Reliance Weaving
Mills Limited
A Fatima Group Company

THE ART OF TEXTILE

Annual Report 2021

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KEY FIGURES

YEAR ENDED JUNE 30, 2021

	2021		2020
Sales	24,030	Rs. in million	17,275
EBITDA	13.5%	Percentage	9.24%
Profit for the Year	1,733	Rs. in million	61.270
EPS	56.24	Rupees	1.99
Capital Expenditures	1,167	Rs. in million	450.395
Current Ratio	1.11	Times	1.03
Break Up Value of Share	196.99	Rs.	125.83
Total Assets	19,312	Rs. in million	15,821
GP Ratio	14.61%	Percentage	11.93%
ROCE	18.65%	Percentage	0.89%

CREDIT RATING RELIANCE WEAVING MILLS LIMITED

PACRA
PAKISTAN CREDIT RATING AGENCY

LONG TERM	SHORT TERM
A-	A2

CERTIFICATIONS

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Faisal Ahmed (Chief Executive Officer)

Non-Executive Directors

Mr. Fawad Ahmed Mukhtar (Chairman)
Mr. Fahd Mukhtar
Mrs. Fatima Fazal
Mr. Muhammad Mukhtar Sheikh

Independent Directors

Mr. Shahid Aziz
Mr. Muhammad Shaukat

COMMITTEES OF THE BOARD

Audit Committee

Mr. Shahid Aziz	(Committee Chairman)
Mr. Fahd Mukhtar	(Committee Member)
Mr. Muhammad Shaukat	(Committee Member)

HR & Remuneration Committee

Mr. Muhammad Shaukat	(Committee Chairman)
Mr. Shahid Aziz	(Committee Member)
Mr. Fahd Mukhtar	(Committee Member)

Risk Management Committee

Mr. Faisal Ahmed	(Committee Chairman)
Mr. Shahid Aziz	(Committee Member)
Mr. Muhammad Shaukat	(Committee Member)

Nomination Committee

Mr. Fawad Ahmed Mukhtar	(Committee Chairman)
Mr. Faisal Ahmed	(Committee Member)
Mrs. Fatima Fazal	(Committee Member)

EXECUTIVE MANAGEMENT TEAM

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Aftab Ahmed Qaiser

Sr. Executive Internal Audit & Risk

Mr. Muhammad Akbar Rana

GM Weaving

Mr. Ikram Azeem

GM Marketing

Khawaja Sajid
Mr. Aqeel Saifi
Mr. Muhammad Nasir Iqbal
Mr. Salim Ahmed

GM Spinning (Multan)

Mr. Muhammad Shoaib Alam

DGM Spinning (Rawat)

Mr. Salahudin Khattak

EXTERNAL AUDITORS

M/s. ShineWing Hameed Chaudhri & Co.,

Chartered Accountants
HM House, 7-Bank Square, Lahore.
E-mail: lhr@hccpk.com

BANKS/FINANCIAL INSTITUTIONS

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
National Bank of Pakistan
Meezan Bank Limited
Soneri Bank Limited
The Bank of Khyber
Habib Metropolitan Bank Limited
JS Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Samba Bank Limited
Al-Baraka Bank Pakistan Limited
Dubai Islamic Bank (Pakistan) Limited
The Bank of Punjab
Askari Bank Limited, Islamic Banking Services
Saudi Pak Industrial & Agricultural Investment Company Limited
Pak Brunei Investment Company Limited
Pak China Investment Company Limited
Pak Libya Holding Company (Pvt) Limited
Pakistan Kuwait Investment Company (Pvt) Limited
First Habib Modaraba
Sindh Bank Limited
Summit Bank Limited
Bank Islami Pakistan Limited
Standard Chartered Bank Pakistan Limited
Faysal Bank Limited

SHARES REGISTRAR

M/s. CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi-74400
E-mail: info@cdc.pak.com &
kamran.ahmad@fatima-group.com

BUSINESS OFFICES

Registered Office

2nd Floor, Trust Plaza, LMQ Road, Multan.
Tel: 061-4509700, 061-4509749
Fax: 061-4511677, 061-4584288
E-mail: info@fatima-group.com

Head Office

E-110, Khayaban-e-Jinnah Lahore Cantt.
Tel: 042-35909449, 042-111-328-462
Fax: 042-36621389
Website: www.fatima-group.com

SITE ADDRESSES

Unit # 1, 2, 4 & 5

Fazalpur Khanewal Road, Multan.
Phone & Fax: 061-6740020-3 & 061-6740039

Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.
Phone & Fax: 051-4262494-95 & 051-4611097

VISION

To be a Company recognized for its art of Textile and best business practices.

MISSION & VALUES

The mission of Company is to operate state of the art Textile plants capable of producing yarn and fabrics.

The company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through:

- Manufacturing of yarn and fabrics as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe, USA and Fareast.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

CORPORATE VALUES

These are the values that Reliance Weaving Mills Limited epitomizes, and are reflected in all our transactions and interactions. Congruence to these values has been a part of our business strategy. They are bound in the very fabric of our organization, shaped by organizational processes, procedures and practices.

Integrity

Our actions are driven by honesty, ethics, fairness and transparency.

Innovation

We encourage creativity and recognize new ideas.

Teamwork

We work collectively towards a common goal.

Health, Safety, Environment & CSR

We care for our people and the communities around us.

Customer Focus

We believe in listening to our customers and delivering value in our products and services.

Excellence

We strive to excel in everything we do.

Valuing People

We value our people as our greatest resource.

NOTICE OF THE 31ST ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of the shareholders of Reliance Weaving Mills Limited (the "Company") will be held on Thursday, October 28, 2021, at 12:30 pm at 2nd Floor, Trust Plaza, L.M.Q. Road, Multan, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on May 04, 2021.

2. To receive, consider and adopt the audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2021.

3. To consider and approve payment of Rs. 2.50 (25%) per share as final cash dividend in addition to 50% interim cash dividend announced and already paid, making a total dividend of Rs. 7.50 (75%) per share for the financial year ended June 30, 2021 as recommended by the Board of Directors.

4. To appoint Auditors for year ending June 30, 2022 and to fix their remuneration. The present Auditors, M/s. Shinewing Hameed Chaudhri & Co. Chartered Accountants retire and being eligible have offered themselves for re-appointment.

SPECIAL BUSINESS

5. **To consider and, if deemed fit, pass the following Resolution(s) as Ordinary Resolution(s) with or without modification(s), addition(s) or deletion(s), as recommended by the Board of Directors:**

   "RESOLVED THAT approval of the members of Reliance Weavings Mills Limited (the "Company") be and is hereby accorded for making an aggregate investment of up to Rupees 3,500,000,000 (Rupees Thirty Five Hundred Million Only), Rupees 200,000,000 (Rupees Two Hundred Million Only) and Rupees 500,000,000 (Rupees Five Hundred Million Only) in "Spinning Project", "Stitching Project " and "Investment in Land" respectively to be financed by way of internal cash flows of the Company and debt financing and subject to the compliance of all statutory and legal requirements."

   "RESOLVED FURTHER THAT Chief Executive and/or the Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to take all necessary acts, matters, deeds, things and actions to complete all legal formalities and to execute and submit all relevant documents / forms / applications and file all necessary documents, if required, as may be necessary or incidental for the purpose of giving effect to the spirit and intent of the above resolution."

   "RESOLVED FURTHER THAT the Company Secretary be and is hereby directed to fulfill all the requisite, legal, procedural and corporate formalities, if any, for giving effect to above resolutions."

6. **To ratify and approve the transactions carried out by the Company with related parties as disclosed in the financial statements for the year ended June 30, 2021 and to pass the following Special Resolution(s), with or without modification(s) in terms of Section 208 of the Companies Act, 2017:**

   "RESOLVED THAT related party transactions carried out by the Company during the year in which majority of Directors are interested as disclosed in Note 45 of the financial statements for the year ended June 30, 2021, be and are hereby ratified, approved and confirmed."

7. **To authorize the Board of Directors of the Company to approve related party transaction for the financial year ending June 30, 2022, and to pass the following Special Resolution(s), with or without modification(s):**

   "RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to approve the transactions to be conducted with related parties on case to case basis for the financial year ending June 30, 2022."

   "FURTHER RESOLVED THAT these transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval where required."

8. **To consider and if deemed fit, to pass the following special resolutions under Section 199 of the Companies Act 2017, with or without modification(s), addition(s) or deletion(s):**

"RESOLVED THAT consent of the shareholders of the Company be and is hereby accorded under Section 199 of the Act for investment in associated companies, as per following details, in the form of working capital loan from time to time for a period of one year starting from the date of approval by the shareholders provided that the return on any outstanding amount of loan shall be KIBOR plus 2.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the agreement to be executed in writing and as disclosed to the members:"

Sr. No.	Name of Associated Company	Amount of Loan
1	Fatima Sugar Mills Limited (FSML)	PKR 400 million
2	Reliance Commodities (Pvt.) Limited (RCL)	PKR 200 million
3	Fatima Transmission Company Limited (FTCL)	PKR 300 million
4	Fazal Cloth Mills Limited (FCML)	PKR 200 million
5	Fatima Holding Limited (FHL)	PKR 200 million

"FURTHER RESOLVED that any Director/Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of said investment as and when required by above associated companies and to take all steps and actions necessary, incidental and ancillary thereto including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things including filing of documents as may be necessary or incidental or expedient for the purpose of implementing the aforesaid resolution."

Statement under Section 134(3) of the Companies Act, 2017 concerning special business is annexed to this notice of meeting circulated to the shareholders of the Company.

By order of the Board

Place: Multan
Dated: October 07, 2021

AFTAB AHMED QAISER
Company Secretary

NOTES:

1. The Share Transfer Books will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Transfers received in order at the office of our Shares Registrar by the close of the business on October 21, 2021 will be treated in time for the aforesaid purpose.

2. Only those persons whose names appear in the Register of Members of the Company as at October 21, 2021 are entitled to attend and vote at the Annual General Meeting.

3. The members are requested to notify the change of address, Zakat Declaration and Tax Exemption Status with its valid certificate, if any, immediately to our Shares Registrar.

4. **Participation in the Annual General Meeting**

   A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

   In order to be effective, duly completed and signed Proxy Form must be received at the Company's Registered Office address at 2nd Floor, Trust Plaza, L.M.Q. Road, Multan at least 48 hours before the time of the meeting. For the convenience of the members, a Proxy Form is being dispatched with the Annual Report 2021.

   Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

FOR ATTENDING THE MEETING:

i) In case of individuals, the account holder or sub-account holder and their registration details are uploaded as per CDC regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting; and

ii) In case of corporate entities, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

FOR APPOINTING PROXIES:

a) In case of Individuals

i) In case of individuals, the account holder or sub-account holder and their registration details are uploaded as per CDC regulations, shall submit the Proxy Form as per the above requirement.

ii) Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the Passport of beneficial owners and the Proxy shall be furnished with the Proxy Form.

iv) The Proxy shall produce his / her original CNIC or original Passport at the time of the meeting.

b) In case of corporate entities

In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted along with the proxy form to the Company. A corporate entity, being member, may appoint any person, regardless of whether they are a member or not, as its proxy.

Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and collectively holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Company at least 7 days prior to the date of the meeting.

I/we _____________________ of ______________ being members of Reliance Weaving Mills Limited holder ___________________ Ordinary Shares(s) as per Registered Folio No. CDC/Account No. _______ hereby opt for video conference facility at [name of city] in respect of Annual General Meeting of the Company.

Signature of Member

The Company will intimate respective members regarding venue of the video-link facility before five days of the meeting along with complete information necessary to enable them to access the facility.

Measures taken owing to prevailing situation of Covid-19 Pandemic

To ensure the safety and well-being of all the Members keeping in view of the prevailing situation due to COVID-19 pandemic and pursuant to the guidelines issued by Securities and Exchange Commission of Pakistan, vide its Circular No. 04 of 2021 dated February 15, 2021, members interested in attending the AGM through ZOOM are requested to get themselves registered by sending an Email at aftab.qaiser@fatima-group.com and by providing the following details:

Name of the Member	CNIC No.	Folio / CDS No.	Cell No.	Email Address

Log-in facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Members will be able to login and participate in the Annual General Meeting proceedings through their devices after completing all the formalities required for the identification and verification.

5. Computerized National Identity Card (CNIC) / National Tax Number (NTN):

All those individual members holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to the Company's Share Registrar. Members while sending CNIC must quote their respective folio numbers. The corporate members having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificates to Company's Share Registrar. The corporate members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

6. Withholding Tax on Dividend

Pursuant to the Finance Act, 2020, effective July 01, 2020, the rate of deduction of income tax under section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 30% and for FILER of tax return as 15%. List of filers is available at Federal Board of Revenue's (FBR) website: http://www.fbr.gov.pk. Members are therefore advised to update their tax FILER status latest by October 21, 2021.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/ Non-Filer' status of principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and Joint-holder(s) in respect of shares held by them to our Shares Registrar, in writing as follows:

		Principal Shareholder		Joint Holder(s)	
Folio / CDC A/C No.	Total No. of Shares	Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Name and CNIC No.

The required information must reach our Shars Registrar by the close of business on October 21, 2021; otherwise, it will be assumed that the shares are equally held by principal shareholder and joint-holder(s).

The Corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend, if announced by the Company.

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 21, 2021.

7. Payment of Cash Dividend Electronically

Under Second proviso to Section 242 of the Companies Act, 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders.

Accordingly, the shareholders of the Company are requested to provide the following information for payment of cash dividend to be declared by the Company through electronic mode directly in the bank account designated by you.

Name of Shareholder	
Folio Number/CDC participant account Number	
CNIC Number	
Title of Bank Account	
Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	
Signature of Member	

Note: Signature must match specimen signature registered with the Company.

The shareholders are also required to intimate the changes, if any, in the above-mentioned information to the Company and the Shares Registrar as soon as these occur. In case of shares held electronically, then the above electronic credit mandate form must be submitted directly to shareholder(s)' broker/participant/CDC account services.

8. E-Voting:

Members can exercise their right to poll subject to meeting of requirement of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

9. Deposit of Physical Shares into CDC Accounts

As per Section 72 of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e., May 31, 2017.

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

10. Dissemination of Annual Audited Accounts and Notice of Annual General Meeting:

The Company shall place the financial statements and reports on the Company's website at least twenty-one (21) days prior to the date of the Annual General Meeting. Further, this is to inform that in accordance with SRO 470(I)/2016 dated May 31, 2016, through which Commission has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses. Accordingly, Annual Report of the Company for the year ended June 30, 2021 is dispatched to the shareholders through CD. However, if a shareholder requests for a hard copy of Annual Report, the same shall be provided free of cost within seven (7) days of receipt of such request. Further, in terms of SRO No. 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain annual balance sheet and profit and loss account, auditors' report and directors' report etc. along with the Notice of the Annual General Meeting through email. For this purpose, we hereby give you the opportunity to send us your written request along with your valid email address to provide you the same.

11. Comments and Suggestions

Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary office at least two working days before the AGM, at given email address, WhatsApp or SMS on 0301-8460217. Shareholders are required to mention their full name, CNIC Number and Folio Number for this purpose or can be emailed aftab.qaiser@fatima-group.com. The shareholders may also contact Shares Registrar at CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

The statement sets out the material facts under Section 134(3) of the Companies Act, 2017 concerning the special business to be transacted at the Annual General Meeting of Reliance Weaving Mills Limited to be held on Thursday, October 28, 2021.

1) Special Business Relating to Investment in Spinning Project, Stitching Project and Land

The Board considers it necessary that such decisions should be implemented with the consent / approval of the shareholders as a good corporate governance practice, although, the Company is not required to seek approval from the shareholders as per powers conferred upon by the Board of Directors under the provisions of Section 183 of the Companies Act, 2017. The calendar year 2020 changed the dynamics of the whole world owing to outbreak of Covid-19 pandemic but at the same time, it provides great business opportunities in time to come which requires the companies to make investment in its infrastructure and production capacity. The ground realities favor to undertake fresh investment to the extent of Rupees 3,500,000,000 (Rupees Thirty- Five Hundred Million Only), Rupees 200,000,000 (Rupees Two Hundred Million Only) and Rupees 500,000,000 (Rupees Five Hundred Million Only) in "Spinning Project", "Stitching

Project" and "Investment in Land" respectively. The Board of Directors has unanimously decided that the Company should focus on its yarn and stitching business which is likely to show improvement in future and will be beneficial for the Company. The investment in "Spinning Project" and "Stitching Project" would be made to enhance its spinning capacity and carry out the new project of stitching respectively to manufacture and sell finished products. The investment in land shall benefit the Company in form of capital appreciation in future. The investment in "Spinning Project", "Stitching Project" and land will be financed through internal cash flows along with debt financing subject to compliance of corporate and regulatory formalities.

2) Special Business Relating to Approval of Related Party Transactions

The transactions carried out with the associated companies/related parties have been approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to the provisions of applicable laws. However, the majority of Directors of the Company were interested in certain transactions due to their common directorship or on account of holding of shares in the associated companies with which such transactions were held. Therefore, due to absence of quorum, the Board has recommended that these transactions be placed before the shareholders of the Company in the general meeting for ratification/approval pursuant to the provisions of the Companies Act, 2017 (the "Act"). These transactions are given in Note 45 of the financial statements for the year ended June 30, 2021.

All the related party transactions for the year ended June 30, 2021 were executed at Arm's Length basis in the normal course of business and there were no departures from the guidelines in the Code of Corporate Governance for such transactions. Pursuant to above, these transactions have to be approved/ratified by the shareholders in the General Meeting. The Directors and their relatives do not have any direct or indirect interest in the aforesaid except to the extent of their shareholding/ common directorship with related parties.

3) Special Business Relating to Related Party Transactions for year ending June 30, 2022

The Company shall be conducting transactions with its related parties during the year ending June 30, 2022 on an arm's length basis as per the approved policy with respect to "transactions with the related parties" in the normal course of business. There could be cases where majority of the Directors hold common directorship with these associated companies. In order to promote transparent business practices, it is recommended that the Board of Directors of the Company be authorized to approve transactions with related parties from time-to-time on case to case basis for the year ending June 30, 2022, which transactions shall be deemed to be approved by the shareholders. The nature and scope of related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification. The directors are interested in the resolution to the extent of their shareholding in the companies.

4) Investment in associated companies

As per requirements of the regulations; the Company is required to seek approval from shareholders every year for providing working capital loan to the associated companies to meet its business requirements.

Considering the average borrowing cost of the Company and the return offered by the banks on term deposits, the Directors of the Company have recommended to invest surplus funds from the retained earnings of the Company to the associated companies as per their request at the interest rate of KIBOR plus 2.50% which shall not be less than the average borrowing cost of the Company.

The repayment of the principal amount of loan and interest thereon shall be made as per terms and conditions of the agreements along with payment of interest. The management expects that the transactions are to be beneficial for the Company as this will enhance the return on funds available with the Company.

The Directors of the Company undertake that the proposed investment is being recommended after due diligence and financial health of the borrowing companies are such that these companies have the ability to repay the loan as per agreement. The duly signed recommendation of the due diligence report and directors' undertaking/certificate shall be made available to the members for inspection at the meeting. The Company holds following shares in associated companies where the Company is seeking approval from shareholders for making investment in associated companies:

Name of Company	No. of Shares
Fatima Transmission Company Limited	7,187,500

Information under Regulation 3 of the Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

	Fatima Sugar Mills Limited	Reliance Commodities (Pvt.) Limited	Fatima Transmission Company Limited	Fazal Cloth Mills Limited	Fatima Holding Limited
Registration No. and date	0076592, 15.07.2011	0036107, 28.01.1996	0091244, 26.12.2014	0002266 14.05.1966	0018591 11.01.2014
Registered Office Address	E-110, Khayaban-e-Jinnah, Lahore	2nd Floor Trust Plaza LMQ Road, Multan	E-110, Khayaban-e-Jinnah, Lahore	697, Abid Majeed Road, Survey No. 248/7, Lahore Cantt.	E-110, Khayaban-e-Jinnah, Lahore Cantt.
Authorized share capital	PKR 2,200(M)	PKR100 (M)	PKR 250(M)	PKR 700(M)	PKR 1,180(M)
Paid up capital	PKR 2,102 (M)	PKR 80.05(M)	PKR 230(M)	PKR 300(M)	PKR 1,172(M)
Basis of Relationship	Common Directorship	Common Directorship	Common Directorship	Common Directorship	Common Directorship

Earnings per share of the associated companies are as under:

PKR					
Year	FSML	RCL	FTCL	FCML	FHL
2019	1.76	26.05	(2.8292)	50.52	4.30
2020	1.57	36.22	(4.0687)	13.36	5.38
2021	5.79	25.06	(2.5063)	181.06	4.33

Breakup value per share of the associated companies are as under:

PKR					
Year	FSML	RCL	FTCL	FCML	FHL
2019	17.10	267.31	4.7239	697.5	104.34
2020	18.67	303.53	(0.6551)	694.74	109.74
2021	22.89	292.37	(1.8557)	1093.33	88.90

Latest financial position, including main items of the financial position and statement of profit or loss of the associated companies or associated undertakings;

PKR in million					
Particulars	FSML	RCL	FTCL	FCML	FHL
Paid up capital	2,101.71	80.05	230.00	300.00	1,171.55
Un-appropriated profit/(loss)	2,709.69	1,837.65	(272.68)	13,208.60	6,109.98
Current liabilities	2,461.249	5,612.46	513.25	18,615.26	6,003.59
Current assets	3,801.94	7,269.132	17.50	25,656.03	11,414.68
Sales	10,318.65	4,005.87	N/A	38,179.07	773.94
Gross profit/(loss)	2,350.81	416.35	(57.65)	5,210.57	770.22
Net Profit/loss	1,217.22	200.63	(57.65)	3,082.75	507.46

In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, further information as per Regulations are as under:

		Fatima Transmission Company Limited
I	Description of the project and its history since conceptualization	Fatima Transmission Company Limited (the "FTCL") was incorporated in Pakistan on December 26, 2014 as a public company under the Companies Ordinance, 1984. The principal activity of the Company is to lay down power transmission line. The National Power Electric Regulatory Authority (NEPRA) has granted permission to FTCL for constructing and owning transmission facilities in 2015. Under the license, FTCL would setup a 37 km long transmission line for evacuating 120MW electricity from generation facilities, to supply to a number of Bulk Power Consumers.
II	Starting date and expected date of completion of work	The project was taken over from EPC contractor in May 2017 and duly tested through dispatch during the period from August 2019 to December 2019 under wheeling arrangement. COD is yet to be declared.
III	Time by which such project shall become commercially operational	The commercial operations of the Company are directly linked with the operations of the Fatima Energy Limited. As soon as the commercial operations of the Fatima Energy Limited commences; the commercial operations of the FTCL shall also be commenced simultaneously.
IV	Expected time by which the project shall start paying return on investment	In addition to above, the management of FTCL expects that it would be able to achieve its optimum capacity in next couple of years, which will enable sufficient cash flows to repay its obligations as well as payout to its shareholders.
V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	100 percent investment in Cash.

General disclosures:

Requirements	Fatima Sugar Mills Limited	Reliance Commodities (Pvt.) Limited	Fatima Transmission Company Limited	Fazal Cloth Mills Limited	Fatima Holding Limited
	PKR in million				
Maximum amount of investment	400	200	300	200	200
In case any loan has already been granted to the said associated companies or associated undertakings, the complete details thereof.	Given in below.				
Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans.	Purpose: To earn income on the loans/advances to be provided to the associated companies to meet working capital needs of the associated companies. Benefits: The Company will receive markup above the borrowing cost of the Company, which will benefit the Company's cash flow by earning profit on its surplus funds. Period: For a period of one year from the date of Annual General Meeting.				
Sources of funds to be utilized for investment	Loan/advance will be given out of own funds of the Company.				
Where loans or advances are being granted using borrowed funds:					
(I) Justification for granting loan or advance out of borrowed funds	Not Applicable				
(II) Detail of guarantees/assets pledged for obtaining such funds, if any;	Not Applicable				
(III) Cost benefit analysis	Not Applicable				
Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment.					
- Nature	Loan/advance				
- Purpose	To earn mark-up on loan being provided to FSML, FTCL, RCL, FCML and FHL, this will augment the Company's cash flow.				
- Period	Maximum period of one year.				
- Rate of markup	KIBOR+2.5% but above borrowing cost of the Company.				
- Repayment	Investee Company shall pay loan and mark-up to investing company on one-month notice or at maturity.				
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The directors of the Company are sponsors and directors of the Investee Companies. None of the Directors or their relatives or associates is interested in above resolution in any way except as members of the Company.				
In case of any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	There is no impairment and/or write off against any facility given to any associated company.				

Requirements	Fatima Sugar Mills Limited	Reliance Commodities (Pvt.) Limited	Fatima Transmission Company Limited	Fazal Cloth Mills Limited	Fatima Holding Limited
	PKR in million				
Maximum amount of investment	400	200	300	200	200
Any important details necessary for the members to understand the transaction.	Not Applicable				
Category-wise amount of investment;	Short term loan for working capital requirements for a period of one year as detailed in preamble.				
Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	7.73%				
Rate of interest, markup, profit, fees or commission to be charged;	KIBOR+2.50%				
Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Not Applicable				
If loans carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable:	Not Applicable				
(a) Conversion formula	Not Applicable				
(b) Circumstances in which conversion may take place	Not Applicable				
(c) Time when conversion may be exercisable;	Not Applicable				
Repayment schedule and terms and conditions of loans or advances to be given to Investee companies.	Loan will be paid back by each investee company with-in one-month Notice or at maturity.				

Inspection of Documents

Memorandum of Association and Articles of Association of the Company and the Investee Company, annual and quarterly accounts of the Company, statement of material facts, financing agreements including any modification / amendments, financial projections of the Company and the Investee Company, register of investments, register of transactions with associate companies, register of directors, shareholding list of the company and the investee company and any other related information of the Company and the Investee Company as may be relevant shall be available for inspection from the date of the notice of the general meeting to the conclusion of the same.

COMPANY PROFILE

Reliance Weaving Mills Limited is a Public Limited Company incorporated on April 07, 1990 with its Registered Office at 2nd Floor, Trust Plaza, L.M.Q. Road, Multan and is listed on Pakistan Stock Exchange. The Head Office of the Company is situated at E-110, Khayaban-e-Jinnah, Lahore-Cantt.

The unit is a fully integrated comprising of yarns and fabrics production facilities, which is located at two sites i.e. Fazalpur Khanewal Road, Multan (Multan Unit) and Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi (Rawat Unit).

The Spinning unit at Multan comprises of 42 ring frames consisting of 47,520 spindles with total annual production capacity of 25,248 tons based on average count Ne 14. We have state of the art and modern technology, TOYOTA RX-240 and RX-300 E Draft capable of making wide range of counts. These machines can attain high speed of 21,000 RPM. Our ring machines are 2004, 2013 and 2014 model. Currently, we are producing yarn counts from 6/1 cdd to 21/1 cdd. The above unit produces Carded Yarn, Combed Yarn, Siro Yarn, Core Yarn, Dual Core Yarn, Slub Yarn, Dual Core+Slub Yarn and Core+Slub Yarns. We are specialized in making yarn for Denim. We have installed compact system on our existing frames gaining the ability of compact yarn manufacturing and have also installed Bobbin Transport System (BTS), which will cause the automation in the system and reducing workers handling. We have also installed Auto-Doffer Auto-cone.

The Weaving unit comprises of 427 looms of high speed latest air jet machines of Tsudakoma (Japan) & Picanol (Belgium) with total grey cloth production of (95.7 Million Meters) (SGM's) is based on 60 picks per inch. We cater for home textiles and apparels from various varieties of yarns blends such as Cotton/Polyester, Cotton/Viscose/ Linen, Fancy Yarns, Stretch Yarns from different natural fibers & synthetic blends. The unit is equipped with latest warping and sizing machines, air compressors, air conditioning / chiller system, boilers and self-gas engine power generation. The weaving facilities can produce plain (basket/mat weave, ribbed warp & wet), twill, satin, sateen weave, variation of basic weave such as creps, pile (cut/ unused) double cloth, gauze (leno), swivel, tappet, dobby, namely jacquard & triaxial.

The Multan Units and its surrounding comprises of 103 acres of land having 228 bachelors' rooms and 24 family quarters for workers and management employees.

The Rawat Unit comprises of 33 acres of land having accommodation capacity for 500 workers and 76 rooms for bachelors. The unit consists of 38 Toyoda Japan (RY-5) spinning frame with total annual production capacity of 138,000 bags based on standard count of 20/1 cdd. The unit produces yarns namely Mélange, Marl, Slub, Injection Nappy and Fancy Draw Blend Yarns. We are producing almost all types of Fancy Yarns and Grey Fabrics and have state-of-the-art high speed machines with latest facilities coupled with highly skilled team of dedicated workers and engineers to meet the challenges of textile sector.

We are constantly working to upgrade our plant by replacing old machines with latest high speed machines to be abreast with modern trends in the local textile industry and abroad to have competitive edge over our competitors to bring our Company in the forefront of the textile sector of Pakistan.

DIRECTORS' PROFILE

Mr. Fawad Ahmed Mukhtar

Chairman / Non-Executive Director

Mr. Fawad Ahmed Mukhtar is the Chairman of the Company. He has extensive experience in manufacturing and industrial management. In addition to being a successful business leader, he is also a renowned philanthropist. After graduation, he has spent over 30 years in developing his family business into a sizable conglomerate.

Mr. Mukhtar leads several community service initiatives of the Group including the Fatima Fertilizer Trust and Welfare Hospital, Fatima Fertilizer Education Society and School and Mukhtar A. Sheikh Welfare Trust, among others. He is also the Chairman of Reliance Commodities (Private) Limited, Fatima Holding Limited, Fatima Sugar Mills Limited, Air One (Private) Limited, Fatima Trading Comapny (Pvt) Limited and is the CEO of Fatima Fertilizer Company Limited, Pakarab Fertilizers Limited, Fatimafert Limited and Fatima Cement Limited. He is also the Director of Fatima Transmission Company Limited, Fatima Electric Company Limited and Pakarab Energy Limited. In addition, he is a member of the Board of Directors of the National Management Foundation, a sponsoring body of Lahore University of Management Sciences (LUMS).

Mr. Faisal Ahmed

CEO / Executive Director

Mr. Faisal Ahmed is the Chief Executive Officer (CEO) of the Company. He is the former City District Nazim of Multan, and continues to lead welfare efforts in the city. He is the Chief Executive Officer of Fatima Sugar Mills Limited, Farrukh Trading Company Limited and Fatima Steel Mills Limited. He is also the Chairman of the Workers Welfare Board at Pakarab Fertilizers Limited and is a member of the Board of Directors of Fatima Fertilizer Company Limited, Pakarab Fertilizers Limited, Fatimafert Limited, Fatima Electric Company Limited, Pakarab Energy Limited, Reliance Commodities (Private) Limited, Fazal Cloth Mills Limited, Air One (Private) Limited and Fatima Cement Limited. Additionally, he was also a member in the Provincial Finance Commission (Punjab), Steering Committee of Southern Punjab Development Project and Decentralization Support Program. Mr. Ahmed has also served as the Chairman of Multan Development Authority and was also a member of a syndicate of Bahauddin Zakariya University, Multan.

Mr. Fahd Mukhtar

Non-Executive Director

Mr. Fahd Mukhtar holds a Bachelor of Economics Degree from the Philadelphia University of USA. He is the CEO of Fatima Packaging Limited and is a member of the Board of Directors at Fazal Cloth Mills Limited, Fatima Trading Comapny (Pvt) Limited and Fatima Sugar Mills Limited.

Mr. Muhammad Mukhtar Sheikh

Non-Executive Director

Mr. Muhammad Mukhtar Sheikh joined the Board of Directors on June 1, 2020. He is the third generation family member of the Fatima Group a conglomerate engaged in Fertilizer, Textiles, Sugar, Cement, Energy and other businesses. The Fatima Group inducts young family member as Directors to adapt to changing trends & technology and bring new innovative perspective to the organization and in the boardroom as seen by fresh eyes. Currently, he is completing his higher education from the Babson College, School of Business, Wellesley Massachusetts, a premier institution with central focus on entrepreneurship education.

He is also serving on the Board of Fazal Cloth Mills Limited and Fatima Sugar Mills Limited.

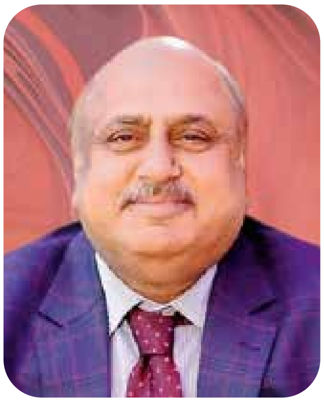
Mr. Muhammad Shaukat

Independent Director

Mr. Muhammad Shaukat has earned his MBA from Institute of Business Administration (IBA) Karachi in the year 1990 and Ph.D. in Business Administration. He is a Certified Corporate Director from the Institute of Chartered Accountant of Pakistan. Presently he is serving as the Dean, Faculty of Commerce, Law and Business Administration, Bahauddin Zakariya University (BZU) Multan, Director, Institute of Banking & Finance (IBF), Director, Planning and Development and member on different statutory bodies of BZU. He is also working as Advisor to Punjab Public Service Commission.

Mr. Muhammad Shaukat possesses rich experience of about 31 years in the field of Corporate Affairs, Human Resources, Finance and Administration etc. of various renowned Institutions. Previously he has served as Chairman Transport Committee, Director Human Resource Management & Community Relations and has been on the Board of Directors (Syndicate) & Member Finance & Planning Committee of BZU. Formerly he has also worked as Director in the BOD of Punjab government owned Multan Waste Management Company for three years.

In addition, Mr. Muhammad Shaukat is an author of about 125 research papers published in National & International Journals / Newspapers of repute. He has presented his research papers at Oxford, Cambridge, and Harvard etc. He has won Emerald literati best author Award for his publication in 2018 from World No.01 Publishing Company i.e. Emerald Publishing Ltd U.K.



Mr. Shahid Aziz

Independent Director

He is a graduate from University of the Punjab major in Economics and Political Science. He attended different workshops and courses on the topic of Mutual Funds, Communication Skills including workshop on Corporate Governance from LUMS. He possesses vast experience of working in different public and private sector organizations since 1976. He was associated with NIT from 1980 to 2019 and worked as Zonal Head of North Zone. He possesses certificate of Directors' Training Program from IBA Karachi. He represented NIT on the Board of various Listed Companies and a Public Sector Company. At present, he is working as Advisor to Chairman Audit Oversight Board Islamabad.

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Shahid Aziz
Committee Chairman

Mr. Fahd Mukhtar
Committee Member

Mr. Muhammad Shaukat
Committee Member

HR & REMUNERATION COMMITTEE

Mr. Muhammad Shaukat
Committee Chairman

Mr. Shahid Aziz
Committee Member

Mr. Fahd Mukhtar
Committee Member

RISK MANAGEMENT COMMITTEE

Mr. Faisal Ahmed
Committee Chairman

Mr. Shahid Aziz
Committee Member

Mr. Muhammad Shaukat
Committee Member

NOMINATION COMMITTEE

Mr. Fawad Ahmed Mukhtar
Committee Chairman

Mr. Faisal Ahmed
Committee Member

Mrs. Fatima Fazal
Committee Member

MANAGEMENT PROFILE

Mr. Waheed Ahmed

Chief Financial Officer

Mr. Waheed Ahmed is a qualified Chartered Accountant having more than 21 years' experience of handling the Operational, Accounting, Tax and Financial Matters of Listed Companies. He is with Reliance Weaving Mills Limited since August 2008. During his career in RWML he involved in the strategic / financial planning of the Company. He is also Director of Fatima Energy Limited.

Mr. Aftab Ahmed Qaiser

Company Secretary

Mr. Aftab Ahmed Qaiser is a qualified Chartered Accountant from the Institute of Chartered Accountants of England & Wales, UK and a fellow Member of the Institute of Chartered Accountants of Pakistan. Mr. Qaiser is a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance. He has career spanning over 44 years, in the fields of Financial Management, Internal Audit, Taxation, Legal and Corporate Affair matters of Listed Companies. He has held several key positions in Companies like, Dawood Hercules Corporation Limited, Lawrencepur Woolen and Textile Mills Limited and The Burewala Textile Mills Limited. He is also serving as the Company Secretary of several Public Unlisted Companies and a Private Limited Company. He is the part of Fatima Group since March 2014.

Khawaja Sajid

General Manager Marketing

Khawaja Sajid is the General Manager in Marketing Department. He has over 29 years of diversified marketing experience in different products of textile and carries a successful leadership experience in this portfolio. He has worked with the reputed textile companies of Pakistan. He holds the Master Degree in Business Administration from Baha-u-Din Zakariya University, Multan. Mr. Sajid joined Reliance Weaving Mills Limited in 2004 and remains devoted till today.

Mr. Aqeel Saifi

General Manager Marketing

Mr. Aqeel Saifi holds a Master's degree in Business Administration from Imperial College of Business Studies and B.Sc (hons) Degree in Computer Sciences from FAST – NUCES. He has been attached to the textile industry for over 16 years, working with well reputed textiles organizations of Pakistan. He is with Reliance Weaving Mills Limited since August 2015.

Mr. Muhammad Akbar Rana

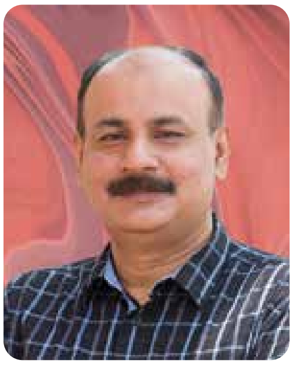
Sr. Executive Internal Audit & Risk

Mr. Muhammad Akbar Rana is a Fellow Member of the Institute of Cost and Management Accountants of Pakistan and Certified ISO 22301:2019- Business Continuity Management Systems Auditor/Lead Auditor- IRCA UK. He is associated with Fatima Group since 2003 and has diversified work experience of Fertilizer, Textile, Sugar and Packaging Industries in the field of Internal Audit & Accounts, Enterprise Risk Management, Business Continuity Management System, Governance and Compliance. Currently, he is leading Internal Audit & Risk Assurance function of Sugar & Textile Divisions of Fatima Group.

Mr. Ikram Azeem

Technical Director (Weaving)

Mr. Ikram Azeem holds B,Sc (Textile Engineering) degree with specialization in Weaving from National Textile University, Faisalabad. He has total field experience of 26 years by working on different types of looms, (PICANOL Air Jet Loom, Tsudakoma Air Jet Loom and Toyota Air Jet Loom). In addition, he got technical training of TSUDAKOM AIR Jet Loom from Japan and Picanol Air Jet Loom from Belgium. He is a part of this organization since the year 2000.



Mr. Muhammad Shoaib Alam

General Manager (Spinning)

Mr. Muhammad Shoaib Alam holds B.Sc. Textile (Spinning) Degree from the University of Engineering & Technology Lahore. He was Vice President of Spinning Society and is part of this Group since the inception of this Unit. He has experience of managing coarse and fine count mills, ranging from 6/1 to 120/1 on various types of machinery setups and producing different types of yarn from GIZA, PIMA and Brazalian Cotton. He also got training for blow room and card from Reiter in Winterthru, Switzerland.

Mr. Muhammad Nasir Iqbal

General Manager Yarn Marketing & Procurement

Mr. Nasir Iqbal holds Master degree in Business Administration. He has total experience of 23 years in Textile sector. He has an extensive knowledge of Customers and Suppliers for yarn sale and procurement with varying categories of coarse, fine, stretch, slub & siro yarn. His professional strength is to develop & manage Certification like BCI, Primark, GOTS, OCS, GRS & CMIA and find customers having good name in export to distinguished brands. He has been working with Reliance Weaving Mills Limited since 2003, as a valuable resource.

Mr. Salim Ahmed

General Manager Marketing

Salim Ahmed holds the master degrees in Business Administration and M.A. Economics. He has been in the Textile industry since last 23 years with well reputed textile mills in Pakistan, and he has vast experience of fancy yarns of knitting and weaving. He has been in Reliance Weaving Mills Limited since August 2010.

Mr. Salahuddin Khattak

Deputy General Manager (Spinning)

Mr. Salahuddin Khattak holds B.Sc. Textile (Spinning) Degree from National Textile University, Faisalabad. He has total field experience of 14 years of working on different types of Mélange Yarn, Injection Yarn, Lycra Melange Yarns, Slub and Snow Effect Yarns. He is part of this organization since the year 2010.

CHAIRMAN'S REVIEW

FAWAD AHMED MUKHTAR
Chairman

I am pleased to present the overall performance and effectiveness of the role played by the Board in achieving the objectives of the company pursuant to Section 192(4) of the Companies Act, 2017.

As Chairman, I am responsible for leading the Board as a mentor, to manage, support and guide the corporate governance process for efficient running and control of business and fostering the culture of openness and constructive debate during which all views are heard and decisions are taken in the best interest as envisaged under the Biz-Plan of the Company.

Your Board is cognizant and compliant of Code of Corporate Governance 2019, Companies Act, 2017 and PSX-Rules with respect to the composition procedures and meeting of the Board of Directors and its Committees.

The annual evaluation of the Board is carried out on the basis of a self-assessment questionnaire covering attributes/ skills and professional experience to ensure that the Board's overall performance is efficient and meets the expectations visualized as a Board Member.

The Board is ably assisted by four Committees namely the 'Audit Committee' 'HR & Remuneration Committee' 'Risk Management Committee' and 'Nomination Committee' to support the decision making in their respective domains.

During the year under review, the Board constituted a "Nomination Committee" responsible for recommending to the Board the composition and Chairmanship of Board Committees as envisioned under CCG-2019 and the name of candidates to fill the casual vacancy, if any.

Pursuant to Section 159 of the Companies Act, 2017, the election of the Board of Directors was held as per requirements of the Companies Act, 2017, and the new Board was constituted on March 31, 2021. The composition of the Board pursuant to CCG-2019 depicts one Executive Director, four Non-Executives Directors and two Independent Directors.

The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices and by promoting ethical and fair behavior across the Company.

I would like to place on record the exemplary performance of the Board and its Committees, whose Members navigated the company with accountability, responsibility entrusted to them by safeguarding the long term values in the best interest of our stakeholders.

چیئرمین کا جائزہ

فواداحمدمختار
چیئرمین

مجھے کمپنی کے مقاصدمیں کامیابی کیلیئے بورڈکے موءثرکرداراورمجموعی کارکردگی جوبمطابق کمپنیزایکٹ2017 سیکشن (4) 192 ہے،پیش کرتے ہوئے خوشی محسوس ہورہی ہے۔

مجھے کمپنی کے مقاصدمیں کامیابی کیلیئے بورڈکے موءثرکرداراورمجموعی کارکردگی جوبمطابق کمپنیزایکٹ2017 سیکشن (4)192 ہے،پیش کرتے ہوئے خوشی محسوس ہورہی ہے۔

چیئرمین کی حیثیت سے میں بطورناصح بورڈکی سربراہی،کاروباری اُمورکی بہترین اندازمیں انجام دہی ونگرانی کیلیئے کارپوریٹ گورننس کے طریقہ کی دیکھ بھال،معاونت اوراہنمائی (جیساکہ کمپنی کی کاروباری حکمت عملی کے تحت تصورکیا گیا)،حق گوئی اوراصلاحی مباحثہ کے کلچر کے فروغ (جس کے تحت تمام آراءدیکھی جاتی ہیں اور کمپنی کے بہترین مفادمیں فیصلہ سازی کی جاتی ہے) کا ذمہ دارہوں۔

آپ کابورڈساخت کے طریقہ کاراوربورڈآف ڈائریکٹرزاوراُسکی کمیٹیوں کے اجلاس کے حوالے سے کارپوریٹ گورننس 2019،کمپنیزایکٹ2017 کے ضابطہ اخلاق اورپاکستان سٹاک ایکسچینج کے قوانین سے بخوبی آگاہ اوراُن پرعمل پیراہے۔

ایک خودتشخیصی سوالنامہ کی بنیادپربورڈکی سالانہ جانچ کاعمل دہرایاجاتاہےجس میں بورڈکی مجموعی کارکردگی بطوربورڈممبرموءثراورمطلوبہ توقعات کے مطابق ہونے کی یقین دہانی کیلیئے اوصاف/مہارتوں اورپیشہ وارانہ تجربہ کے بارے میں پوچھاجاتاہے۔

بورڈکوفیصلہ سازی میں اپنے متعلقہ شعبہ کے حساب سے چارکمیٹیوں؛آڈٹ کمیٹی،ہیومن ریسورس اورریمونیریشن کمیٹی،رِسک مینجمنٹ کمیٹی اورنامینیشن کمیٹی کی معاونت حاصل ہوتی ہے۔

زیرجائزہ سال کے دوران بورڈنے ایک "نامینیشن کمیٹی" تشکیل دی جوکہ بورڈکوسی جی-2019 کے تحت بورڈکمیٹیوں کی ساخت،چیئرمین شپ اوراسامی (اگرکوئی ہوتو) پربھرتی کیلیئے اُمیدواروں کے نام کی سفارشات دینے کی ذمہ دارہے۔

کمپنیزایکٹ2017 کے سیکشن 159 کے مطابق بورڈآف ڈائریکٹرز کے الیکشن کاانعقادہوااور31مارچ2021 کونئے بورڈکاقیام عمل میں آیا۔سی سی جی-2019 کے مطابق بورڈایک ایگزیکٹوڈائریکٹر،چارنان ایگزیکٹو ڈائریکٹرزاوردوخودمختارڈائریکٹرز پرمشتمل ہے۔

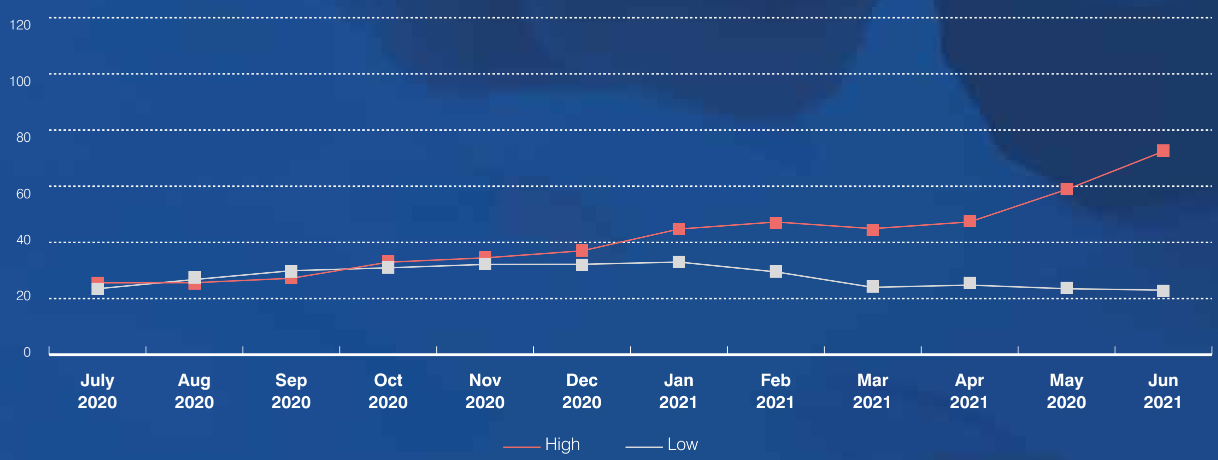
بورڈایک شفاف اورمضبوط گورننس سسٹم کوموءثراندازمیں لاگوکرنے پرکمربستہ ہوچکاہے۔جوکہ کمپنی میں ایک بہترین ماحول،اعلیٰ پریکٹسز پرعملدرآمد اوراخلاقی ومنصفانہ اقدارکے فروغ سے واضح ہے۔میں بورڈاوراُسکی کمیٹیوں کی شاندارکارکردگی پراُنہیں خراج تحسین پیش کرتاہوں جس کے ممبران نے سٹیک ہولڈرزکاوسیع تراوردیرپامفادیقینی بنانے کیلیئے کمپنی میں احتساب،تفویض کردہ ذمہ داریاں پرعملدرآمدیقینی بنایا۔

MARKET PRICE DATA

The following table show month end wise share price of the company that prevailed during the financial year 2020-21 and 2019-20 in PSX:

	2020-21			2019-20		
Month	High	Low	Close	High	Low	Close
July	26.5	22.06	25.6	24.89	22.55	23.5
August	26.25	24.6	25.65	26.89	22.57	26.78
September	32.35	25.01	27.22	29.92	24.45	29.92
October	34.75	25.1	32.95	33.05	28	30.95
November	37	32	34.5	32.5	29.41	32.17
December	39.95	34.51	37	33.64	29.5	32.2
January	49.5	36.11	44.75	34.5	31.5	33
February	50.41	40.25	47.26	32.4	28.55	29.5
March	49.7	39	44.9	32.85	23.75	24
April	51.9	40	47.29	26.44	22.28	24.8
May	63.5	45	58.84	25	22.6	23.5
June	82.3	56.04	72.41	24.98	22.4	23

SHARE PRICE ANALYSIS



DIRECTORS' REPORT TO THE SHAREHOLDERS

FINANCIAL RESULTS

Net profit has increased to RS. 1,733 M as compared to Rs. 61 M for the corresponding period. This profit is highest profit ever earned the company .The turnover of the company has increased from Rs 17,275 M to RS 24,030 M which is 39% increase. The company achieved the above result despite the COVID pandemic break out and escalation in cotton price historic high.
The main reasons of increase in profitability of the company are as follows:

- The gross profit of the company has increased from 12% to 14.6%. The increase in gross profit is mainly buying of cotton at very competitive price. Further, yarn prices increased in international and local market in response to demand arise after market opens in internationally after COVID.
- Financial cost decreased by Rs 249 m which is 21% lower than last year. Financial cost decreased due to decrease in KIBOR and better working capital management.
- Ocean freight increased to Rs 151 M from Rs 76 M due rise in freight sharply in international market.

Major financial Indicators are as under:

Description	2021	2020
	Rupees in million	
Sales	24,030	17,275
Cost of Sales	20,520	15,214
Gross Profit	3,509	2,060
Finance Cost	917	1,166
Profit After Tax	1,733	61

FUTURE OUTLOOK

The Year 2021-2022 has been impressive so far for textile. The first surge in bulk textile orders for Pakistan's textile was observed when first wave of COVID-19 resulted in lockdowns across countries, including India and Bangladesh. Orders were diverted and poured in Pakistan. As the lockdown was easing, the new and deadly wave of covid-19 in India along with decline in textile export from China is expected to give Pakistan's textile export another boost.

The rising energy crisis and shortage of cotton are the problems the currently textile is facing. Cotton outputs in 2020-2021 decreased to 21 years low. The textile companies have to import cotton from rest of the world; it increased the cost of raw material and lower margin of the sectors. It is expected that orders shall increase as the world is opening after COVID-19. However, major concern is current cotton prices which are at historically high. Government continuous support in utilities price is vital factor for future profit of the sector.

The company has opened LC to import 46 air jet looms; these are expecting to start commercial production in start of December, 2021. The company has also opened LC for new fine cotton mill of 25,520 spindles, this project is expecting to start in last quarter of next year.

GLOBAL ECONOMY

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by 3 percent in 2020, much worse than during the 2008–09 financial crises. In a baseline scenario--which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound—the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support. The significant actions of large central banks include monetary stimulus and liquidity facilities to reduce systemic stress. These actions have supported confidence and contribute to limiting the amplification of the shock, thus ensuring that the economy is better placed to recover.

RELIANCE RESPONSE TO COVID-19

The Company follows proper guidelines at all its workplaces to control the spread of COVID 19. The Offices and the Manufacturing Units are equipped with masks, sanitizers and safety instructions. Training sessions are also held on the spread of novel Corona Virus. Wearing of masks is made mandatory and social distancing measures have been put in place at workplaces. Screening of all the employees and visitors is carried on daily basis. The Company is committed to taking necessary steps to protect the plant operations, business, its employees and their families. We feel pleased to share that almost all the staff is fully vaccinated.

PAKISTANI ECONOMY

The International Monetary Fund slashed its FY21 growth projection for Pakistan to 2%, holding that the 'Great Lockdown' to combat the COVID-19 outbreak will throw the world economy into the worst recession since the Great Depression in 1930s. The coronavirus pandemic came at a time when Pakistan's economy was already slowing, due to persistent financial sector weaknesses. The severe disruption of economic activities caused by COVID-19, both through demand and supply shocks, has overtaken the incipient recovery in the Pakistan economy. Assuming a baseline scenario, in which the pandemic fades in the second half of 2020 and containment efforts are gradually unwound, the IMF in its biannual World Economic Outlook projected the global economy to contract sharply by 3% in 2020, much worse than during the 2008-09 financial crises.

OPERATION REVIEW

Yarn Business

Current year local cotton prices were continuously rising due to shortage of local cotton production and ban from import from India. The company manages to procure its cotton requirement through import and local purchase at very competitive prices. Local fabric manufacturers received sizable orders from international market due to which yarn prices increased rapidly. International yarn prices also increased due to increase in international cotton prices. However increased in yarn prices in local market was more than in international market.

Fabric Business

Weaving segment results were although improve as compare to last year but it was continuously facing the challenges of continuous yarn prices hike and appreciation of PKR against USD. Although orders were ample available but margin could not improve due to above stated factors.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors of the Company is fully cognizant of its responsibilities as laid down in the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance.

a. The financial statements together with the notes thereon have been drawn up in conformity Companies Act, 2017. The financial statements prepared by the management of the Company present fairly its state of affairs the results of its operations cash flows & changes in equity.

b. The Company has maintained proper books of accounts, as required by the Companies Act, 2017.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;

e. The system of internal control is sound in design and has been effectively implemented and monitored. There are no significant doubts upon the Company's ability to continue as a going concern:

f. There has been no material departure from the best practice of Corporate Governance, as detailed in Listing Regulations:

g. As required by Code of Corporate Governance, the statement of pattern of shareholding, shares held by associated undertakings and related persons have been given separately.

h. The information regarding outstanding taxes and levies as required by Listing Regulation is disclosed in the note to the financial statements.

i. The key operating and financial statistics for the last six years has been given separately.

MATERIAL CHANGES IN FINANCIAL STATEMENTS:

Sr. #	Particulars	Unit	30 June, 2021	30 June, 2020
A	Gross profit	%	14.61	11.93
B	Return on sales	%	7.21	0.35
C	Earnings Per Share	Rs.	56.24	1.99
D	Market value of a share	Rs.	72.41	23.00
E	Balance sheet footing	Rs. in million	19,312	15,821

MARKET CAPITALIZATION

At the close of the year, the market capitalization of the Company stood at Rs. 2,231 Million as against Rs. 708 Million last year.

MODERNIZATION & EXPANSION

Your Company is committed to modernize and expand production line according to rapidly changing technology in order to produce international quality products. The Company has established letter of credit for 46 high speeds Air Jet Looms and new fine cotton yarn mill of 25,520 spindles to diversify its product market mix.

OUTSTANDING TAXES AND DUTIES

Details of outstanding taxes and duties are given in the financial statements.

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company contributes substantially to the national economy in terms of taxes and duties and the contribution is increasing as the Company is growing. This year, the Company contributed in the National Exchequer in the form of Federal Excise Duty, Sales Tax, Custom Duties, Income Tax, etc.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company practices active corporate citizenship through corporate philanthropy, environmental protection measures, community investments and welfare schemes, consumer protection measures, welfare spending for under privilege classes, industrial relations, encouragement for employment of special persons, occupational safety & health, business ethics and anticorruption measures, national cause donations, contributing to national exchequer and rural development programs.

RWML discharges the Corporate Social Responsibilities (CSR) that would positively impact its customers, employees, shareholders, communities, and the environment in various aspects of its operations.

Your Company considers CSR as a fundamental sustainable business practice to contribute voluntarily towards better society and strives to be a good corporate citizen. We have always shown strong commitment and support for public health and promotion of education. The Company is a permanent donor of reputable charity organizations including Mukhtar A. Sheikh Trust, which contributes towards the well-being of deprived people by setting-up Hospitals and Medical Camps etc. The free medical camps are set up in far flung areas of the Country where healthcare is very hard to access. Patients avail free medical check-up along with medicines.

EARNINGS PER SHARE

Your Company's post-tax profit of Rs. 1,733 million translates into EPS of Rs. 56.24 as compared to Rs. 1.99 last year.

DIVIDEND

In view of encouraging results despite unprecedented conditions, the Board has recommended final cash dividend of Rs. 2.50 per share in addition to interim distribution of Rs. 5.00 per share, aggregating to an annual profit payout of 75%.

CHANGES IN THE BOARD OF DIRECTORS

During the year under review, the Directors of the Company completed their tenure and the Election of Directors was held on March 31, 2021. Seven Directors (six Male and one Female) were elected for a term of three years commencing from March 31, 2021.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, six meetings of the Board of Directors were held.Attendance was as follows:

Sr. #	Name of Participants	Designation	Attendance
1	Mr. Fawad Ahmed Mukhtar	Chairman	5/6
2	Mr. Faisal Ahmed	CEO	6/6
3	Mr. Fahd Mukhtar	Director	5/6
4	Mrs. Fatima Fazal	Director	4/6
5	Mr. Muhammad Mukhtar Sheikh	Director	3/6
6	Mr. Shahid Aziz	Director	6/6
7	Mr. Muhammad Shaukat	Director	6/6

DIRECTORS' REMUNERATION

The Board of Directors has approved Directors' Remuneration Policy, the main features of which are as follows:

- The Company shall not pay remuneration irrespective of their classification e.g. Executive Director, Non-Executive Director and Independent Director except the meeting fee to the Independent Directors for attending the Board and its Committees' meetings.
- The Company will reimburse or incur expenses of travelling and accommodation of Independent Directors in relation to attending the Board and its Committees' meetings.

Detail of the remuneration paid to executive and non-executive directors during the year is given in Note 37 of the financial statements.

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee comprises of three Non-Executive Directors. The Chairperson, being an Independent Non-Executive Director, has an experience of over 30 years in financial matters. The composition of Board Audit Committee is as under:

1	Mr. Shahid Aziz	Independent Non-Executive Director	Chairman
2	Mr. Fahd Mukhtar	Non-Executive Director	Member
3	Mr. Muhammad Shaukat	Independent Non-Executive Director	Member

The Board has determined the Terms of Reference of the Audit Committee and provides adequate resources and authority to carry out its responsibilities effectively.

The Committee assists the Board of Directors to fulfill its Corporate & Risk Management responsibilities including the entity's financial reporting and internal control system.

Meetings of the Board Audit Committee:

Sr. No.	Name of Participants	Designation	Attendance
1	Mr. Shahid Aziz	Chairman	5/5
2	Mr. Fahd Mukhtar	Member	2/5
3	Mr. Muhammad Shaukat	Member	5/5

COMPOSITION OF HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource & Remuneration Committee comprises of Non-Executive Directors, the composition of which is as follows:

1	Mr. Muhammad Shaukat	Independent Non-Executive Director	Chairman
2	Mr. Shahid Aziz	Independent Non-Executive Director	Member
3	Mr. Fahd Mukhtar	Non-Executive Director	Member

The Committee focuses on risks in its area of human resources, including assessment of compensation structure & amount to ensure availability of talented functionaries in each area of critical Company operation.

The Board has determined the Terms of Reference of the Committee, which includes recommendation on Human Resource Management, Organizational Development, Training and Management Succession.

Meeting of HR & Remuneration Committee

Sr. No.	Name of Participants	Designation	Attendance
1	Mr. Muhammad Shaukat	Chairman	1/1
2	Mr. Shahid Aziz	Member	1/1
3	Mr. Fahd Mukhtar	Member	1/1

COMPOSITION OF RISK MANAGEMENT COMMITTEE

The role of Risk Management Committee is to provide entrepreneurial leadership for the Company within the framework of prudent and effective controls, which enables the Committee to identify the risk for effective management. The Committee must have strong oversight of Company's specific risk vital to enhance the Company's future through well guided decision making in complex situations in the fields of Marketing, Finance, Operations, IT, Human Resource and Regulatory/Legal Compliance. The Composition of the Committee is as under:

a	Mr. Faisal Ahmed	Chief Executive Officer	Chairman
b	Mr. Muhammad Shaukat	Independent Non-Executive Director	Member
c	Mr. Shahid Aziz	Independent Non-Executive Director	Member

The Board oversees the Risk Management process primarily through Internal Audit Department, which will monitor the Company's risk management, as and when required.

Meeting of Risk Management Committee

Sr. No.	Name of Participants	Designation	Attendance
1	Mr. Faisal Ahmed	Chairman	1/1
2	Mr. Shahid Aziz	Member	1/1
3	Mr. Muhammad Shaukat	Member	1/1

COMPOSITION OF BOARD NOMINATION COMMITTEE

The Board has constituted a Nomination Committee in compliance with the Code of Corporate Governance, as under:

Mr. Fawad Ahmed Mukhtar	Chairman
Mr. Faisal Ahmed	CEO / Member
Mrs. Fatima Fazal	Non-Executive Director / Member

The primary role of the Committee is to assist the Board by identifying prospective Directors and make recommendations on appointments to the Board and the senior most level of executive management. The Committee also clears Succession Plans for these levels and is responsible for making recommendations on Board appointments and on maintaining a balance of skills and experience on the Board and its Committees.

Succession Planning for the Board is a matter which is devolved primarily to the Nomination Committee, although the Committee's deliberations are reported to and debated by the full Board. The Board itself also regularly reviews more general succession planning for the senior management of the group.

DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

The CEO does not receive remuneration from the Company. The information required under Companies Act, 2017 in respect of executive employees of the Company is annexed in this report and is also available on the website (www.fatima-group.com).

STATEMENT OF ETHICS & BUSINESS PRACTICES

The Statement of Business Ethics and Core Values provides the framework on which the Company conducts its business. The Board of Directors and the employees of the Company are the custodians of the excellent reputation for conducting our business according to the highest principles of business ethics. The following principles constitute the business ethics & the core values of the Company.

- Demonstrate Honesty integrity, fairness and ethical behavior when interacting within or outside the organization;
- Compliance with all Laws & Regulations as a good corporate citizen;
- Commitment to run the business in an environment that is sound & sustainable;
- Belief in the principles of reliability, credibility and transparency in business transactions;
- To be an equal opportunity employer;
- Safeguard shareholders interest;
- Ensure Health & Safety environment to protect our people, neighbors, customers & visitors;
- Encourage the business challenges;
- Investment in Human Capital;
- Proper Financial disclosure of the conflict of interest transactions, if any;
- Accountability & responsibility;
- Good & effective public relations;
- Promotion of culture of excellence by exceeding the expectations of all stakeholders;
- Customer satisfaction for continued growth;
- Encourage employees to be creative & innovative;
- Respect for all stakeholders;
- Reliable & dependable supplier, enhancement of profitability to benefit shareholders, employees and the Government.

INTERNAL CONTROL

Your Company has an adequate internal control procedures commensurate with the size of operations and the nature of the business. These controls ensure efficient use and protection of Company's financial and non-financial resources. Regular internal audit and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

INTERNAL AUDIT FUNCTION

Internal Audit Function is effectively operating within the framework set out in Code of Corporate Governance and the charter defined by the Audit Committee of the Board of Directors. The Internal Audit function is progressing from a conventional function into a business partner and advisory role through proactive approach towards effective corporate governance through risk mitigation, adding value within the business process and creating synergies at the group level. The Board relies on the inputs and recommendations of the internal audit function through its Audit committee on the adequacy and effectiveness of internal controls in the organization and takes appropriate measures. The function is effectively utilizing risk control matrix, to prioritize and develop its annual plan and to strengthen the internal controls through periodic reviews of all the functions/ processes in the organization. The final reports with recommendations are submitted to Audit Committee of the Board and the implementation is ensured through vigorous follow-ups while regulatory and financial reporting compliance is ensured through independent reviews and coordination by External Auditors.

CODE OF CONDUCT:

As per the Corporate Governance guidelines, the Company has prepared a Code of Conduct and communicated throughout the Company apart from placing it on its website.

HEALTH SAFETY & ENVIRONMENT

The Company is a responsible environment-protecting corporate citizen and is aware of its dual responsibility to the environment and to the nation's progress. HSE performance of all segments remained excellent during the year under review. Strong commitment of Plant Team to HSE has enabled it to achieve all standard of HSE. Leading indicators and Management Safety Audit (MSA) criteria were updated in line with site requirement and new revamped "Permit to work" system implemented successfully. Comprehensive monitoring and self-auditing regimes remained in focus backed by internal and external audits. Management Safety Audits, Emergency Response, Plant Reliability Enhancement Program, Occupational Health & Industrial Hygiene and Customized Housekeeping Audits are few to be named. The HSE Policy is as under:

a. The health of its employees, contractors, customers and public is protected.

b. All activities are carried out safely.

c. Environment is protected.

d. Comply with Pakistan's relevant laws and regulations.

e. Ensure that all its activities are carried out in accordance with the Company's Health, Safety and Environmental Standards and Procedures.

f. Ensure that environmental performance meets legislative requirements.

g. Require every employee to exercise personal responsibility in preventing harm to self or others and to the environment.

h. Maintain public confidence in the integrity of its operations by openly reporting its performance to all stakeholders who work with the Company.

i. Provide appropriate Health, Safety and Environment training/information to employees, contractors and other stakeholders who work with the Company.

j. Integrate Risk Assessment with all business processes.

k. Promote prevention of pollution and proper handling and disposal of wastes.

l. Continuously improve our performance by improving the leadership, capability and capacity of our organization.

INFORMATION TECHNOLOGY

Information Technology Division (ITD) continues to be a key component and provides an extensive range of computing and communication services, facilities and infrastructure for use by its employees. The ITD is aligned to the business needs of the organization, ensuring that the solutions delivered are relevant to the needs of the business. Our Vision involves strengthening decision making, using improved analytics and dashboards capability and as a strategy will focus on other state of the art applications, reduce paper footprint and increase its reach to customers by deploying latest technology.

WHISTLE BLOWING POLICY

The Policy is intended to only those individuals who believe that they have discovered malpractice or behavior/ practice conflicting with the principle of code of conduct, which is fundamental to the professional integrity of the Company. It is not designed to question financial or business decisions taken by the management of the Company. The scope of whistle blowing policy is as under:

a. Non-compliance to laws;

b. Fraud corruption or theft;

c. Nepotism;

d. Danger to public or employee's health and safety;

e. In-justice;

f. Deliberate falsification of information;

g. Harassment at workplace;

h. Discrimination on any ground;

i. Unethical conduct/ behavior.

The fundamental elements of whistle-blowing policy are as under:

a. All staff is protected from victimization, harassment or disciplinary action as a result of any disclosure made in good faith;

b. Disclosure to be in writing;

c. Anonymous disclosure will not be entertained;

d. Full investigation of disclosure will be made;

e. All disclosure to be treated confidentially;

f. Disciplinary action will be taken against wrong doers;

g. No adverse Consequences to individual reporting in good faith;

h. Malicious allegation reported by individuals will have adverse consequences.

BUSINESS CONTINUITY PLANNING AND SAFETY PROCEDURES FOR DATA PROTECTION

Reliance Weaving Mills Limited has a comprehensive disaster recovery plan in place which entails backup facilities at different areas. This system is also subject to regular system checks to ensure continued effectiveness and uptime in case of any emergency. Standard Operating Procedures (SOPs) and ready reference checklists have also been developed where situations/areas of high risk that could hamper Company operations have been identified and explored in detail. Accordingly, action plans have been prepared to manage strategic business risks of the Company considering the general economic conditions, competitive realities and possible scenarios and ensuring that risk management process and culture are embedded throughout the Company.

INVESTOR GRIEVANCE POLICY

The Company continuously engages with its investors through Company's secretariat and responds to their queries and request for information and their concerns / grievances. The Shares Registrar of the Company also timely addresses the investor's grievances.

ANNUAL AND QUARTERLY REPORTS ACCESSIBILITY

Annual and Quarterly Reports are available on the website at www.fatima-group.com.

AUDITORS AND AUDITORS' REPORT

M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, has completed the Annual Audit for the year June ended 30, 2021 and has issued un-qualified audit report. The Auditors will retire on the conclusion of the upcoming Annual General Meeting of the Company. Being eligible, they have offered themselves for re-appointment for the year ending June 30, 2022.

The Audit Committee has recommended the re-appointment of M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, for approval of shareholders in the forthcoming annual general meeting as external auditors of the company at a fee to be mutually agreed upon.

TRADING IN SHARES OF THE COMPANY BY DIRECTORS AND EXECUTIVES

Sr. No.	Name	Shares Bought	Shares Sold
1	Mr. Muhammad Mukhtar Sheikh	3	-
2	Mr. Shahid Aziz	-	3

PATTERN OF SHAREHOLDING

The Pattern of Shareholding as at June 30, 2021, which is required to be disclosed under the reporting framework, is annexed to this report.

BRIEF ROLES & RESPONSIBILITIES OF THE CHAIRMAN & THE CEO

Pursuant to CCG 2019 (including any other statutory rules or re–enactment(s) for the time being in force), the Directors of your Company confirm that:

a. The Chairman manages the Board business and acts as its facilitator & guide with a primary role to ensure that the Board is effective in its tasks of setting & implementing the Company's direction & strategy.

b. The Chairman represents the Non-Executive Directors of the Board and is entrusted with the leadership of the Board proceedings.

c. The Chairman acts as the Head of Board meetings and has the power to set the agenda and gives direction and sign the minutes of the Board meetings.

d. The CEO/Managing Director being the highest-ranking individual in the company carries the responsibility for overall success of the company by making top level managerial decisions.

OFFICES OF CHAIRMAN, CHIEF EXECUTIVE OFFICE

In compliance with good governance practices, the position of Chairman of the Board of Directors and the office of the Chief Executive Officer are held by separate persons with clear of duties & responsibilities demarcations.

DIRECTORS' TRAINING PROGRAM

Out of seven Directors, three are exempt from Directors Training Program (DTP) and two Directors have already got DTP in previous years. The remaining two Directors shall undertake the DTP in due course of time.

ANNUAL EVALUATION ON BOARD PERFORMANCE

An annual evaluation of the Board of the Directors of the Company is carried out on the basis of a self-assessment questionnaire to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set by the Company.

The evaluation provides the Board with an opportunity to review the balance skills, experience and diversity and perspectives. The size and composition of the Board is adequate to govern the Board procedures.

The criteria used in evaluation the performance is as under:

- Board Composition and organization;
- Board's Terms of Reference;
- Skills & expertise of Board Members;
- Strategic Planning;
- The efficiency of board meeting & the decision making process;
- Availability of guidelines to the Management;
- Regular follow up to measure the impact of Board decisions;
- The quality of communication between the Board & the Company;
- Board Procedure;
- Appropriate constitution of Board Committees with members possessing adequate technical knowhow and experience;
- Split of Chairman & CEO role;
- Quality of management reports received from Board Committees;
- Board & CEO effectiveness;
- Risk Mitigation.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

Your Company has put in place adequate internal financial controls with reference to the financial statements, some of which are outlined below.

a. Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in IAS that continued to apply and other applicable provisions, if any, of the Companies Act, 2017 to the extent applicable. These are in accordance with generally accepted accounting principles in Pakistan. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

b. The policies to ensure uniform accounting treatment are prescribed to the associated companies or subsidiaries if any.

c. Your Company operates in Oracle EBS R-12 an ERP system and has many of its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. Your Company has automated processes to ensure accurate and timely updates of various master data in the underlying ERP system.

d. Your Company has a robust financial closure self–certification mechanism wherein the line managers certify adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

e. Your Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

f. The Management periodically reviews the financial performance of your Company against the approved plans across various parameters and takes necessary action, wherever necessary.

g. Your Company has a code of conduct applicable to all its employees along with a Whistle Blowing Policy to report malpractices if any.

CORPORATE REPORT AWARD 2020

The Annual Report 2020 of the Company has won the certificate of merit in the textile category, assessed by the joint committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.

ACKNOWLEDGEMENT

The Directors of your Company would like to take this opportunity to thank the Securities & Exchange Commission of Pakistan, Banks & Financial Institutions and Insurance Companies for their continued support and cooperation. The Directors would also like to express their gratitude and appreciation for the support provided by our valued customers and suppliers. We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them our best efforts to ensure optimum utilization of their investment in the Company. Finally, the Directors also wish to place on record their appreciation for the devotion, loyalty and hard work of all cadres of employees towards the growth, well-being and success of the Company.

For and on behalf of the Board

FAISAL AHMED
(Chief Executive Officer)

For and on behalf of the Board

MR. MUHAMMAD SHAUKAT
(Independent Director)

Place: Multan
Dated: September 29, 2021

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

مالی نتائج:

کمپنی کا خالص منافع 1,733 ملین روپے رہا جو کہ گزشتہ سال 61 ملین روپے تھا۔ یہ کمپنی کا آج تک کمایا گیا سب سے زیادہ منافع تھا۔ جبکہ ٹرن اوور 17,275 ملین روپے سے بڑھ کر 24,030 ملین روپے ہوگیا یوں اس میں 39 فیصد اضافہ ہوا۔ کمپنی نے کرونا وباء کی ہنگامہ خیزی اور کاٹن کی قیمتوں میں تاریخی اضافہ کے باوجود مذکورہ بالا نتائج حاصل کیے۔

کمپنی کے منافع میں اضافہ کی بنیادی وجوہات درج ذیل ہیں:

- کمپنی کے مجموعی منافع میں 12 فیصد سے 14.6 فیصد تک اضافہ ہوا۔ مجموعی منافع کی بنیادی وجہ کاٹن کی مسابقتی قیمت پر خرید تھی۔ مزید براں کرونا کے بعد عالمی منڈی میں تجارتی سرگرمیوں کا آغاز قومی و بین الاقوامی سطح پر یارن کی قیمتوں میں اضافہ کا پیش خیمہ ثابت ہوا۔
- مالی لاگت میں 249 ملین روپے کمی ہوئی جو کہ گزشتہ سال کے مقابلہ میں 21 فیصد کم ہے۔ مالی لاگت میں کمی KIBOR میں کمی اور بہتر ورکنگ کیپٹل کی بدولت ممکن ہوئی۔
- عالمی منڈی میں یکدم فریٹ اضافہ کی بدولت سمندری فریٹ 76 ملین روپے سے 151 ملین روپے تک جا پہنچا بنیادی مالیاتی اعشاریے درج ذیل رہے:

تفصیل	2021	2020
	ملین روپے	
سیلز	24,030	16,605
سیلز کی لاگت	20,520	15,214
مجموعی منافع	3,509	2,060
مالی لاگت	917	1,166
منافع بعد از ٹیکس	1,733	61

مستقبل کا لائحہ عمل:

سال 22-2021 تا حال ٹیکسٹائل انڈسٹری کیلئے متاثر کن رہا۔ کرونا کی پہلی لہر کی وجہ سے مختلف ممالک بشمول بھارت اور بنگلہ دیش میں لاک ڈاؤن کے بعد پاکستان کی ٹیکسٹائل صنعت کیلئے آرڈرز میں پہلا بڑا اضافہ مشاہدہ میں آیا۔ دیگر ممالک میں بندشوں کی بدولت تمام آرڈرز پاکستان کی جانب منتقل ہوئے۔ لاک ڈاؤن میں نرمی کے ساتھ بھارت میں کرونا وائرس کی نئی قیامت خیز لہر اور چین کی جانب سے ٹیکسٹائل برآمدات میں کمی پاکستان کی ٹیکسٹائل صنعت کو دوبارہ ایک بڑھاوا دے گی۔

ٹیکسٹائل انڈسٹری کو درپیش مسائل میں فی الحال توانائی کا بحران اور کاٹن میں کمی شامل ہے 2021-2020 میں کاٹن کی پیداوار 21 سال کی کم ترین سطح پر رہی۔ جس کی وجہ سے ٹیکسٹائل کمپنیوں کو باقی ممالک سے کاٹن درآمد کرنا پڑی جو کہ خام مال کی لاگت میں اضافہ اور شعبہ جات کیلئے کم منافع کا سبب بنی۔ عالمی سطح پر کرونا وباء کی وجہ سے لگائی گئی بندشوں میں کمی سے آرڈرز میں اضافہ متوقع ہے۔ تاہم کاٹن کی حالیہ قیمتیں سب سے بڑی تشویش ہیں جو کہ اس وقت تاریخ کی بلند ترین سطح پر ہیں۔ اشیائے ضروریہ کیلئے حکومت کی جانب سے مسلسل سپورٹ شعبہ کیلئے مستقبل میں منافع کا مرکزی جزو ہے۔ کمپنی نے 46 ایئر جیٹ لومز درآمد کرنے کیلئے ایل سی کھولے ہیں جن سے دسمبر 2021 تک تجارتی پیداوار کا آغاز متوقع ہے۔ کمپنی نے نئی فائن کاٹن مل کے 25,520 سپنڈلز کھولے ہیں یہ پراجیکٹ آئندہ سال کی آخری سہ ماہی میں شروع ہونے کی توقع ہے۔

شیئرز پر منافع:

آپکی کمپنی نے 1,733 ملین روپے بعد از ٹیکس منافع کمایا جو کہ 56.24 روپے فی شیئر آمدن پر منتج ہوا جبکہ گزشتہ سال یہ آمدن 1.99 روپے فی شیئر تھی۔

ڈیویڈنڈ:

غیر متوقع حالات کے باوجود حوصلہ افزاء نتائج کو مدنظر رکھتے ہوئے بورڈ نے 2.50 روپے فی شیئر کے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے جبکہ 5.00 روپے فی شیئر کے انٹیرم ڈیویڈنڈ پہلے ہی دیئے گئے ہیں جو کہ مجموعی طور پر 75 فیصد سالانہ منافع ادائیگی ہے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، بینکوں، مالیاتی اداروں اور انشورنس کمپنیوں کی جانب سے مسلسل حمایت اور تعاون پر اُن کا شکریہ ادا کرتے ہیں۔ ڈائریکٹرز اپنے قابل قدر گاہکوں اور سپلائرز کی معاونت پر اُنکے تہہ دل سے مشکور ہیں۔ ہم اپنے شیئر ہولڈرز کا بھی شکریہ ادا کرتے ہیں جنہوں نے کمپنی پر اپنا بھروسہ اور اعتماد برقرار رکھا اور ہم کمپنی میں ان کی سرمایہ کاری کو اُن کیلئے زیادہ سے زیادہ سودمند بنانے کیلئے ہر ممکن حد تک کوششوں کی یقین دہانی کرواتے ہیں۔ آخر میں ڈائریکٹرز کمپنی کی نمو اور کامیابی میں کردار ادا کرنے والے تمام کارکنوں کی عقیدت، وفاداری اور محنت پر ان کو خراج تحسین پیش کرتے ہیں۔

بورڈ کے لئے اور اس کی طرف سے

فیصل احمد
(چیف ایگزیکٹو آفیسر)

محمد شوکت
(خودمختار ڈائریکٹر)

مقام: ملتان
تاریخ: 29 ستمبر، 2021

CSR ACTIVITIES

Fatima Group Considers Corporate Social Responsibilities As a Fundamental Sustainable Business to Contribute Voluntary Towards Better Society.

The Company has always shown strong commitment and support for public health and promotion of education that is why the RWML is a permanent donor to reputable charity organizations, especially Mukhtar A. Sheikh Trust, which contributes towards the well-being of deprived people by not only setting up but also full operational functioning of Hospitals, dispensaries, educational and vocational schools.

For us Social responsibility is a duty the management has to perform so as to maintain a balance between the economy and the ecosystems.

With our talented team we aim to help drive, creation of shared economic and social values across Pakistan. Corporate Social Responsibility (CSR) is one of core values and an integral part of the Company's overall mission.

Reliance Weaving Mills Limited has donated around Rs. 29 million this year for charitable purposes.

Reliance Weaving Mills Limited has taken up its CSR activities both directly as well as through Mukhtar A. Sheikh Trust and Fatima Group CSR plans.

HEALTH CARE CSR ACTVITIES SPONSERED THROUGH FATIMA GROUP

Two major health care projects under the umbrella of Mukhtar A. Sheikh Welfare Trust were launched few years back and now they are successfully providing state of the art health facilities to the people of Multan and surrounding areas.

Reliance Weaving Mills Limited is one of the donors' of these projects to full its commitment to pay back to society.

1. SPRING CLINIC AND INSTITUTE OF PSYCHIATRY
2. MUKHTAR A. SHEIKH HOSPITAL
3. FARRUKH MUKHTAR SCHOOL OF NURSING

SPRING CLINIC AND INSTITUTE OF PSYCHIATRY

The Spring Clinic aims to bring some much needed mental health management and awareness to this region and beyond. Supported by highly quailed staff of psychiatrists and psychologists, this Clinic provides essential treatment and therapy to people affected by a variety of psychiatric illnesses.

The state-of-the-art treatment completely free for the underprivileged and are also helping train and prepare the next generation of psychiatrists – these thought leaders will pave the way for real policy making at a national level while helping erase the associated stigma among the masses.

Mukhtar A. Sheikh Hospital
مختار احمد شیخ ہسپتال

- MASH has been designed as a purpose built 500-bedded tertiary care facility with state of the art medical technology and futuristic diagnostic centers in the heart of Southern Punjab.
- With a covered area of 420,000 sft., MASH intends to introduce the latest of technologies in healthcare industry under one roof.
- MASH has been accredited by Joint Commission International (JCI) and ISO (the International Organization for Standardization) Certifications.
- Compliance with top of the line HMIS system and HTM standards will enable MASH to achieve unparalleled efficiency on healthcare industry.
- MASH as a teaching hospital by inducting a medical college, research facility as well as paramedical training institute.

SPECIALIZED SERVICES AT MASH

In addition to the General Healthcare, Diagnostic & Surgical Services, MASH is successfully providing:

- **Cochlear Implant Surgeries at MASH**

  MASH conducted successful Cochlear Implant Surgeries of eight children who were unable to hear or speak since birth

- **Neurosurgery Services**

  Neurosurgery department of MASH is providing a range of neurosurgical services of international standards under the supervision of an US trained neurosurgeon, in a safe & healthy environment through infection prevention & control, implementation of international safety protocols and following best possible preventive & precautionary measures.

The Farrukh Mukhtar School of Nursing is a state-of-the-art institution where an inter-professional and multidisciplinary team will join hands to establish an integrative and innovative (academic, clinical practice, and service) approach to educate nursing professionals.

Equipped with a high-tech skills laboratory, the Farrukh Mukhtar School of Nursing focuses on the development of nursing professionals, who will be able to provide competent and compassionate care at primary, secondary, and tertiary care levels in the national and international context. The undergraduate program will not only help their graduates to become proficient professionals but, will also make them utilize independent nurse-led approaches to serve the population.

DIRECTLY SPONSORED CSR ACTIVITIES BY RELIANCE WEAVING MILLS LIMITED

Donations to different charity organizations:

- Rising Sun Institute
- SOS Children Village
- Major Jahanzaib Shaheed Dispensary
- Fatima Vocational College
- Al Noor Foundation
- RWML have been providing free ration during the holy month of Ramadhan to large number of people of vicinity "Ramadhan Package".

MUKHTAR A. SHEIKH TRUST (MAST)

Under the umbrella of Fatima Group and Reliance Weaving Mills Limited, Mukhtar A. Sheikh Trust, a welfare organization, aims to "Enrich Lives" by playing its part in giving back to the society.

Mrs Farrukh Mukhtar, W/O Late Mian Mukhtar Ahmad established the Mukhtar A. Sheikh Trust in 2000 with the objective to develop and maintain hospitals, nursing homes, schools, industrial homes, research centers, libraries, colleges, hostels and other charitable institutions of similar kind with a view to promote education consistent with the Islamic principles, literature arts and technical/vocational professions, generally to encourage study of medicine, advancement and diffusion of knowledge and to help other needy persons / institutions.

Key Focus Areas of the Trust are:

I) Education

Mukhtar A. Sheikh Trust built schools & technical education campuses' in different areas in order to promote quality education at the grass-root level specially girls education so that the people can become useful part of the society by contributing towards the economic development of the Country.

A- Formal Education Center

Farrukh Mukhtar Girls High School Samorana established with the aim to provide free and quality education to needy girls of the area.

B- Vocational Education Centers

- Farrukh Mukhtar Vocational Education Center Madni Chowk Multan
- Farrukh Mukhtar Vocational Education Center Gulshan Colony Multan

These institutions are established and registered with Technical Education Vocational Training Authority (TEVTA) and affiliated with Punjab Board of Technical Education (PBTE).

II) Healthcare

Mukhtar A- Sheikh Trust also undertakes public health and promotion activities for the low income, remote and urban communities with the help of RWML,

The free medical camps are set up in far flung areas of the Country where healthcare is very hard to access. Patients avail free medical check-up along with medicines.

Five free dispensaries have been established under the TRUST since year 2000 with the team of experienced doctors, LHVs and medical staff.

1.	Farrukh Mukhtar Dispensary	(Madni)
2.	Farrukh Mukhtar Dispensary	(Gulshan)
3.	Farrukh Mukhtar Dispensary	(Samorana)
4.	Farrukh Mukhtar Dispensary	(Shakkar Garh)

Facilities provided to patients include:

1. Free check up by Doctor / LHV.
2. Free medicines.
3. In door admission, if required.

VERTICAL ANALYSIS

Statement of Financial Position

	2021		2020		2019		2018		2017		2016	
PKR in 000"	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%	PKR	%
Non current assets												
Property, plant and equipment	7,994,970	41.40%	6,393,392	40.41%	6,227,003	37.04%	5,633,486	42.46%	5,371,086	47.52%	5,166,040	50.37%
Intangible asstes	835	0.00%	1,781	0.01%	2,728	0.02%	3,674	0.03%	4,620	0.04%	5,566	0.05%
Long term investments	-	0.00%	35,635	0.23%	763,601	4.54%	837,700	6.31%	855,744	7.57%	795,659	7.76%
Long term deposits	28,776	0.15%	28,776	0.18%	20,216	0.12%	21,019	0.16%	19,725	0.17%	15,572	0.15%
Deffered tax assets	133,229	0.69%	135,874	0.86%	71,221	0.42%	66,140	0.50%	55,179	0.49%	50,957	0.50%
Total non current assets	8,157,810	42.24%	6,595,458	41.69%	7,084,769	42.15%	6,562,019	49.46%	6,306,354	55.79%	6,033,794	58.84%
Current assets												
Stores, spares and loose tools	391,392	2.03%	268,499	1.70%	204,856	1.22%	220,724	1.66%	182,141	1.61%	182,572	1.78%
Stock in trade	5,050,742	26.15%	4,669,118	29.51%	5,944,942	35.37%	3,222,131	24.29%	3,009,201	26.62%	2,346,349	22.88%
Trade debts	2,850,837	14.76%	1,827,071	11.55%	2,281,363	13.57%	2,005,913	15.12%	603,771	5.34%	528,178	5.15%
Loans and advances	1,151,545	5.96%	974,612	6.16%	401,679	2.39%	263,590	1.99%	308,055	2.73%	392,010	3.82%
Prepayments and other receivables	125,191	0.65%	75,941	0.48%	35,474	0.21%	27,214	0.21%	30,944	0.27%	31,096	0.30%
Short term investments	696,751	3.61%	782,192	4.94%	137,331	0.82%	106,535	0.80%	109,921	0.97%	110,578	1.08%
Tax refunds and export rebate due from the government	792,116	4.10%	585,410	3.70%	606,596	3.61%	779,696	5.88%	656,267	5.81%	553,325	5.40%
Cash and bank balances	96,013	0.50%	42,972	0.27%	113,073	0.67%	79,087	0.60%	96,630	0.85%	77,390	0.75%
Total current assets	11,154,587	57.76%	9,225,814	58.31%	9,725,316	57.85%	6,704,890	50.54%	4,996,930	44.21%	4,221,498	41.16%
Total assets	19,312,396	100%	15,821,272	100%	16,810,085	100%	13,266,909	100%	11,303,284	100%	10,255,292	100%
Share capital and reserves												
Issued, subscribed and paid up capital	308,109	1.60%	308,109	1.95%	308,109	1.83%	308,109	2.32%	308,109	2.73%	308,109	3.00%
Reserves	115,253	0.60%	161,050	1.02%	165,798	0.99%	175,935	1.33%	179,321	1.59%	179,977	1.75%
Fair value (loss) / gain on short term investments	(127,452)	-0.66%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Revaluation surplus on freehold land	1,708,083	8.84%	949,486	6.00%	949,486	5.65%	949,486	7.16%	634,325	5.61%	634,325	6.19%
Unappropriated profit	4,065,588	21.05%	2,458,268	15.54%	2,467,192	14.68%	1,968,262	14.84%	1,737,649	15.37%	1,651,175	16.10%
Total capital and reserve	6,069,581	31.43%	3,876,913	24.50%	3,890,584	23.14%	3,401,792	25.64%	2,859,404	25.30%	2,773,586	27.05%
Non-current liabilities												
Long term finances	2,766,492	14.32%	2,663,635	16.84%	1,826,835	10.87%	1,199,425	9.04%	1,762,343	15.59%	1,943,687	18.95%
Liabilities against asset subject to finance lease	66,081	0.34%	58,229	0.37%	8,829	0.05%	14,404	0.11%	1,270	0.01%	2,952	0.03%
Staff retirement benefits- gratuity	281,948	1.46%	258,432	1.63%	241,279	1.44%	267,705	2.02%	184,911	1.64%	154,870	1.51%
Deferred liabilities	109,429	0.57%	5,662	0.04%	-	0.00%						
Total Non-current liabilities	3,223,950	16.69%	2,985,957	18.87%	2,076,942	12.36%	1,481,534	11.17%	1,948,524	17.24%	2,101,509	20.49%
Current liabilities												
Trade and other payables	1,648,605	8.54%	1,684,521	10.65%	2,012,704	11.97%	1,322,614	9.97%	871,920	7.71%	864,046	8.43%
Unclaimed dividend	10,559	0.05%	8,523	0.05%	17,336	0.10%	16,216	0.12%	5,060	0.04%	4,942	0.05%
Accrued mark-up	260,439	1.35%	266,274	1.68%	309,363	1.84%	159,678	1.20%	132,681	1.17%	103,341	1.01%
Short term borrowings	6,894,241	35.70%	6,658,070	42.08%	7,816,016	46.50%	6,080,170	45.83%	4,581,656	40.53%	3,559,808	34.71%
Current portion of non-current liabilities	913,806	4.73%	143,401	0.91%	529,479	3.15%	669,476	5.05%	833,443	7.37%	744,035	7.26%
Taxation	291,213	1.51%	197,612	1.25%	157,660	0.94%	135,429	1.02%	70,596	0.62%	104,025	1.01%
Total Current liabilities	10,018,865	51.88%	8,958,402	56.62%	10,842,558	64.50%	8,383,582	63.19%	6,495,356	57.46%	5,380,197	52.46%
Total equity and liabilities	19,312,396	100%	15,821,272	100%	16,810,085	100%	13,266,909	100%	11,303,284	100%	10,255,292	100%

HORIZONTAL ANALYSIS

Statement of Financial Position

	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
PKR in 000"	**PKR**	**Change**	**PKR**	**Change**	**PKR**	**Change**	**PKR**	**Change**	**PKR**	**Change**	**PKR**	**Change**
Non current assets												
Property, plant and equipment	7,994,970	25.05%	6,393,392	2.67%	6,227,003	10.54%	5,633,486	4.89%	5,371,086	3.97%	5,166,040	-3.93%
Intangible asstes	835	-53.12%	1,781	-34.69%	2,728	-25.76%	3,674	-20.48%	4,620	-17.00%	5,566	-14.54%
Long term investments	-	-100.00%	35,635	-95.33%	763,601	-8.85%	837,700	-2.11%	855,744	7.55%	795,659	-2.06%
Long term deposits	28,776	0.00%	28,776	42.34%	20,216	-3.82%	21,019	6.56%	19,725	26.67%	15,572	-27.52%
Deffered tax assets	133,229	-1.95%	135,874	90.78%	71,221	7.68%	66,140	19.86%	55,179	8.29%	50,957	-10.94%
Total non current assets	8,157,810	23.69%	6,595,458	-6.91%	7,084,769	7.97%	6,562,019	4.05%	6,306,354	4.52%	6,033,794	-3.84%
Current assets												
Stores, spares and loose tools	391,392	45.77%	268,499	31.07%	204,856	-7.19%	220,724	21.18%	182,141	-0.24%	182,572	-0.54%
Stock in trade	5,050,742	8.17%	4,669,118	-21.46%	5,944,942	84.50%	3,222,131	7.08%	3,009,201	28.25%	2,346,349	48.84%
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Prepayments and other receivables	125,191	64.85%	75,941	114.07%	35,474	30.35%	27,214	-12.06%	30,944	-0.49%	31,096	15.25%
Short term investments	696,751	-10.92%	782,192	469.56%	137,331	28.91%	106,535	-3.08%	109,921	-0.59%	110,578	-10.86%
Tax refunds and export rebate due from the government	792,116	35.31%	585,410	-3.49%	606,596	-22.20%	779,696	18.81%	656,267	18.60%	553,325	0.37%
Cash and bank balances	96,013	123.43%	42,972	-62.00%	113,073	42.97%	79,087	-18.15%	96,630	24.86%	77,390	9.30%
Total current assets	11,154,587	20.91%	9,225,814	-5.14%	9,725,316	45.05%	6,704,890	34.18%	4,996,930	18.37%	4,221,498	9.01%
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Share capital and reserves												
Issued, subscribed and paid up capital	308,109	0.00%	308,109	0.00%	308,109	0.00%	308,109	0.00%	308,109	0.00%	308,109	0.00%
Reserves	115,253	-28.44%	161,050	-2.86%	165,798	-5.76%	175,935	-1.89%	179,321	-0.36%	179,977	-6.03%
Fair value (loss) / gain on short term investments	(127,452)	#DIV/0!	-	-								
Revaluation surplus on freehold land	1,708,083	79.90%	949,486	0.00%	949,486	0.00%	949,486	49.68%	634,325	0.00%	634,325	0.00%
Unappropriated profit	4,065,588	65.38%	2,458,268	-0.36%	2,467,192	25.35%	1,968,262	13.27%	1,737,649	5.24%	1,651,175	2.57%
Total capital and reserve	6,069,581	56.56%	3,876,913	-0.35%	3,890,584	14.37%	3,401,792	18.97%	2,859,404	3.09%	2,773,586	1.09%
Non-current liabilities												
Long term finances and other payables	2,766,492	3.86%	2,663,635	45.81%	1,826,835	52.31%	1,199,425	-31.94%	1,762,343	-9.33%	1,943,687	-6.45%
Lease liabilities	66,081	13.48%	58,229	559.53%	8,829	-38.71%	14,404	1034.16%	1,270	-56.98%	2,952	-87.78%
Staff retirement benefits- gratuity	281,948	9.10%	258,432	7.11%	241,279	-9.87%	267,705	44.77%	184,911	19.40%	154,870	-9.10%
Deferred liabilities	109,429	1832.72%	5,662	#DIV/0!	-	#DIV/0!	-	#DIV/0!				
Total Non-current liabilities	3,223,950	7.97%	2,985,957	43.77%	2,076,942	40.19%	1,481,534	-23.97%	1,948,524	-7.28%	2,101,509	-7.52%
Current liabilities												
Trade and other payables	1,648,605	-2.13%	1,684,521	-16.31%	2,012,704	52.18%	1,322,614	51.69%	871,920	0.91%	864,046	30.34%
Unclaimed dividend	10,559	23.89%	8,523	-50.84%	17,336	6.91%	16,216	220.47%	5,060	2.39%	4,942	-81.20%
Accrued mark-up	260,439	-2.19%	266,274	-13.93%	309,363	93.74%	159,678	20.35%	132,681	28.39%	103,341	-4.82%
Short term borrowings	6,894,241	3.55%	6,658,070	-14.82%	7,816,016	28.55%	6,080,170	32.71%	4,581,656	28.71%	3,559,808	-0.92%
Current portion of non-current liabilities	913,806	537.24%	143,401	-72.92%	529,479	-20.91%	669,476	-19.67%	833,443	12.02%	744,035	1.88%
Taxation	291,213	47.37%	197,612	25.34%	157,660	16.41%	135,429	91.84%	70,596	-32.14%	104,025	903.23%
Total Current liabilities	10,018,865	11.84%	8,958,402	-17.38%	10,842,558	29.33%	8,383,582	29.07%	6,495,356	20.73%	5,380,197	4.85%
Total equity and liabilities	19,312,396	22.07%	15,821,272	-5.88%	16,810,085	26.71%	13,266,909	17.37%	11,303,284	10.22%	10,255,292	1.06%

VERTICAL ANALYSIS

Statement of Profit or Loss

	2021		2020		2019		2018		2017		2016	
PKR in 000"	**PKR**	**%**	**PKR**	**%**	**PKR**	**%**	**PKR**	**%**	**PKR**	**%**	**PKR**	**%**
Sales - net	24,030,100	100.00%	17,275,166	100.00%	16,605,159	100.00%	13,913,861	100.00%	11,341,734	100.00%	10,049,389	100.00%
Cost of sales	(20,520,175)	-85.39%	(15,214,366)	-88.07%	(14,822,654)	-89.27%	(12,568,217)	-90.33%	(10,357,639)	-91.32%	(9,162,497)	-91.17%
Gross profit	3,509,925	14.61%	2,060,800	11.93%	1,782,505	10.73%	1,345,644	9.67%	984,095	8.68%	886,892	8.83%
Distribution and marketing expenses	(298,163)	-1.24%	(233,553)	-1.35%	(155,954)	-0.94%	(143,633)	-1.03%	(116,530)	-1.03%	(106,736)	-1.06%
Administrative expenses	(206,171)	-0.86%	(195,566)	-1.13%	(188,640)	-1.14%	(166,022)	-1.19%	(146,018)	-1.29%	(145,757)	-1.45%
Other operating income	102,441	0.43%	129,290	0.75%	323,765	1.95%	99,348	0.71%	23,333	0.21%	26,271	0.26%
Other operating expenses	(135,496)	-0.56%	(355,078)	-2.06%	(68,117)	-0.41%	(50,012)	-0.36%	(25,574)	-0.23%	(12,221)	-0.12%
Profit from operations	2,972,536	12.37%	1,405,893	8.14%	1,693,558	10.20%	1,085,325	7.80%	719,306	6.34%	648,449	6.45%
Share of loss from associate	(35,635)	-0.15%	(91,663)	-0.53%	(70,781)	-0.43%	(21,670)	-0.16%	(12,001)	-0.11%	(11,033)	-0.11%
Finance cost	(917,653)	-3.82%	(1,166,615)	-6.75%	(991,464)	-5.97%	(622,204)	-4.47%	(539,521)	-4.76%	(530,199)	-5.28%
Profit before tax	2,019,248	8.40%	147,615	0.85%	631,313	3.80%	441,451	3.17%	167,784	1.48%	107,217	1.07%
Taxation	(286,441)	-1.19%	(86,345)	-0.50%	(128,508)	-0.77%	(130,872)	-0.94%	(66,566)	-0.59%	(104,025)	-1.04%
Profit after tax	1,732,807	7.21%	61,270	0.35%	502,805	3.03%	310,579	2.23%	101,218	0.89%	3,192	0.03%

HORIZONTAL ANALYSIS

Statement of Profit or Loss

		2021	21 vs 20	2020	20 vs19	2019	19 vs18	2018	18 vs17	2017	17 vs16	2016
PKR in 000"		**PKR**	**Change**	**PKR**	**Change**	**PKR**	**Change**	**PKR**	**Change**	**PKR**	**Change**	**PKR**
Sales - net	24,030,100	39.10%	17,275,166	4.03%	16,605,159	19.34%	13,913,861	22.68%	11,341,734	12.86%	10,049,389	-7.62%
Cost of sales	(20,520,175)	34.87%	(15,214,366)	2.64%	(14,822,654)	17.94%	(12,568,217)	21.34%	(10,357,639)	13.04%	(9,162,497)	-8.71%
Gross profit	3,509,925	70.32%	2,060,800	15.61%	1,782,505	32.46%	1,345,644	36.74%	984,095	10.96%	886,892	5.35%
Distribution and marketing expenses	(298,163)	27.66%	(233,553)	49.76%	(155,954)	8.58%	(143,633)	23.26%	(116,530)	9.18%	(106,736)	-34.47%
Administrative expenses	(206,171)	5.42%	(195,566)	3.67%	(188,640)	13.62%	(166,022)	13.70%	(146,018)	0.18%	(145,757)	-2.16%
Other operating income	102,441	-20.77%	129,290	-60.07%	323,765	225.89%	99,348	325.78%	23,333	-11.18%	26,271	-31.53%
Other operating expenses	(135,496)	-61.84%	(355,078)	421.28%	(68,117)	36.20%	(50,012)	95.56%	(25,574)	109.26%	(12,221)	-35.56%
Profit from operations	2,972,536	111.43%	1,405,893	-16.99%	1,693,558	56.04%	1,085,325	50.88%	719,306	10.93%	648,449	18.03%
Share of loss from associate	(35,635)	-61.12%	(91,663)	29.50%	(70,781)	226.63%	(21,670)	80.57%	(12,001)	8.77%	(11,033)	206.90%
Finance cost	(917,653)	-21.34%	(1,166,615)	17.67%	(991,464)	59.35%	(622,204)	15.33%	(539,521)	1.76%	(530,199)	-22.96%
Profit before tax	2,019,248	1267.92%	147,615	-76.62%	631,313	43.01%	441,451	163.11%	167,784	56.49%	107,217	-175.31%
Taxation	(286,441)	231.74%	(86,345)	-32.81%	(128,508)	-1.81%	(130,872)	96.60%	(66,566)	-36.01%	(104,025)	-334.05%
Profit after tax	1,732,807	2728.15%	61,270	-87.81%	502,805	61.89%	310,579	206.84%	101,218	3070.99%	3,192	-103.26%

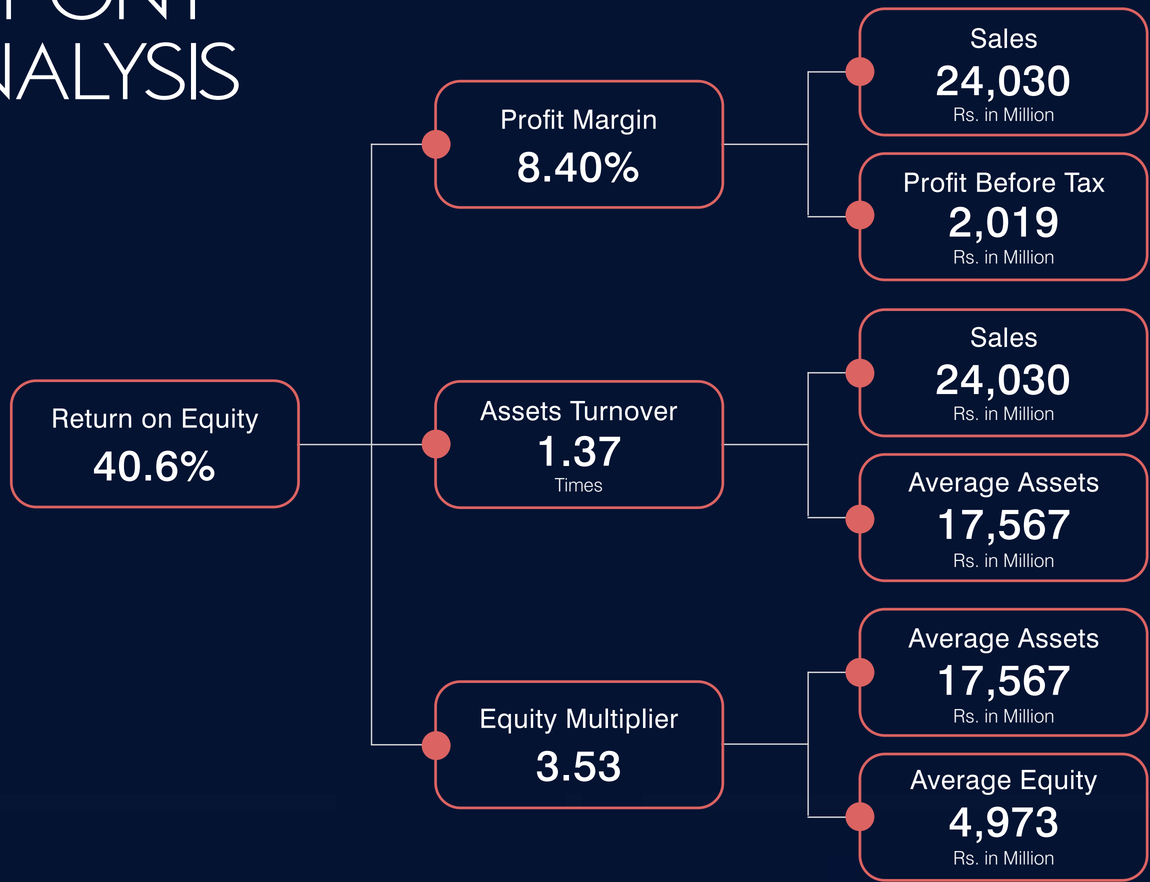
RATIO ANALYSIS

	2021	2020	2019	2018	2017	2016
Profitability Ratios						
Gross Profit Ratio	14.61%	11.93%	10.73%	9.67%	8.68%	8.83%
Net Profit Ratio	7.21%	0.35%	3.03%	2.23%	0.89%	0.03%
EBITDA margin to sales	13.50%	9.24%	11.31%	9.44%	8.30%	8.78%
Return on Equity	28.55%	1.58%	12.92%	9.13%	3.54%	0.12%
Return on Capital Employed	18.65%	0.89%	8.43%	6.36%	2.11%	0.07%
Liquidity Ratios						
Current Ratio	1.11	1.03	0.90	0.80	0.77	0.78
Quick / Acid Test Ratio	0.57	0.48	0.33	0.39	0.28	0.31
Cash flow form operations to sales	0.06	0.15	(0.02)	0.01	0.02	0.09
Activity / Turnover Ratios						
Inventory Turnover ratio	3.95	2.74	3.23	4.03	3.87	4.67
No of days in inventory	92.31	133.21	112.87	90.48	94.36	78.13
Receivables turnover ratio	10.27	8.41	7.75	10.66	20.04	13.56
No of days in receivables	35.53	43.40	47.12	34.23	18.21	26.91
Total assets turnover ratio	1.24	1.06	1.10	1.13	1.06	0.99
Fixed assets turnover ratio	2.95	2.74	2.80	2.53	2.15	1.90
Investment / Market Ratios						
Earnings per share	56.24	1.99	16.32	10.08	3.29	0.10
Price earning ratio	1.29	11.56	1.50	3.02	13.86	251.80
Dividend yield	10%	0%	14%	7%	3%	2%
Dividend pay-out ratio	75%	0%	35%	22.5%	15%	5%
Dividend cover ratio	7.50	0	4.66	4.48	2.19	0.21
Cash dividend per share	7.5	0	3.5	2.25	1.5	0.5
Market value per share						
- Closing	72.41	23	24.49	30.49	45.60	25.18
- High	82.3	24.98	25.99	28.00	45.60	25.18
- Low	22.06	22.4	23.61	30.79	45.60	25.18
Break up value per share	196.99	125.83	126.27	110.41	92.80	90.02
Capital structure Ratios						
Long term Debt to Equity	0.61	0.72	0.61	0.55	0.91	0.97
Interest cover ratio	3.20	1.13	1.64	1.71	1.31	1.20

CASH FLOWS ANALYSIS

Rs. in '000'	2021	2020	2019	2018	2017	2016
Cash (used in) / generated from operations	1,415,896	2,562,617	(271,803)	90,275	261,873	859,368
Finance cost paid	(922,867)	(1,205,442)	(840,120)	(594,853)	(519,322)	(525,318)
Workers' (profit) participation payments	(12,032)	(35,073)	(23,608)	(9,796)	(19,615)	-
Taxes paid - net	(239,745)	(130,127)	(104,923)	(28,681)	(77,706)	(96,081)
Staff retirement benefits (gratuity) paid	(33,283)	(38,914)	(27,267)	(25,130)	(24,243)	(24,551)
	(1,207,927)	(1,409,556)	(995,917)	(658,459)	(640,886)	(645,950)
Net cash used in operating activities	207,969	1,153,061	(1,267,720)	(568,184)	(379,013)	213,418
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(1,166,761)	(450,395)	(858,037)	(228,076)	(445,336)	(33,875)
Sales proceed from disposals of fixed assets	30,608	4,605	9,459	30,310	6,266	1,120
Long term deposits	–	(8,560)	803	(1,294)	(4,153)	5,913
Investment in shares	(87,808)	–	–	–	–	–
Long term investments made	–	–	–	–	(71,466)	15,905
Deferred liabilities	195,146	12,031	–	–	–	–
	(1,028,815)	(442,319)	(847,774)	(199,060)	(514,689)	(10,937)
Net cash used in investing activities						
CASH FLOWS FROM FINANCING ACTIVITIES						
Long term finances - net	776,812	445,485	483,755	(732,303)	(76,766)	(112,886)
Lease finances - net	12,923	48,269	(1,918)	18,553	(16,853)	(28,665)
Short term borrowings - net	236,171	(1,157,946)	1,735,847	1,498,514	1,021,848	(33,008)
Dividend paid	(152,018)	(116,651)	(68,204)	(35,062)	(15,287)	(21,339)
Net cash generated from financing activities	873,888	(780,843)	2,149,480	749,702	912,942	(195,898)
Net increase / (decrease) in cash and cash equivalents	53,042	(70,101)	33,986	(17,543)	19,240	6,583
Cash and cash equivalents - at beginning of the year	42,972	113,073	79,087	96,630	77,390	70,807
Cash and cash equivalents - at end of the year	96,013	42,972	113,073	79,087	96,630	77,390

DUPONT ANALYSIS

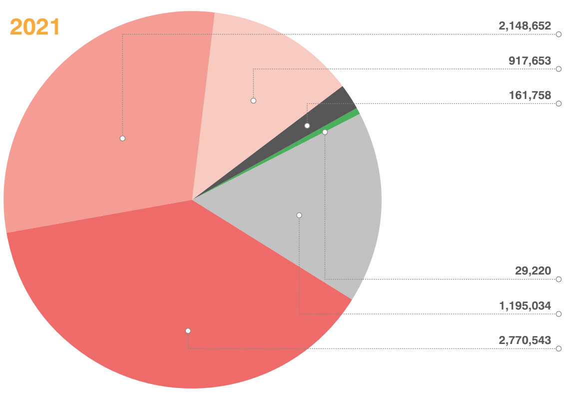


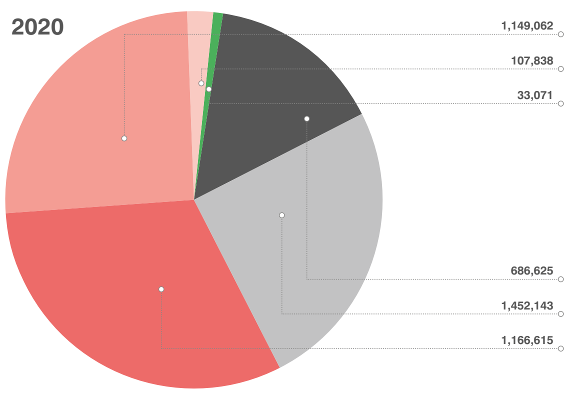
	Return on Equity - (Equity multiplier x Return on Assets) A = B*C	Equity Multiplier (Avg Assets / Avg Equity) B	Return on Assets C = D*E	Total Assets Turnover (Sales / Avg Assets) D	Profit margin (Pro-tax profit / Sales) E
2021	40.60%	3.53	11.49%	1.37	8.40%
2020	3.80%	4.20	0.90%	1.06	0.85%
2019	17.31%	4.12	4.20%	1.10	3.80%
2018	14.10%	3.92	3.59%	1.13	3.17%
2017	5.96%	3.83	1.56%	1.05	1.48%
2016	3.89%	3.70	1.05%	0.99	1.07%

VALUE ADDITION STATEMENT

Rs. in '000'	2021	2020
WEALTH CREATION		
SALES - Gross	26,560,897	18,640,963
Less: Cost of Material and services	19,440,478	14,174,899
Add: Other Income	102,441	129,290
	7,222,860	4,595,354
WEALTH DISTRIBUTION		
Remuneration and benefits paid to employees	1,195,034	1,149,062
Contribution to National Exchequer (Income tax & Sales Tax)	2,770,543	1,452,143
To providers of finance (Finance Cost)	917,653	1,166,615
Dividend to ordinary shareholders	161,758	107,838
Donations towards health, education & welfare activities	29,220	33,071
Retained within business	2,148,652	686,625
	7,222,860	4,595,354

GRAPHICAL PRESENTATION





SWOT ANALYSIS

STRENGTH

- Textile manufacturing enjoys latest technology
- Highly Experienced, accomplished & skilled work force
- Wages are in the lowest side in the world textile industry
- Strong support form the government which involves technology upgrade skill development, and research.

WEAKNESSES

- Volatile market based raw material
- Non availability of Hedge trading in cotton
- Reducing trend of per acre cotton production

OPPORTUNITIES

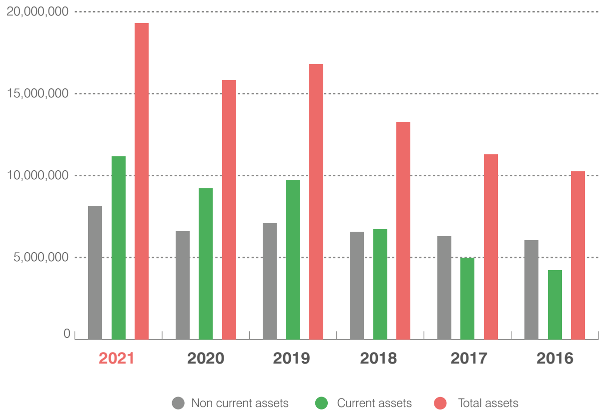
- COVID-19 create a big opportunity for textile industry
- Fashion designing creativity exploration
- Expansion with technology advancements
- Diversification of product range
- Approach to global markets

THREATS

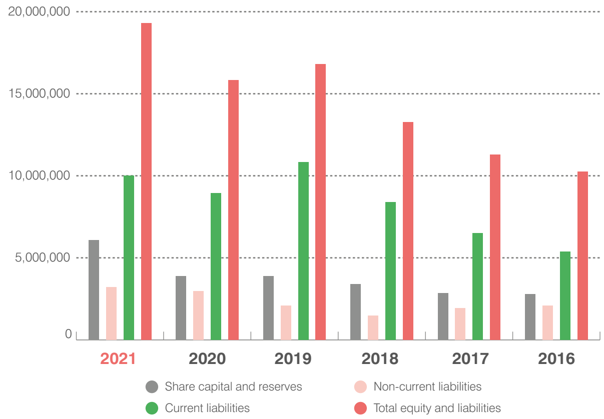
- Macro economic and political instability
- Low pace of human resource development
- New competitor in the market
- Unexpected fluctuations in interest and exchange rates

GRAPHICAL ANALYSIS

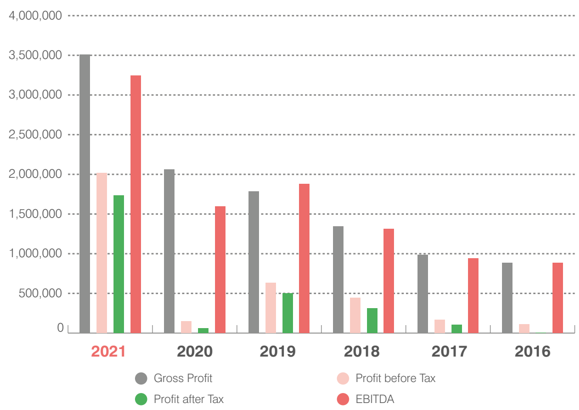
STATEMENT OF FINANCIAL POSTION ANALYSIS (ASSETS)
Rupees in Million



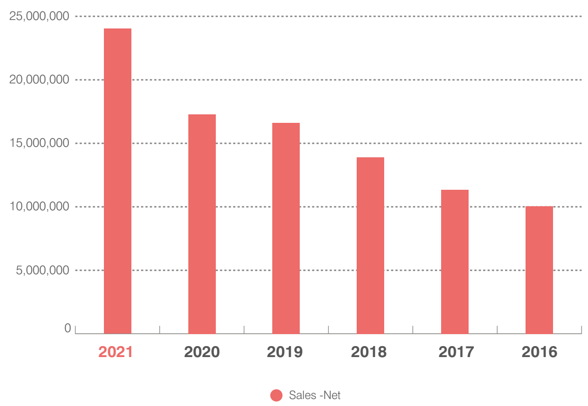
STATEMENT OF FINANCIAL POSTION ANALYSIS (EQUITY & LIABILITIES)
Rupees in Million



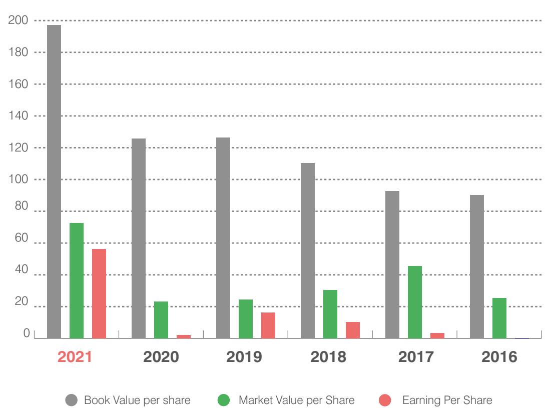
STATEMENT OF FINANCIAL POSTION ANALYSIS (EQUITY & LIABILITIES)
Rupees in Million



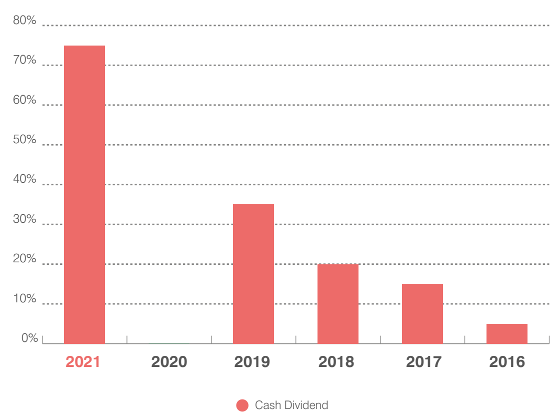
SALES TREND
Rupees in Million



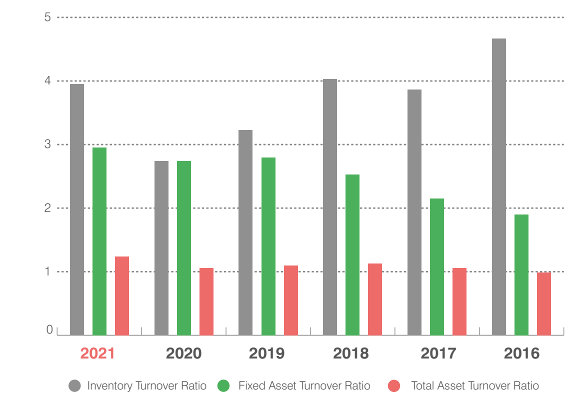
INVESTOR INFORMATION
Rupees



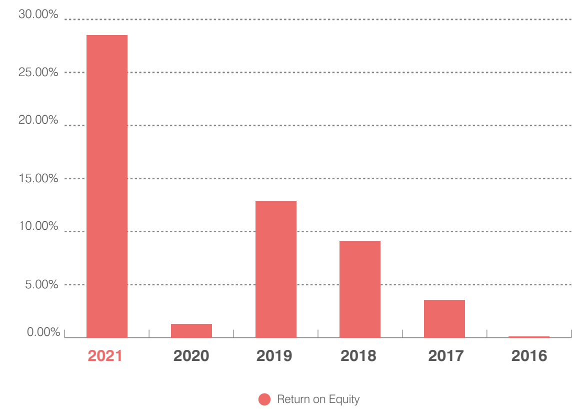
CASH DIVIDEND
Percentage



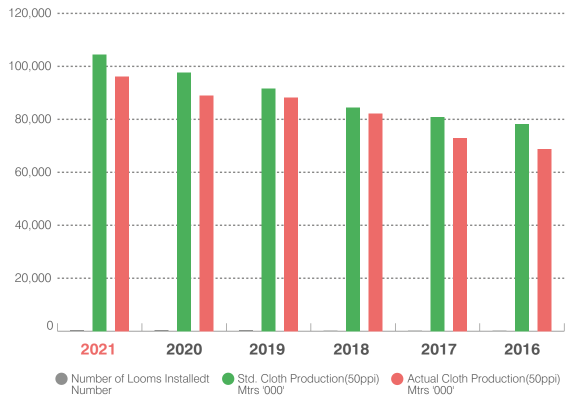
TURNOVER RATIO
Times



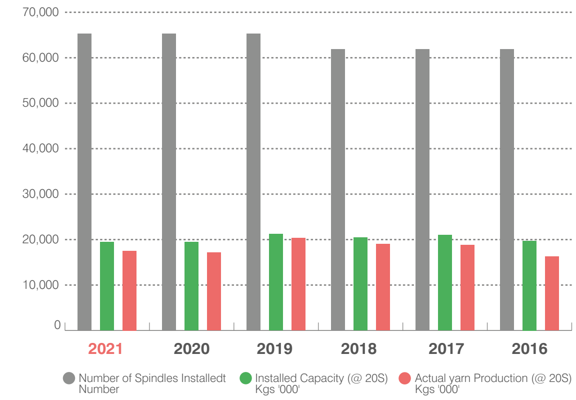
RETURN ON EQUITY
Percentage

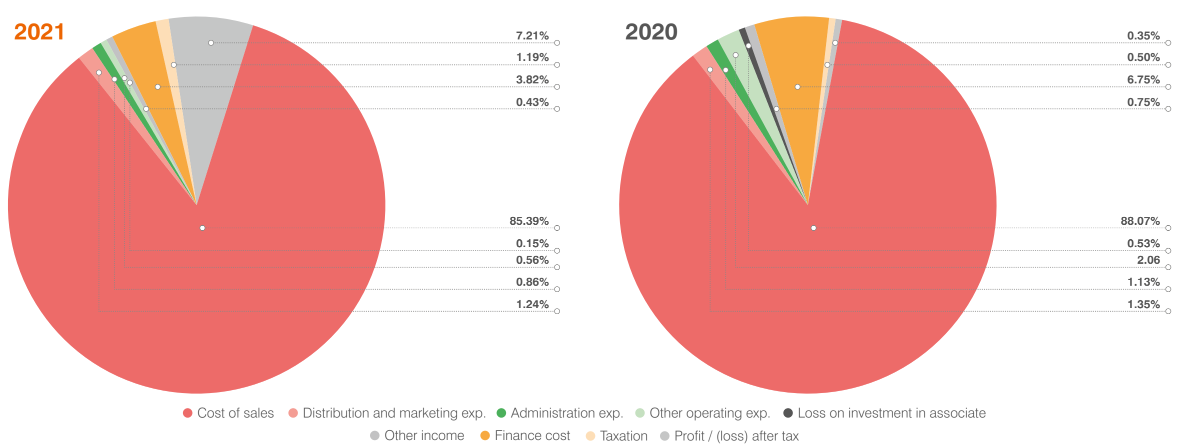


WEAVINNG



SPINING ANALYSIS





STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of the Company: **Reliance Weaving Mills Limited**
Year Ended: **June 30, 2021**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven as per the following:

a. Male:	6
b. Female:	1

2. The composition of Board is as follows:

a) Independent Directors:

Mr. Muhammad Shaukat
Mr. Shahid Aziz

b) Non-executive Directors

Mr. Fawad Ahmed Mukhtar
Mr. Fahd Mukhtar
Mr. Muhammad Mukhtar Sheikh

c) Executive Director

Mr. Faisal Ahmed

d) Female Director

Mrs. Fatima Fazal

3. The Directors have confirmed that none of them is serving as a Director on more than seven Listed Companies, including this Company;

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. Out of seven Directors, three are exempted from Directors Training Program (DTP) and two Directors have already got DTP. The remaining two Directors shall undertake the DTP in due course of time;

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed following Committees comprising of members given below.-

a) Audit Committee:

Mr. Shahid Aziz	(Committee Chairman)
Mr. Fahd Mukhtar	(Committee Member)
Mr Muhammad Shaukat	(Committee Member)

b) HR & Remuneration Committee:

Mr. Muhammad Shaukat	(Committee Chairman)
Mr. Fahd Mukhtar	(Committee Member)
Mr. Shahid Aziz	(Committee Member)

c) Risk Management Committee:

Mr. Faisal Ahmed	(Committee Chairman)
Mr. Shahid Aziz	(Committee Member)
Mr. Muhammad Shaukat	(Committee Member)

d) Nomination Committee:

Mr. Fawad Ahmed Mukhtar	(Committee Chairman)
Mr. Faisal Ahmed	(Committee Member)
Mrs. Fatima Fazal	(Committee Member)

13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committees were as per following:

a) Audit Committee:

Mr. Shahid Aziz	5/5
Mr. Fahd Mukhtar	2/5
Mr. Muhammad Shaukat	5/5

b) HR & Remuneration Committee:

Mr. Muhammad Shaukat	1/1
Mr. Faisal Ahmed	1/1
Mr. Fahd Mukhtar	1/1

c) Risk Management Committee:

Mr. Faisal Ahmed	1/1
Mr. Shahid Aziz	1/1
Mr. Muhammad Shaukat	1/1

15. The Board has set up an effective internal audit function under the leadership of Head of Internal Audit who is qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.

Muhammad Shaukat
(Independent Director)

Faisal Ahmed
(Chief Executive Officer)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FINANCIAL STATEMENT

Year ended June 30,2021

INDEPENDENT AUDITORS'

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of RELIANCE WEAVING MILLS LIMITED (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

ShineWing Hameed Chaudhri & Co.

LAHORE;
DATED: September 29, 2021

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT
To the members of Reliance Weaving Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **RELIANCE WEAVING MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr No	Key audit matters	How the matter was addressed in our audit
1	**Capital expenditure** The Company has incurred significant amounts of capital expenditure as disclosed in note 5 to the accompanying financial statements. We have identified this as a key audit matter since these represent significant transactions for the year and we needed to ascertain whether the amounts recorded vide capitalisation of costs matched with the capitalisation criteria as per accounting policy of the Company according to the applicable financial reporting standards.	Our audit procedures in relation to verification of capital expenditure mainly included the following: - Obtained an understanding of the Company's process with respect to the incurring and recording of capital expenditure; - Obtained an understanding of design and operating effectiveness of internal controls relevant to such process; - Reviewed the break-up of cost element of capitalisation recorded in books of account and evaluated the suitability of recording.

Sr No	Key audit matters	How the matter was addressed in our audit
2	**Valuation of stock-in-trade** The value of stock-in-trade at the reporting date aggregated Rs.5.051 billion representing 45.28% of the Company's total current assets. Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 10). The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods. We identified this matter as key in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.	- Reviewed the selected contracts and underlying supporting documents of various elements of the capitalised cost; and - Assessed the adequacy of financial statements disclosure in accordance with the applicable financial reporting framework. We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps: - assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards; - attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; - assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; - tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; - tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; and - performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices.
3	**Financing obligations and compliance with related covenant requirements** At the reporting date, the Company has outstanding long term financing facilities aggregating Rs.3.566 billion including Rs.870.485 million obtained during the current year, which constitutes 26.93% of total liabilities of the Company. The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Company to comply with. The significance of new financing obtained during the year along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.	Our audit procedures in relation to verification of long term financing mainly included the following: - reviewed terms and conditions of financing agreements entered into by the Company with various banks and financial institutions; - circularised direct balance confirmations to banks and financial institutions and verified receipts and payments from relevant statements; - reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities; - assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants; - assessed the adequacy of disclosures made in respect of the long term financing obligations in the financial statements; and - checked on test basis the calculations of finance cost recognised in the statement of profit or loss.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Nafees ud din.

ShineWing Hameed Chaudhri & Co.

LAHORE;
DATED: September 29, 2021

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	7,994,969,936	6,393,392,438
Intangible assets	6	835,148	1,781,378
Long term investments	7	–	35,634,539
Long term deposits		28,775,887	28,775,887
Deferred tax asset	8	133,228,851	135,874,199
		8,157,809,822	6,595,458,441
Current assets			
Stores, spares and loose tools	9	391,391,717	268,498,764
Stock-in-trade	10	5,050,741,820	4,669,117,626
Trade debts	11	2,850,836,979	1,827,071,431
Loans and advances	12	1,151,545,357	974,611,732
Prepayments and other receivables	13	125,190,779	75,940,679
Short term investments	14	696,750,554	782,191,687
Tax refunds and export rebate due from the Government	15	792,116,267	585,410,411
Cash and bank balances	16	96,013,034	42,971,521
		11,154,586,507	9,225,813,851
TOTAL ASSETS		19,312,396,329	15,821,272,292
SHARE CAPITAL AND RESERVES			
Authorised share capital	17	700,000,000	700,000,000
Issued, subscribed and paid-up share capital	18	308,109,370	308,109,370
Reserves	19	115,253,209	115,253,209
Fair value (loss) / gain on short term investments		(127,452,089)	45,797,044
Revaluation surplus on freehold land		1,708,082,997	949,485,622
Unappropriated profit		4,065,587,780	2,458,268,124
		6,069,581,267	3,876,913,369
Liabilities			
Non-current liabilities			
Long term finances	20	2,766,492,460	2,663,634,866
Lease liabilities	21	66,080,513	58,229,005
Staff retirement benefits - gratuity	22	281,947,690	258,431,528
Deferred liabilities	23	109,429,468	5,661,937
		3,223,950,131	2,985,957,336
Current liabilities			
Trade and other payables	24	1,648,605,028	1,684,520,842
Unclaimed dividends		10,559,428	8,523,068
Accrued mark-up	25	260,439,388	266,273,953
Short term borrowings	26	6,894,241,466	6,658,070,441
Current portion of non-current liabilities	27	913,806,305	143,400,970
Taxation	28	291,213,316	197,612,313
		10,018,864,931	8,958,401,587
Total liabilities		13,242,815,062	11,944,358,923
Contingencies and commitments	29		
TOTAL EQUITY AND LIABILITIES		19,312,396,329	15,821,272,292

The annexed notes 1 to 51 form an integral part of these financial statements.

Chief Executive	**Director**	**Chief Financial Officer**

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees)	
Sales - net	30	24,030,099,723	17,275,165,522
Cost of sales	31	(20,520,174,684)	(15,214,365,525)
Gross profit		3,509,925,039	2,060,799,997
Distribution and marketing expenses	32	(298,162,516)	(233,552,936)
Administrative expenses	33	(206,171,376)	(195,566,011)
Other income	34	102,441,251	129,289,763
Other expenses	35	(135,496,376)	(355,077,956)
Profit from operations		2,972,536,022	1,405,892,857
Finance cost	36	(917,653,295)	(1,166,615,287)
		2,054,882,727	239,277,570
Share of loss of Associates	7	(35,634,539)	(91,662,664)
Profit before taxation		2,019,248,188	147,614,906
Taxation	37	(286,441,055)	(86,344,883)
Profit after taxation		1,732,807,133	61,270,023
Earnings per share	38	56.24	1.99

The annexed notes 1 to 51 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees)	
Profit after taxation		1,732,807,133	61,270,023
Other comprehensive (loss) / income:			
Items that will not be reclassified subsequently to profit or loss			
Share of other comprehensive income of an Associated Company	7	–	264,794
Impact of tax		–	(37,854)
		–	226,940
Unrealised loss on remeasurement of short term investments at fair value through other comprehensive income	14	(173,249,133)	(4,747,461)
Surplus arisen upon revaluation of freehold land	5.2	758,597,375	–
Gain on remeasurement of staff retirement benefits - gratuity	22	32,768,995	43,659,145
Impact of tax		(4,201,787)	(6,241,403)
		28,567,208	37,417,742
		613,915,450	32,897,221
Total comprehensive income for the year		2,346,722,583	94,167,244

The annexed notes 1 to 51 form an integral part of these financial statements.

Chief Executive | Director | Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

		Capital Reserves		Revenue			
	Share capital	Share premium	Revaluation surplus on freehold land	General reserve	Fair value gain / (loss) on short term investments	unappropriated profit	Total
				(Rupees)			
Balance as at June 30, 2019	308,109,370	41,081,250	949,485,622	74,171,959	50,544,505	2,467,191,699	3,890,584,405
Transaction with owners:							
Cash dividend at the rate of Rs.3.50 per ordinary share for the year ended June 30, 2019	–	–	–	–	–	(107,838,280)	(107,838,280)
Total comprehensive income for the year ended June 30, 2020:							
- profit for the year	–	–	–	–	–	61,270,023	61,270,023
- other comprehensive (loss) / income	–	–	–	–	(4,747,461)	37,644,682	32,897,221
	–	–	–	–	(4,747,461)	98,914,705	94,167,244
Balance as at June 30, 2020	308,109,370	41,081,250	949,485,622	74,171,959	45,797,044	2,458,268,124	3,876,913,369
Transaction with owners:							
Interim cash dividend at the rate of Rs.5 per ordinary share for the year ended June 30, 2021	–	–	–	–	–	(154,054,685)	(154,054,685)
Total comprehensive income for the year ended June 30, 2021:							
- profit for the year	–	–	–	–	–	1,732,807,133	1,732,807,133
- other comprehensive income / (loss)	–	–	758,597,375	–	(173,249,133)	28,567,208	613,915,450
	–	–	758,597,375	–	(173,249,133)	1,761,374,341	2,346,722,583
Balance as at June 30, 2021	308,109,370	41,081,250	1,708,082,997	74,171,959	(127,452,089)	4,065,587,780	6,069,581,267

The annexed notes 1 to 51 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	1,415,895,659	2,562,617,512
Finance cost paid		(922,867,366)	(1,205,441,802)
Workers' (profit) participation fund paid to workers and deposited in Government treasury		(12,031,986)	(35,072,738)
Taxes paid - net		(239,744,677)	(130,126,959)
Staff retirement benefits (gratuity) paid		(33,283,456)	(38,914,313)
Net cash generated from operating activities		207,968,174	1,153,061,700
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,166,761,003)	(450,395,102)
Investments made in shares		(87,808,000)	–
Sale proceeds and insurance claims of fixed assets		30,607,674	4,605,094
Long term deposits		–	(8,560,000)
Deferred liabilities		195,146,468	12,031,065
Net cash used in investing activities		(1,028,814,861)	(442,318,943)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		776,812,381	445,484,627
Lease finances - net		12,923,119	48,268,658
Dividend paid		(152,018,325)	(116,651,378)
Short term borrowings - net		236,171,025	(1,157,946,015)
Net cash / generated from (used in) financing activities		873,888,200	(780,844,108)
Net increase / (decrease) in cash and cash equivalents		53,041,513	(70,101,351)
Cash and cash equivalents - at beginning of the year		42,971,521	113,072,872
Cash and cash equivalents - at end of the year		96,013,034	42,971,521

The annexed notes 1 to 51 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. LEGAL STATUS AND OPERATIONS

Reliance Weaving Mills Ltd. (the Company) was incorporated in Pakistan as a public limited company on April 07, 1990 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company commenced its operations on May 14, 1990 and is principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at second Floor, Trust Plaza, L.M.Q. Road, Multan and its mills are located at Fazalpur Khanewal Road, Multan and Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except where otherwise specifically stated.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information has been rounded off to the nearest Rupee unless otherwise stated.

2.4 Critical accounting estimates, assumptions and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment - notes 4.1 & 5.1.
- Useful lives, residual values and amortisation method of intangible assets - notes 4.2 & 6.
- Provision for impairment of inventories - notes 4.4, 4.5, 9 & 10.
- Provision for impairment of trade debts and other receivables - note 4.6 & 11.1.

– Impairment loss of non-financial assets other than inventories - note 4.8.

– Obligation of staff retirement benefits (gratuity) - notes 4.10 & 22.

– Estimation of provisions - note 4.12.

– Estimation of contingent liabilities - notes 4.13 & 29.

– Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.15 & 28.

2.5 No critical judgment has been used in applying the accounting policies.

3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 Standards, amendments to published standards and interpretations that are effective during the current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

(a) Classification of liabilities - Amendment to IAS 1 is effective for period beginning on April 01, 2021. The IASB issued a narrow-scope amendment to IAS 1, Presentation of financial statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that;

– liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;

– the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;

– the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and

– settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Company has assessed that the impact of this amendment is not expected to be significant.

(b) Disclosure of accounting policies and definition of accounting estimates - Amendments to IAS 1 and IAS 8 are effective for period beginning on April 01, 2021. The IASB amended IAS 1, 'Presentation of financial statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to IAS 8, 'Accounting policies, changes in accounting estimates and errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Company has assessed that the impact of these amendments is not expected to be significant.

(c) Amendments to IAS 16 'Property, plant and equipment' is effective from January 01, 2022; it prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

(d) Amendments to IAS 37 Onerous contracts are effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2020.

4.1 Property, plant and equipment

(a) Owned

Measurement

Items of property, plant and equipment other than freehold land and capital work-in-progress are measured at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount whereas capital work-in-progress is stated at cost including, where relevant, related finance costs less impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. Normal repairs and maintenance are charged to statement of profit or loss as and when incurred.

Revaluation

Increases in the carrying amounts arising on revaluation of freehold land are recognised in statement of other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in statement of other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

Depreciation

Depreciation is charged so as to write-off the cost of assets (other than freehold land, vehicles and capital work-in-progress) over their remaining useful lives using the reducing balance method and depreciation on vehicles is charged using straight method at rates specified in note 5.1 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed-off.

Disposal

Gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in other income or other operating expenses in the statement of profit or loss. In case of the sale of revalued freehold land, the attributable revaluation surplus remaining in the revaluation surplus on freehold land is transferred directly to unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each year-end. The effect of any change in estimates is accounted for on a prospective basis.

(b) Right of use assets and related liabilities

The Company leases head office building and vehicles for management use. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities have been discounted using the Company's incremental borrowing rates ranging from 7.91% to 9.10%. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right to use assets equal to the present value of lease payments.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.2 Intangible assets

Measurement

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rate specified in note 6.1 to the financial statements.

Amortisation on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed-off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

Judgment and estimates

The useful lives, residual values and amortisation method are reviewed and adjusted, if appropriate, at each year-end. The effect of any change in estimate is accounted for on a prospective basis.

4.3 Investments in equity instruments of Associated Companies

Associated Companies, where the Company holds 20% or more of the voting power of the investee company and where the Company has significant influence, but not control, over the financial and operating policies, are accounted for using the equity method.

Under equity method the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's statement of profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in statement of profit or loss.

4.4 Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.5 Stock-in-trade

These are stated at the lower of cost and net realisable value except for waste stock, which is valued at net realisable value.

Cost has been determined as follows:

- Raw materials	Weighted average cost
- Work in process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit comprise of invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Judgment and estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

4.6 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less allowance for Expected Credit Loss (ECL). Carrying amounts of trade debts and other receivables are assessed at each reporting date and allowance is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash-in-hand and balances with banks.

4.8 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

4.9 Borrowings and borrowing costs

Interest bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalised upto the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss.

4.10 Staff retirement benefits - gratuity

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2021 on the basis of the projected unit credit method by an independent Actuary.

Actuarial gains and losses are recognised in the statement of comprehensive income in the period in which these occur and past-service costs are recognised immediately in the statement of profit or loss.

4.11 Trade and other payables

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

4.12 Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation.

4.13 Contingent liabilities

A contingent liability is disclosed when the Company:

– has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or

– has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.14 Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date on which a derivative contract is entered into and subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an on going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. Derivatives are carried as asset when the fair value is positive and liabilities when the fair value is negative.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss.

Amounts accumulated in statement of other comprehensive income are recognised in statement of profit or loss in the periods when the hedged item will effect statement of profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in statement of other comprehensive income are transferred from statement of other comprehensive income and included in the initial measurement of the cost of the asset or liability.

Any gains or losses arising from change in fair value derivatives that do not qualify for hedge accounting are taken directly to the statement of profit or loss.

4.15 Taxation

(a) Current

Charge for current 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 provision of minimum tax, or provision of alternative corporate tax. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

(b) Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the statement of profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

4.16 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.17 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company looses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

(a) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

i) amortised cost where the effective interest rate method is applied;

ii) fair value through profit or loss; and

iii) fair value through other comprehensive income.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either be recorded in statement of profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investments at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) **Amortised cost**

Assets that are held for collection of contractual cash flows, where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

ii) **Fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of profit or loss.

iii) **Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented in finance income / cost in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payment is established.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Impairment of financial assets

The Company assesses on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its trade debts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Bank balances

Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Recognition of loss allowance

The Company recognises an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The Company writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off result in impairment gains.

Financial Liabilities

b) Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

i) fair value through profit or loss; and

ii) other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in profit or loss for the year, when the liabilities are derecognised as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or expired.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.18 Foreign currency transactions

Foreign currency transactions are recorded in Pak Rupee using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupee at the rates of exchange prevailing at the reporting date. Exchange gains and losses are taken to the statement of profit or loss.

4.19 Revenue recognition

Revenue represents fair value of the consideration received or receivable for goods sold net of discounts and sales tax. Revenue is recognised when the control of goods is transferred to customers, i.e. on dispatch in case of local sales and on preparation of bill of lading in case of exports, and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

Others

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and applicable rate of return.

Mark-up income is accrued on time proportion basis by reference to the principal outstanding and at the agreed mark-up rate applicable.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

Export duty drawback is recognised on accrual basis.

4.20 Deferred income – government grant

Government grant is initially measured at fair value; after initial recognition, it is measured at amortised cost using the effective interest rate method.

4.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

Segment assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant & equipment, stores, spares & loose tools and stock-in-trade. Segment liabilities comprise of long term finances, lease liabilities, short term borrowings and trade & other payables.

4.22 Related party transactions

The Company enters into transactions with related parties on commercial terms and conditions.

	Note	2021	2020
		(Rupees)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	7,878,102,509	6,238,305,049
Capital work-in-progress			
- civil works and buildings		27,579,050	72,479,850
Right of use assets	5.5	89,288,377	82,607,539
		7,994,969,936	6,393,392,438

5.1 Operating fixed assets

	Owned										Leased / right of use assets			
	Freehold land	Buildings on freehold land	Plant & machinery	Electric installations	Factory equipment	Office equipment	Electric appliances	Furniture and fixtures	Vehicles	Sub-total	Office building	Vehicles	Sub-total	Grand total
	(Rupees)													
As at June 30, 2019														
Cost / revaluation	1,068,777,000	758,100,334	6,516,663,761	409,158,149	37,759,885	38,554,277	26,823,995	18,773,747	109,522,018	8,984,133,166	-	43,705,192	43,705,192	9,027,838,358
Accumulated depreciation	-	320,168,586	2,209,259,993	140,512,729	15,641,473	18,971,731	12,592,591	10,596,525	72,750,348	2,800,493,976	-	14,163,253	14,163,253	2,814,657,229
Book value	1,068,777,000	437,931,748	4,307,403,768	268,645,420	22,118,412	19,582,546	14,231,404	8,177,222	36,771,670	6,183,639,190	-	29,541,939	29,541,939	6,213,181,129
Year ended June 30, 2020														
Transitional effect														
upon initial application	-	-	-	-	-	-	-	-	-	-	56,901,824	-	56,901,824	56,901,824
Transfer from leased to owned														
Cost	-	-	-	-	-	-	-	-	5,711,160	5,711,160	-	(5,711,160)	(5,711,160)	-
Depreciation	-	-	-	-	-	-	-	-	(3,192,444)	(3,192,444)	-	3,192,444	3,192,444	-
Additions	35,325,625	18,478,339	235,789,430	6,737,094	4,059,888	5,917,980	3,720,149	2,310,239	10,935,635	323,274,379	-	11,561,350	11,561,350	334,835,729
Disposals														
Cost	-	-	-	-	-	(404,345)	(102,665)	-	(10,842,816)	(11,349,826)	-	(1,311,081)	(1,311,081)	(12,660,907)
Depreciation	-	-	-	-	-	182,116	80,865	-	8,748,097	9,011,078	-	382,399	382,399	9,393,477
Depreciation for the year	-	22,435,539	218,982,584	13,517,033	1,193,910	2,354,395	1,628,441	958,774	7,717,812	268,788,488	4,676,862	7,273,314	11,950,176	280,738,664
Book value	1,104,102,625	433,974,548	4,324,210,614	261,865,481	24,984,390	22,923,902	16,301,312	9,528,687	40,413,490	6,238,305,049	52,224,962	30,382,577	82,607,539	6,320,912,588
Year ended June 30, 2021														
Transfer from leased to owned														
Cost	-	-	-	-	-	-	-	-	19,530,747	19,530,747	-	(19,530,747)	(19,530,747)	-
Depreciation	-	-	-	-	-	-	-	-	(9,884,177)	(9,884,177)	-	9,884,177	9,884,177	-
Additions	29,141,060	131,858,112	940,239,924	38,356,749	7,545,641	14,520,497	3,555,659	2,282,087	13,083,914	1,180,583,643	-	31,078,160	31,078,160	1,211,661,803
Revaluation increment (note.5.2)	758,597,375	-	-	-	-	-	-	-	-	758,597,375	-	-	-	758,597,375
Disposals														
Cost	-	-	(35,200,006)	-	-	(2,917,361)	-	-	(15,794,779)	(53,912,146)	-	-	-	(53,912,146)
Depreciation	-	-	25,119,358	-	-	1,850,714	-	-	10,403,506	37,373,578	-	-	-	37,373,578
Depreciation for the year	-	24,889,518	239,522,775	14,039,354	1,394,951	2,841,010	1,758,571	1,059,037	6,986,344	292,491,560	4,676,862	10,073,890	14,750,752	307,242,312
Book value	1,891,841,060	540,943,142	5,014,847,115	286,182,876	31,135,080	33,536,742	18,098,400	10,751,737	50,766,357	7,878,102,509	47,548,100	41,740,277	89,288,377	7,967,390,886
As at June 30, 2020														
Cost / revaluation	1,104,102,625	776,578,673	6,752,453,191	415,895,243	41,819,773	44,067,912	30,441,479	21,083,986	115,325,997	9,301,768,879	56,901,824	48,244,301	105,146,125	9,406,915,004
Accumulated depreciation	-	342,604,125	2,428,242,577	154,029,762	16,835,383	21,144,010	14,140,167	11,555,299	74,912,507	3,063,463,830	4,676,862	17,861,724	22,538,586	3,086,002,416
Book value	1,104,102,625	433,974,548	4,324,210,614	261,865,481	24,984,390	22,923,902	16,301,312	9,528,687	40,413,490	6,238,305,049	52,224,962	30,382,577	82,607,539	6,320,912,588
As at June 30, 2021														
Cost / revaluation	1,891,841,060	908,436,785	7,657,493,109	454,251,992	49,365,414	55,671,048	33,997,138	23,366,073	132,145,879	11,206,568,498	56,901,824	59,791,714	116,693,538	11,323,262,036
Accumulated depreciation	-	367,493,643	2,642,645,994	168,069,116	18,230,334	22,134,306	15,898,738	12,614,336	81,379,522	3,328,465,989	9,353,724	18,051,437	27,405,161	3,355,871,150
Book value	1,891,841,060	540,943,142	5,014,847,115	286,182,876	31,135,080	33,536,742	18,098,400	10,751,737	50,766,357	7,878,102,509	47,548,100	41,740,277	89,288,377	7,967,390,886
Depreciation rate (%)		5	5	5	5	10	10	10	20		8	20		

5.2 (a) The Company on August 31, 2020 has carried-out revaluations of its freehold land situated at Mouza Karpaal Pur, Khanewal Road, Multan and Mukhtarabad Abad, Rawat, Rawalpindi. The revaluation exercises have been conducted by an independent valuer [JOSEPH LOBO (Pvt.) Ltd. 3 - Sasi Arcade, Clifton Road, Block 7, Karachi. Freehold land has been revalued on the basis of fair market values and it has resulted in revaluation surplus aggregating Rs.758.597 million as worked-out below:

	(Rupees)
Cost / revaluation as at June 30, 2020	1,104,102,625
Revalued amounts as at August 31, 2020	1,862,700,000
Revaluation surplus arisen upon latest revaluation	758,597,375

(b) Had there been no revaluations, book value of freehold land would have been Rs.183.758 million as at June 30, 2021 (2020: Rs.154.617 million).

(c) Based on the revaluation reports dated August 30, 2020, the forced sale values of the revalued freehold land have been assessed at Rs.1,489.976 million.

	Note	2021	2020
		(Rupees)	
5.3 Depreciation for the year has been apportioned as under:			
Cost of sales	31	281,605,170	257,757,507
Administrative expenses	33	10,886,390	11,030,981
		292,491,560	268,788,488

5.4 Particulars of immovable property

Location	Usage of immovable property	Total area (square feet)	Covered area (in square feet) Approx
Mouza Karpaal Pur, Khanewal Road, Multan.	Industrial	4,422,628	1,081,707
Mukhtarabad, Rawat, Rawalpindi.	Industrial	1,424,250	231,242

		Note	2021	2020
			(Rupees)	
5.5	**Right of use assets**			
	Balance at beginning of the year		82,607,539	–
	Transfer from operating fixed assets:			
	- cost		–	43,705,192
	- accumulated depreciation		–	(14,163,253)
	Additions during the year		31,078,160	11,561,350
	Transfer to owned assets:			
	- cost		(19,530,747)	(5,711,160)
	- accumulated depreciation		9,884,177	3,192,444
	Assets disposed-off:			
	- cost		–	(1,311,081)
	- accumulated depreciation		–	382,399
	Transitional effect on initial application		–	56,901,824
	Depreciation charged during the year	5.6	(14,750,752)	(11,950,176)
	Book value at end of the year		89,288,377	82,607,539

5.6 Depreciation expense has been grouped under administrative expenses (note 33).

5.7 Disposal of property plant and equipment

Particulars	Cost	Accumulated depreciation	Book value	Claim/sale proceeds	(Loss) gain	Mode of disposal	Sold to / Claims received from
			(Rupees)				
Year ended June 30, 2021:							
Operating fixed assets							
Plant and machinery							
Air jet looms -15 sets	34,850,006	24,979,904	9,870,102	24,583,025	14,712,923	Negotiation	Sufia Cotton Mills Ltd. Adamjee Court, 4th floor, Motiuheel, Dhaka, Bangladesh.
Knitting machine	350,000	139,454	210,546	85,000	(125,546)	- - do - -	Mr.Sagheer Ahmed.
	35,200,006	25,119,358	10,080,648	24,668,025	14,587,377		
Office equipment having book value of less than Rs.500,000 each	2,917,361	1,850,714	1,066,647	322,999	(743,648)	Various	

Particulars	Cost	Accumulated depreciation	Book value	Claim/sale proceeds	(Loss) gain	Mode of disposal	Sold to / Claims received from
	(Rupees)						
Vehicles							
Honda City	1,573,640	778,567	795,073	663,331	(131,742)	- - do - -	Mr. Atta ul Mohimin, employee.
Honda Car	2,353,400	1,765,603	587,797	603,094	15,297	- - do - -	Mr.Ikram Azeem, employee.
Honda Car	2,353,400	1,765,603	587,797	603,094	15,297	- - do - -	Mr.Shoaib Alam, employee.
Honda Car	2,596,240	1,947,790	648,450	886,094	237,644	- - do - -	Mr. Khawaja Sajid, employee.
Honda Car	1,585,930	1,161,115	424,815	425,000	185	- - do - -	Mr. Ali Abbas, employee.
Suzuki Car	1,466,335	23,884	1,442,451	1,440,500	(1,951)	Insurance claim	UBL Insurers Ltd.
Vehicles having book value of less than Rs.500,000 each	3,865,834	2,960,944	904,890	995,537	90,647	Various	
	15,794,779	10,403,506	5,391,273	5,616,650	225,377		
	53,912,146	37,373,578	16,538,568	30,607,674	14,069,106		
Year ended June 30, 2020:	12,660,907	9,393,477	3,267,430	4,605,094	1,337,664		

	2021	2020
	(Rupees)	
6. INTANGIBLE ASSETS - Computer software		
Cost at beginning of the year	9,462,295	9,462,295
Less: amortisation:		
- at beginning of the year	7,680,917	6,734,687
- charge for the year	946,230	946,230
- at end of the year	8,627,147	7,680,917
Book value as at June 30,	835,148	1,781,378

6.1 Amortisation is charged to income applying the straight-line method at the rate of 10% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees)	
7. LONG TERM INVESTMENTS			
Associated Companies - Un-quoted			
Fatima Energy Ltd. (FEL)			
Nil shares (2020: 80,016,370 ordinary shares of Rs.10 each - cost)		–	800,054,340
Equity held: - (2020: 14.04%)			
Share of post acquisition loss and other comprehensive income - net		–	(71,147,313)
		–	728,907,027
Share of loss for the preceding year		–	(65,335,140)
Adjustment based on 2019 audited financial statements			
- loss for the year ended June 30, 2019		–	(27,268,208)
- other comprehensive income		–	264,794
		–	636,568,473
Fair value gain upon transfer of investments		–	53,972,799
		–	690,541,272
Transferred to short term investments at fair value through other comprehensive income	14	–	(690,541,272)
		–	–
Fatima Transmission Company Ltd. (FTCL)			
7,187,500 (2020: 7,187,500) ordinary shares of Rs.10 each - cost		71,875,000	71,875,000
Equity held: 31.25% (2020: 31.25%)			
Share of post acquisition loss and other comprehensive income		(36,240,461)	(37,181,145)
		35,634,539	34,693,855
Share of loss for the year		(18,014,206)	(32,545)
Reversal of unrecognised loss		11,591,376	–
Adjustment based on preceding year's audited financial statements		(29,211,709)	973,229
		–	35,634,539
		–	35,634,539

7.1 FTCL was incorporated in Pakistan on December 26, 2014 as a public limited company. The principal activity of FTCL includes operation and maintenance of transmission lines, electrical transmission facilities, electrical circuits, transformers & sub-stations and the movement & delivery of electric power.

The commercial operations of FTCL are expected to commence subsequent to June 30, 2021. FTCL is in the process of finalising an agreement with Fatima Energy Ltd. to transmit electricity.

The summary of financial information of FTCL based on its audited / un-audited financial statements for the year ended June 30, 2021 is as follows:

Summarised statement of financial position

	2021	2020
	(Rupees)	
Non-current assets	716,222	717,699
Current assets	17,501	1,327
	733,723	719,026
Non-current liabilities	263,158	289,474
Current liabilities	513,247	414,589
	776,405	704,063
Net assets	(42,682)	14,963
Reconciliation to carrying amount		
Opening net assets	15,067	108,649
Loss for the year	(57,646)	(93,582)
Closing net assets	(42,579)	15,067
Company's share percentage 31.25% (2020:31.25%)		
Company's share	–	4,708
Adjustments based on audited financial statements and other adjustments	–	30,927
Carrying amount of investment	–	35,635
Summarised statement of profit or loss		
Loss for the year	(57,646)	(93,582)

	Note	2021	2020
		(Rupees)	
8. DEFERRED TAX ASSET			
This is composed of the following:			
Deductible temporary differences arising in respect of:			
- unabsorbed tax losses and minimum tax recoverable against normal tax charge in future years	8.1	552,963,607	561,022,435
- staff retirement benefits - gratuity		31,950,807	36,944,732
- investments in Associated Companies		9,216,134	5,142,992
- provision for impairment of trade debts		951,392	1,067,992
		595,081,940	604,178,151
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		(460,974,877)	(466,432,452)
- lease finances		(878,212)	(1,871,500)
		(461,853,089)	(468,303,952)
		133,228,851	135,874,199

8.1 As at June 30, 2021, deferred tax asset amounting Rs.164.794 million (2020: Rs.325.111 million) on minimum tax recoverable against normal tax charge in future years has not been recognised in the financial statements on the ground of prudence. The management intends to re-assess the recognition of deferred tax asset as at June 30, 2022.

	2021	2020
	(Rupees)	
9. STORES, SPARES AND LOOSE TOOLS		
Stores including in-transit inventory valuing Rs.13.068 million (2020: Rs.40.952 million)	115,594,992	140,718,681
Spares	275,804,959	127,859,152
Loose tools	221,788	150,953
	391,621,739	268,728,786
Less: provision for obsolete items	(230,022)	(230,022)
	391,391,717	268,498,764
10. STOCK-IN-TRADE		
Raw materials including in-transit inventory valuing Rs.462.729 million (2020: Rs.35.235 million)	3,148,253,925	1,451,253,702
Work-in-process	364,908,844	249,013,073
Finished goods	1,501,167,433	2,929,403,354
Waste	36,411,618	39,447,497
	1,537,579,051	2,968,850,851
	5,050,741,820	4,669,117,626

10.1 Stocks valuing Rs.21.442 million (2020: Rs.65.670 million) were in the possession of various parties for processing and finishing.

10.2 Raw materials and finished goods inventories are pledged with various banks as security for short term finance facilities (note 26).

10.3 As at June 30, 2020 raw material inventories costing Rs.617.077 million and finished goods inventories costing Rs.385.217 million were stated at net realisable value at Rs.582.198 million and Rs.360.108 million respectively; the amount charged to statement of profit or loss in respect of inventories write down to net realisable value worked-out to Rs.59.988 million approximately. These write downs were made based on management assessment of future usability of these inventory items and prevalent market conditions.

	Note	2021	2020
		(Rupees)	
11. TRADE DEBTS			
Export - secured		709,977,239	791,705,582
Local - unsecured and considered good		2,140,859,740	1,035,365,849
Considered doubtful		3,280,661	3,682,731
		2,144,140,401	1,039,048,580
		2,854,117,640	1,830,754,162
Less: provision for impairment	11.1	(3,280,661)	(3,682,731)
		2,850,836,979	1,827,071,431
11.1 Provision for impairment			
Balance at beginning of the year		3,682,731	3,548,165
Allowance for the year		3,280,661	3,682,731
Reversal during the year		(3,682,731)	(3,548,165)
		(402,070)	134,566
Balance at end of the year		3,280,661	3,682,731
12. LOANS AND ADVANCES			
Advances to:			
- Fatima Energy Ltd.(FEL)	12.1	642,427,689	506,339,428
- key management personnel		95,000	3,143,980
- employees		253,245,605	221,208,692
- suppliers		112,002,945	77,924,755
Due from related parties	12.2	110,124,876	47,915,159
Letters of credit		8,794,164	1,792,339
Margin deposits		24,855,078	116,287,379
		1,151,545,357	974,611,732

12.1 These advances have been made to FEL against purchase of electricity and to meet its financial obligation. These carry mark-up at the rate of 1-month KIBOR plus 2.5% per annum; the effective mark-up rates charged during the year ranged from 9.81% to 10.03% (2020:10.83% to 16.66%) per annum.

	Note	2021 (Rupees)	2020 (Rupees)
12.2 Due from related parties			
Fatima Sugar Mills Ltd.	(a)	33,782,812	–
Reliance Commodities (Pvt.) Ltd.	(b)	21,917,788	18,625,894
Fatima Transmission Company Ltd.	(b)	47,303,939	24,812,439
Multan Cloth Finishing Factory	(c)	4,406,280	4,406,280
Fatima Fert Ltd.	(c)	70,546	70,546
Pakarab Fertilizers Ltd.	(c)	606,606	–
Mukhtar A. Sheikh Trust	(c)	2,036,905	–
		110,124,876	47,915,159

(a) The advance carried mark-up at the rate of 1-month KIBOR plus 3% per annum.

(b) The advances carry mark-up at the rate of 1-month KIBOR plus 2.50% per annum.

(c) The balances have arisen due to sharing of expenses and on account of trading transactions.

12.3 Maximum aggregate amounts due from related parties at any month-end during the year aggregated Rs.752.252 million (2020: Rs.464.605 million).

	Note	2021 (Rupees)	2020 (Rupees)
13. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		53,900	450,142
Accrued mark-up	13.1	125,111,879	71,002,752
Others		25,000	4,487,785
		125,190,779	75,940,679

13.1 This represents mark-up accrued on advance made to Fatima Energy Ltd. and short term loans advanced to Reliance Commodities (Pvt.) Ltd. and Fatima Transmission Company Ltd.

	Note	2021	2020
		(Rupees)	
14. SHORT TERM INVESTMENTS			
(At fair value through other comprehensive income)			
Quoted			
Fatima Fertilizer Company Ltd.			
(FFCL)			
2,625,167 (2020: 2,625,167) fully paid ordinary shares of Rs.10 each at fair value	14.1	70,170,715	78,361,236
Fair value adjustment		5,302,837	(8,190,521)
Fair value at end of the year		75,473,552	70,170,715
Others - Un-quoted			
Multan Real Estate Company (Pvt.) Ltd.			
(MREC)			
214,797 (2020: 214,797) ordinary shares of Rs.100 each	14.2	21,479,700	21,479,700
Equity held 9.90% (2020:9.90%)			
Fatima Energy Ltd.			
(FEL)			
80,016,370 ordinary (2020: 80,016,370) shares of Rs.10 each	14.3	690,541,272	690,541,272
10,178,713 ordinary shares at the rate of Rs.8.63 each purchased during the year		87,808,000	–
Fair value adjustment		(178,551,970)	–
-Total shares held at year end - 90,195,083 (2020:80,016,370)		599,797,302	690,541,272
- Equity held at year end - 15.82% (2020:14.04%)		696,750,554	782,191,687

14.1 FFCL, as at June 30, 2021, is a related party of the Company; however, considering shareholding percentage in FFCL i.e. 0.13%, the Company does not have significant influence to participate in the financial and operating decisions of FFCL. Accordingly, investments in FFCL have not been accounted for using the equity method.

14.2 Value of investments based on net assets shown in the audited financial statements of MREC for the year ended June 30, 2020 amounted Rs.21.491 million.

14.3 The fair value of investments in FEL has been determined by M/s Yousuf Adil - Chartered Accountants using financial forecasts and projections developed by FEL. The fair value of FEL shares as at June 30, 2021 has been determined at Rs.6.65 per share using discounted cash flows techniques.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees)	
15. TAX REFUNDS AND EXPORT REBATE DUE FROM THE GOVERNMENT			
Export rebate and duty draw back		130,530,427	134,460,601
Advance income tax		324,627,368	279,279,182
Sales tax refundable		326,323,341	161,341,005
Special excise duty		10,635,131	10,329,623
		792,116,267	585,410,411
16. CASH AND BANK BALANCES			
Cash-in-hand		4,167,846	4,187,673
Cash at banks on:			
- current accounts	16.1	91,748,573	36,957,936
- saving accounts	16.2	96,615	1,825,912
		91,845,188	38,783,848
		96,013,034	42,971,521

16.1 These include foreign currency balance of U.S.$ 3,873 (2020: U.S.$ 4,532), which has been translated in Pak Rupees at the exchange rate ruling on the reporting date.

16.2 These carry profit at the rates ranging from 2.75% to 5% (2020: 2.75% to 10.30%) per annum.

17. AUTHORISED SHARE CAPITAL

2021	2020		2021	2020
(No. of share)			(Rupees)	
40,000,000	40,000,000	Ordinary shares of Rs.10 each	400,000,000	400,000,000
30,000,000	30,000,000	Preference shares of Rs.10 each	300,000,000	300,000,000
70,000,000	70,000,000		700,000,000	700,000,000

18. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021	2020		2021	2020
(No. of share)			(Rupees)	
17,801,875	17,801,875	Ordinary shares of Rs.10 each fully paid in cash	178,018,750	178,018,750
13,009,062	13,009,062	Ordinary shares of Rs.10 each issued as fully paid bonus shares	130,090,620	130,090,620
30,810,937	30,810,937		308,109,370	308,109,370

		Note	2021	2020
			(Rupees)	
18.1	**Ordinary shares held by the related parties at the reporting date are as follows:**			
	Reliance Commodities (Pvt.) Ltd.		3	3
	Fatima Trading Company (Pvt.) Ltd.		281,901	281,901
	Fatima Management Company Ltd.		281,902	281,902
	Fatima Trade Company Ltd.		281,902	281,902
			845,708	845,708

19. RESERVES

		Note	2021	2020
19.1	**Composition of reserves is as follows:**			
	Capital reserve			
	- Share premium	19.3	41,081,250	41,081,250
	Revenue reserve			
	- General reserve		74,171,959	74,171,959
			115,253,209	115,253,209
19.2	Fair value (loss) / reserve on short term investments at fair value through other comprehensive income	19.4	(127,452,089)	45,797,044

19.3 This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

19.4 This relates to (loss) / reserve on remeasurement of short term investments at fair value through other comprehensive income.

	Note	2021	2020
		(Rupees)	
20. LONG TERM FINANCES - Secured			
From banking companies / financial institutions			
National Bank of Pakistan (NBP) (DF-IV)	20.1	22,534,363	28,167,958
Pak Brunei Investment Co. (PBIC) (TF)	20.2	80,000,000	80,000,000
Meezan Bank Ltd. (MBL) (DM-II)	20.3	16,074,417	32,148,814
Saudi Pak Industrial and Agricultural Investment Company Ltd. (Saudi Pak) (SBP-LTFF)	20.4	580,612,496	600,000,000
Saudi Pak (SBP-LTFF)	20.5	222,775,607	146,690,119
Allied Bank Ltd. (ABL) (TF)	20.6	58,333,337	58,333,338
ABL (TF)	20.7	262,500,000	262,500,000
Pak Libya Holding Company (Pvt.) Ltd. (PLHC)	20.8	85,714,285	100,000,000
PLHC (LTF)	20.9	200,000,000	200,000,000
United Bank Ltd. (UBL) (NIDF-I)	20.10	–	30,000,000
UBL (NIDF-II under LTFF scheme)	20.11	492,113,079	500,404,385
Askari Bank Ltd. (Askari) (DM)	20.12	125,000,000	125,000,000
Askari (DM)	20.13	150,000,000	150,000,000
Askari (DM-III)	20.14	307,946,289	129,101,195
Bank Islami Pakistan Ltd. (Bank Islami) (DM)	20.15	250,000,000	250,000,000
Pakistan Kuwait Investment Company (Pvt.) Ltd. (PKIC) (LTFF)	20.16	599,708,867	9,152,550
Meezan Bank Ltd. (MBL) (BMF)	20.17	87,881,116	87,881,116
Bank Al Habib Ltd. (TF)	20.18	24,998,000	–
Balance as at June 30,		3,566,191,856	2,789,379,475
Less: current portion grouped under current liabilities:			
- NBP (DF-IV)		22,534,376	5,633,591
- PBIC (TF)		20,000,000	–
- MBL (DM-II)		16,074,407	16,074,407
- Saudi Pak (SBP-LTFF)		15,912,546	–
- Saudi Pak (SBP-LTFF)		75,000,004	19,387,504
- ABL		58,333,333	–
- ABL		75,000,000	–
- PLHC		28,571,430	–
- PLHC		20,000,000	14,285,715
- UBL (NIDF-I)		–	30,000,000
- UBL (NIDF-II)		68,616,987	8,291,268
- Askari		50,000,000	–
- Askari		37,500,000	–
- Askari (DM-III)		202,400,697	32,072,124
- Bank Islami (DM)		15,625,000	–
- MBL (BMF)		87,881,116	–
- Bank Al Habib. (TF)		6,249,500	–
		799,699,396	125,744,609
		2,766,492,460	2,663,634,866

20.1 These finances have been obtained during the financial year ended June 30, 2016 to retire import sight letter of credit for import of miscellaneous spinning machinery installed at spinning Unit of the Company. These carry mark-up at the rate of 3-months KIBOR + 2.25 %; the effective mark-up rates during the year ranged from 5.00% to 9.84% (2020: 5.00% to 16.10%) per annum. These are repayable in 24 equal quarterly instalments commenced from October, 2015. These finances are secured against first pari passu charge on all present and future fixed assets of the Company with 25% margin and personal guarantees of all sponsoring directors of the Company.

As per State Bank of Pakistan's (SPB) BPRD Circular No. 13 of 2020, NBP has allowed the Company moratorium of one year under COVID-19 relief and deferred the repayment of instalments falling due between the period July, 2020 to April, 2021.

20.2 These finances have been obtained during the financial year ended June 30, 2017 to finance the mismatch from usage of short term debt for financing the long term assets. These carry mark-up at the rate of 3-months KIBOR + 1.75%; the effective mark-up rates during the year ranged from 9.01% to 9.89% (2020: 9.89% to 15.65%) per annum. These are repayable in 15 equal quarterly instalments commenced from September, 2017. These finances are secured against first pari passu charge on all present and future fixed assets of the Company (including land and buildings) with 25% margin and personal guarantees of sponsoring directors of the Company.

PBIC, vide its letter Ref. # PBIC/CBG/067-A1/2020 dated May 15, 2020, has approved deferment of principal amount of facility amounting Rs.80 million in line with the Company's request and SBP's BPRD Circular No. 13 of 2020. As per the revised terms, the tenor of the facility has been extended by 24 months from the current maturity date of March 08, 2021.

20.3 These finances have been obtained during the financial year ended June 30, 2014 to finance imported plant and machinery. These carry mark-up at the rate of 6-months KIBOR + 0.90%; the effective mark-up rates during the year ranged from 8.11% to 14.39% (2020: 11.74% to 14.99%) per annum. These finances are repayable in 20 equal quarterly instalments commenced from March, 2015. These finances are secured against exclusive hypothecation charge of Rs.350 million over underlying plant and machinery against the disbursed amount and additional first pari passu hypothecation charge of Rs.117 million over land, buildings and plant & machinery of the Company to cover the margin upto 25% and personal guarantees of directors of the Company.

In response to the Company's request and complying with the SBP's guidelines regarding COVID-19, MBL, vide its letter Ref. # MBL/CFD/0501/0225/2020 dated May 07, 2020, has extended the tenor of DM by one year.

20.4 These finances have been obtained during the financial year ended June 30, 2019 for BMR in spinning and weaving units and are repayable in 32 quarterly instalments commenced from April, 2021. These carry mark-up at the rate of 3.50% (2020:mark-up ranged from 3.50% to 15.46%) per annum and are secured against first pari passu charge on all present and future fixed assets of the Company with 25% margin.

During the current year, an amount of Rs.580.612 million (2020: Rs.9.916 million) out of total finances of Rs.600 million from Saudi Pak has been approved and refinanced by SBP under LTFF scheme against BMR in spinning and weaving units eligible under the said scheme. This LTFF is repayable within the same period as stated in the preceding paragraph. Mark-up under SBP's LTFF scheme is chargeable at the rate of 3.5% per annum. These finances are secured against the securities as stated in the preceding paragraph.

Saudi Pak, vide its letter Ref. # CAD-1096/20 dated May 13, 2020, has deferred the repayments of principal instalments for one year under SBP IH & SMEFD Circular No.5 dated April 03, 2020 to dampen the effect of COVID-19. As per the revised arrangements, Saudi Pak has approved the Company's request for deferment of Saudi Pak's outstanding principal of long term finance facility of Rs.600 million under SBP-LTFF Scheme . The Company has been allowed additional grace period in repayment of principal commenced with effect from March, 2020 till February, 2021 during which the Company is paying only mark-up as and when due. Next principal amount has become due on April 11, 2021.

20.5 These finances have been obtained during the preceding financial year against approved limit of Rs.225 million for BMR and expansion in spinning and weaving units and are repayable in 28 equal quarterly instalments commencing March, 2022. These carry mark-up at the rates ranging from 3.50% to 10.38% (2020:3.50% to 16.06%) per annum and are secured against first pari passu charge on all present and future fixed assets of the Company with 25% margin.

During the current year, the total balance of this finance facility of Rs.222.776 million (2020: Rs.108.990 million) from Saudi Pak has been approved and refinanced by SBP under LTFF scheme against BMR in spinning and weaving units eligible under the said scheme. This LTFF is repayable within the same period as stated in the preceding paragraph. Mark-up under SBP's LTFF scheme is chargeable at the rate of 3.5% per annum. These finances are secured against the securities as stated in the preceding paragraph.

20.6 These finances have been obtained during the financial year ended June 30, 2014 to finance the textile machinery for expansion in the spinning unit of the Company. These carry mark-up at the rate of 6-months KIBOR + 1.25%; the effective mark-up rates during the year ranged from 8.49% to 8.60% (2020: 14.36% to 14.74%) per annum. These finances are repayable in 12 equal half-yearly instalments commenced from October, 2015 and are secured against first pari passu charge over present and future fixed assets of the Company for Rs.467 million with 25% margin.

ABL, during the preceding year in line with SBP's BPRD Circular No. 13 of 2020, has allowed grace period of one year. Accordingly, the outstanding balance as at June 30, 2020 is repayable in two equal instalments commencing October, 2021.

20.7 These finances have been obtained during the financial year ended June 30, 2019 for statement of financial position re-profiling and carry mark-up at the rate of 6-months KIBOR + 1.25%; the effective mark-up rates during the year ranged from 8.49% to 8.60% (2020: 14.36% to 14.74%) per annum. These finances are repayable in 8 equal half-yearly instalments commenced from February, 2020 and are secured against first pari passu charge over present and future fixed assets of the Company for Rs.400 million with 25% margin and personal guarantees of sponsoring directors of the Company.

ABL, during preceding the year in line with SBP's BPRD Circular No. 13 of 2020, has allowed grace period of one year. Accordingly, the outstanding balance as at June 30, 2020 is repayable in 7 equal instalments commencing August, 2021.

20.8 These finances have been obtained during the financial year ended June 30, 2016 to reduce the funding gap from usage of short term debt for financing long term assets and to create cushion in existing short term working capital lines. These carry mark-up at the rate of 6-months KIBOR + 2%; the effective mark-up rates during the year ranged from 9.22% to 9.68% (2020: 9.22% to 15.48%) per annum. These finances are repayable in 10 equal half-yearly instalments commenced from December, 2017 and are secured against pari passu charge on fixed assets of the Company with 25% margin over the facility amount and personal guarantees of all sponsoring directors of the Company.

PLHC, vide its letter Ref. # PLHC-CIBD/SBP Reg.Relief-01/005-2020 dated May 11, 2020, had agreed with the Company's request and deferred the outstanding principal repayment for a period of two years. As per the revised terms, the outstanding principal balance as at June 30, 2020 is repayable in 7 equal half-yearly instalments commenced from June, 2021.

20.9 These finances have been obtained during the preceding financial year to reduce the funding gap from usage of short term debt for repayment of long term liabilities and to free-up existing usage of short term working capital lines. These carry mark-up at the rate of 6-months KIBOR + 2%; the effective mark-up rates during the year ranged from 9.29% to 13.25% (2020:13.25% to 15.90%) per annum. These finances are repayable in 10 equal half-yearly instalments commencing September, 2021 and are secured against first pari passu charge over present and future fixed assets of the Company with 25% margin amounting to Rs.267 million and personal guarantees of sponsoring directors of the Company.

20.10 These finances were obtained during the financial year ended June 30, 2015 to finance expansion / BMR done through the Company's own sources. These carried mark-up at the rate of 6-months KIBOR + 1.50%; the effective mark-up rates during the year ranged from 8.74% to 8.85% (2020: 14.61% to 14.99%) per annum. These finances were repayable in 10 equal half-yearly instalments commenced from December, 2015 and were secured against first pari passu charge of Rs.400 million over all present and future fixed assets of the Company by way of equitable mortgage of freehold land and buildings, hypothecation of plant & machinery and personal guarantees of the directors of the Company.

UBL, during the preceding year in line with SBP's BPRD Circular No. 13 of 2020, had allowed deferment of one year. Accordingly, the outstanding balance as at June 30, 2020 has been repaid on June 30, 2021.

20.11 These finances have been obtained during the financial year ended June 30, 2017 to finance BMR / retirement of letters of credit established for import of air jet looms, fired generator and compressor along with allied parts. These finances carry mark-up at the rate of 6-months KIBOR + 1.50%; the effective mark-up rates during the year ranged from 5.00% to 14.99% (2020: 5.00% to 14.99%) per annum. These finances are repayable in 16 equal half-yearly instalments commenced from October, 2019 and are secured against first pari passu charge on fixed assets (freehold land, buildings and plant & machinery) of the Company with 25% margin and personal guarantees of three directors of the Company.

During the current year, an amount of Rs. 453.063 million (2020:Rs.41.474 million) out of total finances of Rs.500.404 million from UBL has been approved and refinanced by SBP under LTFF scheme against imported textile machinery eligible under the said scheme. This LTFF is repayable within the same period as stated in the preceding paragraph. Mark-up under SBP's LTFF scheme is chargeable at the rate of 5% per annum. These finances are secured against the securities as stated in the preceding paragraph.

UBL, during the preceding year in line with SBP's BPRD Circular No. 13 of 2020, has allowed deferment of one year for instalments aggregating Rs.16.582 million.

20.12 These finances have been obtained during the financial year ended June 30, 2017 to facilitate the Company with Diminishing Musharaka (sale and buy back) of machinery (warping machines, sizing machines, air jet weaving looms and power house). These carry mark-up at the rate of 6-months KIBOR + 1.25%; the effective mark-up rates during the year ranged from 8.60% to 9.41% (2020: 9.39% to 14.78%) per annum. These finances are repayable in 8 equal half-yearly instalments commenced from November, 2018 and are secured against first pari passu hypothecation charge of Rs.266.670 million over all present and future fixed assets duly registered with SECP with 25% margin.

Askari, during the preceding year in line with SBP's BPRD Circular No. 13 of 2020, has allowed deferment; accordingly, the outstanding balance as at June 30, 2020 is repayable in 5 equal half-yearly instalments commencing November, 2021.

20.13 These finances have been obtained during the financial year ended June 30, 2019 to facilitate the Company with Diminishing Musharaka (sale and buy back) of machinery (warping machines, sizing machines, air jet weaving looms and power house). These carry mark-up at the rate of 6-months KIBOR + 1.25%; the effective mark-up rates during the year ranged from 8.60% to 8.94% (2020: 8.94% to 14.72%) per annum. These finances are repayable in 8 equal half-yearly instalments and are secured against first pari passu hypothecation charge of Rs.200 million over all present and future fixed assets duly registered with SECP with 25% margin.

Askari, during the preceding year in line with SBP's BPRD Circular No. 13 of 2020, has allowed deferment; accordingly, the outstanding balance as at June 30, 2020 is repayable in 8 equal half-yearly instalments commencing December, 2021.

20.14 These finances have been obtained under Islamic Refinance Scheme against a facility amount of Rs.431.500 million (2020: 206.500 million) for payment of salaries and wages to workers and employees of the Company to dampen the effect of COVID-19. The finance facility carries profit at SBP rate + 2% and SBP rate +3%; the effective mark-up rates during the year ranged from 2% to 3% per annum. This finance facility is repayable in 8 equal quarterly instalments commenced from January, 2021 and is secured against first pari passu hypothecation charge of Rs.575.330 million (2020: Rs.275.330 million) over present and future fixed assets of the Company duly registered with SECP.

20.15 These finances have been obtained during the preceding financial year to facilitate the Company to pay off long term conventional bank loans; the DM assets are 40 sets Japan air jet looms along with 2 gas fired generators. These carry mark-up at the rate of 3-months KIBOR + 1.50% payable on quarterly basis; the effective mark-up rates during the year ranged from 9.25% to 9.58% (2020:12.72% to 15.00%) per annum. These finances are repayable in 16 equal quarterly instalments commencing April, 2022 and are secured against ranking charge created over fixed assets (land, buildings and plant & machinery) of the Company for Rs.334 million.

20.16 These finances have been obtained for CAPEX against a finance facility of Rs. 600 million (2020: Rs.100 million) and carry mark-up at the rate of 3-months KIBOR + 1.50%; the effective mark-up rate during the year ranged from 3.50% to 9.64% (2020:9.65%) per annum. These finances are repayable in 32 equal quarterly instalments commencing September, 2022 and are secured against first pari passu charge over present and future fixed assets of the Company with 25% margin and personal guarantees of three sponsoring directors of the Company.

20.17 These finances have been obtained during the preceding year to meet medium term financing requirements of the Company and carry profit at the rate of 7.96% (2020:7.96%) per annum. These finances are repayable through a bullet payment during June, 2022 and are secured against ranking charge on plant and machinery of the Company with 25% margin.

20.18 These finances have been obtained during the current financial year for the retirement of import documents drawn under letter of credit sight (one off). These carry mark-up, at the rate of 6-months KIBOR + 1.25% per annum payable on quarterly basis; the effective mark-up rate during the year was 8.97% per annum. These finances are repayable in 12 equal quarterly instalments commencing November, 2021 and are secured against pari passu charge of Rs.701.800 million over fixed assets of the Company.

21. LEASE LIABILITIES

Particulars	2021				2020			
	Upto one year	From one to five year	Over five year	Total	Upto one year	From one to five year	Over five year	Total
	(Rupees)							
Minimum lease payments	23,726,985	58,879,114	39,157,980	121,764,079	18,971,995	35,416,857	56,776,672	111,165,524
Less: finance cost allocated to future periods	6,268,441	22,122,870	6,122,936	34,514,247	5,981,262	14,237,402	17,419,047	37,637,711
	17,458,544	36,756,244	33,035,044	87,249,832	12,990,733	21,179,455	39,357,625	73,527,813
Less: security deposits adjustable on expiry of lease terms	1,099,700	3,710,775	–	4,810,475	1,703,500	2,308,075	–	4,011,575
Present value of minimum lease payments	16,358,844	33,045,469	33,035,044	82,439,357	11,287,233	18,871,380	39,357,625	69,516,238

21.1 The Company has entered into lease agreements with Meezan Bank Ltd. and First Habib Modaraba for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by March 16, 2023. The minimum lease payments have been discounted at implicit interest rates ranging from 3-months KIBOR + 1.25% to 6-months KIBOR + 1.50% (2020: 3-months KIBOR + 1.25% to 6-months KIBOR + 1.50%) to arrive at their present value; the effective interest rates during the year ranged from 7.91% to 9.10% (2020: 8.51% to 15.00%) per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These lease finance facilities are secured against title of the leased vehicles in the name of lessors and demand promissory notes.

21.2 Lease liabilities include lease contract of head office building having lease term of twelve years. These have been discounted using incremental borrowing rate of 9.42% per annum.

	Note	2021	2020
		(Rupees)	
Balance at beginning of the year		51,482,530	–
Impact of initial application of IFRS 16		–	56,901,824
Interest expense for the year		4,819,418	4,918,694
Adjusted / paid during the year		(5,212,954)	(6,298,779)
Accrued mark-up		–	(4,039,209)
	21.3	51,088,994	51,482,530
Current portion grouped under current liabilities		(431,799)	(394,626)
Balance at end of the year		50,657,195	51,087,904

21.3 The future minimum lease payments in respect of head office building to which the Company is committed under the lease agreement will be due as follows:

Particulars	2021				2020			
	Upto one year	From one to five year	Over five year	Total	Upto one year	From one to five year	Over five year	Total
	(Rupees)							
Minimum lease payments	5,212,953	37,950,299	39,157,980	82,321,232	5,212,953	25,543,471	56,776,672	87,533,096
Finance cost allocated to future periods	(4,781,154)	(20,328,148)	(6,122,936)	(31,232,238)	(4,818,327)	(13,813,192)	(17,419,047)	(36,050,566)
Present value of minimum lease payments	431,799	17,622,151	33,035,044	51,088,994	394,626	11,730,279	39,357,625	51,482,530

22. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

	2021	2020
Significant actuarial assumptions		
- discount rate	10%	8.50%
- expected rate of growth		
per annum in future salaries	9%	7.50%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

Amount recognised in the statement of financial position is the present value of defined benefit obligation at the reporting date:

	2021	2020
	(Rupees)	
The movement in the present value of defined benefit obligation is as follows:		
Opening balance	258,431,528	241,278,990
Current service cost	69,016,480	68,116,385
Interest cost	20,552,133	31,609,611
Benefits paid	(33,283,456)	(38,914,313)
Remeasurements - experience adjustments and actuarial valuation gain from changes in financial assumptions	(32,768,995)	(43,659,145)
Closing balance	281,947,690	258,431,528
Expense recognised in statement of profit or loss		
Current service cost	69,016,480	68,116,385
Interest cost	20,552,133	31,609,611
	89,568,613	99,725,996
Charge for the year has been allocated to:		
- cost of sales	82,721,486	92,398,951
- administrative expenses	6,847,127	7,327,045
	89,568,613	99,725,996
Remeasurement recognised in other comprehensive income		
Remeasurements - experience adjustments and actuarial valuation gain from changes in financial assumptions	(32,768,995)	(43,659,145)

Comparison of present value of defined benefit obligation and experience adjustments on obligation for five years is as follows:

	2021	2020	2019	2018	2017
			(Rupees)		
Present value of defined benefit obligation	281,947,690	258,431,528	241,278,990	267,704,556	184,910,887
Experience adjustments on obligation	(32,768,995)	(43,659,145)	(81,913,480)	42,231,656	(586,950)

22.1 The average duration of the defined benefit obligation as at June 30, 2021 is 8 years.

22.2 The expected contribution to defined benefit obligation for the year ending June 30, 2022 is Rs.103.460 million.

	Note	2021	2020
		(Rupees)	
23. DEFERRED LIABILTIES			
Government grant	23.1	2,329,346	5,661,937
Provision against Gas Infrastructure Development cess	23.2	107,100,122	–
		109,429,468	5,661,937

23.1 In response to COVID-19, the State Bank of Pakistan (SBP) during the preceding year through Circular No. 6 of 2020, has introduced a temporary Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns. The Refinance Scheme is being managed through Participating Financial Institutions (PFIs) and funded by SBP. Borrowers can obtain loans from PFIs and ease their cash flows constraints and thereby avoid layoffs. The benefit of a government loan at a below-market rate of interest has been treated as a government grant. The loan has been measured in accordance with IFRS 9 (Financial Instruments). The benefit of the below market rate of interest has been measured as the difference between the initial carrying value of loan determined in accordance with IFRS 9 and the proceeds received. The benefit has been accounted for and presented as deferred grant in accordance with IAS 20. The deferred grant has been amortised at average borrowing cost rate of the Company, i.e. 7.73% (2020: 9.42%) per annum; an amount of Rs.15.856 million (2020:Rs.690 thousand) has been recognised in current year's statement of profit or loss in this regard.

23.2 The Supreme Court of Pakistan (SCP), during the year, has decided the appeal against consumers upholding the vires of Gas Infrastructure Development Cess (GIDC) Act, 2015 through its judgment dated August 13, 2020. The review petition was filed against the judgment, wherein the SCP has provided some relief by increasing the time period for recovery of GIDC from 24 instalments to 48 instalments. The review application, however, has been dismissed.

The Company has recorded the provision at its present value by discounting the future cash flows using four years risk free average rate (i.e. 8.04% per annum) and has booked income of Rs.31.861 million, which has been adjusted against cost of sales.

	Note	2021	2020
		(Rupees)	
24. TRADE AND OTHER PAYABLES			
Trade creditors		979,791,768	963,122,767
Bills payable	24.1	185,719,772	38,748,973
Due to Associated Companies	24.2	41,447,406	175,473,509
Accrued expenses		302,576,187	455,454,586
Tax deducted at source		32,173,175	39,689,021
Workers' (profit) participation fund	24.3	106,896,720	12,031,986
		1,648,605,028	1,684,520,842

24.1 These are secured against the securities as detailed in note 26.

		Note	2021	2020
			(Rupees)	
24.2	**This represents amounts due to the following Associated Companies:**			
	- Fatima Fertilizer Company Ltd.		23,975,795	34,010,996
	- Fatima Sugar Mills Ltd.		–	129,175,998
	- Pak Arab Fertilizers Ltd.		–	8,425,515
	- Fazal Cloth Mills Ltd.		17,471,611	3,861,000
			41,447,406	175,473,509
24.3	**Workers' (profit) participation fund**			
	(the Fund)			
	Opening balance		12,031,986	35,072,738
	Add: interest on funds utilised in the Company's business		620,494	4,262,779
			12,652,480	39,335,517
	Less: paid to workers		12,030,119	35,071,596
	Less: deposited in Government treasury		1,867	1,142
			620,494	4,262,779
	Add: allocation for the year		106,276,226	7,769,207
	Closing balance		106,896,720	12,031,986

25. ACCRUED MARK-UP

Mark-up accrued on:			
- long term finances		41,661,958	66,676,008
- lease liabilities		3,946,520	4,044,791
- advance received from Fatima Sugar Mills Ltd. (an Associated Company)		33,567,813	29,316,036
- short term borrowings		168,882,728	166,237,118
- provision against Gas Infrastructure Development Cess		12,380,369	–
		260,439,388	266,273,953

26. SHORT TERM BORROWINGS

Short term finances - secured	26.1	6,645,960,777	4,144,245,426
Export finances- secured	26.2	207,127,008	2,429,589,920
		6,853,087,785	6,573,835,346
Temporary bank overdrafts - unsecured	26.4	41,153,681	84,235,095
		6,894,241,466	6,658,070,441

26.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.9,645 million (2020: Rs.10,781 million) and carry mark-up at the rates ranging from 7.36% to 14.33% (2020: 6.51% to 17.16%) on the outstanding balances. These facilities are expiring on various dates by May 31, 2022.

26.2 Export finance facilities available from commercial banks aggregate Rs.2,040 million (2020: Rs.2,865 million). Out of total facilities, the amount utilised aggregate Rs.207.127 million (2020: Rs.2,429.590 million). The rates of mark-up range from 2% to 13.59% (2020: 2.07% to 13.32%) on the outstanding balances. These facilities are expiring on various dates by May 31, 2022.

26.3 Out of the aggregate facilities of Rs.5,215 million (2020: Rs.3,115 million) for opening letters of credit and Rs.1,960 million (2020: Rs.2,365 million) for guarantees, which are the sub-limits of finance facilities mentioned in note 26.1, the amounts utilised as at June 30, 2021 were Rs.3,668.322 million (2020: Rs.189.446 million) and Rs.78.160 million (2020: Rs.78.160 million) respectively. These facilities are expiring on various dates by May 31, 2022.

26.4 These temporary bank overdrafts have arisen due to issuance of cheques for amounts in excess of balances in bank accounts.

26.5 The aggregate facilities are secured against pledge of stocks (cotton, yarn, polyester, viscose and fabric), hypothecation / pari passu charge on all present and future current assets of the Company including stock-in-trade, trade debts, lien on import documents and personal guarantees of directors of the Company.

	Note	2021	2020
		(Rupees)	
27. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances	20	799,699,396	125,744,609
Lease liabilities	21	16,358,844	11,287,233
Government grant		13,349,215	6,369,128
Provision against Gas Infrastructure Development Cess		84,398,850	–
		913,806,305	143,400,970
28. TAXATION - Net			
Opening balance		197,612,313	157,659,604
Add: provision made during the year:			
current	28.2	291,213,316	197,612,313
prior years - net		(3,215,822)	(40,335,404)
		287,997,494	157,276,909
		485,609,807	314,936,513
Less: payments / adjustments made during the year against completed assessments		194,396,491	117,324,200
Closing balance		291,213,316	197,612,313

28.1 Returns filed by the Company upto the tax year 2020 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

28.2 No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under sections 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Ordinance.

29. CONTINGENCIES AND COMMITMENTS

29.1 Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.176.977 million as at June 30, 2021 (2020: Rs.176.377 million) and are secured against the securities mentioned in note 26.5.

29.2 The Company is contingently liable for Rs.1.400 million Iqra surcharge on account of non-compliance of the provisions of SRO.1140(I) 97 in respect of 1,320 bales of raw cotton imported during the year 2001. However, all the contingencies previously attached to the particular case have already been decided in favour of the Company. Since Alternate Dispute Resolution Committee's recommendations and subsequent decisions by Federal Board of Revenue were in favour of the Company, the management is confident that the liability of Iqra surcharge on account of exportation of goods so manufactured from imported cotton will positively be waived-off.

29.3 The Company has filed a case before the Sindh High Court (SHC) against imposition of infrastructure cess levied by the Excise and Taxation Department, Karachi (the Department) under section 9 of the Sindh Finance Act, 1994 on imports made. As per the judgment of SHC, 50% of the demand would be paid by the Company while for the remaining 50%, guarantees would be issued in favour of the Department. As per the aforesaid judgment, the Company is paying the said 50% of demand on every import made and has arranged bank guarantees from Meezan Bank Ltd., Habib Bank Ltd., National Bank of Pakistan, Bank Alfalah Ltd. and Bank Al Habib Ltd. favouring the Department for Rs.17.486 million (2020: Rs.17.486 million), Rs.30 million (2020: Rs.10 million), Rs.3.743 million (2020: Rs.3.743 million), Rs.40 million (2020: Rs.40 million) and Rs.100 million (2020: 20 million) respectively. The Company has challenged the said judgment before the Supreme Court of Pakistan and the legal advisors are confident that ultimately the judgment will be in favour of the Company and accordingly no provision needs to be made in the financial statements for the year ended June 30, 2021.

29.4 Foreign bills discounted outstanding as at June 30, 2021 aggregated 1,374.270 million (2020: Rs.1,078.650 million).

	Note	2021	2020
		(Rupees)	
29.5 Commitments for irrevocable letters of credit:			
- capital expenditure		2,548,458,096	575,633,539
- others		821,016,744	690,684,814
		3,369,474,840	1,266,318,353

30. SALES - Net

	Note	2021	2020
Export	30.1	15,703,999,096	13,577,009,211
Local	30.2	10,741,866,158	4,920,048,963
Waste		358,858,288	299,472,134
		26,804,723,542	18,796,530,308
Less: Commission		248,576,387	189,223,848
		26,556,147,155	18,607,306,460
Add: Weaving, doubling and sizing income		4,750,668	2,211,500
Export duty drawback		–	31,445,496
		4,750,668	33,656,996
Less: Sales tax		2,530,798,100	1,365,797,934
		24,030,099,723	17,275,165,522

30.1 Export sales include indirect export of fabric and yarn aggregating Rs.6.724 billion (2020 : Rs. 4.625 billion).

30.2 Local sales for the year include polyester / viscose sales aggregating Rs.782.368 million (2020: Rs.256.270 million).

	Note	2021	2020
		(Rupees)	
31. COST OF SALES			
Raw materials consumed	31.1	15,866,742,396	13,530,860,935
Stores and spares		457,283,059	412,142,833
Packing materials consumed		144,702,652	120,012,221
Salaries, wages and benefits	31.2	1,079,697,516	1,039,466,570
Power and fuel		1,227,565,392	1,064,848,574
Repairs and maintenance		46,556,944	39,617,621
Depreciation	5.3	281,605,170	257,757,507
Insurance		35,597,730	34,687,382
Utilities		380,253	334,761
Others		64,667,543	69,215,966
		19,204,798,655	16,568,944,370
Adjustment of work-in-process			
Opening		249,013,073	280,285,921
Closing	10	(364,908,844)	(249,013,073)
		(115,895,771)	31,272,848
Cost of goods manufactured		19,088,902,884	16,600,217,218
Adjustment of finished goods			
Opening stock		2,968,850,851	1,582,999,158
Closing stock	10	(1,537,579,051)	(2,968,850,851)
		1,431,271,800	(1,385,851,693)
		20,520,174,684	15,214,365,525

31.1 Raw materials consumed

	Note	2021	2020
Opening stock		1,451,253,702	4,081,656,896
Purchases and purchase expenses		17,557,878,565	10,893,504,323
		19,009,132,267	14,975,161,219
Less: closing stock	10	(3,148,253,925)	(1,451,253,702)
		15,860,878,342	13,523,907,517
Cotton cess		5,864,054	6,953,418
	(a)	15,866,742,396	13,530,860,935

(a) Raw materials consumed include Rs.590.584 million (2020: Rs.267.396 million) relating to the cost of yarn, polyester and viscose sold during the year.

31.2 Salaries, wages and benefits include Rs.82.721 million (2020: Rs.92.399 million) in respect of staff retirement benefits - gratuity.

	Note	2021	2020
		(Rupees)	

32. DISTRIBUTION AND MARKETING EXPENSES

	Note	2021	2020
Ocean freight and shipping		151,003,264	76,461,244
Local freight		60,637,970	53,940,921
Export development surcharge		22,212,637	23,917,403
Forwarding and clearing expenses		54,792,509	61,654,654
Marketing expenses		7,619,722	13,969,635
Other expenses		1,896,414	3,609,079
		298,162,516	233,552,936

33. ADMINISTRATIVE EXPENSES

	Note	2021	2020
Salaries and benefits	33.1	115,336,753	109,595,571
Travelling and conveyance		8,500,536	15,100,352
Rent, rates and taxes		1,342,806	704,673
Entertainment		2,803,709	2,186,516
Utilities		2,955,846	2,424,106
Communication		4,084,176	4,358,007
Printing and stationery		3,603,960	3,675,118
Insurance		2,888,959	2,656,481
Repairs and maintenance		6,040,392	5,619,474
Vehicles' running and maintenance		12,309,514	11,483,535
Fees, subscription and periodicals		10,812,300	6,063,611
Advertisement		442,014	339,580
Auditors' remuneration:			
- statutory audit fee		1,530,650	1,391,500
- half yearly review		378,206	272,250
- certification charges		258,100	82,500
- short provision for the preceding year		–	38,500
- out-of-pocket expenses		55,500	48,000
		2,222,456	1,832,750
Legal and professional charges (other than Auditors)		2,057,200	1,666,720
Depreciation on operating fixed assets	5.3	10,886,390	11,030,981
Depreciation on right of use assets	5.5	14,750,752	11,950,176
Amortisation	6	946,230	946,230
General		4,187,383	3,932,130
		206,171,376	195,566,011

33.1 Expense for the year includes staff retirement benefits - gratuity amounting Rs.6.847 million (2020: Rs.7.327 million).

	Note	2021	2020
		(Rupees)	
34. OTHER INCOME			
Income from financial assets			
Dividend	34.1	6,562,915	5,250,330
Mark-up on advances to Associated Companies	34.2	54,111,683	36,667,030
Payable balances written-back		–	247,924
Exchange fluctuation gain - net		25,073,595	–
Fair value gain arisen upon discontinuation of investments from equity method of accounting	7	–	53,972,799
Realised gain on forward foreign exchange contracts - net		2,140,000	31,720,180
Provision of impairment of trade debts	11.1	402,070	–
Income from non-financial assets			
Gain on disposal of operating fixed assets - net	5.7	14,069,106	1,337,664
Others		81,882	93,836
		102,441,251	129,289,763

34.1 This represents dividend received on short term investments made in Fatima Fertilizer Company Ltd.

34.2 This represents mark-up amounting Rs.50,031 thousand (2020: Rs.33,911 thousand) on advance given to Fatima Energy Ltd., Rs.110 thousand (2020: Rs.155 thousand) and Rs.3,970 thousand (2020: Rs.2,601 thousand) on short term loan given to Reliance Commodities (Pvt.) Ltd. and advance given to Fatima Transmission Company Ltd. respectively.

	Note	2021	2020
		(Rupees)	
35. OTHER EXPENSES			
Donations	35.1	29,220,150	33,070,550
Exchange fluctuation loss - net		–	314,103,633
Workers' (profit) participation fund	24.3	106,276,226	7,769,207
Provision for impairment of trade debts	11.1	–	134,566
		135,496,376	355,077,956

35.1 Mian Mukhtar A. Sheikh Trust, Multan (a Charitable Institution) is administered by the following directors of the Company:

- Mr. Fawad Ahmed Mukhtar
- Mr. Faisal Ahmed Mukhtar
- Mr. Fazal Ahmed Sheikh

The Company, during the year, has donated Rs.26.300 million (2020: Rs.30 million) to this Trust.

	Note	2021	2020
		(Rupees)	

36. FINANCE COST

	Note	2021	2020
Mark-up on:			
- long term finances		202,560,970	241,464,644
- lease liabilities		7,395,067	8,594,808
- short term borrowings		599,761,344	816,640,628
- short term loans from Associated Companies		4,254,336	10,426,154
Interest against provision for Gas Infrastructure Development Cess		12,380,369	–
Interest on workers' (profit) participation fund	24.3	620,494	4,262,779
Bank charges and commission		90,680,715	85,226,274
		917,653,295	1,166,615,287

37. TAXATION

	Note	2021	2020
Current			
- for the year	28	291,213,316	197,612,313
- prior year	28	(3,215,822)	(40,335,404)
Deferred		(1,556,439)	(70,932,026)
		286,441,055	86,344,883

38. EARNINGS PER SHARE

There is no dilutive effect on earnings per share of the Company, which is based on:

	2021	2020
Profit after taxation attributable to ordinary shareholders	1,732,807,133	61,270,023
	(No. of shares)	
Weighted average number of ordinary shares in issue during the year	30,810,937	30,810,937
	(Rupee)	
Earnings per share - basic	56.24	1.99

39. SEGMENT INFORMATION

39.1 Reportable segments

The management has determined the operating segments of the Company on the basis of products being produced.

The Company's reportable segments are as follows:

– Spinning segment - production of different qualities of yarn using natural and artificial fibres.

– Weaving segment - production of different qualities of grey fabrics using yarn.

Information regarding the Company's reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

39.2 Information about reportable segments

	Spinning		Weaving		Total	
	2021	2020	2021	2020	2021	2020
	(Rupees)					
External revenue	9,957,225,899	6,214,298,995	14,072,873,824	11,060,866,527	24,030,099,723	17,275,165,522
Inter-segment revenue	3,693,134,816	3,398,856,181	–	–	3,693,134,816	3,398,856,181
Cost of sales	(11,219,455,011)	(8,861,496,075)	(9,300,719,673)	(6,352,869,450)	(20,520,174,684)	(15,214,365,525)
Inter-segment cost of sales	–	–	(3,693,134,816)	(3,398,856,181)	(3,693,134,816)	(3,398,856,181)
Distribution and marketing expenses	(40,741,308)	(38,628,569)	(257,421,208)	(194,924,367)	(298,162,516)	(233,552,936)
Administrative expenses	(90,098,169)	(98,969,488)	(116,073,207)	(96,596,523)	(206,171,376)	(195,566,011)
Other income	27,160,270	45,470,863	75,280,981	83,818,900	102,441,251	129,289,763
Other expenses	(112,692,796)	(14,217,812)	(22,803,580)	(340,860,144)	(135,496,376)	(355,077,956)
Finance cost	(432,857,243)	(624,834,244)	(484,796,052)	(541,781,043)	(917,653,295)	(1,166,615,287)
Profit before taxation and share of loss of Associates	1,781,676,458	20,479,851	273,206,269	218,797,719	2,054,882,727	239,277,570

39.3 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 4 to the financial statements. Distribution & marketing expenses, administrative expenses, other income and other expenses are allocated on the basis of actual amounts incurred / earned for the segments. Finance cost relating to long term finances is also allocated on the basis of purpose of finances for which these are obtained and finance cost relating to short term borrowings is allocated on the basis of working capital requirements of the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

		2021	2020
		(Rupees)	
39.4	**Reconciliation of reportable segment revenues and profit**		
	Total revenue from reportable segments	27,723,234,539	20,674,021,703
	Elimination of inter-segment revenue	(3,693,134,816)	(3,398,856,181)
	Sales - net	24,030,099,723	17,275,165,522
	Total profit of reportable segments	2,054,882,727	239,277,570
	Share of loss of Associates	(35,634,539)	(91,662,664)
	Tax for the year	(286,441,055)	(86,344,883)
	Consolidated profit	1,732,807,133	61,270,023

39.5 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Weaving	Total
		(Rupees)	
For the year ended June 30, 2021:			
Segment assets for reportable segment			
- Operating fixed assets	4,234,664,134	3,732,726,752	7,967,390,886
- Stores, spares and loose tools	294,158,881	97,232,836	391,391,717
- Stock-in-trade	2,707,924,482	2,342,817,338	5,050,741,820
	7,236,747,497	6,172,776,926	13,409,524,423
Unallocated corporate assets			5,902,871,906
Total assets as per statement of financial position			19,312,396,329
Segment liabilities for reportable segment	5,116,746,133	5,523,874,610	10,640,620,743
Unallocated corporate liabilities			2,602,194,319
Total liabilities as per statement of financial position			13,242,815,062
For the year ended June 30, 2020:			
Segment assets for reportable segment			
- Operating fixed assets	3,627,750,663	2,610,554,386	6,238,305,049
- Stores, spares and loose tools	146,379,501	122,119,263	268,498,764
- Stock-in-trade	2,226,123,669	2,442,993,957	4,669,117,626
	6,000,253,833	5,175,667,606	11,175,921,439
Unallocated corporate assets			4,645,350,853
Total assets as per statement of financial position			15,821,272,292
Segment liabilities for reportable segment	4,687,128,202	4,841,869,016	9,528,997,218
Unallocated corporate liabilities			2,415,361,705
Total liabilities as per statement of financial position			11,944,358,923

39.6 For the purposes of monitoring segment performance and allocating resources between segments

- operating property, plant & equipment, stock-in-trade and stores, spares & loose tools are allocated to reportable segment while all other assets are held under unallocated corporate assets; and

- long term finances, short term borrowings and lease liabilities are allocated to reportable segment and all other liabilities, i.e. staff retirement benefit - gratuity, trade & other payables, taxation and accrued mark-up are held under unallocated corporate liabilities.

	2021	2020
	(Rupees)	
39.7 Gross revenue from major products and services		
Fabric export sales	8,357,471,627	9,654,469,179
Yarn export sales	622,502,342	3,922,540,030
Fabric local sales	6,869,614,535	2,088,987,761
Yarn local sales	9,813,907,941	2,574,791,299
Cotton and polyester local sales	782,368,834	256,269,905
Waste local sales	358,858,263	299,472,134
	26,804,723,542	18,796,530,308
39.8 Gross revenue from major customers of segment		
Spinning	3,409,221,389	2,760,906,162
Weaving	5,619,478,493	4,891,341,556
	9,028,699,882	7,652,247,718

39.9 Geographical information

The Company's gross revenue from external customers by geographical location is detailed below:

	2021	2020
	(Rupees)	
Pakistan	17,824,749,573	9,844,716,668
Asia	4,728,254,827	5,078,986,166
Europe	3,411,220,941	2,899,527,898
Africa	498,107,629	646,503,140
USA	342,390,572	326,796,436
	26,804,723,542	18,796,530,308

39.10 All non-current assets of the Company as at June 30, 2020 are located and operating in Pakistan.

		Spinning	Weaving (Rupees)	Total
39.11	**Other segment information**			
	For the year ended June 30, 2021			
	Capital expenditure	783,506,019	1,132,841,012	1,916,347,031
	Depreciation			
	Cost of sales	146,739,562	134,865,608	281,605,170
	Administrative expenses	12,219,566	13,417,576	25,637,142
		158,959,128	148,283,184	307,242,312
	For the year ended June 30, 2020:			
	Capital expenditure	245,233,670	146,513,223	391,746,893
	Depreciation			
	Cost of sales	146,049,911	111,707,596	257,757,507
	Administrative expenses	9,680,047	13,301,110	22,981,157
		155,729,958	125,008,706	280,738,664

40. CASH FLOWS FROM OPERATING ACTIVITIES

	2021 (Rupees)	2020
Profit before taxation	2,019,248,188	147,614,906
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	292,491,560	268,788,488
Depreciation on right of use assets	14,750,752	11,950,176
Gain on disposal of fixed assets - net	(14,069,106)	(1,337,664)
Amortisation	946,230	946,230
Provision for impairment of trade debts	(402,070)	134,566
Staff retirement benefits - gratuity	89,568,613	99,725,996
Share of loss of Associates	35,634,539	91,662,664
Fair value gain upon transfer of investments (note 7)	–	(53,972,799)
Interest on workers' (profit) participation fund	620,494	4,262,779
Provision for workers' (profit) participation fund	106,276,226	7,769,207
Payable balances written-back	–	(247,924)
Finance cost	917,032,801	1,162,352,508
	3,462,098,227	1,739,649,133
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(122,892,953)	(63,642,269)
Stock-in-trade	(381,624,194)	1,275,824,349
Trade debts	(1,023,363,478)	454,157,326
Loans and advances	(176,933,625)	(572,932,353)
Prepayments and other receivables	(49,250,100)	(40,466,497)
Sales tax refund bonds and accrued profit	–	40,933,620
Tax refunds due from the Government (excluding income tax)	(161,357,670)	33,988,497
Decrease in trade and other payables	(130,780,548)	(304,894,294)
	(2,046,202,568)	822,968,379
Cash generated from operations	1,415,895,659	2,562,617,512

	2021	2020
	(Rupees)	
41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES		
At fair value through other comprehensive income		
Financial Assets		
Short term investments	696,750,554	782,191,687
At amortised cost		
Long term deposits	28,775,887	28,775,887
Trade debts	2,850,836,979	1,827,071,431
Loans and advances	1,142,751,193	972,819,393
Other receivables	125,136,879	75,490,537
Cash and bank balances	96,013,034	42,971,521
	4,243,513,972	2,947,128,769
Financial liabilities		
At amortised cost		
Long term finances	3,566,191,856	2,789,379,475
Deferred liabilities	207,177,533	12,031,065
Lease liabilities	82,439,357	69,516,238
Trade and other payables	1,509,535,133	1,632,799,835
Unclaimed dividends	10,559,428	8,523,068
Accrued mark-up	260,439,388	266,273,953
Short term borrowings	6,853,087,785	6,573,835,346
	12,489,430,480	11,352,358,980

41.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

41.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) **Currency risk**

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of plant & machinery, raw materials and stores & spares denominated in U.S. Dollar, JPY, Euro, CHF and AED. The Company's exposure to foreign currency risk for U.S. Dollar, JPY, Euro, CHF and AED is as follows:

	Rupess	U.S. $	Euro	JPY	CHF	AED
2021						
Trade debts	709,977,239	4,518,441	–	–	–	–
Bank balances	609,959	3,873	–	–	–	–
Short term export borrowings	(207,127,008)	(1,315,158)	–	–	–	–
Bills payable	(185,719,772)	(299,519)	(47,172)	–	–	(3,005,746)
Gross statement of financial position exposure	317,740,418	2,907,637	(47,172)	–	–	(3,005,746)
Outstanding letters of credit	(3,369,474,840)	(5,315,478)	(4,084,003)	(209,447,636)	(8,606,070)	–
Net exposure	(3,051,734,422)	(2,407,841)	(4,131,175)	(209,447,636)	(8,606,070)	(3,005,746)
2020						
Tade debts	791,705,582	4,713,125	–	–	–	–
Bank balances	762,962	4,532	–	–	–	–
Short term export borrowings	(2,429,589,920)	(14,431,487)	–	–	–	–
Bills payable	(38,748,973)	(133,876)	(20,530)	–	(70,000)	–
Gross statement of financial position exposure	(1,675,870,349)	(9,847,706)	(20,530)	–	(70,000)	–
Outstanding letters of credit	(1,266,318,353)	(2,432,672)	(2,830,350)	(81,414,000)	(144,315)	(3,702,838)
Net exposure	(2,942,188,702)	(12,280,378)	(2,850,880)	(81,414,000)	(214,315)	(3,702,838)

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2021	2020	2021	2020
U.S. $ to Rupee	157.31	165.79	157.49 / 157.13	168.35 / 167.98
Euro to Rupee	187.24	187.23	187.45 / 187.03	188.84 / 188.43
JPY to Rupee	1.424	1.539	1.425 / 1.422	1.562 / 1.559
CHF to Rupee	170.74	172.06	170.92 / 170.55	176.73 / 176.37
AED to Rupee	42.87	45.13	42.91 / 42.82	45.83 / 45.73

Sensitivity analysis

At June 30, 2021, if Rupee had strengthened by 10% against U.S. Dollar, Euro and CHF with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

Effect on profit for the year:

	2021	2020
	(Rupees)	
U.S.$ to Rupee	(45,792,375)	165,786,132
Euro to Rupee	884,239	387,689
CHF to Rupee	–	1,237,110

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the mark-up rate profile of the Company's mark-up bearing financial instruments is as follows:

	2021	2020	2021	2020
	Effective mark -up rate		Carrying amount	
	%	%	(Rupees)	
Financial liabilities				
Fixed rate instruments				
Long term finances	2.00%,7.96%	3.00%,7.96%	976,439,901	216,982,311
Variable rate instruments				
Long term finances	3.50% to 14.99%	3.50% to 16.06%	2,589,751,955	2,443,295,969
Lease liabilities	7.91% to 9.10%	8.51% to 15.00%	82,439,357	69,516,238
Short term borrowings	7.36% to 14.33%	6.51% to 17.16%	6,645,960,777	4,144,245,426
Short term export finances	2% to 13.59%	2.07% to 13.32%	207,127,008	2,429,589,920

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in mark-up rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2021, if mark-up rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs.95.253 million (2020: Rs.90.866 million) lower / higher, mainly as a result of higher / lower mark-up expense on variable rate financial liabilities.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit before taxation for the year and liabilities of the Company.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. Price risk arises from the Company's investments in ordinary shares of listed companies. To manage the price risk arising from the aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

Sensitivity analysis

A 10% increase / decrease in share prices at the year-end would have increased / decreased the unrealised gain on remeasurement of short term investments at fair value through other comprehensive income as follows:

	2021	2020
	(Rupees)	
Effect on equity	7,547,355	7,017,072

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / equity and assets of the Company.

41.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, short term investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit and contracts. The management has set a maximum credit period of 30 days in respect of yarn and fabric parties to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2021 along with comparative is tabulated below:

	2021	2020
	(Rupees)	
Long term deposits	28,775,887	28,775,887
Trade debts	2,850,836,979	1,827,071,431
Loans and advances	136,858,023	194,212,134
Other receivables	125,136,879	75,490,537
Short term investments	75,473,552	70,170,715
Bank balances	91,845,188	38,783,848
	3,308,926,508	2,234,504,552
Trade debts exposure by geographic region is as follows:		
Domestic	2,140,859,740	1,035,365,849
Export	709,977,239	791,705,582
	2,850,836,979	1,827,071,431

The maximum exposure to credit risk before any credit enhancements for trade debts at the reporting date by type of counterparty was:

	2021	2020
	(Rupees)	
Fabric customers against:		
- export sales	709,977,239	791,705,582
- local sales	840,761,411	326,566,019
Yarn customers against local sales	1,300,098,329	708,799,830
	2,850,836,979	1,827,071,431

The majority of export debts of the Company are situated in Asia, Europe and USA.

The ageing of trade debts at the year-end was as follows:

	2021	2020
	(Rupees)	
Neither past due nor impaired	706,696,576	788,022,870
Past due 0-30 days	1,477,325,045	682,726,740
Past due 31-150 days	645,660,896	344,476,634
Past due 151-360 days	9,502,316	2,777,221
Past due 360 days	11,652,146	9,067,966
	2,850,836,979	1,827,071,431

Export debtors are secured against letters of credit and contracts whereas local debtors are unsecured and considered good. Management assesses the credit quality of local customers taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings.

The Company always measures the provision for impairment of trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has not recognised any loss allowance as at June 30, 2021.

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.1,769.416 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

Out of total trade debts, 25% (2020: 43%) comprise of foreign debtors that are secured against letters of credit and contracts. Local trade debts include customers with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history.

Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit ratings assigned to them as follows:

	Rating		Rating Agency	2021	2020
	Short term	Long term		(Rupees)	
Bank Alfalah Ltd.	A-1+	AA-	JCR-VIS	19,866,930	782,040
The Bank of Khyber	A-1	A+	JCR-VIS	–	1,248,141
Al-Baraka Bank (Pakistan) Ltd.	A-1	A+	JCR-VIS	1,826,663	302,096
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	489,093	583,136
JS Bank Ltd.	A1+	AA-	PACRA	11,160,410	12,131,560
Meezan Bank Ltd.	A-1+	AAA	JCR-VIS	43,296	42,268
Standard Chartered Bank (Pakistan) Ltd.	A1+	AAA	PACRA	1,045	555
Askari Bank Ltd.	A1+	AA+	PACRA	2,651,964	3,455,355
Faysal Bank Ltd.	A1+	AA	PACRA	42,343	42,343
Dubai Islamic Bank Pakistan Ltd.	A-1+	AA	JCR-VIS	2,719,666	1,032,516
Summit Bank Ltd.	A-1	A-	JCR-VIS	166,125	166,125
Bank Islami Pakistan Ltd.	A1	A+	PACRA	–	8,887,971
Bank Al Habib Ltd.	A1+	AAA	PACRA	13,520,098	5,016,391
Allied Bank Ltd.	A1+	AAA	PACRA	486,093	243,129
MCB Bank Ltd.	A1+	AAA	PACRA	163,069	443,235
National Bank of Pakistan	A-1+	AAA	JCR-VIS	15,764,536	385,251
Sindh Bank Ltd.	A-1	A+	JCR-VIS	59,993	60,028
United Bank Ltd.	A-1+	AAA	JCR-VIS	1,412,606	3,208,528
The Bank of Punjab	A1+	AA +	PACRA	19,344,619	753,180
CDC dividend account				2,126,639	–
				91,845,188	38,783,848

41.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 Years and above
			(Rupees)		
2021					
Long term finances	3,566,191,856	4,038,844,875	851,283,909	1,995,039,771	1,192,521,195
Deferred liabilities	207,177,533	207,177,533	97,748,065	109,429,468	–
Lease liabilities	82,439,357	116,953,604	22,627,285	55,168,339	39,157,980
Trade and other payables	1,509,535,133	1,509,535,133	1,509,535,133	–	–
Unclaimed dividends	10,559,428	10,559,428	10,559,428	–	–
Accrued mark-up	260,439,388	260,439,388	260,439,388	–	–
Short term borrowings	6,853,087,785	7,216,039,702	7,216,039,702	–	–
	12,489,430,480	13,359,549,663	9,968,232,910	2,159,637,578	1,231,679,175
2020					
Long term finances	2,789,379,475	3,418,350,849	165,529,224	2,137,591,901	1,115,229,724
Deferred liabilities	12,031,065	12,031,065	6,369,128	5,661,937	–
Lease liabilities	69,516,238	107,153,949	17,268,495	33,108,782	56,776,672
Trade and other payables	1,632,799,835	1,632,799,835	1,632,799,835	–	–
Unclaimed dividends	8,523,068	8,523,068	8,523,068	–	–
Accrued mark-up	266,273,953	266,273,953	266,273,953	–	–
Short term borrowings	6,573,835,346	6,766,651,813	6,766,651,813	–	–
	11,352,358,980	12,211,784,532	8,863,415,516	2,176,362,620	1,172,006,396

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

41.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. At June 30, 2021, the carrying values of all financial assets and liabilities as disclosed in the statement of financial position approximate to their fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability ,either directly (i.e. as price) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, equity prices and foreign currency exchange rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the statement of financial position date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity and debt instruments measured at fair value through other comprehensive income at the end of reporting period in the fair value hierarchy into which the fair value measurement is categorised:

	2021	2020
	(Rupees)	
Short term investments at fair value through other comprehensive income:		
- equity investment under level 1	75,473,552	70,170,715
- equity investment under level 3	599,797,302	690,541,272

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

42. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Company's business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at June 30, were as follows:

	2021	2020
	(Rupees)	
Total debt	10,750,050,212	9,528,997,219
Total equity and debt	16,819,631,479	13,405,910,588
Debt-to-equity ratio	64%	71%

43. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	Key management personnel	
	2021	2020
	(Rupees)	
Managerial remuneration	17,182,277	16,768,487
House rent allowance	3,436,455	3,353,697
Medical	1,718,228	1,676,849
Utilities and other allowances	3,307,588	3,227,934
Bonus	1,725,235	1,679,947
	27,369,783	26,706,914
Number of persons	8	8

43.1 The Company provides its directors and key management personnel with free use of maintained cars.

43.2 Meeting fees of Rs.650 thousand (2020: Rs.500 thousand) were also paid to two (2020: two) non-executive directors during the year.

44. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities				
	Long term finances	Lease finances	Short term borrowings	Dividend	Total
			(Rupees)		
Balance as at June 30, 2019	2,343,894,848	21,247,580	7,816,016,456	17,336,166	10,198,495,050
Changes from financing activities					
Finances obtained	822,824,980	–	–	–	822,824,980
Finances repaid	(377,340,353)	–	–	–	(377,340,353)
Finances obtained - net of repayments	–	48,268,658	(1,157,946,015)	–	(1,109,677,357)
Dividend declared	–	–	–	107,838,280	107,838,280
Dividend paid	–	–	–	(116,651,378)	(116,651,378)
	445,484,627	48,268,658	(1,157,946,015)	(8,813,098)	(673,005,828)
Balance as at June 30, 2020	2,789,379,475	69,516,238	6,658,070,441	8,523,068	9,525,489,222
Changes from financing activities					
Finances obtained	870,484,899	–	–	–	870,484,899
Finances repaid	(93,672,518)	–	–	–	(93,672,518)
Finances obtained - net of repayments	–	12,923,119	236,171,025	–	249,094,144
Dividend declared	–	–	–	154,054,685	154,054,685
Dividend paid	–	–	–	(152,018,325)	(152,018,325)
	776,812,381	12,923,119	236,171,025	2,036,360	1,027,942,885
Balance as at June 30, 2021	3,566,191,856	82,439,357	6,894,241,466	10,559,428	10,553,432,107

45. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 43. Other significant transactions with related parties are as follows:

Description of transaction	Nature of relationship	2021	2020
		(Rupees)	
Fazal Cloth Mills Ltd.	Associate		
Purchase of goods and services		116,667,752	14,261,680
Advances made		103,057,141	10,400,680
Fazal Weaving Mills Ltd.	Associate		
Purchase of goods and services		2,522,520	39,843,041
Advances made		2,522,520	39,843,041
Reliance Commodities (Pvt.) Ltd.	Associate		
Mark-up income		110,539	155,729
Expenses charged to		3,291,894	15,144,979

Description of transaction	Nature of relationship	2021	2020
		(Rupees)	
Fatima Sugar Mills Ltd.	Associate		
Mark-up expense		4,254,336	10,426,154
Advances received		842,000,000	614,900,000
Advances repaid		1,012,000,000	446,233,678
Expenses charged by		416,023	2,259,562
Expenses charged to		7,457,222	2,451,907
Fatima Energy Ltd.	Related party		
Mark-up income		50,409,321	33,910,643
Advances made		220,285,187	417,808,106
Expenses charged by		3,611,180	–
Funds paid		245,324,006	199,361,913
Purchases		245,324,006	195,804,590
Expenses charged to		–	11,000
Fatima Transmission Co. Ltd.	Associate		
Mark-up income		3,969,814	2,600,659
Expenses charged to		22,491,500	9,498,371
Mian Mukhtar A. Sheikh Trust, Multan	Associate		
Donations made		26,300,000	30,000,000
Fatima Fertilizer Company Ltd.	Related party *		
Dividend income		6,562,915	5,250,332
Advance made		10,000,000	–
Expenses charged to		35,200	91,000
Pakarab Fertilizers Ltd.	Related party *		
Purchase of services		497,400	536,890
Expenses charged to		95,979	130,226
Funds paid		19,230,108	–
Funds received		9,796,566	–
Fatima Cement Ltd.	Related party *		
Expenses charged by		369,400	579,000
Funds received		369,400	579,000

All transactions with related parties have been carried-out on commercial terms and conditions.

* These are related parties due to common directorship.

	2021	2020
	(Rupees)	

46. CAPACITY AND PRODUCTION

Unit 1 (Weaving)

	2021	2020
Number of looms installed	107	104
Capacity after conversion into 50 picks - Meters	21,918,224	21,520,630
Actual production of fabrics after conversion into 50 picks - Meters	20,029,417	19,461,183

Unit 2 (Weaving)

	2021	2020
Number of looms installed	194	204
Capacity after conversion into 50 picks - Meters	48,640,052	52,290,325
Actual production of fabrics after conversion into 50 picks - Meters	44,604,333	47,596,265

Unit 5 (Weaving)

	2021	2020
Number of looms installed	126	88
Capacity after conversion into 50 picks - Meters	33,970,370	23,949,844
Actual production of fabrics after conversion into 50 picks - Meters	31,594,601	21,977,101

Under utilisation of available weaving capacity was due to:

- Electricity shut downs
- Due to normal maintenance
- Change of articles required
- Width loss due to specification of the cloth

Unit 3 (Spinning)

	2021	2020
Number of spindles installed	17,760	17,760
Capacity after conversion into 20 count - Kgs	4,783,862	4,783,862
Actual production of yarn after conversion into 20 count - Kgs	4,371,041	3,885,480

Unit 4 (Spinning)

	2021	2020
Number of spindles installed	47,520	47,520
Capacity after conversion into 20 count - Kgs	14,677,912	14,677,912
Actual production of yarn after conversion into 20 count - Kgs	13,156,214	13,245,813

Under utilisation of available spinning capacity was due to:

- Electricity shut downs
- Processing mix of coarser and finer counts

	2021	2020
	(Numbers)	

47. NUMBER OF EMPLOYEES

	2021	2020
Number of persons employed as at June 30,		
- permanent	2,282	2,255
- contractual	253	238
	2,535	2,493
Average number of employees during the year		
- permanent	2,259	2,243
- contractual	249	231
	2,508	2,474

48. IMPACT OF COVID-19 (CORONA VIRUS)

During March, 2020, Pakistan has enacted protection measures against COVID - 19 with a significant impact on daily life and supply chain. The evolution of COVID - 19 as well as its impact on Pakistan economy is very severe. The management has monitored the situation to ensure safety of its workers by introducing fool proof anti COVID - 19 measures and smooth operation of its business.

On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 26, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations with effect from April 03, 2020 at its mills located at Fazalpur Khanewal Road, Multan and from April 07, 2020 at its mills located at Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi. The management has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- deferred taxation in accordance with IAS 12, 'Income taxes'
- provisions and contingent liabilities under IAS 37 ; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 29,2021 by the board of directors of the Company.

50. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 29, 2021 has proposed a final cash dividend of Rs.2.50 per share (2020: Rs. Nil) for the year ended June 30, 2021. The financial statements for the year ended June 30, 2021 do not include the effect of proposed dividend amounting Rs.77.028 million (2020: Rs. Nil), which will be accounted for in the financial statements for the year ending June 30, 2022 after approval by the members in the annual general meeting to be held on October 28, 2021.

51. FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to these financial statements.

Chief Executive **Director** **Chief Financial Officer**

OTHERS &
LEGAL FORMS

INCOME TAX RETURN FILING STATUS

Confirmation for filing status of Income Tax return for application of revised rates pursuant to the provisions of Finance Act, 2021.

The Company Secretary
Reliance Weaving Mills Limited
2nd Floor Trust Plaza LMQ Road
Multan.

Dear Sir,

I, Mr./Mrs./Ms. ______________________ S/O, D/O, W/O _______________________________________ hereby confirm that I am registered as National Tax Payer and my relevant details are given below:-

Folio No./CDC A/c No.	Name	NTN No.	CNIC # in case of individual & CUIN in case of Company	Income Tax return for the year _______ filed

It is stated that the above mentioned information is correct.

____
Signatures of Shareholder

Note:

- Shareholders are also requested to communicate aforesaid information to relevant members of Stock Exchange & CDC (in case of CDC Account holders).
- Please attach attested copy of CNIC and receipt of Income Tax return filed.

MANDATORY REQUIREMENT OF BANK ACCOUNT DETAILS FOR ELECTRONIC CREDIT

OF CASH DIVIDEND PAYMENT AS PER THE COMPANIES ACT, 2017

Dear Shareholder,

This is to inform you that in accordance with Section 242 of the Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirements and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information to your respective CDC participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) OR to our Shares Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi–74000 (in case your shareholding is in Physical Form):

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
(Copy Attached)	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	PK ________________________________ (24digits) (kindly provide your accurate IBAN after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's name	
Branch name and address	

It is stated that the above mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Shares Registrar accordingly.

____
Signature of shareholder

DIVIDEND MANDATE FORM

According to Section 242 of the Companies Act, 2017, any dividend payable in cash shall be paid through electronic mode directly into the bank account of shareholders. In order to process the dividend payment in electronic form issuers will be required to have bank details of each shareholder.

The Company may withhold the payment of dividend where the member has not provided the complete information (CNIC and etc.) Shareholders are requested to provide complete detail of their Bank Account along with IBAN in consultation with their banks in which dividend amount could be electronically transferred.

It is to be noted that the following information are must, when applying for e-Dividend.

1) IBAN Number;
2) Title of Bank Account;
3) Bank Account Number;
4) Bank Code and Branch Code;
5) Bank Name, Branch Name and Address;
6) Cell/Landline Number;
7) CNIC Number; and
8) Email Address.

E-VOTING

AS PER THE COMPANIES (E-VOTING) REGULATIONS, 2016

I/We, ________________ of ________________, being a member of Reliance Weaving Mills Limited, holder of _____________ Ordinary Share(s) as per Register Folio No. /CDC Account No. ______________ hereby opt for E-Voting through intermediary and hereby consent the appointment of execution officer _____________________ as proxy and will exercise E-Voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _________________________, please send login details, password and other requirements through email.

Signed under my/our hand this ________ day of _____________ 20 ____.

Signature of Member

Signed in the presence of:

--	--
Signature of Witness	Signature of Witness
Name: ______________________________	Name: ______________________________
CNIC/Passport No: ____________________	CNIC/Passport: ________________________
Address: _____________________________	Address: _____________________________

E-voting بمطابق کمپنیز (E-voting) ریگولیشنز، 2016

میں/ہم .... آف .... بحیثیت ممبر ریلائنس ویونگ ملز لمیٹڈ حامل .... عام شیئرز رجسٹرڈ فولیونمبر/ CDC اکاؤنٹ نمبر .... دوسرے شخص کے ذریعے E-voting کی آپشن اختیار کرتا ہوں اور اس پر عمل کے لئے .... کو بحیثیت پراکسی Execution آفیسر مقرر کرنے پر رضا مندی ظاہر کرتا ہوں کہ وہ کمپنی۔ 2016ء کے قواعد کے تحت E-voting میں حصہ لے گا اور میں/ہم قرارداد کیلئے انتخاب کا مطالبہ کرتا ہوں/کرتے ہیں۔

میرا محفوظ کردہ E-mail ایڈریس .... ہے۔

برائے مہربانی مجھے/ہمیں Login تفصیلات، Password اور دیگر مطلوبہ معلومات بذریعہ E-mail ارسال کریں۔

میرے/ہمارے دستخط .... مورخہ .... سال ....

ممبر کے دستخط

گواہ کے دستخط	گواہ کے دستخط
نام	نام ....
CNIC / پاسپورٹ نمبر	CNIC / پاسپورٹ نمبر ....
ایڈریس	ایڈریس ....

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021

No. of Shareholders	From		To	Shares Held
163	1	to	100	5,385
657	101	to	500	153,630
504	501	to	1000	444,792
192	1001	to	5000	479,815
59	5001	to	10000	493,293
22	10001	to	15000	279,286
10	15001	to	20000	180,667
5	20001	to	25000	117,250
3	25001	to	30000	83,010
3	30001	to	35000	100,000
2	35001	to	40000	78,500
3	40001	to	45000	131,000
2	45001	to	50000	98,000
5	50001	to	55000	268,682
1	55001	to	60000	59,500
1	60001	to	65000	62,000
1	90001	to	95000	90,310
4	95001	to	100000	395,983
1	100001	to	105000	103,891
2	110001	to	115000	225,125
2	115001	to	120000	234,157
1	140001	to	145000	140,625
1	150001	to	155000	153,393
1	220001	to	225000	225,000
1	225001	to	230000	225,950
1	265001	to	270000	266,000
3	280001	to	285000	845,705
1	305001	to	310000	310,000
1	310001	to	315000	315,000
1	590001	to	595000	592,645
1	7850001	to	7855000	7,854,550
1	7885001	to	7890000	7,886,071
1	7910001	to	7915000	7,911,722
1656				**30,810,937**

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021

Category - Wise

Categories of Shareholders	Number of shares	Percentage
Directors and their spouse(s) and minor children		
FAZAL AHMED SHEIKH	7,925,722	25.72
FAISAL AHMED	7,886,071	25.60
FAWAD AHMED	7,854,550	25.49
FATIMA FAZAL	140,625	0.46
AMBREEN FAWAD	115,625	0.38
FARAH FAISAL	112,500	0.37
FAHD MUKHTAR	25,000	0.08
MUHAMMAD SHAUKAT	3,455	0.01
MR. MUHAMMAD MUKHTAR SHEIKH	3	0.00
MR. SHAHID AZIZ	2	0.00
	24,063,553	**78.11**
Associated companies, undertakings and related parties		
FATIMA MANAGEMENT COMPANY LIMITED	281,902	0.91
FATIMA TRADE COMPANY LIMITED	281,902	0.91
FATIMA TRADING COMPANY (PVT.) LIMITED	281,901	0.91
RELIANCE COMMODITIES (PVT) LTD	3	0.00
	845,708	**2.74**
NIT & ICP		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	592,645	1.92
INVESTMENT CORP. OF PAKISTAN	1,460	0.00
	594,105	**1.93**
Banks Development Financial Institutions, Non Banking Financial Institutions.		
M/S PYRAMID INVESTMENT(PVT)LTD	3,900	0.01
NATIONAL DEVELOPMENT FINANCE	984	0.00
NATIONAL BANK OF PAKISTAN	333	0.00
NATIONAL BANK OF PAKISTAN	276	0.00
	5,493	**0.01**
General Public Local	–	–
	4,948,213	**16.06**

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021

Others

PREMIER FASHIONS (PVT) LTD	99,000	0.32
TOPLINE SECURITIES LIMITED - MF	62,000	0.20
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	54,182	0.18
MRA SECURITIES LIMITED - MF	53,000	0.17
FAZAL HOLDINGS (PVT.) LIMITED	24,250	0.08
MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	13,000	0.04
BEGUM AISHA AHMED AND LATIF BAWANY FOUNDATION	9,000	0.03
SAAO CAPITAL (PVT) LIMITED	8,000	0.03
SEVEN STAR SECURITIES (PVT.) LTD.	5,500	0.02
TS SECURITIES (PRIVATE) LIMITED - MF	5,000	0.02
ORIENTAL SECURITIES (PRIVATE) LIMITED - MF	4,000	0.01
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	3,500	0.01
PYRAMID INVESTMENTS (PVT) LTD.	2,850	0.01
TS SECURITIES (PVT) LTD.	2,500	0.01
BAWA SECURITIES (PVT) LTD.	2,175	0.01
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1,901	0.01
FIKREES (PRIVATE) LIMITED	1,500	0.00
GHULAMAN-E-ABBAS EDUCATIONAL AND MEDICAL TRUST	900	0.00
Y.S. SECURITIES & SERVICES (PVT) LTD.	555	0.00
AZEE SECURITIES (PRIVATE) LIMITED	500	0.00
PRUDENTIAL SECURITIES LIMITED	400	0.00
S.H. BUKHARI SECURITIES (PVT) LIMITED	150	0.00
KARACHI,LAHORE STOCK EXCHANGES	2	0.00
	353,865	**1.15**
Total	**30,810,937**	**100.00**

NOTES

AGM

on Thursday, October 28, 2021 at 12:30 p.m.
and / or any adjournment thereof.

FORM OF PROXY

31st Annual General Meeting

I/We ______________________________

of ______________________________

being a member(s) of Reliance Weaving Mills Limited hold ______________________________

Ordinary Shares hereby appoint Mr. / Mrs. / Miss ______________________________

of ____________________ or falling him / her ______________________________

of ____________________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 31st Annual General Meeting of the Company to be held at Company's Registered Office, 2nd Floor Trust Plaza, LMQ Road, Multan, on Thursday, October 28, 2021 at 12:30 p.m. and / or any adjournment thereof.

As witness my/our hand/seal this ____________________ 2021.

Signed by ______________________________

in the presence of ______________________________

Signatures ____________________ Signatures ____________________

Name ____________________ Name ____________________

Address ____________________ Address ____________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Five Rupees
Revenue Stamp

The Signature should agree with the specimen registered with the Company

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office 2nd Floor, Trust Plaza, LMQ Road, Multan, not later than 48 hours before the time for the meeting and must be duly stamped, signed and witnessed.

2. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his / her CNIC or Passport, to prove his / her identity, and in case of proxy must enclose an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

In addition to the above, the following requirements have to be met:

(i) Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be provided with the proxy form.
(ii) The proxy shall produce his original CNIC or original Passport at the time of the meeting.
(iii) In case of a corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the Company).

پراکسی فارم

ریلائنس ویونگ ملز لمیٹڈ

پراکسی فارم
31 واں سالانہ عمومی اجلاس

میں / ہم ---

ساکن ---بطور ممبر(ز) ریلائنس ویونگ ملز لمیٹڈ

حامل -------------------------------عام حصص، محترم / محترمہ --

ساکن --یا ان کے حاضر نہ ہو سکنے کی صورت میں-------------------------------

ساکن ---کو اپنے/ہمارے ایماء پر کمپنی کے مورخہ 28 اکتوبر 2021

بروز جمعرات 12:30 بجے کمپنی کے رجسٹرڈ آفس سیکنڈ فلور ٹرسٹ پلازہ ایل ایم کیو روڈ ملتان میں ہونے والے 31 واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ہمارا بطور نمائندہ(پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

بطور گواہ آج ---------------بتاریخ-------------اکتوبر 2021 -----------------------------کی موجودگی میں دستخط ہوئے۔

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

پانچ روپے کے ریسدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیئے جائیں گے۔

3۔ سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہو گی۔

Reliance Weaving
Mills Limited
A Fatima Group Company

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