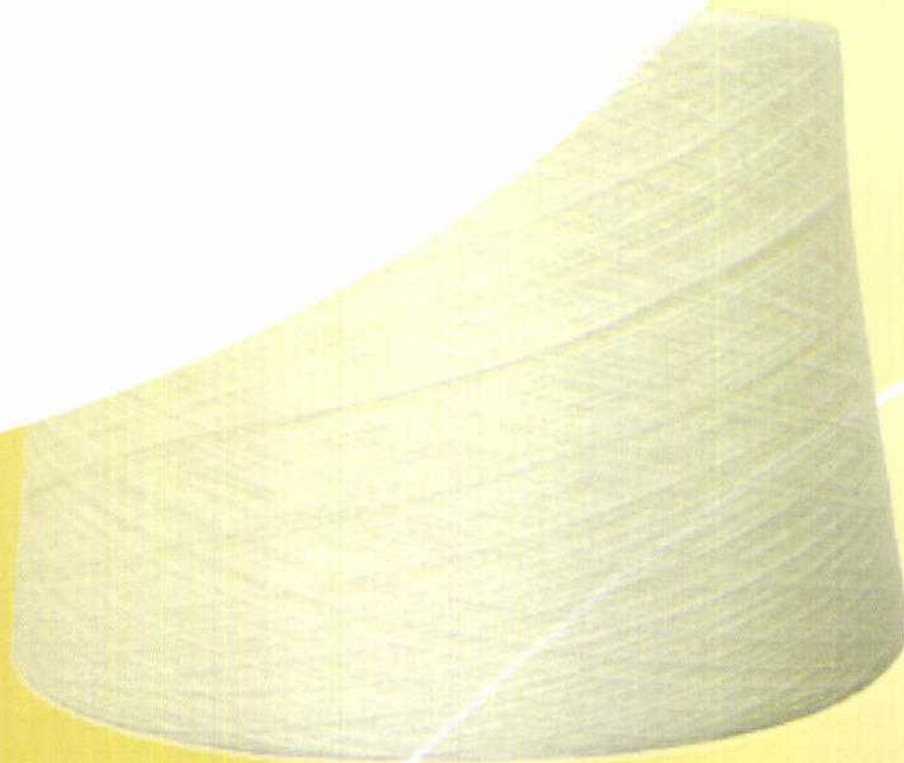




RAVI TEXTILE MILLS LIMITED



**Annual Report
2015**

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RAVI TEXTILE MILLS LIMITED

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Corporate Information

BOARD OF DIRECTORS

Muhammad Waseem-ur-Rehman	(Chief Executive)
Aftab Sarwar	
Tahir Majeed	
Muhammad Riaz	
Muhammad Shahid	
Aamir Khurshid Chandia	
Shahbaz Manzoor	

AUDIT COMMITTEE

Muhammad Shahid Iqbal	(Independent Director)	Chairman
Muhammad Riaz	(Non-Executive Director)	Member
Aftab Sarwar	(Independent Director)	Member

HR & R COMMITTEE

Tahir Majeed	(Independent Director)	Chairman
Muhammad Shahid	(Independent Director)	Member
Muhammad Riaz	(Non-Executive Director)	Member

CORPORATE 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
NIB Bank 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 29th Annual General Meeting of Shareholders of Ravi Textile Mills Limited will be held on Saturday 31st October, 2015 at 11:00 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 Extra Ordinary General Meeting of the shareholders of the company held on 16th May, 2015.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2015 together with Directors' and Auditors' reports thereon.
3. To appoint external Auditor for the next year ending June 30, 2016 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:
07th October, 2015.

MUNSAF KHAN
Corporate Secretary

Notes:

1. The Members' Register will remain closed from 24th October, 2015 to 31st October 2015 (both days inclusive). Transfers received of the registered office of the company by the close of business on 23rd October 2015 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. Shareholders are requested to immediately notify the change in address, if any.
4. 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:
5. 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, 2015 along with Auditors' and Directors' Report thereon have been placed on the company website: 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.

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, 2015.

Performance Review

The company has suffered net loss Rs. 66.689 million after accounting for depreciation Rs. 20.697 million, distribution cost Rs.0.345 million, administrative expenses Rs. 11.945 million, other expenses Rs. 0.069 million and finance cost Rs. 10.251 million as compared, to last corresponding year's net loss of Rs. 44.960 million. The operations of the mill were resumed during the year after more than three years suspension, with the support of directors' loans. The management of the Company has successfully negotiated with its banks for restructuring of its debt. Although resumption of mill operations and debt restructuring were critical for the Company but it is beyond the control of the existing management of the Company to run the Company at an economically viable level due to unfavorable circumstances prevailing in the yarn market, squeezed liquidity position of the company and non-availability of fresh credit facilities from the banks to continue the business operation. Therefore the company faced closure of mill operations again at start of August 2015.

Certain purchasers have executed a share purchase agreement (SPA) dated 13 January 2015 with major shareholders of the Company to acquire 57.42% of issued ordinary share capital of the Company. Subsequent to the Balance Sheet date, on 23 September 2015, the purchasers have also made public announcement of offer to acquire up to 5,322,347 ordinary shares of the Company comprising 21.289% of the total issued ordinary share capital of the Company at an offer price of Rupees 3.50 per share pursuant to the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008. Necessary legal and other requirements / formalities and conditions are being fulfilled.

Keeping in view the above, the existence of material uncertainty is prevailing which cast doubt about the company's ability to continue as a going concern.

Future Prospects

The 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 operation of the company unviable.

Loss per Share

Based on net loss for the year ended 30 June 2015, the loss per share for the year ended 30 June 2015 is Rs. 2.67 as compared to loss per share of Rs. 1.80 in the preceding year ended 30 June 2014.

Key Operating and Financial Data

Last six years data is annexed.

Dividends

Due to the loss for the current year 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 236(2) of the Companies Ordinance, 1984 along with additional information as required by the code of corporate governance.

Directors' Report to the Shareholders

Board Meetings

Six (6) meetings were held from 01 July, 2014 to 30 June 2015 and attended by the directors as follows.

NAME OF THE DIRECTORS	DESIGNATION	TOTAL ATTENDANCES
Muhammad Waseem ur Rehman	Chief Executive Officer	6
Aftab Sarwar	Chairman	6
Tahir Majeed	Director	6
Muhammad Shahid	Director	6
Muhammad Riaz	Director	6
Aamir Khurshid Chandia	Director	6
Shahbaz Manzoor	Director	5

Audit Committee Meetings

Four (4) meetings were held from 01 July, 2014 to 30 June 2015 and attended by the members as follows.

NAME OF THE MEMBERS	DESIGNATION	TOTAL ATTENDANCES
Muhammad Shahid	(Independent Director/ Chairman)	4
Aftab Sarwar	(Independent Director/ Member)	4
Muhammad Riaz	(Non-Executive Director/ Member)	4

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, 2016.

Corporate Governance

As required by the Code of Corporate Governance, 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 management has changed its basis of accounting, therefore, the financial statements have been drawn on estimated realizable (settlement) value of asset and liabilities respectively in addition to the historical cost convention.

Directors' Report to the Shareholders

- b. Proper books of accounts have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. 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.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. 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.
- g. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations of the stock exchanges.

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

Multan: October 07, 2015

Six Years at a Glance

(Rs. in '000)

	2015	2014	2013	2012	2011	2010
Sales	258,033	-	-	-	194,122	432,368
Cost of Sales	(346,762)	-	-	-	(235,558)	(452,614)
Gross Profit(Loss)	(88,729)	-	-	-	(41,436)	(20,246)
Administrative General Expenses	(12,291)	(37,875)	(26,842)	(31,071)	(11,801)	(13,434)
Other Expenses	(69)	(4,631)	(898)	(6,845)	(41,160)	(87)
Finance Cost	(10,251)	(9,791)	(10,194)	(11,153)	(13,406)	(12,644)
Other Income	43,419	5,368	7,260	9,506	3,065	10,331
Profit(Loss) before taxation	(67,921)	(46,929)	(30,674)	(39,563)	(104,738)	(36,080)
Provision for taxation	1,232	1,969	-	19	(19)	(60)
Profit(Loss) after taxation	(66,689)	(44,960)	(30,674)	(39,544)	(104,757)	(36,140)
Balance Sheet						
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	(477,373)	(414,980)	(373,842)	(349,083)	(314,509)	(214,957)
Share Deposit Money	-	-	-	-	-	-
Surplus on revaluation of Assets	182,376	187,751	188,034	193,949	173,439	160,387
Shareholders' Equity	(35,997)	(31,771)	(73,192)	(90,083)	(55,509)	204,430
Long Term Obligation	-	-	-	-	-	57,526
Current Liability and Provision	(345,454)	(247,796)	(219,979)	(207,512)	(195,239)	142,467
Total	35,997	31,771	73,192	103,866	117,930	404,423
Fixed Assets – Tangible	252,835	271,711	281,190	301,603	299,999	286,287
Long Term Security Deposits	-	-	-	-	-	243
Current Assets	56,622	7,856	11,981	9,775	13,170	117,893
Total	35,997	31,771	73,192	103,866	117,930	404,423

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 compete with work of any customer or supplier of Ravi Textile Mills Ltd. and to hold any interest in a customer, supplier, agent or competitor.

Statement of Compliance with the Code of Corporate Governance for the year ended 30 June 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange Ltd and Lahore Stock Exchange Ltd for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors. At present the board includes:

Category	Names
Independent Directors	Mr. Aftab Sarwar Mr. Tahir Majeed Mr. Mohammad Shahid
Executive Director	Mr. Mohammad Waseem Ur Rehman
Non-Executive Directors	Mr. Aamir Khurshid Chandia Mr. Mohammad Riaz Mr. Shahbaz Manzoor

The independent directors meet the criteria of independence as required under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board was filled up by the directors within the stipulated time.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses. In this regard two directors of the company have obtained mandatory certification under directors training program offered by Institutions specified by the SECP under clause (xi) of the CCG.

Statement of Compliance with the Code of Corporate Governance for the year ended 30 June 2015

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made by the Board during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of 3 members, of whom 2 are independent directors and one is non-executive director and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter for the review of interim and final results prior to the approval by the Board of Directors. The terms of reference of the committee have been approved by the Board and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises of 3 members, of whom two are independent directors and one is non-executive director and the chairman of the committee is an independent director.
18. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material requirements of the CCG have been complied with.

For and on behalf of the Board

Multan
07 October 2015

(MOHAMMAD WASEEM UR REHMAN)
CHIEF EXECUTIVE OFFICER
C.N.I.C. # 61101-1886412-1

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of RAVI TEXTILE MILLS LIMITED ("the Company") for the year ended 30 June 2015, to comply with the requirements of Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instance of non-compliance with the requirement of the Code was observed which is not stated in the Statement of Compliance:

(I) The board of directors of the Company has not put in place a mechanism for an annual evaluation of the board's own performance as required by clause (v)(e) of the Code.

Based on our review, except for the above instance 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: October 07, 2015

Lahore

Ravi Textile Mills Limited

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of RAVI TEXTILE MILLS LIMITED as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2015 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to Note No. 1.2 to the financial statements, which states that these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively in addition to historical cost convention as the company is no longer a going concern for the reasons stated in the aforesaid note. Our opinion is not qualified in respect of this matter.

RIAZ AHMAD & COMPANY

Chartered Accountants

Name of engagement partner:

Mubashar Mehmood

Date: October 07, 2015

LAHORE

Balance Sheet as at 30 June 2015

	Note	2015		2014	
		Book Value	Estimated realisable / settlement value	Book Value	Estimated realisable / settlement value
		Rupees	Rupees	Rupees	Rupees
ASSETS					
Bank balances on current accounts		3,728,719	3,728,719	163,152	163,152
Other receivable	3	-	-	-	-
Advances	4	2,262,188	2,262,188	2,157,409	2,157,409
Sales tax refundable		-	-	448,461	448,461
Trade debts - unsecured, considered good		17,431,246	17,431,246	-	-
Stock-in-trade	5	29,113,046	29,113,046	-	-
Stores, spare parts and loose tools	6	3,696,825	3,696,825	4,756,507	4,756,507
Security deposits		390,340	390,340	330,340	330,340
Property, plant and equipment	7	252,835,516	252,835,516	271,711,662	271,711,662
TOTAL ASSETS		309,457,880	309,457,880	279,567,531	279,567,531
LIABILITIES					
Trade and other payables	8	169,831,560	169,831,560	47,281,065	47,281,065
Accrued mark-up	9	40,806	40,806	68,262,853	68,262,853
Short term borrowings	10	-	-	83,648,674	83,648,674
Loan from ex-chief executive	11	832,223	832,223	832,223	832,223
Loans from directors	12	91,786,220	91,786,220	46,161,220	46,161,220
Long term financing	13	80,929,218	80,929,218	-	-
Deferred income tax liability	14	21,557,660	-	24,347,097	-
Employees' retirement benefit	15	3,071,084	2,034,590	1,610,090	1,610,090
TOTAL LIABILITIES		368,048,771	345,454,617	272,143,222	247,796,125
NET ASSETS		(58,590,891)	(35,996,737)	7,424,309	31,771,406
TOTAL LIABILITIES					
Authorized share capital	16	300,000,000	300,000,000	300,000,000	300,000,000
Issued, subscribed and paid-up share capital	17	250,000,000	250,000,000	250,000,000	250,000,000
Revenue reserve - general reserve		9,000,000	9,000,000	9,000,000	9,000,000
Accumulated loss		(477,372,905)	(477,372,905)	(414,979,670)	(414,979,670)
Total equity		(218,372,905)	(218,372,905)	(155,979,670)	(155,979,670)
Net surplus on estimated realisable / settlement values		-	182,376,168	-	187,751,076
Surplus on revaluation of operating fixed assets	18	159,782,014	-	163,403,979	-
Contingencies and commitments	19	-	-	-	-
		(58,590,891)	(35,996,737)	7,424,309	31,771,406

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

CHIEF EXECUTIVE

DIRECTOR

Ravi Textile Mills Limited

Profit and Loss Account for the year ended 30 June 2015

	Note	2015 Rupees	2014 Rupees
SALES	20	258,033,108	-
COST OF SALES	21	(346,762,292)	-
GROSS LOSS		(88,729,184)	-
DISTRIBUTION COST	22	(345,349)	-
ADMINISTRATIVE EXPENSES	23	(11,945,297)	(37,874,870)
OTHER EXPENSES	24	(68,669)	(4,631,253)
		(12,359,315)	(42,506,123)
		(101,088,499)	(42,506,123)
OTHER INCOME	25	43,418,928	5,368,195
LOSS FROM OPERATIONS		(57,669,571)	(37,137,928)
FINANCE COST	26	(10,251,066)	(9,791,508)
LOSS BEFORE TAXATION		(67,920,637)	(46,929,436)
TAXATION	27	1,231,763	1,969,227
LOSS AFTER TAXATION		(66,688,874)	(44,960,209)
LOSS PER SHARE - BASIC AND DILUTED	28	(2.67)	(1.80)

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

CHIEF EXECUTIVE

DIRECTOR

*Statement of Comprehensive Income
for the year ended 30 June 2015*

	2015 Rupees	2014 Rupees
LOSS AFTER TAXATION	(66,688,874)	(44,960,209)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(66,688,874)</u>	<u>(44,960,209)</u>

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

CHIEF EXECUTIVE

DIRECTOR

Ravi Textile Mills Limited

Cash Flow Statement for the year ended 30 June 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	29	(19,382,330)	(26,267,075)
Net increase in security deposits		(60,000)	(61,500)
Finance cost paid		(302,486)	(490,789)
Income tax paid		(945,609)	(40,098)
Gratuity paid		-	(76,957)
Net cash used in operating activities		(20,690,425)	(26,936,419)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,821,100)	(4,379,340)
Net cash used in investing activities		(1,821,100)	(4,379,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans from directors		45,625,000	46,161,220
Repayment of long term financing		(19,547,908)	-
Short term borrowings - net		-	(14,701,773)
Net cash from financing activities		26,077,092	31,459,447
Net increase in cash and cash equivalents		3,565,567	143,688
Cash and cash equivalents at the beginning of the year		163,152	19,464
Cash and cash equivalents at the end of the year		3,728,719	163,152

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

Statement of Changes In Equity for the year ended 30 June 2015

	SHARE CAPITAL	REVENUE RESERVE General reserve	ACCUMULATED LOSS	TOTAL EQUITY
-----Rupees-----				
Balance as at 30 June 2013	250,000,000	9,000,000	(373,842,078)	(114,842,078)
Transferred from revaluation surplus - net of deferred income tax	-	-	3,822,617	3,822,617
Loss for the year ended 30 June 2014	-	-	(44,960,209)	(44,960,209)
Other comprehensive income for year ended 30 June 2014	-	-	-	-
Total comprehensive loss for the year ended 30 June 2014	-	-	(44,960,209)	(44,960,209)
Balance as at 30 June 2014	250,000,000	9,000,000	(414,979,670)	(155,979,670)
Transferred from revaluation surplus - net of deferred income tax	-	-	4,295,639	4,295,639
Loss for the year ended 30 June 2015	-	-	(66,688,874)	(66,688,874)
Other comprehensive income for year ended 30 June 2015	-	-	-	-
Total comprehensive loss for the year ended 30 June 2015	-	-	(66,688,874)	(66,688,874)
Balance as at 30 June 2015	250,000,000	9,000,000	(477,372,905)	(218,372,905)

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

Notes to the Financial Statements for the year ended 30 June 2015

1. THE COMPANY AND ITS OPERATIONS

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

Certain purchasers have executed a share purchase agreement (SPA) dated 13 January 2015 with major shareholders of the Company to acquire 57.42% of issued ordinary share capital of the Company. Subsequent to the reporting period, on 23 September 2015, the purchasers have also made public announcement of offer to acquire upto 5,322,347 ordinary shares of the Company comprising 21.289% of the total issued ordinary share capital of the Company at an offer price of Rupees 3.50 per share pursuant to the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008. Necessary legal and other requirements / formalities and conditions are being fulfilled.

Going concern assumption

- 1.2 The Company has incurred net loss of Rupees 66.689 million during the year ended 30 June 2015. Equity of the Company stands at a negative balance of Rupees 218.373 million due to accumulated losses of Rupees 477.373 million as on 30 June 2015. The operations of the mill were resumed during the current year after more than three years with the support of directors' loans. The management of the Company has successfully negotiated with its banks for restructuring of its debt. However, subsequent to the reporting period, 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, scheduled and unscheduled extensive load shedding of electricity, high mark-up rates charged by banks and scarce availability of funds.

These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as a going concern. In view of the financial reporting requirements of Code of Corporate Governance, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

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.

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realisable / settlement values of 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. Realisable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

In addition to the accounting convention of realisable / settlement values of assets and liabilities, these financial statements have also been prepared under the historical cost convention except for certain operating fixed assets which are carried at revalued amounts and certain financial instruments which are carried at fair value. Accounting policies of historical cost convention are disclosed, in detail, in Notes 2.2 to 2.14 to these financial statements.

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

Notes to the Financial Statements for the year ended 30 June 2015

estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- i. Realisable / settlement values of assets and liabilities respectively
- ii. Useful lives, patterns of economic benefits and impairments
- iii. Taxation
- iv. Provision for doubtful debts

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

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2014:

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

The application of the above amendments and interpretation does not result in any impact on profit or loss, other comprehensive income and total comprehensive loss.

e) Amendments to published approved standards that are effective in current year but not relevant to the Company

There are other amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2014 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.

f) Standard and amendments to published standards that are not yet effective but relevant to the Company

Following standard and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2015 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid

Notes to the Financial Statements for the year ended 30 June 2015

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

g) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 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 Foreign currencies

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency using rate of exchange prevailing at the balance sheet date. All differences are taken to the profit and loss account.

Notes to the Financial Statements for the year ended 30 June 2015

2.3 Property, plant and equipment and depreciation

Owned

Cost

Property, plant and equipment except freehold land, building 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 property, plant and equipment 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 profit and loss account during the period in which they are incurred.

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 7.1. 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.

Derecognition

An item of property, plant and equipment 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.

Surplus on revaluation of operating fixed assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Increases in the carrying amount arising on revaluation of operating fixed assets are credited to surplus on revaluation of operating fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of operating fixed assets to accumulated loss. All transfers to / from surplus on revaluation of operating fixed assets are net of applicable deferred taxation.

Notes to the Financial Statements for the year ended 30 June 2015

2.4 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amount of assets is reviewed at each balance sheet 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 profit and loss account 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.

2.5 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.

2.6 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.

2.7 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 balance sheet 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.

Notes to the Financial Statements for the year ended 30 June 2015

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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, 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.

2.8 Revenue recognition

Revenue from sale of goods is recognized on dispatch of goods to customers. Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.

2.9 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 balance sheet date and adjusted to reflect the current best estimate.

2.10 Employees' retirement benefit

After resumption of mill operations during the current year after more than three years, the Company has introduced 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 balance sheet 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. The charge for the year is based on actuarial valuation. The amount arising as a result of re-measurements is recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service costs are recognized immediately in income.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 Financial Instruments

Financial instruments carried on the balance sheet include bank balances, advances, deposits, other receivables, trade debts, trade and other payables, long term financing, short term borrowings, accrued mark-up, loans from directors and loan from ex-chief executive.

Financial assets and liabilities are initially recognized at fair value at the time the Company becomes a party to the contractual provisions of the instruments. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and derecognition is charged to the profit or loss currently.

2.12.1 Trade and other receivables

Trade and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.12.2 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.

Notes to the Financial Statements for the year ended 30 June 2015

2.12.3 Borrowings

All borrowings are initially recognized at the fair value. Difference between the fair value and the proceeds of borrowing is recognized as income or expense in profit and loss account. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss account when the liabilities are derecognized as well as through amortization process.

2.12.4 Trade and other payables

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

2.13 Off setting of financial assets and financial liabilities

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

2.14 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.

	2015 Rupees	2014 Rupees
3. OTHER RECEIVABLE		
considered doubtful	11,330,999	11,330,999
Less: Provision against doubtful receivable	11,330,999	11,330,999
	<u>-</u>	<u>-</u>
4. ADVANCES		
Considered good:		
Advances to employees against salary	115,500	379,784
Advances to suppliers	373,954	66,500
Advance income tax	1,772,734	1,711,125
	<u>2,262,188</u>	<u>2,157,409</u>
5. STOCK-IN-TRADE		
Raw material	11,702,285	-
Work-in-process	4,898,378	-
Finished goods	12,134,622	-
Waste at net realizable value	377,761	-
	<u>29,113,046</u>	<u>-</u>
5.1	Stock-in-trade costing Rupees 36.024 million (2014: Rupees Nil) is being carried at net realizable value.	
5.2	The aggregate amount of write down of inventories at net realizable value recognized as an expense during the year was Rupees 7.289 million (2014: Rupees Nil).	
6. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	1,139,989	860,684
Spare parts	2,539,090	3,859,582
Loose tools	17,746	36,241
	<u>3,696,825</u>	<u>4,756,507</u>

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 7.1)	251,335,516	269,036,662
Capital work-in-progress (Note 7.4)	1,500,000	2,675,000
	<u>252,835,516</u>	<u>271,711,662</u>

7.1 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
	Rupees							
As at 30 June 2013								
Cost / revalued amount	119,790,000	101,251,643	150,663,816	24,252,596	13,084,890	4,082,451	53,700	413,179,096
Accumulated depreciation	-	(29,947,836)	(74,057,534)	(13,759,457)	(10,219,483)	(3,974,541)	(30,231)	(131,989,082)
Net book value	119,790,000	71,303,807	76,606,282	10,493,139	2,865,407	107,910	23,469	281,190,014
Year ended 30 June 2014								
Opening net book value	119,790,000	71,303,807	76,606,282	10,493,139	2,865,407	107,910	23,469	281,190,014
Additions	-	-	590,948	-	-	465,046	648,346	1,704,340
Depreciation charge	-	(4,761,893)	(12,169,225)	(1,595,292)	(749,578)	(73,678)	(15,673)	(19,366,339)
Surplus on revaluation	-	3,335,652	2,171,995	-	-	-	-	5,508,647
Closing net book value	119,790,000	69,878,566	67,200,000	8,897,847	2,115,829	499,278	655,142	269,036,662
As at 30 June 2014								
Cost / revalued amount	119,790,000	104,588,295	153,426,759	24,252,596	13,084,890	4,547,497	702,046	420,392,083
Accumulated depreciation	-	(34,709,729)	(86,226,759)	(15,354,749)	(10,969,061)	(4,048,219)	(46,904)	(151,355,421)
Net book value	119,790,000	69,878,566	67,200,000	8,897,847	2,115,829	499,278	655,142	269,036,662
Year ended 30 June 2015								
Opening net book value	119,790,000	69,878,566	67,200,000	8,897,847	2,115,829	499,278	655,142	269,036,662
Additions	-	-	825,000	-	-	150,600	2,020,500	2,996,100
Depreciation charge	-	(4,970,435)	(12,678,966)	(1,595,292)	(749,541)	(234,685)	(458,327)	(20,697,246)
Closing net book value	119,790,000	64,908,131	55,346,034	7,302,555	1,366,288	415,193	2,207,315	251,335,516
As at 30 June 2015								
Cost / revalued amount	119,790,000	104,588,295	154,251,759	24,252,596	13,084,890	4,698,097	2,722,546	423,388,183
Accumulated depreciation	-	(39,680,164)	(98,905,725)	(16,950,041)	(11,718,602)	(4,282,904)	(515,231)	(172,052,667)
Net book value	119,790,000	64,908,131	55,346,034	7,302,555	1,366,288	415,193	2,207,315	251,335,516
Annual rate of depreciation (%)	-	5	6.67 - 20	10 - 50	10 - 20	10	20	

7.2 The revaluation of certain operating fixed assets was carried out on 29 February 2008, 30 June 2012, 30 June 2014 and 30 June 2015 by an independent valuer on the basis of current value / replacement cost. Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets would have been as follows:

	2015				2014			
	Cost	Accumulated depreciation	Accumulated impairment loss	Net book value	Cost	Accumulated depreciation	Accumulated impairment loss	Net book value
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Freehold land	5,818,014	-	-	5,818,014	5,818,014	-	-	5,818,014
Buildings on freehold land	44,871,404	39,300,042	-	5,571,362	44,871,404	38,873,407	-	5,997,997
Plant and machinery	202,721,316	155,406,197	-	47,315,119	201,896,316	144,594,833	-	57,301,483
Factory tools and equipment	12,257,783	10,486,233	405,262	1,366,288	12,257,783	9,736,692	405,262	2,115,829

	2015 Rupees	2014 Rupees
7.3 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 21)	19,994,234	-
Administrative expenses (Note 23)	703,012	19,366,339
	<u>20,697,246</u>	<u>19,366,339</u>

7.4 Capital work-in-progress		
Advances against:		
Plant and machinery	1,500,000	2,325,000
Civil works	-	350,000
	<u>1,500,000</u>	<u>2,675,000</u>

Ravi Textile Mills Limited

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
8. TRADE AND OTHER PAYABLES		
Creditors (Note 8.1)	137,121,906	31,784,334
Advances from customers	1,817,223	4,675,960
Workers' profit participation fund (Note 8.2)	894,262	808,265
Accrued liabilities	27,024,872	8,142,881
Unclaimed dividend	1,034,300	1,034,300
Sales tax payable	1,024,684	-
Income tax	914,313	835,325
	<u>169,831,560</u>	<u>47,281,065</u>
8.1 These include Rupees 32.993 million (2014: Rupees 7.261 million) due to Spintex Enterprises (Private) Limited - associated company.		
8.2 Workers' profit participation fund		
Balance as at 01 July	808,265	682,080
Add: Interest on funds utilized in the Company's business (Note 8.2.1)	85,997	126,185
Balance as at 30 June	<u>894,262</u>	<u>808,265</u>
8.2.1 The Company retains workers' profit participation fund for its business operation. Interest is accrued at the prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company.		
9. ACCRUED MARK-UP		
Long term financing	40,806	-
Short term borrowings	-	68,262,853
	<u>40,806</u>	<u>68,262,853</u>
10. SHORT TERM BORROWINGS		
From banking companies - secured (Note 10.1)	-	83,648,674
10.1 As per the original terms of the respective agreements with the banks, the aggregate borrowing facilities stand expired as at 30 June 2011. These were secured against first pari passu charge over the movable and immovable fixed assets and personal guarantees of directors of the Company. Mark-up on short term borrowings ranged from 13.33% to 21.90% per annum. In accordance with the rescheduling arrangement with the banks, these short term borrowing facilities have been converted into long term financing (Note 13).		
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 loan obtained from directors of the Company and are repayable on demand.		

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
13. LONG TERM FINANCING		
From banking companies - secured		
Bank Alfalah Limited (Note 13.1)	30,195,999	-
National Bank of Pakistan (Note 13.2)	50,733,219	-
	<u>80,929,218</u>	<u>-</u>

13.1 During the year, short borrowing alongwith mark-up thereon amounting to Rupees 38.920 million from Bank Alfalah Limited has been restructured and converted into long term loan. Now, this loan is repayable in 20 equal quarterly instalments alongwith mark-up thereon commenced on 30 June 2014 and ending on 25 March 2019. This carries mark-up at the rate of 9% per annum on outstanding principal. Mark-up accrued upto the date of restructuring amounting to Rupees 5.000 million will be repaid in 16 quarterly instalments of Rupees 0.313 million each commenced on 25 June 2015 and ending on 25 March 2019. This is secured against first pari passu charge over movable and immovable fixed assets of the Company and personal guarantees of directors of the Company.

13.2 During the year, short borrowing alongwith mark-up thereon amounting to Rupees 67.944 million from National Bank of Pakistan has been restructured and converted into long term loan. Now, this loan is repayable in 18 equal quarterly instalments alongwith mark-up thereon of Rupees 3.345 million each commenced on 31 December 2014 and ending on 31 March 2019. Frozen mark-up of Rupees 17.217 million will be repaid in four quarterly instalments of Rupees 4.304 million each commencing on 30 June 2019 and ending on 31 March 2020. This carries mark-up at the rate of 7.28% per annum on outstanding principal. This is secured against first pari passu charge over movable and immovable fixed assets of the Company and personal guarantees of directors of the Company.

13.3 Fair value of long term financing was estimated at the present value of future cash flows discounted at the effective interest rate of 12% per annum. Recognition of long term financing at fair value resulted in gain of Rupees 16.470 million.

14. DEFERRED INCOME TAX LIABILITY

The Company has recognized deferred income tax liability on surplus on revaluation of operating fixed assets. The Company has tax losses of Rupees 297.009 million as at 30 June 2015 (2014: Rupees 235.566 million). The net deferred income tax asset of Rupees 83.580 million (2014: Rupees 62.862 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.

15. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the defined benefit obligation as at 30 June 2015 was carried out using the projected unit credit method. Details of the obligation as per actuarial valuation are as follows:

15.1 The amount recognized in the balance sheets is as follows:

Gratuity payable to ex-employees	1,610,090	1,610,090
Present value of defined benefit obligation (Note 15.2)	1,460,994	-
	<u>3,071,084</u>	<u>1,610,090</u>

Ravi Textile Mills Limited

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
15.2 Movement in the liability recognized in the balance sheet is as follows:		
Opening balance	-	-
Net charge for the year	1,460,994	-
Closing balance	1,460,994	-

15.3 The amount recognized in the profit and loss account is as follows:

Current service cost	-	-
Past service cost	1,460,994	-
	1,460,994	-

15.4 The charge for the year amounting to Rupees 1,460,994 has been allocated to cost of sales.

	2013	2014
15.5 Principal actuarial assumptions used are as follows:		

Expected rate of eligible salary increase in future	% per annum	8.75%	-
Discount rate	% per annum	9.75%	-

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

15.7 Estimated charge to profit and loss account for the year ending 30 June 2016 will be Rupees 4,564,139.

15.8 Sensitivity analysis for actuarial assumptions:

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

Defined benefit obligation			
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees	Rupees
Discount rate	100	1,342,585	1,602,960
Future salary	100	1,602,960	1,340,577

The above sensitivity analyses 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.

15.9 The average duration of the defined benefit obligation is 9 years.

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
16. AUTHORIZED SHARE CAPITAL		
30,000,000 (2014: 30,000,000) ordinary shares of Rupees 10 each	<u>300,000,000</u>	<u>300,000,000</u>
17. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
25,000,000 (2014: 25,000,000) ordinary shares of Rupees 10 each fully paid in cash (Note 17.1)	<u>250,000,000</u>	<u>250,000,000</u>
17.1 It includes 4,479,993 (2014: 4,479,993) ordinary shares of the Company held by Spintex Enterprises (Private) Limited - associated company.		
18. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS		
Balance as at 01 July	187,751,076	188,034,273
Add: Surplus on revaluation incorporated during the year	-	5,508,647
Less: Incremental depreciation transferred to statement of changes in equity	<u>(6,411,402)</u>	<u>(5,791,844)</u>
	181,339,674	187,751,076
Less: Related deferred income tax liability	<u>(21,557,660)</u>	<u>(24,347,097)</u>
Balance as at 30 June	<u>159,782,014</u>	<u>163,403,979</u>
19. CONTINGENCIES AND COMMITMENTS		
19.1 Contingencies		
19.1.1 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-parte 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.		
19.2 Commitments	<u>NIL</u>	<u>NIL</u>

Ravi Textile Mills Limited

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
20. SALES		
Local	261,977,662	-
Waste	1,216,107	-
	<u>263,193,769</u>	-
Less: Sales tax	5,160,661	-
	<u>258,033,108</u>	-
21. COST OF SALES		
Raw material consumed (Note 21.1)	193,203,802	-
Salaries, wages and other benefits	48,061,885	-
Stores, spare parts and loose tools consumed	8,306,699	-
Packing material consumed	6,070,364	-
Fuel and power	57,692,676	-
Insurance	575,331	-
Repair and maintenance	27,774,672	-
Other factory overheads	2,493,390	-
Depreciation (Note 7.3)	19,994,234	-
	<u>364,173,053</u>	-
Work-in-process		
Opening inventory	-	-
Less: Closing inventory	(4,898,378)	-
	<u>(4,898,378)</u>	-
Cost of goods manufactured	<u>359,274,675</u>	-
Finished goods		
Opening inventory	-	-
Less: Closing inventory	(12,512,383)	-
	<u>(12,512,383)</u>	-
	<u>346,762,292</u>	-
21.1 Raw material consumed		
Opening stock	-	-
Add: Purchases during the year	204,906,087	-
	<u>204,906,087</u>	-
Less: Closing stock	11,702,285	-
	<u>193,203,802</u>	-
22. DISTRIBUTION COST		
Clearing and forwarding	96,240	-
Commission to selling agents	249,109	-
	<u>345,349</u>	-

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
23. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	5,375,687	6,836,628
Rent, rates and taxes	872,375	515,105
Postage and telephone	594,761	353,479
Electricity, gas and water	664,024	607,179
Printing and stationery	241,609	239,600
Repair and maintenance	753,745	6,519,673
Stores and spares consumed	-	571,962
Travelling and conveyance	416,635	369,532
Legal and professional	45,000	1,000
Auditors' remuneration (Note 23.1)	791,270	831,900
Fee and subscription	642,081	649,134
Entertainment	359,736	298,973
Depreciation (Note 7.3)	703,012	19,366,339
Miscellaneous	485,362	714,366
	<u>11,945,297</u>	<u>37,874,870</u>
23.1 Auditors' remuneration		
Audit fee	500,000	375,000
Review of interim financial information	88,770	80,700
Taxation services	90,000	276,700
Other certifications	95,000	85,000
Out of pocket expenses	17,500	14,500
	<u>791,270</u>	<u>831,900</u>
24. OTHER EXPENSES		
Debit balances written off	68,669	4,505,755
Write down of stores, spare parts and loose tools to net realisable value	-	125,498
	<u>68,669</u>	<u>4,631,253</u>
25. OTHER INCOME		
Income from financial assets		
Accrued mark-up written back	26,949,139	-
Gain on recognition of long term financing at fair value (Note 13.3)	16,469,789	-
Income from non-financial assets		
Rental income	-	3,250,000
Gain tendered by beneficial owner	-	2,118,195
	<u>43,418,928</u>	<u>5,368,195</u>

Ravi Textile Mills Limited

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
26. FINANCE COST		
Mark-up on long term financing	6,486,652	-
Mark-up on short term borrowings	-	9,644,722
Adjustment due to IAS - 39	3,636,928	-
Interest on workers' profit participation fund	85,997	126,185
Bank charges	41,489	20,601
	<u>10,251,066</u>	<u>9,791,508</u>
27. TAXATION		
Current (Note 27.1)	-	-
Prior year adjustment	(884,000)	-
Deferred income tax (Note 14)	2,115,763	1,969,227
	<u>1,231,763</u>	<u>1,969,227</u>
27.1 Due to gross loss incurred during the year, provision for minimum tax under section 113 of the Income Tax Ordinance, 2001 has not been made in these financial statements. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.		
	2015	2014
28. LOSS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic loss per share of the Company which is based on:		
Loss after taxation	Rupees	(66,688,874) (44,960,209)
Weighted average number of ordinary shares	Numbers	25,000,000 25,000,000
Loss per share – basic and diluted	Rupees	(2.67) (1.80)
	2015 Rupees	2014 Rupees
29. CASH USED IN OPERATIONS		
Loss before taxation	(67,920,637)	(46,929,436)
Adjustments for non-cash charges and other items:		
Depreciation	20,697,246	19,366,339
Debit balances written off	68,669	4,505,755
Accrued mark-up written back	(26,949,139)	-
Adjustment due to IAS - 39	3,636,928	-
Provision for employees' retirement benefit	1,460,994	-
Gain on recognition of long term financing at fair value	(16,469,789)	-
Write down of stores, spare parts and loose tools to net realisable value	-	125,498
Finance cost	6,614,138	9,791,508
Working capital changes (Note 29.1)	59,479,260	(13,126,739)
	<u>(19,382,330)</u>	<u>(26,267,075)</u>

Notes to the Financial Statements for the year ended 30 June 2015

	2015 Rupees	2014 Rupees
29.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	1,059,682	(782,245)
Stock-in-trade	(29,113,046)	-
Trade debts	(17,431,246)	-
Advances	(111,839)	(352,929)
Other receivables	-	1,322,645
Sales tax refundable	448,461	(448,461)
	(45,147,988)	(260,990)
Increase / (decrease) in trade and other payables	104,627,248	(12,865,749)
	59,479,260	(13,126,739)
	2015 Kgs.	2014 Kgs.

30. PLANT CAPACITY AND ACTUAL PRODUCTION

Normal production capacity of the Company converted at 20s count based on 3 shifts per day

6,038,534 6,038,534

Production at normal capacity converted at 20s count based on 3 shifts per day for 253 actual days worked (2014: Nil days)

4,185,613 -

Actual production converted to 20s count based on 3 shifts per day for 253 actual days worked (2014: Nil days)

2,411,791 -

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:

	2015 Rupees	2014 Rupees
Associated company		
Advance received	7,863,566	13,666,822
Share of finance cost	17,923,248	7,500,624
Payments made on behalf of associated company	55,000	63,311
Other		
Loans from directors	45,625,000	46,161,220

Notes to the Financial Statements for the year ended 30 June 2015

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	2015			2014		
	Chief Executive	Director	Executives	Chief Executive	Director	Executive
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	1,020,000	-	2,296,192	1,020,000	-	637,638
Utilities	179,298	-	-	226,237	-	-
Medical allowance	-	-	229,614	-	-	63,769
	<u>1,199,298</u>	<u>-</u>	<u>2,525,806</u>	<u>1,246,237</u>	<u>-</u>	<u>701,407</u>
Number of persons	<u>1</u>	<u>-</u>	<u>3</u>	<u>1</u>	<u>-</u>	<u>1</u>

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

33. NUMBER OF EMPLOYEES

Number of employees as on 30 June

2015 2014

512 380

Average number of employees during the year

327 32

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.

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.

Notes to the Financial Statements for the year ended 30 June 2015

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. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

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

	2015 Rupees	2014 Rupees
Floating rate instruments		
Financial liabilities		
Long term financing	80,929,218	-
Short term borrowings	-	83,648,674

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss for the year would have been Rupees 0.809 million (2014: Rupees 0.836 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate financing. This analysis is prepared assuming the amounts of liability outstanding at balance sheet date was outstanding for the whole year.

(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:

	2015 Rupees	2014 Rupees
Deposits	390,340	330,340
Trade debts	17,431,246	-
Advances	115,500	379,784
Bank balances on current accounts	3,728,719	163,152
	<u>21,665,805</u>	<u>873,276</u>

Age analysis of trade debts as at reporting date is as follows:

Upto 1 month	17,251,658	-
1 to 6 months	179,588	-
	<u>17,431,246</u>	<u>-</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:

	Rating			2015	2014
	Short term	Long term	Agency	----- Rupees -----	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	149	1,283
Bank Alfalah Limited	A1+	AA	PACRA	5,622	5,622
The Bank of Punjab	A1+	AA-	PACRA	46,220	44,896
MCB Bank Limited	A1+	AAA	PACRA	816	816
Meezan Bank Limited	A-1+	AA	JCR-VIS	3,153	3,153
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	35,717	46,872
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,637,042	60,510
				<u>3,728,719</u>	<u>163,152</u>

Notes to the Financial Statements for the year ended 30 June 2015

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 2015, the Company has Rupees 3.729 million (2014: Rupees 0.163 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 2015:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Trade and other payables	165,181,078	165,181,078	165,181,078	-	-	-
Accrued mark-up	40,806	40,806	40,806	-	-	-
Long term financing	80,929,218	104,913,379	12,476,838	12,029,441	23,557,425	56,849,675
Loan from ex-chief executive	832,223	832,223	832,223	-	-	-
Loans from directors	91,786,220	91,786,220	91,786,220	-	-	-
	338,769,545	362,753,706	270,317,165	12,029,441	23,557,425	56,849,675

Contractual maturities of financial liabilities as at 30 June 2014:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Trade and other payables	40,961,515	40,961,515	40,961,515	-	-	-
Accrued mark-up	68,262,853	68,262,853	68,262,853	-	-	-
Short term borrowings	83,648,674	90,758,811	90,758,811	-	-	-
Loan from ex-chief executive	832,223	832,223	832,223	-	-	-
Loans from directors	46,161,220	46,161,220	46,161,220	-	-	-
	239,866,485	246,976,622	246,976,622	-	-	-

34.2 Fair values of financial assets and liabilities

The book values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

34.3 Financial instruments by categories

	Loans and receivables	
	2015 Rupees	2014 Rupees
Assets as per balance sheet		
Deposits	390,340	330,340
Advances	115,500	379,784
Trade debts	17,431,246	-
Bank balances on current accounts	3,728,719	163,152
	<u>21,665,805</u>	<u>873,276</u>

Notes to the Financial Statements for the year ended 30 June 2015

	Financial liabilities at amortized cost	
	2015 Rupees	2014 Rupees
Liabilities as per balance sheet		
Trade and other payables	165,181,078	40,961,515
Accrued mark-up	40,806	68,262,853
Short term borrowings	-	83,648,674
Long term financing	80,929,218	-
Loan from ex-chief executive	832,223	832,223
Loans from directors	91,786,220	46,161,220
	<u>338,769,545</u>	<u>239,866,485</u>

34.4 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.

35. SEGMENT INFORMATION

These financial statements have been prepared on the basis of single reportable segment.

Sales of yarn represents the 99.54% (2014: Nil) of the total sales of the Company.

Total sales of the Company relates to customers in Pakistan.

All non-current assets of the Company as at reporting date are located in Pakistan.

23% (2014: Nil) of the total sales of the Company are made to a single customer in Pakistan.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 07 October 2015 by the Board of Directors of the Company.

37. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped, wherever necessary, for the purpose of comparison. However, no significant rearrangement / regrouping has been made.

38. GENERAL

Figures have been rounded off to nearest of Rupee.

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Pattern of Shareholding for the year ended 30 June 2015

No. of Shareholders	Shareholding		Total Share held	Percentage %
	From	To		
164	1	100	11,734	0.05%
302	101	500	124,404	0.50%
148	501	1,000	140,897	0.56%
266	1,001	5,000	801,162	3.20%
107	5,001	10,000	858,088	3.43%
28	10,001	15,000	362,949	1.45%
19	15,001	20,000	336,930	1.35%
15	20,001	25,000	361,070	1.44%
51	25,001	75,000	2,214,800	8.86%
8	75,001	200,000	1,007,000	4.03%
2	200,001	275,000	498,333	1.99%
5	275,001	690,000	2,932,597	11.73%
1	690,001	755,000	752,500	3.01%
6	755,001	2,240,000	9,871,336	39.49%
2	2,240,001	2,465,000	4,726,200	18.91%
1,124			25,000,000	100.00%

<u>Categories of Shareholders</u>	<u>Number of Shareholders</u>	<u>Shares Held</u>	<u>Percentage %</u>
INDIVIDUALS	1,096	18,619,158	74.48%
INVESTMENT COMPANIES	3	8,500	0.03%
INSURANCE COMPANIES	1	200,000	0.80%
JOINT STOCK COMPANIES	17	4,838,947	19.36%
FINANCIAL INSTITUTIONS	3	1,250,292	5.00%
MODARBAS AND MUTUAL FUND	3	33,103	0.13%
CHARITABLE TRUSTS	1	50,000	0.20%
TOTAL	1,124	25,000,000	100.00%

Ravi Textile Mills Limited

Pattern of Shareholding for the year ended 30 June 2015

Categories of Shareholders	Number of Share holders	Total Shares Held	Percentage
Directors, CEO & their Spouses and Minor Children	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. Shahbaz Manzoor Director		2,500	0.01%
Executives	-	-	
Public Sector Companies & Corporations	1		
Investment Corporation of Pakistan		2,800	0.01%
Joint Stock Companies	17	4,838,947	19.36%
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarba & Mutual Funds	10		
Banks		34,903	0.14%
Financial Institutions.		1,250,292	5.00%
Modarba Al-Mali Corporation Limited		300	0.00%
Pakistan Kuwait Inv. Co. (Pvt) Limited		3,600	0.01%
Managing Committee, Crescent Foundation		50,000	0.20%
State Life Insurance Corporation of Pakistan		200,000	0.80%
Individuals	1,089	17,459,158	69.84%
Grand Total	1,124	25,000,000	100.00%
Share Holding 5% or more voting rights:			
Jan Muhammad Imran		2,096,996	
Musawar Hussain		2,237,363	
Spintex Enterprises (pvt) Limited		2,018,293	
Universal Equities (pvt) Limited		2,461,700	
Tasbiha Sarfaraz		2,264,500	
Mohammad Sarfaraz		1,363,955	

[REDACTED]

Folio No.

No. of Shares held

29th Annual General Meeting

For beneficial owners as per CDC List

CDC PARTICIPANT I.D. No. _____ **Sub-Account No.** _____

CNIC NO. [] [] [] - [] [] [] [] [] [] [] [] hereby appoint _____

of _____

another member of the company as per Register Folio No. _____

or (failing him/her) _____ of _____

another member of the company as per Register Folio No. _____

as my/our proxy to attend and vote for me/our behalf at 29th Annual General Meeting member of the Company to be held on Saturday 31st October, 2015 at 11 a.m at the Registered Office Bungalow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt, Multan. and at any adjournment thereof.

Please Affix Rupees
five
Revenue Stamp

(Signature should agree with the specimen signature registered in the Company)

Dated this _____ day of _____ 2015

Signature of Shareholder

Signature of Proxy

For beneficial owners as per CDC list

1. WITNESS:

Signature _____

Name _____

Address _____

[illegible]

2. WITNESS:

Signature _____

Name _____

Address _____

[illegible]

Notes:

1. Proxies, in order to be effective, must be duly stamped, signed and witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned and must be received at the Registered Office of the Company at Bungalow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt. Not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card with the proxy form before submission to the Company (Original CNIC or passport is required to be produced at the time of the meeting)
3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

