



FAZAL TEXTILE MILLS LIMITED

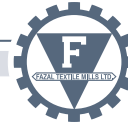


Quarterly Report
March 31,
2013

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Third Quarterly Report 2013



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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Toufique Yusuf
FCA FICS

AUDIT COMMITTEE

Mr. Muhammad Javed 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
Website : www.fazaltextile.com



DIRECTORS' REPORT TO THE MEMBERS

We feel pleasure in submitting herewith the un-audited nine months financial statement for the period ended March 2013.

FINANCIAL RESULTS

	Rs in "000"	
	Period ended Mar 2013	Period ended Mar 2012
Sales	4,388,017	3,407,615
Gross Profit	546,833	282,061
Profit before tax	306,046	129,736
Profit after tax	269,387	100,550

Your Company earned pre-tax profit of Rs 269.387 million as compared to Rs 100.550 million for the corresponding period. During the period under review the sales increased to Rs 4.388 billion from Rs 3.407 billion due to increase in sales volume of fabrics and overall selling prices in local as international market which resulted positive impact on the profitability of the company.

FUTURE OUTLOOK:

The cotton crop has achieved the target which has resulted the prices of lint cotton to stabilize at a reasonable level. The yarn prices and demand is also firm and the company expects to continue goods results for the balance part of the year. However, the energy crisis, inflation, erosion of value of Pak rupee etc could affect the profitability. 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.

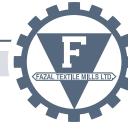
ACKNOWLEDGEMENTS

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 27, 2013

Chief Executive



CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2013

	Note	March 31 2013 (Un-Audited)	June 30 2012 (Audited)
ASSETS	3	Rupees in "000"	
NON-CURRENT ASSETS			
Property, plant and equipment		4,034,859	3,298,455
Long term loans and advances		16,805	5,569
Long term deposits - Security deposits		1,259	1,259
		<u>4,052,923</u>	<u>3,305,283</u>
CURRENT ASSETS			
Stores, spares and loose tools		70,222	64,240
Stock in trade		1,788,532	911,268
Trade debts		1,115,639	792,566
Loans and advances		203,152	47,465
Trade deposits and short term prepayments		36,620	38,673
Other receivables		66,292	36,184
Tax refund due from government		17,217	9,770
Taxation- Payments Less provision		9,255	7,447
Cash and bank balances		230,417	13,054
		<u>3,537,346</u>	<u>1,920,668</u>
TOTAL ASSETS		<u>7,590,269</u>	<u>5,225,951</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		<u>150,000</u>	<u>150,000</u>
Issued, subscribed and paid-up share capital		61,875	61,875
Reserves		<u>1,920,831</u>	<u>1,676,194</u>
		1,982,706	1,738,069
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred gratuity		47,542	46,972
Deferred taxation		33,280	26,169
Long term loans from related parties		805,084	675,000
Long term financing		1,000,000	-
		<u>1,885,906</u>	<u>748,141</u>
CURRENT LIABILITIES			
Trade and other payables		548,330	407,807
Accrued markup		82,743	33,621
Short term borrowings	4	<u>3,090,585</u>	<u>2,298,313</u>
		3,721,657	2,739,741
Contingencies and Commitment	5	-	-
TOTAL EQUITY AND LIABILITIES		<u>7,590,269</u>	<u>5,225,951</u>

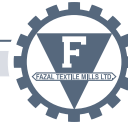
The annexed notes form an integral part of these condensed interim financial information



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

	Nine Months ended		Quarter ended	
	March 31 2013	March 31 2012	March 31 2013	March 31 2012
	Rs. in " 000 "			
Sales - net	4,388,017	3,407,615	1,595,532	1,343,194
Cost of sales	3,841,184	3,125,554	1,374,470	1,252,021
Gross profit	546,833	282,061	221,062	91,173
Selling and distribution expenses	142,633	85,374	65,735	28,395
Administrative expenses	40,958	35,641	11,897	12,256
Other operating expenses	16,108	6,828	5,983	1,568
	199,699	127,843	83,615	42,219
	347,134	154,218	137,447	48,954
Other operating income	4,774	3,471	1,504	1,196
Operating profit	351,908	157,689	138,951	50,150
Finance cost	45,862	27,953	25,284	20,348
Profit before taxation	306,046	129,736	113,667	29,802
Taxation	36,659	29,186	19,496	6,594
Profit after taxation	269,387	100,550	94,171	23,208
Earning per share-basic and diluted (Rupees)	43.54	16.25	15.22	3.75

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



**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

	Nine Months ended		Quarter ended	
	March 31 2013	March 31 2012	March 31 2013	March 31 2012
	Rs. in " 000 "			
Profit after taxation	269,387	100,550	94,171	23,208
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>269,387</u>	<u>100,550</u>	<u>94,171</u>	<u>23,208</u>

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

KARACHI : April 27, 2013

Chairman

Chief Executive



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

	Note	March 31 2013	March 31 2012
Rupees in "000"			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operation	8	(795,018)	(908,405)
Gratuity paid		(10,568)	(12,178)
Finance cost paid		3,260	(17,919)
Taxes paid		(38,803)	(35,195)
Net cash outflow from operating activities		(841,129)	(973,697)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(109,555)	(1,596,402)
Capital Work in progress		(743,525)	1,679,116
Long term loans and advances		(11,236)	1,164
Sale proceeds from fixed assets		4,169	3,081
Net cash outflow from investing activities		(860,147)	86,959
CASH FLOW FROM FINANCING ACTIVITIES			
Receipt from long term loan		1,130,084	-
Payment of dividend		(3,717)	(12,158)
Net cash In/(Outflow) from financial activities		1,126,367	(12,158)
Net decrease in cash and cash equivalents		(574,909)	(898,896)
Cash and cash equivalents at the beginning of the period		(2,285,259)	(1,701,237)
Cash and cash equivalents at the end of the period	9	(2,860,168)	(2,600,133)

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



CONDENSED INETRIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)

Rupees in thousand

Description	Paidup Capital	Capital Reserve	Revenue Reserve	Unappro- priated Profit	Total
Balance as on June 30, 2011	61,875	34,416	1,185,584	361,610	1,643,485
Transfer to revenue reserves	-	-	300,000	(300,000)	-
Total comprehensive income for the 9 months ended 31 March 2012	-	-	-	100,550	100,550
Transaction with owners					
Final dividend for the year 2011 cash @ Rs. 6 per share	-	-	-	(37,125)	(37,125)
Balance as at March 31, 2012	61,875	34,416	1,485,584	125,035	1,706,910
Total comprehensive income for the 3 months ended 30 June 2012	-	-	-	31,159	31,159
Balance as at June 30, 2012	61,875	34,416	1,485,584	156,194	1,738,069
Transfer to revenue reserves	-	-	120,000	(120,000)	-
Total comprehensive income for 9 months ended 31 March 2013	-	-	-	269,387	269,387
Transaction with owners					
Final dividend for the year 2012 cash Rs. 4 per share	-	-	-	(24,750)	(24,750)
Balance as at March 31, 2013	61,875	34,416	1,605,584	280,831	1,982,706

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

KARACHI : April 27, 2013

Chairman

Chief Executive



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATION

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 is quoted on Karachi & Lahore Stock Exchanges in Pakistan since 1971. The Company is engaged in manufacturing, selling, buying and dealing in all types of yarn and knitted fabrics. The address of its registered office is LA-2/B, Block 21, Rashid Minhas Road, F B Area, Karachi, Pakistan.

2 BASIS OF PREPARATION

The financial statements are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance 1984 and have been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan.

2.1 ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these financial statements are the same those of the published annual financial statements for the year ended June 30, 2012.



	Note	March 31 2013 (Un-Audited)	June 30 2012 (Audited)
3 PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets	3.1	2,190,475	2,197,596
Capital Work in Progress	3.2	1,844,384	1,100,859
		<u>4,034,859</u>	<u>3,298,455</u>
3.1 OPERATING FIXED ASSETS			
Opening written down value		2,197,596	575,075
Additions during the period:			
Land (Lease hold)		-	538,747
Main factory building		-	494,860
Other factory building		-	310,700
Plant & machinery		102,525	349,736
Office equipments		988	1,749
Vehicles		4,512	13,404
Computer equipments		1,530	2,887
		109,555	1,712,083
Written down value of disposals during period:			
Plant & machinery		(3,117)	(2,068)
Vehicles		-	(1,039)
		(3,117)	(3,107)
Depreciation		(113,559)	(86,456)
Closing written down value		<u>2,190,475</u>	<u>2,197,596</u>
3.2 CAPITAL WORK IN PROGRESS			
Opening		1,100,859	1,989,951
Addition			
Factory building- Civil work		148,221	289,817
Plant, machinery and store items held for installation		59,591	1,723
Construction cost incurred for Lucky One Project		11,860	20,444
Mobilization advance to Lucky One (Pvt) Ltd		425,700	157,075
		645,372	469,059
Borrowing cost			
Factory building- Civil work		27,899	28,378
Construction cost		70,254	89,342
		98,153	117,720
Transferred			
Factory building- Civil work		-	(820,922)
Plant, machinery and store items held for installation		-	(116,202)
Construction cost		-	(538,747)
		-	(1,475,871)
Closing		<u>1,844,384</u>	<u>1,100,859</u>



	Note	March 31 2013 (Un-Audited)	June 30 2012 (Audited)
4 SHORT TERM FINANCES		Rupees in "000"	
Running finances		1,347,522	238,253
Export Finance & Import bills		<u>1,743,063</u>	<u>2,060,060</u>
		<u>3,090,585</u>	<u>2,298,313</u>
4.1	The above finances are secured by first parri passu hypothecation charge over stock and book debts of the company. Lien on dually accepted foreign bills.		
4.2	The markup on bank finances is payable on quarterly basis at the rates ranging between 10.00% to 13.00%. (June 2012 : 10.50% to 15.00%)		
4.3	The overall limit of Rs 3.200 billion (June 2012 : 3.105 billion) applies on running, export pre/post shipment finances.		
5 CONTINGENCIES AND COMMITMENTS			
5.1 Contingencies:			
	The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2012 remained unchanged during the current period.		
5.2 Commitments:		March 31 2013 (Un-Audited)	June 30 2012 (Audited)
		Rupees in "000"	
Guarantees and counter guarantees		124,863	119,863
Letter of credits		<u>385,489</u>	<u>2,574</u>
		<u>510,352</u>	<u>122,437</u>
6 SALES - Net		9 Months Ended March 31 2013 March 31 2012 Rupees in "000"	
Export		2,714,602	1,871,696
Local		1,673,371	1,538,144
Export rebate		4,659	5,865
Research & Development Support		<u>1,915</u>	<u>1,532</u>
Gross sales		4,394,547	3,417,237
Less:			
-Export duty and surcharge		<u>6,530</u>	<u>9,622</u>
		<u>4,388,017</u>	<u>3,407,615</u>
7 COST OF SALES			
Cost of Goods Manufactured		3,847,598	3,007,516
Opening Stock of Finished Goods		197,670	325,009
Closing Stock of Finished Goods		<u>(204,085)</u>	<u>(206,971)</u>
		<u>3,841,184</u>	<u>3,125,554</u>



	March 31 2013	March 31 2012
8 CASH GENERATED FROM OPERATION	Rupees in "000"	
Profit before taxation	306,046	129,736
Adjustment for non cash charges :		
Depreciation	113,559	48,695
(Profit)/loss on sale of fixed assets	(1,053)	(543)
Provision for gratuity	11,138	11,138
	<u>123,644</u>	<u>59,290</u>
Finance cost	45,862	27,952
Changes in working capital - Note 8.1	(1,270,571)	(1,125,383)
	<u>(795,019)</u>	<u>(908,405)</u>
8.1 Changes in working capital		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(5,982)	776
Stock in trade	(877,264)	(673,220)
Trade debts	(323,073)	(201,925)
Loans & advances	(155,687)	(459,312)
Trade deposits & short term prepayments	2,053	(29,258)
Other Receivables	(30,108)	(24,533)
	<u>(1,390,061)</u>	<u>(1,387,472)</u>
Increase/(Decrease) in current liabilities		
Trade and other payables	119,490	262,089
Net Increase/(decrease) in working capital	<u>(1,270,571)</u>	<u>(1,125,383)</u>
9 CASH AND CASH EQUIVALENTS		
Cash & cash equivalent comprise the following items as included in the balance sheet		
Cash and bank balances	230,417	21,898
Short term borrowing	(3,090,585)	(2,622,030)
	<u>(2,860,168)</u>	<u>(2,600,132)</u>
10 TRANSACTION & BALANCES WITH RELATED PARTIES		
The related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, directors of the Company and key management personnel.		
Transactions with related parties		
The Company in the normal course of business carried out transaction with various related parties.		



Nature of Transaction	Relationship with the Company	March 2013	March 2012
		Rupees in "000"	
Sale of Goods and Providing of services			
Lucky Knits (Pvt) Ltd.	Associate	290,077	16,276
Lucky Textile Mills	Associate	29,530	256,823
Gadoon Textile Mills Ltd.	Associate	1,540	-
Younus Textile Mills Ltd.	Associate	2,357	60,096
		<u>323,504</u>	<u>333,195</u>
Purchase of Goods and Receipt of Services			
Lucky Cement Ltd.	Associate	27,975	26,381
Gadoon Textile Mills Ltd.	Associate	215,610	145,813
Lucky Textile Mills Ltd	Associate	216	29
Lucky Knits (Pvt) Ltd.	Associate	15,286	16,676
Lucky Energy (Pvt) Ltd.	Associate	386,809	309,995
		<u>645,896</u>	<u>498,894</u>
Benefits to key management personnel			
Long Term Loans to Executives	Key management personnel	16,805	6,543
Bonus & Earned leaves	personnel	3,047	3,040
Dividends Paid			
Lucky Energy (Pvt) Ltd.	Associate	-	6,668

All transactions with associated undertaking are at arm's length.

Balances due to / due from related parties

The outstanding balances due to or due from the related parties, except as those disclosed in the balance sheet and notes, as at the balance sheet date are as under:

		March 2013	March 2012
		Rupees in "000"	
Receivables			
Lucky Textile Mills Ltd	Associate	17,154	25,659
Younus Textile Mills Ltd.	Associate	367	410
Gadoon Textile Mills Ltd.	Associate	79	-
Lucky Knits (Pvt) Ltd.	Associate	-	-
Lucky Energy (Pvt) Ltd.	Associate	-	781
Payables			
Lucky Textile Mills Ltd	Associate	(144)	(144)
Lucky Cement Ltd	Associate	-	(6,252)
Lucky Knits (Pvt) Ltd.	Associate	(510,781)	(460,014)
Lucky Energy (Pvt) Ltd.	Associate	(286,304)	(204,000)

11 DATE OF AUTHORIZATION

These Condensed Interim Financial Statements were authorized for issue on April 27, 2013 by the Board of Directors of the company.

12 GENERAL

- 12.1 Provisions wherever made are estimated and are subject to final adjustment in the annual financial statements.
- 12.2 Figures have been rounded off to the nearest thousand rupees.

KARACHI : April 27, 2013

Chairman

Chief Executive

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CORPORATE