



1st Quarterly
Accounts
For the period September 30, 2021

THE **ART** OF
TEXTILE

1ST QUARTERLY ACCOUNTS

FOR THE PERIOD SEPTEMBER 30, 2021
UN-AUDITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Faisal Ahmed (Chief Executive Officer)

Non-Executive Directors

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

Independent Directors

Mr. Shahid Aziz
Mr. Muhammad Shaukat

COMMITTEES OF THE BOARD

Audit Committee

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

HR & Remuneration Committee

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

Risk Management Committee

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

Nomination Committee

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

EXECUTIVE MANAGEMENT TEAM

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Aftab Ahmed Qaiser

Sr. Executive Internal Audit & Risk

Mr. Muhammad Akbar Rana

GM Weaving

Mr. Ikram Azeem

GM Marketing

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

GM Spinning (Multan)

Mr. Muhammad Shoaib Alam

DGM Spinning (Rawat)

Mr. Salahudin Khattak



EXTERNAL AUDITORS

M/s. ShineWing Hameed Chaudhri & Co.,

Chartered Accountants
HM House, 7-Bank Square, Lahore.
E-mail: lhr@hccpk.com

BANKS/FINANCIAL INSTITUTIONS

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

SHARES REGISTRAR

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

BUSINESS OFFICES

Registered Office

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

Head Office

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

SITE ADDRESSES

Unit # 1, 2, 4 & 5

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

Unit # 3

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



DIRECTORS' REVIEW TO THE SHAREHOLDERS

DEAR MEMBERS,

On the behalf of the Board of Directors, we are pleased to present first quarterly Financial Statements of the company for the period ended September 30, 2021.

FINANCIAL HIGHLIGHTS

The company earned net profit of Rs 833 million during the period as compared to Rs. 203 million. Turnover of the company has improved from Rs 5,920 million to Rs 7,408 million, which is 25% increase. Gross profit margin has increased from 9.93% to 17.38%, these results are due to strong spinning margins and improvement in weaving business. Major reason of these results are buying of cotton in timely manner and at competitive price. Freight cost increased from Rs 30 million to Rs 89 million which is almost 2 times of comparative quarter.

Cotton prices are skyrocketing despite the fact that cotton production worldwide shall increase 15% to 16 %. Cotton prices increased up to 15,500 per maund. The yarn prices soared due to rise in cotton prices. Current year cotton prices shall play important role in profitability of textile sector. KIBOR is starting to going up which will affect the bottom line of the company negatively.



Dr. M. Shaukat Malik
(Director)



Faisal Ahmed Mukhtar
(Chief Executive)

Date: October 27, 2021
Place: Multan

ڈائریکٹرز جائزہ رپورٹ


محترم ممبران،


بورڈ آف ڈائریکٹرز کی جانب سے میں 31 مارچ 2021 کو ختم ہونے والی مدت کے لیے کمپنی کے 9 ماہ کے مالی بیانات پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

کمپنی نے سابقہ 203 ملین روپے کے مقابلے میں رواں مدت میں 833 ملین روپے کا منافع کمایا۔ کمپنی کا مجموعی کاروبار 5,920 ملین روپے سے ترقی کر کے 7,408 ملین روپے ہو گیا۔ جو کہ 25 فیصد اضافہ ہے۔ خام منافع 9.93 فیصد سے بڑھ کر 17.38 فیصد ہو گیا۔ یہ نتائج مضبوط سپلنگ مارجن اور ویلنگ میں بہتری کی وجہ سے ہیں۔ ان نتائج کی بنیادی وجہ کمپاس کی بروقت اور مسابقتی قیمت پر خرید ہے۔ مال برداری کی لاگت 30 ملین روپے سے بڑھ کر 89 ملین روپے ہو گئی جو گذشتہ سال کے تقریباً 2 گنا ہے۔

اس حقیقت کے باوجود کہ دنیا بھر میں کمپاس کی پیداوار 15 فیصد سے 16 فیصد تک بڑھ جائے گی روٹی کی قیمتیں آسمان کو چھو رہی ہیں۔ روٹی کی فی من قیمت 15,500 تک بڑھ گئی۔ کمپاس کی قیمتوں میں اضافے کے باعث سوت کی قیمتیں بڑھ گئیں۔ رواں سال کمپاس کی قیمتیں ٹیکسٹائل سیکٹر کے منافع میں اہم کردار ادا کریں گی۔ کابھراو پر جانا شروع کر رہا ہے اس سے کمپنی کی چلی لائن پر منفی اثر پڑے گا۔

بورڈ کے لئے اور اس کی طرف سے،


فیصل احمد مختار
چیف ایگزیکٹو


ڈائریکٹر شوکت ملک
ڈائریکٹر

مقام: ملتان

تاریخ: 27 اکتوبر 2021



CREDIT RATING
RELIANCE
WEAVING
MILLS LIMITED

LONG TERM



SHORT TERM



CERTIFICATIONS



COMPANY PROFILE

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

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

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

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

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

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

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







1ST QUARTERLY ACCOUNTS

SEPTEMBER 30, 2021 (UN-AUDITED)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at September 30, 2021

		(Un-audited) September 30 2021	(Audited) June 30 2021
	Note	Rupees in thousand	
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,078,735	7,994,970
Intangible assets		599	835
Long term deposits		29,046	28,776
Deferred tax asset		133,229	133,229
		8,241,609	8,157,810
Current assets			
Stores, spares and loose tools		369,566	391,392
Stock-in-trade		5,976,247	5,050,742
Trade debts		4,751,150	2,850,837
Loans and advances	6	1,441,587	1,151,545
Prepayments and other receivables		229,027	125,191
Short term investments	7	699,269	696,750
Tax refunds & export rebate due from the government		314,143	792,116
Cash and bank balances		132,384	96,013
		13,913,373	11,154,586
TOTAL ASSETS		22,154,982	19,312,396
SHARE CAPITAL AND RESERVES			
Authorized share capital		700,000	700,000
Issued, subscribed and paid-up share capital		308,109	308,109
Reserves		(9,681)	(12,199)
Revaluation surplus on freehold land		1,708,083	1,708,083
Unappropriated profit		4,898,617	4,065,588
		6,905,128	6,069,581
Liabilities			
Non-current liabilities			
Long term finances	8	2,740,927	2,766,492
Lease liabilities		62,345	66,081
Staff retirement benefits - gratuity		299,827	281,948
Deferred liabilities		95,953	109,429
		3,199,052	3,223,950
Current liabilities			
Trade and other payables		2,150,752	1,648,605
Unclaimed dividend		10,535	10,559
Markup accrued		232,077	260,440
Short term borrowings		8,589,214	6,894,242
Current portion of non-current liabilities		987,042	913,806
Taxation		81,182	291,213
		12,050,802	10,018,865
Total liabilities		15,249,854	13,242,815
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		22,154,982	19,312,396

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


Chief Executive


Director


Chief Financial Officer

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

For the three months period ended September 30, 2021

		Three months period ended	
		September 30	September 30
		2021	2020
		Rupees in thousand	
Sales - net	10	7,408,215	5,920,354
Cost of sales		(6,120,501)	(5,332,442)
Gross profit		1,287,714	587,912
Distribution and marketing expenses		(126,492)	(70,197)
Administrative expenses		(55,245)	(47,753)
Other expenses		(53,080)	(21,747)
Other income		84,123	24,054
		(150,694)	(115,643)
Profit from operations		1,137,020	472,269
Finance cost		(222,809)	(200,462)
Profit before taxation		914,211	271,807
Provision for taxation		(81,182)	(68,257)
Profit after Taxation		833,029	203,550
Earnings per share		27.04	6.61

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


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the three months period ended September 30, 2021

	Three months period ended	
	September 30 2021	September 30 2020
	Rupees in thousand	
Profit after taxation	833,029	203,550
Other comprehensive income:		
Items that will not be reclassified subsequently to statement of profit or loss:		
- Unrealised Gain on remeasurement of short term investments at fair value through other comprehensive income	2,519	7,744
- Surplus arisen upon revaluation of freehold land	-	758,597
Total comprehensive income for the period	835,548	969,891

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


Chief Executive


Director


Chief Financial Officer

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

For the three months period ended September 30, 2021

	Capital reserve			Revenue reserve		Fair value gain / (loss) on short term investments	Unappropriated profit	Total
	Share capital	Share premium	Revaluation surplus on freehold land	General reserve				
Balance as at July 01, 2021 (audited)	308,109	41,081	1,708,083	74,172	(127,453)		4,065,588	6,069,580
Total comprehensive income for the period ended September 30, 2021								
- profit for the period	-	-	-	-	-	-	833,029	833,029
- other comprehensive income	-	-	-	-	2,519	2,519	-	2,519
							833,029	835,548
Balance as at September 30, 2021 (Un-audited)	308,109	41,081	1,708,083	74,172	(124,934)		4,898,617	6,905,128
Balance as at July 01, 2020 (audited)	308,109	41,081	949,486	74,172	45,797		2,458,268	3,876,913
Total comprehensive income for the period ended September 30, 2020								
- profit for the period	-	-	-	-	-	-	203,550	203,550
- other comprehensive income	-	-	758,597	-	7,744	7,744	-	766,341
			758,597	-	7,744		203,550	969,891
Balance as at September 30, 2020 (Un-audited)	308,109	41,081	1,708,083	74,172	53,541		2,661,818	4,846,804

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


Chief Executive


Director

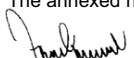

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)


For the three months period ended September 30, 2021

	Three months period ended September 30	
	2021	2020
Note	Rupees in thousand	
Cash flow from operating activities		
Profit for the period - before taxation	914,211	271,807
Adjustments for non cash charges and other items:		
Depreciation	81,509	69,515
Amortisation	237	237
Staff retirement benefits - gratuity(net)	17,878	13,124
(Gain) / loss on disposal of operating fixed assets - net	(109)	333
Finance cost	222,809	200,462
Profit before working capital changes	1,236,535	555,478
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
Stores, spares and loose tools	21,826	50,001
Stock-in-trade	(925,506)	222,421
Trade debts	(1,900,314)	(1,190,902)
Loans and advances	(290,042)	(325,756)
Prepayments and other receivables	(103,837)	(69,810)
Tax refunds and export rebate due from the Government (excluding income tax)	232,889	(7,565)
Increase in trade and other payables	501,527	487,216
	(2,463,457)	(834,395)
Cash used in operations	(1,226,922)	(278,917)
Income taxes paid - net	(45,909)	(32,640)
Net cash used in operating activities	(1,272,831)	(311,557)
Cash flows from investing activities		
Fixed capital expenditures	(166,346)	(87,262)
Sale proceeds of operating fixed assets	963	1,097
Long term investment	(270)	-
Net cash used in investing activities	(165,653)	(86,165)
Cash flows from financing activities		
Long term finances - net	39,997	205,766
Directors' loan	-	31,500
Deferred liabilities	(4,382)	16,904
(Decrease) / Increase in lease liabilities	(5,157)	7,833
Short term borrowings - net	1,694,973	451,735
Finance cost paid	(250,551)	(259,600)
Dividend paid	(25)	(56)
Net cash generated from financing activities	1,474,855	454,082
Net increase in cash and cash equivalents	36,371	56,360
Cash and cash equivalents at beginning of the period	96,013	42,972
Cash and cash equivalents at end of the period	132,384	99,332

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


Chief Executive


Director


Chief Financial Officer

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

For the three months period ended September 30, 2021

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, "Interim financial reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act.

3 ACCOUNTING POLICIES

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

- 4 These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2021.

	Note	Un-audited September 30, 2021	Audited June 30, 2021
Rupees in thousand			
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	7,840,715	7,878,103
Capital work-in-progress		152,303	27,579
Right-of-use assets	5.2	85,717	89,288
		8,078,735	7,994,970

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

For the three months period ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited June 30, 2021
Rupees in thousand			
5.1 Operating fixed assets			
Opening book value		7,878,103	6,238,305
Additions during the period:			
- freehold land		-	29,141
- buildings on freehold land		-	131,858
- plant and machinery		17,193	940,240
- electric installations		1,260	38,357
- factory equipment		-	7,546
- office equipment		549	14,520
- electric appliances		366	3,556
- furniture and fixtures		101	2,282
- vehicles		22,153	13,084
		41,622	1,180,584
Surplus on revaluation of land		-	758,597
Book value of operating fixed assets disposed-off		(1,072)	(16,538)
Depreciation charge for the period		(77,938)	(292,492)
Transfer from leased to owned		-	9,647
Book value as at September 30, 2021		7,840,715	7,878,103

5.2 Right-of-use assets

Opening balance	89,288	82,608
Additions during the period	-	31,078
Transfer to owned assets	-	(9,647)
Depreciation for the period	(3,571)	(14,751)
	85,717	89,288

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

For the three months period ended September 30, 2021

		Un-audited September 30, 2021	Audited June 30, 2021
	Note	Rupees in thousand	
6 LOANS AND ADVANCES			
Advances - considered good			
- To employees		263,732	253,341
- To suppliers		365,364	112,003
Due from related parties		762,983	752,552
Letters of credit - margins, deposits etc.		49,508	33,649
		1,441,587	1,151,545

7 SHORT TERM INVESTMENTS

(At fair value through other comprehensive income)

Quoted

Fatima Fertilizer Company Limited

Opening fair value of 2,625,167 fully paid ordinary shares of Rs. 10 each	75,473	70,170
Fair value adjustment	2,519	5,303
Fair value at the end of the period / year	77,992	75,473

Others - Un-quoted

Multan Real Estate Company (PVT) Limited

21,480 21,480

Fatima Energy Limited

Opening fair value of 90,195,083 fully paid ordinary shares of Rs. 10 each	599,797	690,541
10,178,713 ordinary shares at the rate of Rs.8.63 each purchased during the year	-	87,808
Fair value adjustment	-	(178,552)
Total shares held at period end - 90,195,083 (June 2021:90,195,083)		
- Equity held at period end - 15.82% (June 2021:15.82%)	599,797	599,797
	699,269	696,750

8 LONG TERM FINANCES

From financial institutions - secured	8.1	3,606,188	3,566,191
Less: current portion		(865,261)	(799,699)
		2,740,927	2,766,492

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

For the three months period ended September 30, 2021

	Un-audited September 30, 2021	Audited June 30, 2021
Note	Rupees in thousand	
8.1 The movement of long term finance during the period / year ended is as follows:		
Opening balance	3,566,191	2,789,379
Add: obtained during the period / year	178,064	870,484
	3,744,255	3,659,863
Less: repaid during the period / year	(138,067)	(93,672)
Closing balance	3,606,188	3,566,191

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There is no significant change in the status of contingent liabilities since the annual published audited financial statements as at June 30, 2021, except the following;

Bank guarantee outstanding as at September 30, 2021 are Rs. 382.406 million (June 30, 2021: Rs. 368.206 million).

Foreign bills discounted outstanding as at September 30, 2021 are Rs. 824.529 million (June 30, 2021: Rs. 1374.270 million).

9.2 Commitments

9.3 Letters of credit for:

-Capital expenditures	2,805,710	2,548,458
-Other than capital expenditures	1,750,098	821,016
	4,555,808	3,369,474

		-----Un-audited ----- Three months period ended September 30, 2021	2020
10 SALES - net		Rupees in thousand	
Export	10.1	4,944,214	4,307,502
Local		2,487,546	1,625,416
Waste		68,044	49,051
		7,499,804	5,981,969
Less: Commission		(91,589)	(61,615)
		7,408,215	5,920,354

10.1 Export sales includes indirect export of fabric and yarn amounting to Rs.1,784 million (September-20: Rs. 1,723 million).

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

For the three months period ended September 30, 2021

11 TRANSACTIONS WITH RELATED PARTIES

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

	-----Un-audited-----	
	Three months period ended September 30,	
	2021	2020
Nature of transaction	Rupees in thousand	
<u>Associated undertakings</u>		
- purchase of goods	25,927	43,366
- mark-up income	38	640
- mark-up expense	781	3,059
- advances obtained	103,000	309,348
- advances repaid	116,212	497,702
- other expenses shared	3,452	1,602
<u>Key management personnel</u>		
- remuneration and other benefits	8,692	7,968
Donations to Mian Mukhtar A. Sheikh Trust	7,100	7,700

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

12 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

13 CAPITAL MANAGEMENT

The Company's capital management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

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

For the three months period ended September 30, 2021

14 SEGMENT REPORTING

14.1 Reportable segments

The Company's reportable segments are as follows:

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

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

14.2 Segment revenue and results

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

	Spinning		Weaving		[Elimination of inter-segment]		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Three months ended September 30,	----- Rupees in '000' -----							
			Un-audited					
Sales - net	3,717,741	3,183,953	4,917,673	3,482,281	(1,227,199)	(745,880)	7,408,215	5,920,354
Cost of sales	(2,914,122)	(2,923,553)	(4,433,578)	(3,154,769)	1,227,199	745,880	(6,120,501)	(5,332,452)
Gross profit	803,619	260,400	484,095	327,512	-	-	1,287,714	587,912
Distribution and marketing expenses	(8,063)	(12,842)	(118,429)	(57,355)	-	-	(126,492)	(70,197)
Administrative expenses	(7,264)	(14,624)	(47,981)	(33,129)	-	-	(55,245)	(47,753)
Other expenses	(41,211)	(11,966)	(11,869)	(9,781)	-	-	(53,080)	(21,747)
Other income	20,678	12,096	63,445	11,958	-	-	84,123	24,054
	(35,860)	(27,336)	(114,834)	(88,307)	-	-	(150,694)	(115,643)
Profit from operations	767,759	233,064	369,261	239,205	-	-	1,137,020	472,269
Finance cost	(106,928)	(94,914)	(115,881)	(105,548)	-	-	(222,809)	(200,462)
Provision for taxation	660,831	138,150	253,380	133,657	-	-	914,211	271,807
Profit / (Loss) for the period	629,650	109,638	203,379	93,912			833,029	203,550

15.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in the annual financial statements for the year ended June 30, 2021.

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

For the three months period ended September 30, 2021

14.3 Segment assets and liabilities

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

	Spinning		Weaving		Total	
	Un-audited September 30 2021	Audited June 30 2021	Un-audited September 30 2021	Audited June 30 2021	Un-audited September 30 2021	Audited June 30 2021
-----Rupees in "000"-----						
Segment assets for reportable						
Operating fixed assets	4,230,668	4,234,664	3,695,766	3,732,727	7,926,434	7,967,391
Stores, spares and loose tools	258,663	294,159	110,903	97,233	369,566	391,392
Stock in trade	3,981,804	2,707,924	1,994,443	2,342,817	5,976,247	5,050,741
	8,471,135	7,236,747	5,801,112	6,172,777	14,272,247	13,409,524
Unallocated corporate assets					7,882,735	5,902,872
Total assets as per balance sheet					22,154,982	19,312,396

14.4

Segment liabilities for reportable segments	6,053,576	5,116,746	6,438,939	5,523,875	12,492,515	10,640,621
Unallocated corporate liabilities					2,757,339	2,602,194
Total liabilities as per balance sheet					15,249,854	13,242,815

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

For the three months period ended September 30, 2021

15 CORRESPONDING FIGURES

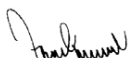
- 15.1 In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately.
- 15.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

16 DATE OF AUTHORIZATION

These condensed interim financial information are authorized for issue on 27th October 2021 of the Board of Directors of the Company.

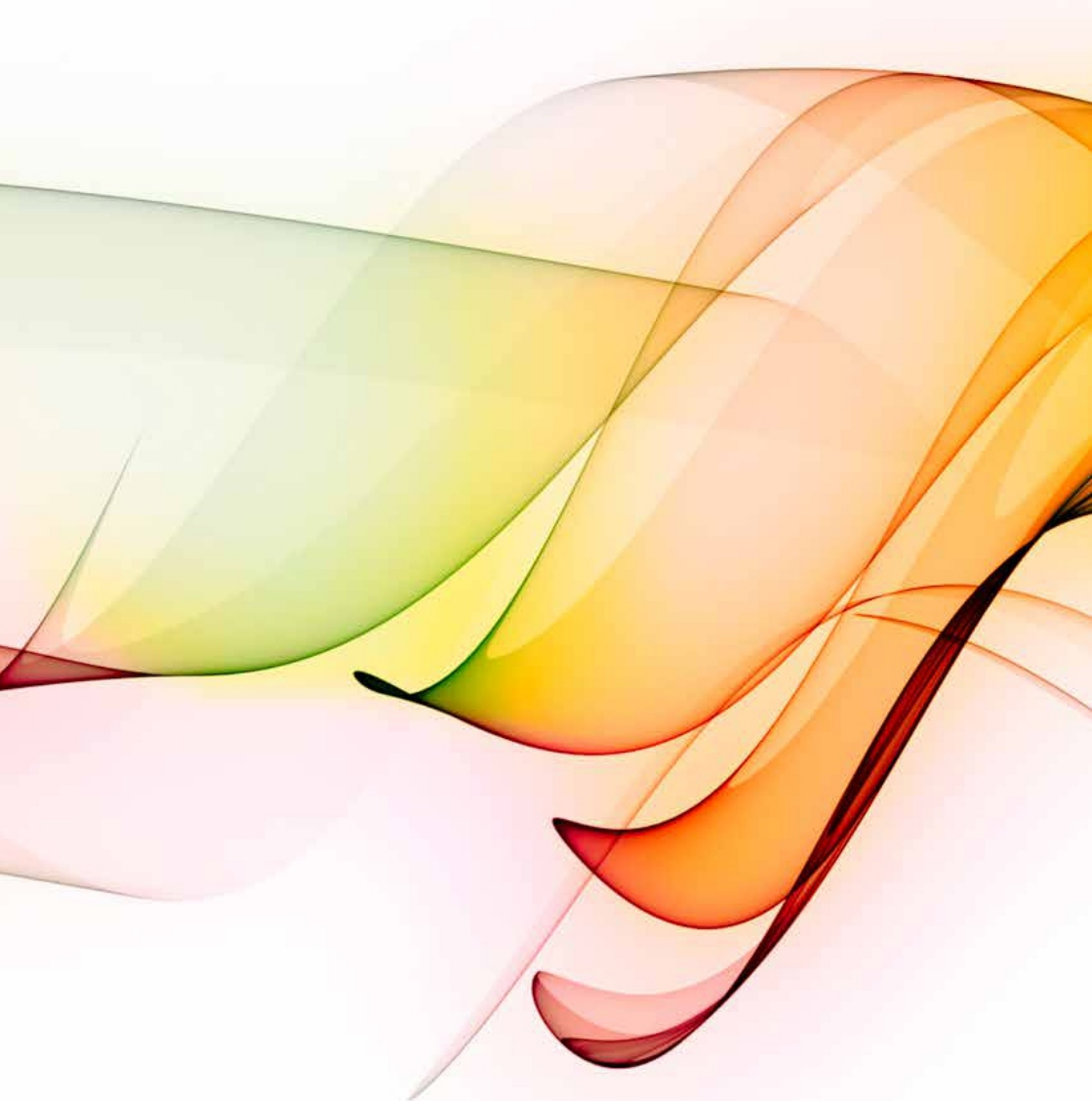
17 GENERAL

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


Chief Executive


Director


Chief Financial Officer



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