

CONDENSED  
INTERIM FINANCIAL  
STATEMENTS  
HALF YEAR ENDED  
**31 DECEMBER 2019**  
UN-AUDITED



Ravi Textile Mills Limited

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mohammad Waseem-ur-Rehman  
Aftab Sarwar  
Tahir Majeed  
Muhammad Riaz  
Muhammad Shahid  
Aamir Khurshid Chandia  
Waseem Ejaz

(Chief Executive)  
(Chairman)

### AUDIT COMMITTEE

Tahir Majeed  
Muhammad Riaz  
Aftab Sarwar

(Non - Executive Director)  
(Non - Executive Director)  
(Non - Executive Director)

Chairman  
Member  
Member

### HR & R COMMITTEE

Muhammad Shahid  
Tahir Majeed  
Muhammad Riaz

(Non - Executive Director)  
(Non - Executive Director)  
(Non - Executive Director)

Chairman  
Member  
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

Bank Alfalah Limited  
Habib Metropolitan Bank Limited

### REGISTERED OFFICE

Bungalow No.120 Defence Officers Housing  
Scheme, Sher Shah Road, Multan Cantt. Multan  
Phone: 92-61-4503620 - 30  
Fax: 92-61-4503640  
E-mail: [info@ravitextile.com](mailto:info@ravitextile.com)  
Web: [www.ravitextile.com](http://www.ravitextile.com)

### SHARE REGISTRAR

Hameed Majeed Associates (Pvt) Limited  
H.M House 7-Bank square, Lahore.  
Tel: 92-42 37235081-82



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## DIRECTORS' REPORT

The results under review for the half year ended 31 December 2019 show that the company has earned net profit of Rs. 2.693 million due to profit on saving bank account, after accounting for administrative and general expenses amounted to Rs. 4.182 million, other expenses amounted to Rs.0.333 million and finance cost amounted to Rs. 0.521 million against corresponding period net loss of Rs. 6.944 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. 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 remaining proceeds from disposal of assets, if any after payment of liabilities of the Company. In view of the uncertainties explained below, the Company is not considered a going concern.

### 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. Details of disposal are as under:

	Sale price	Carrying value	Gain on disposal	Purchaser
	-----Rupees-----			
Freehold land	150,000,000	119,790,000	30,210,000	Waqas Rafique International - Assets Sale and Purchase Agreement dated 26 February 2019
Buildings on freehold land	100,000,000	49,073,326	50,926,674	
Plant and machinery	46,743,308	22,241,610	24,501,698	
Factory tools and equipment	58,333	58,333	-	
Electric fittings and installations	3,168,020	3,168,020	-	
Furniture, fixtures and office equipment	30,339	30,339	-	
	300,000,000	194,361,628	105,638,372	
Vehicle	1,200,000	625,603	574,397	Mr. Muhammad Yasir, Faisalabad
	301,200,000	194,987,231	106,212,769	

There is no remaining fixed asset of the Company after the aforesaid disposals. As part of the implementation of alternative business plan, settlement and payments to the banks amounted to Rs. 72.309 million, payments of trade payables amounted to Rs. 84.617 million including payment due to associated company of Rs. 64.000 million, security deposit of Rs.1.000 million and administrative and general expense payments amounted to Rs. 7.531 million till the date of this report.

The board of directors of the Company in their meeting held on 08 October 2019 approved to obtain a cotton ginning factory in Basti Mithu, Tehsil Shujaabad, District Multan on lease. Hence, lease agreement with M/s Ali Cotton Industries has been signed and refundable / adjustable security deposit of Rupees 1,000,000 has been made to the lessor. The cotton ginning factory under reference shall be handed over to the Company by March 2020 in time to make necessary repairs and maintenance for commencement of cotton ginning operations from the start of cotton ginning season commencing September 2020. This lease agreement would be operative for a period of five years commencing from 1<sup>st</sup> day of September 2020. The roll out of future business plan is dependent upon remaining proceeds from disposal of assets, if any after payment of liabilities of the Company. Further, as stated aforesaid, the cotton ginning factory under reference is yet to be handed over to the Company and if handed over in time shall require significant investment by the Company on necessary repairs and maintenance for commencement of cotton ginning operations from the start of cotton ginning season commencing September 2020.

For and on behalf of the board

Multan:  
28<sup>th</sup> February, 2020

**Muhammad Waseem ur Rehman**  
Chief Executive

Director

## ڈائریکٹر رپورٹ

نتیجہ زیر غور آدھا سال ختم ہوا 31 دسمبر 2019 ظاہر کرتا ہے کہ کمپنی نے صاف منافع کمایا روپے 2,693 ملین بچہ منافع سیویک بینک اکاؤنٹ بعد منتہا انتظامی اور عام اخراجات 1,482 ملین روپے، دوسرے اخراجات رقم 0.333 ملین روپے اور مالیاتی اخراجات رقم 0.521 ملین روپے ہے بمقابلہ گذشتہ آدھا سال صاف منافع 6,944 ملین روپے۔ طرکو چلانے کی کاروائی سال 30 جون 2015 میں تھی جو کہ تین سال سے زیادہ عرصہ گزارنے کے بعد ڈائریکٹر ان کے کمپنی کو قرضہ سے کٹتی 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 بچہ دھاکے کی مارکیٹ کی معاشی بحالی، بڑی ہوئی بجلی کی قیمت، بڑھے ہوئے ٹیکسوں کے مالی اخراجات اور کمپنی کی سبکری 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 میسرز وقاص انٹرنیشنل کیساتھ مورخہ 26 فروری 2019 میں کیا۔ اثاثوں کی کل قیمت سوائے موٹر کار ماہین فریقین معاہدہ فروخت و خرید مورخہ 26 فروری 2019 مبلغ 300,000,000 ملین روپے ملے پائی۔ کمپنی نے پوری قیمت ملے 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 الادا ادائیگیاں کو ادا کر کے کم کیا ہے۔ بینکوں کے قرضوں کو معاہدہ وصول کر چکی ہے اور ادا کر دیا ہے اور بقایا رقم کمپنی کے منافع بخش بینک اکاؤنٹ میں موجود ہے۔ درج ذیل اگلی شرحہ میں اثاثہ جات فروخت کے متعلق اور مذکورہ کاروباری منصوبے کی کارکردگی موجودہ صورت حال یا بات واضح کرتی ہے کہ کمپنی کا مستقبل اثاثہ جات کی فروخت سے حاصل شدہ رقم سے واجب الادا ادائیگیوں کو ادا کرنے کے بعد اگر کوئی رقم بچ جائے والی رقم پر منحصر ہے۔ ان غیر یقینی حالات درج ذیل بیان کیا، کو مد نظر رکھ کر کمپنی کو غیر فعال تصور کیا ہے۔

### اثاثوں کی فروخت اور ملز در آمد کاروباری منصوبہ کی صورتحال

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

کمپنی نے اثاثوں کی فروخت و خرید کا معاہدہ میسرز وقاص انٹرنیشنل کیساتھ مورخہ 26 فروری 2019 میں کیا۔ اثاثوں کی کل قیمت سوائے موٹر کار ماہین فریقین معاہدہ فروخت و خرید مورخہ 26 فروری 2019 مبلغ 300,000,000 ملین روپے ملے پائی۔ کمپنی نے پوری قیمت ملے 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 الادا ادائیگیاں کو ادا کر کے کم کیا ہے۔ بینکوں کے قرضوں کو معاہدہ وصول کر چکی ہے اور ادا کر دیا ہے اور بقایا رقم کمپنی کے منافع بخش بینک اکاؤنٹ میں موجود ہے۔ اثاثوں کی فروخت کی تفصیل درج ذیل ہے۔

	Sale price	Carrying value	Gain on disposal	Purchaser
	-----Rupees-----			
Freehold land	150,000,000	119,790,000	30,210,000	Waqas Rafique International -
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Factory tools and equipment	58,333	58,333	-	2019
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	300,000,000	194,361,628	105,638,372	
Vehicle	1,200,000	625,603	574,397	Mr. Muhammad Yasir, Faisalabad
	301,200,000	194,987,231	106,212,769	

اثاثوں کی فروخت کے بعد سے اب کمپنی کے پاس کوئی غیر متحرک اثاثہ نہیں ہے۔ متبادل کاروبار کے حصے کی تکمیل کے لیے بینکوں کو ادا کی گئی رقم 72.309 ملین روپے، ادائیگی برائے کاروباری لین دین رقم 84.617 ملین روپے بشمول ایسوی ایشن کمپنی رقم 64.000 ملین روپے، سیکیورٹی ڈپازٹ رقم 1.000 ملین روپے اور انتظامی اور جنرل اخراجات رقم 7.531 ملین روپے ادا ہو چکے ہیں آج تک کی رپورٹ کے مطابق۔

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنی میٹنگ مورخہ 108 اکتوبر 2019 میں منظور کیا کہ کمپنی تحصیل شجاع آباد سٹی مشعل ملتان میں کاش جینٹل فیکٹری کو (Lease) لیز پر حاصل کرے۔ اسلئے لیز معاہدہ (Lease Agreement) کا معاہدہ میسرز علی کاش انڈسٹری سے کیا جا چکا ہے اور اس کے لیے رقم 1,000,000 روپے لیسر (Lessor) کو ادا کی جو کہ قابل واپسی / قابل تصفیہ ہے۔ کاش جینٹل فیکٹری زیر بحث کمپنی کو مارچ 2020 تک ملے گی جس پر ضروری مرمت اور قابل استعمال بنانے کی شروعات ہوگی جس سے کاش جینٹل کی کاروائی جینٹل کے موسم ستمبر 2020 سے شروع ہو سکے۔ یہ لیز معاہدہ (Lease Agreement) پانچ سال کے لیے ملے گا اور کہ ستمبر 2020 سے شروع ہوگا۔ کمپنی کے سنے کاروبار کے مستقبل کی کاروباری منصوبہ پر منحصر ہے جو کہ اثاثوں کی فروخت سے حاصل شدہ رقم سے کمپنی کی قابل ادائیگیوں سے اگر کوئی رقم بچ جائے والی رقم پر منحصر ہے۔ مزید، بیان کیا جا چکا ہے کہ کاش جینٹل فیکٹری زیر بحث ابھی کمپنی کو ملنی ہے اور اگر یہ وقت پہلے سے تو اس پر کمپنی ضروری مرمت اور قابل استعمال بنانے کی شروعات خاطر خواہ رقم سے کرے گی تاکہ کاش جینٹل کی کاروائی جینٹل کے موسم ستمبر 2020 میں شروع ہو۔

منجانب بورڈ

محمد وسیم الرحمن

(چیف ایگزیکٹو)

(ڈائریکٹر)

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF RAVI TEXTILE MILLS LIMITED  
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of RAVI TEXTILE MILLS LIMITED as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2019.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Emphasis of matter**

We draw attention to Note 1.2 to the condensed interim financial statements, which states that the company is no longer a going concern, therefore, these condensed interim 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 condensed interim financial statements. Our conclusion is not qualified in respect of this matter.

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

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore

Date: 28 February, 2020

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
Note		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorised share capital</b>		
30,000,000 (30 June 2019: 30,000,000) ordinary shares of Rupees 10 each	300,000,000	300,000,000
<b>Issued, subscribed and paid-up share capital</b>		
25,000,000 (30 June 2019: 25,000,000) ordinary shares of Rupees 10 each	250,000,000	250,000,000
<b>Capital reserve</b>	-	-
<b>Revenue reserve - general reserve</b>	9,000,000	9,000,000
<b>Accumulated loss</b>	(334,156,485)	(336,849,780)
<b>Total equity</b>	(75,156,485)	(77,849,780)
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITY</b>		
Employees' retirement benefit	3,486,901	3,231,915
<b>CURRENT LIABILITIES</b>		
Trade and other payables	122,809,730	131,847,804
Accrued mark-up	850,000	850,000
Loan from ex-chief executive	832,223	832,223
Loans from directors	66,586,220	66,586,220
Loans from ex-director	25,200,000	25,200,000
Unclaimed dividend	1,034,090	1,034,090
Provision for taxation	6,101,657	5,317,100
<b>Total liabilities</b>	223,413,920	231,667,437
<b>CONTINGENCIES AND COMMITMENTS</b>	226,900,821	234,899,352
<b>TOTAL EQUITY AND LIABILITIES</b>	151,744,336	157,049,572

The annexed notes form an integral part of these condensed interim financial statements

Chief Executive

Director

Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Un-audited 31 December 2019	Audited 30 June 2019
Note	Rupees	Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSET</b>		
Long term security deposits	1,115,000	115,000
<b>CURRENT ASSETS</b>		
Advances	2,504,231	1,771,827
Other receivables	1,559,903	2,319,386
Short term investment	913,169	870,749
Cash and bank balances	145,652,033	151,972,610
	150,629,336	156,934,572
<b>TOTAL ASSETS</b>	<b>151,744,336</b>	<b>157,049,572</b>

The annexed notes form an integral part of these condensed interim financial statements

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

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

**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Rupees	Rupees	Rupees	Rupees
SALES	-	-	-	-
COST OF SALES	-	-	-	-
GROSS PROFIT	-	-	-	-
ADMINISTRATIVE AND GENERAL EXPENSES	(4,182,285)	(6,507,361)	(2,235,283)	(3,158,516)
OTHER EXPENSES	(333,083)	-	(112,781)	-
	(4,515,368)	(6,507,361)	(2,348,064)	(3,158,516)
	(4,515,368)	(6,507,361)	(2,348,064)	(3,158,516)
OTHER INCOME	9,163,026	-	4,623,045	-
PROFIT / (LOSS) FROM OPERATIONS	4,647,658	(6,507,361)	2,274,981	(3,158,516)
FINANCE COST	(520,653)	(436,350)	(252,780)	381,379
PROFIT / (LOSS) BEFORE TAXATION	4,127,005	(6,943,711)	2,022,201	(2,777,137)
TAXATION	(1,433,710)	-	(37,710)	-
PROFIT / (LOSS) AFTER TAXATION	2,693,295	(6,943,711)	1,984,491	(2,777,137)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	0.11	(0.28)	0.08	(0.11)

The annexed notes form an integral part of these condensed interim financial statements

Chief Executive

Director

Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Rupees	Rupees	Rupees	Rupees
PROFIT / (LOSS) AFTER TAXATION	2,693,295	(6,943,711)	1,984,491	(2,777,137)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>2,693,295</b>	<b>(6,943,711)</b>	<b>1,984,491</b>	<b>(2,777,137)</b>

The annexed notes form an integral part of these condensed interim financial statements

Chief Executive

Director

Chief Financial Officer



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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
	Surplus on revaluation of operating fixed assets-net of tax	General reserve		

-----Rupees-----

<b>Balance as at 30 June 2018 (Audited)</b>	250,000,000	147,402,574	9,000,000	(586,759,690)	(180,357,116)
Loss for the half year ended 31 December 2018	-	-	-	(6,943,711)	(6,943,711)
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2018	-	-	-	(6,943,711)	(6,943,711)
<b>Balance as at 31 December 2018 (Un-audited)</b>	250,000,000	147,402,574	9,000,000	(593,703,401)	(187,300,827)
Transferred from surplus on revaluation of operating fixed assets - net of deferred income	-	(147,402,574)	-	147,402,574	-
Profit for the half year ended 30 June 2019	-	-	-	108,899,956	108,899,956
Other comprehensive income for the half year ended 30 June 2019	-	-	-	551,091	551,091
Total comprehensive income for the half year ended 30 June 2019	-	-	-	109,451,047	109,451,047
<b>Balance as at 30 June 2019 (Audited)</b>	250,000,000	-	9,000,000	(336,849,780)	(77,849,780)
Profit for the half year ended 31 December 2019	-	-	-	2,693,295	2,693,295
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2019	-	-	-	2,693,295	2,693,295
<b>Balance as at 31 December 2019 (Un-audited)</b>	250,000,000	-	9,000,000	(334,156,485)	(75,156,485)

The annexed notes form an integral part of these condensed interim financial statements

Chief Executive

Director

Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**CASH FLOW FROM OPERATING ACTIVITIES**

	HALF YEAR ENDED	
	31 December 2019	31 December 2018
	Rupees	Rupees
<b>Profit / (loss) before taxation</b>	4,127,005	(6,943,711)
<b>Adjustment for non-cash charges and other items:</b>		
Profit on term deposit receipt	(42,420)	-
Provision for employees' retirement benefit	254,986	278,594
Finance cost	520,653	436,350
<b>Cash generated from / (used in) operating activities before working capital changes</b>	4,860,224	(6,228,767)
<b>(Increase) / decrease in current assets</b>		
Advances	(35,500)	(28,534)
Other receivables	759,483	-
<b>(Decrease) / increase in trade and other payables</b>	(9,038,074)	16,310,072
<b>Effect on cash flows due to working capital changes</b>	(8,314,091)	16,281,538
<b>Cash (used in) / generated from operations</b>	(3,453,867)	10,052,771
Finance cost paid	(520,653)	(69,712)
Income tax paid	(1,346,057)	-
	(1,866,710)	(69,712)
<b>Net cash (used in) / generated from operating activities</b>	(5,320,577)	9,983,059

**CASH FLOWS FROM INVESTING ACTIVITIES**

Increase in long term security deposits	(1,000,000)	-
<b>Net cash used in investing activities</b>	(1,000,000)	-

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of long term financing	-	(1,500,000)
<b>Net cash used in financing activities</b>	-	(1,500,000)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(6,320,577)	8,483,059
<b>Cash and cash equivalents at the beginning of the period</b>	151,972,610	1,545,458
<b>Cash and cash equivalents at the end of the period</b>	145,652,033	10,028,517

The annexed notes form an integral part of these condensed interim financial statements

Chief Executive

Director

Chief Financial Officer

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

FOR THE HALF YEAR ENDED 31 DECEMBER 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 Banglow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt. The object of the Company was manufacturing and trading of yarn.

## 1.2 Non-going concern basis of accounting

Accumulated losses of the Company as on the reporting date are Rupees 334.156 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.

The board of directors of the Company in their meeting held on 08 October 2019 approved to obtain a cotton ginning factory in Basti Mithu, Tehsil Shujaabad, District Multan on lease. Hence, lease agreement with M/s Ali Cotton Industries has been signed and refundable / adjustable security deposit of Rupees 1,000,000 has been made to the lessor. The cotton ginning factory under reference shall be handed over to the Company by March 2020 in time to make necessary repairs and maintenance for commencement of cotton ginning operations from the start of cotton ginning season commencing September 2020. This lease agreement would be operative for a period of five years commencing from 1<sup>st</sup> day of September 2020.

The roll out of future business plan is dependent upon remaining proceeds from disposal of assets, if any after payment of liabilities of the Company. Further, as stated aforesaid, the cotton ginning factory under reference is yet to be handed over to the Company and if handed over in time shall require significant investment by the Company on necessary repairs and maintenance for commencement of cotton ginning operations from the start of cotton ginning season commencing September 2020.

In view of the aforesaid reasons, the Company is not considered a going concern. These condensed interim 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 BASIS OF PREPARATION

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

## **2.3 ACCOUNTING CONVENTION**

These condensed interim 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.

## **3 ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019. The Company has adopted IFRS 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. Although, the Company has signed a lease agreement for cotton ginning factory but the underlying asset is expected to be made available for use by the Company by end of March 2020. Hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and has not affected the current period.

## **3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim 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.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

## **4 CONTINGENCIES AND COMMITMENTS**

There is no change in the status of contingencies and commitments since the preceding annual published financial statements of the Company for the year ended 30 June 2019.

## **5 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 classifies 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.

## 6 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

### i. Transactions

(Un-audited)			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2019	31 December 2018	31 December 2019	31 December 2018

----- Rupees -----

#### Associated company

Funds received	120,695	5,804,788	28,934	2,796,032
Funds repaid	19,651	25,571	19,651	25,571

#### Other related parties

Remuneration to key management

personnel	753,500	870,000	375,353	349,792
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Un-audited	Audited
31 December 2019	30 June 2019

.....Rupees.....

### ii. Period end balances

Payable to associated company	40,028,450	39,927,406
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## 7 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

## 8 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 28 February, 2020.

**9 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

**10 GENERAL**

Figures have been rounded off to the nearest of Rupee unless otherwise stated.

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