

“Say No To Corruption”



Annual Report 2015



**REDCO
TEXTILES LIMITED**

ISO 9001 Certified

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REDCO TEXTILES LIMITED

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Company Information

Board of Directors

Ms. Sarah Saif khan
Chief Executive

Mrs. Taufiq Amanullah khan
Mrs. Muniza Saif khan
Mrs. Samina Asad
Mr. Ahsan ur Rehman Khan
Mr. Imran Zia
Mr. Khalid Rehman

Chief Financial Officer / Company Secretary

Mr. Asad Mumtaz Baloch

Auditors

Mushtaq & Co, Chartered Accountants

Audit Committee

Mrs. Taufiq Amanullah khan	Chairperson
Mrs. Muniza Saif khan	Member
Mrs. Samina Asad	Member
Mr. Imran Zia	Member

HR and Remuneration Committee

Ms. Sarah Saif Khan	Chairperson
Mrs. Samina Asad	Member
Mr. Imran Zia	Member

Registered Office

Redco Textiles Limited, Redco Arcade, 78 -E, Blue Area, Islamabad 44000, Pakistan.
Tel: (+92-51) 2344252-5 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



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.





REDCO TEXTILES LIMITED

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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 24th ANNUAL GENERAL MEETING

Notice is hereby given that 24th 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 **Saturday 31st October 2015 at 10:00 AM** to transact the following business:

Ordinary Business:

- 1) To confirm the minutes of last General Meeting held on 31st October 2014.
- 2) To receive, consider and adopt the Annual Audited Financial statements for the year ended June 30th 2015 along with Directors and Auditors reports thereon.
- 3) To appoint Auditors of the Company for the financial year ending June 30th 2016 and to fix their remuneration. The present Auditors, M/s Mushtaq & Co, Chartered Accountants, being eligible offer themselves for reappointment.
- 4) To consider any other business with permission of the chair.

By order of the Board
(Asad Mumtaz Baloch)
Company Secretary

Islamabad
October 10, 2015

Notes:

- a) The Share Transfer Book of the Company will remain closed from 24th October to 31st October, 2015 (both days inclusive).
- b) A member entitles 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.

DIRECTOR'S REPORT

The Directors of Redco Textiles Limited are pleased to present the 24th Annual Report along with Audited Financial Statements and Auditors Report thereon for the year ended June 30, 2015 and other required information prescribed under the Code of Corporate Governance.

Overview

The Company has been able to earn a gross profit of PKR 40.294 Million during the year ended 30th June 2015 and net after tax loss of Rs. (19.571) with negative EPS of PKR (0.397) per share. This is mainly due to domestic economic challenges including a decline in the textile industry and with the shortage of power at its peak. To achieve most optimum results in the given circumstances, your management worked closely on production planning and monitoring of production and efficiency outcomes.

Operational Performance

Due to a declining trend in the textile business in the current year and tough business and economic conditions, the company posted a loss before taxation for the year ended 30th June 2015 of PKR (15.394) Million (30th June 2014: PKR 24.36 Million). Despite the situation in the textile industry locally and internationally, we have been able to manage the Mill's running when a number of units have been forced to close down their operations. The achievements of the year under review may be compared against the preceding year below:

	2015	2014
	Rupees	Rupees
Sales - net	1,677,975,255	2,211,316,146
Cost of sales	1,637,681,290	2,141,950,869
Gross profit	40,293,965	69,365,277
Distribution cost	8,002,554	6,363,404
Administrative expenses	19,868,942	23,240,014
Other operating expenses	3,473,371	4,717,089
	31,344,867	34,320,507
Operating profit	8,949,098	35,044,770
Other operating income	574,795	2,008,901
	9,523,893	37,053,671
Finance cost	24,918,337	12,695,186
(Loss)/Profit before taxation	(15,394,444)	24,358,485

During the year ended June 30, 2015 sales have decreased from PKR 2.211 billion to PKR 1.678 billion due to decrease in prices of textiles products which are in line with reduction in cotton prices. Cotton prices are 30% lower as compared to that of last year. Also during the year there has been a reduction in export sales from PKR 35.68 to PKR 9.541 as compared to previous year ended 30th June 2014 as the profit margins on export has fallen. Since the first quarter of the year sale prices for yarn & fabric were under pressure and also production costs had increased. The situation started to improve in the third quarter of the year after the installation and operation of 24 air jet looms, which were imported last year. The decrease in fuel prices initiated a decline in power cost in the later part of the year. During the year under review, the cost of production has changed, mainly due to an increase in salaries and wage rate by government and other consumables prices remained unstable due to cost push inflation. Gross profit for the year under review is amounting to PKR 40.294 million as compared to PKR 69.36 million in the prior year.



Whereas, Loss before taxation for the year under review is amounting to PKR (15.394) million as compared to profit before tax of PKR 24.358 million in prior year. During the year two latest spinning cards and one hard waste opening machine were installed in the spinning section. This resulted in increased yarn recovery ratio and an improvement in the quality of Yarn. The 24 new latest technology Air Jet Looms increased capacity of our weaving section and also improved quality of fabric, allowing us to keep with the market trend and competition.

Acknowledgment

We humbly and gratefully 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 take the opportunity to express our gratitude towards worthy staff, shareholders, our valued customers, suppliers and bankers for their co-operation and continued support.

Future Prospects

Textile sector in Pakistan is facing challenges of survival and distress. The great concern is still energy crisis which had severely crippled the industry raising the cost of production immensely.

There is a little hope that in this year fuel prices will remain stable which will reduce power cost to some extent as GOP is also putting great efforts in power sector reforms by adding cost efficient capacities. Procurement of cotton in a timely manner would be the main focus to secure the benefits of price fluctuations in our vertically integrated production facility. Further, It is expected that GOP will introduce policies specific to textile sector including special incentives in electricity and gas prices and loan facilities with subsidize markup will assist in recovery from the existing situation and will lead the industry towards success. Also it is expected GOP will implement duty on import of yarn which will discourage the imports of textile products from neighboring countries, and will assist local industry to recover.

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 five years in summary form is annexed.
9. There are no levies and penalties due as on June 30, 2015.
10. Pattern of shareholding and additional data is annexed.
11. None of directors, CEO, CFO or Company Secretary or their spouses or minor children have traded in the shares of the company during the year.

Board Meetings

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

Sr.	Director Name	Attendance
1	Ms. Sarah Saif Khan	4
2	Mrs. Muniza Saif Khan	4
3	Mrs. Taufiq Amanullah Khan	4
4	Mrs. Samina Asad	4
5	Mr. Imran Zia	4
6	Mr. Ahsan ur Rehman Khan	3
7	Mr. Khalid Rehman Khan	3

Audit Committee

The board of Directors in compliance with the code of corporate governance established an audit committee . The names of 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 09, 2015



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30th JUNE 2015

This statement is being presented to comply with the Code of Corporate Governance contained in listing Regulation No. 37, 43 & 36 of listing regulations of Karachi, Lahore & Islamabad Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner;

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

1. Ms. Sarah Saif Khan	Chief Executive
2. Mrs. Muniza Saif Khan	Non-Executive
3. Mrs. Taufiq Amanullah Khan	Non-Executive
4. Mrs. Samina Asad	Non-Executive Independent
5. Mr. Imran Zia	Executive
6. Mr. Ahsan ur Rehman Khan	Non-Executive
7. Mr. Khalid Rehman Khan	Non-Executive

- The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
- All the resident Directors of the Company are registered as tax payer and none of them has defaulted in payment of any loan to a banking company, DFI or a NBFII or, being a member of stock exchange, has been declared as a defaulter by the stock exchange.
- No casual vacancy occurred in the Board during the financial year under review.
- 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.
- The Board has developed a Vision /Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended have been maintained.
- All the powers of the board have been duly exercised and decision on the material transactions, including appointment and determination of remuneration and terms and conditions of employees of the CEO and other executive directors, have been taken by the Board.
- The Meetings of the Board were presided over by the Chairperson and, in his/her absence, by one of the directors present elected by the Board for this purpose and the Board met at least once in every quarter. Written Notices of the Board Meeting along with the agenda and working papers were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
- Majority of Directors are exempt from training requirement and one Director Mr. Imran Zia has completed Director's Training Certification session in 2013.
- The board has approved appointment of CFO, Company Secretary and Head of Internal Auditor, including their remuneration and terms and conditions of employment, as determined by the CEO.
- The Directors report for this year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.



12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting of the Code.
15. The Board has formed an audit Committee. It comprises of four members including the Chairperson of the Committee, of whom three are non-executive directors.
16. The meetings of the Audit Committee were held prior to approval of interim and final results of the company as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members including the Chairperson of the Committee, of whom one is non-executive directors.
18. The board has outsourced the internal audit function to M/s Muniff Ziauddin & Co, who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and the firm and all its 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principals contained in the code have been complied with.

Chief Executive

Dated: October 09, 2015



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Redco Textiles Limited** for the year ended June 30, 2015 to comply with the requirements of Listing Regulation of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2015.

Lahore:

Dated: October 09, 2015

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Abdul Qadoos, FCA



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MUSHTAQ & CO.

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Email Address: mushtaq_vohra@hotmail.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Redco Textiles Limited** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

Lahore:

Dated: October 09, 2015

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Abdul Qadoos, FCA

**FINANCIAL HIGHLIGHTS**

2015	2014	2013	2012	2011	2010
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(Rupees in thousands)

Profit and Loss

Net Sales	1,677,975	2,211,316	2,438,127	1,712,919	2,294,236	1,469,940
Gross Profit/(Loss)	40,294	69,365	79,827	60,134	58,332	59,607
Profit/(Loss) Before Taxation	(15,394)	24,358	32,296	17,774	19,898	5,048
Profit/(Loss) After Taxation	(19,571)	5,417	21,524	32,574	7,917	7,158

Cash Outflows

Taxes Paid	17,016	23,098	15,835	13,637	2,014	7,145
Financial Charges Paid	22,396	12,722	14,767	17,858	18,899	18,791
Fixed Capital Expenditures	185,691	106,101	3,997	14,809	123,757	18,005

Balance Sheet

Current Assets	568,818	612,400	660,705	595,093	534,231	478,770
Current Liabilities	966,413	272,215	306,087	278,599	269,086	197,882
Operating Fixed Assets	1,112,302	982,386	924,456	968,760	946,697	869,167
Total Assets	1,686,115	1,599,822	1,590,182	1,568,788	1,490,252	1,353,623
Long Term Loans and Finances					-	-
Shareholders Equity	409,627	424,388	409,734	391,788	353,277	339,109

Ratios

Current Ratio	0.59:1	2.25:1	2.16:1	2.14:1	1.99:1	2.4:1
Gross Profit/(Loss) %	2.40	3.14	3.27	3.51	2.54	4.05
Profit/(Loss) Before Taxation %	(0.92)	1.10	1.32	1.04	0.87	0.34
Earning Per Share %	(0.40)	0.11	0.44	0.66	0.16	0.15

Production Machines

Number of Air Jet Looms Installed	120	96	96	96	96	96
Number of Spindles Installed	22,500	22,500	22,500	22,500	22,500	22,500



**THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING**

1. Incorporation Number

0025468 (CUIN)

2. Name of the Company

Redco Textiles Limited

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

30-06-2015

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
29	1	100	1,393
472	101	500	229,079
66	501	1000	65,662
119	1001	5000	419,782
66	5001	10000	575,500
16	10001	15000	211,000
17	15001	20000	314,687
14	20001	25000	328,319
8	25001	30000	228,500
2	30001	35000	66,000
6	35001	40000	228,000
4	40001	45000	170,600
7	45001	50000	335,400
1	55001	60000	55,500
1	70001	75000	72,500
2	75001	80000	155,700
1	85001	90000	88,700
3	95001	100000	300,000
1	100001	105000	103,500
3	105001	110000	325,100
1	115001	120000	116,700
1	120001	125000	122,800
1	135001	140000	140,000
1	140001	145000	142,900
3	145001	150000	442,800
1	165001	170000	167,500
2	175001	180000	353,300
1	180001	185000	185,000
1	195001	200000	196,000
1	220001	225000	224,000
1	225001	230000	227,400
1	240001	245000	242,000
1	260001	265000	265,000
1	265001	270000	265,400
1	290001	295000	294,700
1	400001	405000	402,378
1	440001	445000	442,300
1	445001	450000	448,800
1	625001	630000	629,500
1	880001	885000	884,600
1	1105001	1110000	1,105,750
1	1960001	1965000	1,965,000
1	8220001	8225000	8,223,300
1	13365001	13370000	13,365,400
1	14165001	14170000	14,165,150
866			49,292,600



5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	28,327,150	57.4673%
5.2 Associated Companies, undertakings and related parties.	0	0.0000%
5.3 NIT and ICP	447,300	0.9074%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,612,700	3.2717%
5.5 Insurance Companies	1,965,000	3.9864%
5.6 Modarabas and Mutual Funds	0	0.0000%
5.7 Share holders holding 10% or more	35,753,850	72.5339%
5.8 General Public		
a. Local	15,802,649	32.0589%
b. Foreign	4,000	0.0081%
5.9 Others (to be specified)		
Joint Stock Companies	488,501	0.9910%
Investment Companies	645,300	1.3091%

Redco Textiles Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2015

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. TAUFIQA AMANULLAH KHAN	442,300	0.8973%
2	MRS. MUNEZA SAIF-UR-REHMAN KHAN	176,400	0.3579%
3	MRS. SAMINA ASAD KHAN	176,900	0.3589%
4	MRS. SARAH SAIF KHAN	14,165,150	28.7369%
5	MR. ASHAN UR REHMAN	13,365,400	27.1144%
6	MR. KHALID REHMAN KHAN	500	0.0010%
7	MR. IMRAN ZIA	500	0.0010%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		3,577,700	7.2581%
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	14,165,150	28.7369%
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
NIL			



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED

BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,112,301,877	982,386,000
Long term investment	6	89,620	130,640
Long term deposits	7	4,905,940	4,905,940
		<u>1,117,297,437</u>	<u>987,422,580</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	46,225,217	43,363,242
Stock in trade	9	279,962,302	283,262,813
Trade debts	10	138,964,860	149,258,559
Loans and advances	11	33,083,120	37,966,388
Trade deposits and short term prepayments	12	1,383,547	39,680,406
Tax refunds due from Government	13	59,610,413	40,913,362
Cash and bank balances	14	9,588,401	17,955,129
		<u>568,817,860</u>	<u>612,399,899</u>
TOTAL ASSETS		<u><u>1,686,115,297</u></u>	<u><u>1,599,822,479</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 50,000,000 (June 30, 2014: 50,000,000) ordinary shares of Rs.10 each		500,000,000	500,000,000
Issued, subscribed and paid up capital	15	492,926,000	492,926,000
Reserves		34,545	75,565
Accumulated loss		(83,334,018)	(68,613,968)
		<u>409,626,527</u>	<u>424,387,597</u>
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX	16	226,598,659	227,532,398
NON CURRENT LIABILITIES			
Long term financing from banking companies	17	69,230,768	-
Long term financing from associated undertakings	18	-	415,739,764
Long term financing from directors and others	19	-	246,640,580
Deferred liabilities	20	14,246,156	13,306,682
		<u>83,476,924</u>	<u>675,687,026</u>
CURRENT LIABILITIES			
Trade and other payables	21	152,721,479	175,262,844
Accrued mark up / interest	22	5,587,901	3,065,230
Short term borrowings from banking companies	23	75,822,422	68,887,384
Short term borrowings from associated undertakings	24	449,669,947	-
Short term borrowings from directors and others	25	251,842,206	-
Current portion of :			
Long term financing from banking companies		30,769,232	-
Long term financing from associated undertakings	18	-	15,000,000
Long term financing from directors and others	19	-	10,000,000
		<u>966,413,187</u>	<u>272,215,458</u>
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		<u><u>1,686,115,297</u></u>	<u><u>1,599,822,479</u></u>

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

17

DIRECTOR

REDCO TEXTILES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	27	1,677,975,255	2,211,316,146
Cost of sales	28	1,637,681,290	2,141,950,869
Gross profit		<u>40,293,965</u>	<u>69,365,277</u>
Distribution cost	29	8,002,554	6,363,404
Administrative expenses	30	19,868,942	23,240,014
Other operating expenses	31	3,473,371	4,717,089
		<u>31,344,867</u>	<u>34,320,507</u>
Operating profit		<u>8,949,098</u>	<u>35,044,770</u>
Other income	32	574,795	2,008,901
		<u>9,523,893</u>	<u>37,053,671</u>
Finance cost	33	24,918,337	12,695,186
(Loss) / Profit before taxation		<u>(15,394,444)</u>	<u>24,358,485</u>
Taxation	34	(4,176,981)	(18,941,036)
(Loss) / Profit for the year		<u>(19,571,425)</u>	<u>5,417,449</u>
(Loss) / Earnings per share - basic and diluted	35	<u>(0.397)</u>	<u>0.110</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

REDCO TEXTILES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
(Loss) / Profit for the year		(19,571,425)	5,417,449
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Available for sale financial assets			
Fair value (loss) / gain arised during the period		(41,020)	16,264
		(41,020)	16,264
Items that will never be reclassified subsequently to profit and loss			
Re-measurement on staff retirement benefits		(1,995,365)	4,286,830
Deferred tax on remeasurement of staff retirement benefits		648,264	(1,396,568)
		(1,347,101)	2,890,262
Total comprehensive (loss) / income for the year		(20,959,546)	8,323,976

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

REDCO TEXTILES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Reserves	Accumulated loss	Total equity
		Unrealized gain on available for sale investment		
Rupees				
Balance as at July 01, 2013 - restated	492,926,000	59,301	(83,251,623)	409,733,678
Total comprehensive income for the year	-	16,264	8,307,712	8,323,976
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	6,329,944	6,329,944
Balance as at July 01, 2014	492,926,000	75,565	(68,613,968)	424,387,597
Total comprehensive loss for the year	-	(41,020)	(20,918,526)	(20,959,546)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	6,198,476	6,198,476
Balance as at June 30, 2015	492,926,000	34,545	(83,334,018)	409,626,527

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(15,394,444)	24,358,485
Adjustments for :			
Depreciation		55,694,521	47,773,428
Provision for staff retirement benefits - gratuity		3,942,107	3,628,797
Provision for workers' profit participation fund		-	1,200,300
Gain on disposal of property, plant and equipment		(369,285)	(652,336)
Finance cost		24,918,337	12,695,186
		84,185,680	64,645,375
Operating profit before working capital changes		68,791,236	89,003,860
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(2,861,975)	(8,867,032)
Stock in trade		3,300,511	(6,045,884)
Trade debts		10,293,699	95,013,985
Trade deposits and short term prepayments		43,180,127	(31,267,834)
Increase / (decrease) in current liabilities			
Trade and other payables		(22,541,365)	(18,382,417)
		31,370,997	30,450,817
Cash generated from operations		100,162,233	119,454,677
Staff retirement benefits - gratuity paid		(4,943,300)	(5,610,698)
Finance cost paid		(22,395,665)	(12,721,538)
Sales tax income taxes paid		(17,015,729)	(23,098,388)
		(44,354,694)	(41,430,624)
Net cash generated from operating activities		55,807,538	78,024,053
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment - acquired		(185,691,113)	(106,101,093)
Proceeds form sale of property, plant and equipment		450,000	1,050,000
Net cash used in investing activities		(185,241,113)	(105,051,093)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings from banking companies		6,935,038	(16,663,157)
Short term borrowings from associated undertakings		449,669,947	-
Short term borrowings from directors and others		251,842,206	-
Long term financing from directors and others		(256,640,580)	42,115,951
Long term financing from associated undertaking		(430,739,764)	(1,444,860)
Long term financing from banking companies		100,000,000	-
Net cash generated from financing activities		121,066,847	24,007,934
Decrease in cash and cash equivalents		(8,366,728)	(3,019,107)
Cash and cash equivalents at the beginning of the year		17,955,129	20,974,235
Cash and cash equivalents at the end of the year	14	9,588,401	17,955,129

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

REDCO TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1 STATUS AND NATURE OF BUSINESS

Redco Textiles Limited is a Public Limited Company, incorporated in Pakistan on 17 October 1991. It was incorporated under the Companies Ordinance, 1984 and is listed on the Karachi and Lahore 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of The Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, amendments or interpretations which became effective during the year:

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments have no impact on Company's financial statements as the Company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.
- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company .
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.



- ❑ Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- ❑ Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). These amendments have no impact on the financial statements of the company.
- ❑ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

2.3.2 Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- ❑ IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. These amendments are not likely to have any implication on the Company's Financial Statements.
- ❑ IFRS 7 'Financial Instruments- Disclosures'. These amendments are not likely to have any implication on the Company's Financial Statements.
- ❑ IAS 19 'Employee Benefits'. These amendments are not likely to have any implication on the Company's Financial Statements.
- ❑ IAS 34 'Interim Financial Reporting'. These amendments are not likely to have any implication on the Company's Financial Statements.

2.3.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention on accrual basis except Cash flows and for revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies which the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Income Taxes

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes as explained in notes of these financial statements.

3.2 Property, Plant & Equipment

The Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment loss.



3.3 Stores, spares and loose tools

Management has made estimates for realizable amounts of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect the carrying amount of stores and spares with corresponding effect on amounts recognized in the profit & loss account as provision / reversal.

3.4 Defined Benefits Plan

Certain actuarial assumptions have been adopted as disclosed in respective note of these financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect actuarial gains/losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability.

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

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.

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.

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.

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

The assets' residual value and useful lives are reviewed and adjusted if significant at each balance sheet date.

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

4.2 Impairment losses

The company assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

4.3 Long term investments

Investment available for sale

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to equity until disposal at which time these are recycled to profit and loss account.

4.4 Stores, spares and loose tools

Stores and spares are stated at lower of weighted average cost and estimated net realizable value. These have been valued using moving average cost except for those in transit which are valued at actual cost. Provision is made for slow moving and obsolete items.



4.5 Stock in trade

Stock in trade, except stock in transit are valued at lower of cost and net realizable value except waste / rags which are valued at contract prices. Stocks of yarn / cloth purchased are valued at lower of weighted average cost and net realizable value. Cost is determined as follows:

- Raw materials - Yearly moving average method except stock in transit.
- Work in process - Average manufacturing cost including proportionate production overheads.
- Finished goods - Lower of cost and net realizable value.

Net realizable value represents estimated selling prices in the ordinary course of business less expenses incidental to make the sale.

Stock in transit is valued at cost comprising invoice value plus other charges thereon.

4.6 Trade debtors

Trade debts are carried at original invoice amount being the fair value, less an estimate made for doubtful debts based on review of outstanding amounts at the year end, if any. Provision is made against those having no activity during the current financial year and is considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

4.7 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.8 Cash and bank balances

Cash in hand and at banks are carried at nominal amounts.

4.9 Staff retirement benefits

The Company operates contributory unfunded gratuity scheme for its officers and employees. Provision for gratuity is made on the basis of last drawn salary for each completed year of service. Minimum qualifying period for gratuity benefit is one year from the date of joining. Contributions made are based on actuarial recommendations. The most recent actuarial valuation was carried out at June 30, 2015 using the Projected Unit Credit method.

4.10 Taxation

Current

The Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is computed 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 taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or subsequently enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

Further, the Company has recognized the deferred tax liability on surplus on revaluation of fixed assets which has been adjusted against the related surplus.

4.11 Trade and other payables

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

4.12 Provisions

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

4.13 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

Local sales are recognized on dispatch of goods to customers.

Scrap sales are recognized when delivery is made to customers.

Export sales are recognized on shipment basis and the revenue from export rebate is accounted for on accrual basis.

Interest income is recognized as revenue on time proportion basis.

4.14 Borrowing cost

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets are capitalized. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

4.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise cash in hand, cash at bank and short term investments with maturity of not later than three months at known amount in rupees.

4.16 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

4.17 Dividend and apportioning to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.18 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Any gain or loss on derecognition of the financial assets and financial liabilities is included in profit and loss account.

4.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.



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4.20 Foreign currency translation

Transactions in foreign currencies are converted into Pak rupees at the rates of exchange prevailing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.



REDCO TEXTILES LIMITED

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5 PROPERTY, PLANT AND EQUIPMENT

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	5.1	1,112,301,877	930,753,502
Capital work in progress	5.4	-	51,632,498
		1,112,301,877	982,386,000

5.1 Operating fixed assets

PARTICULARS	COST / REVALUATION					DEPRECIATION					BOOK VALUE	
	As at July 1, 2014	Additions / Adjustments	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2015	Rate	As at July 1, 2014	For the year	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2015	As at June 30, 2015
OWNED ASSETS												
Freehold land	124,550,000	-	-	-	124,550,000	-	-	-	-	-	-	124,550,000
Building on free hold land	236,747,072	41,783,459	-	-	278,530,531	0.05	117,130,896	6,859,639	-	-	123,990,536	154,539,995
Plant and machinery	992,533,034	178,917,805	-	-	1,171,450,839	0.05	413,015,583	34,496,957	-	-	447,512,540	723,938,299
Generators	92,511,346	-	-	-	92,511,346	0.05	29,244,334	3,163,351	-	-	32,407,685	60,103,661
Tools and equipment	25,320,122	-	-	-	25,320,122	0.05	10,989,551	716,529	-	-	11,706,080	13,614,042
Tools	87,202,964	14,957,484	-	-	102,160,447	0.33	64,753,312	9,662,519	-	-	74,415,831	27,744,616
Vehicles	9,175,937	1,492,863	1,009,000	-	9,659,800	0.20	6,743,115	560,877	928,285	-	6,375,707	3,284,093
Furniture and fixtures	2,147,081	-	-	-	2,147,081	0.05	1,088,315	52,938	-	-	1,141,253	1,005,828
Office equipment	3,913,405	172,000	-	-	4,085,405	0.05	1,829,493	109,354	-	-	1,938,847	2,146,558
Laboratory equipment	6,028,249	-	-	-	6,028,249	0.05	4,581,108	72,357	-	-	4,653,465	1,374,784
Total 2015	1,580,129,209	237,323,611	1,009,000	-	1,816,443,820		649,375,707	55,694,521	928,285	-	704,141,944	1,112,301,877

PARTICULARS	COST / REVALUATION					DEPRECIATION					BOOK VALUE	
	As at July 1, 2013	Additions / Adjustments	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2014	Rate	As at July 1, 2013	For the year	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2014	As at June 30, 2014
OWNED ASSETS												
Freehold land	124,550,000	-	-	-	124,550,000	-	-	-	-	-	-	124,550,000
Building on free hold land	236,747,072	-	-	-	236,747,072	0.05	110,835,308	6,295,588	-	-	117,130,896	119,616,176
Plant and machinery	956,103,680	36,429,354	-	-	992,533,034	0.05	383,514,930	29,500,653	-	-	413,015,583	579,517,450
Generators	92,511,346	-	-	-	92,511,346	0.05	25,914,491	3,329,843	-	-	29,244,334	63,267,012
Tools and equipment	25,320,122	-	-	-	25,320,122	0.05	10,235,310	754,241	-	-	10,989,551	14,330,571
Tools	71,318,722	15,884,242	-	-	87,202,964	0.33	57,485,928	7,267,384	-	-	64,753,312	22,449,651
Vehicles	8,150,937	2,100,000	1,075,000	-	9,175,937	0.20	7,035,819	384,632	677,336	-	6,743,115	2,432,822
Furniture and fixtures	2,147,081	-	-	-	2,147,081	0.05	1,032,590	55,725	-	-	1,088,315	1,058,766
Office equipment	3,858,405	55,000	-	-	3,913,405	0.05	1,720,296	109,197	-	-	1,829,493	2,083,912
Laboratory equipment	6,028,249	-	-	-	6,028,249	0.05	4,504,943	76,165	-	-	4,581,108	1,447,141
Total 2014	1,526,735,614	54,468,595	1,075,000	-	1,580,129,209		602,279,615	47,773,428	677,336	-	649,375,707	930,753,502

5.2 On the date of revaluation, accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

	Note	2015 Rupees	2014 Rupees
5.3 Depreciation has been allocated as follows			
Cost of sales	28	54,898,995	47,147,710
Administrative expenses	30	795,526	625,719
		55,694,521	47,773,428

	2015 Rupees	2014 Rupees
5.4 Capital work in progress		
Building civil works	-	26,189,888
Plant and machinery	-	25,442,610
	-	51,632,498

5.5 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								
IDJ-5006 -Honda Civic	Ammad	Islamabad	Negotiation	531,000	473,552	57,448	250,000	192,552
IDG-7401 -Honda Civic	Ch. Mohammad Usman Iqbal	Islamabad	Negotiation	478,000	454,733	23,267	200,000	176,733
				1,009,000	928,285	80,715	450,000	369,285

		2015	2014
	Note	Rupees	Rupees
6 LONG TERM INVESTMENT			
Available for sale - quoted company	6.1	<u>89,620</u>	<u>130,640</u>
6.1	This represents the investment in 500 (June 30, 2014 : 500) ordinary shares of Rs. 10 each in OGDCL. The market value as at is Rs. 179.24 (June 30, 2014 : Rs. 261.28) per share.		
7 LONG TERM DEPOSITS			
Deposits :			
WAPDA		2,620,940	2,620,940
SNGPL		545,900	545,900
Cash margin		1,661,600	1,661,600
Others		77,500	77,500
		<u>4,905,940</u>	<u>4,905,940</u>
8 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		34,993,896	33,084,194
Spares parts		7,254,961	6,288,629
Packing material		3,952,542	3,953,328
Loose tools		23,818	37,091
		<u>46,225,217</u>	<u>43,363,242</u>
9 STOCK IN TRADE			
Raw material	9.1	78,344,328	80,957,418
Work in process		39,447,003	42,885,636
Finished goods	9.1	151,000,476	147,850,478
Waste		11,170,495	11,569,281
		<u>279,962,302</u>	<u>283,262,813</u>
9.1	These include raw material and finished stocks amounting to Rs. 50.208 million (June 30, 2014 : Rs. 33.683 million) and amounting to Rs. 22.099 million (June 30, 2014 : Rs. 29.978 million) pledged with NIB Bank Limited (formerly PICIC Commercial Bank Limited) and Bank Alfalah against short term borrowings respectively.		
10 TRADE DEBTS			
Secured			
Considered good		-	271,826
Unsecured			
Considered good		138,964,860	148,986,733
Considered doubtful		6,282,610	6,282,610
		<u>145,247,470</u>	<u>155,541,169</u>
Less: Provision for doubtful debts		(6,282,610)	(6,282,610)
		<u>138,964,860</u>	<u>149,258,559</u>
11 LOANS AND ADVANCES			
Unsecured - considered good			
Advances to:			
Suppliers		29,204,951	35,155,991
Employees	11.1	3,878,169	2,810,397
		<u>33,083,120</u>	<u>37,966,388</u>

	Note	2015 Rupees	2014 Rupees
11.1 Employees - unsecured			
Considered good		3,878,169	2,810,397
Considered doubtful		5,266,941	5,266,941
		9,145,110	8,077,338
Less: Provision for doubtful advances to employees		(5,266,941)	(5,266,941)
		3,878,169	2,810,397
11.1.1 These loans are given against the salaries and wages of the employees.			
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Short term prepayments		37,109	798,693
Deposit against LC margin		1,346,438	38,881,713
		1,383,547	39,680,406
13 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		29,477,310	28,415,711
Advance income tax	13.1	30,133,103	12,497,652
		59,610,413	40,913,362
13.1 Advance income tax			
Opening balance		12,497,652	8,519,377
Add: Payment / adjustment during the year		15,954,129	23,529,866
		28,451,781	32,049,243
Adjusted against provision for the year		1,681,322	(19,551,591)
Closing balance		30,133,103	12,497,652
14 CASH AND BANK BALANCES			
Cash in hand		54,551	33,204
Cash with banks in :			
- Current accounts		8,848,962	17,825,657
- Saving accounts	14.1	684,888	96,268
		9,533,850	17,921,925
		9,588,401	17,955,129
14.1 It carries rate of return ranging from 5 % to 8 % (June 30, 2014 : 5 % to 8 %) per annum.			
15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
		2015	2014
		Rupees	Rupees
2015	2014		
Number of shares			
49,292,600	49,292,600	492,926,000	492,926,000
	Ordinary shares of 10 each fully paid in cash		
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.			
15.2 There is no movement in share capital during the year.			



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	Note	2015 Rupees	2014 Rupees
16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
Opening balance - gross		288,497,490	298,235,865
Add: Surplus arised during the year		-	-
		288,497,490	298,235,865
Less: Transferred to equity in respect of:			
Incremental depreciation on revalued assets		6,198,476	6,329,944
Related deferred tax liability		3,052,980	3,408,431
		9,251,456	9,738,375
Closing balance - gross		279,246,034	288,497,490
Less: Related deferred tax liability			
Revaluation at the beginning of the year		60,965,092	66,220,950
Related deferred tax liability on addition to surplus		-	-
Effect of change in tax rate		(5,264,737)	(1,847,427)
Amount realized during the year on account of incremental depreciation		(3,052,980)	(3,408,431)
		52,647,375	60,965,092
Closing balance - net of tax		226,598,659	227,532,398

16.1 Under the requirements of the Companies Ordinance, 1984, the Company cannot use the surplus except for setting off the losses arising out of the disposal of the revalued assets, losses arising out of the subsequent revaluation of assets and to set-off any incremental depreciation arising as a result of revaluation.

16.2 Subsequent to revaluation on September 30, 1995, September 30, 1996, September 30, 2004, May 18, 2007, and January 2008 which had resulted in surplus of Rs. 102.674 million, Rs. 262.692 million, Rs. 275.315 million, deficit of Rs.101.399 million and deficit of Rs. 67.302 million respectively, the Free hold land, building on free hold land, plant and machinery and generators have been revalued again on June 30, 2012 resulting in a surplus of Rs. 56.537 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	2015 Rupees	2014 Rupees
Free hold land		21,081,636	21,081,636
Building on free hold land		104,284,465	66,715,621
Plant and machinery		602,872,297	452,079,553
Generators		55,647,521	58,576,338
		783,885,919	598,453,148

	Note	2015 Rupees	2014 Rupees
17 LONG TERM FINANCING FROM BANKING COMPANIES			
-Secured			
Opening balance		-	-
Received during the year		100,000,000	-
		100,000,000	-
Payment during the year		-	-
		100,000,000	-
Current portion		(30,769,232)	-
		69,230,768	-
17.1	During the year company obtained 4 years term finance loan amounting to Rs. 100.00 million against the facility of Rs. 100 million from Bank Alfalah Limited against import of machinery. This loan is secured against personal guarantee of the directors, 1st parri passu charge of Rs.40 million over the current asset, 1st parri passu charge of Rs 295 million over the fixed asset of the company. The loan is repayable in 13 equal quarterly installments commencing from August 11, 2015. The loan is subject to mark up at 3 month kibar plus 3% per annum. Mark up is payable quarterly. The grace period for the repayment of long term loan is 9 months from date of disbursement.		
18 LONG TERM FINANCING FROM ASSOCIATED UNDERTAKINGS			
Unsecured - from related parties			
Redco Pakistan Limited		343,560,482	324,630,299
Royal Holdings (Private) Limited		106,109,465	106,109,465
		449,669,947	430,739,764
Current portion shown under current liabilities		-	(15,000,000)
		449,669,947	415,739,764
Transferred to Short term borrowings		(449,669,947)	-
		-	415,739,764
18.1	These represent interest free, unsecured loan from associated undertaking on long term basis.		
18.2	Out the above balance amount of Rs. 414.766 million (June 30 2014: Rs. 414.766 million) have been subordinated to NIB Bank and Bank Alfalah Limited.		
18.3	During the year amount payable to associated undertaking is transferred to short term borrowings. The written agreement regarding repayment of loan does not specify the contractual right to deferred the loan payment and the loan amount is payable on demand with mutual consent of management of the company, therefore, the loan is clubbed in short term borrowings and classified under current liabilities. The loan is interest free, unsecured and not repayable in next twelve months.		
19 LONG TERM FINANCING FROM DIRECTORS AND OTHERS			
Unsecured - from related parties			
Sponsor			
Saif-ur-Rehman Khan		239,624,605	244,922,979
Chief Executive			
Ms. Sarah Saif Khan		5,092,570	4,592,570
Directors			
Ahsan-ur- Rehman Khan		3,525,031	3,525,031
Mrs. Tufiq Amanullah Khan		3,600,000	3,600,000
		7,125,031	7,125,031
Current portion shown under current liabilities		-	(10,000,000)
		251,842,206	246,640,580
Transferred to short term borrowings		(251,842,206)	-
		-	246,640,580
19.1	These represent unsecured interest free loans from directors / sponsor, which have been utilized for the import of machinery as well as for meeting the working capital requirements.		
19.2	Out of the above balance amount of Rs. 247.139 million (June 30 2014: Rs. 149.947 million) has been subordinated to NIB Bank and Bank Alfalah Limited.		
19.3	The maximum aggregate amount due to chief executive and directors at the end of any month during the year was Rs. 12,217,601 (June 30, 2014: Rs. 11,717,601).		

19.4 During the year amount payable to related parties are transferred to short term borrowings. There is no written agreement regarding repayment of loan, the entity does not hold contractual rights to deferred the loan payment beyond twelve months and the loan amount is payable on demand with mutual consent of management of the company, therefore, the loan is clubbed in short term borrowings and classified under current liabilities. The loan is interest free, unsecured and not repayable in next twelve months.

	Note	2015 Rupees	2014 Rupees
20 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	20.1	10,423,466	9,429,294
Deferred taxation	20.2	3,872,690	3,877,388
		<u>14,246,156</u>	<u>13,306,682</u>
20.1 Staff retirement benefits - gratuity			
Opening balance		9,429,294	15,698,025
Add: Provision for the year		3,942,107	3,628,797
Remeasurements recognized		1,995,365	(4,286,830)
		<u>15,366,766</u>	<u>15,039,992</u>
Less: Paid during the year		4,943,300	5,610,698
Closing balance		<u>10,423,466</u>	<u>9,429,294</u>
20.1.1 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, 2015, using Projected Unit Credit Method.			
20.1.2 Principal actuarial assumptions	Note	2015 Rupees	2014 Rupees
Following are a few important actuarial assumptions used in the valuation:			
		%	%
Discount rate		9.75%	13.25%
Expected rate of increase in salary		10.00%	12.25%
		Years	Years
Average expected remaining working life time of the employees		10	7
20.1.3 Reconciliation			
Present value of defined benefit obligation as at year end		10,423,466	9,429,293
		<u>10,423,466</u>	<u>9,429,293</u>
20.1.4 Movement in present value of defined benefit obligation			
Present value of defined benefit obligation -Opening balance		9,429,293	15,698,024
Current service cost		3,310,175	2,860,231
Interest cost		631,932	768,566
Benefits paid during the period		(4,943,300)	(5,610,698)
Remeasurement loss/ (gain) arising during the year		1,995,365	(4,286,830)
Closing balance		<u>10,423,465</u>	<u>9,429,293</u>
20.1.5 Charge for the year			
Current service cost		3,310,175	2,860,231
Interest cost		631,932	768,566
		<u>3,942,107</u>	<u>3,628,797</u>
20.1.6 Gratuity expenses have been allocated as follows			
Cost of goods manufactured		3,942,107	3,628,797
		<u>3,942,107</u>	<u>3,628,797</u>
20.1.7 Expenses recognized in other comprehensive income			
Remeasurement in the year		1,995,365	(4,286,830)
		<u>1,995,365</u>	<u>(4,286,830)</u>



20.1.8 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	(682,842)	739,155
Expected rate of increase in future salaries	730,498	(687,357)

20.1.9 Expected gratuity expenses for the year ended June 30, 2016 works out Rs. 4,226,550.

20.2 Deferred taxation

Opening balance	3,877,388	4,938,802
Add: Provided on surplus during the year	-	-
Less: Reversed on surplus during the year due to rate change	(5,264,737)	(1,847,427)
Add / (less): Provided / (reversed) during the year in profit and loss account	5,858,303	(610,555)
Less: Charged through other comprehensive income due to remeasurements	(648,264)	1,396,568
	<u>3,822,690</u>	<u>3,877,388</u>

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

	Note	2015 Rupees	2014 Rupees
Accelerated tax depreciation		135,916,954	124,979,098
Surplus on revaluation of property, plant and equipment		52,647,375	60,965,092
Staff retirement benefits - gratuity		(3,127,040)	(3,071,885)
Provision for doubtful debts / advances		(3,464,865)	(3,762,624)
Turnover tax carried forward		(73,644,403)	(70,326,028)
Brought forward tax losses		(104,505,331)	(104,906,266)
		<u>3,822,690</u>	<u>3,877,388</u>
Tax rate used		<u>30%</u>	<u>33%</u>
	Note	2015 Rupees	2014 Rupees
21 TRADE AND OTHER PAYABLES			
Creditors		94,975,849	117,241,204
Accrued liabilities		35,223,158	36,111,774
Advances from customers		11,407,474	9,623,644
Withholding tax payable		10,658,885	10,629,807
Workers' profit participation fund	21.1	-	1,200,300
Workers' welfare fund	21.2	456,113	456,113
		<u>152,721,479</u>	<u>175,262,844</u>
21.1 Workers' profit participation fund			
Opening balance		1,200,300	1,692,645
Provision for the year		-	1,200,300
Less: Payment during the year		(1,261,635)	(1,786,700)
		<u>(61,335)</u>	<u>1,106,245</u>
Add: Interest for the year at the rate of 15.33% (June 30, 2014: 16.67%) percent per annum		61,335	94,055
		<u>-</u>	<u>1,200,300</u>
21.1.1			
The Company retains the allocation to this fund for its business operations till the amount is paid to the employees.			
21.2 Workers welfare fund			
Opening balance		456,113	1,027,655
Provision for the year		-	593,244
Less: Payment during the year		-	(1,164,786)
		<u>456,113</u>	<u>456,113</u>



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		2015	2014
	Note	Rupees	Rupees
22 ACCRUED MARK UP / INTEREST			
Interest / markup accrued on:			
Long term borrowings - Bank Al - Falah Limited		2,742,466	-
Short term borrowings - NIB Bank Limited		1,121,610	1,139,677
Short term borrowings - Bank Al - Falah Limited		1,723,825	1,925,553
		<u>5,587,901</u>	<u>3,065,230</u>
23 SHORT TERM BORROWINGS FROM BANKING COMPANIES			
Secured - From banking companies -			
Cash Finance I	23.1	39,485,702	27,866,427
Cash Finance II	23.2	19,999,099	19,454,381
Cash Finance III	23.3	16,337,621	21,566,576
		<u>75,822,422</u>	<u>68,887,384</u>
23.1	This facility is availed from NIB Bank (formerly PICIC Commercial Bank Limited) against aggregate limit of Rs. 90 million (June 30, 2014: Rs.90 million) to finance cotton, yarn and fabric with a ratio of 72:11:17 (June 30, 2014 :72:11:17) respectively. This facility is secured against hypothecation charge of Rs. 60 million on current assets of the company and 1st parri passu charge of Rs.300 million on fixed assets of the Company including land, building and machinery, pledge of cotton bales, yarn and fabric on market value, pledge of cotton bales / yarn on the market value or landed cost whichever is less with 10% margin and personal guarantee of the sponsors and directors. It carries markup at last 7 days' average 3 months KIBOR plus 3% (June 30, 2014: last 7 days' average 3 months KIBOR plus 3%) per annum and payable quarterly.		
23.2	This facility is availed from Bank Al falah Limited against aggregate limit of Rs. 20 million (June 30, 2014: Rs. 20 million). This facility is secured against first parri passu charge of Rs. 40 million (June 30, 2014: 40 million) on current assets of the company, first pari passu charge of Rs. 295 million (June 30, 2014: 295 million) on fixed assets of the company and personal guarantee of all directors of the company. This facility carry markup at 6 months KIBOR plus 3% (June 30, 2014: 6 months KIBOR plus 3%) per annum payable quarterly.		
23.3	This facility is availed from Bank Al falah Limited against aggregate limit of Rs. 80 million (June 30, 2014: Rs 80 million). This facility is secured against pledge of cotton on market value with 15% margin over Karachi Cotton Association (KCA) rates. It carries markup at 6 months KIBOR plus 3% (June 30, 2014 : 6 months KIBOR plus 3%) per annum.		
23.4	The above facilities will expire on various dates by December 31, 2015.		
24 SHORT TERM BORROWINGS FROM ASSOCIATED UNDERTAKINGS			
		2015	2014
		Rupees	Rupees
Subordinated to banking companies			
Unsecured - from related parties			
Redco Pakistan Limited	24.1	343,560,482	-
Royal Holdings (Private) Limited	24.1	106,109,465	-
		<u>449,669,947</u>	<u>-</u>
24.1	These are subordinated to banking companies and interest free loans payable to the directors, chief executive and sponsors. The term and condition are fully explained in the note 18.1, 18.2 and 18.3.		
25 SHORT TERM BORROWINGS FROM DIRECTORS AND OTHERS			
		2015	2014
		Rupees	Rupees
Subordinated to banking companies			
Unsecured - from directors and sponsors			
Sponsor			
Saif-ur-Rehman Khan	25.1	239,624,605	-
Chief Executive			
Ms. Sarah Saif Khan	25.1	5,092,570	-
Directors			
Ahsan-ur- Rehman Khan	25.1	3,525,031	-
Mrs. Tufiqqa Amanullah Khan	25.1	3,600,000	-
		<u>251,842,206</u>	<u>-</u>
25.1	These are subordinated to banking companies and interest free loans payable to the directors, chief executive and sponsors. The term and condition are fully explained in the note 19.1, 19.2, 19.3 and 19.4		
26 CONTINGENCIES AND COMMITMENTS			
26.1 CONTINGENCIES			
	The company has availed the facility for issuance of performance guarantees (LG) (Existing) from Bank Alfalah Limited amounting to Rs. 17,232,935 (June 30, 2014 : Rs. 17,232,935). This facility is secured against counter guarantee of the company and carry commission of 0.40% per quarter (June 30, 2014 :0.40% per quarter) maximum tenor: performance bond revolving.		
26.2 COMMITMENTS			
	Outstanding commitments related to letter of credit for spare parts import at the end of the year equivalent to Pak Rs.6.88 million. (June 30, 2014: 135.88 million).		



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27 SALES - Net	Note	2015 Rupees	2014 Rupees
Export			
- Fabric		9,540,702	35,682,537
Local			
- Yarn		363,433,578	967,393,897
- Fabric		1,278,449,062	1,192,309,935
		1,641,882,640	2,159,703,832
Waste sale		31,896,137	26,328,458
		1,683,319,479	2,221,714,827
Commission		(5,344,224)	(10,398,681)
		<u>1,677,975,255</u>	<u>2,211,316,146</u>

27.1 Sales tax on local sales is Rs. 47,468,678 (June 30: 2014 Rs 54,440,751)

28 COST OF SALES	Note	2015 Rupees	2014 Rupees
Raw material consumed	28.1	1,054,571,306	1,598,455,458
Packing material consumed	28.2	20,524,948	24,012,710
Stores and spare parts and loose tools consumed	28.3	86,015,211	80,500,626
Fuel and power		240,024,476	261,437,291
Salaries, wages and other benefits	28.4	167,388,399	161,702,002
Repairs and maintenance		7,350,199	7,566,532
Depreciation	5.3	54,898,995	47,147,710
Other expenses		6,619,121	10,120,963
Cost of manufacturing		1,637,392,655	2,190,943,292
Work in process:			
Opening		42,885,636	34,838,050
Closing		(39,447,003)	(42,885,636)
		3,438,633	(8,047,586)
Cost of goods manufactured		<u>1,640,831,288</u>	<u>2,182,895,706</u>
Finished goods:			
Opening		147,850,478	106,905,641
Fabric purchases during the year		-	-
		147,850,478	106,905,641
Closing		(151,000,476)	(147,850,478)
		<u>(3,149,998)</u>	<u>(40,944,837)</u>
		<u>1,637,681,290</u>	<u>2,141,950,869</u>

28.1 Raw material consumed	Note	2015 Rupees	2014 Rupees
Opening		92,526,699	135,473,238
Add: Purchases during the year		1,051,559,430	1,555,508,919
		1,144,086,129	1,690,982,157
Closing stock	28.1.1	(89,514,823)	(92,526,699)
		<u>1,054,571,306</u>	<u>1,598,455,458</u>

28.1.1 This includes usable waste stock of Rs. 11,170,495 (June 30, 2014: Rs. 11,569,281).



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	Note	2015 Rupees	2014 Rupees
28.2 Packing material consumed			
Opening stock		3,953,328	3,264,655
Add: Purchases during the year		20,524,163	24,701,383
		24,477,491	27,966,038
Closing stock		(3,952,542)	(3,953,328)
		20,524,949	24,012,710
28.3 Store, spare parts and loose tools consumed			
Opening stock		39,409,914	31,231,555
Add: Purchases during the year		88,877,972	88,678,986
		128,287,886	119,910,541
Closing stock		(42,272,675)	(39,409,914)
		86,015,211	80,500,626

28.4 Salaries, wages and other benefits includes Rs.3,942,107 (June 30, 2014: Rs.3,628,797) in respect of staff retirement benefits - gratuity.

	Note	2015 Rupees	2014 Rupees
29 Distribution cost			
Salaries and other benefits		4,298,808	3,271,883
Local taxes, carriage and freight		2,490,522	1,144,350
Postage, telephone and telegraph		91,891	113,045
Traveling and conveyance		710,706	1,001,076
Other selling expenses		410,627	833,050
		8,002,554	6,363,404

	Note	2015 Rupees	2014 Rupees
30 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		12,053,067	9,081,033
Traveling and conveyance		1,543,316	2,509,118
Entertainment		248,851	394,768
Communication		1,205,068	1,287,091
Printing and stationery		490,481	350,648
Vehicle running and maintenance		658,809	979,722
Fee and subscription		132,500	1,004,887
Repair and maintenance		651,767	2,280,437
Depreciation	5.3	795,526	625,719
Others		2,089,557	4,726,591
		19,868,942	23,240,014

30.1 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 follow:

	2015			2014		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees					
Managerial Remuneration	500,000	-	8,783,100	-	-	7,318,400
	500,000	-	8,783,100	-	-	7,318,400
Number of Persons	1	6	7	1	6	7

30.1.1 No fee or remuneration was paid to the directors of the company (June 30, 2014 : Nil).



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	Note	2015 Rupees	2014 Rupees
31 OTHER OPERATING EXPENSES			
Legal and professional		2,745,121	2,375,675
Auditors' remuneration			
Audit fee		640,250	605,000
Fee for certification including half yearly review		88,000	80,000
		728,250	685,000
Workers' profit participation fund		-	1,200,300
Workers' welfare fund		-	456,114
		<u>3,473,371</u>	<u>4,717,089</u>
32 OTHER INCOME			
From financial assets			
Dividend		4,775	4,250
Exchange gain on foreign currency		5,197	648,682
Profit on bank deposits		195,538	703,632
From other than financial assets			
Gain on disposal of fixed assets		369,285	652,336
		<u>574,795</u>	<u>2,008,901</u>
33 FINANCE COST			
Mark up / interest on :			
Long term borrowings		10,975,671	-
Short term borrowings		11,330,729	10,224,704
Workers' profit participation fund		61,335	94,055
Bank charges and commission		2,550,602	2,376,426
		<u>24,918,337</u>	<u>12,695,186</u>
34 TAXATION			
Current			
Current year		16,836,391	22,341,181
Tax credit U/S 65 B		(16,836,391)	(3,642,935)
		-	18,698,246
Prior year		(1,681,322)	853,345
Deferred			
Current year		6,210,793	(465,296)
Prior year - effect of rate change		(352,490)	(145,259)
		<u>4,176,981</u>	<u>18,941,036</u>
34.1			
The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the universal self assessment scheme of Income Tax Ordinance, 2001. Income tax assessment has been finalized up to June 30, 2014. During the year tax credit U/S 65B Amounted to Rs. 17, 246,763 has arised which has been adjusted against tax chargeable for the year.			
35 EARNINGS PER SHARE - BASIC AND DILUTED	Note	2015 Rupees	2014 Rupees
Profit for the year		(19,571,425)	5,417,449
		Numbers	Numbers
Weighted average number of ordinary shares outstanding during the year		49,292,600	49,292,600
		Rupees	Rupees
Earnings per share - basic		(0.3970)	0.1099

There is no dilutive effect on the basic earnings per share of the company.

36 TRANSACTIONS WITH RELATED PARTIES

36.1 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 advance for repayment of the long term finance. The company's aggregate transactions with the associated companies are as follows:

Associated companies	Nature of transactions	2015 Rupees	2014 Rupees
Redco Pakistan Limited	Inter company advance / loan - received	26,765,062	30,000,000
Redco Pakistan Limited	Inter company advance / loan - payment	7,834,879	31,444,860
Related parties	Nature of transactions		
Sarah Saif Khan	Borrowing from directors and others - receipts	500,000	-
Saif Ur Rehman Khan	Borrowing from directors and others - receipts	6,450,000	50,500,000
Saif Ur Rehman Khan	Borrowing from directors and others - payment	11,748,374	8,384,049

36.2 There are no transactions with key management personnel other than under their terms of employment.

37 CORRESPONDING FIGURES

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

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 38.1 Credit risk
- 38.2 Liquidity risk
- 38.3 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.

38.1 Credit risk

38.1.1 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. 157.337 millions (June 30, 2014 : 174.930 millions), financial assets which are subject to credit risk aggregate to Rs. 147.748 million (June 30, 2012 : Rs. 156.974 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.

	2015 Rupees	2014 Rupees
Long term deposits	4,905,940	4,905,940
Trade debts	138,964,860	149,258,559
Loan and advances	3,878,169	2,810,397
Cash and bank balances	9,588,401	17,955,129
	<u>157,337,370</u>	<u>174,930,025</u>

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

	2015 Rupees	2014 Rupees
Yarn	23,692,919	29,367,734
Fabric	121,136,549	125,846,219
Waste	418,002	327,217
	<u>145,247,470</u>	<u>155,541,170</u>

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

	Gross debtors	
	2015	2014
	Rupees	
Not past due	120,507,478	133,747,774
Past due 90 days - 1 year	1,048,172	3,823,930
More than one year	23,691,820	17,969,465
	145,247,470	155,541,169
Impairment	(6,282,610)	(6,282,610)
	138,964,860	149,258,559

38.2 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.

	2015					
	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 company	100,000,000	124,558,094	21,846,104	20,946,824	81,765,166	-	-
Accrued Mark up / interest	5,587,901	5,587,901	5,587,901	-	-	-	-
Trade and other payables	152,721,479	152,721,479	152,721,479	-	-	-	-
Short term borrowings							
-from banking companies	75,822,422	81,129,992	81,129,992	-	-	-	-
-from associated undertakings	449,669,947	449,669,947	449,669,947	-	-	-	-
-from directors and others	251,842,206	251,842,206	251,842,206	-	-	-	-
	1,035,643,955	1,065,509,619	962,797,629	20,946,824	81,765,166	-	-

	2014					
	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 associated undertakings	430,739,764	430,739,764	-	15,000,000	-	415,739,764	-
Long term financing from directors and others	256,640,580	256,640,580	-	10,000,000	-	246,640,580	-
Accrued mark up / interest	3,065,230	3,065,230	3,065,230	-	-	-	-
Trade and other payables	175,262,844	175,262,844	175,262,844	-	-	-	-
Short term borrowings	68,887,384	73,650,947	73,650,947	-	-	-	-
	934,595,803	939,359,365	251,979,021	25,000,000	-	662,380,344	-

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.

38.3 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.



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38.3.1 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, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company exposure to foreign currency risk is as follows.

	US Dollars	Rupees
Trade debts 2015	-	-
Trade debts 2014	2,758	271,826

The following significant exchange rates applied during the year.

Financial assets	Average rates		Reporting date rates	
	2015	2014	2015	2014
US Dollar to Rupee	101.50	98.58	101.50	98.60

Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2015 Rupees	2014 Rupees
US Dollar	-	(13,591)

38.3.2 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.

	2015 Rupees	2014 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	684,888	96,268
Financial liabilities	175,822,422	68,887,384

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, 2014.

	Profit and loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2015	1,758,224	(1,758,224)	-	-
Cash flow sensitivity - variable rate instruments 2014	688,874	(688,874)	-	-

38.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2015 Rupees	2014 Rupees
38.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	<u>17,233,000</u>	<u>17,233,000</u>

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

39 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.

		2015	2014
Borrowings	Rupees	75,822,422	756,267,728
Total equity	Rupees	485,448,949	1,180,655,326
Total capital employed	Rupees	<u>561,271,371</u>	<u>1,936,923,054</u>
Gearing ratio	Percentage	<u>13.51</u>	<u>39.04</u>

40 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. New 24 looms started production in December 2014 and its impact is included.

	2015	2014
Spinning		
Number of spindles installed	22,500	22,500
Installed capacity at 20's counts based on 1080 shifts - lbs.	15,156,000	15,156,000
Capacity utilized	73%	77%
Actual production of yarn - lbs.	11,749,296	12,146,700
Actual production converted into 20's count - lbs.	10,982,430	11,681,100
Number of shifts worked per day	3	3
Number of shifts worked	896	932
Weaving		
Number of looms installed	120	96
Installed capacity at 60 picks - meters	13,540,200	11,520,000
Capacity utilized	83%	85%
Actual production of cloth - meters	12,226,464	9,627,896
Actual production of cloth converted at 60 picks at 100% efficiency - meters	11,217,855	8,988,091
Number of shifts per day	3	3
Number of shifts worked	960	917

	2015	2014
41 NUMBER OF EMPLOYEES		
Total number of employees at the end of the year	830	782
Average number of employees during the year	794	871

42 DATE OF AUTHORIZATION FOR ISSUE

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

43 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR



**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/ he _____

Of _____

As my/ our proxy to attend and vote for me/ us on my/ our behalf, at the 24th Annual General Meeting of the company to be held on 31st day of October, 2015 at 10:00 am and at every adjournment thereof.

As witness me/ our hand(s) this _____ day of _____ 2015



Signed _____ day of _____ 2015
(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
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