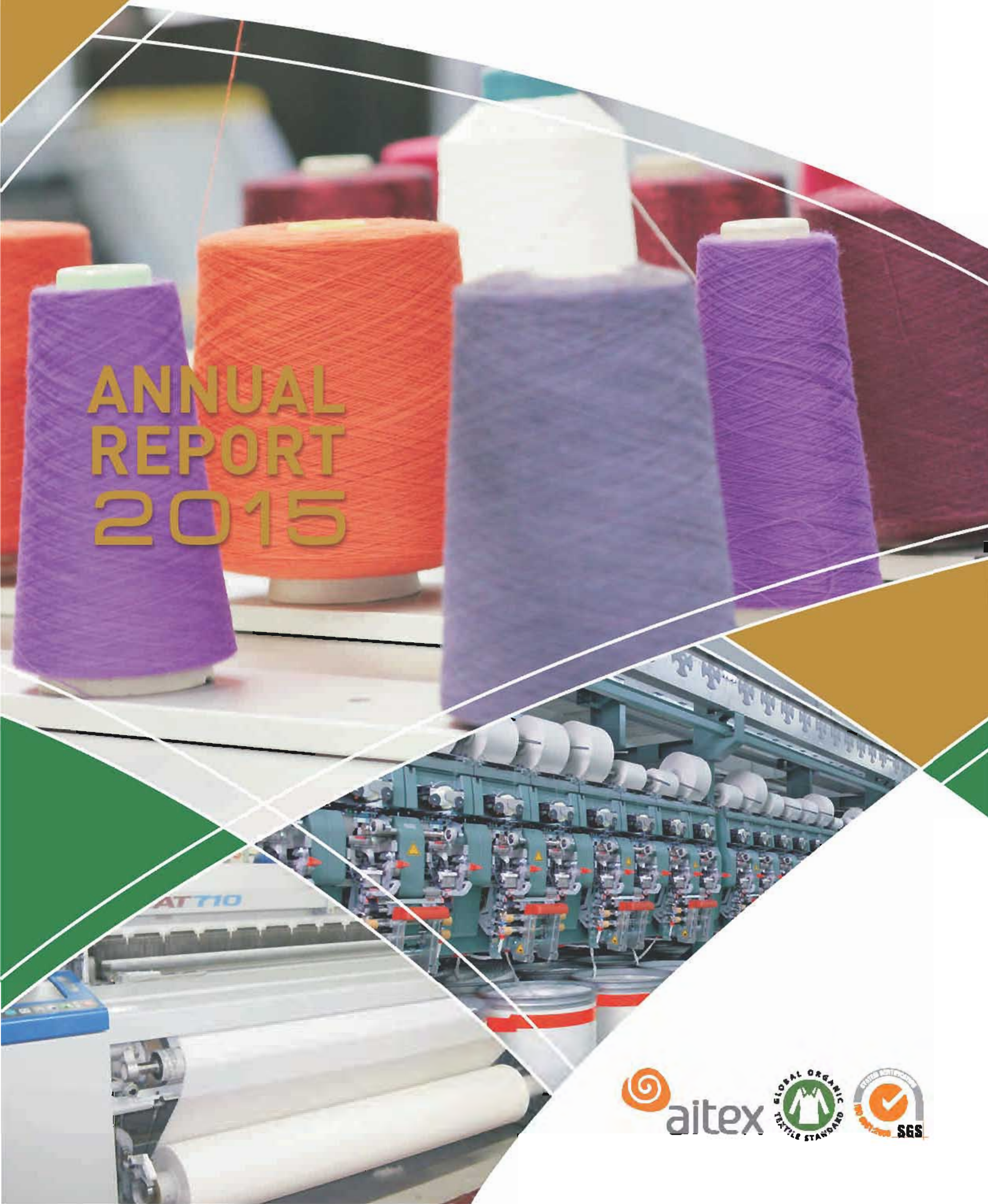
Reliance Weaving Mills Limited

A Fatima Group Company



ANNUAL REPORT 2015

Contents

Company Information

Board of Directors

Execitive Directors
Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

Non-Execitive Directors
Mr. Fawad Ahmed Mukhtar — Chairman
Mr. Fahd Mukhtar
Mrs. Fatima Fazal
Mrs. Farah Faisal

Independent Director
Mr. Shahid Aziz

Sub Committees of the Board

Audit Committee
Mr. Fahd Mukhtar	Chairman
Mrs. Fatima Fazal	Member
Mr. Shahid Aziz	Member

HR & Remuneration Committee
Mr. Fahd Mukhtar	Chairman
Mr. Faisal Ahmed Mukhtar	Member
Mrs. Farah Faisal	Member

Executive Management Team

Chief Executive Officer
Mr. Fazal Ahmed Sheikh

Chief Financial Officer
Mr. Waheed Ahmed

Company Secretary
Mr. Aftab Qaiser

GM Marketing
Mr. Khawaja Sajid

GM Weaving
Mr. Ikram Azeem

GM Spinning-3
Mr. Hafeez ur Rehman

GM Spinning-4
Mr. Muhammad Shoaib Alam

Bankers
Allied Bank Ltd
Bank of Khyber
Bank Al-Falah Ltd
Burj Bank Ltd
Dubai Islamic Bank Ltd
First Habib Mudarba
Habib Bank Ltd
Habib Metropolitan Bank Ltd
MCB Bank Ltd
Meezan Bank Ltd
National Bank of Pakistan
NIB Bank Ltd
Pak Brunei Investment Company Ltd
Pak China Investment Company Ltd
Saudi Pak Industrial & Agricultural Investment Company Ltd
Silk Bank Ltd
Sindh Bank Ltd
Soneri Bank Ltd
Standard Chartered Bank (Pakistan) Ltd
Standard Chartered Mudarba
Summit Bank Ltd
United Bank Ltd

Auditors & Share Registrar

External Auditors
Deloitte Yousuf Adil
Chartered Accountants,
Multan.

Shares Registrar
M/s CDC Pakistan Ltd.
2nd Floor 307-Upper Mall Lahore
info@cdc.pak.com
basharat.hashmi@fatima-group.com

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

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

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

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

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 of Annual General Meeting

Notice is hereby given that 25th Annual General Meeting of Members of Reliance Weaving Mills Ltd will be held on October 31, 2015 at 11:00 A.M at the Registered Office of the Company at 2nd Floor Trust Plaza L.M.Q. Road Multan to transact the following businesses:

Ordinary Business

1. To confirm the minutes of Extra-ordinary General Meeting held on July 13, 2015.
2. To receive, consider & adopt the Audited Financial Statements of the Company for the year ended June 30, 2015 along with Directors' & Auditors' report thereon.
3. To appoint the Auditors for the year ending June 30, 2016 and to fix their remuneration.
4. To discuss any other business with the permission of the Chair

Special Business:
To consider and if deemed fit, to pass the following resolution under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s).

"Resolved by way of special resolution that consent and approval of Reliance Weaving Mills Ltd (the "Company") be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 (the "Ordinance") for investment in the form of loans from time to time to following Associated Companies , upto an aggregate sum of Rs.100 million (Rupees one hundred million only) each for a period of three year on the revolving method commencing from the date of disbursement at the mark-up 2.5% plus KIBOR which is above the borrowing cost of the Company.

1. Fatima Sugar Mills Ltd (FSML).
2. Reliance Commodities (Pvt) Ltd (RCL).

ALSO RESOLVED that the above said resolution of investment shall be valid for three (3) years and any two of the following gentlemen be and are hereby empowered and authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

1. Chief Executive Officer
2. Chief Financial Officer
3. Company Secretary

FURTHER RESOLVED that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and hereby are singly authorized to take all steps and actions necessary, incidental and ancillary for this investment and 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 giving effect to the spirit and intent of the special resolution.

Note. Presently Company M/s Reliance Weaving Mills Ltd has no shares in FSML & RCL. The following directors and sponsors of RWML hold shares as detailed below:

Fatima Sugar Mills Ltd	No. of Shares	Reliance Commodities (Pvt) Ltd	No. of Shares
1. Mr. Fawad Ahmed Mukhtar	1	1. Mr. Fawad Ahmed Mukhtar	2,000,000
2. Mr. Fazal Ahmed Sheikh	1	2. Mr. Fazal Ahmed Sheikh	2,000,000
3. Mr. Faisal Ahmed Mukhtar	1	3. Mr. Faisal Ahmed Mukhtar	2,000,000
4. Mrs. Fatima Fazal	1		
5. Mrs. Farah Faisal	1		
6. Mr. Fahd Mukhtar	1		

By the order of the Board

Dated: 09.10.2015
Place: Multan

Aftab Ahmed Qaiser
(Company Secretary)

Notes

1. Share Transfer Books
Share Transfer Books will be closed from October 25, 2015 to October 31, 2015(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 Central Depository Company, 307, Upper mall Lahore.by the close of the Business on October 25, 2015 will be treated in time for the purpose of any entitlement.

2. Proxy
A member eligible to attend and vote at the Meeting may appoint another member as his / her proxy to attend, and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting in the working hours. Copy of shareholders' CNIC (attested) must be attached with the proxy Form. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

3. CDC Account Holders
CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:
i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:
i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
ii) The proxy form shall be witnessed by 2 persons whose names, addresses and CNIC # shall be mentioned on the form.
iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
v) In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

4. Photocopy of National Identity Card (CNIC)
The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company/Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Central Depository Company, 307, Upper mall Lahore. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC /NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779

Notice of Annual General Meeting

(I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

5. Dividend Mandate
The persons wish to deposit their Dividend amount in their respective bank Accounts are requested to provide their Bank Account No., Title of Account with cities & branch code.

6. Consent for Video Conference Facility
Members having 10%or more shareholding can also avail video conferencing facility. The Members wish to avail such facility are requested to fill the following form and submit to registered address of the Company 10 days before holding of Annual General Meeting.

Form

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 video conference facility at ____________.

Signatures & CNIC / Passport No.

7. E-mailing of Annual Report along with Financial Statements
Pursuant to SRO No. 787(I)/2014 issued by SECP Islamabad dated September 08, 2014. The Members willing to get soft copy of Annual Report instead of hard copy are requested to send their e-mail addresses to our share Registrar M/s Central Depository Company.

8. Change of addresses
Members are requested to notify any changes in their postal and e-mail addresses immediately.

- Statement U/S 160 (I) (b) of the Companies Ordinance 1984

Fatima Sugar Mills Ltd is public Ltd unquoted company involved in the business of Sugar & allied products. It is an associated company of Reliance Weaving Mills Limited (the "Company") by virtue of common directorship. The Management of the Company is hopeful that this would be a good investment and can pay healthy return in shape of mark up. Main benefit of such investment is to help the companies for the time being to cater its financial needs.

Reliance commodities (Pvt) Ltd involved in the business of trading of Molasses. It is an associated company of Reliance Weaving Mills Limited (the "Company") by virtue of common directorship. Management of the Company is hopeful that this would be a good investment and can pay healthy return in shape of mark up. Main benefit of such investment is to help the company for the time being to cater its financial needs.

The Board of Directors of the Company in their meeting held on October 06, 2015 has approved Rs.100 million for each Company as a loan, being a reciprocal facility, to both Companies on the basis of escalating profit trend subject to approval of the members. The Company shall extend the facility of loans from time to time for working capital requirements to the Companies in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

In Compliance of Companies (Investment in Associated Companies and Associated Undertakings) Regulations, 2012 the following information is required to be annexed with the special resolution for approval of the investment for the purpose of Section 208 of the Companies Ordinance.

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 Lahore	2nd Floor Trust Plaza LMQ Road Multan
Authorized Share Capital	Rs. 2.2 (B)	Rs. 100 (M)
Paid up Capital	Rs. 2.102 (B)	Rs. 80.08 (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	Reliance Commodities (Pvt) Ltd
Mr. Fawad Ahmed Mukhtar	Mr. Fawad Ahmed Mukhtar
Mr. Fazal Ahmed Sheikh	Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar	Mr. Faisal Ahmed Mukhtar
Mrs. Fatima Fazal	
Mrs. Farah Faisal	
Mr. Fahd Mukhtar	

(ii) Amount of loans;

Overall aggregate limit of investment of Rs.100 million for each Company to be utilized as follows:

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;

For Fatima Sugar Mills Ltd
Fatima Sugar Mills Ltd is public Ltd unquoted company involved in the business of Sugar & allied products. It is an associated company of Reliance Weaving Mills Limited (the "Company") by virtue of common directorship. Management of the Company is hopeful that this would be beneficial for both companies because investing company will earn income against Mark-up on the loan to be provided to FSML from time to time and investee company will fulfill its short term immediate funds/working capital requirements.

For Reliance Commodities (Pvt) Ltd
Reliance commodities (Pvt) Ltd is a private Ltd Company involved in the business of trading of Molassis. It is an associated company of Reliance Weaving Mills Limited (the "Company") by virtue of common directorship. Management of the Company is hopeful that this would be beneficial for both companies because investing company will earn income against Mark-up on the loan to be provided to FSML from time to time and Investee Company will fulfill its short term immediate funds/working capital requirements.

(iv) In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;

No loan or advance has been granted.

Notice of Annual General Meeting

(v) Latest Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking;

Particulars	Fatima Sugar Mills Ltd	Reliance Commodities (Pvt) Ltd
	Rupees in million	
Paid up capital	2,102	80
Un-appropriated profit	322	9,557
Current liabilities	2,844	1,141
Current assets	2,494	10,529
Sales	5,939	3,263
Gross Profit	566	418
Operating Profit	428	197
Net Profit	137	2,644
	In Rupees	
Breakup value per share (Rs.)	11.53	1,211
Earnings per share (Rs.)	0.65	330
Current Ratio	0.88 : 1	9.22 : 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;

2.5% above KIBOR

(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 & RCL which will augment the Company's cash flow
- Period — Maximum period of three years on revolving basis
- Rate of Markup — 2.5% above KIBOR
- Repayment — Investee Company will pay Loan and mark-up to investing company on one month notice

(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,-

(I) A description of the project and its history since conceptualization;

NA

(II) Starting date and expected date of completion;

NA

(III) Time by which such project shall become commercially operational;

NA

(IV) Expected return on total capital employed in the project; and

(V) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts

Total Cash

Group Profile

Fatima Group

In 1988 a dynamic and radical person known as Mr. Mukhtar A. Sheikh had conceptualized his revolutionary vision and laid the stone of a Multan based organization which commenced its business mainly in sugar. In subsequent years the untiring, dedicated and missionary zeal & zest of the founders of group had woven the net of Companies into glorified galaxy of shining Stars and named it Fatima Group. The substantial Strategic benefits of vertical integration led him and his associates to consider venturing into the manufacturing field of Textile, Sugar, Fertilizers, Molasses, Trading, Mining, Power Generation & Transmission, Air Line and Packing Material etc.

Over the years and by the grace of almighty Allah the Fatima Group of Companies now proudly stood unparalleled and peerless leader in business groups of Pakistan. It ranks amongst the top Companies of Pakistan. The group has strong presence in most important business sectors of the region. It also has the distinction of being one of the largest players In each sector. The Group has a remarkable position in the market as good as any multinationals operating locally in terms of its quality of products, services and management skills.

Textile

- **Reliance Weaving Mills Ltd,** the flagship company of the group was established in 1991. Its annual turnover approx. Rs.11 billion with the production facility of 61,920 spindles and 336 looms. It is listed on Karachi & Lahore Stock Exchanges of Pakistan.

Fertilizers

- **Pakarab Fertilizers Ltd** is the largest fertilizer complex in Pakistan with annual production capacity of 847,000 MT. It was put into operation in 1979. Under the privatization policy of Government of Pakistan, the management of the company was taken over by Fatima Group on July 14, 2005.

- **Fatima Fertilizer Company Ltd** was incorporated on 24 December 2003 as a Public Limited Company. Fatima Fertilizer is fully integrated fertilizer complex with annual production capacity of Urea 500,000, CAN 420,000, NP 244,000, Nitric Acid 500,000 and Amonia 500,000. It is listed on all the Stock Exchanges of Pakistan.

Sugar

Fatima Sugar Mills Limited was incorporated as a public limited company in 1988. Current production capacity of the Company is 11,000 MT per day.

Trading

Reliance Commodities (Pvt) Limited is a private limited company incorporated in 1996 and deals in export of molasses, sugar, and other commodities.

Following companies are also part of Fatima Group:

1	**Fatima Energy Ltd**	(Power Generation)
2	**Air One (Pvt) Ltd**	(Air Line)
3	**Pakistan Mining Ltd**	(Mining & Exploration)
4	**Reliance Sacks Ltd**	(Packing Material)

Company Profile

Reliance Weaving Mills Ltd (RWML) is a public limited company listed on both Karachi and Lahore Stock Exchanges. 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 cotton yarn and grey woven fabrics.

Authorized Capital of the Company is to this level 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 81.503 million meter of Grey Cloth (50 PPI) & 19.721 million KGs of yam (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 first hand knowledge about the quality of production.

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.

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 seven members, six from sponsors and one director representative of minorities shareholders' interest. All the directors having equal rights to participate in the matters of the company. Two members of the Board of Directors are executive Directors, four members of the Board of Directors are non-executive Directors and one member of the board is independent director. 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
Mrs. Farah Faisal	Director	Non-Executive
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	Fatima Energy Ltd.
	Reliance Commodities (Pvt) Ltd.
CEO	Fatima Fertilizer Company Ltd.
	Pakarab Fertilizers Ltd.
Director	Fazal Cloth Mills Ltd.
	Fatima Sugar Mills Ltd.
	Air One (Pvt) Ltd.
	Fatima Trading Company (Pvt) Ltd.
	Farrukh Trading Company (Pvt) 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.
Director	Fatima Fertilizer Company Ltd.
	Pakarab Fertlizers Ltd.
	Fazal Cloth Mills Ltd.
	Fatima Sugar Mills Ltd.
	Air One (Pvt) Ltd.
	Fatima Trading Company (Pvt) Ltd.
	Reliance Commodities (Pvt) Ltd.

Directors' Profile

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 Sugar Mills Ltd
Director	Fatima Fertilizer Company Ltd Pakarab Fertlizers Ltd Fazal Cloth Mills Ltd Air One (Pvt) Ltd Fatima Trading Company (Pvt) Ltd Furrukh Trading Company (Pvt) Ltd Reliance Commodities (Pvt) Ltd
Member	Syndicate of BZU Multan Provincial finance Commission Steering Committee of Southern Punjab Development Project Decentralization support Program

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	Reliance Sacks Ltd
Director	Fazal Cloth Mills Ltd.

Mr. Shahid Aziz

Independent Director

Mr. Shahid Aziz is NIT nominee 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. Currently he is a nominee director of 6 listed companies.

Profile of the Executive Officers

Mr. Aftab Qaiser

Company Secretary

Mr. Aftab Ahmed Qaiser is a qualified Chartered Accountant from the Institute of Chartered Accountants in 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 35 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. Waheed Ahmed

Chief Financial Officer

Mr. Waheed Ahmed is qualified Chartered Accountant having more than 15 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. Jawad Ahmad Affi Bhutta

Sr. Manager Accounts and ERP

Mr. Jawad is qualified Chartered Accountant, completed his article ship from M. Yousuf Adil Saleem and Co. a member firm of Deloitte International. He is associated with this company since 2004 and supervising Accounts and ERP functions. During this tenure he successfully got implemented Oracle ERP system in liaison with external consultant as a functional head and continuously working on improvement of the system. He is also handling different tax and operational matter of the company. He managed to win best corporate report award of ICAP and ICMAP for the company in 2005.

Profile of the Executive Officers

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 22 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. 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

It gives me great pleasure to welcome you to 25th Annual General Meeting of the company and to present company annual report and audited financial statements for the year ended June 30, 2015.

The Board is operating on agenda to deliver resilient performance against considerable headwinds in the year 2014-15. The business environment in the year 2014-15 has put our company to test and the board has developed a strategy which results in fair return to shareholders as for as possible under the circumstances in vogue. We try to minimize adverse economic factors by being vigilant & resorting to SWOT & PESTEL (Political, Economic, Social, Technological, Environmental, and Legal) analysis.

As the Directors review the strategy and carry out their duties, it is my role as a Chairman to lead the board effectively.

We work with integrity and try to deliver sustainable business results through efficient operational procedures, effective internal controls, ethical behaviours, enhanced capacity building of our human resources & process excellence to ensure long-term viability of the company by resorting reliable, replicable & measurable.

The Board discharges its fiduciary responsibilities by being loyal i.e. by acting in the best interest of the Company, and by not engaging themselves in transactions involving conflict of interest.

It is my passion to build our human resource capital and prepare the next generation leadership by enhanced capacity building and also by inducting the best talent in the company. We consider our people as our greatest competitive advantage. Employee's turnover of the Company is minimum due to friendly & learning work environment and where the employee can realize their full potential.

Chairman's Review

Succession planning ensures that employees are constantly developed to fill the key positions, through proactive approach. We recruit and train high caliber employees to prepare them to assume more challenging role where the position arises due to retirement, death, health issues and turnover of senior employees.

As the chairman of the Board I am committed towards the enhancing the quality of life of the people with particular focus on health & education. The company acknowledges its responsibilities towards community investment and welfare by providing financial assistance to the project meant for society development by various charitable institutions on constant basis.

In to-days economy finding & hiring of employee with best skills is very critical. The Company resorts to 7 C's criteria i.e. **Competence, Capability, Compatibility, Commitment, Character, Culture and Compensation** to find out the candidate with best skills. Employees are the most precious resource of the company. The management will continue to remain superior to machines as the machine is the creation of man and the creator is always superior to creation. We manage nurture & groom high potential employees in such a way that they become a motivation work force to become a learning source for all other employees and We always feel that Great vision without great people is irrelevant as the high potential employees are the key drivers in achieving the Company's goals & objectives. We feel that our company's performance depend on the performance of our employees. Nurturing potential of an employee is like nurturing the potential of our business.

We believe that investor service is a vital element for sustained business growth.

We ensure that investors remain exemplary service for the queries & complaints with in no time.

We are committed to upgrade and enhance our IT infrastructure by moving towards greater process automation. We remain focused to automate & streamline various tasks by analyzing & reporting, which forms the basis for an initiative to up-grade & enhance ERP System.

We strengthen the robust corporate culture of the company by inculcating the spirit of teamwork, integrity, humility, commitment, honesty, communication, openness, responsibility, fairness and transparency at all facets of the organization.

On behalf of the Board, I would like to acknowledge and recognize the contribution made by fellow directors, management and employees of the company for their continuous support & commitment. I would also like to thank our shareholders, stakeholders, business associates and government authorities for their continued support to the company.

I look forward to welcoming as many as possible of our shareholders at the forthcoming Annual general Meeting scheduled to be held in October 2015.

Fawad Ahmed Mukhtar
Chairman

Directors' Report to the Shareholders

It gives me great pleasure to present my review of our company's performance for the year 2014-15.

1. Pakistan Textile Industry overview

Pakistan is one of the largest exporter and producer of the textile products around the world. Pakistan textile Industry is the backbone of Pakistan's Economy. Textile export for financial year ended 2015 decreased from USD 13.72 billion to USD 13.47 billion down by 1.8% as compared to last year. Major declines were seen in the cotton yarn, raw cotton and other non-value added products.

Key reasons for the decline in the exports were:

1) Collapse in cotton commodity prices which resulted in lower retention rates across the value chain
2) Discontinuation of Chinese yarn procurement
3) Crisis in EU zone
4) Rapid depreciation of EURO against PKR
5) Intense competition given to Pakistani exporters from Indian and other regional players.

2. Financial Results

The Company encountered persistently difficult operating environment in the year ended 2015 and sustained net loss after tax of Rs. 98 million, major reason of loss is that company has to write down its inventory at NRV which resulted Rs 107 million loss for the year.

Synopsis of Financial Results is as under:-

Description	June 30, 2015	June 30, 2014	Comparative Percentage
Sales	10,878	11,412	(4.6)
Gross Profit	842	1,122	(25)
Distribution & Marketing expenses	(163)	(161)	(1.25)
Administration expenses	(149)	(171)	13
Other operating expenses	(19)	(32)	47
Finance Cost	(688)	(502)	(37)
Other Income	38	34	11
(Loss)/Profit before Taxation	(142)	290	148
Taxation	44	(71)	(161)
(Loss)/Profit after Tax	(98)	219	(144)
(Loss)/Earning per shares (EPS) in Rs.	(3.18)	7.11	(144)

3. Future Outlook

After enduring a difficult FY 15, the textile exports started-off FY 16 on a disappointing note. The decline in exports comes about on back of chronic energy shortage and weak demand from EU and China. We do not expect any significant uptick in exports in the coming period as the regional countries have all devalue their local currencies in order to stimulate their local demand. This move will serve to make Pakistani export more expensive to the buyers. The global production consumption mismatch has put an upward pressure on the cotton prices. The local cotton production estimates have been revised down from previous target of 15.4 mn bales to 13.6 mn bales on account of heavy rains and floods in the cotton growing belt. Currently, local cotton prices are trading at discounted prices as compare to

Directors' Report to the Shareholders

international prices and it is expected that local prices shall increase to reduce this mismatch of prices. We are making continuous efforts to consolidate our business by being vigilant, and improve the product yield and the same upgrading our existing know how by moving towards hi-tech development to be able to strengthen our business to meet the challenges ahead.

4. Overview of the Economy

The revival of growth that started in 2013-14 has accelerated in 2014-15 as per latest indicators released by the National Accounts Committee. The factors contributing this momentum in growth include the reform initiatives, commitment to a calibrated fiscal and monetary management and an overall improvement in macroeconomic situation. The impact of these factors was strengthened by a steep decline in oil prices, rise in foreign exchange buffers, growth in remittances and proceeds from privatization.

Fiscal year 2014-15 registered some remarkable achievements. Inflation hit the lowest level at 2.1 percent on YoY in April since 2003-04. The policy rate decelerated at 7 percent which was lowest in last 42 years, capital market created history, grading by international rating agencies improved, historical agreement with Chinese Government on China Pak Economic Corridor (CPEC), issuance of Ijara Sakuk Bond after a period of 9 year, decline in unemployment rate from 6.2 to 6.0 percent etc.

Cotton production registered a remarkable improvement of 13.98 million bales depicting a growth of 9.5 percent as compared to last year. The cotton production also remained highest in last 5 years.

Per capita income is an important economic indicator which is mostly used to measure economic development of the country and also make comparison of well-being among various countries of the world. Per Capita Income in dollar terms has registered a significant growth of 9.25 percent in 2014-15 as compared to 3.83 percent last year. The per capita income in dollar terms has increased from $ 1,333 in 2012-13 to $ 1,512 in 2014-15. The main contributing factors, of this rapid increase in per capita income include acceleration in real GDP growth, relatively lower growth in population.

5. Earnings Per Share

Your Company's post-tax loss of Rs. (97.918) Million, translates into loss per share of Rs. (3.18) as compared to earnings per share of Rs. 7.11 the last year.

6. Dividend

The directors have not recommended any dividend for the year ended June 30, 2015. In view of pre-tax loss & negative cash flows.

7. Material Changes In Financial Statements

Sr.#	Particulars	Unit	30.06.2015	30.06.2014
A	Gross profit	%	7.73	9.83
B	Return on sales	%	(0.89)	1.92
C	(Loss) Earnings per share	Rs.	(3.18)	7.11
D	Market value of a share	Rs.	32.52	38.57
E	Balance sheet footing	Rs. In Million	10,137	9,573

8. Textile Policy 2014-15

The board welcomes the approval of the 2nd textile policy of Pakistan. It provides five years policy road map for textile industry with following targets:-

- To double the textile exports from US $ 13 billion to US $ 26 billion
- To double the value addition from US $ 1 billion per million bales to US $ 2 billion per million bales in five years
- Increase in investment in textile machinery & technology
- Creation of new jobs
- Increased focus on SME sector for added growth in value added products

The Ministry of textile envisages the increase in exports & full utilization of potential of textile sector through following measures:-

- Budgetary support
- Policy interventions
- Marketing
- Revitalization of the projects

Directors' Report to the Shareholders

- Capacity building of the ministry and organization.

9. Modernization and Expantion

Company is committed to modernize and expand production line according to rapidly changing technology in order to produce international quality products. During the current year company inducted state of the art 13,200 spindles to its production line which can produce high quality yarn with great efficiency which would be able to produce around 4.2 million KGs per annum after conversion into 20/S count.

The management is very much cognizant of power shortage problem. In order to cope with this issue the company has inducted new gas fired power generators of latest technology to support its new expansion.

10. Human Resources

Your company fully understands the importance of skilled and developed human resource towards the success of any organization. Your company took various steps to add value to its current HR practices. We devised a performance management policy which ensures a performance driven culture and values the contribution of your company's employees. A comprehensive role clarification initiative was taken to assess the job description of key management roles in each department, which has resulted in an increase in performance across the board. Your company is committed to develop a skilled work force that can not only achieve organizational goals but individual goals as well.

11. Succession Management

There are many reasons why organizations need to be thinking about Succession Management. The most important reason, of course, is that we rely on staff to carry out our missions, provide services and meet our organization's goals. We need to think about what would happen to those services or our ability to fulfill our mission if a key staff member left.

Succession plan ensures:

- A means of ensuring service continuity when the executive senior managers or key people leave
- A continued supply of qualified, motivated people who are prepared to take over when senior staff and other key employees leave the organization
- A commitment to develop career paths for employees which will facilitate the organization's ability to recruit and retain top-performing employees
- A reputation as an employer that invests in its people and provides opportunities and support for advancement

We ensure that internally employees with potential are nurtured & trained identifying developing or their recruitment to fill the critical & key positions in the company

12. 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

Directors' Report to the Shareholders

conformity with the Companies Ordinance, 1984. These statements prepared by the management of the Company present fairly the state of affairs results the results of its operations cash flows & changes in equity.

b. The Company has maintained Proper books of account as required by the Companies Ordinance, 1984.

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;

f. There are no significant doubts upon the company's ability to continue as a going concern:

g. There has been no material departure from the best practice of corporate Governance, as detailed in Listing Regulations:

h. As required by Code of Corporate Governance, we have included the following information in this report;

i. Statement of Pattern of shareholding has been given separately in the annual report.

j. Statement of shares held by Associated Undertakings and related persons has been given separately

k. Statement of Board Meeting held during the year and attendance of each Director

l. Key operating and financial statistics for the last six years have been given separately.

13. Attendance of Board of Directors' & Board Committee Meetings

During the year, six board meetings were held. The number of meetings attended by each Director is given hereunder:

A. Board of Directors

Sr #	Name of Directors	Meetings Held	Meetings Attended
A	Mr. Fawad Ahmed Mukhtar	7	7
B	Mr. Fazal Ahmed Sheikh	7	7
C	Mr. Faisal Ahmed Mukhtar	7	7
D	Mr. Fahd Mukhtar	7	6
E	Mrs. Fatima Fazal	7	5
F	Mrs. Farah Faisal	7	7
G	Mr. Shahid Aziz	7	6

B. Board Audit Committee

Sr #	Name of Directors	Meetings Held	Meetings Attended
A	Mr. Fahd Mukhtar	4	4
B	Mrs. Fatima Fazal	4	4
C	Mrs. Farah Faisal	3	3
D	Mr. Shahid Aziz	1	1

C. HR & Remuneration Committee

Sr #	Name of Directors	Meetings Held	Meetings Attended
A	Mr. Fahd Mukhtar	1	1
B	Mr. Faisal Ahmed Mukhtar	1	1
C	Mrs. Farah Faisal	1	1

14. Annual Evaluation of Board Performance

Pursuant to caption V(e) of CCG 2012, the Board has determined a method of performance evaluation for Directors individually and for the Board. The method specifies the criteria to be used in evaluating performance.

Performance criteria should improve:

- Overall governance structure
- Dynamics in the boardroom.

It is necessary to invest in an assessment process of the board of directors deeper than compliance requirements. Evaluation processes have become common in the boardroom. **An evaluation can turn a good board into a great board.** An assessment gives an opportunity to think about

Directors' Report to the Shareholders

the boards' strengths to enhance and its weaknesses to confront. It will allow identifying what is successful and what needs to be changed to improve the board's performance as a collegial body. The evaluation is also allows for each director to give his/her opinion on the organization of the board and to review their own performance. The annual evaluation of the Board of Directors as an entity encompasses the following:

- ✓ Board Composition and organization.
- ✓ The board's term of reference.
- ✓ Adequate Board Composition.
- ✓ Skill & Expertise of Board Members.
- ✓ Implementation of Corporate Governance and fulfillment of other Regulatory requirements & statutory obligations.
- ✓ Enhancement in shareholders' value.
- ✓ Business diversification & Development.
- ✓ Risk Mitigation & Management.
- ✓ The efficiency of Board meeting & the decision makes process.
- ✓ The quality of communication between the Board & the Organization.
- ✓ Setting up of objectives and formulation an overall corporate strategy.
- ✓ Review and updation of financial policies.
- ✓ Approval of Capital and operating budgets.
- ✓ Receiving of regular financial reports.
- ✓ Approval of annual business plan.
- ✓ Focus on goals and results.
- ✓ Availability of guideline to management.
- ✓ Regular follow up to measure the impact of board decisions.
- ✓ Board & CEO Compensation.
- ✓ Board Planning procedure and interaction.
- ✓ Board & CEO effectiveness.
- ✓ Appropriate constitution of Board Committees with members possessing adequate technical knowhow and experience.
- ✓ The stage of maturity of the Board.
- ✓ Succession planning.
- ✓ Split of Chairman & CEO role.
- ✓ Board members skills.
- ✓ Balance between executive & non-executive directors.
- ✓ Risk management.
- ✓ Regulatory Compliance reporting.

Evaluation of Board Members

The Chairman will evaluate the Board Members on the basis of input received from each board member on the performance of fellow directors to be discussed in the presence of full Board.

Evaluation Criteria for Individual Directors are as under:

- ✓ Contribution and effectiveness in corporate governance.
- ✓ Leadership through vision and values.
- ✓ Strategic thinking and decision making.
- ✓ Commercial and business acumen.
- ✓ Teamwork.
- ✓ Contribution to resolution of divergent views.
- ✓ Proactive participation.
- ✓ Attendance at Board & Committee meetings
- ✓ Participation & quality of input in meetings
- ✓ The effectiveness of Board Committees meetings
- ✓ Discharge of fiduciary responsibilities
- ✓ Relationship of Board Members with Organization
- ✓ Monitoring through policies & procedures.

15. The Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as duties assigned by the Board. In particular, the Chairman coordinates the activities of the Directors and various Committees of the Board, and presides over the meetings of the Board and shareholders.

Chief Executive Officer is responsible for the operations of the Company an conduct of its business, in accordance with the powers tested in him by law, the Articles of Association of the Company and authorities delegated to him through a General Power of Attorney and Board Resolutions from time to time. Chief Executive Officer recommends policies and strategic directions, financial statements, annual business plans and budget for the Board approval and Is

Directors' Report to the Shareholders

responsible for exercising the overall control, direction, administration and supervision for Participation & quality of input in meetings'.

16. Management Committee

The purpose of management committee is to improve the coordination and review operational issues, opportunities and threats to facilitate timely decision making to improve performance and operating efficiency. The Committee will oversee, monitor and scrutinize the strategy to judge the performance of various facets of organization.

The committee is responsible for the following:-

- Review of the results of monthly operations
- Review of material prices
- Review of selling prices in view of changing market scenarios
- Review of annual budget and recommended same for the approval from the board
- Set training needs
- Review customers credit limits
- Review & monitor products yields & identifying means to improve the same
- To review & monitor the quantum of raw material W.I.P. and finished goods inventories and take action as controlling the same

17. Board Audti Committee

in compliance with the Code the Board of Directors has constituted a Board Audit Committee, comprising two non-executive & one independent Director to assist the Board to discharge its responsibilities in following area:-

✓ Ensuring the Company adopts, maintains and applies appropriate accounting and financial reporting processes and procedures.
✓ Facilitating the independence of the external audit process and addressing issues arising from the audit process.
✓ Ensuring the Company maintains effective risk management and internal control systems.

18. Changes in the Board Audit Committee

Pursuant to election of Directors, the Audit Committee was reconstituted in compliance with the requirement of CCG 2012 on April 2015. Subsequently Mr. Shahid Aziz (independent Director) was appointed as a member of Audit committee on April 11, 2015 in-place of Mrs. Farah Faisal. The statutory composition of the Committee remained intact with this change.

19. Board Human Resource and Remuneration Committee

The Board of Directors, in compliance with the Code, has re-constituted Board HR & Remuneration Committee comprising of three directors majority of whom are non-executive directors including Chairman of the Committee. The purpose of the Committee is to assist the Board to fulfill its responsibility to shareholders to ensure that human resource policy and practices support company in achieving its commercial and stakeholder goals.

20. Changes in the Board Human Resource and Remuneration Committee

Pursuant to election of Directors, the HR & Remuneration Committee was reconstituted in compliance with the requirement of CCG 2012 on April 2015. However there was no change in the composition of the committee.

21. Company's Assets

The total assets of the Company as on June 30, 2015 stood at Rs.10,137 million as against Rs. 9,573 million depicting an increase of 5.9% over the last year.

22. Outstanding Taxes and Duties

Details of outstanding taxes and duties are given in the financial statements.

23. Contribution to National Exchequer

Your company contributions substantially to the national economy in terms of taxes and duties and

Directors' Report to the Shareholders

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.

24. 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 relationing.
- ✓ Promotion of culture of excellence by exceeding the expectations of all stakeholders.
- ✓ Customer satisfaction essential 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

25. Code of Conduct for the employees of the Company

The following principles constitute the code of conduct for the employees

- ✓ Punctual, focused and faithful to the Company.
- ✓ Devotion of time & efforts to productive activities.
- ✓ Polite helpful & co-operative with other employees.
- ✓ Observing company policies & regulations.
- ✓ Avoiding of favouritism.
- ✓ Promote & protect the interest of the company.
- ✓ Deal fairly, professionally and equitably with other employees.
- ✓ Exercise prudence in using company resources.
- ✓ Observe confidentiality in company matters.
- ✓ Observe cost effective practices in daily activities.
- ✓ Avoide making personal gains.
- ✓ Teamwork & responsibility inspite of obstacles & difficulties.

26. Relationship with other Stakeholders

Your Company tries to maintain good relationship with:

- ✓ Its employees by providing good work environment

Directors' Report to the Shareholders

- ✓ Its clients through building trust and providing quality products:
- ✓ The Government through compliance with all applicable laws:
- ✓ The society in general through providing safe and healthy workplace
- ✓ To provide opportunity to employees to improve their skills.

27. Information Technology

In the current global scenario rapid changes in technology has opened wide the doors of information, readily accessible to every individual. Importance of information in right time and right perspective has become high. In this situation information technology plays a vital role in the progress of any organization. Management of your company is very much aware of the importance of information technology. The Company has successfully completed the fixed assets module on Oracle financial ERP system.

28. Salient Aspects of Company's Control and Reporting Systems

The Company complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. The Board's primary role is the protection and enhancement of long term shareholders' value. To fulfill this role, the Board is responsible to implement overall corporate governance in the Company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditure, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information Systems. It is also responsible for approving and monitoring financial and other reporting.

The Board has delegated responsibility for operation and administration of the Company to the Chief Executive. Responsibilities are delineated by formal authority delegations.

29. 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.

30. Health, Safety and Environmental

It is primary responsibility of a reputable organization to provide healthy and safe environment to its workers at workplace. Your

Directors' Report to the Shareholders

company always takes necessary measures to maintain and improve safely environment in compliance with international standards. The company has also arranged group insurance policy for all its employees covering different aspects. The Company recognizes protection of environment as one of its highest priorities and every effort is made to conserve and protect the environment. The Company continues to focus on pollution control policies at mills sites.

31. Trading in Company's Shares

Directors, Chief Executive Officer, Chief Financial Officer, Head of internal Audit and Company Secretary, and their spouses and minor children have not carried out any trading in the shares of the Company during the year.

32. Market Capitalization

At the close of the year, the market capitalization of the Company stood at Rs. 1,002 million as against Rs. 1,188 million as at June 30, 2014.

33. Professionalism

We adhere strictly to courtesy, honesty & responsibility when dealing with individuals or other companies in the business environment, which is demonstrated by high level of excellence and by completing tasks in timely manners with the highest possible quality and by taking pride in in completed tasks.

34. Corporate Social Responsibility (CSR)

Your company considers CSR as a fundamental sustainable business practice to contribute voluntary 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.

More than 50% population of our country is illiterate and government expenditures on education stood 2.3% of GDP. Your Directors feels that there is an urgent need to establish educational institutions. With this vision in mind, we joined hands with The Mukhtar A. Sheikh Trust to build its own schools & technical education campuses' in different areas in order to promote quality education at the grass-roots level so that the people can become useful part of the society by contributing towards the economic development of the Country.

35. Statutory Compliance

During the year the Company has complied with all applicable provision, filed all returns / forms and furnished all the relevant `information as required under the Companies Ordinance 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

36.Outstanding Statutory Payments

All outstanding payments are of normal and of routine nature.

37. Trade Membership

Company is the member of Multan Chamber of Commerce & Industry (MCCI)..

38. Excellence

We measure our performance by exceeding the expectations of all stakeholders.

The fundamental concepts of excellence are as under:-

- Adding Value for Customers
- Creating a Sustainable Future
- Developing Organizational Capability
- Harnessing Creativity & Innovation
- Leading with Vision, Inspiration and Integrity
- Managing with Agility Succeeding through the Talent of People
- Sustaining Outstanding Results

Directors' Report to the Shareholders

39. External Auditors

Present Auditors M/s Deloitte Yousuf Adil Chartered Accountants, being eligible have offered themselves for reappointment in accordance with Section 252 of the Companies Ordinance, 1984 for the financial year ending June 30, 2016. The audit firm has confirmed that it has been awarded satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP.

The Audit Committee and Board of Directors have proposed their re-appointment by the shareholder of the company in the forthcoming Annual General Meeting of the company for the year ending 30 June 2016.

40. Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at June 30, 2015 is annexed with report.

41. Strategic investment

The board of director decided to invest Rs. 100 million being 31.25% of the project cost in an associated company namely Fatima Transmission Company Ltd (FTCL) a public unquoted company. The approval U/S 208 of the companies Ordinance, 1984 from the shareholders was sought in Extra-ordinary General Meeting. This investment will generate healthy returns to the company in the form of Dividend & markup. More over the guaranteed uninterrupted power supply to the company will cut down production losses resulting into improvement in the profitability of the company.

42. Secretarial Compliance Certificate

The Company Secretary has furnished a Secretarial Compliance Certificate a part of the Annual Return filed with the Commission to certify that the Secretarial & Corporate requirements of the Companies Ordinance, 1984, Memorandum & Articles of Association of the Company and the Listing Regulations has been duly complied with.

Acknowledgments

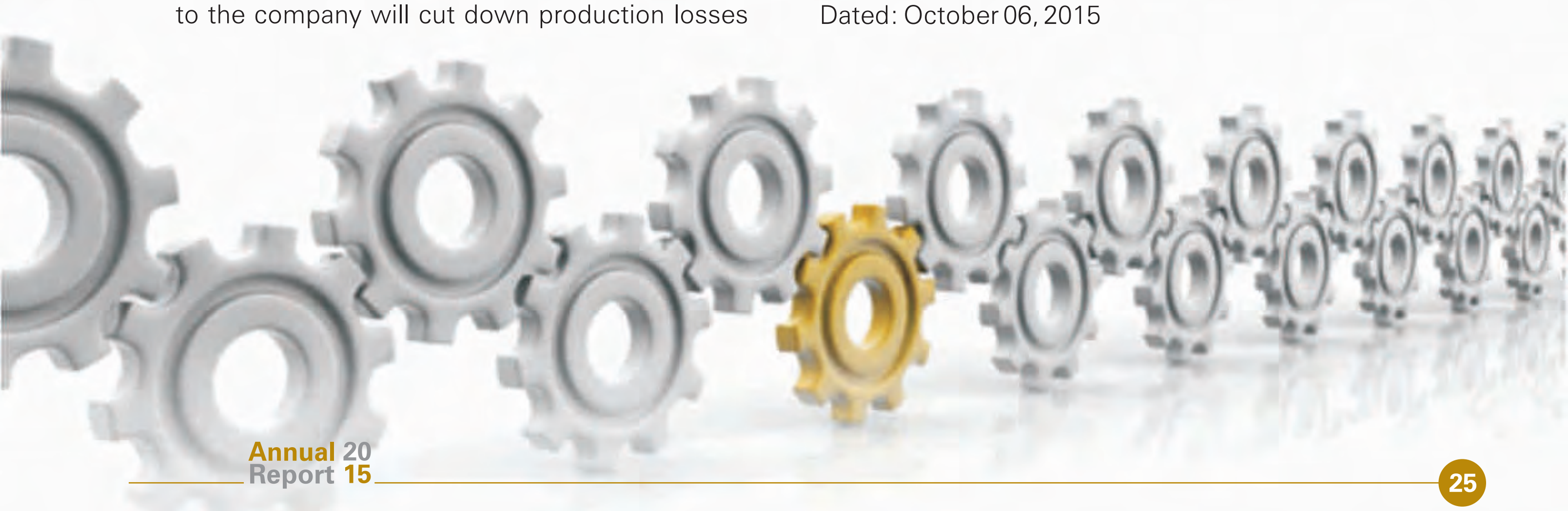
The Directors of your Company would like to take this opportunity to thank the Securities & Exchange Commission of Pakistan (SECP), banks and financial institutions and insurance companies for their continued support and cooperation.

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
(Chief Executive Officer)

Place: Lahore
Dated: October 06, 2015

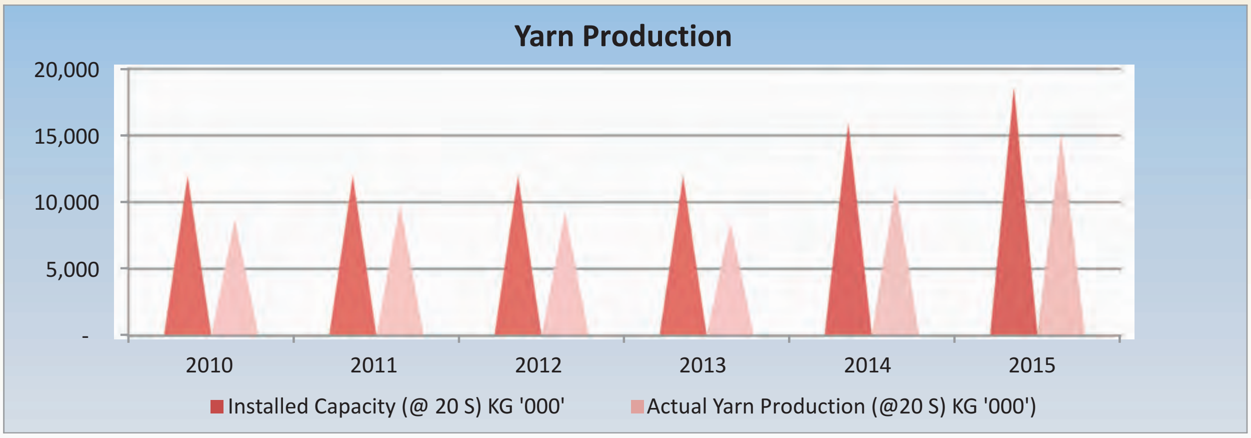


Financial Highlights

6 Years Growth at a Glance

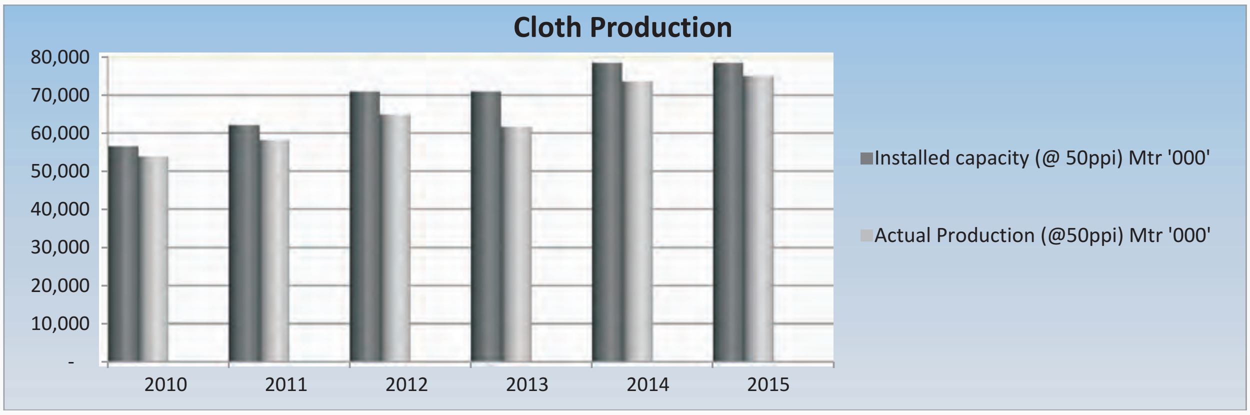
OPERATIONAL PERFORMANCE:

Spinning	2010	2011	2012	2013	2014	2015
Number of Spindles Installed	35,520	35,520	35,520	35,520	48,720	61,920
Installed Capacity (@ 20 S) KG '000'	11,963	11,963	11,963	11,963	15,930	18,639
Actual Yarn Production (@ 20 S) KG '000'	8,724	9,819	9,268	8,504	11,258	15,122



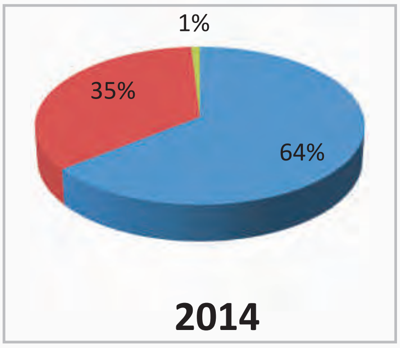
Weaving

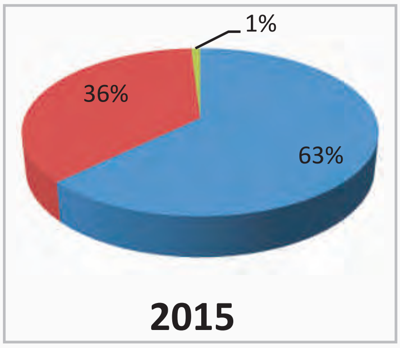
	2010	2011	2012	2013	2014	2015
Number of Looms Installed	295	274	296	296	336	336
Installed capacity (@ 500ppi) Mtr '000'	56,508	62,090	70,930	70,930	78,450	78,450
Actual Production (@ 50ppi) Mtr '000'	53,820	58,088	64,881	61,621	73,518	74,916



GROSS SALE

	2010	2011	2012	2013	2014	2015
Export Sale (Rs. M)	4,670	5,951	6,506	5,879	7,451	6,979
Local Sale (Rs. M)	2,040	4,020	2,197	3,651	4,033	4,032
Wast sale (Rs. M)	150	151	120	110	109	105



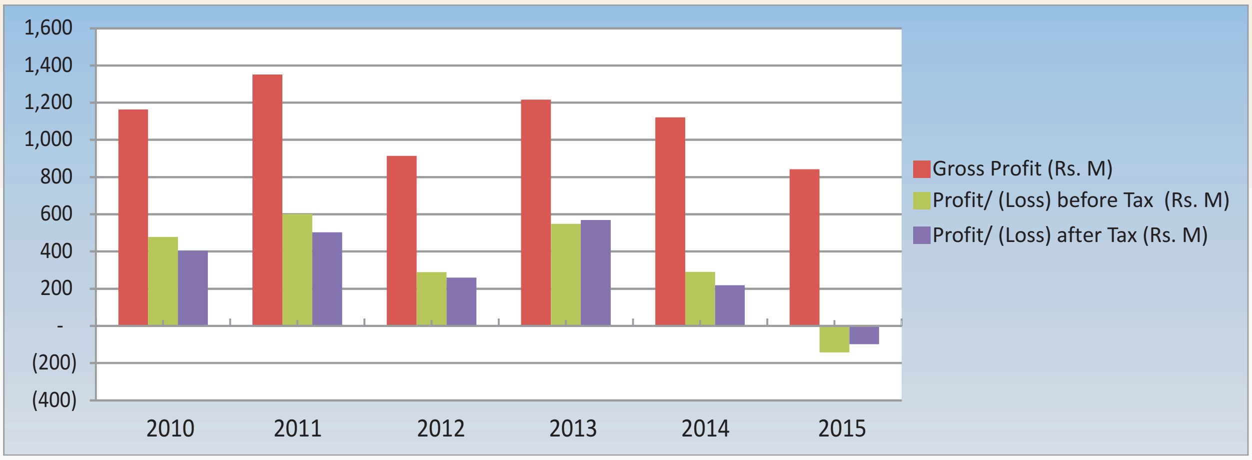


Financial Highlights

6 Years Growth at a Glance

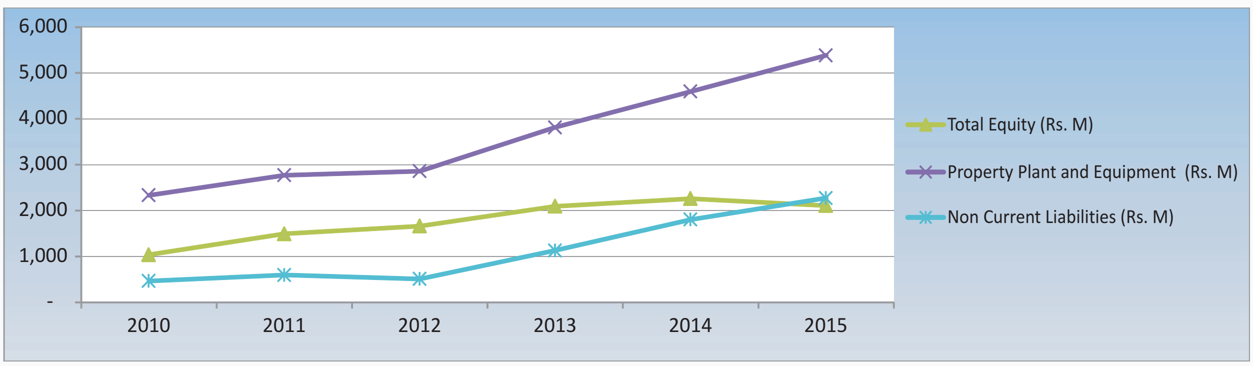
PROFIT AND LOSS:

	2010	2011	2012	2013	2014	2015
Net Sales Rs. M)	6,773	9,394	8,699	9,514	11,412	10,878
Gross Profit (Rs. M)	1,163	1,351	914	1,217	1,121	842
Profit / (Loss) before Tax (Rs. M)	479	602	289	549	290	(142)
Profit / (Loss) after Tax (Rs. M)	403	504	260	570	219	(98)



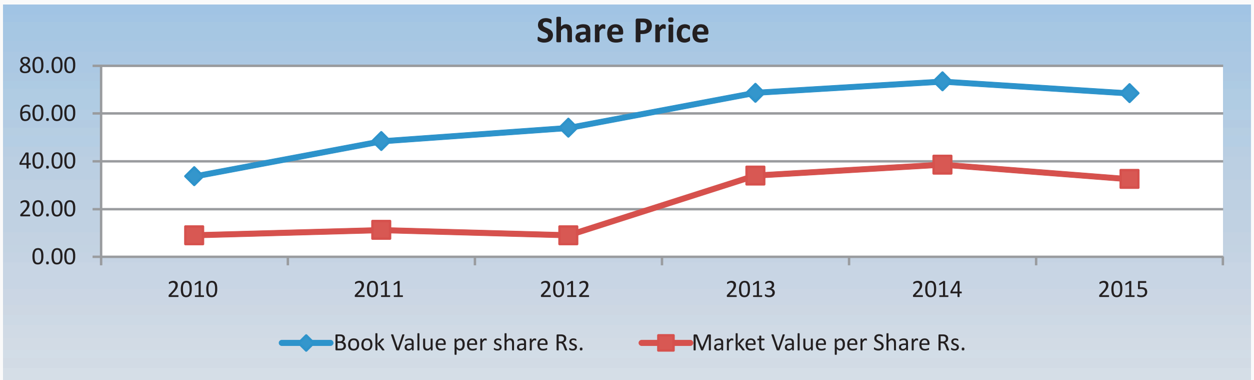
BALANCE SHEET:

	2010	2011	2012	2013	2014	2015
Total Equity (Rs. M)	1,037	1,492	1,663	2,094	2,261	2,109
Property Plant and Equipment (Rs. M)	2,335	2,772	2,859	3,814	4,596	5,384
Non Current Liabilities (Rs. M)	466	596	508	1,130	1,805	2,272
Current Assets (Rs. M)	1,929	2,801	3,094	4,299	4,720	3,862
Current Liabilities (Rs. M)	2,327	3,057	3,401	4,455	4,989	5,121



INVESTOR INFORMATION :

	2010	2011	2012	2013	2014	2015
Book Value per share Rs.	33.66	48.40	53.95	68.65	73.38	68.46
Market Value per share Rs.	9.00	11.25	9.00	34.00	38.57	32.52

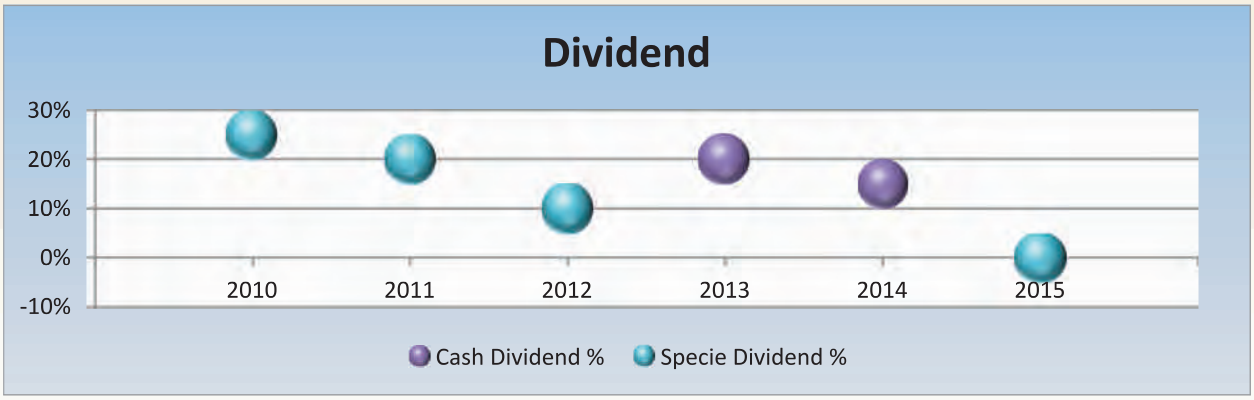


Financial Highlights

6 Years Growth at a Glance

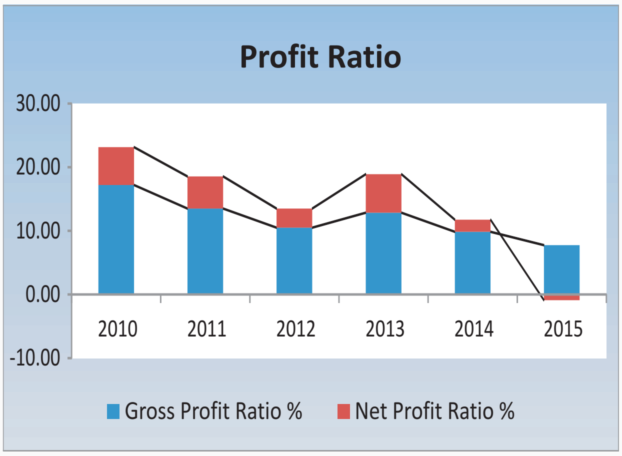
INVESTOR INFORMATION :

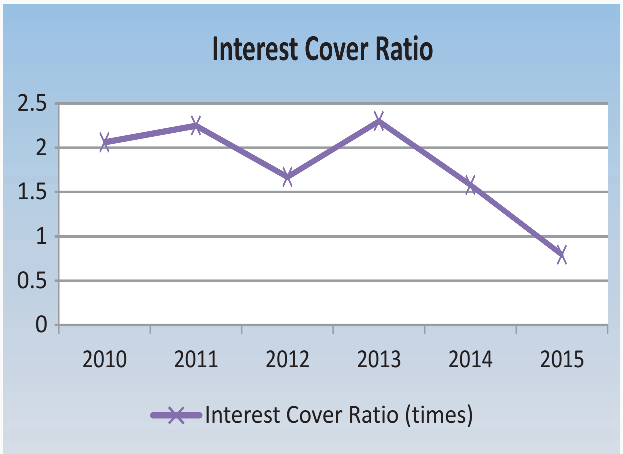
	2010	2011	2012	2013	2014	2015
Earning Per Share Rs.	13.08	16.35	8.45	18.67	7.12	(3.18)
Cash Dividend %				20%	15%	-
Specie Dividend %	25%	20%	10%			-

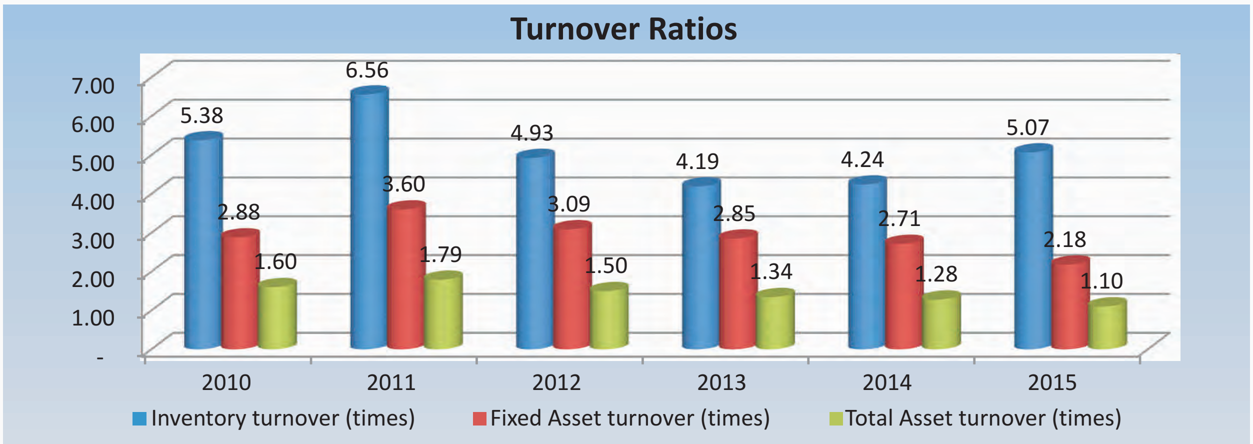


FINANCIAL RATIOS:

	2010	2011	2012	2013	2014	2015
Gross Profit Ratio %	17.18	13.52	10.50	12.84	9.83	7.74
Net Profit Ratio %	5.95	5.04	2.99	6.05	1.92	(0.90)
Acid Test Ratio %	0.40	0.37	0.42	0.37	0.39	0.41
Interest Cover Ratio (times)	2.06	2.25	1.67	2.30	1.58	0.79
Inventory turnover (times)	5.38	6.56	4.93	4.19	4.24	5.07
Fixed Asset turnover (times)	2.88	3.60	3.09	2.85	2.71	2.18
Total Asset turnover (times)	1.60	1.79	1.50	1.34	1.28	1.10







Pattern of Shareholding

As at June 30, 2015

S.No.	Name of shareholder	Number of shares	per %
Directors			
1	FAWAD AHMED MUKHTAR	7,854,550	25.49
2	FAZAL AHMED SHEIKH	7,925,722	25.72
3	FAISAL AHMED MUKHTAR	7,886,071	25.60
4	FAHD MUKHTAR	25,000	0.08
5	FATIMA FAZAL	140,625	0.46
6	FARAH FAISAL	112,500	0.37
	6	23,944,468	77.71
Directors' spouse(s) and minor children			
1	AMBREEN FAWAD	115,625	0.38
	1	115,625	0.38
Associated companies, undertakings and related parties			
1	RELIANCE COMMODITIES (PVT) LTD	845,708	2.74
	1	845,708	2.74
Executive			
	NIL		-
	-	-	-
Public sector companies and corporations			
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	IDBL (ICP UNIT)	438	0.00
5	NATIONAL BANK OF PAKISTAN	333	0.00
	5	3,491	0.01
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	54,182	0.18
	1	54,182	0.18
Mutual Funds			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	592,645	1.92
	1	592,645	1.92
General Public Foreign			
	NIL		-
	-	-	-
Others			
1	M/S PYRAMID INVESTMENT(PVT)LTD	3,900	0.01
2	BAWA SECURITIES (PVT.) LTD.	2,175	0.01
3	KARACHI,LAHORE STOCK EXCHANGES	2	0.00
4	INTERMARKET SECURITIES LIMITED	200	0.00
5	PRUDENTIAL SECURITIES LIMITED	400	0.00
6	Y.S. SECURITIES & SERVICES (PVT) LTD.	555	0.00
7	ROOMI ENTERPRISES (PVT) LIMITED.	1,014,500	3.29
8	AMIR FINE EXPORTS (PVT) LTD.	24,250	0.08
9	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1,901	0.01
10	S.H. BUKHARI SECURITIES (PVT) LIMITED	150	0.00
11	PYRAMID INVESTMENTS (PVT) LTD.	2,850	0.01
12	STOCK MASTER SECURITIES (PRIVATE) LTD.	1,000	0.00
13	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	400	0.00
14	MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	13,000	0.04
15	SEVEN STAR SECURITIES (PVT.) LTD.	32,500	0.11
16	FIKREE'S (SMC-PVT) LTD.	1,500	0.00
	16	**1,099,283**	**3.57**
General Public Local	1647	4,155,535	13.49
Total	1678	30,810,937	100.00

Form 34

As at June 30, 2015

# Of Shareholders	Shareholdings'Slab			Total Shares Held
184	1	to	100	6,449
663	101	to	500	154,016
521	501	to	1000	456,917
204	1001	to	5000	501,205
32	5001	to	10000	254,228
23	10001	to	15000	289,430
13	15001	to	20000	236,587
5	20001	to	25000	119,849
3	25001	to	30000	83,010
1	30001	to	35000	32,500
2	40001	to	45000	89,434
5	45001	to	50000	246,000
3	50001	to	55000	162,432
1	90001	to	95000	90,310
1	95001	to	100000	98,342
1	100001	to	105000	102,750
2	110001	to	115000	225,125
2	115001	to	120000	235,157
1	140001	to	145000	140,625
1	165001	to	170000	169,000
1	185001	to	190000	185,925
1	195001	to	200000	200,000
1	225001	to	230000	225,950
1	400001	to	405000	400,500
1	590001	to	595000	592,645
1	845001	to	850000	845,708
1	1010001	to	1015000	1,014,500
1	7850001	to	7855000	7,854,550
1	7885001	to	7890000	7,886,071
1	7910001	to	7915000	7,911,722
1678				**30,810,937**

Categories of Shareholders	No.	Shares Held	Percentage
Directors and their spouse(s) and minor children	7	24,060,093	78.09
Associated Companies, undertakings and related parties	1	845,708	2.74
Executives		-	-
Public Sector Companies and Corporations	5	3,491	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	16	1,099,283	3.57
General Public	1647	4,155,535	13.49
	1678	**30,810,937**	**100**

Share holders holding 5% or more		
FAWAD AHMED MUKHTAR	7,854,550	25.49
FAZAL AHMED SHEIKH	7,925,722	25.72
FAISAL AHMED MUKHTAR	7,886,071	25.60

Statement of Compliance

With the Best Practice of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of Karachi and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Sr. No	Category	Name of Directors
1	Independent Director	1. Mr. Shahid Aziz
2	Executive Directors	1. Mr. Fazal Ahmed Sheikh 2. Mr. Faisal Ahmed Mukhtar
3	Non-Executive Directors	1. Mr. Fawad Ahmed Mukhtar 2. Mr. Fahd Mukhtar 3. Mrs. Fatima Fazal 4. Mrs. Farah Faisal

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI and an NBFI.

4. No casual vacancy occurred on the board during the year ended June 30, 2015.

5. 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.

6. 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.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified under

Statement of Compliance

With the Best Practice of Corporate Governance

the provisions of the CCG, four of the directors of the company are exempt from requirement of the Director's Training Program (DTP). During the year one of the directors of the company Mrs. Farah Faisal has participated in DTP organized by PICG duly approved Training Institute of the SECP.

10. The board has approved the appointment of Company Secretary, CFO and Head of Internal Audit including their remuneration and terms & conditions of employment in previous years. However, no change in CFO, Company Secretary and Head of Internal Audit occurred during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members that are non-executive directors and the Chairman of the Committee is also a non-executive Director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed a Human Resource (HR) & Remuneration Committee. It comprises of three members, of whom two are non-executive Directors while other one is executive Director. The Chairman of the committee is non-executive director.
18. The board has set up an effective internal audit function managed by suitably qualified & experienced personnel on full time basis and is conversant with policies and procedures of the Company.
19. 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, 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The board has developed the mechanism for an annual evaluation of the Board and its members, the detail of which is given in the Director's Report.
24. We confirm that all material principles contained in the CCG have been complied with.

FAZAL AHMED SHEIKH
(Chief Executive Officer)

Place: Lahore
Dated: October 06, 2015

Financial Statements

Reliance Weaving Mills Limited

As at June 30, 2015

Review Report to the Members on Statement of Compliance

With Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Reliance Weaving Mills Limited (the Company) for the year ended June 30, 2015 to comply with the respective Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any noncompliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Deoitte Yousuf Adil
Chartered Accountants

Place: Multan.
Date: October 06, 2015

Engagement Partner
(Talat Javed)

Auditors' Report to the Members

We have audited the annexed balance sheet of **Reliance Weaving Mills Limited** (the Company) as at June 30, 2015 and the related profit and loss account, statement of other comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

(a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) In our opinion-

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) In our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

In our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Deloitte Yousuf Adil
Chartered Accountants

Place: Multan.
Date: October 06, 2015

Engagement Partner
(Talat Javed)

Balance Sheet

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
40,000,000 (2014: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
30,000,000 (2014: 30,000,000) preference shares of Rs. 10 each		300,000,000	300,000,000
		700,000,000	700,000,000
Issued, subscribed and paid up capital	5	308,109,370	308,109,370
Reserves	6	191,534,188	165,094,059
Retained earnings		1,609,792,284	1,787,680,051
		2,109,435,842	2,260,883,480
Surplus on revaluation of fixed assets		634,324,622	634,324,622
Non-current liabilities			
Long term finance	7	2,077,763,923	1,668,120,571
Liabilities against assets subject to finance lease	8	24,159,376	40,659,185
Deferred liability	9	170,383,383	96,055,426
		2,272,306,682	1,804,835,182
Current Liabilities			
Current portion of non-current liabilities		730,302,318	392,698,943
Finances under mark up arrangements and other credit facilities	10	3,592,816,725	3,759,412,911
Trade and other payables	11	689,189,195	596,814,982
Markup accrued	12	108,569,795	123,872,544
		5,120,878,033	4,872,799,380
Contingencies and commitments	13		
		10,136,945,179	9,572,842,664

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

As at June 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	14	5,377,184,256	4,588,944,264
Intangible assets	15	6,512,528	7,458,758
Long term investments	16	812,369,953	350,300,151
Long term deposits		21,485,470	22,579,210
Deferred tax asset	17	57,217,478	-
		6,274,769,685	4,969,282,383
Current assets			
Stores, spares and loose tools	18	183,564,019	231,121,263
Stock in trade	19	1,576,370,718	2,383,599,123
Trade debts	20	953,668,369	1,028,674,651
Loans and advances	21	385,795,701	355,070,166
Trade deposits and prepayments	22	2,709,932	48,535,158
Other receivables	23	24,271,704	23,212,841
Other financial assets	24	124,044,975	76,129,843
Tax refunds due from the government	25	540,943,099	342,132,091
Cash and bank balances	26	70,806,977	115,085,145
		3,862,175,494	4,603,560,281
		10,136,945,179	9,572,842,664

S/d-
Director

Profit and Loss Account

For the Year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	27	10,878,061,963	11,412,197,431
Cost of sales	28	(10,036,195,878)	(10,290,412,092)
Gross profit		841,866,085	1,121,785,339
Distribution and marketing expenses	29	(162,883,030)	(160,760,221)
Administrative expenses	30	(148,971,212)	(170,855,878)
Other operating expenses	31	(18,966,387)	(31,477,487)
Finance cost	32	(688,184,829)	(502,130,143)
Other income	33	38,370,052	33,547,079
Share of loss from associate	16.1	(3,594,547)	(109,360)
(Loss) / Profit before taxation		(142,363,868)	289,999,329
Taxation	34	44,445,125	(70,884,612)
(Loss) / Profit after taxation		(97,918,743)	219,114,717
(Loss) / Earning per share - basic and diluted	40	(3.18)	7.11

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-	S/d-
Chief Executive Officer	Director

Statement of Comprehensive Income

For the Year ended June 30, 2015

	2015 Rupees	2014 Rupees
(Loss) / Profit for the year	(97,918,743)	219,114,717
Other comprehensive Income:		
Items that may be reclassified subsequently to profit and loss account		
Gain on remeasurement of available-for-sale investment	26,435,432	10,946,946
Share of other comprehensive income of associate	4,697	-
	26,440,129	10,946,946
Items that will not be reclassified to profit or loss account		
Remeasurement on defined benefit obligation	(38,285,637)	(1,658,636)
Deferred tax impact	4,533,019	207,507
	(33,752,618)	(1,451,129)
Total comprehensive (loss) / income for the year	(105,231,232)	228,610,534

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Cash Flow Statement

For the Year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Cash flows from operating activities			
Cash generated from operations	39	1,760,995,758	833,722,343
Finance cost paid		(694,680,907)	(481,316,441)
Taxes paid - net		(120,849,445)	(120,501,742)
Workers' profit participation fund paid		-	(31,778,051)
Staff retirement benefits paid		(14,424,716)	(15,577,071)
Net cash generated from operating activities		931,040,690	184,549,038
Cash flows from investing activities			
Fixed capital expenditure		(1,033,194,542)	(783,244,927)
Proceeds from disposal of fixed assets		4,164,063	2,068,320
Long term deposits		1,093,740	(3,846,335)
Long term investment		(487,139,352)	(350,409,511)
Net cash used in investing activities		(1,515,076,091)	(1,135,432,453)
Cash flows from financing activities			
Proceeds from long term finances		1,091,921,850	998,861,828
Repayment of long term finances		(344,844,455)	(187,698,878)
(Decrease) / Increase in lease liabilities		(16,330,477)	9,882,562
Dividend paid		(24,393,499)	(61,621,874)
Finance under mark up arrangements - net		(166,596,186)	233,455,660
Net cash generated from financing activities		539,757,233	992,879,298
Net (decrease) / increase in cash and cash equivalents		(44,278,168)	41,995,883
Cash and cash equivalents at beginning of the year		115,085,145	73,089,262
Cash and cash equivalents at end of the year		70,806,977	115,085,145

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Statement of Changes in Equity

For the Year ended June 30, 2015

		Capital reserve		Revenue reserve		
	Share capital	Share premium	Fair Value reserve	General reserve	Retained earnings	Total
	------------------------------------- Rupees -------------------------------------					
Balance as at 30 June 2013	308,109,370	41,081,250	38,893,904	74,171,959	1,631,638,337	2,093,894,820
Total comprehensive income for the year						
Profit for the year	-	-	-	-	219,114,717	219,114,717
Other comprehensive income	-	-	10,946,946	-	(1,451,129)	9,495,817
Total comprehensive income for the year	-	-	10,946,946	-	217,663,588	228,610,534
Transactions with owners of the company recognized directly in equity						
Cash dividend	-	-	-	-	(61,621,874)	(61,621,874)
Balance as at 30 June 2014	308,109,370	41,081,250	49,840,850	74,171,959	1,787,680,051	2,260,883,480
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(97,918,743)	(97,918,743)
Other comprehensive income	-	-	26,440,129	-	(33,752,618)	(7,312,489)
Total comprehensive income for the year	-	-	26,440,129	-	(131,671,361)	(105,231,232)
Transactions with owners of the Company recognized directly in equity						
Cash dividend	-	-	-	-	(46,216,406)	(46,216,406)
Balance as at 30 June 2015	308,109,370	41,081,250	76,280,979	74,171,959	1,609,792,284	2,109,435,842

The annexed notes 1 to 45 form an integral part of these financial statements.

S/d-
Chief Executive Officer

S/d-
Director

Notes to the Financial Statements

For the Year ended June 30, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on 7 April 1990 under the Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. The Company commenced its operations on 14 May 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.

1.1 These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall take precedence.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 - Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

Notes to the Financial Statements

For the Year ended June 30, 2015

IAS 36 - Impairment of Assets-Recoverable amount disclosures from non-financial assets	Effective from accounting period beginning on or after January 01, 2014

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments require retrospective application.

IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	Effective from accounting period beginning on or after January 01, 2014

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditioned are met.

IFRIC 21 - Levies	Effective from accounting period beginning on or after January 01, 2014

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

3.2 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or
b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

Notes to the Financial Statements

For the Year ended June 30, 2015

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	**Effective from accounting period beginning on or after July 01, 2016**

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

IAS 27 (Revised 2011) - Separate Financial Statements	**Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.**

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures	**Effective from accounting period beginning on or after January 01, 2015**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

IAS 10 - Consolidated Financial Statements	**Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.**

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

Notes to the Financial Statements

For the Year ended June 30, 2015

IFRS 11 - Joint Arrangements — **Effective from accounting period beginning on or after January 01, 2015**

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 - Disclosure of Interests in Other Entities — **Effective from accounting period beginning on or after January 01, 2015**

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

IFRS 13 - Fair Value Measurements — **Effective from accounting period beginning on or after January 01, 2015**

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

Certain annual improvements have also been made to a number of IFRSs.

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

Notes to the Financial Statements

For the Year ended June 30, 2015

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for land and investments classified as available for sale which are stated at fair value and obligations in respect of gratuity schemes which are measured at present value.

4.2 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

a Income taxes
In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b Investment stated at fair value
Management has determined fair value of investment by using quotations from active market conditions and information about the financial instrument. These estimates are subjective in nature and involve some uncertainties and matters of judgment and therefore, cannot be determined with precision.

c Fixed assets

<u>Property, plant and equipment</u>
The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

<u>Intangible assets</u>
The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortization charge and impairment.

d Stock-in-trade and stores and spares
The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the

Notes to the Financial Statements

For the Year ended June 30, 2015

estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

e Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of present value of defined benefit obligations. Changes in these assumptions in future years may affect the liability under the scheme in those years.

f Trade debts

The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions whereas actual results may differ, resulting in future changes to the provisions.

4.3 Summary of accounting policies

4.3.1 Fixed assets

a) Operating property, plant and equipment - owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land, which is stated at revalued amount.

Depreciation is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 14.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Surplus on revaluation of land is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized.

Normal repair and maintenance are charged to profit and loss as and when incurred. Gains and losses on disposal of assets, if any, are included in profit and loss currently.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at 30 June 2015 has not required any adjustment as its impact is considered insignificant.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

b) Assets subject to finance lease

The Company accounts for property, plant and equipment obtained under finance leases by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments at inception of lease or fair value whichever is lower. Financial charges are allocated

Notes to the Financial Statements

For the Year ended June 30, 2015

to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on lease assets is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 14.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

c) Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 15 after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization 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 profit and loss account.

d) Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.3.2 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.3.3 Borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the

Notes to the Financial Statements

For the Year ended June 30, 2015

profit and loss over the period of the borrowings on an effective interest basis.

4.3.4 Taxation

Income tax on profit or loss for the year comprises current and deferred tax.

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

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base (the amounts used for taxation purposes). In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan .

Deferred tax assets are 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 liabilities are generally recognised for all taxable temporary difference. Deferred tax assets and liabilities are based on the expected tax rates applicable at the time of reversal.

4.3.5 Employee retirement benefit - gratuity

The main features of the scheme operated by the Company for its employees are as follows:

4.3.6 Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2015. Projected Unit Credit Method, based on the following significant assumptions is used for valuation of the scheme:

	2015	2014
- Discount rate	9.8%	13.3%
- Expected increase in eligible salary	8.8%	12.3%
- Average expected remaining working life time	7 years	7 years
- Mortality rate	SLIC 2001-2005	SLIC 2001-2005

4.3.7 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

Notes to the Financial Statements

For the Year ended June 30, 2015

4.3.8 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.3.9 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 recognizing 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 recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in other comprehensive income are recognized in profit and loss account in the periods when the hedged item will effect 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 other comprehensive income are transferred from equity 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 profit and loss account.

4.3.10 Investments

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.

Investment at fair value through profit and loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer margin are classified as "investment at fair value through profit or loss", these are initially recognized on trade date at cost being the fair value of the consideration given and derecognized by the Company on the date it commits to sell them off. Transaction costs are charged to profit and loss account as and when incurred. At each balance sheet date, fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations. Any resultant increase/(decrease) in fair value is recognized in the profit and loss account for the year.

Notes to the Financial Statements

For the Year ended June 30, 2015

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 recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

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 recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed 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 profit and loss account. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet 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 balance sheet 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 recognized on the trade date which is the date that the company commits to purchase or sell the investment.

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 investment at the reporting date.

4.3.11 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.

4.3.12 Stock in trade

These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable 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 comprises of invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.3.13 Trade debts

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due

Notes to the Financial Statements

For the Year ended June 30, 2015

according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

4.3.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as component of cash and cash equivalents for the purpose of cash flow statement.

4.3.15 Financial instruments

a) Initial recognition

All the financial assets and financial liabilities are recognized 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 derecognized 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 recognized in profit and loss account.

4.3.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized 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 a time basis, by reference to the principal outstanding and at the agreed mark up rate applicable.

Dividend income is recognized when the right to receive payment is established.

4.3.17 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the profit and loss account.

4.3.18 Borrowing cost

Borrowing costs incurred on long term finances directly attributable for the construction/ acquisition of qualifying assets are capitalized up to the date the

Notes to the Financial Statements
For the Year ended June 30, 2015

respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account.

4.3.19 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 results, 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 and equipment, intangibles, stores and spares, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.3.20 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

4.3.21 Related party transactions

The Company enters into transactions with related parties on agreed commercial terms. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.3.22 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015	2014		Note	2015	2014
Number of shares				Rupees	Rupees
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

5.1 These includes ordinary shares 845,708 (2014: 845,708) held by Reliance Commodities (Pvt) Limited, an associated undertaking of the company.

6 RESERVES

Composition of reserves is as follows:

	Note	2015	2014
Capital reserve			
- Share premium	6.1	41,081,250	41,081,250
Revenue reserve			
- General reserve		74,171,959	74,171,959
- Fair value reserve	6.2	76,280,979	49,840,850
		150,452,938	124,012,809
		191,534,188	165,094,059

Notes to the Financial Statements

For the Year ended June 30, 2015

6.1 This reserve can be utilized by the Company only for the purposes specified in section 83 (2) of the Companies Ordinance, 1984.

6.2 This reserve relates to surplus on remeasurement of available for sale financial assets.

			2015 Rupees	2014 Rupees
7	**LONG TERM FINANCE - secured**			
	Secured loan from Banking Companies/Financial Institutions			
	National Bank of Pakistan (LTF III)	7.1	54,250,000	69,750,000
	Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF-I)	7.2	31,140,848	93,422,174
	Pak Brunei Investment Company (LTFF)	7.3	62,512,000	87,508,000
	MCB Bank Limited (LTFF)	7.4	4,590,000	13,770,000
	Allied Bank Limited (LTFF)	7.5	19,350,643	43,944,947
	Bank of Khyber (DF)	7.6	225,000,000	300,000,000
	Bank Al Falah Limited (TF-I)	7.7	112,466,486	142,457,547
	Meezan Bank Limited (Diminishing Musharkah 241 M)	7.8	192,720,720	240,900,900
	Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)	7.9	272,725,447	299,998,031
	National Bank of Pakistan (DF-IV)	7.10	135,206,263	55,239,057
	Allied Bank Limited (TL-2)	7.11	350,000,005	51,514,219
	Bank Al Falah Limited (TF-2)	7.12	174,984,691	108,001,780
	Meezan Bank Limited (Diminishing Musharkah 350 M)	7.13	347,148,814	28,511,867
	Pak China Investment Company Limited (TF)	7.14	500,000,000	500,000,000
	United Bank Limited	7.15	300,000,000	-
			2,782,095,917	2,035,018,522
	Current portion classified under current liabilities		(704,331,994)	(366,897,951)
			2,077,763,923	1,668,120,571

Current portion of long term loan

National Bank of Pakistan (LTF III)	15,500,000	15,500,000
Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)	31,140,097	62,280,822
Pak Brunei Investment Company (LTFF)	24,996,000	24,996,000
MCB Bank Limited (LTFF)	4,590,000	9,180,000
Allied Bank Limited (LTFF)	19,350,643	24,594,302
Bank of Khyber (DF)	75,000,000	75,000,000
Bank Al Falah Limited (TF)	29,991,065	29,991,063
Meezan Bank Limited (Diminishing Musharkah 241 M)	48,180,180	48,180,180
Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF-2)	54,545,078	27,272,548
National Bank of Pakistan (DF IV)	22,534,378	2,301,627
Allied Bank Limited (TL-2)	58,333,334	-
Bank Al Falah Limited (TF-2)	49,995,626	13,500,223
Meezan Bank Limited (Diminishing Musharkah 350 M)	53,925,593	2,851,186
Pak China Investment Company Limited (TF)	156,250,000	31,250,000
United Bank Limited (NIDF 300M)	60,000,000	-
	704,331,994	366,897,951

7.1 **National Bank of Pakistan (LTF III)**

This finance has been obtained to retire import LC sight. It contains mark up at the rate 12.70 % and is repayable 12 equal half yearly instalments. The loan is secured by 1st pari passu charge

Notes to the Financial Statements

For the Year ended June 30, 2015

on fixed assets of the company at 25 % margin & personal guarantees of sponsoring directors of the company.

7.2 Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF-I)

This finance has been obtained to finance expansion plan of company. It contains mark up at the rate 11.10 % and is repayable in 8 half yearly instalments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the company with 25 % margin.

7.3 Pak Brunei Investment Company (LTFF)

This finance has been obtained to finance import of 40 sets air jet looms and generator sets by Reliance Weaving Mills Limited eligible under the facility. It contains mark up at the rate 10.70 % and is repayable in 10 equal half yearly instalments. The loan is secured by a 1st pari passu charge on present and future fixed assets of the company with 25 % margin.

7.4 MCB Bank Limited (LTFF)

This finance has been obtained to retire/finance gas generator imported via MCB at weaving unit, Khanewal Road, Multan. It contains mark up at the 11.10 % and is repayable in 10 equal semi annual instalments. The loan is secured by 1st exclusive hypothecation charge of Rs. 62 M over specific gas generator imported via MCB, along with accessories.

7.5 Allied Bank Limited (LTFF)

This finance has been obtained to finance the textile machinery for expansion in the spinning unit of the company. It contains mark up at the 6M KIBOR + 1.75 %and is repayable in 4 equal semi annual instalments. The loan is secured by a 1st pari passu charge over present & future fixed assets of the company for PKR 67M.

7.6 Bank of Khyber (DF)

This finance has been obtained for retirement of LC II for purchase of plant and equipment. It contains mark up at the rate 3M KIBOR + 200 bps and is repayable in 8 equal semi annual instalments. The loan is secured by a 1st pari passu charge on all the present and future fixed assets of the company with 25 % margin and personal guarantees of directors..

7.7 Bank Al Falah Limited (TF-I)

This finance has been obtained to finance capital expenditure in spinning unit of the Company. It contains mark up at the rate 6 M KIBOR + 1.50% and is repayable 20 equal quarterly instalments in arrears. The loan is secured by 1st registered pari passu/JPP charge over fixed assets of the company for Rs. 200M with 25% margin and personal guarantees of some directors of the company.

7.8 Meezan Bank Limited (Musharkah 241 M)

This finance has been obtained to finance imported plant and machinery. It contains mark up at the rate 6M KIBOR + 125 bps and is repayable in 20 equal quarterly instalments. The loan is secured by exclusive charge over underlying plant and machinery against disbursed amount and additional pari passu charge over fixed assets of the company to cover margin up to 25 %.

7.9 Saudi Pak Industrial and Agricultural Investment Company Limited (LTFF)

This finance has been obtained to finance expansion plan of company. It contains mark up at the rate 11.4 % and is repayable in 11 half yearly instalments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the company with 25 % margin.

7.10 National Bank of Pakistan (DF-IV)

This finance has been obtained to retire import LC sight for import of miscellaneous spinning machinery to be installed at spinning unit no 4 of the Company. It contains mark up at the rate

Notes to the Financial Statements

For the Year ended June 30, 2015

3M KIBOR+2.25% and is repayable in 24 equal quarterly instalments. The loan is secured by 1st pari passu charge on all present and future fixed assets of the company & personal guarantees of all sponsoring directors of the company.

7.11 Allied Bank Limited (TL-2)

This finance has been obtained to finance the textile machinery for expansion in the spinning unit of the company. It contains mark up at the 6M KIBOR + 1.6 %and is repayable with one year grace period in 12 equal semi annual instalments starting from October 6, 2015. The loan is secured by a 1st pari passu charge over present & future fixed assets of the company for PKR 467M.

7.12 Bank Al Falah Limited (TF-2)

This finance has been obtained to finance current portion of the long term loans availed by the company from different Financial Institution which is falling due during the period from October 2013 to September 2014. It contains mark up at the rate 6 M KIBOR + 2.00% and is repayable 16 equal quarterly instalments. The loan is secured by 1st registered pari passu/JPP charge on fixed assets of the company for Rs. 267M and personal guarantees of some directors of the company.

7.13 Meezan Bank Limited (Diminishing Musharkah 350 M)

This finance has been obtained to finance imported plant and machinery. It contains mark up at the rate 6M KIBOR + 125 bps and is repayable in 20 equal quarterly instalments. The loan is secured by exclusive charge over underlying plant and machinery against disbursed amount and additional pari passu charge over fixed assets of the company to cover margin up to 25 %. Further the loan is secured by personal guarantees of directors.

7.14 Pak China Investment Company Limited (TF)

This finance has been obtained to reduce the funding gap/mismatch from usage of short term debt for financing long term assets and would free up existing short term working capital lines already utilized for capital expenditure. It contains mark up at the rate 3M KIBOR + 150 bps and is repayable in 16 equal quarterly instalments. The loan is secured by first pari passu hypothecation/mortgage charge over all present and future fixed assets of the borrower with 25% margin & personal guarantee of Directors.

7.15 United Bank Limited

This finance has been obtained to refinance expansion / BMR done through company's own sources. It contains markup at the rate 6M KIBOR + 150 bps and is repayable in 10 equal semiannual installments. The loan is secured by first pari passu charge of PKR 400 M over all present and future fixed assets of Reliance Weaving Mills Limited by way of equitable mortagage of land & building and hypothecation of plant and machinery.

		2015 Rupees	2014 Rupees
8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	8.3	50,129,700-	66,460,177
Current portion shown under current liabilities		(25,970,324)	(25,800,992)
		24,159,376-	40,659,185

8.1 The minimum lease payments have been discounted at implicit interest rates ranging from 3 months KIBOR plus 2.25% to 6 month KIBOR plus 2.00% (2014: 3 months KIBOR plus 2.25% to 6 month KIBOR plus 1.50%) to arrive at their present value. Rentals are payable in quarterly/monthly instalments. The Company has the option to purchase the assets after expiry

Notes to the Financial Statements

For the Year ended June 30, 2015

of the lease term and has the intention to exercise such option. There are no financial restrictions imposed by lessor.

8.2 Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company is liable to pay the entire outstanding amount for the unexpired period of lease agreement.

8.3 The amount of future minimum lease payments along with their present value and the period during which they will fall due are:

	2015		2014	
	Minimum Lease payment Rupees	Present Value Rupees	Minimum Lease payment Rupees	Present Value Rupees
Not later than one year	30,570,602	25,970,324	31,630,710	25,800,992
Later than one year and not - - later than five years	31,877,723	24,159,376	44,968,660	40,659,185
	62,448,325	50,129,700	76,599,370	66,460,177
Less: amount representing - - finance charges	(12,318,625)	-	(10,139,193)	-
Present value of - - minimum lease payments	50,129,700	50,129,700	66,460,177	66,460,177

	Note	2015 Rupees	2014 Rupees
9 DEFERRED LIABILITY			
Staff retirement benefits - gratuity	9.1	170,383,383	96,055,426
9.1 Amount recognised in the balance sheet			
Present value of defined benefit obligation	9.3	170,383,383	96,055,426
Net liability as at June 30		170,383,383	96,055,426
9.2 Movement in liability for defined benefit obligation			
Liability as at July 01		96,055,426	69,678,432
Charge for the year		50,467,036	40,295,429
Remeasurement changes chargeable to other comprehensive income		38,285,637	1,658,636
Benefits paid during the year		(14,424,716)	(15,577,071)
Liability as at June 30		170,383,383	96,055,426
9.3 Change in present value of defined benefit obligation			
Opening present value of defined benefit obligations		96,055,426	69,678,432
Current service cost for the year		38,695,329	33,796,990
Interest cost for the year		11,771,707	6,498,439
Benefits paid during the year		(14,424,716)	(15,577,071)
Remeasurement of plan obligation		38,285,637	1,658,636
Closing present value of defined benefit obligations		170,383,383	96,055,426
9.4 Charge for the year			
Current service cost		38,695,329	33,796,990
Interest cost		11,771,707	6,498,439
		50,467,036	40,295,429

Notes to the Financial Statements

For the Year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
9.5	**Charge for the year has been allocated as follows:**			
	Cost of sales	28.2	44,404,019	35,814,438
	Administrative expenses	30.1	6,063,017	4,480,991
			50,467,036	40,295,429
9.6	**Total remeasurement chargeable to other comprehensive income**			
	Remeaurement of plan obligation:			
	Experience adjustments		(38,285,637)	(1,658,636)
			(38,285,637)	(1,658,636)

9.7 **Sensitivity analysis**

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	%age	Rupees	Rupees
Discount rate	1	(158,807,667)	183,856,994
Salary growth rate	1	183,856,994	(158,608,539)

9.8 **Expected contribution for the next year**

The expected contribution to the gratuity scheme for the year ending 30 June 2016 works out to Rs. 57,809,212.
The average duration of the defined benefit obligation is 7 years (2014: 7 years).

		Note	2015 Rupees	2014 Rupees
10	FINANCES UNDER MARK UP ARRANGEMENTS AND OTHER CREDIT FACILITIES			
	Short term finances - secured	10.1	2,628,219,464	2,996,939,522
	Export finances - secured	10.2	935,990,838	750,017,495
		10.3	3,564,210,302	3,746,957,017
	Finance from associated company - unsecured	10.4	28,606,423	12,455,894
			3,592,816,725	3,759,412,911

10.1 Short term finances are available from different commercial banks under mark up arrangements amounting to Rs.10,436 million (2014: Rs. 8,912 million). The rates of mark up range from 6.81 % to 12.80 % (2014: 9.59 % to 14.21 %) on the outstanding balance.

10.1.1 Out of the aggregate facility of Rs. 640 million (2014: Rs. 1,130 million) for opening letters of credit and Rs. 637 million (2014: Rs. 647 million) for guarantees being the sub limit of finances mentioned in note 10.1, the amount utilized as at 30 June 2015 was Rs. 480.6 million (2014: Rs. 888.7 million) and Rs.118.3 million (2014: Rs. 95.8 million) respectively.

10.2 The Company has obtained export finance facilities from commercial banks aggregating to Rs. 2,395 million (2014: Rs. 2,375 million).Out of total facility, the amount utilized was Rs.936 million (2014: Rs. 750 million). The rates of mark up range from 1.54% to 4.0% (2014: 1.43% to 3.79%) on the outstanding balance.

10.3 The aggregate facilities are secured by pledge of stock (cotton, yarn, polyester and fabric), hypothecation / pari passu charge on all present and future current assets of the Company including stock in trade, trade debts and lien on export bills.

10.4 This represents short term loan received from Fatima Sugar Mills Limited and carries mark-up at 1 month KIBOR plus 3 % per annum (Refer to note. 43).

Notes to the Financial Statements

For the Year ended June 30, 2015

11 TRADE AND OTHER PAYABLES	Note	2015 Rupees	2014 Rupees
Trade creditors	11.1	320,763,540	315,526,300
Accrued liabilities		322,127,199	255,703,142
Workers' profit participation fund payable		18,285,062	16,436,011
Unclaimed dividend		26,281,856	4,458,949
Others		1,731,538	4,690,580
		689,189,195	596,814,982

11.1 This includes following balances due to related parties;

	2015	2014
Fatima Fertilizer Company Limited	15,300,535	24,571,234
Reliance Sacks Limited	-	2,502,164
Pak Arab Fertilizers Limited	223,402	-
Fazal Cloth Mills Limited	1,967,794	-
	17,491,731	27,073,398

12 MARK UP ACCRUED

	2015	2014
Long term finances - secured	52,627,720	39,741,062
Liabilities against assets subject to finance lease	215,793	190,944
Finances under mark-up arrangements - secured	55,726,282	83,940,538
	108,569,795	123,872,544

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

(i) The Company has arranged bank guarantees from Habib Bank Limited and Meezan Bank Limited favouring Sui Northern Gas Pipelines Limited of Rs. 53.439 million (2014: Rs. 53.439 million) and Rs. 7.121 million (2014: Rs. 7.121 million) respectively against payment of sui gas dues. The Company has also arranged bank guarantee favouring MEPCO from MCB Bank Limited of Rs. 19.519 million (2014: Rs. 19.519 million) for payment against electricity dues. The Company has also arranged bank guarantee from Meezan Bank Limited, Habib Bank Limited, National Bank of Pakistan and Bank Al-Falah Limited favouring Director Excise and Taxation of Rs. 17.486 million (2014: Rs. 13.743 million), Rs. 15.00 million (2014: Rs. Nil), Rs. 3.743 million (2014: Rs. Nil) and Rs. 2.00 million (2014: Rs. 2.00 million) respectively.

(ii) The Company is contingently liable for Rs. 1.4 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 in the year 2001. However, all the contingencies previously attached to the particular case have already been decided in favour of the Company. The management is confident, since Alternate Dispute Resolution Committee recommendations and subsequent decisions by FBR were in favour of the Company, that the liability of Iqra surcharge on account of exportation of goods so manufactured from imported cotton, will be positively waived off.

(iii) The Company challenged the imposition of infrastructure cess at the rate of 0.85% by the Director Excise and Taxation Karachi vide Sindh Finance Act, in the High Court. The High Court decided that 50% of the demand amounting to Rs. 5.5 million shall be paid by the Company while for remaining 50%, guarantees shall be issued in favour of Excise and Taxation Karachi. The Company although paid the said amount and issued guarantees, has challenged the said order in Supreme Court and the management is confident that the decision will be decided in their favour and accordingly no provision has been made in the accounts.

Notes to the Financial Statements

For the Year ended June 30, 2015

(iv) Foreign bills discounted outstanding as at 30 June 2015 aggregated to Rs. 1,541.744 million (2014 Rs. 1,060.051 million).

		2015 Rupees	2014 Rupees
13.2	**Commitments**		
13.2.1	**Commitments in respect of forward foreign exchange contracts**		
	Sale	3,752,500	761,320,000
	Purchase	-	650,913,234
13.2.2	**Letters of credit for:**		
	Capital expenditures	18,227,697	689,670,865
	Other than capital expenditures	462,352,639	199,050,375
		480,580,336	888,721,240
13.2.3	**Stand by letters of credit for:**		
	Commitment to inject equity in Fatima Energy Ltd.	2,250,000,000	3,520,000,000

The company has commitment of Rs. 2,250 million (2014: Rs. 3,520 million) in the form of standby letter of credits to inject equity in Fatima Energy Limited. These standby letter of credits are issued by five commercial banks. The purpose of these standby letters of credit is favouring lenders of Fatima Energy Limited to honour the commitment of injection/ investment in the equity of Fatima Energy Limited by the Reliance weaving Mills Limited (the company). All standby letter of credits were issued during previous year and have expiry within next twelve months from reporting date.

14 PROPERTY, PLANT AND EQUIPMENT

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	14.1	5,349,600,505	4,355,912,233
Capital work in progress	14.2	27,583,751	233,032,031
		5,377,184,256	4,588,944,264

Notes to the Financial Statements

For the Year ended June 30, 2015

14.1 Operating fixed assets

Particulars	Owned assets										Leased			
	Freehold land	Buildings	Plant and machinery	Electric installations	Factory equipment	Office equipment	Electric appliances	Furniture and fixtures	Vehicles	Subtotal	Plant and machinery	Vehicles leased	Subtotal	Grand total
							Rupees							
Cost														
Balance at 1 July 2013	550,454,210	512,732,917	3,856,245,986	186,422,126	27,248,943	27,961,377	14,748,874	13,787,493	37,151,807	5,226,753,733	59,163,037	37,071,501	96,234,538	5,322,988,271
Additions	17,758,550	76,262,375	408,446,643	53,826,996	1,311,607	4,251,415	2,803,016	1,764,026	35,038,091	601,462,719	-	7,097,553	7,097,553	608,560,272
Surplus on revaluation	182,053,240	-	-	-	-	-	-	-	-	182,053,240	-	-	-	182,053,240
Disposals	-	-	-	-	-	(168,600)	-	-	(2,195,333)	(2,363,933)	-	-	-	(2,363,933)
Balance at 30 June 2014	750,266,000	588,995,292	4,264,692,629	240,249,122	28,560,550	32,044,192	17,551,890	15,551,519	69,994,565	6,007,905,759	59,163,037	44,169,054	103,332,091	6,111,237,850
Balance at 1 July 2014	750,266,000	588,995,292	4,264,692,629	240,249,122	28,560,550	32,044,192	17,551,890	15,551,519	69,994,565	6,007,905,759	59,163,037	44,169,054	103,332,091	6,111,237,850
Additions	2,673,000	130,317,591	917,630,676	87,203,218	4,096,596	5,260,451	2,714,908	751,544	3,549,628	1,154,197,612	73,061,220	11,383,990	84,445,210	1,238,642,822
Transfers in from leased assets	-	-	50,788,037	-	-	-	-	-	21,984,789	72,772,826	(50,788,037)	(21,984,789)	(72,772,826)	-
Adjustments	-	2,103,823	(91,139,373)	54,334,439	(1,943,439)	(4,763,596)	(4,144,499)	(1,375,896)	4,215,007	(42,713,534)	42,739,166	(25,632)	42,713,534	-
Disposals	-	-	(4,176,847)	-	-	(195,687)	-	-	(5,431,677)	(9,804,211)	-	-	-	(9,804,211)
Balance at 30 June 2015	752,939,000	721,416,706	5,137,795,122	381,786,779	30,713,707	32,345,360	16,122,299	14,927,167	94,312,312	7,182,358,452	124,175,386	33,542,623	157,718,009	7,340,076,461
Rate	-	5%	5%	5%	5%	10%	10%	10%	20%		5%	20%		
Depreciation														
Balance at 1 July 2013	-	183,501,302	1,268,985,194	44,541,915	10,358,666	9,544,994	6,900,533	6,448,553	21,913,031	1,552,194,188	7,882,901	8,499,268	16,382,169	1,568,576,357
Adjustment for disposal	-	-	-	-	-	(30,817)	-	-	(624,052)	(654,869)	-	-	-	(654,869)
Depreciation for the year	-	18,632,433	141,257,247	8,684,498	858,382	1,974,685	880,228	835,730	5,432,272	178,555,475	2,564,007	6,284,647	8,848,654	187,404,129
Balance at 30 June 2014	-	202,133,735	1,410,242,441	53,226,413	11,217,048	11,488,862	7,780,761	7,284,283	26,721,251	1,730,094,794	10,446,908	14,783,915	25,230,823	1,755,325,617
Balance at 1 July 2014	-	202,133,735	1,410,242,441	53,226,413	11,217,048	11,488,862	7,780,761	7,284,283	26,721,251	1,730,094,794	10,446,908	14,783,915	25,230,823	1,755,325,617
Adjustment for disposal	-	-	(1,713,678)	-	-	(96,954)	-	-	(4,041,033)	(5,851,665)	-	-	-	(5,851,665)
Transfers in from leased assets	-	-	9,995,006	-	-	-	-	-	11,535,720	21,530,726	(9,995,006)	(11,535,720)	(21,530,726)	-
Adjustment	-	(287,176)	(15,384,713)	15,890,419	(308,024)	(3,133,449)	(1,335,985)	(739,081)	2,280,881	(3,017,128)	2,760,484	256,644	3,017,128	-
Depreciation for the year	-	23,947,951	179,038,650	13,448,652	904,632	2,226,379	1,060,399	844,456	9,682,328	231,153,447	4,146,548	5,702,009	9,848,557	241,002,004
Balance at 30 June 2015	-	225,794,510	1,582,177,706	82,565,484	11,813,656	10,484,838	7,505,175	7,389,658	46,179,147	1,973,910,174	7,358,934	9,206,848	16,565,782	1,990,475,956
Carrying amounts														
At 30 June 2014	750,266,000	386,861,557	2,854,450,188	187,022,709	17,343,502	20,555,330	9,771,129	8,267,236	43,273,314	4,277,810,965	48,716,129	29,385,139	78,101,268	4,355,912,233
At 30 June 2015	752,939,000	495,622,196	3,555,617,416	299,221,295	18,900,051	21,860,522	8,617,124	7,537,509	48,133,165	5,208,448,278	116,816,452	24,335,775	141,152,227	5,349,600,505

14.1.1 The Company carried out the revaluation of land on 17 April 2014. The valuation was conducted by an independent valuer, K.G. Traders (Private) Limited. Land was revalued on the basis of fair market value. Revaluation of land resulted in surplus of Rs. 634.324 million.

14.1.2 During the current year, to give true and fair view, cost and relevant acumulated depreciation of some classes of property, plant and equipment have been reclassified while having no impact on financial statements of prior years.

14.1.3 During the current financial year, borrowing cost at the rate of 8.64% per annum amounting Rs. 15,075,126 has been included in the cost of plant and machinery.

Notes to the Financial Statements

For the Year ended June 30, 2015

14.1.4 The depreciation charge for the year has been allocated as follows:

	Note	2015 Rupees	2014 Rupees
Cost of sales	28	222,475,138	172,876,430
Administrative expenses	30	18,526,866	14,527,699
		241,002,004	187,404,129

Had there been no revaluation, the net book value of land would have been Rs.115.94 million.

14.1.5 Disposal schedule of operating property, plant and equipment:

Particulars	2015						
	Cost	Accumulated depreciation	Book value	Claim/sales proceeds	Gain/(loss)	Mode of disposal	Sold to
	----------------	----------------	Rupees	----------------	----------------		
Office equipment							
Black Berry	25,000	7,975	17,025	5,000	(12,025)	Company Policy	Mr. Asad Jan
Photocopy Machine	170,687	88,979	81,708	20,000	(61,708)	Negotiation	Premier Office Products
Plant & Machinery							
Vision Shield	4,176,847	1,713,678	2,463,169	2,700,000	236,831	Negotiation	Imperial Textile Mills Limited
Vehicles							
Toyota Corrolla LEF-8365	1,885,906	1,403,702	482,204	472,237	(9,967)	Company policy	Mr. Khawja Sajid
Toyota Corrolla MNA-08-6324	1,335,816	994,210	341,606	333,112	(8,494)	Company policy	Mr. Ikram Azeem
Toyota Corrolla MNA-08-6381	1,335,815	994,209	341,606	333,112	(8,494)	Company policy	Mr. Shoaib Alam
Suzuki Saloon MLN-5303	613,000	510,798	102,202	102,202	-	Company policy	Mr. Zafar Iqbal
MNN-7667 (CD 70)	72,900	3,605	69,295	72,900	3,605	Negotiation	Fatima Sugar Mills Limited
MNK-9839 (CD 70)	56,590	45,883	10,707	27,000	16,293	Company policy	Mr. Ali Raza
MNQ-2653 (CD 70)	66,200	42,158	24,042	66,500	42,458	Insurance claim	Premier Insurance Company Limited
MNN-09-5293 (CD 70)	65,450	46,468	18,982	32,000	13,018	Company policy	Mr. Nadeem Ahmad
	9,804,211	5,851,665	3,952,546	4,164,063	211,517		

Notes to the Financial Statements

For the Year ended June 30, 2015

Particulars	2014						
	Cost	Accumulated depreciation	Book value	Claim/sales proceeds	Gain/(loss)	Mode of disposal	Sold to
	Rupees						
Office equipment							
Black Berry	31,200	5,639	25,561	25,000	(561)	Insurance claim	EFU General Insurance Company Limited
Black Berry	18,000	3,542	14,458	3,000	(11,458)	Company policy	Mr. Yasir Arfat Mill Manager
Black Berry	10,000	1,075	8,925	2,000	(6,925)	Company policy	Mr. Aftab Ahmed Mill Manager
Black Berry	10,000	1,075	8,925	2,000	(6,925)	Company policy	Mr. Ahsan Alvi Mill Manager
Black Berry	25,000	3,803	21,197	21,600	403	Insurance claim	EFU General Insurance Company Limited
Black Berry	16,200	4,163	12,037	14,400	2,363	Insurance claim	EFU General Insurance Company Limited
Black Berry	27,000	3,907	23,093	27,200	4,107	Insurance claim	EFU General Insurance Company Limited
Black Berry	31,200	7,613	23,587	3,000	(20,587)	Company Policy	Mr. Nasir Zahid Marketing Manager
Vehicles							
MLH-7593 (Mehran)	360,550	298,211	62,339	320,000	257,661	Negotiation	Mr. Shahid Younus
LEF-13-9094 (Corolla)	1,627,840	162,784	1,465,056	1,627,840	162,784	Inter company	Fatima Sugar Mills Ltd.
MNO-09-4898(CD 70)	65,400	37,577	27,823	7,780	(20,043)	Company policy	Mr. Muzamil Hussain Cashier
MNQ-5084 (CD 70)	30,426	30,145	281	2,000	1,719	Company policy	Mr. Naik Muhammad Purchase Manager
MNY-6011 (CD 70)	67,000	62,590	4,410	6,000	1,590	Company policy	Mr. Naeem Shah Purchase Officer
MNT-6502 (CD 70)	44,117	32,745	11,372	6,500	(4,872)	Company policy	Mr. Bashir Accounts Officer
	2,363,933	654,869	1,709,064	2,068,320	359,256		

	2015 Rupees	2014 Rupees
14.2 Capital work in progress		
Plant and machinery	-	108,297,883
Civil works and buildings	4,233,812	94,449,122
Land	23,349,939	23,349,939
Electric installation	-	6,935,087
Advances	-	-
	27,583,751	233,032,031
14.2.1 The reconciliation of the carrying amount is as follows;		
Opening balance	233,032,031	51,249,823
Addition during the year	835,420,847	557,519,615
Transfer during the year	(1,040,869,127)	(375,737,407)
Closing balance	27,583,751	233,032,031

Notes to the Financial Statements

For the Year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
15	INTANGIBLE ASSET			
	Computer software			
	Cost			
	Balance at the beginning of the year		9,462,295	9,462,295
	Additions during the year		-	-
	Balance at the end of the year		9,462,295	9,462,295
	Accumulated amortization			
	Balance at the beginning of the year		2,003,537	1,057,307
	Amortization for the year	30	946,230	946,230
	Balance at the end of the year		2,949,767	2,003,537
	Carrying amount	15.1	6,512,528	7,458,758

15.1 The rate of amortisation of intangible assets is 10%.

		Note	2015 Rupees	2014 Rupees
16	LONG TERM INVESTMENTS			
	Investment in associate	16.1	812,369,953	328,926,524
	Advance against shares	24.2	-	21,373,627
			812,369,953	350,300,151

16.1 Investment in associate - Fatima Energy Limited (FEL)
At equity method

		Note	2015 Rupees	2014 Rupees
Cost		16.3	769,934,400	109,360
Share of post acquisition loss			(3,594,547)	(109,360)
Advance for issue of shares		16.4	46,025,403	328,926,524
Share of other comprehensive income			4,697	-
Carrying amount of investment			812,369,953	328,926,524
No. of shares held	Number		77,004,376	10.936
Ownership interest	Percent		39.15%	31.25%

Summarised financial information in respect of the investee company is set out below:

	2015 Rupees	2014 Rupees
Non-Current Assets	15,651,894,000	4,413,230,847
Current Assets	2,787,830,000	996,418,566
	18,439,724,000	5,409,649,413
Non-Current Liabilities	13,197,775,000	3,619,204,473
Current Liabilities	825,219,000	248,248,186
	14,022,994,000	3,867,452,659
	4,416,730,000	1,542,196,754
Revenue	-	-
Loss for the year	(9,912,000)	(24,380,268)
Other comprehensive income	12,000	-
Company’s share in FEL’s loss for the year	(3,594,547)	(2,139,754)
Company's share in FEL's other comprehensive income for the year	4,697	-

Due to non availability of annual audited financial statements of Fatima Energy Limited at the date of authorization for issue of these financial statements, equity method has been applied on un-audited financial statements for the year ended June 30, 2015.

16.2 The company has invested in Fatima Energy Limited during the year in the form of shares, advance for issue of shares and Standby Letter of Credit (SBLCs).

The limit for investment in Fatima Energy Limited as approved by members of the company is Rs. 4,000 million.

Notes to the Financial Statements

For the Year ended June 30, 2015

16.3 The company has acquired 9,938 ordinary shares @ RS. 10 each (28.40% holding) at 14 March 2014 and 998 ordinary shares @ Rs. 10 each (2.85% holding) at 13 May 2014, of Fatima Energy Limited resulting in total 10,936 ordinary shares (31.25% holding) as at 30 June 2014. During the current year the company has further acquired 34,693,441 ordinary shares @ RS. 10 each (1.41% holding) at 24 July 2014 and 42,299,999 ordinary shares @ Rs. 10 each (6.49% holding) at 04 December 2014, of Fatima Energy Limited resulting in total 77,004,376 ordinary shares (39.15% holding) as at 30 June 2015 (2014: 31.25% holding).

16.4 Advance for issue of shares has been provided, for which Fatima Energy Limited has subsequently issued shares to the company, and the markup is being charged (1 month KIBOR plus 2.5%) until the date shares are issued against this advance.

16.5 The company has commitment of Rs. 2,250 million (2014: Rs. 3,500 million) in the form of standby letter of credit to inject equity in Fatima Energy Limited, as disclosed in note 13.2.3.

17 DEFERRED TAX ASSET

Deferred tax asset is arising on account of the following;

		Charge / reversal for the year		
For the year June 30, 2015	Opening balance	Other Comprehensive Income	Profit & loss	Closing balance
On taxable temporary differences				
Accelerated tax depreciation	(265,118,648)	-	(37,805,223)	(302,923,871)
Assets subject to finance lease	(1,456,383)	-	(9,438,208)	(10,894,591)
On deductible temporary differences				
Unabsorbed tax losses and tax credits	254,557,812	-	96,084,745	350,642,557
Provision for retirement benefits	12,017,219	4,533,019	3,843,145	20,393,383
	-	4,533,019	52,684,459	57,217,478

Deferred tax asset is arising on account of the following;

		Charge / reversal for the year		
For the year June 30, 2014	Opening balance	Other Comprehensive Income	Profit & loss	Closing balance
On taxable temporary differences				
Accelerated tax depreciation	(285,406,366)	-	20,287,718	(265,118,648)
Assets subject to finance lease	(4,154,401)	-	2,698,018	(1,456,383)
On deductible temporary differences				
Unabsorbed tax losses and tax credits	280,029,974	-	(25,472,162)	254,557,812
Provision for retirement benefits	9,530,793	207,507	2,278,919	12,017,219
	-	207,507	(207,507)	-

17.1 Deferred tax asset on unabsorbed tax losses and tax credits are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable.

	2015 Rupees	2014 Rupees
Stores	67,543,730	90,171,779
Spares	116,137,327	140,993,457
Loose tools	112,984	186,049
	183,794,041	231,351,285
Less: Provision for obsolete items	(230,022)	(230,022)
	183,564,019	231,121,263

Notes to the Financial Statements

For the Year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
19	STOCK IN TRADE			
	Raw materials	19.1	731,658,887	1,242,365,355
	Work in process		158,036,210	173,575,703
	Finished goods	19.2	645,220,370	946,332,552
	Waste		41,455,251	21,325,513
			1,576,370,718	2,383,599,123

19.1 Stock-in-trade includes raw material costing Rs. 642.65 million (2014: Rs. Nil) stated at their net realisable values Rs. 549.63 million (2014: Rs.Nil). The amount charged to the profit and loss account in respect of raw material written down to their net realisable values is Rs. 93.02 million (2014: Rs. Nil).

19.2 Stock-in-trade also includes finished goods costing Rs. 659.35 million (2014: Rs. Nil) stated at their net realisable values Rs. 645.22 million (2014: Rs.Nil). The amount charged to the profit and loss account in respect of finished goods written down to their net realisable values is Rs. 14.13 million (2014: Rs. Nil).

		Note	2015 Rupees	2014 Rupees
20	TRADE DEBTS			
	Considered good			
	Export - secured		701,553,423	787,552,546
	Local - unsecured		252,114,946	238,939,869
	Due from related party - unsecured		-	2,182,236
	Considered doubtful - unsecured		7,140,648	10,579,048
			960,809,017	1,039,253,699
	Less: Provision for doubtful debts		(7,140,648)	(10,579,048)
			953,668,369	1,028,674,651
21	LOANS AND ADVANCES			
	Advances - considered good			
	- To employees	21.1	103,728,751	85,127,457
	- To suppliers		116,354,795	92,410,052
	Due from related parties	21.2	4,714,004	5,668,225
	Letters of credit - margins, deposits, opening charges, etc.		160,998,151	171,864,432
			385,795,701	355,070,166
	Less: Provision for doubtful advances		-	-
			385,795,701	355,070,166

21.1 It includes amount of Rs.823,368 (2014: Rs.701,106) due from executives.

21.2 Due from related parties

	Note	2015 Rupees	2014 Rupees
Multan Cloth Finishing Factory		3,093,618	2,700,514
Reliance Commodities (Pvt) Limited	21.2.1	1,511,011	2,883,596
Fatima Transmission Company Limited		109,375	-
Pak Arab Fertilizers Limited		-	84,115
		4,714,004	5,668,225

21.2.1 This represents short term loan given to Reliance Commodities (Pvt) Limited and carries mark-up at 1 month KIBOR plus 3 % per annum.

		2015 Rupees	2014 Rupees
22	TRADE DEPOSITS AND PREPAYMENTS		
	Trade deposits and prepayments	2,709,932	48,535,158
		2,709,932	48,535,158

Notes to the Financial Statements

For the Year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
23	OTHER RECEIVABLES			
	Accrued mark-up	23.1	23,635,240	17,965,091
	Others		636,464	5,247,750
			24,271,704	23,212,841

23.1 This includes mark-up on long term advance to Fatima Energy Limited and short term loan to Reliance Commodities (Pvt) Limited (Refer to note. 33.2).

		Note	2015 Rupees	2014 Rupees
24	OTHER FINANCIAL ASSETS			
	Short term investment - available for sale			
	- Fatima Fertilizer Company Limited	24.1	102,565,275	76,129,843
	Short term investment - others			
	- Multan Real Estate Company (Private) Limited	24.2	21,479,700	-
			124,044,975	76,129,843

24.1 Fatima Fertilizer Company Limited

	2015	2014
Carrying amount of 2,625,167 (2014:2,625,167) fully paid ordinary shares of Rs.10 each	76,129,843	65,182,897
Fair value adjustment	26,435,432	10,946,946
Closing market value of 2,625,167 (2014:2,625,167) shares	102,565,275	76,129,843

Fatima Fertilizer Company Limited (FFCL) is an associate of the Company through common directorship of 3 directors. However, the Company does not have a significant influence to participate in the financial and operating decisions of FFCL. Therefore, investment in FFCL is not accounted for using the equity method.

24.2 The company has acquired 214,797 ordinary share having nominal value of Rs.100 each during the year against advance for issuance of shares (Refer to note. 16) resulting in shareholding of 9.9 % as at 30 June, 2015.

		Note	2015 Rupees	2014 Rupees
25	TAX REFUNDS DUE FROM GOVERNMENT			
	Export rebate		13,323,089	15,403,630
	Income tax		127,059,346	133,841,886
	Tax credit u/s 65B - net of provision for taxation	43	133,051,274	13,658,623
	Sales tax		250,464,169	162,224,946
	Special Excise duty		17,045,221	17,003,006
			540,943,099	342,132,091
26	CASH AND BANK BALANCES			
	Balance at banks			
	Current accounts:			
	- Pak rupee		65,278,849	108,483,328
	- Foreign currency - US $ 329 (2014: US $ 3,153)		33,833	317,099
			65,312,682	108,800,427
	Saving accounts			
	- Pak rupee	26.1	742,724	1,253,878
	Cash in hand		4,751,571	5,030,840
			70,806,977	115,085,145

Notes to the Financial Statements

For the Year ended June 30, 2015

26.1 Effective mark up rate in respect of saving accounts ranges from 5.50% to 8.10% (2014: 6% to 9%) per annum.

		Note	2015 Rupees	2014 Rupees
27	**SALES - net**			
	Export		6,979,445,640	7,450,933,561
	Local		4,031,451,574	4,125,500,397
	Waste		105,328,653	111,060,205
			11,116,225,867	11,687,494,163
	Less: Commission		144,524,090	187,917,135
			10,971,701,777	11,499,577,028
	Add: Doubling income		2,544,135	3,080,919
	Export rebate (expense) income		-	4,252,362
			2,544,135	7,333,281
			10,974,245,912	11,506,910,309
	Sale tax		96,183,949	94,712,878
			10,878,061,963	11,412,197,431
28	**COST OF SALES**			
	Raw material consumed	28.1	7,353,075,611	8,497,613,821
	Stores and spares consumed		259,851,197	249,778,601
	Packing material consumed		85,617,883	73,213,230
	Salaries, wages and other benefits	28.2	629,406,641	542,096,772
	Fuel and power		1,104,350,459	1,186,300,043
	Insurance		28,967,256	22,927,369
	Repairs and maintenance		17,641,870	23,188,773
	Depreciation on property, plant and equipment	14.1.4	222,475,138	172,876,430
	Utilities		514,898	645,969
	Other expenses		37,772,988	39,607,799
			9,739,673,941	10,808,248,807
	Opening stock of work in process		173,575,703	176,155,233
	Closing stock of work in process		(158,036,210)	(173,575,703)
			15,539,493	2,579,530
	Cost of goods manufactured		9,755,213,434	10,810,828,337
	Opening stock - Finished goods		946,332,552	435,859,872
	- Waste		21,325,513	11,381,948
			967,658,065	447,241,820
	Closing stock - Finished goods		(645,220,370)	(946,332,552)
	- Waste		(41,455,251)	(21,325,513)
			(686,675,621)	(967,658,065)
			280,982,444	(520,416,245)
			10,036,195,878	10,290,412,092

28.1 Raw materials consumed include Rs. 381,566,799 (2014:Rs. 663,098,541) relating to the cost polyester sold during the period.

28.2 Salaries, wages and other benefits include Rs.44,404,019 (2014: Rs.35,814,438) in respect of staff retirement benefits.

Notes to the Financial Statements
For the Year ended June 30, 2015

		Note	2015 Rupees	2014 Rupees
29	DISTRIBUTION AND MARKETING EXPENSES			
	Ocean freight and shipping		47,323,151	63,022,937
	Local freight		55,024,521	52,219,280
	Export development surcharge		18,238,895	17,715,664
	Forwarding and clearing expenses		27,633,220	19,516,497
	Marketing expenses		7,229,749	3,226,733
	Other expenses		7,433,494	5,059,110
			162,883,030	160,760,221
30	ADMINISTRATIVE EXPENSES			
	Salaries, wages and other benefits	30.1	65,140,480	61,772,082
	Printing and stationery		2,200,807	2,009,646
	Motor vehicles running		7,606,091	9,169,596
	Traveling and conveyance		19,739,331	28,056,548
	Rent, rates and taxes		3,770,393	3,753,003
	Telephone and postage		7,207,584	11,927,885
	Fee, subscription and periodicals		5,947,996	14,006,290
	Utilities		1,315,157	1,359,343
	Insurance		1,784,203	412,378
	Repairs and maintenance		8,023,584	9,876,242
	Entertainment		1,771,611	1,997,002
	Advertisement		249,966	1,189,937
	Provision for doubtful debts / advances		-	4,560,816
	Depreciation on property, plant and equipment	14.1.4	18,526,866	14,527,699
	Amortization of intangible assets	15	946,230	946,230
	Professional services	30.2	2,424,934	3,590,856
	Other expenses		2,315,979	1,700,325
			148,971,212	170,855,878

30.1 Salaries, wages and other benefits include Rs.6,063,017 (2014: Rs.4,480,991) in respect of staff retirement benefits.

30.2 Auditors' remuneration

The charges for professional services include the following in respect of auditors' remuneration:

	2015 Rupees	2014 Rupees
Statutory audit	1,000,000	1,000,000
Half yearly review	175,000	175,000
Out of pocket expenses	303,934	327,919
	1,478,934	1,502,919

		Note	2015 Rupees	2014 Rupees
31	OTHER OPERATING EXPENSES			
	Provision for WPPF		-	16,435,961
	Donations	31.1	18,966,387	15,041,526
			18,966,387	31,477,487

31.1 Donations

Names of donees in which a director or his spouse has an interest:

	2015 Rupees	2014 Rupees
Mian Mukhtar Trust, Multan (Mian Faisal, Director is the Trustee)	17,700,000	14,087,978

Notes to the Financial Statements

For the Year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
32 FINANCE COST			
Interest and mark up on:			
- Long term finances		275,740,725	158,562,061
- Lease finance		6,620,840	5,489,305
- Finances under mark up arrangements		318,169,016	353,912,219
- Workers profit participation fund		1,849,051	2,336,430
Markup on associates	43	3,425,940	2,558,086
Exchange loss / (gain)		6,957,620	(36,336,708)
Realized gain on forward foreign exchange contracts		(1,239,659)	(61,599,337)
Bank charges and commission		76,661,296	77,208,087
		688,184,829	502,130,143
33 OTHER INCOME			
Income from financial assets:			
Dividend Income	33.1	7,219,207	6,562,915
Mark up on loans to associates	33.2	27,103,975	26,481,820
Doubtful debts recovered		3,438,400	-
		37,761,582	33,044,735
Income from non financial assets:			
Gain on sale of operating assets	14.1.5	211,517	359,256
Others		396,953	143,088
		608,470	502,344
		38,370,052	33,547,079

33.1 This represents dividend received on short term investment from Fatima Fertilizer Company Limited.

33.2 This includes mark-up amounting to Rs. 5,376,959 (2014:18,007,887) on advance against issue of shares given to Fatima Energy Limited and Rs.124,797 (2014: 6,215,112) and Rs. Nil (2014:2,258,821) on short term loan given to Reliance Commodities (Pvt) Limited and Fatima Sugar Mills Limited respectively. This also includes commission fee amounting Rs. 21,602,219 (2014: Rs. Nil) of stand by letter of credit.

	Note	2015 Rupees	2014 Rupees
34 TAXATION			
For the year			
- Current			
Current taxation	34.1	111,261,943	115,928,418
Tax credit u/s 65B		(100,893,049)	(45,776,347)
		10,368,894	70,152,071
- Deffered		(52,684,459)	207,507
Prior year adjustment		(2,129,560)	525,034
		(44,445,125)	70,884,612

34.1 The provision for current taxation represents the minimum tax liability under section 113 and final tax on exports under section 169 of the Income Tax Ordinance, 2001.

34.2 Relationship between tax expense and accounting (loss) / profit

	2015 Rupees	2014 Rupees
Accounting (loss) / profit before tax	(142,363,868)	289,999,329
Applicable tax rate	33%	34%
Tax on accounting rate	(46,980,076)	98,599,772
Income chargeable to tax at lower rate	111,261,943	84,110,871
Effect on applicability of other tax credits	(5,704,383)	(66,782,225)
Tax credit u/s 65B	(100,893,049)	(45,776,347)
Deferred	-	207,507
Prior year adjustment	(2,129,560)	525,034
	(44,445,125)	70,884,612

Notes to the Financial Statements

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35 REMUNERATION OF DIRECTORS AND EXECUTIVES

35.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the director and executives of the Company is as follows:

	Directors		Executives	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Managerial remuneration	2,707,854	2,707,854	14,878,832	8,817,881
House rent allowance	-	-	2,469,516	1,463,549
Utility allowance	-	-	1,080,413	640,303
Bonus	-	-	2,062,150	2,004,675
	2,707,854	2,707,854	20,490,911	12,926,408
Number of key executives	3	3	15	9
Number of non-executive directors	4	4	-	-

The Company also provides the directors and executives with free use of company maintained cars and allowances for utility bills.

35.2 Remuneration to other director

Meeting fee amounting to Rs. 105,000 (2014: Rs. 90,000) was paid to a non executive director during the year.

36 SEGMENT REPORTING

36.1 Reportable Segments

The management has determined the operating segments of the Company on the basis of products produced.

The Company's reportable segments are as follows:

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

36.2 Information about reportable segments

	Spinning		Weaving		Total	
	2015	2014	2015	2014	2015	2014
External revenue	2,943,223,903	2,742,697,472	7,934,838,060	8,669,499,959	10,878,061,963	11,412,197,431
Intersegment revenue	3,446,751,855	3,800,137,639	-	-	3,446,751,855	3,800,137,639
Cost of sales	(6,000,426,828)	(6,121,484,149)	(4,035,769,050)	(4,168,927,943)	(10,036,195,878)	(10,290,412,092)
Intersegment cost of sales	-	-	(3,446,751,855)	(3,800,137,639)	(3,446,751,855)	(3,800,137,639)
Distribution and marketing expense	(30,175,063)	(24,513,923)	(132,707,967)	(136,246,298)	(162,883,030)	(160,760,221)
Administrative expense	(66,643,250)	(57,884,100)	(82,327,962)	(112,971,778)	(148,971,212)	(170,855,878)
Other operating expense	(2,900,608)	(11,359,484)	(16,065,779)	(22,676,089)	(18,966,387)	(34,035,573)
Finance cost	(353,869,535)	(295,453,046)	(334,315,294)	(204,119,011)	(688,184,829)	(499,572,057)
Other operating income	17,504,245	17,475,253	20,865,807	16,071,826	38,370,052	33,547,079
(Loss) / Profit before tax	(46,535,281)	49,615,662	(92,234,040)	240,493,027	(138,769,321)	290,108,689

36.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 4 to the financial statements. Administrative expenses, distribution & marketing expenditures, other operating expenses and income are allocated on the basis of actual amounts incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained and finance cost relating to

Notes to the Financial Statements

For the Year ended June 30, 2015

short term loan 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.

36.3 Reconciliation of reportable segment revenues and profits

	2015 Rupees	2014 Rupees
Total revenue from reportable segments	14,324,813,818	15,212,335,070
Elimination of inter segment revenue	(3,446,751,855)	(3,800,137,639)
	10,878,061,963	11,412,197,431
Profit or loss		
Total profit or loss of reportable segments	(138,769,321)	290,108,689
Share of loss from associate	(3,594,547)	(109,360)
Tax for the year	44,445,125	(70,884,612)
Consolidated profits	(97,918,743)	219,114,717

36.4 Segment assets and liabilities

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

	Spinning	Weaving	Total
For the year ended 30 June 2015:	---------------------------Rupees-----------------------		
Segment assets for reportable segment			
- Operating fixed assets	3,184,452,061	2,023,694,837	5,208,146,898
- Stores, spares and loose tools	100,660,679	82,903,340	183,564,019
- Stocks in trade	803,974,222	772,396,496	1,576,370,718
	4,089,086,962	2,878,994,673	6,968,081,635
Unallocated corporate assets			3,168,863,544
Total assets as per balance sheet			10,136,945,179
Segment liabilities for reportable segment	3,724,521,431	2,700,520,911	6,425,042,342
Unallocated corporate liabilities			968,142,373
Total liabilities as per balance sheet			7,393,184,715
For the year ended 30 June 2014:			
Segment assets for reportable segment			
- Operating fixed assets	2,420,027,945	1,863,225,992	4,283,253,937
- Stores, spares and loose tools	123,561,865	107,559,398	231,121,263
- Stocks in trade	1,321,170,537	1,062,428,586	2,383,599,123
	3,864,760,347	3,033,213,976	6,897,974,323
Unallocated corporate assets			2,674,868,341
Total assets as per balance sheet			9,572,842,664
Segment liabilities for reportable segment	3,059,761,433	2,788,674,288	5,848,435,721
Unallocated corporate liabilities			829,198,841
Total liabilities as per balance sheet			6,677,634,562

36.4.2 For the purposes of monitoring segment performance and allocating resources between segments

- operating property, plant & equipment, stocks in trade and stores, spares and loose tools are allocated to reportable segments while all other assets are held under unallocated corporate assets; and
- long term loans, liabilities against assets subject to finance lease and short term borrowings are allocated to reportable segment and all other liabilities (i.e.) loans from related parties, deferred liabilities, trade and other payables and accrued mark up are held under unallocated corporate assets.

Notes to the Financial Statements

For the Year ended June 30, 2015

	2015 Rupees	2014 Rupees
36.5 Gross revenue from major products and services		
Fabric export sales	6,446,426,134	7,193,975,397
Yarn export sales	533,019,506	256,958,163
Fabric local sales	1,574,812,240	1,580,945,883
Yarn local sales	1,962,670,486	1,748,715,357
Polyester local sale	400,096,604	703,705,960
Waste local sales	103,116,718	108,540,935
	11,020,141,688	11,592,841,695
36.6 Gross revenue from major customers		
Spinning	772,423,686	787,763,974
Weaving	4,742,709,374	4,493,858,854
	5,515,133,060	5,281,622,828

36.7 Geographical information

36.7.1 The Company's gross revenue from external customers by geographical location is detailed below:

	2015 Rupees	2014 Rupees
Pakistan	4,023,037,048	4,141,908,136
Asia	5,930,256,984	5,966,122,298
Europe	1,066,797,771	1,484,811,261
	11,020,091,803	11,592,841,695

36.7.2 All non-current assets of the Company as at 30 June 2015 are located and operating in Pakistan.

36.8 Other segment information

	Spinning	Weaving	Total
	---- Rupees ----		
For the year ended 30 June 2015:			
Capital expenditure	1,184,479,791	54,163,031	1,238,642,822
Depreciation			
Cost of sales	135,720,973	86,754,165	222,475,138
Administrative expenses	10,640,691	7,886,175	18,526,866
	146,361,664	94,640,340	241,002,004
For the year ended 30 June 2014:			
Capital expenditure	138,772,853	469,787,419	608,560,272
Depreciation			
Cost of sales	90,755,184	82,121,246	172,876,430
Administrative expenses	7,079,834	7,447,865	14,527,699
	97,835,018	89,569,111	187,404,129

37 Transaction with related parties

The related parties comprise 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 35. Other significant transactions with related parties are as follows:

Description of transaction	Nature of relationship	2015 Rupees	2014 Rupees
Fazal Cloth Mills Limited	Associate		
Purchase of goods and services		19,480,700	26,935,533
Sale of goods and services		-	8,360,440

Notes to the Financial Statements

For the Year ended June 30, 2015

Description of transaction	Nature of relationship	2015 Rupees	2014 Rupees
Fatima Fertilizer Company Limited	Associate		
Store purchase		-	8,152,000
Dividend Income		7,219,207	6,562,915
Reliance Sacks (Pvt) Limited	Associate		
Store purchase		5,260,500	-
Pakarab Fertilizers Limited	Associate		
Sale of fixed assets		-	367,750
Reliance Commodities (Pvt) Limited	Associate		
Markup -Income		124,797	6,215,112
Advance issued		-	2,100,000
Advance received		2,100,000	-
Fatima Sugar Mills Limited	Associate		
Purchase of fixed assets		-	219,168
Sale of fixed assets		72,900	1,627,840
Mark up - Expense		3,425,940	2,558,086
Mark up - Income		-	2,258,821
Advance received		18,245,549	23,731,162
Fatima Energy Limited	Associate		
Mark up - Income		26,979,178	18,007,887
Purchase of ordinary shares		769,934,400	109,360
Advance for issue of shares		46,025,403	328,926,524
Stand By Letters of Credit (SBLCs) (Refer to note. 13.2.3)		-	3,520,000,000
Multan Cloth Finishing Factory	Related Party		
Advance issued		393,104	-
Fatima Transmission Company Limited	Related Party		
Advance issued		109,375	-
Mian Mukhtar Trust, Multan	Associate		
Donations		17,700,000	14,087,978

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

38 CAPACITY AND PRODUCTION

	2015	2014
Unit 1 (Weaving)		
Number of looms installed	92	92
Capacity after conversion into 50 picks - Meters	18,902,376	19,916,795
Actual production of fabric after conversion into 50 picks - Meters	17,354,275	17,537,823
Unit 2 (Weaving)		
Number of looms installed	204	204
Capacity after conversion into 50 picks - Meters	48,640,896	51,013,436
Actual production of fabric after conversion into 50 picks - Meters	47,458,857	49,105,717
Unit 5 (Weaving)		
Number of looms installed	40	40
Capacity after conversion into 50 picks - Meters	10,653,513	7,444,840
Actual production of fabric after conversion into 50 picks - Meters	10,102,437	6,874,368

Note: These loans installed in previous year and operated fully in current year (2014: 257 days).

Under utilization of available weaving capacity is due to:

- Electricity / shut downs
- Change of articles required
- Width loss due to specification of the cloth
- Due to normal maintenance

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	2015	2014
Unit 3 (Spinning)		
Number of spindles installed	14,400	14,400
Capacity after conversion into 20 count - Kgs	4,586,454	4,849,904
Actual production of yarn after conversion into 20 count - Kgs	3,363,943	3,188,979
Unit 4 (Spinning)		
Number of spindles installed	47,520	34,320
Capacity after conversion into 20 count - Kgs	14,052,560	9,588,489
Actual production of yarn after conversion into 20 count - Kgs	11,757,720	8,069,320

Under utilization of available spinning capacity is due to:

- Electricity / shut downs
- Processing mix of coarser and finer counts

39 CASH GENERATED FROM OPERATIONS

	2015 Rupees	2014 Rupees
(Loss) / Profit before taxation	(142,363,868)	289,999,329
Adjustments for non cash charges and other items:		
Depreciation of fixed assets	241,002,004	187,404,129
Amortization of intangible assets	946,230	946,230
Staff retirement benefits accrued	50,467,036	40,295,429
Provision for doubtful advances	-	4,560,816
Gain on disposal of fixed assets	(211,517)	(359,256)
Share of loss from associate	3,594,547	109,360
Provision for WPPF	-	16,435,961
Interest on worker's profit participation fund	1,849,051	2,336,430
Finance cost (excluding exchange (Gain) / loss)	679,378,158	536,130,421
Profit before working capital changes	834,661,641	1,077,858,849
Effect on cash flow due to working capital changes:		
Decrease / (increase) in current assets		
- Stores and spares	47,557,244	(51,773,186)
- Stock in trade	807,228,405	83,583,382
- Trade debts	75,006,282	(176,766,795)
- Loans and advances	(30,725,535)	(20,597,687)
- Trade deposits and prepayments	45,825,226	(48,060,496)
- Other receivables	(1,058,863)	2,253,783
- Tax refunds due from government (excluding income tax)	(86,200,897)	(72,080,308)
	857,631,862	(283,441,307)
Increase in current liabilities		
- Trade and other payables (excluding worker's welfare fund and worker's profit participation fund)	68,702,255	39,304,801
Cash generated from operations	1,760,995,758	833,722,343

40 EARNINGS PER SHARE

40.1 Basic

		2015	2014
(Loss) / Earnings for the year	Rupees	(97,918,743)	219,114,717
Weighted average number of ordinary shares	Number	30,810,937	30,810,937
Basic (loss) / earnings per share	Rupees	(3.18)	7.11

41.2 Diluted

There is no dilution effect on the basic earnings / (loss) per share as the Company has no such commitments.

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41 FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies

41.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables and investment in debt securities. Out of the total financial assets of Rs. 2,936.36 million (2014: Rs. 2,478.38 million), the financial assets which are subject to credit risk amounted to Rs.2,387.69 . million (2014: Rs.1,966.02 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other 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.

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.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2015 Rupees	2014 Rupees
Long term investments	812,369,953	350,300,151
Loans and advances	385,795,701	355,070,166
Trade debts	953,668,369	1,028,674,651
Trade and other deposits	21,485,470	22,579,210
Other receivables	24,271,704	23,212,841
Other financial assets	124,044,975	76,129,843
Bank balances	66,055,406	110,054,305
	2,387,691,578	1,966,021,167

The Company believes that it is not exposed to major concentration of credit risk.

Trade debts

The maximum exposure to credit risk for trade debt at the reporting date by geographical region was as follows:

Foreign	708,694,071	798,131,594
Domestic	252,114,946	241,122,105
	960,809,017	1,039,253,699

The maximum exposure to credit risk before any credit enhancements for trade receivables at the reporting date by type of counterparty was:

Fabric customer against exports	635,434,348	781,272,894
Yarn customers against exports	66,119,075	6,279,652
Fabric customers against local sales	107,879,977	128,349,941
Yarn customers against local sales	151,375,617	123,351,212
	960,809,017	1,039,253,699

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Impairment Losses

The aging of trade receivables at the reporting date is:

	2015 Rupees	2014 Rupees
Neither past due nor impaired	583,865,069	753,099,919
Past due 0-30 days	270,774,172	208,487,774
Past due 30-150 days	83,975,784	62,050,611
Past due 150-360 days	15,053,344	5,036,347
Past due 360 days	7,140,648	10,579,048
	960,809,017	1,039,253,699

The total allowance against impaired trade debts as at 30 June 2015 amounts to Rs. 7.14 million (2014: Rs. 10.56 million).

Out of total trade debts, 74% comprise of foreign debtors that are secured against letters of credit. Local trade debts include companies 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 as follows:

	Rating Short term	Rating Long Term	Rating Agency	2015 Rupees	2014 Rupees
Allied Bank Limited	A1+	AA+	PACRA	5,108,087	27,132
Askari Commercial Bank Limited	A1+	AA	JCR-VIS	125,522	125,522
Bank Al Habib Limited	A1+	AA+	PACRA	1,298,615	1,724,299
Dubai Islamic Bank	A-1	A+	JCR-VIS	918,634	5,030
Faysal Bank Limited	A1+	AA	PACRA	234,687	238,423
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,467,891	3,195,162
JS Bank Limited	A1+	A+	PACRA	-	-
MCB Bank Limited	A1+	AAA	PACRA	359,437	82,932
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	30,479,444	33,014,266
National Bank of Pakistan	A1+	AAA	PACRA	997,358	2,804,993
NIB Bank Limited	A1+	AA-	PACRA	8,464	8,464
Standard Chartered Bank Limited	A1+	AAA	PACRA	216,319	30,480
Summit Bank Limited	A1	A	JCR-VIS	514,935	1,734,024
Bank Al-Falah Limited	A1+	AA	PACRA	3,643,286	12,203,838
The Bank of Khyber	A1	A	PACRA	59,909	512,242
United Bank Limited	A-1+	AA+	JCR-VIS	3,693,353	46,661,360
Meezan Bank Limited	A-1+	AA	JCR-VIS	1,374,476	915,967
Sindh Bank Limited	A-1+	AA	JCR-VIS	1,610,720	2,447,969
Bank Islami Pakistan Limited	A1	A+	PACRA	2,655,950	2,656,530
Burj Bank Limited	A-2	A-	JCR-VIS	6,288,239	1,062,923
Soneri Bank	A1+	AA-	PACRA	-	602,669
Saudi Pak Industrial and Agriculture Corporation	A-1+	AA+	JCR-VIS	80	80
				66,055,406	110,054,305

Based on past experience the management believes no impairment allowance is necessary in respect of loans, advances and other receivables past due as some receivables have been recovered subsequent to the year end and for other balances, there are reasonable grounds to believe that the amounts will be recovered in due course.

41.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to

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the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2015						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	----------	----------	----------	Rupees	----------	----------	----------
Financial Liabilities							
Long term finance	2,782,095,917	3,347,976,173	603,219,744	537,143,983	1,219,783,094	919,227,526	68,601,826
Liabilities against assets subject to finance lease	50,129,700	62,448,325	17,317,691	13,252,911	19,987,910	11,889,813	-
Trade and other payables	670,904,133	670,904,133	670,904,133	-	-	-	-
Mark-up accrued	108,569,795	108,569,795	108,569,795	-	-	-	-
Finance under markup arrangements	3,592,816,725	3,592,816,725	3,592,816,725	-	-	-	-
	7,204,516,270	7,782,715,151	4,992,828,088	550,396,894	1,239,771,004	931,117,339	68,601,826

	2014						
	Carrying amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Above five year
	----------	----------	----------	Rupees	----------	----------	----------
Financial Liabilities							
Long term finance	2,035,018,522	2,643,976,039	214,303,016	311,033,559	680,955,749	1,359,421,659	78,262,056
Liabilities against assets subject to finance lease	66,460,177	76,599,370	16,773,829	14,856,881	25,966,666	19,001,994	-
Trade and other payables	592,834,865	592,834,865	592,834,865	-	-	-	-
Mark-up accrued	123,872,544	123,872,544	123,872,544	-	-	-	-
Finance under markup arrangements	3,746,957,017	3,746,957,017	3,746,957,017	-	-	-	-
	6,565,143,125	7,184,239,835	4,694,741,271	325,890,440	706,922,415	1,378,423,653	78,262,056

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

41.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts.

The Company's exposure to currency risk is as fellows :

	2015 Rupees	2014 Rupees
Foreign debtors	701,553,423	787,552,546
Foreign currency bank account	33,833	317,099
Export finances	(935,990,838)	(750,017,495)
Gross balance sheet exposure	(234,403,582)	37,852,150
Outstanding letters of credit	(480,580,336)	(888,721,240)
Forward foreign exchange contracts	(3,752,500)	(110,406,766)
Net exposure	(718,736,418)	(961,275,856)

The following significant exchange rate has been applied:

Average rate Reporting date rate

	Average rate		Reporting date rate	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
USD to PKR	100.24	98.85	101.70	98.78

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Sensitivity analysis

At reporting date, if the PKR had strengthened / weaken by 10% against the US Dollar with all other variables held constant, Pre-tax loss / profit for the year would have been lower/higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export finances, foreign debtors, outstanding letters of credit and forward foreign exchange contracts.

	2015 Rupees	2014 Rupees
Effect on profit or loss		
USD	71,873,642	96,127,586
Effect on balance sheet		
USD	23,440,358	3,785,215

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

41.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2015 %	2014 %	2015 Rupees	2014 Rupees
Financial Liabilities				
Fixed rate instruments:				
Long term loan	11.49	11.49	444,568,938	608,393,152
Financial liabilities				
Variable rate instruments:				
Long term loan	8.39-12.70	11.43-12.59	2,337,526,979	1,426,625,370
Liabilities against assets subject to finance lease	12.17-12.42	10.83-12.37	50,129,700	66,460,177
Short term running finance	6.81-12.08	9.59-14.21	2,628,219,464	2,996,939,522
Export finances	1.54-4.00	1.43-4.50	935,990,838	750,017,495

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 and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit and loss 100 bp	
	Increase Rupees	Decrease Rupees
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial liabilities	(59,518,670)	59,518,670
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial liabilities	(52,400,426)	52,400,426

Notes to the Financial Statements

For the Year ended June 30, 2015

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/ (loss) for the year and assets / liabilities of the Company.

41.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

Sensitivity analysis

A 10% increase/decrease in share prices at year end would have decreased/increased the surplus on re-measurement of investments in 'available for sale' investments as follows:

	2015 Rupees	2014 Rupees
Effect on equity	12,404,498	7,612,984

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/equity and assets of the Company.

41.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	---------- Rupees ----------			
Financial assets				
Other financial assets	124,044,975	124,044,975	76,129,843	76,129,843
Loans and advances	108,442,755	108,442,755	90,795,682	90,795,682
Trade debts	953,668,369	953,668,369	1,028,674,651	1,028,674,651
Trade deposits	21,485,470	21,485,470	22,579,210	22,579,210
Other receivables	24,271,704	24,271,704	23,212,841	23,212,841
Cash and bank balances	70,806,977	70,806,977	115,085,145	115,085,145
	1,302,720,250	1,302,720,250	1,356,477,372	1,356,477,372

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities	---------- Rupees ----------			
Long term finance	2,782,095,917	2,782,095,917	2,305,018,522	2,305,018,522
Loan from related parties	28,606,423	28,606,423	12,455,894	12,455,894
Liabilities against assets subject to finance lease	50,129,700	50,129,700	66,460,177	66,460,177
Trade and other payables	642,297,710	642,297,710	580,378,971	580,378,971
Mark-up accrued	108,569,795	108,569,795	123,872,544	123,872,544
Finance under markup arrangements	3,592,816,725	3,592,816,725	3,746,957,017	3,746,957,017
	7,204,516,270	7,204,516,270	6,835,143,125	6,835,143,125

Notes to the Financial Statements

For the Year ended June 30, 2015

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

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, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet 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 the level in the fair value hierarchy into which the fair value measurement is categorized:

	2015			
	Level 1	Level 2	Level 3	Total
	Rupees			
Available-for-sale financial asset				
- Equity securities	102,565,275	-	-	102,565,275

	2014			
	Level 1	Level 2	Level 3	Total
	Rupees			
Available-for-sale financial asset				
- Equity securities	76,129,843	-	-	76,129,843

c) Accounting classifications and fair values

	2015				
	Trading	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Total carrying amount
	Rupees				
Financial assets					
Short term investments	-	-	124,044,975	-	124,044,975
Loans and advances	-	-	-	108,442,755	108,442,755
Trade debts	-	-	-	953,668,369	953,668,369
Trade deposits	-	-	-	21,485,470	21,485,470
Other receivables	-	-	-	24,271,704	24,271,704
	-	-	-	70,806,977	70,806,977
	-	-	124,044,975	1,178,675,275	1,302,720,250

Notes to the Financial Statements

For the Year ended June 30, 2015

	2015 Trading	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Total carrying amount
	---------- Rupees ----------				
Financial liabilities					
Long term finance	-	-	2,782,095,917	-	2,782,095,917
Liabilities against assets subject to finance lease	-	-	50,129,700	-	50,129,700
Trade and other payables	-	-	670,904,133	-	670,904,133
Mark-up accrued	-	-	108,569,795	-	108,569,795
Finance under markup arrangements	-	-	3,592,816,725	-	3,592,816,725
	-	-	7,204,516,270	-	7,204,516,270

	2014 Trading	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Total carrying amount
	---------- Rupees ----------				
Financial assets					
Short term investments	-	-	76,129,843	-	76,129,843
Loans and advances	-	-	-	90,795,682	90,795,682
Trade debts	-	-	-	1,028,674,651	1,028,674,651
Trade deposits	-	-	-	22,579,210	22,579,210
Other receivables	-	-	-	23,212,841	23,212,841
	-	-	-	115,085,145	115,085,145
	-	-	76,129,843	1,280,347,529	1,356,477,372
Financial liabilities					
Long term finance	-	-	2,305,018,522	-	2,305,018,522
Liabilities against assets subject to finance lease	-	-	66,460,177	-	66,460,177
Trade and other payables	-	-	580,378,971	-	580,378,971
Mark-up accrued	-	-	136,328,438	-	136,328,438
Finance under markup arrangements	-	-	3,746,957,017	-	3,746,957,017
	-	-	6,835,143,125	-	6,835,143,125

The financial instruments not accounted for at fair value are those financial assets and liabilities whose carrying amounts approximate at fair value.

41.5 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 its 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:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) 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.

Notes to the Financial Statements

For the Year ended June 30, 2015

The debt-to-equity ratios as at 30 June were as follows:

	2015 Rupees	2014 Rupees
Total debt	6,425,042,342	5,860,891,610
Total equity and debt	8,534,478,184	8,095,974,098
Debt-to-equity ratio	75%	72%

The increase in the debt-to-equity ratio in 2015 resulted primarily due to increase in long term debt of the Company.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

42 NUMBER OF EMPLOYEES

Total number of employees as at June 30, 2015 were 2,033 (2014: 1,741) while average number of employees during the year were 1,887 (2014: 1,733).

43 RECLASSIFICATION

Certain prior year's figures have be rearranged and reclassified, wherever necessary for the purpose of comparison. These are as follows:

Previous classification	Current classification	Note	Amount (Rupees)
Trade and other payables	Finance under markup arrangements and other credit facilities		
Due from related parties		10.4	12,455,894
Other operating expense	Finance cost		
Mark up on associate	Mark up on associate	32	2,558,086
Provision for taxation	Tax credit u/s 65B - net of provision for taxation	25	116,668,729

44 DATE OF AUTHORIZATION

These financial statements are authorized for issue on October 06, 2015 by the board of directors of the Company.

45 GENERAL

Figures in these financial statements have been rounded off to nearest rupee.

S/d-	S/d-
Chief Executive Officer	Director

DIVIDEND MANDATE FORM

Dear members

It is to inform you that U/s 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the company to pay dividend through his/ her/ its bank Account.

In pursuance of directions given by the SECP Vide circular No. SMD/CIW/Misc/19/2009 dated June 05, 2012 we request Mr./Mrs./Ms. ______________________________________

S/o/D/o W/o ____(where applicable) being the registered shareholder of Reliance Weaving Mills Ltd holding ___________ shares having F.No./CDC A/c No. ____________________________ hereby given the opportunity to authorize the company to directly credit in your bank account cash dividend (if any declared by the company in future.

Note:-(Please note that Dividend Mandate is optional & not compulsory, in case you don't wish your dividend to be directly credited into your bank A/c then the same shall be paid to you through Dividend Warrant.)

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of Dividend warrants. Please tick any one of the following.

YES **NO**

If yes then please provide the following information.

Transfer Detail

Title of Bank Account	
Bank Account number	
Name of the Bank	
Branch address	
Cell No. of transfree	
Land line number of transfree	

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
2nd 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 A/c No.	Name	NTN No.	CNIC # in case of Individual & CUIN in case of Company	Income Tax return for the 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 ____

in the district of ____________________ being a member of RELIANCE WEAVING MILLS LIMITED

holding ____________________________________ ordinary shares

hereby appoint ____

of ____________________ or failing him / her ____________________

of ____

As my/our proxy in my/our absence to attend & vote for me/us and on my/our behalf at the twenty fifth Annual General Meeting of the company to be held on October 31, 2015 and at any adjournment thereof.

As witness my/our hand/seal this __________ day of ______________ 2015.

Signed by ____

In the presence of following witnesses

Signatures ____________________	Signatures ____________________
Name ____________________	Name ____________________
Adress ____________________	Address ____________________

.

Shareholders F.No./CDC A/c No.

Please affix Revenue stamps of Rs. 5/-

Here

____

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.