RAVI TEXTILE MILLS LIMITED

ANNUAL REPORT 2017

CONTENTS

RAVI TEXTILE MILLS LIMITED

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	(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
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.

Notice of Annual General Meeting

Notice is hereby given that 31st Annual General Meeting of Shareholders of Ravi Textile Mills Limited will be held on Saturday 28th October, 2017 at 09:00 a.m. at registered office of the company Bungalow No.120 Defence Officers Housing Scheme Sher Shah Road, Multan Cantt. Multan to transact the following business:-

1. To confirm the minutes of the preceding Annual General Meeting of the shareholders of the company held on 31st October, 2016.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2017 together with Directors' and Auditors' reports thereon.
3. To appoint External Auditor for the next year ending June 30, 2018 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:
04th October, 2017.

MUNSAF KHAN
Corporate Secretary

Notes:

1. The Members' Register will remain closed from 21st October, 2017 to 28th October 2017 (both days inclusive). Transfers received of the office of the company's Share Registrar M/s Hameed Majeed Associates (Pvt) Limited H.M. House, 7-Bank Square, Lahore by the close of business on 20th October 2017 will be entertained.

2. A Member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.

3. Under the Companies Act 2017 section 134 1(b) members can also attend and participate in the AGM through video-link facility, if members residing the vicinity, collectively holding 10% or more shareholding, provide their consent in writing, to participate in the AGM through video-link at least seven day (07) days prior to date of AGM.

4. Shareholders are requested to immediately notify the change in address, if any. Members who have not submitted copy of valid CNIC are advised to submit the same without further delay to ensure compliance with the Securities and Exchange Commission of Pakistan (SECP) Notification S.R.O. 275(i) 2016 dated March 31, 2016.

5. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan.

6. a. For attending the meeting

   i). In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

   ii). In case of corporate entity the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   b. For Appointing Proxies

   I). In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

   ii). The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

   iv). The Proxy shall produce his original CNIC or original passport at the time of the meeting.

   v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

   vi). The financial statements of the company for the year ended 30 June 2017 along with Auditors and Directors Report thereon have been placed on the company's 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, 2017.

Performance Review

During the year under review, the company has suffered net loss Rs. 36.401 million after accounting for administrative and general expenses of Rs. 32.557 million including depreciation of Rs. 20.090 million, other expenses of Rs. 0.443 million and finance cost of Rs. 7.705 million as compared, to last corresponding year's net loss of Rs. 50.328 million. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years, with the support of directors' loans. However, in August 2015, the operations of mill were again suspended. 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.

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

Two purchasers signed a share purchase agreement (SPA) on 13 January 2015 with major shareholders of the Company to acquire 57.42% of shares of the Company. On 23 September 2015, the purchasers 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 ("the Regulations"). However, after complying with all requirements of the Securities Act, 2015 and the Regulations in respect of the Public Offer, the purchasers did not acquire ordinary shares of the Company from majority shareholders under the aforesaid SPA dated 13 January 2015. The purchasers acquired 50,500 ordinary shares of the Company tendered to them by the shareholders under the public offer. The majority shareholders filed suit against the purchasers for the performance of the SPA in the court. Honorable Civil Judge Class-III, Multan cancelled the SPA dated 13 January 2015.

Future Prospects

The textile industry is passing through sever crisis specially spinning due to high energy cost, schedule and unscheduled extensive load shedding of electricity, high mark up rate charged by the banks and lack of fresh credit facilities from the banks make recommencement of operations of the Company very difficult. However, the management is fully aware of present challenges facing the textile industry specially spinning. The Company is exploring various options for its revival by reorganizing its business and diverting its existing resources for financial viable activities.

Loss per Share

Based on net loss for the year ended 30 June 2017, the loss per share for the year ended 30 June 2017 is Rs. 1.46 as compared to loss per share of Rs. 2.01 in the preceding year ended 30 June 2016.

Key Operating and Financial Data

Last six years' data is annexed.

Directors' Report to the Shareholders

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 227(2) of the Companies Act, 2017 along with additional information as required by the code of corporate governance.

Environment, Health and Safety

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

Corporate Social Responsibility (CSR)

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

Material Changes

There have been no material changes and commitments affecting the financial position of the company which have occurred between 30 June 2017 and 04 October 2017.

Impact Of Company's Business On Environment

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

Financial Risk Management

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

Directors' Report to the Shareholders

Board Meetings

Four (4) meetings were held from 01 July, 2016 to 30 June 2017 and attended by the directors as follows.

NAME OF THE DIRECTORS	DESIGNATION	TOTAL ATTENDANCES
Muhammad Waseem ur Rehman	Chief Executive Officer	4
Aftab Sarwar	Chairman	4
Tahir Majeed	Director	4
Muhammad Shahid	Director	4
Muhammad Riaz	Director	4
Aamir Khurshid Chandia	Director	4
Shahbaz Manzoor	Director	4

Audit Committee Meetings

Four (4) meetings were held from 01 July, 2016 to 30 June 2017 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

Human Resource and Remuneration (HR&R) Committee Meetings

One (1) meeting was held from 01 July, 2016 to 30 June 2017 and attended by the members as follows.

NAME OF THE MEMBERS	DESIGNATION	TOTAL ATTENDANCES
Tahir Majeed	(Independent Director/ Chairman)	1
Muhammad Shahid	(Independent Director/ Member)	1
Muhammad Riaz	(Non-Executive Director/ Member)	1

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, 2018.

Directors' Report to the Shareholders

Corporate Governance

As required by the Code of Corporate Governance and Companies Act 2017 directors are pleased to report that:

a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity. Owing to non-going concern assumption and the financial reporting requirements, the financial statements have been prepared on the basis of estimated realizable (settlement) value of asset and liabilities respectively.
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.1.3 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.
h. There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2017 except for those disclosed in the financial statements.

Acknowledgement

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

On behalf of the board

MUHAMMAD WASEEM UR REHMAN
CHIEF EXECUTIVE
Multan: October 04, 2017

DIRECTOR

ڈائریکٹران کی رپوٹ حصہ دارن کے لئے

آ پکی کمپنی کے ڈائریکٹران آپ کوخوش آمدید کہتے ہیں حصہ دارن کے سالانہ اجلاس عام میں اور بخوشی پیش کرتے ہیں آڈٹ مالیاتی دستاوزات کوسال ختم ہوا ہے 30جون 2017 کے لئے۔

کارکردگی کا جائزہ

موجودہ سال کے دوران کمپنی نے صافی خسارہ 36.401ملین روپے کیا ہے جوکہ انتظامی اور عام اخراجات 32.577ملین روپے بشمول مشینری کی گھسائی20.090ملین روپے دیگراخراجات 0.443ملین روپے کی منہا کے بعد ہے۔ بمقابلہ گزشتہ سال کے صافی خسارہ 50.328ملین روپے ہوا تھا۔ ملز کو چلانے کی کاروائی سال 30جون 2015 میں ہوئی تھی جوکہ تین سال سے زیادہ عرصہ گزارنے کے بعد ڈائریکٹران کے کمپنی کوقرضہ سے کی تھی ۔تا ہم اگست 2015 میں ملز دوبارہ بند ہوگئی تھی۔کمپنی کی موجودہ انتظامیہ کے لئے مشکل ہوگیا ہے کے وہ کمپنی کومنافع بخش طریقہ سے چلائے کیونکہ دھاگے کی مارکیٹ میں غیر موزوں حالات ہیں کمپنی کی سکڑی ہوئی نقد مالی صورت حال اور یہ کہ بنکوں نے بھی مالی قرضہ جات کی نئی سہولت نہیں دی ہے جس سے کاروبارہ کوجاری رکھا جائے۔

مندرجہ بالاوجوہات پر کمپنی کے کاروبار کورواں دواں تصورنہیں کیا گیا ہے۔کمپنی کی مالی دستاویزات کوغیر یقینی بنیاد پرانداز ہ شدہ اثاثے وادائیگیوں کومحاصل قابلِ ادائیگی کی بنیاد پر پیش کیا ہے۔

دوخریداروں نے کمپنی کے حصص کوخریدنے کے لیے کمپنی کے اکثریتی حصہ دران سے 57.42% حصص کی خرید کا معاہدہ(SPA)مورخہ 13جنوری 2015 کو کیا تھا۔مورخہ 23 ستمبر 2015 کو دونوں خریداروں نے عوام الناس کے لیے عام اعلان کیا کہ وہ 5,322,347 حصص کل جاری شدہ حصص کا 21.289% تھا۔فی حصص قیمت 3.50 روپے پرخرید کی پیش کش کی زیرقانون سکیورٹی ایکٹ 2015اورلسٹڈکمپنیز (سبسٹینشیل ایکوزیشنزآف شیئرزاینڈٹیک اوورز)ریگولیشنز 2008 کے تحت ۔اگرچہ سکیورٹی ایکٹ 2015وقواعدوضوابط پبلک آفرکوعملی جامہ پہنانے کے بعد بھی خریداروں نے اکثریتی فروخت کنندہ حصہ دران سے حصص فروخت معاہدہ13جنوری2015 کے مطابق حصص کی خریدای کی تکمیل نہیں کی۔خریداروں نے عام عوام الناس سے 50,500 حصص خرید لیے جنھوں نے ان کوفروخت کے لیے پیش کیا۔اکثریتی فروخت کنندہ حصہ داران نے خریداران حصص کے خلاف حصص خرید معاہدہ(SPA) کوعملی جامہ پہنانے کے لیے عدالت میں مقدمہ دائر کیا۔ معزز سول جج درجہIIIملتان حصص خرید معاہدہ (SPA) مورخہ 13جنوری 2015 کوختم کردیا۔

مستقبل کے امکانات

ٹیکسٹائل انڈسٹری خاص طور سے دھاگہ بنانے والی شدید بحران کا شکار ہے۔بجلی کی بڑھتی ہوئی قیمت،اعلانیہ،غیر اعلانیہ بجلی کی لوڈشیڈنگ،قرضہ جات پرانتہائی منافع کا ریٹ اور بنکوں کی طرف سے قرضہ جات نہ دینے کے فقدان نے کمپنی کے دوبارہ کاروبارشروع کرنا مشکل بنادیا ہے۔کمپنی بہت سے مواقع کاروبار کے لیے کوشاں ہے کہ اپنے کاروبار کے موجودہ ذرائع کودوبارہ سے مرتب کرکے کاروبار کو بحال کرے۔جس کے کرنے سے مالی منافع حاصل ہوسکے۔

خسارہ فی حصص

صافی خسارہ کی بنیاد30جون 2017 کے لیے ہے۔خسارہ فی حصص 30جون 2017،1.46 روپے بمقابلہ خسارہ فی حصص 2.01 روپے برائے گزشتہ مالی سال 30جون 2016۔

اہم اعدادوشمار

کاروبار کی مالی حالات کا گزشتہ چھ سال کے اعدادوشمار منسلک ہے۔

منافع منقسمہ

موجودہ سال میں خسارے کی وجہ ڈائریکٹران منافع منقسمہ کی سفارش کرنے سے قاصر ہیں۔

ترتیب حصے داران

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

ڈائریکٹران کی رپوٹ حصہ داران کے لئے

ماحول،صحت اور تحفظ

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

کارپوریٹ سماجی ذمہ داری(CSR)

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

مادی تبدیلی

ایسی کوئی مالی تبدیلی یا وعدہ نہیں ہوا ہے جو کہ کمپنی کی مالی دستاویزات 30 جون 2017 سے 04 اکتوبر 2017 کی پوزیشن کو متاثر کرتی ہے۔

کمپنی کے کاروبار کا ماحولیاتی اثر

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

مالی خطرے کا انتظام

کمپنی کی کارکردگی سے بہت سا مالی خطرہ ظاہر ہوتا ہے۔ مارکیٹ خطرے میں شامل ہے روپے کی قدر قیمتوں اور سود کے ریٹ کا خطرہ ادھار اور نقد کا خطرہ کمپنی کا تمام تر انتظامی پروگرام غیر یقینی مالی مارکیٹ کے خطرات کو کم کرنے پر مرکوز ہے۔ مالی خطرات کی انتظامیہ فنانس ڈیپارٹمنٹ کے تحت بورڈ آف ڈائریکٹرز کی منظور شدہ حکمت عملی پر گامزن ہے۔ فنانس ڈیپارٹمنٹ مالی خطرات کا تجزیہ کر کے سدِ باب تجویز کرتا ہے۔ بورڈ نے ہر طرح کے خطرات کے لیے اصول بنائے ہیں اور حکمت عملی کی خاص پالیسی جو کہ روپے کی قدر اور دوسری قیمتوں منافع ریٹ ادھار اور نقد کا تعین کرتی ہے۔

بورڈ اجلاس

چار اجلاس ہوئے ہیں، 01 جولائی 2016 سے 30 جون 2017 اور درج ذیل ڈائریکٹران کی حاضری

نام ڈائریکٹران	عہدہ	کل حاضری
محمد وسیم الرحمٰن	چیف ایگزیکٹیو آفیسر	4
آفتاب سرور	چیئرمین	4
طاہر مجید	ڈائریکٹر	4
محمد شاہد	ڈائریکٹر	4
محمد ریاض	ڈائریکٹر	4
عامر خورشید چانڈیا	ڈائریکٹر	4
شہباز منظور	ڈائریکٹر	4

آڈٹ کمپنی اجلاس

چار اجلاس ہوئے ہیں، 01 جولائی 2016 سے 30 جون 2017 اور درج ذیل ممبران کی حاضری

نام ممبران	عہدہ	کل حاضری
محمد شاہد	انڈیپینڈنٹ ڈائریکٹر/چیئرمین	4
آفتاب سرور	انڈیپینڈنٹ ڈائریکٹر ممبر	4
محمد ریاض	نان ایگزیکٹیو ڈائریکٹر ممبر	4

ڈائریکٹران کی رپوٹ حصہ داران کے لئے

ہیومن ریسورس اینڈ ریمنریشن (HR & R) کمیٹی

ایک اجلاس ہوا ہے، 01 جولائی 2016 سے 30 جون 2017 اور درج زیل ممبران کی حاضری

نام ممبران	عہدہ	کل حاضری
طاہر مجید	انڈیپینڈنٹ ڈائریکٹر/چیئرمین	1
محمد ریاض	نان ایگزیکٹیوڈائریکٹر ممبر	1
آفتاب سرور	انڈیپینڈنٹ ڈائریکٹرممبر	1

آڈیٹرز

میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنس ریٹائرڈ ہوگئے اور اہل ہونے کی بنیاد پرخود کو پیش کرتے ہیں دوبارہ تقرری کے لیے آڈٹ کمیٹی اور بورڈ نے ان کی تقرری آنے والے سال ختم ہوگا 30 جون 2018 کے لیے سفارش کی ہے۔

کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورنس کے ضوابط اور کمپنی ایکٹ 2017 کے مطابق ڈائریکٹران بخوشی بیان کرتے ہیں۔

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

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

ت۔مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسوں کوتسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

ث۔مالیاتی حسابات کی تیاری میں پاکستان میں لاگو بین الاقومی مالیاتی رپورٹنگ معیارات کی پیروی کی گئی ہے اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

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

ج۔کمپنی کے رواں دواں رہنے کی ظاہری صلاحیت پرشک وشبہات کو مالی حسابات کی دستاوایزت میں نوٹ نمبر 1.3 میں مناسب طریقے سے ظاہر کیا گیا ہے۔

چ۔بہترین راویات کوڈ آف کارپوریٹ گورنس جوتفصیل سے لسٹیڈ ریگولیشن آف ایکسچینج میں درج ہیں کی بنیاد سے انحرف نہیں کیا گیا ہے۔

ح۔کوئی ایسی قانونی ادائیگی جو کہ ٹیکس، ڈیوٹی، سرکاری واجبات اور سرچارج قابل ادانہیں ہیں 30 جون 2017 تک سوائے جو کہ مالیاتی دستاویزات میں ظاہر کر دیے گئے ہیں۔

اعتراف

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

منجانب بورڈ

محمد وسیم الرحمٰن
(چیف ایگزیکٹو)

محمد ریاض
(ڈائریکٹر)

ملتان۔04 اکتوبر 2017

Chairman's Report

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

The Board of director is constituted with equal majority of independent and non-executive directors. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the company. Two (2) directors of the company have obtained mandatory certification under directors training program offered by specified Institutions. Remaining directors of the company will complete directors' training program within the time allowed by CCG. The board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, Corporate Objectives, Plans, Financial Statements and other reports. The Board remained update with respect to achievement of the company's objectives, Core Value, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The non-executive and independent directors were equally involved in important committees and Board decisions. The overall performance of the Board on basis of approved criteria was satisfactory.

Multan:
October 04, 2017

Aftab Sarwar
Chairman/Director

چیئرمین رپورٹ

جائزہ رپورٹ چیئرمین انڈر سیکشن 192 کمپنی ایکٹ 2017

کمپنی کا بورڈ انڈ یپنڈنٹ اور نان ایگزیکٹیو ڈائریکٹران کی برابر اکثریت پر مشتمل ہے۔تمام ڈائریکٹران بورڈ اپنی ڈیوٹی اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔کمپنی کے دو ڈائریکٹران نے قانونی سرٹیفیکیشن زیرِ انتظام ڈائریکٹر ٹریننگ پروگرام مخصوس اداروں سے کی ہوئی ہے۔باقی ڈائریکٹران کمپنی ٹریننگ پروگرام کے تحت CCG کے مقرر کردہ وقت میں مکمل کرلیں گے۔بورڈ ممبران اپنی ڈیوٹی کو جانفشانی سے انجام دیتے ہیں بذریعہ جائزہ، طے شدہ اور منظور شدہ کاروباری حکمت عملی، کارپوریٹ مقاصد، منصوبے مالیاتی دستاویزات اور دوسری رپورٹوں کے مطالعہ سے۔بورڈ اپنے آپ کو باخبر رکھتا ہے کمپنی کے حاصل شدہ مقاصد، کورویلیو، طے شدہ مقصد، حکمت عملی اور مالی کارکردگی سے بذریعہ متواتر انتظامی، انٹرنل آڈٹ، ایکسٹرنل آڈٹ اور دوسروں کے مشورہ سے۔نان ایگزیکٹیو اور انڈ یپنڈنٹ ڈائریکٹران برابر شامل ہیں کمیٹیوں اور بورڈ کے اہم فیصلوں میں۔بورڈ کی تمام تر کارکردگی تسلی بخش ہے بورڈ کے منظور شدہ احاطے کے مطابق۔

آفتاب سرور
چیئرمین/ڈائریکٹر
ملتان۔04 اکتوبر 2017

Six Years at a Glance

(Rs. in '000)

	2017	2016	2015	2014	2013	2012
Sales	-	42,397	258,033	-	-	-
Cost of Sales	-	(77,437)	(346,762)	-	-	-
Gross Profit(Loss)	-	(35,040)	(88,729)	-	-	-
Administrative General Expenses	(32,556)	(9,167)	(12,290)	(37,875)	(26,842)	(31,071)
Other Expenses	(443)	(43)	(69)	(4,631)	(898)	(6,845)
Finance Cost	(7,705)	(14,943)	(10,251)	(9,791)	(10,194)	(11,153)
Other Income	3,493	8,597	43,419	5,368	7,260	9,506
Profit(Loss) before taxation	(37,211)	(50,596)	(67,921)	(46,929)	(30,674)	(39,563)
Provision for taxation	810	268	1,232	1,969	-	19
Profit(Loss) after taxation	(36,401)	(50,328)	(66,689)	(44,960)	(30,674)	(39,544)
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	(554,964)	(523,241)	(477,373)	(414,980)	(373,842)	(349,083)
Share Deposit Money	-	-	-	-	-	-
Surplus on revaluation of Assets	149,492	153,211	182,376	187,751	188,034	193,949
Shareholders' Equity	(146,472)	(111,030)	(35,997)	(31,771)	(73,192)	(90,083)
Long Term Obligation	59,894	79,790	-	-	-	-
Current Liability and Provision	298,680	263,716	(345,454)	(247,796)	(219,979)	(207,512)
Total	212,102	232,476	35,997	31,771	73,192	103,866
Fixed Assets – Tangible	206,822	226,835	252,835	271,712	281,190	301,603
Long Term Security Deposits	-	-	-	-	-	-
Current Assets	5,280	5,641	56,622	7,856	11,981	9,775
Total	212,102	232,476	35,997	31,771	73,192	103,866

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 conductive environment through healthy and responsive policies;
- Maintain organizational effectiveness for the achievement of the company goals;
- Encourage and support compliance of legal and industry requirements;
- Protect the interest and assets of the company;

Executives and Managers:

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

Employees and staff will:

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

Statement of Compliance with the Code of Corporate Governance for the year ended 30 June 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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 meets the criteria of independence under clause 5.19.1.(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 NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the board during the year.

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. Two (2) directors of the company have obtained mandatory certification under directors training program offered by specified Institutions. Remaining directors of the company will complete directors' training program within the time allowed by CCG.

Statement of Compliance with the Code of Corporate Governance for the year ended 30 June 2017

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
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.
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. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material requirements of the CCG have been complied with.

(MUHAMMAD WASEEM UR REHMAN)
CHIEF EXECUTIVE OFFICER

(MUHAMMAD RIAZ)
DIRECTOR

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 2017 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: October 04, 2017

LAHORE

Auditor's Report To The Members

We have audited the annexed balance sheet of RAVI TEXTILE MILLS LIMITED as at 30 June 2017 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 repealed 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 repealed 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 repealed 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 repealed 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 2017 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 1.3 to the financial statements, which states that the company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively. Estimated realisable / settlement values are based on the management's best estimate. Estimation involves judgements based on the latest available, reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which assets will be realised and liabilities will be settled may be different from those carried in these financial statements. Our report is not qualified in respect of this matter.

RIAZ AHMAD & COMPANY
Chartered Accountants
Name of engagement partner:
Mubashar Mehmood

Date: October 04, 2017

LAHORE

Balance Sheet
as at 30 June 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
30,000,000 (2016: 30,000,000) ordinary shares of Rupees 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up share capital	3	250,000,000	250,000,000
Revenue reserve - general reserve	4	9,000,000	9,000,000
Accumulated loss		(554,964,199)	(523,241,325)
Total equity		(295,964,199)	(264,241,325)
Surplus on revaluation of operating fixed assets - net of deferred income tax	5	149,492,853	153,210,788
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	25,057,216	42,570,546
Deferred liabilities	7	31,769,567	34,292,766
Employees' retirement benefit	8	3,067,087	2,927,047
		59,893,870	79,790,359
CURRENT LIABILITIES			
Trade and other payables	9	175,438,358	155,280,474
Accrued mark-up		5,374,430	1,685,261
Loan from ex-chief executive	10	832,223	832,223
Loans from directors	11	91,786,220	91,786,220
Current portion of long term financing	6	24,384,780	12,852,023
Provision for taxation		863,857	1,280,377
		298,679,868	263,716,578
Total liabilities		358,573,738	343,506,937
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		212,102,392	232,476,400
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	13	206,552,100	226,565,279
Long term security deposits		270,340	270,340
		206,822,440	226,835,619
CURRENT ASSETS			
Stock-in-trade	14	-	10,000
Stores, spare parts and loose tools	15	2,645,212	2,650,610
Trade debts	16	-	217,267
Advances	17	2,579,276	2,498,355
Short term prepayments		38,938	59,044
Other receivable	18	-	-
Bank balances	19	16,526	205,505
		5,279,952	5,640,781
TOTAL ASSETS		212,102,392	232,476,400

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

CHIEF EXECUTIVE　　DIRECTOR　　CHIEF FINANCIAL OFFICER

Profit and Loss Account
for the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees
SALES	20	-	42,396,547
COST OF SALES	21	-	(77,436,556)
GROSS LOSS		-	(35,040,009)
DISTRIBUTION COST	22	-	(43,695)
ADMINISTRATIVE AND GENERAL EXPENSES	23	(32,556,550)	(9,166,722)
OTHER EXPENSES	24	(443,062)	-
		(32,999,612)	(9,210,417)
		(32,999,612)	(44,250,426)
OTHER INCOME	25	3,493,296	8,597,429
LOSS FROM OPERATIONS		(29,506,316)	(35,652,997)
FINANCE COST	26	(7,704,748)	(14,943,403)
LOSS BEFORE TAXATION		(37,211,064)	(50,596,400)
TAXATION	27	810,343	268,473
LOSS AFTER TAXATION		(36,400,721)	(50,327,927)
LOSS PER SHARE - BASIC AND DILUTED	28	(1.46)	(2.01)

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income
for the year ended 30 June 2017

	2017 Rupees	2016 Rupees
LOSS AFTER TAXATION	(36,400,721)	(50,327,927)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss account:		
Remeasurement of defined benefit obligation	399,705	128,747
Items that may be reclassified subsequently to profit or loss account	-	-
Other comprehensive income for the year	399,705	128,747
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(36,001,016)	(50,199,180)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Cash Flow Statement
for the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	11,743,462	10,431,442
Net decrease in security deposits		-	120,000
Finance cost paid		(2,638,906)	(3,664,848)
Income tax paid		(1,818,889)	(1,000,006)
Net cash generated from operating activities		7,285,667	5,886,588
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in capital work-in-progress		-	1,500,000
Net cash from investing activities		-	1,500,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(7,474,646)	(10,909,802)
Net cash used in financing activities		(7,474,646)	(10,909,802)
Net decrease in cash and cash equivalents		(188,979)	(3,523,214)
Cash and cash equivalents at the beginning of the year		205,505	3,728,719
Cash and cash equivalents at the end of the year		16,526	205,505

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

Statement of Changes In Equity
for the year ended 30 June 2017

	SHARE CAPITAL	REVENUE RESERVE General reserve	ACCUMULATED LOSS	TOTAL EQUITY
	------------------------------Rupees------------------------------			
Balance as at 30 June 2015	250,000,000	9,000,000	(477,372,905)	(218,372,905)
Transferred from revaluation surplus - net of	-	-	4,330,760	4,330,760
Loss for the year ended 30 June 2016	-	-	(50,327,927)	(50,327,927)
Other comprehensive income for year ended 30 June 2016	-	-	128,747	128,747
Total comprehensive loss for the year ended 30 June 2016	-	-	(50,199,180)	(50,199,180)
Balance as at 30 June 2016	250,000,000	9,000,000	(523,241,325)	(264,241,325)
Transferred from revaluation surplus - net of deferred income tax	-	-	4,278,142	4,278,142
Loss for the year ended 30 June 2017	-	-	(36,400,721)	(36,400,721)
Other comprehensive income for year ended 30 June 2017	-	-	399,705	399,705
Total comprehensive loss for the year ended 30 June 2017	-	-	(36,001,016)	(36,001,016)
Balance as at 30 June 2017	250,000,000	9,000,000	(554,964,199)	(295,964,199)

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

CHIEF EXECUTIVE　　　　DIRECTOR　　　　CHIEF FINANCIAL OFFICER

Notes to the Financial Statements for the year ended 30 June 2017

1. THE COMPANY AND ITS OPERATIONS

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

1.2 Two purchasers signed a share purchase agreement (SPA) on 13 January 2015 with major shareholders of the Company to acquire 57.42% of shares of the Company. On 23 September 2015, the purchasers 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 ("the Regulations"). However, after complying with all requirements of the Securities Act, 2015 and the Regulations in respect of the Public Offer, the purchasers did not acquire ordinary shares of the Company from majority shareholders under the aforesaid SPA dated 13 January 2015. The purchasers only acquired 50,500 ordinary shares of the Company tendered to them by the shareholders under the public offer. The majority shareholders filed suit against the purchasers for the performance of the SPA in the Court. Honorable Civil Judge Class-III, Multan cancelled the SPA dated 13 January 2015.

Non-going concern basis of accounting

1.3 The Company has incurred net loss of Rupees 36.401 million during the year ended 30 June 2017. Equity of the Company stands at a negative balance of Rupees 295.964 million due to accumulated losses of Rupees 554.964 million as on 30 June 2017. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years with the support of directors' loans. However, in August 2015, the operations of the mill were suspended again. It is beyond the control of the existing management of the Company to run the Company at an economically viable level due to poor economic / market conditions for spinning sector, high energy costs, scheduled and unscheduled extensive load shedding of electricity, high mark-up rates charged by banks and scarce availability of funds.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

Notes to the Financial Statements
for the year ended 30 June 2017

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

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

Estimated realizable / settlement values of assets and liabilities respectively

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2011 and recorded adjustments to account for differences between the Company's recognized assets and the measurements of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date. Hence, during the year ended 30 June 2017, the Company has recognized provision for doubtful trade debts of Rupees 0.217 million (Note 16), provision for doubtful advances of Rupees 0.178 million (Note 17) and written off advances of Rupees 0.048 million in these financial statements.

Analysis of upside not recognized in the profit and loss account of the Company on assets is disclosed in Note 13.5 and Note 15.1 in these financial statements.

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

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

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

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.

Notes to the Financial Statements
for the year ended 30 June 2017

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 which is based on revenue, generated by an activity by using 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.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

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

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

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2016 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) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2017 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 standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). 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. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less

Notes to the Financial Statements
for the year ended 30 June 2017

or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

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

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on Company's financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2017 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

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

Notes to the Financial Statements for the year ended 30 June 2017

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 13.1. 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.

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.

Notes to the Financial Statements for the year ended 30 June 2017

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.

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.

Notes to the Financial Statements
for the year ended 30 June 2017

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

The Company has an unfunded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability recognized in the 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, trade debts, trade and other payables, long term financing, 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.

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.

Notes to the Financial Statements
for the year ended 30 June 2017

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.

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017 (Number of shares)	2016 (Number of shares)		2017 Rupees	2016 Rupees
25,000,000	25,000,000	Ordinary shares of Rupees 10 each fully paid in cash (Note 3.1)	250,000,000	250,000,000
25,000,000	25,000,000		250,000,000	250,000,000

3.1 It includes 4,479,993 (2016: 4,479,993) ordinary shares of the Company held by Spintex Enterprises (Private) Limited - associated company.

4. REVENUE RESERVE

	2017 Rupees	2016 Rupees
General reserve	9,000,000	9,000,000

5. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX

	2017 Rupees	2016 Rupees
Balance as at 01 July	170,839,816	181,339,674
Add: Surplus on revaluation incorporated during the year	76,472	-
Less: Incremental depreciation	6,200,206	6,368,765
Less: Reversal of surplus (Note 13.1)	-	4,131,093
	164,716,082	170,839,816
Less: Related deferred income tax liability	15,223,229	17,629,028
Balance as at 30 June - net of deferred income tax	149,492,853	153,210,788

6. LONG TERM FINANCING

From banking companies - secured

	2017 Rupees	2016 Rupees
Bank Alfalah Limited (Note 6.1)	19,448,973	23,051,753
National Bank of Pakistan (Note 6.2)	29,993,023	32,370,816
	49,441,996	55,422,569
Less: Current portion shown under current liabilities	24,384,780	12,852,023
	25,057,216	42,570,546

Notes to the Financial Statements
for the year ended 30 June 2017

6.1 This loan is repayable in 20 unequal quarterly instalments along with mark-up thereon commenced on 25 June 2014 and ending on 25 March 2019. This carries mark-up at the rate of 9% per annum. 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 2016 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.

6.2 This loan is repayable in 14 unequal quarterly instalments along with mark-up thereon commenced on 31 March 2016 and ending on 30 June 2019. Frozen mark-up of Rupees 19.622 million will be repaid in four quarterly instalments of Rupees 4.906 million each commencing on 30 September 2019 and ending on 30 June 2020. This carries mark-up at the rate of 7.49% (2016: 7.49%) per annum. 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.

6.3 Fair values of these long term financing were estimated at the present value of future cash flows discounted at the effective interest rate of 12 % per annum.

6.4 Current portion of long term financing includes overdue amount of Rupees 6.871 million (2016: Rupees 3.516 million)

		2017 Rupees	2016 Rupees
7.	DEFERRED LIABILITIES		
	Deferred accrued mark-up (Note 7.1)	16,546,338	16,663,738
	Deferred income tax liability (Note 7.2)	15,223,229	17,629,028
		31,769,567	34,292,766
7.1	Deferred accrued mark-up		
	National Bank of Pakistan	14,394,610	12,789,424
	Bank Alfalah Limited	2,151,728	3,874,314
		16,546,338	16,663,738

7.1.1 This represents accrued mark-up on long term financing deferred in accordance with the terms of long term financing disclosed in note 6.1 and note 6.2 to these financial statements.

7.2 DEFFERED 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 249.893 million as at 30 June 2017 (2016: Rupees 311.539 million). The net deferred income tax asset of Rupees 70.38 million (2016: Rupees 88.62 million) as at the reporting date has not been recognized in these financial statements as these temporary differences are not likely to reverse in the foreseeable future.

Notes to the Financial Statements
for the year ended 30 June 2017

8. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the defined benefit obligation as at 30 June 2017 was carried out using the projected unit credit method. Details of the obligation as per actuarial valuation are as follows:

		2017 Rupees	2016 Rupees
8.1	The amount recognized in the balance sheet is as follows:		
	Gratuity payable to ex-employees	1,610,090	1,610,090
	Present value of defined benefit obligation (Note 8.2)	1,456,997	1,316,957
		3,067,087	2,927,047
8.2	Movement in the liability recognized in the balance sheet is as follows:		
	Opening balance	1,316,957	1,460,994
	Current service cost	444,266	1,616,737
	Past service cost	-	976,484
	Gains and losses arising on plan settlements	-	(2,750,958)
	Interest cost on defined benefit obligation	95,479	142,447
	Actuarial losses / (gains) from changes in financial assumptions	255	(1,258)
	Experience adjustments	(399,960)	(127,489)
	Closing balance	1,456,997	1,316,957
8.3	The amount recognized in the profit and loss account is as follows:		
	Current service cost	444,266	1,616,737
	Past service cost	-	976,484
	Gains and losses arising on plan settlements	-	(2,750,958)
	Interest cost on defined benefit obligation	95,479	142,447
		539,745	(15,290)
8.4	Remeasurement recognized in other comprehensive income:		
	Actuarial losses / (gains) from changes in financial assumptions	255	(1,258)
	Experience adjustments	(399,960)	(127,489)
		(399,705)	(128,747)

Notes to the Financial Statements for the year ended 30 June 2017

			2017	2016
8.5	Principal actuarial assumptions used are as follows:			
	Expected rate of eligible salary increase in future	% per annum	6.75	6.25
	Discount rate	% per annum	7.75	7.25

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

8.7 Estimated charge to profit and loss account for the year ending 30 June 2018 will be Rupees 519,887.

8.8 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 Bps	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	100	1,406,436	1,515,335
Future salary	100	1,515,335	1,405,545

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.

8.9 The average duration of the defined benefit obligation is 4 years.

	2017 Rupees	2016 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	144,431,766	124,094,303
Advances from customers	9,765,742	9,775,742
Workers' profit participation fund (Note 9.2)	1,097,056	990,615
Accrued liabilities	18,051,934	18,360,715
Unclaimed dividend	1,034,300	1,034,300
Sales tax payable	170,295	170,295
Income tax deducted at source	887,265	854,504
	175,438,358	155,280,474

Notes to the Financial Statements
for the year ended 30 June 2017

9.1 These include Rupees 77.920 million (2016: Rupees 49.834 million) due to Spintex Enterprises (Private) Limited - associated company.

	2017 Rupees	2016 Rupees
9.2 Workers' profit participation fund		
Balance as at 01 July	990,615	894,262
Add: Interest on funds utilized (Note 9.2.1)	106,441	96,353
Balance as at 30 June	1,097,056	990,615

9.2.1 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.

10. 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.

11. LOANS FROM DIRECTORS

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

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

	2017 Rupees	2016 Rupees
12.2 Commitments	Nil	Nil

Notes to the Financial Statements
for the year ended 30 June 2017

13 FIXED ASSETS

13.1 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 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
Year ended 30 June 2016								
Opening 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
Depreciation charge	-	(4,970,429)	(12,577,014)	(1,589,967)	(683,151)	(223,974)	(594,609)	(20,639,144)
Reversal of surplus / impairment loss (Note 5)	-	(2,912,073)	(1,219,020)	-	-	-	-	(4,131,093)
Closing net book value	119,790,000	57,025,629	41,550,000	5,712,588	683,137	191,219	1,612,706	226,565,279
As at 30 June 2016								
Cost / revalued amount	119,790,000	101,676,222	153,032,739	24,252,596	13,084,890	4,698,097	2,722,546	419,257,090
Accumulated depreciation	-	(44,650,593)	(111,482,739)	(18,540,008)	(12,401,753)	(4,506,878)	(1,109,840)	(192,691,811)
Net book value	119,790,000	57,025,629	41,550,000	5,712,588	683,137	191,219	1,612,706	226,565,279
Year ended 30 June 2017								
Opening net book value	119,790,000	57,025,629	41,550,000	5,712,588	683,137	191,219	1,612,706	226,565,279
Depreciation charge	-	(4,776,299)	(12,328,802)	(1,589,971)	(683,137)	(116,833)	(594,609)	(20,089,651)
Surplus on revaluation	-	670	802	-	75,000	-	-	76,472
Closing net book value	119,790,000	52,250,000	29,222,000	4,122,617	75,000	74,386	1,018,097	206,552,100
As at 30 June 2017								
Cost / revalued amount	119,790,000	101,676,892	153,033,541	24,252,596	13,159,890	4,698,097	2,722,546	419,333,562
Accumulated depreciation	-	(49,426,892)	(123,811,541)	(20,129,979)	(13,084,890)	(4,623,711)	(1,704,449)	(212,781,462)
Net book value	119,790,000	52,250,000	29,222,000	4,122,617	75,000	74,386	1,018,097	206,552,100
Annual rate of depreciation (%)	-	5	6.67 - 20	10 - 50	10 - 20	10	20	

Notes to the Financial Statements for the year ended 30 June 2017

13.2 The latest revaluation of certain operating fixed assets was carried out as 30 June 2017 by an independent evaluator, Messrs Anderson Consulting (Private) Limited, on the basis of current value / replacement cost. Had there been no revaluation, the book value of the revalued assets would has been as follows:

	Freehold land	Buildings on freehold land	Plant and machinery	Factory tools and equipment
	Rupees	Rupees	Rupees	Rupees
30 June 2017	5,818,014	4,731,328	26,071,576	75,000
30 June 2016	5,818,014	5,144,727	36,563,072	683,137

	2017 Rupees	2016 Rupees
13.3 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 21)	-	19,820,561
Administrative and general expenses (Note 23)	20,089,651	818,583
	20,089,651	20,639,144

13.4 As at reporting date, operating fixed assets include assets having cost of Rupees 5.429 million (2016: Rupees 1.071 million) which are fully depreciated but still in the use of the Company.

13.5 Upside against fixed assets in own use, not carried under the revaluation model, as on the reporting date is Rupees 0.585 million.

14. STOCK-IN-TRADE		
Waste at net realizable value	-	10,000
15. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	765,984	771,382
Spare parts	1,867,487	1,867,487
Loose tools	11,741	11,741
	2,645,212	2,650,610

15.1 Upside against stores, spare and loose tools as on the reporting date is Rupees 5,738.

16. TRADE DEBTS		
Considered good		
Unsecured	-	217,267
Considered doubtful		
Others - unsecured	217,267	-
Less: Provision for doubtful trade debts (Note 24)	217,267	-
	-	-
	-	217,267
17. ADVANCES		
Considered good, unsecured:		
Advances to employees against:		
Salary	3,000	56,650
Expenses	29,091	37,759
Advances to suppliers	-	180,170
Advance income tax	2,547,185	2,223,776
	2,579,276	2,498,355
Considered doubtful:		
Advances to suppliers	178,145	-
Less: Provision for doubtful advances (Note 24)	178,145	-
	-	-
	2,579,276	2,498,355

Notes to the Financial Statements
for the year ended 30 June 2017

		2017 Rupees	2016 Rupees
18.	OTHER RECEIVABLE		
	Considered doubtful	11,330,999	11,330,999
	Less: Provision against doubtful receivable	11,330,999	11,330,999
		-	-
19.	BANK BALANCES		
	Cash at banks - current accounts	16,526	205,505
20.	SALES		
	Local	-	42,844,379
	Waste	-	824,069
		-	43,668,448
	Less: Sales tax	-	1,271,901
		-	42,396,547
21.	COST OF SALES		
	Raw material consumed (Note 21.1)	-	16,598,270
	Salaries, wages and other benefits	-	10,995,916
	Stores, spare parts and loose tools consumed	-	466,598
	Packing material consumed	-	692,776
	Fuel and power	-	9,428,773
	Insurance	-	440,667
	Repair and maintenance	-	890,076
	Other factory overheads	-	702,158
	Depreciation (Note 13.3)	-	19,820,561
		-	60,035,795
	Work-in-process		
	Opening inventory	-	4,898,378
	Less: Closing inventory	-	-
		-	4,898,378
	Cost of goods manufactured	-	64,934,173
	Finished goods		
	Opening inventory	-	12,512,383
	Less: Closing inventory	-	(10,000)
		-	12,502,383
		-	77,436,556
21.1	Raw material consumed		
	Opening stock	-	11,702,285
	Add: Purchases during the year	-	4,895,985
		-	16,598,270
	Less: Closing stock	-	-
		-	16,598,270
22.	DISTRIBUTION COST		
	Clearing and forwarding	-	6,450
	Commission to selling agents	-	37,245
		-	43,695

Notes to the Financial Statements for the year ended 30 June 2017

		2017 Rupees	2016 Rupees
23.	ADMINISTRATIVE AND GENERAL EXPENSES		
	Salaries and other benefits	7,787,228	4,142,914
	Rent, rates and taxes	523,445	810,149
	Postage and telephone	190,511	375,779
	Electricity, gas and water	1,522,016	484,610
	Printing and stationery	163,913	178,567
	Repair and maintenance	319,434	237,662
	Travelling and conveyance	245,430	256,407
	Legal and professional	75,520	82,527
	Auditors' remuneration (Note 23.1)	814,950	814,450
	Fee and subscription	501,025	509,970
	Entertainment	103,198	201,579
	Depreciation (Note 13.3)	20,089,651	818,583
	Miscellaneous	220,229	253,525
		32,556,550	9,166,722
23.1	Auditors' remuneration		
	Audit fee	500,000	500,000
	Review of interim financial information	102,500	102,500
	Taxation services	99,450	99,450
	Other certifications	95,000	95,000
	Out of pocket expenses	18,000	17,500
		814,950	814,450
24.	OTHER EXPENSES		
	Provision for doubtful trade debts (Note 16)	217,267	-
	Provision for doubtful advances (Note 17)	178,145	-
	Advances written off	47,650	-
		443,062	-
25.	OTHER INCOME		
	Income from financial assets		
	Gain on recognition of long term financing at fair value	-	7,567,209
	Income from non-financial assets		
	Rental income (Note 25.1)	3,483,296	968,220
	Scrap sales	10,000	62,000
		3,493,296	8,597,429

25.1 This represents rental income from lease of godown, owned by the Company, under cancellable lease arrangement.

Notes to the Financial Statements for the year ended 30 June 2017

			2017 Rupees	2016 Rupees
26.	FINANCE COST			
	Mark-up on long term financing		4,027,021	5,201,602
	Adjustment due to IAS - 39		3,564,177	9,634,100
	Interest on workers' profit participation fund		106,441	96,353
	Bank charges		7,109	11,348
			7,704,748	14,943,403
27.	TAXATION			
	Current (Note 27.1)		(863,857)	-
	Prior year adjustment		(247,864)	(1,769,532)
	Deferred income tax (Note 7.2)		1,922,064	2,038,005
			810,343	268,473

27.1 Provision for current tax represents tax on rental income. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

			2017	2016
28.	LOSS PER SHARE - BASIC AND DILUTED			
	There is no dilutive effect on the basic loss per share			
	Loss after taxation	Rupees	(36,400,721)	(50,327,927)
	Weighted average number of ordinary shares	Numbers	25,000,000	25,000,000
	Loss per share – basic and diluted	Rupees	(1.46)	(2.01)

		2017 Rupees	2016 Rupees
29.	CASH GENERATED FROM OPERATIONS		
	Loss before taxation	(37,211,064)	(50,596,400)
	Adjustments for non-cash charges and other items:		
	Depreciation	20,089,651	20,639,144
	Advances written off	47,650	-
	Provision for doubtful trade debts	217,267	-
	Provision for doubtful advances	178,145	-
	Adjustment due to IAS - 39	3,564,177	9,634,100
	Employees' retirement benefit	539,745	(15,290)
	Gain on recognition of long term financing at fair value	-	(7,567,209)
	Finance cost	4,140,571	5,309,303
	Working capital changes (Note 29.1)	20,177,320	33,027,794
		11,743,462	10,431,442

Notes to the Financial Statements
for the year ended 30 June 2017

	2017 Rupees	2016 Rupees
29.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	5,398	1,046,215
Stock-in-trade	10,000	29,103,046
Trade debts	-	17,213,979
Advances	16,693	214,875
Prepaid insurance	20,106	(59,044)
	52,197	47,519,071
Increase / (decrease) in trade and other payables	20,125,123	(14,491,277)
	20,177,320	33,027,794

30. PLANT CAPACITY AND ACTUAL PRODUCTION

Due to shortage of working capital and heavy losses, the Company has ceased its production activities since August 2015.

31. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2017 Rupees	2016 Rupees
Associated company			
Spintex Enterprises (Private) Limited	Funds received	28,905,953	17,400,684
	Funds repaid	820,300	558,670

32. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

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

	2017		2016	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	1,020,000	654,540	1,020,000	1,562,680
Utilities	114,150	-	106,686	-
Medical allowance	-	65,460	-	162,320
	1,134,150	720,000	1,126,686	1,725,000
Number of persons	1	1	1	3

Notes to the Financial Statements
for the year ended 30 June 2017

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

	2017	2016
33. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	29	26
Average number of employees during the year	28	76

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.

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.

Notes to the Financial Statements
for the year ended 30 June 2017

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

	2017 Rupees	2016 Rupees
Floating rate instruments		
Financial liabilities		
Long term financing	49,441,996	55,422,569

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 0.494 million (2016: Rupees 0.554 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:

	2017 Rupees	2016 Rupees
Deposits	270,340	270,340
Trade debts	-	217,267
Advances	3,000	56,650
Bank balances	16,526	205,505
	289,866	749,762

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			2017	2016
	Short term	Long term	Agency	Rupees	Rupees
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	5,722	5,622
MCB Bank Limited	A1+	AAA	PACRA	816	816
Meezan Bank Limited	A-1+	AA	JCR-VIS	1	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,221	188,869
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,766	10,198
				16,526	205,505

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.

Notes to the Financial Statements
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(c) Liquidity risk

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

At 30 June 2017, the Company has Rupees 0.017 million (2016: Rupees 0.206 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 2017:

	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	163,518,000	163,518,000	163,518,000	-	-	-
Accrued mark-up	21,920,768	29,371,898	5,999,430	625,000	1,250,000	21,497,468
Long term financing	49,441,996	58,392,229	9,355,116	15,116,337	28,404,442	5,516,334
Loan from ex-chief executive	832,223	832,223	832,223	-	-	-
Loans from directors	91,786,220	91,786,220	91,786,220	-	-	-
	327,499,207	343,900,570	271,490,989	15,741,337	29,654,442	27,013,802

Contractual maturities of financial liabilities as at 30 June 2016:

	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	143,489,318	143,489,318	143,489,318	-	-	-
Accrued mark-up	18,348,999	25,682,729	2,310,261	625,000	1,250,000	21,497,468
Long term financing	55,422,569	64,392,229	9,355,116	7,516,337	20,955,116	26,565,660
Loan from ex-chief executive	832,223	832,223	832,223	-	-	-
Loans from directors	91,786,220	91,786,220	91,786,220	-	-	-
	309,879,329	326,182,719	247,773,138	8,141,337	22,205,116	48,063,128

34.2 Financial instruments by categories

	Loans and receivables	
	2017	2016
	Rupees	Rupees
Assets as per balance sheet		
Deposits	270,340	270,340
Advances	3,000	56,650
Trade debts	-	217,267
Bank balances	16,526	205,505
	289,866	749,762

Notes to the Financial Statements
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	Financial liabilities at amortized cost	
	2017 Rupees	2016 Rupees
Liabilities as per balance sheet		
Trade and other payables	163,518,000	143,489,318
Accrued mark-up	21,920,768	18,348,999
Long term financing	49,441,996	55,422,569
Loan from ex-chief executive	832,223	832,223
Loans from directors	91,786,220	91,786,220
	327,499,207	309,879,329

35. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2017

36. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2017	Level 1	Level 2	Level 3	Total
	-----	----- Rupees	-----	-----
Property, plant and equipment:				
- Freehold land	-	119,790,000	-	119,790,000
- Buildings on free hold land	-	52,250,000	-	52,250,000
- Plant and machinery	-	29,222,000	-	29,222,000
- Factory tools and equipment	-	75,000	-	75,000
Total non-financial assets	-	201,337,000	-	201,337,000

At 30 June 2016	Level 1	Level 2	Level 3	Total
	-----	----- Rupees	-----	-----
Property, plant and equipment:				
- Freehold land	-	119,790,000	-	119,790,000
- Buildings on free hold land	-	57,025,629	-	57,025,629
- Plant and machinery	-	41,550,000	-	41,550,000
- Factory tools and equipment	-	683,137	-	683,137
Total non-financial assets	-	219,048,766	-	219,048,766

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every year. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery and factory equipment is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery and factory equipment of the same specifications.

Notes to the Financial Statements
for the year ended 30 June 2017

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at the reporting date. As at 30 June 2017, the fair values of the items of property, plant and equipment were determined by Messrs Anderson Consulting (Private) Limited, the approved evaluator.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

37. CAPITAL RISK MANAGEMENT

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

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2017 by the Board of of Directors of the Company.

39. CORRESPONDING FIGURES

As per Circular No. 03 of 2017 issued by the Institute of Chartered Accountants of Pakistan (Guideline on the Basis of Preparation of Financial Statements for Companies that are Not Considered Going Concern), comparative figures have been regrouped between current and non-current classification of assets and liabilities.

40. GENERAL

Figures have been rounded off to nearest of Rupee.

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER


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Pattern of Shareholding
for the year ended 30 June 2017

No. of Shareholders	Shareholding From	Shareholding To		Percentage %
161	1	100	11,114	0.05%
292	101	500	119,227	0.48%
125	501	1,000	117,859	0.47%
178	1,001	5,000	493,501	1.97%
61	5,001	10,000	497,789	1.99%
21	10,001	15,000	262,923	1.05%
12	15,001	20,000	219,930	0.88%
6	20,001	25,000	142,500	0.57%
19	25,001	75,000	827,507	3.31%
10	75,001	200,000	1,235,500	4.94%
3	200,001	500,000	1,125,255	4.50%
3	500,001	645,000	1,707,597	6.83%
1	645,001	755,000	752,500	3.01%
5	755,001	2,250,000	8,871,336	35.49%
3	2,250,001	3,845,000	8,615,462	34.46%
900			25,000,000	100.00%

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
INDIVIDUALS	878	19,084,794	76.35%
INVESTMENT COMPANIES	3	8,500	0.03%
INSURANCE COMPANIES	1	200,000	0.80%
JOINT STOCK COMPANIES	13	5,113,311	20.45%
FINANCIAL INSTITUTIONS	2	560,292	2.24%
MODARBAS AND MUTUAL FUND	3	33,103	0.13%
CHARITABLE TRUSTS	-	-	0.00%
TOTAL	900	25,000,000	100.00%

Pattern of Shareholding
for the year ended 30 June 2017

Categories of Shareholders		Number of Share holders	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		13	5,113,311	20.45%
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarba & Mutual Funds		8	-	
Banks			34,903	0.14%
Financial Institutions.			560,292	2.24%
Modarba Al-Mali Corporation Limited			300	0.00%
Pakistan Kuwait Inv. Co. (Pvt) Limited			3,600	0.01%
State Life Insurance Corporation of Pakistan			200,000	0.80%
Individuals		871	17,924,794	71.71%
Grand Total		900	25,000,000	100.00%

Share Holding 5% or more voting rights:

Muhammad Shoaib	3,842,000
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
Universal Equities (pvt) Limited	47,262
Tasbiha Sarfaraz	2,264,500
Mohammad Sarfaraz	1,363,955

The Corporate Secretary
Bungalow No. 120, Defence Officers Housing Scheme,
Sher Shah Road, Multan Cantt, Multan.

Folio No. ....

No. of Shares held ....

Form of Proxy

31st Annual General Meeting

I/We --

of -- being a member of

RAVI TEXTILE MILLS LIMITED and holder of -- Ordinary Shares

as per Share Register Folio No. ---

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 31st Annual General Meeting member of the Company to be held on Saturday 28th October, 2017 at 09.00 a.m at the Registered Office Bangalow 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)

Signature of Shareholder

Dated this____________ day of____________ 2017

Sinature of Proxy

For beneficial owners as per CDC list

1. WITNESS:	2. WITNESS:
Signature ____________________	Signature ____________________
Name ____________________	Name ____________________
Address ____________________	Address ____________________
CNIC No. | | | | | | - | | | | | | | - | |	CNIC No. | | | | | | - | | | | | | | - | |

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.

راوی ٹیکسٹائل ملز لمیٹڈ

پراکسی فارم (مختارنامہ)

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

میں/ہم ________________

ساکن ________________

بحیثیت رکن جی او سی (پاک) لمیٹڈ، محترم/محترمہ ________________ یا

اس کی غیر موجودگی میں ________________

(بحیثیت کمپنی کے رکن) کو اپنے/ ہمارے ایماء پر مورخہ 28 اکتوبر، 2017 بروز ہفتہ صبح 09:00 بجے، بمقام کمپنی کے رجسٹرڈ آفس بنگلہ نمبر 120، ڈیفنس آفیسر ہاوسنگ، شیر شاہ روڈ، ملتان پر منعقد ہونے والے راوی ٹیکسٹائل ملز لمیٹیڈ کے 31 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز ________ بتاریخ ______ 2017ء کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

:1

دستخط: ________________

نام: ________________

پتہ: ________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ________________

-/5 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں

:2

دستخط: ________________

نام: ________________

پتہ: ________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ________________

دستخط رکن

کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ:

:1 اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔

:2 پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے رجسٹرڈ آفس بنگلہ نمبر 120، ڈیفنس آفیسر ہاوسنگ، شیر شاہ روڈ، ملتان میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔

:3 سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسیز تقرری کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

(i) بصورت افراد، اکاؤنٹ ہولڈر اور/ یا سب اکاؤنٹ ہولڈر جن کی سیکورٹیز اینڈ رجسٹریشن تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہونگے۔

(ii) پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(iii) بینیفشل اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہونگی۔

(iv) پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔

(v) بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد/مختار نامہ معہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔