



Half Yearly
Accounts
For the period December 31, 2021

THE **ART** OF
TEXTILE

HALF YEARLY ACCOUNTS

FOR THE PERIOD DECEMBER 31, 2021
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
Mr. Muhammad Shaukat

COMMITTEES OF THE BOARD

Audit Committee

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

HR & Remuneration Committee

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

Risk Management Committee

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

Nomination Committee

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

EXECUTIVE MANAGEMENT TEAM

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Aftab Ahmed Qaiser

Sr. Executive Internal Audit & Risk

Mr. Muhammad Akbar Rana

GM Weaving

Mr. Ikram Azeem

GM Marketing

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

GM Spinning (Multan)

Mr. Muhammad Shoab 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: lhrc@hccpk.com

BANKS/FINANCIAL INSTITUTIONS

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

SHARES REGISTRAR

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

BUSINESS OFFICES

Registered Office

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

Head Office

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

SITE ADDRESSES

Unit # 1, 2, 4 & 5

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

Unit # 3

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



DIRECTORS' REVIEW TO THE SHAREHOLDERS

DEAR MEMBERS,

On the behalf of the Board of Directors, We are pleased to present half yearly Financial Statements of the Company for the period ended December 31, 2021.

FINANCIAL HIGHLIGHTS

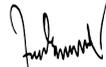
The Company earned net profit of Rs 1,705million during the period as compared to Rs. 545 million. The profit of the Company has increased more than 2 times in current period. Turnover of the Company has improved from Rs 10,775 million to Rs 14,140 million, which is 31% increase. Profitability of the Company is robust despite the effect of increase in energy and financial cost.

The earning of the Company is expected to remain healthy as the global economies started reaching the pre-Covid levels. A momentum of Pakistani textile growth has been build its high time for Government to support the textile sector through uninterrupted supply of gas at affordable rate. The exporters are also facing containers and vessels shortage along with skyrocketing increase in freight. The Company has opened LC for 52 looms to increase the weaving capacity.

For and on behalf of the Board,



Dr. M. Shaukat Malik
(Director)



Faisal Ahmed Mukhtar
(Chief Executive)

Date: February 25, 2022
Place: Multan

ڈائریکٹرز جائزہ رپورٹ

محترم ممبران

بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 31 دسمبر 2021 کو ختم ہونے والی مدت کے لیے کمپنی کے ششماہی مالیاتی گوشوارے پیش کرتے ہوئے خوشی ہو رہی ہے۔

مالیاتی جھلکیاں کمپنی نے اس مدت کے دوران روپے کے مقابلے میں 1,705 ملین روپے کا خالص منافع کمایا۔ 545 ملین موجودہ مدت میں کمپنی کے منافع میں 2 گنا سے زیادہ اضافہ ہوا ہے۔ کمپنی کاٹرن اور 10,775 ملین روپے سے بڑھ کر 14,140 ملین روپے ہو گیا ہے جو کہ 31 فیصد اضافہ ہے۔

توانائی اور مالیاتی لاگت میں اضافے کے اثر کے باوجود کمپنی کا منافع مضبوط ہے۔ کمپنی کی کمائی صحت مندر رہنے کی امید ہے کیونکہ عالمی معیشتوں نے کووڈ سے پہلے کی سطح تک پہنچنا شروع کر دیا ہے۔ پاکستانی ٹیکسٹائل کی ترقی کی رفتار حکومت کے لیے سستی شرح پر گیس کی بلا تعطل فراہمی کے ذریعے ٹیکسٹائل کے شعبے کو سپورٹ کرنے کے لیے اپنا اعلیٰ ترین وقت ہے۔ برآمد کنندگان کو مال برداری میں آسمان چھونے والے اضافے کے ساتھ کنٹینرز اور جہازوں کی کمی کا بھی سامنا ہے۔ کمپنی نے بنائی کی صلاحیت کو بڑھانے کے لیے 52 لومز کے لیے ایل سی کھولی ہے۔

بورڈ کے لیے اور اس کی جانب سے،


فیصل احمد مختار
چیف ایگزیکٹو


ڈاکٹر ایم شوکت ملک
ڈائریکٹر

مقام: ملتان

تاریخ: 25 فروری 2022



CREDIT RATING
RELIANCE
WEAVING
MILLS LIMITED

LONG TERM

SHORT TERM



CERTIFICATIONS



COMPANY PROFILE

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

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

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

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

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

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

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







HALF YEARLY ACCOUNTS

FOR THE PERIOD DECEMBER 31, 2021
UN-AUDITED

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF RELIANCE WEAVING MILLS LIMITED

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Reliance Weaving Mills Limited** (the Company) as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

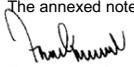
LAHORE;
UDIN:RR202110195dLzrGWa9Y
February 28, 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

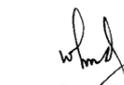
As at December 31, 2021

		Dec. 31, 2021 Un-audited	June 30, 2021 Audited
Assets		Rupees in thousand	
Non-current assets	Note		
Property, plant and equipment	5	8,947,125	7,994,970
Intangible assets		362	835
Long term investments	6	-	-
Long term deposits		29,046	28,775
Deferred tax asset		133,617	133,229
		9,110,150	8,157,809
Current assets			
Stores, spares and loose tools		394,320	391,392
Stock-in-trade	7	9,608,080	5,050,742
Trade debts	8	3,054,772	2,850,837
Loans and advances	9	1,370,162	1,151,545
Prepayments and other receivables		239,925	125,191
Short term investments	10	862,420	696,751
Tax refunds and export rebate due from the Government	11	515,114	792,116
Cash and bank balances		154,230	96,013
		16,199,023	11,154,587
Total assets		25,309,173	19,312,396
Equity and liabilities			
Share capital and reserves			
Authorised share capital			
40,000,000 ordinary shares of Rs.10 each		400,000	400,000
30,000,000 preference shares of Rs.10 each		300,000	300,000
		700,000	700,000
Issued, subscribed and paid-up share capital			
Capital reserves		308,109	308,109
- share premium		41,081	41,081
- revaluation surplus on freehold land		1,708,083	1,708,083
Revenue reserves			
- general reserve		74,172	74,172
- fair value loss on short term investments		(108,446)	(127,452)
- unappropriated profit		5,694,256	4,065,588
		7,717,255	6,069,581
Shareholders' equity			
Liabilities			
Non-current liabilities			
Long term finances	12	2,807,074	2,766,493
Lease liabilities		63,571	66,080
Staff retirement benefits - gratuity		308,326	281,948
Deferred liabilities	13	82,947	109,429
		3,261,918	3,223,950
Current liabilities			
Trade and other payables	14	2,180,747	1,648,605
Unclaimed dividends		11,570	10,560
Accrued mark-up		315,698	260,439
Short term borrowings		10,458,714	6,894,242
Current portion of non-current liabilities	15	1,206,072	913,806
Taxation	16	157,199	291,213
		14,330,000	10,018,865
Total liabilities		17,591,918	13,242,815
Total equity and liabilities		25,309,173	19,312,396
Contingencies and commitments			
	17		

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


Chief Executive


Director

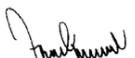

Chief Financial Officer

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

For the quarter and six months period ended December 31, 2021

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
----- Rupees in thousand -----					
Sales - net	18	6,731,991	4,854,988	14,140,206	10,775,342
Cost of sales	19	5,298,837	4,131,745	11,419,338	9,464,187
Gross profit		1,433,154	723,243	2,720,868	1,311,155
Distribution and marketing expenses	20	104,406	66,241	230,898	136,438
Administrative expenses	21	67,272	53,789	122,517	101,542
Other expenses	22	61,184	27,321	114,264	49,068
Other income	23	(66,478)	(37,122)	(151,382)	(61,176)
		166,384	110,229	316,297	225,872
Profit from operations		1,266,770	613,014	2,404,571	1,085,283
Finance cost	24	320,037	219,553	542,065	420,015
Profit before taxation		946,733	393,461	1,862,506	665,268
Taxation					
- current	16	76,017	52,583	157,199	120,840
- deferred		(388)	(1,534)	(388)	(1,534)
		75,629	51,049	156,811	119,306
Profit after taxation		871,104	342,412	1,705,695	545,962
Earnings per share		28.27	11.11	55.36	17.72

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


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the quarter and six months period ended December 31, 2021

	Quarter ended		Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
----- Rupees in thousand -----				
Profit after taxation	871,104	342,412	1,705,695	545,962
Other comprehensive income / (loss) :				
Items that will not be reclassified subsequently to profit or loss:				
Unrealised income / (loss) on remeasurement of short term investments at fair value through other comprehensive income	16,486	(1,522)	19,006	6,222
Surplus arisen upon revaluation of freehold land	-	758,597	-	758,597
	16,486	757,075	19,006	764,819
Total comprehensive income	887,590	1,099,487	1,724,701	1,310,781

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


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six months period ended December 31, 2021

	Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020
Cash flows from operating activities	Rupees in thousand	
Profit for the period - before taxation	1,862,506	665,268
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets and right-of-use assets	165,294	141,584
Amortisation	473	473
Staff retirement benefits - gratuity (net)	26,378	25,639
(Gain) / loss on disposal of operating fixed assets - net	(5,191)	653
Finance cost	542,065	420,015
Profit before working capital changes	2,591,525	1,253,632
Effect on cash flows due to working capital changes (Increase) / decrease in current assets		
Stores, spares and loose tools	(2,928)	13,760
Stock-in-trade	(4,557,338)	(2,438,439)
Trade debts	(203,935)	(444,684)
Loans and advances	(218,617)	(10,504)
Prepayments and other receivables	(114,734)	(69,365)
Tax refunds and export rebate due from the Government (excluding income tax)	115,121	(127,966)
Increase in trade and other payables	532,142	1,207,145
	(4,450,289)	(1,870,053)
Cash used in from operations	(1,858,764)	(616,421)
Income tax paid - net	(129,332)	(96,253)
Net cash used in operating activities	(1,988,096)	(712,674)
Cash flows from investing activities		
Fixed capital expenditure	(1,121,711)	(895,910)
Sale proceeds of operating fixed assets	9,453	1,310
Long term deposits	(271)	-
Short term investments made	(146,663)	(87,808)
Net cash used in investing activities	(1,259,192)	(982,408)
Cash flows from financing activities		
Long term finances - net	317,534	934,518
Deferred liabilities	(8,112)	204,097
Lease liabilities - net	(5,566)	5,772
Short term finances - net	3,564,472	1,102,065
Finance cost paid	(486,806)	(445,122)
Dividend paid	(76,017)	(65)
Net cash generated from financing activities	3,305,505	1,801,265
Net increase in cash and cash equivalents	58,217	106,183
Cash and cash equivalents - at beginning of the period	96,013	42,972
Cash and cash equivalents - at end of the period	154,230	149,155

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


Chief Executive


Director


Chief Financial Officer

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

For the six months period ended December 31, 2021

Share capital	Capital Reserves		Revenue		Un-appropriated profit	Total	
	Share premium	Revaluation surplus on freehold land	General reserve	Fair value loss on short term investments			
-----Rupees in thousand-----							
Balance as at June 30, 2021-audited	308,109	41,081	1,708,083	74,172	(127,452)	4,065,588	6,069,581
Transaction with owners:							
Cash dividend at the rate of Re.2.50 per ordinary share for the year ended June 30, 2021	-	-	-	-	-	(77,027)	(77,027)
Total comprehensive income for the period of six months ended December 31, 2021:							
- profit for the period	-	-	-	-	-	1,705,695	1,705,695
- other comprehensive income	-	-	-	-	19,006	-	19,006
	-	-	-	-	19,006	1,705,695	1,724,701
Balance as at December 31, 2021-un-audited	308,109	41,081	1,708,083	74,172	(108,446)	5,694,256	7,717,255
Balance as at June 30, 2020-audited	308,109	41,081	949,486	74,172	45,797	2,458,268	3,876,913
Total comprehensive income for the period of six months ended December 31, 2020:							
- profit for the period	-	-	-	-	-	545,962	545,962
- other comprehensive income	-	-	758,597	-	6,222	-	764,819
	-	-	758,597	-	6,222	545,962	1,310,781
Balance as at December 31, 2020-un-audited	308,109	41,081	1,708,083	74,172	52,019	3,004,230	5,187,694

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


Chief Executive


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

1. Legal status and operations

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

2. Basis of preparation

2.1 Statement of compliance

These 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 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017. The figures for the six months period ended December 31, 2021 have, however, been subjected to limited scope review by the external Auditors.

2.4 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity), which is determined on the present value of defined benefit obligations determined by an independent actuary and freehold land at revalued amounts assessed by an independent valuer.

2.5 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

3. Significant accounting policies

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended June 30, 2021.

3.1 Initial application of standards, amendments or an interpretation 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:

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 01, 2021 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 condensed interim financial statements.

b) 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 accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2022 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 condensed interim financial statements.

4. Accounting estimates and judgments

4.1 The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

4.2 In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2021.

5. Property, plant and equipment

		Un-audited Dec. 31, 2021	Audited June 30, 2021
	Note	Rupees in thousand	
Operating fixed assets	5.1	7,875,695	7,878,103
Capital work-in-progress	5.2	984,364	27,579
Right-of-use assets	5.3	87,066	89,288
		8,947,125	7,994,970

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

5.1 Operating fixed assets

	Un-audited Dec. 31, 2021 Rupees in thousand
Book value as at June 30, 2021	7,878,103
Additions during the period:	
- plant and machinery	83,993
- electric installations	264
- factory equipment	2,511
- office equipment	1,726
- electric appliances	985
- furniture and fixtures	628
- vehicles - owned	70,606
	<u>160,713</u>
	8,038,816
Book value of operating fixed assets disposed-off	(4,262)
Depreciation charge for the period	<u>(158,859)</u>
Book value as at December 31, 2021	<u>7,875,695</u>

5.2 Capital work-in-progress

Balance as at June 30, 2021	27,579
Additions during the period:	
- factory buildings	429,314
- plant and machinery & installations	527,471
	<u>956,785</u>
Balance as at December 31, 2021	<u>984,364</u>

5.3 Right-of-use assets

Book value as at June 30, 2021	89,288
Additions during the period	4,213
Depreciation charge for the period	<u>(6,435)</u>
Book value as at December 31, 2021	<u>87,066</u>

6. Long term investments - Un-quoted Associated Company

	Note	Un-audited Dec. 31, 2021 Rupees in thousand	Audited June 30, 2021
Fatima Transmission Company Ltd. (FTCL)			
7,187,500 ordinary shares of Rs.10 each - cost		71,875	71,875
Equity held: 31.25%			
Share of post acquisition loss and other comprehensive loss -net		<u>(71,875)</u>	<u>(36,241)</u>
		-	35,634
Share of loss for the year	6.1	-	(18,014)
Reversal of unrecognised loss		-	11,592
Adjustment based on preceding year's audited financial statements		-	(29,212)
Carrying value of investment at period / year-end		<u>-</u>	<u>-</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

6.1 Due to non-availability of financial statements of FTCL for the six months period ended December 31, 2021, no adjustment in respect of current period profit / loss has been recognised in these condensed interim financial statements.

7. Stock-in-trade	Note	Un-audited Dec. 31, 2021	Audited June 30, 2021
Rupees in thousand			
Raw materials including in-transit inventory valuing Rs.277.328 million (June 30, 2021: Rs.462.729 million)		6,635,403	3,148,254
Work-in-process		515,213	364,909
Finished goods		2,422,503	1,501,167
Waste		34,961	36,412
		<u>9,608,080</u>	<u>5,050,742</u>

8. Trade debts			
Export - secured		861,729	709,977
Local - unsecured and considered good		2,193,043	2,140,860
Considered doubtful		3,915	3,281
		<u>2,196,958</u>	<u>2,144,141</u>
		<u>3,058,687</u>	<u>2,854,118</u>
Less: provision for impairment		(3,915)	(3,281)
		<u>3,054,772</u>	<u>2,850,837</u>

9. Loans and advances			
Advances to:			
- Fatima Energy Ltd.	9.1	763,779	642,428
- key management personnel		75	95
- employees		266,637	253,245
- suppliers		135,581	112,003
Due from related parties	9.2	135,396	110,125
Letters of credit		6,839	8,794
Margin deposits		61,855	24,855
		<u>1,370,162</u>	<u>1,151,545</u>

9.1 These advances have been made to FEL against purchase of electricity and to meet its financial obligations. These carry mark-up at the rate of 1-month KIBOR plus 2.5% per annum; the effective mark-up rates charged during the period ranged from 10.01% to 12.02% (June 30, 2021:9.81% to 10.03%) per annum.

Also refer contents of note 28.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

9.2 Due from related parties	Note	Un-audited Dec. 31, 2021	Audited June 30, 2021
Rupees in thousand			
Fatima Sugar Mills Ltd.		33,201	33,783
Reliance Commodities (Pvt.) Ltd.		23,918	21,918
Fatima Transmission Company Ltd.		73,398	47,304
Multan Cloth Finishing Factory		4,406	4,406
Fatima Fert Ltd.		71	71
Pakarab Fertilizers Ltd.		-	606
Fatima Cement Ltd.		402	-
Mian Mukhtar A. Sheikh Trust		-	2,037
		135,396	110,125

9.3 Maximum aggregate amounts due from related parties at any month end during the period aggregated Rs.853.113 million (June 30, 2021: Rs.752.252 million).

10. Short term investments (At fair value through other comprehensive income)

Quoted

Fatima Fertilizer Company Ltd. (FFCL)

2,625,166 fully paid ordinary shares of Rs.10 each at fair value	10.1	75,474	70,171
Fair value adjustment		19,006	5,303
Fair value at end of the period / year		94,480	75,474

Others - Un-quoted

Multan Real Estate Company (Pvt.) Ltd. (MREC)

214,797 ordinary shares of Rs.100 each	10.2	21,480	21,480
214,107 ordinary shares purchased during the period at the rate of Rs.685 per share		146,663	-
Total no. of shares held at period end - 428,904			
Equity held at period end - 14.19% (June 30, 2021:9.90%)		168,143	21,480

Fatima Energy Ltd. (FEL)

80,016,370 ordinary shares of Rs.10 each	10.3	599,797	690,541
10,178,713 ordinary shares at the rate of Rs.8.63 each purchased during the year ended June 30, 2021		-	87,808
Fair value adjustment incorporated during the year ended June 30, 2021.		-	(178,552)
Total shares held at period / year end - 90,195,083		599,797	599,797
- Equity held at period / year end - 15.82%			
		862,420	696,751

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

- 10.1** 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.
- 10.2** Due to non-availability of financial statements of MREC for the period ended December 31, 2021, investment in MREC has been accounted for at cost.
- 10.3** Based on the un-audited financial statements of FEL for the year ended June 30, 2021, no material difference has arisen between the carrying value of investment in FEL and fair value of this investment as at December 31, 2021.

11. Tax refunds and export rebate due from the Government	Un-audited Dec. 31, 2021	Audited June 30, 2021
	Rupees in thousand	
Export rebate and duty draw back	-	130,531
Advance income tax	162,746	324,627
Sales tax refundable	342,723	326,323
Special excise duty	9,645	10,635
	515,114	792,116
12. Long term finances - secured		
National Bank of Pakistan (DF-IV)	11,267	22,534
Pak Brunei Investment Co. (TF)	80,000	80,000
Meezan Bank Ltd. (DM-II)	-	16,075
Saudi Pak Industrial and Agricultural Investment Company Ltd. (LTFF)	543,112	580,613
Saudi Pak Industrial and Agricultural Investment Company Ltd. (LTFF)	222,776	222,776
Allied Bank Ltd. (TF)	29,167	58,333
Allied Bank Ltd. (TF)	225,000	262,500
Allied Bank Ltd. (TL)	200,000	-
Pak Libya Holding Company (Pvt.) Ltd. (LTF)	71,429	85,714
Pak Libya Holding Company (Pvt.) Ltd. (LTF)	200,000	200,000
Pak Libya Holding Company (Pvt.) Ltd. (TERF)	85,220	-
United Bank Ltd. (NIDF-II under LTFF scheme)	457,804	492,113
Askari Bank Ltd. (DM-I)	100,000	125,000
Askari Bank Ltd. (DM-II)	131,250	150,000
Askari (DM-III)	208,183	307,946
Bank Islami Pakistan Ltd. (DM)	250,000	250,000
Pakistan Kuwait Investment Company (Pvt.) Ltd. (LTFF)	599,709	599,709
Meezan Bank Ltd. (BMF)	87,881	87,881
Bank Al Habib Ltd. (TF)	22,915	24,998
The Bank of Khyber (LTFF)	358,013	-
Balance at the period / year-end	3,883,726	3,566,192
Less: current portion grouped under current liabilities	1,076,652	799,699
	2,807,074	2,766,493

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

13. Deferred liabilities		Un-audited	Audited
		Dec. 31,	June 30,
		2021	2021
		Rupees in thousand	
	Note		
Provision against Gas Infrastructure Development Cess	13.1	82,947	107,100
Government grant		-	2,329
		<u>82,947</u>	<u>109,429</u>
13.1 The Supreme Court of Pakistan (SCP), during the preceding year, had decided the appeal against consumers upholding the vires of Gas Infrastructure Development Cess (GIDC) Act, 2015 through its judgment dated August 13, 2020. The review petition was filed against the judgment, wherein the SCP had provided some relief by increasing the time period for recovery of GIDC from 24 instalments to 48 instalments. The review application, however, was dismissed.			
The Company had recorded the provision at its present value by discounting the future cash flows using four years risk free average rate (i.e. 8.04% per annum) and had booked income of Rs.31.861 million, which was adjusted against cost of sales.			
14. Trade and other payables			
Trade creditors		1,459,686	979,792
Bills payable		71,058	185,720
Due to Associated Companies	14.1	51,792	41,447
Accrued expenses		395,516	302,576
Tax deducted at source		95,276	32,173
Workers' (profit) participation fund		107,419	106,897
		<u>2,180,747</u>	<u>1,648,605</u>
14.1 Due to Associated Companies			
Fatima Fertilizer Company Ltd.		22,001	23,976
Fazal Cloth Mills Ltd.		29,791	17,471
		<u>51,792</u>	<u>41,447</u>
15. Current portion of non-current liabilities			
Long term finances	12	1,076,652	799,699
Lease liabilities		13,302	16,359
Government grant		7,566	13,349
Provision against Gas Infrastructure Development Cess		108,552	84,399
		<u>1,206,072</u>	<u>913,806</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

16. Taxation - net

Un-audited
Dec. 31, 2021
Rupees in
thousand

Balance as at June 30, 2021	291,213
Add: provision made during the period - current	157,199
Less: payments / adjustments made during the period	(291,213)
Balance as at December 31, 2021	<u>157,199</u>

- 16.1** Returns filed by the Company upto the tax year 2021 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).
- 16.2** Provision for the current period represents tax payable under sections 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Ordinance.
- 16.3** Income tax expense is recognised in each interim period based on best estimate. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate changes.

17. Contingencies and commitments

- 17.1** There has been no significant change during the current period in the status of contingencies as reported in the audited financial statements of the Company for the year ended June 30, 2021.
- 17.2** Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.191.177 million as at December 31, 2021 (June 30, 2021: Rs.176.977 million).
- 17.3** Foreign bills discounted outstanding as at December 31, 2021 aggregated Rs.1,585.233 million (June 30, 2021: Rs.1,374.270 million).
- 17.4** Commitments for irrevocable letters of credit:

	Un-audited Dec. 31, 2021	Audited June 30, 2021
	Rupees in thousand	
- capital expenditure	2,533,930	2,548,458
- others	976,799	821,017
	<u>3,510,729</u>	<u>3,369,475</u>

Quarter ended		Six months period ended	
Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020

18. Sales - Net

	----- Rupees in thousand -----			
Export	3,706,674	3,552,678	8,650,888	7,860,180
Local	2,967,184	1,272,674	5,454,730	2,898,090
Waste	132,444	79,082	200,488	128,133
Yarn doubling	-	4,060	-	4,060
	<u>6,806,302</u>	4,908,494	<u>14,306,106</u>	10,890,463
Less: commission	(74,311)	(53,506)	(165,900)	(115,121)
	<u>6,731,991</u>	4,854,988	<u>14,140,206</u>	10,775,342

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

	Quarter ended		Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
19. Cost of salesRupees in thousand.....			
Raw materials consumed	5,626,678	3,601,760	10,535,678	6,907,487
Stores and spares consumed	103,927	117,155	222,390	205,067
Packing materials consumed	44,814	33,583	85,629	67,284
Salaries, wages and other benefits	306,163	256,510	615,788	515,710
Fuel and power	414,663	277,752	791,348	605,090
Insurance	11,930	9,080	23,677	17,305
Repairs and maintenance	18,396	12,806	26,665	23,995
Depreciation on property, plant and equipment	74,501	66,368	148,492	130,225
Utilities	90	98	181	193
Others	20,822	17,001	39,680	32,031
	6,621,984	4,392,113	12,489,528	8,504,387
Adjustment of work-in-process				
Opening	472,552	311,246	364,909	249,013
Closing	(515,213)	(339,886)	(515,213)	(339,886)
	(42,661)	(28,640)	(150,304)	(90,873)
Cost of goods manufactured	6,579,323	4,363,473	12,339,224	8,413,514
Adjustment of finished goods				
Opening stock	1,176,979	1,686,450	1,537,579	2,968,851
Closing stock	(2,457,465)	(1,918,178)	(2,457,465)	(1,918,178)
	(1,280,486)	(231,728)	(919,886)	1,050,673
	5,298,837	4,131,745	11,419,338	9,464,187
20. Distribution and marketing expenses				
Ocean freight and shipping	67,104	30,421	156,125	60,729
Local freight	13,140	12,548	29,619	32,689
Export development surcharge	9,358	5,771	13,009	10,122
Forwarding and clearing expenses	12,773	14,961	27,794	28,186
Marketing expenses	1,699	1,547	4,019	3,656
Other expenses	332	993	332	1,056
	104,406	66,241	230,898	136,438

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

	Quarter ended		Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
21. Administrative expensesRupees in thousand.....			
Salaries and benefits	34,723	31,265	65,068	58,068
Printing and stationery	1,318	1,492	2,089	2,084
Vehicles' running	3,924	2,865	7,480	5,439
Traveling and conveyance	3,850	1,874	4,862	3,600
Rent, rates and taxes	750	468	1,065	699
Communication	1,158	1,042	2,424	2,288
Fees, subscription and periodicals	4,547	4,570	8,760	6,363
Utilities	543	605	1,717	1,697
Insurance	891	557	1,741	1,309
Repairs and maintenance	1,800	1,487	3,076	3,003
Entertainment	508	270	2,082	1,575
Advertisement	82	108	99	140
Depreciation on property, plant and equipment	9,284	5,702	16,802	11,360
Amortisation of intangible assets	236	236	473	473
Legal and professional charges	1,123	225	1,361	1,313
Auditors' remuneration:	477	319	477	319
General	2,058	704	2,941	1,812
	67,272	53,789	122,517	101,542
22. Other expenses				
Workers' (profit) participation fund	52,980	20,821	98,083	33,799
Donations	7,555	5,287	15,423	13,723
Loss on sale of fixed assets	-	320	109	653
Loss on forward rate agreement	15	-	15	-
Provision for impairment of trade debts	634	893	634	893
	61,184	27,321	114,264	49,068
23. Other income				
Exchange fluctuation gain - net	22,747	12,585	106,831	35,999
Mark-up on advances to Associated Companies and Fatima Energy Ltd.	36,078	23,455	36,898	24,095
Gain on forward rate agreement	-	590	0	590
Gain on sale of operating fixed assets	5,300	-	5,300	-
Others	2,353	492	2,353	492
	66,478	37,122	151,382	61,176

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

	Quarter ended		Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
.....Rupees in thousand.....				
Mark-up on long term finances	60,272	47,657	111,537	96,902
Mark-up on short term borrowings	223,310	137,335	365,218	256,075
Lease finance charges	1,834	1,759	3,979	3,937
Interest on workers' (profit) participation fund	8,714	621	9,335	621
Mark-up on Associates' advances	352	132	352	3,191
Interest against provision for Gas Infrastructure Development Cess	2,674	5,968	5,564	5,968
Bank charges and commission	22,881	26,081	46,080	53,321
	320,037	219,553	542,065	420,015

25. Segment Analysis

25.1 Segment revenue and results

	Spinning		Weaving		(Elimination of inter-segment transactions)		Total	
Six months period ended December 31, (Un-audited)								
	2021	2020	2021	2020	2021	2020	2021	2020
-----Rupees in thousand-----								
Sales - net	7,799,420	6,121,682	8,798,524	6,351,653	(2,457,738)	(1,697,993)	14,140,206	10,775,342
Cost of sales	(6,136,099)	(5,383,821)	(7,740,977)	(5,778,359)	2,457,738	1,697,993	(11,419,338)	(9,464,187)
Gross profit	1,663,321	737,861	1,057,547	573,294	-	-	2,720,868	1,311,155
Distribution cost	(16,851)	(21,326)	(214,047)	(115,112)	-	-	(230,898)	(136,438)
Administrative expenses	(61,762)	(50,061)	(60,755)	(51,481)	-	-	(122,517)	(101,542)
Other expenses	(81,812)	(39,884)	(32,452)	(9,184)	-	-	(114,264)	(49,068)
Other income	29,368	12,528	122,014	48,648	-	-	151,382	61,176
	(131,057)	(98,743)	(185,240)	(127,129)	-	-	(316,297)	(225,872)
Profit from operations	1,532,264	639,118	872,307	446,165	-	-	2,404,571	1,085,283
Finance cost	(263,590)	(200,823)	(278,475)	(219,192)	-	-	(542,065)	(420,015)
Profit before taxation	1,268,674	438,295	593,832	226,973	-	-	1,862,506	665,268
Taxation	(58,836)	(51,662)	(97,975)	(67,644)	-	-	(156,811)	(119,306)
Profit for the period	1,209,838	386,633	495,857	159,329	-	-	1,705,695	545,962

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

25.2 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
	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021
-----Rupees in thousand-----						
Segment assets for reportable segment						
Operating fixed assets	4,552,003	4,234,664	4,395,122	3,760,306	8,947,125	7,994,970
Stores, spares and loose tools	253,559	294,159	140,761	97,233	394,320	391,392
Stock-in-trade	6,736,970	2,707,925	2,871,110	2,342,817	9,608,080	5,050,742
	<u>11,542,532</u>	<u>7,236,748</u>	<u>7,406,993</u>	<u>6,200,356</u>	<u>18,949,525</u>	<u>13,437,104</u>
Unallocated corporate assets					6,359,648	5,875,292
Total assets as per statement of financial position					<u>25,309,173</u>	<u>19,312,396</u>
Segment liabilities for reportable segments	<u>6,181,682</u>	<u>5,116,746</u>	<u>5,394,699</u>	<u>5,523,875</u>	11,576,381	10,640,621
Unallocated corporate liabilities					6,015,537	2,602,194
Total liabilities as per statement of financial position					<u>17,591,918</u>	<u>13,242,815</u>

26. 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

Relationship	Nature of transaction	Six months period ended	
		Dec. 31, 2021	Dec. 31, 2020
Associated Companies			
		Rupees in thousand	
	- purchase of goods	85,718	50,738
	- shares purchased from Pakarab Fertilizers Ltd.	146,663	-
	- mark-up income	3,263	1,744
	- mark-up expense	352	3,188
	- advances obtained	333,010	618,236
	- advances repaid	440,520	705,889
	- other expenses shared	19,012	12,594
Key management personnel			
	- Remuneration and other benefits	14,914	14,211
	- Donations to Mian Mukhtar A. Sheikh Trust	14,000	12,864
	- All transactions with related parties have been carried-out on commercial terms and conditions.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended December 31, 2021

27. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended June 30, 2021.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2021.

Fair value estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Further, there were no reclassifications of financial assets.

28. Event subsequent to the reporting period

The Company's Board of Directors, in its meeting held on February 17, 2022, has approved the conversion of outstanding advances of Fatima Energy Limited aggregating Rs.763.779 million into 76,377,897 unlisted, non-voting, non-cumulative, participatory, convertible and redeemable preference shares at par value of Rs.10 each subject to approval of shareholders of the Company and the regulatory authorities.

29. Corresponding figures

The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative 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 extracted from the un-audited condensed interim financial statements for the period ended December 31, 2020.

30. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 25, 2022


Chief Executive


Director


Chief Financial Officer



Reliance Weaving
Mills Limited
A Fatima Group Company

- 📍 2nd Floor Trust Plaza, LMQ Road, Multan
- ☎ Ph: +92 61 450 9700, 450 9749
- 📠 Fax: +92 61 458 4288, 451 1267
- ✉ Email: waheed.mushtaq@fatima-group.com