

ANNUAL REPORT | 2017



Reliance Weaving
Mills Limited
A Fatima Group Company





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Company Information

Board of Directors

Executive Directors

Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

Non-Executive Directors

Mr. Fawad Ahmed Mukhtar Chairman
Mr. Fahd Mukhtar
Mrs. Fatima Fazal
Mrs. Farah Faisal

Independent Director

Dr. M. Shaukat Malik

Nominee Director

Mr. Shahid Aziz (NIT)

Board Committees

Audit Committee

Mr. Fahd Mukhtar Chairman
Mr. Shahid Aziz Member
Dr. M. Shaukat Malik Member

HR & Remuneration Committee

Mr. Fahd Mukhtar Chairman
Mr. Faisal Ahmed Mukhtar Member
Dr. M. Shaukat Malik Member

Executive Management Team

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Aftab Qaiser

GM Marketing

Mr. Khawaja Sajid
Mr. Aqeel Saifi

GM Production Weaving

Mr. Ikram Azeem

GM Production Spinning (Multan)

Mr. Muhammad Shoaib Alam

GM Production Spinning (Rawat)

Mr. Hafeez ur Rehman

Bankers

Allied Bank Ltd
Habib Bank Ltd
United Bank Ltd
National Bank of Pakistan
Meezan Bank Ltd
Soneri Bank Ltd

The bank of Khyber
Habib Metropolitan Bank Ltd
Bank Al-Falah Ltd
Samba Bank Ltd
Al Baraka Bank Pakistan Ltd
Dubai Islamic Bank (Pakistan) Ltd
The Bank of Punjab
Askari Bank Ltd (Islamic Banking Services)
Saudi Pak Industrial & Agricultural Investment Company Ltd
Pak Brunei Investment Company Ltd
Pak China Investment Company Ltd
Pak Libya Holding Company (Pvt) Ltd
First Habib Modaraba
Sindh Bank Ltd
Summit Bank Ltd
Bank Islami Pakistan Ltd
Faysal Bank Ltd

Auditors & Share Registrar

External Auditors

Shinewing Hameed Chaudhri & Co.
Chartered Accountants,
1st Floor Abdali Tower 17, Abdali Road,
Multan

Shares Registrar

M/s CDC Pakistan Ltd.
2nd Floor 307-Upper Mall Lahore
info@cdc.pak.com
basharat.hashmi@fatima-group.com

Sites Address

Unit # 1,2,4 & 5

Fazalpur Khanewal Road, Multan.
Tel. No. 061-6740020-3
Fax. No. 061-6740039

Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.
Tel. No. 051-4611579-81
Fax. No. 051-4611097

Business Offices

Registered Office

2nd Floor Trust Plaza, LMQ Road, Multan.
Tel # 061-4512031-2, 061-4546238
Fax # 061-4511677, 061-4584288
e-mail: info@fatima-group.com

Head Office

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



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.

Notice of the 27th Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of Reliance Weaving Mills Ltd will be held at 2nd Floor Trust Plaza L.M.Q. Road Multan, on Saturday, October 28, 2017, at 11:30 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Extra-ordinary General Meeting held on June 12, 2017.
2. To receive, consider and adopt the Company's Financial Statements for the year ended June 30, 2017, together with the Reports of the Auditors and Directors thereon.
3. To approve and declare dividend for the year ended June 30, 2017 on the Ordinary Shares of the Company. The Directors have recommended a final cash dividend of 15 % (i.e. Rs.1.50 per share) on the Ordinary Shares.
4. To appoint Auditors for the ensuing year, and to fix their remuneration. M/s Shinewing Hameed Chaudhri, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.
5. Any other business with the permission of Chairman.

Special Business:

1. To consider, and if thought, it pass the following Special Resolution for alteration of Articles of Association of the Company, in order to comply with the legal and regulatory requirements:

"RESOLVED THAT subject to obtaining regulatory approvals, the Articles of Association ('the Articles') of Reliance Weaving Mills Ltd ('the Company'), be and are hereby altered/amended as follows:

- I- By inserting the following new article immediately after Article 40 as Article 40(a), 40(b) and 40(c), namely:

E-Voting

40(a). The Company shall comply with the E-Voting requirements as may be prescribed by the Securities and Exchange Commission of Pakistan from time to time.

40(b). The instrument appointing proxy for e-voting ('under option 2') of the Form of proxy shall be deposited in writing at least ten days before holding of general meeting at the registered office of the Company through courier/in-person, or through email at email address mentioned in the notice of general meeting."

40(c). In case of E-Voting, both members and non-members can be appointed as proxy."

- II- The text/contents of existing Article 43 be and is hereby replaced with the following namely:

Entitle to vote

A member duly registered shall be entitled to be present or to vote either personally or other person shall be appointed as a proxy although who is not a member of the Company, save that an association (whether body corporate or not) being a member of the Company may also appoint as its proxy any person while not a member of the Company and qualified to vote on behalf of the Company,"

- III- The text/contents of existing Article 47 be and are hereby replaced as follows:

Every instrument of proxy, whether for a specified meeting or

otherwise, shall, as nearly as circumstances admit, be in the form or to the effect following:

Reliance Weaving Mills Ltd

Option 1:

Appointing other person as proxy

I/We, _____ of _____, being a member of Reliance Weaving Mills Ltd, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby appoint Mr. _____ of _____ holding CNIC No. _____ or Register Folio No./CDC Account No. (if member) of _____ or failing him Mr. _____ of _____ holding CNIC No. _____ or Register Folio No./CDC Account No. _____ (if member) of _____, as my/our proxy in my/our absence to attend and vote for me/us, on my/our behalf at the Annual General Meeting/Extra Ordinary General Meeting of the Company to be held on _____ and at any adjournment thereof.

Signed under my/our hand this _____ day of _____ 20_____.

Option 2:

E-Voting as per the Companies (E-Voting) Regulations, 2016

I/We, _____ of _____, being a member of Reliance Weaving Mills Ltd, 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.

Signature under my/our hand this _____ day of _____ 20_____.

Signature of Member

Signed in the presence of:

Signature of Member.

Signed in the presence of:

Signature of Witness

Name:

CNIC/Passport No.

Address:

Signature of Witness

Name:

CNIC/Passport No.

Address:

- IV- The text/contents of existing Article 49 be and are hereby replaced as follows:

The qualification of the Director shall be the member of the Company.

- V- The text/contents of existing Article 51 be and are hereby replaced as follows:

The remuneration of Directors for performing extra services including but not limited to attending Board & Board Committee

Notice of the 27th Annual General Meeting

meetings, holding of the office of Chairman or any other assignments assigned by the BOD, shall from time to time be determined by the Board of Directors. No remuneration for attending meeting shall be paid to the regular CEO or full time working directors of the Company.

VI- The text/contents of existing Article 52(a) be and is hereby deleted:

VII- In order to incorporate the process of dividend payment in electronically, following new sub-clause (under the new heading of 'E-payment of dividend be added in Articles 83.

83(a) According to Section 242 of Companies Act 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account of shareholders. In order to process the dividend payment in electronic form, at the time of becoming the member of the Company, following information will be furnished to the Company by the shareholder:-

- 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.

VIII- Manner in order to incorporate the transmission of annual balance sheet, profit & loss account, auditor's report, and directors' reports, etc., to the members through CD/DVD/USB, following new Article 87(a) (under the new heading of Annual Report on CD/DVD/USB) be added.

Annual Report on CD/DVD/USB

87(a). A copy of the annual report, including but not limited to, annual balance sheet, profit & loss account, auditor's report, and directors' report etc., can also be sent to the persons, entitled to receive notices of general meetings, at least twenty-one days preceding the general meeting, through CD/DVD/USB or any other means as may be prescribed by any law/rule/ regulation or by any regulatory authority from time to time. If a member prefers to receive hard copies of all the future annual audited accounts, then such member shall provide a written request to the Company, and the Company will be bound to provide hard copies of all the future annual audited accounts to the said member only and if SECP allows the Company to fix and charge cost from the member(s) requiring the supply of any of the document (mentioned relative section of Companies Act 2017) in physical form shall bear the cost as fixed by the Company.

RESOLVED FURTHER THAT the Chief Financial Officer and the Company Secretary of the Company, be and are hereby authorized jointly to apply/obtain regulatory approvals and do all necessary arrangements for the incorporation of above alteration/amendments/additions to the Articles of Association of the Bank, and to do all other acts, deeds, and things, including signing the necessary documents, as may be necessary and ancillary for the purpose of the same."

1. A statement of material facts under Section 134(3) of the Companies Act, 2017 in respect of the aforesaid special business to be considered at the Annual General Meeting is being sent to the members along with the Notice.
2. None of the Directors of the Company have any direct or indirect interest in the above said special business.

By the order of the Board

Aftab Ahmed Qaiser
Company Secretary

Notes:-

1. Share Transfer Books will be closed from October 22, 2017 to October 28, 2017 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar M/s CDC Pakistan Ltd, 307 Upper Mall, Lahore by the close of the business on October 21, 2017 will be treated in time for the transfer and entitled to attend and vote at the meeting & payment of any entitlement approved in meeting.
2. A member entitled to attend, and vote at the Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Company or otherwise.
3. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the following address of the Share Registrar of the Company, not less than 48 hours before the time of the Meeting.

Registrar Services, CDC Pakistan Ltd, 307 Upper Mall Lahore

4. Those shareholders whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Card (CNIC) along with participant's ID number and their account/sub-account numbers in CDC to facilitate identification at the time of Annual General Meeting.

In case of Proxy, attested copies of proxy's CNIC or passport, Account and Participant's I.D. numbers must be deposited along with the Form of Proxy with our Share Registrar. In case of Proxy for corporate members, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting.

5. Change of address Shareholders are requested to promptly notify change in their address, if any, to our Share Registrar.
6. Please be informed that SECP vide its Notification No. SRO.831 (1)2012 of 5th July, 2012 has made mandatory for Companies to provide CNIC number of registered shareholder on the dividend warrant and other documents to be filed to SECP. In view of the foregoing, those shareholders who have not yet submitted a valid copy of their Computerized National Identity Card (CNIC) are once again requested to submit the same immediately to our Share Registrar at their address mentioned above.
7. (i) The Government of Pakistan through circular 4 of 2017 has made certain amendments in Section 150 of the Income Tax

Notice of the 27th Annual General Meeting

Ordinance 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies as under:

(a) For Filers of Income Tax Return 15%. & (b) For Non-Filers of Income Tax Return 20%. To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date for entitlement otherwise tax on their cash dividend will be deducted @ 20.0% instead of 15%.

(ii) For any query/problem/information, the investor may contact the Share Registrar: CDC Pakistan Ltd, phone number: 042-35789367, or e-mail at basharat.hashmi@fatima-group.com.

(iii) The corporate shareholders should send a copy of their NTN certificate to the Company or its Share Registrar M/s CDC Pakistan Ltd, 307 Upper Mall, Lahore if it has not yet been provided. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio/CDC Account numbers.

According to clarification received from Federal Board of Revenue (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 holding/joint account. In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them, to Company's Share Registrar, M/s CDC Pakistan Ltd, 307 Upper Mall, Lahore, in writing, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint – Holder(s).

8. According to Section 242 of Companies Act 2017, any dividend payable in cash shall only 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 (NIC and etc.). Shareholders are requested to provide complete detail of their Bank Account along with IBAN (in consultation with their banker) 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. |

9. SECP vide SRO No. 787(I) 2014 dated 8th September, 2014 has allowed companies to circulate the audited financial statements

and notice of Annual General Meeting to shareholders through their email address subject to their written consent. Desiring shareholders are requested to provide their complete email address through a duly signed letter along with copy of valid CNIC.

Such shareholders are also required to notify immediately any change in email address in writing to our Share Registrar.

10. Video Conference Facility for Attending General Meetings With reference to the SECP's Circular No. 10 of 2014 dated 21st May, 2014 ('the Circular'), members may avail video conference facility in Karachi, Lahore, Islamabad, subject to fulfillment of the requirements and procedures of the Circular.

The members should provide their consent as per the following format and submit to the registered address of the Company, 10 days before holding of AGM.

Consent Form for Video Conference Facility

I/We, _____ of _____, being a member of Reliance Weaving Mills Ltd, holder of _____ Ordinary shares as per Register Folio/CDC Account No. _____ hereby opt for video conference facility at _____ (geographical location).

Signature of member

If the Company receives 10 days prior to meeting date, consent from members holding minimum 10% shares residing at a geographical location, to participate in the meeting through video conference, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting.

11. The Annual report of the Company for the year ended June 30, 2017 has been placed on the Company's website.

12. Any change of address of Members should be immediately notified to the Company's Share Registrars, M/s CDC Pakistan Ltd, 307 Upper Mall, Lahore.

A statement of material facts under Section 134(3) of the Companies Act, 2017 in respect of the aforesaid special business.

- Recently Securities & Exchange Commission of Pakistan introduced Companies Act 2017 in which few new options regarding E-voting, right to appoint non-member also as proxy, e-dividend. All such items are concerning to the policy to be included in Articles of Association that's why Article No. 40(a), 40(b), 40(c), 43, 47 and 83(a) are added and substituted respectively.
- There are few changes are required regarding qualification & remuneration of Directors that's why Article No. 49, 51 and 52(a) are substituted and deleted respectively.
- Shareholders of the Company already passed a special resolution in November 30, 2016 regarding transmission of soft copy of Annual Account, including but not limited to, annual balance sheet, profit & loss account, auditor's report, and directors' report etc., to the shareholders. All such items are concerning to the policy to be included in Articles of Association that's why Article No. 87(a) is added.

Group Profile

Fatima Group

In 1988 a dynamic and radical person known as Mr. Mukhtar A. Sheikh conceptualized his revolutionary vision and laid the stone of a multi dimensional organization which commenced its business mainly in sugar. In subsequent years the untiring, dedicated and missionary zeal & zest of the founders of group woven the net of Companies into galaxy of shining Stars and named it Fatima Group. The substantial Strategic benefits of vertical integration led him and his associates to consider venturing into the manufacturing field of Textile, Sugar, Fertilizers, Molasses, Trading, Mining, Power Generation & Transmission, Air Line and Packaging.

Over the years and by the grace of almighty Allah the Fatima Group of Companies proudly stood unparalleled and peerless leader in business groups of Pakistan. It ranks amongst the top Business Groups of Pakistan. The group has strong presence in most important business sectors of the region. It also has the distinction of being one of the largest players In each sector. The Group has a remarkable position in the market as good as any multinationals operating locally in terms of its quality of products, services and management skills.

Textile

- **Reliance Weaving Mills Ltd**, the flagship Company of the group was established in 1991. Its annual turnover approx. Rs.11 billion with the production facility of 61,920 spindles and 448 looms. It is listed on Pakistan Stock Exchange of Pakistan.

Fertilizers

- **Pakarab Fertilizers Ltd** is the largest fertilizer complex in Pakistan with annual production capacity of 847,000 MT. It was put into operation in 1979. Under the privatization policy of Government of Pakistan, the management of the Company was taken over by Fatima Group on July 14, 2005.
- **Fatima Fertilizer Company Ltd** was incorporated on 24 December 2003 as a Public Limited Company. Fatima Fertilizer is fully integrated fertilizer complex with annual production

capacity of Urea 500,000, CAN 420,000, NP 244,000, Nitric Acid 500,000 and Amonia 500,000. It is listed on Pakistan Stock Exchange.

- **Fatimafert Limited** is the wholly owned subsidiary of Fatima Fertilizer Company Limited capacity of ammonia and urea plants were 625 MT per day and 1100 MT per day respectively.

Sugar

Fatima Sugar Mills Limited was incorporated as a public limited Company in 1988. Current production capacity of the Company is 11,000 MT per day.

Trading

Reliance Commodities (Pvt) Limited is a private limited Company incorporated in 1996 and deals in export of molasses, sugar, and other commodities.

Following companies are also part of Fatima Group:

- 1 **Fatima Energy Ltd** (Power Generation)
- 2 **Air One (Pvt) Ltd** (Air Line)
- 3 **Pakistan Mining Ltd** (Mining & Exploration)
- 4 **Reliance Sacks Ltd** (Packing Material)
5. **Fatima Transmission**
- 6 **Fatima Holding Ltd**



Company Profile



Reliance Weaving Mills Ltd (RWML) is a public limited Company listed on Pakistan Stock Exchange. It was incorporated on April 07, 1990 and Securities & Exchange Commission of Pakistan (SECP) granted certificate of Commencement of Business on May 14, 1990.

The Company is established with the objective of setting-up a textile (Yarn & fabric) manufacturing plant. Initially it started its production as weaving unit but later on it also involved in manufacturing of yarn. The principal business of the Company is manufacture and sale of different types of yarn and grey woven fabrics.

Authorized Capital of the Company is stood at Rs.700 million which was gradually increased and subscribed share capital of the Company stands at Rs.308 million. The production capacity of the Company is 80.81 million meter of Grey Cloth (50 PPI) & 21.01 million KGs of yarn (20/S count per annum).

Over the years, plants have demonstrated operational excellence which has become a reference for engineering and technical advisory companies. Delegates from China and Japan keep visiting the plant site for gaining firsthand knowledge about the quality of production.

The Company has developed a special management team consisting of highly trained & skilled personals in their fields. Special

management team is involved in monitoring plant performance, development of new projects, handling capital investment projects, advising management on technical matters and development of a technological base along with consultancy functions. Since 1990, special management team has made tremendous progress in the field of Plant Engineering, Project Management, Project Feasibilities and Project Development. The development of special management team has recognized the need to promote research and technological development activities.

Nearly half of the members are located at the plant to provide assistance to the manufacturing units and feeding vital plant data to the Head Office for immediate processing. Special management team is equipped with latest computing facilities along with world renowned ORACLE Financial ERP system. This technology enables special management team to provide most valuable assistance to all the departments within the Company. The success achieved so far proves that the Company now possesses requisite in house capabilities to ensure successful completion of large scale projects within allocated budgets and assigned project schedules.

This excellent performance is due to hard work and dedication of all employees and the progressive approach and support from the top

Management Profile



Board of Directors

Board of Directors of the Company has the ultimate responsibility of administration of affairs. The Company's Board of Directors consist of eight members, six from sponsors and one independent and one is nominated by NIT representation minorities shareholders' interest. All the directors having equal rights to participate in the matters of the Company. Two members of the Board are executive, while six members of the Board are non-executive.

The executive Directors are involved in the day to day operations of the Company. The current Directors of the Company are as follows:

Name	Position	Nature
Mr. Fawad Ahmed Mukhtar	Chairman	Non-Executive
Mr. Fazal Ahmed Sheikh	Chief Executive	Executive
Mr. Faisal Ahmed Mukhtar	Director	Executive
Mr. Fahd Mukhtar	Director	Non-Executive
Mrs. Fatima Fazal	Director	Non-Executive
Mrs. Farah Faisal	Director	Non-Executive
Mr. Dr. M. Shaukat Malik	Director	Independent
Mr. Shahid Aziz	Director	Nominee

The Board of Directors meet regularly in every quarter. The Company complies with the code of corporate governance issued by the Securities and Exchange Commission of Pakistan ("SECP"). Under its governance structure, the Board of Directors has established a fully functional internal audit team directly reporting to the Board of Directors.

Directors' Profile



Mr. Fawad Ahmed Mukhtar
Chairman

Mr. Fawad Ahmed Mukhtar is the Chairman of the Company and the Chairman of Fatima Group. The Group has witnessed immense growth under his leadership and investments have been made in the fertilizer, sugar, energy and mining sectors. The Group acquired Pakarab Fertilizers, in 2005, through a privatization process. In 2004 the Group participated in an investment of US\$750 million for the establishment of a state of the art fertilizer complex -Fatima Fertilizer. He also holds the following portfolios:

Chairman

Fatima Energy Ltd.
Reliance Commodities (Pvt) Ltd.
Fatima Sugar Mills Ltd
Air One (Pvt) Ltd.
Fatima Trading Company (Pvt) Ltd.
Fatima Holding Ltd.
Fatima Transmission Company Ltd.

CEO

Fatima Fertilizer Company Ltd.
Pakarab Fertilizers Ltd.
Fatimafert Ltd.

Director

Fazal Cloth Mills Ltd.



Mr. Fazal Ahmed Sheikh
CEO

Mr. Fazal Ahmed Sheikh is the CEO of the Company. He holds a degree in Economics from the University of Michigan, Ann Arbor, USA. He plays an important role in matters related to financial management, marketing and information technology, across the Group companies. He also holds the following portfolios:

CEO

Fatima Energy Ltd.
Fatima Electric Ltd
Fatima Transmission Company Ltd.

Director

Fatima Fertilizer Company Ltd.
Pakarab Fertilizers Ltd.
Fazal Cloth Mills Ltd.
Fatima Sugar Mills Ltd.
Air One (Pvt) Ltd.
Fatima Trading Company (Pvt) Ltd.
Fatima Holding Ltd.
Reliance Commodities (Pvt) Ltd.
Fatimafert Ltd.



Mr. Faisal Ahmed Mukhtar
Director

Mr. Faisal Ahmed Mukhtar is a Director of the Company. He holds a Law degree from Bahauddin Zakariya University, Multan. He also holds the following portfolios:

CEO

Fatima Sugar Mills Ltd
Fatima Holding Ltd

Director

Fatima Fertilizer Company Ltd
Pakarab Fertilizers Ltd
Fazal Cloth Mills Ltd
Air One (Pvt) Ltd
Fatima Trading Company (Pvt) Ltd
Reliance Commodities (Pvt) Ltd
Fatimafert Ltd

Directors' Profile



Mr. Fahd Mukhtar
Director

Mr. Fahd Mukhtar is a Director of the Company. He holds a Bachelor of Economics Degree from the Philadelphia University of USA. He also holds the following portfolios:

CEO

Reliance Sacks Ltd

Director

Fazal Cloth Mills Ltd.
Fatima Sugar Mills Ltd
Fatima Energy Ltd



Dr. M. Shaukat Malik
Independent Director

Dr. Muhammad Shaukat Malik has done Ph.D in the subject of Business Administration and MBA from IBA Karachi in the year 1990. He possess rich experience of 23 years in the field of Budgeting, Finance, H.R and Corporate Affairs in various renowned Institutions. He has been on Board of Directors (Syndicate) of BZU for three years. Presently he is the Professor & Director of Institute of Banking & Finance and Director H.R. Development in BZU. He is also the member of Senate and Finance & Planning Committee of BZU, advisor of Punjab Public Service Commission and Member of Selection and Recruitment committee of different institutions and Universities of Pakistan. He is the author of more than 50 research papers published in National & International Journal & Newspapers of repute on Business related issues.



Mr. Shahid Aziz
Nominee by NIT Director

Mr. Shahid Aziz is NIT nominee director. He is a graduate from University of Punjab in economics and political science. He attended different workshops and courses on the topic of mutual funds, communication skills etc. 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 in 1980 to 1998 and then in 2003 till date. He is working as a zonal manager of federal capital zone. He represented NIT on the board of directors of 13 listed companies of Pakistan in different times. Currently he is a nominee director of 6 listed companies.

Profile of the Executive Officers



Mr. Waheed Ahmed

Chief Financial Officer

Mr. Waheed Ahmed is qualified Chartered Accountant having more than 17 years' experience of handling the operational, Accounting, tax and Financial Matters of Listed companies. He is with Reliance Weaving Mills Ltd since August, 2008.



Mr. Aftab Qaiser

Company Secretary

Mr. Aftab Ahmed Qaiser is a qualified Chartered Accountant from the Institute of Chartered Accountants of England & Wales UK.; A Fellow Member of Institute of Chartered Accountants of Pakistan & a Certified Director of Corporate Governance from the Institute of Corporate Governance. Mr. Qaiser has over 37 years of industrial experience in the fields of Financial Management, Internal Audit, Taxation and Legal & Corporate Affairs of listed Companies. He joined the Company on March 2014.



Mr. Khawaja Sajid

General Manager Marketing

Mr. Khawaja Sajid is the General Manager of Marketing Department. He holds Master Degree in Business Administration from Baha-Ud-zakriya University Multan and have 24 years of working experience in this portfolio with the reputed Textile companies of Pakistan. He joined Reliance Weaving Mills Ltd 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 14 years, working with well reputed textiles organizations of Pakistan. He is with Reliance Weaving Mills Ltd. Since August, 2015.

Profile of the Executive Officers



Mr. Ikram Azeem

General Manager Weaving

Mr. Ikram Azeem is holding B.Sc, Textile Engineering Degree from National College of Textile Engineering Faisalabad (Specialization in Weaving). He has vast experience of textile sector in renowned textile mills of the country on different kind of weaving machines like Sulzer Toyoda and Tsudakoma Air Jet Looms.



Mr. Muhammd Shoaib Aalam

General Manager (Spinning Multan)

Mr. Muhammd Shoaib Aalam is having B.Sc. Textile (Spinning) Degree from University of Engineering and Technology (JET) Lahore. He was Vice-President of Spinning Society. He is part of this group since the erection of this Unit. He has experience of managing coarse and fine count mills, ranging from 6/1 to 120/1 on various type of machinery setups, and producing different types of yarn from GIZA, PIMA and Brazilian Cotton. He also got training for blow room and card from Reiter in Winterthur, Switzerland.



Mr. Hafeez ur Rehman

General Manager (Spinning Rawat)

Mr. Hafeez ur Rehman is BSc Textile Engineer from National Textile University (1995~1999) , Faisalabad and serving as G.M. Spinning Unit No. 3 at Rawat. He has worked in Major textile Groups of Pakistan SAPPHIRE and CRESENT Group. He is specialist of running MELANGE , DYED , PC ,CVC, SIRO, SLUB, LYCRA and FANCY yarn. (Coarse and Fine Counts)
He has also experience of running cottons like PIMA, GIZA Brazilian Cotton etc,



Mr. Fawad Ahmed Mukhtar
Chairman

It is my pleasure to present you the 27th Annual Report of your Company along with the financial and operating performance for FY 2016-17.

Global economic activity is picking up slowly with long-awaited cyclical recovery in investment, manufacturing and trade. A rebound in confidence and more upbeat economic sentiment suggest that perceptions of risks have diminished in recent months. However, this optimism has not yet translated into significant gains in the real economy and a high degree of uncertainty continues to cloud this outlook, amidst slowdown in trade and rising protectionism.

The global Textile industry has shown modest signs of improvement in FY 2016-17. The second half of the financial year saw a rebound in Textile production globally with positive growth in all major textile producing economies. Regulatory measures announced by the government have helped to regain competitiveness against cheap imports which continue to support textile sector.

During the FY 2016-17, the performance of your Company has been impacted with events unfolding in the economic environment prevailing in the global and Pakistan Textile industry. The domestic sales were impacted by increase of 29% as compared to the last year. However, your Company is

Chairman's Review

trying to augment exports significantly over up-coming years keeping in-view of decrease in exports in current financial year. The management of your Company is trying very hard to make-up the losses of exports in the year under review.

Your Company will also enhance its production capacity and will work on value added products portfolio and customer centricity to create long term value in up-coming years. Strategic cost reduction initiatives and efficient working capital management are being pursued vigorously to ensure robust operational performance for the future. I may add here that with the increase in domestic competition and entry of Chinese textile products, the margins in the business may come under strain, for which your Company would place greater efforts in business development to improve consumer mindshare for our products and new product development with greater customer centricity.

Given the Company's performance over the years, the Company is now in a position to be one of the flourishing textile Company of Pakistan and will put in place greater focus on operational management and supply chain efficiency in the coming years.

I sincerely thank all the stakeholders, customers, suppliers, regulatory bodies and government for their trust and support towards the Company. I would like to convey my appreciation to the Senior Leadership team, all employees as well as all shareholders of the Company for their efforts.

Directors' Report to the Shareholders

Dear Members,

Your Directors have pleasure in presenting the 27th Annual Report of your Company for the financial year ended June 30, 2017

1. Financial Results

The Company earned after tax net profit of Rs. 101 million which shows improvement as compared to profit of Rs 3 million in last financial year. Current Year Company turnover has increased from Rs 10,049 million to Rs 11,341 million. Due to increase in RLNG prices power cost of the Company has increased by Rs 152 million as compared to last year, this single head decreased the profitability of the Company marginally. However, during the year the Government announced the export rebate package which supported the Company's profitability.

Pakistan textile industry has continued to face tough competition globally despite it has GSP plus status. The year started with depressed trend in international and local market. Local cotton could not achieved its production target due to which import of cotton increased, which has created more challenges to compete in international market. However, management of the Company has purchased the cotton at very competitive price. Our spinning sector is heavily depended on single market of China, due to decline in demand from China, spinning sector is facing difficulty to find alternative market. Further,

spinning and weaving sectors have not directly benefited from GSP plus status. Another challenge which textile industry is facing is large-scale influx of imported yarn and fabric in the country, the government should take measures to reduce this import of yarn and fabric so that domestic industry can be protected. The Government should release long-outstanding sales tax and other refunds immediately to manufacturers to resolve the liquidity issue.

The Company during the year imported latest 45 high speed Air jet looms to increase the productivity, these looms replaced with low efficient looms. The Company also added one fuel efficient gas generator to reduce power cost, further, LC of one more fuel efficient gas generator has been established which shall be installed subsequent to balance sheet date.

2. Future Outlook

Since the beginning of the new fiscal year domestic cotton prices have dropped. The decrease in cotton price is due to China's auction of cotton from state reserves and higher estimated production from major producer of cotton such as USA, India and China. Cotton being a basic raw material for the spinning industry has a direct impact on profitability of the spinning sector and continued softness in its price has the potential to improve margins of spinning.

Directors' Report to the Shareholders

Recent strength of Euro can be robust economic recovery in Euro zone, this is good development for Pakistan's textile as Europe is major destination for Pakistan textile export. The Government is considering to give new package to textile industry. Some of incentives being considered to increase textile exports include, abolition of 10% increase in export condition for export rebate, exchange rate devaluation on the back of declining exchange reserves, reduce power tariff for textile sector. The revival of textile industry is depended on this package. A fast growing retail urban market with a growing middle class created new opportunities for textile sector. The industry should focus on sustainable and efficient production of quality textiles.

3. Overview of the Economy

- Pakistan's economy has performed impressively during the outgoing fiscal year. This year the GDP growth of 5.28% is the highest in ten years on the back of we rebound growth which registered growth of 3.46% as against 0.27% last year. The industrial sector witnessed the growth of 5.02% as against 5.80% last year, while the large scale manufacturing sector posted growth of 4.61% against 3.29% last year. Service sector passed its target and recorded 5.98% growth as compared to 5.55% last year.
- The average inflation rate was recorded at 4.11% while the fiscal deficit registered decrease from 4.6% to 4.2%.
- The per capita income registered growth of 6.4% in fiscal 2016-2017 as compared to 1.1% last year.
- The Agriculture sector is the lifeline of the Pakistan's economy which achieved growth of 3.46% close to the target of 3.5% due to greater availability of agriculture in puts such as water agriculture credit an intensive fertilizer off take. Growth in crops was registered at 3.2% as against the negative growth of 4.97% last year.
- To Keep the micro economic stability the SBP the policy rate at 5.75% in May-2016 and maintained the same in the subsequent monetary policy decision.
- Pakistan is now also on the radar screen of global investors who are acknowledging the improvement in the performance of the Pakistan's economy.

4. Textile Sector

The textile sector of Pakistan plays pivotal role in the country's economy stemming mainly from its very large cotton production capacity ranked 4th largest producer of cotton in the world while



Directors' Report to the Shareholders

Pakistan possesses 3rd largest spinning capacity in all of Asia.

The textile sector is an integral part of Pakistan's economy provides employment to over 40% of the industrial force, contributes 8.5% of GDP, accounts for 40% of the banking credit and holds approximately 60% share in national exports.

Depressed international demand for cotton weakened global commodity prices and reduced local output of cotton triggered a downward spiral for the textile sector which remained pervasive throughout financial year 2016-17.

The textile industry's in-ability to evolve its produce in line with international demand and overreliance in low value added products, cotton yarn and cloth experienced the greatest decline.

5. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors of the Company are 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 toward compliance with best practices of Code of Corporate Governance.

- The financial statements together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984. We are equal opportunity employer and invest statements prepared by the management of the Company present fairly its state of affairs the results of its operations cash flows & changes in equity.
- The Company has maintained Proper books of account as required by the repealed Companies Ordinance, 1984.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- 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;

- 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:
- There has been no material departure from the best practice of corporate Governance, as detailed in Listing Regulations:
- As required by Code of Corporate Governance, we have included the following information in this report;
- Statement of Pattern of shareholding has been given separately in the annual report.
- Statement of shares held by Associated Undertakings and related persons has been given separately.
- Statement of Board Meeting held during the year and attendance of each Director Key operating and financial statistics for the last six years have been given separately.

6. Material Changes In Financial Statements

Sr. #	Particulars	Unit	30 June, 2017	30 June, 2016
A	Gross profit	%	8.68	8.83
B	Return on sales	%	0.89	0.03
C	Earnings/(Loss) per share	Rs.	3.29	0.10
D	Market value of a share	Rs.	45.60	25.18
E	Balance sheet footing	Rs. In Million	11,221	10,151

7. Market Capitalization

At the close of the year, the market capitalization of the Company stood at Rs. 1,404 million as against Rs. 776 million as at June 30, 2016.

8. Modernization & Expansion

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 45 wider looms to diversify its product and market mix.

Directors' Report to the Shareholders

9. Outstanding Taxes And Duties

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

10. 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.

11. Corporate Social Responsibility (CSR)

Your Company considers CSR as a fundamental sustainable business practice to contribute voluntarily towards better society.

Reliance Weaving Mills Ltd (RWML) strives to be a good corporate citizen. We have always shown strong commitment and support for public health and promotion of education that's why your 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, 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.

12. Earnings Per Share

Your Company's post-tax profit of Rs.101 million translates into EPS of Rs. 3.29 as compared to Rs. 0.10 last year.

13. Dividend

The Board of directors has recommended dividend for the year ended June 30, 2017 at Rs.1.50 per share.

14. Number Of Meetings Of The Board And Its Committees

The details of the meetings of the Board of Directors and its Committees, convened during the financial year 2016-17 are given as under. During the year, five board meetings were held.

The number of meetings attended by each Director is given hereunder:

Board of Directors

Sr. #	Name of Directors/Members	Meetings Held	Meetings Attended
A	Mr. Fawad Ahmed Mukhtar	5	5
B	Mr. Fazal Ahmed Sheikh	5	5
C	Mr. Faisal Ahmed Mukhtar	5	5
D	Mr. Fahd Mukhtar	5	5
E	Mrs. Fatima Fazal	5	5
F	Mrs. Farah Faisal	5	5
G	Mr. Shahid Aziz	5	5
H	Prof. Dr. M. Shaukat Malik	4	4

15. Board Audit Committee

The Committee met four times during the year ended June 30, 2017 pre notified period. The meetings of the committee were held prior to approval of annual results for Financial Year and interim results for 1st, 2nd & 3rd Quarters as required by the Code of Corporate Governance (CCG). Meetings were also held to review other matters as per the Terms of Reference (TOR) of the Committee.

Regular attendees at Committee meetings included the Head of Internal Audit (HOIA) and Chief Financial Officer (CFO) and the Secretary of the Committee. The Head of Internal Audit had direct access to the Committee. Audit observations along with the compliance status were regularly presented to the Committee.



Directors' Report to the Shareholders

Sr. #	Name of Directors	Meetings Held	Meetings Attended
A	Mr. Fahd Mukhtar	4	4
B	Mr. Fatima Fazal	1	1
C	Mr. Shahid Aziz	3	3
D	Prof. Dr. M. Shaukat Malik	4	4

16. Changes In The Board Audit Committee

In compliance with the Code the Board of Directors has constituted a Board Audit Committee, comprising two non-executive & one independent Director to assist the Board to discharge its responsibilities. During the year Mr. Shahid Aziz was appointed as the member of the Audit Committee in place of Mrs. Fatima Fazal who resigned from the committee during the year. The statutory composition remained intact with this change.

17. HR & Remuneratino Committee

During the year, one HR & R meetings was held during the year ended June 30, 2017. The number of meetings attended by each member is given hereunder:

Sr. #	Name of Directors	Meetings Held	Meetings Attended
A	Mr. Fahd Mukhtar	1	1
B	Mr. Faisal Ahmed Mukhtar	1	1
C	Prof. Dr. M. Shaukat Malik	1	1

18. Evaluation Of Board's Performance

Pursuant to the provisions of the Companies Act, 2017 read with the Rules issued there under and the Listing Regulations the process for evaluation of the annual performance of the Directors/ Board/ Committees was carried out. The criteria applied for the evaluation process are given below.

- Board Composition and organization.
- The board's terms of reference.
- Skills & expertise of Board Members Strategic Planning
- The efficiency of Board meeting & the decision making process.
- Availability of Guide Line 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

19. Directors And Key Managerial Personnel

I. NIT Nominee Director:

Mr. Shahid Aziz who resigned from the Directorship of the Company now again nominated by the NIT and once again becomes our member of the Board as nominee director. The Independent Directors and all other directors of your Company will hold office upto 31st March, 2018 and election of directors will due on March 31, 2018.

Mr. Salman Ahmed was appointed as Head of Internal Audit against the vacant seat of Mr. Kashif Mustafa who was transferred to an-other group Company.

II. Disclosure Relating to Remuneration of Directors, Key Managerial Personnel and particulars of Employees:

The remuneration paid to the Directors and Executives are in accordance with the Nomination and Remuneration Policy formulated in accordance with the Companies Act, 2017. The Executive Directors including CEO of your Company do not receive remuneration from the Company. The information required under Companies Act, 2017 in respect of Directors and executive employees of your Company is annexed in this report and is also available on the website of your Company (www.fatima-group.com).

20. Statement Of Ethics & Business Practices

The Statement of Business Ethics and Core Values provide the framework on which the Company

Directors' Report to the Shareholders



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 relationing.
- Promotion of culture of excellence by exceeding the expectations of all

stakeholders.

- Customer satisfaction essential 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.

21. Internal Control

Your Company has 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.

22. Trading In Company's Shares

All the Directors, Chief Executive Officer, Chief Financial Officer, Head of internal Audit and Company Secretary, and their spouses and minor children have not carried out any trading in the shares of the Company during the year except Directors Dr. Shaukat Malik, who acquired 2500 shares of the Company from the Market.

Directors' Report to the Shareholders

23. Vigil Mechanism

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Whistle Blowing Policy which is in compliance with the provisions of the Listing Regulations. Your Company has an ethics hotline managed by HR department which employees of your Company can use to report any violations to the Code of Conduct in an anonymous manner or through identification process. In addition to the hotline, the HR Department also provides a portal wherein employees can raise any suspected or actual violations to the Code of Conduct. Specifically, employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company.

Any incidents that are reported are investigated and suitable action taken in line with the whistle blower policy.

24. HSE at RWML

Our HSE policy is an important ingredient of our overall code of business conduct. It states that RWML will ensure:

- The health of its employees, contractors, customers and public is protected.
- All activities are carried out safely.
- Environment is protected.
- Comply with Pakistan's relevant laws and regulations.
- Ensure that all its activities are carried out in accordance with the Company's Health, Safety and Environmental Standards and Procedures.
- Ensure that environmental performance meets legislative requirements.
- Require every employee to exercise personal responsibility in preventing harm to self or others and to the environment.
- Maintain public confidence in the integrity of its operations by openly reporting its



performance to all stakeholders who work with the Company.

- Provide appropriate Health, Safety and Environment training/information to employees, contractors and other stakeholders who work with the Company.
- Integrate Risk Assessment with all business processes.
- Promote prevention of pollution and proper handling and disposal of wastes.
- Continuously improve our performance by improving the leadership, capability and capacity of our organization.

25. Secretarial Compliance Certificate

The Company Secretary has furnished a Secretarial Compliance Certificate a part of the Annual Return filed with the Commission to certify that the Secretarial & Corporate requirements of the repealed Companies Ordinance, 1984, Memorandum & Articles of Association of the Company and the Listing Regulations has been duly complied with.

26. Business Continuity Planning And Safety Procedures For Data Protection

RWML 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. Detailed Standard Operating

Directors' Report to the Shareholders

Procedures (SOPs) and ready reference checklists have also been developed wherein 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.

27. Investor Grievance Policy

RWML continuously engages with its investors through Company's secretariat and responds to their queries and request for information and their concerns / grievances. RWML's registrar also timely addresses investors grievances.

28. Website

The Company's web site www.fatima-group.com offers a detailed overview and information of the following aspects of your Company:

- Business lines, its operational aspects and current activities
- Management team
- Corporate Information
- Procurement activities
- Periodical financial results and other financial information
- Human Resource recruitment
- Media engagement
- It is also highlighted here that the RWML's website fulfills the mandatory requirements as laid down by the SECP for all listed companies,

29. Auditors And Auditors' Report

I. Statutory Auditors:

The tenure of office of M/s. Shinewing Hameed Chaudhri, Chartered Accountants, as Statutory Auditors of the Company will expire with the conclusion of 27th AGM of your Company. In order to ensure smooth transition and handover, the Board of Directors of your Company at their meeting held on October 04, 2017, have on the

recommendations of the Audit Committee and subject to your approval at the ensuing 28th AGM, approved the appointment of (a) M/s. Shinewing Hameed Chaudhri & Co, Chartered Accountants, as the Statutory Auditors for the financial year ending i.e 2017-18, till the conclusion of 28th AGM of your Company.

II. External Auditors' Report

The Statutory Auditors of the Company have not reported any irregularity in preparation of accounts for the year ended June 30, 2017. The Auditors' Report for the financial year ended June 30, 2017, does not contain any qualification, reservation or adverse remarks.

30. Shareholding

Total number of the shareholders as at June 30, 2017 stood at 1638 as against 1622 last year. A statement showing pattern of shareholding of the Company and additional information as at June 30, 2017 is annexed with report.

31. Directors Responsibility Statement:

Pursuant to CCG 2012 (including any other statutory rules or re-enactment(s) for the time being in force), the Directors of your Company confirm that:

- (a) in the preparation of the annual accounts for the financial year ended June 30, 2017 the applicable Accounting Standards and the repealed Companies Ordinance, 1984 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there are no material departures from the same;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at June 30, 2017 and of the profit and loss of the Company for the financial year ended June 30, 2017;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of

Directors' Report to the Shareholders

the Companies Act, 2017 (including any statutory modification(s) or re-enactment(s) for the time being in force) for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the annual accounts have been prepared on a 'going concern' basis;
- (e) proper internal financial controls laid down by the Directors were followed by your Company and that such internal financial controls are adequate and operating effectively;
- (f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

32. Risk Management

Your Company has in place an enterprise-wide risk management system which takes care of risk identification, assessment and mitigation. Compliance management has been significantly strengthened by the deployment of an integrated compliance management and governance framework.

Your Company has also constituted a Risk Management Committee to oversee the risk management efforts in your Company. Risk Management Committee reviews the process of risk management in your Company. The management periodically briefs the Committee on the emerging risks along with the risk mitigation plans put in place. Risk management is interlinked with the annual planning exercise where each function and business carries out fresh risk identification, assessment and draws up treatment plans.

There are no risks which in the opinion of the Board threaten the existence of your Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this report.

33. 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.

- Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in IAS that continue to apply and other applicable provisions, if any, of the repealed Companies Ordinance, 1984 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.
- The policies to ensure uniform accounting treatment are prescribed to the subsidiaries of your Company.
- 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 updation of various master data in the underlying ERP system.
- 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.
- 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.
- The Management periodically reviews the financial performance of your Company against the approved plans across various parameters and takes necessary action, wherever necessary.
- Your Company has a code of conduct applicable to all its employees along with a Whistle Blower Policy which requires

Directors' Report to the Shareholders

employees to update accounting information accurately and in a timely manner. Any non-compliance noticed is to be reported and actioned upon in line with the Whistle Blowing Policy.

34. Internal Banking Account No. (IBAN)

Pursuant to circular No.18 dated August 01, 2017 the shareholders are requested to intimate IBAN so that the cash dividend is paid electronically to the shareholders.

35. New Companies Act 2017

We welcome the enactment of Companies Act 2017 for which SECP deserves appreciation for repealing the companies Ordinance, 1984 in consultation with various stake-holders to facilitate corporate sector by strengthen the regulatory framework, maximum use of technology, elimination of un-necessary requirements and protection of interest of the shareholders.

36. Acknowledgement

The Directors of your Company would like to take this opportunity to thank the Securities & Exchange Commission of Pakistan (SECP), banks

and 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 toward the growth wellbeing and success of the Company.

For and on behalf of the Board

FAZAL AHMED SHEIKH
(Chief Executive Officer)

Place: Lahore
Dated: October 04, 2017



ڈائریکٹرز کی رپورٹ:

☆..... کمپنی فنانشل سٹیٹمنٹ کی تیاری میں قابل اعتماد حکمت عملی کی بنیاد پر فیصلے اور تخمینے مرتب کرتی ہے اور جہاں جب مناسب ہو باہر کی ایجنسیز سے اس کی توثیق کرواتی ہے۔ ایسی فیصلہ سازی اور تخمینہ جات کی منظوری قانونی آڈیٹرز اور آڈٹ کمیٹی سے لی جاتی ہے۔

☆..... انتظامیہ منظور کردہ منصوبہ جات مالی کارکردگی کا مختلف پیمانوں پر باقاعدگی سے جائزہ لیتی رہتی ہے اور جہاں ضروری ہو کارروائی کرتی ہے۔

☆..... کمپنی کا ایک ضابطہ اخلاق ہے جو تمام ملازمین پر لاگو ہے اس کے ساتھ ساتھ Whistle Blower Policy جس کے مطابق تمام ملازمین کو درست اور بروقت کاؤٹنگ معلومات اپ ڈیٹ کرنا ہوتی ہیں۔

34- انٹرنیشنل بینکنگ اکاؤنٹ نمبر (IBAN):

سرکل نمبر 18 بتاریخ یکم اگست 2017ء کے مطابق شیئر ہولڈرز سے التجا کی جاتی ہے کہ وہ اپنے IBAN سے آگاہ کریں تاکہ کیش منافع منقسمہ (Dividend) ای۔بنکنگ سے انہیں ادا کیا جاسکے۔

35- نیا کمپنیز ایکٹ 2017ء

ہم کمپنیز ایکٹ 2017ء کو خوش آمدید کہتے ہیں اور SECP کو دیگر اسٹیک ہولڈرز کی مشارکت کے ساتھ کمپنیز آرڈیننس 1948 منسوخ کرنے پر خراج تحسین پیش کرتے ہیں جس سے ریگولیٹری فریم ورک مستحکم، ٹیکنالوجی کے زیادہ سے زیادہ استعمال، غیر ضروری مطالبات کے خاتمہ اور اسٹیک ہولڈرز کے تحفظ سے کارپوریٹ سیکٹر مستفید ہوگا۔

36- اعتراف:

کمپنی ڈائریکٹرز اس موقع پر سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، بنکوں، مالی اداروں، انشورنس کمپنیوں کا ان کے ہمہ وقت تعاون کا شکریہ ادا کرتے ہیں۔ ڈائریکٹرز اپنے قابل قدر کسٹمرز اور سپلائرز کے بھی شکر گزار ہیں۔ ہم اپنے شیئر ہولڈرز کا بھی شکریہ ادا کرتے ہیں جو کمپنی کو اپنا اعتماد بخشنے رہے اور انہیں یقین دلاتے ہیں کہ ان کی کمپنی میں سرمایہ کاری کے بہترین استعمال کرنے کے لئے کوشاں رہیں گے اور آخر میں ڈائریکٹرز نے اپنے جانفشان ملازمین کو کمپنی کی ترقی، بہبود اور کامیابی کیلئے ان کے خلوص، وفاداری اور کام کی لگن پر انہیں خراج تحسین پیش کرتے ہیں۔

فضل احمد شیخ

چیف ایگزیکٹو آفیسر

تاریخ

4- اکتوبر 2017ء

(د) سالانہ اکاؤنٹس ”جاری تشریح“ کی بنیاد پر تیار کئے گئے ہیں۔

(ر) کمپنی میں ڈائریکٹرز کی جانب وضع کردہ داخلی مالی کنٹرول سسٹم اپنایا گیا اور یہ سسٹم مناسب اور موثر ہے۔

(و) قابل عمل قوانین پر مکمل عملدرآمد کو یقینی بنانے کا سسٹم موجود ہے اور یہ سسٹم مناسب اور موثر ہے۔

32- خطرات سے تحفظ:

کمپنی میں انتہائی قابل بھروسہ نظام تحفظ موجود ہے جو خطرہ کی نشاندہی، شدت کا اندازہ اور اس کا حل فراہم کرتا ہے۔ اس کو بروئے کار لانے کا طریقہ کار مربوط، انتظامی فریم ورک کے ذریعے موثر بنایا گیا ہے۔ کمپنی کے اندر رسک مینجمنٹ کمیٹی تشکیل دی گئی ہے جو رسک مینجمنٹ بارے کی گئی کاوشوں کا جائزہ لیتی ہے۔ یہ کمیٹی رسک مینجمنٹ کے امور پر نظر ثانی کرتی ہے۔ انتظامیہ کمیٹی کو گاہ بگاہ سامنے آنے والے خطرات اور ان کے حل بارے آگاہ کرتی ہے۔ رسک مینجمنٹ سالانہ پیش بندیوں کا حصہ جہاں ہر شعبہ نئے خطرات کی نشاندہی اور ان کے حل تجویز کرتا ہے بونیکو کی نظر میں کوئی خطرہ ایسا نہیں جو کمپنی کے وجود کیلئے خطرہ ہوتا ہم ان میں سے کچھ جو مشکل پیدا کریں انہیں انتظامیہ زیر بحث لاتی ہے اور اس رپورٹ کا حصہ بناتی ہے۔

33- فنانشل سٹیٹمنٹ کے مطابق مالی انتظامی امور:

فنانشل سٹیٹمنٹ کے مطابق کمپنی کے اندر مناسب مالی انتظامی نظام موجود ہے۔ اس کے خدوخال درج ذیل ہیں۔

☆..... کمپنی میں اختیار کردہ اکاؤنٹنگ پالیسی IAS کے وضع کردہ اکاؤنٹنگ معیار کے مطابق ہے جس پر عملدرآمد ہو رہا ہے دیگر (اگر ہوں) کمپنیز ایکٹ 2017ء کے قابل عمل قواعد و ضوابط جہاں تک ممکن ہو عمل میں لائے جاتے ہیں۔ یہ پاکستان میں عمومی مروجہ اکاؤنٹنگ کے اصول ہیں۔ پالیسی میں تبدیلی (اگر ہو) قانونی آڈیٹرز کی مشاورت سے آڈٹ کمیٹی اس کی منظوری دیتی ہے۔

☆..... یکساں اکاؤنٹنگ سسٹم یقینی بنانے کے لئے لائحہ عمل سے متعلق کمپنی کے ذیلی ملازمین کو ہدایات جاری کی جاتی ہیں۔

☆..... کمپنی ERP سسٹم میں کام کرتی ہے اور اس کا بڑا اکاؤنٹنگ ریکارڈ ”الیکٹرانک فام“ میں محفوظ کیا جاتا ہے اور اس کا باقاعدگی سے بیک اپ تیار کیا جاتا ہے FRP سسٹم کی بنیاد پر درست اور بروقت اپ ڈیٹ کرنے کو یقینی بنایا جائے۔

☆..... کمپنی میں ”فنانشل کلوزر سلیف سٹیفیکیشن“ کا زبردست طریقہ کار موجود ہے۔ جہاں لائن میجر مختلف اکاؤنٹنگ پالیسیز، غلطیوں سے پاک اکاؤنٹنگ، قواعد میں تصحیح و دیگر تخمینہ جات سے اپنی وابستگی کا اظہار کرتے ہیں۔

ڈائریکٹرز کی رپورٹ:

☆ کمپنی ملازمین، کنٹریکٹرز اور دیگر اسٹیک ہولڈرز کو HSE کی مناسب تربیت اور آگہی دینا

☆ پورے کاروباری عمل میں خطرات کا جامع احاطہ کرنا

☆ آلودگی سے بچنے کی کوششوں میں بہتری لانا اور فاضل مادوں کو ٹھکانے لگانے کا مناسب بندوبست

☆ تنظیمی سربراہی اور استعداد کو بہتر کرتے ہوئے کارکردگی کو مسلسل بہتر اور موثر رکھنا۔

25- Secretarial کا عملداری سرٹیفیکیٹ:

کمپنی سیکرٹری نے کمیشن کو سالانہ کوائف کے ساتھ عملداری سرٹیفیکیٹ بھی جمع کرنا ہے تاکہ کمپنیز آرڈیننس 1984ء کے تقاضوں پر عملداری مد کی توثیق ہو سکے۔ کمپنی کے میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن اور درج قواعد پر ان کی روح کے مطابق عمل کیا گیا ہے۔

26- کاروباری منصوبہ بندی کا تسلسل اور ڈیٹا حفاظت کا طریقہ کار: کسی بھی ناگہانی حادثہ کی صورت میں RWML کے پاس ایک جامع لائحہ عمل موجود ہے جو مختلف علاقوں میں بیک اپ کو یقینی بناتا۔ اس سسٹم کی بھی ایمرجنسی حالات کیلئے ہمہ وقت موثر رکھنے کے لئے باقاعدگی کے ساتھ چیک کرتے رہنا ضروری ہے۔ تفصیلی (SOPs) اور چیک لسٹ تیار کی گئی ہے جس میں مختلف پرخطر علاقوں کی پرخطر کیفیات کی بہ تفصیل نشاندہی کی گئی ہے جو کمپنی کے آپریشنل سسٹم کو متاثر کر سکتے ہیں۔ اسی سے متعلقہ عملی منصوبہ (Action Plan) تیار کیا گیا ہے کہ عمومی معاشی حالات، تقابلی حقائق اور ممکنہ منظر نامے میں کاروبار کو محفوظ رکھا جاسکے یقینی بنایا گیا ہے کہ کمپنی کے تمام مراکز میں ہنگامی حالات سے نمٹنے کا نظام فعال ہے۔

27- انویسٹرز کی شکایات:

RWML انتظامیہ ہر وقت کمپنی سیکرٹریٹ..... کے ذریعے اپنے انویسٹرز کے ساتھ رابطہ میں رہتی ہے اور ان کی شکایات سنتی ہے ان کو معلومات بہم پہنچاتی ہے، کمپنی رجسٹرار بروقت ان کی شکایات کا ازالہ بھی کرتا ہے۔

28- ویب سائٹ:

کمپنی کی ویب سائٹ www.fatima-group.com درج ذیل پہلوؤں بارے عمومی خاکہ اور تفصیلی معلومات دی گئی ہیں۔

- ☆ کاروباری نوعیت، اس کے آپریشنل پہلو اور موجودہ سرگرمیاں
- ☆ انتظامیہ ٹیم
- ☆ کارپوریٹ معلومات
- ☆ مختلف اوقات کے مالی نتائج و دیگر مالی معلومات
- ☆ ملازمین کی بھرتی

☆ میڈیا سے رابطہ

☆ یہاں یہ واضح کیا جاتا ہے کہ کمپنی (SECP) کے تمام رجسٹرڈ کمپنیز بارے وضع کردہ تقاضوں کو پورا کیا گیا ہے۔

29- آڈیٹرز اور آڈیٹرز رپورٹ:

i- قانونی آڈیٹرز:

میسرز حمید چودھری چارٹرڈ اکاؤنٹنٹ بطور قانونی آڈیٹرز کی معیاد کمپنی کے 27 ویں اجلاس کے نتائج کے ساتھ ختم ہو جائے گی۔

ذمہ دار یوں کے انتقال کے پیش نظر بورڈ آف ڈائریکٹرز 3/4 اکتوبر 2017ء کے منعقدہ اجلاس میں آڈٹ کمیٹی کی سفارش پر جو آپ سے مشروط تھی M/S Shinewing Hameed Chaudhri & Co. چارٹرڈ اکاؤنٹنٹ کو بطور آڈیٹرز مقرر کرنے کی منظوری دی ہے جو مالی سال 18-2017ء کیلئے 28 ویں سالانہ اجلاس کے نتائج تک اپنی ذمہ داریاں سنبھالیں گے۔

ii- خارجی (External) آڈیٹرز رپورٹ:

قانونی آڈیٹرز نے 30 جون 2017ء کو ختم ہونے والے سال میں کسی بے قاعدگی کی رپورٹ نہیں کی۔ آڈیٹرز رپورٹ میں 30 جون 2017ء کو ختم ہونے والے مالی سال میں کسی تحفظات پر مبنی ریمارکس کا اظہار نہیں کیا گیا۔

30- شیئرز ہولڈنگ:

30 جون 2017ء تک شیئرز ہولڈرز کی کل تعداد 1638 تھی جو کہ گزشتہ سال 1622 تھی۔ پیٹرن آف شیئرز ہولڈنگ کی تفصیل رپورٹ کے ساتھ لف ہے۔

31- ڈائریکٹرز ذمہ داری بیان:

CCG 2012 (بشمول دیگر قانونی امور یا نئے ضابطوں کے) جو اس وقت مروجہ ہیں کے بارے میں کمپنی ڈائریکٹرز کہتے ہیں کہ:

(الف) 30 جون 2017ء کو ختم ہونے والے مالی سال میں سالانہ رپورٹ کی تیاری میں کمپنیز ایکٹ 2017ء بشمول قانونی تبدیلیوں اور نئے شامل کردہ ضابطوں کے جو اس وقت نافذ العمل ہیں تمام قابل عمل معیارات پر عمل کیا گیا ہے اور اس میں سے کوئی چیز منہا نہیں کی گئی۔

(ب) 30 جون 2017ء کو ختم ہونے والے مالی سال کی رپورٹ میں ڈائریکٹرز نے ایسی اکاؤنٹنگ پالیسی کا انتخاب اور اس پر عمل کیا ہے اس پر مبنی فیصلے دیئے ہیں جو مناسب اور محتاط ہوں تاکہ معاملات کی صحیح تصویر سامنے آئے۔

(ج) اکاؤنٹنگ ریکارڈ کی تیاری کمپنیز ایکٹ 2017ء (بشمول تبدیلیوں اور نئے شامل کردہ ضابطوں کے) جو اس وقت نافذ العمل ہے کہ عین مطابق انتہائی مناسب اور کافی احتیاط سے کام لیا گیا ہے تاکہ کمپنی کے سرمایہ کو محفوظ اور کسی بھی فراڈ یا بے قاعدگی کی نشاندہی کی جاسکے۔

ڈائریکٹرز کی رپورٹ:

ii- ڈائریکٹرز/مرکزی انتظامیہ کا عوضانہ (تنخواہ) اور ملازمین کی

تفصیلات

ڈائریکٹرز اور انتظامیہ کو تنخواہیں تقرر اور اجرتی پالیسی کے مطابق دی جاتی ہیں جو کہ کمپنیز ایکٹ 2017ء سے ماخوذ ہے۔ ایگزیکٹو ڈائریکٹرز اور CEO کمپنی سے کوئی عوضانہ نہیں لیتے۔ کمپنیز ایکٹ 2017ء ڈائریکٹرز اور انتظامیہ سے متعلق معلومات جو کمپنیز ایکٹ 2017ء میں مطلوب ہیں کمپنی کی ویب سائٹ www.fatimagroup.com پر بھی دستیاب ہیں۔

20- اخلاقی اصول اور کاروباری امور: وضاحت

کاروباری اصول اور قدس میں ہی وہ فریم ورک مہیا کرتے ہیں جن پر عمل پیرا ہو کر کمپنی اپنے معاملات آگے بڑھاتی ہے۔ بورڈ آف ڈائریکٹرز اور انتظامیہ اعلیٰ کاروباری اصولوں کے مطابق امور انجام دینے کے لئے کمپنی کی بہترین شہرت کے نگہبان ہیں۔ کاروباری ضابطہ کے لئے کمپنی درج اصولوں اور قدروں سے مرتب کرتی ہے۔

☆..... کسی بھی آرگنائزیشن سے معاملات کرتے وقت ایمانداری، صاف گوئی اور اخلاقی پہلوؤں کو ملحوظ رکھا جاتا ہے۔

☆..... ایک اچھا کارپوریٹ شہری ہونے کے ناطے تمام اصول و ضوابط کی پیروی کی جاتی ہے۔

☆..... ایسے ماحول میں کاروباری امور چلانا کہ وہ محفوظ اور دیر پا ہو۔

☆..... کاروباری لین دین اعتماد، بھروسہ اور شفافیت پر کامل یقین

☆..... ملازمین کیلئے ایک جیسے مواقع

☆..... شیئر ہولڈرز کے مفادات کا تحفظ

☆..... اپنے ملازمین، ہمسایوں، کسٹمرز اور وزیٹرز کی حفاظت کیلئے محفوظ ماحول کو یقینی بنانا

☆..... کاروباری چیلنجز کی حوصلہ افزائی کرنا

☆..... مفادات کے ٹکراؤ کی صورت میں (اگر ہو) تمام کھاتوں کو سامنا لانا

☆..... احتساب و ذمہ داری

☆..... معیاری اور مؤثر تعلقات عامہ

☆..... اسٹیک ہولڈرز کی توقعات سے آگے جانے کے ماحول کو رواج دینا

☆..... کسٹمر کی تفریحی کے اقدامات جو کہ مسلسل بڑھنے پھولنے کیلئے ناگزیر ہے

☆..... ملازمین کی تخلیقی صلاحیتوں کی حوصلہ افزائی کرنا

☆..... تمام اسٹیک ہولڈرز کی عزت و احترام

☆..... قابل بھروسہ اور قابل اعتماد رہنا، شیئر ہولڈرز، ملازمین اور حکومت کیلئے

سومند

21- داخلی انتظام:

کمپنی کا انتظام آپریشن سائز اور کاروباری نوعیت اعتبار سے انتہائی مناسب ہے۔ یہ کنٹرول کمپنی کے مالی و دیگر ذرائع مؤثر استعمال اور تحفظ کو یقینی بناتا ہے۔ باقاعدگی سے آڈٹ اور معائنہ ذمہ داریوں کے مؤثر ہونے کو یقینی بناتی ہیں۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی داخلی کنٹرول سسٹم کا جائزہ لیتی ہے وقت کے ساتھ ساتھ اس میں بہتری کی تجاویز دیتی ہے۔

22- کمپنی شیئرز کی ٹریڈنگ:

تمام ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری ان کے شریک حیات یا چھوٹے بچوں میں سے کسی نے دوران سال شیئرز کی ٹریڈنگ نہیں کی، سوائے ڈائریکٹرز ڈائریکٹرز کے جنہوں نے مارکیٹ سے 2500 شیئرز خرید رکھے ہیں۔

23- چوکس انتظام:

کمپنی اعلیٰ درجے کے اخلاقی و قانونی اصولوں کی پاسداری کی ذمہ دار ہے۔ اس کے پیش نظر بورڈ نے Whistle Blowing پالیسی اختیار کی ہے جو درج قواعد سے مطابق ہے۔ کمپنی کے HR ڈیپارٹمنٹ نے ہاٹ لائن رابطہ وضع کیا ہے جس میں کوئی بھی اپنا نام ظاہر کئے بغیر یا نام ظاہر کر کے دونوں صورتوں میں کسی بھی ضابطہ کیخلاف ورزی کی رپورٹ کر سکتا ہے۔ اس ہاٹ لائن کے علاوہ HR ڈیپارٹمنٹ نے موبائل رابطہ کا اہتمام کیا ہے جہاں ملازمین کسی بھی مشتبہ یا ضابطہ کی صریح خلاف ورزی نشاندہی کر سکتے ہیں۔

خاص طور پر ملازمین کسی بھی امتیازی سلوک، حراساں کرنا، کسی بھی طرح نشانہ بنانا جیسے غلط رویوں بارے اپنی تشویش کا اظہار کر سکتے ہیں یا کمپنی کی جانب سے یا اس کے خلاف ہونے والے کسی بھی فراڈ کی نشاندہی کر سکتے ہیں۔ کوئی بھی واقعہ جو رپورٹ ہوا ہو اس کی اس Whistle Blowing پالیسی کے تحت چھان بین ہوئی ہے اور مناسب کارروائی عمل میں لائی جاتی ہے۔

24- HSE at RWML

ہماری HSE پالیسی ہمارے کاروباری اصول و ضوابط کا اہم عنصر ہے۔

☆..... اس کے ملازمین، کسٹمرز، کنٹریکٹرز و دیگر کی صحت مضبوط ہو

☆..... ماحول محفوظ ہو

☆..... پاکستان کے قوانین و ضوابط کی پاسداری

☆..... یقینی بنانا کہ اس کی تمام سرگرمیاں HSE کے معیار کے عین مطابق ہیں

☆..... یقینی بنانا کہ ماحولیاتی تقاضوں کو آئینی لحاظ سے پورا کیا جا رہا ہے

☆..... ہر ملازم پر لازم ہے کہ وہ خود، دوسروں اور ماحول کو نقصان نہ پہنچائے

☆..... وہ تمام اسٹیک ہولڈرز جو کمپنی کے معاملات کرتے ہیں انہیں اس کے

آپرییشنل امور سر عام رپورٹ کر کے عام لوگوں کا اعتماد برقرار رکھنا

ڈائریکٹرز کی رپورٹ:

13- ڈیویڈنڈ: (منافع)

بورڈ آف ڈائریکٹرز نے 30 جون 2017ء کیلئے 1.50 روپے فی شیئر بطور ڈیویڈنڈ دینے کی سفارش کی ہے۔

14- بورڈ اور اس کی کمپنیوں کے اجلاس:

سال 2016-17ء کے دوران بلائے گئے اجلاسوں کی تفصیل درج ذیل ہے۔ دوران سال بورڈ کے پانچ اجلاس ہوئے۔ ہر ڈائریکٹر کی اجلاس میں حاضری کی تفصیل نیچے دی گئی ہے۔

بورڈ آف ڈائریکٹرز

سریل نمبر	نام ڈائریکٹرز	منعقدہ میٹنگ	حاضری میٹنگ
1	مسٹر فواد احمد مختار	5	5
2	مسٹر فضل احمد شیخ	5	5
3	مسٹر فیصل احمد مختار	5	5
4	مسٹر فہد مختار	5	5
5	مسز فاطمہ فضل	5	5
6	مسز فرح فیصل	5	5
7	ڈاکٹر محمد شوکت ملک	5	5
8	مسٹر شاہد عزیز	4	4

15- بورڈ آڈٹ کمیٹی

30 جون 2017ء کو ختم ہونے والے سال کے دوران کمپنی کی 4 میٹنگز بلائی گئی۔ انتظامیہ ضابطہ کے مطابق میٹنگز مالی سال کے نتائج اور پہلے، دوسرے اور تیسرے ربعی نتائج سے پہلے بلائی گئیں۔ میٹنگز امور جیسا کہ (TOR) کے مطابق بلائی گئیں کمپنی میٹنگز میں باقاعدگی سے شمولیت کرنے والوں میں سربراہ انٹرنل آڈٹ (HOIA) چیف فنانشل آفیسر (CFO) اور کمپنی سیکرٹری شامل ہیں۔ سربراہ انٹرنل آڈٹ کی کمیٹی تک براہ راست رسائی ہے۔ آڈٹ میں سامنے آنے والے مشاہدات اور ان پر عملدرآمد باقاعدگی کے ساتھ کمپنی کے سامنے پیش کیا گیا۔

سریل نمبر	نام ڈائریکٹرز	منعقدہ میٹنگ	حاضری میٹنگ
1	مسٹر فہد مختار	4	3
2	مسز فاطمہ فضل	3	3
3	مسٹر شاہد عزیز	1	1
4	پروفیسر ڈاکٹر محمد شوکت ملک	4	4

16- بورڈ آڈٹ کمیٹی میں تبدیلیاں

بورڈ کی معاونت کے لئے ضابطہ کے مطابق بورڈ نے ایک بورڈ آڈٹ کمیٹی بنائی ہے جو 2 نان ایگزیکٹو اور ایک آزاد ڈائریکٹر پر مشتمل ہے۔ دوران سال مسز فاطمہ فضل کے استعفیٰ کے بعد مسٹر شاہد عزیز کی جگہ بطور ممبر تقرر کیا گیا۔ اس تبدیلی سے قانونی ترتیب میں کوئی فرق نہیں پڑا۔

17- HR&R کمیٹی:

30 جون 2017ء تک دوران سال ایک HR&R میٹنگ ہوئی۔ ہر ممبر کی میٹنگ میں حاضری کی تفصیل نیچے دی گئی ہے۔

سریل نمبر	نام ڈائریکٹرز	منعقدہ میٹنگ	حاضری میٹنگ
1	مسٹر فہد مختار	1	1
2	مسٹر فیصل احمد مختار	1	1
3	پروفیسر ڈاکٹر محمد شوکت ملک	1	1

18- بورڈ کی کارکردگی اور Listing Regulations:

کمپنیز ایکٹ 2017ء اس میں وضع کردہ اصول و ضوابط اور کمپنی کے ریگولیشنز پر اس کے مطابق ڈائریکٹرز/بورڈ/کمیٹیز کی سالانہ کارکردگی کا جائزہ لیا جاتا ہے۔

Evolution Process Criteria

- ☆ بورڈ کی ترکیب و تنظیم
- ☆ بورڈ کے (TOR)
- ☆ بورڈ ممبرز کی منصوبہ بندی بارے مہارت
- ☆ بورڈ کی میٹنگز اور فیصلہ سازی میں قابلیت
- ☆ انتظامیہ کو رہنمائی کی دستیابی
- ☆ بورڈ کے فیصلوں پر عمل درآمد کی باقاعدہ نگرانی
- ☆ بورڈ اور کمپنی کے درمیان رابطوں کا معیار
- ☆ بورڈ کارروائی
- ☆ بورڈ کمیٹی کی مناسب تشکیل اور ممبران کی تکنیکی معلومات اور تجربہ
- ☆ چیئرمین اور CEO کا الگ الگ کردار
- ☆ بورڈ کمیٹی کی بھیجی گئی رپورٹ کا معیار
- ☆ بورڈ اور CEO کتنے مؤثر ہیں
- ☆ درپیش خطرات میں کمی

19- ڈائریکٹر اور مرکزی انتظامیہ ڈھانچہ:

NIT-i نامزد ڈائریکٹر:

مسٹر شاہد عزیز جنہوں نے کمپنی ڈائریکٹر شپ سے استعفیٰ دے دیا تھا اسے NIT نے دوبارہ نامزد کیا ہے اور وہ بورڈ کے دوبارہ نامزد ڈائریکٹر ممبر بن گئے ہیں۔ آزاد اور دیگر ڈائریکٹرز 31 مارچ 2018ء تک برقرار رہیں گے۔ ڈائریکٹرز کا انتخاب 31 مارچ 2018ء کو ہوگا۔ مسٹر سلمان احمد کو مسٹر کاشف مصطفیٰ کی خالی کردہ سیٹ پر سربراہ انٹرنل آڈٹ مقرر کیا گیا ہے۔ مسٹر کاشف مصطفیٰ کا کمپنی کے دوسرے گروپ میں تبادلہ کیا گیا تھا۔

ڈائریکٹرز کی رپورٹ:

6- Financial Statements میں نمایاں تبدیلیاں

30-06-2017	30-06-2017	یونٹ	تفصیل	سیریل نمبر
8.83	8.68	%	کل منافع	1
.03	.89	%	سیلز ریٹرن	2
0.10	3.29	R s.	فی شیئر نفع/نقصان	3
25.18	45.60	R s.	شیئرز کی مارکیٹ ویلیو	4
10,151	11,221	Rs. In Million	بیلنس شیٹ	5

7- مارکیٹ Capitalization:

سال کے اختتام پر کمپنی سرمایہ 1404 ملین روپے ہے جو کہ 30 جون 2016ء تک 776 ملین روپے تھا۔

8- جدت اور وسعت:

بین الاقوامی معیار سے ہم آہنگ ہونے کے لئے کمپنی انتظامیہ نے کمپنی کو جدید ٹیکنالوجی بروئے کار لاتے ہوئے جدید خطوط پر استوار کرنے کا تہیہ کیا ہے تاکہ پیداواری اشیاء تنوع پیدا کیا جاسکے۔ اس سلسلے میں کمپنی نے 45 لومز کیلئے L/C کھولی ہے۔

9- واجب الادا ٹیکس:

واجب الادا ٹیکسز اینڈ ڈیوٹیوں کی تفصیل فنانشل سٹیٹمنٹ میں درج ہے۔

10- قومی خزانہ میں معاونت:

کمپنی ٹیکس کی مد میں خطیر رقم جمع کراتی ہے اور کمپنی کی بڑھوتری کے ساتھ ساتھ اس میں بھی اضافہ ہو رہا ہے۔ اس سال کمپنی نے فیڈرل ایکسائز ڈیوٹی، سیلز ٹیکس، کسٹرو ڈیوٹی، انکم ٹیکس کی شکل میں قومی خزانہ میں رقم جمع کرائی۔

11- اجتماعی سماجی ذمہ داری:

آپ کی یہ کمپنی ایک بہتر معاشرہ کے احیاء کے لئے سماجی خدمات کے لئے کام کرنا اپنا بنیادی اور دیرپا معمول تصور کرتی ہے۔

ریلائنس ویونگ ملز لمیٹڈ (RWML) ایک اچھا کارپوریٹ Entity بننے کے لئے کوشاں ہے۔ ہم نے ہمیشہ صحت عامہ اور تعلیمی ترقی کے لئے اپنے عزم کا اظہار کیا ہے۔ یہی وجہ ہے کہ آپ کی یہ کمپنی اچھی شہرت کی حامل خیراتی تنظیموں جن میں مختار اے شیخ ٹرسٹ بھی شامل ہے کی مستقل ڈونر ہے۔ جو محروم طبقہ کی بہتری میں بڑی خدمت ہے۔ دور افتادہ علاقوں میں جہاں صحت کی سہولیات تک رسائی ممکن نہیں میڈیکل کمپلیکس کا اہتمام کیا جاتا ہے جہاں مریضوں کو معائنہ کے ساتھ ساتھ مفت ادویات بھی دی جاتی ہیں۔

12- فی شیئر آمدنی:

کمپنی کا ٹیکس ادا یکنگی کے بعد منافع 101 ملین روپے رہا۔ اگر اسے فی شیئر دیکھا جائے تو یہ گزشتہ سال کے 0.10 روپے کے مقابلہ میں 3.29 روپے فی شیئر ہے۔

GSP سٹیٹس حاصل کرنے کے باوجود ہمارے ریڈی میڈ سیکٹر بین الاقوامی معاشی سردبازاری میں کردار ادا نہ کر سکا۔ اس سیکٹر کو سیلز ٹیکس کی مد میں ری فنڈ کا حکومتی منصوبہ محض عارضی ہے۔ ٹیکسٹائل کی حد تک توقع کی جاتی ہے کہ مقامی کرنسی کی قدر میں کمی برآمدات میں اضافہ کا باعث بن سکتی ہے۔

5- کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

کارپوریٹ انتظامیہ کے ضابطہ کی بابت سیورٹی اینڈ ایکچن کمیشن آف پاکستان کی جاری کردہ ضابطہ بارے اپنی ذمہ داریوں سے کمپنی کا بورڈ آف ڈائریکٹرز پوری طرح آگاہ ہے۔ نیچے دی گئی تفصیل سے واضح ہے کہ کارپوریٹ سیکٹر کے ضابطہ پر کس قدر عمل درآمد کیا جا رہا ہے۔

☆..... فنانشل سٹیٹمنٹ اور ان پر دیئے گئے تاثرات، کمپنیز آرڈیننس 1984ء میں دیئے گئے ضوابط کے مطابق ہیں۔ ملازمین کے لئے یکساں مواقع.....

☆..... کمپنی آرڈیننس میں دیئے گئے 1984ء کے ضوابط کے مطابق Books of Accounts تیار کی جاتی ہیں۔

☆..... فنانشل سٹیٹمنٹ کی تیاری میں اکاؤنٹنگ پالیسی کو ملحوظ رکھا جاتا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور انتہائی محتاط فیصلوں پر مبنی ہوتے ہیں۔

☆..... فنانشل سٹیٹمنٹ کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیار اپنائے گئے ہیں اور ہر اصول کو مناسب وضاحت کیساتھ بیان کیا جاتا ہے۔

☆..... اندر کے نظام کو انتہائی محفوظ خطوط پر استوار کیا گیا ہے اور اس پر مؤثر انداز سے عمل درآمد ہوتا ہے۔

☆..... بے شک کمپنی کے انتظامیہ ڈھانچہ میں اتنی لیاقت/اہلیت ہے کہ کسی بھی تشویش کی سرکوبی کر سکے۔

☆..... اکاؤنٹس میں Listing Regulations کوڈ آف کارپوریٹ گورننس کے مطابق کسی قسم کا مالیاتی انحراف نہیں ہے۔

☆..... کوڈ آف کارپوریٹ گورننس کے مطابق درج ذیل مندرجات رپورٹ میں شامل کی ہیں۔

☆..... شیئر ہولڈرز Pattern Statements کو سالانہ رپورٹ میں الگ سے واضح کیا گیا ہے۔

☆..... ایسوسی ایٹڈ کمپنیوں اور قرابت داروں سے متعلقہ شیئرز کی تفصیل الگ دی گئی ہے۔

☆..... دوران سال منعقدہ بورڈ اجلاس کی سٹیٹمنٹ، ہر ڈائریکٹر کی حاضری اور گزشتہ 6 سالوں کے مالی اعداد و شمار الگ لف ہیں۔

ڈائریکٹرز کی رپورٹ:

ڈیپٹیمبرز! ڈائریکٹرز کمپنی کے 30 جون 2017ء کو ختم ہونے والے 26 ویں مالی سال کی رپورٹ پیش کرتے ہوئے ڈائریکٹران خوشی محسوس کر رہے ہیں۔

1۔ مالی سال کے نتائج

کمپنی کو 101 ملین کا خالص منافع ہوا جو کہ گزشتہ سال 3 ملین کے موازنہ میں بہتری کا مظہر ہے۔ اس سال کمپنی حجم 10.049 ملین سے بڑھ کر 11.341 ملین ہو گیا ہے۔ RLNG کی قیمت میں اضافہ کے باعث توانائی کی لاگت میں گزشتہ سال کی نسبت 152 ملین کا اضافہ ہوا، یہی وہ مدتی جو منافع میں کمی کی وجہ بنی، تاہم دوران سال حکومتی Export Rebate سبسڈی کے باعث کمپنی منافع میں رہی۔

پاکستان ٹیکسٹائل انڈسٹری کو GSP Plus Status کے باوجود بین الاقوامی سخت مسابقت کا سامنا ہے۔ سال کا آغاز بین الاقوامی اور ملکی مارکیٹ میں مایوس کن تھا۔ ملکی کاٹن اپنا پیداواری ہدف پورا نہ کر سکی جس کے باعث روٹی کی درآ مدز یادہ ہو گئی جس نے بین الاقوامی مارکیٹ میں مقابلہ کرنا اور مشکل کر دیا، تاہم کمپنی انتظامیہ نے مناسب نرخوں میں روٹی خریدی۔ ہمارا سپننگ کا شعبہ چین ہی کی مارکیٹ پر منحصر ہے۔ چین سے ڈیمانڈ میں کمی کی وجہ سے سپننگ شعبہ کو متبادل ڈھونڈنے میں مشکل کا سامنا ہے۔ مزید برآں سپننگ اور ویونگ سیکٹرز کو GSP Plus Status کا براہ راست فائدہ نہیں ہوا۔ دوسرا چیلنج جس کا انڈسٹری کو سامنا ہے وہ ملک میں دھاگے اور کپڑے کی درآ مد کی بھرمار ہے حکومت کو اس درآ مد کو کم کرنے کے اقدامات کرنے چاہئیں تاکہ مقامی انڈسٹری کو تحفظ مل سکے۔ حکومت کو دیرینہ سیلز ٹیکس و دیگر واجبات فوری طور پر جاری کر دینے چاہئیں تاکہ آجر (مینوفیکچرر) کے مالی مسائل حل ہوں۔

کمپنی نے دوران سال 45 جدید ترین ہائی سپینڈ ایئر جٹ لومز درآ مد میں تاکہ پیداواری استعداد بڑھائی جاسکے۔ ان لومز کو کم استعداد والی لومز کی جگہ تبدیل کیا گیا۔ کمپنی میں توانائی لاگت کم کرنے کے لئے گیس جز بیئر شامل کیا گیا۔ مزید ایک اور ایسے ہی جز بیئر کا اہتمام کر لیا گیا ہے جس کی تنصیب سے مالی معاملات مزید بہتر ہوں گے۔

2۔ مستقبل جائزہ:

نئے مالی سال کے آغاز سے ملکی روٹی کی قیمت گری ہے، یہ گراؤ چین کی سرکاری روٹی کی نیلامی اور امریکہ، بھارت اور چین جیسے روٹی پیدا کرنے والے بڑے ممالک میں زیادہ پیداواری تخمینہ ہے اس لئے اس کا شرح منافع پر براہ راست اثر ہوا اور اس کی قیمتوں میں نرمی برقرار رہنے سے سپننگ میں منافع کے امکانات روشن ہیں۔

حالیہ یورپی قدر میں بہتری یوروزون میں معاشی بہتری کا باعث ہو سکتی ہے۔ یہ امر پاکستان کی ٹیکسٹائل صنعت کے لئے بہتر ہے کیونکہ یورپ پاکستان کی ٹیکسٹائل برآمدات کیلئے بڑی منڈی ہے۔ حکومت ٹیکسٹائل انڈسٹری کو نیا سبسڈی دینے پر غور کر رہی ہے۔ کچھ مراعات جیسا کہ 10% اضافہ کا خاتمہ، ایکسچینج ریٹس میں کمی اور ٹیکسٹائل انڈسٹری میں بجلی کے نرخوں میں کمی جیسے اقدامات شامل ہیں زیر غور ہیں۔ ٹیکسٹائل

صنعت کی بہتری کا انحصار اس سبسڈی پر ہے، تیزی سے بڑھتی ملکی مارکیٹ اور بڑھتا متوسط طبقہ ٹیکسٹائل سیکٹر کیلئے امید افزا ہے۔ انڈسٹری کو معیار اور پیداوار پر توجہ مرکوز کرنی چاہیے۔

3۔ معاشی جائزہ:

رواں مالی سال پاکستان معیشت سے متاثر کن ترقی کا ہے۔ اس سال شرح نمو 5.28% رہی جو کہ گزشتہ 10 سال میں سب سے زیادہ ہے جس پر ہماری نمو پچھلے سال 0.27% کی نسبت 3.46% ریکارڈ کی گئی گزشتہ سال صنعتی نمو 5.80% کے مقابلے میں 5.02% دیکھی گئی جبکہ بڑی صنعتوں نے گزشتہ سال 3.29% کے مقابلے میں 4.61% ظاہر کی۔ خدمات کے شعبہ میں نے اپنے اہداف سے بڑھ کر 5.55% کی بجائے 5.98% ترقی کی۔

☆..... افراط زر 4.11% رہی جبکہ مالی خسارہ 4.6% سے کم ہو کر 4.2% ہو گیا۔

☆..... 2016-17ء کے دوران فی کس آمدنی 1.1% کے مقابلے میں 6.4% رہی۔

☆..... زراعت ملکی معیشت میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے۔ اس کی شرح نمو اپنے ہدف 3.5% کے بہت قریب 3.46% رہی جبکہ گزشتہ سال فصلات میں نمو منفی 4.97% کے مقابلے میں 3.2% رہی۔

☆..... مائیکرو معاشی استحکام کے پیش نظر سٹیٹ بینک نے مئی 2016ء کے 5.75% پالیسی ریٹ اگلی مائیکرو پالیسی میں برقرار رکھا۔

☆..... پاکستان کو اب دنیا بھر دیکھ رہی ہے اور پاکستانی معیشت میں بہتری کو تسلیم کر رہی ہے۔

4۔ ٹیکسٹائل سیکٹر:

ٹیکسٹائل سیکٹر ملکی معیشت میں مرکزی کردار کا حامل ہے۔ جس کی بنیاد پر اس کی روٹی کی پیداواری صلاحیت ہے جو کہ پیداواری صلاحیت کے اعتبار سے دنیا بھر میں چوتھے نمبر پر ہے جبکہ سپننگ میں ایشیا بھر میں تیسرے نمبر پر ہے۔ ٹیکسٹائل سیکٹر پاکستانی معیشت کا ناگزیر حصہ ہے جو انڈسٹری کا 40% سے زائد روزگار فراہم کرتا ہے۔ شرح نمو میں اس کا حصہ 8.5% ہے۔ بینکوں کے ساتھ 40% کھاتہ دار ہے اور مجموعی قومی برآمدات کا 60% ٹیکسٹائل پر مشتمل ہے۔

روٹی کی مایوس کن بین الاقوامی طلب بین الاقوامی نرخ کم کرنے کا باعث بنی جبکہ روٹی کی کم ہوتی پیداوار نے ٹیکسٹائل سیکٹر کو گونا گوں مشکلات میں مبتلا کر دیا اور مالی سال 2016-17ء اسی کیفیت سے دوچار رہا۔ ٹیکسٹائل انڈسٹری کی بین الاقوامی ڈیمانڈ کے مطابق پیداواری صلاحیت میں ناکامی، کم معیاری ویلیویڈڈ مصنوعات تنزیلی کا باعث بنی۔

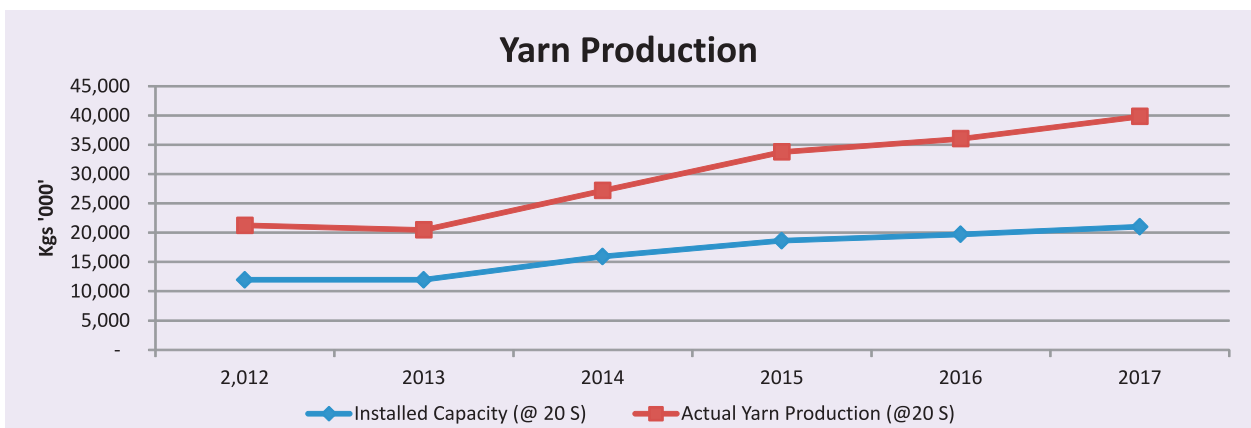
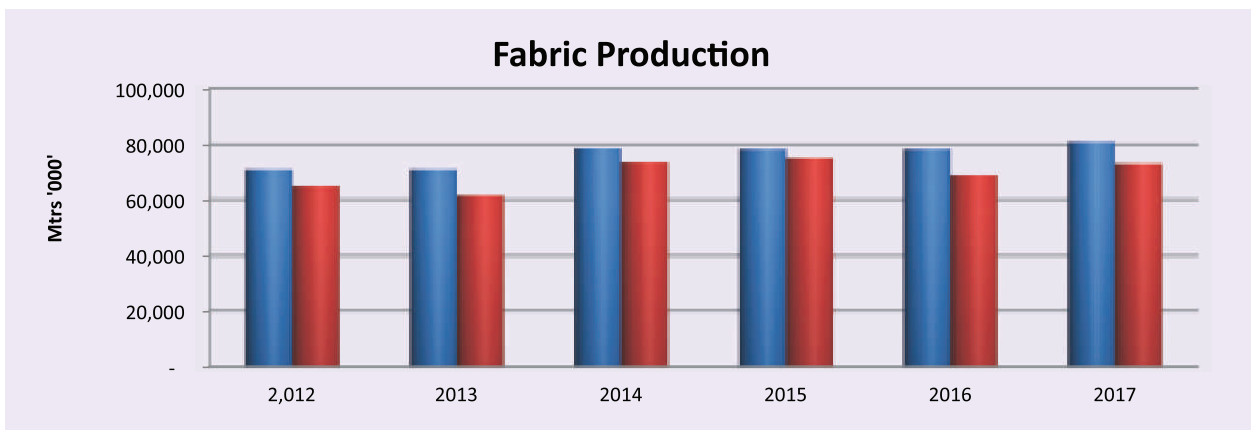
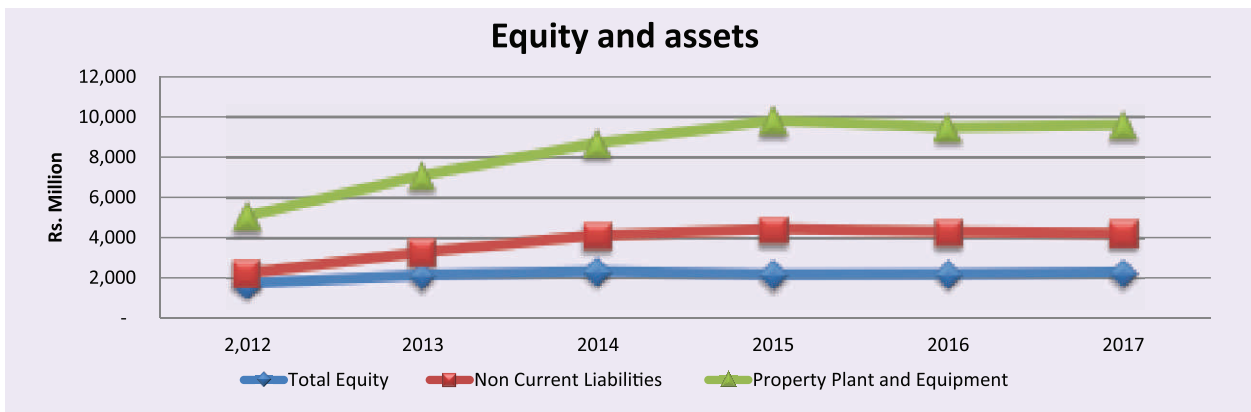
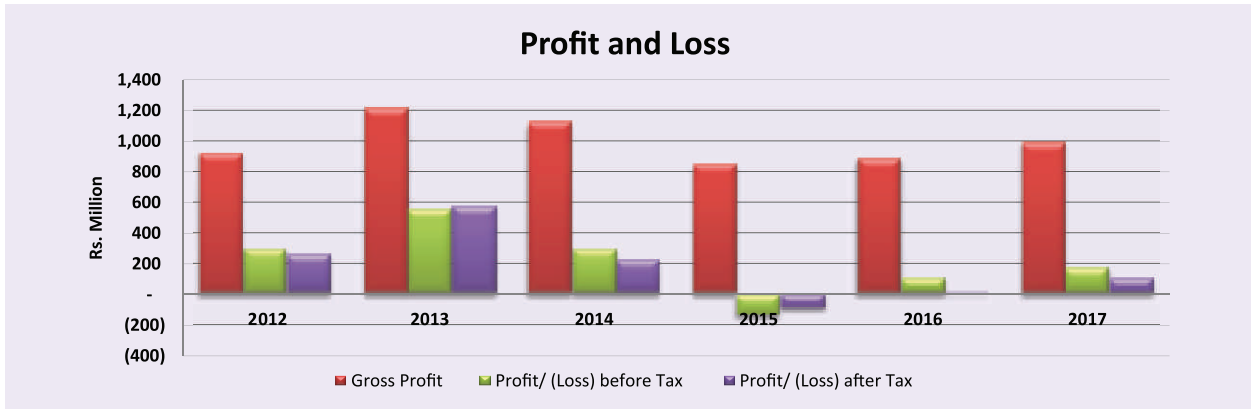
Financial Highlights

6 Years Growth at a Glance

		2017	2016	2015	2014	2013	2012
PROFIT AND LOSS:							
Net Sales	Rs. M	11,342	10,049	10,878	11,412	9,514	8,699
Gross Profit	Rs. M	984	886	842	1,121	1,217	914
Profit/ (Loss) before Tax	Rs. M	168	107	(142)	290	549	289
Profit/ (Loss) after Tax	Rs. M	101	3	(98)	219	570	260
ASSETS AND LIABILITIES							
Total Equity	Rs. M	2,225	2,139	2,109	2,261	2,094	1,663
Non Current Liabilities	Rs. M	1,948	2,102	2,272	1,805	1,130	508
Property Plant and Equipment	Rs. M	5,376	5,171	5,384	4,596	3,814	2,859
Current Assets	Rs. M	4,915	4,117	3,862	4,720	4,299	3,094
Current Liabilities	Rs. M	6,413	5,276	5,121	4,989	4,455	3,401
OPERATIONAL PERFORMANCE:							
Weaving							
Number of Looms Installed	Number	348	336	336	336	296	296
Std. Cloth Production(50ppi)	Mtrs '000'	80,815	78,197	78,197	78,450	70,930	70,930
Actual Cloth Production(50ppi)	Mtrs '000'	72,901	68,770	74,916	73,518	61,621	64,881
Spinning							
Number of Spindles Installed	Number	61,920	61,920	61,920	48,720	35,520	35,520
Installed Capacity (@ 20 S)	Kgs '000'	21,019	19,722	18,639	15,930	11,963	11,963
Actual Yarn Production (@20 S)	Kgs '000'	18,802	16,295	15,122	11,258	8,504	9,268
SALES BREAKUP							
Export Sale	Rs. M	4,574	4,947	6,979	7,451	5,879	6,506
Local Sale	Rs. M	6,584	5,090	4,032	4,033	3,651	2,197
Wast sale	Rs. M	194	144	105	109	110	120
INVESTOR INFORMATION :							
Book Value per share	Rs./ share	72.22	68.21	68.46	73.38	68.65	54
Market Value per Share		45.6	25.18	32.52	38.57	34.00	9
Earning Per Share		3.29	0.1	(3.18)	7.12	18.67	8
Cash Dividend	%	15%	5%	0%	15%	20%	
Specie Dividend	%						10%
FINANCIAL RATIOS:							
Gross Profit Ratio	%	8.68	8.83	7.74	9.83	12.84	10.50
Net Profit Ratio	%	0.89	0.03	(0.90)	1.92	6.05	2.99
Current Ratio		0.77	0.78	0.75	0.95	0.96	0.91
Acid Test(Quick) Ratio		0.27	0.30	0.41	0.39	0.37	0.42
Interest Cover Ratio	Times	1.31	1.20	1.20	1.58	2.30	1.67
Inventory turnover	Times	3.87	4.67	4.67	4.24	4.19	4.93
Fixed Asset turnover	Times	2.15	1.90	1.90	2.71	2.85	3.09
Total Asset turnover	Times	1.06	0.99	0.99	1.28	1.34	1.50

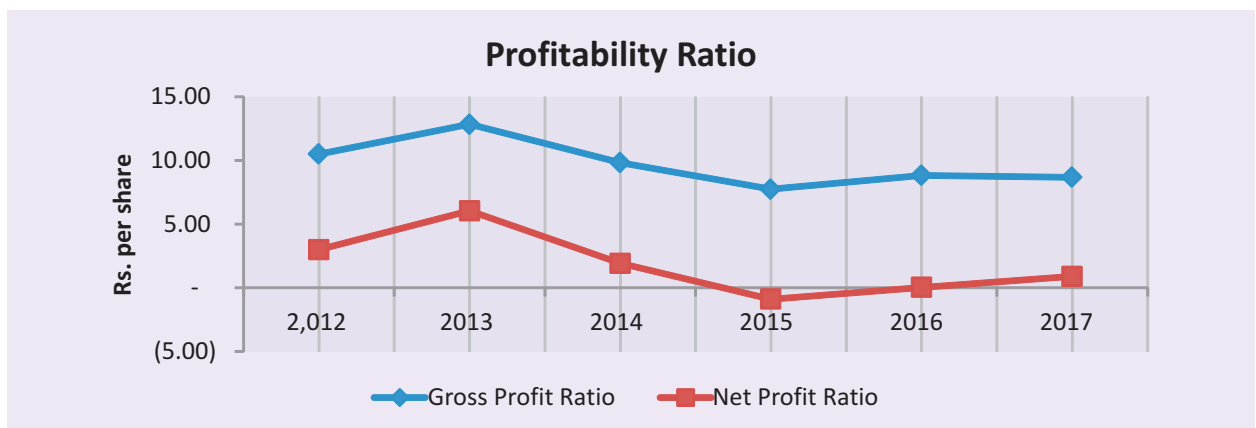
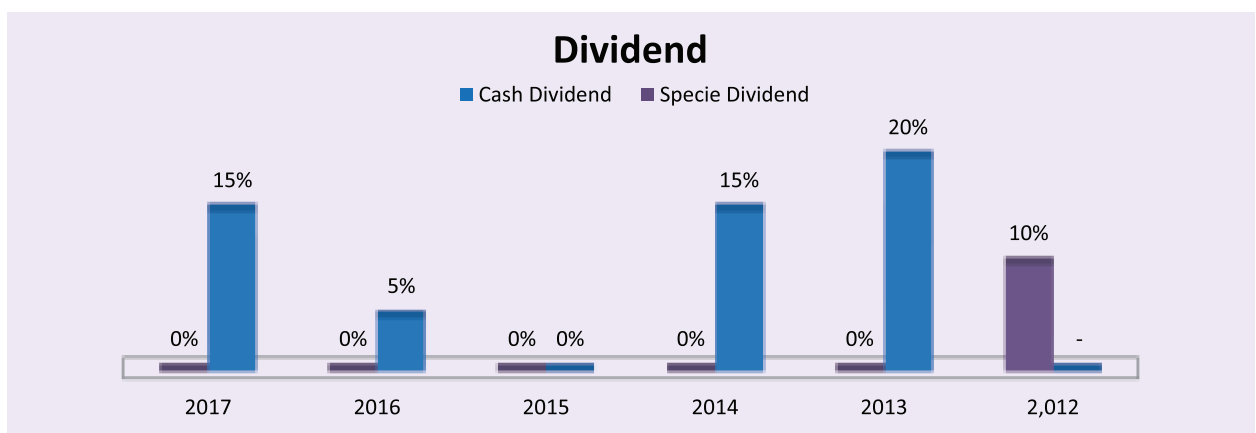
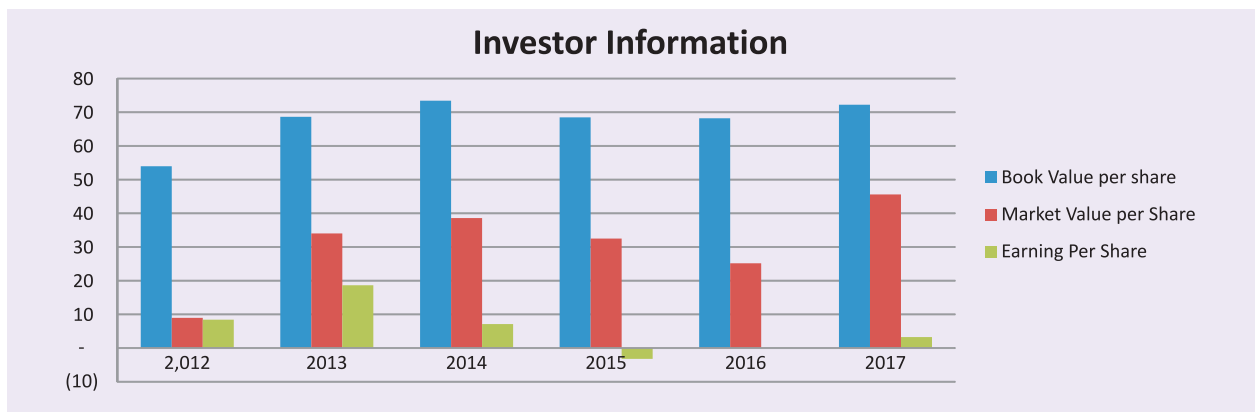
Financial Highlights

6 Years Growth at a Glance



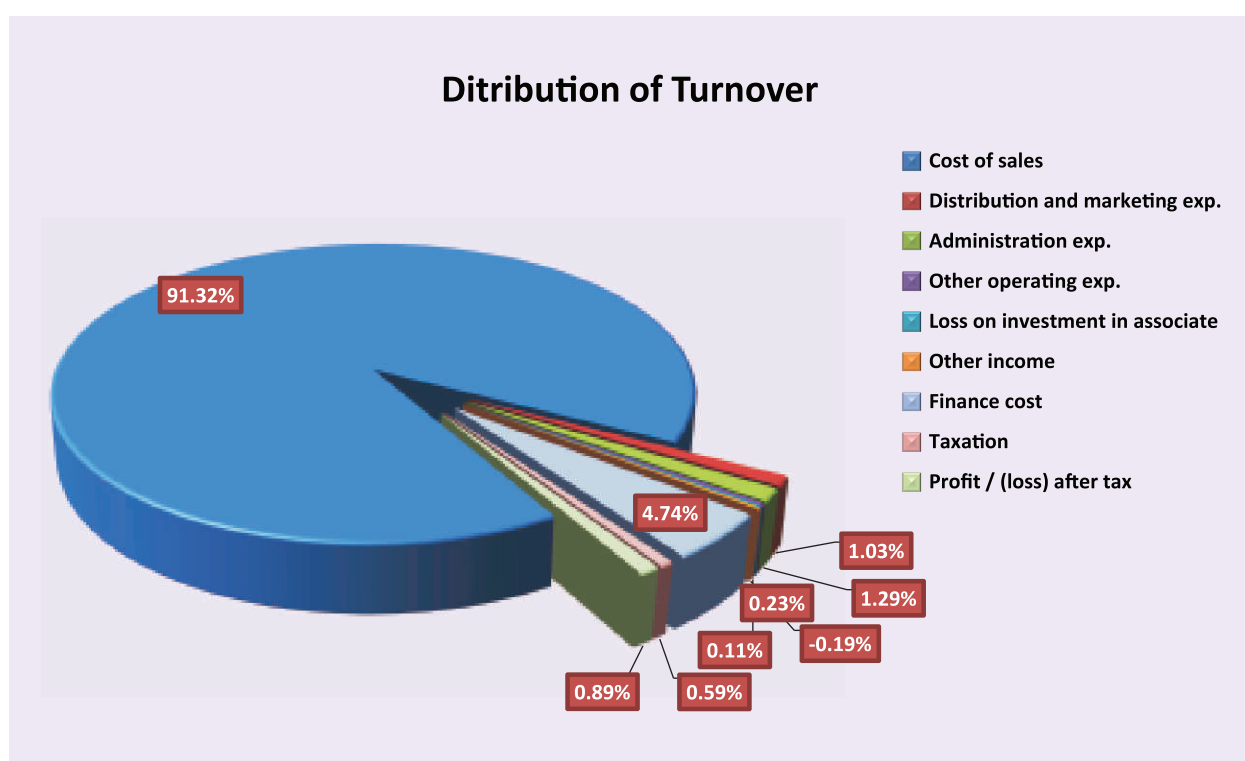
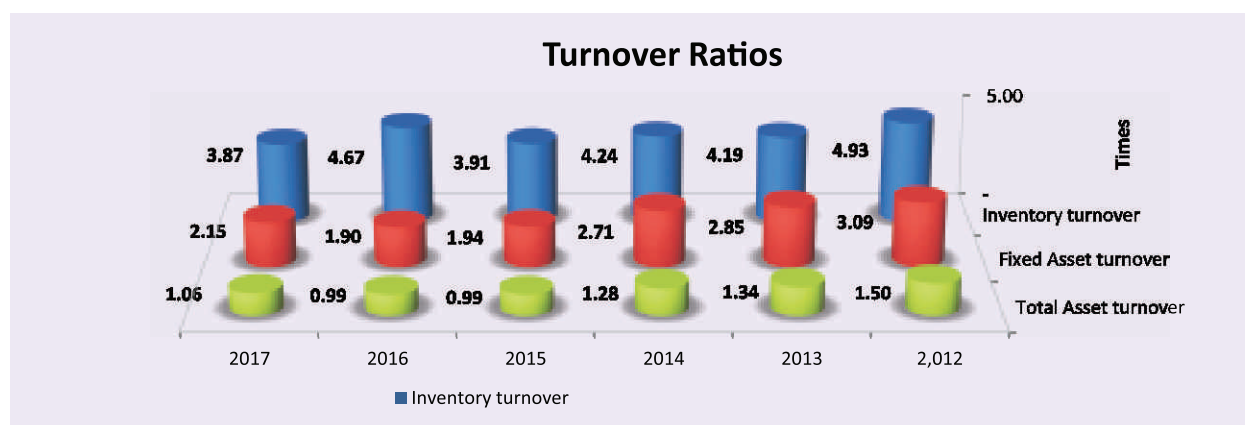
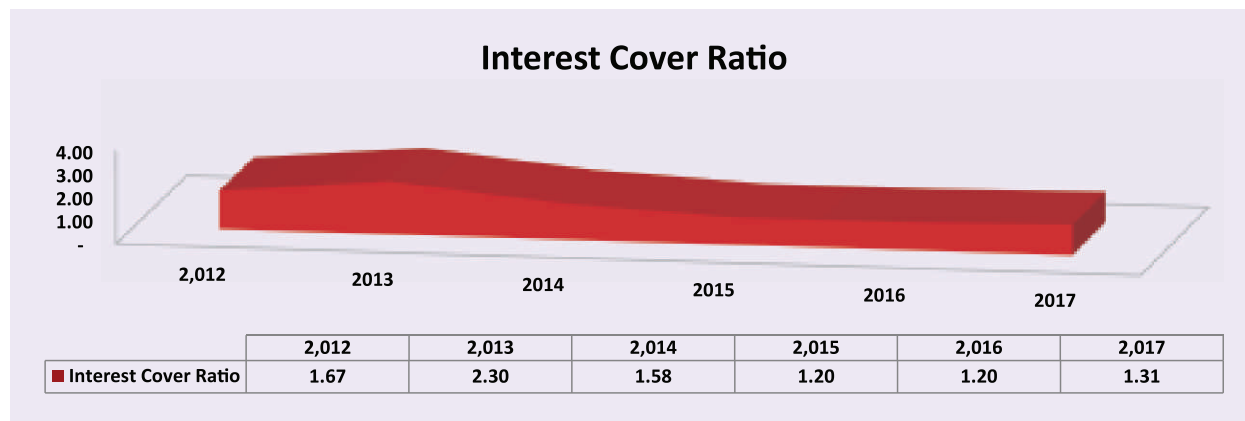
Financial Highlights

6 Years Growth at a Glance



Financial Highlights

6 Years Growth at a Glance



Pattern of Shareholding

As at June 30, 2017

<u>S.No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of sharesPer %</u>	
<u>Directors and their spouse(s) and minor children</u>				
1	03525-21723	FAZAL AHMED SHEIKH	7,911,722	25.68
2	06452-10794	FAZAL AHMED SHEIKH	14,000	0.05
3	03525-21722	FAWAD AHMED MUKHTAR	7,854,550	25.49
4	03525-21726	FAISAL AHMED MUKHTAR	7,886,071	25.60
5	03525-21725	FATIMA FAZAL	140,625	0.46
6	03525-21724	FARAH FAISAL	112,500	0.37
7	03525-72368	FAHD MUKHTAR	25,000	0.08
8	06452-44751	SHAUKAT MALIK	2,500	0.01
9	11262	SHAUKAT MALIK	5	0.00
10	03525-21721	AMBREEN FAWAD	115,625	0.38
			10	24,062,598
				78.10
<u>Associated companies, undertakings and related parties</u>				
1	03525-67829	RELIANCE COMMODITIES (PVT) LTD	3	0.00
2	03525-58834	FATIMA HOLDING LIMITED	845,705	2.74
			2	845,708
				2.74
<u>Executive</u>				
			NIL	-
			-	-
<u>Public sector companies and corporations</u>				
1	9989	NATIONAL DEVELOPMENT FINANCE	984	0.00
2	10038	INVESTMENT CORP. OF PAKISTAN	1,460	0.00
3	11210	NATIONAL BANK OF PAKISTAN	276	0.00
4	03889-28	NATIONAL BANK OF PAKISTAN	333	0.00
			4	3,053
				0.01
<u>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</u>				
1	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	54,182	0.18
			1	54,182
				0.18
<u>Mutual Funds</u>				
1	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	592,645	1.92
			1	592,645
				1.92
<u>Foreign Investor</u>				
			NIL	-
			-	-
<u>Others</u>				
1	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1,901	0.01
2	9853	M/S PYRAMID INVESTMENT(PVT)LTD	3,900	0.01
3	10502	BAWA SECURITIES (PVT.) LTD.	2,175	0.01
4	10566	KARACHI, LAHORE STOCK EXCHANGES	2	0.00
5	01917-41	PRUDENTIAL SECURITIES LIMITED	400	0.00
6	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	555	0.00
7	03277-11924	FAZAL HOLDINGS (PVT.) LIMITED	24,250	0.08
8	03293-12	S.H. BUKHARI SECURITIES (PVT) LIMITED	150	0.00
9	03525-63474	PYRAMID INVESTMENTS (PVT) LTD.	2,850	0.01
10	03525-87235	MAPLE LEAF CAPITAL LIMITED	186,000	0.60
11	07385-25	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	400	0.00
12	09787-3333	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	13,000	0.04
13	10629-76284	SIDDIQ LEATHER WORKS (PVT) LTD	100,500	0.33
14	11072-34	SEVEN STAR SECURITIES (PVT.) LTD.	45,500	0.15
15	14241-22	FIKREE'S (SMC-PVT) LTD.	1,500	0.00
16	16576-20	INTERMARKET SECURITIES LIMITED - MF	5,000	0.02
17	16857-26	MRA SECURITIES LIMITED - MF	3,000	0.01
18	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES(P)LTD - MF	8,000	0.03
			18	399,083
				1.30
Total			1638	30,810,937
General Public Local			1602	4,853,668
			1602	4,853,668
				15.75

Form 34

As at June 30, 2017

# Of Shareholders	Shareholdings'Slab	Total Shares Held
181	1 to 100	5,990
668	101 to 500	156,155
498	501 to 1000	438,347
177	1001 to 5000	438,809
34	5001 to 10000	261,492
21	10001 to 15000	268,189
11	15001 to 20000	201,186
6	20001 to 25000	140,950
5	25001 to 30000	139,010
4	35001 to 40000	150,500
1	40001 to 45000	45,000
3	45001 to 50000	143,500
2	50001 to 55000	109,182
1	60001 to 65000	62,000
1	65001 to 70000	66,000
1	85001 to 90000	90,000
1	90001 to 95000	90,310
3	95001 to 100000	294,483
2	100001 to 105000	204,391
2	110001 to 115000	225,125
2	115001 to 120000	235,157
1	140001 to 145000	140,625
1	150001 to 155000	153,393
1	155001 to 160000	156,000
1	165001 to 170000	165,500
1	185001 to 190000	186,000
1	195001 to 200000	200,000
1	225001 to 230000	225,950
1	330001 to 335000	332,000
1	390001 to 395000	395,000
1	590001 to 595000	592,645
1	845001 to 850000	845,705
1	7850001 to 7855000	7,854,550
1	7885001 to 7890000	7,886,071
1	7910001 to 7915000	7,911,722
1638		30,810,937

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
FAZAL AHMED SHEIKH	2	7,925,722	25.72
FAWAD AHMED MUKHTAR	1	7,854,550	25.49
FAISAL AHMED MUKHTAR	1	7,886,071	25.60
FATIMA FAZAL	1	140,625	0.46
FARAH FAISAL	1	112,500	0.37
FAHD MUKHTAR	1	25,000	0.08
DR. M SHAUKAT MALIK	2	2,505	0.01
AMBREEN FAWAD	1	115,625	0.38
	10	24,062,598	78.10
Associated Companies, undertakings and related parties			
RELIANCE COMMODITIES (PVT) LTD	1	3	0.00
FATIMA HOLDING LTD	1	845,705	2.74
Executives	-	-	-
TOTAL Public Sector Companies and Corporations	4	3,053	0.01
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	1	54,182	0.18
TOTAL Mutual Funds			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	592,645	1.92
Foreign Investor	-	-	-
Others	18	399,083	1.30
General Public			
GRAND TOTAL	1638	30,810,937	100

Share holders holding 5% or more	Shares Held	Percentage
FAZAL AHMED SHEIKH	7,925,722	25.72
FAWAD AHMED MUKHTAR	7,854,550	25.49
FAISAL AHMED MUKHTAR	7,886,071	25.60

Statement of Compliance

With the Best Practice of Corporate Governance



This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.23 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Independent Director	Dr. Shaukat Malik
Executive Directors	Mr. Fazal Ahmed Sheikh Mr. Faisal Ahmed Mukhtar
Non-Executive Directors	Mr. Fawad Ahmed Mukhtar Mr. Fahd Mukhtar Mrs. Fatima Fazal Mrs. Farah Faisal
Nominee Director	Mr. Shahid Aziz

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has

defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred during the year. Company appointed an additional Director as nominated by NIT.

5. 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.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working

Statement of Compliance

With the Best Practice of Corporate Governance

papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged director training programs (DTP) for one of the Directors during the year.

10. The board has approved appointment of Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is also non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom are executive, non-executive and independent directors and the chairman of the committee is non-executive director.

18. The Board has set up an effective internal audit function exists which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in

compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with; except Free Float Methodology, toward which reasonable progress is being made by the Company to seek compliance by the due time.

24. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

In compliance with the Code of Corporate Governance, the Board has established mechanism for an annual evaluation of its own performance.

On behalf of the Board

FAZAL AHMED SHEIKH
(CEO)

Place: Lahore
Dated: October 04, 2017

Audit Checklist

- Audit Satisfactory
- Nonconformance found
- Observations made

Financial Statements

Reliance Weaving Mills Limited

As at June 30, 2017



Review Report to the Members on Statement of Compliance

With Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Reliance Weaving Mills Limited (the Company) for the year ended June 30, 2017 to comply with the rule no. 5.19.24 of Rule Book of the Pakistan Stock Exchanges Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Engagement Partner
(Talat Javed)

Place: Multan.
Date: October 04, 2017

Auditors' Report to the Members

We have audited the annexed balance sheet of Reliance Weaving Mills Limited ("the Company") as at June 30, 2017 and the related profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- (b) In our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, 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, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, 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 financial statements of the Company for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion on those financial statements vide their report dated October 07, 2016.

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Place: Multan.
Date: October 04, 2017

Engagement Partner
(Talat Javed)

Balance Sheet

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
40,000,000 (2016: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
30,000,000 (2016: 30,000,000) preference shares of Rs. 10 each		300,000,000	300,000,000
		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid up capital	5	308,109,370	308,109,370
Reserves	6	179,495,990	179,977,706
Retained earnings		1,737,474,457	1,651,175,945
		<u>2,225,079,817</u>	<u>2,139,263,021</u>
Surplus on revaluation of fixed assets		634,324,622	634,324,622
Non-current liabilities			
Long term finances	7	1,762,343,226	1,943,687,503
Liabilities against assets subject to finance lease	8	1,269,672	2,951,747
Deferred liability	9	184,910,887	154,870,599
		<u>1,948,523,785</u>	<u>2,101,509,849</u>
Current Liabilities			
Current portion of non-current liabilities		833,442,716	744,035,075
Finances under mark up arrangements and other credit facilities	10	4,581,655,931	3,559,807,898
Trade and other payables	11	876,981,288	868,988,009
Markup accrued	12	121,479,602	103,341,124
		<u>6,413,559,537</u>	<u>5,276,172,106</u>
Contingencies and commitments	13		
		<u>11,221,487,761</u>	<u>10,151,269,598</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

As at June 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	14	5,371,085,822	5,166,040,134
Intangible assets	15	4,620,068	5,566,298
Long term investments	16	855,743,910	795,659,234
Long term deposits		19,725,230	15,572,179
Deferred tax asset	17	55,179,108	50,958,382
		6,306,354,138	6,033,796,227
Current assets			
Stores, spares and loose tools	18	182,141,103	182,572,254
Stock in trade	19	3,009,200,849	2,346,348,668
Trade debts	20	603,771,424	528,177,761
Loans and advances	21	308,054,655	392,010,201
Trade deposits and prepayments	22	3,232,521	27,833,569
Other receivables	23	16,510,346	3,262,618
Other financial assets	24	109,921,577	110,577,868
Tax refunds and due from the government	25	585,671,092	449,300,370
Cash and bank balances	26	96,630,056	77,390,062
		4,915,133,623	4,117,473,371
		11,221,487,761	10,151,269,598

S/d-
Director

Profit and Loss Account

For the Year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales - net	27	11,341,733,661	10,049,388,785
Cost of sales	28	(10,357,639,420)	(9,162,496,775)
Gross profit		984,094,241	886,892,010
Distribution and marketing expenses	29	(116,530,079)	(106,735,773)
Administrative expenses	30	(146,017,955)	(145,757,397)
Other operating expenses	31	(25,573,828)	(12,221,365)
Finance cost	32	(537,719,576)	(530,198,820)
Other income	33	21,531,856	26,271,716
Share of loss from associate	16.3	(12,001,169)	(11,032,679)
Profit before taxation		167,783,490	107,217,692
Taxation	34	(66,565,491)	(104,025,100)
Profit after taxation		101,217,999	3,192,592
Earning per share - basic and diluted	40	3.29	0.10

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Statement of Comprehensive Income

For the Year ended June 30, 2017

	2017 Rupees	2016 Rupees
Profit for the year	101,217,999	3,192,592
Other comprehensive Income:		
Items that may be reclassified subsequently to profit and loss account		
(Loss) on remeasurement of available-for-sale investment	(656,291)	(13,467,107)
Share of other comprehensive income of associate	210,845	2,208,837
Deferred Tax impact	(36,270)	(298,212)
	(481,716)	(11,556,482)
Items that will not be reclassified to profit or loss account		
Remeasurement on defined benefit obligation	586,949	44,151,953
Deferred Tax impact	(100,967)	(5,960,884)
	485,982	38,191,069
Total comprehensive Income for the year	101,222,265	29,827,179

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Cash Flow Statement

For the Year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Cash flows from operating activities			
Cash generated from operations	39	261,872,682	859,368,078
Finance cost paid		(519,321,830)	(525,317,678)
Taxes paid - net		(77,706,323)	(96,080,941)
Workers' profit participation fund paid		(19,614,540)	-
Staff retirement benefits paid		(24,242,938)	(24,550,828)
Net cash (used in)/ generated from operating activities		(379,012,949)	213,418,631
Cash flows from investing activities			
Fixed capital expenditures		(445,335,832)	(33,875,187)
Proceeds from disposal of fixed assets		6,265,956	1,120,350
Long term deposits		(4,153,051)	5,913,291
Long term investments		(71,466,422)	15,905,462
Net cash used in investing activities		(514,689,349)	(10,936,084)
Cash flows from financing activities			
Proceeds from long term finances		560,233,395	500,000,000
Repayment of long term finances		(636,999,368)	(612,886,516)
Decrease in lease liabilities		(16,852,738)	(28,664,776)
Dividend paid		(15,287,030)	(21,339,343)
Finance under mark up arrangements - net		1,021,848,033	(33,008,827)
Net cash generated from / (used in) financing activities		912,942,292	(195,899,462)
Net increase in cash and cash equivalents		19,239,994	6,583,085
Cash and cash equivalents at beginning of the year		77,390,062	70,806,977
Cash and cash equivalents at end of the year		96,630,056	77,390,062

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Statement of Changes in Equity

For the Year ended June 30, 2017

	Capital reserve		Revenue reserve			Total
	Share capital	Share premium	Fair Value reserve	General reserve	Retained earnings	
----- Rupees -----						
Balance as at 30 June 2015	308,109,370	41,081,250	76,280,979	74,171,959	1,609,792,284	2,109,435,842
Total comprehensive income for the year						
Profit for the year	-	-	-	-	3,192,592	3,192,592
Other comprehensive (loss) / income	-	-	(11,556,482)	-	38,191,069	26,634,587
Total comprehensive income for the year	-	-	(11,556,482)	-	41,383,661	29,827,179
Balance as at 30 June 2016	308,109,370	41,081,250	64,724,497	74,171,959	1,651,175,945	2,139,263,021
Total comprehensive income for the year						
Profit for the year	-	-	-	-	101,217,999	101,217,999
Other comprehensive (loss) / income	-	-	(481,716)	-	485,982	4,266
Total comprehensive income for the year	-	-	(481,716)	-	101,703,981	101,222,265
Transactions with owners of the Company recognized directly in equity						
Cash dividend @ Re 0.50 per share for year ended June 30, 2016	-	-	-	-	(15,405,469)	(15,405,469)
Balance as at 30 June 2017	308,109,370	41,081,250	64,242,781	74,171,959	1,737,474,457	2,225,079,817

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Notes to the Financial Statements

For the Year ended June 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited Company on April 07, 1990 under the repealed Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange. 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.

1.1 These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 STATEMENT OF COMPLIANCE

The Companies Act, 2017, during the year, has been promulgated; however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions or directives of the repealed Ordinance shall prevail.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 New accounting standards / amendments to approved accounting standards for current year

New and amended standards mandatory for the first time for the financial year beginning from July 1, 2016:

(a) IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in the financial statements by emphasising the importance of comparability, understandability and clarity in presentation.

The amendments provide clarification on number of issues including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Disaggregation and subtotals – line items specify in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position and performance.
- Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

All the above amendments do not have any significant impact on the Company's financial statements.

(b) IAS 19, 'Employee Benefits' This amendment as part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment obligation, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company's policy is already in line with this change.

(c) IAS 16, 'Property, Plant and Equipment' This amendment clarifies that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate; and

Notes to the Financial Statements

For the Year ended June 30, 2017

add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn might reflect a reduction of the future economic benefits embodied in the asset. This amendment does not have any significant impact on the Company's financial statements.

3.2 Standards, interpretations and amendments to approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	Effective from accounting period beginning on or after January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	Effective from accounting period beginning on or after January 01, 2016

3.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2016 and have not been early adopted by the Company:

- (a) IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- (b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition

Notes to the Financial Statements

For the Year ended June 30, 2017

of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

- (c) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.
- (d) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.
- (e) Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for land and investments classified as available for sale which are stated at fair value and obligations in respect of gratuity schemes which are measured at present value.

4.2 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

For the Year ended June 30, 2017

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

a Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b Investment stated at fair value

Management has determined fair value of investment by using quotations from active market conditions and information about the financial instrument. These estimates are subjective in nature and involve some uncertainties and matters of judgment and therefore, cannot be determined with precision.

c Fixed assets

Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

d Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

e Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of present value of defined benefit obligations. Changes in these assumptions in future years may affect the liability under the scheme in those years.

f Trade debts

The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions whereas actual results may differ, resulting in future changes to the provisions.

4.3 Summary of accounting policies

4.3.1 Fixed assets

a) Operating property, plant and equipment - owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land, which is stated at revalued amount.

Notes to the Financial Statements

For the Year ended June 30, 2017

Depreciation is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 14.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Surplus on revaluation of land is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized.

Normal repair and maintenance are charged to profit and loss as and when incurred. Gains and losses on disposal of assets, if any, are included in profit and loss currently.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at June 30, 2017 has not required any adjustment as its impact is considered insignificant.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

b) Assets subject to finance lease

The Company accounts for property, plant and equipment obtained under finance leases by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments at inception of lease or fair value whichever is lower. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation on lease assets is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 14.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

c) Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 15 after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization 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 profit and loss account.

d) Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

Notes to the Financial Statements

For the Year ended June 30, 2017

4.3.2 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

No-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.3.3 Borrowings

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

4.3.4 Taxation

Income tax on profit or loss for the year comprises current and deferred tax.

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

b) Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base (the amounts used for taxation purposes).

In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax assets are 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 liabilities are generally recognised for all taxable temporary difference. Deferred tax assets and liabilities are based on the expected tax rates applicable at the time of reversal.

4.3.5 Employee retirement benefit- gratuity

The main features of the scheme operated by the Company for its employees are as follows:

4.3.6 Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms

Notes to the Financial Statements

For the Year ended June 30, 2017

of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2017. Projected Unit Credit Method, based on the following significant assumptions is used for valuation of the scheme:

	2017	2016
- Discount rate	7.75%	7.80%
- Expected increase in eligible salary	6.75%	6.25%
- Average expected remaining working life time	8 years	7 years
- Mortality rate	SLIC 2001-2005	SLIC 2001-2005

4.3.7 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.3.8 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.3.9 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 recognizing 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 recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in other comprehensive income are recognized in profit and loss account in the periods when the hedged item will effect 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 other comprehensive income are transferred from 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 profit and loss account.

Notes to the Financial Statements

For the Year ended June 30, 2017

4.3.10 Investments

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.

Investment at fair value through profit and loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer margin are classified as "investment at fair value through profit or loss", these are initially recognized on trade date at cost being the fair value of the consideration given and derecognized by the Company on the date it commits to sell them off. Transaction costs are charged to profit and loss account as and when incurred. At each balance sheet date, fair value is determined on the basis of year-end bid prices obtained from Pakistan Stock Exchange quotations. Any resultant increase/ (decrease) in fair value is recognized in the profit and loss account for the year.

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to statement of comprehensive income until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss account. Fair value of quoted investments is their bid price on Pakistan Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

Available for sale, investments are tested for impairment at each reporting date. Investments are considered to be impaired if there is a significant or prolonged decline in the fair value of the investment at the reporting date.

4.3.11 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

Notes to the Financial Statements

For the Year ended June 30, 2017

cost comprising invoice value plus other charges paid thereon.

4.3.12 Stock in trade

These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable 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 comprises of invoice value plus other charges paid thereon.

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

4.3.13 Trade debts

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

4.3.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as component of cash and cash equivalents for the purpose of cash flow statement.

4.3.15 Financial instruments

a) Initial recognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it.

b) Derecognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit and loss account.

4.3.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred 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.

Return on deposits is accrued on a time proportion basis by reference to the principal

Notes to the Financial Statements

For the Year ended June 30, 2017

outstanding and applicable rate of return.

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

Dividend income is recognized when the right to receive payment is established.

Export duty drawback is recognized on accrual basis.

4.3.17 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the profit and loss account.

4.3.18 Borrowing cost

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

4.3.19 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 results, 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 and equipment, intangibles, stores and spares, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.3.20 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

4.3.21 Related party transactions

The Company enters into transactions with related parties on agreed terms. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.3.22 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Notes to the Financial Statements

For the Year ended June 30, 2017

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017 Rupees	2016 Rupees
		Number of shares		
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

5.1 These includes ordinary shares 845,708 (2016: 845,708 Reliance Commodities (Pvt) Limited) held by Fatima Holding Limited an associated undertaking of the Company.

6 RESERVES

Composition of reserves is as follows:

Capital reserve

- Share premium 6.1 41,081,250 41,081,250

Revenue reserve

- General reserve 74,171,959 74,171,959

- Fair value reserve 6.2 64,242,781 64,724,497

138,414,740 138,896,456

179,495,990 179,977,706

6.1 This reserve can be utilized by the Company only for the purposes specified in section 83 (2) of the repealed Companies Ordinance, 1984.

6.2 This reserve relates to surplus on remeasurement of available for sale financial assets.

7 LONG TERM FINANCES - secured

Secured loan from Banking Companies / Financial Institutions

	Note	2017 Rupees	2016 Rupees
National Bank of Pakistan (LTF III)	7.1	23,250,000	38,750,000
Pak Brunai Investment Company (LTFF)	7.2	12,520,000	37,516,000
Bank of Khyber (DF)	7.3	75,000,000	150,000,000
Bank Al Falah Limited (TF-I)	7.4	52,484,360	82,475,423
Meezan Bank Limited (Diminishing Musharkah)	7.5	96,360,360	144,540,540
Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)	7.6	190,907,815	245,452,903
National Bank of Pakistan (DF-IV)	7.7	90,137,502	115,595,577
Allied Bank Limited (TL-2)	7.8	233,333,337	291,666,672
Bank Al Falah Limited (TF-2)	7.9	74,993,438	124,989,065
Meezan Bank Limited (Diminishing Musharkah)	7.10	223,223,221	293,223,221
Pak China Investment Company Limited (TF)	7.11	250,000,000	375,000,000
United Bank Limited	7.12	210,000,000	270,000,000
Pak Brunei Investment Company (TF)	7.13	300,000,000	300,000,000
Pak Libya Holding Company (TF)	7.14	200,000,000	200,000,000
United Bank Limited (NIDF-2 under LTFF scheme)	7.15	360,233,395	-
Askari Bank Limited (Diminishing Musharaka)	7.16	200,000,000	-
		2,592,443,428	2,669,209,401
Current portion classified under current liabilities		(830,100,202)	(725,521,898)
		1,762,343,226	1,943,687,503

Notes to the Financial Statements

For the Year ended June 30, 2017

	2017 Rupees	2016 Rupees
Current portion of long term loan		
National Bank of Pakistan (LTF III)	15,500,000	15,500,000
Pak Brunei Investment Company (LTFF)	12,498,000	24,996,000
Bank of Khyber (DF)	75,000,000	75,000,000
Bank Al Falah Limited (TF)	29,991,065	29,991,065
Meezan Bank Limited (Diminishing Musharakah)	48,180,180	48,180,180
Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)	81,817,622	81,817,622
National Bank of Pakistan (DF IV)	22,534,376	25,458,071
Allied Bank Limited (TL-2)	58,333,333	58,333,334
Bank Al Falah Limited (TF-2)	49,995,626	49,995,626
Meezan Bank Limited (Diminishing Musharakah)	70,000,000	70,000,000
Pak China Investment Company Limited (TF)	156,250,000	156,250,000
United Bank Limited	90,000,000	90,000,000
Pak Brunei Investment Company (TF)	80,000,000	-
Pak Libya Holding Company (TF)	40,000,000	-
	830,100,202	725,521,898

7.1 National Bank of Pakistan (LTF III)

This finance has been obtained to retire import LC sight. It contains mark-up at the rate 12.70% (2016: 12.70%) and is repayable in 12 equal half yearly instalments. The loan is secured by 1st pari passu charge on fixed assets of the Company at 25% margin and personal guarantees of sponsoring directors of the Company.

7.2 Pak Brunei Investment Company (LTFF)

This finance has been obtained to finance import of 40 sets air jet looms and generator sets by the Company eligible under the facility. It contains mark-up at the rate 10.70% (2016: 10.70%) and is repayable in 12 equal half yearly instalments. The loan is secured by a 1st pari passu charge on present and future fixed assets of the Company with 25% margin.

7.3 Bank of Khyber (DF)

This finance has been obtained for retirement of LC II for purchase of plant and equipment. It contains mark-up at the rate 3M KIBOR + 1.50% (2016: 3M KIBOR + 1.50%) and is repayable in 8 equal half yearly instalments. The loan is secured by a 1st pari passu charge on all the present and future fixed assets of the Company with 25% margin and personal guarantees of directors.

7.4 Bank Al Falah Limited (TF-I)

This finance has been obtained to finance capital expenditure in spinning unit of the Company. It contains mark-up at the rate 6M KIBOR + 1.50% (2016: 6M KIBOR + 1.50%) and is repayable in 19 equal quarterly instalments in arrears. The loan is secured by 1st registered pari passu /JPP charge over fixed assets of the Company for Rs. 200 million with 25% margin and personal guarantees of some directors of the Company.

7.5 Meezan Bank Limited (Diminishing Musharakah)

This finance has been obtained to finance imported plant and machinery. It contains mark-up at the rate 6M KIBOR + 1.25% (2016: 6M KIBOR + 1.25%) and is repayable in 20 equal quarterly instalments. Subsequent to balance sheet date mark-up rate has been reduced to 6M KIBOR + 0.90 bps. The loan is secured by exclusive charge over underlying plant and machinery against disbursed amount and additional pari passu charge over fixed assets of the Company to cover margin up to 25%.

Notes to the Financial Statements

For the Year ended June 30, 2017

7.6 Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)

This finance has been obtained to finance expansion plan of the Company. It contains mark-up at the rate 11.4% (2016: 11.4%) and is repayable in 11 equal half yearly instalments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the Company with 25% margin.

7.7 National Bank of Pakistan (DF-IV)

This finance has been obtained to retire import LC sight for import of miscellaneous spinning machinery to be installed at spinning Unit no 4 of the Company. It contains mark-up at the rate 3 M KIBOR + 2.25% (2016: 3 M KIBOR + 2.25%) and is repayable in 24 equal quarterly instalments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the Company and personal guarantees of all sponsoring directors of the Company.

7.8 Allied Bank Limited (TL-2)

This finance has been obtained to finance the textile machinery for expansion in the spinning unit of the Company. It contains mark-up at the rate 6 M KIBOR + 1.6% (2016: 6 M KIBOR + 1.6%) and is repayable with one year grace period in 12 equal half yearly instalments. Subsequent to balance sheet date mark-up rate has been reduced to 6M KIBOR + 1.25 bps. The loan is secured by a 1st pari passu charge over present and future fixed assets of the Company for Rs. 467 million.

7.9 Bank Al Falah Limited (TF-2)

This finance has been obtained to finance current portion of the long term loans availed by the Company from different Financial Institution which is falling due during the period from October 2013 to September 2014. It contains mark-up at the rate 6 M KIBOR + 2.00% (2016: 6 M KIBOR + 2.00%) and is repayable in 16 equal quarterly instalments. The loan is secured by 1st registered pari passu/JPP charge on fixed assets of the Company for Rs. 267 million and personal guarantees of some directors of the Company.

7.10 Meezan Bank Limited (Diminishing Musharkah)

This finance has been obtained to finance imported plant and machinery. It contains mark-up at the rate 6 M KIBOR + 1.25% (2016: 6 M KIBOR + 1.25%) and is repayable in 20 equal quarterly instalments. Subsequent to balance sheet date mark-up rate has been reduced to 6M KIBOR + 0.90%. This loan is secured by exclusive charge over underlying plant and machinery against disbursed amount and additional pari passu charge over fixed assets of the Company to cover margin up to 25%. Further, the loan is secured by personal guarantees of directors.

7.11 Pak China Investment Company Limited (TF)

This finance has been obtained to reduce the funding gap/mismatch from usage of short term debt for financing long term assets and would free up existing short term working capital lines already utilised for capital expenditure. It contains mark-up at the rate 3 M KIBOR + 1.50 (2016: 3 M KIBOR + 1.50%) and is repayable in 16 equal quarterly instalments. The loan is secured by 1st pari passu hypothecation/mortgage charge over all present and future fixed assets of the borrower with 25% margin and personal guarantee of directors.

7.12 United Bank Limited

This finance has been obtained to refinance expansion / BMR done through Company's own sources. It contains mark-up at the rate 6 M KIBOR + 1.50% (2016: 6 M KIBOR + 1.50%) and is repayable in 10 equal half yearly instalments. The loan is secured by 1st pari passu charge of Rs. 400 million over all present and future fixed assets of the Company by way of equitable mortgage of land and building and hypothecation of plant and machinery.

Notes to the Financial Statements

For the Year ended June 30, 2017

7.13 Pak Brunei Investment Company (TF)

This finance has been obtained to finance the mismatch from usage of short term debt for financing the long term assets. It contains mark-up at the rate 3 M KIBOR + 1.75% (2016: 3 M KIBOR + 1.75%) and is repayable in 15 equal quarterly instalments with 15 months grace period. The loan is secured by raking charge on all present and future fixed assets of the Company (including land and building) with 25% margin to be upgraded to 1st pari passu within 90 days from the first drawdown and personal guarantees of sponsoring directors of the Company.

7.14 Pak Libya Holding Company (TF)

This finance has been obtained 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. It contains mark-up at the rate 6 M KIBOR + 2.00% (2016: 6 M KIBOR + 2.00%) and is repayable in 10 equal half yearly installments with 1 year grace period. The finance is secured against pari passu charge on fixed assets of the Company with 25% margin over the facility amount. Initially ranking charge is registered which will be upgraded to pari passu charge within 120 days from the date of disbursement and personal guarantees of all sponsored directors.

7.15 (a) United Bank Limited (NIDF-2)

This finance has been obtained to finance BMR / retirement of LC-Sight already established / to be established for import of air jet looms, fired generator and compressor along with allied parts. It contains mark-up at the rate 6 M KIBOR + 1.50% and is repayable 16 equal half yearly instalments with 2 years grace period. This finance is secured against 1st pari passu charge on fixed assets (land, building and plant and machinery) of the Company with 25% margin and personal guarantees of 3 directors of the Company. Disbursement allowed against ranking charge and the same has been upgraded to 1st pari passu charge over fixed assets (land, building and plant and machinery) within 90 days of 1st drawdown.

(b) United Bank Limited (NIDF-2 under LTFF scheme)

During the current year an amount of Rs. 241.64 million out of the Rs. 360 million of United Bank Limited was approved and refinanced by the State Bank of Pakistan under LTFF scheme against imported textile machinery eligible under LTFF scheme. This finance is repayable within the same period as stated in note 7.15 (a). Mark-up under SBP's LTFF is chargeable at the rate 5% per annum. It is secured against the security as stated in note 7.15 (a).

7.16 Askari Bank Limited (Diminishing Musharaka)

This finance has been obtained to facilitate the Company with DM (sale and buy back) of machinery (warping machine, sizing machines, air jet weaving looms and power house. It contains mark-up at the rate 6 M KIBOR + 1.25% and is repayable in 10 equal half yearly instalments with 1 year grace period. This finance is secured against 1st pari passu hypothecation charge of Rs. 266.67 million over all present and future fixed assets duly registered with SECP with 25% margin.

	Note	2017 Rupees	2016 Rupees
8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	8.3	4,612,186	21,464,924
Current portion shown under current liabilities		(3,342,514)	(18,513,177)
		<u>1,269,672</u>	<u>2,951,747</u>

Notes to the Financial Statements

For the Year ended June 30, 2017

- 8.1 The minimum lease payments have been discounted at implicit interest rates ranging from 6 months KIBOR plus 1.50% to 6 month KIBOR plus 2.50% (2016: 3 months KIBOR plus 2.25% to 6 month KIBOR plus 2.00%) to arrive at their present value. Rentals are payable in quarterly/monthly instalments. The Company has the option to purchase the assets after expiry of the lease term and has the intention to exercise such option. There are no financial restrictions imposed by lessor.
- 8.2 Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company is liable to pay the entire outstanding amount for the unexpired period of lease agreement.
- 8.3 The amount of future minimum lease payments along with their present value and the period during which they will fall due are:

	2017		2016	
	Minimum Lease payment Rupees	Present Value Rupees	Minimum Lease payment Rupees	Present Value Rupees
Not later than one year	3,588,550	3,342,514	19,778,330	18,513,177
Later than one year and not - - later than five years	1,293,909	1,269,672	3,901,558	2,951,747
	4,882,459	4,612,186	23,679,888	21,464,924
Less: amount representing - - finance charges	(270,273)	-	(2,214,964)	-
Present value of - - minimum lease payments	4,612,186	4,612,186	21,464,924	21,464,924

	Note	2017 Rupees	2016 Rupees
9 DEFERRED LIABILITY			
Staff retirement benefits - gratuity	9.1	184,910,887	154,870,599
9.1 Amount recognised in the balance sheet			
Present value of defined benefit obligation	9.3		
Net liability as at June 30		184,910,887	154,870,599
9.2 Movement in liability for defined benefit obligation			
Liability as at July 01		154,870,599	170,383,383
Charge for the year		54,870,176	53,189,997
Remeasurement changes chargeable to other comprehensive income		(586,950)	(44,151,953)
Benefits paid during the year		(24,242,938)	(24,550,828)
Liability as at June 30		184,910,887	154,870,599
9.3 Change in present value of defined benefit obligation			
Opening present value of defined benefit obligations		154,870,599	170,383,383
Current service cost for the year		44,520,864	42,964,440
Interest cost for the year		10,349,312	15,415,527
Benefits paid during the year		(24,242,938)	(24,550,828)
Gains and losses arising on plan settlements		-	(5,189,970)
Remeasurement of plan obligation		(586,950)	(44,151,953)
Closing present value of defined benefit obligations		184,910,887	154,870,599

Notes to the Financial Statements

For the Year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
9.4 Charge for the year			
Current service cost		44,520,864	42,964,440
Gains and losses arising on plan settlements		-	(5,189,970)
Interest cost		10,349,312	15,415,527
		<u>54,870,176</u>	<u>53,189,997</u>
9.5 Charge for the year has been allocated as follows:			
Cost of sales	28.2	49,715,100	48,596,486
Administrative expenses	30.1	5,155,076	4,593,511
		<u>54,870,176</u>	<u>53,189,997</u>
9.6 Total remeasurement chargeable to other comprehensive income			
Remeasurement of plan obligation:			
Experience		586,950	(44,151,953)
		<u>586,950</u>	<u>(44,151,953)</u>
9.7 Sensitivity analysis		Impact on defined benefit obligation	
		Change in assumption	Increase in assumption
		%age	Decrease in assumption
			Rupees
Discount rate	1		(171,216,868)
Salary growth rate	1		200,798,055
			(170,976,478)
9.8 Expected contribution for the next year			
The expected contribution to the gratuity scheme for the year ending June 30, 2018 works out to Rs. 65,453,320. The average duration of the defined benefit obligation is 8 years (2017: 8 years).			
10 FINANCES UNDER MARK UP ARRANGEMENTS AND OTHER CREDIT FACILITIES		2017 Rupees	2016 Rupees
Short term finances - secured	10.1	4,176,395,926	3,172,648,851
Export finances - secured	10.2	405,260,005	387,159,047
	10.3	<u>4,581,655,931</u>	<u>3,559,807,898</u>
10.1	Short term finances are available from different commercial banks under mark up arrangements amounting to Rs. 8,945 million (2016: Rs. 10,730 million). The rates of mark up range from 6.64 % to 7.78 % (2016: 6.64 % to 8.34 %) on the outstanding balance.		
10.1.1	Out of the aggregate facility of Rs. 1,180 million (2016: Rs. 1,130 million) for opening letters of credit and Rs. 295 million (2016: Rs. 265 million) for guarantees being the sub limit of finances mentioned in note 10.1, the amount utilized as at June 30, 2017 was Rs. 145.1 million (2016: Rs. 58.8 million) and Rs. 176.8 million (2016: Rs. 129.6 million) respectively.		
10.2	The Company has obtained export finance facilities from commercial banks aggregating to Rs. 4,580 million (2016: Rs. 3,605 million). Out of total facility, the amount utilized was Rs. 405 million (2016: Rs. 387 million). The rates of mark up range from 0.90% to 4.00% (2016: 1.00% to 2.16%) on the outstanding balance.		
10.3	The aggregate facilities are secured by pledge of stock (cotton, yarn, polyester, viscose and		

Notes to the Financial Statements

For the Year ended June 30, 2017

fabric), hypothecation / pari passu charge on all present and future current assets of the Company including stock in trade, trade debts and lien on export bills.

	Note	2017 Rupees	2016 Rupees
11 TRADE AND OTHER PAYABLES			
Trade creditors	11.1	539,750,247	563,292,642
Accrued liabilities		313,860,959	270,003,305
Workers' profit participation fund payable		9,796,070	19,614,540
Unclaimed dividend		5,060,952	4,942,513
Others		8,513,060	11,135,009
		876,981,288	868,988,009
11.1 This includes following balances due to related parties;			
Fatima Fertilizer Company Limited		25,131,224	19,058,980
Fatima Sugar Mills Limited		103,267,377	228,018,067
Pak Arab Fertilizers Limited		6,677,580	5,698,195
		135,076,181	252,775,242
12 MARK UP ACCRUED			
Long term finances - secured		52,230,709	56,569,370
Liabilities against assets subject to finance lease		113,359	113,637
Finances under mark-up arrangements - secured		69,135,534	46,658,117
		121,479,602	103,341,124
13 CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
(i)	The Company has arranged bank guarantees from Habib Bank Limited, Meezan Bank Limited, Allied Bank Limited and Bank Alfalah Limited favouring Sui Northern Gas Pipelines Limited of Rs. 47.101 million (2016: Rs. 76.492 million), Rs. 7.121 million (2016: Rs. nil), Rs. 49.810 million (2016: Rs. nil) and Rs. 8 million (2016: Rs. nil) respectively against payment of sui gas dues. The Company has also arranged bank guarantee favouring MEPCO from Bank Alfalah Limited of Rs. 19.519 million (2016: Rs. 33.674 million) for payment against electricity dues.		
(ii)	The Company is contingently liable for Rs. 1.4 million lqra surcharge on account of non-compliance of the provisions of SRO. 1140(1) 97 in respect of 1,320 bales of raw cotton imported in the year 2001. However, all the contingencies previously attached to the particular case have already been decided in favour of the Company. The management is confident, since Alternate Dispute Resolution Committee recommendations and subsequent decisions by FBR were in favour of the Company, that the liability of lqra surcharge on account of exportation of goods so manufactured from imported cotton, will be positively waived off.		
(iii)	The Company has filed a case in Sindh High Court against imposition of Infrastructure Cess levied by the Excise and Taxation Department of Karachi under section 9 of Sindh Finance Act 1994 on imports made by the Company. As per the decision of Sindh High Court, 50% of the demand shall be paid by the Company while for remaining 50%, guarantees shall be issued in favour of Excise and Taxation Karachi. As per the Order the Company is paying the said 50% of demand on every import made and has arranged bank guarantees from Meezan Bank Limited, Habib Bank Limited, National Bank of Pakistan and Bank Alfalah Limited favouring Director Excise and Taxation of Rs. 17.486 million (2016: 17.486 million), Rs. 15 million (2016: Rs. 15 million), Rs. 3.743 million (2016: Rs. 3.743 million) and Rs. 7 million (2016: Rs. 2 million) respectively. The Company has challenged the said order in Supreme Court		

Notes to the Financial Statements

For the Year ended June 30, 2017

and the legal advisors of the Company are confident that the decision will be in favour of the Company and accordingly no provision need to be made in the financial statements for the Year end June 30, 2017.

	Note	2017 Rupees	2016 Rupees
13.2 Commitments			
13.2.1 Commitments in respect of forward foreign exchange contracts			
Sale		52,830,000	1,550,000
13.2.2 Letters of credit for:			
Capital expenditures		122,219,250	-
Other than capital expenditures		22,922,520	58,878,091
		<u>145,141,770</u>	<u>58,878,091</u>
13.2.3 Stand by letters of credit for:			
Commitment to inject equity in Fatima Energy Ltd.		<u>1,000,000,000</u>	<u>1,750,000,000</u>
<p>The Company has commitment of Rs. 1,000 million (2016: Rs. 1,750 million) in the form of standby letter of credits to inject equity in Fatima Energy Limited. These standby letter of credits are issued by three commercial banks. The purpose of these standby letters of credit is favouring lenders of Fatima Energy Limited to honour the commitment of injection/ investment in the equity of Fatima Energy Limited by the Company. All standby letter of credits were issued during previous year and have expiry within next twelve months from reporting date.</p>			
13.2.4 Foreign bills discounted outstanding as at 30 June 2017 aggregated to Rs. 473.419 million (2016: Rs. 809.304 million).			
14 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	5,344,973,287	5,138,451,473
Capital work in progress	14.2	26,112,535	27,588,661
		<u>5,371,085,822</u>	<u>5,166,040,134</u>

Notes to the Financial Statements

For the Year ended June 30, 2017

Particulars	Owned assets										Leased			Grand total
	Freehold land	Buildings	Plant and machinery	Electric installations	Factory equipment	Office equipment	Electric appliances	Furniture and fixtures	Vehicles	Subtotal	Plant and machinery	Vehicles leased	Subtotal	
Cost														
Balance at July 1, 2015	752,939,000	721,416,706	5,137,795,122	381,786,779	30,713,707	32,345,360	16,122,299	14,927,167	94,312,312	7,182,369,452	124,175,386	33,942,623	157,719,009	7,340,076,461
Additions	-	3,113,010	13,823,678	6,753,609	60,000	1,205,992	1,039,394	339,868	4,592,026	30,927,577	-	2,942,700	2,942,700	33,870,277
Transfers in from leased assets	-	-	-	-	-	-	-	-	10,230,986	10,230,986	-	(10,230,986)	(10,230,986)	-
Disposals	-	-	-	-	-	-	-	-	(2,727,006)	(2,727,006)	-	-	-	(2,727,006)
Balance at June 30, 2016	752,939,000	724,529,716	5,151,618,800	388,540,388	30,773,707	33,551,352	17,161,693	15,267,035	106,408,318	7,220,790,009	124,175,386	26,254,337	150,429,723	7,371,219,732
Balance at July 1, 2016	752,939,000	724,529,716	5,151,618,800	388,540,388	30,773,707	33,551,352	17,161,693	15,267,035	106,408,318	7,220,790,009	124,175,386	26,254,337	150,429,723	7,371,219,732
Additions	-	10,636,179	419,719,492	5,833,428	996,585	2,046,462	4,179,752	932,390	685,000	445,029,288	-	1,782,670	1,782,670	446,811,958
Transfers in from leased assets	-	-	-	-	-	-	-	-	12,033,678	49,121,788	(37,088,110)	(12,033,678)	(49,121,788)	-
Disposals	-	-	(5,860,103)	-	-	(104,800)	-	(22,790)	(9,339,975)	(15,427,668)	-	-	-	(15,427,668)
Balance at June 30, 2017	752,939,000	735,165,895	5,602,465,299	394,373,816	31,770,292	35,483,014	21,341,445	16,176,635	109,787,021	7,699,513,417	87,087,276	16,003,329	103,090,605	7,802,604,022
Rate Depreciation														
Balance at July 1, 2015	-	225,794,510	1,582,177,706	82,565,494	11,813,656	10,484,838	7,505,175	7,389,658	46,179,147	1,973,910,174	7,358,934	9,206,848	16,565,782	1,990,475,956
Adjustment for disposal	-	-	-	-	-	-	-	-	(1,612,918)	(1,612,918)	-	-	(4,373,772)	(1,612,918)
Transfers in from leased assets	-	-	-	-	-	-	-	-	4,373,772	4,373,772	-	-	-	-
Depreciation for the year	-	24,859,539	177,869,371	15,112,678	946,753	2,239,521	926,977	767,125	12,320,470	235,041,434	6,150,750	2,713,037	8,863,787	243,905,221
Balance at June 30, 2016	-	250,654,049	1,760,046,077	97,678,162	12,760,409	12,724,359	8,432,152	8,156,783	61,260,471	2,211,712,462	13,509,684	7,546,113	21,055,797	2,232,768,259
Balance at July 1, 2016	-	250,654,049	1,760,046,077	97,678,162	12,760,409	12,724,359	8,432,152	8,156,783	61,260,471	2,211,712,462	13,509,684	7,546,113	21,055,797	2,232,768,259
Adjustment for disposal	-	(1,190,515)	-	-	-	(4,367)	-	-	(7,040,878)	(8,235,760)	-	-	-	(8,235,760)
Transfers in from leased assets	-	-	6,749,471	-	-	-	-	-	5,947,149	12,696,620	(6,749,471)	(5,947,149)	(12,696,620)	-
Depreciation for the year	-	23,738,101	171,665,505	14,665,544	926,728	2,190,378	1,258,623	743,938	9,013,760	224,202,577	5,548,781	3,346,878	8,895,659	233,099,236
Balance at June 30, 2017	-	274,392,150	1,937,270,538	112,343,706	13,687,137	14,910,370	9,690,775	8,900,721	69,180,502	2,440,375,899	12,308,994	4,945,842	17,254,836	2,457,630,735
Carrying amounts														
At June 30, 2016	752,939,000	473,875,667	3,391,572,723	290,862,226	18,013,298	20,826,993	8,729,541	7,110,252	45,147,847	5,009,077,547	110,665,702	18,708,224	129,373,926	5,138,451,473
At June 30, 2017	752,939,000	460,773,745	3,665,195,761	282,030,110	18,083,155	20,582,644	11,650,670	7,275,914	40,606,519	5,259,137,518	74,778,282	11,057,487	85,835,769	5,344,973,287

14.1.1 The Company carried out the revaluation of land on 17 April 2014. The valuation was conducted by an independent valuer, K.G. Traders (Private) Limited. Land was revalued on the basis of fair market value. Revaluation of land resulted in surplus of Rs. 634,324 million.

14.1.2 During the current year, to give true and fair view, cost and relevant accumulated depreciation of some classes of property, plant and equipment have been reclassified while having no impact on financial statements of prior years.

Notes to the Financial Statements

For the Year ended June 30, 2017

14.1.3 The depreciation charge for the year has been allocated as follows:

	Note	2017 Rupees	2016 Rupees
Cost of sales	28	217,606,120	225,494,380
Administrative expenses	30	15,492,116	18,410,841
		<u>233,098,236</u>	<u>243,905,221</u>

Had there been no revaluation, the net book value of land would have been Rs.115.94 million.

14.1.4 Disposal schedule of operating property, plant and equipment:

Particulars	2017					Mode of disposal	Sold to / claimed from
	Cost	Accumulated depreciation	Book value	Claim/sales proceeds	Gain/(loss)		
Plant & Machinery							
Generator Diesel	4,210,103	735,326	3,474,777	932,423	(2,542,354)	Negotiation	Mr. Abdul Majeed
Air Compressor Ingersol 86 Kilowatt 24632-02	1,000,000	215,925	784,075	221,473	(562,602)	Negotiation	Mr. Abdul Majeed
Air Compressor Screw type 80 Kilowatt	583,896	186,274	397,622	166,104	(231,518)	Negotiation	Mr. Abdul Majeed
Air Compressor Ingersol 86 Kilowatt 24632-02	166,104	52,990	113,114	-	(113,114)	Negotiation	Mr. Abdul Majeed
	<u>5,960,103</u>	<u>1,190,515</u>	<u>4,769,588</u>	<u>1,320,000</u>	<u>(3,449,588)</u>		
Office Equipment							
Microsoft Windows Professional 10 64-Bit	12,800	534	12,267	12,800	533	Negotiation	Fatima Sugar Mills Limited
Laptop HP Core i5 (4 GB RAM, 500 GB Hard)	92,000	3,833	88,167	92,000	3,834	Negotiation	Fatima Sugar Mills Limited
	<u>104,800</u>	<u>4,367</u>	<u>100,434</u>	<u>104,800</u>	<u>4,367</u>		
Furniture and Fixtures							
Office Revolving Chair	22,790	-	22,790	22,790	-	Negotiation	Fatima Sugar Mills Limited
	<u>22,790</u>	<u>-</u>	<u>22,790</u>	<u>22,790</u>	<u>-</u>		
Vehicles							
Nissan Van PE 2151	3,386,213	3,327,966	58,247	290,000	231,753	Negotiation	Mr. Muhammad Shahzad
Suzuki Mehran MLA 3898	383,890	358,700	25,190	240,000	214,810	Negotiation	Mr. Muhammad Maqbool
Suzuki Pick up Van MNS 1127	360,824	319,390	41,434	330,000	288,566	Negotiation	Mr. Muhammad Rizwan
Honda CD 70 MNM-10-5153	66,200	53,189	13,011	31,450	18,439	Company policy	Mr. Rafique Zahid (Employee)
Honda CD 70 MNM-10-5156	65,900	52,923	12,977	31,700	18,723	Company policy	Mr. Suleman Jameel (Employee)
Honda CD 70 MNQ-11-7504	66,786	47,767	19,019	32,950	13,931	Company policy	Mr. Muhammad Imran (Employee)
Honda CD 70 MNO-11-8786	66,786	43,534	23,252	35,000	11,748	Insurance Claim	EFU Insurance Company
Honda City MNA-08-5167	221,074	148,356	72,718	900,500	827,782	Company policy	Mr. Muhammad Asghar
Honda CD 70 KGB-13-3241	70,204	39,103	31,101	57,362	26,261	Insurance Claim	EFU Insurance Company
Honda CD 70 MNK-13-793	70,901	43,746	27,155	34,000	6,845	Company policy	Mr. Rao Ahmad Waqas (Employee)
Honda CD 70 MNK-13-8356	70,901	43,725	27,176	34,000	6,824	Company policy	Mr. Muhammad Saleem Azhar (Employee)
Honda CD 70 MNP-13-2894	61,520	34,244	27,276	34,000	6,724	Company policy	Mr. Hafiz Bashir Ahmad (Employee)
Honda Civic LED-9005	2,443,800	1,314,376	1,129,424	1,950,000	820,576	Negotiation	Mr. Akmal Hussain
Honda CD 70 MNK-5219	73,150	30,899	42,251	34,950	(7,301)	Company policy	Mr. Amir Hussain Naqvi (Employee)
Dai Hatsu Courre MN-12-2194	924,385	570,691	353,694	353,471	(223)	Negotiation	Mr. Salman Khan Durrani (Employee)
Dai Hatsu Courre MN-12-3856	944,040	561,056	382,984	382,983	(1)	Negotiation	Mr. Muhammad Adil Ayoub Khan (Employee)
Honda CD 70 MNP-4534	1	1	-	10,000	10,000	Negotiation	Scrap
Honda CD 70 MNM-09-6160	63,400	51,212	12,188	36,000	23,812	Company policy	Mr. Shekh Zeeshan Ahmad (Employee)
	<u>9,339,975</u>	<u>7,040,878</u>	<u>2,299,097</u>	<u>4,818,366</u>	<u>2,519,269</u>		
Net (loss)					<u>(925,952)</u>		

Notes to the Financial Statements

For the Year ended June 30, 2017

Particulars	2016 (Comparative)						
	Cost	Accumulated depreciation	Book value	Claim/sales proceeds	Gain/(loss)	Mode of disposal	Sold to
Vehicles							
Suzuki Cultus MN-11-5427	940,883	527,520	413,363	413,363	-	Company policy	Mr. Aftab Shahid (Employee)
Daihatsu Couré MN-11-4804	845,133	507,049	338,084	344,346	6,262	Company policy	Mr. Akhtar Malik (Employee)
Suzuki Cultus MN-11-5426	940,990	578,349	362,641	362,641	-	Company policy	Mr. Ismail (Employee)
	<u>2,727,006</u>	<u>1,612,918</u>	<u>1,114,088</u>	<u>1,120,350</u>	<u>6,262</u>		
			2017	2016			
			Rupees	Rupees			
14.2 Capital work in progress							
Plant and machinery			436,520	-			
Civil works and buildings			170,176	4,238,722			
Advance for purchase of land			23,343,939	23,349,939			
Electric installation			2,161,900	-			
			<u>26,112,535</u>	<u>27,588,661</u>			
			2017	2016			
			Rupees	Rupees			
14.2.1 The reconciliation of the carrying amount is as follows;							
Opening balance			27,588,661	27,583,751			
Addition during the year			15,214,102	6,626,475			
Transfer during the year			(16,690,228)	(6,621,565)			
Closing balance			<u>26,112,535</u>	<u>27,588,661</u>			

Notes to the Financial Statements

For the Year ended June 30, 2017

		2017 Rupees	2016 Rupees
15	INTANGIBLE ASSETS		
	Computer software		
	Cost		
	Cost as at June 30,	9,462,295	9,462,295
	Accumulated amortization		
	Balance at the beginning of the year	3,895,997	2,949,767
	Amortization for the year	946,230	946,230
	Balance at the end of the year	4,842,227	3,895,997
	Carrying amount	4,620,068	5,566,298
	Note		
	30		
	15.1		
	15.1 Amortization is charged at the rate of 10% per annum on straight line basis.		
16	LONG TERM INVESTMENTS		
	Fatima Energy Limited (FEL)	784,277,488	795,659,234
	Fatima Transmission Company Limited (FTCL)	71,466,422	-
		855,743,910	795,659,234
	16.1		
	16.2		
	16.1 Investment in associate - Fatima Energy Limited (FEL)		
	At equity method		
	Cost	800,054,340	800,054,340
	Share of post acquisition loss	(26,219,817)	(14,627,226)
	Share of other comprehensive income	2,424,379	2,213,534
	Gain on dilution of investment in associate	8,018,586	8,018,586
	Carrying amount of investment	784,277,488	795,659,234
	No. of shares held	80,016,370	80,016,370
	Ownership interest	14.11%	14.11%
	Number		
	Percent		
	Summarised financial information in respect of the investee Company is set out below:		
	Non-Current Assets	24,590,953,000	21,497,404,000
	Current Assets	2,615,160,000	2,367,884,000
		27,206,113,000	23,865,288,000
	Non-Current Liabilities	15,827,488,000	16,482,694,000
	Current Liabilities	5,519,372,000	1,821,960,000
		21,346,860,000	18,304,654,000
	Net assets including share deposit money	5,859,253,000	5,560,634,000
	Share deposit money	(341,693,000)	-
	Net assets excluding share deposit money	5,517,560,000	5,560,634,000
	Revenue	-	-
	Loss for the year	(44,601,000)	(46,899,000)
	Other comprehensive income	1,527,000	47,000
	Company's share in FEL's loss for the year	(6,294,314)	(21,837,778)
	Company's share in FEL's other comprehensive income for the year	215,498	(17,456)
	Net assets of the associate	5,517,560,000	5,560,634,000
	Share of net assets	778,527,716	784,605,457
	Goodwill	5,749,772	11,053,777
	Carrying amount of investment	784,277,488	795,659,234

Notes to the Financial Statements

For the Year ended June 30, 2017

Due to non availability of annual audited financial statements of (FEL) at the date of authorization for issue of these financial statements, equity method has been applied on un-audited financial statements for the year ended June 30, 2017. The difference in shares of loss of Rs. 10.81 million of un-audited financial statements and audited financial statements of (FEL) for the previous year has been incorporated during the current year.

- 16.1.1** The Company has invested in (FEL) in the form of shares and Standby Letter of Credit (SBLCs). The limit for investment in (FEL) as approved by members of the Company is Rs. 4,000 million. FEL is an Associated Undertaking of the Company due to common directorship.
- 16.1.2** The Company has acquired 9,938 ordinary shares @ Rs. 10 each (28.40% holding) at March 14, 2014 and 998 ordinary shares @ Rs. 10 each (2.85% holding) at May 13, 2014, of (FEL) resulting in total 10,936 ordinary shares (31.25% holding) as at June 30, 2014 and 34,693,441 ordinary shares @ Rs. 10 each (1.41% holding) at July 24, 2014 and 42,299,999 ordinary shares @ Rs. 10 each (6.49% holding) at December 4, 2014, of (FEL) resulting in total 77,004,376 ordinary shares (39.15% holding) as at June 30, 2015 (2014: 31.25% holding). The Company has acquired further 3,011,994 ordinary shares @ Rs. 10 (0.50% holding) at May 31, 2016, of (FEL) resulting in total 80,016,370 ordinary shares (14.11% holding) as at June 30, 2017 (14.11% holding as at June 30, 2016).
- 16.1.3** It represents gain recognized on dilution of investment during the previous year. FEL has issued shares to third parties during the previous year, due to which percentage holding of the Company has decreased. As per IAS 28, the changes in investee's equity have been incorporated and resultant gain was recognized in profit and loss in previous year.
- 16.1.4** The Company has commitment of Rs. 1,000 million (2016: Rs. 1,750 million) in the form of standby letter of credit to inject equity in FEL, as disclosed in note 13.2.3.

		2017 Rupees	2016 Rupees
16.2	Investment in associatee - Fatima Transmission Company Limited (FTCL)		
	At equity method		
	Cost	71,875,000	-
	Share of post acquisition loss	(408,578)	-
	Carrying amount of investment	71,466,422	-
	No. of shares held	Number 7,187,500	-
	Ownership interest	Percent 31.25%	-
	Summarized financial information in respect of the investee Company is set out below:		
	Non-Current Assets	757,751,497	-
	Current Assets	948,742	-
		758,700,239	-
	Non-Current Liabilities	421,052,632	-
	Current Liabilities	115,190,636	-
		536,243,268	-
	Net assets	222,456,971	-
	Revenue	-	-
	Loss for the year	(2,056,977)	-
	Company's share in FTCL's loss for the year	(408,578)	-
	Net assets of the associatee	222,456,971	-
	Share of net assets	69,517,794	-
	Goodwill	1,948,628	-
	Carrying amount of investment	71,466,422	-

Due to non availability of annual audited financial statements of (FTCL) at the date of

Notes to the Financial Statements

For the Year ended June 30, 2017

authorization for issue of these financial statements, equity method has been applied on un-audited financial statements for the year ended June 30, 2017.

16.2.1 The Company has invested in FTCL in the form of shares. The Company has acquired 7,187,500 ordinary shares @ Rs. 10 each resulting in 31.25% holding at June 30, 2017.

Provisions of Section 208 of the repealed Companies Ordinance, 1984 have been fully complied with in this regard.

	Note	2017 Rupees	2016 Rupees
16.3 Share of loss from association			
Fatima Energy Limited	16.1	(11,592,591)	(11,032,679)
Fatima Transmission Company Limited	16.2	(408,578)	-
		<u>(12,001,169)</u>	<u>(11,032,679)</u>

17 DEFERRED TAX ASSET

Deferred tax asset is arising on account of the following;

	Charge / reversal for the year			
	Opening balance	Other Comprehensive Income	Profit & loss	Closing balance
For the year June 30, 2017				
<u>On taxable temporary differences</u>				
Accelerated tax depreciation	322,209,845	-	131,486,828	453,696,673
Assets subject to finance lease	14,568,621	-	(597,204)	13,971,417
<u>On deductible temporary differences</u>				
Unabsorbed tax losses and tax credits	(366,234,641)	-	(122,021,612)	(488,256,253)
Provision for retirement benefits	(20,908,831)	100,967	(10,998,996)	(31,806,860)
Investment in associate	(593,376)	36,270	(2,226,979)	(2,784,085)
	<u>(50,958,382)</u>	<u>137,237</u>	<u>(4,357,963)</u>	<u>(55,179,108)</u>

Deferred tax asset is arising on account of the following;

	Charge / reversal for the year			
	Opening balance	Other Comprehensive Income	Profit & loss	Closing balance
For the year June 30, 2016				
<u>On taxable temporary differences</u>				
Accelerated tax depreciation	302,923,871	-	19,285,974	322,209,845
Assets subject to finance lease	10,894,591	-	3,674,030	14,568,621
<u>On deductible temporary differences</u>				
Unabsorbed tax losses and tax credits	(350,642,557)	-	(15,592,084)	(366,234,641)
Provision for retirement benefits	(20,393,383)	5,960,884	(6,476,332)	(20,908,831)
Investment in associate	-	298,212	(891,588)	(593,376)
	<u>(57,217,478)</u>	<u>6,259,096</u>	<u>-</u>	<u>(50,958,382)</u>

17.1 Deferred tax asset on unabsorbed tax losses and tax credits are recognized to the extent that the realization of related tax benefits through future taxable profits is probable.

	Note	2017 Rupees	2016 Rupees
18 STORES, SPARES AND LOOSE TOOLS			
Stores		69,208,304	68,818,158
Spares		112,999,231	113,873,026
Loose tools		163,590	111,092
		<u>182,371,125</u>	<u>182,802,276</u>
Less: Provision for obsolete items		(230,022)	(230,022)
		<u>182,141,103</u>	<u>182,572,254</u>

Notes to the Financial Statements

For the Year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
19 STOCK IN TRADE			
Raw materials		1,756,403,613	1,510,244,103
Work in process		183,721,862	166,946,118
Finished goods		1,011,020,310	601,016,330
Waste		58,055,064	68,142,117
		<u>3,009,200,849</u>	<u>2,346,348,668</u>
20 TRADE DEBTS			
Considered good			
Export - secured		234,782,283	192,735,707
Local - unsecured		368,989,141	335,442,054
Considered doubtful - unsecured		7,140,648	7,140,648
		<u>610,912,072</u>	<u>535,318,409</u>
Less: Provision for doubtful debts		(7,140,648)	(7,140,648)
		<u>603,771,424</u>	<u>528,177,761</u>
21 LOANS AND ADVANCES			
Advances - considered good			
- To employees	21.1	145,391,733	123,569,813
- To suppliers		58,784,496	76,753,333
Due from related parties	21.2	28,325,726	53,408,886
Letters of credit - margins, deposits, opening charges, etc.		75,552,700	138,278,169
		<u>308,054,655</u>	<u>392,010,201</u>
21.1	It includes amount of Rs. 2,823,368 (2016: Rs. 533,871) due from executives.		
21.2 Due from related parties			
Multan Cloth Finishing Factory		3,942,597	3,497,666
Reliance Commodities (Pvt) Limited	21.2.1	3,084,358	2,858,755
Fatima Transmission Company Limited		15,314,068	46,918,365
Fatima Energy Limited		5,984,703	134,100
		<u>28,325,726</u>	<u>53,408,886</u>
21.2.1	This represents short term loan given to Reliance Commodities (Pvt) Limited and carries mark-up at 1 month KIBOR plus 3 % per annum.		
22 TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits and prepayments		3,232,521	27,833,569
23 OTHER RECEIVABLES			
Accrued mark-up	23.1	11,729,534	2,618,268
Others		4,780,812	644,350
		<u>16,510,346</u>	<u>3,262,618</u>
23.1	This represents mark-up on advance given to Fatima Energy Limited and short term loan to Reliance Commodities (Pvt) Limited (Refer to note. 33.2).		
24 OTHER FINANCIAL ASSETS			
Short term investment - available for sale			
- Fatima Fertilizer Company Limited	24.1	88,441,877	89,098,168
Short term investment - others			
- Multan Real Estate Company (Private) Limited	24.2	21,479,700	21,479,700
		<u>109,921,577</u>	<u>110,577,868</u>

Notes to the Financial Statements

For the Year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
24.1 Fatima Fertilizer Company Limited			
Carrying amount of 2,625,167 (2016: 2,625,167) fully paid ordinary shares of Rs.10 each		89,098,168	102,565,275
Fair value adjustment		(656,291)	(13,467,107)
Closing market value of 2,625,167 (2015:2,625,167) shares		88,441,877	89,098,168
<p>Fatima Fertilizer Company Limited (FFCL) is a related party of the Company. However, the Company does not have a significant influence to participate in the financial and operating decisions of FFCL. Therefore, investment in FFCL is not accounted for using the equity method.</p>			
24.2	The Company has acquired 214,797 ordinary share having nominal value of Rs.100 each as at November 29, 2014. Shareholding of Company is 9.9 % as at June 30, 2017.		
25 TAX REFUNDS AND DUE FROM GOVERNMENT			
Export rebate		8,069,395	11,030,617
Export duty drawback claim		70,349,609	-
Advance income tax - net of provision for taxation		258,540,752	252,166,462
Sales tax		239,636,688	177,683,268
Special Excise duty		9,074,648	8,420,023
		585,671,092	449,300,370
26 CASH AND BANK BALANCES			
Cash at banks			
Current accounts:			
- Pak rupee		87,010,294	71,430,951
- Foreign currency - US \$ 52,867 (2016: US \$ 43,880)		3,539,873	1,237,518
		90,550,167	72,668,469
Saving accounts			
- Pak rupee	26.1	751,345	785,216
Cash in hand		5,328,544	3,936,377
		96,630,056	77,390,062
26.1	Effective mark up rate in respect of saving accounts ranges from 2.40% to 3.77% (2016: 2.40% to 3.75%) per annum.		
27 SALES - NET			
Export		4,573,827,316	4,947,414,308
Local		6,583,682,001	5,090,395,338
Waste		193,793,273	143,639,884
		11,351,302,590	10,181,449,530
Less: Commission		105,542,850	101,842,474
		11,245,759,740	10,079,607,056
Add: Weaving, doubling, sizing income		15,564,519	123,187,011
Export rebate income		683,329	1,977,729
Export duty drawback		79,726,073	-
		95,973,921	125,164,740
		11,341,733,661	10,204,771,796
Less: Sale tax		-	155,383,011
		11,341,733,661	10,049,388,785

Notes to the Financial Statements

For the Year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
28 COST OF SALES			
Raw material consumed	28.1	8,283,635,742	6,892,431,286
Stores and spares consumed		299,961,343	253,556,265
Packing material consumed		80,946,331	83,394,509
Salaries, wages and other benefits	28.2	732,855,770	696,459,389
Fuel and power		1,065,914,982	913,342,919
Insurance		29,464,259	26,579,230
Repairs and maintenance		17,816,034	18,294,477
Depreciation on property, plant and equipment	14.1.2	217,606,120	225,494,380
Utilities		450,060	476,587
Other expenses		45,681,450	43,860,467
		10,774,332,091	9,153,889,509
Opening stock of work in process		166,946,118	158,036,210
Closing stock of work in process		(183,721,862)	(166,946,118)
		(16,775,744)	(8,909,908)
Cost of goods manufactured		10,757,556,347	9,144,979,601
Opening stock - Finished goods		601,016,330	645,220,370
- Waste		68,142,117	41,455,251
		669,158,447	686,675,621
Closing stock - Finished goods		(1,011,020,310)	(601,016,330)
- Waste		(58,055,064)	(68,142,117)
		(1,069,075,374)	(669,158,447)
		(399,916,927)	17,517,174
		10,357,639,420	9,162,496,775

28.1 Raw materials consumed include Rs. 38,836,109 (2016: Rs. 269,210,235) relating to the cost of cotton and polyester which were sold during the year.

28.2 Salaries, wages and other benefits include Rs. 49,715,100 (2016: Rs. 48,596,486) in respect of staff retirement benefits.

29 DISTRIBUTION AND MARKETING EXPENSES

Ocean freight and shipping	30,587,699	19,106,028
Local freight	31,934,524	37,825,346
Export development surcharge	11,188,200	12,726,490
Forwarding and clearing expenses	23,641,447	23,696,617
Marketing expenses	7,914,752	10,093,076
Other expenses	11,263,457	3,288,216
	116,530,079	106,735,773

Notes to the Financial Statements

For the Year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
30 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	30.1	75,796,251	71,299,636
Printing and stationery		2,037,380	1,849,207
Motor vehicles running		6,767,357	7,481,246
Traveling and conveyance		10,635,170	14,990,500
Rent, rates and taxes		4,509,673	3,529,368
Telephone and postage		4,102,633	4,149,624
Fee, subscription and periodicals		5,216,105	4,733,406
Utilities		1,477,466	993,142
Insurance		2,314,236	1,928,518
Repairs and maintenance		9,601,057	8,935,201
Entertainment		1,252,902	1,382,726
Advertisement		418,181	539,380
Depreciation on property, plant and equipment	14.1.2	15,492,116	18,410,841
Amortization of intangible assets	15	946,230	946,230
Professional services	30.2	2,719,510	2,758,945
Other expenses		2,731,688	1,829,427
		146,017,955	145,757,397

30.1 Salaries, wages and other benefits include Rs. 5,155,076 (2016: Rs. 4,593,511) in respect of staff retirement benefits.

30.2 Auditors' remuneration

The charges for professional services include the following in respect of auditors' remuneration:

Statutory audit	1,000,000	1,000,000
Half yearly review	225,000	175,000
Out of pocket expenses	233,510	339,000
	1,458,510	1,514,000

31 OTHER OPERATING EXPENSES

Donations	31.1	15,168,840	12,221,365
Provision for WPPF		9,479,036	-
Loss on sale of operating assets	14.1.5	925,952	-
		25,573,828	12,221,365

31.1 Donations

Names of donees in which a director or his spouse has an interest:

Mian Mukhtar A Sheikh Trust, Multan

(Mian Faisal Ahmed Mukhtar Director is the Trustee)

13,300,000	10,900,000
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32 FINANCE COST

Interest and mark up on:

- Long term finances	186,611,993	222,606,928
- Lease finance	731,423	3,825,991
- Finances under mark up arrangements	295,744,445	235,310,946
- Workers profit participation fund	317,034	1,329,478
Markup on associates	3,838,701	3,836,773
Exchange (gain) / loss	(57,766)	8,780,335
Realized gain on forward foreign exchange contracts	(1,743,833)	(1,678,646)
Bank charges and commission	52,277,579	56,187,015
	537,719,576	530,198,820

Notes to the Financial Statements

For the Year ended June 30, 2017

33 OTHER INCOME	Note	2017 Rupees	2016 Rupees
Income from financial assets:			
Dividend Income	33.1	8,531,790	-
Mark up on loans to associates	33.2	12,949,967	13,723,335
Gain on dilution of investment in associate		-	8,018,586
		21,481,757	21,741,921
Income from non financial assets:			
Gain on sale of operating assets	14.1.3	-	6,262
Others		50,099	4,523,533
		50,099	4,529,795
		21,531,856	26,271,716

33.1 This represents dividend income received on short term investment in Fatima Fertilizer Company Limited.

33.2 This represents mark-up amounting to Rs. 10,661,918 (2016: 12,110,151) on advance given to Fatima Energy Limited and Rs. 84,578 (2016: 45,646) and Rs. 2,203,472 (Rs. 1,567,538) on short term loan given to Reliance Commodities (Pvt) Limited and advance given to Fatima Transmission Company Limited respectively.

34 TAXATION			
For the year			
- Current			
Current taxation	34.1	113,668,671	104,025,100
Tax credit u/s 65B		(43,072,896)	-
		70,595,775	104,025,100
- Deffered			
Prior year adjustment		(4,357,963)	-
		327,679	-
		66,565,491	104,025,100

34.1 The provision for current taxation represents the minimum tax liability under section 113 and final tax on exports under section 169 of the Income Tax Ordinance, 2001.

34.2 Relationship between tax expense and accounting (loss) / profit			
Accounting Profit/(loss) before tax		167,783,490	(107,217,692)
Applicable tax rate		31%	32%
Tax on accounting rate		52,012,882	33,414,423
Income chargeable to tax at lower rate		113,668,671	104,025,100
Effect on applicability of other tax credits		(52,012,882)	(33,414,423)
Tax effect of previously unrecognized temporary differences		(6,001,782)	-
Deferred tax due to rate change		1,643,819	-
Tax credit u/s 65B		(43,072,896)	-
Prior year adjustment		327,679	-
		66,565,491	104,025,100

Notes to the Financial Statements

For the Year ended June 30, 2017

35 REMUNERATION OF DIRECTORS AND EXECUTIVES

35.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the directors and executives of the Company is as follows:

	Directors		Executives	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Managerial remuneration	4,007,520	3,331,497	19,325,951	16,477,653
House rent allowance	-	-	3,289,524	2,734,880
Utility allowance	-	-	1,439,167	1,196,510
Bonus	-	-	1,058,294	1,701,214
	4,007,520	3,331,497	25,112,936	22,110,257
Number of key executives	-	-	16	15
Number of executive directors	3	3	-	-
Number of non-executive directors	4	4	-	-

The Company also provides the directors and executives with free use of Company maintained cars.

35.2 Remuneration to other director

Meeting fee amounting to Rs. 255,000 (2016: Rs. 120,000) was paid to a non executive director during the year.

36 SEGMENT REPORTING

36.1 Reportable Segments

The management has determined the operating segments of the Company on the basis of products 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 greige fabric 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.

36.2 Information about reportable segments

	Spinning		Weaving		Total	
	2017	2016	2017	2016	2017	2016
External revenue	3,697,173,408	3,354,494,779	7,644,560,253	6,694,894,006	11,341,733,661	10,049,388,785
Intersegment revenue	3,226,362,789	3,040,964,421	-	-	3,226,362,789	3,040,964,421
Cost of sales	(6,417,054,318)	(6,061,037,786)	(3,940,585,102)	(3,101,458,989)	(10,357,639,420)	(9,162,496,775)
Intersegment cost of sales	-	-	(3,226,362,789)	(3,040,964,421)	(3,226,362,789)	(3,040,964,421)
Distribution and marketing expense	(23,702,695)	(19,845,818)	(92,827,384)	(86,889,955)	(116,530,079)	(106,735,773)
Administrative expense	(72,961,932)	(70,756,391)	(73,056,023)	(75,001,006)	(146,017,955)	(145,757,397)
Other expense	(14,756,583)	(4,013,800)	(10,817,245)	(8,207,565)	(25,573,828)	(12,221,365)
Finance cost	(282,341,459)	(285,982,253)	(255,378,117)	(244,216,567)	(537,719,576)	(530,198,820)
Other operating income	10,596,283	14,138,196	10,935,573	12,133,520	21,531,856	26,271,716
Profit / (loss) before tax	123,315,493	(32,038,652)	56,469,166	150,289,023	179,784,659	118,250,371

36.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 4 to the financial statements. Administrative expenses, distribution & marketing expenditures, other operating expenses and income are allocated on the basis of actual amounts incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained and finance cost relating to short term loan is allocated on the basis of working capital requirements of the segments. This is

Notes to the Financial Statements

For the Year ended June 30, 2017

the measure reported to management for the purposes of resource allocation and assessment of segment performance.

	2017 Rupees	2016 Rupees
36.3 Reconciliation of reportable segment revenues and profits		
Total revenue from reportable segments	14,568,096,450	13,090,353,206
Elimination of inter segment revenue	<u>(3,226,362,789)</u>	<u>(3,040,964,421)</u>
	<u>11,341,733,661</u>	<u>10,049,388,785</u>
Profit or loss		
Total profit or loss of reportable segments	179,784,659	118,250,371
Share of loss from associated Companies	(12,001,169)	(11,032,679)
Tax for the year	(66,565,491)	(104,025,100)
Consolidated profits	<u>101,217,999</u>	<u>3,192,592</u>

36.4 Segment assets and liabilities

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

	Spinning	Weaving	Total
For the year ended 30 June 2017:	-----Rupees-----		
Segment assets for reportable segment			
- Operating fixed assets	3,117,448,618	2,227,524,669	5,344,973,287
- Stores, spares and loose tools	121,917,132	60,223,971	182,141,103
- Stocks in trade	<u>1,905,342,714</u>	<u>1,103,858,135</u>	<u>3,009,200,849</u>
	5,144,708,464	3,391,606,775	8,536,315,239
Unallocated corporate assets			<u>2,685,172,522</u>
Total assets as per balance sheet			<u>11,221,487,761</u>
Segment liabilities for reportable segment	4,155,210,113	3,023,501,432	7,178,711,545
Unallocated corporate liabilities			<u>1,183,054,743</u>
Total liabilities as per balance sheet			<u>8,361,766,288</u>
For the year ended 30 June 2016:			
Segment assets for reportable segment			
- Operating fixed assets	3,141,175,167	1,978,568,082	5,119,743,249
- Stores, spares and loose tools	116,558,950	66,013,304	182,572,254
- Stocks in trade	<u>1,510,248,043</u>	<u>836,100,625</u>	<u>2,346,348,668</u>
	4,767,982,160	2,880,682,011	7,648,664,171
Unallocated corporate assets			<u>2,502,605,427</u>
Total assets as per balance sheet			<u>10,151,269,598</u>
Segment liabilities for reportable segment	3,522,497,921	2,727,984,302	6,250,482,223
Unallocated corporate liabilities			<u>1,127,199,732</u>
Total liabilities as per balance sheet			<u>7,377,681,955</u>

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

- operating property, plant & equipment, stocks in trade and stores, spares and loose tools are allocated to reportable segments while all other assets are held under unallocated corporate assets; and
- long term loans, finance under markup arrangement and liabilities against assets subject to finance lease are allocated to reportable segment and all other liabilities (i.e.) deferred liabilities, trade and other payables, and accrued mark up are held under unallocated corporate assets.

Notes to the Financial Statements

For the Year ended June 30, 2017

	2017 Rupees	2016 Rupees
36.5 Gross revenue from major products and services		
Fabric export sales	3,794,856,449	4,715,512,056
Yarn export sales	778,970,867	231,902,251
Fabric local sales	3,822,743,661	1,878,356,558
Yarn local sales	2,719,134,047	2,777,437,212
Cotton and polyester local sale	41,804,293	286,882,486
Waste local sales	193,793,273	139,563,927
	<u>11,351,302,590</u>	<u>10,029,654,490</u>
36.6 Gross revenue from major customers		
Spinning	1,959,772,723	1,934,911,207
Weaving	4,079,579,408	3,823,883,900
	<u>6,039,352,131</u>	<u>5,758,795,107</u>

36.7 Geographical information

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

Pakistan	6,754,638,323	5,082,240,183
Asia	3,580,565,250	4,144,634,363
Europe	899,638,861	802,779,944
Africa	116,460,156	-
	<u>11,351,302,590</u>	<u>10,029,654,490</u>

36.7.2 All non-current assets of the Company as at June 30, 2017 are located and operating in Pakistan.

36.8 Other segment information

	Spinning	Weaving	Total
	----- Rupees -----		
For the year ended 30 June 2017:			
Capital expenditure	<u>121,732,613</u>	<u>325,079,345</u>	<u>446,811,958</u>
Depreciation			
Cost of sales	137,978,407	79,627,713	217,606,120
Administrative expenses	9,741,536	5,750,580	15,492,116
	<u>147,719,943</u>	<u>85,378,293</u>	<u>233,098,236</u>
For the year ended 30 June 2016:			
Capital expenditure	<u>22,716,902</u>	<u>11,153,375</u>	<u>33,870,277</u>
Depreciation			
Cost of sales	143,976,085	81,518,295	225,494,380
Administrative expenses	11,522,276	6,888,565	18,410,841
	<u>155,498,361</u>	<u>88,406,860</u>	<u>243,905,221</u>

37 TRANSACTION WITH RELATED PARTIES

The related parties comprise 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

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related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 35. Other significant transactions with related parties are as follows:

Description of transaction	Nature of relationship	2017 Rupees	2016 Rupees
Fazal Cloth Mills Limited	Associate		
Purchase of goods and services		36,633,472	99,397,306
Sale of goods and services		1,490,000	1,998,612
Fatima Fertilizer Company Limited	Related party		
Dividend Income		8,531,790	-
Reliance Sacks (Pvt) Limited	Associate		
Store purchase		-	5,812,340
Reliance Commodities (Pvt) Limited	Associate		
Markup -Income		84,578	45,645
Advance issued		5,000,000	1,347,744
Advance received		5,000,000	-
Fatima Sugar Mills Limited	Associate		
Purchase of fixed assets		-	1,303,490
Mark up - Expense		3,833,701	3,836,772
Advance received		650,000,000	204,550,000
Sale of fixed assets		127,590	-
Fatima Energy Limited	Associate		
Mark up - Income		10,661,918	12,110,151
Purchase of ordinary shares		-	30,119,940
Stand By Letters of Credit (Refer to note 13.2.3)		1,000,000,000	1,750,000,000
Multan Cloth Finishing Factory	Related party		
Advance issued		-	404,048
Fatima Transmission Company Limited	Related party		
Advance issued		15,314,068	46,808,990
Mark up - Income		2,203,472	1,567,538
Purchase of ordinary shares		71,785,000	-
Pakarab Fertilizer Limited	Related party		
Purchase of services		979,385	5,474,793
Mian Mukhtar Trust, Multan	Associate		
Donations		13,300,000	10,900,000

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

38 CAPACITY AND PRODUCTION

Unit 1 (Weaving)

Number of looms installed		104	92
Capacity after conversion into 50 picks - Meters	38.1	21,520,630	18,902,376
Actual production of fabric after conversion into 50 picks - Meters		16,222,826	6,940,311
Weaving conversion		473,494	4,320,640

Unit 2 (Weaving)

Number of looms installed		204	204
Capacity after conversion into 50 picks - Meters		48,640,896	48,640,896
Actual production of fabric after conversion into 50 picks - Meters		46,946,058	47,779,066

Unit 5 (Weaving)

Number of looms installed		40	40
Capacity after conversion into 50 picks - Meters		10,653,513	10,653,513
Actual production of fabric after conversion into 50 picks - Meters		9,731,663	9,746,561

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For the Year ended June 30, 2017

	2017	2016
Under utilization of available weaving capacity is due to:		
- Electricity / shut downs		
- Change of articles required		
- Width loss due to specification of the cloth		
- Due to normal maintenance		
Unit 3 (Spinning)		
Number of spindles installed	14,400	14,400
Capacity after conversion into 20 count - Kgs	4,586,454	4,586,454
Actual production of yarn after conversion into 20 count - Kgs	3,532,496	3,003,966
Unit 4 (Spinning)		
Number of spindles installed	47,520	47,520
Capacity after conversion into 20 count - Kgs	16,433,195	15,135,298
Actual production of yarn after conversion into 20 count - Kgs	15,270,103	13,291,721

Under utilization of available spinning capacity of unit 3 and unit 4 is due to:

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

38.1 The increase in difference between the actual production and capacity is due to the fact that 12 new looms in Unit-1 have been installed in the month of June, 2017.

	2017 Rupees	2016 Rupees
39 CASH GENERATED FROM OPERATIONS		
Profit before taxation	167,783,490	107,217,692
Adjustments for non cash charges and other items:		
Depreciation of fixed assets	233,098,236	243,905,221
Amortization of intangible assets	946,230	946,230
Staff retirement benefits accrued	54,870,176	53,189,997
Loss / (gain) on disposal of operating assets	925,952	(6,262)
Share of loss from associate	12,001,169	11,032,679
Gain on dilution of investment in associate	-	(8,018,586)
Interest on worker's profit participation fund	317,034	1,329,478
Provision for worker's profit participation fund	9,479,036	-
Finance cost (excluding exchange (Gain) / loss)	537,460,308	520,089,007
Profit before working capital changes	1,016,881,631	929,685,456
Effect on cash flow due to working capital changes:		
Decrease / (increase) in current assets		
- Stores and spares	431,151	991,765
- Stock in trade	(662,852,181)	(769,977,950)
- Trade debts	(75,593,663)	425,490,608
- Loans and advances	83,955,546	(6,214,500)
- Trade deposits and prepayments	24,601,048	(25,123,637)
- Other receivables	(13,247,728)	21,009,086
- Tax refunds due from government (excluding income tax)	(129,996,432)	83,698,571
	(772,702,259)	(270,126,057)
Increase in current liabilities		
- Trade and other payables (excluding worker's profit participation fund)	17,693,310	199,808,679
Cash generated from operations	261,872,682	859,368,078

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For the Year ended June 30, 2017

		2017	2016
40 EARNINGS PER SHARE			
40.1 Basic			
Earnings for the year	Rupees	101,217,999	3,192,592
Weighted average number of ordinary shares	Number	30,810,937	30,810,937
Basic earnings per share	Rupees	3.29	0.10

40.2 Diluted

There is no dilution effect on the basic earnings per share as the Company has no such commitments.

41 FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

41.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables and investment in debt securities. Out of the total financial assets of Rs. 2,599.26 million (2016: Rs. 2,399.78 million), the financial assets which are subject to credit risk amounted to Rs. 2,005.03 million (2016: Rs.1,918.71 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other 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. The management has set a maximum credit period of 15 days in respect of yarn and fabric parties to reduce the credit risk.

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.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2017 Rupees	2016 Rupees
Long term investments	855,743,910	795,659,234
Loans and advances	308,054,655	392,010,201
Trade debts	603,771,424	528,177,761
Trade and other deposits	19,725,230	15,572,179
Other receivables	16,510,346	3,262,618
Other financial assets	109,921,577	110,577,868
Bank balances	91,301,512	73,453,685
	2,005,028,654	1,918,713,546

The Company believes that it is not exposed to major concentration of credit risk.

Notes to the Financial Statements

For the Year ended June 30, 2017

<u>Trade debts</u>	2017 Rupees	2016 Rupees
The maximum exposure to credit risk for trade debt at the reporting date by geographical region was as follows:		
Foreign	234,782,283	192,735,707
Domestic	376,129,789	342,582,702
	<u>610,912,072</u>	<u>535,318,409</u>

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

Fabric customer against exports	234,665,462	192,735,707
Fabric customers against local sales	138,698,357	68,288,818
Yarn customers against local sales	237,548,253	274,293,884
	<u>610,912,072</u>	<u>535,318,409</u>

Impairment Losses

The aging of trade receivables at the reporting date is:

Neither past due nor impaired	234,782,283	192,735,707
Past due 0-30 days	229,191,647	168,574,363
Past due 30-150 days	129,113,525	166,520,669
Past due 150-360 days	10,683,969	347,022
Past due 360 days	7,140,648	7,140,648
	<u>610,912,072</u>	<u>535,318,409</u>

The total allowance against impaired trade debts as at June 30, 2017 amounts to Rs. 7.14 million (2016: Rs. 7.14 million).

Out of total trade debts, 38% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies 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 as follows:

	Rating		Rating Agency	2017 Rupees	2016 Rupees
	Short term	Long Term			
Bank Alfalah Limited	AA+	A-1+	JCR-VIS	4,214,574	38,235,021
The Bank of Khyber	A	A-1	JCR-VIS	35,843	154,174
Al Baraka Bank (Pakistan) Limited	A+	A-1	JCR-VIS	3,095,536	-
Habib Bank Limited	AAA	A-1+	JCR-VIS	9,764,089	511,549
JS Bank Limited	A1+	AA-	PACRA	2,250,835	-
Meezan Bank Limited	AA	A-1+	JCR-VIS	26,311,242	3,473,793
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	140,619	33,104
Askari Bank Limited	A1+	AA+	PACRA	2,220,081	566,100
Faysal Bank Limited	AA	A-1+	JCR-VIS	234,312	647,344
Dubai Islamic Bank Pakistan Limited	AA-	A-1	JCR-VIS	171,128	460,947
Summit Bank Limited	A-	A-1	JCR-VIS	518,769	105,937
BankIslami Pakistan Limited	A1	A+	PACRA	155,600	155,775
Bank Al Habib Limited	A1+	AA+	PACRA	1,133,553	608,290
Allied Bank Limited	A1+	AA+	PACRA	51,395	65,652
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	7,449,677	9,363,132
MCB Bank Limited	A1+	AAA	PACRA	553,434	1,793,349
National Bank of Pakistan	AAA	A-1+	JCR-VIS	6,157,868	486,635
NIB Bank Limited	A1+	AA	PACRA	-	7,044,579
Sindh Bank Limited	AA	A-1+	JCR-VIS	996,861	5,595,667
United Bank Limited	AAA	A-1+	JCR-VIS	25,845,958	951,417
The Bank of Punjab	A1+	AA	PACRA	138	81
Burj Bank Limited	A-1+	AA+	PACRA	-	3,201,139
				<u>91,301,512</u>	<u>73,453,685</u>

Notes to the Financial Statements

For the Year ended June 30, 2017

Based on past experience the management believes no impairment allowance is necessary in respect of loans, advances and other receivables past due as some receivables have been recovered subsequent to the year end and for other balances, there are reasonable grounds to believe that the amounts will be recovered in due course.

41.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2017						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	Rupees						
Financial Liabilities							
Long term finance	2,592,443,428	2,592,443,428	510,211,254	716,579,670	913,789,981	392,686,677	59,175,846
Liabilities against assets subject to finance lease	4,612,186	4,882,459	2,246,604	1,647,126	858,688	-	-
Trade and other payables	867,185,218	867,185,218	867,185,218	-	-	-	-
Mark-up accrued	121,479,602	121,479,602	121,479,602	-	-	-	-
Finance under markup arrangements	4,581,655,931	4,581,655,931	4,581,655,931	-	-	-	-
	<u>8,167,376,365</u>	<u>8,167,646,638</u>	<u>6,082,778,609</u>	<u>718,226,796</u>	<u>914,648,669</u>	<u>392,686,677</u>	<u>59,175,846</u>
	2016						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	Rupees						
Financial Liabilities							
Long term finance	2,669,209,401	2,669,209,401	408,484,061	317,037,837	741,599,671	1,162,087,832	40,000,000
Liabilities against assets subject to finance lease	21,464,924	23,679,888	6,525,419	13,252,911	1,815,468	2,086,090	-
Trade and other payables	849,373,469	849,373,469	849,373,469	-	-	-	-
Mark-up accrued	103,341,124	103,341,124	103,341,124	-	-	-	-
Finance under markup arrangements	3,559,807,898	3,559,807,898	3,559,807,898	-	-	-	-
	<u>7,203,196,816</u>	<u>7,205,411,780</u>	<u>4,927,531,971</u>	<u>330,290,748</u>	<u>743,415,139</u>	<u>1,164,173,922</u>	<u>40,000,000</u>

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

41.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts.

The Company's exposure to currency risk is as follows :

	2017 Rupees	2016 Rupees
Foreign debtors	234,782,283	192,735,707
Foreign currency bank account	3,539,873	1,237,518
Export finances	(405,260,005)	(387,159,047)
Gross balance sheet exposure	(166,937,849)	(193,185,822)
Outstanding letters of credit	(145,141,770)	(58,878,091)
Forward foreign exchange contracts	(52,830,000)	(1,550,000)
Net exposure	<u>(364,909,619)</u>	<u>(253,613,913)</u>

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For the Year ended June 30, 2017

The following significant exchange rate has been applied:

Average rate Reporting date rate

	Average rate		Reporting date rate	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
USD to PKR	104.65	103.10	104.79	104.50

Sensitivity analysis

At reporting date, if the PKR had strengthened / weakened by 10% against the US Dollar with all other variables held constant, Pre-tax loss / profit for the year would have been higher/lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances, foreign debtors, outstanding letters of credit and forward foreign exchange contracts.

	2017 Rupees	2016 Rupees
<u>Effect on profit or loss</u>		
USD	36,490,962	25,361,391
<u>Effect on balance sheet</u>		
USD	16,693,785	19,318,582

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

41.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2017 %	2016 %	2017 Rupees	2016 Rupees
<u>Financial Liabilities</u>				
Fixed rate instruments:				
Long term loan	11.50	11.40	334,608,158	321,718,903
<u>Financial liabilities</u>				
Variable rate instruments:				
Long term loan	7.28-12.70	5.00-12.70	2,257,835,270	2,347,490,498
Liabilities against assets subject to finance lease	7.62-12.41	8.03-12.41	4,612,186	21,464,924
Short term finance	7.02-7.78	6.64-8.34	4,176,395,926	3,172,648,851
Export finances	0.90-4.00	1.00-2.16	405,260,005	387,159,047

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 and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased profit for the year by the amounts shown below. This analysis assumes that all other variables, in

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For the Year ended June 30, 2017

particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Profit and loss 100 bp	
	Increase Rupees	Decrease Rupees
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(68,441,034)	68,441,034
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	(59,518,670)	59,518,670

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/ (loss) for the year and assets /liabilities of the Company.

41.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

Sensitivity analysis

A 10% increase/decrease in share prices at year end would have decreased/increased the surplus on re-measurement of investments in 'available for sale' investments as follows:

	2017 Rupees	2016 Rupees
Effect on equity	10,992,158	11,057,787

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

41.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
----- Rupees -----				
Financial assets				
Other financial assets	109,921,577	109,921,577	110,577,868	110,577,868
Loans and advances	173,717,459	173,717,459	176,978,699	176,978,699
Trade debts	603,771,424	603,771,424	528,177,761	528,177,761
Trade deposits	19,725,230	19,725,230	15,572,179	15,572,179
Other receivables	16,510,346	16,510,346	3,262,618	3,262,618
Cash and bank balances	96,630,056	96,630,056	77,390,062	77,390,062
	<u>1,020,276,092</u>	<u>1,020,276,092</u>	<u>911,959,187</u>	<u>911,959,187</u>

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	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities	Rupees			
Long term finance	2,592,443,428	2,592,443,428	2,669,209,401	2,669,209,401
Liabilities against assets subject to finance lease	4,612,186	4,612,186	21,464,924	21,464,924
Trade and other payables	867,185,218	867,185,218	849,373,469	849,373,469
Mark-up accrued	121,479,602	121,479,602	103,341,124	103,341,124
Finance under markup arrangements	4,581,655,931	4,581,655,931	3,559,807,898	3,559,807,898
	8,167,376,365	8,167,376,365	7,203,196,816	7,203,196,816

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

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, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet 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 instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2017			2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other financial assets	Rupees					
- Short term investment - available for sale	88,441,877	-	-	89,098,168	-	89,098,168

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c) Accounting classifications and fair values

			2017		
	Trading	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Total carrying amount
----- Rupees -----					
Financial assets					
Short term investments	-	-	109,921,577	-	109,921,577
Loans and advances	-	-	-	173,717,459	173,717,459
Trade debts	-	-	-	603,771,424	603,771,424
Trade deposits	-	-	-	19,725,230	19,725,230
Other receivables	-	-	-	16,510,346	16,510,346
	-	-	-	96,630,056	96,630,056
	-	-	109,921,577	910,354,515	1,020,276,092

			2017		
	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Total carrying amount
----- Rupees -----					
Financial liabilities					
Long term finance	-	-	2,592,443,428	-	2,592,443,428
Liabilities against assets subject to finance lease	-	-	4,612,186	-	4,612,186
Trade and other payables	-	-	867,185,218	-	867,185,218
Mark-up accrued	-	-	121,479,602	-	121,479,602
Finance under markup arrangements	-	-	4,581,655,931	-	4,581,655,931
	-	-	8,167,376,365	-	8,167,376,365

			2016		
	Trading	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Total carrying amount
----- Rupees -----					
Financial assets					
Short term investments	-	-	110,577,868	-	110,577,868
Loans and advances	-	-	-	176,978,699	176,978,699
Trade debts	-	-	-	528,177,761	528,177,761
Trade deposits	-	-	-	15,572,179	15,572,179
Other receivables	-	-	-	3,262,618	3,262,618
	-	-	-	77,390,062	77,390,062
	-	-	110,577,868	801,381,319	911,959,187

			2016		
	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Total carrying amount
----- Rupees -----					
Financial liabilities					
Long term finance	-	-	2,669,209,401	-	2,669,209,401
Liabilities against assets subject to finance lease	-	-	21,464,924	-	21,464,924
Trade and other payables	-	-	849,373,469	-	849,373,469
Mark-up accrued	-	-	103,341,124	-	103,341,124
Finance under markup arrangements	-	-	3,559,807,898	-	3,559,807,898
	-	-	7,203,196,816	-	7,203,196,816

Notes to the Financial Statements

For the Year ended June 30, 2017

The financial instruments not accounted for at fair value are those financial assets and liabilities whose carrying amounts approximate to fair value.

41.5 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 its 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:

- i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- ii) 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 30 June were as follows:

	2017 Rupees	2016 Rupees
Total debt	7,178,711,545	6,250,482,223
Total equity and debt	9,403,791,362	8,389,745,244
Debt-to-equity ratio	76%	75%

42 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

Board of Directors of the Company has recommended to distribute 15% cash dividend i.e. Rs.1.50 for every share held by the shareholder of the Company as a final cash dividend in its meeting held on October 04, 2017. Total amount of cash dividend amounting to Rs. 46,216,405 is 45.66% of the profit after tax for the year ended June 30, 2017. These financial statements do not include the effect of this announcement and will be accounted for in subsequent financial year.

43 NUMBER OF EMPLOYEES

Total number of employees as at June 30, 2017 were 2,005 (2016: 2,064) while average number of employees during the year were 2,000 (2016: 1,833).

44 DATE OF AUTHORIZATION

These financial statements are authorized for issue on October 04, 2017 by the board of directors of the Company.

45 GENERAL

Figures in these financial statements have been rounded off to nearest rupee.

S/d-
Chief Executive Officer

S/d-
Director

DIVIDEND MANDATE FORM

Dear members

It is to inform you that U/s 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the company to pay dividend through his/ her/ its bank Account.

In pursuance of directions given by the SECP Vide circular No. SMD/CIW/Misc/19/2009 dated June 05, 2012 we request Mr./Mrs./Ms. _____

S/o/D/o W/o _____ (where applicable) being the registered shareholder of Reliance Weaving Mills Ltd holding _____ shares having F.No./CDC A/c No. _____ hereby given the opportunity to authorize the company to directly credit in your bank account cash dividend (if any declared by the company in future.

Note:-(Please note that Dividend Mandate is optional & not compulsory, in case you don't wish your dividend to be directly credited into your bank A/c then the same shall be paid to you through Dividend Warrant.)

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of Dividend warrants. Please tick any one of the following.

YES

NO

If yes then please provide the following information.

Transfer Detail

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.	

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, 2015.

The Company Secretary
Reliance Weaving Mills Ltd
2nd Floor Trust Plaza L.M.Q. 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 detail is 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

Form of Proxy

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 27th Annual General Meeting of the Company to be held on Saturday, October 28, 2017 at
Company's Registered Office, 2nd Floor Trust Plaza, LMQ Road, Multan. and / or any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2017.

Signature of Member _____

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:

- Proxies, in order to be effective, must be received at the Company's Registered Office 2nd Floor, Trust Plaza, L.M.Q Road Multan not later than 48 hours before the time for the meeting and must be duly stamped, signed and witnessed.
- Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her NIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC 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.

- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the meeting.
- 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 alongwith proxy form to the Company).

پراکسی فارم

میں / ہم ساکن بطور ممبر (ز) ریلیانس ویونگ ملز لمیٹڈ
 حاصل عام حصص، محترم / محترمہ ساکن یا ان کے حاضر نہ ہو سکنے کی صورت میں
 ساکن کو اپنے / ہمارے ایما، پراکسی کے مورخہ 28 اکتوبر 2017ء بروز
 ہفتہ 11.30 بجے کمپنی کے رجسٹرڈ آفس سیکنڈ فلور ٹرسٹ پلازہ ایل ایم کیورڈ ملتان میں ہونے والے 27 واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال
 کرنے کیلئے اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

ممبر کے دستخط

گواہ کے دستخط

گواہ کے دستخط

نام نام
 CNIC / پاسپورٹ نمبر CNIC / پاسپورٹ نمبر
 ایڈریس ایڈریس

پانچ روپے کے رسیدی
 ٹکٹ پر دستخط

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

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

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 کا عدم 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 ہوگی۔

E-Voting as per the Companies (E-Voting) Regulations, 2016

I/We, _____ of _____, being a member of Reliance Weaving Mills Ltd, 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 No: _____

Address: _____ Address: _____

E-voting برطابق E-voting ریگولیشنز

میں/ہم آف بحیثیت ممبر ریلائنس ویونگ ملز لمیٹڈ حامل
عام شیئرز رجسٹرڈ فولیو نمبر/ 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 رضامندی 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

INVESTORS' EDUCATION

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message:

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-  Online Quizzes



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