

# CONTENTS

## RAVI TEXTILE MILLS LIMITED

<i>Company Information</i>	02
<i>Notice of Annual General Meeting</i>	03
<i>Vision and Mission Statement, Core Values and Goals</i>	04
<i>Directors' Report</i>	05
<i>Chairman's Report</i>	12
<i>Six Years at a Glance</i>	13
<i>Statement of Ethics and Business Practices</i>	14
<i>Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017</i>	15
<i>Independent Auditors' Modified Review Report</i>	17
<i>Independent Auditor's Report to the Members of Ravi Textile Mills Limited Report on the Audit of the Financial Statements</i>	18
<i>Statement of Financial Position</i>	22
<i>Statement of Profit or Loss</i>	23
<i>Statement of Comprehensive Income</i>	24
<i>Statement of Changes in Equity</i>	25
<i>Statement of Cash Flows</i>	26
<i>Notes to the Financial Statements</i>	27
<i>Pattern of Shareholding</i>	53
<i>Form of Proxy</i>	55

## Corporate Information

### BOARD OF DIRECTORS

Muhammad Waseem-ur-Rehman (Chief Executive)

Aftab Sarwar

Tahir Majeed

Muhammad Riaz

Muhammad Shahid

Aamir Khurshid Chandia

Waseem Ejaz

### AUDIT COMMITTEE

Tahir Majeed (Non-Executive Director) Chairman

Aftab Sarwar (Non-Executive Director) Member

Muhammad Riaz (Non-Executive Director) Member

### HR & R COMMITTEE

Muhammad Shahid (Non-Executive Director) Chairman

Tahir Majeed (Non-Executive Director) Member

Muhammad Riaz (Non-Executive Director) Member

### COMPANY SECRETARY/ CHIEF FINANCIAL OFFICER

Munsaf Khan

### AUDITORS

Riaz Ahmed & Company

Chartered Accountants

10-B, Saint Mary Park, Main Boulevard,

Gulberg-III, Lahore-54660

### BANKERS

National Bank of Pakistan Limited

Bank Alfalah Limited

Habib Metropolitan Bank Limited

The Bank of Punjab

### REGISTERED OFFICE

Bungalow No. 120 Defence Officers Housing

Scheme, Sher Shah Road, Multan Cantt. Multan

Phone: 92-61-4503620-30

Fax: 92-61-4503640

### SHARE REGISTRAR

Hameed Majeed Associates (Pvt) Limited

H.M House 7-Bank square, Lahore.

Tel: 92-42 37235081-82

### MILLS

49 KM, Lahore-Multan Road

Chunian, District Kasur.

# Ravi Textile Mills Limited

## Notice of Annual General Meeting

Notice is hereby given that 33<sup>rd</sup> Annual General Meeting of Shareholders of Ravi Textile Mills Limited will be held on Monday 28<sup>th</sup> October, 2019 at 09:00 a.m. at registered office of the company Bungalow No. 120 Defence Officers Housing Scheme Sher Shah Road, Multan Cantt. Multan to transact the following business:-

1. To confirm the minutes of the preceding Annual General Meeting of the shareholders of the company held on 27<sup>th</sup> October, 2018.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2019 together with Directors' and Auditors' reports thereon.
3. To appoint External Auditor for the next year ending June 30, 2020 and fix their remuneration. M/s Riaz Ahmed & Company, Chartered Accountants being eligible for appointment have offered themselves for re-appointment.
4. To transact any other matter with the permission of the chair.

By order of the Board

Multan:  
04<sup>th</sup> October, 2019.

**MUNSAF KHAN**  
Company Secretary

### Notes:

1. The Members' Register will remain closed from 21<sup>st</sup> October, 2019 to 28<sup>th</sup> October 2019 (both days inclusive). Transfers received of the office of the company's Share Registrar M/s Hameed Majeed Associates (Pvt) Limited H.M. House, 7-Bank Square, Lahore by the close of business on 20<sup>th</sup> October 2019 will be entertained.
2. A Member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. 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.
3. Under the Companies Act 2017 section 134 1(b) members can also attend and participate in the AGM through video-link facility, if members residing the vicinity, collectively holding 10% or more shareholding, provide their consent in writing, to participate in the AGM through video-link at least seven day (07) days prior to date of AGM.
4. Shareholders are requested to immediately notify the change in address, if any. Members who have not submitted copy of valid CNIC are advised to submit the same without further delay to ensure compliance with the Securities and Exchange Commission of Pakistan (SECP) Notification S.R.O. 275(i) 2016 dated March 31, 2016.
5. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan.
6.
  - 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 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 signatures 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 individual, 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 as per the above requirement.
    - ii). The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers 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 original CNIC or original passport at the time of the meeting.
    - v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.
    - vi). The financial statements of the company for the year ended 30 June 2019 along with Auditors and Directors Report thereon have been placed on the company's website: [www.ravitextile.com](http://www.ravitextile.com)

## VISION

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by marketing high quality of Yarn through team work by means of honesty, integrity and commitment and to explore and create growth opportunities to maximize return to all stakeholders.

## MISSION

To provide maximum satisfaction to the customers by supplying quality of Yarn for knitting and weaving for well known textile brands through effective utilization of work force, material and machines by encouraging, supporting and rewarding the employees with highest level of efficiency, productivity and profitability sharing with shareholders.

## CORE VALUES

- Merit
- Integrity
- Team Work
- Safety
- Dedication
- Innovation

## GOALS

### Financial

- To reduce cost and time over runs to improve financial results.
- To maximize profits by investing surplus funds in profitable avenues.
- To make investment decisions by ranking projects on the basis of best economic indicators.
- Growth and superior return to the stakeholders.

### Learning and Growth

- Motivate and train our force, revitalize our equipment base and attain full autonomy in financial and decision making matters.
- To enhance the technical and commercial skills through modern HR management practices.
- Continuously develop technical and managerial skills at all levels and stay abreast of latest technological developments in the industry.

### Internal Processes

- To set up task forces with representation from all relevant departments to improve internal business decision making and strategic planning.
- To use most effective business practices and formulate a framework of synergic organization with change in culture.

# Ravi Textile Mills Limited

## Directors' Report to the Shareholders

The directors of your company welcome you to the Annual General Meeting and are pleased to present the company's audited financial statements for the year ended June 30, 2019.

### PERFORMANCE REVIEW

The year under review shows that the company has earned net profit of Rs. 101.956 million mainly due to gain on disposal of fixed assets. For the year ended 30 June 2019, administrative and general expenses amounted to Rs. 12.101 million and finance cost amounted to Rs. 0.734 million. Corresponding year's net loss was Rs. 34.780 million. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years with the support of directors' loans. However, in August 2015, the operations of the mill were suspended again. It is beyond the control of the existing management of the Company to run the Company at an economically viable level due to poor economic / market conditions for spinning sector, high energy costs, high mark-up rates charged by banks and scarce availability of funds.

Approval of the members of the Company was accorded in terms of Section 183(3)(a) of the Companies Act, 2017 to the disposal and sale of Company's assets located at 49 KM, Lahore-Multan Road, Chunian, District Kasur comprising of freehold land, buildings on freehold land, plant and machinery, electric fittings and installations, factory tools and equipment, furniture, fixtures and office equipment and other assets ("Assets") in Extraordinary General Meeting of the members of the Company held on 02 March 2018 at registered office of the Company. The Company signed an Assets Sale and Purchase Agreement on 26 February 2019 with M/s Waqas Rafique International. Total consideration amount for sale of the Assets except vehicles agreed between the parties to the Assets Sale and Purchase Agreement dated 26 February 2019 was Rupees 300,000,000. The Company has received full consideration and Assets have been disposed of in accordance with Assets Sale and Purchase Agreement. Proceeds from sale of the Assets are being utilized for repayment of liabilities of the Company. Financing from banks has been settled and balance amount is deposited in saving bank account of the Company.

In view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

### FUTURE PROSPECTS

The textile industry is passing through sever crisis specially spinning due to high energy cost, schedule and unscheduled extensive load shedding of electricity, high mark up rate charged by the banks and lack of fresh credit facilities from the banks make recommencement of operations of the Company very difficult. The management is fully aware of present challenges facing the textile industry specially spinning. Under the next heading, update has been given on status of disposal of assets and status of implementation of business plan, which makes it clear that future of the Company is dependent upon surplus proceeds from disposal of assets after payment of liabilities of the Company.

### STATUS OF DISPOSAL OF ASSETS AND STATUS OF IMPLEMENTATION OF BUSINESS PLAN

After the aforesaid approvals of the shareholders, progress to-date is as follows:

The Company signed an Assets Sale and Purchase Agreement on 26 February 2019 with M/s Waqas Rafique International. Total consideration amount for sale of the Assets except vehicles agreed between the parties to the Assets Sale and Purchase Agreement dated 26 February 2019 was Rupees 300,000,000. The Company has received full consideration and Assets have been disposed of in accordance with Assets Sale and Purchase Agreement. Proceeds from sale of the Assets are being utilized for repayment of liabilities of the Company. Financing from banks has been settled and balance amount is deposited in saving bank account of the Company. Please refer to Note 22 to the audited financial statements for all the necessary details regarding non-current assets held for sale disposed of during the year.

### EARNINGS / (LOSS) PER SHARE

Based on net profit for the year ended 30 June 2019, earnings per share for the year ended 30 June 2019 is Rs. 4.08 as compared to loss per share of Rs. (1.39) in the preceding year ended 30 June 2018.

### KEY OPERATING AND FINANCIAL DATA

Last six years' data is annexed.

### DIVIDENDS

Due to the fact that profit for the year is mainly due to gain on disposal of non-current assets held for sale and in view of accumulated losses, the directors are not able to recommend any dividend.

### PATTERN OF SHAREHOLDING

The pattern of shareholdings is annexed under section 227(2) of the Companies Act, 2017 along with additional information.

## Directors' Report to the Shareholders

### ENVIRONMENT, HEALTH AND SAFETY

The company maintains safe working conditions avoiding the risk to the health of employees and public at large.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company strongly believes in integration of corporate social responsibility into its business that are influenced directly or indirectly by our business.

### MATERIAL CHANGES

There have been no material changes and commitments affecting the financial position of the company which have occurred between 30 June 2019 and 04 October 2019.

### IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

Your company strives to follow best practices such as paper less environment and conserving energy.

### FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk.

### BOARD AND ITS MEETINGS

The total number of directors are 07 as per the following:

- a. Male: **07**
- b. Female: **0**

The directors expect that the board of directors shall have female director in near future.

The composition of board is as follows:

- a) Independent Director: **01** as named hereunder:  
Mr. Waseem Ejaz
- b) Other Non-executive Directors: **05** as named hereunder:
  - i. Mr. Aftab Sarwar, Chairman
  - ii. Mr. Tahir Majeed
  - iii. Mr. Muhammad Shahid
  - iv. Mr. Muhammad Riaz
  - v. Mr. Aamir Khurshid Chandia
- c) Executive Director: **01** as named hereunder:
  - i. Mr. Muhammad Waseem-ur-Rehman, Chief Executive

Five (5) meetings were held from 01 July, 2018 to 30 June 2019 and attended by the directors as follows.

NAME OF THE DIRECTORS	DESIGNATION	TOTAL ATTENDANCES
Muhammad Waseem ur Rehman	Chief Executive Officer	5
Aftab Sarwar	Chairman	5
Tahir Majeed	Director	5
Muhammad Shahid	Director	5
Muhammad Riaz	Director	5
Aamir Khurshid Chandia	Director	5
Waseem Ejaz	Director	5

### Audit Committee Meetings

Five (5) meetings were held from 01 July 2018 to 30 June 2019 and attended by the members as follows.

NAME OF THE MEMBERS	DESIGNATION	TOTAL ATTENDANCES
Tahir Majeed	(Non-Executive Director/ Chairman)	5
Aftab Sarwar	(Non-Executive Director/ Member)	5
Muhammad Riaz	(Non-Executive Director/ Member)	5

# Ravi Textile Mills Limited

## Directors' Report to the Shareholders

### Human Resource and Remuneration (HR&R) Committee Meetings

No meeting was held in view of closed operation from 01 July 2018 to 30 June 2019 and attended by the members as follows.

NAME OF THE MEMBERS	DESIGNATION	TOTAL ATTENDANCES
Muhammad Shahid	(Non-Executive Director/ Chairman)	0
Tahir Majeed	(Non-Executive Director/ Member)	0
Muhammad Riaz	(Non-Executive Director/ Member)	0

### AUDITORS

The present Auditors, M/s Riaz Ahmad & Company, Chartered Accountants retire and being eligible for appointment have offered themselves for re-appointment. The Audit committee and Board of Directors have recommended their appointment for the next year ending on 30th June, 2020.

### DIRECTORS' STATEMENT

Directors are pleased to report that:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity. Owing to non-going concern assumption and the financial reporting requirements, the financial statements have been prepared on the basis of estimated realizable (settlement) value of asset and liabilities respectively.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and departures there from, if any, has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The significant doubts upon the Company's ability to continue as a going concern have been adequately disclosed in Note No.1.2 to the financial statements.
- Except as mentioned in Auditor's Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017, there has been no material departure from the best practices of Corporate Governance.
- There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2019 except for those disclosed in the financial statements.

### ANNUAL BOARD PERFORMANCE EVALUATION

The Board considers its performance assessment as a key contributor to good governance as it provides feedback from the Directors on their perceptions of how the Board is currently performing its role and responsibilities. Envisaging the same, the Board devised in-house questionnaires based on emerging and leading practices to assist performance of the board as a whole, of its committees and of its members. The Company Secretary presents the summarized report for discussion and review of the Board annually.

### DIRECTORS' REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance (CCG), it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors in 2018-19, please refer to notes to the Financial Statements.

### ACKNOWLEDGEMENT

The directors would like to place on record their appreciation for services rendered by the employees of the company who have contributed their optimum skills and hope that the same spirit of devotion will continue in future. In addition, we thank our bankers for supporting and stakeholders for trusting us.

On behalf of the board

**MUHAMMAD WASEEM UR REHMAN**  
**CHIEF EXECUTIVE**

**DIRECTOR**

Multan: October 04, 2019

### ڈائریکٹر ان کی رپورٹ حصہ داران کے لئے

آپ کی کمپنی کے ڈائریکٹر ان آپ کو خوش آمدید کہتے ہیں حصہ داران کے سالانہ اجلاس عام میں اور بخوشی پیش کرتے ہیں آڈٹ مالیاتی دستاویزات کو سال ختم ہوا ہے 30 جون 2019 کے لئے۔

#### کارکردگی کا جائزہ

زیر غور سال ظاہر کرتا ہے کہ کمپنی نے صافی منافع رقم 101.956 ملین روپے کیا بوجہ غیر متحرک اثاثوں کی فروخت کے منافع سے۔ 30 جون 2019 کیلئے انتظامی اور عام اخراجات رقم 12.101 ملین روپے اور مالیاتی اخراجات رقم 0.734 ملین روپے ہے۔ گذشتہ سال صافی نقصان 34.780 ملین روپے ہے۔ ملز کو چلانے کی کارروائی سال 30 جون 2015 میں ہوئی تھی جو کہ تین سال سے زیادہ عرصہ گزارنے کے بعد ڈائریکٹر ان کی کمپنی کو قرضہ سے کی تھی۔ تاہم اگست 2015 میں ملز دوبارہ بند ہو گئی تھی۔ کمپنی کی موجودہ انتظامیہ کیلئے مشکل ہو گیا ہے کہ وہ اس کو منافع بخش طریقے سے چلائیں بوجہ دھاگے کی مارکیٹ کی معاشی بد حالی، بڑی ہوئی بجلی کی قیمت، بڑھے ہوئے بینکوں کے مالی اخراجات اور کمپنی کی سکرٹی ہوئی مالی حالت۔

کمپنی کے ممبران نے کمپنی اثاثوں کی فروخت کی منظوری دی کمپنی ایکٹ 2017 کے زیر سیکشن a(3) 183 کے تحت جو کہ واقع ہیں 49۔ کلومیٹر لاہور ملتان روڈ چوئیاں ضلع قصور مشتمل ہیں فری ہولڈرز زمین، بلڈنگ فری ہولڈرز زمین، پلانٹ اور مشینری، بجلی دوسری تنصیبات اور دیگر اثاثے کمپنی اپنے غیر معمولی اجلاس عام منعقد ہوا 02 مارچ 2018 واقع رجسٹرڈ کمپنی آفس پر کمپنی نے اثاثوں کی فروخت و خرید کا معاہدہ مسز روقاص انٹرنیشنل کیساتھ مورخہ 26 فروری 2019 میں کیا۔ اثاثوں کی کل قیمت سوائے موٹر کار مابین فریقین معاہدہ فروخت و خرید مورخہ 26 فروری 2019 مبلغ 300,000,000 ملین روپے طے پائی۔ کمپنی نے پوری قیمت طے شدہ معاہدہ وصول کر چکی ہے اور اثاثوں کو معاہدہ کے مطابق خریدار کے حوالے کر دیا ہے۔ اثاثوں کی فروخت سے حاصل شدہ رقم سے کمپنی کی واجب ادا ادائیگیاں کو ادا کر کے کم کیا ہے۔ بینکوں کے قرضوں کو معاہدہ سودا اثاثوں سے حاصل شدہ رقم سے ادا کر دیا ہے اور بقایا رقم کمپنی کے منافع بخش بینک اکاؤنٹ میں موجود ہے۔ مندرجہ بالا وجوہات پر کمپنی کے کاروبار کو رواں دواں تصور نہیں کیا گیا ہے۔ کمپنی کی مالی دستاویزات کو غیر یقینی بنیاد پر اندازہ شدہ اثاثے و ادائیگیوں کی بنیاد پر پیش کیا ہے۔

#### مستقبل کے امکانات

ٹیکسٹائل انڈسٹری خاص طور سے دھاگہ بنانے والی شدید بحران کا شکار ہے۔ بجلی کی بڑھتی ہوئی قیمت، اعلانیہ، غیر اعلانیہ بجلی کی لوڈ شیڈنگ، قرضہ جات پر انتہائی منافع کا ریٹ اور بینکوں کی طرف سے قرضہ جات نہ دینے کے فقدان نے کمپنی کے دوبارہ کاروبار شروع کرنا مشکل بنا دیا ہے۔ کمپنی کی انتظامیہ پوری طرح باخبر ہے ان حالات سے جس کا ٹیکسٹائل انڈسٹری خاص طور سے دھاگہ بنانے والی سامنا کر رہی ہے۔ درج ذیل اگلی شہ سرنی میں اثاثہ جات فروخت کے متعلق اور مذکورہ کاروباری منصوبے کی کارکردگی موجودہ صورت حال یہ بات واضح کرتی ہے کہ کمپنی کا مستقبل اثاثہ جات کی فروخت سے حاصل شدہ رقم سے واجب ادا ادائیگیوں کو ادا کرنے کے بعد بچ جانے والی رقم پر منحصر ہے۔

#### اثاثوں کی فروخت اور عمل درآمد کاروباری منصوبہ کی صورتحال

ممبران کی مذکورہ بالا منظوری کے بعد کی کارکردگی درج ذیل ہے۔

کمپنی نے اثاثوں کی فروخت و خرید کا معاہدہ مسز روقاص انٹرنیشنل کیساتھ مورخہ 26 فروری 2019 میں کیا۔ اثاثوں کی کل قیمت سوائے موٹر کار مابین فریقین معاہدہ فروخت و خرید مورخہ 26 فروری 2019 مبلغ 300,000,000 ملین روپے طے پائی۔ کمپنی نے پوری قیمت طے شدہ معاہدہ وصول کر چکی ہے اور اثاثوں کو معاہدہ کے مطابق خریدار کے حوالے کر دیا ہے۔ اثاثوں کی فروخت سے حاصل شدہ رقم سے کمپنی کی واجب ادا ادائیگیاں کو ادا کر کے کم کیا ہے۔ بینکوں کے قرضوں کو معاہدہ سودا اثاثوں سے حاصل شدہ رقم سے ادا کر دیا ہے اور بقایا رقم کمپنی کے منافع بخش بینک اکاؤنٹ میں موجود ہے۔

برائے مہربانی مالی دستاویزات کے نوٹ نمبر 22 میں بابت غیر متحرک اثاثوں کی فروخت دوران سال کی ضروری تفصیل موجود ہے۔

## منافع / خسارہ فی حصص

صافی منافع کی بنیاد 30 جون 2019 کے لیے ہے۔ منافع فی حصص 30 جون 2019، 4.08 روپے، بمقابلہ خسارہ فی حصص 1.39 روپے برائے گزشتہ مالی سال 30 جون 2018۔

## اہم اعداد و شمار

کاروبار کی مالی حالات کا گزشتہ چھ سال کے اعداد و شمار منسلک ہے۔

## منافع منقسمہ

موجودہ سال میں منافع کے بڑی وجہ غیر متحرک اثاثوں کی فروخت اور اکٹھے خسارے کی وجہ سے ڈائریکٹران منافع منقسمہ کی سفارش کرنے سے قاصر ہیں۔

## ترتیب حصے داران

ترتیب حصے داران رپورٹ سے منسلک ہے شق (2) 227 کمپنی ایکٹ 2017 ہمراہ اضافی معلومات کے ساتھ۔

## ماحول، صحت اور تحفظ

کمپنی صحت کے حفاظتی اقدامات کر رہی ہے تاکہ ملازمین اور عوام الناس کی صحت کو خطرات سے محفوظ ہوں۔

## کارپوریٹ سماجی ذمہ داری (CSR)

کمپنی کا مضبوط اعتقاد ہے کہ وہ کارپوریٹ ماحول میں سماجی ذمہ داری کو پورا کرے جو کہ اس کے کاروبار سے واسطہ یا بلواسطہ تعلق رکھتی ہیں۔

## مادی تبدیلی

ایسی کوئی مادی تبدیلی یا وعدہ نہیں ہوا ہے جو کہ کمپنی کی مالی دستاویزات 30 جون 2019 سے 104 اکتوبر 2019 کی پوزیشن کو متاثر کرتی ہے۔

## کمپنی کے کاروبار کا ماحولیاتی اثر

آپ کی کمپنی کی کوشش ہے کہ وہ بہترین اصولوں پر چلے۔ جیسے کہ پیپر سے پاک ماحول اور بجلی کی بچت وغیرہ شامل ہیں۔

## مالی خطرے کا انتظام

کمپنی کی کارکردگی سے بہت سا مالی خطرہ ظاہر ہوتا ہے۔ مارکیٹ خطرے میں شامل ہے روپے کی قدر قیمتوں اور سود کے ریٹ کا خطرہ ادھار اور نقد کا خطرہ کمپنی کا تمام تر

انتظامی پروگرام غیر یقینی مالی مارکیٹ کے خطرات کو کم کرنے پر مرکوز ہے۔ مالی خطرات کی انتظامیہ فنانس ڈیپارٹمنٹ کے تحت بورڈ آف ڈائریکٹرز کی منظور شدہ حکمت عملی

پر گامزن ہے۔ فنانس ڈیپارٹمنٹ مالی خطرات کا تجزیہ کر کے سدباب تجویز کرتا ہے۔ بورڈ نے ہر طرح کے خطرات کے لیے اصول بنائے ہیں اور حکمت عملی کی خاص

پالیسی جو کہ روپے کی قدر اور دوسری قیمتوں منافع ریٹ ادھار اور نقد کا تعین کرتی ہے

## بورڈ اور اس کے اجلاس

ڈائریکٹرز کی کل تعداد 7 ہے جو درج ذیل ہیں

1- مرد 7 ب۔ مستورات 0 ڈائریکٹران کو امید ہے کہ جلد مستقبل قریب میں عورت بھی ڈائریکٹر ہوگی

بورڈ کی ترتیب درج ذیل ہے

1۔ انڈیپنڈنٹ ڈائریکٹر 01 جن کے نام درج ذیل ہیں۔

## 1- وسیم اعجاز

ب۔ دوسرے نان ایگزیکٹو ڈائریکٹر 05 جن کے نام درج ذیل ہیں۔

1- آفتاب سرور چیئر مین 2- طاہر مجید 3- محمد شاہد 4- عامر خورشید چانڈیا 5- محمد ریاض

## Annual Report 2019

پ۔ ایگزیکٹو ڈائریکٹر 01 جن کا نام درج ذیل ہے۔

1۔ محمد وسیم الرحمن (چیف ایگزیکٹو)

پانچ (5) اجلاس ہوئے ہیں، 01 جولائی 2018 سے 30 جون 2019 اور درج ذیل ڈائریکٹران کی حاضری

نام ڈائریکٹران	عہدہ	کل حاضری
محمد وسیم الرحمن	چیف ایگزیکٹو آفیسر	5
آفتاب سرور	چیرمین	5
طاہر مجید	ڈائریکٹر	5
محمد شاہد	ڈائریکٹر	5
محمد ریاض	ڈائریکٹر	5
عامر خورشید چانڈیا	ڈائریکٹر	5
وسیم اعجاز	ڈائریکٹر	5

آڈٹ کمیٹی اجلاس

پانچ (5) اجلاس ہوئے ہیں، 01 جولائی 2018 سے 30 جون 2019 اور درج ذیل ممبران کی حاضری

نام ممبران	عہدہ	کل حاضری
طاہر مجید	نان ایگزیکٹو ڈائریکٹر / چیرمین	5
آفتاب سرور	نان ایگزیکٹو ڈائریکٹر ممبر	5
محمد ریاض	نان ایگزیکٹو ڈائریکٹر ممبر	5

ہیومن ریسورس اینڈ ریمزیشن (HR & R) کمیٹی

کوئی نہیں اجلاس ہوا ہے، 01 جولائی 2018 سے 30 جون 2019 اور درج ذیل ممبران کی حاضری

نام ممبران	عہدہ	کل حاضری
محمد شاہد	نان ایگزیکٹو ڈائریکٹر / چیرمین	0
طاہر مجید	نان ایگزیکٹو ڈائریکٹر / ممبر	0
محمد ریاض	نان ایگزیکٹو ڈائریکٹر / ممبر	0

آڈیٹرز

میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہو گئے اور اہل ہونے کی بنیاد پر خود کو پیش کرتے ہیں دوبارہ تقرری کے لیے آڈٹ کمیٹی اور بورڈ نے ان کی تقرری آنے والے سال ختم ہوگا 30 جون 2020 کے لیے سفارش کی ہے۔

ڈائریکٹران کا بیانیہ

ڈائریکٹران، بخوشی بیان کرتے ہیں۔

ا۔ کمپنی کے مالیاتی حسابات کی دستاویزات جو کہ اس کی انتظامیہ نے تیار کی جن میں آپریشنز نتائج، نقدی بہاؤ، ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں کمپنی کے کار بار بند ہونے کے مفروضے کی وجہ سے مالیاتی دستاویزات کو اندازہ شدہ اثاثہ کی حاصل رقم اور قابل ادائیگی ذمہ داریوں کی مطابقت سے بنایا ہے۔

ب۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

## Ravi Textile Mills Limited

ت۔ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔  
ث۔ مالیاتی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ معیارات کی پیروی کی گئی ہے اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

ٹ۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس کی موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔

ج۔ کمپنی کے رواں دواں رہنے کی ظاہری صلاحیت پر شک و شبہات کو مالی حسابات کی دستاویزات میں نوٹ نمبر 1.2 میں مناسب طریقے سے ظاہر کیا گیا ہے۔  
چ۔ سوائے آڈیٹر رپورٹ اعتراضات برائے اسٹیٹمنٹ آف کمپلائنس با مطابق لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کی بنیاد پر کسی بھی اور بنیاد سے انحراف نہیں کیا ہے۔

ح۔ کوئی ایسی قانونی ادائیگی جو کہ ٹیکس، ڈیوٹی، سرکاری واجبات اور سرچارج قابل ادا نہیں ہیں 30 جون 2018 تک سوائے جو کہ مالیاتی دستاویزات میں ظاہر کر دیے گئے ہیں۔

بورڈ کی کارکردگی کا سالانہ جائزہ

بورڈ نے اپنی کارکردگی پر غور کیا اور جانچا بطور اہم گڈ گورننس کے اس کی بنیاد ڈائریکٹران کی اپنی تجاویزات ہیں جو انھوں نے بنائی کہ کس طرح کی موجودہ کارکردگی اور ذمہ داری کو ادا کیا ہے۔ اس طرح بالمقابل بورڈ نے تجویز کیا سوال نامہ جو کہ سامنے آیا ہے اس کارکردگی کے دوران اور مددگار ثابت ہوگا تمام بورڈ اسکی کمیٹیوں اور ممبران کے لئے۔ کمپنی سیکریٹری نے اسکی خلاصہ رپورٹ بحث و مباحثہ کے لئے بورڈ کو جائزہ کے لئے پیش کی جس پر بورڈ نے سالانہ جائزہ لیا۔

ڈائریکٹران ریمریشن

بورڈ ممبران کی ریمریشن بورڈ نے خود منظوری دی ہے تاہم کوڈ آف کارپوریٹس گورننس (CCG) کے مطابق اس بات کو یقینی بنایا ہے کہ کوئی ڈائریکٹر اپنی ریمریشن کے تعین میں خود حصہ نہ لے۔ کمپنی کسی بھی نان ایگزیکٹو ڈائریکٹر کو کوئی ریمریشن ادا نہیں کرتی ہے۔ بہترین صلاحیت کو یقینی بنانے کے لئے کمپنی ریمریشن پالیسیوں کو انڈسٹری میں موجود رجحان اور کاروباری طور و طریقے کے مطابق ہے۔ ڈائریکٹر کی ریمریشن 2018-19 کو جاننے کے لئے مالیاتی دستاویزات میں بطور نوٹ درج ہیں۔

اعتراف

کمپنی کے ڈائریکٹران کمپنی کے ملازموں کی خدمات کا اعتراف کرتے ہوئے یہ بات ریکارڈ پر درج کرتے ہیں کہ یہ ملازمین اپنی صلاحیتوں اور محنت کی لگن کو آئندہ بھی جاری رکھیں گے۔ ہم اپنے بینکوں اور ہماری کمپنی پر اعتماد رکھنے والوں کے شکر گزار ہیں کہ وہ آئندہ بھی ہم پر بھروسہ کریں گے۔

منجانب بورڈ

محمد وسیم الرحمن

(چیف ایگزیکٹو)

(ڈائریکٹر)

ملتان۔ 04 اکتوبر 2019

## Chairman's Report

Review Report by Chairman u/s 192 Of The Companies Act 2017

The year under review the board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, Corporate Objectives, Plans, Financial Statements and other reports. All the significant issues throughout the year were presented before the Board regularly by the management, internal and external auditors and other independent consultants. The Board has exercised its powers in accordance with the laws and regulations applicable on the company. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the company. The Board of your company has been assigned the role and responsibilities as defined by the Code of Corporate Governance and the Companies Act 2017, briefly enumerated below:

- Performance of fiduciary and statutory duties with a sense of objective judgment and in good faith, in the best interest of the company and its stakeholders.
- Maintenance of high corporate governance standards, including governance of risk management.
- Adherence to the Company objectives, vision and mission.
- Performance of specific tasks as outlined in Regulation 10(3) of Code of Corporate Governance.

During the year under review the overall performance of the Board on basis of approved criteria was satisfactory.

Multan:  
04 October 2019

**Aftab Sarwar**  
Chairman/Director

## چیئر مین رپورٹ

جائزہ رپورٹ چیئر مین انڈر سیکشن 192 کمپنی ایکٹ 2017

سال زیر غور بورڈ ممبران نے اپنی ڈیوٹی کو جانفشانی سے انجام دیا بذریعہ جائزہ، طے شدہ اور منظورہ کاروباری حکمت عملی پر بحث و مباحثہ کر کے، کارپوریٹ مقاصد، منصوبے و مالی دستاویزات اور دوسری رپورٹوں کے مطالعہ سے۔ تمام تہاہم معلومات کو پورے سال تو اتر سے کمپنی انتظامیہ نے بورڈ کے سامنے پیش کیا انٹرنل آڈٹ، ایکسٹرنل آڈٹ اور دوسرے ماہرین کے مشورے سے۔ بورڈ نے اپنے اختیارات کو قانون اور ضابطوں کے مطابق جو کہ کمپنی پر لاگو ہوتے ہیں استعمال کیا۔ تمام ڈائریکٹران بورڈ باحیثیت ڈائریکٹر اپنی ڈیوٹی اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔ آپ کی کمپنی کا بورڈ اپنے کردار اور ذمہ داریوں کو پورا کر رہا ہے بمطابق کوڈ آف کارپوریٹ اور کمپنی ایکٹ 2017 کے تحت مختصر بیان نیچے درج ہے۔

- قانونی ذمہ داریوں کو ایمانداری بمقصد فیصلے مبنی نیک نیت سے کمپنی اور اُس کے حصہ داران کو فائدہ پہنچانے کیلئے
  - کارپوریٹ گورننس کا معیار جس میں انتظامی خدشات بھی شامل ہیں کو برقرار رکھنا ہے
  - ثابت قدمی سے کمپنی کے مقاصد و ویژن اور مشن کی تکمیل کرنا
  - اپنی کارکردگی کو خاص مقصد ریگولیشن 10(3) کوڈ آف کارپوریٹ کے بیان کے مطابق کرنا
- دوران زیر جائزہ بورڈ کی تمام تر کارکردگی تسلی بخش ہے بورڈ کے منظور شدہ احاطے کے مطابق۔

آفتاب سرور

چیئر مین / ڈائریکٹر

ملتان۔ 04 اکتوبر 2019

# Ravi Textile Mills Limited

## Six Years at a Glance

	(Rs. in '000')					
	2019	2018	2017	2016	2015	2014
<b>Statement of Profit or Loss</b>						
Sales	-	-	-	42,397	258,033	-
Cost of Sales	-	-	-	(77,437)	(346,762)	-
Gross Profit / (Loss)	-	-	-	(35,040)	(88,729)	-
Administrative General Expenses	(12,101)	(24,694)	(32,556)	(9,167)	(12,290)	(37,875)
Other Expenses	(6,856)	-	(443)	(43)	(69)	(4,631)
Finance Cost	(734)	(11,729)	(7,705)	(14,943)	(10,251)	(9,791)
Other Income	113,309	718	3,493	8,597	43,419	5,368
<b>Profit / (Loss) before taxation</b>	<b>93,618</b>	<b>(35,705)</b>	<b>(37,211)</b>	<b>(50,596)</b>	<b>(67,921)</b>	<b>(46,929)</b>
Provision for taxation	8338	925	810	268	1,232	1,969
Profit / (Loss) after taxation	<b>101,956</b>	<b>(34,780)</b>	<b>(36,401)</b>	<b>(50,328)</b>	<b>(66,688)</b>	<b>(44,960)</b>
<b>Statement of Financial Position</b>						
Share Capital	250,000	250,000	250,000	250,000	250,000	250,000
Reserves	9,000	9,000	9,000	9,000	9,000	9,000
Accumulated Loss	(336,850)	(586,760)	(554,964)	(523,241)	(477,373)	(414,980)
Surplus on revaluation of Assets	-	147,403	149,492	153,211	182,376	187,751
<b>Shareholders' Equity</b>	<b>(77,850)</b>	<b>(180,357)</b>	<b>(146,472)</b>	<b>(111,030)</b>	<b>(35,997)</b>	<b>31,771</b>
Non-current Liabilities	3,232	16,842	59,894	79,790	-	-
Current Liability and Provision	231,668	364,622	298,680	263,716	345,454	247,796
<b>Total</b>	<b>157,050</b>	<b>201,107</b>	<b>212,102</b>	<b>232,476</b>	<b>309,458</b>	<b>279,567</b>
Fixed Assets – Tangible	-	-	206,822	226,835	252,835	271,712
Long Term Security Deposits	115	266	270	270	390	330
Current Assets	156,935	5,854	5,280	5,641	56,622	7,525
Non-current assets held for Sale	-	194,987	-	-	-	-
<b>Total</b>	<b>157,050</b>	<b>201,107</b>	<b>212,102</b>	<b>232,476</b>	<b>309,458</b>	<b>279,567</b>

### *Statement of Ethics and Business Practices*

The entire organization of Ravi Textile Mills Limited will be guided by the following principles in all activities to achieve the company's objectives:-

#### **Directors:**

- Commit themselves to all the necessary and appropriate resources;
- Create a conducive environment through healthy and responsive policies;
- Maintain organizational effectiveness for the achievement of the company goals;
- Encourage and support compliance of legal and industry requirements;
- Protect the interest and assets of the company;

#### **Executives and Managers:**

- Ensure the profitability of operations;
- Provide the direction and leadership for the organization;
- Ensure total customer satisfaction through excellent product and service;
- Promote a culture of excellence, conversation, and continual improvement;
- Cultivate work ethics and harmony among colleagues and associates;
- Encourage initiative and self realization in employees through meaningful empowerment;
- Ensure an equitable way of working and reward system;
- Institute commitment of environmental, health and safety performance.

#### **Employees and staff will:**

- Devote their time and efforts to productive activities;
- Observe company policies and regulations;
- Promote and protect the interest of the company;
- Exercise prudence in using company resources;
- Observe cost effective practice in daily activities;
- Strive for excellence and quality;
- Avoid making personal gain (other than authorized salary and benefits) at the Company's expenses, participating in or assisting activities which complete with work of any customer or supplier of Ravi Textile Mills Ltd. and to hold any interest in a customer, supplier, agent or competitor.

# Ravi Textile Mills Limited

## Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2017

**YEAR ENDED: JUNE 30, 2019**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 07 as per the following:

- a. Male: 07
- b. Female: None

**The directors expect that the board of directors shall have a female director in near future.**

2. The composition of board is as follows:

- a) Independent Director:
  - i. Mr. Waseem Ejaz
- b) Other Non-executive Directors:
  - i. Mr. Aftab Sarwar, Chairman
  - ii. Mr. Tahir Majeed
  - iii. Mr. Aamir Khurshid Chandia
  - iv. Mr. Muhammad Riaz
  - v. Mr. Muhammad Shahid
- c) Executive Director:
  - i. Mr. Muhammad Waseem-ur-Rehman, Chief Executive

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

**Directors:**

Mr. Tahir Majeed  
Mr. Muhammad Waseem-ur-Rehman

### Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2017

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) Audit Committee
    - i. Mr. Tahir Majeed (Non-Executive Director and Chairman of Board's Audit Committee)
    - ii. Mr. Muhammad Riaz (Non-Executive Director and Member of Board's Audit Committee)
    - iii. Mr. Aftab Sarwar (Non-Executive Director and Member of Board's Audit Committee)
  - b) HR and Remuneration Committee
    - i. Mr. Muhammad Shahid (Non-Executive Director and Chairman of Board's HR&R Committee)
    - ii. Mr. Tahir Majeed (Non-Executive Director and Member of Board's HR&R Committee)
    - iii. Mr. Muhammad Riaz (Non-Executive Director and Member of Board's HR&R Committee)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
  - a) Audit Committee: 05 meetings held during the year ended 30 June 2019
  - b) HR and Remuneration Committee: No meeting held during the year ended 30 June 2019 in view of closed operations.
15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

\_\_\_\_\_  
Signature  
(AFTAB SARWAR)  
Chairman

# Ravi Textile Mills Limited

## Independent Auditor's Modified Review Report

### To the members of Ravi Textile Mills Limited

#### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Ravi Textile Mills Limited (the Company) for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

- (i) Same person simultaneously holds the position of company secretary and chief financial officer which is non-compliance of regulation 25 of the Regulations.
- (ii) Four directors of the Company are required to acquire the prescribed certification under directors training program as at 30 June 2019 as per rule 20 of the Regulations. Currently, two directors of the Company have acquired the required certification.
- (iii) Composition of the audit committee is not as per the requirements of the regulation 28(1)(a) of the Regulations as audit committee does not include an independent director, hence chairman of the audit committee is not an independent director.
- (iv) Composition of the human resource and remuneration committee is not as per the requirements of the regulation 29(1) of the Regulations as human resource and remuneration committee does not include an independent director, hence chairman of the human resource and remuneration committee is not an independent director.

Based on our review, except for the above instances of non-compliance, 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 Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the statement of Compliance:

Sr.No.	Paragraph reference	Description
(i)	1(b)	There is no female director on the Board of Directors of the Company.
(ii)	2(a)	There is only one independent director on the Board of Directors of the Company.
(iii)	14(b)	No meeting of Human Resource and Remuneration Committee was held during the year ended 30 June 2019.

**RIAZ AHMAD & COMPANY**

**Chartered Accountants**

**LAHORE**

**Date: October 04, 2019**

*Independent Auditor's Report  
To the members of Ravi Textile Mills Limited  
Report on the Audit of the Financial Statements*

## **Opinion**

We have audited the annexed financial statements of Ravi Textile Mills Limited ('the Company'), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

## **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of Matter**

We draw attention to note 1.2 to the financial statements, which states that the Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively. Our opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

# Ravi Textile Mills Limited

*Independent Auditor's Report  
To the members of Ravi Textile Mills Limited  
Report on the Audit of the Financial Statements*

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Preparation of financial statements using non-going concern basis of accounting</b></p> <p>The Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively. Estimated realisable / settlement values are based on the management's best estimate. Estimation involves judgements based on the latest available, reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which assets will be realised and liabilities will be settled may be different from those carried in these financial statements. Therefore, we identified preparation of financial statements using non-going concern basis of accounting as a key audit matter specially with reference to the estimates and judgments associated with the determination of estimated realisable / settlement values of assets and liabilities respectively.</p> <p>For further information, refer to summary of significant accounting policies, note 2.1(b) and note 2.1(c) to the financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We checked compliance with "Guidelines on the Basis of Preparation of Financial Statements for Companies that are Not Considered Going Concern" issued by The Institute of Chartered Accountants of Pakistan.</li> <li>• We tested how management made the estimates of realisable / settlement values of assets and liabilities respectively and the data on which it is based.</li> <li>• We tested the operating effectiveness of the controls over how the management made the estimate, together with appropriate substantive procedures.</li> <li>• We considered events occurring up to the date of our report to obtain audit evidence regarding the estimates.</li> <li>• We ensured that assets classified as non-current assets held for sale have been disposed of in accordance with the approval of the members of the Company accorded under section 183(3)(a) of the Companies Act, 2017.</li> <li>• We checked the estimation of any upsides in the carrying amounts of assets made by the management. Management believes that there is no upside on the assets of the Company.</li> </ul>

## *Independent Auditor's Report To the members of Ravi Textile Mills Limited Report on the Audit of the Financial Statements*

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

# Ravi Textile Mills Limited

## *Independent Auditor's Report To the members of Ravi Textile Mills Limited Report on the Audit of the Financial Statements*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Lahore**

**Date: October 04, 2019**

# Statement of Financial Position as at 30 June 2019

	Note	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
<b>EQUITY AND LIABILITIES</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
Authorised share capital					
30,000,000 (2018: 30,000,000) ordinary shares of Rupees 10 each		300,000,000	300,000,000	115,000	266,340
<b>Issued, subscribed and paid-up share capital</b>	3	<u>250,000,000</u>	<u>250,000,000</u>	<u>115,000</u>	<u>266,340</u>
<b>Capital reserve:</b>					
Surplus on revaluation of operating fixed assets - net of deferred tax		-	147,402,574	-	-
<b>Revenue reserve - general reserve</b>	4	9,000,000	9,000,000		
<b>Accumulated loss</b>	4	(336,849,780)	(586,759,690)		
<b>Total equity</b>		<u>(77,849,780)</u>	<u>(180,357,116)</u>		
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Long term financing	5	-	-		2,481,055
Deferred accrued mark up	6	-	-		-
Deferred income tax liability	7	-	13,654,747	1,771,827	1,826,848
Employees' retirement benefit	8	3,231,915	3,186,955	2,319,386	-
<b>CURRENT LIABILITIES</b>		<u>3,231,915</u>	<u>16,841,702</u>	<u>151,972,610</u>	<u>1,545,458</u>
Trade and other payables	9	131,847,804	192,834,757	156,934,572	5,853,361
Accrued mark-up	10	850,000	30,532,601	-	-
Loan from ex-chief executive	11	832,223	832,223		
Loans from directors	12	66,586,220	66,586,220		
Loan from ex-director	13	25,200,000	25,200,000		
Current portion of long term financing	5	-	47,430,065	870,749	-
Unclaimed dividend		1,034,090	1,034,090		
Provision for taxation		5,317,100	172,390		
<b>Total liabilities</b>		<u>231,667,437</u>	<u>364,622,346</u>	<u>156,934,572</u>	<u>5,853,361</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14	234,899,352	381,464,048		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>157,049,572</u>	<u>201,106,932</u>	<u>157,049,572</u>	<u>201,106,932</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# Ravi Textile Mills Limited

## Statement of Profit or Loss for the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
SALES		-	-
COST OF SALES		-	-
GROSS PROFIT / (LOSS)		-	-
ADMINISTRATIVE AND GENERAL EXPENSES	23	(12,101,264)	(24,694,237)
OTHER EXPENSES	24	(6,855,685)	-
		(18,956,949)	(24,694,237)
		(18,956,949)	(24,694,237)
OTHER INCOME	25	113,309,374	718,290
PROFIT / (LOSS) FROM OPERATIONS		94,352,425	(23,975,947)
FINANCE COST	26	(733,827)	(11,729,235)
PROFIT / (LOSS) BEFORE TAXATION		93,618,598	(35,705,182)
TAXATION	27	8,337,647	925,238
PROFIT / (LOSS) AFTER TAXATION		101,956,245	(34,779,944)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	28	4.08	(1.39)

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

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

## Statement of Comprehensive Income for the year ended 30 June 2019

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>PROFIT / (LOSS) AFTER TAXATION</b>	101,956,245	(34,779,944)
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of defined benefit obligation	551,091	423,320
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
<b>Other comprehensive income for the year</b>	551,091	423,320
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	102,507,336	(34,356,624)

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

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

## Statement of Changes In Equity for the year ended 30 June 2019

	SHARE CAPITAL	CAPITAL RESERVE Surplus on revaluation of operating fixed assets - net of tax	REVENUE RESERVE General reserve	ACCUMULATED LOSS	TOTAL EQUITY
	-----Rupees-----				
<b>Balance as at 30 June 2017</b>	250,000,000	149,492,853	9,000,000	(554,964,199)	(146,471,346)
Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax	-	(2,561,133)	-	2,561,133	-
Loss for the year ended 30 June 2018	-	-	-	(34,779,944)	(34,779,944)
Other comprehensive income for year ended 30 June 2018	-	-	-	423,320	423,320
<b>Total comprehensive loss for the year ended 30 June 2018</b>	-	-	-	(34,356,624)	(34,356,624)
Surplus on revaluation of operating fixed assets - adjustment due to change in tax rate	-	470,854	-	-	470,854
<b>Balance as at 30 June 2018</b>	250,000,000	147,402,574	9,000,000	(586,759,690)	(180,357,116)
Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax	-	(147,402,574)	-	147,402,574	-
Profit for the year ended 30 June 2019	-	-	-	101,956,245	101,956,245
Other comprehensive income for year ended 30 June 2019	-	-	-	551,091	551,091
<b>Total comprehensive income for the year ended 30 June 2019</b>	-	-	-	102,507,336	102,507,336
<b>Balance as at 30 June 2019</b>	250,000,000	-	9,000,000	(336,849,780)	(77,849,780)

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

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

## Statement of Cash Flows for the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (utilized in) / generated from operations</b>	29	(77,492,133)	6,797,995
Finance cost paid		(25,733,281)	(1,302,158)
Income tax paid		(117,369)	(143,520)
Security deposits		-	4,000
<b>Net cash (used in) / generated from operating activities</b>		(103,342,783)	5,356,317
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of non-current assets held for sale		301,200,000	-
<b>Net cash from investing activities</b>		301,200,000	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(47,430,065)	(3,827,175)
Dividend paid		-	(210)
<b>Net cash used in financing activities</b>		(47,430,065)	(3,827,385)
<b>Net increase in cash and cash equivalents</b>		150,427,152	1,528,932
<b>Cash and cash equivalents at the beginning of the year</b>		1,545,458	16,526
<b>Cash and cash equivalents at the end of the year</b>		151,972,610	1,545,458

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

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

## Notes to the Financial Statements for the year ended 30 June 2019

### 1. THE COMPANY AND ITS OPERATIONS

- 1.1 Ravi Textile Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. Its registered office is situated at Bungalow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt. The object of the Company was manufacturing and trading of yarn.

Geographical location and business units of the Company are as follows:

Business units	Address
Registered office	Bungalow No. 120 , Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt. Multan.
Office	First floor, 225-Ahmed Block, New Garden Town, Lahore.

### 1.2 Non-going concern basis of accounting

Accumulated losses of the Company as on the reporting date are Rupees 336.850 million. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years with the support of directors' loans. However, in August 2015, the operations of the mill were suspended again. It is beyond the control of the existing management of the Company to run the Company at an economically viable level due to poor economic / market conditions for spinning sector, high energy costs, high mark-up rates charged by banks and scarce availability of funds.

Approval of the members of the Company was accorded in terms of Section 183(3)(a) of the Companies Act, 2017 to the disposal and sale of Company's assets located at 49 KM, Lahore-Multan Road, Chunian, District Kasur comprising of freehold land, buildings on freehold land, plant and machinery, electric fittings and installations, factory tools and equipment, furniture, fixtures and office equipment and other assets ("Assets") in Extraordinary General Meeting of the members of the Company held on 02 March 2018 at registered office of the Company. The Company signed an Assets Sale and Purchase Agreement on 26 February 2019 with Waqas Rafique International. Total consideration amount for sale of the Assets except vehicles agreed between the parties to the Assets Sale and Purchase Agreement dated 26 February 2019 was Rupees 300,000,000. The Company has received full consideration and Assets have been disposed of in accordance with Assets Sale and Purchase Agreement. Proceeds from sale of the Assets are being utilized for repayment of liabilities of the Company. Financing from banks has been settled and balance amount is deposited in saving bank account of the Company.

In view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

#### 2.1 Basis of preparation

##### a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

## Notes to the Financial Statements for the year ended 30 June 2019

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### b) **Accounting convention**

These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realisable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

### c) **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

#### **Estimated realizable / settlement values of assets and liabilities respectively**

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2011 and recorded adjustments to account for differences between the Company's recognized assets and the measurements of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date.

As on the reporting date, there is no upside on the assets of the Company.

The Company has no item that it plans to sell that the Company has not previously recognized in these financial statements.

#### **Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

#### **Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

#### **Income tax**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### **Allowance for expected credit losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

## Notes to the Financial Statements for the year ended 30 June 2019

### d) **Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 15 and IFRS 9. These are disclosed in note 2.10 and note 2.14. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### e) **Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 'Leases' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in statement of other comprehensive income. The application of the amendments is not likely to have an impact on Company's financial statements.

## Notes to the Financial Statements for the year ended 30 June 2019

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

**f) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

### **2.2 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest of Pak Rupee.

### **2.3 Foreign currency transactions and translation**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak 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 Pak Rupees at exchange rates prevailing at the date when fair values are determined.

## Notes to the Financial Statements for the year ended 30 June 2019

### 2.4 Fixed assets

#### a) Owned

##### Cost

Fixed assets except freehold land, buildings on freehold land, plant and machinery, factory tools and equipment and capital work in progress are carried at cost less accumulated depreciation and any identified impairment loss. Freehold land is carried at revalued amount being the fair value at the date of revaluation less any identified impairment loss. Buildings on freehold land, plant and machinery and factory tools and equipment are carried at revalued amount being fair value at the date of revaluation less accumulated depreciation and any identified impairment loss. Capital work in progress is stated at cost less any identified impairment loss.

Cost of operating fixed assets signifies historical cost, revalued amount, directly attributable costs of bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management and borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's gross carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of operating fixed assets are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of operating fixed assets in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from surplus on revaluation of operating fixed assets to retained earnings.

#### b) Depreciation

Depreciation is charged to profit or loss on the straight-line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 15.1. The residual value, useful life of an asset and depreciation method are reviewed at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the month in which the assets are available for use and on deletions up to the month in which the assets are deleted.

#### c) Derecognition

An item of operating fixed assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the period the asset is de-recognized.

### 2.5 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through continuing use.

## Notes to the Financial Statements for the year ended 30 June 2019

### 2.6 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the statement of profit or loss except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

### 2.7 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of that asset.

### 2.8 Inventories

Inventories except for stock in transit and waste stock are stated at lower of cost and net realizable value.

#### Stores, spare parts and loose tools

Useable stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

#### Stock-in-trade

Cost of raw material, work-in-process and finished goods are determined as follows:

- |     |  |   |  |
|-----|--|---|--|
| i)  | For raw materials                      | - | at monthly average cost  |
| ii) | For work-in-process and finished goods | - | at annual average manufacturing cost including a portion of production overheads |

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

### 2.9 Taxation

#### Current

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from difference between the carrying amounts of the assets and liabilities in the financial statements and corresponding tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

## Notes to the Financial Statements for the year ended 30 June 2019

### 2.10 Revenue from Contracts with Customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, this change has no financial impact on these financial statements of the Company. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

#### i) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

#### Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

## Notes to the Financial Statements for the year ended 30 June 2019

### **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

### **ii) Contract assets**

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

### **iii) Contract liabilities**

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

### **iv) Refund liabilities**

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

## **2.11 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 obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

## **2.12 Employees' retirement benefit**

The Company has an unfunded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability recognized in the statement of financial position in respect of defined benefit obligation is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets, if any. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the statement of profit or loss. Re-measurement of the net defined benefit liability, including actuarial gains and losses are recognized immediately in statement of comprehensive income. Past-service costs are recognized immediately in income.

## **2.13 Share capital**

Ordinary shares are classified as equity.

## Notes to the Financial Statements for the year ended 30 June 2019

### 12.14 IFRS 9 “Financial instruments”

The Company has adopted IFRS 9 “Financial Instruments” from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

#### i) **Recognition of financial instruments**

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

#### ii) **Classification and measurement of financial instruments**

IFRS 9 largely retains the existing requirements in IAS 39 “Financial Instruments: Recognition and Measurement” for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

##### **Investments and other financial assets**

#### a) **Classification**

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
  - those to be measured at amortized cost
- The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

## Notes to the Financial Statements for the year ended 30 June 2019

### a) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

#### Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

#### Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

#### Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

### Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

#### Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

## Notes to the Financial Statements for the year ended 30 June 2019

### Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

### Financial liabilities

#### a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

#### iii) Impairment of financial assets

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### iv) De-recognition

##### a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

##### b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

#### v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

#### vi) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 30 June 2019.

## Notes to the Financial Statements for the year ended 30 June 2019

### vii) **Reclassification of financial instruments on adoption of IFRS 9 on these financial statements as on 01 July 2018**

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. On the date of initial application, 01 July 2018, the classification and measurement of financial instruments of the Company were as follows: However, this change in classification and measurement of financial instruments has no financial impact on the financial statements of the Company.

		Measurement category		Carrying amounts		
		Original	New	Original	New	Difference
		(IAS 39)	(IFRS 9)	..... Rupees .....		
<b>Financial assets</b>						
Deposits	Loans and receivables	Amortised cost		266,340	266,340	-
Bank balances	Loans and receivables	Amortised cost		1,545,458	1,545,458	-
<b>Financial liabilities</b>						
Trade and other payables		Amortised cost	Amortised cost	190,579,428	190,579,428	-
Accrued mark-up		Amortised cost	Amortised cost	30,532,601	30,532,601	-
Unclaimed dividend		Amortised cost	Amortised cost	1,034,090	1,034,090	-
Long term financing		Amortised cost	Amortised cost	47,430,065	47,430,065	-
Loan from ex-chief executive		Amortised cost	Amortised cost	832,223	832,223	-
Loans from directors		Amortised cost	Amortised cost	66,586,220	66,586,220	-
Loan from ex-director		Amortised cost	Amortised cost	25,200,000	25,200,000	-

#### 2.15 **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### 2.16 **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

#### 2.17 **Earnings per share**

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

#### 2.18 **Contingent assets**

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

## Notes to the Financial Statements for the year ended 30 June 2019

### 2.19 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

### 2.20 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

### 2.21 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

### 2.22 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

		2019	2018
		Rupees	Rupees
<b>3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>			
	<b>2019</b>	<b>2018</b>	
	<b>(Number of shares)</b>		
	25,000,000	25,000,000	Ordinary shares of Rupees 10 each fully paid in cash (Note 3.1)
			250,000,000    250,000,000

3.1 It includes 4,479,993 (2018: 4,479,993) ordinary shares of the Company held by Spintex Enterprises (Private) Limited - associated company.

		2019	2018
		Rupees	Rupees
<b>4. RESERVES</b>			
<b>Composition of reserves is as follows:</b>			
<b>Capital reserve:</b>			
	Surplus on revaluation of operating fixed assets - net of deferred tax (Note 4.1)	-	147,402,574
	<b>Revenue reserve - general reserve</b>	<b>9,000,000</b>	<b>9,000,000</b>

### 4.1 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED TAX

Opening balance as at 01 July	161,057,321	164,716,082
Less: Surplus transferred to statement of changes in equity - incremental depreciation	-	3,658,761
Less: Surplus transferred to accumulated loss on disposal of operating fixed assets	147,402,574	-
	<u>13,654,747</u>	<u>161,057,321</u>
Less: Related deferred income tax liability	13,354,747	13,354,747
Balance as at 30 June - net of deferred income tax	<u>-</u>	<u>147,402,574</u>

4.2 Surplus on revaluation relating to operating fixed assets (classified as non-current assets held for sale) disposed of during the year is reclassified from surplus on revaluation of operating fixed assets to retained earnings net of deferred income tax. Operating fixed assets at revalued amounts were transferred to non-current assets held for sale during the year ended 30 June 2018, therefore, no depreciation on these assets have been charged during the current financial year.

## Notes to the Financial Statements for the year ended 30 June 2019

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>5. LONG TERM FINANCING</b>		
<b>From banking companies - secured</b>		
Bank Alfalah Limited (Note 5.1 and Note 5.3)	-	17,742,898
National Bank of Pakistan (Note 5.2 and Note 5.3)	-	29,687,167
	-	47,430,065
Less: Shown under current liabilities (Note 5.3)	-	47,430,065
	-	-
<b>5.1</b> As per rescheduling arrangement with the bank, this loan was repayable in 20 unequal quarterly instalments along with mark-up thereon commenced on 25 June 2014. This carried mark-up at the rate of 9% per annum. Mark-up accrued upto the date of restructuring amounting to Rupees 5.000 million was repayable in 16 quarterly instalments of Rupees 0.313 million each commenced on 25 June 2016. This loan was secured against first pari passu charge over movable and immovable fixed assets of the Company and personal guarantees of directors of the Company.		
<b>5.2</b> As per rescheduling arrangement with the bank, this loan was repayable in 14 unequal quarterly instalments along with mark-up thereon commenced on 31 March 2016. Frozen mark-up of Rupees 19.622 million was repayable in four quarterly instalments of Rupees 4.906 million each from 30 September 2019. This carried mark-up at the rate of 7.49% (2018: 7.49%) per annum. This loan was secured against first pari passu charge over movable and immovable fixed assets of the Company and personal guarantees of directors of the Company.		
<b>5.3</b> Previously, the Company breached the provisions of restructured financing arrangements with banks, therefore long term financing and deferred accrued markup thereon became payable on demand. Hence, classified as current liabilities. However, during the current financial year, except for accrued mark-up of Rupees 0.850 million, the Company has settled all long term financing, deferred markup and accrued markup thereon.		
	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>6. DEFERRED ACCRUED MARKUP</b>		
National Bank of Pakistan	-	19,622,468
Bank Alfalah Limited	-	2,187,500
	-	21,809,968
Less: Shown under current liabilities (Note 5.3 and Note 10)	-	21,809,968
	-	-
<b>7. DEFERRED INCOME TAX LIABILITY</b>		
Deferred income tax liability recognised	13,654,747	13,654,747
Less: Reversal made during the year	13,654,747	-
Deferred income tax liability (Note 7.1)	-	13,654,747
<b>7.1</b> The Company recognized deferred income tax liability on surplus on revaluation of operating fixed assets. During the year, the Company has disposed of all operating fixed assets carried at revalued model. Hence, the related deferred income tax liability has been reversed. The Company has tax losses of Rupees 137.547 million as at 30 June 2019 (2018: Rupees 261.963 million). The net deferred income tax asset of Rupees 39.889 million (2018: Rupees 72.958 million) as at the reporting date has not been recognized in these financial statements as these temporary differences are not likely to reverse in the foreseeable future.		

## Notes to the Financial Statements for the year ended 30 June 2019

### 8. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the defined benefit obligation as at 30 June 2019 was carried out using the projected unit credit method. Details of the obligation as per actuarial valuation are as follows:

	2019 Rupees	2018 Rupees		
<b>8.1 The amount recognized in the statement of financial position is as follows:</b>				
Gratuity payable to ex-employees	1,610,090	1,610,090		
Present value of defined benefit obligation (Note 8.2)	1,621,825	1,576,865		
	<u>3,231,915</u>	<u>3,186,955</u>		
<b>8.2 Movement in the liability recognized in the statement of financial position is as follows:</b>				
Opening balance	1,576,865	1,456,997		
Current service cost	454,133	430,271		
Interest cost on defined benefit obligation	141,918	112,917		
Actuarial losses from changes in demographic assumptions	-	21,878		
Actuarial losses from changes in financial assumptions	1,476	350		
Experience adjustments	(552,567)	(445,548)		
Closing balance	<u>1,621,825</u>	<u>1,576,865</u>		
<b>8.3 The amount recognized in the statement of profit or loss is as follows:</b>				
Current service cost	454,133	430,271		
Interest cost on defined benefit obligation	141,918	112,917		
	<u>596,051</u>	<u>543,188</u>		
<b>8.4 Remeasurement recognized in other comprehensive income:</b>				
Actuarial losses from changes in demographic assumptions	-	21,878		
Actuarial losses from changes in financial assumptions	1,476	350		
Experience adjustments	(552,567)	(445,548)		
	<u>(551,091)</u>	<u>(423,320)</u>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>8.5</b> Present value of defined benefit obligation - Rupees	1,621,825	1,576,865	1,456,997	1,316,967
Experience adjustment on obligation	<u>(33.98%)</u>	<u>(29.05%)</u>	<u>(30.35%)</u>	<u>(8.81%)</u>

### 8.6 Principal actuarial assumptions used are as follows:

		2019	2018
Expected rate of eligible salary increase in future	% per	13.25	8.00
Discount rate	% per	14.25	9.00

**8.7** Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

**8.8** Estimated charge to the statement of profit or loss for the year ending 30 June 2020 will be Rupees 509,973.

### 8.9 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions at the reporting date:

	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees	Rupees
Discount rate	100	1,593,413	1,654,655
Future salary	100	1,654,655	1,593,413

## Notes to the Financial Statements for the year ended 30 June 2019

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

**8.10** The average duration of the defined benefit obligation is 2 years.

**9. TRADE AND OTHER PAYABLES**

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
Creditors	63,206,827	64,556,837
Refund liabilities	9,765,742	9,765,742
Due to associated company (Note 9.1)	39,927,406	97,132,997
Workers' profit participation fund (Note 9.2)	6,351,132	1,214,939
Workers' welfare fund	44,769	-
Accrued liabilities	11,511,538	19,123,852
Sales tax payable	170,295	170,295
Income tax deducted at source	870,095	870,095
	131,847,804	192,834,757

**9.1** This is interest free, unsecured and payable on demand to Spintex Enterprises (Private) Limited. This amount has been used in working capital requirements and repayment of financing.

**9.2 Workers' profit participation fund**

Balance as at 01 July	1,214,939	1,097,056
Add: Provision for the year (Note 24)	4,939,978	-
Add: Interest on funds utilized (Note 9.2.1)	196,215	117,883
Balance as at 30 June	6,351,132	1,214,939

**9.2.1** The Company retains workers' profit participation fund for its business use. Interest is accrued at the prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company.

**10. ACCRUED MARK-UP**

National Bank of Pakistan	-	1,120,002
Bank Alfalah Limited	850,000	7,602,631
Deferred accrued mark-up (Note 6)	-	21,809,968
	850,000	30,532,601

**11. LOAN FROM EX-CHIEF EXECUTIVE**

This represents unsecured and interest free loan from ex-chief executive of the Company. The balance is an old one, un-reconciled, unconfirmed and disputed.

**12. LOANS FROM DIRECTORS**

These represent unsecured interest free loans obtained from directors of the Company for working capital requirements and are repayable on demand.

**13. LOAN FROM EX-DIRECTOR**

This represents unsecured interest free loan obtained from ex-director of the Company for working capital requirements and is repayable on demand.

**14. CONTINGENCIES AND COMMITMENTS**

**14.1 Contingencies**

**14.1.1** A cotton supplier has filed a writ petition in the court of Honourable Civil Judge, Multan for the recovery of Rupees 0.300 million against the Company. The Honourable Court awarded decree to the supplier of the same amount on ex-party basis. The amount was adjusted by the Company towards quality claim of raw cotton supplied in the preceding years. The Company filed a petition against the decree in the Court of Honourable District Judge, Multan which is still pending.

**14.2 Commitments**

<b>2019</b>	<b>2018</b>
<b>Rupees</b>	<b>Rupees</b>
Nil	Nil
<b>2019</b>	<b>2018</b>
<b>Rupees</b>	<b>Rupees</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 15 FIXED ASSETS

15.1 Reconciliation of carrying amounts of operating fixed assets at the beginning and end of the year is as follows:

	Freehold land	Buildings on freehold land	Plant and machinery	Electric fittings and installations	Factory tools and equipment	Furniture, fixtures and office equipment	Vehicles	TOTAL
<b>As at 30 June 2017</b>								
Cost / revalued amount	119,790,000	101,676,892	153,033,541	24,252,596	13,159,890	4,698,097	2,722,546	419,333,562
Accumulated depreciation	-	(49,426,892)	(123,811,541)	(20,129,979)	(13,084,890)	(4,623,711)	(1,704,449)	(212,781,462)
Net book value	119,790,000	52,250,000	29,222,000	4,122,617	75,000	74,386	1,018,097	206,552,100
<b>Year ended 30 June 2018</b>								
Opening net book value	119,790,000	52,250,000	29,222,000	4,122,617	75,000	74,386	1,018,097	206,552,100
Depreciation charge	-	(3,176,674)	(6,980,390)	(954,597)	(16,667)	(44,047)	(392,494)	(11,564,869)
Reclassified to non-current assets held for sale:								
Cost / revalued amount	(119,790,000)	(101,676,892)	(153,033,541)	(24,252,596)	(13,159,890)	(4,698,097)	(2,722,546)	(419,333,562)
Accumulated depreciation	-	52,603,566	130,791,931	21,084,576	13,101,557	4,667,758	2,096,943	224,346,331
Net book value (Note 22)	(119,790,000)	(49,073,326)	(22,241,610)	(3,168,020)	(58,333)	(30,339)	(625,603)	(194,987,231)
Closing net book value	-	-	-	-	-	-	-	-
Depreciation rates per annum (%)	-	5	6.67-20	10-50	10-20	10	20	

## Notes to the Financial Statements for the year ended 30 June 2019

<b>16. STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores	613,870	625,327
Spare parts	1,843,987	1,843,987
Loose tools	11,741	11,741
	<u>2,469,598</u>	<u>2,481,055</u>
Less: Disposed of during the year	2,469,598	-
	<u>-</u>	<u>2,481,055</u>
<b>17. TRADE DEBTS</b>		
<b>Considered good, unsecured</b>	-	-
<b>Considered doubtful:</b>		
Others - unsecured	217,267	217,267
Less: Allowance for expected credit losses	217,267	217,267
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>18. ADVANCES</b>		
<b>Considered good, unsecured:</b>		
Advance income tax	1,771,827	1,826,848
<b>Considered doubtful:</b>		
Advances to suppliers	178,145	178,145
Less: Provision for doubtful advances	178,145	178,145
	<u>-</u>	<u>-</u>
	<u>1,771,827</u>	<u>1,826,848</u>
<b>19. OTHER RECEIVABLE</b>		
<b>Considered good, unsecured:</b>		
Receivable against sale of stores, spare parts and loose tools	877,500	-
Accrued profit on saving bank account	1,441,886	-
	<u>2,319,386</u>	<u>-</u>
<b>Considered doubtful</b>	11,330,999	11,330,999
Less: Allowance for expected credit losses	11,330,999	11,330,999
	<u>-</u>	<u>-</u>
	<u>2,319,386</u>	<u>-</u>
<b>20. SHORT TERM INVESTMENT</b>		
<b>Debt instrument - at amortised cost</b>		
Term deposit receipt	850,000	-
Add: Profit accrued thereon	20,749	-
	<u>870,749</u>	<u>-</u>
<b>20.1</b> This term deposit receipt issued by banking company has maturity period of one year and carries profit at the rate 9.90% per annum.		
<b>21. BANK BALANCES</b>		
Cash at banks - current accounts	55,120	1,545,458
Cash at bank - saving account	151,917,490	-
	<u>151,972,610</u>	<u>1,545,458</u>
<b>21.1</b> Rate of profit on saving bank account ranges from 10.35% to 11.50% per annum.		

# Ravi Textile Mills Limited

## Notes to the Financial Statements for the year ended 30 June 2019

### 22 NON-CURRENT ASSETS HELD FOR SALE

The shareholders of the Company resolved in the extra-ordinary general meeting held on 02 March 2018 to dispose of all fixed assets of the Company. Hence, these were classified as non-current assets held for sale at lower of their carrying amounts and fair value less costs to sell in accordance with the requirements of International Financial Reporting Standard 5 "Non-Current Assets Held for Sale and Discontinued Operations". Category wise break up of non-current assets classified as held for sale is summarized as follows:

	2019 Rupees	2018 Rupees
<b>Non - current assets classified as held for sale:</b>		
Freehold land	-	119,790,000
Buildings on freehold land	-	49,073,326
Plant and machinery	-	22,241,610
Factory tools and equipment	-	58,333
Electric fittings and installations	-	3,168,020
Furniture, fixtures and office equipment	-	30,339
Vehicles	-	625,603
	<u>-</u>	<u>194,987,231</u>

#### 22.1 Book values on cost basis of fixed assets carried under revalued model is stated below:

Freehold land	-	5,818,014
Buildings on freehold land	-	4,427,133
Plant and machinery	-	19,860,816
Factory tools and equipment	-	-

#### 22.2 On 26 February 2019, the Company signed an Assets Sale and Purchase Agreement with Waqas Rafique International. Total consideration amount for sale of all non-current assets classified as held for sale, except for vehicles, was agreed at Rupees 300.000 million. The Company has received full consideration amount and assets have been disposed of in accordance with the terms of Assets Sale and Purchase Agreement.

	2019 Rupees	2018 Rupees
<b>22.3</b> Balance as at 01 July	194,987,231	-
Add: Transferred from operating fixed assets (Note 15.1)	-	194,987,231
Less: Carrying amount of operating fixed assets disposed of (Note 22.4)	<u>194,987,231</u>	<u>-</u>
Balance as at 30 June	<u>-</u>	<u>194,987,231</u>

#### 22.4 Gain on disposal of non-current assets held for sale

Category wise breakup of sale proceeds against non-current assets classified as held for sale is as follows:

	Carrying values	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser
	----- Rupees -----				
Freehold land	119,790,000	150,000,000	30,210,000		
Buildings on freehold land	49,073,326	100,000,000	50,926,674		
Plant and machinery	22,241,610	46,743,308	24,501,698		
Factory tools and equipment	58,333	58,333	-	Negotiation	Waqas Rafique International, Lahore
Electric fittings and installations	3,168,020	3,168,020	-		
Furniture, fixtures and office equipment	30,339	30,339	-		
	<u>194,361,628</u>	<u>300,000,000</u>	<u>105,638,372</u>		
Vehicle	625,603	1,200,000	574,397	Negotiation	Muhammad Yasir, Faisalabad
	<u>194,987,231</u>	<u>301,200,000</u>	<u>106,212,769</u>		

## Notes to the Financial Statements for the year ended 30 June 2019

	2019 Rupees	2018 Rupees
<b>23. ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Salaries and other benefits	7,424,251	7,955,815
Rent, rates and taxes	670,947	638,743
Postage and telephone	198,772	220,083
Electricity, gas and water	1,646,472	1,154,809
Printing and stationery	135,118	190,972
Repair and maintenance	36,785	138,082
Travelling and conveyance	267,325	317,498
Legal and professional	59,816	246,718
Auditor's remuneration (Note 23.1)	914,300	864,250
Fee and subscription	369,846	896,900
Entertainment	173,717	180,001
Depreciation (Note 15.1)	-	11,564,869
Miscellaneous	203,915	325,497
	12,101,264	24,694,237
<b>23.1 Auditor's remuneration</b>		
Audit fee	605,000	550,000
Review of interim financial information	107,412	102,000
Taxation services	89,088	99,450
Other certifications	94,800	94,800
Out of pocket expenses	18,000	18,000
	914,300	864,250
<b>24. OTHER EXPENSES</b>		
Loss on sale of stores, spare parts and loose tools	1,719,598	-
Provision for workers' profit participation fund (Note 9.2)	4,939,978	-
Provision for workers' welfare fund	44,769	-
Long term security deposits written off	151,340	-
	6,855,685	-
<b>25. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on saving bank account	2,217,709	-
Profit on term deposit receipt	20,749	-
<b>Income from non-financial assets</b>		
Rental income	-	718,290
Gain on disposal of non-current assets held for sale	106,212,769	-
Accrued mark-up written back	4,683,147	-
Credit balance written back	175,000	-
	113,309,374	718,290
<b>26. FINANCE COST</b>		
Mark-up on long term financing	529,350	4,521,025
Adjustment due to IAS - 39	-	7,078,874
Interest on workers' profit participation fund	196,215	117,883
Bank charges	8,262	11,453
	733,827	11,729,235
<b>27. TAXATION</b>		
Current (Note 27.1)	(5,317,100)	(172,390)
Deferred income tax (Note 7.1)	13,654,747	1,097,628
	8,337,647	925,238

# Ravi Textile Mills Limited

## Notes to the Financial Statements for the year ended 30 June 2019

**27.1** Provision for current income tax is made under the relevant provisions of the Income Tax Ordinance, 2001. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

**28. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on the basic earnings / (loss) per share of the Company which is based on:

		<b>2019</b>	<b>2018</b>
Profit / (loss) after taxation	Rupees	<u>101,956,245</u>	<u>(34,779,944)</u>
Weighted average number of ordinary shares	Numbers	<u>25,000,000</u>	<u>25,000,000</u>
Earnings / (loss) per share – basic and diluted	Rupees	<u>4.08</u>	<u>(1.39)</u>

**29. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS**

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Profit / (loss) before taxation</b>	93,618,598	(35,705,182)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	-	11,564,869
Adjustment due to IAS - 39	-	7,078,874
Loss on sale of stores, spare parts and loose tools	1,719,598	-
Long term security deposits written off	151,340	-
Provision for workers' profit participation fund	4,939,978	-
Provision for workers' welfare fund	44,769	-
Profit on term deposit receipt	(20,749)	-
Gain on disposal of non-current assets held for sale	(106,212,769)	-
Accrued mark-up written back	(4,683,147)	-
Credit balance written back	(175,000)	-
Employees' retirement benefit	596,051	543,188
Finance cost	733,827	4,650,361
Working capital changes (Note 29.1)	<u>(68,204,629)</u>	<u>18,665,885</u>
	<u>(77,492,133)</u>	<u>6,797,995</u>

**29.1 Working capital changes**

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	761,457	164,157
Advances	-	32,091
Short term prepayments	-	38,938
Other receivable	(2,319,386)	-
Short term investment	(850,000)	-
	<u>(2,407,929)</u>	<u>235,186</u>
(Decrease) / increase in trade and other payables	<u>(65,796,700)</u>	<u>18,430,699</u>
	<u>(68,204,629)</u>	<u>18,665,885</u>

**29.2** Reconciliation of movement of liabilities to cash flows arising from financing activities:

<b>Liabilities from financing activities</b>		
<b>Long term financing</b>	<b>Unclaimed dividend</b>	<b>Total</b>
-----Rupees-----		
Balance as at 01 July 2018	47,430,065	1,034,090
Repayment of financing	(47,430,065)	-
Balance as at 30 June 2019	<u>-</u>	<u>1,034,090</u>

**30. PLANT CAPACITY AND ACTUAL PRODUCTION**

The Company has sold its operating fixed assets during the year. Therefore, production capacity of the Company is nil.

## Notes to the Financial Statements for the year ended 30 June 2019

### 31. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of associated company and key management personnel. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship	Nature of transaction	2019 Rupees	2018 Rupees
<b>Associated company</b>			
Spintex Enterprises (Private) Limited	Funds received	6,819,980	19,460,736
	Funds repaid	<u>64,025,571</u>	<u>248,135</u>

31.1 Following is the related party with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of associated company	Basis of relationship
Spintex Enterprises (Private) Limited	17.92% of shares of the Company are held by the associated company

### 32. REMUNERATION TO CHIEF EXECUTIVE OFFICER

The aggregate amount charged in the financial statements for the year for remuneration, allowances, including all benefits to chief executive officer of the Company is as follows:

	2019 Rupees	2018 Rupees
<b>Managerial remuneration</b>	1,020,000	1,020,000
<b>Allowances:</b>		
Reimbursement-travelling	67,590	187,430
Utilities	360,153	311,081
	<u>1,447,743</u>	<u>1,518,511</u>
Number of persons	<u>1</u>	<u>1</u>

32.1. No remuneration was paid to non-executive and executive directors of the Company.

32.2. No employee of the Company falls under the definition of executive given in Fourth Schedule to the Companies Act, 2017.

### 33. NUMBER OF EMPLOYEES

	2019	2018
Number of employees as on 30 June	<u>17</u>	<u>26</u>
Average number of employees during the year	<u>22</u>	<u>25</u>

### 34. FINANCIAL RISK MANAGEMENT

#### 34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of non derivative financial instruments and investment of excess liquidity.

#### (a) Market risk

##### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

## Notes to the Financial Statements for the year ended 30 June 2019

The Company is not exposed to currency risk as almost all of its transactions are in local currency and no foreign currency receivables and payables exist at the reporting date.

### Other price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

### Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no interest-bearing assets except for bank balance in saving account and term deposit receipt. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk.

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

	2019 Rupees	2018 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balance - saving account	151,917,490	-
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Short term investment	850,000	-
<b>Financial liabilities</b>		
Long term financing	-	47,430,065

### Cash flow sensitivity analysis for variable rate instruments

If interest rates at the period / year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 1.519 million (2018: Rupees Nil) higher / lower, mainly as a result of higher / lower interest income on floating rate financial assets. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting the dates were outstanding for the whole period.

### Fair value analysis for fixed rate instruments

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

### (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019 Rupees	2018 Rupees
Deposits	115,000	266,340
Other receivable	2,319,386	-
Short term investment	870,749	-
Bank balances	151,972,610	1,545,458
	<u>155,277,745</u>	<u>1,811,798</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

## Notes to the Financial Statements for the year ended 30 June 2019

	Rating			2019 Rupees	2018 Rupees
	Short term	Long term	Agency		
<b>Banks</b>					
Bank Alfalah Limited	A1+	AA+	PACRA	5,333	5,333
MCB Bank Limited	A1+	AAA	PACRA	2,205	2,405
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	151,951,111	1,529,553
Habib Bank Limited	A-1+	AAA	JCR-VIS	13,961	8,167
				151,972,610	1,545,458
<b>Short term investment</b>					
Bank Alfalah Limited	A1+	AA+	PACRA	870,749	-
				152,843,359	1,545,458

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

At 30 June 2019, the Company has Rupees 151.973 million (2018: Rupees 1.545 million) bank balances. Management believes the liquidity risk to be high. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
----- Rupees -----						
<b>Non-derivative financial liabilities:</b>						
Trade and other payables	124,411,513	124,411,513	124,411,513	-	-	-
Accrued mark-up	850,000	850,000	850,000	-	-	-
Unclaimed dividend	1,034,090	1,034,090	1,034,090	-	-	-
Loan from ex-chief executive	832,223	832,223	832,223	-	-	-
Loans from directors	66,586,220	66,586,220	66,586,220	-	-	-
Loan from ex-director	25,200,000	25,200,000	25,200,000	-	-	-
	218,914,046	218,914,046	218,914,046	-	-	-

Contractual maturities of financial liabilities as at 30 June 2018:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
----- Rupees -----						
<b>Non-derivative financial liabilities:</b>						
Trade and other payables	190,579,428	190,579,428	190,579,428	-	-	-
Accrued mark-up	30,532,601	30,532,601	30,532,601	-	-	-
Unclaimed dividend	1,034,090	1,034,090	1,034,090	-	-	-
Long term financing	47,430,065	47,430,065	47,430,065	-	-	-
Loan from ex-chief executive	832,223	832,223	832,223	-	-	-
Loans from directors	66,586,220	66,586,220	66,586,220	-	-	-
Loan from ex-director	25,200,000	25,200,000	25,200,000	-	-	-
	362,194,627	362,194,627	362,194,627	-	-	-

# Ravi Textile Mills Limited

## Notes to the Financial Statements for the year ended 30 June 2019

### 34.2 Financial instruments by categories

	2019	2018
	Amortised cost	Loans and receivables
	Rupees	Rupees
<b>Assets as per the statement of financial position</b>		
Deposits	115,000	266,340
Other receivable	2,319,386	-
Short term investment	870,749	-
Bank balances	151,972,610	1,545,458
	<u>155,277,745</u>	<u>1,811,798</u>
<b>Financial liabilities at amortised cost</b>		
	2019	2018
	Rupees	Rupees
<b>Liabilities as per the statement of financial position</b>		
Trade and other payables	124,411,513	190,579,428
Accrued mark-up	850,000	30,532,601
Unclaimed dividend	1,034,090	1,034,090
Long term financing	-	47,430,065
Loan from ex-chief executive	832,223	832,223
Loans from directors	66,586,220	66,586,220
Loan from ex-director	25,200,000	25,200,000
	<u>218,914,046</u>	<u>362,194,627</u>

### 35. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

## Notes to the Financial Statements for the year ended 30 June 2019

### 36. NON- RECURRING FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

#### (i) Fair value hierarchy

Freehold land, buildings on freehold land, plant and machinery and factory tools and equipment of the Company were classified as non-current assets held for sale during the year ended 30 June 2018. These assets were measured at the lower of their carrying amounts and fair value less costs to sell at the time of the reclassification. Before classification as non-current assets held for sale, these assets were carried at revaluation model under fixed assets.

At the time of classification as non-current assets held for sale, the fair value of the land was determined using the current prices in an active market for the similar lands, fair value of the buildings on freehold land was determined on the basis of fair depreciated market value by applying an appropriate annual rate of depreciation on new construction / replacement value of the same buildings, fair value of plant and machinery was calculated on the basis of fair depreciated market value by applying an appropriate rate of depreciation on the value of new plant and machinery of the same specifications and fair market value of factory tools and equipment was calculated on the basis of fair depreciated market value by applying an appropriate rate of depreciation on the value of new factory tools and equipment of the same specifications. Therefore, all these non-current assets held for sale were classified in level 2 measurement as per fair value hierarchy.

### 37. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

### 38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 04 October, 2019 by the Board of Directors of the Company.

### 39. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

### 40. GENERAL

Figures have been rounded off to nearest of Rupee.

# Ravi Textile Mills Limited

## Pattern of Shareholding for the year ended 30 June 2019

No. of Shareholders	Shareholding			Percentage %
	From	To		
161	1	100	10,953	0.04%
278	101	500	112,435	0.45%
89	501	1,000	82,696	0.33%
124	1,001	5,000	337,652	1.35%
41	5,001	10,000	321,339	1.29%
12	10,001	15,000	149,100	0.60%
7	15,001	20,000	127,167	0.51%
6	20,001	25,000	136,500	0.55%
19	25,001	75,000	825,507	3.30%
4	75,001	200,000	549,500	2.20%
1	200,001	500,000	251,000	1.00%
5	500,001	645,000	2,855,097	11.42%
7	645,001	2,250,000	10,890,592	43.56%
2	2250001	2,550,000	4,773,462	19.09%
1	2250001	3,580,000	3,577,000	14.31%
757			25,000,000	100.00%

<u>Categories of Shareholders</u>	<u>Number of Shareholders</u>	<u>Shares Held</u>	<u>Percentage</u>
INDIVIDUALS	739	18,341,593	73.37%
INVESTMENT COMPANIES	3	7,900	0.03%
INSURANCE COMPANIES	1	200,000	0.80%
JOINT STOCK COMPANIES	9	5,857,112	23.43%
FINANCIAL INSTITUTIONS	2	560,292	2.24%
MODARBAS AND MUTUAL FUND	3	33,103	0.13%
CHARITABLE TRUSTS	-	-	0.00%
TOTAL	757	25,000,000	100.00%

## Pattern of Shareholding for the year ended 30 June 2019

<u>Categories of Shareholders</u>	<u>Number of Share holders</u>	<u>Shares Held</u>	<u>Percentage</u>
<b>Directors, CEO &amp; their Spouses and Minor Children</b>	7		
Mr. Muhammad Waseem Ur Rehman Chief Executive		502,500	2.01%
Mr. Aftab Sarwar Chairman		645,000	2.58%
Mr. Aamir Khurshid Chandia Director		2,500	0.01%
Mr. Tahir Majeed Director		2,500	0.01%
Mr. Muhammad Shahid Director		2,500	0.01%
Mr. Muhammad Riaz Director		2,500	0.01%
Mr. Waseem Ejaz Director		2,500	0.01%
<b>Executives</b>	-	-	
<b>Public Sector Companies &amp; Corporations</b>	1		
Investment Corporation of Pakistan		2,800	0.01%
<b>Joint Stock Companies</b>	9	5,857,112	23.43%
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarba &amp; Mutual Funds</b>	8	-	
Banks		34,903	0.14%
Financial Institutions.		560,292	2.24%
Modarba Al-Mali Corporation Limited		300	0.00%
Pakistan Kuwait Inv. Co. (Pvt) Limited		3,000	0.01%
State Life Insurance Corporation of Pakistan		200,000	0.80%
<b>Individuals</b>	732	17,181,593	68.73%
<b>Grand Total</b>	<b>757</b>	<b>25,000,000</b>	<b>100.00%</b>
<b>Share Holding 5% or more voting rights:</b>			
Muhammad Shoaib		3,577,000	
Jan Muhammad Imran		2,096,996	
Musawar Hussain		2,237,363	
Spintex Enterprises (pvt) Limited		2,018,293	
Spintex Enterprises (pvt) Limited		2,461,700	
Tasbiha Sarfaraz		2,264,500	
Mohammad Sarfaraz		1,363,955	
Salim Sozer Securities (pvt) Ltd		1,266,056	



www.jamapunji.pk



**Be aware, Be alert,  
Be safe**  
Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- 🔍 Licensed Entities Verification
- 🚫 Scam meter\*
- 🎮 Jamapunji games\*
- 📄 Tax credit calculator\*
- 🔍 Company Verification
- 📋 Insurance & Investment Checklist
- 🗨️ FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📊 Financial calculator
- 📧 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📝 Online Quizzes

Jama Punji is an Investor Education Member of Securities and Exchange Commission of Pakistan

Mobile apps are also available for download for android and ios devices



## راوی ٹیکسٹائل ملز لمیٹڈ

پراکسی فارم (مختار نامہ)

حصہ دار (شیر ہولڈنگ)	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	سب اکاؤنٹ (ذیلی کھاتہ) نمبر	سی ڈی سی شرکت آئی ڈی نمبر

میں/ہم  
ساکن  
بحیثیت رکن راوی ٹیکسٹائل ملز لمیٹڈ، محترم/محترمہ  
اس کی غیر موجودگی میں

(بحیثیت کھنی کے رکن) کو اپنے/ہمارے ایما، پر مورخہ 28 اکتوبر، 2019 بروز سوموار صبح 09:00 بجے بمقام کھنی کے رجسٹرڈ آفس بنگلہ نمبر 120، ڈیفنس آفیسر ہاؤسنگ، شیر شاہ روڈ، ملتان پر منعقد ہونے والے راوی ٹیکسٹائل ملز لمیٹڈ کے 33 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تفریر اور شرکت کرنے یا کسی بھی التوا کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرنا ہوں/کرتے ہیں۔  
آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2019ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

### گواہان

51- روپے کارسیدی گٹ یہاں چسپاں کریں	1:	دستخط:	_____
	نام:	_____	_____
دستخط رکن کھنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔	2:	دستخط:	_____
	نام:	_____	_____
		کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:	_____
		کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:	_____

### نوٹ:

- اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔
- پراکسی اور مختار نامہ یا دیگر تھرائٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹری مصدقہ کاپی، کھنی کے رجسٹرڈ آفس بنگلہ نمبر 120، ڈیفنس آفیسر ہاؤسنگ، شیر شاہ روڈ، ملتان میں اجلاس منعقد ہونے سے کم از کم 48 (اٹنالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔
- سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسی تقرری کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔
  - بصورت افراد، اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر جن کی سیکورٹیز اینڈ ایکسچینج کمیشن تفصیلات تو اعداد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرنا ہونگے۔
  - پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
  - تین فیصل اور زاور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرنا ہونگی۔
  - پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔
  - بصورت کارپوریٹ اینٹیٹی، بورڈ کی قرارداد/مختار نامہ مع پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کھنی میں جمع کرنا ہوگا۔