

CONDENSED
INTERIM FINANCIAL
STATEMENTS
QUARTER ENDED
31 MARCH 2019
UN-AUDITED



Ravi Textile Mills Limited



DIRECTORS' REPORT

The results for the nine month under review show net loss of Rs. 5.262 million after accounting for all operational expenses of Rs. 9.485 million and finance cost of Rs. 0.634 million as compared to previous corresponding period net loss of Rs. 32.207 million.

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

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

An Extraordinary General Meeting of the members of the Company was held on Friday, 02 March 2018, at 9:00 a.m. at the registered office of the Company, and shareholders of the Company considered and approved the sale of freehold land, buildings on freehold land, plant and machinery and other assets of the Company located at 49 KM, Lahore-Multan Road, Chunian, District Kasur by passing special resolutions in terms of Section 183(3)(a) of the Companies Act, 2017. Approval was accorded by shareholders for utilization of the proceeds from sale of Assets to partially repay the liabilities of the Company and to utilize the remaining proceeds to start alternate business plan as approved and recommended by the Board of Directors of the Company. The alternate business plan approved and recommended by the Board of Directors of the Company was approved and adopted by the shareholders.

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

Tender for disposal of the Assets were published in newspapers on May 10, 2018 and December 09, 2018 having nationwide circulation. A committee of the board of directors comprising of independent and non-executive directors was constituted and worked to ensure transparency in the entire process.

We are pleased to inform that the Company has, subsequent to the reporting period, signed an Assets Sale and Purchase Agreement on 26 February 2019 with Waqas Rafique International for all fixed assets of the Company except vehicle. The total consideration amount for sale of the Assets agreed between the parties to the Assets Sale and Purchase Agreement dated 26 February 2019 is Rupees 300,000,000. Legal formalities concerning the sale of the Assets are in process and are expected to be completed shortly. Till the date of this report, the Company has received Rupees 243,600,000 from the buyer. Details are:

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

There shall be no remaining fixed assets of the Company after the aforesaid disposals.

As part of the implementation of alternative business plan, settlement and payments to the banks amounted to Rs. 72.309 million, payments of trade payables amounted to Rs. 72.112 million and administrative and general expense payments amounted to Rs. 2.312 million till the date of this report.

For and on behalf of the Board

Multan:
29th April, 2019

Muhammad Waseem ur Rehman
Chief Executive

Director

ڈائریکٹر رپورٹ

مالی نتیجہ زیرِ غور نو ماہی سے ظاہر ہوتا ہے، صافئی نقصان 5.262 ملین روپے جو کہ انتظامی اور عام اخراجات 9.485 ملین روپے اور قرضہ اخراجات 0.634 ملین روپے کی مہنت کے بعد بمقام بلڈنگز شہ اسی دوران صافئی نقصان 32.207 ملین روپے۔

مستقبل کے امکانات

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

اثاثوں کی فروخت اور عمل درآمد کاروباری منصوبے کی صورتحال

کمپنی کے ممبران کا ایک غیر معمولی اجلاس مورخہ 2 مارچ بروز جمعہ 2018 صبح 9 بجے کمپنی کے رجسٹرڈ آفس میں منعقد ہوا جس میں ممبران نے غور و خوض کیا اور منظوری دی اثاثوں کی فروخت کرنے کی جس میں فری ہولڈرز مین، بلڈنگ فری ہولڈرز مین، پلانٹ اور مشینری و دیگر اثاثے کمپنی واقع ہیں 49 کلومیٹر لاہور ملتان روڈ، چوینا، ضلع قصور بذریعہ خاص قرارداد انڈیکسٹین (a) 183(3) کمپنی ایکٹ 2017 کے تحت۔ ممبران نے منظوری اس بات کی بھی دی ہے کہ اثاثوں کی فروخت سے حاصل شدہ رقم کے ایک حصے سے کمپنی کی ذمہ داریوں کی ادائیگی کی جائے اور بقایا رقم سے متبادل کاروبار جو کہ کمپنی کے بورڈ نے سفارش اور منظور کیا ہے شروع کیا جائے۔ متبادل کاروبار جو کہ کمپنی کے بورڈ نے سفارش اور منظور کیا ہے وہ ممبران کمپنی نے منظور کر کے اپنایا ہے۔

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

ٹینڈرز برائے اثاثے فروخت قومی اخبارات میں پورے ملک میں شائع ہو چکے ہیں۔ مورخہ 10 مئی 2018، اور 9 دسمبر 2018۔ ایک کمپنی بنادی ہے جو کہ بورڈ آف ڈائریکٹرز کے انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹران پر مشتمل ہے جو تمام تر عمل کے شفاف ہونے کی نگرانی کو یقینی بنائے گی۔ ہم باخوشی اطلاع دیتے ہیں کہ کمپنی نے آدھا سال کی رپورٹ کے بعد والے عرصے میں کمپنی نے مورخہ 26 فروری 2019 کو قاضی رفیق انٹرنیشنل کے ساتھ غیر متحرک اثاثوں کی فروخت و خرید کا معاہدہ کر لیا ہے سوائے موٹر کار کے۔ اس معاہدہ فروخت و خرید کی کل مالیت دونوں فریقین میں مورخہ 26 فروری 2019 کو مبلغ رقم 300,000,000 روپے طے ہوئی ہے۔ قانونی کاروائی کا عمل متعلقہ معاہدہ برائے فروخت و خرید زیرِ نینگیل ہے اور جلد ہی مکمل ہونے کی توقع ہے۔ آج کی تاریخ کی ڈائریکٹر رپورٹ تک کمپنی نے کل رقم 243,600,000 روپے خریدار سے وصول کی ہے۔ تفصیلات درج ذیل ہیں۔

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

اب کمپنی کے پاس بعد از فروخت ان اثاثہ جات کوئی اثاثہ نہیں۔ متبادل کاروباری منصوبے کے اہم حصے کے مطابق ٹیکوں کو ادائیگی کی 72.309 ملین روپے۔ کاروباری ادائیگی کی 72.112 ملین روپے اور انتظامی اور عام اخراجات میں 2.312 ملین روپے ادا ہو چکے ہیں۔ اس ڈائریکٹر رپورٹ کی تاریخ تک۔

منجانب بورڈ

محمد وسیم الرحمن

(چیف ایگزیکٹو)

(ڈائریکٹر)

ملتان۔ 29 اپریل 2019



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Un-audited 31 March 2019	Audited 30 June 2018
Note	Rupees	Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital		
30,000,000 (30 June 2018: 30,000,000) ordinary shares of Rupees 10 each	300,000,000	300,000,000
Issued, subscribed and paid-up share capital	250,000,000	250,000,000
Capital reserve:		
Surplus on revaluation of operating fixed assets - net of deferred tax	147,402,574	147,402,574
Revenue reserve - general reserve	9,000,000	9,000,000
Accumulated loss	(592,021,361)	(586,759,690)
Total equity	(185,618,787)	(180,357,116)
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	4	-
Deferred income tax liability	13,654,747	13,654,747
Employees' retirement benefit	3,604,846	3,186,955
	17,259,593	16,841,702
CURRENT LIABILITIES		
Trade and other payables	360,144,771	192,834,757
Accrued mark-up	850,000	30,532,601
Loan from ex-chief executive	832,223	832,223
Loans from directors	91,786,220	91,786,220
Current portion of long term financing	-	47,430,065
Unclaimed dividend	1,034,090	1,034,090
Provision for taxation	-	172,390
	454,647,304	364,622,346
Total liabilities	471,906,897	381,464,048
CONTINGENCIES AND COMMITMENTS	5	-
TOTAL EQUITY AND LIABILITIES	286,288,110	201,106,932

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

CHIEF EXECUTIVE_____
DIRECTOR_____
CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	-	-
Long term security deposits		266,340	266,340
		<u>266,340</u>	<u>266,340</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		2,469,599	2,481,055
Advances		1,697,385	1,826,848
Cash and bank balances		86,867,555	1,545,458
		91,034,539	5,853,361
Non current assets held for sale	7	194,987,231	194,987,231
		<u>286,021,770</u>	<u>200,840,592</u>
TOTAL ASSETS		<u><u>286,288,110</u></u>	<u><u>201,106,932</u></u>

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

CHIEF EXECUTIVE_____
DIRECTOR_____
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**

FOR THE QUARTER AND NINE MONTH ENDED 31 MARCH 2019

(UNAUDITED)

Note	NINE MONTH ENDED		QUARTER ENDED	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Rupees	Rupees	Rupees	Rupees
SALES	-	-	-	-
COST OF SALES	-	-	-	-
GROSS PROFIT / (LOSS)	-	-	-	-
ADMINISTRATIVE AND GENERAL EXPENSES	(9,485,415)	(22,737,610)	(2,978,055)	(7,483,989)
OTHER INCOME	4,858,168	718,290	4,858,168	-
PROFIT / (LOSS) FROM OPERATIONS	(4,627,247)	(22,019,320)	1,880,113	(7,483,989)
FINANCE COST	(634,424)	(11,248,467)	(198,074)	(1,530,534)
PROFIT / (LOSS) BEFORE TAXATION	(5,261,671)	(33,267,787)	1,682,039	(9,014,523)
TAXATION	-	1,061,214	-	411,201
PROFIT / (LOSS) AFTER TAXATION	(5,261,671)	(32,206,573)	1,682,039	(8,603,322)
PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED	(0.21)	(1.29)	0.07	(0.34)

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

CHIEF EXECUTIVE_____
DIRECTOR_____
CHIEF FINANCIAL OFFICER**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME**

FOR THE QUARTER AND NINE MONTH ENDED 31 MARCH 2019

(UNAUDITED)

	NINE MONTH ENDED		QUARTER ENDED	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Rupees	Rupees	Rupees	Rupees
PROFIT / (LOSS) AFTER TAXATION	(5,261,671)	(32,206,573)	1,682,039	(8,603,322)
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(5,261,671)	(32,206,573)	1,682,039	(8,603,322)

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

CHIEF EXECUTIVE_____
DIRECTOR_____
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY
FOR THE NINE MONTH ENDED 31 MARCH 2019
(UNAUDITED)**

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
		Surplus on revaluation of operating fixed assets-net of tax	General reserve		
-----Rupees-----					
Balance as at 30 June 2017 (Audited)	250,000,000	149,492,853	9,000,000	(554,964,199)	(146,471,346)
Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax	-	(2,878,410)	-	2,878,410	-
Loss for the nine month ended 31 March 2018	-	-	-	(32,206,573)	(32,206,573)
Other comprehensive income for the nine month ended 31 March 2018	-	-	-	-	-
Total comprehensive loss for the nine month ended 31 March 2018	-	-	-	(32,206,573)	(32,206,573)
Balance as at 31 March 2018 (Un-audited)	250,000,000	146,614,443	9,000,000	(584,292,362)	(178,677,919)
Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax	-	317,277	-	(317,277)	-
Loss for the quarter ended 30 June 2018	-	-	-	(2,573,371)	(2,573,371)
Other comprehensive income for the quarter ended 30 June 2018	-	-	-	423,320	423,320
Total comprehensive loss for the quarter ended 30 June 2018	-	-	-	(2,150,051)	(2,150,051)
Surplus on revaluation of operating fixed assets - adjustment due to change in tax rate	-	470,854	-	-	470,854
Balance as at 30 June 2018 (Audited)	250,000,000	147,402,574	9,000,000	(586,759,690)	(180,357,116)
Loss for the nine month ended 31 March 2019	-	-	-	(5,261,671)	(5,261,671)
Other comprehensive income for the nine month ended 31 March 2019	-	-	-	-	-
Total comprehensive loss for the nine month ended 31 March 2019	-	-	-	(5,261,671)	(5,261,671)
Balance as at 31 March 2019 (Un-audited)	250,000,000	147,402,574	9,000,000	(592,021,361)	(185,618,787)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH ENDED 31 MARCH 2019
(UNAUDITED)

	NINE MONTH ENDED	
	31 March 2019	31 March 2018
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(5,261,671)	(33,267,787)
Adjustment for non-cash charges and other items:		
Depreciation	-	13,010,484
Adjustment due to IAS-39	-	7,516,308
Provision for employees' retirement benefit	417,891	414,106
Principal loan written back	(118,016)	-
Accrued mark up written back	(4,565,152)	-
Bank Alfalah legal expenses written back (Accrued liabilities)	(175,000)	-
Finance cost	634,424	3,732,159
Cash used in operating activities before working capital changes	(9,067,524)	(8,594,730)
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	11,456	10,391
Advances	(5,000)	8,052
Other receivable	-	-
Increase in trade and other payables	167,485,014	12,876,245
Effect on cash flows due to working capital changes	167,491,470	12,894,688
Cash generated from operations	158,423,946	4,299,958
Finance cost paid	(25,751,872)	(1,269,764)
Income tax paid	(37,927)	(181,625)
	(25,789,799)	(1,451,389)
Net cash generated from operating activities	132,634,147	2,848,569
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
Repayment of long term financing	(47,312,050)	(2,827,174)
Net cash used in financing activities	(47,312,050)	(2,827,174)
Net increase in cash and cash equivalents	85,322,097	21,395
Cash and cash equivalents at the beginning of the period	1,545,458	16,526
Cash and cash equivalents at the end of the period	86,867,555	37,921

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS****FOR THE NINE MONTH ENDED 31 MARCH 2019
(UNAUDITED)****1 THE COMPANY AND ITS OPERATIONS**

1.1 Ravi Textile Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. Its registered office is situated at Banglow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt. The object of the Company is manufacturing and trading of yarn. Pakistan Stock Exchange Limited (PSX) has placed the Company under defaulters' segment as show cause notice has been issued by the Securities and Exchange Commission of Pakistan (SECP) for initiating winding-up proceedings against the Company and suspended commercial production / business operations in principle line of business for a continuous period of one year.

1.2 Non-going concern basis of accounting

The Company has incurred net loss of Rupees 5.262 million during the nine month ended 31 March 2019. Accumulated losses of the Company as on the reporting date are Rupees 592.021 million. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years with the support of directors' loans. However, in August 2015, the operations of the mill were suspended again. It is beyond the control of the existing management of the Company to run the Company at an economically viable level due to poor economic / market conditions for spinning sector, high energy costs, scheduled and unscheduled extensive load shedding of electricity, high mark-up rates charged by banks and scarce availability of funds.

With reference to the approval of the members of the Company accorded in terms of Section 183 (3) (a) of the Companies Act, 2017 to the disposal and sale of Company's assets located at 49 KM, Lahore-Multan Road, Chunian, District Kasur comprising of freehold land, buildings on freehold land, plant and machinery, electric fittings and installations, factory tools and equipment, furniture, fixtures and office equipment and other assets ("Assets") in Extraordinary General Meeting of the members of the Company held on 02 March 2018 at registered office of the Company, the Company has, subsequent to the reporting period, signed an Assets Sale and Purchase Agreement on 26 February 2019 with Waqas Rafique International. The total consideration amount for sale of the Assets agreed between the parties to the Assets Sale and Purchase Agreement dated 26 February 2019 is Rupees 300,000,000. Legal formalities concerning the sale of the Assets are in process. Till the date of authorization for issue of these condensed interim financial statements, the Company has received Rupees 243,600,000 from the buyer. Proceeds from sale of the Assets are being utilized for repayment of liabilities of the Company. Financing from banks has been settled.

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

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

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

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

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These condensed interim financial statements are unaudited, and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

2.3 Accounting convention

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

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 3.2 to these condensed interim financial statements.

3.1 Critical accounting estimates and judgements

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

3.2 Changes in accounting policies due to applicability of certain international financial reporting standards (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018:

3.2.1 IFRS 9 'Financial Instruments'

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



The Company has adopted IFRS 9 without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

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

Investments and other financial assets

a) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

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

b) Measurement

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

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

Debt instruments

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

Amortised cost

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

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

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Company's right to receive payments is established.

ii) Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**iii) Hedge accounting**

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

There is no impact of the said change on these condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 March 2019.

iv) Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The application of IFRS 9 does not have any financial impact on these condensed interim financial statements and therefore, the cumulative effect of initially applying this standard as an adjustment to the equity in the period of initial application is nil.

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:.

Measurement category		Carrying amounts		
Original	New	Original	New	Difference
(IAS 39)	(IFRS 9)	Rupees		

Financial assets

Deposits	Loans and receivables	Amortised cost	266,340	266,340	-
Bank balances	Loans and receivables	Amortised cost	1,545,458	1,545,458	-

Financial liabilities

Trade and other payables	Amortised cost	Amortised cost	190,579,428	190,579,428	-
Accrued mark-up	Amortised cost	Amortised cost	30,532,601	30,532,601	-
Unclaimed dividend	Amortised cost	Amortised cost	1,034,090	1,034,090	-
Longterm financing	Amortised cost	Amortised cost	47,430,065	47,430,065	-
Loan from ex- chief executive	Amortised cost	Amortised cost	832,223	832,223	-
Loans from directors	Amortised cost	Amortised cost	91,876,220	91,876,220	-

3.2.2 IFRS 15 'Revenue from Contracts with Customers'

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

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. The application of IFRS 15 does not have any impact on the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening equity of the Company in the period of initial application is nil.

i) **Key changes in accounting policies resulting from application of IFRS 15**

The Company recognises revenue as follows:

Revenue from contracts with customers

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

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

a) **Sale of goods**

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:



- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

b) Interest

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

c) Other revenue

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

3.2.3 Trade and other receivables

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

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

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

	Un-audited 31 March 2019	Audited 30 June 2018
	Rupees	Rupees

4 LONG TERM FINANCING

From banking companies - secured

Opening balance	47,430,065	49,441,996
Add: Adjustment due to IAS - 39 during the period / year	-	1,815,243
Less: Repaid during the period / year	(47,312,050)	(3,827,174)
Less: written back during the period / year	(118,015)	-
	<u>-</u>	<u>47,430,065</u>
Less: Current portion of long term financing (Note 4.1)	-	47,430,065
	<u>-</u>	<u>-</u>
Closing balance	<u>-</u>	<u>-</u>



- 4.1 As the Company breached the provisions of restructured financing arrangements with banks, the long term financing and deferred accrued markup thereon were classified as current liabilities. During the nine month ended 31 March 2019, the Company has repaid all outstanding liabilities to National Bank of Pakistan & Bank Alfalah Limited alongwith accrued mark up thereon.

5 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments since the preceding annual published financial statements of the Company for the year ended 30 June 2018.

	Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
6 FIXED ASSETS		
Operating fixed assets (Note 6.1)	-	-
6.1 Operating fixed assets		
Opening net book value	-	206,552,100
Less: Depreciation charged during the period / year	-	(11,564,869)
	-	194,987,231
Reclassified to non-current assets held for sale during the period / year	-	(194,987,231)
	-	-

7 NON-CURRENT ASSETS HELD FOR SALE

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

	Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
Non - current assets classified as held for sale:		
Freehold land	119,790,000	119,790,000
Buildings on freehold land	49,073,326	49,073,326
Plant and machinery	22,241,610	22,241,610
Factory tools and equipment	58,333	58,333
Electric fittings and installations	3,168,020	3,168,020
Furniture, fixtures and office	30,339	30,339
Vehicles	625,603	625,603
	194,987,231	194,987,231



7.1 As on the reporting date, book values on cost basis of fixed assets are stated below:

	Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
Freehold land	5,818,014	5,818,014
Buildings on freehold land	4,427,133	4,427,133
Plant and machinery	19,860,816	19,860,816
Factory tools and equipment	-	-

7.2 Subsequent to the reporting period, the Company has signed Assets Sale and Purchase Agreement with Waqas Rafique International. Category wise break-up of sale price, carrying values of non-current assets held for sale and upside not recognised in these condensed interim financial statements are stated below:

	As at 31 March 2019		
	Sale price as per Assets Sale and Purchase Agreement	Carrying values	Upside not recognised in these condensed interim financial statements
	-----Rupees-----		
Freehold land	150,000,000	119,790,000	30,210,000
Buildings on freehold land	100,000,000	49,073,326	50,926,674
Plant and machinery	46,743,308	22,241,610	24,501,698
Factory tools and equipment	58,333	58,333	-
Electric fittings and installations	3,168,020	3,168,020	-
Furniture, fixtures and office	30,339	30,339	-
	<u>300,000,000</u>	<u>194,361,628</u>	<u>105,638,372</u>

7.3 At 31 March 2019, fair market value of vehicles is Rupees 1.200 million. Hence an upside of Rupees 0.574 million has not been recorded in these condensed interim financial statements.

7.4 According to the valuation carried out as on 02 March 2018 by Messrs Anderson Consulting (Private) Limited - approved valuer, fair market values and forced sale values of non-current assets held for sale as on 30 June 2018 were as follows:

	30 June 2018			
	Fair market value	Carrying value	Upside not recognised in the financial statements	Forced sale value
	-----Rupees-----			
Freehold land	119,790,000	119,790,000	-	101,821,500
Buildings on freehold land	49,073,326	49,073,326	-	41,712,327
Plant and machinery	22,241,610	22,241,610	-	17,793,288
Factory tools and equipment	58,333	58,333	-	46,666
Electric fittings and installations	3,168,020	3,168,020	-	2,534,416
Furniture, fixtures and office	30,339	30,339	-	24,270
Vehicles	1,200,000	625,603	574,397	960,000
	<u>195,561,628</u>	<u>194,987,231</u>	<u>574,397</u>	<u>164,892,467</u>

8 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

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

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

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

8.1 NON- RECURRING FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

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

9 TRANSACTIONS WITH RELATED PARTIES

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

i. Transactions	(Un-audited)			
	NINE MONTH ENDED		QUARTER ENDED	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Associated company	----- R u p e e s -----			
Funds received	6,731,581	12,068,986	926,793	4,632,467
Funds repaid	64,025,571	248,135	64,000,000	-
Other related parties				
Remuneration to key management personnel	1,305,000	1,305,000	435,000	435,000
			Un-audited	Audited
			31 March	30 June
			2019	2018
			Rupees	Rupees
ii Period end balances				
Payable to associated company			39,839,007	97,132,997

10 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 29, 2019.

12 CORRESPONDING FIGURES

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

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

13 GENERAL

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



CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



RAVI TEXTILE MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR & R COMMITTEE

Muhammad Shahid (Independent Director) Chairman
Tahir Majeed (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. Pakistan
Phone: 92-61-4503620 - 4503630
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E-mail: info@ravitextile.com
Web: www.ravitextile.com

SHARE REGISTRAR

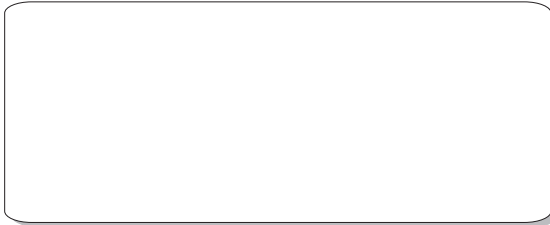
Hameed Majeed Associates (Pvt) Limited
H.M House 7-Bank square, Lahore.
Tel: 92-42-37235081-82

MILLS

49 KM, Lahore-Multan Road, Chunian, District Kasur.

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