

"Say No To Corruption"



Annual Report 2020





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REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

Company Information

Board of Directors

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

Chief Financial Officer

Mr. Monim Ul Haq

Company Secretary

Mr. Muhammad Kashif

Auditors

Mushtaq & Co, Chartered Accountants

Audit Committee

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

HR and Remuneration Committee

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

Registered Office

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

Mills

Redco Textiles Limited, 3-Km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat, Rawalpindi.
Tel: (+92-51) 4610402-4 Fax: (+92-51) 46104041 E-mail: textiles@redcogroup.com



REDCO TEXTILES LIMITED

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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.





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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.





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NOTICE OF 29th ANNUAL GENERAL MEETING

Notice is hereby given that 29th 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 **Wednesday 28th October 2020 at 10:00 AM** to transact the following business:

Ordinary Business:

- 1) To confirm the minutes of last General Meeting held on 28th October 2019.
- 2) To receive, consider and adopt the Annual Audited Financial statements for the year ended June 30th 2020 along with Directors and Auditors reports thereon.
- 3) To appoint Auditors of the Company for the financial year ending June 30th 2021 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
(Muhammad Kashif)
Company Secretary

Islamabad
October 06, 2020

Notes:

- a) The Share Transfer Book of the Company will remain closed from 21st October to 28th October, 2020 (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.
- f) In view of the instructions of the Government / SECP in light of escalating number of Coronavirus Pandemic cases, the shareholders are requested to consolidate their attendance by proxies to avoid large gatherings. The shareholders can email the Company at email: sales@redcogroup.com or WhatsApp at 0334-3105944 their comments / suggestions, if any. The Company shall ensure that comments/suggestions of the shareholders will be read out at the meeting and the responses will be made part of the minutes of the meeting.
- g) Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

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

Signature of member



CHAIRMAN'S REVIEW REPORT

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

Despite operational challenges during the financial year 2019-2020, mainly attributable to high cost of production and COVID 19 prevailing situation across the country, we have been able to show improvement in profitability through persistence and diligent efforts.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experiences in the fields of business, finance, banking and human resource. It represents an excellent balance of executive and non-executive directors including independent directors, having strong financial and analytical abilities, core competencies and industry knowledge to lead the company.

During the year, Board of Directors focused on the future strategies and on setting the financial and operational targets. The Board regularly tracked the progress against the budgeted targets. The Subcommittees of the Board also performed their functions as per their terms of reference during the year under review. The Board carried out reviews of its effectiveness and performance during the year which have been satisfactory.

As stated above, Board considered all aspects of Company's activities including performance of individual Directors, Board Committees and I am happy to report that your Board of Directors continue to function effectively and is focused on priorities for the Company's business.

Islamabad
October 05, 2020

Muniza Saif Khan
Chairperson



DIRECTOR'S REPORT

The Directors of Redco Textiles Limited are pleased to present the 29th Annual Report along with Audited Financial Statements and Auditors Report thereon for the year ended June 30, 2020 and other required information prescribed under the Code of Corporate Governance.

Overview

The period under review remained a challenging year and the evolving COVID-19 situation (Corona Virus) pandemic has driven the global economies into slump. The deadly virus has engulfed the whole world putting everything under lockdown situation. Pakistan has also been affected by the outbreak of corona virus. The economy has experienced an extensive decline during the current fiscal year as negative growth has been recorded after long time. There was significant devaluation of the rupee against the U.S. dollar during the year which resulted in an increase of debt burden. To address the fiscal and economic shocks the government floated a Rs.1.2 trillion financial packages to support economic activities in the Country.

Our Response to COVID-19 Pandemic

The virus has caused a convulsive shock to the world economy including Pakistan. There remains a considerable amount of uncertainty around the pathway of the pandemic, the means and speed of any economic recovery and what structural changes it will bring in the longer term. As we adapt to the new challenges presented by this outbreak, we keep safety and health of our people a topmost priority. We ensured strict compliance at our Mill premises by complying Government SOP's for textile units. We are working to keep our distribution channels open while ensuring compliance with social distancing measures. The management will continue to play its due role and take concrete steps to support the employees, customers and communities while balancing medium to long term positioning.

Operational and Financial Performance

By the grace of Almighty Allah, the management took the best possible measures and the performance of the Company can be termed as quite satisfactory considering the threat posed by the evolving Covid-19 situation pandemic, coupled with stiff market competition, highest ever RLNG tariff rates and highest cost of doing business .

The profit before taxation for the year ended 30th June 2020 of PKR 25.549 Million (30th June 2019: PKR 3.908 Million).

The performance of the year under review may be compared against the preceding year below:

	2020	2019
	Rupees	Rupees
Sales - net	355,475,707	251,366,857
Cost of sales	304,036,613	206,022,796
Gross Profit / (loss)	51,439,094	45,344,061
Distribution cost	281,093	321,987
Administrative expenses	16,861,081	13,947,496
Other operating expenses	8,693,711	25,771,612
	25,835,885	40,041,095
Operating Profit / (loss)	25,603,209	5,302,966
Other operating income	72,788	2,161
	25,675,997	5,305,127
Finance cost	127,424	1,397,090
Profit / (Loss) before taxation	25,548,573	3,908,037
Earnings per Share (Rupees)	0.425	0.019

During the year Company maintained healthy trend of sales and posted net sales revenue of Rupees 355.4 million with an increase of 40 percent (2019: Rupees 251.3 million). There was decline in sales quantity in the last quarter of the year due to lock down situation prevailing in the Country. The main increase in revenue in the current period is due to inclusion of 32 air jet looms in company operations in 2nd last quarter of the year and also replacement of sizing and warping with latest model one set of sizing machine (Model: ASGA398) and two sets of warping machine (Model: ASGA224) from Yancheng Rong Yilai Textile Machinery Company Limited, China at beginning of the year. There was increase in cost of sales by 47 percent Rs.304 million (2019:Rs. 206 million) mainly due to increase in utility cost specially RLNG due rupee devaluation against U.S. dollar.

The gross profit for the year under review is amounting to PKR 51.439 million as compared to gross profit PKR 45.344 million in the prior year. Whereas, profit before taxation for the year under review is amounting to PKR 25.549 million as compared to profit before tax of PKR 3.908 million in prior year.

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

Year under review has been a reasonably profitable year. Financial year 2020-21 expected to be difficult period due to expected rise in cotton prices and increase in cost of doing business. Massive devaluation of Pak Rupee against US Dollar has significantly increased the cost of imported spare parts, store items and chemicals, machinery and other raw materials. However, we expect that the growth momentum of the Company will continue as in the current year the company replaced its Sizing and Warping machine with latest model and also procured and added 32 air jets looms which increased the operating capacity by 34 percent. Due to promising financial and operational performance during the current period management has also planned to replace its compressor and construction of looms shed with capacity of 76 looms is in process. The management is optimistic about business environment as the steps taken by the Government in the form of deferment of principal loan payments, reduction in interest rates and availability of funds at nominal cost for payment of workers' wages and salaries helped in business sustainability during current turbulent time of COVID-19 pandemic.

Dividend Distribution

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

Statement of Corporate and Financial Reporting Framework

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

1. The financial statements presented by the management of the company presents fairly its affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
3. International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS), as applicable in Pakistan have been followed in preparation of financial statements; any departure there from has been adequately disclosed.
4. Appropriate accounting policies have been consistently applied in preparation of financial statements.
5. The system of internal control is sound in design and it has been effectively implemented and monitored .The process review will continue and any weakness in internal control will be removed.
6. There are no significant doubts upon the listed Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance as detailed in listing regulations.
8. Key operating financial data for the last six years in summary form is annexed.
9. There are no levies and penalties due as on June 30, 2020.
10. Pattern of shareholding and additional data is annexed.
11. Following trade in the shares of the Company were carried out during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children:

Purchased by	Number of shares
Mrs. Sarah Saif Khan	128000



Board Meetings

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

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

Audit Committee

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

HR and Remuneration Committee

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

External Auditors

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

For and on behalf of the Board,

Chief Executive

Dated: October 05, 2020

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
REDCO TEXTILES LIMITED
FOR THE YEAR ENDING JUNE 30, 2020**

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

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

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

* Mr. Junaid Khan is appointed as Independent Director on the board on August 18, 2020 to fill the casual vacancy occurred on May 31, 2020 by the death of Director Mrs. Taufiqah Amanullah Khan.

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

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



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

a) Audit Committee

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

b) HR and Remuneration Committee

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

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

Muniza Saif Khan
Chairperson

Dated: October 05, 2020



REDCO TEXTILES LIMITED

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MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

H O: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-4 Fax: 021-32639843
Email Address: mushtaq_vohra@hotmail.com; info@mushtaqandcompany.com



Independent Auditor's Review Report

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Redco Textiles Limited for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Place: Lahore
Dated: October 5, 2020

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Ayaz Mahmood, ACA



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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Redco Textiles Limited ('the Company'), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter (s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or



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our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ayaz Mahmood, ACA.

MUSHTAQ & CO
Chartered Accountants

Lahore.
Dated: October 5, 2020



FINANCIAL HIGHLIGHTS

2020	2019	2018	2017	2016	2015
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(Rupees in thousands)

Profit and Loss

Net Sales	355,476	251,367	441,264	1,816,846	1,742,092	1,677,975
Gross Profit/(Loss)	51,439	45,344	(192,856)	(105,790)	(14,755)	40,294
Profit/(Loss) Before Taxation	25,549	3,908	(503,362)	(157,077)	(67,764)	(15,394)
Profit/(Loss) After Taxation	20,953	942	(520,427)	(177,047)	(82,472)	(19,571)

Cash Outflows

Taxes Paid	11,438	6,868	4,192	23,469	13,870	17,016
Financial Charges Paid	126	1,912	7,931	21,170	25,623	22,396
Fixed Capital Expenditures	216,293	23,985	98	24,935	25,717	185,691

Balance Sheet

Current Assets	312,470	275,743	201,258	620,994	604,344	568,818
Current Liabilities	1,171,446	1,082,581	1,036,681	1,284,704	1,088,448	966,413
Operating Fixed Assets	950,028	783,255	811,081	1,045,847	1,081,183	1,112,302
Total Assets	1,268,372	1,064,884	1,018,237	1,672,731	1,690,754	1,686,115
Shareholders Equity	72,937	(22,730)	(24,008)	369,995	551,245	409,627

Ratios

Current Ratio	0.27:1	0.25:1	0.19:1	0.48:1	0.56:1	0.59:1
Gross Profit/(Loss) %	14.47	18.04	(43.71)	(5.82)	(0.85)	2.40
Profit/(Loss) Before Taxation %	7.19	1.55	(114.07)	(8.65)	(3.89)	(0.92)
Earning Per Share %	0.43	0.02	(10.56)	(3.59)	(1.67)	(0.40)

Production Machines

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



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

FORM 34

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

1.1 Name of the Company

Redco Textiles Limited

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

30-06-2020

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
36	1	100	1,364
471	101	500	229,320
90	501	1,000	90,000
154	1,001	5,000	461,257
44	5,001	10,000	350,028
17	10,001	15,000	231,828
22	15,001	20,000	408,216
10	20,001	25,000	238,300
5	25,001	30,000	138,087
5	30,001	35,000	159,500
3	35,001	40,000	115,300
2	40,001	45,000	84,600
4	45,001	50,000	197,300
2	50,001	55,000	103,500
2	55,001	60,000	115,000
3	75,001	80,000	233,700
1	85,001	90,000	88,700
2	95,001	100,000	200,000
1	100,001	105,000	104,800
1	105,001	110,000	106,100
1	120,001	125,000	122,800
1	125,001	130,000	128,000
1	140,001	145,000	142,400
2	145,001	150,000	294,800
2	175,001	180,000	353,300
1	205,001	210,000	205,500
1	220,001	225,000	223,500
1	235,001	240,000	235,500
1	265,001	270,000	265,400
1	285,001	290,000	290,000
1	290,001	295,000	294,700
1	325,001	330,000	330,000
1	440,001	445,000	442,300
1	445,001	450,000	448,800
1	625,001	630,000	627,500
1	880,001	885,000	884,600
1	1,105,001	1,110,000	1,105,750
1	1,520,001	1,525,000	1,522,000
1	1,960,001	1,965,000	1,965,000
1	8,220,001	8,225,000	8,223,300
1	13,365,001	13,370,000	13,365,400
1	14,165,001	14,170,000	14,165,150
899			49,292,600

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	28,278,750	57.3692%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	416,400	0.8448%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,011,322	2.0517%
2.3.5 Insurance Companies	1,965,000	3.9864%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	35,753,850	72.5339%
2.3.8 General Public		
a. Local	16,244,827	32.9559%
b. Foreign	4,000	0.0081%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	727,001	1.4749%
2- Investment Companies	645,300	1.3091%

Redco Textiles Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2020

Sr. No.	Name	No. of Shares Held	Percentage
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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	MR. ARFAN AHMAD SIDDIQUE	500	0.0010%
4	MRS. SARAH SAIF KHAN	14,293,150	28.9965%
5	MR. ASHAN UR REHMAN	13,365,400	27.1144%
6	MISS AYESHA SAIF KHAN	500	0.0010%
7	MR. KHALID REHMAN KHAN	500	0.0010%

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

2,976,322 6.0381%

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	14,293,150	28.9965%
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
	MRS. SARAH SAIF KHAN		128,000

REDCO TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	950,027,697	783,254,940
Long term investment	6	54,500	65,745
Long term deposits	7	5,819,879	5,819,879
		955,902,076	789,140,564
CURRENT ASSETS			
Stores, spare parts and loose tools	8	40,975,058	38,079,393
Stock in trade	9	56,750,802	10,061,647
Trade debts	10	80,061,995	92,329,726
Loans and advances	11	31,329,269	28,039,840
Trade deposits and short term prepayments	12	23,090	25,890
Tax refunds due from Government	13	69,926,593	63,699,027
Cash and bank balances	14	33,403,224	43,507,956
		312,470,031	275,743,479
TOTAL ASSETS		1,268,372,107	1,064,884,043
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 50,000,000 (June 30, 2019: 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
Surplus on revaluation of property plant and equipment - Net of tax	16	302,994,679	305,629,748
Equity portion of Director's loan	22	73,199,501	-
Other reserves		(575)	10,670
Accumulated loss		(796,182,734)	(821,296,223)
		72,936,871	(22,729,805)
NON CURRENT LIABILITIES			
Long term financing from banking companies	17	12,049,084	-
Deferred liabilities	18	11,940,058	5,032,640
		23,989,142	5,032,640
CURRENT LIABILITIES			
Trade and other payables	19	186,110,960	89,492,453
Accrued mark up / interest	20	1,539	-
Short term borrowings from associated undertakings	21	709,801,952	709,645,499
Short term borrowings from directors and others	22	269,375,038	283,443,256
Current portion of : Long term financing from banking companies		6,156,605	-
		1,171,446,094	1,082,581,208
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		1,268,372,107	1,064,884,043

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales	24	355,475,707	251,366,857
Cost of sales	25	304,036,613	206,022,796
Gross Profit / (loss)		51,439,094	45,344,061
Distribution cost	26	281,093	321,987
Administrative expenses	27	16,861,081	13,947,496
Other operating expenses	28	8,693,711	25,771,612
		25,835,885	40,041,095
Operating Profit / (loss)		25,603,209	5,302,966
Other income	29	72,788	2,161
		25,675,997	5,305,127
Finance cost	30	127,424	1,397,090
Profit / (Loss) before taxation		25,548,573	3,908,037
Taxation	31	4,595,772	2,966,061
Profit / (Loss) for the year		20,952,801	941,976
Earnings per share - basic and diluted	32	0.425	0.019

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Profit / (Loss) for the year		20,952,801	941,976
Other comprehensive income:			
Items that will never be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings		-	-
Impact of deferred tax		-	-
Effect of rate change		-	-
		-	-
Re-measurement on staff retirement benefits		2,140,527	490,734
Deferred tax on remeasurement of staff retirement benefits		(614,908)	(142,123)
		1,525,619	348,611
Investments at fair value through other comprehensive income			
Fair value Gain / (loss) arised during the period		(11,245)	(12,065)
		(11,245)	(12,065)
Total comprehensive profit / (loss) for the year		<u>22,467,175</u>	<u>1,278,522</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Reserves		Equity portion of Director's loan	Revenue Reserves	Total equity
		Revaluation Surplus	Unrealized gain/(loss) on investment measured at FVOCI		Accumulated loss	
Rupees						
Balance as at June 30, 2018	492,926,000	308,403,505	22,735	-	(825,360,567)	(24,008,327)
Total comprehensive Gain / (loss) for the year						
Profit / (Loss) for the year	-	-	-	-	941,976	941,976
Other Comprehensive income	-	-	(12,065)	-	348,611	336,546
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment (Net of deferred tax)	-	(2,773,757)	-	-	2,773,757	-
Balance as at June 30, 2019	492,926,000	305,629,748	10,670	-	(821,296,223)	(22,729,805)
Total comprehensive Gain / (loss) for the year						
Profit / (Loss) for the year	-	-	-	-	20,952,801	20,952,801
Other Comprehensive income / (loss)	-	-	(11,245)	-	1,525,619	1,514,374
Transferred from Liability portion of Director's loan				73,199,501		73,199,501
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment (Net of deferred tax)	-	(2,635,069)	-	-	2,635,069	-
Balance as at June 30, 2020	492,926,000	302,994,679	(575)	73,199,501	(796,182,734)	72,936,871

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		25,548,573	3,908,037
Adjustments for :			
Depreciation		40,033,124	32,977,897
Provision for staff retirement benefits - gratuity		3,631,402	943,786
Loss on sale of property, plant and equipment		4,109,178	16,562,826
Provision for GIDC payable		10,405,920	-
Finance cost		127,424	1,397,090
		58,307,048	51,881,599
Operating profit / (loss) before working capital changes		83,855,621	55,789,636
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(2,895,665)	3,227,607
Stock in trade		(46,689,155)	(8,988,271)
Trade debts		12,267,731	(25,387,724)
Loan & Advances and Trade deposits		(3,286,629)	3,235,922
Increase / (decrease) in current liabilities			
Trade and other payables		92,282,707	12,376,249
		51,678,989	(15,536,217)
Cash (used in)/generated from operations		135,534,610	40,253,419
Staff retirement benefits - gratuity paid		(1,219,696)	(984,324)
Finance cost paid		(125,884)	(1,911,571)
Taxes paid		(11,438,246)	(6,868,230)
		(12,783,826)	(9,764,125)
Net cash (used in)/generated from operating activities		122,750,784	30,489,294
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment - acquired		(216,293,394)	(23,985,158)
Proceeds from sale of property, plant and equipment		5,378,334	2,270,427
Net cash (used in)/generated from investing activities		(210,915,060)	(21,714,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings from banking companies		-	(16,942,607)
Short term borrowings from associated undertakings		156,453	71,820,777
Short term borrowings from directors and others		59,131,283	(13,147,764)
Long term financing from banking companies		18,771,808	(7,692,304)
Net cash generated from/(used in) financing activities		78,059,544	34,038,102
Increase / (Decrease) in cash and cash equivalents		(10,104,732)	42,812,665
Cash and cash equivalents at the beginning of the year		43,507,956	695,291
Cash and cash equivalents at the end of the year	14	33,403,224	43,507,956

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 The Company and its Operations

- 1.1 Redco Textiles Limited is a Public Limited Company, incorporated in Pakistan on 17 October 1991. It was incorporated under the repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is listed on Pakistan Stock Exchanges. Redco's principal activities include manufacture and sale of yarn and grey fabric. The registered office of the Company is situated at 78-E, Redco Arcade, Blue Area, Islamabad. The manufacturing facility is located at 3-km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat, Rawalpindi, District Rawalpindi in the Province of Punjab.
- 1.2 The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predict at this stage. Due to COVID-19 situation, there was slight reduction in the Sales in the last quarter of the year. However, As of the release date of these financial statements, there has been no specifically material impact of COVID-19 on the Company's financial condition or results of operations.

2 Basis of Preparation

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of

policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year :

Following standards, amendments and interpretations are effective for the year beginning on or after July 01, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements.

- ✧ IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

- ✧ There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2020, but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements, except for the following:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2020
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	

IAS 39	Financial Instruments: Recognition and Measurement (Amendments)	January 1, 2020
IFRS 7	Financial instruments: disclosures (Amendments)	January 1, 2020
IFRS 9	Financial instruments (Amendments)	January 1, 2020

- 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 Summary of Significant Accounting Policies

3.1 Borrowings

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

3.2 Employee benefits

Short term employees benefits

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

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

Post retirement benefits

Defined benefit plans

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

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

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

3.3 Taxation

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

Current

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

Deferred

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

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

3.4 Provisions

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

3.5 Trade and other payables

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

3.6 Dividend

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

3.7 Property, plant and equipment and depreciation**Owned assets**

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

Subsequent cost

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

Depreciation

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

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

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

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

Impairment

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

Leased assets

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

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

3.8 Capital work in process

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

3.9 Investments in associate - Equity Method

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

3.10 Financial assets and liabilities**Financial assets**

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

Amortized Cost

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

Fair value through other comprehensive income

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

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

Fair value through profit or loss

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

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

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

Derecognition

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

Financial Liabilities

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

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

Derecognition

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

3.11 Impairment**Financial Assets**

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

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

Non-Financial Assets

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

3.12 Offsetting of financial assets and financial liabilities

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

3.13 Stores and spares

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

3.14 Stock-in-trade

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

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

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

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

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

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

3.15 Trade debts and other receivables

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

3.16 Cash and cash equivalents

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

3.17 Revenue recognition

Revenue from sale of goods and conversion is recognised when control of goods is transferred to customers.

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

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

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

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

3.18 Borrowing costs

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

3.19 Foreign currency translation

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

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

3.20 Transactions with related party

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

3.21 Government Grant

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



3.22 Segment reporting

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

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

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment Segments reported are Spinning, Weaving and Power Generation, Which also reflects the management structure of company.

4 Capital Management

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



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5 PROPERTY, PLANT AND EQUIPMENT

	Note	2020 Rupees	2019 Rupees
Operating fixed assets	5.1	950,027,697	781,063,316
Capital work in progress	5.3	-	2,191,624
		<u>950,027,697</u>	<u>783,254,940</u>

5.1 Operating fixed assets

PARTICULARS	COST / REVALUATION					Rate	DEPRECIATION					BOOK VALUE
	As at July 1, 2019	Additions / Adjustments	Deletion/ Transfer	Addition/(deficit) due to surplus revaluation	As at June 30, 2020		As at July 1, 2019	For the year	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2020	As at June 30, 2020
OWNED ASSETS												
Freehold land	274,010,000	-	-	-	274,010,000	-	-	-	-	-	274,010,000	
Building on free hold land	328,503,322	9,707,927	-	-	338,211,249	0.05	180,045,777	7,746,475	-	-	187,792,252	150,418,997
Plant and machinery	516,879,512	182,090,924	(15,079,567)	-	683,890,868	0.05	248,078,688	18,504,286	(6,092,171)	-	260,490,803	423,400,065
Generators	89,849,514	656,383	-	-	90,505,897	0.05	32,849,514	2,860,852	-	-	35,710,366	54,795,531
Tools and equipment	25,320,122	-	-	-	25,320,122	0.05	14,231,400	554,436	-	-	14,785,836	10,534,286
Tools	133,637,176	24,629,784	-	-	158,266,961	0.33	117,226,494	9,873,427	-	-	127,099,921	31,167,039
Vehicles	7,684,800	1,400,000	(1,455,000)	-	7,629,800	0.20	6,622,238	281,998	(954,883)	-	5,949,353	1,680,447
Furniture and fixtures	2,343,237	-	-	-	2,343,237	0.05	1,357,907	49,267	-	-	1,407,174	936,063
Office equipment	4,516,805	-	-	-	4,516,805	0.05	2,388,926	106,394	-	-	2,495,320	2,021,486
Laboratory equipment	6,028,249	-	-	-	6,028,249	0.05	4,908,478	55,989	-	-	4,964,467	1,063,782
Total 2019	1,388,772,737	218,485,018	(16,534,567)	-	1,590,723,188		607,709,422	40,033,124	(7,047,054)	-	640,695,492	950,027,697

PARTICULARS	COST / REVALUATION					DEPRECIATION						BOOK VALUE
	As at July 1, 2018	Additions / Adjustments	Deletion/ Transfer	Addition/(deficit) due to surplus revaluation	As at June 30, 2019	Rate	As at July 1, 2018	For the year	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2019	As at June 30, 2019
OWNED ASSETS												
Freehold land	274,010,000	-	-	-	274,010,000	-	-	-	-	-	-	274,010,000
Building on free hold land	328,503,322	-	-	-	328,503,322	0.05	172,232,222	7,813,555	-	-	180,045,777	148,457,545
Plant and machinery	534,290,235	18,902,100	(36,312,823)	-	516,879,512	0.05	251,790,235	14,121,276	(17,832,823)	-	248,078,688	268,800,824
Generators	89,849,514	-	-	-	89,849,514	0.05	29,849,514	3,000,000	-	-	32,849,514	57,000,000
Tools and equipment	25,320,122	-	-	-	25,320,122	0.05	13,647,783	583,617	-	-	14,231,400	11,088,722
Tools	130,745,742	2,891,434	-	-	133,637,176	0.33	110,255,475	6,971,019	-	-	117,226,494	16,410,682
Vehicles	9,659,800	-	(1,975,000)	-	7,684,800	0.20	7,978,345	265,640	(1,621,747)	-	6,622,238	1,062,562
Furniture and fixtures	2,343,237	-	-	-	2,343,237	0.05	1,306,047	51,860	-	-	1,357,907	985,330
Office equipment	4,516,805	-	-	-	4,516,805	0.05	2,276,932	111,994	-	-	2,388,926	2,127,880
Laboratory equipment	6,028,249	-	-	-	6,028,249	0.05	4,849,543	58,935	-	-	4,908,478	1,119,771
Total 2018	1,405,267,026	21,793,534	(38,287,823)	-	1,388,772,737		594,186,095	32,977,897	(19,454,570)	-	607,709,422	781,063,316

5.2 Depreciation has been allocated as follows

	Note	2020 Rupees	2019 Rupees
Cost of sales	25	39,539,476	32,489,468
Administrative expenses	27	493,648	488,429
		<u>40,033,124</u>	<u>32,977,897</u>

5.3 Capital work in progress

Building civil works	-	2,191,624
	<u>-</u>	<u>2,191,624</u>

5.4 Disposal of property, plant and equipment

Particulars	Name of buyer	City	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Gain)/Loss
Rupees								
Outsiders								
Warping	Rafiq Textile Corporation	Faisalabad	Negotiation	3,174,646	1,282,563	1,892,083	1,666,667	225,416
Sizing	Subhan Traders	Faisalabad	Negotiation	11,904,921	4,809,609	7,095,312	2,916,667	4,178,645
Vehicle	Salman Mughal	Islamabad	Negotiation	1,455,000	954,883	500,117	795,000	(294,883)
				<u>16,534,567</u>	<u>7,047,055</u>	<u>9,487,512</u>	<u>5,378,334</u>	<u>4,109,178</u>

5.5 The company had its land freehold / leasehold, buildings on freehold land and plant and machinery revalued. Revaluation of the assets was carried out by the independent valuers "Engineering Pakistan Int'l (Pvt.) Limited" on June 30, 2018. The value is assessed on the basis of professional knowledge, present market conditions and available records. Freehold / leasehold land, building on freehold land, and plant and machinery was revalued at market value. The company has incorporated arevaluation surplus of Rs. 40,633,394 on revaluation of above assets on the basis of said valuation report. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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



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		2020 Rupees	2019 Rupees
6 LONG TERM INVESTMENT	Note		
Fair value through other comprehensive income - quoted company	6.1	54,500	65,745
6.1 This represents the investment in 500 (June 30, 2019 : 500) ordinary shares of Rs. 10 each in OGDCL. The market value as at is Rs. 109.00 (June 30, 2019 : Rs. 131.49) per share.			
7 LONG TERM DEPOSITS	Note		
Deposits :			
WAPDA		2,620,940	2,620,940
SNGPL		3,121,439	3,121,439
Others		77,500	77,500
		<u>5,819,879</u>	<u>5,819,879</u>
8 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		34,410,789	31,728,971
Spares parts		6,122,563	5,896,466
Packing material		421,692	430,410
Loose tools		20,014	23,546
		<u>40,975,058</u>	<u>38,079,393</u>
9 STOCK IN TRADE			
Raw material		172,948	64,359
Work in process		1,472,265	1,325,951
Finished goods	9.1	55,105,589	8,671,337
		<u>56,750,802</u>	<u>10,061,647</u>
9.1 These include waste stock measured at net realizable value amounting to Rs. 1,116,599 (June 30, 2019 : Rs. 944,738) and cost converted stock amounting to Rs. 53,863,575 (June 30, 2019 : Rs. 7,425,413) .			
10 TRADE DEBTS	Note		
Export - secured			
Considered good		11,082,684	-
Local-Unsecured			
Considered good		68,979,311	92,329,726
Considered doubtful		13,667,115	13,192,450
		<u>93,729,110</u>	<u>105,522,176</u>
Less: Allowance for ECL on trade debts	10.1	(13,667,115)	(13,192,450)
		<u>80,061,995</u>	<u>92,329,726</u>
10.1 Allowance for ECL on trade debts			
Opening balance		13,192,450	11,893,562
Allowance for ECL during the year		474,665	1,298,888
Allowance no longer required/recovered		-	-
Closing balance		<u>13,667,115</u>	<u>13,192,450</u>
11 LOANS AND ADVANCES			
Unsecured			
Advances to:			
Suppliers (Considered good)		26,632,745	25,925,997
Suppliers (Considered doubtful)		4,493,684	4,493,684
Employees (Considered good)		4,696,524	2,113,843
Employees (Considered doubtful)		5,266,941	5,266,941
		<u>41,089,894</u>	<u>37,800,465</u>
Provision for doubtful loans and advances	11.1	(9,760,625)	(9,760,625)
		<u>31,329,269</u>	<u>28,039,840</u>
11.1 Particulars of allowance for loans and advances	Note		
Opening balance		9,760,625	5,266,941
Provision made during the year		-	4,493,684
Provision no longer required/recovered		-	-
Closing balance		<u>9,760,625</u>	<u>9,760,625</u>
11.2 These loans are given against the salaries, wages and gratuity of the employees.			

			2020 Rupees	2019 Rupees
12	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note		
	Short term prepayments		23,090	25,890
			<u>23,090</u>	<u>25,890</u>
13	TAX REFUNDS DUE FROM GOVERNMENT			
	Sales tax refundable		51,730,138	45,276,567
	Advance income tax	13.1	18,196,455	18,422,460
			<u>69,926,593</u>	<u>63,699,027</u>
13.1	Advance income tax			
	Opening balance		18,422,460	18,042,302
	Add: Payment / adjustment during the year		4,984,675	3,488,342
			<u>23,407,135</u>	<u>21,530,644</u>
	Adjusted against provision for the year		(5,210,680)	(3,108,184)
	Closing balance		<u>18,196,455</u>	<u>18,422,460</u>
14	CASH AND BANK BALANCES	Note	2020 Rupees	2019 Rupees
	Cash in hand		1,769,268	389,228
	Cash with banks in :			
	- Current accounts		31,618,169	43,082,450
	- Saving accounts	14.1	15,787	36,278
			<u>31,633,956</u>	<u>43,118,728</u>
			<u>33,403,224</u>	<u>43,507,956</u>
14.1	It carries rate of return ranging from 6.5 % to 11.25 % (June 30, 2019 : 2 % to 10.25 %) per annum.			



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15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2020	2019		2020	2019
	Number of shares			Rupees	Rupees
	49,292,600	49,292,600	Ordinary shares of 10 each fully paid in cash	492,926,000	492,926,000

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

15.2 There is no movement in share capital during the year.

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

	Note	2020 Rupees	2019 Rupees
Opening balance - gross		327,155,665	331,062,365
Add:			
Surplus arised during the year-net		-	-
Related deferred tax liability		-	-
Less:			
Disposal of fixed assets		-	-
Related deferred tax liability		-	-
Less:			
Transferred to equity in respect of:			
Incremental depreciation on revalued assets		2,635,069	2,773,757
Related deferred tax liability		1,076,296	1,132,943
		3,711,365	3,906,700
Closing balance - gross		323,444,300	327,155,665
Less:			
Related deferred tax liability			
Revaluation at the beginning of the year		21,525,917	22,658,860
Related deferred tax liability on addition to surplus		-	-
Effect of change in tax rate		-	-
Amount transferred due to disposal		-	-
Amount realized during the year on account of incremental depreciation		(1,076,296)	(1,132,943)
		20,449,621	21,525,917
Closing balance - net of tax		302,994,679	305,629,748

16.1 The Free hold land, building on free hold land, plant and machinery and generators have been revalued on June 30, 2018 resulting in a surplus of Rs. 40.633 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	2020 Rupees	2019 Rupees
Free hold land		21,081,636	21,081,636
Building on free hold land		90,077,660	84,940,349
Plant and machinery		423,400,067	268,800,824
Generators		44,620,931	46,289,894
		579,180,294	421,112,703
17 LONG TERM FINANCING FROM BANKING COMPANIES			
-Secured			
Opening balance		-	-
Received during the year	17.1	17,148,193	-
		17,148,193	-
Payment during the year		-	-
		17,148,193	-
Current portion		(5,099,109)	-
		12,049,084	-

- 17.1 The Company has obtained long term loan of Rs. 18.772 million for financing its salaries wages under SBP Refinance Scheme for payment of wages and salaries, from Bank Alfalah Limited which is subject to mark up at 3% per annum and secured against first Joint Pari Passu charge of Rs 295 million over the fixed asset of the company and personal guarantee of the all directors.

This loan is for two and half years and are repayable in eight equal quarterly installments commencing from 31 January 2021. The grace period for the repayment of long term loan was 6 months from date of disbursement and mark up is payable quarterly. The facility available under the above arrangement amounted to Rs.28.158 million of which the amount remained unutilized as at 30 June 2020 was Rs. 9.386 million.

	Note	2020 Rupees	2019 Rupees
18 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	18.1	5,303,819	5,032,640
Deferred taxation	18.2	-	-
Deferred government grant	18.3	566,119	-
GIDC payable		6,070,120	-
		<u>11,940,058</u>	<u>5,032,640</u>
18.1 Staff retirement benefits - gratuity			
Opening balance		5,032,640	5,563,912
Add: Provision for the year		3,631,402	943,786
Remeasurements recognized		(2,140,527)	(490,734)
		<u>6,523,515</u>	<u>6,016,964</u>
Transferred to Current Maturity		-	-
Less: Paid during the year		(1,219,696)	(984,324)
Closing balance		<u>5,303,819</u>	<u>5,032,640</u>

18.1.1 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, 2020, using Projected Unit Credit Method.

	Note	2020 Rupees	2019 Rupees
18.1.2 Principal actuarial assumptions			
Following are a few important actuarial assumptions used in the valuation:			
		%	%
Discount rate		8.50%	14.25%
Expected rate of increase in salary		7.50%	12.00%
		Years	Years
Average expected remaining working life time of the employees		9	-

18.1.3 Movement in present value of defined benefit obligation

Present value of defined benefit obligation -Opening balance	5,032,640	5,563,912
Current service cost	3,489,247	361,124
Interest cost	142,155	582,662
Benefits paid during the period	(1,219,696)	(984,324)
Transfer to current Maturity	-	-
Remeasurement loss/ (gain) arising during the year	(2,140,527)	(490,734)
Closing balance	<u>5,303,819</u>	<u>5,032,640</u>

18.1.4 Charge for the year

Current service cost	3,489,247	361,124
Interest cost	142,155	582,662
	<u>3,631,402</u>	<u>943,786</u>

18.1.5 Gratuity expenses have been allocated as follows

Cost of goods manufactured	3,631,402	943,786
	<u>3,631,402</u>	<u>943,786</u>

18.1.6 Expenses recognized in other comprehensive income

Remeasurement in the year	(2,140,527)	(490,734)
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18.1.7 Sensitivity analysis of actuarial assumption

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumption by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(390,441)	425,632
Expected rate of increase in future salaries	425,632	(397,458)



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18.1.8 Historical information

	2020 Rupees	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees
Present value of defined benefits obligation	5,303,819	5,032,640	5,563,912	10,339,967	12,598,608
Experience adjustments on plan liabilities	(2,140,527)	(490,734)	6,473,735	5,999,969	1,995,365

18.1.9 Expected gratuity expenses for the year ended June 30, 2021 works out Rs. 3,940,892.

18.2 Deferred taxation

Opening balance	-	-
Add: Provided on surplus during the year	-	-
Less: Reversed on surplus during the year due to rate change	-	-
Add / (less): Provided / (reversed) during the year in profit and loss account	(614,908)	(142,123)
Less: Charged through other comprehensive income due to remeasurements	614,908	142,123
	-	-

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

	Note	2020 Rupees	2019 Rupees
Accelerated tax depreciation		81,816,619	60,078,170
Surplus on revaluation of property, plant and equipment		20,449,621	21,525,917
Staff retirement benefits - gratuity		(1,538,108)	(1,459,466)
Provision for doubtful debts / advances		(6,767,393)	(6,652,612)
Turnover tax carried forward		(65,453,612)	(56,078,081)
Brought forward tax losses		(258,718,169)	(211,227,210)
		(230,211,041)	(193,813,281)
Tax rate used		29%	29%

During the year net deferred tax assets amounting to Rs. 230,211,041 (2019: Rs. 193,813,281) has not been recognized because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

18.3 Deferred Revenue - Govt Grant

		2020 Rupees	2019 Rupees
Balance at beginning of year		-	-
During the year	18.3.1	1,623,615	-
Amortization during the year		-	-
Less: current portion		(1,057,496)	-
Balance at the end of the year		566,119	-

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

	Note	2020 Rupees	2019 Rupees
19 TRADE AND OTHER PAYABLES			
Creditors		119,323,245	31,584,541
Accrued liabilities		34,788,628	24,718,678
Advances from customers		10,108,904	13,371,282
Withholding tax payable		18,709,268	18,284,425
Workers' profit participation fund	19.1	2,724,802	1,077,414
Workers' welfare fund		456,113	456,113
		186,110,960	89,492,453

19.1 Workers' profit participation fund

Opening balance	1,077,414	-
Add: Interest on funds utilized in the company's business	78,220	-
	1,155,634	-
Less: Payment during the year	-	-
Allocation for the year	1,569,168	1,077,414
	2,724,802	1,077,414

19.1.1 Interest on Workers' Profit Participation Fund has been provided @ 7.26% (30 June 2019: Nil %) per annum.

20	ACCRUED MARK UP / INTEREST	Note	2020	2019
			Rupees	Rupees
	Interest / markup accrued on:			
	Long term borrowings - Bank Al - Falah Limited		1,539	-
			<u>1,539</u>	<u>-</u>
21	SHORT TERM BORROWINGS FROM ASSOCIATED UNDERTAKINGS	Note	2020	2019
			Rupees	Rupees
	Unsecured - from related parties			
	Redco Pakistan Limited	21.1	603,692,487	603,536,034
	Royal Holdings (Private) Limited	21.1	106,109,465	106,109,465
			<u>709,801,952</u>	<u>709,645,499</u>
21.1	These are unsecured and interest free loans payable to associated undertakings.			
22	SHORT TERM BORROWINGS FROM DIRECTORS AND OTHERS	Note	2020	2019
			Rupees	Rupees
	Unsecured - from directors and sponsors			
	Sponsor			
	Saif-ur-Rehman Khan	22.1	269,375,038	271,225,655
	Chief Executive			
	Ms. Sarah Saif Khan	22.1	66,074,470	5,092,570
	Directors			
	Ahsan-ur- Rehman Khan	22.1	3,525,031	3,525,031
	Mrs. Tufiqqa Amanullah Khan	22.1	3,600,000	3,600,000
			<u>342,574,539</u>	<u>283,443,256</u>
	Directors loan transferred to Equity	22.2	(73,199,501)	-
	Closing Balance		<u>269,375,038</u>	<u>283,443,256</u>
22.1	These are unsecured and interest free loans payable to the directors, chief executive and sponsors.			
22.2	At July 1st, 2019, the company has revised the terms of old director's loan. As per terms of new agreement, out of total existing loan, and amount of Rs. 73.19 million shall be repayable only at the discretion of the Company. Therefore, this amount is accounted for in accordance with the 'Technical Release-32' and is classified under equity.			
23	CONTINGENCIES AND COMMITMENTS	Note	2020	2019
			Rupees	Rupees
23.1	CONTINGENCIES			
23.1.1	The company has availed the facility for issuance of performance guarantees (LG) (Existing) from Bank Alfalah Limited amounting to Rs. 26,940,753 (June 30, 2019 : Rs. 26,940,753). This facility is secured against counter guarantee of the company and carry commission of 0.40% per quarter (June 30, 2019 : 0.40% per quarter) maximum tenor: performance bond revolving.			
23.1.2	The company has filed an appeal RFA No. 18 of 2015 against SNGPL that involves the controversy of overbilling of gas charges by SNGPL. The case was originally decided against the Company by the Trial Court, However, the Company has filed the said appeal against the order of the Trial Court, which is pending adjudication before the Honorable Islamabad High Court. There is a likelihood of the said appeal decided by the Honorable Court in near future.			
23.2	COMMITMENTS			
	Outstanding commitments related to letter of credit at the end of the year equivalent to Pak Rs. Nil. (June 30, 2019: Rs. Nil).			
24	SALES	Note	2020	2019
			Rupees	Rupees
	Export			
	- Fabric	24.1	11,082,684	-
	Local			
	- Yarn		500,010	25,001,497
	- Fabric		400,751,961	224,118,361
			<u>401,251,971</u>	<u>249,119,858</u>
	Waste sale		6,325,628	4,922,926
			<u>418,660,283</u>	<u>254,042,784</u>
	Sales tax		(60,198,928)	(685,250)
	Commission		(2,985,648)	(1,990,677)
			<u>355,475,707</u>	<u>251,366,857</u>
24.1	It includes exchange gain of Rs. 202,557 (June 30, 2019: Nil).			



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	Note	2020 Rupees	2019 Rupees
25 COST OF SALES			
Raw material consumed	25.1	12,300,941	61,811,141
Packing material consumed	25.2	1,913,931	633,972
Stores and spare parts and loose tools consumed	25.3	32,590,156	18,786,955
Fuel and power		134,130,278	56,408,088
Salaries, wages and other benefits	25.4	111,990,906	41,286,811
Repairs and maintenance		3,619,058	1,777,610
Depreciation	5.2	39,539,476	32,489,468
Other expenses	25.5	14,532,433	2,041,751
Cost of manufacturing		350,617,179	215,235,796
Work in process:			
Opening		1,325,951	-
Closing		(1,472,265)	(1,325,951)
		(146,314)	(1,325,951)
Cost of goods manufactured		350,470,865	213,909,845
Finished goods:			
Opening		8,671,337	784,288
Closing		(55,105,589)	(8,671,337)
		(46,434,252)	(7,887,049)
		304,036,613	206,022,796
25.1 Raw material consumed	Note	2020 Rupees	2019 Rupees
Opening		64,359	289,088
Add: Purchases during the year		12,409,530	61,586,412
		12,473,889	61,875,500
Closing stock		(172,948)	(64,359)
		12,300,941	61,811,141
25.2 Packing material consumed	Note	2020 Rupees	2019 Rupees
Opening stock		430,410	531,342
Add: Purchases during the year		1,905,213	533,040
		2,335,623	1,064,382
Closing stock		(421,692)	(430,410)
		1,913,931	633,972
25.3 Store, spare parts and loose tools consumed	Note	2020 Rupees	2019 Rupees
Opening stock		37,648,983	40,775,658
Add: Purchases during the year		35,494,539	15,660,280
		73,143,522	56,435,938
Closing stock		(40,553,366)	(37,648,983)
		32,590,156	18,786,955
25.4 Salaries, wages and other benefits	includes Rs. 3,631,402 (June 30, 2019: Rs. 943,786) in respect of staff retirement benefits - gratuity.		
25.5 Other expenses	includes provision for GIDC payable amounting to Rs. 10.4 million. As subsequent to year end the Honorable Supreme Court of Pakistan had dismissed all petitions and appeals regarding GIDC Act 2015 and directed the Companies to pay in 24 equal monthly installments. The Company have filed the review petition before Honorable Supreme Court of Pakistan. However, provision for the full amount payable as per order has been made in these financial		
26 Distribution cost	Note	2020 Rupees	2019 Rupees
Salaries and other benefits		-	251,237
Local taxes, carriage and freight		281,093	40,000
Postage, telephone and telegraph		-	3,750
Traveling and conveyance		-	27,000
		281,093	321,987



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27 ADMINISTRATIVE EXPENSES

Note	2020 Rupees	2019 Rupees
Salaries and other benefits	11,931,209	8,772,525
Traveling and conveyance	1,353,064	1,271,677
Entertainment	183,697	445,606
Communication	519,839	539,301
Printing and stationery	381,380	334,342
Vehicle running and maintenance	280,210	361,896
Fee and subscription	100,000	105,000
Repair and maintenance	92,860	76,030
Depreciation	493,648	488,429
Others	1,525,174	1,552,690
	16,861,081	13,947,496

28 OTHER OPERATING EXPENSES

Note	2020 Rupees	2019 Rupees
Legal and professional	1,843,700	1,641,800
Auditors' remuneration		
Audit fee	600,000	600,000
Half yearly review	97,000	97,000
	697,000	697,000
Allowance for ECL on trade debt	474,665	1,298,888
Provision for doubtful loans and advances	-	4,493,684
Loss on disposal of fixed assets	4,109,178	16,562,826
Workers' Profit Participation Fund	1,569,168	1,077,414
	8,693,711	25,771,612

29 OTHER INCOME

Note	2020 Rupees	2019 Rupees
From financial assets		
Profit on bank deposits	72,788	2,161
	72,788	2,161

30 FINANCE COST

Mark up / interest on :		
Long term borrowings	1,539	149,804
Short term borrowings	-	212,618
Workers' profit participation fund	78,220	-
Bank charges and commission	47,665	1,034,668
	127,424	1,397,090

31 TAXATION

Current

Current year	5,210,680	3,142,086
Prior year	-	(33,902)
	5,210,680	3,108,184

Deferred

Current year	(614,908)	(142,123)
	4,595,772	2,966,061

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

31.2 The assessment of the company will be finalized under the assessment scheme of Income Tax Ordinance, 2001. Income tax assessment has been finalized up to June 30, 2019.

32 EARNINGS PER SHARE - BASIC AND DILUTED

Note	2020 Rupees	2019 Rupees
Profit / (Loss) for the year	20,952,801	941,976
	Numbers	Numbers
Weighted average number of ordinary shares outstanding during the year	49,292,600	49,292,600
	Rupees	Rupees
Earnings / (Loss) per share - basic	0.4251	0.0191

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



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33 TRANSACTIONS WITH RELATED PARTIES

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

Associated companies	Nature of transactions	2020 Rupees	2019 Rupees
Redco Pakistan Limited	Inter company advance / loan - received	3,450,446	74,808,324
Redco Pakistan Limited	Inter company advance / loan - payment	3,293,993	2,987,547

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

Related parties	Nature of transactions	2020 Rupees	2019 Rupees
Saif Ur Rehman Khan	Borrowing from major share holder - receipts	7,811,313	12,440,340
Saif Ur Rehman Khan	Borrowing from major share holder - payment	9,661,930	25,588,104
Sarah Saif Khan	Borrowing from Chief Executive - receipts	61,000,000	-
Sarah Saif Khan	Borrowing from Chief Executive - payment	18,100	-

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

34 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:

	2020			2019		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees			Rupees		
Managerial Remuneration	2,400,000	-	11,293,873	-	211,526	9,493,642
	2,400,000	-	11,293,873	-	211,526	9,493,642
Number of Persons paid	1	-	5	1	1	6

34.1 Other than one Director / Chief executive, company has not paid any fee or remuneration to executive / non executive directors of the company (June 30, 2019 : Rs. Nil).

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 35.1 Credit risk
- 35.2 Liquidity risk
- 35.3 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.

35.1 Credit risk

35.1.1 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. 123.981 millions (June 30, 2019 :143.771 millions), financial assets which are subject to credit risk aggregate to Rs. 90.578 million (June 30, 2019 : Rs. 100.263 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.

	2020 Rupees	2019 Rupees
Long term deposits	5,819,879	5,819,879
Trade debts	80,061,995	92,329,726
Loan and advances	4,696,524	2,113,843
Cash and bank balances	33,403,224	43,507,956
	<u>123,981,622</u>	<u>143,771,404</u>

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

	2020 Rupees	2019 Rupees
Domestic	82,646,426	105,522,176
Export	11,082,684	-
	<u>93,729,110</u>	<u>105,522,176</u>

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

	2020 Rupees	2019 Rupees
Yarn	3,666,819	3,666,809
Fabric	87,994,954	99,751,556
Waste	2,067,337	2,103,811
	<u>93,729,110</u>	<u>105,522,176</u>

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

	Gross debtors	
	2020	2019
	Rupees	
Not past due	45,821,760	82,140,374
Past due 90 days - 1 year	25,526,555	1,409,276
More than one year	22,380,795	21,972,526
	<u>93,729,110</u>	<u>105,522,176</u>
Impairment	(13,667,115)	(13,192,450)
	<u>80,061,995</u>	<u>92,329,726</u>

35.2 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.

	2020					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two year	Two to five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing from banking companies	17,148,193	19,546,334	2,629,592	4,919,757	9,632,766	2,364,219
Accrued Mark up / interest	1,539	1,539	1,539	-	-	-
Trade and Other Payables	173,277,254	173,277,254	173,277,254			
Short term borrowings:						
from banking companies	-	-	-	-	-	-
from associated undertaking	709,801,952	709,801,952	709,801,952	-	-	-
from directors and others	342,574,539	342,574,539	342,574,539	-	-	-
	<u>1,242,803,477</u>	<u>1,245,201,618</u>	<u>1,228,284,876</u>	<u>4,919,757</u>	<u>9,632,766</u>	<u>2,364,219</u>



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2019

Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two year	Two to five years	More than five years
Rupees						
Non - derivative Financial liabilities						
Long term financing from banking companies	-	-	-	-	-	-
Accrued Mark up / interest	-	-	-	-	-	-
Trade and Other Payables	75,043,757	75,043,757	75,043,757			
Short term borrowings:						
from banking companies	-	-	-	-	-	-
from associated undertaking	709,645,499	709,645,499	709,645,499	-	-	-
from directors and others	283,443,256	283,443,256	283,443,256	-	-	-
	1,068,132,512	1,068,132,512	1,068,132,512	-	-	-

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

35.3 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.

35.3.1 Currency risk

Exposure to currency risk

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

35.3.2 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.

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	15,787	36,278
Financial liabilities	18,205,689	-

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, 2019.

	Profit and loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2020	182,056.89	(182,057)	182,057	(182,057)
Cash flow sensitivity - variable rate instruments 2019	-	-	-	-

35.4 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.

	2020 Rupees	2019 Rupees
35.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	26,940,753	26,940,753

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



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36 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.

		2020	2019
Borrowings	Rupees	997,382,679	-
Total equity	Rupees	72,936,871	(22,729,805)
Total capital employed	Rupees	1,070,319,550	(22,729,805)
Gearing ratio	Percentage	93%	-

37 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.

	2020	2019
Spinning		
Number of spindles installed	-	-
Installed capacity at 20's counts based on 1080 shifts - lbs.	-	-
Capacity utilized	-	-
Actual production of yarn - lbs.	-	-
Actual production converted into 20's count - lbs.	-	-
Number of shifts worked per day	-	-
Number of shifts worked	-	-
Weaving		
Number of looms installed	124	92
Installed capacity at 60 picks - meters	30,930,129	17,064,900
Capacity utilized	60%	39%
Actual production of cloth - meters	14,389,663	5,168,431
Actual production of cloth converted at 60 picks at 100% efficiency - meters	18,507,912	6,662,522
Number of shifts per day	3	3
Number of shifts worked	1,044	561

38 NUMBER OF EMPLOYEES

Number of employees worked at June 30		
Head office	13	11
Factory	443	289
	456	300
Average number of employees worked during the year		
Head office	12	10
Factory	387	144
	399	154

39 CORRESPONDING FIGURES

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

40 DATE OF AUTHORIZATION FOR ISSUE

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

41 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



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آڈٹ کمیٹی

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

HR اور خدمات کے صلے کی کمیٹی

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

ایکسٹرنل آڈیٹر

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

بحکم بورڈ آف ڈائریکٹرز

سی۔ ای۔ او

بتاریخ: ۰۵ اکتوبر، ۲۰۲۰



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- ۵۔ انٹرنل کنٹرول کا طریقہ کار مضبوط ہے اور اسکو بہترین طریقہ سے اپنایا جا رہا ہے اور اس پر نظر رکھی جا رہی ہے، اس کے طریقہ کار کا مسلسل جائزہ لیا جاتا رہے گا اور انٹرنل کنٹرول کے حوالے سے کسی بھی کمزوری کو ختم کر دیا جائے گا۔
- ۶۔ کمپنی کے منصوبوں اور امور کی انجام دہی کیلئے اسکی صلاحیت پر کوئی شک نہیں ہے۔
- ۷۔ لسٹنگ ریگولیشنز کی مطابقت کا رپورٹ گورننس کے بہترین طریقوں میں کوئی بے ضابطگی عمل میں نہیں آئی ہے۔
- ۸۔ گزشتہ چھ سال کا اہم آپریٹنگ اور مالیاتی ڈیٹا خلاصہ کی شکل میں ساتھ لگا دیا گیا ہے۔
- ۹۔ 30 جون 2020ء تک کوئی جرمانہ واجب الادا نہیں ہے۔
- ۱۰۔ حصہ داری کی ترتیب اور اضافی معلومات ساتھ لگا دی گئی ہیں۔
- ۱۱۔ دوران سال کمپنی کے حصص کی تجارت میں مندرجہ ذیل ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری، ان کے شریک حیات اور نابالغ بچے شامل رہے ہیں۔

خریدار کا نام	حصص کی تعداد
محترمہ سارہ سیف خان	128000

بورڈ میٹنگ

سال کے دوران پانچ بورڈ میٹنگ وقوع پذیر ہوئی ہیں، جنکی حاضری مندرجہ ذیل ہے

نمبر شمار	ڈائریکٹر کا نام	حاضری
۱	محترمہ سارہ سیف خان	5
۲	بیگم منزہ سیف خان	5
۳	بیگم توفیقہ امان اللہ خان	4
۴	محترم عرفان احمد صدیقی	5
۵	محترمہ عائشہ سیف خان	5
۶	محترم احسان الرحمن خان	5
۷	محترم خالد رحمان خان	4



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مستقبل کے امکانات :

زیر جائزہ سال مناسب طور پر منافع بخش سال رہا ہے۔ کپاس کی قیمتوں میں متوقع اضافہ اور کاروباری لاگت میں اضافہ کی وجہ سے مالی سال 2020-21 میں مشکل دورانیے کی توقع ہے۔ امریکی ڈالر کے مقابلہ میں بڑے پیمانے پر پاکستانی روپے کی قدر میں کمی نے درآمدی اسپنیر پارٹس، اسٹور آئیٹمز اور کیمیکلز، مشینری اور دیگر خام مال کی قیمتوں میں نمایاں اضافہ کیا ہے۔ تاہم ہم توقع کرتے ہیں کہ کمپنی کی ترقی کی رفتار جاری رہے گی جیسا کہ رواں سال کمپنی نے اپنی سائزنگ اور وارپنگ مشینوں کو جدید ماڈل کے ساتھ تبدیل کیا ہے اور 32 ارجیٹ لوموں کو خرید کر شامل کیا ہے جسکی وجہ سے عملی صلاحیت میں 34 فیصد اضافہ ہوا ہے۔ موجودہ سال کی امید افزا مالی اور عملی کارکردگی کی بدولت انتظامیہ نے اپنے کمپریسر کو تبدیل کرنے کا منصوبہ بنایا ہے اور ساتھ ہی ساتھ 76 لومز کی گنجائش والے لومز شیڈ کی تعمیر بھی شروع کی ہے۔ انتظامیہ کاروباری ماحول کے بارے میں پُر امید ہے کیونکہ حکومت کی جانب سے قرضوں کی اصل ادائیگی کو مؤخر کرنے، شرح سود میں کمی اور مزدوروں کی اجرتوں اور تنخواہوں کی ادائیگی کے لئے معمولی قیمت پر رقوم کی دستیابی کی صورت میں اٹھائے جانے والے اقدامات سے کوویڈ 19 کے پھیلاؤ کے باوجود کاروباری استحکام میں مدد ملی ہے۔

ڈیوڈنڈ کی تقسیم

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

- 1۔ کوڈ آف کارپوریٹ گورننس کے مطابق ہم مندرجہ ذیل کارپوریٹ اور فنانشل رپورٹنگ کے طریقہ کار کی سیٹمنٹ بیان کر رہے ہیں۔ کمپنی کی مینجمنٹ کی طرف سے پیش کردہ فنانشل سیٹمنٹ شفاف طریقے سے اسکے معاملات، آپریشن کے نتائج، رقم کے بہاؤ اور ایکویٹی میں تبدیلی کو بیان کر رہی ہے۔
- 2۔ کمپنی کے بک آف اکاؤنٹ اچھے طریقے سے برقرار رکھے جا رہے ہیں۔
- 3۔ IFRS انٹرنیشنل فنانشل رپورٹنگ سٹینڈرز اور IAS انٹرنیشنل آڈیٹنگ سٹینڈرز جیسے پاکستان میں نافذ العمل ہیں، فنانشل سیٹمنٹ ان کے مطابق بنائی گئی ہیں اور ان سے روگردانی کو اچھے طریقے سے بیان کر دیا گیا ہے۔
- 4۔ مناسب اکاؤنٹنگ پالیسی کو مستقل مزاجی سے استعمال کرتے ہوئے فنانشل سیٹمنٹ کو بنایا گیا ہے۔



سالانہ کارکردگی کو پچھلے سال کے ساتھ ذیل میں موازنہ کیا گیا ہے :

سال 2019 روپے	سال 2020 روپے	
251,366,857	355,475,707	خالص فروخت
206,022,796	304,036,613	فروخت کی لاگت
45,344,061	51,439,094	مجموعی منافع (خسارہ)
321,987	281,093	ڈسٹری بیوشن لاگت
13,947,496	16,861,081	انتظامی اخراجات
25,771,612	8,693,711	دیگر آپریٹنگ اخراجات
40,041,095	25,835,885	
5,302,966	25,603,209	آپریٹنگ منافع (خسارہ)
2,161	72,788	دیگر آپریٹنگ آمدنی
5,305,127	25,675,997	
1,397,090	127,424	فنانس لاگت
3,908,037	25,548,573	ٹیکس سے پہلے کا منافع (خسارہ)
0.019	0.425	نی حوص منافع

اس سال کے دوران کمپنی نے فروخت کا صحت مندانہ رجحان برقرار رکھا اور چالیس فیصد اضافہ کے ساتھ 355.4 ملین روپے کی خالص فروخت کی آمدنی حاصل کی ہے جو کہ 2019 میں 251.3 ملین روپے تھی۔ ملک میں لاک ڈاؤن کی صورتحال کی وجہ سے سال کی آخری سہ ماہی میں فروخت کی مقدار میں کمی واقع ہوئی ہے۔ اس سال آمدنی میں اضافہ کی بنیادی وجہ تیسری سہ ماہی میں کمپنی آپریٹنگز میں 32 ایئر جیٹ لومز کی شمولیت اور سال کے آغاز میں Yancheng Rong Yilai ٹیکسٹائل مشینری کمپنی لمیٹڈ، چائنہ سے جدید سائزنگ مشین کا ایک سیٹ (ماڈل: ASGA 398) اور وارپنگ مشینوں کے دو سیٹس (ماڈل: ASGA 224) کے ساتھ سائزنگ اور وارپنگ کی تبدیلی شامل ہے۔ فروخت کی لاگت میں 47 فیصد 304 ملین روپے کا اضافہ ہوا ہے جو کہ 2019 میں 206 ملین روپے تھا جسکی بنیادی وجہ یوٹیلیٹی لاگت میں اضافہ ہے بالخصوص RLNG کی قیمت جس کی وجہ امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی ہے۔

جائزہ پزیر سال میں مجموعی منافع 51.439 ملین روپے ہے جبکہ پچھلے سال میں 45.344 ملین روپے کا مجموعی منافع تھا جبکہ موجودہ سال میں ٹیکس سے پہلے منافع 25.549 ملین روپے ہے اور پچھلے سال میں ٹیکس سے پہلے منافع 3.908 ملین روپے تھا۔

اعتراف

ہم عاجزی اور ممنونیت کے ساتھ اپنے سر اللہ و سبحانہ و تعالیٰ کے سامنے جھکاتے ہیں جو بہت مہربان، رحم کرنے والا ہے کہ ہم کو رہنمائی دے اور امید کرتے ہیں کہ کمپنی اس کے انعام اور فضل سے بہرہ مند ہوتی رہے گی۔

ہم اس موقع پر قابل قدر شرافت، شیئر ہولڈرز اور قابل قدر گاہک، سپلائرز اور بینکوں کے تعاون اور مسلسل مدد کے لیے مشکور ہیں۔



ڈائریکٹرز رپورٹ

ریڈ کو ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز 29 واں سالانہ میزانیہ بمعہ آڈیٹڈ فنانشل سٹیٹمنٹ اور آڈیٹر رپورٹ جو کہ اختتام شدہ سال 30 جون 2020ء کے لیے ہے اور باقی ضروری معلومات جو کہ کوڈ آف کارپوریٹ گورننس میں واضح کی گئی ہیں کو پیش کرتے ہوئے بہت خوشی محسوس کر رہے ہیں

مجموعی جائزہ :

زیر نظر مدت ایک چیلنجنگ سال رہا اور ابھرتی ہوئی کوویڈ 19 (کورونا وائرس) کی صورتحال نے عالمی معیشتوں کو بھی زوال کا شکار کر دیا ہے۔ یہ مہلک وائرس پوری دنیا کو اپنی لپیٹ میں لے چکا ہے۔ پاکستان بھی کورونا وائرس کے پھیلنے سے متاثر ہوا ہے۔ طویل عرصہ کے بعد منفی شرح نمو کی وجہ سے رواں مالی سال کے دوران معیشت میں بڑے پیمانے پر کمی واقع ہوئی ہے۔ رواں سال کے دوران امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی کے سبب قرضوں کے بوجھ میں اضافہ ہوا ہے۔ مالی اور معاشی مشکلات سے نمٹنے کی لیے حکومت نے 1.2 کھرب روپے کا مالیاتی پیکج دیا تاکہ ملک کی اقتصادی سرگرمیاں بحال ہو سکیں۔

عالمی وبا کوویڈ 19 کے بارے میں ہمارا رد عمل:

اس وائرس نے پاکستان سمیت عالمی معیشت کو شدید نقصان پہنچایا ہے۔ اس وبا کے راستے میں تیز تر معاشی بحالی اور اس کے لئے دور رس تبدیلیوں کو غیر یقینی صورتحال میں ڈال دیا ہے۔ جیسا کہ اس وبا کا مقابلہ کرنے کیلئے ہم نے اپنے لوگوں کے تحفظ اور صحت کو اولین ترجیح دی ہے۔ ہم نے اپنی مل کے احاطہ میں حکومت کے ٹیکسٹائل پونٹس کے SOPs کو سختی سے یقینی بنایا ہے۔ ہم اپنے تقسیم کے طریقہ کار کو جاری رکھتے ہوئے سماجی فاصلے کی دوری کو یقینی بنارہے ہیں۔ انتظامیہ درمیانی مدت سے لے کر طویل مدتی اہداف کو مکمل کرتے ہوئے ملازمین، صارفین اور سماجی بہبود کا ساتھ دینے کیلئے ٹھوس اقدامات اٹھاتے ہوئے اپنا کردار جاری رکھے گی۔

آپریشنل اور مالی کارکردگی:

اللہ تعالیٰ کے فضل سے انتظامیہ نے ممکنہ بہترین اقدامات سے عالمی وبا کوویڈ 19 کے خطرے، مارکیٹ کے مقابلے کے تناظر میں اور RLNG کی زائد قیمتوں کی وجہ سے بڑھتی ہوئی تجارتی لاگت کے باوجود کمپنی کی کارکردگی کو تسلی بخش قرار دیا جاسکتا ہے۔ کمپنی کا اختتام شدہ سال 30 جون 2020 میں قبل از ٹیکس منافع 25.549 ملین روپے (30 جون 2019 میں 3.908 روپے) ہے۔



چیرمین کی جائزہ رپورٹ

مجھے بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد حاصل کرنے کے ساتھ ساتھ کمپنیز ایکٹ 2017 اور لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشنز 2019 کی تعمیل کو یقینی بنانے کے بارے میں رپورٹ پیش کرنے پر خوشی ہے۔ بورڈ نے کمپنی کے بہترین مفاد میں دیانتداری اور تندہی کے ساتھ اپنے فرائض سرانجام دیئے ہیں۔ میں نے بحیثیت بورڈ چیئر پرسن، اس بات کو یقینی بنایا کہ اہداف کے حصول پر توجہ مرکوز کرتے ہوئے بورڈ کے اجلاس خوشگوار ماحول میں ہوں۔

مالی سال 2019-20 کے دوران آپریشنل چیلنجز کے ساتھ پیداواری لاگت اور پورے ملک میں کوویڈ 19 کی موجودہ صورتحال کے باوجود ہم ثابت قدمی اور مستعد کوششوں کے ذریعے منافع میں بہتری ظاہر کرنے میں کامیاب رہے ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل کاروبار، مالیات، بینکاری اور انسانی وسائل کے شعبوں میں بھرپور تجربات کے امتزاج کی عکاسی کرتی ہے۔ بورڈ ایگزیکٹو، نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کے بہترین توازن کی نمائندگی کرتا ہے جو کہ کمپنی کی رہنمائی کیلئے مضبوط مالی اور تجرباتی صلاحیتوں کے ساتھ بنیادی قابلیت رکھتے ہیں۔

اس سال کے دوران بورڈ آف ڈائریکٹرز نے مستقبل کی حکمت عملیوں کے ساتھ مالی اور عملی اہداف کا تعین کرنے پر توجہ دی ہے۔ بورڈ نے باقاعدگی سے بجٹ کے اہداف پر نظر رکھی ہے۔ بورڈ کی ذیلی کمیٹیوں نے بھی زیر غور سال کے دوران اپنے فرائض بخوبی انجام دیئے ہیں۔ بورڈ نے سال کے دوران اپنی کارکردگی کے جائزے پیش کیئے جو کہ قابل اطمینان رہے ہیں۔

جیسا کہ اوپر بتایا گیا ہے، بورڈ نے کمپنی کی سرگرمیوں کے تمام پہلوؤں پر غور کیا ہے جن میں ڈائریکٹرز کی انفرادی کارکردگی اور بورڈ کی ذیلی کمیٹیوں پر غور شامل ہے اور مجھے یہ بتائے ہوئے خوشی محسوس ہو رہی ہے کہ آپ کا بورڈ آف ڈائریکٹرز موثر انداز میں کام کر رہا ہے اور اس نے کمپنی کے کاروبار کی ترجیحات پر توجہ مرکوز کی ہوئی ہے۔

منیرہ سیف خان
چیئر پرسن

اسلام آباد
بتاریخ: ۰۵ اکتوبر، ۲۰۲۰



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**FORM OF PROXY
REDCO TEXTILES LIMITED**

Ledger folio no. _____ and/or,

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

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

I/ We _____ of _____

Appoint _____

Of _____

Failing him/ her _____

Of _____

As my/ our proxy to attend and vote for me/ us on my/ our behalf, at the 29th Annual General Meeting of the company to be held on 28th day of October, 2020 at 10:00 am and at every adjournment thereof.

As witness me/ our hand(s) this _____ day of _____ 2020

**Affix
Revenue
Stamp**

Signed _____ day of _____ 2020
(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.



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پراکسی فارم ریڈ کو ٹیکسٹائلز لمیٹڈ

لیجر فوئیو نمبر _____ اور ریا،

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

کمپنی سیکرٹری

ریڈ کو ٹیکسٹائلز لمیٹڈ، ریڈ کو آرکیڈ، 78-E

بلیو ایریا، اسلام آباد۔

میں رہم _____ ساکن _____

تقرر _____

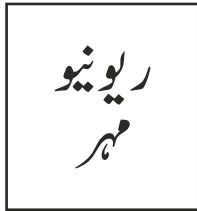
ساکن _____

عدم موجودگی مستی مسماة _____

ساکن _____

کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 29 ویں سالانہ اجلاس عام جو بتاریخ 28 اکتوبر 2020ء بوقت 10:00 بجے صبح منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط بقلم خود _____ تاریخ ہذا _____ مہینہ _____ 2020ء



دستخط _____ تاریخ ہذا _____ مہینہ _____ 2020ء

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

نوٹ

۱۔ حصہ دار جو اجلاس میں شرکت اور ووٹ کا استحقاق رکھتا ہو کسی دوسرے حصہ دار کو پراکسی ایجنسی ایجن آف کمپنی کے 56 نمبر آرٹیکل کے تحت مقرر کر سکتا ہے، پراکسی دستاویزات موخر ہونے کے لیے اس کا تحریری ہونا، مہر ثبت ہونا، دستخط شدہ ہونا اور گواہوں کا ہونا لازمی ہے

اور یہ اجلاس کے مقرر شدہ وقت سے 48 گھنٹے قبل تک کمپنی کے رجسٹرڈ آفس ریڈ کو آرکیڈ، 78-E بلیو ایریا، اسلام آباد میں موصول ہو جانا چاہیے

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

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

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



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