



2020

**FOR THE
NINE MONTHS ENDED
MARCH 31, 2021**



Fazal Cloth Mills Limited

Contents

Corporate

- 03 Company Information
- 04 Directors' Review
- 06 ڈائریکٹرز جائزہ رپورٹ

Condensed Interim Financial Information

- 10 Condensed Interim Statement of Financial Position (Un-Audited)
- 12 Condensed Interim Statement of Profit or Loss (Un-Audited)
- 13 Condensed Interim Statement of Comprehensive Income (Un-Audited)
- 14 Condensed Interim Statement of Changes in Equity (Un-Audited)
- 15 Condensed Interim Statement of Cash Flows (Un-Audited)
- 16 Notes to the Condensed Interim Financial information

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 Executive Director Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director Independent Director
Chief Executive	Mr. Rehman Naseem	
Audit Committee	Ms. Parveen Akhter Malik (Independent Director) Mr. Sheikh Naseem Ahmed Mr. Fahd Mukhtar Mr. Babar Ali (Independent Director)	Chairman Member Member Member
Human Resource and Remuneration Committee	Mr. Babar Ali (Independent Director) Mr. Faisal Ahmed Mr. Fahd Mukhtar	Chairman Member Member
Company Secretary	Mr. Asad Mustafa	
Chief Financial Officer	Mr. Muhammad Azam	
Head of Internal Audit	Mr. Saboor Sadiq Rana	
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. Pak Kuwait Investment Company (Private) Limited Industrial & Commercial Bank of China 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, AbidMajeed Road, Survey No. 248/7, Lahore Cantt, Lahore. Phone: (92) 42-36684909	
Mills:	i) Fazal Nagar, Jhang Road, Muzaffargarh – Pakistan Ph. (92) 66-2422216, 18 Fax: (92) 66-2422217 ii) Qadirpur Rawan Bypass, Khanewal Road, Multan – Pakistan Ph. (92) 61-6740041-43, Fax: (92) 61-6740052	

DIRECTORS' REVIEW

Dear Shareholders!

Assalam-o-Alaikum

Your Directors are pleased to present before you un-audited financial information of Fazal Cloth Mills Limited, for the nine months ended March 31, 2021.

Sales were recorded at Rs. 38,179.07 million during the nine months of the current financial year compared to Rs. 31,150.29 million during the corresponding period last year, registering an increase of 22.56%. Your Company earned after tax profit of Rs. 3,082.75 million (pre-tax profit of Rs. 3,686.08 million) as compared to after tax loss of Rs. 120.74 million (pre-tax profit of Rs. 264.97 million) for the corresponding period last year after charging depreciation of Rs. 1,023.48 million (March 31, 2020: Rs. 918.67 million). EBITDA of Rs. 6,020.78 million (March 31, 2020: Rs. 3,398.90 million) was generated.

Earnings per Share of the Company for the nine months ended March 31, 2021 were Rs. 102.76 as compared to Rs. (4.02) for corresponding period in previous year.

Fazal Weaving Mills Ltd, a wholly owned subsidiary of the Company, has been merged with the Company. Accordingly, consolidated financial statements are no longer required.

Financial highlights of the Company for nine months are as under:

Financial Highlights	Nine months ended		Increase / (decrease)
	31 March 2021	31 March 2020	
	Rupees in ('000')	Rupees in ('000')	% age
Sales – net	38,179,071	31,150,298	22.56%
Cost of sales	32,968,505	27,140,141	21.48%
Gross profit	5,210,565	4,010,156	29.93%
EBITDA	6,020,778	3,398,896	77.14%
Depreciation	1,023,484	918,667	11.41%
Finance cost	1,311,212	2,215,258	(40.81)%
Other income	664,838	264,090	151.75%
Profit before tax	3,686,082	264,971	1291.13%
Profit after tax	3,082,752	(120,741)	2,653.20%
EPS-Rupees	102.76	(4.02)	2,653.20%

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 (Independent Director)	Chairman
2	Mr. Sheikh Naseem Ahmed	Member
3	Mr. Fahd Mukhtar	Member
4	Mr. Baber 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. Fahd Mukhtar	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 travelling 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

Outlook for the last quarter of this financial year remains bright. Your Company has covered its raw material requirements and sold yarn/fabrics for 60 days. No change in any other cost is expected during this period, hence, good results are expected.

GOP is threatening to stop supply of gas to the textile industry forcing them to use expensive power from the grid. If this unfair and ill thought out policy is implemented, your Company and the textile industry in Pakistan will not be able to compete with other countries in the region. Although, APTMA is negotiating with GOP, an unfavorable outcome would lead to a huge impact on your Company's profitability next year.

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: April 28, 2021


(AMIR NASEEM SHEIKH)
DIRECTOR

For & on behalf of the Board
Sd/


(REHMAN NASEEM)
CHIEF EXECUTIVE / DIRECTOR

ڈائریکٹرز جائزہ رپورٹ

معزز شیئر ہولڈرز

فضل کا تھریڈ ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز نو ماہی مارچ 31، 2021 کی مالیاتی کارکردگی پر جائزہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ رواں سال نو ماہی 2021 میں فروختگی کا خرچہ 38,179,071 ملین روپے رہی جو پچھلے سال اسی نو ماہی میں 31,150,298 ملین روپے تھی۔ لہذا اضافہ %22.56 فیصد رہا۔ جائزہ کے عرصے کے دوران کمپنی نے فرسودگی کا خرچہ 1,023,484 ملین روپے منہا کرنے کے بعد منافع بعد از ٹیکس 3,082,752 ملین روپے کمایا جبکہ عرصہ نو ماہی مارچ 31، 2020 فرسودگی کا خرچہ 918,667 ملین روپے منہا کرنے کے بعد (120,741) ملین روپے تھا۔ آمدنی قبل از فرسودگی، منافع اور ٹیکس 6,020,778 ملین روپے رہی جو کہ پچھلی نو ماہی مارچ 31، 2020 میں 3,398,896 ملین روپے تھی۔ فی حصص آمدنی موجودہ نو ماہی میں 102.76 روپے ہے جو کہ پچھلے سال اسی نو ماہی میں (4.02) روپے تھی۔

رواں سال نو ماہی مارچ 31، 2021 میں گروپ کی فی حصص آمدنی 102.76 روپے ہے جو پچھلی نو ماہی مارچ 31، 2020 میں (4.02) روپے تھی۔

کمپنی کی مکمل ملکیت ماتحت کمپنی فضل و یوگ ملز لمیٹڈ کو کمپنی میں ضم کر دیا گیا ہے۔ اس کے مطابق مشترکہ مالی حسابات کی ضرورت نہیں ہے۔

رواں سال نو ماہی مارچ 31، 2021 کی مالیاتی جھلکیاں:

مالی شرح خیاں	نو ماہی اختتام ہر اے عرصہ مارچ 2021,31	نو ماہی اختتام ہر اے عرصہ مارچ 2020,31	(کئی) / اضافہ %
	(000) روپے	(000) روپے	
خالص فروختگی	38,179,071	31,150,298	22.56%
فروختگی لاگت	32,968,505	27,140,141	21.48%
گراس منافع	5,210,565	4,010,156	29.93%
آمدنی قبل از ٹیکس ، فرسودگی	6,020,778	3,398,896	77.14%
فرسودگی	1,023,484	918,667	11.41%
مالیاتی لاگت	1,311,212	2,215,258	(40.81%)
دوسری آمدن	664,838	264,090	151.75%
منافع قبل از ٹیکس	3,686,082	264,971	1291.13%
منافع بعد از ٹیکس -	3,082,752	(120,741)	2,653.20%
آمدنی فی حصص - روپے	102.76	(4.02)	2,653.20%

بورڈ کی تشکیل

الف۔ کل تعداد

1- مرد 8

2- خواتین 1

تشکیل

1- آزاد ڈائریکٹر 3

2- نان ایگزیکٹو ڈائریکٹر 3

3- ایگزیکٹو ڈائریکٹر 3

کارپوریٹ گورننس

بورڈ کی کل دو کمپنیاں ہیں

بورڈ کی آڈٹ کمیٹی

سیریل نمبر	ڈائریکٹر کا نام	عہدہ
1	مس پروین اختر ملک (ADP ڈائریکٹر)	چیرمین
2	جناب شیخ نسیم احمد	ممبر
3	جناب فہد مختار	ممبر
4	جناب باہر علی (ADP ڈائریکٹر)	ممبر

بورڈ کی بیومن ریسورس کمیٹی

سیریل نمبر	ڈائریکٹر کا نام	عہدہ
1	جناب بابر علی (انٹرنیٹ)	چیئرمین
2	جناب فیصل احمد	ممبر
3	جناب فہد بخاری	ممبر

ڈائریکٹرز کا معاوضہ

- کمپنی نے ڈائریکٹرز کے معاوضہ کی پالیسی منظوری کی ہے جو کہ درج ذیل ہے
- سوائے مینٹنگ فیس کے، کمپنی آزاد اور نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہ کرے گی۔
- مینٹنگ کی مد 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

اس مالی سال کے آخری سہ ماہی کے لیے کمپنی کا مستقبل روشن ہے۔ کمپنی نے اپنی خام مال کی ضرورت کو پورا کیا ہوا ہے۔ اور یہ ساٹھ دن تک کپڑے اور دھاگے کی فروخت کر سکتی ہے۔ اس مدت کے دوران قیمتوں میں تبدیلی کی توقع نہیں ہے۔ لہذا اچھے نتائج کی توقع کی جاتی ہے۔ گورنمنٹ آف پنجاب دھمکی دے رہی ہے کہ ٹیکسٹائل کی صنعت کو گیس کی فراہمی روک دی جائے تاکہ وہ گڑھے مہنگی بجلی استعمال کرنے پر مجبور ہوں۔ اگر اس غیر منصفانہ اور ناجائز سوچ کی پالیسی پر عمل درآمد ہوتا ہے۔ تو کمپنی اور پاکستان میں ٹیکسٹائل کی صنعت خٹلے کے دوسرے ممالک کے ساتھ مقابلہ نہیں کر سکے گی۔ اگرچہ آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن گورنمنٹ آف پنجاب کے ساتھ بات چیت کر رہی ہے لیکن ایک نامناسب نتیجہ اگلے سال کمپنی کے منافع پر بہت بڑا اثر ڈالے گا۔

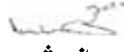
انتظامیہ اور لیبر طبقہ میں تعلقات

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

بورڈ کی طرف سے


رحمان نسیم
(چیف ایگزیکٹو آفیسر / ڈائریکٹر)

تاریخ: اپریل 28, 2021


عامر نسیم شیخ
(ڈائریکٹر)

Fazal Cloth Mills Limited
Condensed Interim Financial Information (Un-audited)
For the nine months ended 31 March 2021

Condensed Interim Statement of Financial Position

	(Un-audited) 31 March 2021 Rupees	(Un-audited) 30 June 2020 Rupees Restated
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	1,346,913,028	1,179,978,846
- Revaluation surplus on property, plant and equipment	17,944,359,141	9,243,287,786
Unappropriated profits - revenue reserve	13,208,596,018	9,831,099,492
	32,799,868,187	20,554,366,124
<u>Non-current liabilities</u>		
Long term financing - secured	11,245,542,786	11,632,970,065
Long term musharika - secured	2,160,406,765	2,627,600,636
Lease liability	72,448,468	71,173,118
Long term payable	375,696,152	-
Deferred liabilities:		
- Staff retirement benefit	295,138,947	291,766,604
- Deferred taxation	4,769,846,434	3,125,765,394
- Deferred grant	25,552,184	19,534,423
	18,944,631,736	17,768,810,240
<u>Current liabilities</u>		
Current portion of non-current liabilities	3,775,953,188	1,010,564,898
Trade and other payables	4,189,396,306	3,668,520,905
Income tax payable	137,745,616	-
Unclaimed dividend	13,748,423	13,748,423
Short term borrowings - secured	10,150,061,927	11,537,224,217
Accrued mark-up	348,351,543	517,191,250
	18,615,257,003	16,747,249,693
Contingencies and commitments	10	
	70,359,756,926	55,070,426,057

The annexed notes from 1 to 25 form an integral part of these financial information.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR

As at 31 March 2021

		<i>(Un-audited)</i> 31 March 2021 <i>Rupees</i>	<i>(Un-audited)</i> 30 June 2020 <i>Rupees</i> <i>Restated</i>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	11	38,471,884,188	28,196,702,854
Long term investments	12	2,779,825,965	2,291,587,743
Long term advances to associates	13	3,350,158,138	2,733,701,707
Long term mark-up accrued	14	77,729,017	-
Long term deposits		24,128,493	24,128,493
		44,703,725,801	33,246,120,797
<u>Current assets</u>			
Stores, spares and loose tools		888,522,317	699,438,449
Stock-in-trade		17,223,820,959	14,503,842,642
Trade debts	15	6,239,718,431	5,145,580,847
Loans and advances		193,705,910	204,530,174
Deposits, prepayments and other receivables		112,315,865	465,434,760
Mark-up accrued		33,755,774	29,338,656
Short term investment	16	179,805,600	163,587,600
Tax refunds due from the Government - net		430,824,920	313,703,112
Cash and bank balances	17	353,561,349	298,849,020
		25,656,031,125	21,824,305,260
		70,359,756,926	55,070,426,057


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

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

For the nine months and quarter ended 31 March 2021

	Note	Nine months ended		Quarter ended	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
		Rupees	Rupees Restated	Rupees	Rupees Restated
Revenue - net	18	38,179,070,579	31,150,297,866	12,622,878,892	10,915,839,623
Cost of sales	19	(32,968,505,114)	(27,140,141,169)	(10,453,951,789)	(9,658,788,352)
Gross profit		5,210,565,465	4,010,156,697	2,168,927,103	1,257,051,271
Selling and distribution expenses		(264,761,152)	(333,223,480)	(65,876,943)	(111,903,646)
Administrative expenses		(293,162,712)	(265,190,686)	(100,818,532)	(77,523,822)
Other expenses		(276,890,401)	(571,708,654)	(143,946,736)	(382,371,104)
		(834,814,265)	(1,170,122,820)	(310,642,211)	(571,798,572)
Other income		664,837,528	264,090,040	(13,141,300)	101,991,213
Profit from operations		5,040,588,728	3,104,123,917	1,845,143,592	787,243,912
Share of loss from associates		(43,293,867)	(623,894,430)	-	(143,745,757)
Finance cost		(1,311,212,495)	(2,215,258,220)	(455,297,337)	(754,347,876)
Profit before taxation		3,686,082,366	264,971,267	1,389,846,255	(110,849,721)
Taxation		(603,330,278)	(385,712,089)	(130,585,654)	(130,747,698)
Profit / (loss) after taxation		3,082,752,088	(120,740,822)	1,259,260,601	(241,597,419)
Earnings per share - basic and diluted		102.76	(4.02)	41.98	(8.05)

The annexed notes from 1 to 25 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 nine months and quarter ended 31 March 2021

	<i>Nine months ended</i>		<i>Quarter ended</i>	
	<i>31 March 2021</i>	<i>31 March 2020</i>	<i>31 March 2021</i>	<i>31 March 2020</i>
	<i>Rupees</i>	<i>Rupees Restated</i>	<i>Rupees</i>	<i>Rupees Restated</i>
Profit / (loss) after taxation	3,082,752,088	(120,740,822)	1,259,260,601	(241,597,419)
<u>Other comprehensive income / (loss) - net of tax</u>				
<i>Items that will never be reclassified to statement of profit or loss:</i>				
Revaluation surplus on property, plant and equipment	10,558,450,056	-	10,558,450,056	-
Related deferred tax liability on revaluation surplus on property, plant and equipment	(1,472,571,231)	-	(1,472,571,231)	-
	9,085,878,825	-	9,085,878,825	
Net change in fair value of financial assets at FVOCI	166,934,182	(531,039,681)	17,638,329	(325,679,140)
Total comprehensive income / (loss) for the period	12,335,565,095	(651,780,503)	10,362,777,755	(567,276,559)

The annexed notes from 1 to 25 form an integral part of these financial information.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

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

For the nine months ended 31 March 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						
	Restated						
Balance as at 30 June 2019	300,000,000	77,616,000	175,000,000	1,120,927,815	9,558,609,807	10,476,717,528	21,708,871,150
<u>Total comprehensive loss for the period:</u>							
Loss for nine months ended 31 March 2020	-	-	-	-	-	(120,740,822)	(120,740,822)
Other comprehensive (loss) income for nine months ended 31 March 2020	-	-	-	(531,039,681)	-	-	(531,039,681)
Effect on deferred tax due to change in tax rate and proration rate	-	-	-	(531,039,681)	-	(120,740,822)	(651,780,503)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	38,611,906	-	38,611,906
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(222,405,703)	222,405,703	-
<u>Transactions with the owners of the Company:</u>							
Cash dividend @ Rs. 10.50 per ordinary share for the year ended 30 June 2019	-	-	-	-	-	(315,000,000)	(315,000,000)
Balance as at 31 March 2020	300,000,000	77,616,000	175,000,000	889,888,134	9,369,535,122	10,268,663,297	20,780,702,553
<u>Total comprehensive loss for the period:</u>							
Loss for three months ended 30 June 2020	-	-	-	-	-	(544,054,137)	(544,054,137)
Other comprehensive income for three months ended 30 June 2020	-	-	-	337,474,712	-	25,354,285	362,828,997
Effect on deferred tax due to change in proration rate	-	-	-	337,474,712	-	(518,699,852)	(181,225,140)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(45,111,289)	-	(45,111,289)
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(81,089,198)	81,089,198	-
Balance as at 30 June 2020	300,000,000	77,616,000	175,000,000	927,362,846	9,243,287,786	9,831,099,492	20,554,366,124
Balance as at 30 June 2020	300,000,000	77,616,000	175,000,000	927,362,846	9,243,287,786	9,831,099,492	20,554,366,124
<u>Total comprehensive income for the period:</u>							
Profit for nine months ended 31 March 2021	-	-	-	-	-	3,082,752,088	3,082,752,088
Other comprehensive income for nine months ended 31 March 2021	-	-	-	166,934,182	9,085,878,825	-	9,252,813,007
Effect on deferred tax due to change in proration rate	-	-	-	166,934,182	9,085,878,825	3,082,752,088	12,335,565,095
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(90,063,032)	-	(90,063,032)
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(289,644,070)	289,644,070	-
Balance as at 31 March 2021	300,000,000	77,616,000	175,000,000	1,094,297,028	17,944,359,141	13,208,596,018	32,799,868,187

The annexed notes from 1 to 25 form an integral part of these financial information.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Cash Flows (Un-Audited)
For the nine months ended 31 March 2021

	<i>Nine months ended</i>	
	<i>31 March 2021</i>	<i>31 March 2020</i>
	<i>Rupees</i>	<i>Rupees Restated</i>
<u>Cash flows from operating activities</u>		
Profit before taxation	3,686,082,366	264,971,267
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	1,023,483,618	918,666,977
Unrealized loss/(gain) on re-measurement of short term investment	(16,218,000)	51,591,600
Fair value gain on long term investment	(345,866,354)	-
Provision for doubtful debts	(9,119,536)	12,309,534
Gain on discounting of GIDC	(78,342,942)	-
Provision for gratuity	105,238,398	120,763,156
Provision for infrastructure cess	88,353,782	109,718,316
Provision for workers' profit participation fund	198,853,121	47,634,184
Provision for workers' welfare fund	48,833,072	7,148,135
Loss on disposal of property, plant and equipment	10,130,659	11,104,124
Share of loss from associates	43,293,867	623,894,430
Finance income	(138,535,120)	(249,410,713)
Finance cost	1,311,212,495	2,215,258,220
Cash generated from operations before working capital changes	5,927,399,426	4,133,649,230
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(189,083,868)	76,389,571
Stock-in-trade	(2,719,978,317)	(5,759,841,975)
Trade debts	(1,085,018,048)	664,424,884
Loans and advances	10,824,264	(91,044,442)
Deposits, prepayments and other receivables	353,118,895	12,748,721
	(3,630,137,074)	(5,097,323,241)
<i>Increase in current liabilities:</i>		
Trade and other payables	638,874,520	549,714,580
Cash generated from / (used in) operations	2,936,136,872	(413,959,431)
Gratuity paid to employees	(101,866,055)	(84,356,878)
Taxes paid - net	(501,259,691)	260,835,076
	(603,125,746)	176,478,198
Net cash generated from / (used in) operating activities	2,333,011,126	(237,481,233)
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(760,987,812)	(1,843,673,429)
Proceeds from sale of property, plant and equipment	10,642,255	3,228,300
Long term loan and advances to associates	(578,799,000)	(649,115,448)
Long term deposits	-	(57,000)
Net cash used in investing activities	(1,329,144,557)	(2,489,617,577)
<u>Cash flows from financing activities</u>		
Long term financing obtained	2,179,550,343	2,483,574,241
Long term financing repaid	(262,765,442)	(1,422,938,634)
Long term musharika obtained	-	1,000,000,000
Long term musharika repaid	-	(270,110,538)
Short term borrowings - net	(1,387,162,290)	3,558,240,891
Lease rentals paid	(6,588,450)	(5,989,500)
Finance cost paid - net	(1,472,188,401)	(2,058,016,878)
Dividend paid	-	(313,137,017)
Net cash generated from / (used in) financing activities	(949,154,240)	2,971,622,566
Net increase in cash and cash equivalents	54,712,329	244,523,756
Cash and cash equivalents at beginning of the period	298,849,020	199,476,038
Cash and cash equivalents at end of the period	353,561,349	443,999,794

The annexed notes from 1 to 25 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 Statements (Un-audited)

For the nine months ended 31 March 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 ware houses are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.
- 1.2** The Board of Directors ("the Board") of the Company in their meeting held on 30 October 2018 considered and approved in principle to merge Fazal Weaving Mills Limited (FWML), a wholly owned subsidiary, into the Company in accordance with the scheme of arrangement ("the Scheme") prepared under the provisions of Section 279 to 283 and 285(8) of the Companies Act, 2017. Accordingly, the Company filed a petition before Lahore High Court ("the Court") for sanction of the scheme and the Court vide order dated 30 January 2019 directed the both companies to hold Extra-ordinary General meetings ("EOGM") of the shareholders to ascertain the wishes of members with reference to the Scheme. The said EOGMs was held on 09 March 2019 and shareholders of the Companies in principle considered and approved the merger. The Court after considering all the facts and circumstances had reserved judgement on hearing held on 21 October 2020 and the sanctioned order effective from 01 July 2018 (effective date) was released on 13 February 2021 (completion date). Pursuant to this sanction, the entire business of FWML including its properties, assets, liabilities and rights and obligations have vested into the Company, with effect from effective date.

The scheme of amalgamation / merger is a business combination of entities or business under common control and thereof scoped out of IFRS 3 'Business Combination'. Accordingly, the assets acquired and liabilities assumed / assets and liabilities vested are recognized under the book value basis (predecessor method) of accounting. As FWML was wholly owned subsidiary of the Company acquired on 29 January 2013, the values incorporated in the standalone financial statements of the FWML are considered for the purpose of applying book value / predecessor method. As FWML is the wholly-owned subsidiary of the Company the paid-up share capital appearing in the books of FWML was set-off against the respective investments appearing in the books of the Company. Each of the assets and liabilities of FWML as per the accounts as on the effective date, formed the assets and / or liabilities of corresponding nature in the books of the Company. Likewise, the unappropriated profits / losses of FWML as on the effective date shall constitute as reserves of a corresponding nature of the Company. As the shares of FWML will be set off against the investments of the Company, therefore all share certificates of FWML shall stand cancelled. The merger does not involve any cash consideration or equity issuance, resultantly no adjustment has been made to net assets or in statement of changes in equity.

As stated above, after the merger the consolidated financial statements are no longer required and status of these financial statements has changed from separate to individual financial statements of the Company. The comparative figures in these financial statements have been restated to reflect adjustments due to merger with effect from 01 July 2018.

Comparative statement of financial position numbers represent the assets and liabilities of FWML merged into the Company as at 30 June 2020, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity represents the results of FWML merged with the Company's results for the nine months period ended 31 March 2020. Further, adjustment have been made to eliminate intra-group assets, liabilities, equity, income, expenses, cashflows and unrealized gain or losses resulting from intra-group transactions where applicable. Further, as explained in note 12.5, investment in associates which were previously carried at cost has now been recognized using equity method of accounting. The comparative figures as at 30 June 2020 and for nine months period ended 31 March 2020 are un-audited or have not been subject to limited scope review.

1.3 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. There is no material financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses.

However, pursuant to relaxation announced by the State Bank of Pakistan in view of this pandemic, the Company has availed deferments of principal repayments of certain long term loans and availed financing facility for payment of salaries and loans as explained in note 5.1 to the interim financial statements.

Based on management's assessment, considering demand from its customers, availability of raw material and measures taken by Government to support the industry, COVID-19 does not have a significant impact on the Company.

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 March 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 2020.

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 2020.

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 2020.

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

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	01 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	01 January 2022
- Classification of liabilities as current or non-current (Amendments to IAS 1)	01 January 2022
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	01 January 2022
- Annual Improvements to IFRS standards 2018-2020 (IFRS 9, IFRS 16 and IAS 41)	01 January 2022

	(Un-audited) 31 March 2021 Rupees	(Un-audited) 30 June 2020 Rupees	Restated
12,392,810,608	10,794,116,894		
2,179,550,343	3,048,309,043		
(265,765,442)	(1,449,705,329)		
14,307,595,509	12,392,810,608		
(65,732,869)	(35,534,992)		
(2,098,319,854)	(724,305,551)		
11,245,542,786	11,632,970,065		

Note	(Un-audited) 31 March 2021 Rupees	(Un-audited) 30 June 2020 Rupees	Restated
5.1	12,392,810,608	10,794,116,894	
	2,179,550,343	3,048,309,043	
	(265,765,442)	(1,449,705,329)	
	14,307,595,509	12,392,810,608	
	(65,732,869)	(35,534,992)	
8	(2,098,319,854)	(724,305,551)	
	11,245,542,786	11,632,970,065	

5 Long term financing - secured

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

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

Lender	Amount	Rate of Mark Up Per Annum	Security
Allied Bank Limited			
Term finance / LTFE	33,616,646	SBP rate + 0.75% (fixed rate)	1st Joint Pari Passu Charge / Mortgage of Rs. 4451 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
Term finance / SBP's Salary & Wages Refinance	530,139,988	1.50% (fixed rate)	
Term finance / SBP's Salary & Wages Refinance	75,487,090	1.50% (fixed rate)	1st joint pari passu Charge / Mortgage of Rs. 1,333.34 million over all present and future fixed assets of the Company, personal guarantees of sponsoring directors and corporate guarantee of the Company.
The Bank of Punjab			
Term finance under SBP's LTFE	196,888,127	SBP rate + 1.50% (fixed rate)	1st Joint Pari Passu Charge / Mortgage of Rs. 1,731.50 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
Askari Bank Limited			
Term finance under SBP's LTFE	17,831,242	SBP rate + 1.00% (fixed rate)	1st Joint Pari Passu Charge / Mortgage of Rs. 1,731.50 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
Bank Afrah Limited			
Term finance	700,000,000	6 Months KIBOR + 1.50%	1st Joint Pari Passu Charge / Mortgage of Rs. 1,000 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
National Bank of Pakistan			
Term finance / LTFE	165,597,250	6 Months KIBOR + 1.00%	1st Joint Pari Passu Charge / Mortgage of Rs. 3,577 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
Soneer Bank Limited			
Term finance	460,000,000	6 Months KIBOR + 1.00%	1st Joint Pari Passu Charge / Mortgage of Rs. 860 million and ranking charge of Rs. 667 million on Plant & Machinery only which will be upgraded to 1st pari passu charge within deferral time period, on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
	3,179,550,343		

6 Long term musharika - secured

Opening balance
Term obtained during the period / year
Repayments made during the period / year
Closing balance

Less: current portion grouped under current liabilities

Note	(Un-audited) 31 March 2021 Rupees	(Un-audited) 30 June 2020 Rupees	Restated
	2,897,859,414	2,160,046,619	
	-	1,000,000,000	
	-	(231,197,205)	
	2,897,859,414	2,897,859,414	
8	(737,452,649)	(270,258,778)	
	2,160,406,765	2,627,600,636	

	<i>(Un-audited)</i> 31 March 2021 Rupees	<i>(Un-audited)</i> 30 June 2020 Rupees Restated
7 Lease liability		
Opening Balance	71,173,118	-
Effect of initial application of IFRS-16	-	68,922,967
Increase during the period / year	1,275,350	2,250,151
Closing Balance	<u>72,448,468</u>	<u>71,173,118</u>
8 Current portion of non-current liabilities		
Long term financing - secured	2,998,319,854	724,305,551
Long term musharika - secured	737,452,649	270,258,778
Deferred grant	40,180,685	16,000,569
	<u>3,775,953,188</u>	<u>1,010,564,898</u>
9 Trade and other payables		
Trade creditors	591,248,833	556,632,651
Accrued liabilities	1,134,812,256	1,295,814,335
Contract liabilities	151,800,743	308,136,434
Due to associated undertakings	212,354,413	282,279,141
Bills payable	1,164,037,397	557,681,391
Tax deducted at source	10,643,160	10,052,389
Infrastructure cess	645,151,809	556,798,026
Workers' profit participation fund	181,027,099	51,639,012
Workers' welfare fund	98,020,903	49,187,833
Loan from Director	299,693	299,693
	<u>4,189,396,306</u>	<u>3,668,520,905</u>
9.1 Due to associated undertakings		
Ahmed Fine Textile Mills Limited	135,586,097	246,420,298
Hussain Gineries Limited	12,000,970	12,012,520
Fatima Energy Limited	62,921,224	21,957,598
Fazal Farm (Private) Limited	-	54,103
Fazal-ur-Rehman Foundation	40,000	28,500
Fatima Fertilizer Company Limited	1,765,621	1,765,621
Pakarab Fertilizer Limited	40,501	40,501
	<u>212,354,413</u>	<u>282,279,141</u>
10 Contingencies and commitments		
10.1 Contingencies		
10.1.1 There has been no change in the status of contingencies since the annual audited financial statements as at 30 June 2020.		
10.1.2 Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility aggregating to USD 4.23 million (30 June 2020: USD 7.25 million).		
10.2 Commitments		
	<i>(Un-audited)</i> 31 March 2021 Rupees	<i>(Un-audited)</i> 30 June 2020 Rupees Restated
10.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Group, to various institutions and corporate bodies.	1,205,932,889	1,067,560,700

Nine Months Ended Mar 31, 2021

	<i>(Un-audited)</i> 31 March 2021 Rupees	<i>(Un-audited)</i> 30 June 2020 Rupees <i>Restated</i>
10.2.2 Commitments against irrevocable letters of credit:		
- capital expenditure	2,623,425,622	324,053,382
- raw material and stores and spares	3,157,428,883	1,545,003,301
	<u>5,780,854,505</u>	<u>1,869,056,683</u>
10.2.3 Commitments in respect of foreign exchange forward contracts:	-	1,096,875,000
11 Property, plant and equipment		
Operating fixed assets	11.1 37,668,431,382	27,828,545,057
Right of use of asset - building	11.2 58,871,702	63,179,387
Capital work-in-progress - at cost	11.3 744,581,104	304,978,410
	<u>38,471,884,188</u>	<u>28,196,702,854</u>
11.1 Operating fixed assets		
Opening net book value	27,828,545,057	26,743,990,836
<i>Additions during the period / year:</i>		
Freehold land	2,665,000	-
Factory building on free hold land	39,121,777	254,780,498
Non-factory building on free hold land	4,341,486	72,172,629
Plant and machinery	220,157,598	1,869,401,897
Electric fittings and installations	1,271,071	96,862,491
Sui gas installations	257,343	359,550
Tools, laboratory equipment and arms	-	2,409,322
Fire extinguishing equipments and scales	806,922	4,675,470
Office equipment	7,290,041	12,262,637
Furniture and fixtures	988,462	1,155,937
Vehicles	44,485,417	18,588,672
Surplus on revaluation of assets-net book value	10,558,450,056	-
	<u>10,879,835,173</u>	2,332,669,103
Carrying value of assets disposed off during the period / year	(20,772,915)	(14,506,394)
Depreciation charge for the period / year	(1,019,175,933)	(1,233,608,488)
Closing net book value	<u>37,668,431,382</u>	<u>27,828,545,057</u>
11.2 Right of use asset		
Opening net book value	63,179,387	-
Effect of initial application of IFRS-16	-	68,922,967
Depreciation charge for the period	(4,307,685)	(5,743,580)
Closing net book value	<u>58,871,702</u>	<u>63,179,387</u>

	(Un-audited) 31 March 2021 Rupees	(Un-audited) 30 June 2020 Rupees Restated
11.3 Capital work in progress - at cost		
<i>Factory building on free hold land</i>		
Material and expenses	72,803,170	22,477,370
Advance payments	32,862,054	14,617,445
	105,665,224	37,094,815
<i>Non-factory building on free hold land</i>		
Material and expenses	57,616,386	37,342,262
Advance payments	5,258,338	5,560,912
	62,874,724	42,903,174
<i>Plant and machinery</i>		
Cost and expenses	88,947,108	7,813,168
Advance payments	47,124,750	38,634,615
Letters of credit	376,517,264	171,883,925
	512,589,122	218,331,708
<i>Sui Gas Installation - Cost and expenses</i>	1,590,084	-
<i>Electric fittings and Installations - Cost and advance payments</i>	53,061,581	1,700,061
<i>Tools, laboratory equipment and arms - Cost and expenses</i>	385,600	385,600
<i>Fire Fighting Equipment & Weigh Scales - Cost and advance payments</i>	443,412	-
<i>Office equipment - Cost and advance payments</i>	3,127,737	798,778
<i>Furniture and fixtures - Cost and advance payments</i>	52,000	128,287
<i>Vehicles - Cost and advance payments</i>	4,791,620	3,635,987
	744,581,104	304,978,410

12 Long term investments

Investments in related parties:

At fair value through OCI

Fatima Fertilizer Company Limited - quoted	12.1	1,850,764,631	1,683,830,449
Fatima Energy Limited - unquoted	12.2	869,649,000	-
Multan Real Estate (Private) Limited	12.3	33,358,054	33,358,054
		2,753,771,685	1,717,188,503

Associated companies - at equity method

Fatima Energy Limited - unquoted		-	548,329,962
Fatima Transmission Company Limited - unquoted	12.4	26,038,175	26,050,673
Fatima Electric Company Limited - unquoted	12.4	16,105	18,605
		26,054,280	574,399,240
		2,779,825,965	2,291,587,743

12.1 At fair value through OCI

	Shares		Market value		Market value per share		Percentage of holding	
	31 March 2021	30 June 2020	31 March 2021	30 June 2020	31 March 2021	30 June 2020	31 March 2021	30 June 2020
	Number-----Rupees-----Rupees-----							
Fatima Fertilizer Company Limited - quoted	62,994,031	62,994,031	1,850,764,631	1,683,830,449	29.38	26.73	3.00%	3.00%

Note

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.

12.2 Fatima Energy Limited - related party

	Shares		Fair value		Carrying value		Percentage of holding	
	31 March 2021	30 June 2020	31 March 2021	30 June 2020	31 March 2021	30 June 2020	31 March 2021	30 June 2020
	Number-----Rupees-----Rupees-----							
Fatima Energy Limited - unquoted	108,300,000	108,300,000	869,649,000	-	505,051,093	-	19.00%	19.00%
Impact of discounting	108,300,000	108,300,000	869,649,000	-	523,782,646	-	-	-

Note

12.1.2
13.1.1

12.1.2 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. 345.87 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 by an independent valuer and has been designated at Level 3 as mentioned in note 20. Reconciliation of carrying value / fair value:

Fatima Energy Limited

	31 March 2021	30 June 2020	
Opening carrying amount	548,329,962	1,195,501,266	
Impact of discounting	18,731,553	413,201,774	
Share of loss	(43,278,869)	(831,859,241)	
Carrying amount of equity instrument disposed off	-	(230,513,837)	
	523,782,646	548,329,962	
Fair value adjustment on transition from equity accounting to FVOCI recognized in profit or loss (Other Income)	345,866,354	-	
	869,649,000	548,329,962	

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.

	Shares		Carrying value		Percentage of holding	
	31 March 2021	30 June 2020	31 March 2021	30 June 2020	31 March 2021	30 June 2020
	-----Number-----Rupees-----					

Note

12.4 Associated companies with significant influence - at equity method

Fatima Energy Limited - unquoted
Impact of discounting

-	108,300,000	-	-	133,128,188	0.00%	19.00%
-	108,300,000	-	-	548,329,962		

Fatima Transmission Company Limited - *unquoted*

12.4.1

Fatima Electric Company Limited - *unquoted*

12.4.2

5,520,000	5,520,000	26,038,175	26,050,673	24.00%	24.00%
7,000	7,000	16,105	18,605	20.00%	20.00%
<u>5,527,000</u>	<u>113,827,000</u>	<u>26,054,280</u>	<u>574,399,240</u>		

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

12.4.2 Fatima Electric Company Limited (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.

		<i>(Un-audited)</i> 31 March 2021 Rupees	<i>(Un-audited)</i> 30 June 2020 Rupees <i>Restated</i>
13 Long term advances	<i>Note</i>		
Fatima Energy Limited - <i>related party</i>	13.1	3,227,609,945	2,635,370,514
Fatima Transmission Company Limited - <i>associate</i>		96,644,033	72,427,033
Pak Arab Energy Limited - <i>associate</i>		25,904,160	25,904,160
	13.2	<u>3,350,158,138</u>	<u>2,733,701,707</u>

13.1 Fatima Energy Limited

Long term advance to associates		3,189,952,514	2,497,908,522
Mark-up accrued (interest free)		-	552,663,766
Unwinding of discount		37,657,431	-
Less: Impact of discounting	13.1.1	-	(415,201,774)
Balance as at		<u>3,227,609,945</u>	<u>2,635,370,514</u>

13.1.1 Pursuant to restructuring of FEL's borrowings with financial institutions along with related subordination of borrowings from sponsors, the Company has 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 now repayable from financial year 2026. Accordingly, markup accrued from FEL has been classified as non-current. The loan and related markup (interest free) upto 30 June 2020 were measured at fair value by discounting the cash flows at the rate of average borrowing cost of the Company (8.94%) and the resulting adjustment was included in the cost of investment.

13.2 These represents loans disbursed to meet the working capital requirements, operational /capital nature needs of the associated companies. 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 8.82% to 8.99% per annum (30 June 2020: 9.86% to 15.31% per annum). As per the agreements, these loans are repayable within 10 years from the date of disbursement starting from financial year 2022.

		<i>(Un-audited)</i> 31 March 2021 Rupees	<i>(Un-audited)</i> 30 June 2020 Rupees <i>Restated</i>
14 Long term mark-up accrued	<i>Note</i>		
Fatima Energy Limited	13.1.1	124,503,045	-
Less: impact of discounting		(46,774,028)	-
		<u>77,729,017</u>	<u>-</u>

	Note	(Un-audited) 31 March 2021 Rupees	(Un-audited) 30 June 2020 Rupees Restated
15 Trade debts			
<i>Export debtors - secured against letters of credit:</i>			
Considered good		2,408,945,802	1,820,507,561
<i>Local debtors - unsecured</i>			
Related Parties - considered good	15.1	284,090,043	293,998,651
Others - considered good		3,548,637,121	3,031,074,635
Others - considered doubtful		29,263,767	40,337,838
		3,861,990,931	3,365,411,124
Provision for doubtful balances		(31,218,302)	(40,337,838)
		3,830,772,629	3,325,073,286
		6,239,718,431	5,145,580,847
15.1	These include due from following associated undertakings on account of trading activities.		
		(Un-audited) 31 March 2021 Rupees	(Un-audited) 30 June 2020 Rupees Restated
Reliance Weaving Mills Limited		28,388,830	19,158,901
Fazal Rehman Fabrics Limited		255,701,213	274,839,750
		284,090,043	293,998,651
16 Short term investment			
<u>At fair value through statement of profit or loss</u>			
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. 29.38 per share (30 June 2020 : Rs. 26.73 per share)			
		163,587,600	182,682,000
Unrealized fair value gain / (loss) on re-measurement of investment		16,218,000	(19,094,400)
		179,805,600	163,587,600
17 Cash and bank balances			
Cash in hand		17,439,744	17,990,118
<i>Cash at banks</i>			
- Current accounts		336,069,751	280,808,769
- Saving accounts		51,854	50,133
		336,121,605	280,858,902
		353,561,349	298,849,020

Nine Months Ended Mar 31, 2021

Note	Nine months ended		Quarter ended	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
		Restated		Restated
18 Revenue - net				
<i>Gross sales</i>				
Local	32,982,994,533	20,317,903,758	10,624,172,223	7,501,072,867
Direct export	9,036,368,134	9,102,334,286	3,561,785,489	2,971,583,217
Indirect export	1,178,450,795	5,393,464,862	-	1,677,772,318
	43,197,813,462	34,813,702,906	14,185,957,712	12,150,428,402
<i>Sales tax</i>				
Local sales	(4,894,602,661)	(2,947,777,580)	(1,536,681,498)	(1,036,650,894)
Indirect export	-	(585,217,202)	-	(166,239,058)
	(4,894,602,661)	(3,532,994,782)	(1,536,681,498)	(1,202,889,952)
<i>Sales return</i>	(124,140,222)	(130,410,258)	(26,397,322)	(31,698,827)
	38,179,070,579	31,150,297,866	12,622,878,892	10,915,839,623

18.1 It includes sales made to direct exporters against Standard Purchase Order (SPOs) amounting to Rs. Nil (31 March 2020: Rs 4,027.67 million) and Duty and Tax Remission for Exports ("DTRE") to a related party under S.R.O 185(I)/2001 dated 21 March 2001, amounting to Rs. 1,178.45 million (31 March 2020: Rs. 1365.79 million).

	Nine months ended		Quarter ended	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
		Restated		Restated
19 Cost of sales				
Raw material consumed	22,538,655,181	20,506,608,593	7,976,362,014	6,704,906,221
Packing material consumed	407,665,655	367,203,415	144,714,717	123,346,660
Salaries, wages and benefits	1,914,184,241	1,818,227,111	648,164,225	584,505,846
Travelling and conveyance	14,407,649	10,741,136	3,562,946	3,119,782
Vehicle running and maintenance	13,759,135	14,577,274	3,378,190	4,753,254
Power and fuel	2,625,757,574	2,521,086,146	842,396,605	810,020,719
Stores and spares consumed	614,300,300	739,737,841	163,751,200	242,196,086
Processing charges	273,307,207	4,403,531	90,215,622	2,795,713
Freight charges-outward	308,093,905	213,774,448	125,138,121	73,554,835
Repair and maintenance	27,268,952	41,384,543	8,261,090	16,185,801
Insurance	69,004,471	61,206,019	23,456,679	21,463,913
Depreciation	987,558,648	890,118,752	391,761,930	303,978,324
Others	2,481,866	2,021,491	710,313	701,993
	29,796,444,784	27,191,090,301	10,421,873,651	8,891,529,147
<i>Work-in-process :</i>				
Opening balance	439,889,015.00	410,363,326	448,757,889	451,315,852
Closing balance	(439,878,037.62)	(373,086,176)	(439,878,038)	(373,086,176)
	10,977	37,277,150	8,879,851	78,229,676
Cost of goods manufactured	29,796,455,761	27,228,367,451	10,430,753,502	8,969,758,823
<i>Finished goods :</i>				
Opening balance	4,620,290,075	1,844,002,220	2,529,991,032	3,962,688,555
Finished goods purchased	1,504,266,005	1,868,413,130	625,196,902	555,487,866
Closing balance	(3,134,269,373)	(3,834,628,980)	(3,134,269,373)	(3,834,628,980)
	2,990,286,707	(122,213,630)	20,918,561	683,547,441
Cost of goods sold	32,786,742,468	27,106,153,821	10,451,672,063	9,653,306,264
Cost of raw material sold	181,762,646	33,987,348	2,279,726	5,482,087
	32,968,505,114	27,140,141,169	10,453,951,789	9,658,788,352

20 Fair value measurement of financial instruments

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

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

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

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

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

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

	Carrying amount			Fair value		
	Financial assets at amortised cost	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	Total
----- Rupees -----						
As at 31 March 2021						
<i>Financial assets - measured at fair value</i>						
Short term investment	-	179,805,600	-	-	179,805,600	179,805,600
Long term investments	-	-	2,753,771,685	-	1,850,764,631	2,753,771,685
<i>Financial assets - not measured at fair value</i>						
Trade debts	6,239,718,431	-	-	-	6,239,718,431	-
Cash and bank balances	353,561,349	-	-	-	353,561,349	-
Long term deposits	24,128,493	-	-	-	24,128,493	-
Other receivables	52,970,701	-	-	-	52,970,701	-
Mark-up accrued	33,755,774	-	-	-	33,755,774	-
Long term mark-up accrued	77,729,017	-	-	-	77,729,017	-
Long term advances	3,350,158,138	-	-	-	3,350,158,138	-
20.1	10,132,021,903	179,805,600	2,753,771,685	-	13,065,599,188	2,030,570,231
						903,007,054
<i>Financial liabilities - not measured at fair value</i>						
Long term financing - secured	-	-	-	14,309,595,509	14,309,595,509	-
Long term musharika - secured	-	-	-	2,897,859,414	2,897,859,414	-
Trade and other payables	-	-	-	3,102,752,592	3,102,752,592	-
Lease liability - <i>unsecured</i>	-	-	-	72,448,468	72,448,468	-
Unclaimed dividend	-	-	-	13,748,423	13,748,423	-
Short term borrowings - secured	-	-	-	10,150,061,927	10,150,061,927	-
Accrued mark-up	-	-	-	348,351,543	348,351,543	-
20.1				30,894,817,876	30,894,817,876	

	Carrying amount			Fair value				
	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees								
Financial assets at amortised cost								
Short term investment	163,587,600	-	-	163,587,600	163,587,600	-	-	163,587,600
Long term investments	-	1,717,188,503	-	1,717,188,503	1,683,830,449	-	33,358,054	1,717,188,503
<i>Financial assets - not measured at fair value</i>								
Trade debts	5,145,580,847	-	-	5,145,580,847	-	-	-	-
Cash and bank balances	298,849,020	-	-	298,849,020	-	-	-	-
Long term deposits	24,128,493	-	-	24,128,493	-	-	-	-
Other receivables	189,673,459	-	-	189,673,459	-	-	-	-
Mark-up accrued - <i>associated companies</i>	29,338,656	-	-	29,338,656	-	-	-	-
Long term advances to associates	2,733,701,707	-	-	2,733,701,707	-	-	-	-
20.1	8,421,272,182	1,717,188,503	-	10,302,048,285	1,847,418,049	-	33,358,054	1,880,776,103
<i>Financial liabilities - not measured at fair value</i>								
Long term financing - secured	-	-	12,392,810,608	12,392,810,608	-	-	-	-
Long term musharka - secured	-	-	2,897,859,414	2,897,859,414	-	-	-	-
Trade and other payables	-	-	2,692,707,211	2,692,707,211	-	-	-	-
Lease liability - <i>unsecured</i>	-	-	71,173,118	71,173,118	-	-	-	-
Unclaimed dividend	-	-	13,748,423	13,748,423	-	-	-	-
Short term borrowings - secured	-	-	11,537,224,217	11,537,224,217	-	-	-	-
Accrued mark-up	-	-	517,191,250	517,191,250	-	-	-	-
20.1	-	-	30,122,714,241	30,122,714,241	-	-	-	-

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

21 Segment information
21.1 Segment revenue and results

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

	Spinning		Weaving		Total	
	(Un-audited) 31 March 2021	(Un-audited) 31 March 2020	(Un-audited) 31 March 2021	(Un-audited) 31 March 2020	(Un-audited) 31 March 2021	(Un-audited) 31 March 2020
	----- Rupees -----					
External revenues	29,520,266,610	22,207,780,953	5,614,909,748	5,645,770,718	35,135,176,358	27,853,551,672
Intersegment revenues	3,031,294,458	3,287,591,414	12,599,763	9,154,780	3,043,894,221	3,296,746,194
Cost of sales	(27,795,564,876)	(21,877,168,958)	(2,129,046,017)	(1,966,226,017)	(29,924,610,893)	(23,843,394,974)
Intersegment cost of sales	(12,599,763)	(9,154,780)	(3,031,294,458)	(3,287,591,414)	(3,043,894,221)	(3,296,746,194)
Selling and distribution expenses	(207,631,070)	(280,290,358)	(57,130,082)	(52,933,122)	(264,761,152)	(333,223,480)
Administrative expenses	(258,189,392)	(233,260,429)	(34,973,320)	(31,930,257)	(293,162,712)	(265,190,686)
Other operating expense	(267,517,524)	(562,620,646)	(9,372,877)	(9,088,008)	(276,890,401)	(571,708,654)
Finance cost	(1,171,760,072)	(1,978,970,255)	(139,452,423)	(236,287,965)	(1,311,212,495)	(2,215,258,220)
Other operating income	660,001,452	261,197,866	4,836,076	2,892,174	664,837,528	264,090,040
Share of loss of associate	-	-	-	-	(43,293,867)	(623,894,430)
Profit before tax	3,498,299,823	815,104,809	231,076,410	73,760,888	3,686,082,366	264,971,267

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

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

	31 March 2021							
	Issued, subscribed and paid-up capital	Share premium	Dividend payable	Long term financing	Long term musharika	Short term borrowing	Accrued markup	Total
As at 30 June 2020	300,000,000	77,616,000	13,748,423	12,392,810,608	2,897,859,414	11,537,224,217	517,191,250	27,736,449,912
Changes from financing cash flows								
Dividend paid	-	-	-	-	-	-	-	-
Short term finances obtained - net	-	-	-	-	-	(1,387,162,290)	-	(1,387,162,290)
Financial charges paid - net	-	-	-	-	-	-	(1,472,188,401)	(1,472,188,401)
Long term finances paid	-	-	-	(262,765,442)	-	-	-	(262,765,442)
Proceeds from long term financing	-	-	-	2,179,550,343	-	-	-	2,179,550,343
Total changes from financing cash flows	300,000,000	77,616,000	13,748,423	14,309,595,509	2,897,859,414	10,150,061,927	(954,977,151)	26,793,884,122
Other changes								
Final cash dividend	-	-	-	-	-	-	-	-
Interest expense - net	-	-	-	-	-	-	1,303,348,694	1,303,348,694
Total liability related other changes	-	-	-	-	-	-	1,303,348,694	1,303,348,694
As at 31 March 2021	300,000,000	77,616,000	13,748,423	14,309,595,509	2,897,859,414	10,150,061,927	348,351,543	28,097,232,816
31 March 2020								
	Issued, subscribed and paid-up capital	Share premium	Dividend payable	Long term financing	Long term musharika	Short term borrowing	Accrued markup	Total
As at 30 June 2019	300,000,000	77,616,000	12,340,081	10,794,116,895	2,169,056,619	12,299,901,368	481,255,957	26,134,286,920
Changes from financing cash flows								
Dividend paid	-	-	(313,137,017)	-	-	-	-	(313,137,017)
Short term finances obtained - net	-	-	-	-	-	3,538,240,891	-	3,538,240,891
Financial charges paid - net	-	-	-	-	-	-	(2,058,016,878)	(2,058,016,878)
Long term finances paid	-	-	-	(1,422,938,654)	(270,110,538)	-	-	(1,693,049,192)
Proceeds from long term financing	-	-	-	2,483,574,241	1,000,000,000	-	-	3,483,574,241
Total changes from financing cash flows	300,000,000	77,616,000	(300,796,936)	11,854,752,502	2,898,946,081	15,838,142,259	(1,576,760,921)	29,111,898,985
Other changes								
Final cash dividend	-	-	315,000,000	-	-	-	-	315,000,000
Interest expense - net	-	-	-	-	-	-	2,207,612,770	2,207,612,770
Total liability related other changes	-	-	315,000,000	-	-	-	2,207,612,770	2,522,612,770
As at 31 March 2020	300,000,000	77,616,000	14,303,064	11,854,752,502	2,898,946,081	15,838,142,259	630,851,849	31,634,511,755

23 Related party transactions

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

	<i>Nine months ended</i>	
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>Rupees</i>	<i>Rupees</i>
Associated Companies		
Long term advances to associates	578,799,000	649,115,448
Purchase of goods and services	1,800,506,756	1,352,295,602
Sale of goods and services	3,683,425,098	3,133,242,704
Receipts against sale of goods and services - net \	1,784,318,730	1,811,564,060
Reimbursable expenses	2,522,897	-
Interest accrued on long term advances to associates	128,920,163	249,410,713

24 Date of authorization for issue

This condensed interim financial information was authorized for issue by the Board of Directors on April 28, 2021.

25 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

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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جہاں رہیں، آگاہ رہیں

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