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Quarterly Report 2011



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Yunus 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 Sohail Tabba	Chairman
Mr. Muhammad Ali Tabba	Member
Mr. Imran Yunus Tabba	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 financial statement for the period ended March 31, 2011.

FINANCIAL RESULTS

	Rs in "000"	
	Nine Months ended March 2011	Nine Months ended March 2010
Sales	4,104,719	2,844,396
Gross Profit	653,180	499,683
Profit before tax	526,725	381,144
Profit after tax	482,716	346,211

Your Company, by the Grace of Almighty Allah, put up further improved financial results. Sales revenue amounted to Rs 4.104 billion as compared to 2.844 billion an increase of Rs 1.260 billion translating into 44.30%. The Company earned after-tax profit of Rs 482.716 million as compared to Rs 346.211 million for the corresponding period. However towards the end of the season the prices of cotton raised to all time high resulting decrease in gross profit margin to 15.91% in the period under review from 17.57%

FUTURE OUTLOOK:

Cotton prices, after attaining the peak, are on the decline and are expected to stabilize, aided by the downward trend in global prices. Should the decline in cotton prices be substantial, it will have adverse effect on the last quarter's financial results. The rises in borrowing rates, utilities charges, wages and ocean freight will continue to impact our profit margins

The construction work of factory building at Nooriabad (Super Highway) is near to complete and Inshallah the shifting process of present production facilities will commence very soon.

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and sincerity to the company in achieving best possible results. 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

Chief Executive

Karachi : April 25, 2011




**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2011**

	Note (Un Audited) Mar., 31 2011	(Audited) Jun., 30 2010
Rupees in "000"		
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and equipment	4	629,583
Operating fixed assets		1,685,793
Capital work in progress	5	2,315,376
	<u>2,450,152</u>	
LONG TERM LOANS AND ADVANCES	5,261	9,456
LONG TERM DEPOSIT - Security deposits	<u>592</u>	<u>532</u>
	<u>2,456,005</u>	<u>2,325,364</u>
CURRENT ASSETS		
Stores, spares and loose tools	61,409	50,677
Stock in trade	1,986,874	408,158
Trade debts	764,308	458,638
Loans & advances	26,134	102,111
Deposits, prepayments and other receivables	39,404	28,111
Taxation- Net	9,445	7,563
Cash and bank balances	28,049	299,135
	<u>2,915,623</u>	<u>1,354,393</u>
TOTAL ASSETS	<u><u>5,371,628</u></u>	<u><u>3,679,757</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized Capital	<u>150,000</u>	<u>150,000</u>
Issued, subscribed and paid-up capital	61,875	61,875
Reserves	<u>1,710,228</u>	<u>1,289,387</u>
	<u>1,772,103</u>	<u>1,351,262</u>
NON-CURRENT LIABILITIES		
Deferred gratuity	41,641	40,802
Deferred taxation	<u>64,698</u>	<u>62,633</u>
	<u>106,339</u>	<u>103,435</u>
CURRENT LIABILITIES		
Trade and other payables	<u>1,423,788</u>	<u>622,182</u>
Accrued markup	21,685	38,114
Short term finances	6	2,047,713
Current maturity of long term loan	-	564,764
	<u>3,493,186</u>	<u>1,000,000</u>
	7	2,225,060
Contingencies and Commitment	-	-
TOTAL EQUITY AND LIABILITIES	<u><u>5,371,628</u></u>	<u><u>3,679,757</u></u>

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

KARACHI : April 25, 2011


Chairman


Chief Executive



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2011 (UN AUDITED)

		3 Months ended Mar. 31, 2011	9 Months ended Mar. 31, 2011	3 Months ended Mar. 31, 2010	9 Months ended Mar. 31, 2010
	Note	Rs. in " 000 "			
Sales - net	8	1,744,490	4,104,719	969,283	2,844,396
Cost of sales	9	1,546,893	3,451,539	726,669	2,344,713
Gross profit		197,597	653,180	242,614	499,683
Selling & distribution expenses		17,302	28,034	24,895	34,732
General & administrative expenses		12,436	40,012	11,211	30,765
Other operating expenses		1,734	27,722	12,150	28,248
		31,472	95,768	48,256	93,745
		166,125	557,412	194,358	405,938
Other operating income		1,492	7,125	(1,349)	4,276
Operating profit		167,617	564,537	193,009	410,214
Finance cost		12,151	37,812	11,827	29,070
Profit before taxation		155,466	526,725	181,182	381,144
Taxation :					
Current		14,526	41,944	11,695	29,941
Deferred		(9,909)	2,065	1,697	4,992
		4,617	44,009	13,392	34,933
Profit after taxation		150,849	482,716	167,790	346,211
Other Comprehensive income for the period		-	-	-	-
Total Comprehensive income for the period		150,849	482,716	167,790	346,211
Earning per share-basic and diluted (Rupees)	12	24.38	78.01	27.12	55.95

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

KARACHI : April 25, 2011


Chairman


Chief Executive



Fazal Textile Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2011 (UN AUDITED)

	Note	Mar., 31 2011	Mar., 31 2010
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operation	10	(448,811)	(141,156)
Gratuity paid		(7,327)	(6,572)
Finance Cost paid		(54,241)	(31,662)
Taxes paid		(43,825)	(26,015)
Net cash In/(Outflow) from operating activities		(554,204)	(205,405)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,571)	(8,482)
Capital Work in progress		(173,849)	(203,740)
Sale proceeds from fixed assets		7,881	935
Net cash In/(Outflow) from investing activities		(175,539)	(211,287)
CASH FLOW FROM FINANCIAL ACTIVITIES			
Payment of dividend		(24,292)	(9,234)
Payment of Long Term Loan		(1,000,000)	-
Net cash In/(Outflow) from financial activities		(1,024,292)	(9,234)
Net increase(decrease) in cash and cash equivalents		(1,754,035)	(425,926)
Cash and cash equivalents at the beginning of the period / year		(265,629)	(353,143)
Cash and cash equivalents at the end of the period / year	11	(2,019,664)	(779,069)

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

KARACHI : April 25, 2011


Chairman


Chief Executive



**CONDENSED INETRIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2011 (UN AUDITED)**

Rupees in thousand

Description	Paidup Capital	Capital Reserve	Revenue Reserve	Unappro- priated Profit	Total
Balance as on July 01, 2009	61,875	34,416	610,584	29,085	735,960
Final Dividend for the year ended June 30, 2009	-	-	-	(9,281)	(9,281)
Transfer to/(from) profit and loss account	-	-	15,000	(15,000)	-
Profit after tax for the year ended June 30, 2010	-	-	-	624,583	624,583
Balance as on June 30, 2010	61,875	34,416	625,584	629,387	1,351,262
Final Dividend for the year ended June 30, 2010	-	-	-	(61,875)	(61,875)
Transfer to/(from) profit and loss account	-	-	560,000	(560,000)	-
Profit after tax for the period ended March 31, 2011	-	-	-	482,716	482,716
Balance as on March 31, 2011	61,875	34,416	1,185,584	490,228	1,772,103

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

KARACHI : April 25, 2011


Chairman


Chief Executive



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2011 (UN AUDITED)

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 is quoted on Stock Exchanges in Pakistan since 1971.

The Company is engaged in manufacturing, selling, buying and dealing in all types of yarn and knitted fabrics.

2 BASIS OF PREPARATION

These condensed interim financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984

These condensed interim financial statements have been 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 statements 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, 2010.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2010.

	Note	Mar., 31 2011	Jun., 30 2010
Rupees in "000"			
4 Property, plant And Equipment			
Opening written down value		629,584	679,842
Additions		9,571	14,268
Wriotten down value of disposals / adjustments		(4,448)	(579)
Depreciation		(44,196)	(63,947)
Closing written down vlaue		<u>590,510</u>	<u>629,583</u>
5 CAPITAL WORK IN PROGRESS			
KARACHI PROJECT	5.1	928,577	843,662
NOORIABAD PROJECT	5.2	<u>931,065</u>	<u>842,131</u>
TOTAL C.W.I.P		<u>1,859,642</u>	<u>1,685,793</u>

Fazal Textile Mills Limited



Mar, 31 Jun., 30
2011 2010
Rupees in "000"

5.1 KARACHI PROJECT

Opening Balance	843,662	633,472
Expenses For The Period / Year	<u>84,915</u>	<u>210,190</u>
Closing Balance	<u>928,577</u>	<u>843,662</u>

This represents commercialization, development and other charges of land situated at the existing premises for the purpose of construction of shopping mall/residential towers.

5.2 NOORAIBAD PROJECT

Opening Balance	842,131	692,343
Expenses For The Period / Year	<u>88,934</u>	<u>149,788</u>
Closing Balance	<u>931,065</u>	<u>842,131</u>

Above expenses include other accumulated expenses which are to be capitalized proportionately between plant & machinery and building under construction at the end of project.

6 SHORT TERM FINANCES

(Secured Note 6-A)		
Running finances	162,738	43,827
Export Finance & Import bills	<u>1,884,975</u>	<u>520,937</u>
	<u>2,047,713</u>	<u>564,764</u>

6-A The markup on bank finances is payable on quarterly basis at rates ranging from 7.50% to 14.00%. (June 30, 2010 : 7.50% to 14.00%)

The above finances are secured by first parri passu hypothecation charge over stock and book debts of the company. Lien on Export documents and import documents/duly accepted bill of discount.

The overall limit of Rs 3.105 billion (June 30, 2010 : 3.105 billion) applies on running, export pre/post shipment finances.

The carrying amount of inventories and book debts hypothecated as security for the bank borrowings is Rs 1.518 billion (June 30, 2010 : 0.908 billion)

7 CONTINGENCIES AND COMMITMENTS

7-A Guarantees and counter guarantees	121,863	49,446
7-B Letter of credits	<u>152,321</u>	<u>1,098,027</u>
	<u>274,184</u>	<u>1,147,473</u>

7-C The Company has made a reference in the Honourable High Court of Sindh at Karachi u/s 133(i) of the Income Tax Ordinance, 2001 against rejection of loss of Rs 1,461,000 by the Appellate Tribunal vide M.A (Rect) No 402/KB/2005 dated January 25, 2006 for the assessment year 2002-03. The case is pending before Court for adjudication.



Fazal Textile Mills Limited

3 Months 9 Months 3 Months 9 Months
ended Mar. ended Mar. ended Mar. ended Mar.
Note 31, 2011 31, 2011 31, 2010 31, 2010
Rs. in " 000 "

8 SALES - Net

Export	1,196,232	2,802,163	656,338	2,119,596
Local	594,276	1,432,642	352,830	874,537
Export rebate	254	713	128	419
Research & Development Support	3,511	4,192	927	933
Gross sales	1,794,273	4,239,710	1,010,223	2,995,485
Less : Export freight	18,618	71,291	26,746	88,239
Sales tax	-	-	-	-
Export duty and surcharge	5,288	8,640	1,456	3,835
Commission	25,877	55,060	12,738	59,015
	49,783	134,991	40,940	151,089
	<u>1,744,490</u>	<u>4,104,719</u>	<u>969,283</u>	<u>2,844,396</u>

9 COST OF SALES

Raw material consumed

Opening inventory	853,352	220,462	1,009,189	362,207
Purchases	2,152,501	4,240,635	5,767	1,753,818
Available for consumption	3,005,853	4,461,097	1,014,956	2,116,025
Closing inventory	(1,762,848)	(1,762,848)	(470,426)	(470,426)
Raw material consumed	1,243,005	2,698,249	544,530	1,645,599

Manufacturing expenses

Stores, spares and packing	64,695	154,343	34,952	103,360
Salaries, wages & other benefits	57,943	196,016	51,737	171,104
Power and electricity	92,573	260,412	84,410	238,785
Knitting, dyeing and printing expenses	46,284	114,461	31,117	85,140
Insurance	1,096	2,377	1,080	2,303
Repair and maintenance	2,496	14,724	2,915	8,807
Labour welfare	657	4,029	525	3,344
Depreciation	13,948	41,757	15,195	45,934
Other manufacturing expenses	625	1,501	265	1,033
	280,317	789,620	222,196	659,810
	<u>1,523,322</u>	<u>3,487,869</u>	<u>766,726</u>	<u>2,305,409</u>
Work in process - opening inventory	13,409	10,090	8,572	5,354
Work in process - closing inventory	(32,687)	(32,687)	(10,991)	(10,991)
	(19,278)	(22,597)	(2,419)	(5,637)
Cost of goods sold	1,504,044	3,465,272	764,307	2,299,772
Finished goods - opening inventory	234,188	177,606	50,940	133,519
Available for sales	1,738,232	3,642,878	815,247	2,433,291
Finished goods - closing inventory	(191,339)	(191,339)	(88,578)	(88,578)
	<u>1,546,893</u>	<u>3,451,539</u>	<u>726,669</u>	<u>2,344,713</u>

Fazal Textile Mills Limited



	Mar., 31 2011	Mar., 31 2010
10 CASH GENERATED FROM OPERATION	Rupees in "000"	
Profit before taxation	526,725	381,144
Adjustment for non cash charges :		
Depreciation	44,196	47,771
(Profit)/loss on sale of fixed assets	(3,432)	(824)
Provision for gratuity	8,166	12,839
	<u>48,930</u>	<u>59,786</u>
Finance cost	37,812	29,070
Long term loan & advances	4,195	2,028
Long term deposits	(60)	-
Changes in working capital - Note 10-A	(1,066,413)	(613,184)
	<u>(448,811)</u>	<u>(141,156)</u>
10-A Changes in working capital		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(10,732)	(15,737)
Stock in trade	(1,578,716)	(376,513)
Trade debts	(305,670)	(235,512)
Loans & advances considered good	75,977	89,781
Trade deposits & short term prepayments	(11,293)	(12,806)
	<u>(1,830,434)</u>	<u>(550,787)</u>
Increase/(Decrease) in current liabilities		
Trade and other payables	764,021	(62,397)
	<u>(1,066,413)</u>	<u>(613,184)</u>
11 CASH AND CASH EQUIVALENTS		
Cash & cash equivalent comprise the following items as included in the balance sheet		
Cash and bank balances	28,049	2,441
Short term borrowing	(2,047,713)	(781,510)
	<u>(2,019,664)</u>	<u>(779,069)</u>
12 EARNING PER SHARE		
There is no dilutive effect on the basic earnings per shares of the Company which is based on :-		
Profit after taxation (Rs in "000")	<u>482,716</u>	<u>346,211</u>
Weighted average number of ordinary shares	<u>6,187,503</u>	<u>6,187,503</u>
Earning per share (Rs)	<u>78.01</u>	<u>55.95</u>



Fazal Textile Mills Limited

		Rupees in "000"		
		Mar., 31 2011	Mar., 31 2010	
13	TRANSACTION WITH RELATED PARTIES			
	Nature of Transaction			
	Relationship with the Company			
	Sale of Goods and Providing of services			
	Lucky Knits (Pvt) Ltd.	Associate	171,573	185,059
	Lucky Textile Mills	Associate	52,697	67,988
	Gadoon Textile Mills Ltd.	Associate	1,000	576
	Younus Textile Mills Ltd.	Associate	281,658	151,667
			<u>506,928</u>	<u>405,290</u>
	Purchase of Goods and Receipt of Services			
	Lucky Cement Ltd.	Associate	3,526	1,351
	Lucky Textile Mills	Associate	-	84
	Gadoon Textile Mills Ltd.	Associate	327,048	237,704
	Lucky Knits (Pvt) Ltd.	Associate	19,082	29,011
	Lucky Energy (pvt) Ltd.	Associate	255,780	234,423
			<u>605,436</u>	<u>502,573</u>

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

14 GENERAL

- 14.1 These Condensed Interim Financial Statements were authorized for issue by the Board of Directors on April 25, 2011.
- 14.2 Provisions wherever made are estimated and are subject to final adjustment in the annual financial statements.
- 14.3 Figures have been rounded off to the nearest thousand rupees.

KARACHI : April 25, 2011


Chairman


Chief Executive