



Reliance Weaving  
Mills Limited  
A Fatima Group Company



The Art of  
**TEXTILE**

**1st Quarterly Accounts**

September 30, 2020

(Un-Audited)



# COMPANY INFORMATION

## Board of Directors

### Executive Director

Mr. Faisal Ahmed (Chief Executive Officer)

### Non-Executive Directors

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

### Independent Directors

Mr. Shahid Aziz  
Dr. M. Shaukat Malik

## Committees of the Board

### Audit Committee

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

### HR & Remuneration Committee

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

### Risk Management Committee

Mr. Faisal Ahmed Committee Chairman  
Mr. Shahid Aziz Committee Member  
Dr. M. Shaukat Malik Committee Member

## Executive Management Team

### Chief Financial Officer

Mr. Waheed Ahmed

### Company Secretary

Mr. Aftab Ahmed Qaiser

### GM Marketing

Mr. Khawaja Sajid  
Mr. Aqeel Saifi  
Mr. Salim Ahmed

### GM Weaving

Mr. Ikram Azeem

### GM Spinning (Multan)

Mr. Muhammad Shoaib Alam

### DGM Spinning (Rawat)

Mr. Salahudin Khattak

## External Auditors

M/s. ShineWing Hameed Chaudhri & Co.,  
Chartered Accountants  
HM House, 7-Bank Square, Lahore.  
E-mail: lhr@hccpk.com

## Shares Registrar

CDC Share Registrar Services Limited  
CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahr-e- Faisal,  
Karachi-74400  
info@cdc.pak.com & Kamran.Ahmad@fatima-group.com

## Bankers / Financial Institutions

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

## Business Offices

### Registered Office

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

### Head Office

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

## Site Addresses

### Unit # 1,2,4 & 5

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

### Unit # 3

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

# COMPANY PROFILE

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

The spinning unit at Multan comprises of 42 ring frames consisting of 47,520 spindles with total annual production capacity of 24,494 tons based on average count Ne 14. We have state of the art and modern technology, TOYOTA RX-240 and RX-300 E Draft capable of making wide range of counts. These machines can attain high speed of 21,000 RPM.

Our ring machines are 2004, 2013 and 2014 model. Currently, we are producing yarn counts from 6/1 cdd to 21/1 cdd. The above unit produces Carded Yarn, Combed Yarn, Siro Yarn, Core Yarn, Dual Core Yarn, Slub Yarn, Dual Core+Slub Yarn and Core+Slub Yarns. We have installed compact system on our existing frames gaining the ability of compact yarn manufacturing. We have also installed BTS (bobbin transport system), which will cause the Automation in the system and reducing workers handling. We have also installed Auto-Doffer and Auto-cone.

The Weaving unit comprises of 396 looms of high speed latest air jet machines of Tsudakoma (Japan) & picanol (Belgium) with total grey cloth production of (80.55 Million Meters) (SGM's) is based on 61.35 picks per inch. We cater for home textiles and apparels from various varieties of yarns blends such as Cotton/Polyester, Cotton/Viscose/

Linen, Fancy Yarns, Stretch Yarns from different natural fibers & synthetic blends. The unit is equipped with latest warping and sizing machine, air compressors, air conditioning / chiller system, boilers and self-gas engine power generation. The weaving facilities can produce plain (basket/mat weave, ribbed warp & wet), twill, satin, sateen weave, variation of basic weave such as creps, pile (cut/ unused) double cloth, gauze (leno), swivel, tappet, dobby, namely jacquard & triaxial.

The Rawat unit consist of 38 Toyoda Japan (RY-5) spinning frame with total annual production capacity of 138000 bags based on standard count of 20/1 cdd. The unit produces yarns namely Mélange, Marl, Slub, Injection Nappy and Fancy Draw Blend Yarns. We are producing almost all types of Fancy Yarns and Grey Fabrics and have state-of-the-art high speed machines with latest facilities coupled with highly skilled team of dedicated workers and engineers to meet the challenges of textile sector.

The unit is a fully integrated yarns and fabrics production complex and is located at two sites that is Fazalpur Khanewal Road, Multan (Multan Unit) housed on 87 acres of land and the site area of Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi (Rawat Unit) comprises of 34 acres of land. The Housing Colony at Multan unit comprises of 228 bachelor rooms and 24 family quarters for workers and non-management cadre employees while there is an accommodation capacity for 500 workers and 76 rooms for bachelors at Rawat unit.

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



# CREDIT RATING RELIANCE WEAVING MILLS LIMITED



LONG TERM



SHORT TERM



# CERTIFICATIONS



# DIRECTORS' REVIEW

**Dear Members,**

On the behalf of the Board of Directors, We are pleased to present first quarterly Financial Statements of the Company for the period ended September 30, 2020.

## **Financial Highlights**

The Company earned net profit of Rs. 203 million during the period as compared to Rs. 100 million. Turnover of the Company has improved from Rs 4,633 million to Rs. 5,920 million, which depicts 28% improvement. Financial cost of the Company has reduced from Rs 330 million to Rs. 200 million which is almost 40% reduction as compared to last period due to reduction in KIBOR from 13% to 7.5% and availed dollar based financing.

Cotton production in Pakistan is estimated around 7.5 million bales depicting a shortfall of 7 million bales. Cotton prices increased from Rs. 9,000 per maund to 10,500 per maund. The yarn prices soared due to rise in cotton prices. Current year cotton prices shall play important role in profitability of textile sector. BMR of 50 latest looms shall be completed in 2nd quarter of the current year.

For and on behalf of the board,



**Dr. M. Shaukat Malik**  
(Director)



**Faisal Ahmed Mukhtar**  
(Chief Executive)

Date: October 27, 2020

Place: Multan

# ڈائریکٹرز جائزہ رپورٹ

محترم ممبران،

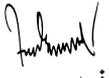
بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 ستمبر 2020 کو ختم ہونے والی مدت کے لئے کمپنی کے پہلے سہ ماہی مالی بیانات پیش کرنے پر خوش ہیں۔

مالی نتائج:

کمپنی کا مجموعی منافع 203 ملین روپے رہا جو کہ گذشتہ سال 100 ملین روپے تھا۔ کمپنی کا ٹرن اوور 4,633 ملین روپے سے بہتر ہو کر 5,920 ملین روپے ہو گیا۔ جو کہ 28% کا اضافہ ہے۔ کمپنی کی مالی لاگت 330 ملین روپے سے کم ہو کر 200 ملین روپے ہو گئی ہے جو گذشتہ سال کے مقابلہ میں تقریباً 40 فیصد کم ہے، مالی لاگت میں اس کمی کی وجہ کا سبب 13 سے 7.5 فیصد کمی ہوئی اور ڈالر پر مبنی فنانسنگ کا حصول ہے۔

پاکستان میں کپاس کی پیداوار کا تخمینہ لگ بھگ 7.5 ملین گانٹھوں کے قریب رہ گیا ہے جس سے 7 ملین گانٹھوں کی کمی ہوئی ہے۔ کپاس کی قیمتیں 9,000 روپے فی من سے بڑھ کر 10,500 فی من ہو گئیں۔ کپاس کی قیمتوں میں اضافہ کی وجہ سے سوت کی قیمتیں بڑھ گئیں۔ رواں سال کپاس کی قیمتیں نیکیٹائل کے شعبے کے منافع میں اہم کردار ادا کریں گی۔ سال کے دوسرے سہ ماہی میں 50 تازہ ترین لومز کابی ایم آر مکمل کیا جائے گا۔

بورڈ کے لئے اور اس کی طرف سے،

  
فیصل احمد مختار  
چیف ایگزیکٹو

  
ڈاکٹر اکرم شوکت ملک  
ڈائریکٹر

مقام: ملتان

تاریخ: 27 اکتوبر، 2020



**1<sup>st</sup> Quarterly  
Accounts**

**September 30, 2020  
(Un-Audited)**

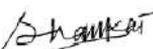
# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2020

		(Un-audited) September 30 2020	(Audited) June 30 2020
	Note	-----Rupees in "000"-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	7,168,306	6,393,392
Intangible assets		1,545	1,781
Long term investments	6	35,635	35,635
Long term deposits		28,776	28,776
Deferred tax asset		135,874	135,874
		7,370,136	6,595,458
<b>Current assets</b>			
Stores, spares and loose tools		218,498	268,499
Stock-in-trade		4,446,696	4,669,118
Trade debts		3,017,973	1,827,071
Loans and advances	7	1,300,368	974,612
Prepayments and other receivables		145,751	75,940
Short term investments	8	789,936	782,192
Tax refunds & export rebate due from the government		428,004	585,410
Cash and bank balances		99,332	42,972
		10,446,557	9,225,814
<b>TOTAL ASSETS</b>		17,816,693	15,821,272
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		700,000	700,000
Issued, subscribed and paid-up share capital		308,109	308,109
Reserves		168,794	161,050
Revaluation surplus on freehold land		1,708,083	949,486
Unappropriated profit		2,661,818	2,458,268
		4,846,804	3,876,913
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term finances	9	2,764,973	2,663,635
Directors' loan		31,500	-
Lease liabilities		63,662	58,229
Staff retirement benefits - gratuity		271,555	258,431
Government grant		10,434	5,662
		3,142,124	2,985,957
<b>Current liabilities</b>			
Trade and other payables		2,171,737	1,684,521
Unclaimed dividend		8,467	8,523
Accrued mark-up		207,136	266,274
Short term borrowings		7,109,806	6,658,071
Current portion of non-current liabilities		262,362	143,401
Taxation		68,257	197,612
		9,827,765	8,958,402
<b>Total liabilities</b>		12,969,889	11,944,359
<b>Contingencies and commitments</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		17,816,693	15,821,272

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

  
Chief Executive

  
Director

  
Chief Financial Officer

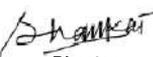
# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	Three months period ended	
		September 30 2020	September 30 2019
-----Rs in '000'-----			
Sales - net	11	5,920,354	4,633,336
Cost of sales		(5,332,442)	(3,997,418)
Gross profit		587,912	635,918
Distribution and marketing expenses		(70,197)	(59,431)
Administrative expenses		(47,753)	(49,000)
Other expenses		(21,747)	(41,974)
Other income		24,054	5,435
		(115,643)	(144,970)
Profit from operations		472,269	490,948
Finance cost		(200,462)	(330,553)
		271,807	160,395
Share of loss of associates		-	(3,000)
Profit before taxation		271,807	157,395
Provision for taxation		(68,257)	(56,752)
Profit after Taxation		203,550	100,643
Earnings per share		6.61	3.27

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

  
Chief Executive

  
Director

  
Chief Financial Officer

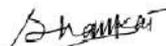
# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Three months period ended	
	September 30 2020	September 30 2019
	-----Rs in '000'-----	
Profit after taxation	203,550	100,643
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified subsequently to statement of profit or loss:</b>		
- Unrealised Gain / (Loss) on remeasurement of short term investments at fair value through other comprehensive income	7,744	(6,589)
- Surplus arisen upon revaluation of freehold land	758,597	-
Total comprehensive income for the period	969,891	94,054

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

  
Chief Executive

  
Director

  
Chief Financial Officer

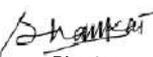
# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Capital reserve		Revenue reserve		Fair value gain / (loss) on short term investments	Unappropriated profit	Total
	Share capital	Share premium	Revaluation surplus on freehold land	General reserve			
-----Rupees in "000"-----							
<b>Balance as at July 01, 2020 (audited)</b>	308,109	41,081	949,486	74,172	45,797	2,458,268	3,876,913
Total comprehensive income for the period ended September 30, 2020							
- profit for the period	-	-	-	-	-	203,550	203,550
- other comprehensive income	-	-	758,597	-	7,744	-	766,341
	-	-	758,597	-	7,744	203,550	969,891
<b>Balance as at September 30, 2020 (Un-audited)</b>	<b>308,109</b>	<b>41,081</b>	<b>1,708,083</b>	<b>74,172</b>	<b>53,541</b>	<b>2,661,818</b>	<b>4,846,804</b>
Balance as at July 01, 2019 (audited)	308,109	41,081	949,486	74,172	50,544	2,467,192	3,890,584
Total comprehensive income for the period ended September 30, 2019							
- profit for the period	-	-	-	-	-	100,643	100,643
- other comprehensive (loss)	-	-	-	-	(6,589)	-	(6,589)
	-	-	-	-	(6,589)	100,643	94,054
<b>Balance as at September 30, 2019 (Un-audited)</b>	<b>308,109</b>	<b>41,081</b>	<b>949,486</b>	<b>74,172</b>	<b>43,955</b>	<b>2,567,835</b>	<b>3,984,638</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

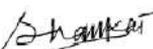
# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Three months period ended	
	September 30 2020	September 30 2019
	-----Rs in '000'-----	
<b>Cash flows from operating activities</b>		
Profit for the period - before taxation	271,807	157,395
Adjustments for non cash charges and other items:		
Depreciation	69,515	67,628
Amortisation	237	237
Staff retirement benefits - gratuity (net)	13,124	19,988
Gain / (loss) on disposal of operating fixed assets - net	333	(904)
Share of loss from Associated Companies - net	-	3,000
Finance cost	200,462	330,553
<b>Cash generated from operations before working capital changes</b>	<b>555,478</b>	<b>577,897</b>
<b>Effect on cash flows due to working capital changes:</b>		
(Increase) / decrease in current assets		
Stores, spares and loose tools	50,001	(33,653)
Stock-in-trade	222,421	1,646,698
Trade debts	(1,190,902)	250,028
Loans and advances	(325,756)	(79,081)
Prepayments and other receivables	(69,810)	(31,997)
Tax refunds and export rebate due from the Government (excluding income tax)	(7,565)	52,768
Sales tax refund bonds and accrued profit	-	(14,638)
Increase / (decrease) in trade and other payables	487,216	(411,704)
	(834,395)	1,378,421
<b>Cash (used in) / generated from operations</b>	<b>(278,917)</b>	<b>1,956,318</b>
Income taxes paid - net	(32,640)	(9,291)
<b>Net cash (used in) / generated from operating activities</b>	<b>(311,557)</b>	<b>1,947,027</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditures	(87,262)	(55,475)
Sale proceeds of operating fixed assets	1,097	2,466
Government grant	16,904	-
<b>Net cash used in investing activities</b>	<b>(69,261)</b>	<b>(53,009)</b>
<b>Cash flows from financing activities</b>		
Long term finances - net	205,766	124,077
Directors' loan	31,500	-
Increase in lease liabilities	7,833	5,428
Short term borrowings - net	451,735	(1,686,486)
Finance cost paid	(259,600)	(346,433)
Dividend paid	(56)	(155)
<b>Net cash generated from / (used in) financing activities</b>	<b>437,178</b>	<b>(1,903,569)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>56,360</b>	<b>(9,551)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>42,972</b>	<b>113,073</b>
<b>Cash and cash equivalents at end of the period</b>	<b>99,332</b>	<b>103,522</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

## FOR THE PERIOD ENDED SEPTEMBER 30, 2020

### 1 LEGAL STATUS AND OPERATIONS

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

### 2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, "Interim financial reporting", 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3 Accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2020.

- 4 These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2020.

	Note	Un-audited September 30, 2020	Audited June 30, 2020
-----Rs in "000"-----			
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	6,970,000	6,238,305
Capital work-in-progress		116,259	72,480
Right-of-use assets	5.2	82,047	82,607
		7,168,306	6,393,392

# NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

## FOR THE PERIOD ENDED SEPTEMBER 30, 2020

Note	Un-audited September 30, 2020	Audited June 30, 2020
	-----Rupees in "000"-----	
<b>5.1 Operating fixed assets</b>		
Balance at beginning of the period	6,238,305	6,183,639
Additions during the period:		
- freehold land	-	35,326
- buildings on freehold land	21,212	18,478
- plant and machinery	14,129	235,789
- electric installations	1,196	6,737
- factory equipment	698	4,060
- office equipment	3,022	5,918
- electric appliances	507	3,720
- furniture and fixtures	375	2,310
- vehicles	12	10,936
	41,151	323,274
Surplus on revaluation of land	758,597	-
Book value of operating fixed assets disposed-off	(1,430)	(2,339)
Depreciation charged for the period	(66,623)	(268,788)
Transfer from leased to owned	-	2,519
<b>Book value at end of period</b>	<b>6,970,000</b>	<b>6,238,305</b>
<b>5.2 Right-of-use assets</b>		
Balance at beginning of the period	82,607	-
Transfer from operating assets	-	29,542
Additions during the period	2,332	11,561
Transfer to owned assets	-	(2,519)
Assets disposed-off	-	(929)
Transitional effect on initial application	-	56,902
Depreciation for the period	(2,892)	(11,950)
<b>Book value at end of period</b>	<b>82,047</b>	<b>82,607</b>

	Un-audited September 30, 2020	Audited June 30, 2020	
Note	-----Rupees in "000"-----		
<b>6 LONG TERM INVESTMENTS</b>			
<b>Associated Company - Un-quoted</b>			
Fatima Transmission Company Limited			
Cost	71,875	71,875	
Share of post acquisition loss	(36,240)	(36,240)	
Carrying amount at end of the period	35,635	35,635	
No. of shares held	7,187,500	7,187,500	
Ownership interest in percentage	31.25%	31.25%	
<b>7 LOANS AND ADVANCES</b>			
Advances - considered good			
- To employees	232,864	224,353	
- To suppliers	203,080	77,925	
Due from related parties	724,383	554,255	
Letters of credit - margins, deposits etc.	140,041	118,080	
	1,300,368	974,613	
<b>8 SHORT TERM INVESTMENTS</b>			
(At fair value through other comprehensive income)			
Quoted			
Fatima Fertilizer Company Limited			
Opening fair value of 2,625,167 fully paid ordinary shares of Rs. 10 each	70,171	78,361	
Fair value adjustment	7,744	(8,191)	
Fair value at the end of the period / year	77,915	70,170	
<b>Others - Un-quoted</b>			
Multan Real Estate Company (PVT) Limited	21,480	21,480	
Fatima Energy Limited	690,541	690,541	
	789,936	782,191	
<b>9. LONG TERM FINANCES</b>			
From financial institutions - secured	9.1	2,995,146	2,789,379
Less: current portion		(230,173)	(125,745)
		2,764,973	2,663,634

# NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

## FOR THE PERIOD ENDED SEPTEMBER 30, 2020

9.1 The movement of long term finance during the period / year ended is as follows:

Note	Un-audited September 30, 2020 -----Rupees in "000"-----	Audited June 30, 2020
Opening balance	2,789,379	2,343,895
Add: obtained during the period / year	215,662	822,825
	3,005,041	3,166,720
Less: repaid during the period / year	(9,895)	(377,341)
Closing balance	2,995,146	2,789,379

## 10 CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

There is no significant change in the status of contingent liabilities since the annual published audited financial statements as at June 30, 2020, except the following;

Bank guarantee outstanding as at September 30, 2020 are Rs. 267.606 million ( June 30, 2020: Rs. 267.606 million).

Foreign bills discounted outstanding as at September 30, 2020 are Rs. 642.019 million ( June 30, 2020: Rs. 1078.650 million).

### 10.2 Commitments

#### 10.2.1 Letters of credit for:

-Capital expenditures	674,019	575,633
-Other than capital expenditures	572,737	690,685
	1,246,756	1,266,318

## 11 SALES - net

		Un-audited Three months period ended September 30, 2020	2019 -----Rupees in "000"-----
Export	11.1	4,307,502	2,701,612
Local		1,625,416	1,923,966
Waste		49,051	57,896
		5,981,969	4,683,474
Less: Commission		(61,615)	(50,138)
		5,920,354	4,633,336

11.1 These includes indirect exports of fabric and yarn aggregating Rs. 1,723 million (September 30, 2019: Nil)

## 12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, 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. Other significant transactions with related parties are as follows:

Nature of transaction	Un-audited Three months period ended September 30,	
	2020	2019
	-----Rupees in "000"-----	
<b>Associated undertakings</b>		
- purchase of goods	43,366	68,527
- mark-up income	640	3,393
- mark-up expense	3,059	465
- advances obtained	309,348	105,000
- advances repaid	497,702	317,689
- other expenses shared	1,602	1,242
<b>Key management personnel</b>		
- remuneration and other benefits	7,968	7,978
Others		
Donations to Mian Mukhtar A. Sheikh Trust	7,700	7,300

## 13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

## 14 CAPITAL MANAGEMENT

The Company's capital management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

# NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

## FOR THE PERIOD ENDED SEPTEMBER 30, 2020

### 15 SEGMENT REPORTING

#### 15.1 Reportable segments

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibers
- Weaving segment - production of different quality of greige fabric using yarn

Information regarding the Company's reportable segments is presented below:

#### 15.2 Segment revenue and results

Following is an analysis of the Company's revenue and results by reportable segments

	Spinning		Weaving		Elimination of inter-segment transactions				Total			
	2020		2019		2020		2019		2020		2019	
	Un-audited - Rupees in '000'		Un-audited - Rupees in '000'		Un-audited - Rupees in '000'		Un-audited - Rupees in '000'		Un-audited - Rupees in '000'		Un-audited - Rupees in '000'	
Three months ended September 30,												
Sales - net	3,183,953	2,447,244	3,482,282	3,157,487	(745,880)	(745,880)	(971,395)	(971,395)	5,920,354	4,633,336	5,920,354	4,633,336
Cost of sales	(2,923,553)	(2,180,457)	(3,154,769)	(2,788,356)	745,880	745,880	971,395	971,395	(5,332,442)	(3,997,418)	(5,332,442)	(3,997,418)
Gross profit	260,400	266,787	327,512	369,131	-	-	-	-	587,912	635,918	587,912	635,918
Distribution and marketing expenses	(12,842)	(10,154)	(57,354)	(49,277)	-	-	-	-	(70,197)	(59,431)	(70,197)	(59,431)
Administrative expenses	(14,624)	(4,065)	(33,129)	(44,935)	-	-	-	-	(47,753)	(49,000)	(47,753)	(49,000)
Other expenses	(11,966)	(8,662)	(9,780)	(33,312)	-	-	-	-	(21,747)	(41,974)	(21,747)	(41,974)
Other income	12,096	1,933	11,958	3,502	-	-	-	-	24,054	5,435	24,054	5,435
Profit from operations	(27,337)	(20,948)	(88,306)	(124,022)	-	-	-	-	(115,643)	(144,970)	(115,643)	(144,970)
Finance cost	233,063	245,839	239,207	245,109	-	-	-	-	472,269	490,948	472,269	490,948
Share of loss from associate	(94,913)	(174,629)	(105,548)	(155,924)	-	-	-	-	(200,462)	(330,553)	(200,462)	(330,553)
Profit / (Loss) before taxation	138,149	71,210	133,658	89,185	-	-	-	-	271,807	160,395	271,807	160,395
Provision for taxation	-	(1,500)	-	(1,500)	-	-	-	-	-	(3,000)	-	(3,000)
Profit / (Loss) for the period	138,149	69,710	133,658	87,685	-	-	-	-	271,807	157,395	271,807	157,395
Profit / (Loss) for the period	(28,511)	(20,450)	(39,745)	(36,302)	-	-	-	-	(68,257)	(56,752)	(68,257)	(56,752)
Profit / (Loss) for the period	109,638	49,260	93,913	51,383	-	-	-	-	203,550	100,643	203,550	100,643

15.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in the annual financial statements for the year ended June 30, 2020

### 15.3 Segment assets and liabilities

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

	Spinning		Weaving		Total	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	September 30 2020	June 30 2020	September 30 2020	June 30 2020	September 30 2020	June 30 2020
	Rupees in '000'					
<b>Segment assets for reportable</b>						
Operating fixed assets	4,179,797	3,627,751	2,988,509	2,610,554	7,168,306	6,238,305
Stores, spares and loose tools	141,104	146,380	77,394	122,119	218,498	268,499
Stock in trade	2,550,211	2,226,124	1,896,485	2,442,994	4,446,696	4,669,118
	6,871,111	6,000,255	4,962,388	5,175,667	11,833,500	11,175,922
Unallocated corporate assets					5,963,194	4,645,350
<b>Total assets as per balance sheet</b>					17,816,693	15,821,272
<b>15.4 Segment liabilities for reportable segments</b>						
Unallocated corporate liabilities	5,114,520	4,687,128	5,086,283	4,841,869	10,200,802	9,528,997
<b>Total liabilities as per balance sheet</b>					2,769,087	2,415,362
					12,969,889	11,944,359

# NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

## FOR THE PERIOD ENDED SEPTEMBER 30, 2020

### 16 CORRESPONDING FIGURES

**16.1** In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

### 17 DATE OF AUTHORIZATION

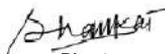
These condensed interim financial information are authorized for issue on October 27, 2020 by the Board of Directors of the Company.

### 18 GENERAL

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



Chief Executive



Director



Chief Financial Officer





**Reliance Weaving  
Mills Limited**  
A Fatima Group Company

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