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## 3rd Quarterly Report 2014







## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Muhammad Younus Tabba	(Chairman)
Mr. Muhammad Sohail Tabba	(Chief Executive)
Mr. Muhammad Ali Tabba	
Mr. Imran Yunus Tabba	
Mr. Javed Yunus Tabba	
Mrs. Mariam Tabba Khan	
Mrs. Raheela Aleem	
Mr. Ilyas Ismail	
Mr. Abdul Kadir Adam	

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Toufique Yusuf  
FCA FICS

### HEAD OF INTERNAL AUDIT DEPARTMENT

Mr. Muhammad Faheemullah

### AUDIT COMMITTEE

Mr. Javed Yunus Tabba	Chairman
Mr. Muhammad Ali Tabba	Member
Mr. Imran Yunus Tabba	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Imran Yunus Tabba	Chairman
Mr. Javed Yunus Tabba	Member
Mrs. Mariam Tabba Khan	Member

### AUDITORS

Hyder Bhimji & Co.  
Chartered Accountants

### LEGAL ADVISOR

Mr. Mohammad Aleem  
(Advocate)

### BANKERS

Bank Al-Habib Limited  
Bank Al-Falah Limited (Islamic Division)  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited

### REGISTERED OFFICE AND MILLS

LA-2/B Block # 21,  
Rashid Minhas Road,  
Federal 'B' Area, Karachi - 75950.  
Phones: 36321311-36322048  
Fax: 92-21-36313372  
E-mail: [finance@fazaltextile.com](mailto:finance@fazaltextile.com)  
Website : [www.fazaltextile.com](http://www.fazaltextile.com)

### FACTORY SUPER HIGHWAY:

57 Km Mile Stone, near Lucky  
Cement, Besides Edhi Village,  
Super Highway, Karachi.



## DIRECTORS' REPORT TO THE MEMBERS

We feel pleasure in submitting herewith the un-audited nine monthly financial statement for the period ended March 31, 2014.

### FINANCIAL RESULTS

	Rs in "000"	
	Period ended Mar 2014	Period ended Mar 2013
Sales	4,990,270	4,388,017
Gross Profit	478,965	546,833
Profit before tax	236,413	306,046
Profit after tax	165,503	269,387

Your Company earned post-tax profit of Rs 165,503 million as compared to Rs 269,387 million for the corresponding period. During the period under review the sales increased to Rs 4.990 billion from Rs 4.388 billion i.e 13.72% due to increase in sales volume of fabrics and increase in capacity and production of yarn. However the profit decreased due to appreciation of Pak rupee by almost 9%. The financial charges also increased tremendously due the capital investment and additional requirement of working capital.

### FUTURE OUTLOOK:

The size of cotton crop is reportedly short of domestic consumption. As a result, the prices of lint cotton are a little high adding to cost of production. The energy crisis, inflation, appreciation of value of Pak rupee, availability of subsidized Indian yarn resulting pressure of yarn prices in local market this could affect adversely the profitability for the coming period. Notwithstanding the foregoing constraints, your director would like to assure you that every endeavor will be made to achieve the better results for the current year.

The construction work for Mall & Apartment is in full swing and hopefully the phase I on Mall will be completed by the end of 2015

### ACKNOWLEDGEMENTS

The Board also wishes to place in record the appreciation to all banks for continued support to the company with zeal and dedications. The management is quite confident that these relation and cooperation will continue in the years to come.

On behalf of the Board

Karachi: April 25, 2014

Chairman





## Condensed Interim Balance Sheet

As at March 31, 2014

	Note	Mar - 14 (Un-Audited)	Jun - 13 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	5,405,047	4,674,184
Long term loans and advances		12,844	17,971
Long term security deposits		1,199	1,259
		5,419,090	4,693,414
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		75,861	78,386
Stock in trade		1,464,763	1,285,971
Trade debts		973,865	1,154,876
Loans and advances		56,250	57,787
Trade deposits and short term prepayments		16,485	298
Other receivables		2,333	6,203
Sales Tax refunds due from government		113,312	93,653
Income tax refundable-payments less provision		78,657	47,422
Cash and bank balances		28,444	19,325
		2,809,970	2,743,921
<b>TOTAL ASSETS</b>		<b>8,229,060</b>	<b>7,437,335</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		150,000	150,000
Issued, subscribed and paid-up share capital		61,875	61,875
Reserves		2,222,255	2,087,690
		2,284,130	2,149,565
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		2,075,000	2,175,000
Deferred Liabilities		59,537	55,781
Staff retirement benefits		77,225	18,814
Deferred taxation		136,762	74,595
		2,211,762	2,249,595
<b>CURRENT LIABILITIES</b>			
Trade and other payables		736,246	601,164
Accrued markup		100,218	51,947
Short term borrowings	4	2,896,704	2,385,064
		3,733,168	3,038,175
Contingencies and Commitments	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,229,060</b>	<b>7,437,335</b>

The annexed notes form an integral part of these condensed interim financial information.

Karachi : April 25, 2014

Chairman  
Fazal Textile Mills Limited

Director



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## Condensed Interim Profit And Loss Account (Unaudited) For the nine months ended March 31, 2014

	Note	Nine Months ended		Quarter ended	
		March 31 2014	March 31 2013	March 31 2014	March 31 2013
Rs. in " 000 "					
Sales	6	4,990,270	4,388,017	1,675,851	1,595,532
Cost of sales	7	4,511,305	3,841,184	1,563,816	1,374,470
<b>Gross Profit</b>		<b>478,965</b>	<b>546,833</b>	<b>112,035</b>	<b>221,062</b>
Distribution Costs		101,386	142,633	36,198	65,735
Administrative expenses		43,604	40,958	15,417	11,897
Other operating expenses		12,509	16,108	1,425	5,983
		157,499	199,699	53,040	83,615
		321,466	347,134	58,995	137,447
Other income		20,534	4,774	5,175	1,504
<b>Operating profit</b>		<b>342,000</b>	<b>351,908</b>	<b>64,170</b>	<b>138,951</b>
Financial cost		105,587	45,862	37,142	25,284
<b>Profit before taxation</b>		<b>236,413</b>	<b>306,046</b>	<b>27,028</b>	<b>113,667</b>
Taxation		70,910	36,659	3,811	19,496
<b>Profit / ( Loss ) after taxation</b>		<b>165,503</b>	<b>269,387</b>	<b>23,217</b>	<b>94,171</b>
Earning per share-basic and diluted ( Rupees )		<b>26.75</b>	<b>43.54</b>	<b>3.75</b>	<b>15.22</b>

The annexed notes form an integral part of these condensed interim financial information.

Karachi : April 25, 2014

Chairman

Director





Condensed Interim Statement of Comprehensive Income ( Unaudited )  
For the nine months ended March 31, 2014

	Nine Months ended		Quarter ended	
	March 31 2014	March 31 2013	March 31 2014	March 31 2013
	Rs. in " 000 "			
Profit after taxation	165,503	269,387	23,217	94,171
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>165,503</u>	<u>269,387</u>	<u>23,217</u>	<u>94,171</u>

The annexed notes form an integral part of these condensed interim financial information.

Karachi : April 25, 2014

Chairman

Director

Fazal Textile Mills Limited





## Condensed Interim Cash Flow Statement (Unaudited)

For the nine months ended March 31, 2014

	Note	Mar - 14 (Un-Audited)	Mar - 13 (Un-Audited)
Rupees in "000"			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	8	619,390	(795,018)
Gratuity paid		(12,369)	(10,568)
Finance cost paid		(57,316)	3,260
Income tax paid		(43,734)	(38,803)
Net Cash in/(outflow) from operating activities		<u>505,971</u>	<u>(841,129)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Direct additions to Property Plant and Equipment		(129,434)	(109,555)
Additions to capital work in progress		(767,714)	(743,525)
Long term loans and advances		5,127	(11,236)
Long term security deposit		60	-
Sale proceeds from disposal of Property plant and equipment		14,086	4,169
Net cash In/(Outflow) from investing activities		<u>(877,875)</u>	<u>(860,147)</u>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Proceeds from long term loans		(100,000)	1,130,084
Payment of dividend		(30,617)	(3,717)
Net cash In/(Outflow) from financial activities		<u>(130,617)</u>	<u>1,126,367</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(502,521)</u>	<u>(574,909)</u>
Cash and cash equivalents at the beginning of the period		(2,365,739)	(2,285,259)
<b>Cash and cash equivalents at the end of the period</b>	9	<u><u>(2,868,260)</u></u>	<u><u>(2,860,168)</u></u>

The annexed notes form an integral part of these condensed interim financial information.

Karachi : April 25, 2014

Chairman

Director







## Condensed Interim Statement Of Changes In Equity (Unaudited) For the nine months ended March 31, 2014

Rupees in thousand

Description	Issued, Subscribed and Paid up Capital	RESERVES				Total
		Capital Reserve	General Reserve	Unappro- priated Profit	Total Reserves	
Balance as on June 30, 2012	61,875	34,416	1,485,584	156,194	1,676,194	1,738,069
Transfer to revenue reserves	-	-	120,000	(120,000)	-	-
Total comprehensive income for nine months ended March 31, 2013				269,387	269,387	269,387
<b>Transaction with owners</b>						
Final Dividend for the year ended June 30, 2012 Cash Rs. 4 per share	-	-	-	(24,750)	(24,750)	(24,750)
Balance as at March 31, 2013	61,875	34,416	1,605,584	280,831	1,920,831	1,982,706
<b>Total comprehensive income for the three months ended June 30, 2013</b>	-	-	-	166,859	166,859	166,859
<b>Balance as at June 30, 2013</b>	<b>61,875</b>	<b>34,416</b>	<b>1,605,584</b>	<b>447,690</b>	<b>2,087,690</b>	<b>2,149,565</b>
Balance as on July 01, 2013 as previously reported	61,875	34,416	1,605,584	447,690	2,087,690	2,149,565
Transfer to revenue reserve	-	-	400,000	(400,000)	-	-
<b>Total comprehensive income for the nine months ended March 31, 2013</b>				165,503	165,503	165,503
<b>Transaction with owners</b>						
Final Dividend for the year ended June 30, 2013	-	-	-	(30,938)	(30,938)	(30,938)
<b>Balance as on March 31, 2014</b>	<b>61,875</b>	<b>34,416</b>	<b>2,005,584</b>	<b>182,255</b>	<b>2,222,255</b>	<b>2,284,130</b>

The annexed notes form an integral part of these condensed interim financial information.

Karachi : April 25, 2014

Chairman

Director

Fazal Textile Mills Limited





## Notes To The Condensed Interim Financial Statements (Un-audited) For the nine months ended March 31, 2014

### 1 LEGAL STATUS AND OPERATIONS

The Company was incorporated on July 6, 1963 as a Private Limited Company under the Companies Act 1913, (Companies Ordinance 1984) and was converted into a Public Limited Company on May 4, 1966. The Company's shares are listed at Karachi and Lahore Stock Exchanges in Pakistan. The Company is engaged in manufacturing, selling, buying and dealing in all types of yarn and knitted fabrics. Presently the Company is constructing a mega mall and residential towers at Karachi in joint venture with Lucky Textile Mills Ltd.

### 2 BASIS OF PREPARATION

These condensed interim financial statements are un-audited and are being submitted to the shareholders are prepared in accordance with the requirements of International Accounting Standard (IAS)-34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirement differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2013.

#### 2.1 ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2013.

Mar.  
2014

June  
2013

Rupees in "000"

### 3 PROPERTY, PLANT AND EQUIPMENT

Operating Fixed Assets	3.1	<b>2,667,787</b>	2,704,638
Capital Work in Progress	3.2	<b>2,737,260</b>	1,969,546
		<b><u>5,405,047</u></b>	<b><u>4,674,184</u></b>



	Mar. 2014	June 2013
<b>Rupees in "000"</b>		
<b>3.1 OPERATING FIXED ASSETS</b>		
Opening Written down value	2,704,638	2,197,596
<b>Addition during the period :</b>		
Main factory building	-	127,090
Other factory building	-	25,362
Plant & machinery	115,921	515,703
Office equipments	406	1,150
Vehicles	12,149	5,898
Computer equipments	958	1,567
	<b>129,434</b>	<b>676,770</b>
<b>Written down value of disposal during the period :</b>		
Plant & machinery	(8,481)	(8,717)
Vehicles	(1,225)	(52)
Computer equipments	-	(143)
	<b>(9,706)</b>	<b>(8,912)</b>
Depreciation	<b>(156,579)</b>	<b>(160,816)</b>
	<u><b>2,667,787</b></u>	<u><b>2,704,638</b></u>
<b>3.2 CAPITAL WORK IN PROGRESS</b>		
Opening	1,969,546	1,100,859
<b>Addition</b>		
Factory Building-Civil Work	59,875	194,826
Plant, Machinery and stores items held for installation	-	34,484
Construction Cost- Civil Works of the project	14,092	19,014
Mobilization advance to Lucky One (Pvt) Ltd	560,000	665,612
	<b>633,967</b>	<b>913,936</b>
<b>Borrowing Cost</b>		
Factory Building-Civil Work	133,747	38,801
Construction Cost	-	102,886
	<b>133,747</b>	<b>141,687</b>
<b>Transferred</b>		
Factory Building-Civil Work	-	(152,452)
Plant, Machinery and stores items held for installation	-	(34,484)
	-	(186,936)
Closing	<u><b>2,737,260</b></u>	<u><b>1,969,546</b></u>
<b>4 SHORT TERM BORROWINGS</b>		
Running finances under mark-up arrangements	2,114,898	520,459
Export Finance and Import bills	781,806	1,864,605
	<u><b>2,896,704</b></u>	<u><b>2,385,064</b></u>



	Mar. 2014	June 2013
	<b>Rupees in "000"</b>	
<b>5 Guarantees:</b>		
Bank guarantees for		
Related Party	49,918	49,918
Others	81,945	75,248
	131,863	125,166
Post dated cheques issued to collector of customs	89,611	75,916
	<u>221,474</u>	<u>201,082</u>
<b>Commitments:</b>		
Outstanding letter of credits in respect of		
- capital expenditure	-	71,901
- non capital expenditure	121,968	27,080
	<u>121,968</u>	<u>98,981</u>
	<b>Mar. 2014</b>	<b>Mar. 2013</b>
	<b>Rupees in "000"</b>	
<b>6 SALES - Net</b>		
Export	2,669,638	2,714,602
Local	2,374,526	1,678,595
Export rebate	3,507	4,659
Research & Development Support	8	1,915
Gross sales	5,047,679	4,399,771
Less:		
- Sales tax	48,406	5,224
- Export duty and surcharge	9,003	6,530
	57,409	11,754
	<u>4,990,270</u>	<u>4,388,017</u>
<b>7 COST OF SALES</b>		
Cost of goods manufactured	4,603,535	3,847,598
Finished goods - opening inventory	322,292	197,670
Finished goods - closing inventory	(414,522)	(204,085)
	<u>4,511,305</u>	<u>3,841,184</u>



	Mar. 2014	Mar. 2013
	<b>Rupees in "000"</b>	
<b>8 CASH GENERATED FROM OPERATION</b>		
Profit before taxation	236,413	306,046
Adjustment for non cash charges:		
Depreciation	156,579	113,559
(Gain)/loss on sale of fixed assets	(4,380)	(1,053)
Finance cost	105,587	45,862
Provision for gratuity	16,125	11,138
	273,911	169,506
Changes in working capital - Note 8.1	109,066	(1,270,571)
	<u>619,390</u>	<u>(795,019)</u>
<b>8.1 Changes in working capital</b>		
(Increase)/Decrease in current assets	2,525	(5,982)
Stores, spare parts and loose tools	(178,792)	(877,264)
Stock in trade	181,011	(323,073)
Trade debts	1,537	(155,687)
Loans and advances	(16,187)	2,053
Trade deposits and short term prepayments	3,870	(30,108)
Other receivable	(19,659)	-
Tax refunds due from government	(25,695)	(1,390,061)
Increase/(Decrease) in current liabilities		
Trade and other payables	134,761	119,490
Net Increase/(Decrease) in working capital	<u>109,066</u>	<u>(1,270,571)</u>
<b>9 CASH AND CASH EQUIVALENTS</b>		
Cash & cash equivalent comprise the following items as included in the balance sheet		
Cash and bank balances	28,444	230,417
Short term borrowing	(2,896,704)	(3,090,585)
	<u>(2,868,260)</u>	<u>(2,860,168)</u>
<b>10 TRANSACTION WITH RELATED PARTIES</b>		
Related parties comprise of associated companies, directors of the Company, companies in which directors also hold directorship, related group companies and key management personnel.		



Mar.  
2014

Mar.  
2013

Rupees in "000"

**With Associates**

Sale of Goods and Providing of Services

- Lucky Knits (Pvt) Ltd.	286,833	290,077
- Lucky Textile Mills Ltd.	461,582	29,530
- Gadoon Textile Mills Ltd.	17,630	1,540
- Younus Textile Mills Ltd.	-	2,357
- Feroze 1888 Mills	1,402	7,086
	<u>767,447</u>	<u>330,590</u>

Purchase of Goods and Receipt of Services

- Lucky Cement Ltd.	8,984	27,975
- Lucky Textile Mills Ltd.	7,931	216
- Gadoon Textile Mills Ltd.	138,046	215,610
- Lucky Knits (Pvt) Ltd.	26,907	15,286
- Lucky Energy (Pvt) Ltd.	566,431	386,809
- ICI Pakistan Ltd.	178,641	306,721
	<u>926,940</u>	<u>952,617</u>

Sale of Machinery

- Gadoon Textile Mills Ltd.	2,578	-
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Mobilization advance

- Lucky one (Pvt) Ltd	560,000	425,700
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Long Term Loan Received

- Lucky Energy (Pvt) Ltd.	400,000	286,304
- Lucky Knits (Pvt) Ltd.	175,000	518,780

**Benefits to Key Management Personnel**

	Key Management Personnel		
Long term loans to executive	Management	12,580	16,805
Bonus and Earned leaves	Personnel	3,513	3,047

All transaction with associated undertaking are at arm's length



Mar. 2014                      Mar. 2013

Rupees in "000"

Note :-

**Receivables**

Lucky Textile Mills Ltd.	44,710	26,447
Yunus Textile Mills Ltd.	362	362
Gadoon Textile Mills Ltd.	468	-
	<u>45,540</u>	<u>26,809</u>

**Payables**

Lucky Energy (Pvt.) Ltd	5,643	191,208
ICI Pakistan Limited	3,343	-
	<u>8,986</u>	<u>191,208</u>

**11 DATE OF AUTHORIZATION FOR ISSUE**

These Condensed Interim Financial Statements were authorized for issue on April 25, 2014 by the Board of Directors of the Company.

**12 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

Karachi : April 25, 2014

Chairman

Director

Statement u/s 241(2) of the Companies Ordinance 1984  
The financial statements have not been authenticated by  
the Chief Executive as he is presently out of Pakistan.