



RUBY TEXTILE MILLS LTD.,

35-Industrial Area, Gulberg -III, LAHORE-54660, PAKISTAN. Ph:(+92-42) 3576-1243-44, 3571-4601
Fax: (+92-42) 3576-1222, 3571-1400, E-mail: cfo@rubytexlile.com.pk ,info@rubytexlile.com.pk



Hafiz Maqsood Munshi,
Manager,
Companies and Securities Compliance-RAD,
Stock Exchange Building,
Karachi.

October 23, 2020

Subject: **Independent Audit Report for the year ended June 30, 2020**

Dear Sir,

This refers to your office letter No. PSX/Gen-2050 of October 20, 2020 by which your office has sought clarification and explanation on the matter of adverse audit report by the external auditor in their report on the financial statement for the financial year 2020 and your office has quoted the listed regulation clause 5.11.1 read with sub-clauses (a and b) of said regulation.

In this context, we would like to submit that management has disclosed matter of uncertainty in note No. 1.2 of the financial statement, and due to spread of Covid-19, the company operation was closed to avoid cash losses. The management in Director's Report has also explained that the liquidity issue company would be resolved in the foreseeable future. The management has entered into settlement of foreign liability and financial gain on settlement along with restructuring the payment terms account for Rs.113.158 million and the sponsoring directors are extending continuous financial support to run and revive the company operation at viable position.

As far as the matter of adverse opinion by the external auditor is concern, it seems that the auditors have expressed adverse opinion being an over conscious approach; due to Covid-19 impact on the industrial, closure of the mill, its current liabilities exceed current assets by Rs.135.39 million and limited working capital limits available from banks.

Whereas, it is evident the company overall equity is positive and overall assets exceeds liabilities by Rs.685 million and the company restarted its operation on September 01, 2020 and along with management continuous efforts to revive the company operation at optimum level.

Further, it is submitted that your office has quoted the listed regulation clause 5.11.1 read with sub-clauses (a and b) of said regulation for reference, we would



RUBY TEXTILE MILLS LTD.,

35-Industrial Area, Gulberg -III, LAHORE-54660, PAKISTAN. Ph:(+92-42) 3576-1243-44, 3571-4601
Fax: (+92-42) 3576-1222, 3571-1400, E-mail: cfo@rubytextile.com.pk ,info@rubytextile.com.pk



like to submit that the same are not applicable on our case, as the clause 5.11.1(a) relates to the failure in start of commercial production or business operation within 90 days as disclosed in prospectus and clause (b) relates to the suspension of principal line of business operation for continuous period of one year. Whereas in our company case, we have closed operation due to Govt. policy of lock down under Covid-19 situation. Once that lock down lifted, we have started BMR and maintenance. Soon after that, we started operation on September 01, 2020. So, both referred clauses are not applicable on our company case.

Furthermore, the management hereby undertakes and affirm that management is making concentrated efforts to make the unit operative with utilization of all possible resources to revive the company and expects that uncertainty factors prevailing the financial year 2020 would be resolved and the company financial results would be helpful and would provide justification to satisfy the auditor and expects that the matter of going concern did not prevail in the foreseeable future.

We hope that the above clarification and explanation would suffice.

Thanking you,

Yours truly,

(Noor Elahi)
Chief Executive

Cc to:-

The Director (CSD)-SECP
The Additional Director (AD-SMD)-SECP
The Acting Chief Regulatory Officer-PSX
M/s Aslam Malik & Co.