



Reliance Weaving
Mills Limited
A Fatima Group Company

THE ART OF TEXTILE

3rd Quarterly
Accounts

March 31, 2023
(Un-audited)





3RD QUARTERLY ACCOUNTS

FOR THE PERIOD ENDED MARCH 31, 2023
(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
Mr. Muhammad Mukhtar Sheikh
Mrs. Fatima Fazal

Independent Directors

Mr. Muhammad Shaukat
Mr. Shahid Aziz

COMMITTEES OF THE BOARD

Audit Committee

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

HR & Remuneration Committee

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

Risk Management Committee

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

Nomination Committee

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

EXECUTIVE MANAGEMENT TEAM

Chief Financial Officer

Mr. Waheed Ahmad

Head of Human Resources

Mr. Asad A. Jan

Company Secretary

Mr. Kamran Ahmad Awan

Head of Internal Audit & Risk Assurance – OB

Mr. Muhammad Akbar Rana

Technical Director Weaving

Mr. Ikram Azeem

GM Marketing

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

GM Spinning (Multan)

Mr. Muhammad Shoab Alam

GM Spinning (Rawat)

Mr. Salahudin Khattak

AUDITORS & SHARES REGISTRAR

External Auditors

ShineWing Hameed Chaudhri & Co.
Chartered Accountants
2526/F Shadman Colony Opp. High Court
Bahawalpur Road, Multan.

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

BANKERS / 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

SITE ADDRESSES

Unit # 1,2,4 & 5

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

Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi
Phone & Fax 051-4262494-5 & 051-4611097

BUSINESS OFFICES

Registered Office

2nd Floor Trust Plaza, LMQ Road, Multan
Tel # 061-4509700-2, 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





CREDIT RATING RELIANCE WEAVING MILLS LIMITED

LONG TERM

SHORT TERM

A

A-2

CERTIFICATIONS



DIRECTORS' REVIEW TO THE SHAREHOLDERS

Dear Members,

On behalf of the Board of Directors, we are pleased to present nine months financial statements of the company for the period ended March 31, 2023.

Financial Highlights

The period of nine months proved to be difficult due to natural disaster, political instability, declining economy, inflation and worldwide recession. Despite facing various challenges, though the company managed to increase its net turnover by 7% (i.e. from Rs. 22 billion to Rs. 24 billion); however, the gross profit decreased from 19% to 10%. This is primarily due to the rise in costs of raw material and utilities as were not absorbed in finished goods prices. During this period, utilities cost increased by 45% (i.e. from Rs. 1,292 million to Rs. 1,872 million) and finance cost increased by 90% (i.e. from Rs. 874 million to Rs. 1,667 million). Consequently, the company's profit after tax decreased from Rs. 2,527 million to Rs. 36 million.

Slowdown in demand, high utilities cost and high finance cost due to continuous increase in policy rates by the State Bank of Pakistan is putting pressure on margin. This, combined with hindrances in LCs transmission, has adversely affected the company's profits.

Future Prospects

The textile sector in Pakistan is encountering numerous hurdles, such as diminished global demand, peaking inflation, high cost of doing business, impaired cotton yields, pricey imports, inadequate and substandard raw materials, continuous currency fluctuations and elevated government taxation is rendering textile industry uncompetitive, regionally as well as globally. While small to medium-sized entities are shutting down, bigger and vertically combined production facilities are exhibiting resilience. Management remains hopeful about achieving profitability by emphasizing cost transformation and urging the government to implement policies that promote the sector.

Despite aforementioned challenges, the company's BMR/expansion initiative is making consistent progress. A new project to install 25,536 spindles for producing fine count yarn is anticipated to be completed and operational during the end of this financial year. At present, the company is also installing a 3.5 MW solar energy project out of which 2.3 MW is operational. The project aims to generate green energy with reduced energy cost.

For and on behalf of the Board,



Mr. Muhammad Shaukat

(Director)



Mr. Faisal Ahmed

(Chief Executive)

Date: April 28, 2023

Place: Multan

ڈائریکٹرز جائزہ رپورٹ

محترم ممبران،

بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی مدت کے لیے کمپنی کے نو ماہ کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی ہو رہی ہے۔

مالیاتی جھلکیاں

قدرتی آفات، سیاسی عدم استحکام، گرتی ہوئی معیشت، مہنگائی اور عالمی کسادبازاری کے باعث نو ماہ کا عرصہ مشکل ثابت ہوا۔ مختلف چیلنجوں کا سامنا کرنے کے باوجود، اگرچہ کمپنی اپنے خالص کاروبار میں ۷٪ اضافہ کرنے میں کامیاب رہی (یعنی ۲۲ بلین روپے سے ۲۳ بلین روپے تک)؛ تاہم، مجموعی منافع ۱۹٪ سے کم ہو کر ۱۰٪ ہو گیا۔ یہ بنیادی طور پر خام مال اور یوٹیلٹی کی قیمتوں میں اضافے کی وجہ سے ہے جیسا کہ تیار اشیاء کی قیمتوں میں جذب نہیں کیا گیا تھا۔ اس مدت کے دوران، یوٹیلٹی لاگت میں ۳۵٪ اضافہ ہوا (یعنی ۲۹۲ بلین روپے سے ۱،۸۷۲ بلین روپے) اور فنانس لاگت میں ۹۰٪ اضافہ ہوا (یعنی ۸۷۳ بلین روپے سے ۶۶۷ بلین روپے)۔ نتیجتاً، کمپنی کا بعد از ٹیکس منافع ۲،۵۲ بلین روپے سے ۳۶ بلین روپے کم ہو گیا۔

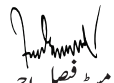
طلب میں سست روی، اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں مسلسل اضافے کی وجہ سے فنانس کی زیادہ لاگت اور یوٹیلٹی کی قیمتوں میں اضافہ مارجن پر دباؤ ڈال رہا ہے۔ یہ سب اور ایل سی کی ترسیل میں رکاوٹیں مل کر کمپنی کے منافع کو بری طرح متاثر کر رہی ہیں۔


مستقبل کے امکانات

پاکستان میں ٹیکسٹائل کا شعبہ بے شمار رکاوٹوں کا سامنا کر رہا ہے، جیسے کہ عالمی مانگ میں کمی، مہنگائی عروج پر، کاروبار کرنے کی زیادہ لاگت، کپاس کی خراب پیداوار، مہنگی درآمدات، ناکافی اور غیر معیاری خام مال، کرنسی میں مسلسل اتار چڑھاؤ اور حکومتی ٹیکسوں میں اضافہ ٹیکسٹائل کی صنعت کو علاقائی اور عالمی سطح پر غیر متزلزل بنا رہا ہے۔ جبکہ چھوٹے سے درمیانے درجے کے ادارے بند ہو رہے ہیں، بڑی اور عمودی طور پر مشرک پیداواری سہولیات لچک کا مظاہرہ کر رہی ہیں۔ انتظامیہ لاگت میں تبدیلی اور حکومت پر زور دے کر منافع حاصل کرنے کے بارے میں پر امید ہے کہ وہ اس شعبے کو فروغ دینے والی پالیسیوں کو نافذ کرے۔

توسیع اقدام مسلسل پیشرفت کر رہا ہے۔ فائن کاونٹ یارن تیار کرنے کے لیے ۲۵،۵۳۶ سپنڈلز / BMR مذکورہ بالا چیلنجوں کے باوجود کمپنی کا لگانے کا ایک نیا منصوبہ اس مالی سال کے اختتام تک مکمل اور آپریشنل ہونے کی امید ہے۔ اس وقت کمپنی ۳،۵ میگا واٹ کا سولر انرجی پروجیکٹ بھی لگا رہی ہے جس میں سے ۲،۳ میگا واٹ کام کر رہا ہے۔ اس منصوبے کا مقصد توانائی کی کم لاگت کے ساتھ سبز توانائی پیدا کرنا ہے۔

بورڈ کے لئے اور اس کی طرف سے،


مسٹر فیصل احمد
چیف ایگزیکٹو


مسٹر محمد شوکت
ڈائریکٹر

مقام: ملتان

تاریخ: 28 اپریل 2023

COMPANY PROFILE

Reliance Weaving Mills Limited was 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 Company 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 Multan Units and its surrounding comprises of 112 acres of land having 228 bachelors' quarters and 24 family quarters for workers and management employees.

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 525 looms of high speed latest air jet machines of Tsudakoma (Japan) & Picanol (Belgium) with total grey cloth production of (109.5 Million Meters per year) (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 machine, batchers, complete range fabric inspection and packing machinery installations, well equipped laboratory having complete range yarn and fabric testing facility, LDS system, air compressors, air conditioning / chiller system, boilers and self-gas engine power generation. The weaving facilities can produce plain (basket/mat weave, ribbed warp & weft), twill, satin, sateen weave, variation of basic weave such as creps, pile (cut/ unused) double cloth, gauze (leno), swivel, tappet, dobby, namely jacquard & triaxial.

The Rawat Unit 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.



3RD QUARTERLY ACCOUNTS

FOR THE PERIOD ENDED MARCH 31, 2023

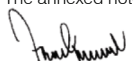
(UN-AUDITED)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at March 31, 2023

		(Un-audited) March 31 2023	(Audited) June 30 2022
	Note	Rupees in thousand	
ASSETS			
Non-current assets			
Property, plant and equipment	5	14,832,041	10,687,018
Intangible assets		-	-
Long term investments	6	1,849,425	1,849,425
Long term deposits		29,719	29,046
Deferred tax asset		144,557	143,178
		16,855,742	12,708,667
Current assets			
Stores, spares and loose tools		648,001	365,569
Stock-in-trade		8,939,091	7,788,806
Trade debts		4,785,862	4,485,550
Loans and advances	7	851,172	607,867
Prepayments and other receivables		222,527	195,192
Short term investments	8	309,647	393,030
Tax refunds & export rebate due from the government		896,012	1,077,988
Cash and bank balances		389,969	134,208
		17,042,281	15,048,210
TOTAL ASSETS		33,898,023	27,756,877
SHARE CAPITAL AND RESERVES			
Authorized share capital		700,000	700,000
Issued, subscribed and paid-up share capital		308,109	308,109
Reserves		460,573	538,686
Revaluation surplus on freehold land		1,708,083	1,708,083
Unappropriated profit		6,518,903	6,605,654
		8,995,668	9,160,532
LIABILITIES			
Non-current liabilities			
Long term finances	9	5,903,747	3,401,153
Lease liabilities		104,010	69,264
Staff retirement benefits - gratuity		429,054	370,195
Deferred liabilities		31,747	57,842
		6,468,558	3,898,454
Current liabilities			
Trade and other payables		5,058,453	4,156,100
Unclaimed dividend		13,218	11,502
Markup accrued		711,704	368,527
Short term borrowings		11,331,640	8,707,412
Current portion of non-current liabilities		1,027,925	977,981
Taxation		290,857	476,369
		18,433,797	14,697,891
TOTAL LIABILITIES		24,902,355	18,596,345
<i>Contingencies and commitments</i>	10		
TOTAL EQUITY AND LIABILITIES		33,898,023	27,756,877

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 nine months period ended March 31, 2023

	Note	Nine months period ended		Three months period ended	
		March 31 2023	March 31 2022	March 31 2023	March 31 2022
-----Rupees in thousand-----					
Sales - net	11	24,156,236	22,447,210	8,497,328	8,307,003
Cost of sales		(21,641,631)	(18,148,245)	(7,905,822)	(6,728,903)
Gross profit		2,514,605	4,298,965	591,506	1,578,100
Distribution and marketing expenses		(321,955)	(393,165)	(85,957)	(162,267)
Administrative expenses		(274,844)	(227,101)	(92,121)	(104,584)
Other expenses		(56,081)	(176,199)	21,553	(62,044)
Other income		131,353	152,101	123,130	828
		(521,527)	(644,364)	(33,395)	(328,067)
Profit from operations		1,993,078	3,654,601	558,111	1,250,033
Finance cost		(1,667,107)	(874,135)	(619,748)	(332,069)
Profit / (loss) before taxation		325,971	2,780,466	(61,637)	917,964
Provision for taxation		(289,478)	(253,718)	(103,865)	(96,907)
Profit / (loss) after Taxation		36,493	2,526,748	(165,502)	821,057
Earnings / (loss) per share		1.18	82.01	(5.37)	26.65

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 nine months period ended March 31, 2023

	Nine months period ended		Three months period ended	
	March 31 2023	March 31 2022	March 31 2023	March 31 2022
-----Rupees in thousand-----				
Profit / (loss) after taxation	36,493	2,526,748	(165,502)	821,057
Other comprehensive income / (loss):				
Items that will be reclassified subsequently to statement of profit or loss:				
- Unrealised gain on remeasurement of forward foreign exchange contracts	5,271	-	-	-
Items that will not be reclassified subsequently to statement of profit or loss:				
- Unrealised (loss) / gain on remeasurement of investments at fair value through other comprehensive income	(83,384)	314,625	(9,451)	312,106
Total comprehensive (loss) / income for the period	(41,620)	2,841,373	(174,953)	1,133,163

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 nine months period ended March 31, 2023

	Capital Reserves				Revenue Reserves		Total	
	Share capital	Share premium	Revaluation surplus on freehold land	Unrealised loss on forward foreign exchange contracts	Fair value loss on short term investments	General reserve		Un-appropriated profit
----- Rupees in thousand -----								
Balance as at June 30, 2022 (audited)	308,109	41,081	1,708,083	(10,980)	434,413	74,172	6,605,654	9,160,532
Transaction with owners:								
Cash dividend at the rate of Rs. 4 per ordinary share for the year ended June 30, 2022								
	-	-	-	-	-	-	(123,244)	(123,244)
Total comprehensive income for the period ended March 31, 2023								
- profit for the period	-	-	-	-	-	-	36,493	36,493
- other comprehensive income / (loss)	-	-	-	5,271	(83,384)	-	-	(78,113)
	-	-	-	5,271	(83,384)	-	36,493	(41,620)
Balance as at March 31, 2023 (Un-audited)	308,109	41,081	1,708,083	(5,709)	351,029	74,172	6,518,903	8,995,668
Balance as at June 30, 2021 (audited)	308,109	41,081	1,708,083	-	(127,452)	74,172	4,065,588	6,069,581
Transaction with owners:								
Cash dividend at the rate of Rs.2.50 per ordinary share for the year ended June 30, 2021								
	-	-	-	-	-	-	(77,027)	(77,027)
Total comprehensive income for the period ended March 31, 2022								
- profit for the period	-	-	-	-	-	-	2,526,748	2,526,748
- other comprehensive income	-	-	-	-	314,625	-	-	314,625
	-	-	-	-	314,625	-	2,526,748	2,841,373
Balance as at March 31, 2022 (Un-audited)	308,109	41,081	1,708,083	-	187,173	74,172	6,515,309	8,833,927

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 nine months period ended March 31, 2023

	Nine months period ended March 31	
	2023	2022
	Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	325,971	2,780,466
Adjustments for non cash charges and other items:		
Depreciation	308,529	254,946
Amortisation	-	710
Staff retirement benefits - gratuity(net)	58,859	39,306
Gain on disposal of operating fixed assets - net	(8,066)	(5,191)
Finance cost	1,667,107	874,135
Profit before working capital changes	2,352,400	3,944,372
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(282,432)	26,053
Stock-in-trade	(1,150,285)	(3,616,789)
Trade debts	(300,312)	(971,699)
Loans and advances	(243,305)	(348,727)
Prepayments and other receivables	(27,336)	(79,691)
Tax refunds and export rebate due from the Government (excluding income tax)	(23,476)	(260,590)
Increase in trade and other payables	907,624	1,070,441
	(1,119,522)	(4,181,002)
Cash generated from / used in operations	1,232,878	(236,630)
Income taxes paid - net	(270,917)	(208,272)
Net cash generated from / used in operating activities	961,961	(444,902)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(4,483,792)	(1,546,264)
Sale proceeds of operating fixed assets	12,328	9,453
Long term deposits	(673)	(270)
Short term investments	-	(146,663)
Net cash used in investing activities	(4,472,137)	(1,683,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances - net	2,520,619	159,864
Deferred liabilities	(2,329)	(11,121)
Increase in lease liabilities	42,899	6,315
Short term borrowings - net	2,624,228	2,895,006
Finance cost paid	(1,297,952)	(778,670)
Dividend paid	(121,528)	(76,033)
Net cash generated from financing activities	3,765,937	2,195,361
Net increase in cash and cash equivalents	255,761	66,715
Cash and cash equivalents at beginning of the period	134,208	96,013
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	389,969	162,728

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 nine months period ended March 31, 2023

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 (the 'Act'); and
- Provisions of and directives issued under the Act.
- Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

3 Accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2022.

- 4 These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Act. 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, 2022.

	Note	Un-audited March 31, 2023	Audited June 30, 2022
5 PROPERTY, PLANT AND EQUIPMENT		Ruppes in thousand	
Operating fixed assets	5.1	9,084,179	8,749,721
Capital work-in-progress		5,626,079	1,858,876
Right-of-use assets	5.2	121,783	78,421
		14,832,041	10,687,018

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

For the nine months period ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited June 30, 2022
5.1 Operating fixed assets		Ruppes in thousand	
Opening book value		8,749,721	7,878,103
Additions during the period / year:			
- freehold land		-	-
- buildings on freehold land		-	209,914
- plant and machinery		603,460	856,782
- electric installations		-	26,472
- factory equipment		309	7,392
- office equipment		3,287	3,629
- electric appliances		2,258	3,304
- furniture and fixtures		2,496	2,247
- vehicles		19,830	97,518
		631,640	1,207,258
Surplus on revaluation of land		-	-
Book value of operating fixed assets disposed-off		(3,200)	(3,557)
Depreciation charge for the period / year		(293,982)	(337,269)
Transfer from leased to owned		-	5,186
Book value		9,084,179	8,749,721
5.2 Right-of-use assets			
Opening balance		78,421	89,288
Additions during the period / year		58,959	7,800
Transfer to owned assets		-	(5,186)
Right of use disposed-off		(1,050)	(810)
Depreciation for the period / year		(14,547)	(12,671)
		121,783	78,421

	Un-audited March 31, 2023	Audited June 30, 2022
6 LONG TERM INVESTMENTS - Un-quoted	Rupes in thousand	
(At fair value through other comprehensive income)		
Fatima Energy Ltd. (FEL)		
Ordinary Shares		
Opening fair value	958,774	-
Fair value of 90,195,083 ordinary shares of Rs. 10 each transferred from short term investments	-	599,797
Fair value adjustment	-	358,976
Closing fair value	958,774	958,773
Preference Shares		
Opening fair value	811,896	-
76,377,897 preference shares converted at par value of Rs.10	-	763,779
Fair value adjustment	-	48,117
Total shares held at period / year end - 76,377,897	811,896	811,896
	1,770,670	1,770,669
Associated Company		
Fatima Transmission Company Ltd. (FTCL)		
Ordinary Shares		
Investment in 7,187,500 ordinary shares of Rs. 10 each	71,875	71,875
Share of post acquisition loss and other comprehensive income	(71,875)	(71,875)
Carrying amount at end of the period / year	-	-
Preference Shares		
7,339,768 preference shares at the rate of Rs.10 each	78,756	73,398
Fair value adjustment at the rate of 10.73 per share	-	5,358
Total shares held at period / year end - 7,339,768	78,756	78,756
	78,756	78,756
	1,849,425	1,849,425
7 LOANS AND ADVANCES		
Advances to:		
- Fatima Energy Ltd.	12,500	12,500
- key management personnel	-	100
- employees	317,205	283,330
- suppliers	404,234	236,678
Due from related parties	61,156	28,324
Margin deposits	56,077	46,935
	851,172	607,867

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

For the nine months period ended March 31, 2023

		Un-audited March 31, 2023	Audited June 30, 2022
8 SHORT TERM INVESTMENTS	Note	Rupus in thousand	
(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		99,230	75,473
Fair value adjustment		(20,476)	23,758
Fair value at the end of the period / year		78,754	99,231
Others - Un-quoted			
Multan Real Estate Company (PVT) Limited			
		230,893	293,799
Fatima Energy Limited			
Opening fair value of 90,195,083 fully paid ordinary shares of Rs. 10 each		-	599,797
Fair value of 90,195,083 shares transferred to long term investments			(599,797)
		-	-
		309,647	393,030
9 LONG TERM FINANCES			
From financial institutions - secured	9.1	6,741,962	4,221,343
Less: current portion		(838,215)	(820,190)
		5,903,747	3,401,153
9.1 The movement of long term finance during the period / year ended is as follows:			
Opening balance		4,221,343	3,566,193
Add: obtained during the period / year		3,184,267	1,454,850
		7,405,610	5,021,043
Less: repaid during the period / year		(663,648)	(799,700)
Closing balance		6,741,962	4,221,343

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no significant change in the status of contingent liabilities since the annual published audited financial statements as at June 30, 2022, except the following;

Bank guarantee outstanding as at March 31, 2023 are Rs. 597.406 million (June 30, 2022: Rs. 191.477 million).

Foreign bills discounted outstanding as at March 31, 2023 are Rs. 1,212.978 million (June 30, 2022: Rs. 1,182.248 million).

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	Rupees in thousand	
10.2 Commitments			
10.2.1 Letters of credit for:			
-Capital expenditures		537,119	2,819,445
-Other than capital expenditures		2,305,121	3,002,513
		<u>2,842,240</u>	<u>5,821,958</u>

		-----Un-audited----- Nine months period ended March 31, 2023 2022 Rupees in thousand	
11 SALES - net			
Export	11.1	13,611,881	13,902,497
Local		10,536,824	8,504,692
Waste		340,078	333,350
Yarn doubling		157	-
		<u>24,488,940</u>	<u>22,740,539</u>
Less: Commission		<u>(332,704)</u>	<u>(293,329)</u>
		<u>24,156,236</u>	<u>22,447,210</u>

11.1 Export sales includes indirect export of fabric and yarn amounting to Rs.5,853 million (March-22: Rs. 5,247 million).

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

For the nine months period ended March 31, 2023

12 TRANSACTIONS WITH RELATED PARTIES

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

Nature of transaction	-----Un-audited----- Nine months period ended March 31,	
	2023	2022
	Rupees in thousand	
<u>Associated undertakings</u>		
- sale of goods	13,876	42,445
- purchase of goods	1,642,472	176,275
- mark-up income	244	3,263
- mark-up expense	5,751	-
- advances obtained	558,600	628,900
- advances repaid	565,000	622,964
- shares of MREC purchased from Pak Arab Fertilizer	-	146,663
- other expenses shared	1,766	2,434
<u>Key management personnel</u>		
- remuneration and other benefits	76,516	47,299
Others		
Donations to Mian Mukhtar A. Sheikh Trust	27,455	22,100

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

13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

14 CAPITAL MANAGEMENT

The Company's capital management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

15 SEGMENT REPORTING

15.1 Reportable segments

The Company's reportable segments are as follows:

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

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

15.2 Segment revenue and results

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

	Spinning			Weaving			Elimination of inter-segment transactions)			Total		
	2023			2022			2023			2022		
	Rupees in thousand						Ur-rupees in thousand					
Nine months ended March 31,												
Sales - net	11,104,839	13,035,171	13,051,396	14,088,683	14,088,683	(6,206,288)	(4,676,644)	17,949,947	22,447,210			
Cost of sales	(10,174,115)	(10,486,367)	(11,293,270)	(12,338,522)	6,206,288	4,676,644	(15,261,097)	(18,148,245)				
Gross profit	930,724	2,548,804	1,758,126	1,750,161	-	-	2,688,850	4,298,965				
Distribution and marketing expenses	(23,381)	(25,133)	(298,574)	(368,032)	-	-	(321,955)	(393,165)				
Administrative expenses	(98,460)	(68,388)	(176,384)	(158,713)	-	-	(274,844)	(227,101)				
Other expenses	(73,843)	(121,303)	(111,483)	(54,896)	-	-	(185,326)	(176,199)				
Other income	17,106	30,141	69,247	121,960	-	-	86,353	192,101				
Profit from operations	(178,578)	(184,683)	(517,194)	(459,681)	-	-	(695,772)	(644,364)				
Finance cost	752,146	2,364,121	1,240,932	1,290,480	-	-	1,993,078	3,654,601				
Provision for taxation	(773,478)	(417,338)	(893,629)	(456,797)	-	-	(1,667,107)	(874,135)				
Profit / (Loss) for the period	(21,332)	1,946,783	347,303	833,683	-	-	325,971	2,780,466				
	(134,584)	(91,482)	(154,894)	(162,236)	-	-	(289,478)	(253,718)				
	(155,916)	1,855,301	192,409	671,447	-	-	36,493	2,526,748				

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, 2022.

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

For the nine months period ended March 31, 2023

15.3 Segment assets and liabilities

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

	Spinning		Weaving		Total	
	Un-audited March 31 2023	Audited June 30 2022	Un-audited March 31 2023	Audited June 30 2022	Un-audited March 31 2023	Audited June 30 2022
Segment assets for reportable segment						
Operating fixed assets	4,207,189	4,197,301	5,347,495	4,630,841	9,554,684	8,828,142
Stores, spares and loose tools	477,687	226,226	185,698	139,343	663,384	365,569
Stock in trade	4,873,635	3,573,956	5,408,836	4,223,860	10,282,471	7,797,816
	9,558,511	7,997,483	10,942,028	8,994,044	20,500,539	16,991,527
Unallocated corporate assets					13,397,484	10,774,361
Total assets as per balance sheet					<u>33,898,023</u>	<u>27,756,877</u>
15.4 Segment liabilities for reportable segments						
Unallocated corporate liabilities	6,260,230	5,460,133	11,170,315	7,695,677	17,430,546	13,155,810
Total liabilities as per balance sheet					<u>7,471,809</u>	<u>5,440,535</u>
					<u>24,902,355</u>	<u>18,596,345</u>

-----Rupees in thousand-----

16 CORRESPONDING FIGURES

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

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

17 DATE OF AUTHORIZATION

These condensed interim financial information are authorized for issue on April 28, 2023 by the Board of Directors of the Company.

18 GENERAL

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


Chief Executive


Director


Chief Financial Officer



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A Fatima Group Company

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