



**For The
Three Months Ended
September 30**

2021





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Company Profile

Board of Directors	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Amir Naseem Sheikh Mr. Muhammad Mukhtar Sheikh Mr. Faisal Ahmed Mr. Fahd Mukhtar Mr. Babar Ali Mr. Masood Karim Shaikh Ms. Parveen Akhter Malik	Chairman Chief Executive Officer Non – Executive Director Executive Director Non – Executive Director Executive Director Independent Director Independent Director
Audit Committee	Ms. Parveen Akhter Malik Mr. Sheikh Naseem Ahmad Mr. Amir Naseem Sheikh Mr. Babar Ali	Independent Director/Chairman Non – Executive Director Non – Executive Director Independent Director
Human Resource and Remuneration Committee	Mr. Babar Ali Mr. Amir Naseem Sheikh Mr. Faisal Ahmad	Independent Director/Chairman Non – Executive Director Non – Executive Director
Strategic Planning Committee	Mr. Rehman Naseem Mr. Masood Karim Sheikh Ms. Parveen Akhter Malik	Chief Executive Officer Independent Director Independent Director
Company Secretary	Mr. Asad Mustafa	
Chief Financial Officer	Mr. Muhammad Azam	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Bankers	Allied Bank Limited National Bank of Pakistan MCB Bank Limited Meezan Bank Limited United Bank Limited Standard Chartered Bank (Pakistan) Limited Habib Bank Limited Soneri Bank Limited Bank Alfalah Limited Bank Al Habib Limited Saudi Pak Industrial & Agricultural Investment Company Limited Habib Metropolitan Bank Limited	Faysal Bank Limited Askari Bank Limited The Bank of Punjab The Bank of Khyber Pak Brunei Investment Company Limited Pak Oman Investment Company Limited Summit Bank Limited Dubai Islamic Bank Pakistan Limited JS Bank Limited Bank Islami Pakistan Limited Pak Libya Holding Company (Pvt.) Ltd. Pakistan Kuwait Investment Company (Private) Limited Industrial and Commercial Bank of China Limited
Head Office & Shares Department:	59/3, Abdali Road, Multan. Phone: (92)4781637 Fax: (92) 61-4541832 E-mail: corporate@fazalcloth.com Shares@fazalcloth.com Website: www.fazalcloth.com	
Shares Registrar:	Vision Consulting Ltd. 3-C, LDA Flats, Lawrence Road, Lahore.shares@vcl.com.pk Phone: (92) 42-36283096, 36283097 Fax: (92) 42-36374839	
Registered Office:	69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. Phone: (92) 42-36684909	
Mills:	i) Fazal Nagar, Jhang Road, Muzaffargarh – Pakistan Ph. (92) 66-2422216,18 Fax: (92) 66-2422217 ii) Qadirpur Rawan Bypass, Khanewal Road, Multan – Pakistan Ph. (92)61-6740041-43, Fax : (92) 61-6740052	



DIRECTORS' REVIEW

Dear Shareholders!

Assalam-o-Alaikum

Your Directors are pleased to present before you un-audited financial information of Fazal Cloth Mills Limited, for three months ended September 30, 2021.

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

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

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

Corporate Governance

Composition of Board is as follows;

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

- Male 8
- Female 1

Independent Director

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

Non- Executive Director

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

Executive Directors

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



The board has formed Committees comprising of members given below:

Audit Committee

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

Human Resource Committee

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

Strategic Planning Committee

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

Directors' Remuneration

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

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

Future Outlook

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

Management and Labor Relations

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

Dated: October 29, 2021

For & on behalf of the Board

(Sheikh Naseem Ahmad)
CHAIRMAN

(Rehman Naseem)
Chief Executive Officer



ڈائریکٹرز جائزہ رپورٹ

معزز شیئر ہولڈرز

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

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

کارپوریٹ گورننس

بورڈ کی تشکیل

الف۔ کل تعداد

1۔ مرد آٹھ 2۔ خواتین ایک

تشکیل

1۔ آزاد ڈائریکٹر تین

2۔ نان ایگزیکٹو ڈائریکٹر تین

3۔ ایگزیکٹو ڈائریکٹر تین

1۔ آزاد ڈائریکٹرز

جناب بابر علی

جناب مسعود کریم شیخ

محترمہ مس پروین اختر ملک

2۔ نان ایگزیکٹو ڈائریکٹرز

جناب شیخ نسیم احمد

جناب فیصل احمد

جناب عامر نسیم

3۔ ایگزیکٹو ڈائریکٹرز

جناب رحمان نسیم

جناب فہد مختار

جناب محمد مختار شیخ

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

سربراہ نمبر	ڈائریکٹر کا نام	عہدہ
1	مس پروین اختر ملک (آزاد ڈائریکٹر)	چیرمین
2	جناب شیخ نسیم احمد	ممبر
3	جناب عامر نسیم شیخ	ممبر
4	جناب بابر علی	ممبر

**بورڈ کی ہیومن ریسورس کمیٹی**

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

اسٹریٹیجک پلاننگ کمیٹی

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

ڈائریکٹر کا معاوضہ

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

مستقبل کا نقطہ نظر

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

انتظامیہ اور لیبر طبقہ میں تعلقات

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

بورڈ کی طرف سے

✓

رحمان نسیم

(چیف ایگزیکٹو آفیسر / ڈائریکٹر)

Signature

شیخ نسیم احمد

(چیرمین)

تاریخ: 29 اکتوبر 2021





Fazal Cloth Mills Limited

Condensed Interim Financial Information (Un-audited)
30 September 2021



Condensed Interim Statement of Financial Position

		<i>(Un-audited)</i> <i>30 September</i> <i>2021</i> <i>Rupees</i>	<i>(Audited)</i> <i>30 June</i> <i>2021</i> <i>Rupees</i>
	<i>Note</i>		
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital		700,000,000	700,000,000
Issued, subscribed and paid-up capital		300,000,000	300,000,000
<i>Capital reserves</i>			
- Others capital reserves		1,204,493,485	1,144,019,215
- Revaluation surplus on property, plant and equipment		17,928,660,698	18,009,492,456
Unappropriated profits - revenue reserve		16,945,274,119	15,243,771,588
		36,378,428,302	34,697,283,259
<u>Non-current liabilities</u>			
Long term financing - <i>secured</i>	5	12,406,898,093	10,824,513,728
Long term musharika - <i>secured</i>	6	1,788,012,108	1,864,061,320
Lease liability - <i>unsecured</i>	7	73,153,106	72,906,099
Long term payable - <i>GIDC</i>		304,498,376	304,498,376
<i>Deferred liabilities:</i>			
- <i>Employee retirement benefits</i>		295,612,854	288,700,623
- <i>Deferred taxation</i>		4,313,249,019	4,356,792,163
- <i>Deferred grant</i>		1,896,858	5,659,415
		19,183,320,414	17,717,131,724
<u>Current liabilities</u>			
Trade and other payables	8	6,302,632,091	4,569,974,235
Contract liabilities		112,532,322	150,711,419
Current portion of non-current liabilities	9	3,767,608,390	3,663,834,315
Short term borrowings - <i>secured</i>		11,403,397,743	6,007,110,905
Accrued mark-up		368,341,956	299,113,187
Unclaimed dividend		18,946,573	18,946,571
		21,973,459,075	14,709,690,632
Contingencies and commitments	10	77,535,207,791	67,124,105,615

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR



As at 30 September 2021

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


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER



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

For the three months ended 30 September 2021

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

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the three months ended 30 September 2021

	<i>Three months ended 30 September 2021 Rupees</i>	<i>Three months ended 30 September 2020 Rupees</i>
Profit after taxation	1,557,081,674	519,550,005
<u>Other comprehensive income - net of tax</u>		
<i>Items that will never be reclassified to statement of profit or loss:</i>		
Net change in fair value of financial assets at FVOCI	60,474,270	185,832,391
Total comprehensive income for the period	<u>1,617,555,944</u>	<u>705,382,396</u>

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


 (REHMAN NASEEM)
 CHIEF EXECUTIVE OFFICER


 (SHEIKH NASEEM AHMAD)
 DIRECTOR


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER

For the three months ended 30 September 2021

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

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Cash Flows (Un-Audited)

For the three months ended 30 September 2021

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

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



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

For the three months ended 30 September 2021

1 Reporting entity

The Company comprises of :

- Fazal Cloth Mills Limited

Associates having significant influence:

- Fatima Transmission Company Limited
- Fatima Electric Company Limited

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

2 Basis of preparation

2.1 Statement of Compliance

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

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

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

2.2 Basis of Accounting

- 2.2.1** This condensed interim financial information comprises the condensed interim statement of financial position of the Company as at 30 September 2021 and the related condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof.
- 2.2.2** This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2021.
- 2.2.3** Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2021, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the three months period ended 30 September 2020.



3 Estimates and judgments

- 3.1** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- 3.2** Estimates and judgments made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the annual financial statements of the Company for the year ended 30 June 2021.

4 Statement of consistency in accounting policies

- 4.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements for the year ended 30 June 2021.



5 Long term financing - secured

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

Note	Un-audited 30 September 2021	(Audited) 30 September 2021
Rupees	Rupees	Rupees
5.1	13,730,468,143	12,392,810,608
	2,391,983,806	2,386,340,693
	(690,837,924)	(1,048,683,183)
	15,431,614,025	13,724,468,118
	(127,837,290)	(38,361,145)
	15,403,776,735	13,691,706,998
9	(2,996,878,642)	(2,867,193,270)
	12,406,898,093	10,824,513,728

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

Lender	Amount -- Rupees --	Rate of Mark Up Per Annum	Security
Askari Bank Limited			
- Term finance - TF / LTFF	389,678,880	6 months KIDOR + 1.00%	1st joint part passu charge/ mortgage of Rs. 1,792 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
Allied Bank Limited			
- Term loan - X / LTFF - X	17,006,984	6 months KIDOR + 0.75%	1st joint part passu charge/ mortgage of Rs. 4,720 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
National Bank of Pakistan			
- Demand finance - X / LTFF - X	160,834,296	1.50% fixed rate	1st joint part passu charge/ mortgage of Rs. 3,577 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- Demand finance - X under SBPs LTFF Scheme	618,791,704	SBP rate + 0.75% (fixed rate)	1st joint part passu charge/ mortgage of Rs. 1,231 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
The Bank of Khyber			
- Demand Finance under SBPs LTFF scheme	416,940,300	SBP rate + 1.50% (fixed rate)	1st joint part passu charge/ mortgage of Rs. 4,154 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- Demand finance / LTFF	83,059,700	6 months KIDOR + 1.50%	1st joint part passu charge/ mortgage of Rs. 1,134 million on all present and future fixed assets of the Company.
The Bank of Punjab			
- Term finance / LTFF	85,402,942	6 months KIDOR + 1.75%	1st joint part passu charge/ mortgage of Rs. 1,067.00 million on all present and future fixed assets of the Company.
Bank Al Habib Limited			
- Term finance / LTFF	150,249,000	6 months KIDOR + 2.00%	1st joint part passu charge/ mortgage of Rs. 1,134 million on all present and future fixed assets of the Company.
Saudi Pak Industrial & Agricultural Investment Co. Ltd			
- Term finance / LTFF	500,000,000	6 months KIDOR + 2.25%	1st joint part passu charge/ mortgage of Rs. 1,067.00 million on all present and future fixed assets of the Company.
	2,391,983,806		

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

Note	Un-audited 30 September 2021	(Audited) 30 June 2021
Rupees	Rupees	Rupees
	2,627,600,637	2,897,859,415
	-	-
	(94,799,213)	(270,588,778)
	2,532,801,424	2,627,270,637
9	(744,789,316)	(763,539,317)
	1,788,012,108	1,864,001,320



		(Un-audited) 30 September 2021 Rupees	(Audited) 30 June 2021 Rupees
7 Lease liability			
Opening Balance		72,906,099	71,173,118
Increase / (Decrease) during the period		247,007	1,732,981
Closing Balance		73,153,106	72,906,099
8 Trade and other payables			
Trade creditors		962,978,591	605,847,100
Accrued liabilities		1,198,624,046	1,219,964,812
Due to associated undertakings	8.1	829,712,000	523,589,177
Bills payable		1,985,252,196	1,081,640,184
Tax deducted at source		38,325,439	5,664,473
Infrastructure cess		735,734,723	685,308,362
Workers' profit participation fund		389,048,054	296,382,205
Workers' welfare fund		87,339,717	62,532,103
Loan from Director		299,693	299,693
Others		75,317,632	88,746,126
		6,302,632,091	4,569,974,235
8.1 Due to associated undertakings			
Ahmed Fine Textile Mills Limited		805,040,951	498,919,627
Hussain Gineries Limited		13,250,969	13,250,970
Fatima Energy Limited		7,550,000	7,550,000
Fazal-ur-Rehman Foundation		30,000	28,500
Fatima Fertilizer Company Limited		3,799,579	3,799,579
Pakarab Fertilizer Limited		40,501	40,501
		829,712,000	523,589,177
9 Current portion of non-current liabilities			
Long term financing - secured		2,996,878,642	2,867,193,270
Long term musharika - secured		744,789,316	763,539,317
Deferred grant		25,940,432	33,101,728
		3,767,608,390	3,663,834,315
10 Contingencies and commitments			
10.1 Contingencies			
10.1.1	There has been no change in the status of contingencies since the annual audited financial statements as at 30 June 2021.		
10.1.2	Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility are USD 1.06 million and Euro 0.07 million (30 June 2021: USD 12.81 million and Euro 0.32 million).		



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



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

	Shares		Market value		Market value per share		Percentage of holding	
	30 September 2021	30 June 2021	30 September 2021	30 June 2021	30 September 2021	30 June 2021	30 September 2021	30 June 2021
<i>Note</i>	Number		Rupees		Rupees			
At fair value through OCI								
Fatima Fertilizer Company Limited <i>quoted</i>	62,994,031	62,994,031	1,871,552,661	1,811,078,391	29.71	28.75	3.00%	3.00%

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

	Shares	Fair value	Percentage of holding
	30 September 2021	30 September 2021	30 September 2021
12.1.2	108,300,000	720,195,000	19.00%
12.2	108,300,000	720,195,000	19.00%

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

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

12.4.4 Associated companies with significant influence - at equity method

	Shares	Carrying value	Percentage of holding
	30 September 2021	30 June 2021	30 September 2021
Note		Rupees	
12.4.1 Fatima Transmission Company Limited unquoted	5,520,000	5,520,000	-
12.4.2 Fatima Electric Company Limited unquoted	7,000	7,000	11,605
	5,527,000	5,527,000	11,605

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

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

**13 Long term loan and advances**

Note

Fatima Energy Limited - *related party*
 Fatima Transmission Company Limited - *associate*
 Pak Arab Energy Limited - *associate*

Less: Loss allowance

(Un-audited) (Audited)
 30 September 30 June
 2021 2021
 Rupees Rupees

3,249,360,788	3,249,360,788
112,019,033	112,019,033
25,904,160	25,904,160
3,387,283,981	3,387,283,981
(25,904,160)	(25,904,160)
3,361,379,821	3,361,379,821

14 Trade debts*Export debtors - secured against letters of credit:*

Considered good 649,926,856 1,033,603,141

Local debtors - unsecured

Related Parties - considered good
 Others - considered good
 Others - considered doubtful

14.1

627,216,433	410,464,121
3,526,283,069	3,293,482,350
24,559,349	24,559,349
4,178,058,851	3,728,505,820
(24,559,349)	(24,559,349)
4,153,499,502	3,703,946,471
4,803,426,358	4,737,549,612

Provision for doubtful balances

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

(Un-audited) (Audited)
 30 September 30 June
 2021 2021
 Rupees Rupees

Reliance Weaving Mills Limited
 Fazal Rehman Fabrics Limited

19,745,136	19,263,397
607,471,297	391,200,724
627,216,433	410,464,121

15 Short term investmentAt fair value through statement of profit or loss**Investment in related party:**

Fatima Fertilizer Company Limited - quoted
 6,120,000 (30 June 2020 : 6,120,000) fully paid ordinary shares of Rs. 10
 each having market value of Rs. 29.71 per share (30 June 2021 : Rs. 28.75
 per share)

175,950,000 163,587,600

Unrealized fair value gain on re-measurement
 of investment

5,875,200	12,362,400
181,825,200	175,950,000

16 Cash and bank balances

Cash in hand 29,880,963 12,531,945

Cash at banks

- Current accounts
 - Saving accounts

269,073,873	143,277,062
53,038	50,636
269,126,911	143,327,698
299,007,874	155,859,643

**17 Sales - net***Gross sales*

Local

Direct export

Indirect export

Note

*Three months
ended**30 September
2021**Rupees**Three months
ended**30 September
2020**Rupees*

17.1

Sales tax

Local sales

17.1 It includes sales made to direct exporters against Duty and Tax Remission for Exports ("DTRE") to a related party under S.R.O 185(I)/ 2001 dated 21 March 2001, amounting to Rs. 600.80 million (30 September 2020: Rs. 694.11 million).

18 Cost of sales

Raw material consumed

Packing material consumed

Salaries, wages and benefits

Travelling and conveyance

Power and fuel

Stores and spares consumed

Processing charges

Freight charges-outward

Repair and maintenance

Vehicle running and maintenance

Insurance

Depreciation

Others

*Three months
ended**30 September
2021**Rupees**Three months
ended**30 September
2020**Rupees***Work-in-process :**

Opening balance

Closing balance

Cost of goods manufactured**Finished goods :**

Opening balance

Finished goods purchased

Closing balance

Cost of goods sold

Cost of raw material sold

Long term financing - secured
Long term musharika - secured
Long term payable - *GIDC*
Trade and other payables
Lease liability - *unsecured*
Unclaimed dividend
Short term borrowings - secured
Accrued mark-up



	Carrying amount			Fair value		
	Financial assets at amortized cost	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	
					Rupees	
As at 30 June 2021						
<i>Financial assets - measured at fair value</i>						
Short term investment	-	175,950,000	-	-	175,950,000	175,950,000
Long term investments	-	-	2,567,967,251	-	2,567,967,251	2,567,967,251
<i>Financial assets - measured at amortized cost</i>						
Trade debts	4,737,549,612	-	-	-	4,737,549,612	-
Cash and bank balances	155,859,643	-	-	-	155,859,643	-
Long term deposits	24,128,493	-	-	-	24,128,493	-
Other receivables	120,424,898	-	-	-	120,424,898	-
Mark-up accrued	-	-	-	-	-	-
Long term loans and advances	3,361,379,821	-	-	-	3,361,379,821	-
	8,399,342,467	175,950,000	2,567,967,251	-	11,143,259,718	1,987,028,391
<i>Financial liabilities - not measured at fair value</i>						
Long term financing - secured	-	-	-	13,730,468,142	12,392,810,608	-
Long term musharka - secured	-	-	-	2,627,600,636	2,897,859,414	-
Long term payable - GIDC	-	-	-	304,498,376	304,498,376	-
Trade and other payables	-	-	-	3,520,087,092	2,692,707,211	-
Lease liability - unsecured	-	-	-	72,906,099	71,173,118	-
Unclaimed dividend	-	-	-	18,946,571	13,748,423	-
Short term borrowings - secured	-	-	-	6,007,110,905	11,537,224,217	-
Accrued mark-up	-	-	-	299,113,187	517,191,250	-
	-	-	-	26,580,731,008	26,580,731,008	-



20 Segment information

20.1 Segment revenue and results

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

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

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

**21 Related party transactions**

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

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

22 Date of authorization for issue

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

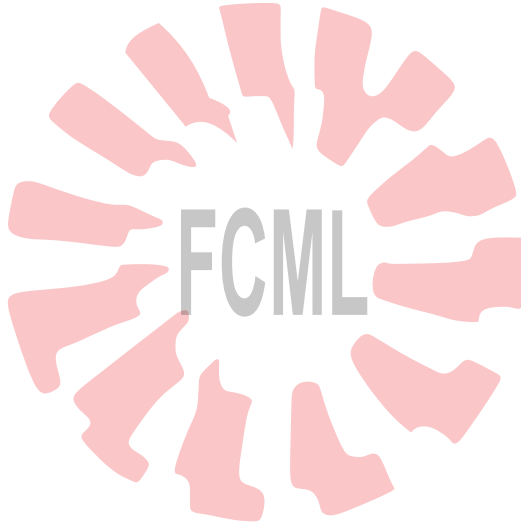
23 General

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

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(SHEIKH NASEEM AHMAD)
DIRECTOR

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

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Fax: +92 61 4541832

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