

Annual Report 2022



**REDCO
TEXTILES LIMITED**

ISO 9001 Certified



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Company Information

Board of Directors

Mrs. Muniza Saif Khan	Chairperson
Mrs. Sarah Saif Khan	Chief Executive
Mr. Junaid Khan	
Mr. Irfan Ahmed Siddiqi	
Mr. Ahsan ur Rehman Khan	
Ms. Ayesha Saif Khan	
Mr. Khalid Rehman Khan	

Chief Financial Officer

Mr. Monim Ul Haq

Company Secretary

Mr. Muhammad Kashif

Auditors

Mushtaq & Co, Chartered Accountants

Audit Committee

Mr. Irfan Ahmed Siddiqi	Chairman
Mrs. Muniza Saif Khan	Member
Mr. Ahsan ur Rehman Khan	Member

HR and Remuneration Committee

Mr. Irfan Ahmed Siddiqi	Chairman
Mrs. Sarah Saif Khan	Member
Mrs. Muniza Saif Khan	Member

Registered Office

Redco Textiles Limited, Redco Arcade, 78 -E, Blue Area, Islamabad 44000, Pakistan.
Tel: (+92-51) 2344251-57 Fax: (+92-51) 2344256 E-mail: sales@redcogroup.com

Mills

Redco Textiles Limited, 3-Km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat, Rawalpindi.

Tel: (+92-51) 4610402-4 Fax: (+92-51) 46104041 E-mail: textiles@redcogroup.com



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

VISION

To become a **fully Integrated** textiles group, capable of developing **profitable** relationships with the world's brands.

To launch our own **finished products brands**.

The company shall strive to become a market leader in its fields of operation with an emphasis on providing **innovative** and high **quality** products.





MISSION

To provide **quality** products to customers and explore new markets to **expand sales** of the company.

To cultivate a dynamic team for achieving optimum prices for the company's products for **profitable** and sustainable growth.





NOTICE OF 31st ANNUAL GENERAL MEETING

Notice is hereby given that 31st Annual General Meeting of the members of Redco Textiles Limited will be held at its Registered Office at Redco Arcade, 78-E, Blue Area, Islamabad on **Friday, 28th October 2022 at 09:00 AM** to transact the following business:

Ordinary Business:

- 1) To confirm the minutes of 30th Annual General Meeting held on 28th October 2021.
- 2) To receive, consider and adopt the annual audited financial statements for the year ended 30th June 2022 along with Directors and Auditors reports thereon.
- 3) To appoint Auditors of the Company for the financial year ending 30th June 2023 and to fix their remuneration. The present Auditors, M/s Mushtaq & Co. Chartered Accountants, being eligible offer themselves for reappointment.

Special Business:

To consider and if deemed appropriate, to pass with or without modification, alteration or any amendment the following resolutions as Special Resolutions:

RESOLVED THAT the Board of Directors of the Company are authorized to approve the transactions conducted with the related parties as disclosed in the note 37 of the financial statements for the year ended 30 June 2022 and these transactions be and hereby are ratified, approved and confirmed.

FURTHER RESOLVED THAT the above transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.

Other Business:

- 4) To consider any other business with permission of the chair.

By order of the Board
(Muhammad Kashif)
Company Secretary

Islamabad
October 06, 2022

Notes:

- a) The Share Transfer Books of the Company will remain closed from 21st October to 28th October 2022 (both days inclusive).
- b) A member entitled to attend and vote at the meeting may appoint any other member as his/ her proxy to attend and vote.
- c) The proxy to be valid must be in writing and received at the registered office of the company not later than 48 hours before the time of meeting and must be stamped, signed and witnessed.
- d) Members are requested to notify the Company regarding change in their addresses, if any.
- e) CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Card, Account and Participants ID number, for identification purpose.
- f) Members can also avail video conference facility. In this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member of Redco Textiles Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

Signature of member

Statement Pursuant to Section 134 (3) of the Companies Act, 2017

Pursuant to Section 134 (3) of the Companies Act, 2017, this statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the Annual General Meeting of Redco Textiles Limited to be held on October 28, 2022.

Transactions with Related Parties

During the financial year 2021-22, the Company entered into various transactions with related parties of which the major transactions are with the Sponsor against the purchase of 36 new Toyota Air Jet looms amounting to Rs. 341,926,473. This will help to compete the market and increase the profitability of the Company for best interest of the shareholders.



CHAIRMAN'S REVIEW REPORT

I am pleased to present the report on the overall performance of the Board and effectiveness of its role in achieving the Company's objectives as well as ensuring overall compliance of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board performed its duties with integrity and conscientiousness in the best interests of the Company. I, as Chairperson of the Board, ensured that the board meetings are held in a gratifying environment focusing on achieving the overall objectives of the Company.

Despite operational challenges during the financial year 2021-2022, mainly attributable to high cost of production, massive Rupee devaluation against U.S dollar, stringent economic conditions and political unrest, we have been able to post profit through resolve and rigorous efforts.

Redco Textiles Limited complies with all the requirements set out in the Law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the board and its committee meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non-executive and independent directors are equally involved in important decisions of the board.

During the year, Board of Directors focused on the future strategies and on setting the financial and operational targets. The Board regularly traced the improvements against the budgeted targets. The sub committees of the Board also performed their functions as per their terms of reference during the year under review. The Board carried out reviews of its success and achievements during the year which have been satisfactory.

Islamabad
October 04, 2022

Muniza Saif Khan
Chairperson

DIRECTOR'S REPORT

The Directors of Redco Textiles Limited are pleased to present the 31st Annual Report along with audited annual financial statements and Auditors Report thereon for the year ended June 30, 2022 and other required information prescribed under the Code of Corporate Governance.

Overview

The Company is still carrying on its policy of renewal of plant, machinery and equipment with particular emphasis on improving quality and increasing output in its Weaving division. As part of this process the Company added 36 new Toyota air jet looms (Model: JAT 810) in its Weaving division purchased from Toyota Industries Corporation, Japan. This will enhance the production capacity and will result in higher operational efficiency for the division. The Company was able to post profitability in the current year under review, despite the challenges posed by the post pandemic situation in global and local markets, difficult economic and political conditions.

Due to significant shortage of gas supply to the industries, the Company had to rely more on electrical energy. Due to significant increase in fuel prices in international markets the cost of electric unit produced locally has been increased significantly. Moreover, the huge current account deficit, massive devaluation of Rupee against U.S dollar, political unrest in the country during the year also curtailed the growth of the overall business. These factors have caused a notable decline in profit margins in current year under review. Your company is making industrious efforts to overcome these challenges.

During the year ended 30 June 2022, your company earned a gross profit of Rs. 65.85 million on sales of Rs. 728.59 million, compared to a gross profit of Rs. 36.80 million on sales of Rs. 495.47 million of the previous financial year. During the current financial year, your company recorded a net profit of Rs.17.49 million compared to net profit of Rs. 55.44 million in the corresponding previous year. The decrease in net profit was mainly due to a decrease in other income in the current year which was higher in the corresponding previous year due to reversal of impairment loss on plant and machinery.

Operational and Financial Performance

By the grace of Almighty Allah, the management took steps in the best interest of the company and the results of the Company can be termed as quite satisfactory keeping in view the uncertain economic and political challenges which aroused throughout the year. The company also made a significant investment in its fixed assets during the current year by adding dust removal system and electric bus way system.

The profit before taxation for the year ended 30th June 2022 is PKR 26.90 Million (30th June 2021: PKR 48.39 Million). The performance of the year under review may be compared against the preceding year below:



	2022	2021
	Rupees	Rupees
Sales	728,594,157	495,470,474
Cost of sales	662,747,166	458,666,910
Gross Profit	65,846,991	36,803,564
Distribution cost	502,596	200,942
Administrative expenses	22,811,205	17,211,461
Other operating expenses	15,579,452	6,880,176
	38,893,253	24,292,579
Operating Profit	26,953,738	12,510,985
Other income	800,166	37,942,996
	27,753,904	50,453,981
Finance cost	849,130	2,063,745
Profit before taxation	26,904,774	48,390,236
Earnings per share (Rupees)	0.355	1.125

During the year the Company maintained a healthy trend of sales and posted net sales revenue of Rupees 728.6 million with an increase of 47 percent (2021: Rupees 495.4 million). There was increase in cost of sales of Rs. 662.75 million with an increase of 44 percent (2021: Rs. 458.67 million) which was mainly due to increase in utility costs, rupee devaluation and increased consumption of store, spares and loose tools due to addition of new looms.

The gross profit for the year under review is amounting to PKR 65.847 million as compared to gross profit PKR 36.803 million in the previous year. Whereas, profit before taxation for the year under review is amounting to PKR 26.905 million as compared to profit before tax of PKR 48.390 million in prior year.

Acknowledgment

We modestly and thankfully bow our heads before Almighty Allah, the most Gracious and Merciful for guiding us and hope that the Company will continue to be rewarded and blessed by His innumerable bounties.

We also want to place our extreme recognition towards our valued shareholders, banks and customers, whose cooperation, continuous support and backing have enabled the company to strive for ongoing progress and expansion. During the year, relationship between the management and employees remained affable and we appreciate them for their dedication, endurance and diligence in rendering services for the company.

Future Prospects

Year under review has been a quite profitable as the company is able to report profit in post pandemic situation and in difficult economic and political environment prevailing in the country. Financial year 2022-23 is expected to be a more difficult period due to expected rise in yarn and cotton prices due to havoc caused by massive floods in the country, enormous rupee devaluation against U.S dollar, higher inflation rates and increase in cost of doing business. However, we are hopeful that the growth momentum of the Company will remain positive as in the current year start the Company purchased 36 new Toyota Air Jet looms and in next financial year, it is expected that spinning machinery will arrive and will be added in company operations which will revive its Spinning division and the Company will able to further enhance its production capacity and profitability.

The higher import bill and current account deficit noted in recent months have caused serious risks to the macroeconomic outlook, particularly Pakistan's balance of payments. Holistic actions must be taken in achieving a trade balance, as both imports and exports present us with their own unique set of dynamics. The country is once again facing severe energy crisis wherein the coming winter months, gas shortage will persist, leading to industrial shutdowns as well as domestic unrest. To offset the conundrum of tight supply and expensive imports, corrective measures must be taken to improve efficiency.

Your management is hopeful about business environment as we are making up a plan to cut down the unfavorable effects of the post pandemic situation and high cost of doing business caused due to stringent economic and political situations to appear successful in this challenging situation.

Dividend Distribution

The company is following residual dividend policy and increasing the working capital base to avail the benefits of holdings.

Statement of Corporate and Financial Reporting Framework

In Compliance with Code of Corporate Governance, we give below statement of corporate and financial reporting framework:

1. The financial statements presented by the management of the company presents fairly its affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
3. International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS), as applicable in Pakistan have been followed in preparation of financial statements; any departure there from has been adequately disclosed.
4. Appropriate accounting policies have been consistently applied in preparation of financial statements.



5. The system of internal control is sound in design and it has been effectively implemented and monitored. The process review will continue and any weakness in internal control will be removed.
6. There are no significant doubts upon the listed Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance as detailed in listing regulations.
8. Key operating financial data for the last six years in summary form is annexed.
9. There are no levies and penalties due as on June 30, 2022.
10. Pattern of shareholding and additional data is annexed.
11. Following trade in the shares of the Company were carried out during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children:

Purchased by	Number of shares
Mrs. Sarah Saif Khan	503,000

Board Meetings

During the year four board meetings were held. Attendance was as follows:

Sr.	Director Name	Attendance
1	Mrs. Sarah Saif Khan	4
2	Mrs. Muniza Saif Khan	3
3	Mr. Junaid Khan	3
4	Mr. Irfan Ahmed Siddiqi	4
5	Ms. Ayesha Saif Khan	3
6	Mr. Ahsan ur Rehman Khan	4
7	Mr. Khalid Rehman Khan	1

Audit Committee

The board of Directors in compliance with the code of corporate governance established an audit committee. The names of the audit committee members are given in the 'Company Information page'.

HR and Remuneration Committee

The board of Directors in compliance with the code of corporate governance established an HR and Remuneration Committee. The names of HR and Remuneration committee members are given in the 'Company Information page'.

External Auditors

The audit committee and board of directors have recommended the re-appointment of M/S Mushtaq & Company, Chartered Accountants as external auditors up till the next Annual General Meeting.

For and on behalf of the Board,

Chief Executive

Dated: October 04, 2022

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
REDCO TEXTILES LIMITED
FOR THE YEAR ENDING JUNE 30, 2022**

The Company has complied with the requirements of the Regulations in the following manner;

1. The total number of directors are 7 as per the following:
 - a) Male: 4
 - b) Female: 3
2. The composition of Board is as follows:

Category	Directors
Independent Directors	Mr. Irfan Ahmed Siddiqi
	Mr. Junaid Khan
Non-executive Directors	Mrs. Muniza Saif Khan
	Mr. Ahsan ur Rehman Khan
	Mr. Khalid Rehman Khan
Executive Directors	Mrs. Sarah Saif Khan
	Ms. Ayesha Saif Khan
Female Directors	Mrs. Sarah Saif Khan
	Mrs. Muniza Saif Khan
	Ms. Ayesha Saif Khan

Fraction (0.33) related to the requirement for number of independent and executive directors each is less than 0.5 and therefore, has not rounded up as one.

3. All directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
4. 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.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of directors are exempt from Directors' Training program and Chief Executive Ms. Sarah Saif Khan has completed Directors' Training Certification session in 2016.



10. The Board has approved appointment of chief financial officer, company secretary and head of internal auditor, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) **Audit Committee**

Mr. Irfan Ahmed Siddiqi	Chairman
Mrs. Muniza Saif Khan	Member
Mr. Ahsan ur Rehman Khan	Member

b) **HR and Remuneration Committee**

Mr. Irfan Ahmed Siddiqi	Chairman
Mrs. Sarah Saif Khan	Member
Mrs. Muniza Saif Khan	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: Quarterly
 - b) HR and Remuneration Committee: Annually
15. The board has outsourced the internal audit function to M/s Muniff Ziauddin & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Muniza Saif Khan

Chairperson

Dated: October 04, 2022

MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com

Independent Auditor's Review Report

To the members of Redco Textiles Limited on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Redco Textiles Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Place: Karachi
Dated: _____

MUSHTAQ & CO
Chartered Accountants

UDIN: CR202210043tZLYCqFod

Engagement Partner:
Zahid Hussain Zahid, FCA



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

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leading edge alliance
innovation • quality • excellence

Member firm

Independent auditor's report to the members of Redco Textiles Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Redco Textiles Limited ('the Company'), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

<i>S. No.</i>	<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
1.	Revenue Recognition Refer to note no. 3.17 and 28 to the audited financial statements.	Our key audit procedures in this area amongst others included the following;

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	<p>Revenue from sale of Company's products for the year ended 30 June 2022 has increased by approximately 47% as compared to last year. The Company recognizes revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.</p> <p>There is an inherent risk that revenue may be overstated since the Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before the control has been transferred.</p> <p>Considering revenue recognition a significant risk area, we have identified this as a key audit matter.</p>	<ul style="list-style-type: none"> - Evaluated the appropriateness of the Company's revenue recognition accounting policy and its compliance with IFRS 15: 'Revenue from Contracts with Customers'. - Obtained an understanding of management's internal controls over the revenue process and tested effectiveness of controls relevant to such process. - Performed testing of sales transactions on a sample basis to ensure that the related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer. - Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period. - Checked on a sample basis, approval of sales prices by the appropriate authority. - Considered the adequacy of the disclosures in respect of revenues in accordance with the applicable financial reporting standards.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises directors' report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Zahid Hussain Zahid**, FCA.

MUSHTAQ & CO
Chartered Accountants

Karachi.

Dated: _____

UDIN: AR202210043s6aXR7FMG



FINANCIAL HIGHLIGHTS

2022	2021	2020	2019	2018	2017
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(Rupees in thousands)

Profit and Loss

Net Sales	728,594	495,470	355,476	251,367	441,264	1,816,846
Gross Profit/(Loss)	65,847	36,803	51,439	45,344	(192,856)	(105,790)
Profit/(Loss) Before Taxation	26,905	48,390	25,549	3,908	(503,362)	(157,077)
Profit/(Loss) After Taxation	17,489	55,441	20,953	942	(520,427)	(177,047)

Cash Outflows

Taxes Paid	12,827	25,979	11,438	6,868	4,192	23,469
Financial Charges Paid	954	1,907	126	1,912	7,931	21,170
Fixed Capital Expenditures	435,593	376,011	216,293	23,985	98	24,935

Balance Sheet

Current Assets	435,984	331,753	312,470	275,743	201,258	620,994
Current Liabilities	1,900,172	1,514,321	1,171,446	1,082,581	1,036,681	1,284,704
Operating Fixed Assets	1,715,529	1,407,865	950,028	783,255	811,081	1,045,847
Total Assets	2,161,571	1,749,685	1,268,372	1,064,884	1,018,237	1,672,731
Shareholders Equity	226,625	215,445	72,937	(22,730)	(24,008)	369,995

Ratios

Current Ratio	0.23:1	0.22:1	0.27:1	0.25:1	0.19:1	0.48:1
Gross Profit/(Loss) %	9.04	7.43	14.47	18.04	(43.71)	(5.82)
Profit/(Loss) Before Taxation %	3.69	9.77	7.19	1.55	(114.07)	(8.65)
Earning Per Share %	0.36	1.13	0.43	0.02	(10.56)	(3.59)

Production Machines

Number of Air Jet Looms Installed	180	154	124	92	120	120
Number of Spindles Installed	-	-	-	-	-	22,500



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

FORM 34

THE COMPANIES ACT, 2017 (Section 227(2)(f)) PATTERN OF SHAREHOLDING

1.1 Name of the Company

Redco Textiles Limited

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2022

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
44	1	100	1,522
465	101	500	226,020
62	501	1,000	61,506
115	1,001	5,000	340,021
32	5,001	10,000	260,228
3	10,001	15,000	40,500
11	15,001	20,000	198,216
9	20,001	25,000	215,800
3	25,001	30,000	85,087
2	30,001	35,000	65,000
2	35,001	40,000	75,300
3	40,001	45,000	129,100
4	45,001	50,000	197,300
2	55,001	60,000	115,000
1	75,001	80,000	77,700
1	85,001	90,000	88,700
1	95,001	100,000	100,000
2	100,001	105,000	206,400
1	120,001	125,000	122,800
1	135,001	140,000	140,000
1	140,001	145,000	142,400
3	145,001	150,000	444,800
2	175,001	180,000	353,300
1	190,001	195,000	194,000
1	220,001	225,000	224,000
1	265,001	270,000	265,400
1	290,001	295,000	294,700
1	440,001	445,000	442,300
1	445,001	450,000	448,800
1	620,001	625,000	623,500
1	880,001	885,000	884,600
1	1,105,001	1,110,000	1,105,750
1	1,280,001	1,285,000	1,280,500
1	1,960,001	1,965,000	1,965,000
1	2,120,001	2,125,000	2,123,500
1	8,220,001	8,225,000	8,223,300
1	13,365,001	13,370,000	13,365,400
1	14,165,001	14,170,000	14,165,150
785			49,292,600



2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	29,832,450	60.5212%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	400,400	0.8123%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	995,822	2.0202%
2.3.5 Insurance Companies	1,965,000	3.9864%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	37,877,350	76.8419%
2.3.8 General Public		
a. Local	15,053,627	30.5393%
b. Foreign	3,000	0.0061%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	397,001	0.8054%
2- Investment Companies	645,300	1.3091%

Redco Textiles Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022

Sr. No.	Name	No. of Shares	Percentage
---------	------	---------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MRS. MUNIZA SAIF-UR-REHMAN KHAN	176,400	0.3579%
2	MR. IRFAN AHMAD SIDDIQI	500	0.0010%
3	MRS. SARAH SAIF KHAN	16,288,650	33.0448%
4	MR. ASHAN UR REHMAN KHAN	13,365,400	27.1144%
5	MISS AYESHA SAIF KHAN	500	0.0010%
6	MR. KHALID REHMAN KHAN	500	0.0010%
7	MR. JUNAID KHAN	500	0.0010%

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

2,960,822 6.0066%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	NAME	HOLDING	%AGE
1	MRS. SARAH SAIF KHAN	16,288,650	33.0448%
2	MR. ASHAN UR REHMAN	13,365,400	27.1144%
3	MR. SAIF-UR-REHMAN KHAN	8,223,300	16.6826%

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

S.No	NAME	SALE	PURCHASE
1	MRS. SARAH SAIF KHAN		503,000

REDCO TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,715,528,914	1,407,864,872
Long Term Investments	6	39,335	47,515
Long term deposits	7	10,019,079	10,019,079
		<u>1,725,587,328</u>	<u>1,417,931,466</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	49,448,442	46,280,284
Stock in trade	9	76,492,175	47,947,572
Trade debts	10	159,570,596	102,763,949
Loans and advances	11	52,281,084	31,801,413
Trade deposits and short term prepayments	12	23,551	23,014
Tax refunds due from Government	13	92,239,223	87,724,792
Cash and bank balances	14	5,929,108	15,212,435
		<u>435,984,179</u>	<u>331,753,459</u>
TOTAL ASSETS		<u>2,161,571,507</u>	<u>1,749,684,925</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
80,000,000 (June 30, 2021: 50,000,000) ordinary shares of Rs.10/- each		800,000,000	500,000,000
		<u>800,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	15	492,926,000	492,926,000
Surplus on revaluation of property, plant and equipment - Net of tax	16	386,139,820	390,647,511
Director's loan	25	69,599,501	73,199,501
Other reserves		(15,740)	(7,560)
Accumulated loss		(722,024,504)	(741,320,774)
		<u>226,625,077</u>	<u>215,444,678</u>
NON CURRENT LIABILITIES			
Long term financing from banking companies	17	-	6,915,537
Long term payables	18	16,267,150	1,734,320
Staff retirement benefits-gratuity	19	18,507,037	11,210,705
Deferred taxation	20	-	-
Deferred government grant	21	-	58,252
		<u>34,774,187</u>	<u>19,918,814</u>
CURRENT LIABILITIES			
Trade and other payables	22	220,357,887	212,714,798
Accrued mark up / interest	23	52,651	157,953
Short term borrowings from associated undertakings	24	769,995,917	704,720,983
Short term borrowings from directors and others	25	901,551,663	567,212,153
Current portion of long term financing	26	8,214,125	14,868,776
Current portion of GIDC payable	18	-	14,646,770
		<u>1,900,172,243</u>	<u>1,514,321,433</u>
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		<u>2,161,571,507</u>	<u>1,749,684,925</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales	28	728,594,157	495,470,474
Cost of sales	29	662,747,166	458,666,910
Gross Profit		65,846,991	36,803,564
Distribution cost	30	502,596	200,942
Administrative expenses	31	22,811,205	17,211,461
Other operating expenses	32	15,579,452	6,880,176
		38,893,253	24,292,579
Operating Profit		26,953,738	12,510,985
Other income	33	800,166	37,942,996
		27,753,904	50,453,981
Finance cost	34	849,130	2,063,745
Profit before taxation		26,904,774	48,390,236
Taxation			
Current tax		8,313,144	8,181,555
Deferred tax		1,102,885	(15,232,783)
	35	9,416,029	(7,051,228)
Profit for the year		17,488,745	55,441,464
Earnings per share - basic and diluted	36	0.355	1.125

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Profit for the year		17,488,745	55,441,464
Other comprehensive income:			
Items that will never be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings		-	106,631,476
Impact of deferred tax		-	(16,475,328)
Effect of rate change		-	-
		-	90,156,148
Re-measurement of staff retirement benefits		(3,803,050)	(4,325,365)
Deferred tax on remeasurement of staff retirement benefits		1,102,885	1,242,545
		(2,700,165)	(3,082,820)
Investments at fair value through other comprehensive income			
Fair value Gain / (loss) arised during the period		(8,180)	(6,985)
		(8,180)	(6,985)
Total comprehensive income for the year		<u>14,780,400</u>	<u>142,507,807</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	Share capital	Capital Reserves		Director's loan	Revenue Reserves	Total equity
		Revaluation Surplus	Unrealized gain/(loss) on investment measured at FVOCI		Accumulated loss	
	Rupees					
Balance as at June 30, 2020	492,926,000	302,994,679	(575)	73,199,501	(796,182,734)	72,936,871
Total comprehensive Gain / (loss) for the year						
Profit for the year	-	-	-	-	55,441,464	55,441,464
Other Comprehensive income / (loss)	-	90,156,148	(6,985)	-	(3,082,820)	87,066,343
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment (Net of deferred tax)	-	(2,503,316)	-	-	2,503,316	-
Balance as at June 30, 2021	492,926,000	390,647,511	(7,560)	73,199,501	(741,320,775)	215,444,677
Total comprehensive Gain / (loss) for the year						
Profit for the year	-				17,488,745	17,488,745
Other Comprehensive income / (loss)	-		(8,180)		(2,700,165)	(2,708,345)
Realized on disposal of fixed assets - Net of deferred tax	-	(118,667)	-	-	118,667	-
Transferred to liability portion of Sponsor's loan	-	-	-	(3,600,000)	-	(3,600,000)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment (Net of deferred tax)	-	(4,389,024)	-	-	4,389,024	-
Balance as at June 30, 2022	492,926,000	386,139,820	(15,740)	69,599,501	(722,024,504)	226,625,077

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		26,904,774	48,390,236
Adjustments for :			
Depreciation		81,131,249	48,638,377
Provision for staff retirement benefits - gratuity		8,279,193	5,762,121
Impairment reversal on property, plant and equipment		-	(35,414,600)
Allowance for ECL on trade debts		384,126	373,897
Amortization of govt. grant		(789,920)	(1,513,416)
Unwinding of salary loan		1,240,336	2,237,697
Loss on sale of property, plant and equipment		7,547,291	-
Gain on sale of property, plant and equipment		-	(518,748)
Provision for GIDC payable		-	6,070,120
Finance cost		849,130	2,063,745
		98,641,405	27,699,193
Operating profit / (loss) before working capital changes		125,546,179	76,089,429
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(3,168,158)	(5,305,226)
Stock in trade		(28,544,603)	8,803,230
Trade debts		(57,190,773)	(23,075,851)
Loan & Advances and Trade deposits		(20,480,208)	(472,068)
Increase / (decrease) in current liabilities			
Trade and other payables		7,643,088	30,939,638
		(101,740,654)	10,889,723
Cash (used in)/generated from operations		23,805,525	86,979,152
Long term deposits		-	(4,199,200)
GIDC Paid		(113,940)	(94,950)
Staff retirement benefits - gratuity paid		(4,785,911)	(4,180,600)
Finance cost paid		(954,432)	(1,907,331)
Taxes paid		(12,827,574)	(25,979,754)
		(18,681,857)	(36,361,835)
Net cash (used in)/generated from operating activities		5,123,668	50,617,317
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment - acquired		(435,592,583)	(376,010,728)
Proceeds from sale of property, plant and equipment		39,250,000	12,100,000
Net cash (used in)/generated from investing activities		(396,342,583)	(363,910,728)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings from associated undertakings		65,274,934	(5,080,969)
Short term borrowings from directors and others		330,739,510	297,837,115
Long term financing from banking companies		(14,078,856)	2,346,476
Net cash generated from/(used in) financing activities		381,935,588	295,102,622
Increase / (Decrease) in cash and cash equivalents		(9,283,327)	(18,190,789)
Cash and cash equivalents at the beginning of the year		15,212,435	33,403,224
Cash and cash equivalents at the end of the year	14	5,929,108	15,212,435

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 The Company and its operations

1.1 Redco Textiles Limited is a Public Limited Company, incorporated in Pakistan on 17 October 1991. It was incorporated under the repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is listed on Pakistan Stock Exchanges. Redco's principal activities include manufacture and sale of yarn and grey fabric. The registered office of the Company is situated at 78-E, Redco Arcade, Blue Area, Islamabad. The manufacturing facility is located at 3-km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat, Rawalpindi, District Rawalpindi in the Province of Punjab.

2 Basis of Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 Standards, interpretations and amendments to published approved accounting standards

Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 41	Agriculture (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 16	Leases (Amendments)	January 1, 2022

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance contracts

3 Summary of Significant Accounting Policies

3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits

Short term employees benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

There is risk that the final salary at the time of cessation of service is greater than what the entity has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

3.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoices to the company.

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation

Owned assets

Operating fixed assets are stated at cost or revalued amounts, as the case may be, less accumulated depreciation or impairment, if any and capital work in progress is stated at cost.

Subsequent cost

Subsequent costs are included in the asset's 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 income during the period in which they are incurred.

Depreciation

Depreciation is charged on the basis of written down value method whereby cost or revalued amount of an asset is written off over its useful life without taking into account any residual value. Depreciation on additions to fixed assets or deletion is charged on pro-rata basis for the period of use during the year.

Amount equivalent to incremental depreciation charged on revalued assets is transferred from surplus on revaluation of property, plant and equipment net of deferred taxation to retained earnings (unappropriated profit).

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal of operating fixed assets are taken to profit or loss account.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

3.8 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Investment in associates - Equity Method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the carrying amount is increased or decreased to recognize the company's share of profit or loss of associates. Share of post acquisition profit and loss of associates is accounted for in the company's profit and loss account. Distribution received from investee, reduces the carrying amount of investment. The changes in the associate's equity which are not recognized in the associates' profit or loss account, are recognized directly in the equity of the Company.

3.10 Financial assets and liabilities

Financial assets

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The nomenclature of the available for sale investments has been changed to fair value through other comprehensive income.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognized in profit or loss. Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in profit or loss.

3.11 Impairment**Financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognize lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.12 Offsetting of financial assets and financial liabilities

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

3.13 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.14 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost or replacement cost whichever is lower
Work in process	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower
Waste	Net realizable value

Valuation of raw material, work in process and finished goods as on 30th June have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.15 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.17 Revenue recognition

According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

3.18 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit or loss account currently.

3.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit or loss account.

3.20 Transactions with related parties

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course of business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

3.21 Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants. Government grants are recognized at fair value, as deferred income. Grants that compensate the Company for expenses incurred are amortized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

3.22 Segment reporting

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in the business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.



Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property , plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment.

4 Capital management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.



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5 PROPERTY, PLANT AND EQUIPMENT

	Note	2022 Rupees	2021 Rupees
Operating fixed assets	5.1	1,681,772,979	1,385,592,405
Capital work in progress	5.3	33,755,935	22,272,467
		<u>1,715,528,914</u>	<u>1,407,864,872</u>

5.1 Operating fixed assets

PARTICULARS	COST / REVALUATION					DEPRECIATION						BOOK VALUE
	As at July 1, 2021	Additions / Adjustments	Deletion/ Transfer	Addition/(deficit) due to surplus revaluation	As at June 30, 2022	Rate	As at July 1, 2021	For the year	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2022	As at June 30, 2022
OWNED ASSETS												
Freehold land	323,830,000	-	-	-	323,830,000	0%	-	-	-	-	-	323,830,000
Building on free hold land	435,051,170	-	-	-	435,051,170	5%	251,237,170	9,190,700	-	-	260,427,870	174,623,300
Plant and machinery	1,068,655,732	380,375,965	(66,076,739)	-	1,382,954,958	5%	301,232,316	50,574,814	(19,279,447)	-	332,527,682	1,050,427,276
Generators	85,943,256	5,240,296	-	-	91,183,552	5%	33,890,344	2,775,926	-	-	36,666,270	54,517,282
Tools and equipment	25,320,122	15,717,493	-	-	41,037,615	5%	15,312,550	777,566	-	-	16,090,116	24,947,499
Tools	184,490,538	-	-	-	184,490,538	33%	141,398,651	14,220,323	-	-	155,618,974	28,871,564
Vehicles	7,629,800	22,733,511	-	-	30,363,311	20%	6,285,442	3,389,170	-	-	9,674,612	20,688,699
Furniture and fixtures	2,343,237	-	-	-	2,343,237	5%	1,453,977	44,463	-	-	1,498,440	844,797
Office equipment	4,729,405	41,850	-	-	4,771,255	5%	2,600,999	107,757	-	-	2,708,756	2,062,499
Laboratory equipment	6,028,249	-	-	-	6,028,249	5%	5,017,656	50,530	-	-	5,068,186	960,063
Total 2022	2,144,021,509	424,109,115	(66,076,739)	-	2,502,053,885		758,429,104	81,131,249	(19,279,447)	-	820,280,906	1,681,772,979

PARTICULARS	COST / REVALUATION					DEPRECIATION						BOOK VALUE
	As at July 1, 2020	Additions / Adjustments	Deletion/ Transfer	Addition/(deficit) due to surplus revaluation	As at June 30, 2021	Rate	As at July 1, 2020	For the year	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2021	As at June 30, 2021
OWNED ASSETS												
Freehold land	274,010,000	-	-	49,820,000	323,830,000	0%	-	-	-	-	-	323,830,000
Building on free hold land	338,211,249	-	-	96,839,921	435,051,170	5%	187,792,252	7,520,950	-	55,923,968	251,237,170	183,814,000
Plant and machinery	683,890,868	319,761,672	(16,655,172)	81,658,364	1,068,655,732	5%	260,490,803	22,797,601	(5,073,920)	23,017,832	301,232,316	767,423,416
Generators	90,505,897	7,540,413	-	(12,103,054)	85,943,256	5%	35,710,366	2,952,622	-	(4,772,645)	33,890,344	52,052,913
Tools and equipment	25,320,122	-	-	-	25,320,122	5%	14,785,836	526,714	-	-	15,312,550	10,007,572
Tools	158,266,961	26,223,577	-	-	184,490,538	33%	127,099,921	14,298,730	-	-	141,398,651	43,091,887
Vehicles	7,629,800	-	-	-	7,629,800	20%	5,949,353	336,089	-	-	6,285,442	1,344,358
Furniture and fixtures	2,343,237	-	-	-	2,343,237	5%	1,407,174	46,803	-	-	1,453,977	889,260
Office equipment	4,516,805	212,600	-	-	4,729,405	5%	2,495,320	105,679	-	-	2,600,999	2,128,406
Laboratory equipment	6,028,249	-	-	-	6,028,249	5%	4,964,467	53,189	-	-	5,017,656	1,010,593
Total 2021	1,590,723,188	353,738,262	(16,655,172)	216,215,231	2,144,021,509		640,695,492	48,638,377	(5,073,920)	74,169,155	758,429,104	1,385,592,405

5.2 Depreciation has been allocated as follows:

	Note	2022 Rupees	2021 Rupees
Cost of sales	29	77,539,329	48,096,617
Administrative expenses	31	3,591,920	541,760
		<u>81,131,249</u>	<u>48,638,377</u>

5.3 Capital work in progress

Building civil works	33,755,935	9,977,917
Plant and machinery	-	12,294,550
	<u>33,755,935</u>	<u>22,272,467</u>



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5.4 Disposal of property, plant and equipment

Particulars	Name of buyer	City	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Gain)/Loss
Rupees								
Outsiders								
Looms	Pearl Textile Mills	Faisalabad	Negotiation	13,160,816	3,788,525	9,372,291	10,000,000	(627,709) Khewat # 23/21, Khatori # 70 to 74, Chak # 104, Jaranwala, Faisalabad
Savio Polar Winder Machine	Mustaqim Dying & Printing Industries (Pvt) Ltd	Karachi	Negotiation	5,570,097	1,586,764	3,983,333	9,000,000	(5,016,667) D-14-A, Bada Board, Manghopir Road, S.I.T.E, Karachi
Simplex Machines FL-16 (2 Nos.)	Unimix	Lahore	Negotiation	2,785,048	810,048	1,975,000	3,000,000	(1,025,000) 18-T, Bilal Centre 9-Nicholson Road, Lahore
Simplex Machine FL-200	Unimix	Lahore	Negotiation	8,355,146	2,455,146	5,900,000	4,200,000	1,700,000 18-T, Bilal Centre 9-Nicholson Road, Lahore
Simplex Machine FL-16 (FA-415)	Unimix	Lahore	Negotiation	2,785,049	818,382	1,966,667	570,000	1,396,667 18-T, Bilal Centre 9-Nicholson Road, Lahore
TC Cards-11	Idrees Textile Mills Ltd	Karachi	Negotiation	33,420,582	9,820,582	23,600,000	12,480,000	11,120,000 6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi
				66,076,738	19,279,447	46,797,291	39,250,000	7,547,291

5.5 The company had its land freehold / leasehold, buildings on freehold land and plant and machinery revalued. Revaluation of the assets was carried out by the independent valuers " Engineering Pakistan Int'l (Pvt.) Limited " on June 30, 2021. The value is assessed on the basis of professional knowledge, present market conditions and available records. Freehold / leasehold land, building on freehold land, and plant and machinery was revalued at market value. The company has incorporated a revaluation surplus of Rs. 142,046,076 on revaluation of above assets on the basis of said valuation report. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

5.6 Forced sale value of land freehold / leasehold, buildings on freehold land and plant and machinery of the company as per revaluation report is as follows:

	Operating Fixed Assets
Land	291,447,000
Building and Civil Works	147,051,200
Plant and Machinery	614,607,247
	1,053,105,447

5.7 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total Area (in acres)	Total area (in sq ft.)
Area of Land	Production facility	31.1	1,356,349
Covered Area (Factory)	Production facility	6.2	269,883

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			2022 Rupees	2021 Rupees
6	Long Term Investments	Note		
	Equity instruments designated at fair value through OCI:			
	Oil & Gas Development Company Limited-OGDC	6.1	<u>39,335</u>	<u>47,515</u>
6.1	This represents the investment in 500 (June 30, 2021 : 500) ordinary shares of Rs. 10 each in OGDCL. The market value as at June 30, 2022 is Rs. 78.67 (June 30, 2021 : Rs. 95.03) per share.			
7	LONG TERM DEPOSITS	Note		
	Deposits :			
	WAPDA		2,620,940	2,620,940
	SNGPL		7,316,439	7,316,439
	Others		81,700	81,700
			<u>10,019,079</u>	<u>10,019,079</u>
8	STORES, SPARE PARTS AND LOOSE TOOLS			
	Stores		42,319,536	27,352,291
	Spares parts		6,677,253	18,452,999
	Packing material		433,752	458,037
	Loose tools		17,901	16,957
			<u>49,448,442</u>	<u>46,280,284</u>
8.1	No item of stores, spares and loose tools is pledged as security as at reporting date.			
9	STOCK IN TRADE			
	Raw material		900,701	526,439
	Work in process		3,634,562	1,341,184
	Finished goods	9.1	71,956,912	46,079,949
			<u>76,492,175</u>	<u>47,947,572</u>
9.1	These include waste stock measured at net realizable value amounting to Rs. 915,188 (June 30, 2021 : Rs. 1,458,751).			
9.2	No item of stock in trade is pledged as security as at reporting date.			
10	TRADE DEBTS	Note		
	Local-Unsecured			
	Considered good		159,954,722	102,763,949
	Considered doubtful		14,041,012	14,041,012
			<u>173,995,734</u>	<u>116,804,961</u>
	Less: Allowance for ECL on trade debts	10.1	(14,425,138)	(14,041,012)
			<u>159,570,596</u>	<u>102,763,949</u>
10.1	Allowance for ECL on trade debts			
	Opening balance		14,041,012	13,667,115
	Allowance for ECL during the year		384,126	373,897
	Allowance no longer required/recovered		-	-
	Closing balance		<u>14,425,138</u>	<u>14,041,012</u>
11	LOANS AND ADVANCES			
	Unsecured			
	Advances to:			
	Suppliers (Considered good)		48,441,348	28,559,650
	Suppliers (Considered doubtful)		4,493,684	4,493,684
	Employees (Considered good)	11.1	3,839,736	3,241,763
	Employees (Considered doubtful)		5,266,941	5,266,941
			<u>62,041,709</u>	<u>41,562,038</u>
	Less: Allowance for ECL on loans and advances	11.2	(9,760,625)	(9,760,625)
			<u>52,281,084</u>	<u>31,801,413</u>
11.1	These loans are given against the salaries, wages and gratuity of the employees.			



		2022 Rupees	2021 Rupees
11.2 Allowance for ECL on loans and advances	Note		
Opening balance		9,760,625	9,760,625
Allowance for ECL during the year		-	-
Allowance no longer required/recovered		-	-
Closing balance		<u>9,760,625</u>	<u>9,760,625</u>
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note		
Short term prepayments		23,551	23,014
		<u>23,551</u>	<u>23,014</u>
13 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		62,365,266	69,388,222
Advance income tax	13.1	29,873,957	18,336,570
		<u>92,239,223</u>	<u>87,724,792</u>
13.1 Advance income tax			
Opening balance		18,336,570	18,196,455
Add: Deducted during the year		19,850,531	8,321,670
		<u>38,187,101</u>	<u>26,518,125</u>
Adjusted against provision for the year		(8,313,144)	(8,181,555)
Closing balance		<u>29,873,957</u>	<u>18,336,570</u>
14 CASH AND BANK BALANCES	Note		
Cash in hand		600,358	865,210
Cash with banks in :			
- Current accounts		5,248,927	13,486,719
- Saving accounts	14.1	79,823	860,506
		<u>5,328,750</u>	<u>14,347,225</u>
		<u>5,929,108</u>	<u>15,212,435</u>
14.1	It carries rate of return ranging from 5.5 % to 12.25 % (June 30, 2021 : 2.5 % to 5.5 %) per annum.		



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15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2022	2021		2022	2021
	Number of shares			Rupees	Rupees
	49,292,600	49,292,600	Ordinary shares of Rs. 10/- each fully paid in cash	492,926,000	492,926,000

- 15.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

Opening balance - gross		426,549,979		323,444,300
Add:				
Surplus arisen during the year-net		-		125,570,748
Prior year impairment loss reversed		-		(35,414,600)
Related deferred tax liability		-		16,475,328
		-		106,631,476
Less:				
Disposal of fixed assets		118,667		-
Related deferred tax liability		48,470		-
		167,137		-
Less:				
Transferred to equity in respect of:				
Incremental depreciation on revalued assets		4,389,024		2,503,316
Related deferred tax liability		1,792,700		1,022,481
		6,181,724		3,525,797
Closing balance - gross		420,201,118		426,549,979
Less:				
Related deferred tax liability				
Revaluation at the beginning of the year		35,902,468		20,449,621
Related deferred tax liability on addition to surplus		-		16,475,328
Effect of change in tax rate		-		-
Amount transferred due to disposal		(48,470)		-
Amount realized during the year on account of incremental depreciation		(1,792,700)		(1,022,481)
		34,061,298		35,902,468
Closing balance - net of tax		386,139,820		390,647,511

- 16.1 The Free hold land, building on free hold land, plant and machinery and generators have been revalued on June 30, 2021 resulting in a surplus of Rs. 142,046,076 million. The revaluation was conducted by an independent valuer M/s Engineering Pakistan International (Pvt) Limited.

Basis of revaluation:

Free hold land	Market value
Building on free hold land	Replacement cost
Plant and machinery	Replacement cost
Generators	Replacement cost

Had there been no revaluation, the net book value of these assets would have amounted to:

	Note	2022 Rupees	2021 Rupees
Free hold land		21,081,636	21,081,636
Building on free hold land		81,295,088	85,573,777
Plant and machinery		1,028,560,985	744,197,485
Generators		52,259,030	49,717,452
		1,183,196,739	900,570,350

17 LONG TERM FINANCING FROM BANKING COMPANIES

-Secured

	Note	2022 Rupees	2021 Rupees
Opening balance		20,994,393	17,148,193
Received during the year	17.1	-	8,647,931
		20,994,393	25,796,124
Payment during the year		(14,078,856)	(7,039,428)
Unwinding of salary loan		1,240,336	2,237,697
		8,155,873	20,994,393
Current portion		(8,155,873)	(14,078,856)
		-	6,915,537

- 17.1 The Company has obtained long term loan of Rs. 28.158 million for financing its salaries, wages under SBP Refinance Scheme for payment of wages and salaries, from Bank Alfalah Limited which is subject to mark up at 3% per annum and secured against first Joint Pari Passu charge of Rs 295 million over the fixed assets of the company and personal guarantee of all directors. This loan is for two and half years and are repayable in eight equal quarterly installments commencing from 31 January 2021. The grace period for the repayment of long term loan was 6 months from date of disbursement and mark up is payable quarterly. The facility available under the above arrangement amounted to Rs.28.158 million of which the amount remained unutilized as at 30 June 2022 was Rs. Nil.

	Note	2022 Rupees	2021 Rupees
18 LONG TERM PAYABLES			
GIDC payable	18.1	16,267,150	1,734,320
		<u>16,267,150</u>	<u>1,734,320</u>
18.1 GIDC Payable - Movement in liability recognized in the balance sheet		2022 Rupees	2021 Rupees
Balance at beginning of the year		16,381,090	10,405,920
Accrued for the year		-	6,070,120
Paid during the year		(113,940)	(94,950)
		<u>16,267,150</u>	<u>16,381,090</u>
Less: Current Maturity		-	(14,646,770)
Balance at the end of the year		<u>16,267,150</u>	<u>1,734,320</u>
18.2	The Company has filed petition W.P.No. 42168 of 2020. Through this petition the arrears of GIDC in gas bill has been challenged. Presently the recovery of arrears of GIDC has been stayed by the Honorable Lahore High Court, Lahore. It is anticipated that this case would be decided in favor of Redco Textiles Limited. However, the time frame for decision of the Court cannot be prejudged for the said case.		
19 STAFF RETIREMENT BENEFITS - GRATUITY			
Present value of defined benefit obligation - at the beginning of the year		11,210,705	5,303,819
Charged to profit and loss account	19.4	8,279,193	5,762,121
Charged to comprehensive income	19.5	3,803,050	4,325,365
		<u>23,292,948</u>	<u>15,391,305</u>
Benefits paid during the year		(4,785,911)	(4,180,600)
Present value of defined benefit obligation - at the end of the year		<u>18,507,037</u>	<u>11,210,705</u>
19.1 General description			
The scheme provides for termination benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the company. Annual charge is based on actuarial valuation carried out as at June 30, 2022 using Projected Unit Credit Method.			
19.2 Principal actuarial assumptions			
Following are a few important actuarial assumptions used in the valuation:			
		%	%
Discount rate		13.25%	10.00%
Expected rate of increase in salary		12.25%	9.00%
		Years	Years
Average expected remaining working life time of the employees		8	8
19.3 Movement in present value of defined benefit obligation			
Present value of defined benefit obligation - Opening balance		11,210,705	5,303,819
Current service cost		6,924,004	5,217,263
Interest cost		1,355,189	544,858
Benefits paid during the period		(4,785,911)	(4,180,600)
Remeasurement loss/ (gain) arising during the year		3,803,050	4,325,365
Closing balance		<u>18,507,037</u>	<u>11,210,705</u>
19.4 Charge for the year			
Current service cost		6,924,004	5,217,263
Interest cost		1,355,189	544,858
		<u>8,279,193</u>	<u>5,762,121</u>
19.5 Expenses recognized in other comprehensive income			
Remeasurement in the year		<u>3,803,050</u>	<u>4,325,365</u>
19.6 Gratuity expenses have been allocated as follows			
Cost of goods manufactured		8,279,193	5,762,121
		<u>8,279,193</u>	<u>5,762,121</u>
19.7 Sensitivity analysis of actuarial assumption			
The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumption by 100 basis point.			
		Increase in assumption	Decrease in assumption
Discount rate		(814,743)	862,472
Expected rate of increase in future salaries		862,472	(827,973)



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19.8 Historical information

	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees	2018 Rupees
Present value of defined benefits obligation	18,507,037	11,210,705	5,303,819	5,032,640	5,563,912
Experience adjustments on plan liabilities	3,803,050	4,325,365	(2,140,527)	(490,734)	6,473,735

19.9 Expected gratuity expenses for the year ended June 30, 2023 works out Rs. 9,170,260.

20 DEFERRED TAXATION

	Note	2022 Rupees	2021 Rupees
Opening balance		-	-
Add: Provided on surplus during the year		-	16,475,328
Less: Reversed on surplus during the year due to rate change		-	-
Add / (less): Provided / (reversed) during the year in profit and loss account		1,102,885	(15,232,783)
Less: Charged through other comprehensive income due to remeasurements		(1,102,885)	(1,242,545)
		-	-

Deferred tax liabilities / (assets) arising due to taxable /(deductible) temporary differences are as follows:

	Note	2022 Rupees	2021 Rupees
Accelerated tax depreciation		138,721,361	138,110,091
Surplus on revaluation of property, plant and equipment		34,061,299	35,902,468
Staff retirement benefits - gratuity		(5,367,041)	(3,251,104)
Provision for doubtful debts / advances		(7,013,871)	(6,902,475)
Turnover tax carried forward		(47,823,245)	(56,942,164)
Brought forward tax losses		(299,837,011)	(285,769,831)
		(187,258,508)	(178,853,015)
		29%	29%

During the year net deferred tax assets amounting to Rs. 187,258,508 (2021: Rs. 178,853,015) has not been recognized because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

21 DEFERRED REVENUE - GOVT GRANT

		2022 Rupees	2021 Rupees
Balance at beginning of year		848,172	1,623,615
During the year	21.1	-	737,973
Amortization during the year		(789,920)	(1,513,416)
		58,252	848,172
Less: current portion		(58,252)	(789,920)
Balance at the end of the year		-	58,252

21.1 This represents the differential between the loan proceeds and fair value of the loan recorded as deferred grant in accordance with IAS 20 and ICAP circular 11 of 2020. The fair value of the loan is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument by using effective interest method.

22 TRADE AND OTHER PAYABLES

	Note	2022 Rupees	2021 Rupees
Creditors		152,606,396	151,750,358
Accrued liabilities		45,771,346	40,583,428
Advances from customers		4,170,377	3,761,092
Withholding tax payable		15,466,169	15,350,907
Workers' profit participation fund	22.1	1,887,485	812,900
Workers' welfare fund		456,114	456,113
		220,357,887	212,714,798

22.1 Workers' profit participation fund

Opening balance		812,900	2,724,802
Add: Interest on funds utilized in the company's business	22.1.1	84,906	136,187
		897,806	2,860,989
Less: Payment during the year		(897,806)	(2,860,989)
Allocation for the year		1,887,485	812,900
		1,887,485	812,900

22.1.1 Interest on Workers' Profit Participation Fund has been provided @ 13.33% (30 June 2021: 7.40%) per annum.

23 ACCRUED MARK UP / INTEREST

Interest / markup accrued on:			
Long term borrowings - Bank Alfalah Limited		52,651	157,953
		52,651	157,953

24 SHORT TERM BORROWINGS FROM ASSOCIATED UNDERTAKINGS

Unsecured - from related parties			
Redco Pakistan Limited	24.1	663,886,452	598,611,518
Royal Holdings (Private) Limited	24.1	106,109,465	106,109,465
		769,995,917	704,720,983

24.1 These are unsecured and interest free loans payable to associated undertakings. Out of the above balance amount of Rs. 414.766 million (June 30, 2021: Rs. 414.766 million) have been subordinated to Bank Alfalah Limited. These loans were acquired to meet the working capital requirements of the Company.



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			2022 Rupees	2021 Rupees
25	SHORT TERM BORROWINGS FROM DIRECTORS AND OTHERS	Note		
	Unsecured - from directors and sponsors			
	Sponsor			
	Saif-ur-Rehman Khan	25.1	897,951,663	567,212,153
	Mrs. Taufiq Amanullah Khan		3,600,000	-
	Chief Executive			
	Mrs. Sarah Saif Khan	25.2	66,074,470	66,074,470
	Directors			
	Ahsan-ur- Rehman Khan	25.2	3,525,031	3,525,031
	Mrs. Taufiq Amanullah Khan	25.2	-	3,600,000
			<u>971,151,164</u>	<u>640,411,654</u>
	Directors loan transferred to Equity	25.2	(69,599,501)	(73,199,501)
	Closing Balance		<u>901,551,663</u>	<u>567,212,153</u>
25.1	These are unsecured and interest free loans payable to the directors, chief executive and sponsors. Out of above balance amount of Rs. 247.150 million (June 30, 2021: Rs. 247.150 million) have been subordinated to Bank Alfalah Limited. These loans are repayable at the discretion of the sponsor and provided to meet capital expenditure and working capital requirements of the Company.			
25.2	At July 1st, 2019, the company has revised the terms of old director's loan. As per terms of new agreement, out of total existing loan, and amount of Rs. 69.60 million shall be repayable only at the discretion of the Company. Therefore, this amount is accounted for in accordance with the 'Technical Release-32' and is classified under equity.			
26	Current portion of long term financing	Note	2022 Rupees	2021 Rupees
	Long-term financing		8,155,873	14,078,856
	Deferred govt. grant		58,252	789,920
			<u>8,214,125</u>	<u>14,868,776</u>
27	CONTINGENCIES AND COMMITMENTS			
27.1	CONTINGENCIES			
27.1.1	The company has availed the facility for issuance of performance guarantees (LG) (Existing) from Bank Alfalah Limited amounting to Rs. 26,940,753 (June 30, 2021 : Rs. 26,940,753). This facility is secured against counter guarantee of the company and carry commission of 0.40% per quarter (June 30, 2021 :0.40% per quarter) maximum tenor: performance bond revolving.			
27.1.2	The company has filed an appeal RFA No. 18 of 2015 against SNGPL that involves the controversy of overbilling of gas charges by SNGPL. The case was originally decided against the Company by the Trial Court, However, the Company has filed the said appeal against the order of the Trial Court, which is pending adjudication before the Honorable Islamabad High Court. There is a likelihood of the said appeal decided by the Honorable Court in near future.			
27.1.3	In addition to above mentioned litigations there is litigation which is disclosed in note (18.2).			
27.2	COMMITMENTS			
	Outstanding commitments related to letter of credit at the end of the year equivalent to Pak Rs. Nil. (June 30, 2021: Rs. Nil).			
28	SALES	Note	2022 Rupees	2021 Rupees
	Local			
	- Yarn		45,000	11,736,319
	- Fabric		854,465,572	569,478,176
			<u>854,510,572</u>	<u>581,214,495</u>
	Waste sale		7,783,637	6,639,952
			<u>862,294,209</u>	<u>587,854,447</u>
	Sales tax		(127,866,079)	(89,266,985)
	Commission		(5,833,973)	(3,116,988)
			<u>728,594,157</u>	<u>495,470,474</u>
29	COST OF SALES	Note	2022 Rupees	2021 Rupees
	Raw material consumed	29.1	6,652,712	3,850,525
	Packing material consumed	29.2	8,832,426	3,529,867
	Stores and spare parts and loose tools consumed	29.3	73,775,904	56,592,291
	Fuel and power		275,387,800	153,588,414
	Salaries, wages and other benefits	29.4	237,509,484	159,633,115
	Repairs and maintenance		3,430,216	8,302,980
	Depreciation	5.2	77,539,329	48,096,617
	Other expenses		7,789,636	15,916,380
			<u>690,917,507</u>	<u>449,510,189</u>
	Work in process:			
	Opening		1,341,184	1,472,265
	Closing		(3,634,562)	(1,341,184)
			<u>(2,293,378)</u>	<u>131,081</u>
	Cost of goods manufactured		<u>688,624,129</u>	<u>449,641,270</u>
	Finished goods:			
	Opening		46,079,949	55,105,589
	Closing		(71,956,912)	(46,079,949)
			<u>(25,876,963)</u>	<u>9,025,640</u>
			<u>662,747,166</u>	<u>458,666,910</u>



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			2022 Rupees	2021 Rupees
29.1 Raw material consumed	Note			
Opening			526,439	172,948
Add: Purchases during the year			7,026,974	4,204,016
			7,553,413	4,376,964
Closing stock			(900,701)	(526,439)
			6,652,712	3,850,525
29.2 Packing material consumed	Note			
Opening stock			458,037	421,692
Add: Purchases during the year			8,808,141	3,566,212
			9,266,178	3,987,904
Closing stock			(433,752)	(458,037)
			8,832,426	3,529,867
29.3 Store, spare parts and loose tools consumed	Note			
Opening stock			45,822,247	40,553,366
Add: Purchases during the year			76,968,347	61,861,172
			122,790,594	102,414,538
Closing stock			(49,014,690)	(45,822,247)
			73,775,904	56,592,291
29.4 Salaries, wages and other benefits includes Rs. 8,279,193 (June 30, 2021: Rs. 5,762,121) in respect of staff retirement benefits - gratuity.				
30 DISTRIBUTION COST	Note			
Salaries and other benefits			502,596	-
Local taxes, carriage and freight			-	200,942
			502,596	200,942
31 ADMINISTRATIVE EXPENSES	Note			
Salaries and other benefits	38		14,752,682	13,673,125
Traveling and conveyance			204,216	187,168
Entertainment			276,808	173,977
Communication			617,321	486,892
Printing and stationery			363,739	331,528
Vehicle running and maintenance			2,450	97,703
Repair and maintenance			69,920	109,055
Depreciation	5.2		3,591,920	541,760
Others			2,932,149	1,610,253
			22,811,205	17,211,461
32 OTHER OPERATING EXPENSES	Note			
Legal and professional			3,823,213	2,280,532
Auditors' remuneration	32.1		697,000	697,000
Allowance for ECL on trade debt			384,126	373,897
Loss on disposal of fixed assets			7,547,292	-
Unwinding of salary loan			1,240,336	2,237,697
Exchange loss on realization of export debts			-	478,150
Workers' Profit Participation Fund			1,887,485	812,900
			15,579,452	6,880,176
32.1 Auditors' remuneration				
Annual statutory audit			600,000	600,000
Half yearly review			97,000	97,000
			697,000	697,000
33 OTHER INCOME	Note			
Income From financial assets:				
Profit on bank deposits			10,246	496,232
Amortization of deferred govt grant			789,920	1,513,416
			800,166	2,009,648
Income from other than financial assets				
Gain on disposal of fixed assets			-	518,748
Prior year reversal of impairment			-	35,414,600
			-	35,933,348
			800,166	37,942,996



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34	FINANCE COST	Note	2022 Rupees	2021 Rupees
	Mark up / interest on :			
	Long term borrowings		370,293	731,799
	Short term borrowings		-	-
	Workers' profit participation fund		84,906	136,187
	Bank charges and commission		393,931	1,195,759
			<u>849,130</u>	<u>2,063,745</u>
35	TAXATION	Note	2022 Rupees	2021 Rupees
	Current			
	For the year	35.1	9,107,427	8,226,340
	For prior year		<u>(794,283)</u>	<u>(44,785)</u>
			8,313,144	8,181,555
	Deferred			
	Current year		1,102,885	(15,232,783)
			<u>9,416,029</u>	<u>(7,051,228)</u>

35.1 Provision for current tax for the year has been made in accordance with section 18 and 113 of the Income Tax Ordinance, 2001. Income tax assessment of company has been finalized upto tax year 2021.

35.2 Numerical reconciliation between average tax rate and applicable tax rate is not presented as current tax liability is calculated under Sec 113.

36	EARNINGS PER SHARE - BASIC AND DILUTED	Note	2022 Rupees	2021 Rupees
	Profit for the year		<u>17,488,745</u>	<u>55,441,464</u>
			Numbers	Numbers
	Weighted average number of ordinary shares outstanding during the year		<u>49,292,600</u>	<u>49,292,600</u>
			Rupees	Rupees
	Earnings per share - basic		<u>0.3548</u>	<u>1.1247</u>
	There is no dilutive effect on the basic earnings per share of the company.			

37 TRANSACTIONS WITH RELATED PARTIES

37.1 The related parties and associated undertakings of the company comprise of associated companies, directors and key management personnel. Transactions with related parties and associated undertakings involve inter company fund transfer and loan received to meet Working Capital Requirements. The company's aggregate transactions with the associated companies are as follows:

Name of the Company	Basis of relationship	Percentage of shareholding	
Redco Pakistan Limited	Common Directorship	N/A	
Royal Holdings (Private) Limited	Common Directorship	N/A	
Name	Basis of relationship	Percentage of shareholding	
Saif Ur Rehman Khan	Sponsor	17%	
Sarah Saif Khan	Chief Executive	33%	
Associated companies	Nature of transactions	2022 Rupees	2021 Rupees
Redco Pakistan Limited	Inter company advance / loan - receipts	70,812,094	18,901
Redco Pakistan Limited	Inter company advance / loan - payment	5,537,160	5,099,870

37.2 There is no share holding in associated companies and relationship is based on common directorship.

Related parties	Nature of transactions	2022 Rupees	2021 Rupees
Saif Ur Rehman Khan	Borrowing from major share holder - receipts	335,530,141	301,315,801
Saif Ur Rehman Khan	Borrowing from major share holder - payment	4,790,632	3,478,686

37.3 There are no transactions with key management personnel other than under their terms of employment as disclosed in note 38

38 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the accounts for the remuneration, including benefits applicable to the chief executive, directors and executives of the Company are as follows:

	2022			2021		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees			Rupees		
Managerial Remuneration	3,655,632	-	14,597,243	2,790,910	-	13,437,476
	<u>3,655,632</u>	<u>-</u>	<u>14,597,243</u>	<u>2,790,910</u>	<u>-</u>	<u>13,437,476</u>
Number of Persons paid	1	-	5	1	-	5

38.1 Other than one Director / Chief executive, company has not paid any fee or remuneration to executive / non executive directors of the company (June 30, 2021 : Rs. Nil).



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REDCO TEXTILES LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

- 39.1 Credit risk
- 39.2 Liquidity risk
- 39.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

39.1 Credit risk

39.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 179.397 millions (June 30, 2021 : 131.284 millions), financial assets which are subject to credit risk aggregate to Rs. 173.468 million (June 30, 2021 : Rs. 116.072 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:

	2022 Rupees	2021 Rupees
Long term deposits	10,019,079	10,019,079
Long term investments	39,335	47,515
Trade debts	159,570,596	102,763,949
Loan and advances	3,839,736	3,241,763
Cash and bank balances	5,929,108	15,212,435
	179,397,854	131,284,741

39.1.2 The maximum exposure to credit risk for trade debts at the statement of financial position date by geographical region is as follows.

	2022 Rupees	2021 Rupees
Domestic	173,995,734	116,804,961
Export	-	-
	173,995,734	116,804,961
Impairment	(14,425,138)	(14,041,012)
	159,570,596	102,763,949

39.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

	2022 Rupees	2021 Rupees
Yarn	3,150,123	3,666,819
Fabric	167,600,176	110,832,410
Waste	3,245,435	2,305,732
	173,995,734	116,804,961
Impairment	(14,425,138)	(14,041,012)
	159,570,596	102,763,949

39.1.4 The aging of trade debtors at the balance sheet is as follows.

	Gross debtors	
	2022	2021
	Rupees	
Not past due	18,004,440	62,036,941
Past due 90 days - 1 year	42,321,883	30,978,547
More than one year	113,669,411	23,789,473
	173,995,734	116,804,961
Impairment	(14,425,138)	(14,041,012)
	159,570,596	102,763,949

39.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2022					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two year	Two to five years
	Rupees					
Non - derivative						
Financial liabilities						
Long term financing from banking companies	8,155,873	8,242,007	8,242,007	-	-	-
Accrued Mark up / interest	52,651	52,651	52,651	-	-	-
Trade and Other Payables	216,187,510	216,187,510	216,187,510	-	-	-
Short term borrowings:						
from banking companies	-	-	-	-	-	-
from associated undertaking	769,995,917	769,995,917	769,995,917	-	-	-
from directors and others	971,151,164	971,151,164	971,151,164	-	-	-
	1,965,543,115	1,965,629,249	1,965,629,249	-	-	-



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	2021					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two year	Two to five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing from banking companies	20,994,393	21,673,145	7,330,455	7,223,996	7,118,694	-
Accrued Mark up / interest	157,953	157,953	157,953	-	-	-
Trade and Other Payables	212,714,798	212,714,798	212,714,798	-	-	-
Short term borrowings:						
from banking companies	-	-	-	-	-	-
from associated undertaking	704,720,983	704,720,983	704,720,983	-	-	-
from directors and others	640,411,654	640,411,654	640,411,654	-	-	-
	1,578,999,781	1,579,678,533	1,565,335,843	7,223,996	7,118,694	-

39.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

39.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

39.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company. The company has not exposed to any currency risk.

39.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows:

	2022 Rupees	2021 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	79,823	860,506
Financial liabilities	8,214,125	21,784,313

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2021.

	Profit and loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2022	82,141	(82,141)	82,141	(82,141)
Cash flow sensitivity - variable rate instruments 2021	217,843	(217,843)	217,843	(217,843)

39.4 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 instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

39.5 Off balance sheet items

Bank guarantees issued in ordinary course of business

2022 Rupees	2021 Rupees
26,940,753	26,940,753

39.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

39.7 Fair value of Financial assets & liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Carrying Amount					
	2022			2021		
	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rupees					
Financial assets						
Long term Investments	-	-	39,335	-	-	47,515
Long term deposits	10,019,079	-	-	10,019,079	-	-
Trade Debt	159,570,596	-	-	102,763,949	-	-
Loans and advances	3,839,736	-	-	3,241,763	-	-
Cash & Bank	5,929,108	-	-	15,212,435	-	-
	179,358,519	-	39,335	131,237,226	-	47,515



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Carrying Amount					
2022			2021		
At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
-----Rupees-----					
Long term financing from banking companies	8,155,873	-	20,994,393	-	-
Trade and other payables	220,357,887	-	212,714,798	-	-
Accrued mark up / interest	52,651	-	157,953	-	-
Short term borrowings from associated undertakings	769,995,917	-	704,720,983	-	-
Short term borrowings from directors and others	971,151,164	-	640,411,654	-	-
	1,969,713,492	-	1,578,999,781	-	-

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs.

The Company held the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
-----Rupees-----				
JUNE 30, 2022				
At fair value through other comprehensive income				
Long term investments	39,335	-	-	39,335
JUNE 30, 2021				
At fair value through other comprehensive income				
Long term investments	47,515	-	-	47,515

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Long term Investments

The fair value of long term investments is determined by reference to their quoted closing value as at the reporting date.

40 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder 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, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term loan from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2022	2021
Borrowings	Rupees	1,671,547,580	1,293,495,443
Total equity	Rupees	226,625,077	215,444,678
Total capital employed	Rupees	1,898,172,657	1,508,940,121
Gearing ratio	Percentage	88%	86%

41 PLANT CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

	2022	2021
Weaving		
Number of looms installed	180	154
Installed capacity at 60 picks - meters	56,645,983	44,558,346
Capacity utilized	64%	62%
Actual production of cloth - meters	30,261,835	21,756,256
Actual production of cloth converted at 60 picks at 100% efficiency - meters	36,253,913	27,746,497
Number of shifts per day	3	3
Number of shifts worked per year	1089	1086

42 NUMBER OF EMPLOYEES

	2022	2021
Number of employees worked at June 30,		
Head office	12	12
Factory	687	479
	699	491
Average number of employees worked during the year		
Head office	12	12
Factory	594	454
	606	466



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43 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant reclassifications were made in these financial statements.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue by the Board of Directors on _____.

45 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



بورڈ میٹنگز

سال کے دوران چار بورڈ میٹنگز وقوع پذیر ہوئی ہیں، جنکی حاضری مندرجہ ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	حاضری
۱	محترمہ سارہ سیف خان	4
۲	محترمہ منیزہ سیف خان	3
۳	محترم جنید خان	3
۴	محترم عرفان احمد صدیقی	4
۵	محترمہ عائشہ سیف خان	3
۶	محترم احسان الرحمن خان	4
۷	محترم خالد رحمان خان	1

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی پیروی کرتے ہوئے آڈٹ کمیٹی بنائی ہے اور جن کے نام کمپنی کے معلوماتی صفحے پر موجود ہیں۔

HR اور خدمات کے صلی کی کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی پیروی کرتے ہوئے HR اور خدمات کے صلی کی کمیٹی بنائی ہے اور جن کے نام کمپنی کے معلوماتی صفحے پر موجود ہیں۔

ایکسٹرنل آڈیٹر

آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز مشتاق اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو اگلے سالانہ اجلاس تک کے لیے ایکسٹرنل آڈیٹر کے طور پر دوبارہ نامزد کرنے کی سفارش کی ہے

بحکم بورڈ آف ڈائریکٹرز

سی۔ ای۔ او

بتاریخ: ۰۴ اکتوبر، ۲۰۲۲



ڈیوڈنڈ کی تقسیم

کمپنی باقی ماندہ ڈیوڈنڈ کا طریقہ کار اپنا رہی ہے اور ورکنگ کیپٹل کی بیس کو بڑھا رہی ہے تاکہ ہولڈنگ سے فائدہ حاصل کیا جاسکے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

- کوڈ آف کارپوریٹ گورننس کے مطابق ہم مندرجہ ذیل کارپوریٹ اور فنانشل رپورٹنگ کے طریقہ کار کی سیٹمنٹ بیان کر رہے ہیں۔
- ۱۔ کمپنی کی مینجمنٹ کی طرف سے پیش کردہ فنانشل سیٹمنٹ شفاف طریقے سے اسکے معاملات، آپریشن کے نتائج، رقم کے بہاؤ اور ایکویٹی میں تبدیلی کو بیان کر رہی ہے۔
- ۲۔ کمپنی کے بک آف اکاؤنٹ اچھے طریقے سے برقرار رکھے جا رہے ہیں۔
- ۳۔ IFRS انٹرنیشنل فنانشل رپورٹنگ سٹینڈرز اور IAS انٹرنیشنل آڈیٹنگ سٹینڈرز جیسے پاکستان میں نافذ العمل ہیں، فنانشل سیٹمنٹ ان کے مطابق بنائی گئی ہیں اور ان سے روگردانی کو اچھے طریقے سے بیان کر دیا گیا ہے۔
- ۴۔ مناسب اکاؤنٹنگ پالیسی کو مستقل مزاجی سے استعمال کرتے ہوئے فنانشل سیٹمنٹ کو بنایا گیا ہے۔
- ۵۔ انٹرنل کنٹرول کا طریقہ کار مضبوط ہے اور اسکو بہترین طریقہ سے اپنایا جا رہا ہے اور اس پر نظر رکھی جا رہی ہے، اس کے طریقہ کار کا مسلسل جائزہ لیا جاتا رہے گا اور انٹرنل کنٹرول کے حوالے سے کسی بھی کمزوری کو ختم کر دیا جائے گا۔
- ۶۔ کمپنی کے منصوبوں اور امور کی انجام دہی کیلئے اسکی صلاحیت پر کوئی شک نہیں ہے۔
- ۷۔ لسٹنگ ریگولیشنز کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں کوئی بے ضابطگی عمل میں نہیں آئی ہے۔
- ۸۔ گزشتہ چھ (6) سال کا اہم آپریشن اور مالیاتی ڈیٹا خلاصے کی شکل میں ساتھ لگا دیا گیا ہے۔
- ۹۔ 30 جون 2022ء تک کوئی جرمانہ واجب الادا نہیں ہے۔
- ۱۰۔ حصہ داری کی ترتیب اور اضافی معلومات ساتھ لگا دی گئی ہیں۔
- ۱۱۔ دوران سال کمپنی کے حصص کی تجارت میں مندرجہ ذیل ڈائریکٹرز، CEO، CFO کمپنی سیکریٹری ان کے شریک حیات اور نابالغ بچے شامل رہے ہیں۔

خریدار کا نام	حصص کی تعداد
مسز سارہ سیف خان	503,000



اعتراف:

ہم عاجزی اور شکرگزاری کے ساتھ اللہ تعالیٰ کے سامنے اپنا سر جھکاتے ہیں جو بہت مہربان اور رحم کرنے والا ہے کہ ہم کو رہنمائی دے اور امید کرتے ہیں کہ کمپنی اسکے انعام اور فضل سے بہرہ مند ہوتی رہے گی۔

ہم اس موقع پر قابل قدر شیئر ہولڈرز، گاہکوں، سپلائرز اور بینکوں کے تعاون اور مسلسل مدد کے لیے شکرگزار ہیں جنکے تعاون اور مسلسل پشت پناہی نے کمپنی کو ترقی کی راہ پر ڈال دیا ہے۔ سال کے دوران انتظامیہ اور ملازمین کے درمیان خوشگوار تعلقات رہے اور ہم کمپنی کیلئے اقدامات انجام دینے کے لیے ان کی لگن، مستعدی اور نیک نیتی کی تعریف کرتے ہیں۔

مستقبل کے امکانات:

زیر نظر سال کافی منافع بخش رہا ہے کیونکہ کمپنی نے کوویڈ 19 کے بعد کی صورتحال اور ملک میں جاری مشکل معاشی اور سیاسی حالات کے باوجود منافع حاصل کیا ہے۔ ملک میں بڑے پیمانے پر سیلاب سے ہونے والی تباہی کے سبب دھاگہ اور کپاس کی قیمتوں میں متوقع اضافہ، امریکی ڈالر کے مقابلہ میں روپے کی قدر میں بے پناہ کمی، مہنگائی کی بلند شرح اور کاروباری لاگت میں اضافہ کی وجہ سے مالی سال 2022-23 میں مشکل دورانیے کی توقع ہے۔ تاہم ہم پر امید ہیں کہ کمپنی کی ترقی کی رفتار برقرار رہے گی جیسا کہ موجودہ سال کے شروع میں کمپنی نے 36 نئی ٹویٹا انٹر جیٹ لومز خریدیں اور توقع کی جارہی ہے کہ اگلے مالی سال میں سپننگ مشینری کی آمد کے ساتھ ہی اسے کمپنی کے آپریشنز میں شامل کر لیا جائے گا جو اس کے سپننگ ڈویژن کو بحال کر دے گی جو کہ کمپنی کی پیداواری صلاحیت اور منافع میں مزید اضافہ کر سکے گی۔

حالیہ عرصے کے دوران زیادہ درآمدی بلوں اور کرنٹ اکاؤنٹ خسارے نے پاکستان کی میکرو اکنامک صورتحال بالخصوص پاکستان کی ادائیگیوں کے توازن کیلئے سنگین خطرات پیدا کئے ہیں۔ تجارتی توازن کے حصول کے لیے ہمہ گیر اقدامات کی ضرورت ہے کیونکہ درآمدات اور برآمدات دونوں ہی اپنی اپنی منفرد جہت رکھتے ہیں۔ ملک کو ایک بار پھر توانائی کے شدید بحران کا سامنا ہے جہاں آنے والے موسم سرما کے مہینوں میں گیس کی قلت برقرار رہے گی جس سے صنعتی بندش کے ساتھ گھریلو پریشانی بھی ہوگی۔ طلب و رسد اور مہنگی درآمدات کے سخت مسائل کو دور کرنے کے لیے اصلاحی اقدامات اٹھانے کی ضرورت ہے تاکہ کارکردگی بہتر کی جاسکے۔

آپ کی انتظامیہ کاروباری ماحول کے حوالہ سے پر امید ہے کیونکہ انتظامیہ کوویڈ 19 کے بعد کی صورتحال اور سخت معاشی اور سیاسی حالات کی وجہ سے پیدا ہونے والے منفی اثرات کو کم کرنے کے لئے منصوبہ بندی کر رہی ہے اور اس مشکل صورتحال میں کامیاب ہونے کے لیے زیادہ کاروباری لاگت کو کم کرنے کا حل بھی ڈھونڈ رہی ہے۔



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اختتام شدہ سال 30 جون 2022ء میں آپکی کمپنی کا قبل از ٹیکس منافع 26.90 ملین روپے (30 جون 2021 میں 48.40 ملین روپے) ہے۔ سالانہ کارکردگی کا پچھلے سال کے ساتھ ذیل میں موازنہ کیا گیا ہے۔

سال 2021 روپے	سال 2022 روپے	
495,470,474	728,594,157	خالص فروخت
458,666,910	662,747,166	فروخت کی لاگت
36,803,564	65,846,991	مجموعی منافع
200,942	502,596	ڈسٹری بیوشن لاگت
17,211,461	22,811,205	انتظامی اخراجات
6,880,176	15,579,452	دیگر آپریٹنگ اخراجات
24,292,579	38,893,253	آپریٹنگ منافع
12,510,985	26,953,738	دیگر آپریٹنگ آمدنی
37,942,996	800,166	
50,453,981	27,753,904	
2,063,745	849,130	فنانس لاگت
48,390,236	26,904,774	ٹیکس سے پہلے کا منافع
1.125	0.355	فی حصص منافع

اس سال کے دوران کمپنی نے فروخت کا صحت مندانہ رجحان برقرار رکھا اور 47 فیصد اضافہ کے ساتھ 728.6 ملین روپے کی خالص فروخت کی آمدنی حاصل کی ہے جو کہ 2021ء میں 495.40 ملین روپے تھی۔ اس سال فروخت کی لاگت 662.75 ملین روپے (30 جون 2021ء میں 458.66 ملین روپے) رہی جس میں 44 فیصد اضافہ ہوا ہے، جس کی بنیادی وجہ اخراجات میں اضافہ، روپے کی قدر میں گراوٹ اور نئی لومز کی شمولیت کی وجہ سے اسٹور، سپائر پارٹس اور اوزار کی کھپت میں اضافہ ہے۔

زیر غور سال میں مجموعی منافع 65.847 ملین روپے ہے جبکہ گزشتہ سال 36.803 ملین روپے مجموعی منافع تھا جبکہ موجودہ سال میں قبل از ٹیکس منافع 26.905 ملین روپے ہے جبکہ گزشتہ سال 48.390 ملین روپے کا قبل از ٹیکس منافع تھا۔



ڈائریکٹرز رپورٹ

ریڈ کو ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز 31 واں سالانہ میزانیہ بمعہ آڈیٹڈ فنانشل سٹیمٹس اور آڈیٹرز رپورٹ جو کہ اختتام شدہ سال 30 جون 2022 کے لیے ہے اور باقی ضروری معلومات جو کہ کوڈ آف کارپوریٹ گورننس میں واضح کی گئی ہیں کو پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مجموعی جائزہ:

کمپنی نے خصوصی طور پر اپنے ویونگ ڈویژن میں معیار کو بہتر بنانے اور پیداوار کو بڑھانے کے ساتھ ساتھ اپنے پلانٹ اور مشینری میں تجدید کی پالیسی کو جاری رکھا ہوا ہے۔ اسی نتیجہ میں کمپنی نے ٹویٹا انڈسٹریز کارپوریشن، جاپان سے خریدی گئیں 36 نئی ٹویٹا ایئر جیٹ لومز اپنے ویونگ ڈویژن میں شامل کی ہیں جسکی وجہ سے ویونگ ڈویژن کی پیداواری صلاحیت اور آپریشنل کارکردگی میں اضافہ ہوگا۔ عالمی اور مقامی سطح پر کوویڈ 19 کے بعد پیدا ہونے والے حالات، مشکل معاشی اور سیاسی حالات سے پیدا ہونے والے چیلنجز کے باوجود کمپنی موجودہ سال کے دوران منافع حاصل کرنے میں کامیاب رہی ہے۔

صنعتوں کو گیس کی فراہمی میں نمایاں کمی کی وجہ سے کمپنی کو بجلی کے استعمال پر زیادہ انحصار کرنا پڑا ہے۔ عالمی منڈی میں ایندھن کی بڑھتی قیمتوں کی وجہ سے مقامی سطح پر بھی بجلی کی قیمتوں میں اضافہ ہوا ہے۔ مزید برآں، کرنٹ اکاؤنٹ خسارہ، امریکی ڈالر کے مقابلہ میں روپے کی قدر میں نمایاں کمی اور اس سال کے دوران ملک میں سیاسی بے چینی کی فضا نے کاروباری ترقی کو متاثر کیا ہے۔ زیر نظر موجودہ سال کے دوران ان عوامل کی وجہ سے منافع کے مارجن میں نمایاں کمی واقع ہوئی ہے۔ آپ کی کمپنی ان چیلنجز پر قابو پانے کے لیے سخت محنت کر رہی ہے۔

30 جون 2022ء کو ختم ہونے والے سال کے دوران آپ کی کمپنی نے 728.59 ملین روپے کی فروخت پر 65.85 ملین روپے کا مجموعی منافع کمایا ہے جبکہ پچھلے سال اسی مدت میں 495.47 ملین روپے کی فروخت پر مجموعی منافع 36.80 ملین روپے رہا۔ رواں مالی سال آپ کی کمپنی نے پچھلے سال کے اسی عرصہ کے 55.44 ملین روپے خالص منافع کے مقابلہ میں 17.49 ملین روپے کا خالص منافع حاصل کیا ہے۔ خالص منافع میں کمی کی بنیادی وجہ موجودہ سال میں دیگر آمدنی میں کمی ہے جو کہ گزشتہ سال پلانٹ اور مشینری پر ایمپیئرمنٹ نقصان کو رپورس کرنے کی وجہ سے زیادہ تھی۔

آپریشنل اور مالی کارکردگی:

اللہ تعالیٰ کے فضل و کرم سے انتظامیہ نے کمپنی کے بہترین مفاد میں اقدامات کئے ہیں اور سال بھر میں پیدا ہونے والے غیر یقینی معاشی اور سیاسی چیلنجز کو مد نظر رکھتے ہوئے کمپنی کے نتائج کو کافی تسلی بخش قرار دیا جاسکتا ہے۔ کمپنی نے رواں سال اپنے اثاثوں میں ڈسٹ ریمول سسٹم اور الیکٹرک بس وے سسٹم کو شامل کر کے نمایاں اضافہ کیا ہے۔



چیرمین کی جائزہ رپورٹ

مجھے بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد حاصل کرنے کے ساتھ ساتھ کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل کو یقینی بنانے کے بارے میں رپورٹ پیش کرنے پر خوشی محسوس ہو رہی ہے۔

بورڈ نے کمپنی کے بہترین مفاد میں دیانتداری اور مستعدی کے ساتھ اپنے فرائض سرانجام دیئے ہیں۔ میں نے بحیثیت بورڈ چیر پرسن میں اس بات کو یقینی بنایا کہ اہداف کے حصول پر توجہ دیتے ہوئے بورڈ کے اجلاس اطمینان بخش ماحول میں منعقد ہوں۔

مالی سال 2021-22 کے دوران پیداواری لاگت میں اضافہ، امریکی ڈالر کے مقابلہ میں روپے کی قدر میں وسیع پیمانے پر کمی، سخت معاشی حالات اور سیاسی بے یقینی کی وجہ سے پیدا ہونے والے آپریشنل چیلنجز کے باوجود ہم نے پُر عزم رہ کر اور مستعد کوششیں کر کے منافع حاصل کیا ہے۔

ریڈ کو ٹیکسٹائلز لمیٹڈ بورڈ آف ڈائریکٹرز اور اسکی کمیٹیوں کی تشکیل، طریقہ کار اور میٹنگز کے حوالے سے قانون میں بیان کردہ تمام تقاضوں کی تعمیل کرتی ہے۔ بورڈ اور اسکی کمیٹی کے اجلاسوں سے قبل ضروری بورڈ ایجنڈا اور معاون دستاویزات مناسب وقت میں بورڈ کو فراہم کر دی گئیں تھیں۔ بورڈ نے متعلقہ قوانین اور ضابطوں کے مطابق اپنے تمام اختیارات استعمال کیئے ہیں اور بورڈ کے اہم فیصلوں میں نان ایگزیکٹو اور آزاد ڈائریکٹرز برابر شامل رہتے ہیں۔

بورڈ آف ڈائریکٹرز نے سال کے دوران مستقبل کی حکمت عملیوں، مالی اور آپریشنل اہداف کے تعین پر توجہ مرکوز کی ہے۔ بورڈ نے باقاعدگی سے بجٹ کے اہداف پر نظر رکھی ہے۔ بورڈ کی ذیلی کمیٹیوں نے بھی زیر غور سال کے دوران اپنے فرائض بخوبی انجام دیئے ہیں۔ بورڈ نے سال کے دوران اپنی کارکردگی کا جائزہ لیا ہے جو اطمینان بخش رہا ہے۔

منیزہ سیف خان
چیر پرسن

اسلام آباد
بتاریخ: ۰۴ اکتوبر، ۲۰۲۲



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

**FORM OF PROXY
REDCO TEXTILES LIMITED**

Ledger folio no. _____ and/or,

CDC Participant ID no. _____ Sub-Account no. _____

The Company Secretary,
Redco Textiles Limited,
Redco Arcade,
78-E, Blue Area,
Islamabad.

I/ We _____ of _____

Appoint _____

Of _____

Failing him/ her _____

Of _____

As my/ our proxy to attend and vote for me/ us on my/ our behalf, at the 31st Annual General Meeting of the company to be held on 28th day of October, 2022 at 09:00 am and at every adjournment thereof.

As witness me/ our hand(s) this _____ day of _____ 2022

**Affix
Revenue
Stamp**

Signed _____ day of _____ 2022
(Signature appended above should agree with the specimen signatures
registered with the company)

NOTE:

1. A member entitled to attend and vote at this meeting may appoint a proxy in accordance with Article 56 of Association of the Company, Proxies, in order to be effective, must be received at 78-E, Redco Arcade, Islamabad the registered office of the company not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owners computerized National Identity Card or passport, Account and Participant's I.D. number must be deposited alongwith the form of proxy. In case of proxy for representative of corporate members from CDC, Board of Directors' resolution and power of attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his/her original Computerized National Identity Card or passport at the time of meeting.



REDCO TEXTILES LIMITED
ISO 9001 2000 Certified

پراکسی فارم ریڈ کوٹیکسٹائلز لمیٹڈ

لیجر فوئیو نمبر _____ اور ریا،

سی۔ ڈی۔ سی شریک کار آئی۔ ڈی نمبر _____ سب اکاؤنٹ نمبر _____

کمپنی سیکرٹری

ریڈ کوٹیکسٹائلز لمیٹڈ، ریڈ کوآر کیڈ، 78-E

بلیو ایریا، اسلام آباد۔

میں رہم _____ ساکن _____

تقرر _____

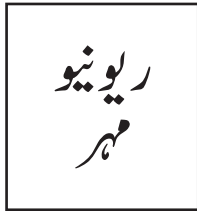
ساکن _____

عدم موجودگی مستی مسماة _____

ساکن _____

کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 31 ویں سالانہ اجلاس عام جو بتاریخ 28 اکتوبر 2022ء بوقت 09:00 بجے صبح منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط بقلم خود _____ تاریخ ہذا _____ مہینہ _____ 2022ء



دستخط _____ تاریخ ہذا _____ مہینہ _____ 2022ء

(مندرجہ بالا دستخط پہلے سے کمپنی کے رجسٹر میں اندراج شدہ دستخط سے مطابقت رکھتے ہوں)

نوٹ

۱۔ حصہ دار جو اجلاس میں شرکت اور ووٹ کا استحقاق رکھتا ہو کسی دوسرے حصہ دار کو ایسوسی ایشن آف کمپنی کے آرٹیکل نمبر 56 کے تحت پراکسی مقرر کر سکتا ہے، پراکسی دستاویزات موخر ہونے کے لیے اس کا تحریری ہونا، مہر ثبت ہونا، دستخط شدہ ہونا اور گواہوں کا ہونا لازمی ہے اور یہ اجلاس کے مقرر شدہ وقت سے 48 گھنٹے قبل تک کمپنی کے رجسٹرڈ آفس ریڈ کوآر کیڈ، 78-E بلیو ایریا، اسلام آباد میں موصول ہو جانا چاہیے۔

۲۔ وہ پراکسی جو سی ڈی سی کی جانب سے انفرادی فائدہ مند مالک کی طرف سے ہوں وہ پراکسی فارم کے ساتھ فائدہ مند مالک کے تصدیق شدہ کمپوٹرائزڈ قومی شناختی کارڈ کی کاپی یا پاسپورٹ کی کاپی، اکاؤنٹ اور Participants ID نمبر لازمی جمع کروائیں۔

وہ پراکسی جو سی ڈی سی کی جانب سے کارپوریٹ حصہ دار کا نمائندہ ہو وہ بورڈ آف ڈائریکٹرز کی قرارداد اور مختار نامہ اور نامزد فرد کے نمونہ دستخط لازمی طور پر پراکسی فارم کے ساتھ جمع کروائیں۔

پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل کمپوٹرائزڈ قومی شناختی کارڈ دکھانا ضروری ہوگا۔



REDCO TEXTILES LIMITED

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