

**Financial Statement**  
(Un-Audited)  
For the Nine Months Ended  
March 31, 2014



**Fazal Cloth Mills Limited**



## Contents

### **Corporate**

- 02 Company Information
- 03 Directors' Review

### **Un-Consolidated Financial Statements of Fazal Cloth Mills Limited**

- 04 Balance Sheet
- 06 Profit and Loss Account
- 07 Statement of Comprehensive Income
- 08 Cash Flow Statement
- 09 Statement of Changes in Equity
- 10 Note to the Financial Statements

### **Consolidated Financial Statements of Fazal Cloth Mills Limited**

- 14 Consolidated Balance Sheet
- 16 Consolidated Profit and Loss Account
- 17 Consolidated Statement of Comprehensive Income
- 18 Consolidated Cash Flow Statement
- 19 Consolidated Statement of Changes in Equity
- 20 Notes to the Consolidated Financial Statements





## Company Information

**Board of Directors** Sh. Naseem Ahmad Chairman & Chief Executive Officer  
Mrs. Mahnaz Amir Sheikh  
Mr. Rehman Naseem  
Mr. Fazal Ahmad Sheikh  
Mr. Faisal Ahmad  
Mr. Fahd Mukhtar  
Mr. Jamal Nasim Nominee NIT Ltd.

**Audit Committee** Mr. Rehman Naseem Chairman  
Mrs. Mahnaz Amir Sheikh Member  
Mr. Faisal Ahmad Member

**Human Resource and Remuneration Committee** Mr. Faisal Ahmad Chairman  
Mrs. Mahnaz Amir Sheikh Member  
Mr. Rehman Naseem Member

**Company Secretary** Mr. M.D. Kanwar

**Chief Financial Officer** Mr. Faizan-ul-Haq

**Auditors** KPMG Taseer Hadi & Co., Chartered Accountants

### Bankers

Habib Bank Limited	United Bank Limited
MCB Bank Limited	National Bank of Pakistan
Askari Bank Limited	Allied Bank Limited
Meezan Bank Limited	Faysal Bank Limited
Standard Chartered Bank Pakistan Limited	Bank Al-Falah Limited
Dubai Islamic Bank Pakistan Limited	Barclays Bank PLC, Pakistan
Saudi Pak Industrial and Agricultural Investment Company Limited	The Bank of Punjab
Habib Metropolitan Bank Limited	The Bank of Khyber
Pak Kuwait Investment Company (Pvt) Limited	Samba Bank Limited
Pak Oman Investment Company Limited	Pak Brunei Investment Company Limited
KASB Bank Limited	NIB Bank Limited
	Soneri Bank Limited

**Head Office & Shares Department:** 129/1 Old Bahawalpur Road, Multan.  
Phone: (92) 61-4587632, 4781637 Fax: (92) 61-4541832, 4583425  
e-mail: kanwar@fazalcloth.com  
Website: www.fazalcloth.com

**Shares Registrar:** Vision Consulting Ltd.  
3-C, LDA Flats, Lawrence Road, Lahore  
Phone: (92) 42-36375531, 36375339 Fax: (92) 42-36374839

**Registered Office:** 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore.  
Phone: (92) 42-36684909

**Mills:** i) Fazal Nagar, Jhang Road, Muzaffargarh - Pakistan  
Ph. (92) 66-2422216-18 Fax: (92) 66-2422217

ii) Qadirpur Rawan Bypass, Khanewal Road, Multan - Pakistan  
Ph. (92) 61-6740041-43, Fax : (92) 61-6740052



## DIRECTORS' REVIEW

Dear Shareholders,  
Assalam-o-Alaikum,

Your Directors are pleased to present before you un-audited financial information of Fazal Cloth Mills Limited for the nine month ended March 31, 2014. Sales were recorded at Rs. 18,042 Million during the nine month of the current financial year compared to Rs. 15,416 million during the corresponding period last year, registering an increase of 17.04%. Your Company earned a pre-tax profit of Rs. 908.685 million as compared to Rs. 1,079.813 million for the corresponding period last year after charging depreciation of Rs. 434.378 million (2013:Rs 391.770 million). After Tax Profit for the year was Rs. 676.286 million compared to Rs. 863.975 million in the same period last year. The basic earnings per share of the Company for the nine month ended March 31, 2014 is Rs. 22.54 as compared to Rs. 28.80 for corresponding period in previous year. Decrease in profit is due to sharp increase in power & fuel cost which could not be passed on in product price.

Sharp revaluation of Pakistani Rupee against the US Dollar, without a corresponding decrease in input costs and inspite of higher inflation in the country as compared to our trading partners, has hit the textile business, which remains a predominantly export oriented business, very hard. Prices of all textile products, including yarn and fabric, have fallen sharply in the domestic market. This has squeezed margins and caused the textile business to incur losses. Your Company is no exception. In spite of the inherent strengths enjoyed by the Company, i.e. economies of scale, diversification of product and raw material base and modern/efficient production facilities, the Company is incurring losses. Your management hopes that GOP will soon realize the predicament export based industry has been placed in due to sudden and unwarranted appreciation of Pakistani Rupee and take corrective steps.

The consolidated condensed interim financial information comprising Fazal Cloth Mills Limited and Fazal Weaving Mills Limited is annexed with separate interim condensed financial information of your Company in accordance with the requirements of International Accounting Standard 27 (Consolidated and Separate Financial Statements), 34 (Interim Financial Reporting) and applicable provisions of Companies Ordinance, 1984.

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.

For & on behalf of the Board

Place: Multan

Dated: April 26, 2014

Sd/-  
(SH. NASEEM AHMAD)  
Chief Executive Officer





## Condensed Interim Balance Sheet (Un-Audited)

	<u>Un-audited</u>	<u>Audited</u>
	<u>31 March</u>	<u>30 June</u>
	<u>2014</u>	<u>2013</u>
	----- <b>(Rupees)</b> -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>13,420,266,440</b>	12,271,377,241
Intangible assets	<b>271,014</b>	2,258,439
Long term investments	<b>2,486,018,802</b>	2,067,108,496
Long term advances	<b>983,852,472</b>	-
Long term loans to employees - secured	<b>96,632</b>	-
Long term deposits	<b>22,336,893</b>	20,228,306
	<b>16,912,842,253</b>	14,360,972,482
<b>Current assets</b>		
Stores, spares and loose tools	<b>424,055,454</b>	305,172,591
Stock-in-trade	<b>7,488,346,970</b>	5,928,618,601
Trade debts	<b>3,024,382,007</b>	1,995,627,804
Loans and advances	<b>495,000,477</b>	140,777,880
Trade deposits and short term prepayments	<b>36,615,474</b>	6,655,581
Other receivables	<b>38,984,224</b>	4,778,084
Short term investments	<b>243,346,268</b>	190,495,126
Tax refundable	<b>320,779,639</b>	313,235,074
Cash and bank balances	<b>117,908,737</b>	156,000,176
	<b>12,189,419,250</b>	9,041,360,917
	<b>29,102,261,503</b>	23,402,333,399

The annexed notes from 1 to 9 form an integral part of this condensed interim unconsolidated financial information.

Sd/-  
(SH. NASEEM AHMAD)  
Chief Executive Officer

Sd/-  
(REHMAN NASEEM)  
Director





## As at 31 March 2014

	<b>Un-audited 31 March 2014</b>	<b>Audited 30 June 2013</b>
----- <b>(Rupees)</b> -----		
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized share capital		
40,000,000 (June 2013: 40,000,000) Ordinary @ 10 Each	<b>400,000,000</b>	400,000,000
30,000,000 (June 2013: 30,000,000) Preference @ 10 Each	<b>300,000,000</b>	300,000,000
	<b>700,000,000</b>	<b>700,000,000</b>
Issued, subscribed and paid-up capital	<b>300,000,000</b>	250,000,000
Reserves	<b>1,467,486,439</b>	1,048,576,133
Unappropriated profits	<b>5,453,342,712</b>	4,826,925,335
	<b>7,220,829,151</b>	6,125,501,468
<b>Surplus on revaluation of property, plant and equipment</b>	<b>3,582,798,786</b>	3,695,889,962
<b>Non-current liabilities</b>		
Long term financing	<b>6,233,464,936</b>	4,392,121,833
Long term musharakah	<b>300,000,000</b>	325,000,000
Deferred liabilities	<b>1,983,909,027</b>	1,787,295,452
	<b>8,517,373,963</b>	6,504,417,285
<b>Current liabilities</b>		
Trade and other payables	<b>1,491,273,057</b>	1,602,138,962
Accrued profit / interest / mark-up	<b>331,652,794</b>	249,516,726
Short term borrowings	<b>6,949,998,640</b>	4,337,180,633
Current portion of non-current liabilities	<b>1,008,335,112</b>	887,688,363
	<b>9,781,259,603</b>	7,076,524,684
<b>Contingencies and commitments</b>	<b>29,102,261,503</b>	23,402,333,399

Sd/-  
(FAIZAN-UL-HAQ)  
Chief Financial Officer





## Condensed Interim Profit And Loss Account (Un-Audited)

For the nine months ended 31 March 2014

	Nine months ended 31 March 2014	Nine months ended 31 March 2013	Three months ended 31 March 2014	Three months ended 31 March 2013
Note -----(Rupees)-----				
Sales - net	18,042,218,119	15,415,993,301	6,339,559,064	4,847,325,198
Cost of sales	<u>(15,886,295,910)</u>	<u>(13,127,268,901)</u>	<u>(5,886,038,559)</u>	<u>(4,045,846,654)</u>
<b>Gross profit</b>	<b>2,155,922,209</b>	<b>2,288,724,400</b>	<b>453,520,505</b>	<b>801,478,544</b>
Distribution cost	<b>(186,970,829)</b>	(194,332,555)	<b>(68,216,075)</b>	(54,999,791)
Administrative expenses	<b>(182,555,490)</b>	(143,135,987)	<b>(60,371,736)</b>	(48,300,335)
Other operating expenses	<b>(81,845,332)</b>	(91,639,651)	<b>(9,754,637)</b>	(32,388,831)
	<b>(451,371,651)</b>	(429,108,193)	<b>(138,342,448)</b>	(135,688,957)
Other operating income	<b>54,265,847</b>	7,070,419	<b>27,720,419</b>	4,894,464
<b>Profit from operations</b>	<b>1,758,816,405</b>	1,866,686,626	<b>342,898,476</b>	670,684,051
Finance cost	<b>(850,131,108)</b>	(786,873,021)	<b>(252,908,378)</b>	(308,267,211)
<b>Profit before taxation</b>	<b>908,685,297</b>	1,079,813,605	<b>89,990,098</b>	362,416,840
Taxation	<b>(232,398,483)</b>	(215,838,866)	<b>(4,240,463)</b>	(54,858,734)
<b>Profit for the period</b>	<b><u>676,286,814</u></b>	<u>863,974,739</u>	<b><u>85,749,635</u></b>	<u>307,558,106</u>
<b>Earnings per share</b>				
Basic	<b><u>22.54</u></b>	<u>28.80</u>	<b><u>2.86</u></b>	<u>10.25</u>

The annexed notes from 1 to 9 form an integral part of this condensed interim unconsolidated financial information.

Sd/-  
(SH. NASEEM AHMAD)  
Chief Executive Officer

Sd/-  
(REHMAN NASEEM)  
Director

Sd/-  
(FAIZAN-UL-HAQ)  
Chief Financial Officer





## Condensed Interim Statement Of Comprehensive Income (Un-Audited)

For the nine months ended 31 March 2014

	Nine months ended 31 March 2014	Nine months ended 31 March 2013	Three months ended 31 March 2014	Three months ended 31 March 2013
	----- (Rupees) -----			
<b>Profit after taxation</b>	<b>676,286,814</b>	863,974,739	<b>85,749,635</b>	307,558,106
<b>Other comprehensive income for the period</b>				
Recognition of actuarial (gain) /loss on staff gratuity	<b>(30,545,618)</b>	-	<b>(30,545,618)</b>	-
Net change on remeasurement of available for sale financial assets to fair value	<b>418,910,306</b>	(141,232,787)	<b>345,207,290</b>	(245,750,685)
<b>Total comprehensive income for the period</b>	<b>1,064,651,502</b>	722,741,952	<b>400,411,307</b>	61,807,421

The annexed notes from 1 to 9 form an integral part of this condensed interim unconsolidated financial information.

Sd/-  
(SH. NASEEM AHMAD)  
Chief Executive Officer

Sd/-  
(REHMAN NASEEM)  
Director

Sd/-  
(FAIZAN-UL-HAQ)  
Chief Financial Officer







## Condensed Interim Cash Flow Statement (Un-Audited)

### For the nine months ended 31 March 2014

	Nine months ended	
	31 March 2014	31 March 2013
	------(Rupees)-----	
<b>Cash flow from operating activities</b>		
Profit before taxation	908,685,297	1,079,813,605
Adjustments for:		
Depreciation of property, plant and equipment	434,377,762	391,769,766
Amortization of intangible assets	1,987,421	855,033
Gain on re-measurement of other financial assets	(52,851,142)	535,399
Provision for gratuity	29,676,584	28,174,448
Provision for infrastructure cess	19,207,648	21,134,912
Gain on disposal of property, plant and equipment	(316,766)	(3,984,017)
Dividend income	(223,200)	-
Finance cost	850,131,108	786,873,021
Cash generated from operations before working capital changes	<b>2,190,674,712</b>	<b>2,305,172,167</b>
(Increase) / decrease in current assets		
Stores, spares and loose tools	(118,882,863)	(67,258,235)
Stock in trade	(1,559,728,369)	(2,944,987,255)
Trade debts	(1,028,754,203)	(844,505,143)
Loans and advances	(354,222,597)	(18,432,129)
Trade deposits and short term prepayments	(29,959,893)	(16,137,627)
Tax refundable	34,657,224	(7,052,195)
Other receivables	(34,206,140)	98,715,699
Increase / (decrease) in trade and other payables	(17,573,553)	410,808,433
	<b>(3,108,670,394)</b>	<b>(3,388,848,452)</b>
<b>Cash generated from operations</b>	<b>(917,995,682)</b>	<b>(1,083,676,285)</b>
Gratuity paid	(34,520,203)	(18,565,577)
Income tax paid	(123,603,708)	(140,029,528)
Finance cost paid	(767,995,013)	(731,162,841)
	<b>(1,844,114,606)</b>	<b>(1,973,434,231)</b>
<b>Cash generated from operating activities</b>		
Long term advances - net	(440,314,572)	-
Long term loans to employees - net	(96,632)	30,000
Long term deposits	(2,108,587)	11,403,550
<b>Net cash used in operating activities</b>	<b>(2,286,634,397)</b>	<b>(1,962,000,681)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(1,585,816,682)	(1,251,929,632)
Proceeds from disposal of property, plant and equipment	2,866,482	22,379,077
Long term investment	-	(249,825,000)
Advance for purchase of equity	(543,537,900)	-
Dividend received	223,200	-
<b>Net cash used in investing activities</b>	<b>(2,126,264,900)</b>	<b>(1,479,375,555)</b>
<b>Cash flow from financing activities</b>		
Long term financing obtained	2,461,258,508	1,349,036,626
Long term financing repaid	(517,279,657)	(371,778,633)
Redemption of preference shares	(175,000,000)	-
Long term musharika obtained	-	150,000,000
Long term musharika repaid	(6,989,000)	(23,755,451)
Short term borrowings - net	2,612,818,007	2,390,178,643
<b>Net cash generated from financing activities</b>	<b>4,374,807,858</b>	<b>3,493,681,185</b>
Net increase in cash and cash equivalents	<b>(38,091,439)</b>	<b>52,304,949</b>
Cash and cash equivalents at the beginning of the period	<b>156,000,176</b>	<b>71,088,354</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>117,908,737</b>	<b>124,293,303</b>

The annexed notes from 1 to 9 form an integral part of this condensed interim unconsolidated financial information.

Sd/-  
**(SH. NASEEM AHMAD)**  
Chief Executive Officer

Sd/-  
**(REHMAN NASEEM)**  
Director

Sd/-  
**(FAIZAN-UL-HAQ)**  
Chief Financial Officer



**Condensed Interim Statement Of Changes In Equity (Un-Audited)**  
**For the nine months ended 31 March 2014**

	Capital Reserves					Total
	Share capital	Share premium	Capital redemption reserve	Fair value reserve - available for sale financial assets	Un-appropriated profits	
<b>Balance as at 01 July 2012</b>	401,000,000	77,616,000	175,000,000	784,049,931	3,600,039,246	5,037,705,177
<b>Total comprehensive income</b>	-	-	-	-	863,974,739	863,974,739
Profit for the nine months period ended 31 March 2013	-	-	-	(141,232,787)	-	(141,232,787)
Other comprehensive income	-	-	-	(141,232,787)	863,974,739	722,741,952
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	125,602,893	125,602,893
Bonus shares issued	24,000,000	-	-	-	(24,000,000)	-
Cash Dividend provided	-	-	-	-	(45,200,000)	(45,200,000)
<b>Balance as at 31 March 2013</b>	425,000,000	77,616,000	175,000,000	642,817,144	4,520,416,878	5,840,850,022
<b>Total comprehensive income</b>	-	-	-	-	287,147,055	287,147,055
Profit for the three months period ended 30 June 2013	-	-	-	153,142,989	-	153,142,989
Other comprehensive income	-	-	-	153,142,989	287,147,055	440,290,044
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	7,789,051	7,789,051
Surplus transferred on disposal of revalued asset	-	-	-	-	11,572,351	11,572,351
Preference shares transferred to current liability	(175,000,000)	-	-	-	-	(175,000,000)
<b>Balance as at 30 June 2013</b>	250,000,000	77,616,000	175,000,000	795,960,133	4,826,925,335	6,125,501,468
<b>Total comprehensive income</b>	-	-	-	-	676,286,814	676,286,814
Profit for the period	-	-	-	418,910,306	(30,545,618)	388,364,688
Other comprehensive income	-	-	-	418,910,306	645,741,196	1,064,651,502
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	93,176,181	93,176,181
Bonus shares issued	50,000,000	-	-	-	(50,000,000)	-
Cash Dividend provided	-	-	-	-	(62,500,000)	(62,500,000)
<b>Balance as at 31 March 2014</b>	300,000,000	77,616,000	175,000,000	1,214,870,439	5,453,342,712	7,220,829,151

The annexed notes from 1 to 9 form an integral part of this condensed interim unconsolidated financial information.

**Sd/-**  
**(SH. NASEEM AHMAD)**  
Chief Executive Officer

**Sd/-**  
**(REHMAN NASEEM)**  
Director

**Sd/-**  
**(FAIZAN-UL-HAQ)**  
Chief Financial Officer





## **Notes To The Condensed Interim Financial Information (Un-Audited)**

*For the nine months ended 31 March 2014*

### **1 Legal status and nature of business**

The Company was incorporated in Pakistan in 1966 as a public limited company under the Companies Act 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. The Company is engaged in manufacture and sale of yarn and fabric. The manufacturing facilities are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

This condensed interim unconsolidated financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

### **2 Basis of presentation**

This condensed interim unconsolidated financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the represented financial statements as at and for the year ended 30 June 2013.

### **3 Significant accounting policies**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2013.



**4 Long term investments**

(Un-audited) 31 March 2014	(Audited) 30 June 2013		(Un-audited) 31 March 2014	(Audited) 30 June 2013
-----Number of shares-----			Rupees	Rupees
<b>Investment in associates</b>				
<b>25,790,610</b>	25,790,610	Pak Arab Fertilizers Limited Equity interest held 5.73% (30 June 2013: 5.73 %)	<b>252,966,706</b>	252,966,706
		4.1		
<b>62,994,031</b>	62,994,031	Fatima Fertilizer Company Limited Equity interest held 2.88% (30 June 2013: 2.88 %)	<b>1,983,052,096</b>	1,564,141,790
		4.1		
<b>Investment in subsidiary</b>				
<b>25,000,000</b>	25,000,000	Fazal Weaving Mills Limited Wholly owned subsidiary	<b>250,000,000</b>	250,000,000
		4.2	<u><b>2,486,018,802</b></u>	<u>2,067,108,496</u>

4.1 Pak Arab Fertilizers Limited and Fatima Fertilizer Company Limited are associates of the Company as defined in Companies Ordinance, 1984. However, according to International Accounting Standard 28 "Investments in Associates and Joint Ventures", Pak Arab Fertilizers Limited and Fatima Fertilizer Company Limited are not considered as Associates as criteria for significant influence is not met. Therefore, the investment in Pak Arab Fertilizers Limited is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the Stock Exchanges in Pakistan and investment in Fatima Fertilizer Company Limited has been classified as available for sale with fair value changes recognized in equity, in accordance with the requirement of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement".

4.2 The shareholders of the Company in their Extra Ordinary General Meeting held on 29 January 2013 have approved to make M/s. Fazal Weaving Mills Limited, an associated public limited company, as a wholly owned subsidiary of M/s. Fazal Cloth Mills Limited by investing and acquiring 24,982,500 ordinary shares of Rs. 10/- each and the remaining 17,500 shares are held by nominee directors being qualification shares under Memorandum & Article of Association of the Subsidiary Company. The funds for this investment were generated out of Company's own sources. The provisions of section 208 of the Companies Ordinance, 1984 were complied with before making the investment.

	(Un-audited) 31 March 2014	(Audited) 30 June 2013
Note	Rupees	Rupees
<b>5 Long term advances</b>		
Fatima Energy Limited - <i>an associated company</i>	5.1 <b>522,000,000</b>	-
Fazal Weaving Mills Limited - <i>a wholly owned subsidiary</i>	5.2 <b>440,314,572</b>	-
Multan Real Estate Company (Pvt) Ltd - <i>an associated company</i>	5.3 <b>21,537,900</b>	-
	<u><b>983,852,472</b></u>	<u>-</u>

5.1 It represents an advance as part of an investment up to Rs. 1,900 million within a period of next three years. The purpose of this advance is to acquire equivalent ordinary shares of Rs. 10/- each, as recommended by the Board of Directors, in Fatima Energy Limited. This investment will represent 30% of the total equity of Fatima Energy Limited. The funds for this investment were generated out of Company's own sources. The Company shall charge mark up not less than the average borrowing cost of the Company. The provisions of section 208 of the Companies Ordinance, 1984 were complied with in relation to this advance.

5.2 It represents an advance given to Fazal Weaving Mills Limited which is a wholly owned subsidiary of the Company, to finance the capital expenditure as well as the working capital needs of the subsidiary. The return on this advance shall not be less than the average borrowing cost of the Company. The provisions of section 208 of the Companies Ordinance, 1984 were complied with in relation to this advance.

5.3 It represents an advance to acquire 215,379 ordinary shares of Rs. 100/- each, as recommended by the Board of Directors, in Multan Real Estate Company (Private) Limited. This investment will represent 10% of the total equity of Multan Real Estate Company (Private) Limited. The funds for this investment are generated out of the Company's own sources.



## 6 Long term financing

### 6.1 Term Finance from The Bank of Khyber

During the period a term finance of Rs.302.463 Million has been obtained from The Bank of Khyber to finance the retirement of LCs opened for import of textile machinery and power generators. Limit of this term finance is Rs.350 Million. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Grace period will be started from the date of 50% or above disbursement of term loan. It carries mark up at the rate of 6 Months KIBOR + 1.10% per annum. During the period mark up was charged at the rates ranging from 10.17% to 11.21% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

### 6.2 Term Finance from Allied Bank Limited – under SBP's LTFF Scheme

During the period a term finance amounting to Rs.500.000 Million has been obtained from Allied Bank Limited to finance the textile machinery for expansion in weaving unit of the Company. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. It carried mark up at the rate of 6 Months KIBOR + 1.05% pa. During the year entire amount of term loans was refinanced by the State Bank of Pakistan under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Under LTFF scheme, mark up is chargeable at SBP rate + 2.25% pa. During the period mark up was charged at the rates ranging from 10.14% pa to 11.20% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

### 6.3 Term Finance from The Bank of Punjab - TF

During the period a term finance of Rs.249.602 Million has been obtained from The Bank of Punjab to finance the import of weaving and related machinery for expansion of weaving project. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount starting from disbursement of 80% of the facility. It carries mark up at the rate of 6 Months KIBOR + 1.00% per annum. During the period mark up was charged at the rates ranging from 10.10% to 11.11% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

During the period an amount of Rs.114.417 million out of above term finance was approved and refinanced by the State Bank of Pakistan under LTFF scheme against imported weaving machinery eligible under the scheme. SBP's LTFF carries mark up at the rate of SBP rate + 2.10 % per annum. During the period mark up was charged at the rate of 10.50% pa.

### 6.4 Term Finance from United Bank Limited

During the period a term finance amounting to Rs.99.194 Million has been obtained from United bank Limited to finance the CAPEX/BMR/Expansion in the Mills / for purchase of local plant, machinery, equipment for Expansion/BMR. Limit of this term finance is Rs.200 Million. It is repayable within the period of six years inclusive of one year grace period in 10 half yearly equal installments of principal amount. It carries mark up at the rate of 3Months KIBOR + 1.00% per annum. During the period mark up was charged at the rates ranging from 10.06% pa to 11.09% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.



#### **6.5 Term Finance from NIB Bank Limited**

During the period a term finance amounting to Rs.800.00 Million has been obtained from NIB Bank Limited to finance CAPEX for expansion/BMR, repayment of existing long term debts and swap of expensive long term debts. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. It carries mark up at the rate of 3Months KIBOR + 1.00% per annum. During the period mark up was charged at the rates ranging from 10.49% pa to 11.07% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

#### **6.6 Term Finance from Pak Oman Investment Company Limited**

During the period a term finance amounting to Rs.250.00 Million has been obtained from Pak Oman Investment Company Limited to refinance the CAPEX incurred by the Company. It is repayable within the period of seven years inclusive of two years grace period in 20 quarterly equal installments of principal amount. It carries mark up at the rate of KIBOR + 1.30% per annum. During the period mark up was charged at the rate of 11.41% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

#### **6.7 Term Finance from Pak Kuwait Investment Company (Private) Limited**

During the period a term finance amounting to Rs.260.00 Million has been obtained from Pak Kuwait Investment Company (Pvt.) Limited to finance the capex requirements of the Company for capacity expansion/BMR. It is repayable within the period of six years inclusive of two years grace period in 8 half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.50% per annum. During the period mark up was charged at the rate of 11.68% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

#### **7 Taxation**

This comprises of current tax and deferred tax. Provision for current period taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax whichever is higher.

#### **8 Date of authorization for issue**

This condensed interim financial information was authorized for issue by the Board of Directors on April 26,2014.

#### **9 General**

Figures have been rounded off to the nearest rupee.

**Sd/-**  
**(SH. NASEEM AHMAD)**  
Chief Executive Officer

**Sd/-**  
**(REHMAN NASEEM)**  
Director

**Sd/-**  
**(FAIZAN-UL-HAQ)**  
Chief Financial Officer





## Condensed Interim Consolidated Balance Sheet (Un-Audited)

	<u>Un-audited</u>	<u>Audited</u>
	<u>31 March</u>	<u>30 June</u>
	<u>2014</u>	<u>2013</u>
	-----	-----
	<i>Note</i>	<i>(Rupees)</i>
	-----	-----
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,364,683,668	12,450,991,731
Intangible assets	1,504,578	3,628,464
Long term investments	4 2,236,018,802	1,817,108,496
Long term advances	5 543,537,900	-
Long term loans to employees - secured	96,632	-
Long term deposits	33,459,140	28,149,696
	<u>18,179,300,720</u>	<u>14,299,878,387</u>
<b>Current assets</b>		
Stores, spares and loose tools	441,756,516	305,172,591
Stock-in-trade	9,117,738,339	5,928,618,601
Trade debts	3,270,433,504	1,995,627,804
Loans and advances	165,000,964	140,777,880
Trade deposits and short term prepayments	43,071,378	6,655,581
Other receivables	19,109,438	4,778,084
Short term investments	243,346,268	190,495,126
Tax refundable	335,614,663	313,235,074
Cash and bank balances	128,888,617	217,397,994
	<u>13,764,959,687</u>	<u>9,102,758,735</u>
	<u>31,944,260,407</u>	<u>23,402,637,122</u>

The annexed notes from 1 to 10 form an integral part of this condensed interim consolidated financial information.

Sd/-  
(SH. NASEEM AHMAD)  
Chief Executive Officer

Sd/-  
(REHMAN NASEEM)  
Director





## As at 31 March 2014

	<b>Un-audited</b>	<b>Audited</b>
	<b>31 March</b>	<b>30 June</b>
	<b>2014</b>	<b>2013</b>
	<i>Note</i> -----(Rupees)-----	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized share capital		
40,000,000 (June 2013: 40,000,000) Ordinary @ 10 Each	<b>400,000,000</b>	400,000,000
30,000,000 (June 2013: 30,000,000) Preference @ 10 Each	<b>300,000,000</b>	300,000,000
	<b>700,000,000</b>	700,000,000
Issued, subscribed and paid-up capital	<b>300,000,000</b>	250,000,000
Reserves	<b>1,467,486,439</b>	1,048,576,133
Unappropriated profits	<b>5,453,435,757</b>	4,831,573,116
	<b>7,220,922,196</b>	6,130,149,249
<b>Surplus on revaluation of property, plant and equipment</b>	<b>3,582,798,786</b>	3,695,889,962
<b>Non-current liabilities</b>		
Long term financing	<b>7,483,463,936</b>	4,392,121,833
Long term musharakah	<b>318,735,894</b>	325,000,000
Deferred liabilities	<b>1,983,909,027</b>	1,787,295,452
	<b>9,786,108,857</b>	6,504,417,285
<b>Current liabilities</b>		
Trade and other payables	<b>1,549,612,267</b>	1,603,659,476
Accrued profit / interest / mark-up	<b>381,175,875</b>	243,652,154
Short term borrowings	<b>8,415,307,314</b>	4,337,180,633
Current portion of non-current liabilities	<b>1,008,335,112</b>	887,688,363
	<b>11,354,430,568</b>	7,072,180,626
<b>Contingencies and commitments</b>	<b>31,944,260,407</b>	23,402,637,122

Sd/-  
(FAIZAN-UL-HAQ)  
Chief Financial Officer







**Condensed Interim Consolidated Profit And Loss  
Account (Un-Audited)  
For the nine months ended 31 March 2014**

	Nine months ended 31 March 2014	Nine months ended 31 March 2013	Three months ended 31 March 2014	Three months ended 31 March 2013
<i>Note</i>	----- <b>(Rupees)</b> -----			
Sales - net	18,042,218,119	15,415,993,301	6,339,559,064	4,847,325,198
Cost of sales	<b>(15,886,295,910)</b>	(13,127,268,901)	<b>(5,886,038,559)</b>	(4,045,846,654)
<b>Gross profit</b>	<b>2,155,922,209</b>	2,288,724,400	<b>453,520,505</b>	801,478,544
Distribution cost	<b>(186,970,829)</b>	(194,332,555)	<b>(68,216,075)</b>	(54,999,791)
Administrative expenses	<b>(185,912,702)</b>	(143,643,211)	<b>(61,639,065)</b>	(48,807,559)
Other operating expenses	<b>(81,845,332)</b>	(91,639,651)	<b>(9,754,637)</b>	(32,388,831)
	<b>(454,728,863)</b>	(429,615,417)	<b>(139,609,777)</b>	(136,196,181)
Other operating income	<b>54,265,847</b>	7,070,419	<b>27,720,419</b>	4,894,464
<b>Profit from operations</b>	<b>1,755,459,193</b>	1,866,179,402	<b>341,631,147</b>	670,176,827
Finance cost	<b>(850,475,069)</b>	(786,873,021)	<b>(253,063,971)</b>	(308,267,211)
<b>Profit before taxation</b>	<b>904,984,124</b>	1,079,306,381	<b>88,567,176</b>	361,909,616
Taxation	<b>(233,252,046)</b>	(215,838,866)	<b>(5,094,026)</b>	(54,858,734)
<b>Profit for the period</b>	<b>671,732,078</b>	863,467,515	<b>83,473,150</b>	307,050,882
<b>Earnings per share</b>				
Basic	<b>22.39</b>	28.78	<b>2.78</b>	10.24

The annexed notes from 1 to 10 form an integral part of this condensed interim consolidated financial information.

Sd/-  
**(SH. NASEEM AHMAD)**  
Chief Executive Officer

Sd/-  
**(REHMAN NASEEM)**  
Director

Sd/-  
**(FAIZAN-UL-HAQ)**  
Chief Financial Officer



## Condensed Interim Consolidated Statement Of Comprehensive Income (Un-Audited)

For the nine months ended 31 March 2014

	Nine months ended 31 March 2014	Nine months ended 31 March 2013	Three months ended 31 March 2014	Three months ended 31 March 2013
	------(Rupees)-----			
<b>Profit after taxation</b>	<b>671,732,078</b>	<b>863,467,515</b>	<b>83,473,150</b>	<b>307,050,882</b>
<b>Other comprehensive income for the period</b>				
Recognition of actuarial (gain) /loss on staff gratuity	<b>(30,545,618)</b>	-	<b>(30,545,618)</b>	-
Net change on remeasurement of available for sale financial assets to fair value	<b>418,910,306</b>	<b>(141,232,787)</b>	<b>345,207,290</b>	<b>(245,750,685)</b>
<b>Total comprehensive income for the period</b>	<b>1,060,096,766</b>	<b>722,234,728</b>	<b>398,134,822</b>	<b>61,300,197</b>

The annexed notes from 1 to 10 form an integral part of this condensed interim consolidated financial information.

Sd/-  
(SH. NASEEM AHMAD)  
Chief Executive Officer

Sd/-  
(REHMAN NASEEM)  
Director

Sd/-  
(FAIZAN-UL-HAQ)  
Chief Financial Officer





## Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

### For the nine months ended 31 March 2014

	Nine months ended	
	31 March 2014	31 March 2013
	------(Rupees)-----	
<b>Cash flow from operating activities</b>		
Profit before taxation	904,984,124	1,079,306,381
Adjustments for:		
Depreciation of property, plant and equipment	434,740,367	391,769,766
Amortization of intangible assets	2,123,882	855,033
Gain on re-measurement of other financial assets	(52,851,142)	535,399
Provision for gratuity	29,676,584	28,174,448
Provision for infrastructure cess	19,207,648	21,134,912
Gain on disposal of property, plant and equipment	(316,766)	(3,984,017)
Dividend income	(223,200)	-
Finance cost	850,475,069	786,873,021
Cash generated from operations before working capital changes	<b>2,187,816,566</b>	<b>2,304,664,943</b>
(Increase) / decrease in current assets		
Stores, spares and loose tools	(136,583,925)	(67,258,235)
Stock in trade	(3,189,119,738)	(2,944,987,255)
Trade debts	(1,274,805,700)	(844,505,143)
Loans and advances	(24,223,084)	(18,432,129)
Trade deposits and short term prepayments	(36,415,797)	(16,137,627)
Tax refunds due from the government	19,822,200	(7,052,195)
Other receivables	(14,331,354)	98,715,699
Increase / (decrease) in trade and other payables	<b>38,391,580</b>	<b>411,211,990</b>
	<b>(4,617,265,818)</b>	<b>(3,388,444,895)</b>
<b>Cash generated from operations</b>	<b>(2,429,449,212)</b>	<b>(1,083,779,952)</b>
Gratuity paid	(34,520,203)	(18,565,577)
Income tax paid	(123,603,708)	(140,029,528)
Finance cost paid	<b>(712,951,320)</b>	<b>(731,162,841)</b>
	<b>(3,300,524,483)</b>	<b>(1,973,537,898)</b>
<b>Cash generated from operating activities</b>		
Long term loans to employees - net	(96,632)	30,000
Long term deposits	<b>(5,309,444)</b>	<b>3,921,118</b>
<b>Net cash used in operating activities</b>	<b>3,305,930,559)</b>	<b>(1,969,586,780)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	<b>(3,350,982,026)</b>	<b>(1,305,660,447)</b>
Proceeds from disposal of property, plant and equipment	2,866,482	22,379,077
Long term investment	-	-
Dividend received	223,200	-
Advance for purchase of equity	<b>(543,537,900)</b>	-
Purchase of subsidiary	-	(188,443,347)
<b>Net cash used in investing activities</b>	<b>(3,891,430,244)</b>	<b>(1,471,724,717)</b>
<b>Cash flow from financing activities</b>		
Long term financing obtained	3,711,257,508	1,349,036,626
Long term financing repaid	<b>(517,279,657)</b>	<b>(371,778,633)</b>
Redemption of preference shares	<b>(175,000,000)</b>	-
Long term musharika obtained	18,735,894	150,000,000
Long term musharika repaid	<b>(6,989,000)</b>	<b>(23,755,451)</b>
Short term borrowings - net	<b>4,078,126,681</b>	<b>2,390,178,643</b>
<b>Net cash generated from financing activities</b>	<b>7,108,851,426</b>	<b>3,493,681,185</b>
Net increase in cash and cash equivalents	<b>(88,509,377)</b>	<b>52,369,688</b>
Cash and cash equivalents at the beginning of the period	217,397,994	72,019,786
<b>Cash and cash equivalents at the end of the period</b>	<b>128,888,617</b>	<b>124,389,474</b>

The annexed notes from 1 to 10 form an integral part of this condensed interim consolidated financial information.

Sd/-  
**(SH. NASEEM AHMAD)**  
Chief Executive Officer

Sd/-  
**(REHMAN NASEEM)**  
Director

Sd/-  
**(FAIZAN-UL-HAQ)**  
Chief Financial Officer



**Condensed Interim Consolidated Statement Of Change In Equity (Un-Audited)**  
**For the nine months ended 31 March 2014**

	Capital reserves					Total
	Share capital	Share premium	Capital redemption reserve	Fair value reserve - available for sale financial assets	Un-appropriated profits	
<b>Balance as at 01 July 2012</b>	401,000,000	77,616,000	175,000,000	784,049,931	3,600,039,246	5,037,705,177
<b>Total comprehensive income</b>	-	-	-	-	863,467,515	863,467,515
Profit for the nine months period ended 31 March 2013	-	-	-	(141,232,787)	-	(141,232,787)
Other comprehensive income	-	-	-	(141,232,787)	863,467,515	722,234,728
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	125,602,893	125,602,893
Bonus shares issued	24,000,000	-	-	-	(24,000,000)	-
Cash Dividend provided	-	-	-	-	(45,200,000)	(45,200,000)
<b>Balance as at 31 March 2013</b>	<b>425,000,000</b>	<b>77,616,000</b>	<b>175,000,000</b>	<b>642,817,144</b>	<b>4,519,909,654</b>	<b>5,840,342,798</b>
<b>Total comprehensive income</b>	-	-	-	-	292,302,060	292,302,060
Profit for the three months period ended 30 June 2013	-	-	-	153,142,989	-	153,142,989
Other comprehensive income	-	-	-	153,142,989	292,302,060	445,445,049
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	7,789,051	7,789,051
Surplus transferred on disposal of revalued asset	-	-	-	-	11,572,351	11,572,351
Preference shares transferred to current liability	(175,000,000)	-	-	-	-	(175,000,000)
<b>Balance as at 30 June 2013</b>	<b>250,000,000</b>	<b>77,616,000</b>	<b>175,000,000</b>	<b>795,960,133</b>	<b>4,831,573,116</b>	<b>6,130,149,249</b>
<b>Total comprehensive income</b>	-	-	-	-	671,732,078	671,732,078
Profit for the period	-	-	-	418,910,306	(30,545,618)	388,364,688
Other comprehensive income	-	-	-	418,910,306	641,186,460	1,060,096,766
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	93,176,181	93,176,181
Bonus shares issued	50,000,000	-	-	-	(50,000,000)	-
Cash Dividend provided	-	-	-	-	(62,500,000)	(62,500,000)
<b>Balance as at 31 March 2014</b>	<b>300,000,000</b>	<b>77,616,000</b>	<b>175,000,000</b>	<b>1,214,870,439</b>	<b>5,453,435,757</b>	<b>7,220,922,196</b>

The annexed notes from 1 to 10 form an integral part of this condensed interim consolidated financial information.

Sd/-  
**(SH. NASEEM AHMAD)**  
Chief Executive Officer

Sd/-  
**(REHMAN NASEEM)**  
Director

Sd/-  
**(FAIZAN-UL-HAQ)**  
Chief Financial Officer





## **Notes To The Condensed Interim Consolidated Financial Information (Un-Audited)**

*For the nine months ended 31 March 2014*

### **1 The Group and its operations**

The Group consists of:

#### **Holding Company**

- Fazal Cloth Mills Limited

#### **Subsidiary Company**

- Fazal Weaving Mills Limited

#### **Fazal Cloth Mills Limited**

Fazal Cloth Mills Limited ("the Holding Company") was incorporated in Pakistan in 1966 as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Holding Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. The Holding Company is engaged in manufacture and sale of yarn and fabric. The manufacturing facilities are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

#### **Fazal Weaving Mills Limited**

Fazal Weaving Mills Limited ("the Subsidiary Company") was incorporated in Pakistan in 1989 as a public limited company under the Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. The Subsidiary Company is engaged in manufacture and sale of yarn. The manufacturing facility is located at Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

### **2 Basis of presentation**

This condensed consolidated interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of Islamabad, Karachi and Lahore stock exchanges. This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard - 34 (Interim Financial Reporting) and International Accounting Standard - 27 (Consolidated and Separate Financial Statements) and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the preceded audited annual published consolidated financial statements of the Group for the year ended 30 June 2013.

The accounting policies used by the Subsidiary Company in preparation of its condensed interim financial statements are consistent with that of the Holding Company.

### **3 Significant accounting policies**

Except as described below, the accounting policies and the methods of computation adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2013.



#### 4 Long term investments

(Un-audited) 31 March 2014	(Audited) 30 June 2013		(Un-audited) 31 March 2014	(Audited) 30 June 2013
-----Number of shares-----			Rupees	Rupees
<b>Investment in associates</b>				
25,790,610	25,790,610	Pak Arab Fertilizers Limited Equity interest held 5.73% (30 June 2013: 5.73 %)	4.1 252,966,706	252,966,706
62,994,031	62,994,031	Fatima Fertilizer Company Limited Equity interest held 2.88% (30 June 2013: 2.88 %)	4.1 1,983,052,096	1,564,141,790
			<b>2,236,018,802</b>	<b>1,817,108,496</b>

4.1 Pak Arab Fertilizers Limited and Fatima Fertilizer Company Limited are associates of the Group as defined in Companies Ordinance, 1984. However, according to International Accounting Standard 28 "Investments in Associates and Joint Ventures", Pak Arab Fertilizers Limited and Fatima Fertilizer Company Limited are not considered as Associates as criteria for significant influence is not met. Therefore, the investment in Pak Arab Fertilizers Limited is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the Stock Exchanges in Pakistan and investment in Fatima Fertilizer Company Limited has been classified as available for sale with fair value changes recognized in equity, in accordance with the requirement of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement".

#### 5 Long term advances

		(Un-audited) 31 March 2014	(Audited) 30 June 2013
	Note	Rupees	Rupees
Fatima Energy Limited - an associated company	5.1	522,000,000	-
Multan Real Estate Company (Pvt) Ltd - an associated company	5.2	21,537,900	-
		<b>543,537,900</b>	<b>-</b>

5.1 It represents an advance as part of an investment up to Rs. 1,900 million within a period of next three years. The purpose of this advance is to acquire equivalent ordinary shares of Rs. 10/- each, as recommended by the Board of Directors, in Fatima Energy Limited. This investment will represent 30% of the total equity of Fatima Energy Limited. The funds for this investment were generated out of Company's own sources. The Group shall charge mark up not less than the average borrowing cost of the Group. The provisions of section 208 of the Companies Ordinance, 1984 were complied with in relation to this advance.

5.2 It represents an advance to acquire 215,379 ordinary shares of Rs. 100/- each, as recommended by the Board of Directors, in Multan Real Estate Company (Private) Limited. This investment will represent 10% of the total equity of Multan Real Estate Company (Private) Limited. The funds for this investment are generated out of the Group's own sources.



## **6 Long term financing**

### **Fazal Cloth Mills Limited**

#### **6.1 Term Finance from The Bank of Khyber**

During the period a term finance of Rs.302.463 Million has been obtained from The Bank of Khyber to finance the retirement of LCs opened for import of textile machinery and power generators. Limit of this term finance is Rs.350 Million. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. Grace period will be started from the date of 50% or above disbursement of term loan. It carries mark up at the rate of 6 Months KIBOR + 1.10% per annum. During the period mark up was charged at the rates ranging from 10.17% to 11.21% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the holding company and personal guarantees of the sponsoring directors.

#### **6.2 Term Finance from Allied Bank Limited – under SBP's LTFF Scheme**

During the period a term finance amounting to Rs.500.000 Million has been obtained from Allied Bank Limited to finance the textile machinery for expansion in weaving unit of the Group. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. It carried mark up at the rate of 6 Months KIBOR + 1.05% pa. During the year entire amount of term loans was refinanced by the State Bank of Pakistan under LTFF scheme as entire imported machinery was qualified under LTFF scheme. Under LTFF scheme, mark up is chargeable at SBP rate + 2.25% pa. During the period mark up was charged at the rates ranging from 10.14% pa to 11.20% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the holding company and personal guarantees of the sponsoring directors.

#### **6.3 Term Finance from The Bank of Punjab - TF**

During the period a term finance of Rs.249.602 Million has been obtained from The Bank of Punjab to finance the import of weaving and related machinery for expansion of weaving project. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount starting from disbursement of 80% of the facility. It carries mark up at the rate of 6 Months KIBOR + 1.00% per annum. During the period mark up was charged at the rates ranging from 10.10% to 11.11% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the holding company and personal guarantees of the sponsoring directors.

During the period an amount of Rs.114.417 million out of above term finance was approved and refinanced by the State Bank of Pakistan under LTFF scheme against imported weaving machinery eligible under the scheme. SBP's LTFF carries mark up at the rate of SBP rate + 2.10 % per annum. During the period mark up was charged at the rate of 10.50% pa.

#### **6.4 Term Finance from United Bank Limited**

During the period a term finance amounting to Rs.99.194 Million has been obtained from United bank Limited to finance the CAPEX/BMR/Expansion in the Mills / for purchase of local plant, machinery, equipment for Expansion/BMR. Limit of this term finance is Rs.200 Million. It is repayable within the period of six years inclusive of one year grace period in 10 half yearly equal installments of principal amount. It carries mark up at the rate of 3Months KIBOR + 1.00% per annum. During the period mark up was charged at the rates ranging from 10.06% pa to 11.09% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the holding company and personal guarantees of the sponsoring directors.



**6.5 Term Finance from NIB Bank Limited**

During the period a term finance amounting to Rs.800.00 Million has been obtained from NIB Bank Limited to finance CAPEX for expansion/BMR, repayment of existing long term debts and swap of expensive long term debts. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. It carries mark up at the rate of 3Months KIBOR + 1.00% per annum. During the period mark up was charged at the rates ranging from 10.49% pa to 11.07% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the holding company and personal guarantees of the sponsoring directors.

**6.6 Term Finance from Pak Oman Investment Company Limited**

During the period a term finance amounting to Rs.250.00 Million has been obtained from Pak Oman Investment Company Limited to refinance the CAPEX incurred by the Company. It is repayable within the period of seven years inclusive of two years grace period in 20 quarterly equal installments of principal amount. It carries mark up at the rate of KIBOR + 1.30% per annum. During the period mark up was charged at the rate of 11.41% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the holding company and personal guarantees of the sponsoring directors.

**6.7 Term Finance from Pak Kuwait Investment Company (Private) Limited**

During the period a term finance amounting to Rs.260.00 Million has been obtained from Pak Kuwait Investment Company (Pvt.) Limited to finance the capex requirements of the Group for capacity expansion/BMR. It is repayable within the period of six years inclusive of two years grace period in 8 half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.50% per annum. During the period mark up was charged at the rate of 11.68% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the holding company and personal guarantees of the sponsoring directors.

**Fazal Weaving Mills Limited**

**6.8. Term finance from Allied Bank Limited**

During the period a term finance of Rs.700.00 Million has been obtained from Allied Bank Limited to finance the textile machinery for establishment of spinning unit of the company / to retire LCs established for import of plant & machinery for spinning unit. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.05% per annum. During the period mark up was charged at the rates ranging from 10.57% to 11.20% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company, personal guarantees of the sponsoring directors and corporate guarantee of the holding Company.

**6.9. Demand Finance from MCB Bank Limited**

During the period a demand finance of Rs.550.00 Million has been obtained from MCB Bank Limited to partially finance the imported machinery so to participate in setting up of new spinning unit of the Company. It is repayable within the period of eight years inclusive of two years grace period in 12 yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.25% per annum. During the period mark up was charged at the rates ranging from 11.36% to 11.40% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company, personal guarantees of the sponsoring directors and corporate guarantee of the holding Company.





## **7 Long term musharakah**

### **Fazal Weaving Mills Limited**

#### **7.1 Diminishing Musharakah from Meezan Bank Limited**

During the period a diminishing musharakah of Rs.18.736 Million has been obtained from Meezan Bank Limited to finance imported textile spinning machinery. It is repayable within the period of eight years inclusive of two years grace period in 12 half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.25% per annum. During the period mark up was charged at the rates ranging from 10.34% to 11.36% pa. This finance is secured against 1st Joint Pari Passu Charge/mortgage with 25% margin on all present and future fixed assets of the Company, personal guarantees of the sponsoring directors and corporate guarantee of the holding Company.

## **8 Taxation**

This comprises of current tax and deferred tax. Provision for current period taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax whichever is higher.

## **9 Date of authorization for issue**

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on April 26, 2014.

## **10 General**

Figures have been rounded off to the nearest rupee.

**Sd/-**  
**(SH. NASEEM AHMAD)**  
Chief Executive Officer

**Sd/-**  
**(REHMAN NASEEM)**  
Director

**Sd/-**  
**(FAIZAN-UL-HAQ)**  
Chief Financial Officer

