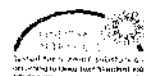
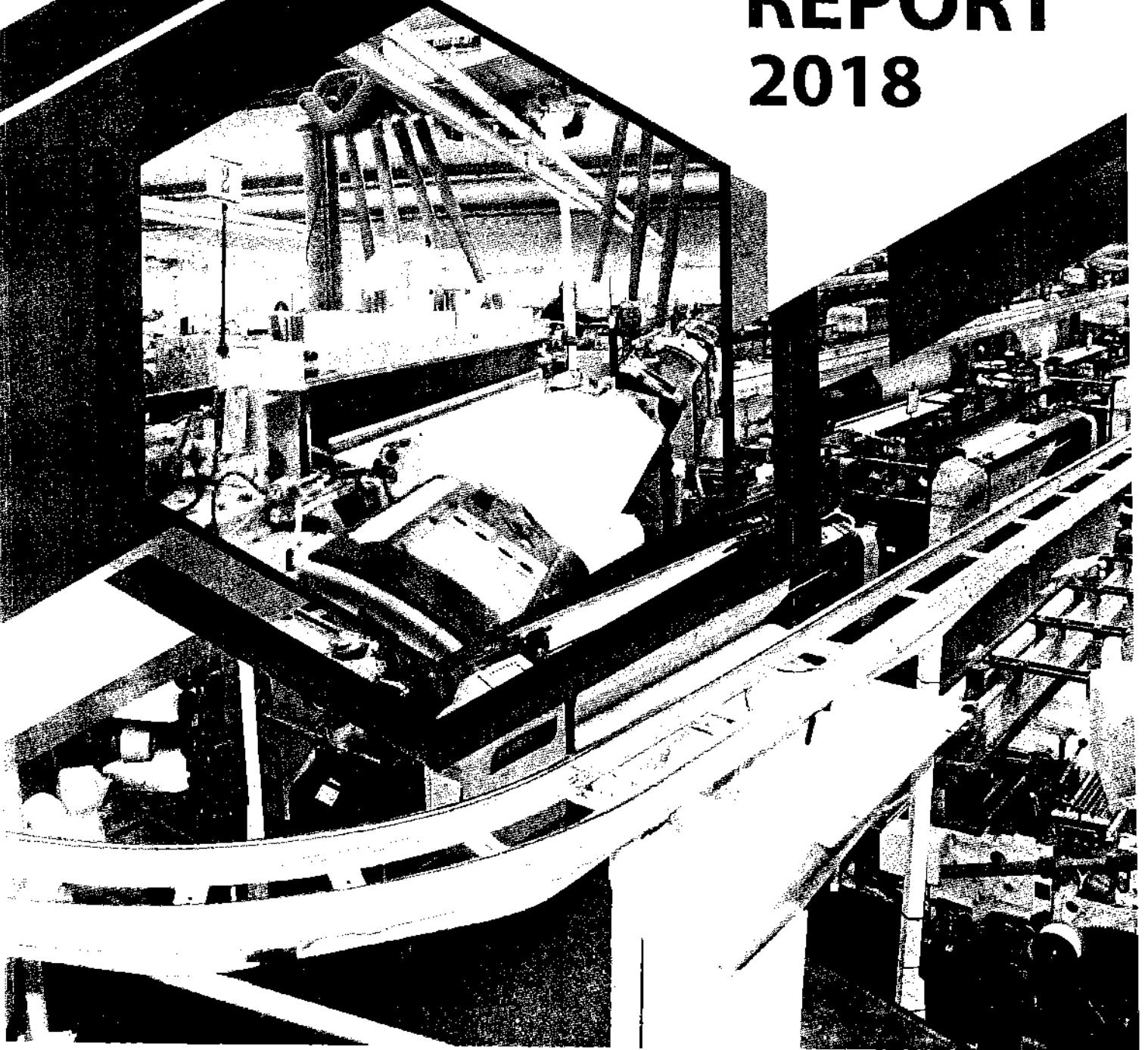




Reliance Weaving  
Mills Limited  
A Fatima Group Company

# ANNUAL REPORT 2018



## Company Information

### Board of Directors

#### - Non-Executive Directors

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

#### - Independent Directors

Dr. M. Shaukat Malik  
Mr. Shahid Aziz

#### - Executive Directors

Mr. Fazal Ahmed Sheikh  
Mr. Faisal Ahmed Mukhtar

### 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, 1<sup>st</sup> Floor Abdali Tower  
17, Abdali Road Multan.

#### - 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](mailto: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](http://www.fatima-group.com)



## Vision

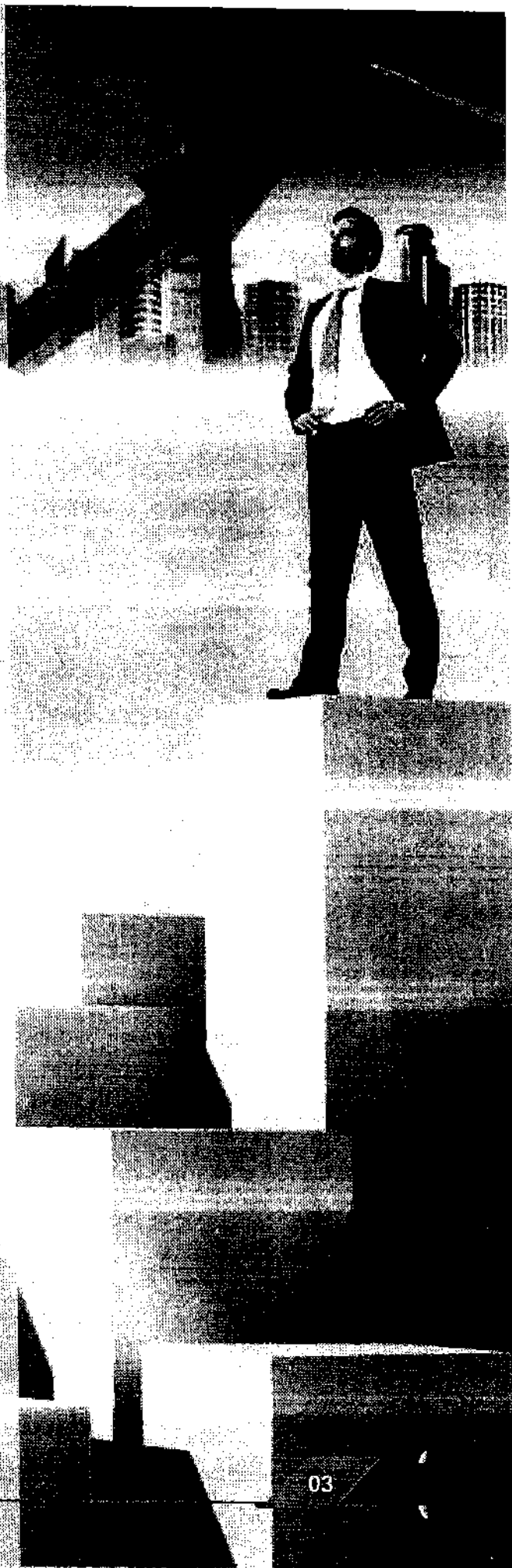
To be a Company recognized for its art of Textile and best business practices.

## 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 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 on revolving basis 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, 2019.

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        |

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

**Fatima Sugar Mills Ltd**

|                             | No. of Shares |
|-----------------------------|---------------|
| 1. Mr. Fawad Ahmed Mukhtar  | 1             |
| 2. Mr. Fazal Ahmed Sheikh   | 1             |
| 3. Mr. Faisal Ahmed Mukhtar | 1             |
| 4. Mrs. Fatima Fazal        | 1             |
| 5. Mrs. Farah Faisal        | 1             |
| 6. Mr. Fahd Mukhtar         | 1             |

**No. of Shares**

**Reliance Commodities (Pvt) Ltd**

|                             | No. of Shares |
|-----------------------------|---------------|
| 1. Mr. Fawad Ahmed Mukhtar  | 1             |
| 2. Mr. Fazal Ahmed Sheikh   | 1             |
| 3. Mr. Faisal Ahmed Mukhtar | 1             |

**No. of Shares**

**Fatima Energy Ltd**

|                             | No. of |
|-----------------------------|--------|
| 1. Mr. Fawad Ahmed Mukhtar  | 1      |
| 2. Mr. Fazal Ahmed Sheikh   | 1      |
| 3. Mr. Faisal Ahmed Mukhtar | 1      |
| 4. Mr. Fahd Mukhtar         | 1      |

**No. of**

**Fatima Transmision Company Ltd**

|                             | No. of |
|-----------------------------|--------|
| 1. Mr. Fawad Ahmed Mukhtar  | 1      |
| 2. Mr. Fazal Ahmed Sheikh   | 1      |
| 3. Mr. Faisal Ahmed Mukhtar | 1      |

**No. of**

By the order of the Board

  
Aftab Ahmed Qaiser  
(Company Secretary)

Dated: 07.10.2018

Place: Multan

- 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.
- 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.
- 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.
- 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.
- Change of address Shareholders are requested to promptly notify change in their address, if any, to our Share Registrar.
- 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.
- (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.  
(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 JointHolder(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](mailto: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.

**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<br>Lahore | 2nd Floor Trust Plaza<br>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<br>Lahore | E-110, Khyaban-e-Jinah<br>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**

1. Mr. Fawad Ahmed Mukhtar
2. Mr. Fazal Ahmed Sheikh
3. Mr. Faisal Ahmed Mukhtar
4. Mrs. Fatima Fazal
5. Mrs. Farah Faisal
6. Mr. Fahd Mukhtar

**Reliance Commodities (Pvt) Ltd**

1. Mr. Fawad Ahmed Mukhtar
2. Mr. Fazal Ahmed Sheikh
3. Mr. Faisal Ahmed Mukhtar

**Fatima Energy Ltd**

1. Mr. Fawad Ahmed Mukhtar
2. Mr. Fazal Ahmed Sheikh
3. Mr. Faisal Ahmed Mukhtar
4. Mr. Fahd Mukhtar

**Fatima Transmission Company Ltd**

1. Mr. Fawad Ahmed Mukhtar
2. Mr. Fazal Ahmed Sheikh
3. Mr. Faisal Ahmed Mukhtar

1

(ii) Amount of loans;

| 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;

|                         | FSML                          | RCL    | FEL   | FTCL |
|-------------------------|-------------------------------|--------|-------|------|
|                         | Particulars 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

(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,-

(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 support 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<br>Noncurrent Liability 395<br>Current liability 190<br>Noncurrent assets 805<br>Current assets 0.9 | Equity 19,851<br>Noncurrent Liability 0<br>Current liability 4673<br>Noncurrent assets 0<br>Current assets 5703            | Equity 5,420<br>Noncurrent Liability 15,460<br>Current liability 7,472<br>Noncurrent assets 26,984<br>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 yarn (20/S count per annum).

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

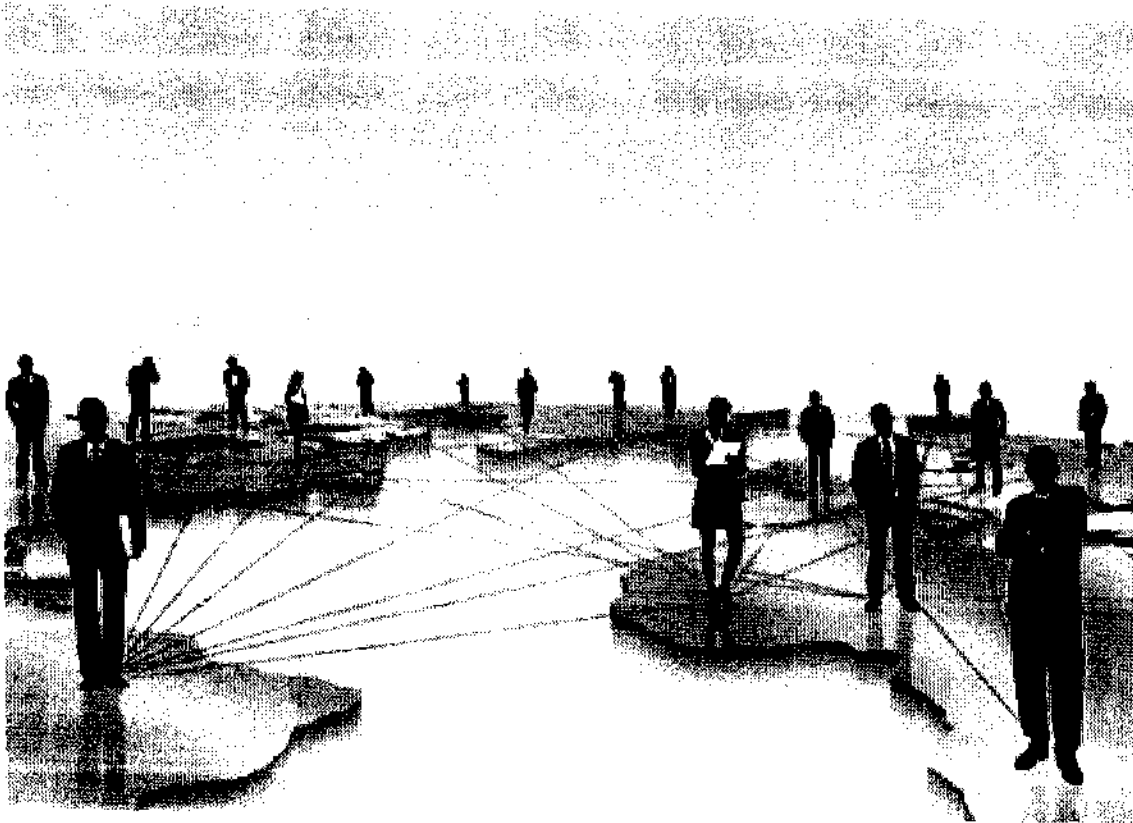
The Company has developed a special management team consisting of highly trained & skilled personals in their fields. Special

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

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

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

# Management Profile



## Board of Directors

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

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

| Name                     | Position        | Nature        |
|--------------------------|-----------------|---------------|
| Mr. Fawad Ahmed Mukhtar  | Chairman        | Non-Executive |
| Mr. Fazal Ahmed Sheikh   | Chief Executive | Executive     |
| Mr. Faisal Ahmed Mukhtar | Director        | Executive     |
| Mr. Fahd Mukhtar         | Director        | Non-Executive |
| Mrs. Fatima Fazal        | Director        | Non-Executive |
| 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:

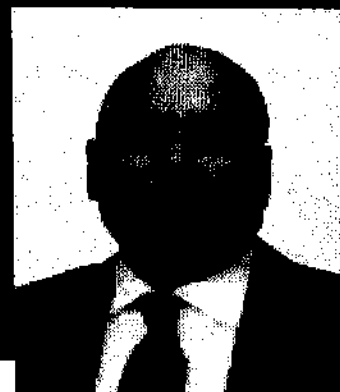
**CEO**  
Fatima Packaging Ltd

**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 17 years' experience of handling the operational, Accounting, tax and Financial Matters of Listed companies. He is with Reliance Weaving Mills Ltd since August, 2008.



**Mr. Aftab Qaiser**

Company Secretary

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



**Mr. Khawaja Sajid**

General Manager Marketing

Mr. Khawaja Sajid is the General Manager of Marketing Department. He holds Master Degree in Business Administration from Baha-Ud-zakriya University Multan and have 24 years of working experience in this portfolio with the reputed Textile companies of Pakistan. He joined Reliance Weaving Mills Ltd in 2004 and remains devoted till today.



**Mr. Aqeel Saifi**

General Manager Marketing

Mr. Aqeel Saifi holds a Master's degree in Business Administration from Imperial College of Business Studies and B.Sc (hons) Degree in Computer Sciences from FAST – NUCES. He has been attached to the textile industry for over 14 years, working with well reputed textiles organizations of Pakistan. He is with Reliance Weaving Mills Ltd. Since August, 2015.

# Profile of the Executive Officers



**Mr. Ikram Azeem**

General Manager Weaving

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



**Mr. Muhammd Shoaib Aalam**

General Manager (Spinning Multan)

Mr. Muhammd Shoaib Aalam is having B.Sc. Textile (Spinning) Degree from University of Engineering and Technology (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. Hafeez ur Rehman**

General Manager (Spinning Rawat)

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

## **Chairman's Review 2017-18**

It gives me immense pleasure to welcome you all on behalf of the Board of Directors at 28<sup>th</sup> 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



## Chairman's Review 2017-18

میں بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے 28 ویں سالانہ جنرل اجلاس میں مالی سال 30 جون 2018 کی سالانہ آڈٹ 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 تین غیر ایگزیکٹو ڈائریکٹرز سمیت دو ایگزیکٹو اور دو آزاد ڈائریکٹرز پر مشتمل ہے۔

دوران سال بورڈ کمیٹیاں (بورڈ آفٹ کمیٹی، بورڈ R & HR کمیٹی اور بورڈ Risk Managment کمیٹی) نے اپنے متعلقہ شرائط و ضوابط TOR کے تحت بہترین کارکردگی سے بورڈ آف ڈائریکٹرز کی تفسی کے مطابق امور سر انجام دیتی رہی۔

بورڈ اپنے مؤثر ہونے اور اپنی کارکردگی جا نچنے 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 دیا 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 جا سکتا 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 سنیر بولڈرز، کاروباری ساتھیوں، سرکاری حکام اور ریگولیٹروں کو کمپنی کے لئے مسلسل حمایت اور رہنمائی کرنے پر، میں ان کا شکر گزار ہوں۔

میں کمپنی کے اگلے سالانہ جنرل اجلاس جو اکتوبر 29، 2018 کو منعقد ہو گا میں زیادہ سے زیادہ حصص داروں کا ممکنہ خیر مقدم کرنے کا منتظر رہوں گا

فواد احمد مختار  
(چیئرمین)

It gives me great pleasure to present my review of our company's performance for the year 2017-18.

## **1. FINANCIAL RESULTS**

The Company earned after tax net profit of Rs. 309 million which shows improvement as compared to profit of Rs 101 million in last financial year. Current Year Company turnover has increased from Rs 11,340 million to Rs 13,913 million, so increase in turnover is 22%. 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 10.05. 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 meets 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 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. OVER VIEW OF THE ECONOMY**

The highlights are as under:

- a. The Country's Gross Domestic Product (G.D.P) recorded growth of 5.8%
- b. The Agriculture Sector grew by 3.8%
- c. Large Scale Manufacturing (LSM) recorded a growth of 6.13%
- d. Industrial Sector Growth improved by 5.8%
- e. Manufacturing Sector grew by 6.24%
- f. Service Sector witnessed a Growth of 6.43%
- g. Fiscal Deficit registered decline of 8.2% as compared to 5.82% of GDP in the Previous Fiscal Year
- h. 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 BACK GROUND / PERFORMANCE**

The highlights are as under:

- a. The Textile Sector accounts for 8% of the GDP by contributing nearly 1/4<sup>th</sup> of Industrial Value added.
- b. The textile industry is the second largest employment sector in Pakistan.
- c. It provides 40% of the Industrial Labor Force.
- d. Pakistan is the 8<sup>th</sup> largest exporter of textile commodities in Asia.
- e. The export of textile products posted a growth 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:
  - o Low base from previous year
  - o Sharp PKR depreciation
  - o 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. TEXTILES 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 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           | %    | 2.22          | 0.89          |
| C       | Earnings/(Loss) per share | Rs.  | 10.01         | 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 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. EARNINGS PER SHARE**

Your Company's post-tax profit of Rs. 308 million translates into EPS of Rs. 10.05 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 Rs2.25 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 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        |

#### 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. No. | Name of participants     | Designation | Attendance |
|---------|--------------------------|-------------|------------|
| 1       | Dr. M. Shaukat Malik     | (Chairman)  | 1/1        |
| 2       | Mr. Faisal Ahmed Mukhtar | (Member)    | 1/1        |
| 3       | 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.

#### Meeting of Risk Management Committee

| 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

## **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 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 & 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  |

## **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:

- Non-compliance to laws
- Fraud corruption or theft
- Nepotism
- Danger to public or employee's health and safety
- In-justice
- Deliberate falsification of information
- Harassment at workplace
- Discrimination on any ground
- Unethical conduct/ behavior

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

- All staff is protected from victimization, harassment or disciplinary action as a result of any disclosure made in good faith.
- Disclosure to be in writing
- Anonymous disclosure will not be entertained.
- Full investigation of disclosure will be made
- All disclosure to be treated confidentially
- Disciplinary action will be taken against wrong doers.
- No adverse Consequences to individual reporting in good faith
- 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:

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

## **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 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. WEBSITE**

The Company's web site [www.fatima-group.com](http://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 AUDITORS' 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.

### **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. DIRECTORS TRAINING 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. 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.
- g. 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 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

Dr. Shaukat Malik

Place: Lahore

Dated: October 04, 2018

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

## 1. FINANCIAL RESULTS

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 11340 ملین روپے سے بڑھ کر 13913 ملین روپے رہا، جو 22 فیصد زیادہ ہے۔ کمپنی کا ای بی آئی ٹی ڈی اے EBITDA 938 ملین روپے سے 1311 ملین ہو گیا۔ جو گزشتہ مالی سال کے مقابلے میں 40 فیصد زائد 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 ایکسچینج 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 روئی 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 ریپیٹ اور امریکی ڈالر کے مقابلہ میں روپے کی قدر میں کمی کا تسلسل قرار دیا جا سکتا ہے

## 2. FUTURE OUTLOOK

مستقبل کا جائزہ USDA رپورٹ کے مطابق زیریں زرعی علاقوں میں کپاس کی پیداوار کم رہنے کی توقع ہے، جبکہ کھپت نمایاں مارکیٹوں میں زیادہ ہو گی۔ 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 روئی پر ٹیرف لگا رہے ہیں۔ یہ قدم صنعت پر وسیع پیمانے پر اقتصادی اثرات مرتب کرنے کا حامل ہوگا۔ چین میں روئی کی طلب اور درآمد بڑھ رہی ہے جس کی اہم وجہ روئی کی پیداوار کمی ہے۔ حالیہ برسوں میں یہ خسارہ Reserves سے پورا ہو گیا تھا۔ لیکن ذخائر اب ساتھ کے 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 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 دارو مدار اس پیکیج پر ہے۔ حکومت کو چاہئے وہ دیرینہ طویل التواء سیل ٹیکس ریفرنڈ و دیگر وا جب الادا وا جبات 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 Automation, backward and forward انضمام کے ذریعہ بڑھتی ہوئی لاگت کا مقابلہ کرنے کے لئے پر اٹومیشن، عزم ہے اور ہم پر امید ہیں کہ ان کوششوں کے دیرپا و مثبت نتائج نکلیں گے۔ کمپنی نے جدید 48 ہائی سپیڈ اینر جیٹ کی درآمد کے لئے ایل سی کھول دی ہے جو پیداوار میں اضافہ اور لاگت کو کم کرے گی

## 3. OVER VIEW OF THE ECONOMY

ا. ملک کی مجموعی گھریلو مصنوعات (جی ڈی پی GDP) 5.8% 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 8.2% کی نسبت 5.82% کم رہا ہے

چ. 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 مفتاح اسماعیل Advisor to PM

♣ پاکستان کی اقتصادی سروے 2017-18 نے پاکستان کی مالیاتی ڈویژن کی طرف سے جاری کیا۔

#### 4. TEXTILE INDUSTRY BACK GROUND / PERFORMANCE

4. ٹیکسٹائل انڈسٹری بیک گراؤنڈ/پرفارمنس

سرخیاں مندرجہ ذیل ہیں:

ا. ٹیکسٹائل سیکٹر کا جی ڈی پی میں 8% حصہ ہے۔ جو انڈسٹریل ویلیو 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 اشیاء کا 8 واں سب سے بڑا برآمد کنندہ ہے۔

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

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

د. سوت، نٹوئر، بستر 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 ویلیو میں اضافے کے لئے سب سے طویل پروسس کا سلسلہ ہے جو شروع ہوتا ہے کپاس کی پروسیسنگ/جنگ سے اور جاتا ہے کتے، فیبرک پروسیسنگ، بناوٹ اور لباس پہننے کے عمل تک۔

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

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

1- پچھلے سال سے کم بنیاد

2- ڈالر کے مقابلہ میں روپے کی قدر میں کمی

3- ایکسپورٹ سپورٹ پیکج کے تحت دوبارہ ادائیگی

ذرائع:

♣ Allied بینک لمیٹڈ، 20 اگست، 2018 کی اقتصادی صنعت ریسرچ ڈیپارٹمنٹ۔

♣ سال 2017-18 کے لئے پاکستان اقتصادی سروے۔

♣ The Nation جون 3، 2018 کی تاریخ

#### 5. TEXTILES POLICY 2018-23

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 فیصد اضافہ کے ساتھ مشروط کئے بغیر 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 (ترجیحی جنرل کانظام) پلس سٹیفس کو مدنظر رکھتے ہوئے یورپی یونین کے ساتھ معاملات کو آگے بڑھانے ہوئے برآمدی مارکیٹوں کا آغاز کرنا  
 ذرائع:  
 ریسرچ ٹیم اب علی حبیب سیکورٹیز

## 6. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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 کارپوریٹ شعبوں کے ضابطہ اخلاق پر عمل درآمد کیا جاتا ہے
- ا. کمپنی کے فنانشیل سٹیٹمنٹ اور منسلک تاثرات کمپنیز ایکٹ، 2017 کے ضوابط کے مطابق تیار کئے گئے ہیں۔ کمپنی اپنے تمام معاملات یعنی **cash flows & changes in equity** کی صحیح عکاسی کرتی ہے
- ب. کمپنی نے کمپنیز ایکٹ، 2017 کے مطابق اکاؤنٹ کی کتابیں تیار کی ہیں۔
- پ. فنانشیل سٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ کی پالیسیوں کو ملحوظ رکھا جاتا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور محتاط فیصلوں پر مبنی ہیں
- ت. فنانشیل سٹیٹمنٹ کی تیاری میں فنانشیل/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 معاملہ میں کمپنی کی صلاحیت پر کوئی شک نہیں کیا جاتا
- ث. اکاؤنٹس میں لسٹنگ ریگولیشن کے کے مطابق قانون میں تفصیلی درج بہترین عمل سے کسی بھی قسم کا مالیاتی انحراف/مادی روانگی نہیں ہے
- ج. جیسا کہ کارپوریٹ گورننس کی ضرورت ہے، ہم نے اس رپورٹ میں سینئر ہولڈنگ کے بیٹرن کا بیان، ایسوسی ایٹ کمپنی اور متعلقہ افراد کی معلومات شامل کی ہیں
- چ. واجب الادا ٹیکس اور duties (فرائض) بارے میں معلومات کو مالی بیان کے نوٹس میں ظاہر کیا گیا ہے۔
- ح. گزشتہ چھ سالوں کے دوران کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا بیان الگ الگ دیا گیا ہے

## 7. MATERIAL CHANGES IN FINANCIAL STATEMENTS

مالیاتی معاملات میں مواد کی تبدیلی

| سیریل نمبر | تفصیل                      | یونٹ | جون 30، 2018 | جون 30، 2017 |
|------------|----------------------------|------|--------------|--------------|
| 1          | کل منافع                   | %    | 9.67         | 8.68         |
| 2          | فروخت پر واپسی (سیل ریٹرن) | %    | 2.22         | 0.89         |
| 3          | نفع / (نقصان) فی حصہ       | روپے | 10.01        | 3.29         |
| 4          | سینئر کی مارکیٹ کی قیمت    | روپے | 30.49        | 45.60        |
| 5          | بیلنس شیٹ footing          | روپے | 13267        | 11303        |

## 8. MARKET CAPITALIZATION

مارکیٹ capitalization/سرمایہ کاری

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

## 9. MODERNIZATION & EXPANSION

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 اینر جیٹ کی درآمد کے لئے ایل سی کھول دی ہے جو یقینی طور پر پیداوار میں اضافہ اور لاگت کو کم کرے گی

## 10. OUTSTANDING TAXES AND DUTIES

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

## 11. CONTRIBUTION OF NATIONAL EXCHEQUER

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. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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 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. EARNINGS PER SHARE

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 10.05 روپے فی شیئر ہے

## 14. DIVIDEND

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

## 15. ELECTION OF DIRECTORS

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 | Non ایگزیکٹو ڈائریکٹر (چینرمین) |
| 2. مسٹر فضل احمد شیخ    | ایگزیکٹو ڈائریکٹر               |
| 3. مسٹر فیصل احمد مختار | ایگزیکٹو ڈائریکٹر               |
| 4. مسٹر فہد مختار       | Non ایگزیکٹو ڈائریکٹر           |
| 5. مسز فاطمہ فضل        | Non ایگزیکٹو ڈائریکٹر           |
| 6. ڈاکٹر شوکت ملک       | آزاد ڈائریکٹر                   |

## 16. COMPOSITION OF BOARD DIRECTORS

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 ڈائریکٹر اور تین غیر ایگزیکٹو ڈائریکٹرز ہیں۔

## MEETINGS OF BOARD OF DIRECTORS

| 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   |
| 4.    | فہد مختار            | ممبر    | 7/4   |
| 5.    | مسز فاطمہ فضل        | ممبر    | 7/6   |
| 6.    | ڈاکٹر شوکت ملک       | ممبر    | 7/5   |
| 7.    | مسٹر شاہد عزیز       | ممبر    | 7/7   |
| 8.    | مسز فرح فیصل         |         | 4/4   |

## 17. COMPOSITION OF THE BOARD AUDIT COMMITTEE

بورڈ آڈٹ کمیٹی کی تشکیل  
2017 CCG کے مطابق، آڈٹ کمیٹی میں تین غیر ایگزیکٹو ڈائریکٹر شامل ہیں؛ چیئرمین 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

بورڈ آڈٹ کمیٹی کی تشکیل مندرجہ ذیل ہیں  
1. مسٹر شاہد عزیز آزاد غیر ایگزیکٹو ڈائریکٹر چیئرمین  
2. مسٹر 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۔

## MEETINGS OF BOARD AUDIT COMMITTEE

| سیریل | ڈائریکٹر کا نام | نامزدگی | حاضری |
|-------|-----------------|---------|-------|
| 1.    | مسٹر شاہد عزیز  | چیئرمین | 4/4   |
| 2.    | ڈاکٹر شوکت ملک  | ممبر    | 4/4   |
| 3.    | مسٹر فہد مختار  | ممبر    | 3/4   |

## 18. COMPOSITION OF HUMAN RESOURCE &amp; REMUNERATION COMMITTEE

بورڈ HR & R کمیٹی کی تشکیل  
انسانی وسائل اور ریمونریشن کمیٹی کے دو ارکان غیر ایگزیکٹو ڈائریکٹر ہیں، سی سی جی 2017 کی رو سے ڈاکٹر شوکت ملک آزاد ڈائریکٹر کمیٹی کے چیئرمین ہیں۔

| کمیٹی کی تشکیل | ڈاکٹر شوکت ملک آزاد  | غیر ایگزیکٹو ڈائریکٹر | چیئرمین |
|----------------|----------------------|-----------------------|---------|
| 1.             | ڈاکٹر شوکت ملک آزاد  | غیر ایگزیکٹو ڈائریکٹر | چیئرمین |
| 2.             | مسٹر فیصل احمد مختار | ایگزیکٹو ڈائریکٹر     | ممبر    |

تفصیل میٹنگ

| سیریل | ڈائریکٹر کا نام      | نامزدگی | حاضری |
|-------|----------------------|---------|-------|
| 1.    | مسٹر فیصل احمد مختار | چیئرمین | 1/1   |
| 2.    | فہد مختار            | ممبر    | 1/1   |
| 3.    | ڈاکٹر شوکت ملک       | ممبر    | 1/1   |

19. CONSTITUTION OF RISK MANAGEMENT COMMITTEE

بورڈ Risk Managment 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 سر انجام دیتی ہے۔ اس میں ایک ایگزیکٹو ڈائریکٹر اور دو غیر ایگزیکٹو آزاد ڈائریکٹرز شامل ہیں۔

کمیٹی کی تشکیل

|                           |                            |         |
|---------------------------|----------------------------|---------|
| الف) مسٹر فیصل احمد مختار | ایگزیکٹو ڈائریکٹر          | چیئرمین |
| ب) ڈاکٹر شوکت ملک         | آزاد غیر ایگزیکٹو ڈائریکٹر | ممبر    |
| ج) شاہد عزیز 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۔

MEETING OF RISK MANAGEMENT COMMITTEE

تفصیل میٹنگ

| سیریل | ڈائریکٹر کا نام      | نامزدگی | حاضری |
|-------|----------------------|---------|-------|
| 1.    | مسٹر فیصل احمد مختار | چیئرمین | 1/1   |
| 2.    | ڈاکٹر شوکت ملک       | ممبر    | 1/1   |
| 3.    | شاہد عزیز عزیز       | ممبر    | 1/1   |

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

ڈائریکٹر اور انتظامیہ کا معاوضہ

ڈائریکٹر اور انتظامیہ کو تنخواہ/معاوضہ کی ادائیگی نامزد ریمائینڈر پالیسی کے مطابق دیا جاتا ہے۔ جو کمپنی کے ایکٹ، 2017 کے مطابق تشکیل دیا گیا ہے۔ سی ای او یا 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۔

21. STATEMENT OF ETHICS & BUSINESS PRACTICES

اخلاقیات اور کاروباری پریکٹس (تعاملات) 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 دیرپا ماحول میں کاروبار امور 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 ٹکراؤ کی صورت میں (اگر کوئی ہے) میں مکمل معلومات دینا
- احتساب اور ذمہ داری
- معیاری اور مؤثر تعلقات عامہ
- تمام اسٹیک ہولڈرز کو توقعات 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، سپلائر، ملازمین اور حکومت کے لئے قابل رہنے اعتماد اور سود مند رہنا

## 22. INTERNAL CONTROL

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

## 23. INTERNAL AUDIT FUNCTION

اندرونی آڈٹ فنکشن اندرونی آڈٹ فنکشن گورننس کوڈ اور بورڈ آف ڈائریکٹرز کے آڈٹ کمیٹی کی طرف سے مقرر کردہ چارٹر/ فریم ورک کے اندر مؤثر طریقے سے کام کرتا ہے۔ اندرونی آڈٹ فنکشن روایتی فنکشن سے، کاروباری پارٹنر اور مشاورتی عمل، مؤثر 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 مؤثر طریقے سے، خطرہ کنٹرول میٹریکس کا استعمال کرنے، اپنی سالانہ منصوبہ کو ترجیحی بنیادوں پر تیار کرنے، تنظیم میں تمام افعال کے مؤثر جائزے اندرونی کنٹرول کو مضبوط بنانے اور مناسب اقدامات لینے کیلئے آڈٹ کمیٹی کے ذریعہ اندرونی آڈٹ فنکشن کے آدائوں اور سفارشات پر انحصار کرتا ہے۔ ان سفارشات کے ساتھ حتمی رپورٹ 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. CODE OF CONDUCT

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. HEALTH SAFETY & ENVIRONMENT

صحت کی حفاظت اور ماحول آرڈبلیو 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 بخوبیاگاہ ہے۔ موجودہ سال کے دوران آرڈبلیو 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 ویرونی 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 اجزاء ہیں

## 26. INFORMATION TECHNOLOGY

معلومات کی تکنیک  
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 ڈیش بورڈز کی صلاحیتوں کا استعمال اور ایک اچھی حکمت عملی کے طور پر دیگر اچھی ایپلی 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. TRADING IN SHARES BY DIRECTORS AND EXECUTIVES

ڈائریکٹر 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. WHISTLE BLOWING MACHNISM

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

## HSE پر RWML

- ہماری HSE پالیسی کاروباری قواعد و ضوابط کا ایک اہم جز ہے۔ آر ڈبلیو ایم ایل مندرجہ ذیل 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 تقاضہ 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
  - چ. 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
  - ذ. محفوظ ماحول

## 30. BUSINESS CONTINUITY PLANNING AND SAFETY PROCEDURES FOR DATA PROTECTION

## 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 لا ئنہ 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 حساس مقامات میں خطرہ روکنے/کم کرنے کے مفعول 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 جا سکے۔

## 31. INVESTOR GRIEVANCE POLICY

## 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۔ آر ڈبلیو ایم ایل کے رجسٹرار بروقت سرمایہ کاروں کی دشواریوں کو حل کرتا ہے

## 32. WEBSITE

## 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. AUDITORS AND AUDITORS' REPORT

آڈیٹرز اور ان کی رپورٹ

ایم ایس شائینونگ حمید چوہدری اینڈ کوچارٹرڈ 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 جون 30، 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 شائینونگ حمید چوہدری اینڈ کوکی تقرری کے لئے رضامندی کا اظہار کیا ہے۔

### 34. SHAREHOLDING

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

### 35. PATTERN OF SHAREHOLDING

Pattern of shareholding کی تفصیلات مالیاتی بیانات میں دی گئی ہے

### 36. BRIEF ROLES & RESPONSIBILITIES OF CHAIRMAN & CEO

چینرمین اور سی ای او کے رول اور ذمہ داریاں

- چینرمین، 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 بورڈ کی جانب سے کمپنی کی سمت اور حکمت عملی کو مرتب اور نافذ کرنے کے لئے اپنا رول ادا کرتا ہے۔
- چینرمین، بورڈ کے نان ایگزیکٹو ڈائریکٹر کی نمائندگی اور بورڈ کی عملی کی قیادت کرتا ہے۔
- چینرمین بورڈ کے اجلاسوں کے سربراہی کرنے ایجنڈا بنانے کی ہدایات جاری کرنے کے علاوہ بورڈ کے اجلاسوں کے منٹس پر دستخط کرتا ہے۔
- 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
- سی ای او کا دوسرا عنوان منیجنگ ڈائریکٹر ہے

### 37. OFFICES OF CHAIRMAN, CHIEF EXECUTIVE OFFICE

چینرمین اور چیف ایگزیکٹو آفیسر دوالگ الگ افراد

Good Governance رولز کے مطابق، بورڈ آف ڈائریکٹرز کے چینرمین اور چیف ایگزیکٹو آفیسر علیحدہ افراد ہیں جو فرائض اور ذمے داریوں سے عہدہ براں ہوتے ہیں

### 38. DIRECTORS TRAINING PROGRAM

ڈائریکٹر ٹریننگ پروگرام

مسٹر فہد مختار کے علاوہ تمام ڈائریکٹر یا تو ڈائریکٹر 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 ڈائریکٹر 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 ڈائریکٹر کے ٹریننگ پروگرام کے تحت سرٹیفیکیٹ لیں گے

### 39. RISK MANAGEMENT

خطرہ کے مینجمنٹ کا نظام

آپ کی کمپنی میں (انٹرپرائز وسیع خطرہ مینجمنٹ) خطرہ کومینج کرنے کا ایک نظام موجود ہے۔ جو خطرے کی شناخت، تشخیص/ نشانہ بندی کرتا ہے۔ گورنمنٹ فریم ورک اور انٹیگریٹڈ 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 منصوبہ بندی کرتی ہے جہاں پر کاروبار میں نئے خطرے کی شناخت تشخیص/نشاندہی کی جاتی ہے اور انکا حل تلاش کیا جاتا ہے

#### 40. DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

##### 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 ہو تا 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 ہوجائے۔ 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 مینیجرز مختلف اکاؤنٹنگ کی پالیسیوں، اکاؤنٹنگ درستگی 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 ثبوت یا درست کرنے کیلئے بیرونی اجزاء کا استعمال بھی کیا جاتا ہے۔ آڈٹ کمیٹی اس طرح کے فیصلوں اور تخمینوں کی منظوری دیتی ہے

ڈ. مینجمنٹ مختلف اوقات میں منظور شدہ مختلف پیرامیٹرز سے کمپنی کی مالی کارکردگی کا جائزہ لیتی ہے اور جہاں بھی ضروری ہو، کارروائی کرتی ہے

ج. آپ کی کمپنی نے تمام ملازمین کے لئے ضابطہ اخلاق ترتیب دے رکھا ہے جس میں wistle blowing پالیسی (کسی غلطی کی اطلاع دینا) بھی شامل ہے

#### 41. CODE OF CORPORATE GOVERNANCE 2017

##### کارپوریٹ گورننس 2017

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

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 میکانیزم کو مضبوط بنایا گیا ہے

#### 42. INTERNAL BANKING ACCOUNT NO. (IBAN)

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

#### 43. NEW COMPANIES ACT 2017

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 تعریف کی مستحق ہے

#### 44. ACKNOWLEDGEMENT

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 شکریہ 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 یقین دلاتی ہے

بورڈ کے ذریعہ اور کی طرف سے

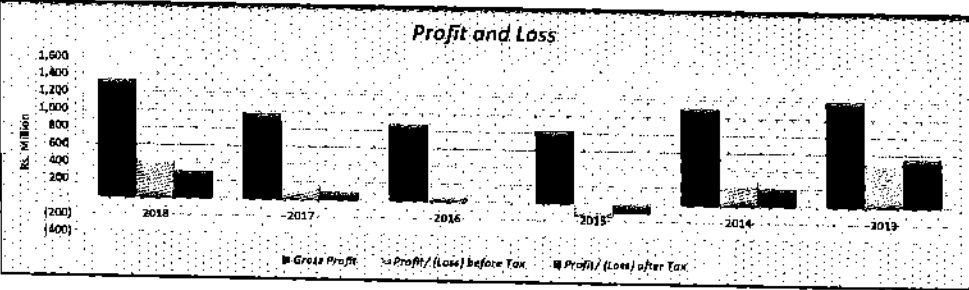
فضل احمد شیخ (چیف ایگزیکٹو آفیسر)  
تاریخ: اکتوبر، 2018

شاہد عزیز (آزاد ڈائریکٹر)  
جگہ: لاہور

SIX YEARS GROWTH AT A GLANCE (2013-2018)

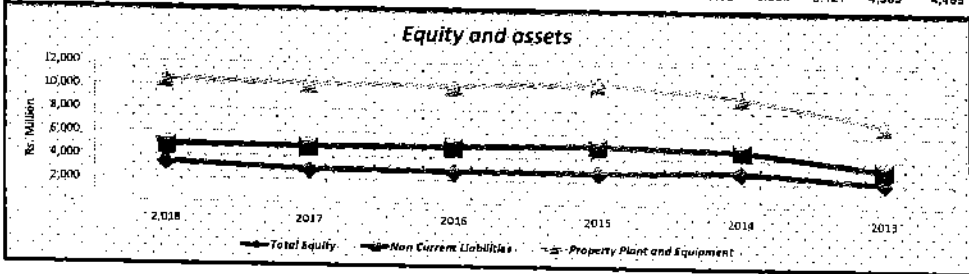
PROFIT AND LOSS:

|                          |       | 2018   | 2017   | 2016   | 2015   | 2014   | 2013  |
|--------------------------|-------|--------|--------|--------|--------|--------|-------|
| Net Sales                | Rs. M | 13,914 | 11,342 | 10,049 | 10,679 | 11,412 | 9,314 |
| Gross Profit             | Rs. M | 1,346  | 984    | 856    | 642    | 1,121  | 1,217 |
| Profit/(Loss) before Tax | Rs. M | 453    | 168    | 107    | (142)  | 290    | 546   |
| Profit/(Loss) after Tax  | Rs. M | 311    | 101    | 3      | (98)   | 219    | 570   |



ASSETS AND LIABILITIES

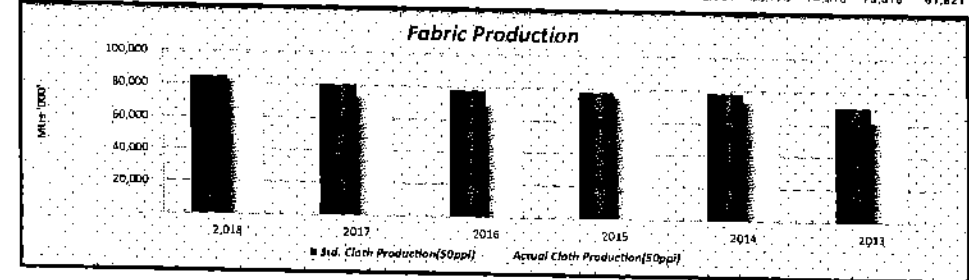
|                              |       | 2,018 | 2017  | 2016  | 2015  | 2014  | 2013  |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Total Equity                 | Rs. M | 3,402 | 2,859 | 2,774 | 2,743 | 2,895 | 2,094 |
| Non Current Liabilities      | Rs. M | 1,482 | 1,948 | 2,102 | 2,272 | 1,809 | 1,130 |
| Property Plant and Equipment | Rs. M | 5,537 | 5,376 | 5,171 | 5,384 | 4,596 | 3,814 |
| Current Assets               | Rs. M | 6,705 | 4,997 | 4,222 | 3,862 | 4,720 | 4,239 |
| Current Liabilities          | Rs. M | 8,384 | 6,495 | 5,380 | 5,121 | 4,989 | 4,455 |



OPERATIONAL PERFORMANCE:

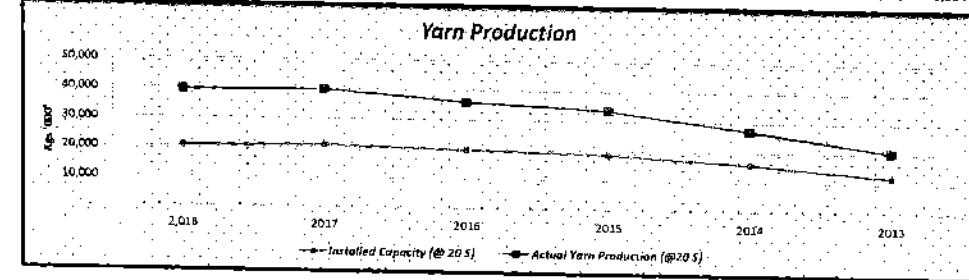
Weaving

|                                |            | 2,018  | 2017   | 2016   | 2015   | 2014   | 2013   |
|--------------------------------|------------|--------|--------|--------|--------|--------|--------|
| Number of Looms Installed      | Number     | 348    | 348    | 335    | 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 | 74,918 | 73,518 | 61,621 |



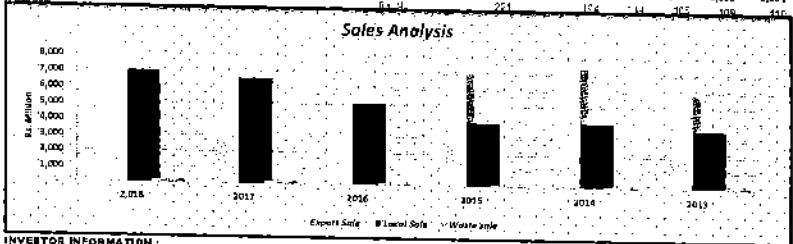
Spinning

|                                |           | 2,018  | 2017   | 2016   | 2015   | 2014   | 2013   |
|--------------------------------|-----------|--------|--------|--------|--------|--------|--------|
| 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 | 18,602 | 16,295 | 15,122 | 11,258 | 8,504  |



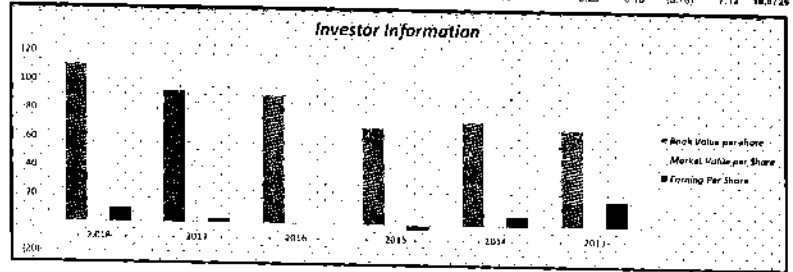
SALES BREAKUP

|             | 2018  | 2017   | 2016   | 2015   | 2014  | 2013   |
|-------------|-------|--------|--------|--------|-------|--------|
| Export Sale |       |        |        |        |       |        |
| Local Sale  | Rs. M | 6,584  | 4,574  | 4,947  | 5,879 | 7,461  |
| Waste Sale  | Rs. M | 7,000  | 6,584  | 5,110  | 4,032 | 4,033  |
|             | Rs. M | 13,584 | 11,158 | 10,057 | 9,911 | 11,494 |

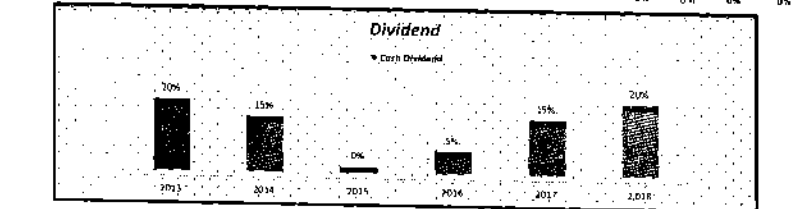


INVESTOR INFORMATION

|                        | 2018 | 2017  | 2016  | 2015   | 2014  | 2013    |
|------------------------|------|-------|-------|--------|-------|---------|
| Book Value per share   | 110  | 92.50 | 90.02 | 66.46  | 73.38 | 68.65   |
| Market Value per Share | 30   | 45.50 | 25.18 | 32.50  | 38.57 | 34      |
| Earning Per Share      | 10   | 3.29  | 0.10  | (3.18) | 7.12  | 18.8726 |

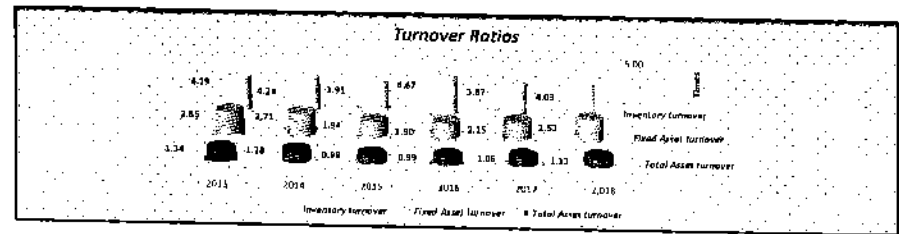
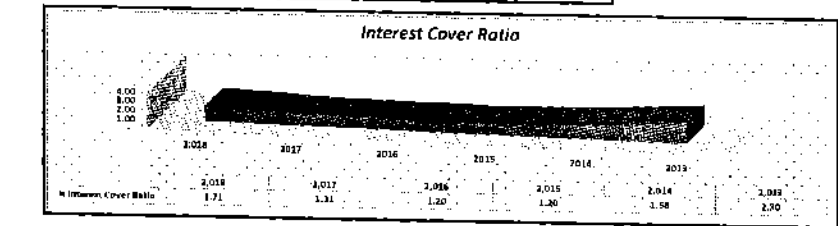
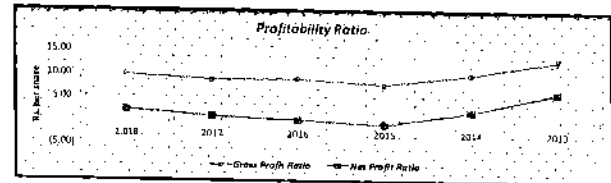


|                | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------|------|------|------|------|------|------|
| Cash Dividend  | %    | 20%  | 15%  | 5%   | 0%   | 18%  |
| Stock Dividend | %    | 0%   | 0%   | 0%   | 0%   | 0%   |

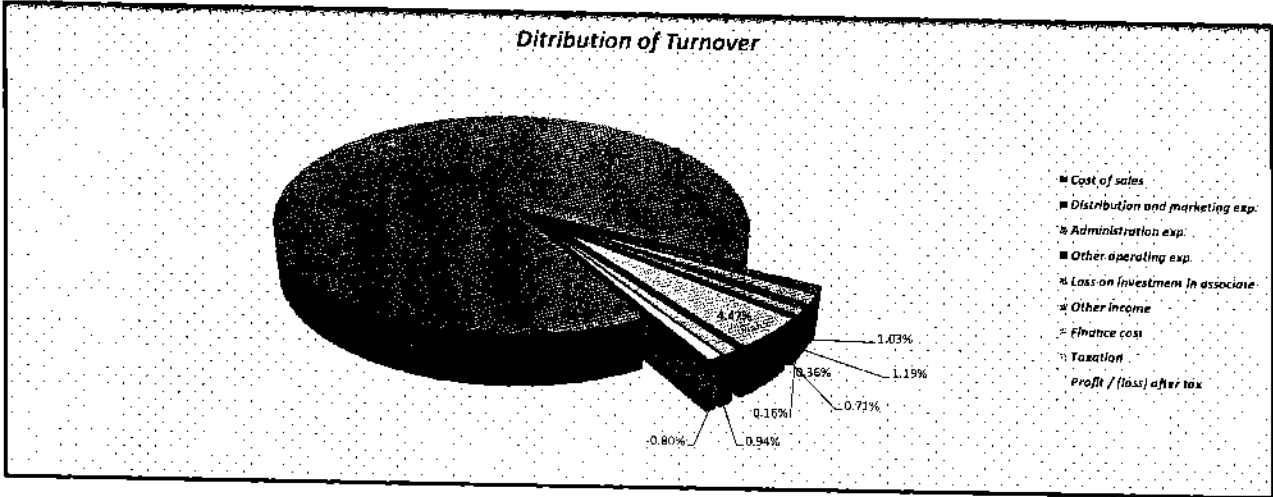


FINANCIAL RATIOS:

|                        | 2018  | 2017 | 2016 | 2015 | 2014   | 2013 |
|------------------------|-------|------|------|------|--------|------|
| Gross Profit Ratio     | %     | 9.67 | 8.68 | 8.83 | 7.74   | 9.83 |
| Net Profit Ratio       | %     | 2.23 | 0.98 | 0.03 | (0.90) | 1.92 |
| Current Ratio          |       | 0.40 | 0.77 | 0.78 | 0.75   | 0.96 |
| Acid Test(Quick) Ratio |       | 0.39 | 0.31 | 0.32 | 0.41   | 0.37 |
| Interest Cover Ratio   | Times | 1.71 | 1.31 | 1.20 | 1.20   | 1.68 |
| Inventory turnover     | Times | 4.03 | 3.87 | 4.67 | 3.91   | 4.24 |
| Fixed Asset turnover   | Times | 2.63 | 2.15 | 1.80 | 1.84   | 3.71 |
| Total Asset turnover   | Times | 1.13 | 1.06 | 0.99 | 0.99   | 1.28 |



|                                 |        |          |
|---------------------------------|--------|----------|
| Sales - net                     |        | 13,914   |
| Cost of sales                   | 90.23% | (12,560) |
| Distribution and marketing exp. | 1.03%  | (144)    |
| Administration exp.             | 1.19%  | (166)    |
| Other operating exp.            | 0.36%  | (50)     |
| Loss on investment in associate | 0.16%  | (22)     |
| Other income                    | 0.71%  | (98)     |
| Finance cost                    | 4.47%  | (622)    |
| Taxation                        | 0.04%  | (131)    |
| Profit / (loss) after tax       | -0.00% | (112)    |





**RELIAANCE WEAVING MILLS LIMITED**

**Pattern of Shareholding**

as at June 30, 2018

| <b>S.No.</b>   | <b>Name of shareholder</b>                                  | <b>Number of shares</b> | <b>Per %</b>      |
|--|---|-------------------------|-------------------|
| <b><u>Directors and their spouse(s) and minor children</u></b>   |   |                         |                   |
| 1  | FAZAL AHMED SHEIKH  | 7,911,722               | 25.68             |
| 2  | FAZAL AHMED SHEIKH  | 14,000                  | 0.05              |
| 3  | FAWAD AHMED MUKHTAR   | 7,854,550               | 25.49             |
| 4  | FAISAL AHMED MUKHTAR  | 7,886,071               | 25.60             |
| 5  | FARAH FAISAL  | 112,500                 | 0.37              |
| 6  | FATIMA FAZAL  | 140,625                 | 0.46              |
| 7  | FAHD MUKHTAR  | 25,000                  | 0.08              |
| 8  | MUHAMMAD SHAUKAT  | 3,455                   | 0.01              |
| 9  | AMBREEN FAWAD   | 115,625                 | 0.38              |
| 10   | SHAHID AZIZ   | 5                       | 0.00              |
| <b>10</b>  |   | <b>24,063,553</b>       | <b>78.10</b>      |
| <b><u>Associated companies, undertakings and related parties</u></b>   |   |                         |                   |
| 1  | RELIAANCE COMMODITIES (PVT) LTD                             | 3                       | 0.00              |
| 2  | FATIMA HOLDING LIMITED                                      | 845,705                 | 2.74              |
| <b>2</b>   |   | <b>845,708</b>          | <b>2.74</b>       |
| <b><u>Executive</u></b>  |   |                         |                   |
| <b>NIL</b>   |   | -                       | -                 |
| <b><u>Public sector companies and corporations</u></b>   |   |                         |                   |
| 1  | NATIONAL DEVELOPMENT FINANCE                                | 984                     | 0.00              |
| 2  | INVESTMENT CORP. OF PAKISTAN                                | 1,460                   | 0.00              |
| 3  | NATIONAL BANK OF PAKISTAN                                   | 276                     | 0.00              |
| 4  | NATIONAL BANK OF PAKISTAN                                   | 333                     | 0.00              |
| <b>4</b>   |   | <b>3,053</b>            | <b>0.01</b>       |
| <b><u>Banks, development finance institutions, non-banking finance companies, insurance companies, takatful, modarebas and pension funds</u></b> |   |                         |                   |
| 1  | TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND    | 54,182                  | 0.18              |
| <b>1</b>   |   | <b>54,182</b>           | <b>0.18</b>       |
| <b><u>Mutual Funds</u></b>   |   |                         |                   |
| 1  | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST              | 592,645                 | 1.92              |
| <b>1</b>   |   | <b>592,645</b>          | <b>1.92</b>       |
| <b><u>Foreign Investor</u></b>   |   |                         |                   |
| <b>NIL</b>   |   | -                       | -                 |
| <b><u>Others</u></b>   |   |                         |                   |
| 1  | TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST | 1,901                   | 0.01              |
| 2  | M/S PYRAMID INVESTMENT(PVT)LTD                              | 3,900                   | 0.01              |
| 3  | KARACHI,LAHORE STOCK EXCHANGES                              | 2                       | 0.00              |
| 4  | PRUDENTIAL SECURITIES LIMITED                               | 400                     | 0.00              |
| 5  | Y.S. SECURITIES & SERVICES (PVT) LTD.                       | 555                     | 0.00              |
| 6  | FAZAL HOLDINGS (PVT.) LIMITED                               | 24,250                  | 0.08              |
| 7  | S.H. BUKHARI SECURITIES (PVT) LIMITED                       | 150                     | 0.00              |
| 8  | PYRAMID INVESTMENTS (PVT) LTD.                              | 2,850                   | 0.01              |
| 9  | MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED         | 13,000                  | 0.04              |
| 10   | SIDDIQ LEATHER WORKS (PVT) LTD                              | 120,500                 | 0.39              |
| 11   | SEVEN STAR SECURITIES (PVT.) LTD.                           | 45,500                  | 0.15              |
| 12   | FIKREES (PRIVATE) LIMITED                                   | 1,500                   | 0.00              |
| 13   | INTERMARKET SECURITIES LIMITED - MF                         | 5,000                   | 0.02              |
| 14   | MRA SECURITIES LIMITED - MF                                 | 2,000                   | 0.01              |
| 15   | FORTUNE SECURITIES LIMITED                                  | 40,000                  | 0.13              |
| 16   | FANCY PETROLEUM SERVICES (PVT.) LIMITED                     | 3,500                   | 0.01              |
| 17   | SHAFFI SECURITIES (PVT) LIMITED                             | 2,000                   | 0.01              |
| 18   | BAWA SECURITIES (PVT) LTD.                                  | 2,175                   | 0.01              |
| 19   | AZEE SECURITIES (PRIVATE) LIMITED                           | 500                     | 0.00              |
| 20   | SHERMAN SECURITIES (PRIVATE) LIMITED                        | 35,000                  | 0.11              |
| 21   | PEARL SECURITIES LIMITED - MF                               | 1,000                   | 0.00              |
| 22   | ARIF HABIB LIMITED - MF                                     | 8,000                   | 0.03              |
| 23   | BAWA SECURITIES (PVT) LTD. - MF                             | 1,000                   | 0.00              |
| 24   | N. U. A. SECURITIES (PRIVATE) LIMITED - MF                  | 44,000                  | 0.14              |
| <b>24</b>  |   | <b>358,683</b>          | <b>1.16</b>       |
| <b>General Public</b>  |   | <b>1623</b>             | <b>4,893,113</b>  |
| <b>Total</b>   |   | <b>1,665</b>            | <b>30,810,937</b> |
|  |   |                         | <b>100</b>        |

| Share holder: | Shares Held          | Shares    | Percentage |
|---------------|----------------------|-----------|------------|
| 1             | FAZAL AHMED SHEIKH   | 7,925,722 | 25.72      |
| 2             | FAWAD AHMED MUKHTAR  | 7,854,550 | 25.49      |
| 3             | FAISAL AHMED MUKHTAR | 7,886,071 | 25.60      |

## RELIANCE WEAVING MILLS LIMITED

Pattern of Shareholding As of June 30, 2018

| # of Shareholders | Shareholdings Slab | Total Share 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       |

|   |       |            |       |
|---|-------|------------|-------|
| Directors and their spouse(s) and minor children  | 10    | 24,063,553 | 78.10 |
| Associated Companies, undertakings and related parties  | 2     | 845,708    | 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  | 1     | 592,645    | 1.92  |
| Others  | 24    | 358,683    | 1.16  |
| General Public  |       |            |       |
| a. Local  | 1,623 | 4,893,113  | 15.88 |
| b. Foreign Investor   | -     | -          | -     |
| G.Total   | 1,665 | 30,810,937 | 100   |

**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017.**

**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
  - 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 (excluding the listed subsidiaries of listed holding companies where applicable).

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 Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of 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 has been arranged during the year 2017-18 because two directors have already got such training in previous years and further four are exempt from the DTP and one Director will get DTP in the next year ending.

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 (quarterly/half yearly/ yearly) of the committees were as per following:

**a) Audit Committee**

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

**b) HR and Remuneration Committee**

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

**c) Risk Management Committee**

|                          |            |     |
|--------------------------|------------|-----|
| 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 are 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 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.

Fazal Ahmed Sheikh  
Chief Executive

Place: Lahore  
Dated: October 04, 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.

LAHORE;

SHINEWING HAMEED CHAUDHRI & CO.,  
*SWHC* CHARTERED ACCOUNTANTS

a member firm of *ShineWing* International

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**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.    | <b>Compliance with laws and regulations</b><br>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 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. | We performed following audit procedures:<br>- 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.<br>- 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. |

| S.No. | Key audit matters  | How the matter was addressed in our audit  |
|-------|--|--|
|       | <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.</p> <p>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><b>2. Property, plant and equipment</b></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"> <li>- useful lives and residual values;</li> <li>- assessing whether there are any indicators of impairment present;</li> <li>- when performing impairment assessments where indicators have been identified; and</li> </ul> <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"> <li>- Maintained a high level of vigilance when carrying-out our other audit procedures for identification of any non-compliance.</li> <li>- Ensured that the financial statements have been prepared in accordance with the approved accounting standards and the Act.</li> </ul> <p>The following was performed on the assessment of useful lives and residual values:</p> <ul style="list-style-type: none"> <li>- obtained the useful lives and residual values assessment and confirmed that this was reviewed and considered in the year under review;</li> <li>- 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</li> <li>- 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.</li> <li>- 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:</li> <li>- mills were inspected to identify any damages or non-operating assets;</li> <li>- discussions were held with the management, engineers and other technicians to identify any potential impairments; and</li> <li>- production analyses at the various mills were performed and compared to standard capacity to assist in identifying possible impairment indicators.</li> </ul> <p>Based on the tests performed, we are of the view that property, plant and equipment appear to be valued appropriately.</p> |

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| S.No. | Key audit matters  | How the matter was addressed in our audit  |
|-------|--|--|
| 3.    | <p><b>Valuation of stock-in-trade</b></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).</p> <p>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>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"> <li>- assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards;</li> <li>- 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;</li> <li>- assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis;</li> <li>- tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to inventories;</li> <li>- assessed the management determination of net realisable value of inventories by performing tests on sale prices, secured by the Company for similar items; and</li> <li>- performed net realisable value test to assess whether the cost of inventories exceeds its net realisable value by detailed review of subsequent sales invoices.</li> </ul> <p>Based on the tests performed, we are of the view that stock-in-trade appears to be valued appropriately.</p> |
| 4.    | <p><b>Trade Debts</b></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"> <li>- obtained credit policy with respect to local and foreign debts and assessed the Company's compliance of its policy;</li> <li>- sought external confirmations from the selected trade debts of their balances that remained outstanding at the year-end and compared replies to the requests;</li> <li>- tested the accuracy of data on sample basis extracted from the Company's accounting system, which is used to calculate the ageing of trade debts;</li> <li>- performed subsequent check of selected debtor balances to review recovery from them after the year-end;</li> </ul>   |

| S.No. | Key audit matters | How the matter was addressed in our audit   |
|-------|-------------------|---|
|       |                   | <ul style="list-style-type: none"> <li>- 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</li> <li>- assessed the appropriateness of the disclosures made by the management in the Company's financial statements.</li> </ul> <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.

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- 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.

LAHORE;

**SHINEWING HAMEED CHAUDHRI & CO.,**  
**SWHC** CHARTERED ACCOUNTANTS

**Praxity**  
PRACTICE

**RELIANCE WEAVING MILLS LIMITED  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**RELIANCE WEAVING MILLS LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018**

|  |      |                       | (Re-stated)           | (Re-stated)                |
|--|------|-----------------------|-----------------------|----------------------------|
| ASSETS   | Note | 2018<br>Rupees        | 2017<br>Rupees        | July 01,<br>2016<br>Rupees |
| <b>Non-current assets</b>                                |      |                       |                       |                            |
| 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>       |
| <b>Current assets</b>                                    |      |                       |                       |                            |
| 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<br>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>       |
| <b>TOTAL ASSETS</b>                                      |      | <u>13,266,908,658</u> | <u>11,303,284,213</u> | <u>10,255,294,698</u>      |
| <b>SHARE CAPITAL AND RESERVES</b>                        |      |                       |                       |                            |
| Authorised share capital                                 | 19   | 700,000,000           | 700,000,000           | 700,000,000                |
| Issued, subscribed and paid-up<br>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                                    |      | 1,968,262,404         | 1,737,649,032         | 1,651,175,945              |
|  |      | <u>3,401,792,346</u>  | <u>2,859,404,439</u>  | <u>2,773,587,643</u>       |
| <b>Liabilities</b>                                       |      |                       |                       |                            |
| <b>Non-current liabilities</b>                           |      |                       |                       |                            |
| Long term finances                                       | 23   | 1,199,425,451         | 1,762,343,226         | 1,943,687,503              |
| Liabilities against assets subject<br>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>       |
| <b>Current liabilities</b>                               |      |                       |                       |                            |
| 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>       |
| <b>Total liabilities</b>                                 |      | <u>9,865,116,312</u>  | <u>8,443,879,774</u>  | <u>7,481,707,055</u>       |
| <b>Contingencies and commitments</b>                     | 31   |                       |                       |                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                      |      | <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

SWH

**RELIANCE WEAVING MILLS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                     | Note | 2018<br>Rupees       | 2017<br>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                        |      | <u>1,345,643,516</u> | <u>984,094,241</u> |
| 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              |      | <u>1,085,324,664</u> | <u>719,305,834</u> |
| Finance cost                        | 38   | (622,203,568)        | (539,521,175)      |
|                                     |      | <u>463,121,096</u>   | <u>179,784,659</u> |
| Share of loss of Associates         | 9    | (21,670,075)         | (12,001,169)       |
| Profit before taxation              |      | <u>441,451,021</u>   | <u>167,783,490</u> |
| Taxation                            | 39   | 130,871,945          | 66,565,491         |
| Profit after taxation               |      | <u>310,579,076</u>   | <u>101,217,999</u> |
| Earnings per share                  | 40   | <u>10.08</u>         | <u>3.29</u>        |

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

Chief Executive

Director

Chief Financial Officer

SWHE

**RELIANCE WEAVING MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|   | 2018<br>Rupees     | 2017<br>Rupees     |
|---|--------------------|--------------------|
| Profit after taxation   | 310,579,076        | 101,217,999        |
| Other comprehensive income / (loss):  |                    |                    |
| Items that may be reclassified subsequently<br>to statement of profit or loss |                    |                    |
| Share of other comprehensive income<br>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<br>available-for-sale investments                    | (3,386,465)        | (656,291)          |
| Items that will not be reclassified<br>to statement of profit or loss         |                    |                    |
| (Loss) / gain on remeasurement on<br>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        | 0                  |
| <b>Total comprehensive income for the year</b>                                | <b>588,604,312</b> | <b>101,222,265</b> |

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

Chief Executive

Director

Chief Financial Officer

SWHE

**RELIANCE WEAVING MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|  | Capital Reserves |               |                                      | Revenue         |  |                       | Total         |
|--|------------------|---------------|--------------------------------------|-----------------|--|-----------------------|---------------|
|  | Share capital    | Share premium | Revaluation surplus on freehold land | General reserve | Fair value reserve on available-for-sale Investments | Unappropriated profit |               |
| Rupees   |                  |               |                                      |                 |  |                       |               |
| Balance as at July 01, 2016  | 308,109,370      | 41,081,250    | 0                                    | 74,171,959      | 64,724,487   | 1,651,175,945         | 2,139,263,021 |
| Impact of re-statement (note 6)  | 0                | 0             | 634,324,622                          | 0               | 0  | 0                     | 634,324,622   |
| Balance as at July 01, 2016<br>- re-stated   | 308,109,370      | 41,081,250    | 634,324,622                          | 74,171,959      | 64,724,487   | 1,651,175,945         | 2,773,587,643 |
| Transaction with owners:<br>Cash dividend at the rate<br>of Re.0.50 per ordinary share for<br>the year ended June 30, 2016 | 0                | 0             | 0                                    | 0               | 0  | (15,405,469)          | (15,405,469)  |
| Total comprehensive income for<br>the year ended June 30, 2017:  |                  |               |                                      |                 |  |                       |               |
| - profit for the year  | 0                | 0             | 0                                    | 0               | 0  | 101,217,999           | 101,217,999   |
| - other comprehensive<br>(loss) / Income   | 0                | 0             | 0                                    | 0               | (656,291)  | 660,557               | 4,266         |
|  | 0                | 0             | 0                                    | 0               | (656,291)  | 101,878,556           | 101,222,265   |
| Balance as at June 30, 2017<br>- 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:<br>Cash dividend at the rate<br>of Rs.1.50 per ordinary share for<br>the year ended June 30, 2017 | 0                | 0             | 0                                    | 0               | 0  | (46,216,405)          | (46,216,405)  |
| Total comprehensive income for<br>the year ended June 30, 2018:  |                  |               |                                      |                 |  |                       |               |
| - profit for the year  | 0                | 0             | 0                                    | 0               | 0  | 310,579,076           | 310,579,076   |
| - other comprehensive<br>income / loss   | 0                | 0             | 315,161,000                          | 0               | (3,386,465)  | (33,749,299)          | 278,025,236   |
|  | 0                | 0             | 315,161,000                          | 0               | (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

SWHE



**RELIANCE WEAVING MILLS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|   | Note | 2018<br>Rupees       | 2017<br>Rupees       |
|---|------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |      |                      |                      |
| 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)         |
| <b>Net cash used in operating activities</b>                  |      | <b>(568,184,226)</b> | <b>(379,012,949)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |      |                      |                      |
| 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                                    |      | 0                    | (71,466,422)         |
| <b>Net cash used in investing activities</b>                  |      | <b>(199,060,343)</b> | <b>(514,689,349)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |      |                      |                      |
| 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        |
| <b>Net cash generated from financing activities</b>           |      | <b>749,701,553</b>   | <b>912,942,292</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |      | <b>(17,543,016)</b>  | <b>19,239,994</b>    |
| <b>Cash and cash equivalents - at beginning of the year</b>   |      | <b>96,630,056</b>    | <b>77,390,062</b>    |
| <b>Cash and cash equivalents - at end of the year</b>         |      | <b>79,087,040</b>    | <b>96,630,056</b>    |

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

Chief Executive

Director

Chief Financial Officer

SWH

**RELIANCE WEAVING MILLS LIMITED**  
**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.
- 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 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 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 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 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.

#### **Judgment and estimates**

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

#### **5.6 Trade debts and other receivables**

##### **Measurement**

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less 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.

##### **Judgment 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.

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.

**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.

#### **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 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            | 0           | (634,324,622) | 634,324,622            | 0           | (634,324,622) |
| Equity                                    | 0                      | 634,324,622 | 634,324,622   | 0                      | 634,324,622 | 634,324,622   |
| Effect on statement of changes in equity  |                        |             |               |                        |             |               |
| Capital reserve                           | 0                      | 634,324,622 | 634,324,622   | 0                      | 634,324,622 | 634,324,622   |

There was no effect on statement of profit or loss, 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<br>Rupees | 2017<br>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 |      | 0              | 23,343,939     |
| - advance against vehicles     |      | 7,734,000      | 0              |
| - plant and machinery          |      | 0              | 436,520        |
| - electric installations       |      | 0              | 2,161,900      |
|                                |      | 8,673,021      | 26,112,535     |
|                                |      | 5,633,486,076  | 5,371,085,822  |

7.1 Operating fixed assets

| 7.1 Operating fixed assets       | Owned         |                            |                   |                        |                   |                  |                     |                        |             |               | Leased            |              |              |               |
|----------------------------------|---------------|----------------------------|-------------------|------------------------|-------------------|------------------|---------------------|------------------------|-------------|---------------|-------------------|--------------|--------------|---------------|
|                                  | 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    | Grand total   |
| Rupees                           |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| 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          | 15,287,035             | 106,408,318 | 7,220,790,009 | 124,175,386       | 26,254,337   | 150,429,723  | 7,371,219,732 |
| Accumulated depreciation         | 0             | 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                        | 0             | 10,636,179                 | 419,719,492       | 5,833,428              | 996,585           | 2,046,462        | 4,179,752           | 932,390                | 685,000     | 445,029,288   | 0                 | 1,782,670    | 1,782,670    | 446,811,958   |
| Transfers from leased to owned   |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| Cost                             | 0             | 0                          | 37,088,110        | 0                      | 0                 | 0                | 0                   | 0                      | 12,033,678  | 49,121,788    | (37,088,110)      | (12,033,678) | (49,121,788) | 0             |
| Depreciation                     | 0             | 0                          | 6,749,471         | 0                      | 0                 | 0                | 0                   | 0                      | 5,947,149   | 12,696,620    | (6,749,471)       | (5,947,149)  | (12,696,620) | 0             |
| Disposals                        |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| Cost                             | 0             | 0                          | (5,960,103)       | 0                      | 0                 | (104,800)        | 0                   | (22,790)               | (9,339,975) | (15,427,688)  | 0                 | 0            | 0            | (15,427,688)  |
| Depreciation                     | 0             | 0                          | 1,190,515         | 0                      | 0                 | 4,367            | 0                   | 0                      | 7,040,878   | 8,235,760     | 0                 | 0            | 0            | 8,235,760     |
| Depreciation for the year        | 0             | 23,738,101                 | 171,665,505       | 14,685,544             | 926,728           | 2,190,378        | 1,259,623           | 743,938                | 9,013,760   | 224,202,577   | 5,548,781         | 3,346,878    | 8,895,659    | 233,088,236   |
| 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              | 40,806,519  | 5,259,137,518 | 74,776,282        | 11,057,487   | 85,835,769   | 5,344,973,287 |
| Year ended June 30, 2018         |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| Transfers from leased to owned   |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| Cost                             | 0             | 0                          | 87,087,276        | 0                      | 0                 | 0                | 0                   | 0                      | 8,888,970   | 95,976,246    | (87,087,276)      | (8,888,970)  | (95,976,246) | 0             |
| Depreciation                     | 0             | 0                          | 16,047,908        | 0                      | 0                 | 0                | 0                   | 0                      | 4,586,306   | 20,634,214    | (16,047,908)      | (4,586,306)  | (20,634,214) | 0             |
| Adjustment *                     |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| Cost                             | 0             | 0                          | 1,048,149         | 0                      | 0                 | 0                | 670,828             | 0                      | 1,257,861   | 2,976,838     | 0                 | (2,976,838)  | (2,976,838)  | 0             |
| Depreciation                     | 0             | 0                          | 32,203            | 0                      | 0                 | 0                | 67,139              | 0                      | 168,228     | 257,570       | 0                 | (257,570)    | (257,570)    | 0             |
| Revaluation increment (note 7.2) | 315,161,000   | 0                          | 0                 | 0                      | 0                 | 0                | 0                   | 0                      | 0           | 315,161,000   | 0                 | 0            | 0            | 315,161,000   |
| Additions                        | 0             | 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   | 0                 | 19,374,054   | 19,374,054   | 245,515,958   |
| Disposals                        |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| Cost                             | 0             | 0                          | (152,797,515)     | 0                      | 0                 | 0                | (6,100)             | 0                      | (8,012,389) | (160,816,004) | 0                 | 0            | 0            | (160,816,004) |
| Depreciation                     | 0             | 0                          | 122,778,675       | 0                      | 0                 | 0                | 2,331               | 0                      | 5,988,009   | 128,767,015   | 0                 | 0            | 0            | 128,767,015   |
| Depreciation for the year        | 0             | 23,181,924                 | 189,541,193       | 14,292,831             | 924,306           | 2,129,075        | 1,326,760           | 820,495                | 8,276,575   | 240,492,159   | 3,738,914         | 4,557,128    | 8,296,042    | 248,788,201   |
| Book value                       | 1,068,100,000 | 441,698,908                | 3,723,562,801     | 273,104,923            | 17,966,427        | 20,071,270       | 14,342,070          | 8,431,631              | 38,683,544  | 5,805,960,574 | 0                 | 18,852,481   | 18,852,481   | 5,624,813,055 |
| As at June 30, 2017              |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| Cost / revaluation               | 752,939,000   | 735,165,895                | 6,802,486,299     | 394,373,816            | 31,770,292        | 35,493,014       | 21,341,445          | 16,176,635             | 108,787,021 | 7,699,513,417 | 87,087,276        | 16,003,329   | 103,090,605  | 7,802,604,022 |
| Accumulated depreciation         | 0             | 274,392,150                | 1,937,270,538     | 112,343,706            | 13,687,137        | 14,910,370       | 8,690,775           | 8,900,721              | 69,180,502  | 2,440,375,899 | 12,308,994        | 4,946,842    | 17,254,836   | 2,487,630,735 |
| 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              | 40,806,519  | 5,259,137,518 | 74,778,282        | 11,057,487   | 85,835,769   | 5,344,973,287 |
| As at June 30, 2018              |               |                            |                   |                        |                   |                  |                     |                        |             |               |                   |              |              |               |
| Cost / revaluation               | 1,068,100,000 | 739,272,982                | 6,743,675,868     | 399,741,460            | 32,576,870        | 37,110,715       | 25,424,413          | 18,152,847             | 114,698,146 | 8,178,953,401 | 0                 | 23,511,575   | 23,511,575   | 8,202,464,976 |
| Accumulated depreciation         | 0             | 297,574,074                | 2,020,113,167     | 126,536,537            | 14,611,443        | 17,039,445       | 11,082,343          | 9,721,215              | 76,214,502  | 2,572,992,827 | 0                 | 4,659,094    | 4,659,094    | 2,577,651,921 |
| Book value                       | 1,068,100,000 | 441,698,908                | 3,723,562,801     | 273,104,923            | 17,966,427        | 20,071,270       | 14,342,070          | 8,431,631              | 38,683,544  | 5,605,960,574 | 0                 | 18,852,481   | 18,852,481   | 5,624,813,055 |

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

- 7.2 (a) The Company on August 07, 2017 has carried-out revaluations of its freehold land situated at Mouza Karpal 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 | <u>315,161,000</u> |

- (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<br>Rupees     | 2017<br>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. |
|--|-----------------------------|--------------------------|---------------------------------------|
| Mouza Karpal Pur, Khanewal Road, Multan. | Industrial                  | 4,102,920                | 1,010,307                             |
| Mukhtara Abad, Rawat, Rawalpindi.        | Industrial                  | 1,424,250                | 231,242                               |

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                                |
|--|-------------|--------------------------|------------|-----------------------|-------------|------------------|---|
| Rupees                                   |             |                          |            |                       |             |                  |   |
| 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, Bhiwara, India. |
| ABS pump                                 | 682,600     | 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.                              |
|  | 152,787,615 | 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                            | 688,000     | 873,706                  | 194,294    | 187,644               | 3,350       | Company policy   | Mr. Salim Ahmed (employee).                           |
| Daihatsu coura                           | 727,128     | 588,972                  | 140,156    | 142,815               | 2,459       | -- do --         | Muhammad Nasir Iqbal (employee).                      |
| Suzuki cultus                            | 918,000     | 682,548                  | 233,454    | 237,822               | 4,188       | -- 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. Waseed Ahmad (employee).                          |
| Suzuki swift                             | 1,007,210   | 749,364                  | 257,846    | 308,450               | 50,604      | -- do --         | Mr. Jawad Ahmad Afri Bhutta (ex-employee).            |
| Honda CD 70                              | 54,273      | 3,618                    | 50,855     | 80,000                | 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                              | 70,801      | 45,811                   | 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                              | 68,586      | 51,820                   | 17,766     | 32,850                | 15,184      | -- do --         | Muhammad Farooq (employee).                           |
| Honda CD 70                              | 66,785      | 48,734                   | 17,052     | 13,180                | (3,872)     | -- do --         | Muhammad Usman (employee).                            |
| Honda CD 70                              | 58,370      | 35,084                   | 23,286     | 13,800                | (9,486)     | -- do --         | Mr. Muzamil Hussain (employee).                       |
| Honda CD 70                              | 58,600      | 50,413                   | 8,187      | 28,195                | 20,008      | -- do --         | Mr. Ghulam Shabbar (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     | 33,860                | 15,217      | -- do --         | Mr. Khalid Javed (employee).                          |
|  | 8,012,389   | 5,988,009                | 2,026,380  | 2,358,003             | 331,623     |                  |   |
| Total                                    | 160,816,004 | 128,767,015              | 32,046,989 | 30,310,051            | (1,736,938) |                  |   |
| Financial year ended June 30, 2017:      |             |                          |            |                       |             |                  |   |
| Plant & machinery                        |             |                          |            |                       |             |                  |   |
| Diesel generator                         | 4,210,103   | 735,326                  | 3,474,777  | 932,423               | (2,542,354) | Negotiation      | Mr. Abdul Majeed.                                     |
| Air compressor Ingersoll 88 kilowatt     | 1,000,000   | 215,925                  | 784,075    | 221,473               | (562,602)   | - do -           | - do -  |
| Air compressor screw type 80 kilowatt    | 583,898     | 186,274                  | 397,622    | 166,104               | (231,518)   | - do -           | - do -  |
| Air compressor Ingersoll 88 kilowatt     | 165,104     | 52,990                   | 112,114    | 0                     | (113,114)   | - do -           | - do -  |
|  | 5,960,103   | 1,190,515                | 4,769,588  | 1,320,000             | (3,449,588) |                  |   |
| Office equipment                         |             |                          |            |                       |             |                  |   |
| Microsoft windows professional 10 64-bit | 12,800      | 534                      | 12,267     | 12,800                | 533         | - do -           | Fatima Sugar Mills Ltd. (an Associated Company).      |
| Laptop HP core i5                        | 92,000      | 3,833                    | 88,167     | 82,000                | 3,834       | - do -           | - do -  |
|  | 104,800     | 4,367                    | 100,434    | 104,800               | 4,367       |                  |   |
| Furniture and fixtures                   |             |                          |            |                       |             |                  |   |
| Office revolving chair                   | 22,790      | 0                        | 22,790     | 22,790                | 0           | - do -           | - do -  |
| Vehicles                                 |             |                          |            |                       |             |                  |   |
| Nissan Van                               | 3,386,213   | 3,327,988                | 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               | 288,568     | - do -           | Muhammad Rizwan.                                      |
| Honda Civic                              | 2,443,800   | 1,314,376                | 1,129,424  | 1,950,000             | 820,576     | - do -           | Mr. Akmal Hussain.                                    |
| Daihatsu Coura                           | 924,385     | 570,691                  | 353,694    | 353,471               | (223)       | - do -           | Mr. Salman Khan Durrani (employee).                   |
| Daihatsu Coura                           | 944,040     | 561,056                  | 382,984    | 382,983               | (1)         | - do -           | Muhammad Adil Ayoub Khan (employee).                  |
| Honda City                               | 221,074     | 148,356                  | 72,718     | 800,500               | 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      | 62,923                   | 12,977     | 31,700                | 18,723      | - do -           | Mr. Suleman Jameel (employee).                        |
| Honda CD 70                              | 66,788      | 47,767                   | 19,018     | 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     | 67,382                | 26,281      | - do -           | EFU Insurance Company Ltd.                            |
| Honda CD 70                              | 70,801      | 43,746                   | 27,155     | 34,000                | 8,845       | Company policy   | Mr. Rao Ahmad Waqas (employee).                       |
| Honda CD 70                              | 70,801      | 43,725                   | 27,176     | 34,000                | 8,824       | - do -           | Muhammad Saleem Azhar (employee).                     |
| Honda CD 70                              | 61,520      | 34,244                   | 27,276     | 34,000                | 8,724       | - do -           | Hafiz Bashir Ahmad (employee).                        |
| Honda CD 70                              | 73,150      | 38,898                   | 42,251     | 34,950                | (7,301)     | - do -           | Mr. Amir Hussain Naqvi (employee).                    |
| Honda CD 78                              | 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.   |
|  | 9,338,975   | 7,040,878                | 2,298,097  | 4,816,368             | 2,518,268   |                  |   |
| Total                                    | 15,427,668  | 8,235,760                | 7,191,909  | 8,285,958             | (925,952)   |                  |   |



## 8. INTANGIBLE ASSETS - Computer software

|                               | Note | 2018<br>Rupees | 2017<br>Rupees |
|-------------------------------|------|----------------|----------------|
| 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,     |      | 3,673,838      | 4,620,068      |

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 Ltd. (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)

Share of:

784,277,488 787,635,995

- 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

766,777,919 784,277,488

## 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

(408,578) 0

Share of:

71,466,422 71,875,000

- loss for the year

(4,110) (408,578)

Adjustment based on preceding year's audited financial statements

(540,262) 0

70,922,050 71,466,422

837,699,969 855,743,910

- 9.1 The details of investments acquired by the Company 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>             |

- 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<br>Un-audited<br>----- Rupees in thousand ----- | 2017<br>Audited   |
|--|--|-------------------|
| Non-current assets                       | 26,985,688   | 24,603,292        |
| Current assets                           | 1,367,247  | 2,675,254         |
|  | <u>28,352,935</u>                                    | <u>27,278,546</u> |
| Non-current liabilities                  | 15,460,036   | 15,832,522        |
| Current liabilities                      | 7,472,481  | 5,947,874         |
|  | <u>22,932,517</u>                                    | <u>21,780,396</u> |
| <b>Net assets</b>                        | <u>5,420,418</u>                                     | <u>5,498,150</u>  |
| <b>Reconciliation to carrying amount</b> |  |                   |
| Opening net assets                       | 5,498,150  | 5,560,634         |
| Shares issued during the year            | 30,105   | 0                 |
| Loss for the year                        | (130,922)  | (59,321)          |
| Other comprehensive income / (loss)      | 23,085   | (3,163)           |
| Closing net assets                       | <u>5,420,418</u>                                     | <u>5,498,150</u>  |

|   | 2018<br>Un-audited             | 2017<br>Audited |
|---|--------------------------------|-----------------|
|   | ----- Rupees in thousand ----- |                 |
| Company's share percentage 14.04% (2017: 14.11%)                  |                                |                 |
| Company's share   | 761,027                        | 775,789         |
| Miscellaneous adjustments   | 0                              | 2,738           |
| Adjustment based on preceding year's audited financial statements | (2,738)                        | 0               |
| Goodwill  | 8,489                          | 5,750           |
| Carrying amount of investment                                     | <u>766,778</u>                 | <u>784,277</u>  |

**Summarised statement of profit or loss**

|                   |                |               |
|-------------------|----------------|---------------|
| Loss for the year | <u>107,837</u> | <u>59,321</u> |
|-------------------|----------------|---------------|

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 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:

**Summarised statement of financial position**

|  | 2018<br>Un-audited             | 2017<br>Audited |
|--|--------------------------------|-----------------|
|  | ----- Rupees in thousand ----- |                 |
| Non-current assets                       | 805,073                        | 756,612         |
| Current assets                           | 916                            | 1,083           |
|  | <u>805,989</u>                 | <u>757,695</u>  |
| Non-current liabilities                  | 394,737                        | 421,053         |
| Current liabilities                      | 189,787                        | 115,164         |
|  | <u>584,524</u>                 | <u>536,217</u>  |
| <b>Net assets</b>                        | <u>221,465</u>                 | <u>221,478</u>  |
| <b>Reconciliation to carrying amount</b> |                                |                 |
| Opening net assets                       | 221,478                        | 123,763         |
| Shares issued during the year            | 0                              | 100,751         |
| Loss for the year                        | (13)                           | (3,036)         |
| Closing net assets                       | <u>221,465</u>                 | <u>221,478</u>  |

|   |  | 2018<br>Un-audited<br>----- Rupees in thousand ----- | 2017<br>Audited |
|---|--|--|-----------------|
| Company's share percentage 31.25% (2017:31.25%)   |  |  |                 |
| Company's share   |  | 69,208   | 69,212          |
| Miscellaneous adjustments   |  | 0  | 540             |
| Adjustment for preceding year loss based on audited financial statements                      |  | (540)  | 0               |
| Goodwill  |  | 2,254  | 1,714           |
| Carrying amount of investment   |  | 70,922   | 71,466          |
| <b>Summarised statement of profit or loss</b>   |  |  |                 |
| 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.   | <b>DEFERRED TAX ASSET</b>  |  |                 |
| <b>This is composed of the following:</b>   |  | <b>2018</b>  | <b>2017</b>     |
|   | <b>Note</b>  | <b>Rupees</b>  | <b>Rupees</b>   |
| Deductible temporary differences arising in respect of:                                       |  |  |                 |
| - unabsorbed tax losses and minimum tax recoverable against normal tax charge in future years |  | 10.1 444,356,323                                     | 488,256,253     |
| - staff retirement benefit - gratuity   |  | 39,184,439   | 31,806,860      |
| - investments in Associated Companies   |  | 5,010,220  | 2,784,085       |
|   |  | 488,550,982  | 522,847,198     |
| Taxable temporary differences arising in respect of:  |  |  |                 |
| - accelerated tax depreciation allowances   |  | (423,042,461)  | (453,696,673)   |
| - lease finances  |  | 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 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. |  |                 |
| 11.   | <b>STORES, SPARES AND LOOSE TOOLS</b>  |  |                 |
| 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**

|  | Note | 2018<br>Rupees | 2017<br>Rupees |
|--|------|----------------|----------------|
| Raw materials including in-transit inventory<br>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 0 7,140,648

2,005,912,705 610,912,072

Less: provision for doubtful debts 0 (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 jurisdiction 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    | 0           |
|               |                  | 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  | 0          |
| South America | - do -   | 0           | 7,865,798  |
|               |          | 139,732,476 | 23,664,086 |

1,519,112,032 234,782,283

**14. LOANS AND ADVANCES**

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

263,590,052 308,054,655

**14.1 Due from related parties**

|                                  | Note | 2018<br>Rupees    | 2017<br>Rupees    |
|----------------------------------|------|-------------------|-------------------|
| 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           | 0                 |
| FatimaFert Ltd.                  | (c)  | 70,546            | 0                 |
|                                  |      | <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 at fair value | 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.

- 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 amounted Rs.21.489 million.

**17. TAX REFUNDS AND EXPORT REBATE  
DUE FROM THE GOVERNMENT**

Note

2018  
Rupees

2017  
Rupees

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

(No. of shares)

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

(No. 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**

**21. RESERVES**

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

**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<br>2017  | Re-stated<br>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        | 0                  | 0                  |
|  | <b>949,485,622</b> | <b>634,324,622</b> | <b>634,324,622</b> |

**22.1** Also refer contents of note 6.



| 23. LONG TERM FINANCES - Secured<br>From banking companies / financial<br>institutions | Note  | 2018<br>Rupees       | 2017<br>Rupees       |
|--|-------|----------------------|----------------------|
| National Bank of Pakistan<br>(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           |
| Pak Brunei Investment Co. (PBIC)(LTFF)   | 23.3  | 0                    | 12,520,000           |
| Pak Brunei Investment Co. (TF)   | 23.4  | 220,000,000          | 300,000,000          |
| The Bank of Khyber (BoK)   | 23.5  | 0                    | 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. (DM-II)   | 23.9  | 154,648,814          | 223,223,221          |
| Saudi Pak Industrial and Agricultural<br>Investment Company Ltd. (Saudi Pak)           | 23.10 | 0                    | 190,907,815          |
| Allied Bank Ltd. (ABL)   | 23.11 | 175,000,003          | 233,333,337          |
| Pak China Investment<br>Company Ltd. (PCIC)  | 23.12 | 125,000,000          | 250,000,000          |
| Pak Libya Holding Company<br>(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.<br>(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,   |       | <b>1,860,140,047</b> | <b>2,592,443,428</b> |
| Less: current portion grouped<br>under current liabilities:                            |       |                      |                      |
| - NBP (LTFF-III)   |       | 7,750,000            | 15,500,000           |
| - NBP (DF-IV)  |       | 22,534,380           | 22,534,376           |
| - PBIC (LTFF)  |       | 0                    | 12,498,000           |
| - PBIC (TF)  |       | 80,000,000           | 80,000,000           |
| - BoK  |       | 0                    | 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  |       | 0                    | 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           | 0                    |
|  |       | <b>660,714,596</b>   | <b>830,100,202</b>   |
|  |       | <b>1,199,425,451</b> | <b>1,762,343,226</b> |

- 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 instalments 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 instalments commenced from October, 2015. These finances are secured against first pari passu charge on all present and future fixed assets of the Company with 25% margin and personal guarantees of all sponsoring directors of the Company.
- 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 instalments 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 instalments commenced from September, 2017. These finances are secured against first pari passu charge on all present and future fixed assets of the Company (including land and buildings) with 25% margin and personal guarantees of sponsoring directors of the Company.
- 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 instalments 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 instalments 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 instalments 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 instalments 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 instalments commenced from March, 2015. These finances are secured against exclusive hypothecation charge of Rs.350 million over underlying plant and machinery against the disbursed amount and additional first pari passu hypothecation charge of Rs.117 million over land, buildings and plant & machinery of the Company to cover the margin upto 25% and personal guarantees of directors of the Company.
- 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 instalments 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 instalments commenced from October, 2015 and are secured against first pari passu charge over present and future fixed assets of the Company for Rs.467 million with 25% margin.
- 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 instalments 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 instalments commenced from December, 2017 and are secured against pari passu charge on fixed assets of the Company with 25% margin over the facility amount and personal guarantees of all sponsoring directors of the Company.

**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 instalments 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 instalments 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 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 instalments 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 | 0             | 1,830,000              | 1,830,000  | 0             | 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 instalments 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<br>2001-2005 | SLIC<br>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:

| The movement in the present value of defined benefit obligation is as follows:                                      | 2018<br>Rupees | 2017<br>Rupees |
|---|----------------|----------------|
| 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    |
| <b>Expense recognised in statement of profit or loss</b>  |                |                |
| Current service cost  | 52,334,733     | 44,520,864     |
| Interest cost   | 13,356,824     | 10,349,312     |
|   | 65,691,557     | 54,870,176     |
| <b>Charge for the year has been allocated to:</b>   |                |                |
| - 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<br>other comprehensive income   | 2018<br>Rupees    | 2017<br>Rupees   |
|---|-------------------|------------------|
| Remeasurements - experience adjustments<br>and actuarial valuation loss / (gain) from<br>changes in financial assumptions | <u>42,231,656</u> | <u>(586,950)</u> |

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<br>benefit obligation | <u>267,704,556</u> | <u>184,910,887</u> | <u>154,870,599</u>  | <u>170,383,383</u> | <u>96,055,426</u> |
| Experience adjustments<br>on obligation        | <u>42,231,656</u>  | <u>(586,950)</u>   | <u>(44,151,953)</u> | <u>38,285,637</u>  | <u>1,658,636</u>  |

**Year-end sensitivity analysis:**

|                    |    | Impact on defined benefit obligation |                    |
|--------------------|----|--------------------------------------|--------------------|
|                    |    | Change in<br>assumption              |                    |
|                    |    | Increase                             | Decrease           |
|                    |    | Rupees                               | Rupees             |
| Discount rate      | 1% | <u>248,622,912</u>                   | <u>289,892,533</u> |
| Salary growth rate | 1% | <u>289,892,533</u>                   | <u>248,292,214</u> |

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.

**26. TRADE AND OTHER PAYABLES**

|                                      | Note | 2018<br>Rupees       | 2017<br>Rupees     |
|--------------------------------------|------|----------------------|--------------------|
| 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            | 0                  |
|                                  | <u>145,285,528</u> | <u>135,076,181</u> |

| <b>26.3 Workers' (profit) participation fund<br/>(the Fund)</b>            | <b>Note</b>   | <b>2018<br/>Rupees</b> | <b>2017<br/>Rupees</b> |
|--|---|------------------------|------------------------|
| Opening balance  |   | 9,796,070              | 19,614,540             |
| Add: interest on funds utilised in the<br>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>       |
| <b>27. ACCRUED MARK-UP</b>   |   |                        |                        |
| Mark-up accrued on:  |   |                        |                        |
| - long term finances   |   | 37,990,996             | 52,230,709             |
| - liabilities against assets<br>subject to finance lease                   |   | 111,498                | 113,359                |
| - advance received from Fatima Sugar<br>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>     |
| <b>28. SHORT TERM BORROWINGS</b>   |   |                        |                        |
| 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             | 0                      |
|  |   | <u>6,080,169,606</u>   | <u>4,581,655,931</u>   |
| <b>28.1</b>  | Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.8,990 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.   |                        |                        |
| <b>28.2</b>  | 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. |                        |                        |
| <b>28.3</b>  | 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.   |                        |                        |
| <b>28.4</b>  | 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<br>Rupees     | 2017<br>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

**prior years - net**

|   |                    |                   |
|---|--------------------|-------------------|
|   |                    |                   |
|   | 135,429,016        | 70,595,775        |
|   | 1,162,378          | 327,679           |
|   | <u>136,591,394</u> | <u>70,923,454</u> |
|   | 207,187,169        | 174,948,554       |
| Less: payments / adjustments made during the 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 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<br>Rupees     | 2017<br>Rupees     |
|---|--------------------|--------------------|
| <b>31.5</b> Commitments in respect of forward foreign exchange contracts - sale | <u>0</u>           | <u>52,830,000</u>  |
| <b>31.6</b> Commitments for irrevocable letters of credit:                      |                    |                    |
| - capital expenditure   | 281,092,632        | 122,219,250        |
| - others  | 154,446,775        | 22,922,520         |
|   | <u>435,539,407</u> | <u>145,141,770</u> |

**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           |
|  | <u>13,805,239,225</u> | <u>11,351,302,590</u> |
| Less: Commission                         | 137,965,128           | 105,542,850           |
|  | <u>13,667,274,097</u> | <u>11,245,759,740</u> |
| Add: Weaving, doubling and sizing income | 472,900               | 15,564,519            |
| Export rebate                            | 0                     | 683,329               |
| Export duty drawback                     | 247,886,785           | 79,726,073            |
|  | <u>248,359,685</u>    | <u>95,973,921</u>     |
| Less: Sales tax                          | 1,772,917             | 0                     |
|  | <u>13,913,860,865</u> | <u>11,341,733,661</u> |

**33. COST OF SALES**

|  | Note        | 2018<br>Rupees        | 2017<br>Rupees        |
|--|-------------|-----------------------|-----------------------|
| 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            |
|  |             | <b>12,451,662,097</b> | <b>10,774,332,091</b> |
| Adjustment of work-in-process  |             |                       |                       |
| Opening  |             | 183,721,862           | 166,946,118           |
| Closing  | 12          | (248,384,218)         | (183,721,862)         |
|  |             | <b>(64,662,356)</b>   | <b>(16,775,744)</b>   |
| <b>Cost of goods manufactured</b>  |             | <b>12,386,999,741</b> | <b>10,757,556,347</b> |
| Adjustment of finished goods   |             |                       |                       |
| Opening stock  |             | 1,069,075,374         | 669,158,447           |
| Closing stock  | 12          | (887,857,766)         | (1,069,075,374)       |
|  |             | <b>181,217,608</b>    | <b>(399,916,927)</b>  |
|  |             | <b>12,568,217,349</b> | <b>10,357,639,420</b> |
| <b>33.1 Raw materials consumed</b>   |             |                       |                       |
| Opening stock  |             | 1,756,403,613         | 1,510,244,103         |
| Purchases and purchase expenses  |             | 9,873,412,929         | 8,529,795,252         |
|  |             | <b>11,629,816,542</b> | <b>10,040,039,355</b> |
| Less: closing stock  | 12          | (2,085,889,117)       | (1,756,403,613)       |
|  |             | <b>9,543,927,425</b>  | <b>8,283,635,742</b>  |
| Cotton cess  |             | 7,557,766             | 0                     |
|  | <b>33.2</b> | <b>9,551,485,191</b>  | <b>8,283,635,742</b>  |
| <b>33.2</b> 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. |             |                       |                       |
| <b>33.3</b> 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   | Note | 2018<br>Rupees     | 2017<br>Rupees     |
|------|---|------|--------------------|--------------------|
|      | 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         |
|      |   |      | <b>143,632,529</b> | <b>116,530,079</b> |
| 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 stationery   |      | 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          |
|      | Fees, 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          |
|      |   |      | <b>166,021,698</b> | <b>146,017,955</b> |
| 35.1 | Expense for the year includes staff retirement benefits - gratuity amounting Rs.7,148,811 (2017: Rs.5,155,076). |      |                    |                    |
| 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         | 0                  |
|      | Exchange fluctuation gain - net   |      | 79,775,877         | 57,766             |
|      | Realised gain on forward foreign exchange contracts   |      | 0                  | 1,743,833          |
|      | Income from non-financial assets  |      |                    |                    |
|      | Gain on dilution in investments   | 9    | 385,000            | 0                  |
|      | Others  |      | 130,187            | 50,099             |
|      |   |      | <b>99,347,829</b>  | <b>23,333,455</b>  |

- 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**

|   | Note | 2018<br>Rupees    | 2017<br>Rupees    |
|---|------|-------------------|-------------------|
| 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         | 0                 |
| Receivable balances written-off                     |      | 627,750           | 0                 |
| Workers' (profit) participation fund                | 26.3 | 23,254,434        | 9,479,036         |
|   |      | <b>50,012,454</b> | <b>25,573,828</b> |

- 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. Faisal Ahmed Mukhtar

- Mr. Fazal Ahmed Sheikh

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

**38. FINANCE COST**

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 |
|------------|------------|

|                    |                    |
|--------------------|--------------------|
| <b>622,203,568</b> | <b>539,521,175</b> |
|--------------------|--------------------|

**39. TAXATION**

Current

- for the year

|    |             |            |
|----|-------------|------------|
| 30 | 135,429,016 | 70,595,775 |
|----|-------------|------------|

- prior year

|    |           |         |
|----|-----------|---------|
| 30 | 1,162,378 | 327,679 |
|----|-----------|---------|

Deferred

|             |             |
|-------------|-------------|
| (5,719,449) | (4,357,963) |
|-------------|-------------|

|                    |                   |
|--------------------|-------------------|
| <b>130,871,945</b> | <b>66,565,491</b> |
|--------------------|-------------------|

**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               | 2016        | 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

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

|   | 2018<br>Rupees            | 2017<br>Rupees     |
|---|---------------------------|--------------------|
| 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.

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             |
|  | ----- Rupees ----- |                 |                 |                 |                  |                  |
| 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   | 0               | 0               | 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                            | 0                  | 0               | (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.

| <b>41.4 Reconciliation of reportable segment revenues and profit</b> | <b>2018<br/>Rupees</b> | <b>2017<br/>Rupees</b> |
|--|------------------------|------------------------|
| Total revenue from reportable segments                               | <b>16,866,695,046</b>  | 14,568,096,450         |
| Elimination of inter-segment revenue                                 | <b>(2,952,834,181)</b> | (3,226,362,789)        |
| Profit   | <b>13,913,860,865</b>  | 11,341,733,661         |
| Total profit of reportable segments                                  | <b>463,121,096</b>     | 179,784,659            |
| Share of loss from Associated Companies                              | <b>(21,670,075)</b>    | (12,001,169)           |
| Tax for the year   | <b>(130,871,945)</b>   | (66,565,491)           |
| Consolidated profit  | <b>310,579,076</b>     | 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          |
|--|------------------|---------------|----------------|
|  | -----Rupees----- |               |                |
| For the year ended June 30, 2018:                        |                  |               |                |
| 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   | 1,948,432,266    | 1,272,698,835 | 3,221,131,101  |
|  | 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  |
| For the year ended June 30, 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   | 1,905,342,714    | 1,103,858,135 | 3,009,200,849  |
|  | 5,144,708,464    | 3,391,606,775 | 8,536,315,239  |
| Unallocated corporate assets                             |                  |               | 2,766,968,974  |
| Total assets as per statement of financial position      |                  |               | 11,303,284,213 |
| Segment liabilities for reportable segment               | 4,155,210,113    | 3,023,501,432 | 7,178,711,545  |
| Unallocated corporate liabilities                        |                  |               | 1,265,168,229  |
| Total liabilities as per statement of financial position |                  |               | 8,443,879,774  |

**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 segment 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 & other payables, taxation and accrued mark-up are held under unallocated corporate liabilities.

**41.7 Gross revenue from major products and services**

|                                  | 2018<br>Rupees        | 2017<br>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                | 220,863,994           | 193,793,273           |
|                                  | <b>13,805,239,225</b> | <b>11,351,302,590</b> |

**41.8 Gross revenue from segment**

|          |                      |                      |
|----------|----------------------|----------------------|
| Spinning | 1,929,283,941        | 1,959,772,723        |
| Weaving  | 4,099,985,644        | 4,079,579,408        |
|          | <b>6,029,269,585</b> | <b>6,039,352,131</b> |

**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           |
|          | <b>13,805,239,225</b> | <b>11,351,302,590</b> |

**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**

For the year ended June 30, 2018:

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

|  | Spinning               | Weaving              | Total       |
|--|------------------------|----------------------|-------------|
| For the year ended June 30, 2017:                            | Rupees                 |                      |             |
| Capital expenditure  | 121,732,613            | 325,079,345          | 446,811,958 |
| Depreciation   |                        |                      |             |
| Cost of sales  | 137,978,407            | 79,627,713           | 217,606,120 |
| Administrative expenses                                      | 9,741,536              | 5,750,580            | 15,492,116  |
|  | 147,719,943            | 85,378,293           | 233,098,236 |
| <b>42. CASH FLOWS FROM OPERATING ACTIVITIES</b>              | <b>2018</b>            | <b>2017</b>          |             |
|  | <b>Rupees</b>          | <b>Rupees</b>        |             |
| 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                | 0                    |             |
| Payable balances written-back                                | (10,494,491)           | 0                    |             |
| 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)              | 0                    |             |
|  | <b>1,417,298,055</b>   | <b>1,016,881,631</b> |             |
| <b>Effect on cash flow due to working capital changes</b>    |                        |                      |             |
| (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           |             |
|  | <b>(1,327,023,265)</b> | <b>(755,008,949)</b> |             |
| <b>Cash generated from operations</b>                        | <b>90,274,790</b>      | <b>261,872,682</b>   |             |



**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.

**(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  | 0       | 0           | 0      |
| Bank balances                      | 564,244       | 4,646       | 0       | 0           | 0      |
| Short term export finances         | (243,267,400) | (2,000,000) | 0       | 0           | 0      |
| Bills payable                      | (130,344,918) | (1,033,697) | (7,484) | (3,276,500) | 0      |
| Gross balance sheet exposure       | 1,146,063,958 | 9,479,354   | (7,484) | (3,276,500) | 0      |
| 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   | 0       | 0           | 0      |
| Bank balances                      | 3,539,873     | 33,777      | 0       | 0           | 0      |
| Short term export finances         | (405,260,005) | (3,859,619) | 0       | 0           | 0      |
| Gross balance sheet exposure       | (166,937,849) | (1,585,553) | 0       | 0           | 0      |
| Outstanding letters of credit      | (145,141,770) | (1,382,303) | 0       | 0           | 0      |
| Forward foreign exchange contracts | (52,830,000)  | (503,143)   | 0       | 0           | 0      |
| Net exposure                       | (364,909,619) | (3,470,999) | 0       | 0           | 0      |

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<br>Rupees | 2017<br>Rupees |
|-----------------|----------------|----------------|
| U.S.\$ to Rupee | (115,079,358)  | 16,616,595     |
| Euro to Rupee   | 105,973        | 0              |
| JPY to Rupee    | 360,087        | 0              |

**(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:

|  | 2018<br>Effective<br>mark-up rate<br>% | 2017<br>Effective<br>mark-up rate<br>% | 2018<br>Carrying amount<br>----- (Rupees) ----- | 2017<br>Carrying amount<br>----- (Rupees) ----- |
|--|--|--|---|---|
| <b>Financial liabilities</b>                           |  |  |   |   |
| <b>Fixed rate instruments</b>                          |  |  |   |   |
| Long term finances                                     | 5.00% to 12.7%                         | 5.00% to 12.70%                        | <u>492,216,818</u>                              | <u>334,608,158</u>                              |
| <b>Variable rate instruments</b>                       |  |  |   |   |
| Long term finances                                     | 5.00% to 9.04%                         | 7.28% to 12.70%                        | <u>1,367,923,229</u>                            | <u>2,257,835,270</u>                            |
| Liabilities against assets<br>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<br>Rupees   | 2017<br>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.

**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<br>Rupees       | 2017<br>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         |
|                        | <u>2,272,416,276</u> | <u>964,196,302</u> |

Trade debts exposure by geographic region is as follows:

|          |                      |                    |
|----------|----------------------|--------------------|
| Domestic | 486,800,673          | 368,989,141        |
| Export   | 1,519,112,032        | 234,782,283        |
|          | <u>2,005,912,705</u> | <u>603,771,424</u> |

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        |
|                                    | <u>2,005,912,705</u> | <u>603,771,424</u> |

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

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              | 2017              |
|---|------------|-----------|---------------|-------------------|-------------------|
|   | Short term | Long term |               | Rupees            | Rupees            |
| 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.

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

|   | Carrying amount      | Contractual cash flows | Less than 1 year     | Between 1 to 5 years | 5 years and above  |
|---|----------------------|------------------------|----------------------|----------------------|--------------------|
| 2018  | Rupees               |                        |                      |                      |                    |
| 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           | 0                  |
| Short term borrowings                               | 6,064,612,419        | 6,172,684,174          | 6,172,684,174        | 0                    | 0                  |
| Trade and other payables                            | 1,290,699,429        | 1,290,699,429          | 1,290,699,429        | 0                    | 0                  |
| Unclaimed dividends                                 | 16,215,618           | 16,215,618             | 16,215,618           | 0                    | 0                  |
| Accrued mark-up                                     | 159,677,919          | 159,677,919            | 159,677,919          | 0                    | 0                  |
|   | <b>9,414,510,616</b> | <b>9,813,753,604</b>   | <b>8,287,665,013</b> | <b>1,310,048,499</b> | <b>216,040,092</b> |
| 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            | 0                  |
| Short term borrowings                               | 4,581,655,931        | 4,684,654,168          | 4,684,654,168        | 0                    | 0                  |
| Trade and other payables                            | 853,826,639          | 853,826,639            | 853,826,639          | 0                    | 0                  |
| Unclaimed dividends                                 | 5,060,952            | 5,060,952              | 5,060,952            | 0                    | 0                  |
| Accrued mark-up                                     | 132,680,279          | 132,680,279            | 132,680,279          | 0                    | 0                  |
|   | <b>8,170,279,415</b> | <b>8,377,822,726</b>   | <b>6,464,311,026</b> | <b>1,640,958,413</b> | <b>272,553,287</b> |

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.

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

|  | 2018<br>Rupees    | 2017<br>Rupees    |
|--|-------------------|-------------------|
| Short term investments -<br>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<br>Rupees        | 2017<br>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%</u>            |

**45. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**

|                                | Director         |                  | Key management personnel |                   |
|--------------------------------|------------------|------------------|--------------------------|-------------------|
|                                | 2018<br>Rupees   | 2017<br>Rupees   | 2018<br>Rupees           | 2017<br>Rupees    |
| Managerial remuneration        | 3,339,600        | 4,007,520        | 11,117,402               | 7,543,376         |
| House rent allowance           | 0                | 0                | 2,223,480                | 1,508,675         |
| Medical                        | 0                | 0                | 1,111,740                | 754,338           |
| Utilities and other allowances | 0                | 0                | 2,140,100                | 1,452,099         |
| Bonus                          | 0                | 0                | 824,250                  | 379,122           |
|                                | <b>3,339,600</b> | <b>4,007,520</b> | <b>17,416,972</b>        | <b>11,637,610</b> |
| 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.

**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<br>Rupees | 2017<br>Rupees |
|---|------------------------|----------------|----------------|
| <b>Fazal Cloth Mills Ltd.</b>               | Associate              |                |                |
| Purchase of goods and services              |                        | 22,857,306     | 36,633,472     |
| Sale of goods and services                  |                        | 3,066,800      | 1,490,000      |
| <b>Fazal Weaving Mills Ltd.</b>             | Associate              |                |                |
| Purchase of goods and services              |                        | 28,289,200     | 0              |
| <b>Reliance Commodities (Pvt.) Ltd.</b>     | Associate              |                |                |
| Mark-up income                              |                        | 78,029         | 84,578         |
| Advance made                                |                        | 2,300,000      | 5,000,000      |
| Advance received                            |                        | 2,300,000      | 5,000,000      |
| <b>Fatima Sugar Mills Ltd.</b>              | Associate              |                |                |
| Mark-up expense                             |                        | 3,956,368      | 3,833,701      |
| Advances received                           |                        | 1,208,700,000  | 650,000,000    |
| Advances repaid                             |                        | 1,204,700,000  | 774,893,033    |
| Sale of fixed assets                        |                        | 0              | 127,590        |
| <b>Fatima Energy Ltd.</b>                   | Associate              |                |                |
| Mark-up income                              |                        | 1,033,274      | 10,661,918     |
| Funds received                              |                        | 363,703        | 0              |
| Stand-by letters of credit                  |                        | 67,956,350     | 1,000,000,000  |
| <b>Mlan Mukhtar A. Sheikh Trust, Multan</b> | Associate              |                |                |
| Donations made                              |                        | 20,200,000     | 13,300,000     |
| <b>Fatima Fertilizer Company Ltd.</b>       | Related party *        |                |                |
| Dividend Income                             |                        | 5,906,624      | 8,531,790      |
| <b>Fatima Transmission Co. Ltd.</b>         | Related party *        |                |                |
| Advances made                               |                        | 0              | 15,314,068     |
| Mark-up income                              |                        | 1,542,553      | 2,203,472      |
| Purchase of ordinary shares                 |                        | 0              | 71,785,000     |
| <b>Pakarab Fertilizer Ltd.</b>              | Related party *        |                |                |
| Purchase of services                        |                        | 0              | 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. RECOILATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS  
ARISING FROM FINANCING ACTIVITIES**

|                                       | Liabilities           |                          |                |              | Total         |
|---------------------------------------|-----------------------|--------------------------|----------------|--------------|---------------|
|                                       | Long term<br>finances | Short term<br>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           | 0                        | 26,484,500     | 0            | 150,717,924   |
| Finances repaid                       | (856,536,805)         | 0                        | (7,931,502)    | 0            | (864,468,307) |
| Finances obtained - net of repayments | 0                     | 1,498,513,675            | 0              | 0            | 1,498,513,675 |
| Dividend declared                     | 0                     | 0                        | 0              | 46,216,405   | 46,216,405    |
| Dividend paid                         | 0                     | 0                        | 0              | (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 |

**48. CAPACITY AND PRODUCTION**

|  | 2018       | 2017   |
|--|------------|--|
| <b>Unit 1 (Weaving)</b>  |            |  |
| Number of looms installed  | 104        | 104  |
| Capacity after conversion into 50 picks - Meters   | 21,520,630 | 21,520,630                                     |
| Actual production of fabrics after<br>conversion into 50 picks - Meters                  | 21,352,892 | 16,222,826                                     |
| Weaving conversion   | 0          | 473,494  |
| <b>Unit 2 (Weaving)</b>  |            |  |
| Number of looms installed  | 204        | 204  |
| Capacity after conversion into 50 picks - Meters   | 52,290,325 | 48,640,896                                     |
| Actual production of fabrics after<br>conversion into 50 picks - Meters                  | 50,834,547 | 46,946,058                                     |
| <b>Unit 5 (Weaving)</b>  |            |  |
| Number of looms installed  | 40         | 40   |
| Capacity after conversion into 50 picks - Meters   | 10,653,513 | 10,653,513                                     |
| Actual production of fabrics after<br>conversion into 50 picks - Meters                  | 10,028,434 | 9,731,663                                      |
| <b>Under utilisation of available weaving capacity was due to:</b>                       |            |  |
| - Electricity shut downs   |            | - Change of articles required                  |
| - Due to normal maintenance  |            | - Width loss due to specification of the cloth |
| <b>Unit 3 (Spinning)</b>   |            |  |
| 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<br>conversion into 20 count - Kgs                        | 3,619,438  | 3,532,496                                      |
| <b>Unit 4 (Spinning)</b>   |            |  |
| 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<br>conversion into 20 count - Kgs                        | 15,366,674 | 15,270,103                                     |
| <b>Under utilisation of available spinning capacity of Unit 3 and Unit 4 was due to:</b> |            |  |
| - 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           |
|   | <b>*2,406</b>       | <b>*2,696</b> |

\*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            |
|               | <b>**2,341</b> | <b>**2,661</b> |

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

**50. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on \_\_\_\_\_ by the board of directors of the Company.

**51. EVENT AFTER THE REPORTING PERIOD**

The Board of Directors in its meeting held on \_\_\_\_\_ has proposed a final cash dividend of Rs. \_\_\_\_\_ 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. \_\_\_\_\_ (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 \_\_\_\_\_

**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<br>Rupees | After re-classification<br>Rupees |
|-------------------------------------|---------------------|------------------------------------|-----------------------------------|
| Other receivables                   | Accrued mark-up     | 121,479,602                        | 132,680,279                       |
| Tax refunds due from the Government | Taxation            | 0                                  | 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

SWH

**Transfer Detail**

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

**INCOME TAX RETURN FILING STATUS**

**Confirmation for filing status of Income Tax return for application of revised rates pursuant to the provisions of Finance Act, 2015.**

The Company Secretary  
Reliance Weaving Mills Ltd  
2<sup>nd</sup> 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<br>A/c No. | Name | NTN No. | CNIC # in case<br>of Individual &<br>CUIN in case of<br>Company | Income Tax<br>return for the<br>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:

- 1. 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.
- 2. 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.

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

## پراکسی فارم

میں / ہم \_\_\_\_\_  
 ساکن \_\_\_\_\_ بطور ممبر (ز) ریلائنس ویونگ ملریٹڈ  
 حامل \_\_\_\_\_ 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 ریسٹ پلازہ ایل ایم کیوروڈ 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

| فولیو نمبر | سی ڈی سی اکاؤنٹ نمبر             |
|------------|----------------------------------|
|            | شرکت دار کی شناخت<br>اکاؤنٹ نمبر |

اہم نکات:

- 1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم مینٹنگ 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 انشرومنٹس آف پراکسی جمع کرتا ہے تو اس صورت میں تمام انشرومنٹ 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 مینٹنگ 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 کرائی ہو گی۔

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

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

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

Signed under my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

Signature of Member

Signed in the presence of:

Signature of Witness

Signature of Witness

Name: \_\_\_\_\_ Name: \_\_\_\_\_

CNIC/Passport No: \_\_\_\_\_ CNIC/Passport No: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

## E-voting برطابق E-voting ریگولیشنز

میں/ہم، \_\_\_\_\_ آف \_\_\_\_\_ بحیثیت ممبر ریلینس ویوینگ ملز لمیٹڈ، حامل عوام شئرز رجسٹرڈ فولیو نمبر/ CDC اکاؤنٹ نمبر \_\_\_\_\_ کے ذریعے E-voting کی آپشن اختیار کرتا ہوں اور اس پر عمل کے لئے Execution آفیسر مقرر کرنے پر رضامندی ظاہر کرتا ہوں کہ وہ کمپنی۔ 2016ء کے قواعد کے تحت E-voting میں حصہ لے گا اور میں/ہم قرارداد کیلئے انتخاب کا مطالبہ کرتا ہوں/کرتے ہیں۔

میرا محفوظ کردہ E-mail ایڈریس \_\_\_\_\_ ہے۔

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

میرے/ہمارے دستخط \_\_\_\_\_ مورخہ \_\_\_\_\_ سال \_\_\_\_\_

ممبر کے دستخط

گواہ کے دستخط

گواہ کے دستخط

|                           |                           |
|---------------------------|---------------------------|
| نام _____                 | نام _____                 |
| CNIC / پاسپورٹ نمبر _____ | CNIC / پاسپورٹ نمبر _____ |
| ایڈریس _____              | ایڈریس _____              |

# INVESTORS' EDUCATION

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

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11. Use the application

12. Stay safe

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