Annual Report 2013

RAVI TEXTILE MILLS LIMITED

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RAVI TEXTILE MILLS LIMITED

Company Information

BOARD OF DIRECTORS

Muhammad Waseem-ur-Rehman	(Chief Executive)
Aftab Sarwar	(Chairman)
Muhammad Shahid Iqbal	
Tahir Majeed	
Shabbir Ahmad Alvi	
Muhammad Riaz	
Muhammad Shahid	

AUDIT COMMITTEE

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

HR & R COMMITTEE

Tahir Majeed	(Independent Director)	Chairman
Muhammad Shahid	(Independent Director)	Member
Muhammad Riaz	(Independent Director)	Member

CORPORATE SECRETARY/
CHIEF FINANCIAL OFFICER
Munsaf Khan

AUDITORS
Riaz Ahmed & Company
Chartered Accountants
10-B, Saint Mary Park, Main Boulevard,
Gulberg-III, Lahore-54660

BANKERS
National Bank of Pakistan Limited
Bank Alfalah Limited
NIB Bank Limited
Habib Metropolitan Bank Limited
The Bank of Punjab

REGISTERED OFFICE
Bungalow No.120 Defence Officers Housing
Scheme, Sher Shah Road, Multan Cantt. Multan
Phone: 92-61-4503620-30
Fax: 92-61-4503640

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

Notice of Annual General Meeting

Notice is hereby given that 27th Annual General Meeting of Shareholders of Ravi Textile Mills Limited will be held on Thursday 31st October, 2013 at 11:00 a.m. at registered office of the company Bungalow No.120 Defence Officers Housing Scheme Sher Shah Road, Multan Cantt. Multan to transact the following business:-

1. To confirm the minutes of the preceding Annual General Meeting of the shareholders of the company held on 31st October, 2012.

2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2013 together with Directors' and Auditors' reports thereon.

3. To appoint External Auditor for the next year ending June 30, 2014 and fix their remnerations. 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: MUNSAF KHAN
09 October 2013. Corporate Secretary

Notes:
1. The Members' Register will remain closed from 24th October, 2013 to 31sth October 2013 (both days inclusive). Transfers received of the registered office of the company by the close of business on 23rd October 2013 will be entertained.

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

3. Shareholders are requested to immediately notify the change in address, if any.

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

5.

a. For attending the meeting

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

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

b. For Appointing Proxies

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

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

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

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

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

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, 2013.

Performance Review

During the year under review the company has suffered net loss Rs. 30.674 million after accounting for administrative expenses of Rs. 26.842 million including depreciation of Rs. 20.501 million, other expenses of Rs. 0.898 million and finance cost of Rs.10.194 million as compared, to last corresponding year's net loss of Rs. 39.544 million. In the preceding years, continuing cost escalation of raw materials, disproportionate increase in price of yarn, volatile yarn market, bearish yarn market, increase in energy cost, scheduled and unscheduled extensive load shedding of electricity, high mark up rates charged by banks were the main causes of losses. Due to these reasons cash liquidity was squeezed and the company was not able to meet its obligations in respect of repayment of short term borrowings and finance cost accrued thereon. As result of this banks did not renew the credit facilities of the company which were expired on 30 June 2011 and ultimately the operations of mills were suspended. Moreover, National Bank of Pakistan has instituted the recovery suit against the company in the Honorable Lahore High Court, Lahore. Owing to this factor, the management of the company was compelled to suspend its own operation of mills. In order to minimize the losses caused by the fixed costs, some of the production facilities have been given on operating lease. In the year under review Bank Alfalah Limited has also instituted the recovery suit against the company by filing its plaint in the Honorable Lahore High Court, Lahore.

Future Prospects

The textile industry is facing unfavorable circumstances despite this it is earning the profit. Due to this reason the management of the company has been making all their efforts to revive the operation of mills by settling the case into Compromise Agreement with the banks. The management of the company is fully aware of the present challenges prevailing in the textile industry and hopeful its efforts will be succeeded with the support of the banks.

Loss per Share

Based on net loss for the year ended 30 June 2013, the loss per share for the year ended 30 June 2013 is Rs. 1.23 as compared to loss per share of Rs. 1.58 in the preceding year ended 30 June 2012.

Key Operating and Financial Data

Last six years data is annexed.

Dividends

Due to the loss for the current year and in view of accumulated losses, the directors are not able to recommend any dividend.

Pattern of Shareholding

The pattern of shareholdings is annexed under section 236(2) of the Companies Ordinance, 1984 along with additional information as required by the code of corporate governance.

Board Meetings

Four (4) meetings were held from 01 July, 2012 to 30 June 2013 and attended by the directors as follows.

NAME OF THE DIRECTORS	DESIGNATION	TOTAL ATTENDANCES
Muhammad Waseem ur Rehman	Chief Executive Officer	4
Aftaab Sarwar	Chairman	4
Mohammad Shahid Iqbal	Director	4
Shabbir Ahmad Alvi	Director	4
Tahir Majeed	Director	4
Muhammad Riaz	Director	4
Muhammad Shahid	Director	4

Audit Committee Meeting

Four (4) meetings were held from 01 July, 2012 to 30 June 2013 and attended by the members as follows.

NAME OF THE MEMBERS	DESIGNATION	TOTAL ATTENDANCES
Muhammad Shahid Iqbal	(Independent Director/Chairman)	4
Aftaab Sarwar	(Independent Director/Member)	4
Muhammad Riaz	(Independent Director/Member)	4

Auditors

The present Auditors, M/s Riaz Ahmad & Company, Chartered Accountants retire and being eligible for appointment have offered themselves for re-appointment. The Audit committee and Board of Directors have recommended their appointment for the next year ending on 30th June, 2014.

Corporate Governance

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

b. Proper books of accounts have been maintained by the Company.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. The International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and departures there from, if any, has been adequately disclosed and explained.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. The significant doubts upon the Company's ability to continue as a going concern have been adequately disclosed in Note No.1.2 to the financial statements.

g. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations of the stock exchanges.

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

On behalf of the board

MUHAMMAD WASEEM UR REHMAN
CHIEF EXECUTIVE

Multan: October 09, 2013

Six Years at a Glance

(Rs. in '000)

	2013	2012	2011	2010	2009	2008
Sales	-	-	194,122	432,368	316,778	12,615
Cost of Sales	-	-	(235,558)	(452,614)	347,095	27,188
Gross Profit(Loss)	-	-	(41,436)	(20,246)	(30,317)	(14,573)
Distribution Administrative Expenses	(26,842)	(31,071)	(11,801)	(13,434)	10,932	6,982
Other Operating Expenses	(898)	(6,845)	(41,160)	(87)	248	3,963
Financial & Other Charges	(10,194)	(11,153)	(13,406)	(12,644)	12,511	2,019
Other Income	7,260	9,506	3,065	10,331	54,251	32,098
Profit(Loss) before taxation	(30,674)	(39,563)	(104,738)	(36,080)	243	4,561
Provision for taxation	-	19	(19)	(60)	-	0.063
Profit(Loss) after taxation	(30,674)	(39,544)	(104,757)	(36,140)	243	4,498
Balance Sheet						
Share Capital	250,000	250,000	250,000	250,000	250,000	70,380
Reserves	9,000	9,000	9,000	9,000	9,000	9,000
Accumulated Loss	(373,842)	(349,083)	(314,509)	(214,957)	(183,866)	(190,337)
Share Deposit Money	-	-	-	-	-	68,500
Surplus on revaluation of Assets	188,034	193,949	173,439	160,387	164,999	185,624
Shareholders' Equity	(73,192)	(90,083)	(55,509)	204,430	240,132	143,168
Long Term Obligation	-	-	-	57,526	62,459	195,300
Current Liability and Provision	(219,979)	(207,512)	(195,239)	142,467	134,431	44,411
Total	73,192	103,866	117,930	404,423	437,023	382,879
Fixed Assets - Tangible	281,190	301,603	299,999	286,287	301,751	336,927
Long Term Security Deposits	-	-	-	243	243	196
Current Assets	11,981	9,775	13,170	117,893	135,028	45,755
Total	73,192	103,866	117,930	404,423	437,023	382,879

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 year ended 30 June 2013

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

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

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

Category	Names
Independent Directors	Mr. Aftab Sarwar
	Mr. Mohammad Shahid Iqbal
	Mr. Tahir Majeed
	Mr. Mohammad Shahid
	Mr. Shabbir Ahmad Alvi
	Mr. Mohammad Riaz
Executive Director	Mr. Mohammad Waseem Ur Rehman

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy on the board occurred 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 and non-executive directors, have been taken by the board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses. In this regard one director of the company has obtained mandatory certification under directors training program offered by Institutions specified by the SECP before 30-06-2013 under clause (xi) of the CCG.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made by the Board during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of 3 members, of whom all are independent directors 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 all are independent directors and the chairman of the committee is an independent director.

18. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material requirements of the CCG have been complied with.

For and on behalf of the Board.

Mohammad Waseem Ur Rehman
Chief Executive.
N.I.C. # 61101-1886412-1

Multan
09 October 2013

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of RAVI TEXTILE MILLS LIMITED ("the Company") for the year ended 30 June 2013, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

DATE: October 09, 2013
LAHORE

Auditors' Report to the Members

We have audited the annexed balance sheet of RAVI TEXTILE MILLS LIMITED as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2013 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

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

DATE: October 09, 2013
LAHORE

Balance Sheet
as at 30 June 2013

	Note	2013 Book Value Rupees	2013 Estimated realisable/ settlement value Rupees	2012 Book Value Rupees	2012 Estimated realisable/ settlement value Rupees
ASSETS					
Bank balances on current accounts		19,464	19,464	50,567	50,567
Other receivables	3	5,828,400	5,828,400	3,801,000	3,801,000
Advances	4	1,764,382	1,764,382	1,554,731	1,554,731
Stock-in-trade	5	-	-	-	-
Stores, spare parts and loose tools	6	4,099,760	4,099,760	4,100,000	4,100,000
Security deposits		268,840	268,840	268,840	268,840
Property, plant and equipment	7	281,190,014	281,190,014	301,603,362	301,603,362
TOTAL ASSETS		293,170,860	293,170,860	311,378,500	311,378,500
LIABILITIES					
Trade and other payables	8	67,521,253	67,521,253	72,431,299	72,431,299
Accrued mark-up	9	51,587,695	51,587,695	34,011,508	34,011,508
Short term borrowings	10	98,350,447	98,350,447	98,350,447	98,350,447
Loan from ex-chief executive	11	832,223	832,223	832,223	832,223
Deferred liabilities:					
Deferred income tax liability	12	25,181,177	-	27,991,943	-
Employees' retirement benefit		1,687,047	1,687,047	1,887,047	1,887,047
TOTAL LIABILITIES		245,159,842	219,978,665	235,504,467	207,512,524
NET ASSETS		48,011,018	73,192,195	75,874,033	103,865,976
REPRESENTED BY:					
Authorized share capital	13	300,000,000	300,000,000	300,000,000	300,000,000
Issued, subscribed and paid-up share capital	14	250,000,000	250,000,000	250,000,000	250,000,000
Revenue reserve - General reserve		9,000,000	9,000,000	9,000,000	9,000,000
Accumulated loss		(373,842,078)	(373,842,078)	(349,082,992)	(349,082,992)
Total equity		(114,842,078)	(114,842,078)	(90,082,992)	(90,082,992)
Net surplus on estimated realisable / settlement values		-	188,034,273	-	193,948,968
Surplus on revaluation of operating fixed assets	15	162,853,096	-	165,957,025	-
Contingencies and commitments	16				
		48,011,018	73,192,195	75,874,033	103,865,976

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

CHIEF EXECUTIVE

DIRECTOR

Profit and Loss Account
for the year ended 30 June 2013

	Note	2013 Rupees	2012 Rupees
SALES		-	-
COST OF SALES		-	-
GROSS PROFIT		-	-
ADMINISTRATIVE EXPENSES	17	(26,842,042)	(31,071,005)
OTHER EXPENSES	18	(897,904)	(6,845,221)
		(27,739,946)	(37,916,226)
		(27,739,946)	(37,916,226)
OTHER INCOME	19	7,260,000	9,506,500
LOSS FROM OPERATIONS		(20,479,946)	(28,409,726)
FINANCE COST	20	(10,193,835)	(11,153,008)
LOSS BEFORE TAXATION		(30,673,781)	(39,562,734)
TAXATION	21	-	18,572
LOSS AFTER TAXATION		(30,673,781)	(39,544,162)
LOSS PER SHARE - BASIC AND DILUTED	22	(1.23)	(1.58)

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

CHIEF EXECUTIVE DIRECTOR

Statement of Comprehensive Income for the year ended 30 June 2013

	2013 Rupees	2012 Rupees
LOSS AFTER TAXATION	(30,673,781)	(39,544,162)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(30,673,781)	(39,544,162)

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

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement
for the year ended 30 June 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	23	650,211	(11,510)
Net decrease in security deposits		-	179,500
Finance cost paid		(118,272)	(107,504)
Income tax paid		(275,742)	(242,018)
Gratuity paid		(200,000)	-
		(594,014)	(170,022)
Net cash generated from / (used in) operating activities		56,197	(181,532)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(87,300)	-
Net cash used in investing activities		(87,300)	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net decrease in cash and cash equivalents		(31,103)	(181,532)
Cash and cash equivalents at the beginning of the year		50,567	232,099
Cash and cash equivalents at the end of the year		19,464	50,567

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

CHIEF EXECUTIVE

DIRECTOR

Statement of Changes In Equity
for the year ended 30 June 2013

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	REVENUE RESERVE General reserve	ACCUMULATED LOSS	TOTAL EQUITY
	---------------------- Rupees ----------------------			
Balance as at 30 June 2011	250,000,000	9,000,000	(314,509,491)	(55,509,491)
Transferred from revaluation surplus - net of deferred income tax	-	-	3,230,930	3,230,930
Related deferred income tax liability	-	-	1,739,731	1,739,731
	-	-	4,970,661	4,970,661
Loss for the year ended 30 June 2012	-	-	(39,544,162)	(39,544,162)
Other comprehensive income for year ended 30 June 2012	-	-	-	-
Total comprehensive loss for the year ended 30 June 2012	-	-	(39,544,162)	(39,544,162)
Balance as at 30 June 2012	250,000,000	9,000,000	(349,082,992)	(90,082,992)
Transferred from revaluation surplus - net of deferred income tax	-	-	3,844,552	3,844,552
Related deferred income tax liability	-	-	2,070,143	2,070,143
	-	-	5,914,695	5,914,695
Loss for the year ended 30 June 2013	-	-	(30,673,781)	(30,673,781)
Other comprehensive income for year ended 30 June 2013	-	-	-	-
Total comprehensive loss for the year ended 30 June 2013	-	-	(30,673,781)	(30,673,781)
Balance as at 30 June 2013	250,000,000	9,000,000	(373,842,078)	(114,842,078)

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

CHIEF EXECUTIVE

DIRECTOR

1. THE COMPANY AND ITS OPERATIONS

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

1.2 Going concern assumption

The Company has incurred net loss of Rupees 30.674 million during the year ended 30 June 2013. Equity of the Company stands at a negative balance of Rupees 114.842 million due to accumulated losses of Rupees 373.842 million as on 30 June 2013. As per the original terms of the respective agreements with the banks, the aggregate borrowing facilities stand expired as at 30 June 2011. The Company could not meet its obligations in respect of repayment of short term borrowings and finance cost accrued thereon. Due to increase in energy cost, scheduled and unscheduled extensive load shedding of electricity, high mark-up rates charged by banks and scarce availability of funds, it has become beyond the control of the management to run the Company at an economically viable level. Hence, ultimately the operations of the mill were suspended. To minimize the losses caused by fixed costs, the Company has given some of its production facilities on operating lease.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

b) Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realisable / settlement values of assets and liabilities respectively. In realisable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. Realisable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

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

c) Critical accounting estimates and judgments

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

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

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

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2012:

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

There are other amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2012 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 and amendments to published approved standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2013 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 - 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation', that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2013 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.

2.3 Property, plant and equipment and depreciation

Owned

Cost

Property, plant and equipment except freehold land, building on freehold land, plant and machinery, factory tools and equipment and capital work in progress are carried at cost less accumulated depreciation and any identified impairment loss. Freehold land is carried at revalued amount being the fair value at the date of revaluation less any identified impairment loss. Buildings on freehold land, plant and machinery and factory tools and equipment are carried at revalued amount being fair value at the date of revaluation less accumulated depreciation and any identified impairment loss. Capital work in progress is stated at cost less any identified impairment loss.

Cost of property, plant and equipment signifies historical cost / revalued amount, directly attributable costs of bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management and borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's gross carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Depreciation

Depreciation is charged to profit or loss on the straight-line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 7. 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 derecognized.

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 flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amount of assets is reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.5 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of that asset.

2.6 Inventories

Inventories except for stock in transit and waste stock are stated at lower of cost and net realizable value.

Stores, spare parts and loose tools

Useable stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods are determined as follows:

i)	For raw materials	-	at monthly average cost
ii)	For work-in-process and finished goods	-	at annual average manufacturing cost including a portion of production overheads

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.7 Taxation

Current

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amounts of the assets and liabilities in the financial statements and corresponding tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.8 Revenue recognition

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

2.9 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.10 Employees' retirement benefit

The management discontinued / terminated the unfunded gratuity scheme, with the consent of employees. The Company will introduce a funded provident fund scheme after it has recommenced its operations and recruited the required workforce.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 Financial Instruments

Financial instruments carried on the balance sheet include bank balances, advances, deposits, other receivables, trade and other payables, short term borrowings, accrued mark-up 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.

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.

		2013 Rupees	2012 Rupees
3.	OTHER RECEIVABLES		
	Considered good:		
	Lease rental receivable	5,828,400	3,801,000
	Considered doubtful	11,330,999	11,330,999
	Less: Provision against doubtful other receivables:		
	As at 01 July	11,330,999	7,179,119
	Add: Provision for the year	-	4,552,166
	Less: Written off against provision	-	400,286
	As at 30 June	11,330,999	11,330,999
		-	-
		5,828,400	3,801,000
4.	ADVANCES		
	Considered good:		
	Advances to employees against salary	93,355	159,446
	Advance income tax	1,671,027	1,395,285
		1,764,382	1,554,731
5.	STOCK-IN-TRADE		
	Raw material	-	1,145,089
	Less: Net realizable value adjustment	-	(1,145,089)
		-	-
6.	STORES, SPARE PARTS AND LOOSE TOOLS		
	Stores	333,760	428,818
	Spare parts	3,753,000	4,265,776
	Loose tools	13,000	14,922
		4,099,760	4,709,516
	Less: Net realizable value adjustment	-	609,516
		4,099,760	4,100,000

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Reconciliation of carrying amounts of operating fixed assets at the beginning and end of the year is as follows:

	Freehold land	Buildings on freehold land	Plant and machinery	Electric fittings and installations	Factory tools and equipment	Furniture, fixtures and office equipment	Vehicles	TOTAL
	Rupees							
As at 30 June 2011								
Cost / revalued amount	113,437,500	84,525,053	148,262,637	24,252,596	13,084,890	3,995,151	53,700	387,611,527
Accumulated depreciation	-	(21,469,461)	(43,276,511)	(10,558,651)	(8,607,927)	(3,681,199)	(18,497)	(87,612,246)
Net book value	113,437,500	63,055,592	104,986,126	13,693,945	4,476,963	313,952	35,203	299,999,281
Year ended 30 June 2012								
Opening net book value	113,437,500	63,055,592	104,986,126	13,693,945	4,476,963	313,952	35,203	299,999,281
Depreciation charge	-	(3,716,482)	(17,587,305)	(1,605,514)	(816,014)	(145,006)	(5,867)	(23,876,188)
Surplus on revaluation	6,352,500	16,726,590	2,401,179	-	-	-	-	25,480,269
Closing net book value	119,790,000	76,065,700	89,800,000	12,088,431	3,660,949	168,946	29,336	301,603,362
As at 30 June 2012								
Cost / revalued amount	119,790,000	101,251,643	150,663,816	24,252,596	13,084,890	3,995,151	53,700	413,091,796
Accumulated depreciation	-	(25,185,943)	(60,863,816)	(12,164,165)	(9,423,941)	(3,826,205)	(24,364)	(111,488,434)
Net book value	119,790,000	76,065,700	89,800,000	12,088,431	3,660,949	168,946	29,336	301,603,362
Year ended 30 June 2013								
Opening net book value	119,790,000	76,065,700	89,800,000	12,088,431	3,660,949	168,946	29,336	301,603,362
Additions	-	-	-	-	-	87,300	-	87,300
Depreciation charge	-	(4,761,893)	(13,193,718)	(1,595,292)	(795,542)	(148,336)	(5,867)	(20,500,648)
Closing net book value	119,790,000	71,303,807	76,606,282	10,493,139	2,865,407	107,910	23,469	281,190,014
As at 30 June 2013								
Cost / revalued amount	119,790,000	101,251,643	150,663,816	24,252,596	13,084,890	4,082,451	53,700	413,179,096
Accumulated depreciation	-	(29,947,836)	(74,057,534)	(13,759,457)	(10,219,483)	(3,974,541)	(30,231)	(131,989,082)
Net book value	119,790,000	71,303,807	76,606,282	10,493,139	2,865,407	107,910	23,469	281,190,014
Annual rate of depreciation (%)	-	5	6.67 - 20	10 - 50	10 - 20	10 - 33.33	20 - 33.33	

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

	2013				2012			
	Cost	Accumulated depreciation	Accumulated impairment loss	Net book value	Cost	Accumulated depreciation	Accumulated impairment loss	Net book value
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Freehold land	5,818,014	-	-	5,818,014	5,818,014	-	-	5,818,014
Buildings on freehold land	44,871,404	38,444,176	-	6,427,228	44,871,404	38,014,946	-	6,856,458
Plant and machinery	201,305,368	133,884,796	-	67,420,572	201,305,368	122,273,110	-	79,032,258
Factory tools and equipment	12,257,783	8,987,108	405,262	2,865,413	12,257,783	8,191,566	405,262	3,660,955

		2013 Rupees	2012 Rupees
8.	TRADE AND OTHER PAYABLES		
	Creditors (Note 8.1)	55,506,742	59,525,198
	Advances from customers	5,301,472	6,504,214
	Workers' profit participation fund (Note 8.2)	682,080	567,832
	Accrued liabilities	4,609,329	4,411,675
	Unclaimed dividend	1,034,300	1,034,300
	Income tax deducted at source	387,330	388,080
		67,521,253	72,431,299

8.1 This includes Rupees 1.158 million (2012: Rupees 0.773 million) due to Spintex Enterprises (Private) Limited - associated company.

		2013 Rupees	2012 Rupees
8.2	Workers' profit participation fund		
	Balance as at 01 July	567,832	469,413
	Add: Interest on funds utilized in the Company's business (Note 8.2.1)	114,248	98,419
		682,080	567,832
	Less: Payments made during the year	-	-
	Balance as at 30 June	682,080	567,832

8.2.1 The Company retains workers' profit participation fund for its business operation. Interest is accrued at the prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company.

9. ACCRUED MARK-UP

This represents overdue mark-up on short term borrowings.

		2013 Rupees	2012 Rupees
10.	SHORT TERM BORROWINGS		
	From banking companies - secured (Note 10.1)	98,350,447	98,350,447

10.1 As per the original terms of the respective agreements with the banks, the aggregate borrowing facilities stand expired as at 30 June 2011. Overdue short term borrowings are of Rupees 98.350 million (2012: Rupees 98.350 million). Mark-up on short term borrowings ranged from 13.56% to 21.90% (2012: 16.16% to 21.90%) per annum. These short term borrowings are obtained from National Bank of Pakistan and Bank Alfalah Limited against which the banks have filed a suit in the Honourable Lahore High Court, Lahore for the recovery of outstanding amount of principal and interest accrued thereon. The Company is defending the case and confident to settle the case into a compromise arrangement with the banks.

11. LOAN FROM EX-CHIEF EXECUTIVE

This represents unsecured and interest free loan from ex-chief executive of the Company with undefined period of repayment.

12. DEFERRED INCOME TAX LIABILITY

The Company has recognized deferred income tax liability on surplus on revaluation of operating fixed assets. The Company has tax losses of Rupees 202.613 million as at 30 June 2013 (2012: Rupees 229.497 million). The net deferred income tax asset of Rupees 50.739 million (2012: Rupees 58.574 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.

	2013 Rupees	2012 Rupees
13. AUTHORIZED SHARE CAPITAL		
30,000,000 (2012: 30,000,000) ordinary shares of Rupees 10 each	300,000,000	300,000,000
14. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
25,000,000 (2012: 25,000,000) ordinary shares of Rupees 10 each fully paid in cash	250,000,000	250,000,000

14.1 It includes 4,479,993 (2012: 4,479,993) ordinary shares of the Company held by Spintex Enterprises (Private) Limited - associated company.

	2013 Rupees	2012 Rupees
15. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS		
Balance as at 01 July	193,948,968	173,439,360
Add: Surplus incorporated during the year	-	25,480,269
Less: Incremental depreciation	(5,914,695)	(4,970,661)
	188,034,273	193,948,968
Add: Deferred income tax arising due to change in tax rate	740,623	-
Less: Related deferred income tax liability	(25,921,800)	(27,991,943)
Balance as at 30 June	162,853,096	165,957,025

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 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.

16.1.2 The Department of Punjab Employees Social Security Institution (PESSI) has raised a demand for Rupees 0.457 million on account of social security contribution. The Company filed petition against the demand before the Commissioner PESSI but the case was adjudged against the Company. Now the Company is in appeal before the Social Security Court. The Company's lawyer is of the opinion that they have strong grounds and that the appeal will be decided in favour of the Company.

	2013 Rupees	2012 Rupees
16.2 Commitments	NIL	NIL

		2013 Rupees	2012 Rupees
17.	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits	3,345,839	3,605,373
	Rent, rates and taxes	498,900	751,461
	Postage and telephone	278,902	344,116
	Electricity, gas and water	249,809	244,748
	Printing and stationery	143,934	140,902
	Repair and maintenance	176,075	232,652
	Travelling and conveyance	347,376	377,658
	Legal and professional	21,000	91,700
	Auditors' remuneration:		
	Audit fee	346,500	330,000
	Review of interim financial information	80,700	80,700
	Taxation services	91,500	90,000
	Other certifications	75,000	50,000
	Out of pocket expenses	11,500	11,500
		605,200	562,200
	Fee and subscription	347,057	287,878
	Entertainment	113,102	144,940
	Depreciation (Note 7.1)	20,500,648	23,876,188
	Miscellaneous	214,200	411,189
		26,842,042	31,071,005
18.	OTHER EXPENSES		
	Debit balance written off - security deposit	-	5,000
	Provision against doubtful other receivables	-	4,552,166
	Write down of stores, spare parts and loose tools to net realizable value	-	609,516
	Write down of stock-in-trade to net realizable value	-	1,145,089
	Reversal of credit balances written back	892,904	533,450
	Donation (Note 18.1)	5,000	-
		897,904	6,845,221

18.1 There is no interest of any director or his spouse in donees' fund.

		2013 Rupees	2012 Rupees
19.	OTHER INCOME		
	Insurance claim	-	2,426,500
	Rental income (Note 19.1)	7,260,000	7,080,000
		7,260,000	9,506,500

19.1 This represents rental income from lease of some of the production facilities of the Company under a cancellable operating lease arrangement.

		2013 Rupees	2012 Rupees
20.	FINANCE COST		
	Mark-up on short term borrowings	10,075,563	11,045,504
	Interest on workers' profit participation fund	114,248	98,419
		10,189,811	11,143,923
	Bank charges	4,024	9,085
		10,193,835	11,153,008
21.	TAXATION		
	Current (Note 21.1)	-	-
	Prior	-	(18,572)
		-	(18,572)

21.1 The Company's tax computation for the year gives rise to a tax loss. The Company has not made provision for minimum tax under section 113 of the Income Tax Ordinance, 2001 as it has no turnover for the year. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

		2013	2012
22. LOSS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic loss per share of the Company which is based on:			
Loss after taxation	Rupees	(30,673,781)	(39,544,162)
Weighted average number of ordinary shares	Numbers	25,000,000	25,000,000
Loss per share – basic and diluted	Rupees	(1.23)	(1.58)

	2013 Rupees	2012 Rupees
23. CASH GENERATED FROM / (USED IN) OPERATIONS		
Loss before taxation	(30,673,781)	(39,562,734)
Adjustments for non-cash charges and other items:		
Depreciation	20,500,648	23,876,188
Debit balance written off - security deposit	-	5,000
Provision against doubtful other receivables	-	4,552,166
Write down of stores, spare parts and loose tools to net realizable value	-	609,516
Write down of stock-in-trade to net realizable value	-	1,145,089
Reversal of credit balances written back	892,904	533,450
Finance cost	10,193,835	11,153,008
Working capital changes (Note 23.1)	(263,395)	(2,323,193)
	650,211	(11,510)
23.1 Working capital changes		
Decrease in stores, spare parts and loose tools	240	223,973
Decrease / (increase) in advances	66,091	(48,946)
Increase in other receivables	(2,027,400)	(3,211,000)
	(1,961,069)	(3,035,973)
Increase in trade and other payables	1,697,674	712,780
	(263,395)	(2,323,193)

	2013 Kgs.	2012 Kgs.
24. PLANT CAPACITY AND ACTUAL PRODUCTION		
Normal production capacity of the Company converted at 20s count based on 3 shifts per day	6,038,534	6,055,078
Actual production converted to 20s count based on 3 shifts per day (Note 24.1)	-	-

24.1 The Company has given some of the production facilities on cancellable operating lease arrangement.

25. 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. Transactions with related parties have been specifically disclosed in these financial statements.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	2013			2012		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	1,020,000	-	-	1,020,000	-	-
Number of persons	1	-	-	1	-	-

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

	2013 Rupees	2012 Rupees
27. NUMBER OF EMPLOYEES		
Number of employees as on June 30	14	14
Average number of employees during the year	14	20

28. FINANCIAL RISK MANAGEMENT

28.1 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 short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

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

	2013 Rupees	2012 Rupees
Floating rate instruments		
Financial liability		
Short term borrowings	98,350,447	98,350,447

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 0.984 million (2012: Rupees 0.984 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. 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:

	2013 Rupees	2012 Rupees
Deposits	268,840	268,840
Advances	93,355	159,446
Other receivables	5,828,400	3,801,000
Bank balances on current accounts	19,464	50,567
	6,210,059	4,279,853

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			2013	2012
	Short Term	Long term	Agency	-----Rupees----	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,333	11,581
Bank Alfalah Limited	A1+	AA	PACRA	5,622	5,622
The Bank of Punjab	A1+	AA-	PACRA	3,013	6,219
Soneri Bank Limited	A1+	AA-	PACRA	-	7,455
MCB Bank Limited	A1+	AA+	PACRA	766	766
Meezan Bank Limited	A-1+	AA	JCR-VIS	3,153	3,385
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,577	15,539
				19,464	50,567

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

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

At 30 June 2013, the Company has Rupees 0.019 million (2012: Rupees 0.051 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 2013:

	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	61,150,371	61,150,371	61,150,371	-	-	-
Accrued mark-up	51,587,695	51,587,695	51,587,695	-	-	-
Short term borrowings	98,350,447	106,798,471	106,798,471	-	-	-
Loan from ex-chief executive	832,223	832,223	832,223	-	-	-
	211,920,736	220,368,760	220,368,760	-	-	-

Contractual maturities of financial liabilities as at 30 June 2012:

	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	64,971,173	64,971,173	64,971,173	-	-	-
Accrued mark-up	34,011,508	34,011,508	34,011,508	-	-	-
Short term borrowings	98,350,447	107,265,565	107,265,565	-	-	-
Loan from ex-chief executive	832,223	832,223	832,223	-	-	-
	198,165,351	207,080,469	207,080,469	-	-	-

28.2 Fair values of financial assets and liabilities

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

28.3 Financial instruments by categories

	Loans and receivables	
	2013 Rupees	2012 Rupees
Assets as per balance sheet		
Deposits	268,840	268,840
Advances	93,355	159,446
Other receivables	5,828,400	3,801,000
Bank balances on current accounts	19,464	50,567
	6,210,059	4,279,853

	Financial liabilities at amortized cost	
	2013 Rupees	2012 Rupees
Liabilities as per balance sheet		
Trade and other payables	61,150,371	64,971,173
Accrued mark-up	51,587,695	34,011,508
Short term borrowings	98,350,447	98,350,447
Loan from ex-chief executive	832,223	832,223
	211,920,736	198,165,351

28.4 Capital risk management

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

29. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 09 October 2013 by the Board of Directors of the Company.

30. CORRESPONDING FIGURES

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

31. GENERAL

Figures have been rounded off to nearest of Rupee.

CHIEF EXECUTIVE DIRECTOR

Pattern of Shareholding for the year ended 30 June 2013

No. of Shareholders	Shareholding From	To	Total Shares held	Percentage %
179	1	100	12,755	0.05%
304	101	500	124,446	0.50%
124	501	1,000	115,676	0.46%
221	1,001	5,000	667,683	2.67%
91	5,001	10,000	762,892	3.05%
28	10,001	15,000	366,050	1.46%
21	15,001	20,000	377,980	1.51%
9	20,001	25,000	206,925	0.83%
47	25,001	75,000	2,122,353	8.49%
14	75,001	200,000	1,663,637	6.65%
4	200,001	400,000	1,075,970	4.30%
8	400,001	690,000	4,448,844	17.80%
1	690,001	730,000	728,500	2.91%
2	730,001	2,100,000	3,896,996	15.60%
1	2,100,001	8,500,000	8,429,293	33.72%
1,054			25,000,000	100.00%

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage %
INDIVIDUALS	1,019	14,225,697	56.91%
INVESTMENT COMPANIES	3	8,500	0.03%
INSURANCE COMPANIES	1	200,000	0.80%
JOINT STOCK COMPANIES	24	9,232,408	36.93%
FINANCIAL INSTITUTIONS	3	1,250,292	5.00%
MODARBAS AND MUTUAL FUND	3	33,103	0.13%
CHARITABLE TRUSTS	1	50,000	0.20%
TOTAL	1,054	25,000,000	100.00%

Pattern of Shareholding
for the year ended 30 June 2013

Categories of Shareholders		Number. of Sheres Holders	Total Shares Held	Percentage
Directors, CEO & their				
Spouses and Minor Children		7		
Mr. Mohammad Waseem Ur Rehman	Chief Executive		502,500	2.01%
Mr. Aftab Sarwar	Chairman		645,000	2.58%
Mr. Shahid Iqbal	Director		1,632,000	6.53%
Mr. Shabbir Ahmad Alvi	Director		2,500	0.01%
Mr. Tahir Majeed	Director		2,500	0.01%
Mr.Mohammad Shahid	Director		2,500	0.01%
Mr.Mohammad Riaz	Director		2,500	0.01%
Executives				
Public Sector Companies & Corporations		1		
Investment Corporation of Pakistan			2,800	0.01%
Joint Stock Companies		24	9,232,408	36.93%
Banks, Development Finance Institutions,				
Non-Banking Finance Institutions, Insurance				
Companies, Modarba & Mutual Funds		7		
Financial Institutions.			1,250,292	5.00%
Modarba Al-Mali Corporation Limited			300	0.00%
Pakistan Kuwait Inv. Co. (Pvt) Limited			3,600	0.01%
Managing Committee, Crescent Foundation			50,000	0.20%
State Life Insurance Corporation of Pakistan			200,000	0.80%
Individuals		1,015	11,471,100	45.89%
Grand Total		1,054	25,000,000	100.00%

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

Folio No. ....

No. of Shares held ....

Form of Proxy

27h 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. ____________

NIC 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 27th Annual General Meeting member of the Company to be held on Thursday 31st October, 2013 at 11 a.m at the Registered Office Bungalow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt, Multan. and at any adjournment thereof.

Please Affix Rupees five Revenue Stamp

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

Signature of Shareholder

Dated this ____________ day of ____________ 2013

Sinature of Proxy

For beneficial owners as per CDC list

1. WITNESS:

Signature ____________

Name ____________

Address ____________

NIC No. | | | | | - | | | | | | | - | |

2. WITNESS:

Signature ____________

Name ____________

Address ____________

NIC 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.