



For The
Half Year Ended
December 31

2021



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**Company Information**

Board of Directors	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Amir Naseem Sheikh Mr. Muhammad Mukhtar Sheikh Mr. Faisal Ahmed Mr. Fahd Mukhtar Mr. Babar Ali Mr. Masood Karim Shaikh Ms. Parveen Akhter Malik	Non-Executive Director/Chairman Executive Director Non-Executive Director Executive Director Non-Executive Director Executive Director Independent Director Independent Director Independent Director
Chief Executive	Mr. Rehman Naseem	
Audit Committee	Ms. Parveen Akhter Malik (Independent Director) Mr. Babar Ali (Independent Director) Mr. Sheikh Naseem Ahmed Mr. Amir Naseem Sheikh	Chairman Member Member Member
Human Resource and Remuneration Committee	Mr. Babar Ali (Independent Director) Mr. Faisal Ahmed Mr. Amir Naseem Sheikh	Chairman Member Member
Company Secretary	Mr. Asad Mustafa	
Chief Financial Officer	Mr. Muhammad Azam	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Bankers		
Bank Al Habib Limited	Askari Bank Limited	
National Bank of Pakistan	United Bank Limited	
Meezan Bank Limited	MCB Bank Limited	
The Bank of Punjab	The Bank of Khyber	
Habib Metropolitan Bank Limited	JS Bank Limited	
Bank Alfalah Limited	Dubai Islamic Bank Pakistan Limited	
Habib Bank Limited	Standard Chartered Bank (Pakistan) Limited	
Faysal Bank Limited	Summit Bank Limited	
Allied Bank Limited	Saudi Pak Industrial & Agricultural Investment Company Limited	
Bank Islami Pakistan Limited	Pak Oman Investment Company Limited	
Soneri Bank Limited	Pak Brunei Investment Company Limited	
Industrial And Commercial Bank of China Ltd.	Pak Libya Holding Company (Pvt.) Limited Pakistan Kuwait Investment Company (Private) Limited	
Legal Advisor	Mian Muhammad Haneef	
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 www.fazalcloth.com	
Web Reference		
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 six months ended December 31, 2021.

Sales were recorded at Rs. 28,700.95 million during the six months of the current financial year compared to Rs. 25,556.19 million during the corresponding period last year, registering an increase of 12.31%. Your Company earned after tax profit of Rs. 3,139.13 million (pre-tax profit of Rs. 3,356.98 million) as compared to Rs. 1,823.49 million (pre-tax profit of Rs. 2,296.24 million) for the corresponding period last year. EBITDA of Rs. 5,232.50 million (December 31, 2020: Rs. 3,769.81 million) was generated.

Earnings per Share of the Company for the six months ended December 31, 2021 were Rs. 104.64 as compared to Rs. 60.78 for corresponding period in previous year.

Financial highlights of the half year are as under:

Financial Highlights	Six months ended		Increase / (decrease)
	31-Dec-2021	31-Dec-2020	
	Rupees in ('000')	Rupees in ('000')	% age
Sales – net	28,700,951	25,556,192	12.31%
Cost of sales	23,473,914	22,514,553	4.26%
Gross profit	5,227,037	3,041,639	71.85%
EBITDA	5,232,502	3,769,808	38.80%
Depreciation	797,573	617,657	29.13%
Finance cost	1,077,946	855,915	25.94%
Other income	228,253	677,979	-66.33%
Profit before tax	3,356,983	2,296,236	46.20%
Profit after tax	3,139,128	1,823,491	72.16%
EPS - Rupees	104.64	60.78	72.16%

Corporate Governance

Composition of Board is as follows

- a) **Total number of Directors:**
- 1) Male 8
 - 2) Female 1
- b) **Composition**
- 1) Independent Director 3
 - 2) Non-executive Directors 3
 - 3) Executive Directors 3

These are two Committees of the Board:



a) Audit Committee of the Board:

Sr.No.	Name of Directors	Designation
1	Ms. Parveen Akhter Malik	Chairman
2	Mr. Sheikh Naseem Ahmed	Member
3	Mr. Amir Naseem Sheikh	Member
4	Mr. Babar Ali (Independent Director)	Member

b) Human Resource and Remuneration Committee:

Sr.No.	Name of Directors	Designation
1	Mr. Baber Ali (Independent Director)	Chairman
2	Mr. Amir Naseem Sheikh	Member
3	Mr. Faisal Ahmed	Member

Director's Remuneration

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

- 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.
- The company will reimburse or incur expenses of traveling and accommodation of directors in relation to attending of Board and its Committees meetings.
- The Director's Remuneration policy will be reviewed and approved by the Board of Directors from time to time.

Future Outlook

Your Company has covered raw material requirements for rest of the year at competitive prices. The new capacity of MVS and Ring Spinning has come online as well. Although energy costs for the company have increased sharply due to increase in gas prices to \$9/MMBTU from \$6.5/MMBTU and interest costs have also increased with the rise in KIBOR, your management expects profitability during the remaining half year to be in line with the first half year.

Investment in BMR and Expansion continues. Your Company has established LCs to install 2,160 Open End Rotors with complete back process. This capacity will come online, Insha Allah, in September 2022.

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: February 28, 2022

For & on behalf of the Board
Sd/-
(AMIR NASEEM SHEIKH)
DIRECTOR
(REHMAN NASEEM)
CHIEF EXECUTIVE / DIRECTOR

**ڈائریکٹرز جائزہ رپورٹ**

معزز شیئر ہولڈرز

فضل کاٹھن ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز ششماہی 31 دسمبر 2021 کی غیر آڈٹ شدہ مالیاتی کارکردگی پر جائزہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ رواں سال ششماہی 31 دسمبر 2021 میں فروختگی 28,700,951 ملین روپے رہی جو پچھلے سال اسی ششماہی میں 25,556,191 ملین روپے تھی۔ لہذا اضافہ 12.31 فیصد رہا۔ جائزہ کے عرصے کے دوران کمپنی نے منافع بعد از ٹیکس 3,139.13 ملین روپے کمایا (قبل از ٹیکس منافع 3,356.98 ملین روپے) جبکہ پچھلے سال اسی ششماہی 31 دسمبر 2020 میں منافع بعد از ٹیکس 1,823.49 ملین روپے (قبل از ٹیکس 2,296.24 ملین روپے) تھا۔ EBITDA 5,232.50 ملین روپے رہا (31 دسمبر 2020: 3,769.81 ملین روپے)۔

فی حصص آمدنی موجودہ ششماہی میں 104.64 روپے ہے جو کہ پچھلے سال اسی ششماہی میں 60.78 روپے تھی۔

رواں سال ششماہی 31 دسمبر 2021 کی مالیاتی جھلکیاں:

مالی شرحیں	ششماہی اختتام ہمارے 31 دسمبر 2021 (000 روپے)	ششماہی اختتام ہمارے 31 دسمبر 2020 (000 روپے)	(کی) / اضافہ %
خالص فروختگی	28,700,951	25,556,192	12.31%
لاگت فروختگی	23,473,914	22,514,553	4.26%
گراس منافع	5,227,037	3,041,639	71.85%
فروسودگی	797,573	617,657	29.13%
مالیاتی لاگت	1,077,946	855,915	25.94%
دوسری آمدن	228,253	677,979	-66.33%
منافع قبل از ٹیکس	3,356,983	2,296,236	46.20%
منافع بعد از ٹیکس -	3,139,128	1,823,491	72.16%
آمدنی فی حصص - روپے	104.64	60.78	72.16%

کارپوریٹ گورننس

بورڈ کی تشکیل حسب ذیل ہے

(a) ڈائریکٹرز کی کل تعداد

1- مرد 8
2- خواتین 1

(b) تشکیل

1- آزاد ڈائریکٹر 3
2- نان ایگزیکٹو ڈائریکٹر 3
3- ایگزیکٹو ڈائریکٹر 3

بورڈ کی کل دوہینیاں یہ ہیں

(a) بورڈ کی آڈٹ کمیٹی

سیریل نمبر	ڈائریکٹر کا نام	مہدہ
1	مس پروین اختر ملک (ADP)	چیئر مین
2	جناب شمیم احمد	ممبر
3	جناب عامر شمیم	ممبر
4	جناب باہری	ممبر



(b) بورڈ کی بیومن دیسورس کمیٹی

سیریل نمبر	ڈائریکٹر کا نام	مہدہ
1	جناب ہارملی (ڈائریکٹر)	چیئرمین
2	جناب فیصل احمد	ممبر
3	جناب عامر نسیم شیخ	ممبر

ڈائریکٹرز کا معاوضہ

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

مستقبل کا نقطہ نظر

کمپنی نے باقی ماندہ سال کے لیے خام مال کی ضرورت کو مسابقتی قیمتوں پر پورا کیا ہوا ہے۔ ایم۔وی۔ایس اور رنگ سپہینگ کی نئی صلاحیت حاصل کی جا چکی ہے۔۔۔ اگر چہ گیس کی قیمتوں میں 6.5 ڈالر فی MMBTU سے بڑھ کر 9 ڈالر فی MMBTU تک اضافہ ہونے کی وجہ سے کمپنی کے لیے توانائی کی لاگت میں تیزی سے اضافہ ہوا ہے۔ اور KIBOR میں اضافے کے ساتھ سوڈی لاگت میں بھی اضافہ ہوا ہے۔ لیکن آپ کی انتظامیہ کو توقع ہے کہ اہل قبیلہ نصف سال کے دوران منافع پہلے نصف سال کے مطابق رہے گا۔

BMR اور توسیع میں سرمایہ کاری جاری ہے۔ کمپنی نے مکمل بیک پروسس کے ساتھ 2,160 اوپن اینڈ روڈز کو انسٹال کرنے کے لیے LCs اوپن کی ہیں انشاء اللہ یہ صلاحیت ستمبر 2022 تک آن لائن ہو جائے گی۔

انتظامیہ اور لیبر طبقہ میں تعلقات

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

بورڈ کی طرف سے

رحمان نسیم
(چیف ایگزیکٹو آفیسر)

بتاریخ: 28 فروری 2022

عامر نسیم شیخ
(ڈائریکٹر)



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fazal Cloth Mills Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fazal Cloth Mills Limited as at 31 December 2021 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 31 December 2021 and 31 December 2020, have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's report is Bilal Ali.

Lahore
Date: February 28, 2022
UDIN: RR202110114XxvluQURb

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants



Fazal Cloth Mills Limited
Condensed Interim Financial Statements (Un-audited)
For the Half Year Ended 31 December 2021



Condensed Interim Statement of Financial Position

		(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
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
<u>Capital reserves</u>			
- Others capital reserves		1,670,672,027	1,144,019,215
- Revaluation surplus on property, plant and equipment		17,603,605,600	18,009,492,456
Unappropriated profits - revenue reserve		18,613,600,904	15,243,771,588
		38,187,878,531	34,697,283,259
<u>Non-current liabilities</u>			
Long term financing - <i>secured</i>	5	12,565,145,682	10,824,513,728
Long term musharika - <i>secured</i>	6	1,991,666,669	1,864,061,320
Lease liability	7	73,409,444	72,906,099
Long term payable - <i>GIDC</i>		238,796,022	304,498,376
Deferred liabilities:			
- <i>Staff retirement benefit</i>		282,139,084	288,700,623
- <i>Deferred taxation</i>		4,076,499,335	4,356,792,163
- <i>Deferred grant</i>		-	5,659,415
		19,227,656,236	17,717,131,724
<u>Current liabilities</u>			
Current portion of non-current liabilities	8	3,439,131,035	3,663,834,315
Trade and other payables	9	6,666,990,703	4,569,974,235
Contract liabilities		82,256,844	150,711,419
Unclaimed dividend		21,448,627	18,946,571
Short term borrowings - <i>secured</i>		17,647,526,043	6,007,110,905
Accrued mark-up		484,318,820	299,113,187
		28,341,672,072	14,709,690,632
Contingencies and commitments	10	85,757,206,839	67,124,105,615

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(AMIR NASEEM SHEIKH)
DIRECTOR

*As at 31 December 2021*

		(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	11	40,211,257,444	38,416,208,361
Long term investments	12	3,249,758,863	2,567,978,856
Long term advances	13	3,713,960,630	3,361,379,821
Long term advances - against purchase of shares	14	236,102,680	-
Long term deposits		24,128,493	24,128,493
		47,435,208,110	44,369,695,531
<u>Current assets</u>			
Stores, spares and loose tools		1,032,186,356	850,372,683
Stock-in-trade	15	28,002,700,962	15,470,402,276
Trade debts	16	4,623,458,164	4,737,549,612
Loans and advances		329,655,310	225,972,661
Deposits, prepayments and other receivables		175,043,334	120,424,898
Short term investment	18	220,258,800	175,950,000
Tax refunds due from the Government - net		3,639,752,373	1,017,878,311
Cash and bank balances	19	298,943,430	155,859,643
		38,321,998,729	22,754,410,084
		85,757,206,839	67,124,105,615


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



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

For the half year and quarter ended 31 December 2021

	Note	Half year ended		Quarter ended	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
Revenue - net	20	28,700,950,896	25,556,191,687	15,181,207,608	12,301,333,820
Cost of sales	21	(23,473,914,273)	(22,514,553,325)	(12,599,959,288)	(10,473,588,946)
Gross profit		5,227,036,623	3,041,638,362	2,581,248,320	1,827,744,874
Selling and distribution expenses		(220,929,268)	(198,884,209)	(99,160,622)	(97,110,108)
Administrative expenses		(229,109,897)	(192,344,180)	(114,558,575)	(105,342,056)
Other expenses		(570,321,383)	(132,943,665)	(286,390,124)	(78,992,675)
		(1,020,360,548)	(524,172,054)	(500,109,321)	(281,444,839)
Other income		228,252,538	677,978,828	198,677,500	408,269,428
Profit from operations		4,434,928,613	3,195,445,136	2,279,816,499	1,954,569,463
Share of loss from associates		-	(43,293,867)	-	(23,428,727)
Finance cost		(1,077,945,737)	(855,915,158)	(658,393,208)	(423,242,330)
Profit before taxation		3,356,982,876	2,296,236,111	1,621,423,291	1,507,898,406
Taxation		(217,855,307)	(472,744,624)	(39,377,396)	(203,956,924)
Profit after taxation		3,139,127,569	1,823,491,487	1,582,045,895	1,303,941,482
Earnings per share					
- basic and diluted		104.64	60.78	52.73	43.46

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(AMIR NASEEM SHEIKH)
DIRECTOR

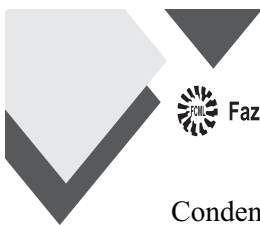

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

**Condensed Interim Statement of Comprehensive Income (Un-Audited)***For the half year and quarter ended 31 December 2021*

	Half year ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	3,139,127,569	1,823,491,487	1,582,045,895	1,303,941,482
<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	526,652,812	149,295,853	466,178,542	(36,536,538)
Total comprehensive income for the period	<u>3,665,780,381</u>	<u>1,972,787,340</u>	<u>2,048,224,437</u>	<u>1,267,404,944</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER
(AMIR NASEEM SHEIKH)
DIRECTOR
(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

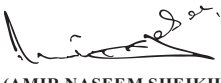


Condensed Interim Statement of Changes in Equity (Un-Audited)
For the half year and quarter ended 31 December 2021

	Capital reserves				Revenue reserve		Total
	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
	Rupees						
Balance as at 30 June 2020	300,000,000	77,616,000	175,000,000	927,362,846	9,243,287,786	9,956,439,891	20,679,706,533
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	1,823,491,487	1,823,491,487
Other comprehensive income for the period	-	-	-	149,295,853	-	-	149,295,853
Effect on deferred tax due to change in tax rate and proration rate	-	-	-	-	(98,027,583)	-	(98,027,583)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(137,670,056)	137,670,056	-
Balance as at 31 December 2020	300,000,000	77,616,000	175,000,000	1,076,658,699	9,007,590,147	11,917,601,434	22,554,466,280
Total comprehensive loss for the period:							
Profit for the period	-	-	-	-	-	3,608,265,222	3,608,265,222
Other comprehensive income for the period	-	-	-	(185,255,484)	9,198,296,406	4,978,807	9,018,019,729
Effect on deferred tax due to change in proration rate	-	-	-	-	116,532,028	-	116,532,028
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(306,707,595)	306,707,595	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(6,218,530)	6,218,530	-
Transactions with the owners of the Company:							
Interim cash dividend @ Rs. 20 per ordinary share for the six months period ended 30 June 2021	-	-	-	-	-	(600,000,000)	(600,000,000)
Balance as at 30 June 2021	300,000,000	77,616,000	175,000,000	891,403,215	18,009,492,456	15,243,771,588	34,697,283,259
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	3,139,127,569	3,139,127,569
Other comprehensive income for the period	-	-	-	526,652,812	-	-	526,652,812
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(240,336,960)	240,336,960	-
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(290,364,787)	290,364,787	-
Effect on deferred tax due to change in proration rate	-	-	-	-	124,814,891	-	124,814,891
Transactions with the owners of the Company:							
Cash dividend @ Rs. 10 per ordinary share for the year ended 30 June 2021	-	-	-	-	-	(300,000,000)	(300,000,000)
Balance as at 31 December 2021	300,000,000	77,616,000	175,000,000	1,418,056,027	17,603,605,600	18,613,600,904	38,187,878,531

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(AMIR NASEEM SHEIKH)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Cash Flows (Un-Audited)

For the half year ended 31 December 2021

	31 December 2021 Rupees	31 December 2020 Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	3,356,982,876	2,296,236,111
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	797,572,978	617,657,230
Unrealized gain on re-measurement of short term investment	(44,308,800)	(14,504,400)
Fair value gain on long term investment	-	(345,866,354)
Provision for gratuity	76,643,526	70,189,047
Provision for infrastructure cess	160,160,986	48,601,477
Provision for workers' profit participation fund	183,117,932	97,861,481
Provision for workers' welfare fund	40,694,344	29,449,491
Gain on disposal of property, plant and equipment	(2,433,400)	(1,371,132)
Share of loss from associates	-	43,293,867
Finance income	(151,747,048)	(138,535,120)
Present value adjustment on long term loans - net of unwinding	18,440,329	-
Unrealized exchange gain - net	(17,030,351)	-
Finance cost	1,093,974,927	855,915,158
Cash generated from operations before working capital changes	5,512,068,299	3,558,926,856
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(181,813,673)	(86,352,281)
Stock-in-trade	(12,532,298,686)	(3,678,529,515)
Trade debts	114,091,448	371,518,023
Loans and advances	(103,682,649)	54,260,068
Deposits, prepayments and other receivables	(54,618,436)	100,604,366
	(12,758,321,996)	(3,238,499,339)
<i>Increase in current liabilities:</i>		
Trade and other payables	1,579,887,439	1,827,192,569
Cash generated from operations	(5,666,366,258)	2,147,620,086
Gratuity paid	(83,205,065)	(74,560,857)
Taxes paid - net	(2,995,207,307)	(174,401,411)
	(3,078,412,372)	(248,962,268)
Net cash (used in) / generated from operating activities	(8,744,778,630)	1,898,657,818
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(3,046,345,030)	(464,087,912)
Proceeds from sale of property, plant and equipment	456,156,369	2,912,655
Long term investments - purchase of shares	(155,127,195)	-
Long term loan and advances	(219,274,090)	(573,474,000)
Long term loans - against purchase of shares	(236,102,680)	-
Net cash used in investing activities	(3,200,692,626)	(1,034,649,257)
<u>Cash flows from financing activities</u>		
Long term financing obtained	3,180,330,205	1,539,814,680
Long term financing repaid	(1,651,310,940)	(79,395,774)
Long term musharika obtained	500,000,000	-
Long term musharika repaid	(391,144,657)	-
Short term borrowings - net	11,640,415,138	(1,325,810,376)
Lease rentals paid	(4,831,530)	(4,392,300)
Finance cost paid - net	(887,405,229)	(1,070,225,118)
Dividend paid	(297,497,944)	-
Net cash generated from / (used in) financing activities	12,088,555,043	(940,008,888)
Net increase / (decrease) in cash and cash equivalents	143,083,787	(76,000,327)
Cash and cash equivalents at beginning of the period	155,859,643	298,849,020
Cash and cash equivalents at end of the period	298,943,430	222,848,693

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(AMIR NASEEM SHEIKH)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



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

For the half year ended 31 December 2021

1 Legal status and nature of business

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 warehouses are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

1.2 Impact of COVID-19 on the interim financial statements

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organization, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. As per relaxation given by the authorities to export oriented entities, the Company continued its operations uninterrupted during the period with all precautionary measures to prevent the pandemic spread. While no material effect on Company's business and measurement of assets and liabilities or items of income and expenses have yet been identified at the date of these interim financial statements, the management will continue to monitor and evaluate them during remainder of the financial year.

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 statements comprises the condensed interim statement of financial position of the Company as at 31 December 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 These condensed interim financial statements do 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's numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2021, whereas comparative profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the six months and three months period ended 31 December 2020.
- 2.2.4 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

3 Estimates and judgments

- 3.1 The preparation of condensed interim financial statements 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 statements 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 these condensed interim financial statement are same as those applied in the preparation of the annual financial statements for the year ended 30 June 2021.
- 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.

The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

**Amendments and interpretations of approved accounting standards**

- Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
- COVID-19-Related Rent Concessions 01 June 2021 (Amendments to IAS 37)	01 June 2021
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	01 January 2022
- Amendments to IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture	01 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	01 January 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3)	01 January 2022
- Classification of liabilities as current or non-current (Amendments to IAS 1)	01 January 2022
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8)	01 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	01 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date Deferred



	(Un-audited) 31 December 2021	(Audited) 30 June 2021
	Rupees	Rupees
5 Long term financing - secured		
Opening balance	13,730,468,142	12,392,810,607
Loan obtained during the period / year	3,180,330,205	2,386,340,691
Repayments made during the period / year	(1,651,310,940)	(1,048,683,156)
Closing balance	15,259,487,407	13,730,468,142
Less: deferred grant	(18,659,529)	(38,761,145)
Less: current portion grouped under current liabilities	(2,675,682,196)	(2,867,193,269)
	<u>12,565,145,682</u>	<u>10,824,513,728</u>

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

Lender	Amount	Rate of Mark Up Per Annum	Security, Tenure and basis of principal repayments
-- R u p e e s --			
Askari Bank Limited			
- Term finance under SBP'S LTFF Scheme	368,107,680	SBP rate + 1.00% (fixed rate)	1st joint part passu charge/ mortgage of Rs. 1,972 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. Balance principal after transfer to LTFF is payable in twelve equal half yearly instalments ending on 22 June 2028.
Allied Bank Limited			
- Term finance under SBP's Renewable Energy Scheme	17,006,984	SBP rate + 0.75% (fixed rate)	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 sponsoring directors of the Company. Balance principal after transfer to LTFF is payable in seventeen equal half yearly instalments ending on 25 March 2030.
Bank Al Habib Limited			
- Term finance under SBP's LTFF scheme	193,201,000	SBP rate + 2.00% (fixed rate)	1st joint part passu charge/ mortgage of Rs. 1,134 million on all present and future fixed assets of the Company. Balance principal after transfer to LTFF is payable in sixteen equal half yearly instalments ending on 16 June 2031.
- Term finance	10,983,000	6 months KIBOR + 2.00%	



Lender	Amount	Rate of Mark Up Per Annum	Security, Tenure and basis of principal repayments
The Bank of Khyber			
- Demand Finance under SBP's LTFF scheme	446,318,800	SBP rate + 1.50% (fixed rate)	1st joint pari 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. Balance principal after transfer to LTFF is payable in ten equal half yearly instalments ending on 19 July 2028.
- Demand finance / LTFF	53,681,200	6 months KIBOR + 1.50%	
The Bank of Punjab			
- Term finance under SBP's LTFF Scheme	111,405,541	SBP rate + 1.75% (fixed rate)	1st joint pari 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. Balance principal is payable in sixteen equal half yearly instalments ending on 29 November 2031.
National Bank of Pakistan			
- Demand finance - X under SBP's LTFF Scheme	779,626,000	SBP rate + 0.80% (fixed rate)	1st joint pari passu charge/ mortgage of Rs.3,577 million on all present and future fixed assets of the Company. Rs.1,717 million ranking charge on fixed assets which will be upgraded to 1st joint pari passu charge within deferral time period and personal guarantees of the sponsoring directors of the Company. Balance principal along with opening wholly transferred to LTFF and is payable in sixteen equal half yearly instalments ending on 23 February 2031.
Saudi Pak Industrial & Agricultural Investment Co. Limited			
- Term finance /LTFF	500,000,000	6 months KIBOR + 2.25%	1st joint pari passu charge/ mortgage of Rs. 1,067 million on all present and future fixed assets of the Company. Balance principal is payable in sixteen equal half yearly instalments ending on 28 August 2031.
Habib Metropolitan Bank Limited			
- Term finance	700,000,000	6 months KIBOR + 1.00%	1st joint pari passu charge/ mortgage of Rs. 934 million on all present and future fixed assets of the Company. Balance principal is payable in sixteen equal half yearly instalments ending on 15 October 2027.
	3,180,330,205		

5.2 The security amounts are aggregate of other facilities from mentioned banks.



	(Un-audited) 31 December 2021	(Audited) 30 June 2021
	Rupees	Rupees
6 Long term musharika - secured		
Opening balance	2,627,600,636	2,897,859,415
Loan obtained during the period / year	500,000,000	-
Repayments made during the period / year	(391,144,657)	(270,258,779)
Closing balance	<u>2,736,455,979</u>	<u>2,627,600,636</u>
Less: current portion grouped under current liabilities	<u>(744,789,310)</u>	<u>(763,539,316)</u>
	<u>1,991,666,669</u>	<u>1,864,061,320</u>

6.1 Profit bearing finances availed during the period from Islamic bank:

Lender	Amount	Rate of profit per annum	Security, Tenure and basis of principal repayments
Dubai Islamic Bank Pakistan Limited	500,000,000	3 months KIBOR + 1.50%	Ranking charge of Rs. 667 million on all present and future fixed assets of the Company. This charge will be upgraded to 1st joint pari passu charge / mortgage with deferral time period. Balance principal is payable in twenty equal quarterly instalments ending on 27 December 2027.
- Diminishing Musharika	<u>500,000,000</u>		

6.2 The security amounts are aggregate of other facilities from mentioned banks.



	(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
7 Lease liability		
Opening balance	72,906,099	71,173,118
Increase during the period / year	503,345	1,732,981
Closing balance	<u>73,409,444</u>	<u>72,906,099</u>
8 Current portion of non-current liabilities		
Long term financing - secured	2,675,682,196	2,867,193,269
Long term musharika - secured	744,789,310	763,539,316
Deferred grant	18,659,529	33,101,730
	<u>3,439,131,035</u>	<u>3,663,834,315</u>
9 Trade and other payables		
Trade creditors	1,220,882,131	605,847,100
Accrued liabilities	1,718,237,145	1,219,964,812
Due to associated undertakings	1,030,252,920	523,589,177
Bills payable	1,173,870,877	1,081,640,184
Tax deducted at source	76,279,753	5,664,473
Infrastructure cess	845,469,348	685,308,362
Workers' profit participation fund	374,500,133	296,382,205
Workers' welfare fund	103,226,446	62,532,103
Loan from Director	299,693	299,693
Others	123,972,257	88,746,126
	<u>6,666,990,703</u>	<u>4,569,974,235</u>
9.1 Due to associated undertakings		
Ahmed Fine Textile Mills Limited	1,005,611,870	498,919,627
Hussain Gineries Limited	13,250,970	13,250,970
Fatima Energy Limited	7,550,000	7,550,000
Fazal-ur-Rehman Foundation	-	28,500
Fatima Fertilizer Company Limited	3,799,579	3,799,579
Pakarab Fertilizer Limited	40,501	40,501
	<u>1,030,252,920</u>	<u>523,589,177</u>
10 Contingencies and commitments		
10.1 Contingencies		
10.1.1	There has been no change in the status of contingencies since the annual audited financial statements as at 30 June 2021 except:	
10.1.2	The officials of Large Taxpayers Unit, Lahore (LTU - Lahore) raised income tax demands of Rs. 32.03 million against the Company through amendment order, dated 28 June 2019 under section 122(5A) of the Ordinance for tax year 2013. The Company had preferred appeal against the orders before CIR-A and CIR(A) through its order bearing No. 131 dated 31 December 2021 decided the case in favour of the Company.	
10.1.3	The officials of LTU - Lahore after concluding income tax audit under Section 177 of the Ordinance, raised income tax demand of Rs. 7.98 million against the Company through amended order, dated 26 April 2018, under Section 122(5) of the Ordinance for tax year 2014. The Company had agitated the order in appeal before CIR-A, and CIR(A) through its order bearing No. 127 dated 31 December 2021 decided the case in favour of the company.	
10.1.4	The departmental officials have initiated proceedings for recovery of Workers Welfare Fund (WWF) levy involving Rs. 16 million and Rs. 3 million for tax years 2019 and 2020 respectively. The Company agitated the notices before the Honourable Lahore High Court (LHC). The LHC, disposed off the petitions by way of issuing instructions to FBR officials to decide the issues raised in petition. The LTO officials through order dated 08 November 2021 deciding WWF recovery against the Company. The Company again agitated such matter with the LHC. The LHC via orders dated 23 November 2021 and 25 November 2021 has granted stay against the matter and the case is now pending with LHC.	



10.1.5 Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility aggregating to USD 19.17 million and Euro 0.57 million (30 June 2021: USD 12.81 million and euro 0.32 million).

	(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
10.2 Commitments		
10.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.	<u>1,540,195,934</u>	<u>1,235,938,854</u>
10.2.2 Commitments against irrevocable letters of credit:		
- capital expenditure	1,814,180,960	2,634,184,982
- raw material and stores and spares	<u>7,567,861,539</u>	<u>5,132,411,591</u>
	<u>9,382,042,499</u>	<u>7,766,596,573</u>
10.2.3 Commitments in respect of foreign exchange forward contracts:	<u>625,345,000</u>	<u>1,178,466,000</u>

Property, plant and equipment

Operating fixed assets	11.1	37,181,364,594	38,055,135,210
Right of use asset - building	11.2	54,564,016	57,435,806
Capital work-in-progress - at cost	11.3	<u>2,975,328,834</u>	<u>303,637,345</u>
		<u>40,211,257,444</u>	<u>38,416,208,361</u>

11.1 Operating fixed assets

Opening balance - as at 01 July	38,055,135,210	27,828,545,057
<i>Additions during the period / year:</i>		
Freehold land	69,752,000	4,726,400
Factory building on free hold land	66,140,227	196,519,907
Non-factory building on free hold land	9,370,371	65,197,945
Plant and machinery	201,218,215	760,200,491
Electric fittings and installations	2,341,104	21,883,509
Sui gas installations	839,030	3,683,276
Tools, laboratory equipment and arms	850,000	-
Fire extinguishing equipment and scales	84,500	1,952,212
Office equipment	4,569,310	13,585,536
Furniture and fixtures	1,060,299	1,238,928
Vehicles	18,428,485	54,321,987
	374,653,541	1,123,310,191
Carrying value of assets disposed off during the period / year	(453,722,969)	(24,911,143)
Depreciation charge for the period / year	(794,701,188)	(1,430,258,951)
Revaluation surplus during the period / year	-	10,558,450,056
Closing balance	<u>37,181,364,594</u>	<u>38,055,135,210</u>



	(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
<i>Note</i>		
11.2 Right of use asset		
Balance as at 01 July	57,435,806	63,179,387
Depreciation charge for the period / year	(2,871,790)	(5,743,581)
Closing Balance	54,564,016	57,435,806
11.3 Capital work in progress - at cost		
Factory building on free hold land		
Material and expenses	69,333,354	392,110
Advance payments	12,485,854	16,022,971
	81,819,208	16,415,081
Non-factory building on free hold land		
Material and expenses	32,416,270	14,366,804
Advance payments	8,817,089	9,892,865
	41,233,359	24,259,669
Plant and machinery		
Cost and expenses	111,598,055	9,502,252
Advance payments	1,143,500	17,591,000
Letters of credit	2,524,382,411	150,605,607
	2,637,123,966	177,698,859
Electric fittings and Installations - Cost and advance payments	124,422,073	36,734,727
Tools, laboratory equipment and arms - Cost and expenses	385,600	385,600
Fire Fighting Equipment & Weigh Scales - Cost and advance payments	10,089,519	2,327,920
Office equipment - Cost and expenses	2,636,162	820,057
Furniture and fixtures - Cost and expenses	173,892	1,746,133
Vehicles - Cost and advance payments	77,445,055	43,249,299
	2,975,328,834	303,637,345
12 Long term investments		
<u>At fair value through OCI</u>		
Fatima Fertilizer Company Limited - quoted	12.1 2,267,155,176	1,811,078,391
Fatima Energy Limited - unquoted	12.2 720,195,000	720,195,000
Multan Real Estate (Private) Limited - unquoted	12.3 262,397,082	36,693,860
	3,249,747,258	2,567,967,251
<u>Associated companies - at equity method</u>		
Fatima Transmission Company Limited - unquoted	12.4 -	-
Fatima Electric Company Limited - unquoted	12.4 11,605	11,605
	11,605	11,605
	3,249,758,863	2,567,978,856



	Shares		Market value		Market value per share		Percentage of holding	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021
Note								
12.1	62,994,031	62,994,031	2,267,155,176	1,811,078,391	35.99	28.75	3.00%	3.00%

12.1 Fatima Fertilizer Company Limited - *quoted*

12.1.1

12.1.1 The investments 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		Carrying value		Percentage of holding	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021
Note								
12.2	108,306,000	108,306,000	720,195,000	720,195,000	720,195,000	720,195,000	19.00%	19.00%

12.2 Fatima Energy Limited (*unquoted*) - related party

12.2.1

12.2.1 The Company's investment in Fatima Energy Limited (FEL) was less than 20% but was considered an associate as per requirement of IAS 28 because of significant influence exercised through representation by two members on the Board. Effective 20 September 2020, the significant influence of the Company no more exists as Company's representatives on the Board of FEL have resigned. Accordingly, the Company discontinued equity accounting on its investment in FEL from 20 September 2020 and recognized a gain of Rs. 216.80 million in statement of profit or loss calculated as the difference between the carrying amount and fair market value of the retained investment on the aforementioned date. The investments in Fatima Energy Limited (FEL) has now been designated as fair value through OCI under IFRS 9. The fair value has been determined based on income approach.

12.3 This represents 17.04% (30 June 2021: 9.96%) ordinary shares of Mullan Real Estate (Private) Limited (MREPL), which is a dormant entity. The latest valuation was based on present market value of property of MREPL.

12.4 Associated companies with significant influence - at equity method

	Note	Shares		Carrying value		Percentage of holding	
		31 December 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021
Fatima Transmission Company Limited - <i>unquoted</i>	12.4.1	5,520,000	5,520,000	-	-	24.00%	24.00%
Fatima Electric Company Limited - <i>unquoted</i>	12.4.2	7,000	7,000	11,605	11,605	20.00%	20.00%
		<u>5,527,000</u>	<u>5,527,000</u>	<u>11,605</u>	<u>11,605</u>		

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

12.4.2 Fatima Electric Company Limited (FECL) was incorporated in Pakistan on 29 February, 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.



		(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
13 Long term advances	<i>Note</i>		
Fatima Energy Limited - <i>related party</i>	13.1	3,586,004,097	3,249,360,788
Fatima Transmission Company Limited - <i>associate</i>		127,956,533	112,019,033
Pak Arab Energy Limited - <i>associate</i>		25,904,160	25,904,160
	13.2	<u>3,739,864,790</u>	<u>3,387,283,981</u>
Less: Loss allowance for the period / year		<u>(25,904,160)</u>	<u>(25,904,160)</u>
		<u><u>3,713,960,630</u></u>	<u><u>3,361,379,821</u></u>

13.1 Fatima Energy Limited

Gross amount

Balance as at 01 July	3,138,740,522	2,497,908,522
Disbursement during the year	203,336,590	640,832,000
Total disbursements	3,342,077,112	3,138,740,522
Markup accrued thereon - <i>interest free</i>	965,629,122	813,882,074
Closing balance	<u>4,307,706,234</u>	<u>3,952,622,596</u>

Impact of discounting

Balance as at 01 July	(703,261,808)	(415,201,774)
Present value adjustment - <i>cost of investment</i>	-	(17,089,379)
Present value adjustment - <i>profit or loss</i>	(60,727,852)	(352,911,824)
Unwinding of discount	42,287,523	81,941,169
Closing balance	<u>(721,702,137)</u>	<u>(703,261,808)</u>

Closing Balance

	<u><u>3,586,004,097</u></u>	<u><u>3,249,360,788</u></u>
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13.1.1 Pursuant to restructuring of FEL's borrowings with financial institutions along with related subordination of borrowings from sponsors, the Company had entered into a restructuring agreement with FEL for rescheduling the repayment of principal and related markup as approved by the Board of Directors of both the companies. As per the revised agreement, principal and markup accrued are subordinated and are repayable from financial year 2027. Accordingly, markup accrued from FEL has been classified as non-current. The loan and related markup (interest free) are measured at fair value by discounting the cash flows at the original effective rate.

13.2 These represents loans disbursed to meet the working capital requirements, operational/ capital nature needs of the related parties. These loans carries markup at the rate of average borrowing cost of the Company. Effective markup rate charged by the Company during the year ranges from 9.00% to 11.01% per annum (30 June 2021: 8.82% to 9.03% per annum). As per the agreements, these loans are repayable from financial year 2027.

14 Long term advances - against purchase of shares

The Board of Directors in the meeting held on 30 September 2021 passed a resolution to purchase Imperial Textile Mills Limited (ITML) by acquiring 100% of the Company's equity. Purchase agreement between the shareholders of ITML and the Company was made on 30 September 2021. As per agreement, the Company is acquiring 12.62 million (100%) shares against consideration amounting to Rs. 375 million. During the period, the Company has made advance payments of Rs. 236.10 million to ITML and its shareholders to settle their liabilities. The execution of purchase agreement and shares transfer is in progress at reporting date.

15 Stock-in-trade

An amount of Rs. 345.85 million (30 June 2021: Nil) has been charged in the statement of profit or loss, on closing stock in trade as an adjustment of net realizable value (NRV) in accordance with the requirements of IAS 2.



	(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
16 Trade debts		
<i>Export debtors - secured against letters of credit:</i>		
Considered good	1,106,907,679	1,033,603,141
<i>Local debtors - unsecured</i>		
Related Parties - considered good	392,376,017	410,464,121
Others - considered good	3,124,174,468	3,293,482,350
Others - considered doubtful	30,788,446	24,559,349
	3,547,338,931	3,728,505,820
Provision for doubtful balances	(30,788,446)	(24,559,349)
	3,516,550,485	3,703,946,471
	4,623,458,164	4,737,549,612
16.1 These include due from following associated undertakings on account of sales.		
	(Un-audited) 31 December 2021 Rupees	(Audited) 30 June 2021 Rupees
Reliance Weaving Mills Limited	31,136,500	19,263,397
Fazal Rehman Fabrics Limited	361,239,517	391,200,724
	392,376,017	410,464,121
17 Loans and advances		
<i>Others - Considered good</i>		
Advances to suppliers and contractors - unsecured	306,826,586	195,355,645
Advances to employees against salaries - secured	1,518,984	2,041,128
LC deposits for imports	21,309,740	28,575,888
	329,655,310	225,972,661
17.1 These are interest free in the normal course of business.		
18 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 2021 : 6,120,000) fully paid ordinary shares of Rs. 10 each having market value of Rs. 35.99 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	44,308,800	12,362,400
	220,258,800	175,950,000
19 Cash and bank balances		
Cash in hand	12,649,840	12,531,945
Cash at banks		
- Current accounts	286,241,665	143,277,062
- Saving accounts	51,925	50,636
	286,293,590	143,327,698
	298,943,430	155,859,643



	Half year ended		Quarter ended	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
Note	Rupees	Rupees	Rupees	Rupees
20 Revenue - net				
<i>Gross sales</i>				
Local	19,696,059,510	22,358,822,310	8,933,901,008	10,622,761,519
Direct export	8,515,502,870	5,474,582,645	4,773,515,036	2,893,903,810
Indirect export	3,891,455,318	1,178,450,795	3,290,655,376	484,341,735
	32,103,017,698	29,011,855,750	16,998,071,420	14,001,007,064
<i>Sales tax</i>				
Local sales	(2,898,056,581)	(3,357,921,163)	(1,312,853,591)	(1,601,930,344)
Indirect export	(440,402,468)	-	(440,402,468)	-
	(3,338,459,049)	(3,357,921,163)	(1,753,256,059)	(1,601,930,344)
<i>Sales return</i>	(63,607,753)	(97,742,900)	(63,607,753)	(97,742,900)
	28,700,950,896	25,556,191,687	15,181,207,608	12,301,333,820

20.1 It includes sales made to direct exporters against Standard Purchase Order (SPOs) amounting to Rs. 2,590.6 million (31 December 2020: Rs. Nil) and Duty and Tax Remission for Exports ("DTRE") to a related party under S.R.O 185(I)/ 2001 dated 21 March 2001, amounting to Rs. 860.45 million (31 December 2020: Rs. 1,178.45 million).

	Half year ended		Quarter ended	
	(Un-audited)31	(Un-audited)31	(Un-audited)	(Un-audited)
	December	December	31 December	31 December
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
21 Cost of sales				
Raw material consumed	19,397,735,683	14,562,293,167	10,761,831,810	7,389,288,658
Packing material consumed	338,884,505	262,950,938	173,530,645	134,901,794
Salaries, wages and benefits	1,487,622,570	1,266,020,016	738,624,415	631,531,440
Travelling and conveyance	7,245,628	10,844,703	4,376,285	8,138,768
Vehicle running and maintenance	10,067,953	10,380,945	(1,019,482,741)	3,802,552
Power and fuel	2,235,774,994	1,783,360,969	1,984,003,181	923,308,030
Stores and spares consumed	536,925,795	450,549,100	443,675,451	219,525,322
Processing charges	187,803,882	183,091,585	5,404,303	103,583,904
Freight charges-outward	434,330,153	182,955,784	420,858,096	95,168,348
Repair and maintenance	27,062,883	19,007,862	23,203,863	10,382,021
Insurance	52,514,060	45,547,792	27,269,730	23,222,924
Depreciation	772,318,168	595,796,718	387,201,081	298,464,456
Others	3,992,247	1,771,554	2,190,296	805,437
	25,492,278,521	19,374,571,133	13,952,686,415	9,842,123,654
<i>Work-in-process :</i>				
Opening balance	501,212,180	439,889,015	566,043,859	436,454,488
Closing balance	(659,200,223)	(448,757,889)	(659,200,223)	(448,757,889)
	(157,988,043)	(8,868,874)	(93,156,364)	(12,303,401)
Cost of goods manufactured	25,334,290,478	19,365,702,259	13,859,530,051	9,829,820,253
<i>Finished goods :</i>				
Opening balance	3,416,104,612	4,620,290,075	4,914,274,962	2,736,293,241
Finished goods purchased	1,908,945,125	879,069,103	1,035,476,274	401,657,377
Closing balance	(7,232,651,961)	(2,529,991,032)	(7,232,651,961)	(2,529,991,032)
	(1,907,602,224)	2,969,368,146	(1,282,900,725)	607,959,586
Cost of goods sold	23,426,688,254	22,335,070,405	12,576,629,326	10,437,779,839
Cost of raw material sold	47,226,019	179,482,920	23,329,962	35,809,107
	23,473,914,273	22,514,553,325	12,599,959,288	10,473,588,946

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 December 2021

Note

Financial assets - measured at fair value

	Financial assets at amortised cost	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Short term investment	-	220,258,800	-	-	220,258,800	220,258,800	-	-	220,258,800
Long term investments	-	-	3,249,747,258	-	3,249,747,258	2,267,155,476	-	982,592,082	3,249,747,258

Financial assets - not measured at fair value

Trade debts	4,623,458,164	-	-	-	4,623,458,164	-	-	-	-
Cash and bank balances	298,943,430	-	-	-	298,943,430	-	-	-	-
Long term deposits	24,128,493	-	-	-	24,128,493	-	-	-	-
Other receivables	175,043,334	-	-	-	175,043,334	-	-	-	-
Long term advances	3,950,063,310	-	-	-	3,950,063,310	-	-	-	-
22.1	9,071,636,731	220,258,800	3,249,747,258	-	12,541,642,789	2,267,155,476	-	982,592,082	3,470,006,058

Financial liabilities - not measured at fair value

Long term financing - secured	-	-	-	15,259,487,407	15,259,487,407	-	-	-	-
Long term musharka - secured	-	-	-	2,736,455,979	2,736,455,979	-	-	-	-
Trade and other payables	-	-	-	5,267,515,023	5,267,515,023	-	-	-	-
Long term payable - GIDC	-	-	-	238,796,022	238,796,022	-	-	-	-
Lease liability - <i>unsecured</i>	-	-	-	73,409,444	73,409,444	-	-	-	-
Unclaimed dividend	-	-	-	21,448,627	21,448,627	-	-	-	-
Short term borrowings - secured	-	-	-	17,647,526,043	17,647,526,043	-	-	-	-
Accrued mark-up	-	-	-	484,318,820	484,318,820	-	-	-	-
22.1	-	-	-	41,728,957,365	41,728,957,365	-	-	-	-



23 Segment information

23.1 Segment revenue and results

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

	Spinning		Weaving		Total	
	(Un-audited) 31 December 2021	(Un-audited) 31 December 2020	(Un-audited) 31 December 2021	(Un-audited) 31 December 2020	(Un-audited) 31 December 2021	(Un-audited) 31 December 2020
	----- Rupees -----					
External revenues	23,207,031,671	20,018,627,973	5,493,919,225	3,679,203,510	28,700,950,896	23,697,831,483
Intersegment revenues	3,436,688,828	1,849,195,341	11,481,867	9,164,863	3,448,170,695	1,858,360,204
Cost of sales	(21,792,420,438)	(19,134,730,661)	(1,681,493,835)	(1,521,462,460)	(23,473,914,273)	(20,656,193,121)
Intersegment cost of sales	(11,481,867)	(9,164,863)	(3,456,688,828)	(1,849,195,341)	(3,448,170,695)	(1,858,360,204)
Selling and distribution expenses	(170,326,139)	(163,043,907)	(50,603,129)	(35,840,302)	(220,929,268)	(198,884,209)
Administrative expenses	(203,327,671)	(169,015,821)	(25,782,226)	(23,328,359)	(229,109,897)	(192,344,180)
Other expense	(570,321,383)	(126,024,944)	-	(6,918,721)	(570,321,383)	(132,943,665)
Finance cost	(984,056,159)	(762,976,782)	(93,889,578)	(92,938,376)	(1,077,945,737)	(855,915,158)
Other income	204,385,634	674,302,290	23,866,904	3,676,538	228,252,538	677,978,828
Share of loss of associate	-	-	-	-	-	(63,293,867)
Profit before tax	3,116,172,476	2,177,168,626	240,810,400	162,361,352	3,356,982,876	2,296,236,111

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

23.2 Segment assets and liabilities

Reporting segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	Spinning		Weaving		Total	
	(Un-audited) 31 December 2021	(Audited) 30 June 2021	(Un-audited) 31 December 2021	(Audited) 30 June 2021	(Un-audited) 31 December 2021	(Audited) 30 June 2021
	----- Rupees -----					
Segment assets						
Segment assets for reportable segments	63,615,148,907	49,452,467,472	4,598,809,499	4,434,143,165	68,213,958,406	53,886,610,637
Un-allocated corporate assets	-	-	-	-	17,543,248,433	13,237,494,978
Total assets as per statement of financial position	63,615,148,907	49,452,467,472	4,598,809,499	4,434,143,165	85,757,206,839	67,124,105,615
Segment liabilities						
Un-allocated corporate liabilities	-	-	-	-	47,569,328,308	32,426,822,356
Total liabilities as per statement of financial position	-	-	-	-	47,569,328,308	32,426,822,356



24 Reconciliation of movement of liabilities to cash flows arising from financing activities

	31 December 2021						
	Dividend payable	Long term financing	Lease liability	Long term musharika	Short term borrowing	Accrued markup	Total
	(Rupees)						
As at 30 June 2021	18,946,571	13,730,468,142	72,906,099	2,627,600,636	6,007,110,905	299,113,187	22,756,145,540
Changes from financing cash flows							
Dividend paid	(297,497,944)	-	-	-	-	-	(297,497,944)
Short term finances obtained - net	-	-	-	-	11,640,415,138	-	11,640,415,138
Financial changes paid - net	-	-	-	-	-	(887,405,229)	(887,405,229)
Lease rentals paid	-	-	(4,831,530)	-	-	-	(4,831,530)
Long term finances repaid	-	(1,651,310,940)	-	(391,144,657)	-	-	(2,042,455,597)
Proceeds from long term financing	-	3,180,330,205	-	500,000,000	-	-	3,680,330,205
Total changes from financing cash flows	(297,497,944)	1,529,019,265	(4,831,530)	108,855,343	11,640,415,138	(887,405,229)	12,088,555,043
Other changes							
Final cash dividend	300,000,000	-	-	-	-	-	300,000,000
Interest expense - net	-	-	5,334,875	-	-	1,088,640,052	1,093,974,927
Total liability related other changes	300,000,000	-	5,334,875	-	-	1,088,640,052	1,393,974,927
As at 31 December 2021	21,448,627	15,259,487,407	73,409,444	2,736,455,979	17,647,526,043	500,348,010	36,238,675,510
	31 December 2020						
	Dividend payable	Long term financing	Lease liability	Long term musharika	Short term borrowing	Accrued markup	Total
	(Rupees)						
As at 30 June 2020	13,748,423	12,392,810,608	71,173,118	2,897,859,414	11,537,224,217	517,191,250	27,430,007,030
Changes from financing cash flows							
Short term finances obtained - net	-	-	-	-	(1,325,810,376)	-	(1,325,810,376)
Financial changes paid - net	-	-	-	-	-	(1,070,225,118)	(1,070,225,118)
Lease rentals paid	-	-	(4,392,300)	-	-	-	(4,392,300)
Long term finances repaid	-	(79,395,774)	-	-	-	-	(79,395,774)
Proceeds from long term financing	-	1,539,814,680	-	-	-	-	1,539,814,680
Total changes from financing cash flows	-	1,460,418,906	(4,392,300)	-	(1,325,810,376)	(1,070,225,118)	(940,008,888)
Other changes							
Interest expense - net	-	-	5,226,677	-	-	850,688,481	855,915,158
Total liability related other changes	-	-	5,226,677	-	-	850,688,481	855,915,158
As at 31 December 2020	13,748,423	13,853,229,514	72,007,495	2,897,859,414	10,211,413,841	297,654,613	27,345,913,300

**25 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:

	Half year ended	
	(Un-audited) 31 December 2021 Rupees	(Un-audited) 31 December 2020 Rupees
<i>Associated Companies</i>		
Payments against purchase of shares	146,663,295	-
Long term advances	219,274,090	573,474,000
Purchase of goods and services	1,540,174,605	940,926,900
Sale of goods and services	2,846,475,410	2,413,383,312
Receipts against sale of goods and services - <i>net</i>	1,831,433,773	1,578,628,108
Reimbursable expenses	350,000	2,575,897
Donations paid	1,113,000	128,920,163
Fixed assets sold to Ahmed Fine Textile Mills	452,672,000	-
Payments against purchase of shares of Imperial Textile Mills	236,102,680	-

26 Event after reporting date

The Board of Directors in meeting held on 17 February 2022, has approved the conversion of outstanding loans and advances of Fatima Energy Limited amounting to Rs. 3,342,077,110 into 334,207,711 unlisted, non-voting, non-cumulative, participatory, convertible and redeemable preference shares at par value of Rs. 10 each subject to approval of shareholders of the Company and the regulatory authorities.

27 Date of authorization for issue

These condensed interim financial statement were authorized for issue by the Board of Directors on 28 February 2022.

28 General

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


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(AMIR NASEEM SHEIKH)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



Investors' Education

In Compliance with the Securities and Exchange Commission of Pakistan's SRO 924 (1) / 2015 dated September 09, 2015, Investors' attention is invited to the following information message



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مشق آن لائن ٹولز:

- سیکم میٹر
- باک ٹریڈنگ
- رسک پروڈائل
- ٹارجٹ پیئر
- کیولیر
- نیوز لیٹر سبسکرپشن

کھیل ہی کھیل میں سیکھیں سرمایہ کاری کا پتہ



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- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

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*Mobile apps are also available for download for android and ios devices.

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