



Reliance Weaving
Mills Limited
A Fatima Group Company

ANNUAL **REPORT** 2018





Contents

Business Review

- 02** Company Information
- 03** Vision & Mission Statement
- 04** Notice of Annual General Meeting
- 10** Company's Profile
- 11** Management Profiles
- 12** Directors' Profile
- 14** Executive Officers
- 16** Chairman's Review
- 18** Directors' Report
- 39** Financial Highlights

Governance

- 43** Pattern of Shareholding
- 44** Form 34
- 45** Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2017
- 48** Independent Auditors Review Report on the
Statement of Compliance Contained in the
Listed Companies

Financials Statements

- 49** Independent Auditors' Report to the Members
- 55** Statement of Financial Position
- 56** Statement of Profit or Loss
- 57** Statement of Comprehensive Income
- 58** Statement of Cash Flows
- 59** Statement of Changes in Equity
- 60** Notes to the Financial Statements

Legal Forms

- 105** Dividend Mandate Form
- 106** Income Tax Return Filing Status
- 107** Form of Proxy
- 110** Investors' Education

Company Information

Board of Directors

Non-Executive Directors

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

Executive Directors

Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

Independent Directors

Dr. M. Shaukat Malik
Mr. Shahid Aziz

Board Committees

Audit Committee

Mr. Shahid Aziz (Chairman)
Mr. Fahd Mukhtar (Member)
Dr. M. Shaukat Malik (Member)
Mr. Aftab Ahmed Qaiser (Secretary)

HR & Remuneration Committee

Dr. M. Shaukat Malik (Chairman)
Mr. Faisal Ahmed Mukhtar (Member)
Mr. Fahd Mukhtar (Member)
Mr. Asad Jan (Secretary)

Risk Management Committee

Mr. Faisal Ahmed Mukhtar (Chairman)
Mr. Shahid Aziz (Member)
Dr. M. Shaukat Malik (Member)
Mr. Basharat Hashmi (Secretary)

Executive Management Team

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Aftab Ahmed Qaiser

GM Weaving

Mr. Ikram Azeem

GM Spinning (Multan)

Mr. Muhammad Shoaib Alam

GM Spinning (Rawat)

Mr. Hafeez ur Rehman

GM Marketing

Mr. Khawaja Sajid
Mr. Aqeel Saifi

Auditors & Shares Registrar

External Auditors

Shine wing Hameed Chaudhri & Co.
Chartered Accountants,
HM House, 7-Bank Square, Lahore.

Shares Registrar

M/s CDC Pakistan Ltd. Mezzanine Floor,
19 - Khyaban -e -Aiwan -e -Iqbal , LSE Plaza Lahore.
info@cdc.pak.com & basharat.hashmi@fatima-group.com

Bankers /Financial Institutions

Bank Islami Pakistan Ltd
Al -Baraka Bank Pakistan Ltd
Habib Metropolitan Bank Ltd
Dubai Islamic Bank Pakistan Ltd
Pak China Investment Company Ltd
Pak Libya Holding Company (Pvt) Ltd
Pak Brunei Investment Company Ltd
Standard Chartered Bank (Pakistan) Ltd
Askari Bank Ltd (Islamic banking Services)

MCB Bank Ltd
Sindh Bank Ltd
Habib Bank Ltd
Faysal Bank Ltd
Soneri Bank Ltd
Samba Bank Ltd
United Bank Ltd
Summit Bank Ltd
Meezan Bank Ltd

Allied Bank Ltd
Bank Al Falah Ltd
The Bank of Punjab
The Bank of Khyber
First Habib Modaraba
National Bank of Pakistan
Saudi Pak Industrial and
Agricultural Investment Company Ltd

Sites Address

Unit # 1,2,4 & 5

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

Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.
Phone & Fax 051-4611579-81 & 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 28th Annual General Meeting

Notice is hereby given that the 28th Annual General Meeting of Reliance Weaving Mills Ltd will be held at 2nd Floor Trust Plaza L.M.Q. Road Multan, on Monday October 29, 2018, 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 October 08, 2018.
2. To receive, consider and adopt the Company's Financial Statements for the year ended June 30, 2018, together with the Reports of the Auditors and Directors thereon.
3. To approve and declare dividend for the year ended June 30, 2018 on the Ordinary Shares of the Company. The Directors have recommended a final cash dividend of 22.50% (i.e. Rs.2.25 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 deemed fit, to pass the following resolution under Section 199 of the Companies Act 2017, with or without modification, addition(s) or deletion(s).

"Resolved by way of special resolution that consent of the shareholders of Reliance Weaving Mills Ltd (the "Company") be and is hereby accorded under Section 199 of the Companies Act 2017 (the "Ordinance") for investment in associated company as per following detail in the form of working capital loan for a period of three years starting from the date of approval by Shareholders provided that the return on any outstanding amount of loan shall be KIBOR plus 2.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the agreement to be executed in writing and as disclosed to the members.

S.No.	Name of the company	Amount of Loan
1.	Fatima Energy Ltd (FEL)	100 Million
2.	Fatima Sugar Mills Ltd (FSML).	300 Million
3.	Reliance Commodities (Pvt) Ltd (RCL).	100 Million
4.	Fatima Transmission Company Ltd (FTCL)	100 Million

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

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

"Resolved that in continuation of our previous resolution passed on dated June 12, 2017 against signing of "Sponsors Sport Agreement" by way of special resolution that consent of the shareholders of Reliance Weaving Mills Ltd (the "Company") be and is hereby accorded to renew the Resolution up to the settlement of the liabilities of the company (FEL) towards the Financial Institutes.

Further resolved that consent of the shareholders of Reliance Weaving Mills Ltd (the "Company") be and is hereby accorded to pay to the Financial Institutions of FEL the amount as per their demand and will consider that amount in the loan of the FEL".

3. To consider and if deemed fit, to pass the following resolution under Section 208 of the Companies Act 2017, with or without modification, addition(s) or deletion(s).

"Resolved that transactions carried out in the ordinary course of business with the Related Parties during the financial year ended June 30, 2018 be and hereby ratified, approved and confirmed.

Further Resolved that the Chief Executive of the Company authorized to approve transactions with Related Parties to be carried during the financial year ending June 30, 2018.

Note. Reliance Weaving Mills Ltd holds following shares in associated companies

Fatima Energy Ltd	80,016,370
Fatima Transmission Company Ltd	7,187,500
Fatima Sugar Mills Ltd	Nil
Reliance Commodities (Pvt) Ltd	Nil



Notice of the 28th Annual General Meeting

The following directors and sponsors of RWML hold shares in these companies as detailed below:

Fatima Sugar Mills Ltd	No. of Shares	Reliance Commodities (Pvt) Ltd	No. of Shares
1. Mr. Fawad Ahmed Mukhtar	1	1. Mr. Fawad Ahmed Mukhtar	1
2. Mr. Fazal Ahmed Sheikh	1	2. Mr. Fazal Ahmed Sheikh	1
3. Mr. Faisal Ahmed Mukhtar	1	3. Mr. Faisal Ahmed Mukhtar	1
4. Mrs. Fatima Fazal	1		
5. Mrs. Farah Faisal	1		
6. Mr. Fahd Mukhtar	1		

Fatima Energy Ltd	No. of	Fatima Transmission Company Ltd	No. of
1. Mr. Fawad Ahmed Mukhtar	1	1. Mr. Fawad Ahmed Mukhtar	1
2. Mr. Fazal Ahmed Sheikh	1	2. Mr. Fazal Ahmed Sheikh	1
3. Mr. Faisal Ahmed Mukhtar	1	3. Mr. Faisal Ahmed Mukhtar	1
4. Mr. Fahd Mukhtar	1		

By the order of the Board

Dated: 07.10.2018

Aftab Ahmed Qaiser
(Company Secretary)

Place: Multan

1. Share Transfer Books will be closed from October 23, 2018 to October 29, 2018 (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, 19- Khyaban-e-Aiwan-e-Iqbal, LSE Plaza Lahore by the close of the business on October 22, 2018 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.

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 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: 042-36362017, or e-mail at basharat.hashmi@fatima-group.com.



Notice of the 28th Annual General Meeting

(iii) The corporate shareholders should send a copy of their NTN certificate to the Company or its Share Registrar M/s CDC Pakistan Ltd, 19-Khyaban-e-Aiwan-e-Iqbal, LSE Plaza 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/NonFiler' 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, 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 basharat.hashmi@fatima-group.com 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, 2018 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,

13. Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

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

Special Item No.1. FSML, FEL, RCL, FTCL needs short term finance for meeting expense of staff salary, power generation, maintenance and other working capital requirements and considering the average borrowing cost of the Company and the return offered by Banks on term deposits, the Directors of the Company have recommended to invest funds from the retain earning of the Company to these company as per their request at the interest rate of KIBOR plus 2.50% which shall not be less than the average borrowing cost of the Company. Repayment of the principle amount of loan shall be made as per terms & conditions of the agreement along with payment of interest. The management expects the transaction to be beneficial for the Company as this will enhance the return on funds available with the Company.

The directors of the Company certify/undertake that the proposed investment is being recommended after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per agreement. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the meeting.



Notice of the 28th Annual General Meeting

Special Item No.2. The Company passed a special Resolution in June 12, 2017 against signing of Sponsors Sport Agreement with the Lenders of FEL including Habib Bank Limited, Bank Alfalah Limited and other financial institutions against issuance of Finance and gave guarantee to these lenders to issue loan and in case of default RWML will pay all the obligations up to the agreed percentage. As per (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012 the resolution is being needed to be renewed up to final settlement of the all loans by FEL to Banks that's why company intends to pass such resolution.

Special Item No.3. The Ratification / approval of Related Party Transactions Since, the majority of the Company Directors were interested in the related party transactions carried out during the financial year ended June 30, 2018 with the above mentioned related parties due to their common directorship and shareholding in these associated undertakings, therefore, these transactions have been placed before the members of the Company for their approval in the General Meeting. Such that all transactions with all related parties are entered into on arms' length basis. In order to ensure smooth business operations, the shareholders may authorize the Chief Executive to approve transactions with related parties during the financial year ending June 30, 2019. However these transactions shall be placed before the shareholders in the next AGM for their approval/ratification.

Information under Clause (b) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012.

LOANS

Name of Investee Company:	Fatima Sugar Mills Ltd	Reliance Commodities (Pvt) Ltd
Registration No and date:	0076592, Dated: 20.09.88	0091244, 28.01.96
Registered Office Address:	E-110, Khyaban-e-Jinah Lahore	2nd Floor Trust Plaza LMQ Road Multan
Authorized Share Capital	Rs. 2.2 (B)	Rs. 100 (M)
Paid up Capital	Rs. 2.102 (B)	Rs. 80.08 (M)

Name of Investee Company:	Fatima Transmission Co. Ltd	Fatima Energy Ltd
Registration No and date:	0091244, Dated: 26.12.14	0047770, Dated: 22.06.04
Registered Office Address:	E-110, Khyaban-e-Jinah Lahore	E-110, Khyaban-e-Jinah Lahore
Authorized Share Capital	Rs. 250 (M)	Rs. 5,700 (M)
Paid up Capital	Rs. 230 (M)	Rs. 8,000 (M)

Shareholders: Investee Companies are the associated companies of the Investing Company as it, inter alia, has the following common directors:

Fatima Sugar Mills Ltd	Reliance Commodities (Pvt) Ltd
1. Mr. Fawad Ahmed Mukhtar	1. Mr. Fawad Ahmed Mukhtar
2. Mr. Fazal Ahmed Sheikh	2. Mr. Fazal Ahmed Sheikh
3. Mr. Faisal Ahmed Mukhtar	3. Mr. Faisal Ahmed Mukhtar
4. Mrs. Fatima Fazal	
5. Mrs. Farah Faisal	
6. Mr. Fahd Mukhtar	

Fatima Energy Ltd	Fatima Transmission Company Ltd
1. Mr. Fawad Ahmed Mukhtar	1. Mr. Fawad Ahmed Mukhtar
2. Mr. Fazal Ahmed Sheikh	2. Mr. Fazal Ahmed Sheikh
3. Mr. Faisal Ahmed Mukhtar	3. Mr. Faisal Ahmed Mukhtar
4. Mr. Fahd Mukhtar	1

(ii) Amount of loans;



Notice of the 28^h Annual General Meeting

S.No.	Name of the company	Amount of Loan
1.	Fatima Energy Ltd (FEL)	100 Million
2.	Fatima Sugar Mills Ltd (FSML).	300 Million
3.	Reliance Commodities (Pvt) Ltd (RCL).	100 Million
4.	Fatima Transmission Company Ltd (FTCL)	100 Million

a) Loan for cater its financial needs as per requirement of investee Company and can be used for SBLC, guarantees, indemnity or any other financial engagement as per requirement of investee Company.

Any amount called under a guarantee, indemnity, or financial engagement shall also be considered a loan.

(iii) Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans;

Working capital needs of the associated company

(iv) In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;

Except 15 million loan issued to FTCL and RWML signed SSA with the bankers of FEL such that no loan or advance has been granted to any other associated company.

(v) Latest Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking;

Particulars	FSML	RCL	FEL	FTCL
	Rupees in million			
Paid up capital	2,102	80	5700	230
Un-appropriated profit	1,169	1,430	(280)	(8)
Current liabilities	5,592	4,052	7472	190
Current assets	5,738	5,416	1367	916
Sales	7,658	1,139	-	-
Gross Profit	733	153	-	-
Operating Profit	387	116	-	-
Net Profit	100	116	(108)	(13)
	In Rupees			
Breakup value per share	15.56	244	-	-
Earnings per share	0.48	19.284	-	-
Current Ratio	1.03	1.33:1	-	-

(vi) Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;

KIBOR + 1.25%

(vii) Rate of interest, mark up, profit, fees or commission etc. to be charged;

KIBOR + 2.5%

(viii) Sources of funds from where loans or advances will be given;

Retained earnings/own funds of the Company.

(ix) Where loans or advances are being granted using borrowed funds,-

NA

(a) Justification for granting loan or advance out of borrowed funds;

NA

(b) Detail of guarantees / assets pledged for obtaining such funds, if any; and

NA

(c) Repayment schedules of borrowing of the investing company; Loans will be called for one month notice

(x) Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;

N/A

(xi) If the loans carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;

NA



Notice of the 28th Annual General Meeting

(a) Conversion Formula:-

NA

(b) Circumstances in which conversion may take place:-

NA

(c) Time when the conversion may be exercisable:-

NA

(xii) Repayment schedule and terms of loans or advances to be given to the investee company;

i) Loan will be pay back by Investee Company with-in one month Notice.

(xiii) Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;

- Nature Loan
- Purpose To earn mark- up on loan being provided to FSML, FTCL, FEL & RCL which will augment the Company's cash flow
- Period Maximum period of three years on revolving basis
- Rate of Markup KIBOR + 2.5% but above Financial cost of the Company
- Repayment Investee Company will pay Loan and mark-up to investing company on one month notice

Note:- All the Loan Agreements signed between the Associated companies can be inspected on the meeting date

(xiv) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;

The Directors are sponsors of the investee Company.

(xv) Any other important details necessary for the members to understand the transaction; and

NA

(xvi) In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,-

NA

(V) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts

Total Cash

Status of the decision regarding resolution already passed for the investment in associated companies and

Detail	Fatima Transmission Company Ltd	Fatima Holding Ltd	Fatima Energy Ltd	
Total investment approved	300 million	750 Million	7,523 million	
Amount of investment made to date	87.1 million	Nil	Company signed Sponsors sport agreement with the Bankers of the FEL in case of default by FEL, RWML will pay default amount.	
Reasons for not having made complete investment so far	As per approved terms & conditions the investment will be made as per requirement of the investee company	Company will create a charge on the fixed assets of the company to DIB against the facility provided to Fatima Holding Ltd	As per approved terms & conditions the investment will be made as per requirement of the investee company	
Material change in financial statements of associated company	Rupees in million		Rupees in million	
	Equity	221	Equity	19,851
	Noncurrent Liability	395	Noncurrent Liability	0
	Current liability	190	Current liability	4673
	Noncurrent assets	805	Noncurrent assets	0
Current assets	0.9	Current assets	5703	
			Rupees in million	
			Equity	5,420
			Noncurrent Liability	15,460
			Current liability	7,472
			Noncurrent assets	26,984
			Current assets	1,367



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 yam (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.

Management Profile



Board of Directors

Board of Directors of the Company has the ultimate responsibility of administration of affairs. All the directors having equal rights to participate in the matters of the Company. Two members of the Board are executive, while five 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
Mr. Dr. M. Shaukat Malik	Director	Independent
Mr. Shahid Aziz	Director	Independent

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

- Air One (Pvt) Ltd.
- Fatima Energy Ltd.
- Fatima Holding Ltd.
- Fatima Sugar Mills Ltd
- Fatima Electric Company Ltd
- Fatima Trading Company (Pvt) Ltd.
- Fatima Transmission Company Ltd.

CEO

- Fatimafert Ltd.
- Pakarab Fertilizers Ltd.
- Fatima Cement Company Ltd
- Fatima Fertilizer Company Ltd.
- Reliance Commodities (Pvt) Ltd.

Director

- Fazal Cloth Mills Ltd.
- Fatima Management Company 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.
- Fatima Management Company Ltd.

Director

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

Director

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

Fatima Packaging Ltd

Director

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



Dr. M. Shaukat Malik
Independent Director

Dr. Shaukat Malik has done Ph.D in Business Administration from I.B.A Karachi and presently serving as professor, faculty of Commerce Law and Business Administration, Director of the Institute of Banking & Finance in BZU. He possesses rich experience of about 27 years in the field of Finance, HR, and Corporate Affairs in various renowned Institutions. He has been on Board of Syndicate of BZU, for three years. He is also on Board of Directors of Multan Waste Management Company, member of Monitoring Committee Nishtar Medical College and Hospital Multan, member of Senate, Finance & Planning Committee of BZU, and advisor to Punjab Public Service Commission, State Bank of Pakistan. He is author of more than 80 research papers published in reputed National & International Journal & Newspapers on Business related issues. He has presented his research papers in many conferences held in well reputed institutes in Pakistan and abroad at Oxford, Cambridge, London School of Economics etc.



Mr. Shahid Aziz
Independent 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.



Profile of the Executive Officers



Mr. Waheed Ahmed

Chief Financial Officer

Mr. Waheed Ahmed is qualified Chartered Accountant having more than 18 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. 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 25 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 15 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 (UET) 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. 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 38 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.



Chairman's Review

Chairman

It gives me immense pleasure to welcome you all on behalf of the Board of Directors at 28th annual General meeting of your company and to present annual review of the company's Audited Financial Statements along with Auditors Report thereon for the financial year ended June 30, 2018.

For the year under review, your company recorded a net profit of Rs. 310 million as compared to Rs. 101 million last year & depicting EPS of Rs. 10.08 as against Rs. 3.29 in the previous financial year.

The Board is Confident that the Company will overcome the economic & other challenges and will deliver sustainable results better than the last year.

Pursuant to section 159 of Companies Act 2017, the election of directors was held on March 31, 2018 in which seven directors were elected un-opposed. The Board of Director comprises of two Executives, three Non-Executive and two Independent Directors pursuant to CCG-2017.

During the year Board Committees namely Audit, HR & Remuneration, and Risk Management continued to work efficiently under their respective Terms of Reference (TOR) to the satisfaction of Board of Directors.

Board carries out a review of its effectiveness & performance each year on self-assessment basis.

The Board has developed a Questionnaire in conformally with CCG-2017, circulated to each director to evaluate the performance based on factors such as Board Composition, Leadership, Effectiveness of the Board, and Strategy.

The Evaluation provides the board with an opportunity to review the balance skills, experience and diversity & perspectives.

On behalf of the Board, I would like to acknowledge the contribution made by fellow directors and would like to thanks our shareholders, business associates, government authorities and regulators for their continuous support and guidance to the company.

I look forward to welcoming as many as possible of shareholders at the forthcoming Annual General Meeting of the company schedule to be held on October 29, 2018

Mr. Fawad Ahmed Mukhtar
Chairman

چیئر مین جائزہ

میں بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے 28 ویں سالانہ جنرل اجلاس میں مالی سال 30 جون 2018 کی سالانہ آڈیٹ شدہ کارکردگی ہمہ آڈیٹرز رپورٹ، پیش کرتے ہوئے آپ کا خیر مقدم کرتا ہوں۔ زیر سال کمپنی کا ٹیکس کے بعد خالص منافع گزشتہ سال 101 ملین روپے کے مقابلہ میں 310 ملین روپے رہا، کمپنی نے EPS میں گزشتہ سال کے 3.29 روپے کی نسبت 10.08 روپے بہتری دکھائی ہے۔ بورڈ کو یقین ہے کہ کمپنی اقتصادی اور دیگر چیلنجز پر قابو پا کر گزشتہ سال سے بہتر و پائیدار نتائج دے گی۔

کمپنی ایکٹ 2017 کے سیکشن 159 کے مطابق، 31 مارچ، 2018 کو ڈائریکٹرز کا انتخاب منعقد کیا گیا اور جس میں سات ڈائریکٹرز بلا مقابلہ منتخب ہوئے۔ سی سی جی 2017 کے مطابق بورڈ آف ڈائریکٹرز میں غیر ایگزیکٹو ڈائریکٹرز سمیت دو ایگزیکٹو اور دو آزاد ڈائریکٹرز پر مشتمل ہے۔ دوران سال بورڈ کمیٹیاں (بورڈ آڈٹ کمیٹی، بورڈ R & HR کمیٹی اور بورڈ Risk Management کمیٹی) نے اپنے متعلقہ شرائط و ضوابط TOR کے تحت بہترین کارکردگی سے بورڈ آف ڈائریکٹرز کی تشفی کے مطابق امور سرانجام دیتی رہی۔

بورڈ اپنے مؤثر ہونے اور اپنی کارکردگی جانچنے کے لئے ہر سال خود تشخیص کی بنیاد پر اپنی کارکردگی کا جائزہ لیتا ہے۔ بورڈ نے سی سی جی 2017 کے مطابق ایک سوالنامہ تیار کیا ہے اور ہر ڈائریکٹر کو بھجوا یا جاتا ہے جو بورڈ کی تشکیل، قیادت، بورڈ کے مؤثر ہونے اور حکمت عملی جیسے عوامل پر مشتمل ہے جس سے ہر ڈائریکٹر کی کارکردگی کا اندازہ لگایا جاسکتا ہے۔ یہ کارکردگی کی رپورٹ بورڈ کو خود تشخیصی نظام، بورڈ کی مہارت، تجربے و تنوع اور نقطہ نظر کا جائزہ لینے کا موقع فراہم کرتی ہے۔

بورڈ کی جانب سے میں ڈائریکٹرز کی کوششوں کو تسلیم کرتا ہوں اور اپنے شیئر ہولڈرز، کاروباری ساتھیوں، سرکاری حکام اور ریگولیٹروں کو کمپنی کے لئے مسلسل حمایت اور رہنمائی کرنے پر، میں ان کا شکریہ ادا کرتا ہوں۔

میں کمپنی کے اگلے سالانہ جنرل اجلاس جو 29 اکتوبر، 2018 کو منعقد ہوگا میں زیادہ سے زیادہ حصص داروں کا مکمل خیر مقدم کرنے کا منتظر ہوں گا۔

نواد احمد مختار

(چیئر مین)



Directors' Report to the Shareholders

1. Financial Results

The Company earned after tax net profit of Rs.310 million which shows improvement as compared to profit of Rs 101 million in last financial year. Current Year Company turnover has increased from Rs 11,342 million to Rs 13,914 million, so increase in turnover is 23%. EBITDA of the company has improved from 938 million to 1,311 million which is 40 % increase as compared to last financial year. EPS of the company has improved from Rs 3.29 to Rs 10.08. Power cost of the company has increased by Rs 230 million due to increase in prices of utilities during the year. Financial charges have also increased by Rs 83 million due to pile up of cotton stock and yarn at competitive prices. The company earned reasonably good profit due to timely buying of these raw materials. The company has earned exchange gain amounting Rs 79 million due to devaluation of PKR.

The cotton crop in Pakistan during last season again missed the target due to which the industry was compelled to import the cotton to meet its requirement. The imposition of custom duty on import of cotton increased our input cost. Prices of yarn and fabric in domestic and export market improved. Demand of yarn and fabric increased in export market, this can be attributed to devaluation of PKR against US dollar and continuation of export rebate by the Government.

2. Future Outlook

As per USDA report cotton production forecast is down based on lower area of cultivation, while consumption is up in most significant markets. Trade is also expected higher in import dependent countries. Cotton production in Pakistan during current season is also likely to remain below than target. Both the US and China are imposing tariffs on cotton. The impact of this move is going to have a wider macroeconomic impact on the industry. China's domestic cotton demand is growing, and so are China's cotton imports. China has a production deficit of cotton. This deficit had been filled by reserves in recent years, but the reserves being lower, that gap would be filled by imports. The tariff war will have direct implications on China's raw material costs, and hence its finished product costs. But it is evident that the prices will go upward. But what is more challenging for the global players being in this scenario is the uncertainty in the cotton prices in the long term.

Cost fluctuations due to the trade war will affect the global textile industry substantially. Moreover, consumers around the globe shall face higher textile costs because of this historical trade war. Globally Pakistan is competitive in all sectors. Textiles are lagging behind globally in competition both in terms of quality and prices. No country can progress unless there is competitive edge

Directors' Report to the Shareholders

globally. The Government is considering giving new package to textile industry. The revival of textile industry is dependent on this package. The Government should release long-outstanding sales tax and other refunds immediately to manufacturers to resolve the liquidity problems.

We are facing challenges ahead due to increase in costs structure and continuous upward revision in gas/wapda rates. The Management of your Company remains committed to business growth and exploring new opportunities to encounter the increasing cost through automation, backward and forward integration. We are optimistic that these efforts will yield long term positive results. The company has opened Letter of Credit for import of latest 48 high speed Air jet looms which shall increase the productivity and reduce cost.

3. Overview of the Economy

The highlights are as under:

- The Country's Gross Domestic Product (G.D.P) recorded growth of 5.8%
- The Agriculture Sector grew by 3.8%
- Large Scale Manufacturing (LSM) recorded a growth of 6.13%
- Industrial Sector Growth improved by 5.8%
- Manufacturing Sector grew by 6.24%
- Service Sector witnessed a Growth of 6.43%

- Fiscal Deficit registered decline of 8.2% as compared to 5.82% of GDP in the Previous Fiscal Year
- The Inflation CPI during July – March FY 2018 stood at 3.2% as against 4.0% in the comparable period of Last Year.

Sources:

- The highlights of the Pakistan Economic Survey for the year 2017-18 unveiled by then Advisor to Prime Minister on Finance by Mr. Miftah Ismail.
- Pakistan Economic Survey 2017-18 issued by Finance Division, Government of Pakistan.

4. Textile Industry Background / Performance

The highlights are as under:

- The Textile Sector accounts for 8% of the GDP by contributing nearly 1/4th of Industrial Value added.
- The textile industry is the second largest employment sector in Pakistan.
- It provides 40% of the Industrial Labor Force.
- Pakistan is the 8th largest exporter of textile commodities in Asia.
- The export of textile products posted a growth





Directors' Report to the Shareholders

- of 12.8% as against last year.
- f. Barring Seasonal & cyclical fluctuation textile products have maintained an average share of over 60% in national exports.
 - g. Cotton yarn, knitwear, bed wear and garments made ups are the most important exports products
 - h. Despite being the fourth largest producer of cotton globally, the Pakistan's comparable advantage is largely pre-empted by low value-added exports
 - i. Being the most important manufacturing sector in the economy, it has the longest production chain with inherent potential for value addition at each stage of processing from cotton to ginning spinning, fabric processing, made ups and garments.
 - j. Cotton Production stood at 11,935 Million bales as compared to 10,617 Million bales last year.
 - k. Textile Export proceeds registered a growth of 8.7% during Financial Year 2018 owing to:

- Low base from previous year
- Sharp PKR depreciation
- Reimbursement under export support package

Sources:

- Allied Bank Limited, Economic Industry Research Department dated August 20, 2018.
- The highlights of the Pakistan Economic Survey for the year 2017-18 unveiled by then Advisor to Prime Minister on Finance by Mr. Miftah Ismail.
- The Nation dated June 3, 2018

5. TEXTILE POLICY 2018-23

We welcome the proposals incorporated in draft Textile Policy 2018-23 aiming towards making textile sector competitive and sustainable by following measures:

- a. Reduction in Gas & Energy rates
- b. Extension of Textile Relief Packages without the condition of 10% increase in Exports
- c. Ensuring rise of locally produced in-put to support allied industries
- d. Reducing cost of doing business making exports competitive
- e. Opening Export markets by Pursuing GSP (Generalized system of Preference) plus status with European Union.

Source:

- Research Team Aba Ali Habib Securities

6. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- a. The financial statements together with the notes thereon have been drawn up in conformity Companies Act, 2017. The financial statements prepared by the



Directors' Report to the Shareholders

management of the Company present fairly its state of affairs the results of its operations cash flows & changes in equity.

- b. The Company has maintained Proper books of account as required by the Companies Act, 2017.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- e. The system of internal control is sound in design and has been effectively implemented and monitored; There are no significant doubts upon the Company's ability to continue as a going concern:
- f. There has been no material departure from the best practice of corporate Governance, as detailed in Listing Regulations:
- g. As required by Code of Corporate Governance; the statement of pattern of shareholding, shares held by associated undertakings, and related persons have been given separately.
- h. The information regarding outstanding taxes and levies as required by Listing Regulation is disclosed in the Note to The financial statement.
- i. The key operating and financial statistics for the last six years has been given separately.

7. Material Changes in Financial Statements

Sr. No.	Particulars	Unit	30 June, 2018	30 June, 2017
A	Gross profit	%	9.67	8.68
B	Return on sales	%	2.23	0.89
C	Earnings/(Loss) per share	Rs.	10.08	3.29
D	Market value of a share	Rs.	30.49	45.60
E	Balance sheet footing	Rs.	13,267	11,303

8. Market Capitalization

At the close of the year, the market capitalization of the Company stood at Rs. 939 million as against Rs. 1404 million as at June 30, 2017.

9. 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 48 high speeds Air Jet to diversify its product market mix.

10. Outstanding taxes and Duties

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

11. 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.

12. 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





Directors' Report to the Shareholders

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.

13. Earning per Share

Your Company's post-tax profit of Rs. 310 million translates into EPS of Rs.10.08 as compared to Rs.3.29 last year.

14. Dividend

The Board of directors has recommended dividend for the year ended June 30, 2018 at Rs.2.25 per share.

15. Election of Directors

Pursuant to section 159 of Companies Act 2017, the election of Directors was held on March 31, 2018 & the following Directors were elected unopposed.

- | | | |
|----|--------------------------|------------------------|
| 1. | Mr. Fawad Ahmed Mukhtar | Non-Executive Director |
| 2. | Mr. Fazal Ahmed Sheikh | Executive Director |
| 3. | Mr. Faisal Ahmed Mukhtar | Executive Director |
| 4. | Mr. Fahd Mukhtar | Non-Executive Director |
| 5. | Mrs. Fatima Fazal | Non-Executive Director |
| 6. | Dr. Shaukat Malik | Independent Director |
| 7. | Mr. Shahid Aziz | Independent Director |

16. Composition of Board of Directors

The Board of Directors comprises of eminent individuals with diverse experiences & expertise and is visionary persons. It comprises of seven Directors including a female Director Mrs. Fatima Fazal.

There are two Executive Directors including the Chief Executive Officer & three Non-Executive Directors including the Chairman and two Independent Directors pursuant to CCG 2017.

Meetings of Board of Directors

Sr. No.	Name of participants	Designation	Attendance
1	Dr. Muhammad Shaukat	Member	5/7
2	Mr. Shahid Aziz	Member	7/7
3	Mr. Fawad Ahmed Mukhtar	Chairman	4/7
4	Mr. Fahd Mukhtar	Member	4/7
5	Mrs. Fatima Fazal	Member	6/7
6	Mr. Fazal Ahmed Sheikh	Member	6/7
7	Mr. Faisal Ahmed Mukhtar	Member	7/7
8	Mrs. Farah Faisal *	Member	4/4

Note: Mrs. Farah Faisal has not contested in election of directors held in March 2018

17. Composition of the Board Audit Committee

Pursuant to CCG-2017, the Audit Committee comprises of three Non-Executive Directors; the Chairperson being an Independent Non-Executive Director Dr. Shaukat Malik holds doctorate degree in Business Administration and Mr. Shahid Aziz has experience over 30 years in Financial Matters. The composition of Audit Committee is as under:

1.	Mr. Shahid Aziz	Independent Non-Executive Director	Chairperson
2.	Mr. Fahd Mukhtar	Non-Executive Director	Member
3.	Dr. Shaukat Malik	Independent Non-Executive Director	Member

The Board of directors has determined the terms of reference of the Audit Committee and provides adequate resources and authority to evaluate the Audit Committee to carry out its responsibilities effectively.

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

Meetings of Board Audit Committee

Sr. No.	Name of participants	Designation	Attendance
1	Mr. Shahid Aziz	(Chairman)	4/4
2	Mr. Fahd Mukhtar	(Member)	3/4
3	Dr. M. Shaukat Malik	(Member)	4/4

Directors' Report to the Shareholders

18. Composition of Human Resource & Remuneration Committee

Two members of the Human Resource & Remuneration Committee are Non-Executive Directors pursuant to CCG-2017 Dr. Shaukat Malik; the Independent Director is the chairperson of the committee.

The Composition of the Committee

1. Dr. Shaukat Malik	Independent Non-Executive Director	Chairperson
2. Mr. Faisal Ahmed Mukhtar	Executive Director	Member
3. Mr. Fahd Mukhtar	Non-Executive Director	Member

The Human Resource & Remuneration Committee focuses on risks in its area of human resources, including assessment of Compensation Structure & amount to ensure availability of talented functionaries in each area of critical company operation.

The Board of Directors has determined the term of reference of Human Resource & Remuneration Committee, which includes recommendation on Human Resource Management, Organizational development, training and Management succession.

Meeting of HR & Remuneration Committee

Sr. #	Name of Participants	Designation	Attendance
A	Dr. M. Shaukat Malik	(Chairman)	1/1
B	Mr. Faisal Ahmed Mukhtar	(Member)	1/1
C	Mr. Fahd Mukhtar	(Member)	1/1

19. Constitution of Risk Management Committee

Pursuant to CCG-2017 the Board of Directors has constituted the Risk Management Committee to identify, evaluate, prioritize, and manage, competition, Business, technology, obsolescence, retention of talent, financial, marketing, political & legal risks with a mitigation plan in a proactive and effective manner. It comprises of one Executive Director & two Non-Executive Independent Directors.

The Composition of the Committee

a. Mr. Faisal Ahmed Mukhtar	Executive Director	Chairperson
b. Dr. Shaukat Malik	Independent Non-Executive Director	Member
c. Mr. Shahid Aziz	Independent Non-Executive Director	Member

The board will oversee the Risk Management process primarily through Internal Audit Department which will monitor the Company's risk management quarterly or more frequently as and when required.

Sr. No.	Name of participants	Designation	Attendance
1	Mr. Faisal Ahmed Mukhtar	(Chairman)	1/1
2	Mr. Shahid Aziz	(Member)	1/1
3	Dr. M. Shaukat Malik	(Member)	1/1

20. 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).



Directors' Report to the Shareholders

21. Statement Of Ethics & Business Practices

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

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

22. 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.

23. Internal Audit Function

Internal Audit function is effectively operating within the framework set out in Code of Corporate Governance and the charter defined by the Audit Committee of the Board of Directors. The Internal Audit function is progressing from a conventional function into a business partner and advisory role through proactive approach towards effective corporate governance through risk mitigation, adding value within the business process and creating synergies at the group level. The board relies on the inputs and recommendations of the internal audit function through its Audit committee on the adequacy and effectiveness of internal controls in the organization and takes appropriate measures. The function is effectively utilizing risk control matrix, to prioritize and develop its annual plan and to strengthen the internal controls through periodic reviews of all

Directors' Report to the Shareholders

the functions/ processes in the organization. The final reports with recommendations are submitted to Audit Committee of the Board and the implementation is ensured through vigorous follow-ups while regulatory and financial reporting compliance is ensured through independent reviews and coordination by External Auditors.

24. Code of Conduct

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

25. Health Safety and Environment

RWML is a responsible environment-protecting corporate citizen and is aware of its dual responsibility to the environment and to the nation's progress. HSE performance of all segments of RWML remained excellent during the year under review. Strong commitment of Plant Team to HSE has enabled it to achieve all standard of HSE. Leading indicators and Management Safety Audit (MSA) criteria were updated in line with site requirement and new revamped "Permit to work" system implemented successfully. Comprehensive monitoring and self-auditing regimes remained in focus backed by internal and external audits. Management Safety

Audits, Emergency Response, Plant Reliability Enhancement Program, Occupational Health & Industrial Hygiene and Customized Housekeeping Audits are few to be named.

26. Information Technology

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

27. Trading in Shares By Directors And Executives

During the year 2017-18 Nine hundred fifty five Shares (955) of the company were purchased by the following Directors

- | | |
|---------------------------|------------|
| a. Prof Dr. Shaukat Malik | 950 Shares |
| b. Mr. Shahid Aziz | 05 Shares |





Directors' Report to the Shareholders

28. Whistle Blowing Policy

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

- a. Non-compliance to laws
- b. Fraud corruption or theft
- c. Nepotism
- d. Danger to public or employee's health and safety
- e. In-justice
- f. Deliberate falsification of information
- g. Harassment at workplace
- h. Discrimination on any ground
- l. Unethical conduct/behavior

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

- a. All staff is protected from victimization, harassment or disciplinary action as a result of any disclosure made in good faith.
- b. Disclosure to be in writing
- c. Anonymous disclosure will not be entertained.
- d. Full investigation of disclosure will be made
- e. All disclosure to be treated confidentially
- f. Disciplinary action will be taken against wrong doers.
- g. No adverse Consequences to individual reporting in good faith
- h. Malicious allegation reported by individuals



will have adverse consequences

29. HSE At RWML

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

- a. The health of its employees, contractors, customers and public is protected.
- b. All activities are carried out safely.
- c. Environment is protected.
- d. Comply with Pakistan's relevant laws and regulations.
- e. Ensure that all its activities are carried out in accordance with the Company's Health, Safety and Environmental Standards and Procedures.
- f. Ensure that environmental performance meets legislative requirements.
- g. Require every employee to exercise personal responsibility in preventing harm to self or others and to the environment.
- h. Maintain public confidence in the integrity of its operations by openly reporting its performance to all stakeholders who work with the Company.
- i. Provide appropriate Health, Safety and Environment training/information to employees, contractors and other stakeholders who work with the Company.
- j. Integrate Risk Assessment with all business processes.
- k. Promote prevention of pollution and proper handling and disposal of wastes.
- l. Continuously improve our performance by improving the leadership, capability and capacity of our organization.

30. 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

Directors' Report to the Shareholders



regular system checks to ensure continued effectiveness and uptime in case of any emergency. Detailed Standard Operating Procedures (SOPs) and ready reference checklists has also been developed where situations/areas of high risk that could hamper Company operations have been identified and explored in detail. Accordingly, action plans have been prepared to manage strategic business risks of the Company considering the general economic conditions, competitive realities and possible scenarios and ensuring that risk management process and culture are embedded throughout the Company.

31. 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 investor's grievances.

32. Details On Internal Financial Controls Related To Financial Statements

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

- a. Business lines, its operational aspects and current activities
- b. Management team
- c. Corporate Information
- d. Procurement activities
- e. Periodical financial results and other financial information
- f. Human Resource recruitment
- g. 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.

33. Auditors And Auditor's Report

M/S ShineWing Hameed Chaudhry & Co. Chartered Accountant has completed the Annual Audit for the year June ended 30, 2018 and has issued un-qualified audit report. The Auditors will retire on the conclusion of the upcoming Annual General Meeting of the Company and being eligible have offered them for reappointment for the year ending June 30, 2019.

The Audit Committee has recommended the reappointment of M/S ShineWing Hameed Chaudhry & Co. Chartered Accountant as external auditors of the company for the forthcoming financial year at a fee mutually agreed upon.

34. Shareholding

Total number of the shareholders as at June 30, 2018 stood at 1665 as against 1638 last year. A statement showing pattern of shareholding of the Company and additional information as at June 30, 2018 is annexed with report.

35. Pattern of Shareholding

The pattern of shareholding and categories of shareholders as at June 30, 2018, as required under the Companies Act 2017 and Pakistan Stock Exchange Regulations, have been annexed in this report.

Directors' Report to the Shareholders



36. Brief Roles & Responsibilities of Chairman & CEO

Pursuant to CCG 2017 (including any other statutory rules or re-enactment(s) for the time being in force), the Directors of your Company confirm that:

- a. The Chairman manages the Board business and acts as its facilitator & guide with a primary role to ensure that the Board is effective in its tasks of setting & implementing the Company's direction & strategy.
- b. The Chairman represents the Non-Executive Directors of the Board and is entrusted with the leadership of the Board proceedings.
- c. The Chairman acts as the Head of Board meetings and has the power to set the agenda and gives direction and sign the minutes of the Board meetings.
- d. The CEO/managing director being the highest-ranking individual in the company carries the responsibility for overall success of the company by making top level managerial decisions.

- e. The other title of The CEO is The Managing Director.

37. Offices of Chairman, Chief Executive Office

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

38. Director Trading Program

All the Directors except one is either exempt from Director Training Program for serving more than 15 years as a Board Member of a listed Company or have been appropriately certified under the Director's Training Program from SECP approved institutions. The remaining one director will get certification under the Director's Training Program from SECP approved institute within the time limit mandated by CCG-2017.

39. Risk Management

Your Company has in place an enterprise-wide risk management system which takes care of risk identification, assessment and mitigation.

Directors' Report to the Shareholders

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.

40. DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

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

a. Your Company has adopted accounting



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

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

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

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

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

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

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

41. Code Of Corporate Governance 2017

We welcome the enactment of CCG-2017 repealing the CCG-2012 with effect from December 31, 2017, being aligned with



Directors' Report to the Shareholders

Companies Act 2017 & placing Pakistan Stock Exchange PSX under SECP-Islamabad thereby increasing the confidence of investors.

The regulation will also strengthen governance structures, bring consistency in the corporate practices and promote transparency through enhanced disclosure requirements. Furthermore, the role and responsibilities of directors have been made clear and enhanced, independent decision-making is encouraged, gender diversity is supported and mechanism for transparency and accountability is strengthened.

42. 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.

43. 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.

44. 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)

Place: Lahore

Dated: October 04, 2018



ڈائریکٹرز کی رپورٹ:

ریگولیشن ڈھانچے کو بھی مضبوط کرے گا۔ کارپوریٹ طریقوں میں مستقل استحکام آجائے گا اور بہتر افادیت کی ضروریات کے ذریعہ شفافیت کو فروغ ملے گا۔ اس کے علاوہ، ڈائریکٹروں کی کردار اور ذمہ داریوں کو واضح اور بہتر بنایا گیا ہے، آزاد فیصلہ سازی کو حوصلہ افزائی، gender diversity کی حمایت کی گئی ہے اور شفافیت اور احتساب کے لئے میکا نیزم کو مضبوط بنایا

42۔ بین الاقوامی بینکنگ اکاؤنٹ نمبر (IBAN)

01 اگست، 2017 SECP کی طرف سے سرکلر نمبر 18 کے مطابق shareholders سے درخواست کی جاتی ہے کہ وہ بین الاقوامی بینکنگ اکاؤنٹ نمبر دیں تاکہ Dividend ان کو الیکٹرانکلی ادا کیا جائے۔

43۔ نیا کمپنی ایکٹ 2017

ہم کمپنیز آرڈیننس، 1984 کو منسوخ کر کے ریگولیٹری فریم ورک کو مضبوط کرنے کارپوریٹ سیکٹر کو سہولت فراہم کرنے کارپوریشن کے شعبے کو مضبوط بنانے، ٹیکنالوجی کا زیادہ سے زیادہ استعمال، غیر ضروری روایات کو ختم کرنے اور حصص داروں کی مفاد کا تحفظ کرنے کے لئے، کمپنی ایکٹ 2017 کا خیر مقدم کرتے ہیں جس کے لئے SECP بجا طور پر تعریف کی مستحق ہے

44۔ اعتراف

آپ کی کمپنی کے ڈائریکٹر، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، بینکوں اور مالیاتی ادارے اور انشورنس کمپنیوں کے ان کے مسلسل تعاون پر شکر گزار ہیں کے لئے۔ ڈائریکٹرز اپنے قابل قدر گاہکوں اور سپلائرز کی طرف سے فراہم کردہ حمایت کے لئے بھی ان کے شکر یہ ادا کرتے ہیں اور ان کی تعریف کرنا چاہیں گے۔ ہم اپنے حصہ داروں کا بھی شکریہ ادا کرتے ہیں، جو کمپنی میں ان کے اعتماد کو برقرار رکھنے کے لئے جاری ہے۔ کمپنی ان کی سرمایہ کاری کے بہت اچھے استعمال کو یقینی بنانے کے لئے۔ پوری کوششوں کا۔

بورڈ کے ذریعہ اور کی طرف سے

فضل احمد شیخ (چیف ایگزیکٹو)

جگہ: لاہور

تاریخ: 04 اکتوبر، 2018

منصوبہ بندی کرتی ہے جہاں پر کاروبار میں نئے خطرے کی شناخت تشخیص/ نشاندہی کی جاتی ہے اور ان کا حل تلاش کیا جاتا ہے

40۔ اندرونی مالیاتی کنٹرول

مالیاتی بیانات کے حوالے سے آپ کی کمپنی میں مناسب اندرونی مالی کنٹرول کا نظام موجود ہے، جن میں سے کچھ مندرجہ ذیل ہیں

ا۔ آپ کی کمپنی آئی اے ایس میں مقرر کردہ اکاؤنٹنگ پالیسیوں پر عمل درآمد کرتی ہے اور جن پر کمپنی ایکٹ، 2017 کے سیکشن کا اطلاق بھی ہوتا ہے۔ یہ پاکستان میں عمومی مروجہ اکاؤنٹنگ کے اصول ہیں۔ پالیسیوں میں اگر کوئی تبدیلی ہو تو آڈٹ کمیٹی، آڈیٹر کے ساتھ مجاز تفسیر کے ساتھ مشاورت کے بعد منظوری دیتی ہے۔

ب۔ ایسوسی ایٹڈ کمپنیوں کے لئے ایک جیسی متوازی پالیسی یقینی بنائی جاتی ہے

پ۔ آپ کی کمپنی میں اوریکل کا EBS R 12 نظام کام کرتا ہے اور اس کا اکاؤنٹنگ ریکارڈ الیکٹرانک شکل میں محفوظ ہے اور باقاعدہ طور پر Back-up لیا جاتا ہے۔ یہ نظام اس طریقہ سے ترتیب دیا گیا ہے کہ تمام ٹرانزیکشن اکاؤنٹ کے بنیادی کتابوں کے ساتھ ہموار طور پر ضم ہو جائے۔ آپ کی کمپنی نے بنیادی نظام میں مختلف ماسٹر ڈیٹا کے درست اور بروقت اپ ڈیٹس کو یقینی بنانے کے لئے خود کار طریقے اپنائے ہیں۔

ت۔ آپ کی کمپنی میں ایک مضبوط خود کار مالیاتی بندش سرٹیفیکیشن میکانزم ہے جہاں لائن مینیجر مختلف اکاؤنٹنگ کی پالیسیوں، اکاؤنٹنگ درستی اور احکامات اور دیگر تخمینوں کی درستگی کی تصدیق کرتے ہیں۔

ث۔ آپ کی کمپنی کے مالی معاملات کی تیاری میں کمپنی کی پالیسیوں کی بنیاد پر فیصلے جاتے اور تخمینے لگائے جاتے اور جب مناسب ہو تو پیش یا درست کرنے کیلئے بیرونی اجزاء کا استعمال بھی کیا جاتا ہے۔ آڈٹ کمیٹی اس طرح کے فیصلوں اور تخمینوں کی منظوری دیتی ہے۔

ج۔ میجمنٹ مختلف اوقات میں منظور شدہ مختلف پیرامیٹرز سے کمپنی کی مالی کارکردگی کا جائزہ لیتی ہے اور جہاں بھی ضروری ہو، کارروائی کرتی ہے

ح۔ آپ کی کمپنی نے تمام ملازمین کے لئے ضابطہ اخلاق ترتیب دے رکھا ہے جس میں whistle blowing (کسی غلطی کی اطلاع دینا) بھی شامل ہے۔

41۔ کارپوریٹ گورننس 2017

ہم سی سی جی - 2017 کی منظوری اور نفاذ کا خیر مقدم کرتے ہیں۔ جو سی سی جی - 2012 کی متروکی کے بعد دسمبر 2017، 31 سے نافذ العمل ہے، پاکستان اسٹاک ایکسچینج رولز کو کمپنی ایکٹ 2017 کے تحت ایس ای سی پی کے ماتحت کر دیا گیا ہے جس کے سبب سرمایہ کاروں کے اعتماد میں اضافہ ہوگا۔

ڈائریکٹرز کی رپورٹ:

35۔ بیٹرن آف شیئر ہولڈنگ

بیٹرن آف شیئر ہولڈنگ کی تفصیلات مالیاتی بیانات میں دی گئی ہے۔

36۔ چیئر میں اوری ای او کے رول اور ذمہ داریاں

ا. چیئر مین، بورڈ کے کاروباری معاملات کا انتظام کرتا اور اس کے سہولت کار کے طور پر کام کرتا اور اس کا رہنما بھی ہونے کے علاوہ بورڈ کی جانب سے کمپنی کی سمت اور حکمت عملی کو مرتب اور نافذ کرنے کے لئے اپنا رول ادا کرتا ہے۔

ب. چیئر مین، بورڈ کے نان ایگزیکٹو ڈائریکٹرز کی نمائندگی اور بورڈ کی عملی کی قیادت کرتا ہے۔

پ. چیئر مین بورڈ کے اجلاسوں کے سربراہی کرنے ایجنڈا بنانے کی ہدایات جاری کرنے کے علاوہ بورڈ کے اجلاسوں کے منٹس پر دستخط کرتا ہے۔

ت. سی ای او کمپنی میں سب سے اعلیٰ آفیسر ہونے کی وجہ سے، اعلیٰ درجے کے انتظامی فیصلے کرنے اور کمپنی کی مجموعی کامیابی کی ذمہ داری رکھتا ہے۔

ث. سی ای او کا دوسرا عنوان نیجنگ ڈائریکٹر ہے۔

37۔ چیئر مین اور چیف ایگزیکٹو آفیسر دو الگ الگ افراد

Good Governance رولز کے مطابق، بورڈ آف ڈائریکٹرز کے چیئر مین اور چیف ایگزیکٹو آفیسر علیحدہ افراد ہیں جو فرائض اور ذمے داریوں سے عہدہ برآ ہوتے ہیں۔

38۔ ڈائریکٹرز ٹریننگ پروگرام

فہد مختار کے علاوہ تمام ڈائریکٹرز یا تو ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں (کسی Listed کمپنی کے بورڈ کے رکن کے طور پر 15 سال سے زائد خدمت کرنے کی وجہ سے) یا SECP منظور شدہ اداروں کے ڈائریکٹرز کے تربیتی پروگرام کے تحت certified ہیں۔

فہد مختار سی سی جی - 2017 کی طرف سے مقرر کردہ وقت کی حد کے اندر اندر SECP کے منظور شدہ انسٹی ٹیوٹ کے ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیٹ لیں گے۔

39۔ خطرہ کے مینجمنٹ کا نظام

آپ کی کمپنی میں (انٹرنیٹ پر اس وسیع خطرہ مینجمنٹ) خطرہ کو پہنچ کرنے کا ایک نظام موجود ہے۔ جو خطرے کی شناخت، تشخیص/ نشانہ بندی کرتا ہے۔ گورنمنٹ فریم ورک اور انٹیگرٹڈ کمپلائنس مینجمنٹ کے اشتراک سے کمپلائنس مینجمنٹ کے نظام کو مضبوط کیا گیا ہے۔ آپ کی کمپنی نے بھی رسک مینجمنٹ کمیٹی قائم کی ہے۔ جو کمپنی میں خطرے کی انتظامی معاملات کی نگرانی کرنے اور کمپنی میں خطرے کے انتظام کے عمل کا جائزہ لینے کے لئے بنائی گئی ہے، یہ کمیٹی انتظامیہ کو خطرے میں کمی سے متعلق منصوبوں کے ساتھ ساتھ ابھرنے والے خطرات کے انسداد میں مدد دیتی ہے، رسک مینجمنٹ سالانہ

حساس مقامات میں خطرہ روکنے/کم کرنے کے مفصل ایس او پی ہیں۔ اور وہ مقامات و کیفیات جو کمپنی کے آپریشنل سسٹم کو متاثر کر سکتے ہیں کی تفصیل کے ساتھ نشان دہی اور عملی منصوبہ بندی کی گئی ہے تاکہ منظم طریقہ سے تقابلی و معاشی مقابلے کے حالات میں کاروبار کو محفوظ رکھا جاسکے۔

31۔ سرمایہ کاروں کے تحفظ کی پالیسی

کمپنی کا شعبہ کارپوریٹ اپنے سرمایہ کاروں کے ساتھ رابطے میں رہتا ہے اور ان کے سوالات، معلومات اور ان کے خدشات کا جواب دیتے ہیں۔ آرڈیبلو ایم ایل کے رجسٹرار بروقت سرمایہ کاروں کی دشواریوں کو حل کرتا ہے۔

32۔ ویب سائٹ

آپ کی کمپنی کی ویب سائٹ مندرجہ ذیل پہلوؤں کا تفصیلی جائزہ اور معلومات فراہم کرتی ہے

1. کاروبار کی نوعیت، آپریشنل پہلو اور موجودہ سرگرمیاں

2. انتظامیہ

3. کارپوریٹ معلومات

4. خریداری کی سرگرمیاں

5. مدتی مالیاتی نتائج اور دیگر مالیاتی معلومات

6. ملازمین کی بھرتی

7. میڈیا کا استعمال

یہاں اس بات کی وضاحت بھی کی جاتی ہے کہ ویب سائٹ کی تشکیل اور اس پر ضروری معلومات کی فراہمی تمام Listed کمپنیوں کے لئے SECP کی ہدایات کے مطابق لازم ہے۔

33۔ آڈیٹرز اور ان کی رپورٹ

ایم ایس شائینگ حمید چوہدری اینڈ کو چارٹرز اکاؤنٹنٹس نے 30 جون، 2018 کے لئے سالانہ آڈٹ مکمل کر لیا ہے اور بے شک غیر قابل (مکمل صاف) رپورٹ ہے۔ آڈیٹرز کمپنی کے آئندہ سالانہ جنرل اجلاس کے اختتام پر ریٹائرڈ ہو جائیں گے اور ان آڈیٹرز نے خود کو 30 جون، 2019 کو ختم ہونے والے مالی سال کے لئے دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے اگلے سال کے لئے ایم ایس شائینگ حمید چوہدری اینڈ کو کی تقرری کے لئے رضامندی کا اظہار کیا ہے۔

34۔ شیئر ہولڈنگ

جون 2018، 30 کو کمپنی کے ممبران کی کل تعداد گزشتہ سال 1638 کے مقابلے میں 1665 ہے۔ کمپنی ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج ریگولیشنز کے تحت جون 2018، 30 کی pattern of shareholding رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز کی رپورٹ:

26۔ معلومات کی تکنیک

اور ایمان کی بنا پر ہوا ہو اسکے خلاف نظم و ضبط کی کارروائی روکنا۔
- معلومات تحریری طور پر علم میں لانا
- افشاء معلومات کی مکمل تحقیقات کی جائیں گی
- غلط کاروں کے خلاف انضباطی کارروائی کی جائے گی
- اچھے ایمان/ ارادہ میں انفرادی رپورٹنگ کے لئے کوئی منفی نتائج نہیں
- انفرادی طرف سے رپورٹ کردہ غلط الزام ناقابل برداشت نتائج کا حامل ہوگا۔

29۔ HSE پر RWML

ہماری HSE پالیسی کاروباری قواعد و ضوابط کا ایک اہم جز ہے۔ آرڈیو ایبل مینڈر جڈیل عناصر کا یقین دلاتا ہے
ا۔ اس کے ملازمین، ٹھیکیداروں، گاہکوں اور عوام کی صحت محفوظ ہے۔

ب۔ تمام سرگرمیاں محفوظ طریقے سے کی جاتی ہیں
پ۔ پاکستان کے متعلقہ قوانین اور قواعد و ضوابط کی پاس داری کی جاتی ہے۔
ت۔ تمام سرگرمیاں کمپنی کی صحت، سیفٹی اور ماحولیاتی معیارات اور طریقہ کار کے مطابق کی جاتی ہیں۔

ث۔ ماحولیاتی کارکردگی قانونی تقاضے کی ضروریات کو پورا کرتی ہے۔
ڈ۔ ہر ملازم کو اپنے یا دوسروں کو اور ماحول میں نقصان کی روک تھام میں ذاتی ذمہ داری کا احساس ہے۔

ج۔ کمپنی کے ساتھ کام کرنے والے تمام اسٹیک ہولڈرز (حصول دار) کارکردگی کی رپورٹنگ کے ذریعے عوامی اعتماد کو برقرار رکھتے ہیں
ج۔ ملازمتوں، ٹھیکیداروں اور دیگر اسٹیک ہولڈرز جو کمپنی کے ساتھ منسلک ہیں کو مناسب صحت، سیفٹی اور ماحولیاتی تربیت/ معلومات فراہم کرنا۔

ح۔ تمام کاروبار کے عمل کے دوران خطرے کی تشخیص کا نظام
خ۔ آلودگی کی روک تھام کو فروغ دینا اور فضلہ کو تلف کرنے کے مناسب انتظام کو فروغ دینا
د۔ تنظیم کی قیادت، صلاحیت اور ہماری کارکردگی کو بہتر بنانے میں بہتری ڈ۔ محفوظ ماحول

30۔ ڈیٹا کی حفاظت کا طریقہ کار

RWML کے تمام مراکز میں ہنگامی صورتحال سے نمٹنے کے لئے ایک قابل بھروسہ تحفظ کا ایک فعال نظام موجود ہے۔ جو خطرے کی نشان دہی شدت کا اندازہ اور حل فراہم کرتا ہے۔ یعنی ناگہانی حادثہ کی صورت میں بحالی کے لئے جامع لائحہ عمل مختلف Back up بیک اپ کی سہولتیں کے ساتھ کام کر رہا ہے۔ یہ نظام باقاعدگی سے کسی بھی ہنگامی صورت حال میں اپ ڈیٹ کو یقینی بنانے کے لئے جانچ کے باقاعدہ نظام کے تابع تفصیلی معیاری آپریٹنگ طریقہ سے کام کرتا ہے۔ جہاں کمپنی کے آپریشن میں

انفارمیشن ٹیکنالوجی ڈویژن کمپنی کا ایک اہم عنصر ہے۔ یہ کمپنی اس کے ملازمین کے استعمال کے لئے کمپیوٹنگ اور مواصلات کی خدمات، سہولیات اور بنیادی ڈھانچے کی ایک وسیع رینج فراہم کرنے میں RWML کی مدد کرتا، اور مواصلات کی خدمات، سہولیات اور بنیادی ڈھانچے کی ایک وسیع رینج فراہم کرتا ہے اور کمپنی کی کاروباری ضروریات سے منسلک رہتا ہے، اس بات کو بھی یقینی بناتا ہے کہ solutions کاروباری ضروریات سے متعلق ہو۔ ہمارے خیال میں ہم فیصلے سازی کو فروغ دینے، بہتر تجزیات اور ڈیٹا بورڈ کی صلاحیتوں کا استعمال اور ایک اچھی حکمت عملی کے طور پر دیگر اچھی اپیلی کیشنز پر توجہ مرکوز کر کے، کاغذ کے اثرات کو کم کر کے اور تازہ ترین ٹیکنالوجی کی تعیناتی کے ذریعے گاہکوں تک اپنی رسائی میں اضافہ کر سکتے ہیں۔

27۔ ڈائریکٹرز کی طرف سے حصص کی خریداری

سال کے دوران کمپنی کے 955 حصص کو مندرجہ ذیل ڈائریکٹرز کی طرف سے خریدا گیا تھا
• ڈاکٹر شوکت ملک 950 حصص
• مسٹر شاہد عزیز 005 حصص

28۔ بروقت اطلاع کا نظام

کمپنی اعلیٰ سطح کے اخلاقی اصولوں کی پاسداری کی ذمہ دار ہے جس کے لئے بورڈ نے بروقت اطلاع کا نظام تشکیل دیا ہے۔ اس کے مطابق کوئی بھی شخص اپنا نام ظاہر کر کے یا ظاہر کیے بغیر (گمنام) کمپنی کے ضابطہ اخلاق اور کمپنی کی پیشہ ورانہ اصول/ سالمیت کی خلاف ورزی کے بارے میں رپورٹ کر سکتا ہے۔ یاد رہے یہ نظام کمپنی کی طرف سے مالی یا کاروباری فیصلے سے متعلق سوالات کے لئے نہیں بنایا گیا ہے۔ پالیسی مندرجہ ذیل ہے

- * قوانین کی عدم تعمیل
- * فراڈ بد عنوانی یا چوری
- * اقرباء پروری
- * عوام یا ملازمین کی صحت اور حفاظت کو خطرہ
- * عدم انصاف

* معلومات کی عمدہ جعل سازی غلط تبدیلی
* کام کی جگہ پر ہراساں کرنا
* کسی بنیاد پر امتیازی سلوک رکھنا
* غیر اخلاقی عمل/ رویہ
پالیسی کے بنیادی عناصر مندرجہ ذیل ہیں:
- تمام عملے کو انتظام ہراساں کرنے سے محفوظ کرنا اور جو عمل اچھے ارادہ* افادیت

ڈائریکٹرز کی رپورٹ:

21۔ اخلاقیات اور کاروباری پریکٹس (تعملات) کی تشریح

کاروباری اخلاقیات اور بنیادی اقدار وہ فریم ورک ہیں جن پر عمل پیرا ہوتے ہوئے کمپنی اپنے معاملات آگے بڑھاتی ہے۔ بورڈ آف ڈائریکٹرز اور کمپنی کے ملازمین ہمارے کاروباری اخلاقیات کے اصولوں کے مطابق اپنے کاروبار کو منظم کرنے کے لئے بہترین ساکھ کے محافظ ہیں۔ مندرجہ ذیل اصول کاروباری اخلاقیات اور کمپنی کے بنیادی اقدار کے قیام کے لئے ہیں۔

تنظیم کے اندر یا باہر معاملات کرتے ہوئے، ایمانداری، سالمیت، انصاف اور اخلاقی رویے کا مظاہرہ۔

اچھے کارپوریٹ شہری ہونے کے ناطے تمام اصول و ضوابط کی پیروی۔

محفوظ اور پائیدار اور دیگر پاماحول میں کاروبار کو چلانا۔

کاروباری لین دین میں اعتماد بھروسہ اور شفافیت کے اصولوں پر کامل یقین۔

بلا تفریق یکساں مواقع ملازمت

حصص داروں کے مفادات کا تحفظ۔

اپنے ملازمین، پڑوسیوں، گاہکوں اور مہمانوں کی حفاظت کے لئے محفوظ ماحول کو یقینی بنانا۔

کاروباری چیلنجوں کا مقابلہ/حوصلہ افزائی کرنا۔

انسانی وسائل میں سرمایہ کاری۔

مفاد کے نگرانی کی صورت میں (اگر کوئی ہے) میں مکمل معلومات دینا۔

احتساب اور ذمہ داری۔

معیاری اور مؤثر تعلقات عامہ۔

تمام اسٹیک ہولڈرز کو توکعات سے زیادہ اچھا دینا۔

مسلسل ترقی کے لئے کسٹمر کا ضروری اطمینان۔

ملازمین کی جدید تخلیقی صلاحیتوں کی حوصلہ افزائی

تمام اسٹاک ہولڈرز کی عزت و احترام

شراکت داروں، سپلائرز، ملازمین اور حکومت کے لئے قابل رہنے اعتماد اور سود مند رہنا۔

22۔ اندرونی کنٹرول

کمپنی کا انتظام آپریشن ساز اور کاروباری نوعیت اعتبار سے مناسب ہے۔ یہ کنٹرول کمپنی کے مالی اور غیر مالی ذرائع کے موثر استعمال اور تحفظ کو یقینی بناتا ہے۔ باقاعدہ اندرونی آڈٹ اور معائنہ ذمہ داریوں کے موثر ہونے کو یقینی بناتا ہے۔ بورڈ آڈٹ کمیٹی داخلی کنٹرول کے نظام کا جائزہ لیتی ہے اور ان کو مضبوط بنانے کے لئے بروقت راست اقدام کرتی ہے

23۔ اندرونی آڈٹ فنکشن

اندرونی آڈٹ فنکشن کارپوریٹ گورننس کوڈ اور بورڈ آف ڈائریکٹرز کے آڈٹ کمیٹی کی طرف سے مقرر کردہ چارٹر/ فریم ورک کے اندر موثر طریقے سے کام کرتا ہے۔ اندرونی آڈٹ فنکشن روایتی فنکشن سے، کاروباری پارٹنر اور مشاورتی عمل، موثر کارپوریٹ گورننس کی ہدایات، کاروباری عمل کے اندر قدر میں اضافے اور گروپ کی سطح پر ہم آہنگی کے ذریعے فعال نقطہ نظر سے ترقی کر رہا ہے۔ بورڈ اندرونی آڈٹ فنکشن کو موثر طریقے سے، خطرہ کنٹرول میٹریکس کا استعمال کرنے، اپنی سالانہ منصوبہ کو ترجیحی بنیادوں پر تیار کرنے، تنظیم میں تمام افعال کے موثر جائزے اندرونی کنٹرول کو مضبوط بنانے اور مناسب اقدامات لینے کیلئے آڈٹ کمیٹی کے ذریعہ اندرونی آڈٹ فنکشن کے آدانوں اور سفارشات پر انحصار کرتا ہے۔ ان سفارشات کے ساتھ حتیٰ کارپوریٹ بورڈ کے آڈٹ کمیٹی کو پیش کی جاتی ہے اور ان سفارشات پر عمل درآمد کروایا جاتا ہے اور ساتھ ہی External آڈیٹروں کی جانب سے آزادانہ جائزے اور تعاون کے ذریعے ریگولیٹری اور مالی رپورٹنگ کے تعمیل کو یقینی بنایا جاتا ہے۔

24۔ ضابطہ اخلاق

کارپوریٹ Governance کی ہدایات کے مطابق، کمپنی کے لئے ضابطہ اخلاق تیار کیا گیا ہے اور کمپنی کی ویب سائٹ پر رکھنے کے علاوہ پوری کمپنی کے ملازمین کو بھی ضابطہ اخلاق سے مطلع کر دیا گیا ہے

25۔ صحت کی حفاظت اور ماحول

آرڈیبلو ایم ایل (RWML) ایک ذمہ دار ماحول دوست کارپوریٹ شہری کی طرح ماحولیاتی تحفظ اور قومی ترقی کے بارے میں اپنی دوہری ذمہ داری سے بخوبیاً گاہ ہے۔ موجودہ سال کے دوران آرڈیبلو ایم ایل کے تمام شعبوں کی ایچ ایس ای کارکردگی بہت اچھی رہی۔ ایچ ایس ای پلانٹ کی ٹیم کے مضبوط عزم نے اس کو تمام معیار حاصل کرنے کے قابل بنایا ہے۔ اعلیٰ درجے کے Indicators اور مینجمنٹ سیفٹی آڈٹ کے معیار کو سائٹ کی ضروریات اور نئے ترمیم شدہ کام کی اجازت کے نظام کے ساتھ کامیابی سے اپ ڈیٹ کیا گیا تھا۔ جامع نگرانی اور خود آڈیٹنگ میکانزم اندرونی و بیرونی آڈٹ کی طرف سے تعاون قابل داد ہے۔ مینجمنٹ سیفٹی آڈٹ، ایمرجنسی کا سامنا، پلانٹ کی قابل اطمینان پیش رفت، کاروباری مضبوطی اور صنعتی حفظان صحت اور مضبوط اندرونی آڈٹ اس کے اجزا ہیں۔

ڈائریکٹرز کی رپورٹ:

تفصیل مینٹگ	ممبر	4/7
سیریل ڈائریکٹر کا نام	ممبر	6/7
1. مسٹر فیصل احمد مختار	ممبر	5/7
2. فہد مختار	ممبر	7/7
3. ڈاکٹر شوکت ملک	ممبر	4/4
نامزدگی		
حاضر		
1/1		
1/1		
1/1		

19۔ بورڈ آڈٹ کمیٹی کی تشکیل

19۔ بورڈ Risk Management کمیٹی کا قیام

CCG 2017 کے مطابق، بورڈ آف ڈائریکٹرز نے خطرے کی انتظامی Risk Management کمیٹی تشکیل دی ہے، جو خطرہ کی نشاندہی، تشخیص اور حل کرنے کے علاوہ باقاعدگی سے کاروبار، ٹیکنالوجی، ٹیلنٹ، مالی، مارکیٹنگ، سیاسی اور قانونی خطرات کو ایک فعال اور موثر منصوبہ بندی کے ذریعے کم کرنے کا انتظام احسن طریقے سے سرانجام دیتی ہے۔ اس میں ایک ایگزیکٹو ڈائریکٹر اور دو غیر ایگزیکٹو آزاد ڈائریکٹرز شامل ہیں۔

CCG 2017 کے مطابق، آڈٹ کمیٹی میں تین غیر ایگزیکٹو ڈائریکٹرز شامل ہیں؛ چیئر مین مسٹر شاہد عزیز (آزاد ڈائریکٹر) ہیں جن کا مالی معاملات میں 30 سال سے زیادہ کا تجربہ ہے ڈاکٹر شوکت ملک جو بزنس ایڈمنسٹریشن میں PhD کی ڈگری رکھتے ہیں بھی کمیٹی کے رکن ہیں

1. شاہد عزیز آزاد غیر ایگزیکٹو ڈائریکٹر چیئر مین
2. فہد مختار غیر ایگزیکٹو ڈائریکٹر ممبر
3. ڈاکٹر شوکت ملک آزاد غیر ایگزیکٹو ڈائریکٹر ممبر

بورڈ نے آڈٹ کمیٹی کے حوالہ سے اصول و ضوابط طے کیے ہیں اور آڈٹ کمیٹی کو کام کرنے کے لئے کافی وسائل اور اختیار دیئے ہیں تاکہ وہ اپنی ذمہ داریاں بخوبی انجام دے سکیں

آڈٹ کمیٹی کارپوریٹ اور Risk Management کی ذمہ داریوں کو پورا کرنے کے لئے بورڈ آف ڈائریکٹرز کو مدد فراہم کرتی ہے جس میں ادارے کی مالی رپورٹنگ اور اندرونی کنٹرول کے نظام شامل ہیں۔

کمیٹی کی تشکیل

الف) فیصل احمد مختار ایگزیکٹو ڈائریکٹر چیئر مین

ب) ڈاکٹر شوکت ملک آزاد غیر ایگزیکٹو ڈائریکٹر ممبر

ج) شاہد عزیز آزاد غیر ایگزیکٹو ڈائریکٹر ممبر

بورڈ بنیادی طور پر اندرونی آڈٹ ڈیپارٹمنٹ کے ذریعے Risk Management کے عمل کی نگرانی کرتا ہے اور کمپنی کے خطرات کی سہ ماہی اور بوقت ضرورت نگرانی کرے گا۔

بورڈ آڈٹ کمیٹی کی مینٹنگ

تفصیل مینٹگ	ممبر	4/4
سیریل ڈائریکٹر کا نام	نامزدگی	
1. فیصل احمد مختار	چیئر مین	1/1
2. ڈاکٹر شوکت ملک	ممبر	1/1
3. شاہد عزیز	ممبر	1/1
حاضر		
1/1		
1/1		
1/1		

سیریل ڈائریکٹر کا نام	نامزدگی	حاضر
1. شاہد عزیز	چیئر مین	4/4
2. ڈاکٹر شوکت ملک	ممبر	4/4
3. فہد مختار	ممبر	3/4

20۔ ڈائریکٹر اور انتظامیہ کا معاوضہ

ڈائریکٹر اور انتظامیہ کو تنخواہ/معاوضہ کی ادائیگی نامزد ریٹائرمنٹ پالیسی کے مطابق دیا جاتا ہے۔ جو کمپنی کے ایکٹ، 2017 کے مطابق تشکیل دیا گیا ہے۔ سی ای او/CEO سمیت ایگزیکٹو ڈائریکٹر کمپنی سے تنخواہ حاصل نہیں کرتے۔ کمپنی ایکٹ، 2017 کے تحت آپ کی کمپنی کے ڈائریکٹرز اور ایگزیکٹو ملازمین کے بارے میں ضروری معلومات اس رپورٹ میں شامل ہیں۔ اور کمپنی کی ویب سائٹ پر بھی دستیاب ہیں

18۔ بورڈ R & HR کمیٹی کی تشکیل

انسانی وسائل اور ریٹائرمنٹ کمیٹی کے دو ارکان غیر ایگزیکٹو ڈائریکٹر ہیں، سی سی جی 2017 کی روسے ڈاکٹر شوکت ملک آزاد ڈائریکٹر کمیٹی کے چیئر مین ہیں۔

کمیٹی کی تشکیل

1. ڈاکٹر شوکت ملک آزاد غیر ایگزیکٹو ڈائریکٹر چیئر مین
2. فیصل احمد مختار ایگزیکٹو ڈائریکٹر ممبر
3. فہد مختار غیر ایگزیکٹو ڈائریکٹر ممبر

ڈائریکٹرز کی رپورٹ:

کے فروغ کے لئے مضبوط عزم کی حمایت کی ہے۔ یہی وجہ ہے آپ کی کمپنی مختار اے شیخ ٹرسٹ سمیت اچھی شہرت کی حامل تنظیموں کی مستقل ڈونر ہے جو ملک کے دور دراز علاقوں میں جہاں تک صحت کی دیکھ بھال کے لئے رسائی حاصل کرنا بہت مشکل ہے وہ وہاں مفت میڈیکل کیمپ قائم کرتے اور مستحق مریضوں کو ادویات کے ساتھ ساتھ مفت طبی سہولیات دیتے ہیں۔

13- حصص کی آمدنی

آپ کی کمپنی کا ٹیکس کے بعد کا منافع 310 ملین روپے ہے۔ جس کا EPS 3.29 روپے (گزشتہ سال) کے مقابلے میں اس سال 10.08 روپے فی شیئر ہے۔

14- ڈیوڈینڈ

بورڈ آف ڈائریکٹرز نے 30 جون، 2018 تک ختم ہونے والے سال کے لئے % 22.50 ڈیوڈینڈ کی سفارش کی ہے۔

15- ڈائریکٹروں کا انتخاب

کمپنی ایکٹ 2017 کے سیکشن 159 کے مطابق، 31 مارچ، 2018 کو ڈائریکٹرز کا انتخاب منعقد کیا گیا اور مندرجہ ذیل ڈائریکٹر بلا مقابلہ منتخب ہوئے۔

1. مسٹر فواد احمد مختار نان ایگزیکٹو ڈائریکٹر (چیئرمین)
2. مسٹر فضل احمد شیخ ایگزیکٹو ڈائریکٹر
3. مسٹر فیصل احمد مختار ایگزیکٹو ڈائریکٹر
4. مسٹر فہد مختار نان ایگزیکٹو ڈائریکٹر
5. مسز فاطمہ فضل Non ایگزیکٹو ڈائریکٹر
6. ڈاکٹر شوکت ملک آزاد ڈائریکٹر
7. مسٹر شاہد عزیز آزاد ڈائریکٹر

16- بورڈ کے ڈائریکٹروں کی تشکیل

بورڈ آف ڈائریکٹرز بصیرت اور متنوع تجربات کے حامل ممتاز افراد پر مشتمل ہے۔ اس میں ایک خاتون ڈائریکٹر مسز فاطمہ فضل سمیت سات ڈائریکٹرز شامل ہیں۔ سی سی جی 2017 کے مطابق بورڈ میں چیف ایگزیکٹو آفیسر سمیت دو ایگزیکٹو ڈائریکٹرز اور تین غیر ایگزیکٹو ڈائریکٹرز ہیں۔

تفصیل مینڈگ

سیریل	ڈائریکٹر کا نام	نامزدگی	حاضری
1.	مسٹر فواد احمد مختار	چیئرمین	4/7
2.	مسٹر فضل احمد شیخ	ممبر	6/7
3.	مسٹر فیصل احمد مختار	ممبر	7/7

ح گزشتہ چھ سالوں کے دوران کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا اعلان الگ الگ دیا گیا ہے

7- مالیاتی معاملات میں مواد کی تبدیلی

سیریل نمبر	تفصیل	یونٹ	30 جون، 2018	30 جون، 2017
1	کل منافع	%	9.67	8.68
2	فروخت پرواپسی (سیل ریٹرن)	%	2.23	0.89
3	نفع/ (نقصان) فی حصہ	روپے	10.08	3.29
4	شیئرز کی مارکیٹ کی قیمت	روپے	30.49	45.60
5	بیلنس شیٹ footing	روپے	13,267	11,303

8- مارکیٹ/capialization/ سرمایہ کاری

30 جون، 2018 سال کے آخر میں، کمپنی کی مارکیٹ capialization/ سرمایہ کاری 939 ملین روپے ہے۔ جو کہ گزشتہ سال 1404 ملین روپے تھی

9- جدت و توسیع

کمپنی بین الاقوامی معیار کی مصنوعات تیار کرنے اور تیزی سے بدلتی ہوئی ٹیکنالوجی سے ہم آہنگ ہونے اور پیداوار کو بڑھانے کے لئے مصروف عمل ہے۔ کمپنی نے جدید 48 ہائی سپیڈ ایئر جیٹ کی درآمد کے لئے ایل سی کھول دی ہے جو یقینی طور پر پیداوار میں اضافہ اور لاگت کو کم کرے گی

10- واجب الادا ٹیکس

واجب الادا ٹیکس اور duties کی تفصیلات مالیاتی بیانات میں دیئے گئے ہیں

11- وفاقی خزانہ میں تعاون

ٹیکس اور duties کے حوالے میں آپ کی کمپنی قومی معیشت میں کافی اہم کردار ادا کرتی ہے، جیسا کہ کمپنی ترقی کر رہی ہے ٹیکس کی ادائیگی کی رقم میں اضافہ بھی ہو رہا ہے۔ اس سال کمپنی نے وفاقی خزانہ میں Income Tax, Sales Tax, FED وغیرہ کے حوالے سے ایک خطیری رقم جمع کروائی ہے۔

12- اجتماعی سماجی ذمہ داری (سی ایس آر)

بہتر سماج کے لئے آپ کی کمپنی خدمت کرنا اپنا اولین فرض سمجھتی ہے۔ RWML ایک اچھا کارپوریٹ شہری بننے کے لئے کوشاں ہے، ہم نے ہمیشہ عوامی صحت اور تعلیم

ڈائریکٹرز کی رپورٹ:

4- ٹیکسٹائل انڈسٹری بیک گراؤنڈ / پرفارمنس

سرخیاں مندرجہ ذیل ہیں:

ا. ٹیکسٹائل سیکٹر کا جی ڈی پی میں 8% حصہ ہے۔ جو انڈسٹریل ویلویو کا تقریباً چوتھا حصہ ہے۔

ب. ٹیکسٹائل کی صنعت پاکستان میں دوسرا سب سے بڑا ملازمت دینے والا شعبہ ہے۔

پ. یہ صنعتی لیبر فورس کا 40% فراہم کرتا ہے۔

ت. پاکستان ایشیاء میں ٹیکسٹائل ایشیاء کا 8واں سب سے بڑا برآمد کنندہ ہے۔

ث. ٹیکسٹائل کی مصنوعات کی برآمد میں گزشتہ سال کے مقابلے میں 12.8% اضافہ ہوا ہے۔

ش. روایتی اور سائیکلک انفراسٹرکچر ٹیکسٹائل کی مصنوعات نے قومی برآمدات میں 60 فی صد سے زائد کا اوسط حصہ برقرار رکھا ہے۔

ح. سوت، ٹوئیڈ، لستر اور کپڑے سازی سب سے اہم برآمدی مصنوعات ہیں

چ. پاکستان عالمی سطح پر کپاس کا چوتھا سب سے بڑا پروڈیوسر ہونے کے باوجود کوئی خاطر خواہ فائدہ حاصل نہیں کر رہا کیونکہ اس کی برآمدات میں کم قیمت مصنوعات کا حصہ زیادہ ہے۔

ح. معیشت میں سب سے اہم مینوفیکچررز شعبہ ہونے کی وجہ سے، اس کا ہر مرحلے پر ویلویو میں اضافے کے لئے سب سے طویل پروسس کا سلسلہ ہے جو شروع ہوتا ہے کپاس کی پروسیسنگ/جنگ سے اور جاتا ہے کتنے، فیبرک پروسیسنگ، بناوٹ اور لباس پہننے کے عمل تک۔

خ. گزشتہ سال 10617 ملین بیلوں کے مقابلے میں کپاس کی پیداوار 11935 ملین بیلوں ہوئی۔

د. ٹیکسٹائل ایکسپورٹ آمدنی مالی سال 2018 کے دوران 8.7 فی صد زائد ہوئی اس کی وجہ درج ذیل ہے۔

1- پچھلے سال سے کم بنیاد

2- ڈالر کے مقابلے میں روپے کی قدر میں کمی

3- ایکسپورٹ سپورٹ پیکیج کے تحت دوبارہ ادائیگی

ذرائع:

• الائیڈ بینک لمیٹڈ، 20 اگست، 2018 کی اقتصادی صنعت ریسرچ

ڈیپارٹمنٹ۔

• سال 2017-18 کے لئے پاکستان اقتصادی سروے۔

• دی نیشن 3 جون، 2018 کی تاریخ

5- ٹیکسٹائل پالیسی 2018-23

ہم مسودہ ٹیکسٹائل پالیسی 2018-23 میں شامل مندرجہ ذیل اقدامات اور تجاویز کا خیر مقدم کرتے ہیں جو کہ ٹیکسٹائل سیکٹر کو بہتر مسابقتی بنانے کی طرف اشارہ کرتے ہیں

ا. گیس اور توانائی کی قیمتوں میں کمی

ب. برآمدات میں 10 فی صد اضافہ کے ساتھ غیر مشروط ٹیکسٹائل ریلیف پیکیج کی توسیع

پ. مقامی طور پر خام مال تیار کرنے سے منسلک صنعتوں کے ساتھ تعاون

ت. برآمدی مسابقتی کاروباری اداروں سے منسلک صنعتوں کی لاگت کو کم کرنا

ث. جی ایس پی (ترجمی جزل کا نظام) پلس سٹیٹس کو مدنظر رکھتے ہوئے یورپی یونین کے ساتھ معاملات کو آگے بڑھاتے ہوئے برآمدی مارکیٹوں کا آغاز کرنا۔

ذرائع:

ریسرچ ٹیم اب علی حبیب سیکورٹیز

6- کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

کمپنی کا بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کارپوریٹ گورننس کوڈ کی بابت مکمل طور پر اپنی ذمہ داریوں سے خوب آگاہ ہے۔ ذیل میں دی گئی تفصیل سے یہ واضح ہے کہ کارپوریٹ شعبوں کے ضابطہ اخلاق پر کیے

عمل درآمد کیا جاتا ہے

ا. کمپنی کے فنانشل سٹیٹمنٹ اور منسلک تاثرات کمپنیز ایکٹ، 2017 کے ضوابط کے مطابق تیار کئے گئے ہیں۔ کمپنی اپنے تمام معاملات یعنی cash flows اور

changes in equity کی صحیح عکاسی کرتی ہے

ب. کمپنی نے کمپنیز ایکٹ، 2017 کے مطابق اکاؤنٹ کی کتابیں تیار کی ہیں۔

پ. فنانشل سٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ کی پالیسیوں کو ملحوظ رکھا جاتا ہے

اور اکاؤنٹنگ تخمینہ جات مناسب اور محتاط فیصلوں سے پر مبنی ہیں؛

ت. فنانشل سٹیٹمنٹ کی تیاری میں فنانشل/مالیاتی رپورٹنگ کے بین الاقوامی معیار

اپنائے گئے ہیں اور ہر اصول کو مناسب وضاحت سے بیان کیا جاتا ہے

ث. اندرونی کنٹرول کا نظام محفوظ خطوط پر استوار کیا گیا ہے سے مؤثر طریقے جسے لاگو

کیا ہے اور نگرانی کی جاتی ہے۔ اس معاملے میں کمپنی کی صلاحیت پر کوئی شک نہیں کیا

سکتا:

ث. اکاؤنٹس میں لسٹنگ ریگولیشن کے مطابق قانون میں تفصیلی درج بہترین عمل سے

کسی بھی قسم کا مالیاتی انحراف/مادی رواں گئی نہیں ہے

ح. جیسا کہ کارپوریٹ گورننس کی ضرورت ہے، ہم نے اس رپورٹ میں شیئر ہولڈنگ

کے پیٹرن کا بیان ایسوسی ایٹ کمپنی اور متعلقہ افراد کی معلومات شامل کی ہیں؛

چ. واجب الادائیکس اور (duties فرائض) بارے میں معلومات کو مالی بیان کے

نوٹس میں ظاہر کیا گیا ہے۔

ڈائریکٹرز کی رپورٹ:

رہے گی۔ اس تجارتی کشمکش میں لاگت میں اتار چڑھاؤ عالمی ٹیکسٹائل انڈسٹری کو کافی متاثر کرے گا۔ جب کہ، دنیا بھر کے صارفین اس جنگ کے باعث ٹیکسٹائل کی مہنگی قیمتیں ادا کریں گے

عالمی تناظر میں پاکستان میں نرخ برابر ہیں۔ ٹیکسٹائل انڈسٹری عالمی سطح پر معیار اور قیمت دونوں کے لحاظ سے بہت پیچھے ہے۔ کوئی ملک اس وقت تک ترقی نہیں کر سکتا جب تک عالمی سطح پر مقابلہ نہ کر سکے۔ حکومت ٹیکسٹائل انڈسٹری کو نئے پیکیج دینے پر غور کر رہی ہے ٹیکسٹائل انڈسٹری کی بحالی کا دارومدار اس پیکیج پر ہے۔ حکومت کو چاہئے وہ دیرینہ طویل التواء سیل ٹیکسٹائل ریفرنڈم و دیگر واجب الادا واجبات فوری طور پر ادا کرے تاکہ Liquidity مسائل حل ہو سکیں۔ پیداواری لاگت (بجلی اور گیس) کی قیمتوں میں مسلسل اضافے کی وجہ سے ہمیں پہلے ہی بہت سے چیلنجز کا سامنا ہے۔ کمپنی کی انتظامیہ کاروباری ترقی اور نئے راہیں تلاش کر کے اور آٹومیشن، Automation, backward and forward کے ذریعہ بڑھتی ہوئی لاگت کا مقابلہ کرنے کے لئے پرعزم ہے اور ہم پر امید ہیں کہ ان کوششوں کے دیر پا مثبت نتائج نکلیں گے۔ کمپنی نے جدید 48 ہائی سپیڈ ایئر جیٹ کی درآمد کے لئے ایل سی کھول دی ہے جو پیداوار میں اضافہ اور لاگت کو کم کرے گی۔

3- معاشی تجزیہ

سرخیاں مندرجہ ذیل ہیں:

ا. ملک کی مجموعی گھریلو مصنوعات (جی ڈی پی) 5.8% (GDP رہی

ب. زرعی شعبے میں 3.8 فیصد اضافہ ہوا

پ. بڑے پیمانے پر مینوفیکچرنگ (ایل ایس ایم) (LSM) نے 6.13% تک ترقی کی ہے۔

ت. صنعتی شعبے کی ترقی میں 5.8% اضافہ ہوا

ث. مینوفیکچرنگ سیکٹر میں 6.24% اضافہ ہوا

ج. سروس سیکٹر نے 6.43% ترقی کی ہے

د. مالیاتی خسارہ پچھلے مالی سال کی جی ڈی پی کے 8.2% کی نسبت 5.82% کم رہا ہے۔

ه. جولائی مارچ میں افراط زر کی شرح 2018 میں 3.2 فیصد تھی۔ جو گزشتہ سال 4.0 فیصد تھی۔

ذرائع:

• سال 2017-18 کے لئے پاکستان اقتصادی سروے۔ از منقح اسماعیل مشیر وزیر اعظم

• پاکستان کی اقتصادی سروے 2017-18 نے پاکستان کی مالیاتی ڈویژن کی طرف

سے جاری کیا۔

ہم سال 2017-18 کے لئے کمپنی کی کارکردگی کی سالانہ جائزہ رپورٹ پیش کر کے بہت خوشی محسوس کر رہے ہیں۔

1- مالیاتی نتائج

کمپنی نے ٹیکس کے بعد 310 ملین روپے کا خالص منافع کمایا۔ جو گزشتہ سال کے 101 ملین روپے کی نسبت بڑھوتری ظاہر کرتا ہے۔ موجودہ سال کمپنی کا کاروباری حجم 11,342 ملین روپے سے بڑھ کر 13,914 ملین روپے رہا، جو 23 فیصد زیادہ ہے۔ کمپنی کا ای بی آئی ٹی ڈی اے 938 EBITDA ملین روپے سے 1311 ملین ہو گیا۔ جو گزشتہ مالی سال کے مقابلے میں 40 فیصد زیادہ ہے۔ کمپنی کا (EPS) فی شیئر منافع 3.29 روپے کی نسبت 10.08 روپے بڑھ گیا۔ دوران سال بجلی کی قیمتوں میں اضافے کی وجہ سے توانائی کی لاگت میں گزشتہ سال کی نسبت 230 ملین روپے اضافہ ہوا ہے۔ فنانس چارجز میں 83 ملین روپے اضافہ ہوا ہے جسکی وجہ مناسب قیمتوں پر کپاس اور سوت کا اسٹاک ہے۔ کمپنی نے خام مال کی بروقت خرید کے باعث بہت اچھا منافع حاصل کیا۔ کمپنی نے PKR کی قدر میں کمی کی بدولت 79 ملین روپے کا پیکیج گین (مبادلہ کا فائدہ) بھی حاصل کیا ہے۔ پچھلے سال پاکستان میں کپاس ہدف سے کم پیدا ہوئی جس کی وجہ سے انڈسٹری کو اپنی ضرورت پوری کرنے کے لئے روٹی درآمد کرنا پڑی۔ دوسری طرف کپاس کی درآمد پر کسٹم ڈیوٹی عائد ہونے کی وجہ سے ہماری لاگت میں اضافہ ہوا۔ لیکن طلب میں اضافے کی وجہ سے یارن اور کپڑے کی قیمتیں اندرونی اور بیرونی منڈیوں میں بہتر ہو گئیں۔ اس کو حکومت کی طرف سے برآمدی ریہیٹ اور امریکی ڈالر کے مقابلہ میں روپے کی قدر میں کمی کا تسلسل قرار دیا جا سکتا ہے

2- مستقبل کا جائزہ

USDA رپورٹ کے مطابق زیریں زرعی علاقوں میں کپاس کی پیداوار کم رہنے کی توقع ہے، جبکہ کھیت نمایاں مارکیٹوں میں زیادہ ہوگی۔ درآمد کنندہ ممالک میں زیادہ سے زیادہ تجارت کی توقع ہے۔ موجودہ سال پاکستان میں کپاس کی پیداوار بھی ہدف سے کہیں کم رہے گی۔ امریکہ اور چین دونوں روٹی پریٹرف لگا رہے ہیں۔ یہ قدم صنعت پر وسیع پیمانے پر اقتصادی اثرات مرتب کرنے کا حامل ہوگا۔ چین میں روٹی کی طلب اور درآمد بڑھ رہی ہے جس کی اہم وجہ روٹی کی پیداوار کمی ہے۔ حالیہ برسوں میں یہ خسارہ Reserves سے پورا ہو گیا تھا۔ لیکن ذخائر اب ساتھ ساتھ کم ہو گئے ہیں جو اس درآمد کا سبب بنا ہے۔ اس ٹیرف جنگ کا براہ راست اثر چین کے خام مال کے اخراجات پر پڑے گا، اور نتیجے میں مکمل تیار شدہ مصنوعات پر لیکن یہ بات عیاں ہے کہ قیمتوں میں اضافہ ہو جائے گا۔ اور اس پس منظر میں بین الاقوامی کاروباری افراد کی مشکل یہ ہے کہ طویل عرصے تک کپاس کی قیمتوں میں غیر یقینی صورت حال



Financial Highlights

6 Years Growth at a Glance

		2018	2017	2016	2015	2014	2013
PROFIT AND LOSS:							
Net Sales	Rs. M	13,914	11,342	10,049	10,878	11,412	9,514
Gross Profit	Rs. M	1,346	984	886	842	1,121	1,217
Profit/ (Loss) before Tax	Rs. M	463	168	107	(142)	290	549
Profit/ (Loss) after Tax	Rs. M	311	101	3	(98)	219	570

ASSETS AND LIABILITIES

Total Equity	Rs. M	3,402	2,859	2,774	2,743	2,895	2,094
Non Current Liabilities	Rs. M	1,482	1,948	2,102	2,272	1,805	1,130
Property Plant and Equipment	Rs. M	5,637	5,376	5,171	5,384	4,596	3,814
Current Assets	Rs. M	6,705	4,997	4,222	3,862	4,720	4,299
Current Liabilities	Rs. M	8,384	6,495	5,380	5,121	4,989	4,455

OPERATIONAL PERFORMANCE:

Weaving

Number of Looms Installed	Number	348	348	336	336	336	296
Std. Cloth Production(50ppi)	Mtrs '000'	84,464	80,815	78,197	78,197	78,450	70,930
Actual Cloth Production(50ppi)	Mtrs '000'	82,215	72,901	68,770	74,916	73,518	61,621

Spinning

Number of Spindles Installed	Number	61,920	61,920	61,920	61,920	48,720	35,520
Installed Capacity (@ 20 S)	Kgs '000'	20,456	21,019	19,722	18,639	15,930	11,963
Actual Yarn Production (@20 S)	Kgs '000'	18,986	18,802	16,295	15,122	11,258	8,504

SALES BREAKUP

Export Sale	Rs. M	6,584	4,574	4,947	6,979	7,451	5,879
Local Sale	Rs. M	7,000	6,584	5,110	4,032	4,033	3,651
Waste sale	Rs. M	221	194	144	105	109	110

INVESTOR INFORMATION :

Book Value per share	Rs.	110	92.80	90.02	68.46	73.38	68.65
Market Value per Share	Rs.	30	45.60	25.18	32.52	38.57	34
Earning Per Share	Rs..	10	3.29	0.10	(3.18)	7.12	18.67

Cash Dividend	%	22.5%	15%	5%	0%	15%	20%
---------------	---	-------	-----	----	----	-----	-----

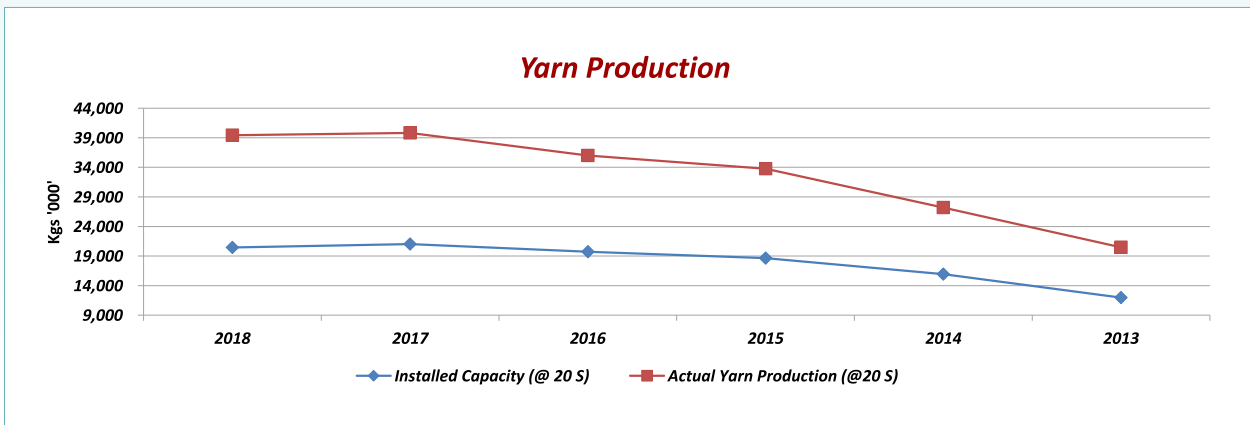
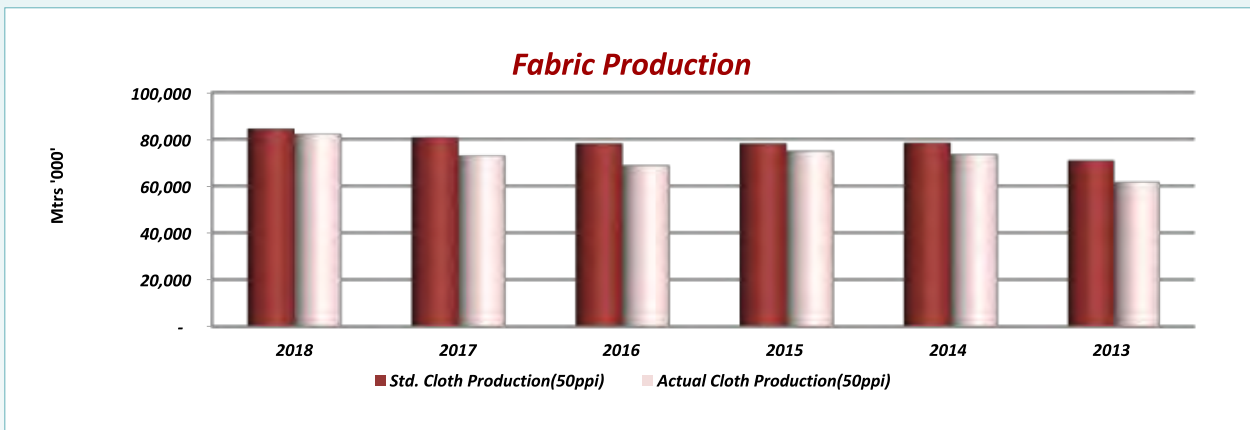
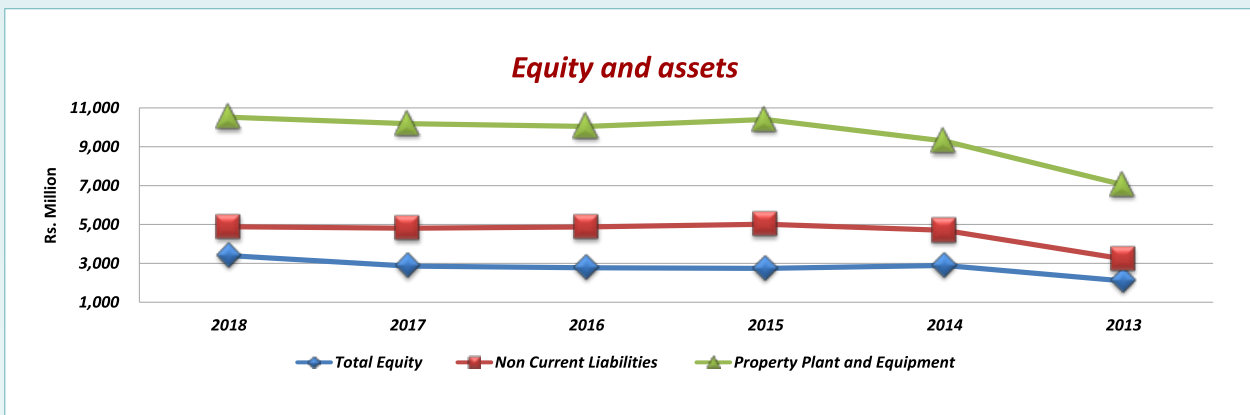
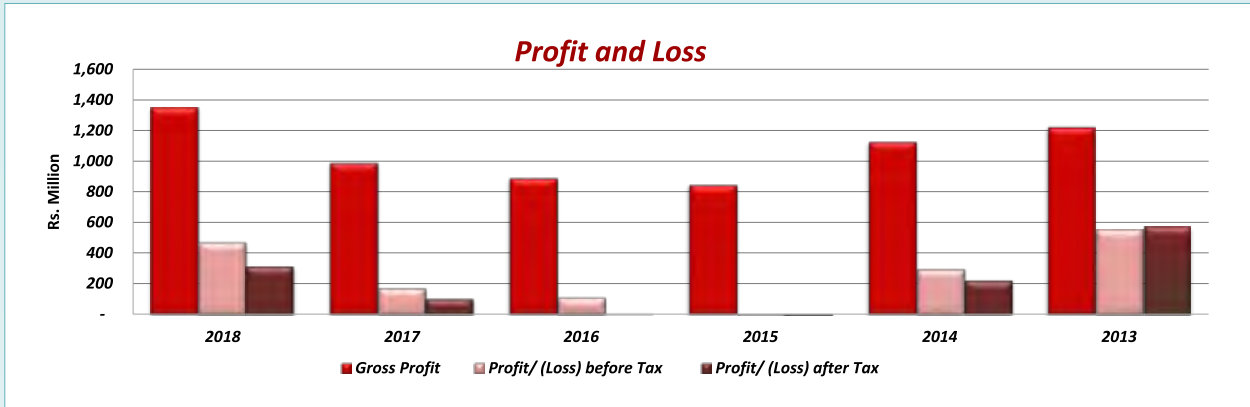
FINANCIAL RATIOS:

Gross Profit Ratio	%	9.67	8.68	8.83	7.74	9.83	12.84
EBITDA over Sales	%	9.44	8.29	8.78	7.24	9.42	11.43
Net Profit Ratio	%	2.23	0.89	0.03	(0.90)	1.92	6.05
Current Ratio	Times	0.80	0.77	0.78	0.75	0.95	0.96
Acid Test(Quick) Ratio	Times	0.39	0.31	0.30	0.41	0.39	0.37
Interest Cover Ratio	Times	1.71	1.31	1.20	1.20	1.58	2.30
Inventory turnover	Times	4.03	3.87	4.67	3.91	4.24	4.19
Fixed Asset turnover	Times	2.53	2.15	1.90	1.94	2.71	2.85
Total Asset turnover	Times	1.13	1.06	0.99	0.99	1.28	1.34



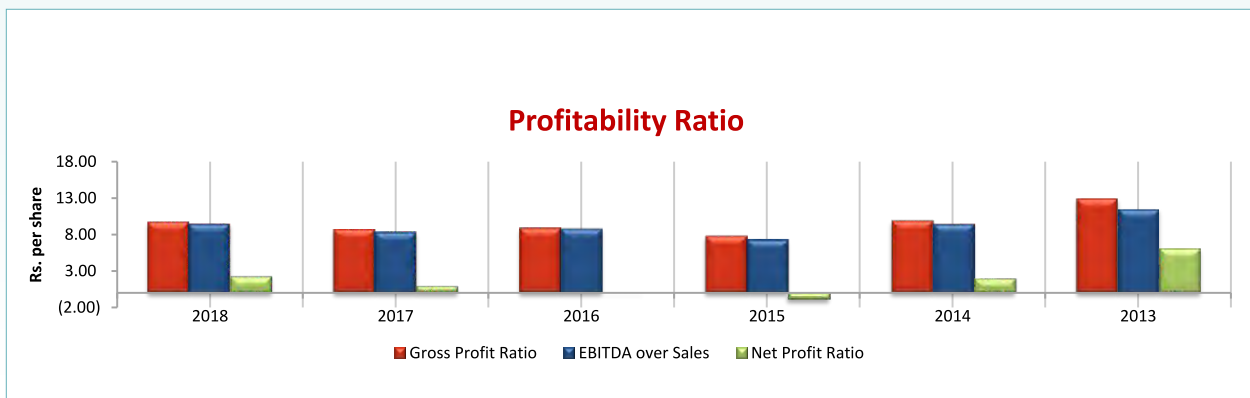
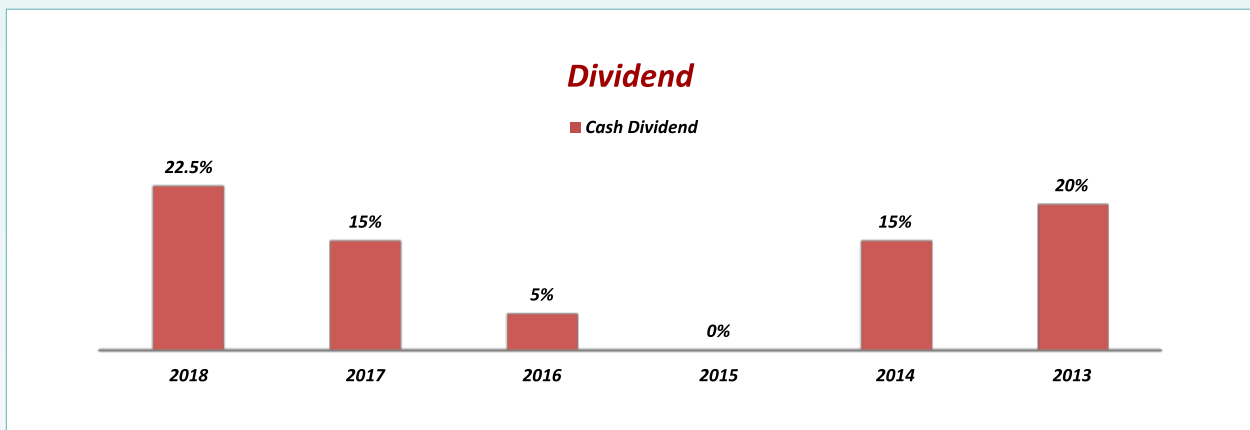
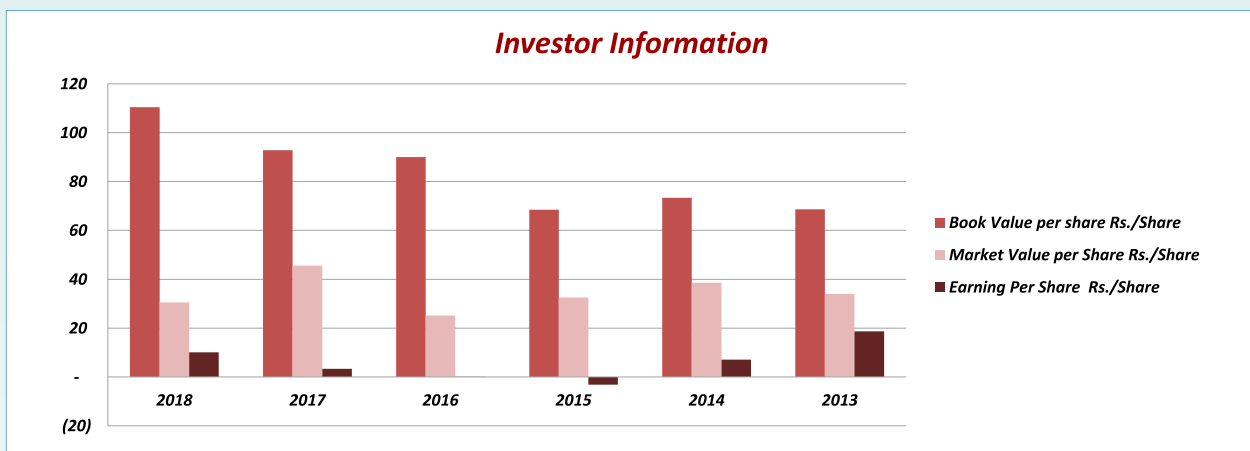
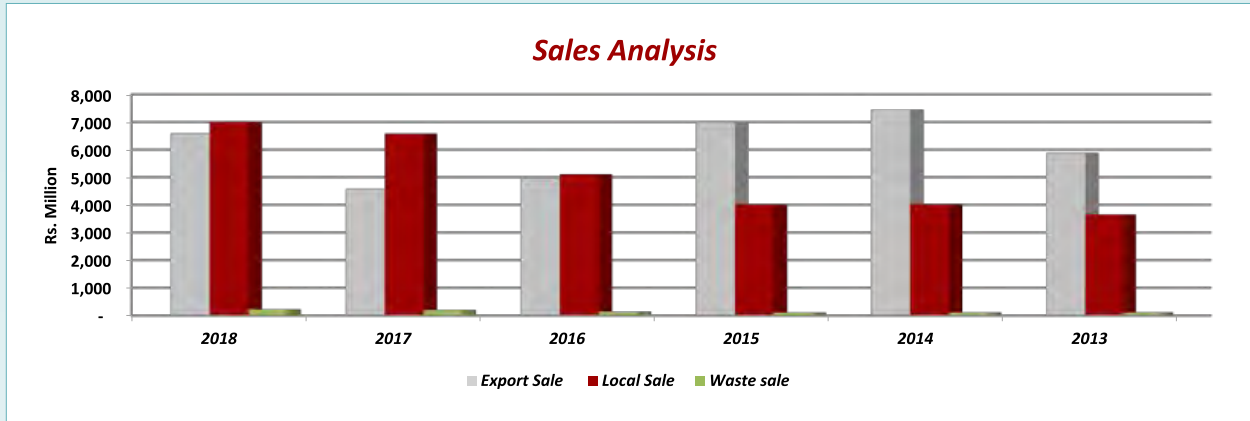
Financial Highlights

6 Years Growth at a Glance



Financial Highlights

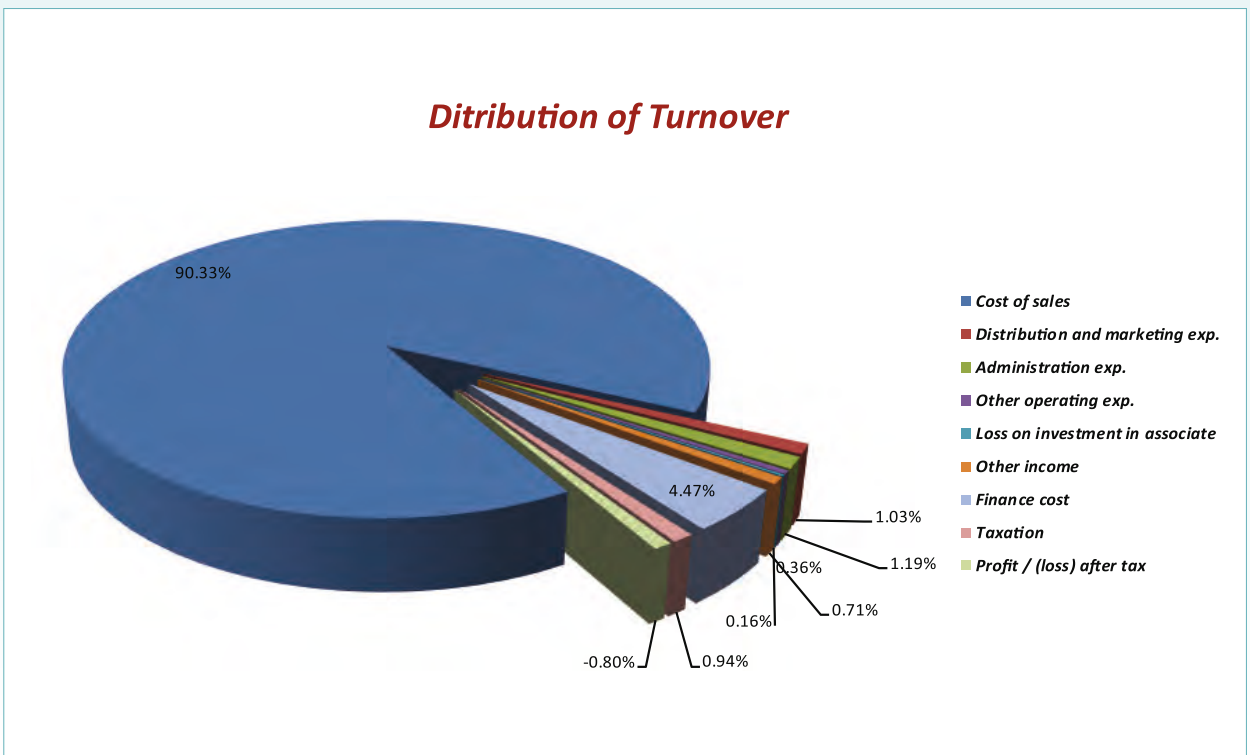
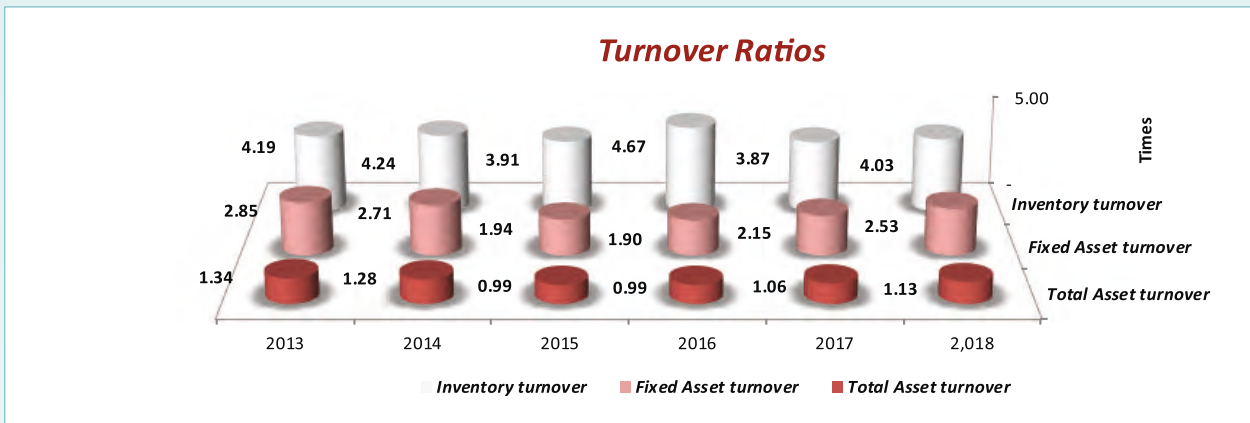
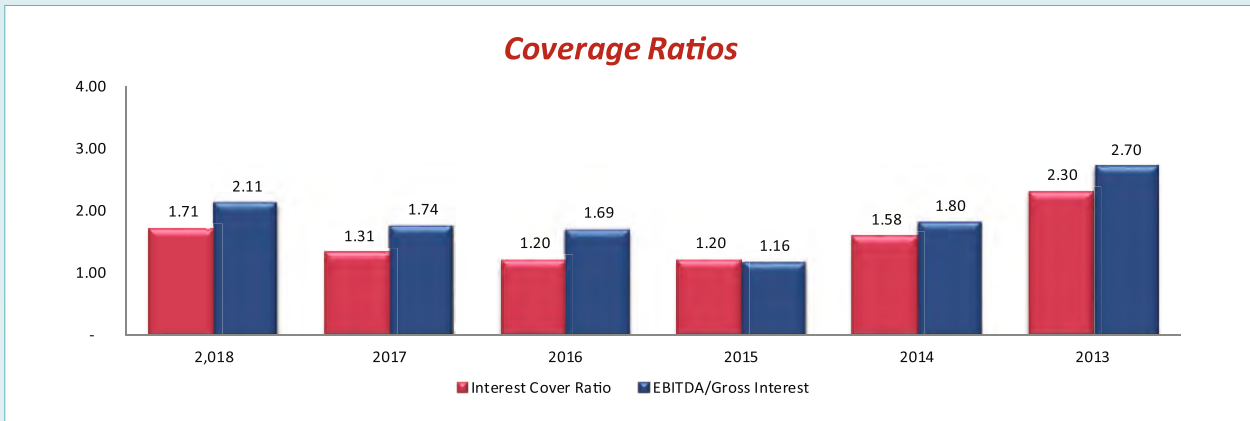
6 Years Growth at a Glance





Financial Highlights

6 Years Growth at a Glance





Pattern of Shareholding

As at June 30, 2018

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children				
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	03525-21724	FARAH FAISAL	112,500	0.37
6	03525-21725	FATIMA FAZAL	140,625	0.46
7	03525-72368	FAHD MUKHTAR	25,000	0.08
8	06452-44751	MUHAMMAD SHAUKAT	3,455	0.01
9	03525-21721	AMBREEN FAWAD	115,625	0.38
10	11267	SHAHID AZIZ	5	0.00
			10	78.10
Associated companies, undertakings and related parties				
1	03525-67829	RELIANCE COMMODITIES (PVT) LTD	3	0.00
2	03525-58834	FATIMA HOLDING LIMITED	845,705	2.74
			2	2.74
Executive				
			NIL	-
Public sector companies and corporations				
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
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	54,182	0.18
			1	54,182
Mutual Funds				
1	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	592,645	1.92
			1	592,645
Foreign Investor				
			NIL	-
Others				
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	10566	KARACHI,LAHORE STOCK EXCHANGES	2	0.00
4	01917-41	PRUDENTIAL SECURITIES LIMITED	400	0.00
5	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	555	0.00
6	03277-11924	FAZAL HOLDINGS (PVT.) LIMITED	24,250	0.08
7	03293-12	S.H. BUKHARI SECURITIES (PVT) LIMITED	150	0.00
8	03525-63474	PYRAMID INVESTMENTS (PVT) LTD.	2,850	0.01
9	09787-3333	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	13,000	0.04
10	10629-76284	SIDDIQ LEATHER WORKS (PVT) LTD	120,500	0.39
11	11072-34	SEVEN STAR SECURITIES (PVT.) LTD.	45,500	0.15
12	14241-22	FIKREES (PRIVATE) LIMITED	1,500	0.00
13	16576-20	INTERMARKET SECURITIES LIMITED - MF	5,000	0.02
14	16857-26	MRA SECURITIES LIMITED - MF	2,000	0.01
15	01651-27	FORTUNE SECURITIES LIMITED	40,000	0.13
16	01651-19985	FANCY PETROLEUM SERVICES (PVT.) LIMITED	3,500	0.01
17	01669-26	SHAFFI SECURITIES (PVT) LIMITED	2,000	0.01
18	04143-26	BAWA SECURITIES (PVT) LTD.	2,175	0.01
19	04184-22	AZEE SECURITIES (PRIVATE) LIMITED	500	0.00
20	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	35,000	0.11
21	13128-27	PEARL SECURITIES LIMITED - MF	1,000	0.00
22	14753-20	ARIF HABIB LIMITED - MF	8,000	0.03
23	16865-25	BAWA SECURITIES (PVT) LTD. - MF	1,000	0.00
24	16923-27	N. U. A. SECURITIES (PRIVATE) LIMITED - MF	44,000	0.14
			24	358,683
Total			1665	30,810,937
General Public Local			1623	4,893,113
				15.88



Form 34

As at June 30, 2018

# Of Shareholders	Shareholdings'Slab	Total Shares Held
178	1 to 100	5,885
670	101 to 500	157,362
499	501 to 1000	439,447
200	1001 to 5000	503,311
37	5001 to 10000	295,987
19	10001 to 15000	249,490
13	15001 to 20000	235,186
4	20001 to 25000	95,450
4	25001 to 30000	109,010
1	30001 to 35000	35,000
3	35001 to 40000	116,500
2	40001 to 45000	89,000
5	45001 to 50000	243,000
3	50001 to 55000	161,682
2	60001 to 65000	124,000
1	65001 to 70000	67,500
1	85001 to 90000	86,000
1	90001 to 95000	90,310
3	95001 to 100000	296,983
1	100001 to 105000	103,891
2	110001 to 115000	225,125
2	115001 to 120000	234,157
1	120001 to 125000	120,500
1	135001 to 140000	137,500
1	140001 to 145000	140,625
1	150001 to 155000	153,393
1	155001 to 160000	156,000
1	190001 to 195000	192,000
1	195001 to 200000	200,000
1	225001 to 230000	225,950
1	425001 to 430000	430,000
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
1665	Total	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
FARAH FAISAL	1	112,500	0.37
FATIMA FAZAL	1	140,625	0.46
FAHD MUKHTAR	1	25,000	0.08
MUHAMMAD SHAUKAT	1	3,455	0.01
AMBREEN FAWAD	1	115,625	0.38
SHAHID AZIZ	1	5	0.00
Associated Companies, undertakings and related parties			
RELIANCE COMMODITIES (PVT) LTD	1	3	0.00
FATIMA HOLDING LIMITED	1	845,705	2.74
Executives	-	-	-
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
Mutual Funds			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	592,645	1.92
General Public			
a. Local	1623	4,893,113	15.88
Foreign Investor	-	-	-
Others	24	358,683	1.16
Totals	1665	30,810,937	100.00

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 Listed Companies

(Code of Corporate Governance) Regulations, 2017 (The Regulations)



Name of company Reliance Weaving Mills Ltd
Year ended June 30, 2018.

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

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

- a. Male: 6
- b. Female: 1

2. The composition of board is as follows:

- a) Independent Directors
 - 1. Dr. Muhammad Shaukat Malik
 - 2. Mr. Shahid Aziz
- b) Other Non-executive Director
 - 3. Mr. Fawad Ahmed Mukhtar
 - 4. Mr. Fahd Mukhtar
 - 5. Mrs. Fatima Fazal
- c) Executive Directors
 - 6. Mr. Fazal Ahmed Sheikh
 - 7. Mr. Faisal Ahmed Mukhtar

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.

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

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

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (The Act) and these Regulations.

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

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

9. No Directors' Training Program (DTP) has been arranged during the year 2017-18 because two directors have already got such training in previous years. Four Directors are exempt from the DTP and one Director will get DTP within the time limit mandated by CCG 2017.



Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2017 (The Regulations)

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee

Mr. Shahid Aziz	(Chairman)
Mr. Fahd Mukhtar	(Member)
Dr. M. Shaukat Malik	(Member)
Mr. Aftab Ahmed Qaiser	(Secretary)

b) HR and Remuneration Committee

Dr. M. Shaukat Malik	(Chairman)
Mr. Faisal Ahmed Mukhtar	(Member)
Mr. Fahd Mukhtar	(Member)
Mr. Asad Jan	(Secretary)

c) Risk Management Committee

Mr. Faisal Ahmed Mukhtar	(Chairman)
Mr. Shahid Aziz	(Member)
Dr. M. Shaukat Malik	(Member)
Mr. Basharat Hashmi	(Secretary)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

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

a) Audit Committee; Four quarterly meetings

Mr. Shahid Aziz	(Chairman)	4/4
Mr. Fahd Mukhtar	(Member)	3/4
Dr. M. Shaukat Malik	(Member)	4/4

b) HR and Remuneration Committee; one annual meeting

Dr. M. Shaukat Malik	(Chairman)	1/1
Mr. Faisal Ahmed Mukhtar	(Member)	1/1
Mr. Fahd Mukhtar	(Member)	1/1

c) Risk Management Committee; one annual meeting

Mr. Faisal Ahmed Mukhtar	(Chairman)	1/1
Mr. Shahid Aziz	(Member)	1/1
Dr. M. Shaukat Malik	(Member)	1/1

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they 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

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

18. We confirm that all other requirements of the Regulations have been complied with.

Fawad Ahmed Mukhtar Place: Lahore
Chairman Dated: October 04, 2018

Financial Statements

Reliance Weaving Mills Limited

As at June 30, 2018





Independent Auditors Review Report on the Statement of Compliance Contained in the Listed Companies

(Code Of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of RELIANCE WEAVING MILLS LIMITED (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Place: LAHORE
Date: October 04, 2018

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS



Independent Auditors' Report to the Members of Reliance Weaving Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of RELIANCE WEAVING MILLS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Compliance with laws and regulations The Companies Act, 2017 (the Act) was promulgated on May 30, 2017, which replaced the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of the financial statements by elimination of duplicative disclosures with IFRS</p>	<p>We performed following audit procedures:</p> <ul style="list-style-type: none"> - Obtained an understanding of the related provisions and schedules of the Act, applicable to the Company and prepared documents to assess the Company's compliance with the disclosure requirements of the Act.



Sr.No.	Key audit matters	How the matter was addressed in our audit
2.	<p>disclosure requirements and incorporation of significant additional disclosures. These changes are applicable first time to the Company's financial statements for the year ended June 30, 2018.</p> <p>The changes are considered as a key audit matter as failure to comply with the requirements of the Act could have financial impact on the Company. Refer notes 2, 6, 7.2, 7.4,13.1, 22, 39.1, 45, 46, 47 and 49 for changes in disclosures made through the Act.</p> <p>Property, plant and equipment</p> <p>The Company's property, plant and equipment represent 86% (2017: 85%) of its total non-current assets; further, these represent 42% (2017: 48%) of its total assets at the reporting date. Judgement is exercised in determining the following:</p> <ul style="list-style-type: none"> - useful lives and residual values; - assessing whether there are any indicators of impairment present; - when performing impairment assessments where indicators have been identified; and <p>Based on value of the balance, at the reporting date as well as the judgement involved in determining useful lives and residual values, this has been identified as a key audit matter.</p>	<ul style="list-style-type: none"> - Discussed the applicable changes with the Company's management and those charged with governance as to whether the Company was in compliance with such changes. - Maintained a high level of vigilance when carrying-out our other audit procedures for identification of any non-compliance. - Ensured that the financial statements have been prepared in accordance with the approved accounting standards and the Act. <p>The following was performed on the assessment of useful lives and residual values:</p> <ul style="list-style-type: none"> - obtained the useful lives and residual values assessment and confirmed that this was reviewed and considered in the year under review; - followed up on changes made to useful lives and corroborated by inspection of assets and discussion with operational personnel that the amendment was appropriate; and - confirmed by inspection of the fixed assets register and discussion with operational management that there were no material assets still in use with a nil value. - in considering whether impairment is required the Company's consideration of impairment indicators such as reduced capacity, forecasts, market demand for products, and the condition of the plants was reviewed. In addition, the following was performed: - mills were inspected to identify any damages or non-operating assets; - discussions were held with the management, engineers and other technicians to identify any potential impairments; and - production analyses at the various mills were performed and compared to standard



Sr.No.	Key audit matters	How the matter was addressed in our audit
3.	<p>Valuation of stock-in-trade</p> <p>The total value of stock-in-trade at the reporting date amounts to Rs.3.222 billion representing 48% of the Company's total current assets (2017: Rs.3.009 billion, 60% of the Company's total current assets). Stock-in-trade at the reporting date mainly includes raw materials and finished goods (note 12). The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgement has also been exercised by the management in determining the net realisable value of finished goods.</p> <p>We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.</p>	<p>capacity to assist in identifying possible impairment indicators.</p> <p>Based on the tests performed, we are of the view that property, plant and equipment appear to be valued appropriately.</p> <p>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> - assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards; - attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data; - assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis; - tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to inventories; - assessed the management determination of net realisable value of inventories by performing tests on sale prices, secured by the Company for similar items; and - performed net realisable value test to assess whether the cost of inventories exceeds its net realisable value by detailed review of subsequent sales invoices. <p>Based on the tests performed, we are of the view that stock-in-trade appears to be valued appropriately.</p>
4.	<p>Trade Debts</p> <p>At June 30 2018, the Company's gross trade debts aggregated Rs.2.005 billion; an increase of Rs.1.402 billion was witnessed during the year.</p> <p>We identified the recoverability of trade debts as a key audit matter because estimating the recoverable amount involves inherent uncertainty and significant management judgment.</p>	<p>We performed following audit procedures:</p> <ul style="list-style-type: none"> - obtained credit policy with respect to local and foreign debts and assessed the Company's compliance of its policy; - sought external confirmations from the selected trade debts of their balances that remained outstanding at the year-end and compared replies to the requests; - tested the accuracy of data on sample basis extracted from the Company's accounting



Sr.No.	Key audit matters	How the matter was addressed in our audit
		<p>system, which is used to calculate the ageing of trade debts;</p> <ul style="list-style-type: none"> - performed subsequent check of selected debtor balances to review recovery from them after the year-end; - assessed the reasonableness of methods used by the management to estimate that the doubtful debts are appropriate and ensured that the same is applied consistently; and - assessed the appropriateness of the disclosures made by the management in the Company's financial statements. <p>Based on the tests performed, we are of the view that trade debts appear to be stated appropriately.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Place: LAHORE
Date: October 04, 2018

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

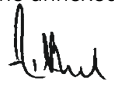


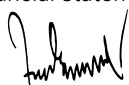
Statement of Financial Position

As At June 30, 2018

			(Re-stated)	(Re-stated)
		2018	2017	July 01,
	Note	Rupees	Rupees	2016
				Rupees
ASSETS				
Non-current assets				
Property, plant and equipment	7	5,633,486,076	5,371,085,822	5,166,040,134
Intangible assets	8	3,673,838	4,620,068	5,566,298
Long term investments	9	837,699,969	855,743,910	795,659,234
Long term deposits		21,019,180	19,725,230	15,572,179
Deferred tax asset	10	66,139,780	55,179,108	50,958,382
		<u>6,562,018,843</u>	<u>6,306,354,138</u>	<u>6,033,796,227</u>
Current assets				
Stores, spares and loose tools	11	220,724,258	182,141,103	182,572,254
Stock-in-trade	12	3,222,131,101	3,009,200,849	2,346,348,668
Trade debts	13	2,005,912,705	603,771,424	528,177,761
Loans and advances	14	263,590,052	308,054,655	392,010,201
Prepayments and other receivables	15	27,213,598	30,943,544	31,096,187
Short term investments	16	106,535,112	109,921,577	110,577,868
Tax refunds and export rebate due from the Government	17	779,695,949	656,266,867	553,325,470
Cash and bank balances	18	79,087,040	96,630,056	77,390,062
		<u>6,704,889,815</u>	<u>4,996,930,075</u>	<u>4,221,498,471</u>
TOTAL ASSETS		<u>13,266,908,658</u>	<u>11,303,284,213</u>	<u>10,255,294,698</u>
SHARE CAPITAL AND RESERVES				
Authorised share capital	19	<u>700,000,000</u>	<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up share capital	20	308,109,370	308,109,370	308,109,370
Reserves	21	175,934,950	179,321,415	179,977,706
Revaluation surplus on freehold land	22	949,485,622	634,324,622	634,324,622
Unappropriated profit		<u>1,968,262,404</u>	<u>1,737,649,032</u>	<u>1,651,175,945</u>
		<u>3,401,792,346</u>	<u>2,859,404,439</u>	<u>2,773,587,643</u>
Liabilities				
Non-current liabilities				
Long term finances	23	1,199,425,451	1,762,343,226	1,943,687,503
Liabilities against assets subject to finance lease	24	14,403,826	1,269,672	2,951,747
Staff retirement benefits - gratuity	25	267,704,556	184,910,887	154,870,599
		<u>1,481,533,833</u>	<u>1,948,523,785</u>	<u>2,101,509,849</u>
Current liabilities				
Trade and other payables	26	1,322,614,366	871,920,336	864,045,496
Unclaimed dividends		16,215,618	5,060,952	4,942,513
Accrued mark-up	27	159,677,919	132,680,279	103,341,124
Short term borrowings	28	6,080,169,606	4,581,655,931	3,559,807,898
Current portion of non-current liabilities	29	669,475,954	833,442,716	744,035,075
Taxation	30	135,429,016	70,595,775	104,025,100
		<u>8,383,582,479</u>	<u>6,495,355,989</u>	<u>5,380,197,206</u>
Total liabilities		<u>9,865,116,312</u>	<u>8,443,879,774</u>	<u>7,481,707,055</u>
Contingencies and commitments	31			
TOTAL EQUITY AND LIABILITIES		<u>13,266,908,658</u>	<u>11,303,284,213</u>	<u>10,255,294,698</u>

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


Chief Executive


Director


Chief Financial Officer



Statement of Profit or Loss

For the Year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	32	13,913,860,865	11,341,733,661
Cost of sales	33	(12,568,217,349)	(10,357,639,420)
Gross profit		1,345,643,516	984,094,241
Distribution and marketing expenses	34	(143,632,529)	(116,530,079)
Administrative expenses	35	(166,021,698)	(146,017,955)
Other income	36	99,347,829	23,333,455
Other expenses	37	(50,012,454)	(25,573,828)
Profit from operations		1,085,324,664	719,305,834
Finance cost	38	(622,203,568)	(539,521,175)
		463,121,096	179,784,659
Share of loss of Associates	9	(21,670,075)	(12,001,169)
Profit before taxation		441,451,021	167,783,490
Taxation	39	(130,871,945)	(66,565,491)
Profit after taxation		310,579,076	101,217,999
Earnings per share	40	10.08	3.29

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

Chief Executive

Director

Chief Financial Officer



Statement of Comprehensive Income


For the Year ended June 30, 2018

	2018 Rupees	2017 Rupees
Profit after taxation	310,579,076	101,217,999
Other comprehensive Income / (loss):		
Items that may be reclassified subsequently to statement profit or loss		
Share of other comprehensive income of an Associated Company	3,241,134	210,845
Impact of tax	(939,929)	(36,270)
	2,301,205	174,575
Loss on remeasurement of available-for-sale investments	(3,386,465)	(656,291)
Items that will not be reclassified to statement of profit or loss		
(Loss) / gain on remeasurement on staff retirement benefit - gratuity	(42,231,656)	586,949
Impact of tax	6,181,152	(100,967)
	(36,050, 504)	485,982
Surplus arisen upon revaluation of freehold land	315,161,000	-
Total comprehensive Income for the year	588,604,312	101,222,265

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


Chief Executive


Director


Chief Financial Officer



Statement of Cash Flows

For the Year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	90,274,790	261,872,682
Finance cost paid		(594,852,666)	(519,321,830)
Workers' (profit) participation fund paid		(9,796,070)	(19,614,540)
Taxes paid - net		(28,680,736)	(77,706,323)
Staff retirement benefits (gratuity) paid		(25,129,544)	(24,242,938)
Net cash used in operating activities		(568,184,226)	(379,012,949)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(228,076,444)	(445,335,832)
Sale proceeds of operating fixed assets		30,310,051	6,265,956
Long term deposits		(1,293,950)	(4,153,051)
Long term investments made		-	(71,466,422)
Net cash used in investing activities		(199,060,343)	(514,689,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(732,303,381)	(76,765,973)
Lease finances - net		18,552,998	(16,852,738)
Dividend paid		(35,061,739)	(15,287,030)
Short term borrowings - net		1,498,513,675	1,021,848,033
Net cash generated from financing activities		749,701,553	912,942,292
Net (decrease) / increase in cash and cash equivalents		(17,543,016)	19,239,994
Cash and cash equivalents - at beginning of the year		96,630,056	77,390,062
Cash and cash equivalents - at end of the year		79,087,040	96,630,056

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

Chief Executive

Director

Chief Financial Officer



Statement of Changes in Equity


For the Year ended June 30, 2018

	Capital Reserves		Revenue		Fair value reserve on available-for-sale investments	Unappropriated profit	Total
	Share capital	Share premium	Revaluation surplus on freehold land	General reserve			
----- Rupees -----							
Balance as at July 01, 2016	308,109,370	41,081,250	-	74,171,959	64,724,497	1,651,175,945	2,139,263,021
Impact of re-statement (note 6)	-	-	634,324,622	-	-	-	634,324,622
Balance as at July 01, 2016 - re-stated	308,109,370	41,081,250	634,324,622	74,171,959	64,724,497	1,651,175,945	2,773,587,643
Transaction with owners:							
Cash dividend at the rate of Re.0.50 per ordinary share for the year ended June 30, 2016	-	-	-	-	-	(15,405,469)	(15,405,469)
Total comprehensive income for the year ended June 30, 2017:							
- profit for the year	-	-	-	-	-	101,217,999	101,217,999
- other comprehensive (loss) / income	-	-	-	-	(656,291)	660,557	4,266
	-	-	-	-	(656,291)	101,878,556	101,222,265
Balance as at June 30, 2017 - re-stated	308,109,370	41,081,250	634,324,622	74,171,959	64,068,206	1,737,649,032	2,859,404,439
Transaction with owners:							
Cash dividend at the rate of Rs.1.50 per ordinary share for the year ended June 30, 2017	-	-	-	-	-	(46,216,405)	(46,216,405)
Total comprehensive income for the year ended June 30, 2018:							
- profit for the year	-	-	-	-	-	310,579,076	310,579,076
- other comprehensive income / (loss)	-	-	315,161,000	-	(3,386,465)	(33,749,299)	278,025,236
	-	-	315,161,000	-	(3,386,465)	276,829,777	588,604,312
Balance as at June 30, 2018	308,109,370	41,081,250	949,485,622	74,171,959	60,681,741	1,968,262,404	3,401,792,346

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


Chief Executive


Director


Chief Financial Officer



Notes to the Financial Statements

For the Year ended June 30, 2018

1. LEGAL STATUS AND OPERATIONS

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

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- (a) The exchange rate of USD to PKR has increased from PKR 104.80 as at June 30, 2017 to PKR 121.60 as at June 30, 2018.
- (b) Due to applicability of the Companies Act, 2017 to the financial statements of the Company, amounts reported for the previous years have been restated. For detailed information please refer to note 6.
- (c) For a detailed discussion about the Company's performance please refer to the Directors' report.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee, which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest Rupee unless otherwise stated.

3.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment - notes 5.1 & 7.1.
- Useful lives, residual values and amortisation method of intangible assets - notes 5.2 & 8.
- Provision for impairment of inventories - notes 5.4, 5.5, 11 & 12.
- Provision for doubtful trade debts and other receivables - note 5.6.
- Impairment loss of non-financial assets other than inventories - note 5.8.
- Obligation of staff retirement benefits (gratuity) - notes 5.10 & 25.
- Estimation of provisions - note 5.12.



Notes to the Financial Statements

For the Year ended June 30, 2018

- Estimation of contingent liabilities - notes 5.13 & 31.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 5.15, 10 & 30.

The revisions to accounting estimates, if any, are recognised in the period in which the estimate is 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.

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

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

4.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- (a) International Accounting Standard (IAS) 7, 'Cash flow statements: Disclosure initiative' is applicable to accounting periods beginning on or after January 01, 2017. This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The amendments have only resulted in some additional disclosures in the Company's financial statements.
- (b) IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The amendment does not have any impact on the Company's financial statements.

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

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- (a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after July 01, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of this standard



Notes to the Financial Statements

For the Year ended June 30, 2018

on its financial statements.

- (b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the SECP to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS - 18 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company is yet to assess the full impact of this standard on its financial statements.
- (c) IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 01, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard on its financial statements.
- (d) IAS 23, 'Borrowing costs' is applicable to accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments are not likely to have material impact on the Company's financial statements.
- (e) IFRIC 23, 'Uncertainty over income tax treatments' is applicable to accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of this interpretation on its financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change as indicated below in note 6.

5.1 Property, plant and equipment

(a) Owned

Measurement

Items of property, plant and equipment other than freehold land and capital work-in-progress are measured at cost less accumulated depreciation and impairment loss, if any. Freehold land

Notes to the Financial Statements

For the Year ended June 30, 2018

is stated at revalued amount whereas capital work-in-progress is stated at cost including, where relevant, related finance costs less impairment loss, if any.

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

Revaluation

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

Depreciation

Depreciation is charged so as to write-off the cost of assets (other than freehold land and capital work-in-progress) over their remaining useful lives, using the reducing balance method at rates specified in note 7.1 to the financial statements.

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

Disposal

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

Judgment and estimates

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

(b) Leased

Lease where the Company has substantially all the risks and rewards of ownership is classified as finance lease. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of rental is taken to statement of profit or loss over the lease term.

Depreciation

Depreciation on assets subject to finance lease is taken to statement of profit or loss at the rates stated in note 7.1 applying reducing balance method to write-off cost of the assets over their estimated remaining useful life in view of certainty of ownership of assets at the end of



Notes to the Financial Statements

For the Year ended June 30, 2018

lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are taken to statement of profit or loss currently.

5.2 Intangible Measurement

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rate specified in note 8.1 to the financial statements.

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

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

Judgment and estimates

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

5.3 Investments

(a) Investments in equity instruments of Associated Companies

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

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

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

(b) Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer margin are classified as 'investments at fair value through profit or loss'. These are initially recognised on trade date at cost being the fair value of the consideration given and derecognised by the Company on the date it commits to sell them off. Transaction costs are charged to statement of profit or loss as and when incurred. At each statement of financial position date, fair value is determined on the basis of year-end bid prices obtained from the Pakistan Stock Exchange quotations. Any resultant increase / decrease in fair value is recognised in statement of profit or loss for the year.

(c) Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and



Notes to the Financial Statements

For the Year ended June 30, 2018

fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognised at cost inclusive of transaction cost and are subsequently carried at amortised cost using effective interest rate method.

(d) 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 recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values cannot be measured reliably, with any resulting gains and losses are 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 statement of profit or loss. Fair value of quoted investments is their bid price on Pakistan Stock Exchange at the statement of financial position 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 statement of financial position 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 recognised on the trade date, which is the date that the Company commits to purchase or sell the investments.

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 investments at the reporting date.

5.4 Stores, spares and loose tools

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

5.5 Stock-in-trade

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

Cost has been determined as follows:

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

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

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

Judgments and estimates

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

5.6 Trade debts and other receivables

Measurement

Trade debts are initially recognised at original invoice amount, which is the fair value of



Notes to the Financial Statements

For the Year ended June 30, 2018

consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any.

Impairment

A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the trade debts and other receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

5.7 Cash and cash equivalents

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

5.8 Impairment of non-financial assets other than inventories

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

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

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

5.9 Borrowings and borrowing costs

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

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

5.10 Staff retirement benefits - gratuity

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2018 on the basis of the projected unit credit method by an independent Actuary.

Notes to the Financial Statements

For the Year ended June 30, 2018

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

5.11 Trade and other payables

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

5.12 Provisions

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

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

5.13 Contingent liabilities

A contingent liability is disclosed when the Company

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

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

5.14 Derivative financial instruments and hedging activities

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

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

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

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



Notes to the Financial Statements

For the Year ended June 30, 2018

5.15 Taxation

(a) Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or 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

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

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

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

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

5.16 Dividend and appropriation to reserves

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

5.17 Financial instruments

(a) Initial recognition

All the financial assets and financial liabilities are recognised 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 derecognised 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 recognised in statement of profit or loss.

Financial instruments include trade debts, loans & advances, other receivables, short term investments, trade deposits, bank balances, long term finances, liabilities against assets subject to finance lease, trade & other payables, unclaimed dividends, accrued mark-up and short term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.18 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.



Notes to the Financial Statements

For the Year ended June 30, 2018

5.19 Foreign currency transactions

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

5.20 Revenue recognition

Revenue represents fair value of the consideration received or receivable for goods sold net of discounts and sales tax. Revenue is recognised when the 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 outstanding and applicable rate of return.

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

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

Export duty drawback is recognised on accrual basis.

5.21 Segment reporting

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

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

5.22 Related party transactions

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

6. CHANGE IN ACCOUNTING POLICY

Section 235 (Treatment of surplus arising out of revaluation of fixed assets) of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements.

Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, plant and equipment, surplus on revaluation of fixed assets will now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of freehold land stands amended as follows:

Increases in the carrying amounts arising on revaluation of freehold land are recognised in statement of comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first



Notes to the Financial Statements

For the Year ended June 30, 2018

recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	----- Rupees -----					
Effect on statement of financial position						
Surplus on revaluation of freehold land	634,324,622	-	(634,324,622)	634,324,622	-	(634,324,622)
Equity	-	634,324,622	634,324,622	-	634,324,622	634,324,622
Effect on statement of changes in equity						
Capital reserve	-	634,324,622	634,324,622	-	634,324,622	634,324,622

There was no effect on statement of profit or loss and statement of comprehensive income and statement of cash flows due to the retrospective application of aforementioned change in accounting policy.

7. PROPERTY, PLANT AND EQUIPMENT	Note	2018 Rupees	2017 Rupees
Operating fixed assets	7.1	5,624,813,055	5,344,973,287
Capital work-in-progress:			
- civil works and buildings		939,021	170,176
- advance for purchase of land		-	23,343,939
- advance against vehicles		7,734,000	-
- plant and machinery		-	436,520
- electric installations		-	2,161,900
		8,673,021	26,112,535
		<u>5,633,486,076</u>	<u>5,371,085,822</u>



Notes to the Financial Statements

For the Year ended June 30, 2018

7.1 Operating fixed assets	Owned										Leased			Grand total				
	Freehold land	Buildings on freehold land	Plant & machinery	Electric installations	Factory equipment	Office equipment	Electric appliances	Furniture and fixtures	Vehicles	Sub-total	Plant & machinery	Vehicles	Sub-total					
As at June 30, 2016																		
Cost / revaluation	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				
Accumulated depreciation	-	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				
Book value	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				
Year ended June 30, 2017																		
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 from leased to owned	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Cost	-	-	37,088,110	-	-	-	-	-	12,033,678	49,121,788	(37,088,110)	(12,033,678)	(49,121,788)	-				
Depreciation	-	-	6,749,471	-	-	-	-	-	5,947,149	12,696,620	(6,749,471)	(5,947,149)	(12,696,620)	-				
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Cost	-	-	(5,960,103)	-	-	(104,800)	-	(22,790)	(9,339,975)	(15,427,668)	-	-	-	(15,427,668)				
Depreciation	-	-	1,190,515	-	-	4,367	-	-	7,040,878	8,235,760	-	-	-	8,235,760				
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	233,098,236				
Book value	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				
Year ended June 30, 2018																		
Transfers from leased to owned	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Cost	-	-	87,087,276	-	-	-	-	-	8,888,970	95,976,246	(87,087,276)	(8,888,970)	(95,976,246)	-				
Depreciation	-	-	16,047,908	-	-	-	-	-	4,586,306	20,634,214	(16,047,908)	(4,586,306)	(20,634,214)	-				
Adjustment*	-	-	1,048,149	-	-	-	670,828	-	1,257,861	2,976,838	-	(2,976,838)	(2,976,838)	-				
Depreciation	-	-	32,203	-	-	-	67,139	-	158,228	257,570	-	(257,570)	(257,570)	-				
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Increment (note 7.2)	-	4,107,087	205,871,759	5,367,644	806,578	1,617,701	3,418,240	1,976,212	2,976,683	226,141,904	-	19,374,054	19,374,054	315,161,000				
Additions	-	-	(152,797,515)	-	-	-	(6,100)	-	(8,012,389)	(160,816,004)	-	-	-	(160,816,004)				
Disposals	-	-	122,778,675	-	-	-	2,331	-	5,986,009	128,767,015	-	-	-	128,767,015				
Cost	-	23,181,924	189,541,193	14,292,831	924,306	2,129,075	1,326,760	820,495	8,275,575	240,492,159	3,738,914	4,557,128	8,296,042	248,788,201				
Depreciation for the year	-	441,696,908	3,723,562,801	273,104,923	17,965,427	20,071,270	14,342,070	8,431,631	38,683,544	5,605,960,574	-	18,852,481	18,852,481	5,624,813,055				
Book value	1,068,100,000	735,165,895	5,602,466,299	394,373,816	31,770,292	35,493,014	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				
As at June 30, 2017																		
Cost / revaluation	-	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				
Accumulated depreciation	-	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				
Book value	1,068,100,000	739,272,982	5,743,675,968	399,741,460	32,576,870	37,110,715	25,424,413	18,152,847	114,898,146	8,178,953,401	-	23,511,575	23,511,575	8,202,464,976				
As at June 30, 2018																		
Cost / revaluation	-	297,574,074	2,020,113,167	126,636,537	14,611,443	17,039,445	11,082,343	9,721,216	76,214,602	2,572,992,827	-	4,659,094	4,659,094	2,577,651,921				
Accumulated depreciation	-	441,696,908	3,723,562,801	273,104,923	17,965,427	20,071,270	14,342,070	8,431,631	38,683,544	5,605,960,574	-	18,852,481	18,852,481	5,624,813,055				
Book value	1,068,100,000	739,272,982	5,743,675,968	399,741,460	32,576,870	37,110,715	25,424,413	18,152,847	114,898,146	8,178,953,401	-	23,511,575	23,511,575	8,202,464,976				
Depreciation rate (%)																		

*This represents adjustment incorporated to reconcile the balances appearing in fixed assets register with the balances incorporated in the general ledger.



Notes to the Financial Statements

For the Year ended June 30, 2018

- 7.2 (a) The Company on August 07, 2017 has carried-out revaluations of its freehold land situated at Mouza Karpaal Pur, Khanewal Road, Multan and Mukhtara Abad, Rawat, Rawalpindi. The revaluation exercises have been conducted by an independent valuer [MYK Associates (Pvt.) Ltd. Shafaat Colony, Al-Tamash Road, Multan]. Freehold land has been revalued on the basis of fair market values and it has resulted in revaluation surplus aggregating Rs.315.161 million as worked-out below:

	Rupees
Cost / revaluation as at June 30, 2017	752,939,000
Revalued amount as at August 07, 2017	1,068,100,000
Revaluation surplus arisen upon latest revaluation	315,161,000

- (b) Had there been no revaluations, book value of freehold land would have been Rs.118.615 million.
- (c) Based on the revaluation reports dated August 07, 2017, the forced sale values of the revalued freehold land have been assessed at Rs.854.480 million.

7.3 Depreciation for the year has been apportioned as under:	Note	2018 Rupees	2017 Rupees
Cost of sales	33	233,105,235	217,606,120
Administrative expenses	35	15,682,966	15,492,116
		<u>248,788,201</u>	<u>233,098,236</u>

7.4 Particulars of immovable property

Location	Usage of immovable property	Total Area (square feet)	Covered Area (In square feet) Approx.
a) Mouza Karpaal Pur, Khanewal Road, Multan	Industrial	4,102,920	1,010,307
b) Mukhtar Abad, Rawat, Rawalpindi	Industrial	1,424,250	231,242



Notes to the Financial Statements

For the Year ended June 30, 2018

7.5 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Claim / sale proceeds	Gain/(loss)	Mode of disposal	Sold to / claimed from
Financial year ended June 30, 2018:							
Plant and machinery							
Air jet looms	152,005,015	122,683,384	29,321,631	25,744,488	(3,577,143)	Negotiation	Nikunj Synfab (Pvt.) Ltd. Azad Chowk, Bhilwara, India.
ABS pump	652,500	24,378	628,122	1,100,000	471,878	-- do --	Muhammad Altaf, Karachi.
Chiller	140,000	70,913	69,087	1,100,000	1,030,913	-- do --	Muhammad Altaf, Karachi.
	152,797,515	122,778,675	30,018,840	27,944,488	(2,074,352)		
Electric appliances	6,100	2,331	3,769	7,560	3,791	-- do --	
Vehicles							
Suzuki cultus	868,000	673,706	194,294	197,644	3,350	Company policy	Mr. Salim Ahmed (employee).
Daihatsu coure	727,128	586,972	140,156	142,615	2,459	-- do --	Muhammad Nasir Iqbal (employee).
Suzuki cultus	916,000	682,546	233,454	237,622	4,168	-- do --	Sheikh Anjum Jamil (employee).
Suzuki cultus	1,405,565	1,059,986	345,579	424,437	78,858	-- do --	Muhammad Waqas Nasir (employee).
Suzuki cultus	916,000	690,884	225,116	240,450	15,334	-- do --	Mr. Asif Ali Malik (employee).
Toyota corolla	1,514,000	1,126,416	387,584	493,300	105,716	-- do --	Mr. Waheed Ahmad (employee).
Suzuki swift	1,007,210	749,364	257,846	308,450	50,604	-- do --	Mr. Jawad Ahmad Affi Bhutta (ex-employee).
Honda CD 70	54,273	3,618	50,655	60,000	9,345	Insurance Claim Premier Insurance Ltd.	
Honda CD 70	73,100	38,127	34,973	30,000	(4,973)	Company policy	Mr. Khurram Shahzad (employee).
Honda CD 70	70,901	45,611	25,290	34,000	8,710	-- do --	Mr. Jamil Anjum (employee).
Honda CD 70	70,901	46,074	24,827	34,000	9,173	-- do --	Mr. Ghulam Abbas (employee).
Honda CD 70	69,586	51,820	17,766	32,950	15,184	-- do --	Muhammad Farooq (employee).
Honda CD 70	66,786	49,734	17,052	13,180	(3,872)	-- do --	Muhammad Usman (employee).
Honda CD 70	58,370	35,084	23,286	13,600	(9,686)	-- do --	Mr. Muzamil Hussain (employee).
Honda CD 70	58,600	50,413	8,187	28,195	20,008	-- do --	Mr. Ghulam Shabeer (employee).
Honda CD 70	66,261	44,289	21,972	34,000	12,028	-- do --	Mr. Riaz Ahmad (employee).
Honda CD 70	69,708	51,365	18,343	33,560	15,217	-- do --	Mr. Khalid Javed (employee).
	8,012,389	5,986,009	2,026,380	2,358,003	331,623		
Total	160,816,004	128,767,015	32,048,989	30,310,051	(1,738,938)		



Notes to the Financial Statements

For the Year ended June 30, 2018

Financial year ended June 30, 2017:

	4,210,103	735,326	3,474,777	932,423	(2,542,354)	Negotiation	Mr. Abdul Majeed.
Plant & machinery							
Diesel generator	1,000,000	215,925	784,075	221,473	(562,602)	- do -	- do -
Air compressor Ingersoll 86 kilowatt	583,896	186,274	397,622	166,104	(231,518)	- do -	- do -
Air compressor screw type 80 kilowatt	166,104	52,990	113,114	0	(113,114)	- do -	- do -
Air compressor Ingersoll 86 kilowatt	5,960,103	1,190,515	4,769,588	1,320,000	(3,449,588)		
Office equipment							
Office equipment	12,800	534	12,267	12,800	533	- do -	Fatima Sugar Mills Ltd. (an Associated Company).
Microsoft windows professional 10 64-bit	92,000	3,833	88,167	92,000	3,834	- do -	- do -
Laptop HP core i5	104,800	4,367	100,434	104,800	4,367		
Furniture and fixtures							
Furniture and fixtures	22,790	0	22,790	22,790	0	- do -	- do -
Office revolving chair							
Office revolving chair							
Vehicles							
Nissan Van	3,386,213	3,327,966	58,247	290,000	231,753	- do -	Muhammad Shahzad.
Suzuki Mehran	383,890	358,700	25,190	240,000	214,810	- do -	Muhammad Maqbool.
Suzuki Pick up Van	360,824	319,390	41,434	330,000	288,566	- do -	Muhammad Rizwan.
Honda Civic	2,443,800	1,314,376	1,129,424	1,950,000	820,576	- do -	Mr. Akmal Hussain.
Daihatsu Cour	924,385	570,691	353,694	353,471	(223)	- do -	Mr. Salman Khan Durrani (employee).
Daihatsu Cour	944,040	561,056	382,984	382,983	(1)	- do -	Muhammad Adil Ayoub Khan (employee).
Honda City	221,074	148,356	72,718	900,500	827,782	Company policy	Muhammad Asghar (employee).
Honda CD 70	66,200	53,189	13,011	31,450	18,439	- do -	Mr. Rafique Zahid (employee).
Honda CD 70	65,900	52,923	12,977	31,700	18,723	- do -	Mr. Sulaman Jameel (employee).
Honda CD 70	66,786	47,767	19,019	32,950	13,931	- do -	Muhammad Imran (employee).
Honda CD 70	66,786	43,534	23,252	35,000	11,748	Insurance Claim	EFU Insurance Company Ltd.
Honda CD 70	70,204	39,103	31,101	57,362	26,261	- do -	EFU Insurance Company Ltd.
Honda CD 70	70,901	43,746	27,155	34,000	6,845	Company policy	Mr. Rao Ahmad Waqas (employee).
Honda CD 70	70,901	43,725	27,176	34,000	6,824	- do -	Muhammad Saleem Azhar (employee).
Honda CD 70	61,520	34,244	27,276	34,000	6,724	- do -	Hafiz Bashir Ahmad (employee).
Honda CD 70	73,150	30,899	42,251	34,950	(7,301)	- do -	Mr. Amir Hussain Naqvi (employee).
Honda CD 70	63,400	51,212	12,188	36,000	23,812	- do -	Sheikh Zeeshan Ahmad (employee).
Honda CD 70	1	1	0	10,000	10,000	Negotiation	Scrapped.
Total	9,339,975	7,040,878	2,299,097	4,818,366	2,519,269		
	15,427,668	8,235,760	7,191,909	6,265,956	(925,952)		



Notes to the Financial Statements

For the Year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
8. INTANGIBLE ASSETS - Computer software			
Cost at beginning of the year		9,462,295	9,462,295
Less: amortisation:			
- at beginning of the year		4,842,227	3,895,997
- charge for the year		946,230	946,230
- at end of the year		5,788,457	4,842,227
Book value as at June 30,		<u>3,673,838</u>	<u>4,620,068</u>
8.1	Amortisation is charged to income applying the straight-line method at the rate of 10% per annum.		
9. LONG TERM INVESTMENTS			
Associated Companies - Un-quoted			
Fatima Energy Limited (FEL)			
80,016,370 (2017: 80,016,370) ordinary shares of Rs.10 each - cost		800,054,340	800,054,340
Equity held: 14.04% (2017: 14.11%)			
Share of post acquisition loss and other comprehensive income - net		(15,776,852)	(12,418,345)
		<u>784,277,488</u>	<u>787,635,995</u>
Share of:			
- profit / (loss) for the year		(18,388,027)	(6,294,314)
- other comprehensive income		3,241,134	215,498
Adjustment based on preceding year's audited financial statements		(2,737,676)	(5,298,277)
Gain on dilution of investment in FEL	9.2	385,000	8,018,586
		<u>766,777,919</u>	<u>784,277,488</u>
Fatima Transmission Company Ltd. (FTCL)			
7,187,500 (2017: 7,187,500) ordinary shares of Rs.10 each - cost		71,875,000	71,875,000
Equity held: 31.25% (2017: 31.25%)			
Share of post acquisition loss and other comprehensive income - net		(408,578)	-
		<u>71,466,422</u>	<u>71,875,000</u>
Share of:			
- loss for the year		(4,110)	(408,578)
Adjustment based on preceding year's audited financial statements		(540,262)	-
		<u>70,922,050</u>	<u>71,466,422</u>
		<u>837,699,969</u>	<u>855,743,910</u>

9.1 The details of investments acquired in FEL are as follows:

<u>Shares acquired on</u>	<u>No. of shares acquired</u>
March 14, 2014	9,938
May 13, 2014	998
July 24, 2014	34,693,441
December 4, 2014	42,299,999
May 31, 2016	3,011,994
	<u>80,016,370</u>

Notes to the Financial Statements

For the Year ended June 30, 2018

- 9.2 It represents gain recognised on dilution of investment during the current year and financial year ended June 30, 2016. FEL has issued shares to third parties during these years due to which percentage holding of the Company in FEL has decreased. As per IAS 28 (Investments in Associates and Joint Ventures), the change in investee's equity has been incorporated and resultant gain recognised in statement of profit or loss of the respective financial years.
- 9.3 The Company has commitment of Rs.67.956 million (2017: Rs.1,000 million) in the form of stand-by letters of credit to inject equity in FEL as disclosed in note 31.7.
- 9.4 FEL was incorporated in Pakistan on June 22, 2004 as a public company under the Companies Ordinance, 1984. The principal activity of FEL is to build, own, operate and maintain a co-generation power plant of 120 MW. FEL is in the process of setting up of plant at Sanawan, Kot Addu, Punjab. The registered office of FEL is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt., in the province of Punjab.

The summary of financial information of FEL based on its audited / un-audited financial statements for the year ended June 30, 2018 is as follows:

Summarised statement of financial position

	2018	2017
	Rupees in thousand	
	Un-audited	Audited
Non-current assets	26,985,688	24,603,292
Current assets	1,367,247	2,675,254
	28,352,935	27,278,546
Non-current liabilities	15,460,036	15,832,522
Current liabilities	7,472,481	5,947,874
	22,932,517	21,780,396
Net assets	5,420,418	5,498,150
Reconciliation to carrying amount		
Opening net assets	5,498,150	5,560,634
Shares issued during the year	30,105	-
Loss for the year	(130,922)	(59,321)
Other comprehensive income / (loss)	23,085	(3,163)
Closing net assets	5,420,418	5,498,150
Company's share percentage 14.1% (2017: 14.11%)		
Company's share	761,027	775,789
Miscellaneous adjustments	-	2,738
Adjustment based on last year's audited financial statements	(2,738)	-
Goodwill	8,489	5,750
Carrying amount of investment	766,778	784,277

Summarised statement of profit or loss

Loss for the year	107,837	59,321
-------------------	---------	--------

- 9.5 The Company has invested in FEL in the form of shares and stand-by letters of credit. The limit for investment in FEL as approved by members of the Company is Rs.7,523 million. FEL is an Associated Undertaking of the Company by virtue common directorship.
- 9.6 FTCL was incorporated in Pakistan on December 26, 2014 as a public limited company and has not commenced its operations by June 30, 2018. The principal activity of FTCL includes operation and maintenance of transmission lines, electrical transmission facilities, electrical



Notes to the Financial Statements

For the Year ended June 30, 2018

circuits, transformers & sub-stations and the movement & delivery of electric power.

The summary of financial information of FTCL based on its audited / un-audited financial statements for the year ended June 30, 2018 is as follows:

	2018	2017
	Rupees in thousand	
	Un-audited	Audited
Summarised statement of financial position		
Non-current assets	805,073	756,612
Current assets	916	1,083
	805,989	757,695
Non-current liabilities	394,737	421,053
Current liabilities	189,787	115,164
	584,524	536,217
Net assets	221,465	221,478
Reconciliation to carrying amount		
Opening net assets	221,478	123,763
Shares issued during the year	-	100,751
Loss for the year	(13)	(3,036)
Closing net assets	221,465	221,478
Company's share percentage 31.25% (2017:31.25%)		
Company's share	69,208	69,212
Miscellaneous adjustments	-	540
Adjustment for preceding year profit based on audited financial statements	(540)	-
Goodwill	2,254	1,714
Carrying amount of investment	70,922	71,466
Summarised statement of profit or loss		
Loss for the year	(13)	(3,036)

9.7 Provisions of section 208 of the repealed Companies Ordinance, 1984, now section 199 of Companies Act, 2017, were duly complied with for making investments in FEL and FTCL.

10. DEFERRED TAX ASSET

This is composed of the following:

Deductible temporary differences arising in respect of:

- unabsorbed tax losses and minimum tax recoverable against normal tax charge in future years
- staff retirement benefit - gratuity
- investments in Associated Companies

Note

2018
Rupees

2017
Rupees

10.1

444,356,323

488,256,253

39,184,439

31,806,860

5,010,220

2,784,085

488,550,982

522,847,198

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowances
- lease finances

(423,042,461)

(453,696,673)

631,259

(13,971,417)

(422,411,202)

(467,668,090)

66,139,780

55,179,108

10.1 As at June 30, 2018, deferred tax asset amounting Rs.246.679 million (2017: Rs.143.644 million) on minimum tax recoverable against normal tax charge in future years has not been



Notes to the Financial Statements

For the Year ended June 30, 2018

recognised in the financial statements on the ground of prudence. The management intends to re-assess the recognition of deferred tax asset as at June 30, 2019.

		2018 Rupees	2017 Rupees
11. STORES, SPARES AND LOOSE TOOLS			
Stores including in-transit inventory valuing Rs.10.582 million (2017: Rs.Nil)		84,716,299	69,208,304
Spares		135,996,583	112,999,231
Loose tools		241,398	163,590
		220,954,280	182,371,125
Less: provision for obsolete items		(230,022)	(230,022)
		220,724,258	182,141,103
12. STOCK-IN-TRADE			
Raw materials including in-transit inventory valuing Rs.186.625 million (2017: Rs.Nil)		2,085,889,117	1,756,403,613
Work-in-process		248,384,218	183,721,862
Finished goods		843,240,497	1,011,020,310
Waste		44,617,269	58,055,064
		887,857,766	1,069,075,374
		3,222,131,101	3,009,200,849
12.1	Stocks valuing Rs.46.744 million (2017: Rs.21.581 million) were in the possession of various parties for processing and finishing.		
12.2	Raw materials and finished goods inventories are pledged with various banks as security for short term finance facilities (note 28).		
13. TRADE DEBTS			
Considered good			
Export - secured	13.1	1,519,112,032	234,782,283
Local - unsecured		486,800,673	368,989,141
Considered doubtful - unsecured		-	7,140,648
		2,005,912,705	610,912,072
Less: provision for doubtful debts		-	(7,140,648)
		2,005,912,705	603,771,424
13.1	With respect to outstanding foreign debts break-up of year-end balances in each foreign jurisdiction along with their credit terms is as follows:		
Foreign jurisdictions	Credit terms		
Asia	Letter of credit	1,267,652,276	208,621,822
Europe	-do-	79,365,018	2,496,375
South America	-do-	32,362,262	-
		1,379,379,556	211,118,197
Asia	Contract	31,985,221	8,245,976
Africa	-do-	28,360,876	7,552,312
Europe	-do-	79,386,379	-
South America	-do-	-	7,865,798
		139,732,476	23,664,086
		1,519,112,032	234,782,283



Notes to the Financial Statements

For the Year ended June 30, 2018

14. LOANS AND ADVANCES	Note	2018 Rupees	2017 Rupees
Advances to:			
- key management personnel		2,017,600	2,823,368
- employees		171,807,276	142,568,365
- suppliers		32,704,225	58,784,496
Due from related parties	14.1	28,709,050	28,325,726
Letters of credit		408,115	1,091,960
Margin deposits		27,943,786	74,460,740
		<u>263,590,052</u>	<u>308,054,655</u>
14.1 Due from related parties			
Reliance Commodities (Pvt) Ltd.	(a)	2,962,911	3,084,358
Fatima Transmission Company Ltd.	(b)	15,314,068	15,314,068
Fatima Energy Ltd.	(b)	5,735,180	5,984,703
Multan Cloth Finishing Factory	(c)	4,406,280	3,942,597
Fatima Cement Ltd.	(c)	220,065	-
Fatima Fert Ltd.	(c)	70,546	-
		<u>28,709,050</u>	<u>28,325,726</u>

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

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

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

14.2 Maximum aggregate amounts due from related parties at any month-end during the year aggregated Rs.28.709 million (2017: Rs.76.982 million).

15. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments		1,466,830	3,232,521
Accrued mark-up	15.1	25,559,068	22,930,211
Others		187,700	4,780,812
		<u>27,213,598</u>	<u>30,943,544</u>

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

16. SHORT TERM INVESTMENTS (Available for sale) - Quoted

Fatima Fertilizer Company Ltd. (FFCL)			
2,625,167 (2017: 2,625,167) fully paid ordinary shares of Rs.10 each	16.1	88,441,877	89,098,168
Fair value adjustment		(3,386,465)	(656,291)
Fair value at end of the year		<u>85,055,412</u>	<u>88,441,877</u>
Others - Un-quoted			
Multan Real Estate Company (Pvt) Ltd. (MREC)			
214,797 (2017:214,797) ordinary shares of Rs.100 each	16.2	21,479,700	21,479,700
Equity held 9.90% (2017:9.90%)		<u>106,535,112</u>	<u>109,921,577</u>

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



Notes to the Financial Statements

For the Year ended June 30, 2018

16.2 Value of investments based on net assets shown in the un-audited financial statements of MREC for the year ended June 30, 2018 Rs.21.489 million.

		2018 Rupees	2017 Rupees
17. TAX REFUNDS AND EXPORT REBATE DUE FROM THE GOVERNMENT			
Export rebate and duty draw back		250,943,546	78,419,004
Advance income tax		286,059,110	329,136,527
Sales tax refundable		232,461,492	239,636,688
Special excise duty		10,231,801	9,074,648
		779,695,949	656,266,867
18. CASH AND BANK BALANCES			
Cash-in-hand		5,052,840	5,328,544
Cash at banks on:			
- current accounts	18.1	73,256,955	90,550,167
- saving accounts	18.2	777,245	751,345
		74,034,200	91,301,512
		79,087,040	96,630,056

18.1 These include foreign currency balance of U.S.\$ 4,646 (2017: U.S.\$ 33,777), which has been translated in Pak Rupees at the exchange rate ruling on the reporting date.

18.2 These carry profit at the rates ranging from 2.40% to 5.53% (2017: 2.40% to 3.77%) per annum.

19. AUTHORISED SHARE CAPITAL

2018	2017		2018 Rupees	2017 Rupees
Number of shares		Note		
40,000,000	40,000,000	Ordinary shares of Rs. 10/- each	400,000,000	400,000,000
30,000,000	30,000,000	Preference shares of Rs. 10/- each	300,000,000	300,000,000
70,000,000	70,000,000		700,000,000	700,000,000

20. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018	2017		2018 Rupees	2017 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

20.1 Ordinary shares held by the related parties at the reporting date are as follows:

	2018	2017
	-- Number of shares --	
Reliance Commodities (Pvt.) Ltd.	3	3
Fatima Holding Ltd.	845,705	845,705
	845,708	845,708

Notes to the Financial Statements

For the Year ended June 30, 2018

21. RESERVES	Note	2018 Rupees	2017 Rupees
Composition of reserves is as follows:			
Capital reserve			
- Share premium	21.1	41,081,250	41,081,250
Revenue reserve			
- General reserve		74,171,959	74,171,959
Fair value reserve on available-for-sale investments	21.2	60,681,741	64,068,206
		<u>175,934,950</u>	<u>179,321,415</u>

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

21.2 This reserve relates to surplus on remeasurement of available-for-sale investments.

22. REVALUATION SURPLUS ON FREEHOLD LAND

As detailed in note 7.2, revaluation of freehold land during the year has resulted in surplus aggregating Rs.315.161 million. The year-end balance has been arrived at as follows:

	2018	Re-stated 2017	Re-stated 2016
	----- Rupees -----		
Opening balance	634,324,622	634,324,622	634,324,622
Add: surplus arisen on revaluation carried-out during the year	315,161,000	-	-
	<u>949,485,622</u>	<u>634,324,622</u>	<u>634,324,622</u>

22.1 Also refer contents of note 6.



Notes to the Financial Statements

For the Year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
23. LONG TERM FINANCES - Secured			
From banking companies / financial institutions			
National Bank of Pakistan (NBP) (LTFF-III)	23.1	7,750,000	23,250,000
National Bank of Pakistan (DF-IV)	23.2	67,603,122	90,137,502
Pakbrunei Investment Co. (PBIC) (LTFF)	23.3	-	12,520,000
Pakbrunei investment Co. (TF)	23.4	220,000,000	300,000,000
The Bank of Khyber (BoK)	23.5	-	75,000,000
Bank Alfalah Ltd. (BAL) (TF-I)	23.6	22,493,300	52,484,360
Bank Alfalah Ltd. (TF-II)	23.7	24,997,810	74,993,438
Meezan Bank Ltd. (MBL) (DM-I)	23.8	48,180,180	96,360,360
Meezan Bank Ltd. (MBL) (DM-II)	23.9	154,648,814	223,223,221
Saudi Pak Industrial and Agricultural Investment Company Ltd. (Saudi Pak)	23.10	-	190,907,815
Allied Bank Ltd. (ABL)	23.11	175,000,003	233,333,337
Pak China Investment Company Ltd. (PCIC)	23.12	125,000,000	250,000,000
Pak Libya Holding Company (Pvt.) Ltd. (PLHC)	23.13	180,000,000	200,000,000
United Bank Ltd. (UBL) (NIDF-I)	23.14	150,000,000	210,000,000
United Bank Ltd. (UBL) (NIDF-II under LTFF scheme)	23.15	484,466,818	360,233,395
Askari Bank Ltd. (Askari)	23.16	200,000,000	200,000,000
Balance as at June 30,		1,860,140,047	2,592,443,428
Less: current portion grouped under current liabilities:			
- NBP (LTFF-III)		7,750,000	15,500,000
- NBP (DF-IV)		22,534,380	22,534,376
- PBIC (LTFF)		-	12,498,000
- PBIC (TF)		80,000,000	80,000,000
- Bok		-	75,000,000
- BAL (TF-I)		22,493,300	29,991,065
- BAL (TF-II)		24,997,810	49,995,626
- MBL (DM-I)		48,180,180	48,180,180
- MBL (DM-II)		71,425,593	70,000,000
- Saudi Pak		-	81,817,622
- ABL		58,333,333	58,333,333
- PCIC		125,000,000	156,250,000
- PLHC		60,000,000	40,000,000
- UBL (NIDF-I)		90,000,000	90,000,000
- Askari		50,000,000	-
		660,714,596	830,100,202
		<u>1,199,425,451</u>	<u>1,762,343,226</u>

23.1 These finances have been obtained during the financial year ended June 30, 2012 to retire import sight letter of credit. These carry mark-up at the rate of 6-months KIBOR + 2.00%; the effective mark-up rate during the year was 12.70% (2017: 12.70%). These are repayable in 12 equal half-yearly installments commenced from January, 2013 and are secured against first pari passu charge on fixed assets of the Company at 25% margin and personal guarantees of sponsoring directors of the Company.

23.2 These finances have been obtained during the financial year ended June 30, 2016 to retire import sight letter of credit for import of miscellaneous spinning machinery installed at spinning Unit of the Company. These carry mark-up at the rate of 3-months KIBOR + 2.25 %; the effective mark-up rates during the year ranged from 5.00% to 8.75% per annum. These are repayable in 24 equal quarterly installments commenced from October, 2015. These finances are secured against first pari passu charge on all present and future fixed assets of the Company with 25% margin and personal guarantees of all sponsoring directors of the Company.



Notes to the Financial Statements

For the Year ended June 30, 2018

- 23.3** These finances were obtained during the financial year ended June 30, 2010 to finance import of 40 sets air jet looms and generator sets by the Company eligible under the facility and were fully repaid during November, 2017. These carried mark-up at the rate of 10.70% (2017: 10.70%) and were repayable in 12 equal half-yearly installments commenced from May, 2012. These finances were secured against first pari passu charge on present and future fixed assets of the Company for Rs.463.375 million including land and buildings with 25% margin.
- 23.4** These finances have been obtained during the financial year ended June 30, 2017 to finance the mismatch from usage of short term debt for financing the long term assets. These carry mark-up at the rate of 3-months KIBOR + 1.75%; the effective mark-up rates during the year ranged from 7.89% to 8.59% per annum. These are repayable in 15 equal quarterly installments commenced from September, 2017. These finances are secured against first pari passu charge on all present and future fixed assets of the Company (including land and buildings) with 25% margin and personal guarantees of sponsoring directors of the Company.
- 23.5** These finances were obtained during the financial year ended June 30, 2014 for retirement of letters of credit for purchase of plant and equipment. These finances were fully repaid during February, 2018 and carried mark-up at the rate of 3-months KIBOR + 1.50%; the effective mark-up rates during the year ranged from 7.64% to 7.66% per annum. These were repayable in 8 equal half-yearly installments commenced from July, 2014. These were secured against first pari passu charge on all the present and future fixed assets of the Company with 25% margin and personal guarantees of directors of the Company.
- 23.6** These finances have been obtained during the financial year ended June 30, 2013 to finance capital expenditure in spinning unit of the Company. These carry mark-up at the rate of 6-months KIBOR + 1.50%; the effective mark-up rates during the year ranged from 7.65% to 7.71% per annum. These are repayable in 20 equal quarterly installments commenced from April, 2014. These finances are secured against first registered pari passu charge over fixed assets of the Company for Rs.200 million with 25% margin and personal guarantees of directors of the Company.
- 23.7** These finances have been obtained during the financial year ended June 30, 2014 to finance current portion of the long term loans availed by the Company from different financial institutions, which fell due during the period from October, 2013 to September, 2014. These carry mark-up at the rate of 6-months KIBOR + 2%; the effective mark-up rates during the year ranged from 8.15% to 8.21% per annum. These finances are repayable in 16 equal quarterly installments commenced from February, 2015. These finances are secured against first registered pari passu charge on fixed assets of the Company for Rs.267 million and personal guarantees of directors of the Company.
- 23.8** These finances have been obtained during the financial year ended June 30, 2014 to finance imported plant and machinery. These carry mark-up at the rate of 6-months KIBOR + 0.90% (2017: 6-months KIBOR + 1.25%); the effective mark-up rates during the year ranged from 7.06% to 7.42% per annum. These finances are repayable in 20 equal quarterly installments commenced from August, 2014. These finances are secured against exclusive hypothecation charge of Rs.250 million over underlying plant and machinery against the disbursed amount and additional pari passu hypothecation charge of Rs.84 million over land, buildings and plant & machinery of the Company to cover the margin upto 25%.
- 23.9** These finances were obtained during the financial year ended June 30, 2014 to finance imported plant and machinery. These carry mark-up at the rate of 6-months KIBOR + 0.90% (2017: 6-months KIBOR + 1.25%); the effective mark-up rates during the year ranged from 7.04% to 7.94% per annum. These finances are repayable in 20 equal quarterly installments commenced from March, 2015. These finances are secured against exclusive hypothecation charge of Rs.350 million over underlying plant and machinery against the disbursed amount



Notes to the Financial Statements

For the Year ended June 30, 2018

and additional first pari passu hypothecation charge of Rs.117 million over land, buildings and plant & machinery of the Company to cover the margin upto 25% and personal guarantees of directors of the Company.

- 23.10** These finances were obtained during the financial year ended June 30, 2013 to finance expansion plan of the Company and were fully repaid during August, 2017. These carried mark-up at the rate of 11.40% (2017: 11.40%) per annum. These finances were repayable in 11 equal half-yearly installments commenced from June, 2015 and were secured against first pari passu charge on all present and future fixed assets of the Company with 25% margin.
- 23.11** These finances have been obtained during the financial year ended June 30, 2014 to finance the textile machinery for expansion in the spinning unit of the Company. These carry mark-up at the rate of 6-months KIBOR + 1.25% (2017: 6-months KIBOR + 1.60%); the effective mark-up rates during the year ranged from 7.40% to 7.46% per annum. These finances are repayable in 12 equal half-yearly installments commenced from October, 2015 and are secured against first pari passu charge over present and future fixed assets of the Company for Rs.467 million with 25% margin.
- 23.12** These finances have been obtained during the financial year ended June 30, 2014 to reduce the funding gap / mismatch from usage of short term debt for financing long term assets. These carry mark-up at the rate of 3-months KIBOR + 1.50%; the effective mark-up rates during the year ranged from 7.64% to 8.00% per annum. These finances are repayable in 16 equal quarterly installments commenced from June, 2015 and are secured against first pari passu hypothecation / mortgage charge over all present and future fixed assets of the Company with 25% margin and personal guarantees of sponsoring directors of the Company.
- 23.13** These finances have been obtained during the financial year ended June 30, 2016 to reduce the funding gap from usage of short term debt for financing long term assets and to create cushion in existing short term working capital lines. These carry mark-up at the rate of 6-months KIBOR + 2%; the effective mark-up rates during the year ranged from 8.14% to 9.04% per annum. These finances are repayable in 10 equal half-yearly installments commenced from December, 2017 and are secured against pari passu charge on fixed assets of the Company with 25% margin over the facility amount and personal guarantees of all sponsoring directors of the Company.
- 23.14** These finances have been obtained during the financial year ended June 30, 2015 to finance expansion / BMR done through the Company's own sources. These carry mark-up at the rate of 6-months KIBOR + 1.50%; the effective mark-up rates during the year ranged from 7.65% to 7.71% per annum. These finances are repayable in 10 equal half-yearly installments commenced from December, 2015 and are secured against first pari passu charge of Rs.400 million over all present and future fixed assets of the Company by way of equitable mortgage of freehold land and buildings and hypothecation of plant & machinery and personal guarantees of the directors of the Company.
- 23.15** These finances have been obtained during the financial year ended June 30, 2017 to finance BMR / retirement of letters of credit established for import of air jet looms, fired generator and compressor along with allied parts. These finances carry mark-up at the rate of 6-months KIBOR + 1.50%; the effective mark-up rates during the year ranged from 5.00% to 7.71% per annum. These finances are repayable in 16 equal half-yearly installments commencing from October, 2019 and are secured against first pari passu charge on fixed assets (freehold land, buildings and plant & machinery) of the Company with 25% margin and personal guarantees of three directors of the Company.

During the current year, an amount of Rs.439.838 million (2017: Rs.241.640 million) out of total finances of Rs.484.467 million from UBL was approved and refinanced by State Bank of



Notes to the Financial Statements

For the Year ended June 30, 2018

Pakistan under LTFF scheme against imported textile machinery eligible under the said scheme. This LTFF is repayable within the same period as stated in the preceding paragraph. Mark-up under SBP's LTFF scheme is chargeable at the rate of 5% per annum. These finances are secured against the securities as stated in the preceding paragraph.

23.16 These finances have been obtained during the financial year ended June 30, 2017 to facilitate the Company with Diminishing Musharaka (sale and buy back) of machinery (warping machines, sizing machines, air jet weaving looms and power house). These carry mark-up at the rate of 6-months KIBOR + 1.25%; the effective mark-up rates during the year ranged from 7.39% to 7.76% per annum. These finances are repayable in 8 equal half-yearly installments commencing November, 2018 and are secured against first pari passu hypothecation charge of Rs.266.670 million over all present and future fixed assets duly registered with SECP with 25% margin.

24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2018			2017		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
	----- Rupees -----					
Minimum lease payments	10,250,060	17,081,769	27,331,829	3,588,550	1,829,959	5,418,509
Less: finance cost allocated to future periods	1,488,702	847,943	2,336,645	246,036	24,237	270,273
	8,761,358	16,233,826	24,995,184	3,342,514	1,805,722	5,148,236
Less: security deposits adjustable on expiry of lease terms	-	1,830,000	1,830,000	-	536,050	536,050
Present value of minimum lease payments	8,761,358	14,403,826	23,165,184	3,342,514	1,269,672	4,612,186

24.1 The Company has entered into lease agreements with Meezan Bank Ltd. and First Habib Modaraba for lease of vehicles. The liabilities under the lease agreements are payable in monthly installments by January, 2021. The minimum lease payments have been discounted at implicit interest rates ranging from 6-months KIBOR + 1.50% to 6-months KIBOR + 2.00% to arrive at their present value; the effective interest rates during the year ranged from 7.65% to 8.21% per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These lease finance facilities are secured against title of the leased vehicles in the name of lessors and demand promissory notes.

25. STAFF RETIREMENT BENEFITS - Gratuity

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

Significant actuarial assumptions	2018	2017
- discount rate	9.00%	7.75%
- expected rate of growth per annum in future salaries	8.00%	6.75%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

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



Notes to the Financial Statements

For the Year ended June 30, 2018

	2018 Rupees	2017 Rupees
The movement in the present value of defined benefit obligation is as follows:		
Opening balance	184,910,887	154,870,599
Current service cost	52,334,733	44,520,864
Interest cost	13,356,824	10,349,312
Benefits paid	(25,129,544)	(24,242,938)
Remeasurements - experience adjustments and actuarial valuation loss / (gain) from changes in financial assumptions	42,231,656	(586,950)
Closing balance	267,704,556	184,910,887
Expense recognised in statement of profit or loss		
Current service cost	52,334,733	44,520,864
Interest cost	13,356,824	10,349,312
	65,691,557	54,870,176
Charge for the year has been allocated to:		
- cost of sales	58,542,746	49,715,100
- administrative expenses	7,148,811	5,155,076
	65,691,557	54,870,176

Remeasurement recognised in other comprehensive income

Remeasurements - experience adjustments and actuarial valuation loss / (gain) from changes in financial assumptions	42,231,656	(586,950)
---	------------	-----------

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

	2018	2017	2016	2015	2014
	----- Rupees -----				
Present value of defined benefit obligation	267,704,556	184,910,887	154,870,599	170,383,383	96,055,426
Experience adjustments on obligation	42,231,656	(586,950)	(44,151,953)	38,285,637	1,658,636

Year-end sensitivity analysis:

	Change in assumption	Impact on defined benefit obligation	
		Increase Rupees	Decrease Rupees
Discount rate	1%	248,622,912	289,892,533
Salary growth rate	1%	289,892,533	248,292,214

25.1 The average duration of the defined benefit obligation as at June 30, 2018 is 8 years.

25.2 The expected contribution to defined benefit obligation for the year ending June 30, 2019 is Rs.81.859 million.



Notes to the Financial Statements

For the Year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
26. TRADE AND OTHER PAYABLES			
Trade creditors		525,156,163	404,674,066
Bills payable	26.1	130,344,918	0
Due to Associated Companies	26.2	145,285,528	135,076,181
Accrued expenses		489,697,387	313,860,959
Tax deducted at source		8,307,241	8,297,627
Workers' (profit) participation fund	26.3	23,607,696	9,796,070
Others		215,433	215,433
		<u>1,322,614,366</u>	<u>871,920,336</u>
26.1 These are secured against the securities as detailed in note 28.			
26.2 This represents amounts due to the following Associated Companies:			
- Fatima Fertilizer Company Ltd.		30,610,298	25,131,224
- Fatima Sugar Mills Ltd.		107,076,881	103,267,377
- Pak Arab Fertilizers Ltd.		7,350,425	6,677,580
- Fazal Cloth Mills Ltd.		247,924	-
		<u>145,285,528</u>	<u>135,076,181</u>
26.3 Workers' (profit) participation fund (the Fund)			
Opening balance		9,796,070	19,614,540
Add: interest on funds utilised in the Company's business		353,262	317,034
		<u>10,149,332</u>	<u>19,931,574</u>
Less:			
- paid to workers		(9,796,070)	(19,614,540)
		<u>353,262</u>	<u>317,034</u>
Add: allocation for the year		23,254,434	9,479,036
Closing balance		<u>23,607,696</u>	<u>9,796,070</u>
27. ACCRUED MARK-UP			
Mark-up accrued on:			
- long term finances		37,990,996	52,230,709
- liabilities against assets subject to finance lease		111,498	113,359
- advance received from Fatima Sugar Mills Ltd. (an Associated Company)		15,057,885	11,200,677
- short term borrowings		106,517,540	69,135,534
		<u>159,677,919</u>	<u>132,680,279</u>
28. SHORT TERM BORROWINGS			
Short term finances - secured	28.1	5,821,345,019	4,176,395,926
Export finances-secured	28.3	243,267,400	405,260,005
		<u>6,064,612,419</u>	<u>4,581,655,931</u>
Temporary bank overdrafts - unsecured	28.4	15,557,187	-
		<u>6,080,169,606</u>	<u>4,581,655,931</u>

28.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.8,290 million (2017: Rs.8,945 million) and carry mark-up at the rates ranging from 6.62% to 8.42% (2017: 6.64% to 7.78%) on the outstanding balances. These facilities are expiring on various dates by March 31, 2019.



Notes to the Financial Statements

For the Year ended June 30, 2018

28.2 Out of the aggregate facilities of Rs.1,480 million (2017: Rs.1,180 million) for opening letters of credit and Rs.560 million (2017: Rs.295 million) for guarantees, which are the sub-limits of finance facilities mentioned in the preceding paragraph, the amounts utilised as at June 30, 2018 were Rs.548.292 million (2017: Rs.145.100 million) and Rs.201.177 million (2017: Rs.176.800 million) respectively. These facilities are expiring on various dates by March 31, 2019.

28.3 Out of total short term finance facilities, export finance facilities available from commercial banks aggregate Rs.2,175 million (2017: Rs.4,580 million). Out of total facilities, the amount utilised aggregate Rs.243.267 million (2017: Rs.405 million). The rates of mark-up range from 1.30% to 3.00% (2017: 0.90% to 4.00%) on the outstanding balances. These facilities are expiring on various dates by March 31, 2019.

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

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

29. CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2018 Rupees	2017 Rupees
Long term finances	23	660,714,596	830,100,202
Liabilities against assets subject to finance lease	24	8,761,358	3,342,514
		<u>669,475,954</u>	<u>833,442,716</u>
30. TAXATION - Net			
Opening balance		70,595,775	104,025,100
Add: provision made during the year:			
current (net of tax credit for investment in plant & machinery under section 65B of the Income Tax Ordinance, 2001 amounting Rs.21.546 million; (2017: Rs.43.073 million)	30.2	135,429,016	70,595,775
prior years - net		1,162,378	327,679
		<u>136,591,394</u>	<u>70,923,454</u>
		<u>207,187,169</u>	<u>174,948,554</u>
Less: payments / adjustments made during year against completed assessments		(71,758,153)	(104,352,779)
Closing balance		<u>135,429,016</u>	<u>70,595,775</u>

30.1 Returns filed by the Company upto the tax year 2017 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

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

31. CONTINGENCIES AND COMMITMENTS

31.1 Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.152.948 million as at June 30, 2018 (2017: Rs.131.551 million) and are secured against the securities mentioned in note 28.5.

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



Notes to the Financial Statements

For the Year ended June 30, 2018

account of exportation of goods so manufactured from imported cotton will positively be waived-off.

31.3 The Company has filed a case before the Sindh High Court (SHC) against imposition of infrastructure cess levied by the Excise and Taxation Department, Karachi (the Department) under section 9 of the Sindh Finance Act, 1994 on imports made. As per the judgement of SHC, 50% of the demand would be paid by the Company while for the remaining 50%, guarantees would be issued in favour of the Department. As per the aforesaid judgement, the Company is paying the said 50% of demand on every import made and has arranged bank guarantees from Meezan Bank Ltd., Habib Bank Ltd., National Bank of Pakistan and Bank Alfalah Ltd. favouring the Department for Rs.17.486 million (2017: Rs.17.486 million), Rs.15 million (2017: Rs.15 million), Rs.3.743 million (2017: Rs.3.743 million) and Rs.12 million (2017: Rs.7 million) respectively. The Company has challenged the said judgement before the Supreme Court of Pakistan and the legal advisors are confident that ultimately the judgement will be in favour of the Company and accordingly no provision needs to be made in the financial statements for the year ended June 30, 2018.

31.4 Foreign bills discounted outstanding as at June 30, 2018 aggregated Rs.469.078 million (2017: Rs.473.419 million).

	2018 Rupees	2017 Rupees
31.5 Commitments in respect of forward foreign exchange contracts:		
- sale	-	52,830,000
31.6 Commitments for irrevocable letters of credit:		
- capital expenditure	281,092,632	122,219,250
- others	154,446,775	22,922,520
	435,539,407	145,141,770

31.7 A financial institution, on behalf of the Company, has issued stand-by letters of credit (SBLCs) aggregating Rs.67.956 million (2017:Rs.1,000 million) in favour of lenders of Fatima Energy Ltd. (FEL - an Associated Company) to honour the commitment of injection / investment in the equity of FEL by the Company. These SBLCs are valid upto April 2019.

32. SALES - Net

Export	6,583,918,463	4,573,827,316
Local	7,000,456,767	6,583,682,001
Waste	220,863,995	193,793,273
	13,805,239,225	11,351,302,590
Less: Commission	(137,965,128)	(105,542,850)
	13,667,274,097	11,245,759,740
Add: Weaving, doubling, sizing income	472,900	15,564,519
Export rebate	-	683,329
Export duty drawback	247,886,785	79,726,073
	248,359,685	95,973,921
Less: Sales tax	(1,772,917)	-
	13,913,860,865	11,341,733,661



Notes to the Financial Statements

For the Year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
33. COST OF SALES			
Raw materials consumed	33.1	9,551,485,191	8,283,635,742
Stores and spares		327,822,306	299,961,343
Packing materials consumed		89,825,945	80,946,331
Salaries, wages and benefits	33.3	822,345,075	732,855,770
Power and fuel		1,295,323,080	1,065,914,982
Repairs and maintenance		31,714,882	17,816,034
Depreciation	7.3	233,105,235	217,606,120
Insurance		33,649,380	29,464,259
Utilities		484,730	450,060
Others		65,906,273	45,681,450
		<u>12,451,662,097</u>	<u>10,774,332,091</u>
Adjustment of work-in-process			
Opening		183,721,862	166,946,118
Closing	12	(248,384,218)	(183,721,862)
		<u>(64,662,356)</u>	<u>(16,775,744)</u>
Cost of goods manufactured		12,386,999,741	10,757,556,347
Adjustment of finished goods			
Opening stock		1,069,075,374	669,158,447
Closing stock	12	(887,857,766)	(1,069,075,374)
		<u>181,217,608</u>	<u>(399,916,927)</u>
		<u>12,568,217,349</u>	<u>10,357,639,420</u>
33.1 Raw materials consumed			
Opening stock		1,756,403,613	1,510,244,103
Purchases and purchase expenses		9,873,412,929	8,529,795,252
		<u>11,629,816,542</u>	<u>10,040,039,355</u>
Less: closing stock	12	(2,085,889,117)	(1,756,403,613)
		<u>9,543,927,425</u>	<u>8,283,635,742</u>
Cotton cess		7,557,766	-
	33.2	<u>9,551,485,191</u>	<u>8,283,635,742</u>
33.2 Raw materials consumed include Rs.39,288,841 (2017: Rs.38,836,109) relating to the cost of yarn and cotton sold during the year.			
33.3 Salaries, wages and benefits include Rs.58,542,746 (2017: Rs.49,715,100) in respect of staff retirement benefits - gratuity.			
34. DISTRIBUTION AND MARKETING EXPENSES			
Ocean freight and shipping		48,781,790	30,587,699
Local freight		41,239,555	31,934,524
Export development surcharge		13,404,996	11,188,200
Forwarding and clearing expenses		28,788,497	23,641,447
Marketing expenses		8,238,991	7,914,752
Other expenses		3,178,700	11,263,457
		<u>143,632,529</u>	<u>116,530,079</u>



Notes to the Financial Statements

For the Year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
35. ADMINISTRATIVE EXPENSES			
Salaries and benefits	35.1	89,118,819	75,796,251
Travelling and conveyance		15,282,117	10,635,170
Rent, rates and taxes		5,097,082	4,509,673
Entertainment		1,398,298	1,252,902
Utilities		1,910,032	1,477,466
Communication		4,392,969	4,102,633
Printing and Stationary		2,258,115	2,037,380
Insurance		969,194	2,314,236
Repairs and maintenance		8,863,645	9,601,057
Vehicles' running and maintenance		7,921,084	6,767,357
Fee, subscription and periodicals		5,805,582	5,216,105
Auditors' remuneration:			
- statutory audit		1,000,000	1,000,000
- half yearly review		247,500	225,000
- out of pocket expenses		100,000	233,510
		1,347,500	1,458,510
Legal and professional charges (other than Auditors)		1,979,295	1,261,000
Depreciation	7.3	15,682,966	15,492,116
Amortisation	8	946,230	946,230
General		3,048,770	3,149,869
		166,021,698	146,017,955

35.1 Expense for the year includes staff retirement benefits - gratuity amounting Rs.7,148,811 (2017: Rs.5,155,076).

	Note	2018	2017
36. OTHER INCOME			
Income from financial assets			
Dividend	36.1	5,906,624	8,531,790
Mark-up on advances to Associated Companies	36.2	2,655,650	12,949,967
Payable balances written-back		10,494,491	-
Exchange fluctuation gain - net		79,775,877	57,766
Realised gain on forward foreign exchange contracts		-	1,743,833
Income from non-financial assets			
Gain on dilution in investment	9	385,000	-
Others		130,187	50,099
		99,347,829	23,333,455

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

36.2 This represents mark-up amounting Rs.1,033,274 (2017: Rs.10,661,918) on advance given to Fatima Energy Ltd., Rs.78,029 (2017: Rs.84,578) and Rs.1,544,347 (2017: Rs.2,203,471) on short term loan given to Reliance Commodities (Pvt.) Ltd. and advance given to Fatima Transmission Company Ltd. respectively.

37. OTHER EXPENSES			
Donations	37.1	22,585,560	15,168,840
Loss on disposal of operating fixed assets - net	7.5	1,738,938	925,952
Realised loss on forward foreign exchange contracts		1,805,772	-
Receivable balances written-off		627,750	-
Workers' (profit) participation fund	26.3	23,254,434	9,479,036
		50,012,454	25,573,828



Notes to the Financial Statements

For the Year ended June 30, 2018

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

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

- Mr. Faisal Ahmed Mukhtar

The Company, during the year, has donated Rs. 20.200 million (2017: Rs. 13.300 million) to this Trust.

38. FINANCE COST	Note	2018 Rupees	2017 Rupees
Mark-up on:			
- long term finances		157,156,073	186,611,993
- liabilities against assets subject to finance lease		1,251,210	731,423
- short term borrowings		407,968,620	295,744,445
- short term loans from Associated Companies		3,958,262	3,838,701
Interest on workers' (profit) participation fund	26.3	353,262	317,034
Bank charges and commission		51,516,141	52,277,579
		<u>622,203,568</u>	<u>539,521,175</u>
39. TAXATION			
Current			
- for the year	30.2	135,429,016	70,595,775
- prior year	30.2	1,162,378	327,679
Deferred		(5,719,449)	(4,357,963)
		<u>130,871,945</u>	<u>66,565,491</u>

39.1 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income tax with most recent tax assessment for the last three tax years is as follows:

	2017 Rupees	2016 Rupees	2015 Rupees
Provision in financial statements for income tax	70,595,775	104,025,100	10,368,894
Tax assessed as per most recent tax assessment	74,046,420	91,970,482	5,525,744

As at June 30, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in financial statements for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

40. EARNINGS PER SHARE	Note	2018 Rupees	2017 Rupees
There is no dilutive effect on earnings per share of the Company, which is based on:			
Profit after taxation attributable to ordinary shareholders		<u>310,579,076</u>	<u>101,217,999</u>
		----- No. of shares -----	
Weighted average number of ordinary shares in issue during the year		<u>30,810,937</u>	<u>30,810,937</u>
		Rupees	Rupees
Earnings per share - basic		<u>10.08</u>	<u>3.29</u>

41. SEGMENT INFORMATION

41.1 Reportable segments

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



Notes to the Financial Statements

For the Year ended June 30, 2018

The Company's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibres.
- Weaving segment - production of different qualities of grey fabrics using yarn.

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

41.2 Information about reportable segments

	Spinning		Weaving		Total	
	2018	2017	2018	2017	2018	2017
External revenue	4,774,447,101	3,697,173,408	9,139,413,764	7,644,560,253	13,913,860,865	11,341,733,661
Inter-segment revenue	2,952,834,181	3,226,362,789	-	-	2,952,834,181	3,226,362,789
Cost of sales	(7,049,137,914)	(6,417,054,318)	(5,519,079,435)	(3,940,585,102)	(12,568,217,349)	(10,357,639,420)
Inter-segment cost of sales	-	-	(2,952,834,181)	(3,226,362,789)	(2,952,834,181)	(3,226,362,789)
Distribution and marketing expenses	(30,358,929)	(23,702,695)	(113,273,600)	(92,827,384)	(143,632,529)	(116,530,079)
Administrative expenses	(82,660,533)	(72,961,932)	(83,361,165)	(73,056,023)	(166,021,698)	(146,017,955)
Other income	12,504,100	10,596,283	86,843,729	12,737,172	99,347,829	23,333,455
Other expenses	(19,950,614)	(14,756,583)	(30,061,840)	(10,817,245)	(50,012,454)	(25,573,828)
Finance cost	(322,940,955)	(282,341,459)	(299,262,613)	(257,179,716)	(622,203,568)	(539,521,175)
Profit before taxation and share of loss of Associates	234,736,437	123,315,493	228,384,659	56,469,166	463,121,096	179,784,659

41.3 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 5 to the financial statements. Distribution & marketing expenses, administrative expenses, other income and other expenses are allocated on the basis of actual amounts incurred / earned for the segments. Finance cost relating to long term finances is also allocated on the basis of purpose of finances for which these are obtained and finance cost relating to short term borrowings is allocated on the basis of working capital requirements of the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

41.4 Reconciliation of reportable segment revenues and profit	2018 Rupees	2017 Rupees
Total revenue from reportable segments	16,866,695,046	14,568,096,450
Elimination of inter-segment revenue	(2,952,834,181)	(3,226,362,789)
Profit	13,913,860,865	11,341,733,661
Total profit of reportable segments	463,121,096	179,784,659
Share of loss from Associated Companies	(21,670,075)	(12,001,169)
Tax for the year	(130,871,945)	(66,565,491)
Consolidated profit	310,579,076	101,217,999

41.5 Segment assets and liabilities

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

	Spinning	Weaving	Total
For the year ended 30 June 2018:	----- Rupees -----		
Segment assets for reportable segment			
- Operating fixed assets	3,307,251,511	2,317,561,544	5,624,813,055
- Stores, spares and loose tools	136,558,692	84,165,566	220,724,258
- Stock-in-trade	1,949,432,266	1,272,698,835	3,222,131,101
	5,393,242,469	3,674,425,945	9,067,668,414
Unallocated corporate assets			4,199,240,244
Total assets as per statement of financial position			13,266,908,658
Segment liabilities for reportable segment	4,098,095,005	3,865,379,831	7,963,474,836
Unallocated corporate liabilities			1,901,641,476
Total liabilities as per statement of financial position			9,865,116,312



Notes to the Financial Statements

For the Year ended June 30, 2018

	Spinning	Weaving	Total
	----- Rupees -----		
For the year ended 30 June 2017:			
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
- Stock-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>2,766,968,974</u>
Total assets as per statement of financial position			<u><u>11,303,284,213</u></u>
Segment liabilities for reportable segment			
Unallocated corporate liabilities	4,155,210,113	3,023,501,432	7,178,711,545
Total liabilities as per statement of financial position			<u><u>1,265,168,229</u></u>
			<u><u>8,443,879,774</u></u>

- 41.6 For the purposes of monitoring segment performance and allocating resources between segments
- operating property, plant & equipment, stock-in-trade and stores, spares & loose tools are allocated to reportable segments while all other assets are held under unallocated corporate assets; and
 - long term finances, short term borrowings and liabilities against assets subject to finance lease are allocated to reportable segment and all other liabilities, i.e. staff retirement benefit - gratuity, trade and other payables, taxation and accrued markup are held under unallocated corporate liabilities.

41.7 Gross revenue from major products and services

	2018 Rupees	2017 Rupees
Fabric export sales	5,465,840,218	3,794,856,449
Yarn export sales	1,118,078,246	778,970,867
Fabric local sales	3,565,568,793	3,822,743,661
Yarn local sales	3,397,438,793	2,719,134,047
Cotton and polyester local sales	37,449,181	41,804,293
Waste local sales	<u>220,863,994</u>	<u>193,793,273</u>
	<u><u>13,805,239,225</u></u>	<u><u>11,351,302,590</u></u>
41.8 Gross revenue from segment		
Spinning	1,929,283,941	1,959,772,723
Weaving	4,099,985,644	4,079,579,408
	<u><u>6,029,269,585</u></u>	<u><u>6,039,352,131</u></u>

41.9 Geographical information

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

Pakistan	7,221,320,762	6,754,638,323
Asia	4,842,192,621	3,580,565,250
Europe	1,413,314,592	899,638,861
Africa	328,411,250	116,460,156
	<u><u>13,805,239,225</u></u>	<u><u>11,351,302,590</u></u>

- 41.10 All non-current assets of the Company as at June 30, 2018 are located and operating in Pakistan.

41.11 Other segment information

	Spinning	Weaving	Total
	----- Rupees -----		
For the year ended 30 June 2018:			
Capital expenditure	<u>45,099,590</u>	<u>200,416,368</u>	<u>245,515,958</u>
Depreciation			
Cost of sales	137,567,514	95,537,721	233,105,235
Administrative expenses	<u>8,422,798</u>	<u>7,260,168</u>	<u>15,682,966</u>
	<u><u>145,990,312</u></u>	<u><u>102,797,889</u></u>	<u><u>248,788,201</u></u>



Notes to the Financial Statements

For the Year ended June 30, 2018

	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	<u>9,741,536</u>	<u>5,750,580</u>	<u>15,492,116</u>
	<u>147,719,943</u>	<u>85,378,293</u>	<u>233,098,236</u>

	2018 Rupees	2017 Rupees
42. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	441,451,021	167,783,490
Adjustments for non-cash charges and other items:		
Depreciation	248,788,201	233,098,236
Amortisation	946,230	946,230
Staff retirement benefits - gratuity	65,691,557	54,870,176
Loss on disposal of operating fixed assets - net	1,738,938	925,952
Share of loss from Associates	21,670,075	12,001,169
Interest on workers' (profit) participation fund	353,262	317,034
Provision for workers' (profit) participation fund	23,254,434	9,479,036
Receivable balances written-off	627,750	-
Payable balances written-back	(10,494,491)	-
Finance cost	621,850,306	539,204,141
Realised loss / (gain) on forward foreign exchange contracts	1,805,772	(1,743,833)
Gain on dilution of investments	(385,000)	-
	<u>1,417,298,055</u>	<u>1,016,881,631</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(38,583,155)	431,151
Stock-in-trade	(212,930,252)	(662,852,181)
Trade debts	(1,403,947,053)	(75,593,663)
Loans and advances	44,464,603	83,955,546
Prepayments and other receivables	3,102,196	11,353,320
Tax refunds due from the Government (excluding income tax)	(166,506,499)	(129,996,432)
Increase in trade and other payables	447,376,895	17,693,310
	<u>(1,327,023,265)</u>	<u>(755,008,949)</u>
Cash generated from operations	<u>90,274,790</u>	<u>261,872,682</u>

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

43.1 Financial Risk Factors

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

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

43.2 Market risk

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



Notes to the Financial Statements

For the Year ended June 30, 2018

(a) Currency risk

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

2018	Rupees	U.S.\$	Euro	JPY	CHF
Trade debts	1,519,112,032	12,508,405	-	-	-
Bank balance	564,244	4,646	-	-	-
Short term export finances	(243,267,400)	(2,000,000)	-	-	-
Bills payable	(130,344,918)	(1,033,697)	(7,484)	(3,276,500)	-
Gross balance sheet exposure	1,146,063,958	9,479,354	(7,484)	(3,276,500)	-
Outstanding letters of credit	435,539,407	1,127,811	37,028	261,421,248	56,246
Net exposure	1,581,603,365	10,607,165	29,544	258,144,748	56,246
2017					
Trade debts	234,782,283	2,240,289	-	-	-
Bank balances	3,539,873	33,777	-	-	-
Short term export finances	(405,260,005)	(3,859,619)	-	-	-
Gross balance sheet exposure	(166,937,849)	(1,585,553)	-	-	-
Outstanding letters of credit	(145,141,770)	(1,382,303)	-	-	-
Forward foreign exchange contracts	(52,830,000)	(503,143)	-	-	-
Net exposure	(364,909,619)	(3,470,999)	-	-	-

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2018	2017	2018	2017
U.S.\$ to Rupee	113.38	104.65	121.4 / 121.6	104.80/ 105
Euro to Rupee	130.42	-	141.33 / 141.57	-
JPY to Rupee	1.008	-	1.097 / 1.099	-
CHF to Rupee	115.29	-	122.11 / 122.32	-

Sensitivity analysis

At June 30, 2018, if Rupee had strengthened by 10% against U.S. Dollar, Euro and JPY with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

Effect on profit for the year:

	2018 Rupees	2017 Rupees
U.S.\$ to Rupee	(115,079,358)	16,616,595
Euro to Rupee	105,973	-
JPY to Rupee	360,087	-



Notes to the Financial Statements

For the Year ended June 30, 2018

(b) Interest rate risk

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

	Effective Mark-up rate		Carrying amount	
	2018 %	2017 %	2018 Rupees	2017 Rupees
Financial Liabilities				
Fixed rate instruments:				
Long term finances	5.00% to 12.7%	5.00% to 12.70%	<u>484,466,818</u>	<u>311,358,158</u>
Variable rate instruments				
Long term finances	5.00% to 9.04%	7.28% to 12.70%	<u>1,375,673,229</u>	<u>2,281,085,270</u>
Liabilities against assets subject to finance lease	7.65% to 8.21%	7.62% to 12.41%	<u>23,165,184</u>	<u>4,612,186</u>
Short term borrowings	6.62% to 8.42%	6.64% to 7.78%	<u>5,821,345,019</u>	<u>4,176,395,926</u>
Short term export finances	1.30% to 3%	0.90% to 4.00%	<u>243,267,400</u>	<u>405,260,005</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2018, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs.74.557 million (2017: Rs.68.441 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

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

(c) Price risk

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

Sensitivity analysis

A 10% increase / decrease in share prices at the year-end would have increased / decreased the fair value reserve on available-for-sale investments as follows:

	2018 Rupees	2017 Rupees
Effect on equity	<u>8,505,541</u>	<u>8,844,188</u>

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



Notes to the Financial Statements

For the Year ended June 30, 2018

43.3 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts, short term investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of yarn and fabric parties to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

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

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2018 along with comparative is tabulated below:

	2018 Rupees	2017 Rupees
Long term deposits	21,019,180	19,725,230
Trade debts	2,005,912,705	603,771,424
Loans and advances	60,648,011	133,245,236
Other receivables	25,746,768	27,711,023
Short term investments	85,055,412	88,441,877
Bank balances	74,034,200	91,301,512
	2,272,416,276	964,196,302

Trade debts exposure by geographic region is as follows:

Domestic	486,800,673	368,989,141
Export	1,519,112,032	234,782,283
	2,005,912,705	603,771,424

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

Fabric customers against:		
- export sales	1,519,112,032	234,782,283
- local sales	87,574,087	138,698,357
Yarn customers against local sales	399,226,586	230,290,784
	2,005,912,705	603,771,424



Notes to the Financial Statements

For the Year ended June 30, 2018

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

	2018 Rupees	2017 Rupees
The ageing of trade debts at the year-end was as follows:		
Neither past due nor impaired	1,519,112,030	227,641,635
Past due 0-30 days	342,709,406	229,191,647
Past due 30-150 days	136,563,732	129,113,525
Past due 150-360 days	3,137,074	10,683,969
Past due 360 days	4,390,463	7,140,648
	<u>2,005,912,705</u>	<u>603,771,424</u>

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.1,478.819 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

Out of total trade debts, 76% (2017: 38%) comprise of foreign debtors that are secured against letters of credit and contracts. Local trade debts include customers with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history.

Bank balances

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

	Rating		Rating Agency	2018 Rupees	2017 Rupees
	Short term	Long Term			
Bank Alfalah Ltd.	A-1+	AA+	JCR-VIS	14,300,818	4,214,574
The Bank of Khyber	A-1	A	JCR-VIS	298,075	35,843
Al-Baraka Bank (Pakistan) Ltd.	A-1	A+	JCR-VIS	3,556,734	3,095,536
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	226,947	9,764,089
JS Bank Ltd.	A1+	AA-	PACRA	2,876,059	2,250,835
Meezan Bank Ltd.	A-1+	AA+	JCR-VIS	2,109,599	26,311,242
Standard Chartered Bank (Pakistan) Ltd.	A1+	AAA	PACRA	2,504	140,619
Askari Bank Ltd.	A1+	AA+	PACRA	6,164,636	2,220,081
Faysal Bank Ltd.	AA	A-1+	PACRA	235,312	234,312
Dubai Islamic Bank Pakistan Ltd.	AA-	A-1	JCR-VIS	2,110,239	171,128
Summit Bank Ltd.	A-1	A-	JCR-VIS	536,012	518,769
BankIslami Pakistan Ltd.	A1	A+	PACRA	2,817,619	155,600
Bank Al Habib Ltd.	A1+	AA+	PACRA	17,184	1,133,553
Allied Bank Ltd.	A1+	AAA	PACRA	0	51,395
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	5,882,159	7,449,677
MCB Bank Ltd.	A1+	AAA	PACRA	483,278	553,434
National Bank of Pakistan	AAA	A-1+	JCR-VIS	1,112,707	6,157,868
Sindh Bank Ltd.	A-1+	AA	JCR-VIS	3,061,309	996,861
United Bank Ltd.	AAA	A-1+	JCR-VIS	2,059,802	25,845,958
The Bank of Punjab	A1+	AA	PACRA	26,183,207	138
				<u>74,034,200</u>	<u>91,301,512</u>

43.4 Liquidity risk

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



Notes to the Financial Statements

For the Year ended June 30, 2018

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

2018	Carrying amount	Contractual cash flows	Rupees		
			Less than 1 year	Between 1 to 5 years	5 years and above
Long term finances	1,860,140,047	2,148,974,635	638,137,813	1,294,796,730	216,040,092
Liabilities against assets subject to finance lease	23,165,184	25,501,829	10,250,060	15,251,769	-
Short term borrowings	6,064,612,419	6,172,684,174	6,172,684,174	-	-
Trade and other payables	1,290,699,429	1,290,699,429	1,290,699,429	-	-
Unclaimed dividends	16,215,618	16,215,618	16,215,618	-	-
Accrued mark-up	159,677,919	159,677,919	159,677,919	-	-
	<u>9,414,510,616</u>	<u>9,813,753,604</u>	<u>8,287,665,013</u>	<u>1,310,048,499</u>	<u>216,040,092</u>
2017					
Long term finances	2,592,443,428	2,696,718,229	784,500,438	1,639,664,504	272,553,287
Liabilities against assets subject to finance lease	4,612,186	4,882,459	3,588,550	1,293,909	-
Short term borrowings	4,581,655,931	4,684,654,168	4,684,654,168	-	-
Trade and other payables	853,826,639	853,826,639	853,826,639	-	-
Unclaimed dividends	5,060,952	5,060,952	5,060,952	-	-
Accrued mark-up	132,680,279	132,680,279	132,680,279	-	-
	<u>8,170,279,415</u>	<u>8,377,822,726</u>	<u>6,464,311,026</u>	<u>1,640,958,413</u>	<u>272,553,287</u>

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

43.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. At June 30, 2018, the carrying values of all financial assets and liabilities as disclosed in the statement of financial position approximate to their fair values.

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

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

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

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

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

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

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



Notes to the Financial Statements

For the Year ended June 30, 2018

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level 1 in the fair value hierarchy into which the fair value measurement is categorised:

	2018 Rupees	2017 Rupees
Short term investments - available-for-sale	<u>85,055,412</u>	<u>88,441,877</u>

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

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

44. CAPITAL MANAGEMENT

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

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

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

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

	2018 Rupees	2017 Rupees
Total debt	<u>7,963,474,837</u>	<u>7,178,711,545</u>
Total equity and debt	<u>11,365,267,183</u>	<u>10,038,115,984</u>
Debt-to-equity ratio	<u>70%</u>	<u>72.00%</u>

45. REMUNERATION OF DIRECTOR AND KEY MANAGEMENT PERSONNEL

	Director		Key management personnel	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Management remuneration	3,339,600	4,007,520	11,117,402	7,543,376
House rent allowance	-	-	2,223,480	1,508,675
Medical	-	-	1,111,740	754,338
Utility and other allowances	-	-	2,140,100	1,452,099
Bonus	-	-	824,250	379,122
	<u>3,339,600</u>	<u>4,007,520</u>	<u>17,416,972</u>	<u>11,637,610</u>
Number of persons	1	1	7	5

45.1 Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.

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

45.3 Meeting fees of Rs.300 thousand (2017: Rs.255 thousand) were also paid to two (2017: One) non-working directors during the year.

Notes to the Financial Statements

For the Year ended June 30, 2018

46. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 45. Other significant transactions with related parties are as follows:

Description of transaction	Nature of relationship	2018 Rupees	2017 Rupees
Fazal Cloth Mills Ltd.	Associate		
Purchase of goods and services		22,857,306	36,633,472
Sale of goods and services		3,066,800	1,490,000
Fazal Weaving Mills Ltd.	Associate		
Purchase of goods and services		28,289,200	-
Reliance Commodities (Pvt.) Ltd.	Associate		
Mark-up -Income		78,029	84,578
Advance made		2,300,000	5,000,000
Advance received		2,300,000	5,000,000
Fatima Sugar Mills Ltd.	Associate		
Mark up - Expense		3,956,368	3,833,701
Advance received		1,208,700,000	650,000,000
Advance repaid		1,204,700,000	774,893,033
Sale of fixed assets		-	127,590
Fatima Energy Ltd.	Associate		
Mark up - Income		1,033,274	10,661,918
Funds received		363,703	-
Stand-by letters of credit		67,956,350	1,000,000,000
Mian Mukhtar A. Sheikh Trust, Multan	Associate		
Donations made		20,200,000	13,300,000
Fatima Fertilizer Company Ltd.	Related party*		
Dividend income		5,906,624	8,531,790
Fatima Transmission Co. Ltd.	Related party*		
Advances made		-	15,314,068
Mark-up Income		1,542,553	2,203,472
Purchase of ordinary shares		-	71,785,000
Pakarab Fertilizer Ltd.	Related party*		
Purchase of services		-	979,385

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

* These are related parties due to common directorship

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

	Liabilities				Total
	Long term finances	Short term borrowings	Lease Finances	Dividend	
	Rupees				
Balance as at July 01, 2017	2,592,443,428	4,581,655,931	4,612,186	5,060,952	7,183,772,497
Changes from financing activities					
Finances obtained	124,233,424	-	26,484,500	-	150,717,924
Finances repaid	(856,536,805)	-	(7,931,502)	-	(864,468,307)
Finances obtained - net of repayments	-	1,498,513,675	-	-	1,498,513,675
Dividend declared	-	-	-	46,216,405	46,216,405
Dividend paid	-	-	-	(35,061,739)	(35,061,739)
	(732,303,381)	1,498,513,675	18,552,998	11,154,666	795,917,958
Balance as at June 30, 2018	1,860,140,047	6,080,169,606	23,165,184	16,215,618	7,979,690,455



Notes to the Financial Statements

For the Year ended June 30, 2018

48. CAPACITY AND PRODUCTION	2018	2017
Unit 1 (Weaving)		
Number of looms installed	104	104
Capacity after conversion into 50 picks - Meters	21,520,630	21,520,630
Actual production of fabrics after conversion into 50 picks - Meters	21,352,892	16,222,826
Weaving conversion	-	473,494
Unit 2 (Weaving)		
Number of looms installed	204	204
Capacity after conversion into 50 picks - Meters	52,290,325	48,640,896
Actual production of fabrics after conversion into 50 picks - Meters	50,834,547	46,946,058
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 fabrics after conversion into 50 picks - Meters	10,028,434	9,731,663
Under utilisation of available weaving capacity was due to:		
- Electricity shut downs		- Change of articles required
- Due to normal maintenance		- Width loss due to specification of the cloth
Unit 3 (Spinning)		
Number of spindles installed	14,400	14,400
Capacity after conversion into 20 count - Kgs	4,023,142	4,586,454
Actual production of yarn after conversion into 20 count - Kgs	3,619,438	3,532,496
Unit 4 (Spinning)		
Number of spindles installed	47,520	47,520
Capacity after conversion into 20 count - Kgs	16,433,195	16,433,195
Actual production of yarn after conversion into 20 count - Kgs	15,366,674	15,270,103
Under utilisation of available spinning capacity of Unit 3 and Unit 4 was due to:		
- Electricity shut downs		
- Processing mix of coarser and finer counts		
49. NUMBER OF EMPLOYEES		
	2018	2017
	----- Numbers -----	
Number of persons employed as at June 30,		
- permanent	2,151	2,515
- contractual	255	181
	<u>*2,406</u>	<u>*2,696</u>
*This includes 2,280 (2017: 2,573) number of factory employees		
Average number of employees during the year		
- permanent	2,112	2,489
- contractual	229	172
	<u>**2,341</u>	<u>**2,661</u>

**This includes 2,214 (2017: 2,540) number of factory employees



Notes to the Financial Statements

For the Year ended June 30, 2018

50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on October 04, 2018 by the board of directors of the Company.

51. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on October 04, 2018 has proposed a final cash dividend of Rs.2.25 per share (2017: Rs.1.50 per share) for the year ended June 30, 2018. The financial statements for the year ended June 30, 2018 do not include the effect of proposed dividend amounting Rs.69.325 million (2017: Rs.46.216 million), which will be accounted for in the financial statements for the year ending June 30, 2019 after approval by the members in the annual general meeting to be held on October 29, 2018

52. FIGURES

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

Re-classification from:	Re-classified to:	Before re-classification Rupees	After re-classification Rupees
Other receivables	Accrued mark-up	121,479,602	132,680,279
Tax refunds due from the Government	Taxation	-	70,595,775
Trade and other payables	Unclaimed dividends	5,060,952	5,060,952

52.2 Also refer contents of note 6 regarding restatement of revaluation surplus on freehold land.

Chief Executive

Director

Chief Financial Officer



DIVIDEND MANDATE FORM

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 (CNIC 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.



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 28th Annual General Meeting of the Company to be held on Monday, October 29, 2018 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 _____ 2018.

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) ریلینس ویونگ ملز لمیٹڈ
 حاصل عام حصص، محترم / محترمہ ساکن یا ان کے حاضر نہ ہو سکنے کی صورت میں ساکن کو اپنے / ہمارے ایما پر کمپنی کے مورخہ 29 اکتوبر 2018ء بروز
 سوموار 11.30 بجے کمپنی کے رجسٹرڈ آفس سیکنڈ فلور ٹرسٹ پلازہ ایل ایم کیور وڈ ملتان میں ہونے والے 28 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

..... آف بحیثیت ممبر ریلائنس ویونگ ملز لمیٹڈ حامل میں / ہم
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
..... CNIC / پاسپورٹ نمبر
..... ایڈریس

..... نام
..... CNIC / پاسپورٹ نمبر
..... 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:

www.jamapunji.pk



**Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator (based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk  [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices