade debts	692,333,889	675,671,154
Loans and advances	(1,040,960,468)	(10,346,042)
Deposits, prepayments and other receivables	4,484,309	54,673,728
	(4,109,775,607)	(3,318,176,952)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	601,864,340	(224,135,736)
Cash generated from operations	410,150,490	124,343,932
Gratuity paid to employees	(73,366,963)	(74,396,924)
Taxes paid - net	171,548,748	(241,013,183)
	98,181,785	(315,410,107)
Net cash generated from / (used in) operating activities	508,332,275	(191,066,175)
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(1,829,441,563)	(2,257,155,900)
Proceeds from sale of property, plant and equipment	3,228,300	9,249,680
Long term loan and advances to associates	(649,115,448)	(615,490,795)
Long term deposits	(57,000)	(41,000)
Net cash used in investing activities	(2,475,385,711)	(2,863,438,015)
<u>Cash flows from financing activities</u>		
Long term financing obtained	2,483,574,241	2,459,511,891
Long term financing repaid	(1,159,372,880)	(1,097,447,446)
Long term musharika obtained	1,000,000,000	1,100,000,000
Long term musharika repaid	(267,500,000)	(267,500,000)
Short term borrowings - net	2,518,028,209	2,457,864,762
Finance cost paid - net	(2,090,141,483)	(1,201,805,238)
Dividend paid	(313,137,017)	(251,442,040)
Net cash generated from financing activities	2,171,451,071	3,199,181,929
Net increase in cash and cash equivalents	204,397,635	144,677,740
Cash and cash equivalents at beginning of the period	160,566,500	67,957,579
Cash and cash equivalents at end of the period	364,964,135	212,635,319

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 Un-Consolidated Financial Information (Un-audited)

For the period ended 31 March 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 31 March 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 2019.
- 2.2.3** Comparitive unconsolidated statement of financial position numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2019, whereas comparitive 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 nine months period ended 31 March 2019.
- 2.2.4** This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and is un-audited but subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance.
- 2.2.5** These condensed interim unconsolidated financial information are the separate financial statements of the Company in which investments in subsidiaries 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.



The Company has following major investment:

Name of the company	Shareholding	Nature
<u>Subsidiary</u>		
- Fazal Weaving Mills Limited ("the Subsidiary")	100%	Spinning
<u>Associates</u>		
- Fatima Energy Limited ("FEL")	24.11%	Power Generation
- Fatima Transmission Company Limited ("FTCL")	24.00%	Transmission of Energy
- Fatima Electric Company Limited	20.00%	Power Generation

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 2019.

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 information are same as those applied in the preparation of the unconsolidated annual financial statements for the year ended 30 June 2019 except for the adoption of new standards effective from 01 July 2019 as stated below:

4.1.1 Changes in significant accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from the annual period beginning on or after 01 January 2019.

The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Company, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.



The Company has presented non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

Significant accounting policies

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. Right of use asset is disclosed in the property, plant and equipment as referred to in 10.2 of these condensed interim unconsolidated financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement. Refer note 7 to these condensed interim unconsolidated financial statements for disclosure of lease liability.

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets (Hussain Gineries). The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact of financial statements

The Company has applied IFRS 16 using the modified retrospective approach. On transition to IFRS 16, the Company recognized additional Rs. 68.92 million right of use asset and Rs. 68.92 million of lease liability. When measuring lease liability, the Company discounted lease payments using its incremental borrowing rate applicable at the time of initial application of the standard. However, there is a particular lease prior to 01 July 2019 that has not been considered as significant for the purpose of application of IFRS 16 and accordingly applied low value exception as available in IFRS 16.

The result of initial application of IFRS 16 has been disclosed in note 10.2 and note 7 to these condensed interim unconsolidated financial statements respectively.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the nine months ended 31 March 2020, the Company recognised Rs. 4.31 million of depreciation charge and Rs. 7.65 million of interest cost from this lease.

- 4.1.2 Other than those disclosed above in note 4.1.1, there were certain other new amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.



	(Un-audited) 31 March 2020	(Audited) 30 June 2019
	Rupees	Rupees
	9,650,863,463	8,532,607,106
	2,483,574,241	2,608,778,945
	(1,159,372,880)	(1,510,522,588)
	10,975,064,825	9,630,863,463
	(2,042,595,612)	(1,666,330,095)
	8,932,469,213	7,964,533,368

5 Long term financing - secured

Opening balance
Loan obtained during the period / year
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	Rate of Markup Per Annum	Number of Instalments	Security
National Bank of Pakistan Demand finance - under SBP's LTFF Scheme	783,186,920	SBP Rate + 0.60%	Principal amount is payable in thirty six equal quarterly instalments beginning on July 08, 2020.	1st joint pari passu charge / mortgage of Rs. 1,626 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 finance / LTFF	149,899,605	6 Months KIBOR + 0.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on September 27, 2021.	
Term loan under SBP's LTFF	315,590,346	SBP Rate + 0.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on September 27, 2021.	
Term finance / LTFF	21,580,689	SBP rate + 0.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on September 27, 2021.	
The Bank of Punjab Term finance / LTFF	165,630,600	6 Months KIBOR + 1.50%	Principal amount is payable in sixteen equal half yearly instalments beginning on June 27, 2022.	
Term loan under SBP's LTFF	45,685,581	SBP Rate + 1.50%	Principal amount is payable in sixteen equal half yearly instalments beginning on June 27, 2022.	
Bank Al Habib Limited Term finance	500,000,000	6 Months KIBOR + 1.00%	Principal amount is payable in ten equal half yearly instalments of principal beginning on July 17, 2020.	1st joint pari passu charge / mortgage of Rs. 667 million on all present and future fixed assets of the Company.
Pak Oran Investment Company Limited Term finance	500,000,000	6 Months KIBOR + 2.00%	Principal amount is payable in ten equal half yearly instalments of principal beginning on June 09, 2021.	1st joint pari passu charge / mortgage of Rs. 1,183 million on all present and future fixed assets of the Company and Rs. 667 million ranking charge over fixed assets which will be upgraded in pari passu within deferral time period.
	2,483,574,241			



	(Un-audited) 31 March 2020 Rupees	(Audited) 30 June 2019 Rupees
6 Long term musharika - secured		
Opening balance	2,161,250,000	1,378,750,000
Loan obtained during the period / year	1,000,000,000	1,100,000,000
Repayments made during the period / year	(267,500,000)	(317,500,000)
Closing balance	2,893,750,000	2,161,250,000
Less: current portion grouped under current liabilities	(585,416,666)	(475,833,333)
	<u>2,308,333,334</u>	<u>1,685,416,667</u>

6.1 - profit bearing finances availed during the period from islamic bank:

Lender	Amount	Rate of profit Per Annum	Number of Instalments	Security
-- Rupees --				
National Bank of Pakistan				
Diminishing Musharika	500,000,000	6 Months KIBOR + 0.85%	Principal amount is payable in ten equal half yearly instalments beginning on Jan 02, 2021.	1st joint pari passu charge / mortgage of Rs. 667 million on all present and future fixed assets of the Company.
Dubai Islamic Bank Pakistan Ltd.				
Diminishing Musharika	500,000,000	6 Months KIBOR + 1.50%	Principal amount is payable in twenty equal quarterly instalments beginning on March 06, 2021.	1st joint pari passu charge / mortgage of Rs. 1,736 million on all present and future fixed assets of the Company and personal guarantees of few of sponsoring directors of the Company.
	<u>1,000,000,000</u>			



	<i>(Un-audited)</i> 31 March 2020 Rupees	<i>(Audited)</i> 30 June 2019 Rupees
7 Lease liability		
Opening Balance	-	-
Effect of initial application of IFRS-16	68,922,967	-
Increase / (Decrease) during the period	7,645,450	-
	76,568,417	-
Less: current portion grouped under current liabilities	-	-
Closing Balance	<u>76,568,417</u>	<u>-</u>
8 Current portion of non-current liabilities		
Long term financing - secured	2,042,595,612	1,666,330,095
Long term musharika - secured	585,416,666	475,833,333
	<u>2,628,012,278</u>	<u>2,142,163,428</u>
8.1	<p>“ The Company has requested to its various financial institutions for availing deferment on its principal repayments of long term loans/SBP's LTFF/Diminishing Musharika as recently announced by the State Bank of Pakistan through its various Circulars in order to provide relief to the borrowers to resolve their issue of squeezed liquidity resulting of the impact of Covid-19 pandemic”. Approval from the financial institutions is expected shortly and accordingly entire current portion of these loans, as stated above, will be deferred and will not be falling due within next twelve months.</p>	
9 Trade and other payables		
Trade creditors	373,354,891	646,495,712
Accrued liabilities	1,193,341,645	1,134,612,379
Contract liabilities	60,501,858	68,220,014
Due to associated undertakings	594,947,195	21,011,764
Bills payable	1,036,672,803	743,765,178
Tax deducted at source	4,935,617	1,686,185
Infrastructure cess	451,372,047	394,289,661
Workers' profit participation fund	106,452,586	118,818,402
Workers' welfare fund	40,076,695	32,928,560
Sales tax payable	178,666,911	164,765,348
	<u>4,040,322,248</u>	<u>3,326,593,203</u>
9.1 Due to associated undertakings		
Ahmed Fine Textile Mills Limited	433,949,376	-
Hussain Gineries Limited	13,250,970	12,000,970
Fazal Weaving Mills Limited	141,526,173	-
Fatima Energy Limited	-	757,694
Fatima Fertilizer Company Limited	6,180,175	6,180,175
Fazal Farm (Private) Limited	-	1,818,639
Fazal-ur-Rehman Foundation	-	213,785
Pakarab Fertilizer Limited	40,501	40,501
	<u>594,947,195</u>	<u>21,011,764</u>
10 Contingencies and commitments		
10.1 Contingencies		
10.1.1	<p>There has been no change in the status of contingencies since the annual audited financial statements as at June 30, 2019 except for the contingency disclosed in 15.1.8 in the annual financial statements, which has been disposed of by appellate order passed by CIR(A) in favour of the Company dated 23 October 2019.</p>	
10.1.2	<p>Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility aggregating to USD 5.39 million and Euro 0.20 million (June 30, 2019: USD 1.48 million).</p>	



		<i>(Un-audited)</i> 31 March 2020 Rupees	<i>(Audited)</i> 30 June 2019 Rupees
10.2 Commitments	<i>Note</i>		
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>979,554,700</u>	<u>829,918,200</u>
10.2.2 Commitments against irrevocable letters of credit:			
- capital expenditure		487,789,603	1,156,882,636
- raw material and stores and spares		854,447,953	672,052,805
		<u>1,342,237,556</u>	<u>1,828,935,441</u>
10.2.3 Commitments in respect of foreign exchange forward contracts:		<u>1,139,122,593</u>	-
11 Property, plant and equipment			
Operating property, plant and equipment	<i>11.1</i>	24,342,066,996	23,518,103,577
Right of use Asset	<i>11.2</i>	64,615,282	-
Capital work-in-progress	<i>11.3</i>	678,978,593	481,928,078
		<u>25,085,660,871</u>	<u>24,000,031,655</u>
11.1 Opening net book value		23,518,103,577	22,022,207,606
<i>Additions during the period / year:</i>			
Freehold land		-	299,491
Factory building on free hold land		221,680,128	273,422,609
Non-factory building on free hold land		169,198	12,781,120
Non-factory building on lease hold land		-	3,324,073
Plant and machinery		1,355,704,647	2,113,013,151
Electric fittings and installations		28,637,531	105,950,607
Tools, laboratory equipment and arms		2,047,806	488,669
Fire extinguishing equipments and scales		-	137,500
Office equipment		8,970,635	4,188,144
Furniture and fixtures		335,974	1,527,866
Vehicles		14,845,128	24,681,814
		<u>1,632,391,047</u>	<u>2,539,815,044</u>
Addition on revaluation surplus		-	-
Carrying value of assets disposed off during the period / year		(14,332,424)	(52,353,071)
Depreciation charge for the period / year		(794,095,204)	(991,566,002)
Closing net book value		<u>24,342,066,996</u>	<u>23,518,103,577</u>
11.2 Right of use Asset			
Opening net book value		-	-
Effect of initial application of IFRS-16		68,922,967	-
Depreciation charge for the period		(4,307,685)	-
Closing net book value		<u>64,615,282</u>	-
11.3 The detail of capital work-in-progress is as follows:			
<i>Factory building on free hold land</i>			
Material and expenses		45,318,687	106,641,634
Advance payments		16,497,243	34,211,429
		<u>61,815,930</u>	<u>140,853,063</u>
<i>Non-factory building on free hold land</i>			
Material and expenses		94,627,420	40,429,390
Advance payments		4,433,576	-
		<u>99,060,996</u>	<u>40,429,390</u>



	<i>(Un-audited)</i> 31 March 2020 Rupees	<i>(Audited)</i> 30 June 2019 Rupees
<i>Plant and machinery</i>		
Cost and expenses	112,056,401	3,335,277
Advance payments	24,917,188	14,066,590
Letters of credit	304,803,392	257,521,850
	441,776,981	274,923,717
<i>Sui Gas Installation - Cost and expenses</i>	359,550	-
<i>Electric fittings and Installations - Cost and advance payments</i>	64,647,913	18,637,945
<i>Tools, laboratory equipment and arms -Cost and expenses</i>	701,653	385,600
<i>Fire Fighting Equipment & Weigh Scales - Cost and advance payments</i>	1,145,441	-
<i>Office equipment - Cost and expenses</i>	2,206,802	1,458,975
<i>Furniture and fixtures - Cost and expenses</i>	79,077	-
<i>Vehicles- Cost and advance payments</i>	7,184,250	5,239,388
	678,978,593	481,928,078

12 Long term investments
Investments in related parties:
At fair value through OCI

Fatima Fertilizer Company Limited - quoted
Mulan Real Estate (Private) Limited

Subsidiary company - at cost

Fazal Weaving Mills Limited
Associated companies - at cost

Fatima Energy Limited - unquoted
Fatima Transmission Company Limited - unquoted
Fatima Electric Company Limited - unquoted

Note	(Un-audited)		(Audited)	
	31 March 2020	31 March 2019	30 June 2019	30 June 2019
	Rupees			
12.1	1,349,332,144	1,880,371,825	1,880,371,825	
12.2	30,381,647	30,381,647	30,381,647	
	1,379,713,791	1,910,753,472	1,910,753,472	
12.3	250,000,000	250,000,000	250,000,000	
12.4	1,374,213,490	1,374,213,490	1,374,213,490	
	55,200,000	55,200,000	55,200,000	
	70,000	70,000	70,000	
	1,429,483,490	1,429,483,490	1,429,483,490	
	3,059,197,281	3,590,236,962	3,590,236,962	

12.1 At fair value through OCI

Fatima Fertilizer Company Limited - quoted

12.1.1

62,994,031

1,349,332,144

1,880,371,825

21.42

29.85

3.00%

12.1.1 The Company does not have significant influence on Fatima Fertilizer Company Limited.

12.2 This represents ordinary shares of Mulan Real Estate (Private) Limited (MREPL), which is a dormant entity.

12.3 This represents investment in Fazal Weaving Mills Limited (FWML), set up to carry business of textile spinning. The Company being sponsor of FWML, holds 100% of equity share of FWML, which commenced its commercial operations on 01 April 2014.

12.4 Associated companies - at cost

Fatima Energy Limited - unquoted
Fatima Transmission Company Limited - unquoted
Fatima Electric Company Limited - unquoted

	Shares		Carrying value		Percentage of holding	
	31 March 2020	30 June 2019	31 March 2020	30 June 2019	31 March 2020	30 June 2019
	Rupees					
	137,421,349	137,421,349	1,374,213,490	1,374,213,490	24.11%	24.11%
	5,520,000	5,520,000	55,200,000	55,200,000	24.00%	24.00%
	7,000	7,000	70,000	70,000	20.00%	20.00%
	1,429,483,490	1,429,483,490	1,429,483,490	1,429,483,490		

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
13 Long term loan and advances			
<u><i>Long term loan to subsidiary</i></u>			
Fazal Weaving Mills Limited	13.1	530,000,000	530,000,000
<u><i>Long term advances to associates</i></u>			
Pak Arab Energy Limited		25,904,160	25,904,160
Fatima Transmission Company Limited		72,427,033	38,811,585
Fatima Energy Limited		2,455,908,522	1,840,408,522
	13.2	2,554,239,715	1,905,124,267
		3,084,239,715	2,435,124,267

13.1 It represents loan disbursed to finance capital expenditure as well as the working capital needs thereof. It carries mark-up at weighted average borrowing cost of the Company.

13.2 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>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
14 Trade debts			
<i>Export debtors - secured against letters of credit:</i>			
Considered good		1,212,763,460	2,266,901,086
<i>Local debtors - unsecured</i>			
Related Parties - considered good	14.1	593,522,668	271,224,138
Others - considered good		2,921,458,107	2,894,262,434
Others - considered doubtful		39,677,485	27,367,951
		3,554,658,260	3,192,854,523
Provision for doubtful balances		(39,677,485)	(27,367,951)
		3,514,980,775	3,165,486,572
		4,727,744,235	5,432,387,658

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

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</i>
		<i>Rupees</i>	<i>Rupees</i>
Fazal Weaving Mills Limited		-	84,890,583
Reliance Weaving Mills Limited		3,514,219	814,194
Fazal Rehman Fabrics Limited		585,593,895	163,631,802
Ahmad Fine Textile Mills Limited		-	17,473,005
Fatimafert Limited		4,414,554	4,414,554
		593,522,668	271,224,138



	<i>(Un-audited)</i> 31 March 2020 <i>Rupees</i>	<i>(Audited)</i> 30 June 2019 <i>Rupees</i>
15 Short term investment		
<i>At fair value through statement of profit or loss</i>		
Investment in related party:		
Fatima Fertilizer Company Limited - quoted 6,120,000 (30 June 2019 : 6,120,000) fully paid ordinary shares of Rs. 10 each having market value of Rs. 21.42 per share (30 June 2019 : Rs. 29.85 per share)	182,682,000	198,288,000
Unrealized fair value loss on re-measurement of investment	(51,591,600)	(15,606,000)
	131,090,400	182,682,000

16 Cash and bank balances

Cash in hand	36,032,477	17,947,352
<i>Cash at banks</i>		
- Current accounts	128,929,797	142,616,639
- Saving accounts	200,001,861	2,509
	328,931,658	142,619,148
	364,964,135	160,566,500

	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>(Un-audited)</i> 31 March 2020 <i>Rupees</i>	<i>(Un-audited)</i> 31 March 2019 <i>Rupees</i>	<i>(Un-audited)</i> 31 March 2020 <i>Rupees</i>	<i>(Un-audited)</i> 31 March 2019 <i>Rupees</i>
17 Sales - net				
<i>Gross sales</i>				
Local	18,477,358,351	19,978,452,666	6,601,740,931	7,267,916,787
Direct export	6,544,827,354	4,165,269,007	2,124,181,414	1,635,923,318
Indirect export	5,320,385,235	781,161,590	1,640,908,310	192,500,288
	30,342,570,940	24,924,883,263	10,366,830,655	9,096,340,393
<i>Sales tax</i>				
Local sales	(2,671,478,162)	(63,731,112)	(897,130,434)	(23,293,714)
Indirect export	(574,598,795)	-	(160,882,750)	-
	(3,246,076,957)	(63,731,112)	(1,058,013,184)	(23,293,714)
<i>Sales return</i>				
	(127,516,536)	(51,378,129)	(28,805,105)	(20,673,209)
	26,968,977,447	24,809,774,022	9,280,012,366	9,052,373,470

17.1 This represents sales made to direct exporters against Standard Purchase Order (SPOs) and Duty and Tax Remission for Export (DTR) amounting to Rs. 3,380 million (31 March 2019: Nil) and Rs. 1,365.80 million (31 March 2019: 781.16 million) respectively.

	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>(Un-audited)</i> 31 March 2020 <i>Rupees</i>	<i>(Un-audited)</i> 31 March 2019 <i>Rupees</i>	<i>(Un-audited)</i> 31 March 2020 <i>Rupees</i>	<i>(Un-audited)</i> 31 March 2019 <i>Rupees</i>
18 Cost of sales				
Raw and packing materials consumed	17,602,427,351	16,182,790,547	5,677,551,364	5,544,103,249
Manufacturing costs	5,511,856,801	4,877,276,140	1,821,736,903	1,642,983,268
	23,114,284,152	21,060,066,687	7,499,288,267	7,187,086,517
Opening stock of work- in-process	358,479,339	315,152,028	398,621,852	348,378,277
Closing stock of work- in-process	(340,835,176)	(377,065,283)	(340,835,176)	(377,065,283)
Cost of goods manufactured	23,131,928,315	20,998,153,432	7,557,074,943	7,158,399,511
Opening stock of finished goods	1,714,623,220	1,757,373,131	3,556,837,889	2,792,255,908
Finished goods purchased	2,125,759,101	1,739,703,063	560,493,416	683,416,234
	26,972,310,636	24,495,229,626	11,674,406,248	10,634,071,653
Closing stock of finished goods	(3,534,117,134)	(2,634,580,456)	(3,534,117,134)	(2,634,580,456)
Cost of raw material sold	33,987,348	20,655,781	5,482,087	7,801,711
	23,472,180,850	21,881,304,951	8,145,771,201	8,007,292,908

**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 services, 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 31 March 2020**Financial assets - measured at fair value**

Short term investment	-	131,090,400	-	-	131,090,400	-	-	-	131,090,400
Long term investments	-	-	1,379,713,791	-	1,379,713,791	-	-	30,381,647	1,379,713,791

Financial assets - not measured at fair value

Trade debts	4,727,744,235	-	-	-	4,727,744,235	-	-	-	-
Bank balances	328,931,658	-	-	-	328,931,658	-	-	-	-
Long term deposits	24,128,493	-	-	-	24,128,493	-	-	-	-
Other receivables	45,799,517	-	-	-	45,799,517	-	-	-	-
Loan and advances	1,608,854,783	-	-	-	1,608,854,783	-	-	-	-
Mark-up accrued	600,753,740	-	-	-	600,753,740	-	-	-	-
Long term advances to associates	3,084,239,715	-	-	-	3,084,239,715	-	-	-	-
	10,420,452,141	131,090,400	1,379,713,791	-	11,931,256,332	1,809,422,544	-	30,381,647	1,510,804,191

Financial liabilities - not measured at fair value

Long term financing - secured	-	-	-	8,932,469,213	8,932,469,213	-	-	-	-
Long term musharka - secured	-	-	-	2,308,333,334	2,308,333,334	-	-	-	-
Current portion of non-current liabilities	-	-	-	2,628,012,278	2,628,012,278	-	-	-	-
Trade and other payables	-	-	-	4,040,322,248	4,040,322,248	-	-	-	-
Unclaimed dividend	-	-	-	14,203,064	14,203,064	-	-	-	-
Short term borrowings - secured	-	-	-	12,428,581,016	12,428,581,016	-	-	-	-
Accrued mark-up	-	-	-	544,682,960	544,682,960	-	-	-	-
	-	-	-	30,896,604,113	30,896,604,113	-	-	-	-



	Carrying amount			Fair value		
	Financial assets at amortised cost	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	Total
As at 30 June 2019						
<i>Financial assets - measured at fair value</i>						
Short term investment	-	182,682,000	-	-	182,682,000	182,682,000
Long term investments	-	-	1,910,753,472	-	1,880,371,825	1,910,753,472
<i>Financial assets - not measured at fair value</i>						
Trade debts	5,432,387,658	-	-	-	5,432,387,658	-
Bank balances	142,619,148	-	-	-	142,619,148	-
Long term deposits	24,071,493	-	-	-	24,071,493	-
Other receivables	30,503,739	-	-	-	30,503,739	-
Loan and advances	484,090,787	-	-	-	484,090,787	-
Mark-up accrued	293,102,880	-	-	-	293,102,880	-
Long term advances to associates	2,435,124,267	-	-	-	2,435,124,267	-
	8,841,899,972	182,682,000	1,910,753,472	-	10,935,335,444	2,093,433,472
<i>Financial liabilities - not measured at fair value</i>						
Long term financing - secured	-	-	-	7,984,533,368	7,984,533,368	-
Long term musharka - secured	-	-	-	1,685,416,667	1,685,416,667	-
Current portion of non-current liabilities	-	-	-	2,142,163,428	2,142,163,428	-
Trade and other payables	-	-	-	2,545,885,033	2,545,885,033	-
Unclaimed dividend	-	-	-	12,340,081	12,340,081	-
Short term borrowings - secured	-	-	-	9,910,552,807	9,910,552,807	-
Accrued mark-up	-	-	-	406,891,427	406,891,427	-
	-	-	-	24,687,782,811	24,687,782,811	-

**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>Nine months ended</i>	
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Subsidiary Company		
Sale of goods and services	57,802,327	2,096,193,757
Purchase of goods and services	1,373,818,332	1,382,350,126
Payments against purchase of goods and services- <i>Net</i>	1,089,599,247	165,328,801
Interest income on subordinated loan	58,240,148	39,916,984
Payments against short term loan	961,492,155	-
Receipt against short term loan	-	42,564,295
Associated Companies		
Long term advances to associates	649,115,448	615,490,795
Purchase of goods and services	1,352,295,602	442,326,004
Sale of goods and services	2,711,124,940	1,817,392,860
Receipts against sale of goods and services- <i>Net</i>	1,433,673,702	1,312,866,844
Reimbursable expenses	-	1,000,000
Interest accrued on long term advances to associates	249,410,713	122,303,851

21 Date of authorization for issue

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on 30 April 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
Condensed Interim Consolidated Financial Information (Un-audited)
For the nine months ended March 31, 2020

Condensed Interim Consolidated Statement of Financial Position

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</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		842,504,134	1,373,543,815
- Revaluation surplus on property, plant and equipment		9,376,816,020	9,558,609,807
Unappropriated profits - revenue reserve		<u>10,752,888,568</u>	<u>10,516,841,450</u>
		21,272,208,722	21,748,995,072
<u>Non-current liabilities</u>			
Long term financing - <i>secured</i>	5	9,482,365,202	8,755,286,862
Long term musharika - <i>secured</i>	6	2,310,406,765	1,690,100,636
Lease liability	7	76,568,417	-
<i>Deferred liabilities:</i>			
- <i>Staff retirement benefit</i>		310,218,393	273,812,115
- <i>Deferred taxation</i>		2,978,357,824	3,039,211,159
		15,157,916,601	13,758,410,772
<u>Current liabilities</u>			
Current portion of non-current liabilities	8	2,960,926,616	2,517,786,016
Trade and other payables	9	4,494,512,268	3,786,286,553
Unclaimed dividend		14,203,064	12,340,081
Short term borrowings - <i>secured</i>		15,858,142,259	12,299,901,368
Accrued mark-up		630,851,849	481,255,957
		23,958,636,056	19,097,569,975
Contingencies and commitments	10	60,388,761,379	54,604,975,819

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 31 March 2020

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2019</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	11	28,208,885,195	27,229,288,197
Long term investments	12	2,467,166,939	3,177,998,048
Long term advances to associates	13	2,554,239,715	1,905,124,267
Long term deposits		24,128,493	24,071,493
		33,254,420,342	32,336,482,005
<u>Current assets</u>			
Stores, spares and loose tools		685,371,909	761,761,480
Stock-in-trade		18,793,134,293	13,033,292,318
Trade debts	14	5,455,570,677	6,132,305,095
Loans and advances		183,790,606	92,746,164
Deposits, prepayments and other receivables		361,920,805	374,669,526
Mark-up accrued		510,740,602	261,329,890
Short term investment	15	131,090,400	182,682,000
Tax refunds due from the Government - net		568,721,951	1,230,231,303
Cash and bank balances	16	443,999,794	199,476,038
		27,134,341,037	22,268,493,814
		60,388,761,379	54,604,975,819


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Profit or Loss (Un-Audited)
 For the Nine months and quarter ended 31 March 2020

	Note	Nine months ended		Quarter ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Rupees	Rupees	Rupees	Rupees
Sales - net	17	31,150,297,866	28,389,215,214	10,915,839,623	10,328,926,020
Cost of sales	18	(27,125,563,895)	(24,919,022,585)	(9,654,035,097)	(9,113,698,955)
Gross profit		4,024,733,971	3,470,192,629	1,261,804,526	1,215,227,065
Selling and distribution expenses		(333,223,480)	(196,815,184)	(111,903,646)	(66,544,986)
Administrative expenses		(279,767,960)	(240,439,278)	(82,277,076)	(70,348,175)
Other expenses		(571,708,654)	(140,329,473)	(382,371,105)	(55,683,276)
		(1,184,700,094)	(577,583,935)	(576,551,827)	(192,576,437)
Other income		264,090,040	299,849,358	101,991,213	21,330,658
Profit from operations		3,104,123,917	3,192,458,052	787,243,912	1,043,981,286
Share of loss from associates		(179,791,428)	(22,113,114)	(59,930,476)	(7,371,038)
Finance cost		(2,215,258,220)	(1,657,867,214)	(754,347,876)	(701,544,756)
Profit before taxation		709,074,269	1,512,477,724	(27,034,440)	335,065,492
Taxation		(385,712,089)	(409,776,999)	(130,747,697)	(171,282,232)
Profit after taxation		323,362,180	1,102,700,725	(157,782,137)	163,783,260
Earnings per share - basic and diluted		10.78	36.76	(5.26)	5.46

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 Nine months and quarter ended 31 March 2020

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>31 March</u> <u>2020</u> <u>Rupees</u>	<u>31 March</u> <u>2019</u> <u>Rupees</u>	<u>31 March</u> <u>2020</u> <u>Rupees</u>	<u>31 March</u> <u>2019</u> <u>Rupees</u>
Profit after taxation	323,362,180	1,102,700,725	(157,782,137)	163,783,260
<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	(531,039,681)	61,734,151	(325,679,140)	(194,651,556)
Total comprehensive income (Loss) for the period	(207,677,501)	1,164,434,876	(483,461,277)	(30,868,296)

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 Nine months ended 31 March 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 2018	300,000,000	77,616,000	175,000,000	1,272,824,947	10,139,599,548	8,818,046,544	20,783,087,039
Total comprehensive income for the period:							
Profit for nine months ended 31 March 2019	-	-	-	-	-	1,102,700,725	1,102,700,725
Other comprehensive (loss) income for nine months ended 31 March 2019	-	-	-	61,734,151	-	-	61,734,151
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	61,734,151	-	1,102,700,725	1,164,434,876
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(242,498,838)	242,498,838	-
	-	-	-	-	(16,261,586)	16,261,586	-
Transactions with the owners of the Group:							
Cash dividend @ Rs. 8.50 per ordinary share for the year ended 30 June 2018	-	-	-	-	-	(255,000,000)	(255,000,000)
Balance as at 31 March 2019	300,000,000	77,616,000	175,000,000	1,334,559,098	9,880,839,124	9,924,507,693	21,692,521,915
Total comprehensive income for the period:							
Profit for three months ended 30 June 2019	-	-	-	-	-	485,138,890	485,138,890
Other comprehensive (loss) income for three months ended 30 June 2019	-	-	-	(213,631,283)	-	24,240,153	(189,391,130)
Effect on deferred tax due to change in tax rate and proration rate	-	-	-	(213,631,283)	-	509,379,043	295,747,760
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(81,015,320)	81,015,320	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(1,939,394)	1,939,394	-
Balance as at 30 June 2019	300,000,000	77,616,000	175,000,000	1,120,927,815	9,558,609,807	10,516,841,450	21,748,995,072
Total comprehensive income for the period:							
Profit for nine months ended 31 March 2020	-	-	-	-	-	323,362,180	323,362,180
Other comprehensive (loss) income for nine months ended 31 March 2020	-	-	-	(531,039,681)	-	-	(531,039,681)
Effect on deferred tax due to change in tax rate and proration rate	-	-	-	(531,039,681)	-	323,362,180	(207,677,501)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(222,405,703)	222,405,703	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(5,279,235)	5,279,235	-
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 31 March 2020	300,000,000	77,616,000	175,000,000	589,888,134	9,376,816,020	10,752,888,568	21,272,208,722

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 Nine months ended 31 March 2020

	<i>Nine months ended</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<u>Cash flows from operating activities</u>		
Profit before taxation	709,074,269	1,512,477,724
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	918,666,977	855,347,789
Amortization on intangible assets	-	-
Unrealized loss/(gain) on re-measurement of short term investments	51,591,600	(5,997,605)
Provision for doubtful debts	12,309,534	9,951,552
Provision for gratuity	120,763,156	96,565,285
Provision for infrastructure cess	109,718,316	45,057,983
Provision for workers' profit participation fund	47,634,184	81,609,429
Provision for workers' welfare fund	7,148,135	16,368,469
Loss on disposal of property, plant and equipment	11,104,124	21,493,741
Share of loss from associates	179,791,428	22,113,114
Finance cost	2,215,258,220	1,657,867,214
Cash generated from operations before working capital changes	4,383,059,943	4,312,854,701
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	76,389,571	(72,002,298)
Stock-in-trade	(5,759,841,975)	(4,985,341,914)
Trade debts	664,424,884	627,610,865
Loans and advances	(91,044,442)	(1,174,241)
Deposits, prepayments and other receivables	12,748,721	78,298,260
	(5,097,323,241)	(4,352,609,329)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	543,725,080	(193,327,304)
Cash used in operations	(170,538,218)	(233,081,932)
Gratuity paid to employees	(84,356,878)	(84,061,707)
Taxes paid - net	260,835,076	(303,344,358)
	176,478,198	(387,406,065)
Net cash generated from / (used in) operating activities	5,939,980	(620,487,997)
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(1,843,673,429)	(2,272,774,269)
Proceeds from sale of property, plant and equipment	3,228,300	9,249,680
Long term loan and advances to associates	(649,115,448)	(615,490,795)
Long term deposits	(57,000)	(41,000)
Net cash used in investing activities	(2,489,617,577)	(2,879,056,384)
<u>Cash flows from financing activities</u>		
Long term financing obtained	2,483,574,241	2,459,511,891
Long term financing repaid	(1,422,938,634)	(1,361,013,200)
Long term musharika obtained	1,000,000,000	1,100,000,000
Long term musharika repaid	(270,110,538)	(270,110,538)
Short term borrowings - net	3,558,240,891	3,463,641,441
Finance cost paid - net	(2,307,427,590)	(1,502,392,058)
Dividend paid	(313,137,017)	(251,442,040)
Net cash generated from financing activities	2,728,201,353	3,638,195,496
Net increase in cash and cash equivalents	244,523,756	138,651,115
Cash and cash equivalents at beginning of the period	199,476,038	134,297,492
Cash and cash equivalents at end of the period	443,999,794	272,948,607

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 nine months ended 31 March 2020

1 Reporting entity**The Group comprises of**

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

Associates

- Fatima Energy Limited
- 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. 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 31 March 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 2019.
- 2.2.3** Comparative consolidated statement of financial position numbers are extracted from the annual audited consolidated financial statements of the Group for the year ended 30 June 2019, whereas comparative 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 nine months period ended 31 March 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 2019.

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 information are same as those applied in the preparation of the consolidated annual financial statements for the year ended 30 June 2019 except for the adoption of new standards effective from 01 July 2019 as stated below:

4.1.1 Changes in significant accounting policies

The Group has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from the annual period beginning on or after 01 January 2019.

The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Group, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Group presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

The Group has presented non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

Significant accounting policies

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. Right of use asset is disclosed in the property, plant and equipment as referred to in 10.2 of these condensed interim consolidated financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group has used its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement. Refer note 7 to these condensed interim consolidated financial statements for disclosure of lease liability.



The Group has elected not to recognize right of use assets and liabilities for some leases of low value assets (Hussain Gineries). The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Group has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

the Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or term in at the lease.

Impact of financial statements

The Group has applied IFRS 16 using the modified retrospective approach. On transition to IFRS 16, the Group recognized additional Rs. 68.92 million right of use asset and Rs. 68.92 million of lease liability. When measuring lease liability, the Group discounted lease payments using its incremental borrowing rate applicable at the time of initial application of the standard. However, there is a particular lease prior to 01 July 2019 that has not been considered as significant for the purpose of application of IFRS 16 and accordingly applied low value exception as available in IFRS 16.

The result of initial application of IFRS 16 has been disclosed in note 10.2 and note 7 to these condensed interim consolidated financial statements.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the nine months ended 31 March 2020, the Group recognised Rs. 4.31 million of depreciation charge and Rs. 7.65 million of interest cost from this lease.

- 4.1.2 Other than those disclosed above in note 4.1.1, there were certain other new amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed.



	(Un-audited) 31 March 2020	(Audited) 30 June 2019
	Rupees	Rupees
	10,794,116,895	10,019,402,226
	2,483,574,241	2,608,778,945
	(1,422,938,634)	(1,834,064,276)
	11,854,752,502	10,794,116,895
	(2,372,387,300)	(2,038,830,033)
	9,482,365,202	8,755,286,862

5 Long term financing - secured

Opening balance
Loan obtained during the period / year
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		Rate of Markup Per Annum	Number of Instalments	Security
	-- Rupees --				
National Bank of Pakistan Demand finance under SBPs LTFE Scheme	783,186,920		SBP rate + 0.60%	Principal amount is payable in thirty six equal quarterly instalments beginning on July 08, 2020.	1st joint pari passu charge / mortgage of Rs. 1,626 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors of the Holding Company.
Allied Bank Limited Term finance / LTFE	149,899,605		6 Months KIBOR + 0.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on September 27, 2021.	
Term loan under SBPs LTFE	315,590,846		SBP rate + 0.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on September 27, 2021.	1st joint pari passu charge / mortgage of Rs. 3,227 million on all present and future fixed assets of the Holding Company and personal guarantees of one director of the Holding Company.
Term finance / LTFE	23,560,689		SBP rate + 0.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on September 27, 2021.	
The Bank of Punjab Term finance / LTFE	165,630,600		6 Months KIBOR + 1.50%	Principal amount is payable in Sixteen equal half yearly instalments beginning on June 27, 2022.	1st joint pari passu charge / mortgage of Rs.2,940 million on all present and future fixed assets of the Holding Company and personal guarantees of two directors of the Holding Company.
Term loan under SBPs LTFE	45,685,581		SBP Rate + 1.50%	Principal amount is payable in Sixteen equal half yearly instalments beginning on June 27, 2022.	
Bank Al Habib Limited Term finance	500,000,000		6 Months KIBOR + 1.00%	Principal amount is payable in ten equal half yearly instalments of principal beginning on July 17, 2020.	1st joint pari passu charge / mortgage of Rs. 667 million on all present and future fixed assets of the Holding Company.
Pak Oman Investment Company Limited Term finance	500,000,000		6 Months KIBOR + 2.00%	Principal amount is payable in ten equal half yearly instalments of principal beginning on June 09, 2021.	1st joint pari passu charge / mortgage of Rs.1,183 million on all present and future fixed assets of the Company and Rs.667 million ranking charge over fixed assets which will be upgraded to pari passu within deferral time period.
	2,483,574,241				



	(Un-audited) 31 March 2020 Rupees	(Audited) 30 June 2019 Rupees
	2,169,056,619	1,389,679,269
	1,000,000,000	1,100,000,000
	(270,110,538)	(320,622,650)
	<u>2,898,946,081</u>	<u>2,169,056,619</u>
	(588,539,316)	(478,955,983)
	<u>2,310,406,765</u>	<u>1,690,100,636</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

6.1 - profit bearing finances availed during the period from islamic bank:

Lender	Amount	Rate of profit Per Annum	Number of Instalments	Security
-- R u p e e s --				
National Bank of Pakistan				
Diminishing Musharika	500,000,000	6 Months KIBOR + 0.85%	Principal amount is payable in ten equal half yearly instalments beginning on Jan 02, 2021.	1st joint pari passu charge / mortgage of Rs. 667 million on all present and future fixed assets of the Holding Company.
Dubai Islamic Bank Pakistan Ltd.				
Diminishing Musharika	500,000,000	3 Months KIBOR + 1.50%	Principal amount is payable in twenty equal quarterly instalments beginning on March 06, 2021.	1st joint pari passu charge / mortgage of Rs. 1,736 million on all present and future fixed assets of the Holding Company and personal guarantees of few of sponsoring directors of the Holding Company.
	<u>1,000,000,000</u>			



	<i>(Un-audited)</i> 31 March 2020 Rupees	<i>(Audited)</i> 30 June 2019 Rupees
7 Lease liability		
Opening Balance	-	-
Effect of initial application of IFRS-16	68,922,967	-
Increase / (Decrease) during the period	7,645,450	-
	76,568,417	-
Less: current portion grouped under current liabilities	-	-
Closing Balance	76,568,417	-
8 Current portion of non-current liabilities		
Long term financing - secured	2,372,387,300	2,038,830,033
Long term musharika - secured	588,539,316	478,955,983
	2,960,926,616	2,517,786,016
8.1	<p>“ The Group has requested to its various financial institutions for availing deferment on its principal repayments of long term loans/SBP’s LTFF/Diminishing Musharika as recently announced by the State Bank of Pakistan through its various Circulars in order to provide relief to the borrowers to resolve their issue of squeezed liquidity resulting of the impact of Covid-19 pandemic”. Approval from the financial institutions is expected shortly and accordingly entire current portion of these loans, as stated above, will be deferred and will not be falling due within next twelve months.</p>	
9 Trade and other payables		
Trade creditors	453,361,407	740,705,618
Accrued liabilities	1,375,688,730	1,361,663,397
Contract liabilities	63,159,476	74,909,433
Due to associated undertakings	453,421,022	21,011,764
Bills payable	1,294,557,199	803,409,065
Tax deducted at source	6,263,701	2,292,813
Infrastructure cess	504,007,977	446,925,590
Workers’ profit participation fund	121,115,967	133,481,782
Workers’ welfare fund	43,970,185	36,822,050
Loan from Director	299,693	299,693
Sales tax payable	178,666,911	164,765,348
	4,494,512,268	3,786,286,553
9.1 Due to associated undertakings		
Ahmed Fine Textile Mills Limited	433,949,376	-
Hussain Ginners Limited	13,250,970	12,000,970
Fatima Energy Limited	-	757,694
Fazal Farm (Private) Limited	-	1,818,639
Fazal-ur-Rehman Foundation	-	213,785
Fatima Fertilizer Company Limited	6,180,175	6,180,175
Pakarab Fertilizer Limited	40,501	40,501
	453,421,022	21,011,764
10 Contingencies and commitments		
10.1 Contingencies		
10.1.1	<p>There has been no change in the status of contingencies since the annual audited financial statements as at June 30, 2019 except for the contingency disclosed in 15.1.8 in the annual consolidated financial statements, which has been disposed of by appellate order passed by CIR(A) in favour of the Holding Company dated 23 October 2019.</p>	
10.1.2	<p>Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility aggregating to USD 8.21 million and Euro 0.20 million (30 June 2019: USD 4.35 million).</p>	



	<i>(Un-audited)</i> 31 March 2020 Rupees	<i>(Audited)</i> 30 June 2019 Rupees
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	<u>979,554,700</u>	<u>829,918,200</u>
- The Subsidiary Company	<u>78,006,000</u>	<u>78,347,615</u>
10.2.2 Commitments against irrevocable letters of credit:		
<u>The Holding Company</u>		
- capital expenditure	487,789,603	1,156,882,636
- raw material and stores and spares	<u>854,447,953</u>	<u>672,052,805</u>
- others	<u>1,342,237,557</u>	<u>1,828,935,441</u>
<u>The Subsidiary Company</u>		
- raw material and stores and spares	<u>259,299,756</u>	<u>132,683,692</u>
10.2.3 Commitments in respect of foreign exchange forward contracts:		
- The Holding Company	<u>1,139,122,593</u>	<u>-</u>
- The Subsidiary Company	<u>665,981,909</u>	<u>-</u>
	<i>(Un-audited)</i> 31 March 2020 Rupees	<i>(Audited)</i> 30 June 2019 Rupees
11 Property, plant and equipment		
Operating property, plant and equipment	11.1 27,456,063,538	26,743,990,836
Right of use Asset	11.2 64,615,282	-
Capital work-in-progress	11.3 688,206,375	485,297,361
	<u>28,208,885,195</u>	<u>27,229,288,197</u>
11.1 Opening net book value	26,743,990,836	25,382,180,278
<i>Additions during the period / year:</i>		
Freehold land	-	299,491
Factory building on free hold land	221,717,480	274,071,493
Non-factory building on free hold land	663,558	35,185,300
Non-factory building on lease hold land	-	3,324,073
Plant and machinery	1,363,047,929	2,113,575,467
Electric fittings and installations	28,862,945	108,973,085
Tools, laboratory equipment and arms	2,093,269	488,669
Fire extinguishing equipments and scales	227,500	2,091,884
Office equipment	8,970,635	4,338,144
Furniture and fixtures	335,974	2,843,863
Vehicles	14,845,128	27,839,095
	<u>1,640,764,418</u>	<u>2,573,030,564</u>
Carrying value of assets disposed off during the period / year	(14,332,423)	(52,502,811)
Depreciation charge for the period / year	(914,359,292)	(1,158,717,195)
Closing net book value	<u>27,456,063,538</u>	<u>26,743,990,836</u>
11.2 Right of use Asset		
Effect of initial application of IFRS-16	68,922,967	-
Depreciation charge for the period	(4,307,685)	-
Closing net book value	<u>64,615,282</u>	<u>-</u>



	(Un-audited) 31 March 2020 Rupees	(Audited) 30 June 2019 Rupees
11.3 The detail of capital work-in-progress is as follows:	<i>Note</i>	
<i>Factory building on free hold land</i>		
Material and expenses	46,280,345	106,641,634
Advance payments	16,497,243	34,211,429
	62,777,588	140,853,063
<i>Non-factory building on free hold land</i>		
Material and expenses	94,844,784	42,151,611
Advance payments	6,486,695	-
	101,331,479	42,151,611
<i>Plant and machinery</i>		
Cost and expenses	113,791,549	3,511,850
Advance payments	24,917,188	14,066,590
Letters of credit	304,803,392	257,521,850
	443,512,129	275,100,290
<i>Sui Gas Installation - Cost and expenses</i>	359,550	-
<i>Electric fittings and Installations - Cost and advance payments</i>	66,118,406	20,108,438
<i>Tools, laboratory equipment and arms - Cost and expenses</i>	701,653	385,600
<i>Fire Fighting Equipment & Weigh Scales - Cost and advance payments</i>	3,935,441	-
<i>Office equipment - Cost and expenses</i>	2,206,802	1,458,975
<i>Furniture and fixtures - Cost and expenses</i>	79,077	-
<i>Vehicles- Cost and advance payments</i>	7,184,250	5,239,384
	688,206,375	485,297,361



12 Long term investments

Investments in related parties:

At fair value through OCI

Fatima Fertilizer Company Limited - quoted
Multan Real Estate (Private) Limited

Associated companies - at equity method

Fatima Energy Limited - unquoted
Fatima Transmission Company Limited - unquoted
Fatima Electric Company Limited - unquoted

Note	(Un-audited)		(Audited)	
	31 March 2020	30 June 2019	31 March 2020	30 June 2019
	Rupees		Rupees	
12.1	1,349,332,144	1,880,371,825	1,349,332,144	1,880,371,825
12.2	30,381,647	30,381,647	30,381,647	30,381,647
	1,379,713,791	1,910,753,472	1,379,713,791	1,910,753,472
12.3	1,062,080,118	1,241,871,546	1,062,080,118	1,241,871,546
	25,349,425	25,349,425	25,349,425	25,349,425
	23,605	23,605	23,605	23,605
	1,087,453,148	1,267,244,576	1,087,453,148	1,267,244,576
	2,467,166,939	3,177,998,048	2,467,166,939	3,177,998,048

12.1 At fair value through OCI

Fatima Fertilizer Company Limited - quoted

12.1.1	Shares		Market value		Market value per share		Percentage of holding	
	31 March 2020	30 June 2019	31 March 2020	30 June 2019	31 March 2020	30 June 2019	31 March 2020	30 June 2019
	Number		Rupees		Rupees		%	
	62,994,031	62,994,031	1,349,332,144	1,880,371,825	21.42	29.85	3.00%	3.00%

12.1.1 The Company does not have significant influence on Fatima Fertilizer Company Limited.

12.2 This represents ordinary shares of Multan Real Estate (Private) Limited (MREPL), which is a dormant entity.

12.3 Associated companies with significant influence - at equity method

Fatima Energy Limited - unquoted
Fatima Transmission Company Limited - unquoted
Fatima Electric Company Limited - unquoted

12.3	Shares		Carrying value		Percentage of holding	
	31 March 2020	30 June 2019	31 March 2020	30 June 2019	31 March 2020	30 June 2019
	Number		Rupees		%	
	137,421,349	137,421,349	1,062,080,118	1,241,871,546	24.11%	24.11%
	5,520,000	5,520,000	25,349,425	25,349,425	24.00%	24.00%
	7,000	7,000	23,605	23,605	20.00%	20.00%
	1,087,453,148	1,267,244,576	1,087,453,148	1,267,244,576		

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</i>
		<i>Rupees</i>	<i>Rupees</i>
13 Long term advances to associates	<i>Note</i>		
Pak Arab Energy Limited		25,904,160	25,904,160
Fatima Transmission Company Limited		72,427,033	38,811,585
Fatima Energy Limited		2,455,908,522	1,840,408,522
	<i>13.1</i>	<u>2,554,239,715</u>	<u>1,905,124,267</u>
13.1 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>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</i>
		<i>Rupees</i>	<i>Rupees</i>
14 Trade debts	<i>Note</i>		
<i>Export debtors - secured against letters of credit:</i>			
Considered good		1,564,509,842	2,932,832,064
<i>Local debtors - unsecured</i>			
Related Parties - considered good	<i>14.1</i>	658,476,462	198,819,797
Others - considered good		3,234,160,206	3,000,653,234
Others - considered doubtful		39,677,485	28,943,784
		3,932,314,153	3,228,416,815
Provision for doubtful balances		(41,253,318)	(28,943,784)
		<u>3,891,060,835</u>	<u>3,199,473,031</u>
		<u>5,455,570,677</u>	<u>6,132,305,095</u>
14.1 These include due from following associated undertakings on account of trading activities.			
		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>31 March</i>	<i>30 June</i>
		<i>2020</i>	<i>2019</i>
		<i>Rupees</i>	<i>Rupees</i>
	<i>Note</i>		
Reliance Weaving Mills Limited		15,068,846	5,619,336
Fazal Rehman Fabrics Limited		638,993,062	171,312,902
Ahmad Fine Textile Mills Limited		-	17,473,005
Fatimafert Limited		4,414,554	4,414,554
		<u>658,476,462</u>	<u>198,819,797</u>
15 Short term investment			
<i>At fair value through statement of profit or loss</i>			
Investment in related party:			
Fatima Fertilizer Company Limited - quoted 6,120,000 (30 June 2019 : 6,120,000) fully paid ordinary shares of Rs. 10 each having market value of Rs. 21.42 per share (30 June 2019 : Rs. 29.85 per share)		182,682,000	198,288,000
Unrealized fair value loss on re-measurement of investment		(51,591,600)	(15,606,000)
		<u>131,090,400</u>	<u>182,682,000</u>
16 Cash and bank balances			
Cash in hand		46,664,541	22,664,075
<i>Cash at banks</i>			
- Current accounts		197,333,392	176,809,454
- Saving accounts		200,001,861	2,509
		397,335,253	176,811,963
		<u>443,999,794</u>	<u>199,476,038</u>



	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Note	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
17 Sales - net				
<i>Gross sales</i>				
Local	20,317,903,758	19,915,172,331	7,501,072,867	7,258,914,583
Direct export	9,102,334,286	7,821,349,224	2,971,583,217	2,934,836,763
Indirect export	5,393,464,862	781,161,590	1,677,772,319	192,500,288
	34,813,702,906	28,517,683,145	12,150,428,402	10,386,251,633
<i>Sales tax</i>				
Local sales	(2,947,777,580)	(63,731,112)	(1,036,650,894)	(23,293,714)
Indirect export	(585,217,202)	-	(166,239,059)	-
	(3,532,994,782)	(63,731,112)	(1,202,889,952)	(23,293,714)
<i>Sales return</i>	(130,410,258)	(64,736,819)	(31,698,827)	(34,031,899)
	31,150,297,866	28,389,215,214	10,915,839,623	10,328,926,020

17.1 This represents sales made to direct exporters against Standard Purchase Order (SPOs) and Duty and Tax Remission for Export (DTRE) amounting to Rs. 3,42.45 million (31 March 2019: Nil) and Rs. 1,365.80 million (31 March 2019: 781.16 million) respectively.

	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
18 Cost of sales				
Raw and packing materials consumed	20,873,812,008	19,084,522,499	6,828,252,881	6,450,135,071
Manufacturing costs	6,302,701,018	5,629,738,178	2,058,523,012	1,900,150,400
	27,176,513,027	24,714,260,676	8,886,775,893	8,350,285,471
Opening stock of work-in-process	410,363,326	359,035,028	451,315,852	402,846,277
Closing stock of work-in-process	(373,086,176)	(432,695,283)	(373,086,176)	(432,695,283)
Cost of goods manufactured	27,213,790,177	24,640,600,421	8,965,005,569	8,320,436,465
Opening stock of finished goods	1,844,002,220	1,945,763,131	3,962,688,555	3,367,968,805
Finished goods purchased	1,868,413,130	1,341,605,287	555,487,866	447,094,009
	30,926,205,527	27,927,968,839	13,483,181,990	12,135,499,279
Closing stock of finished goods	(3,834,628,980)	(3,029,602,035)	(3,834,628,980)	(3,029,602,035)
Cost of raw material sold	33,987,348	20,655,781	5,482,087	7,801,711
	27,125,563,895	24,919,022,585	9,654,035,097	9,113,698,955



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 31 March 2020

Financial assets - measured at fair value

Short term investment
Long term investments

Financial assets - not measured at fair value

Trade debts
Bank balances
Long term deposits
Other receivables
Mark-up accrued
Long term advances to associates

Financial liabilities - not measured at fair value

Long term financing - secured
Long term musbanka - secured
Current portion of non-current liabilities
Trade and other payables
Unclaimed dividend
Short term borrowings - secured
Accrued mark-up

	Fair value		Carrying amount			Fair value			Fair value			
	Financial assets at a amortised cost	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Total
	-	131,090,400	-	-	131,090,400	131,090,400	-	-	131,090,400	-	-	131,090,400
	-	-	1,379,713,791	-	1,379,713,791	1,349,532,144	-	30,381,647	1,379,713,791	-	-	1,379,713,791
	5,455,570,677	-	-	-	5,455,570,677	-	-	-	-	-	-	-
	397,335,253	-	-	-	397,335,253	-	-	-	-	-	-	-
	24,128,493	-	-	-	24,128,493	-	-	-	-	-	-	-
	46,508,930	-	-	-	46,508,930	-	-	-	-	-	-	-
	510,740,602	-	-	-	510,740,602	-	-	-	-	-	-	-
	2,554,239,715	-	-	-	2,554,239,715	-	-	-	-	-	-	-
	8,988,523,670	131,090,400	1,379,713,791	-	10,499,337,861	1,480,422,544	-	30,381,647	1,510,804,191	-	-	1,510,804,191
	-	-	-	9,482,365,202	9,482,365,202	-	-	-	-	-	-	-
	-	-	-	2,310,406,765	2,310,406,765	-	-	-	-	-	-	-
	-	-	-	2,960,926,616	2,960,926,616	-	-	-	-	-	-	-
	-	-	-	3,640,487,527	3,640,487,527	-	-	-	-	-	-	-
	-	-	-	14,203,064	14,203,064	-	-	-	-	-	-	-
	-	-	-	15,858,142,259	15,858,142,259	-	-	-	-	-	-	-
	-	-	-	630,851,849	630,851,849	-	-	-	-	-	-	-
	-	-	-	34,897,353,382	34,897,353,382	-	-	-	-	-	-	-



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) 31 March 2020	(Un-audited) 31 March 2019	(Un-audited) 31 March 2020	(Un-audited) 31 March 2019	(Un-audited) 31 March 2020	(Un-audited) 31 March 2019
	----- Rupees -----					
External revenues	22,207,780,952	20,677,806,094	5,645,770,718	5,032,529,455	31,150,297,866	28,389,215,214
Intersegment revenues	3,287,591,414	2,669,833,579	9,154,780	9,046,086	(3,296,746,194)	(2,678,879,665)
Cost of sales	(21,862,591,684)	(20,253,731,579)	(1,966,226,017)	(1,986,411,340)	(27,125,563,895)	(24,919,022,585)
Intersegment cost of sales	(9,154,780)	(9,046,086)	(3,287,591,414)	(2,669,833,579)	3,296,746,194	2,678,879,665
Distribution and marketing expense	(280,290,358)	(148,853,123)	(52,933,122)	(47,962,061)	(333,223,480)	(196,815,184)
Administrative expenses	(247,837,703)	(208,546,852)	(31,930,257)	(31,892,426)	(279,767,960)	(240,439,278)
Other operating expense	(562,620,646)	(140,329,473)	(9,088,008)	-	(571,708,654)	(140,329,473)
Finance cost	(1,978,970,255)	(1,497,597,021)	(236,287,965)	(160,270,193)	(2,215,258,220)	(1,657,867,214)
Other operating income	261,197,866	264,700,569	2,892,174	35,148,788	264,090,040	299,849,358
Share of loss of associate	-	-	-	-	(179,791,428)	(22,113,114)
Profit before tax	815,104,808	1,354,236,108	73,760,889	180,354,731	709,074,269	1,512,477,724

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 2019.

**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>Nine months ended</i>	
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Associated Companies		
Long term advances to associates	649,115,448	600,000,000
Purchase of goods and services	1,352,295,602	239,350,470
Sale of goods and services	3,133,242,704	1,415,909,742
Receipts against sale of goods and services-net	1,811,564,060	964,547,243
Interest accrued on long term advances to associates	249,410,713	71,041,868

22 Date of authorization for issue

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on 30 April 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

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