



Annual Report 2021



ISO 9001 Certified

Contents

Company Information	02
Vision Statement	03
Mission Statement	04
Notice of Annual General Meeting	05
Chairman's Review Report	10
Directors Report	11
Statement of Compliance	15
Review Report to the Members	17
Auditors Report to the Members	18
Financial Highlights	22
Pattern of Share Holding	23

Financial Statements

Statement of Financial Position	26
Statement of Profit or Loss	27
Statement of Comprehensive Income	28
Statement of Changes in Equity	29
Statement of Cash Flows	30
Notes to the Financial Statements	31
Directors Report (Urdu)	56
Chairman's Review Report (Urdu)	57
Form of Proxy (English)	59
Form of Proxy (Urdu)	60



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
Mrs. Sarah Saif Khan	Member
Mrs. Muniza Saif Khan	Member

Registered Office

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

Mills

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

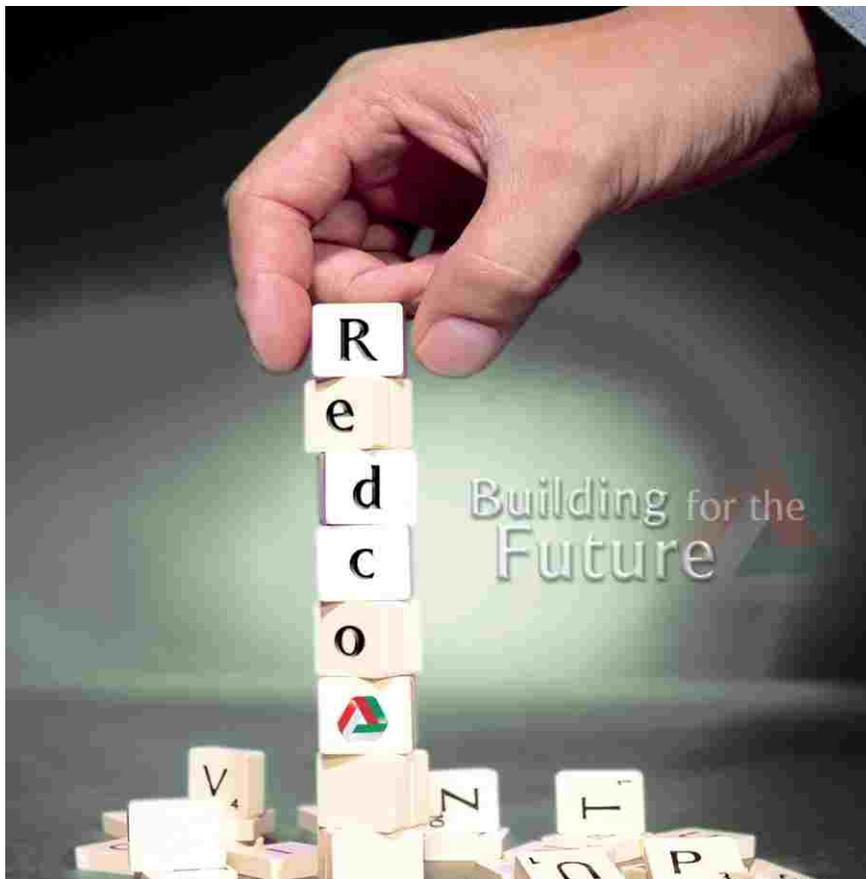


VISION

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

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

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





REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

MISSION

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

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





NOTICE OF 30th ANNUAL GENERAL MEETING

Notice is hereby given that 30th 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 **Thursday 28th October 2021 at 09:00 AM** to transact the following business:

Ordinary Business:

- 1) To confirm the minutes of 29th Annual General Meeting held on October 28, 2020.
- 2) To receive, consider and adopt the annual audited financial statements for the year ended 30th June 2021 along with Directors and Auditors reports thereon.
- 3) To appoint Auditors of the Company for the financial year ending 30th June 2022 and to fix their remuneration. The present Auditors, M/s Mushtaq & Co, Chartered Accountants, being eligible offer themselves for reappointment.

Special Business:

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

“RESOLVED THAT:

- (i) the authorized share capital of the Company be increased from Rs.500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million) ordinary shares of Rs.10/- (Rupees ten) each to Rs.800,000,000 (Rupees eight hundred million) divided into 80,000,000 (eighty million) ordinary shares of Rs.10/- (Rupees ten) each.
- (ii) the figures and words “Rs.500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million) ordinary shares of Rs.10/- each” appearing in Memorandum and Articles of Association of the Company be substituted by the figures and words “Rs. 800,000,000 (Rupees eight hundred million) divided into 80,000,000 (eighty million) ordinary shares of Rs.10/- each.”;

FURTHER RESOLVED THAT subject to (i) amendments to the Sponsor Support Agreement between the Company and the Sponsor (**the “Existing Sponsor Support Agreement”**); (ii) increase in the authorized share capital of the Company; (iii) approval of the Securities and Exchange Commission of Pakistan under Section 83(1)(b) of the Companies Act, 2017 (**“the Act”**) and compliance with all applicable legal requirements; and (iv) the Sponsor exercising his right to convert his loan to the Company into equity, the allotment and issuance of 30,000,000 ordinary shares of the Company, at the rate of PKR 10/- per share, i.e., at par value, to the Sponsor, without a rights issue, which was granted by the Sponsor to the Company in the shape of Foreign Direct Investment (**“FDI”**), be and is hereby approved (the **“Debt to Equity Conversion”**). This FDI was availed by the Company for its cash flow requirement in order to purchase of new looms for enhancing its production capacity which is part of Company’s BMR plan. The Debt to Equity Conversion will ensure that the Sponsor’s investment remains in the Company which will help improve the financial position of the Company.

FURTHER RESOLVED THAT the price per share (i.e., PKR 10/- per share) at which shares will be issued to the Sponsor, which is equal to the par value of the shares of the Company, is hereby approved and is justified on the basis that given the limited cash resources of the Company a decision has been taken by the Sponsor to retain his investment in the Company by converting his FDI of PKR 300,000,000 (Rupees three hundred million) as at June 30, 2021, into ordinary shares of the corresponding value of the Company, to be issued at par value, i.e., PKR 10/- per share. The shares will be issued without a rights issue under Section 83(1)(b) of the Companies Act, 2017 because the purpose of the issue is to convert the Sponsor's loan into equity and, therefore, these shares will not be offered to the other shareholders of the Company.

FURTHER RESOLVED THAT subject to (i) amendment to the existing Sponsor Support Agreement; (ii) increase in the authorized share capital of the Company; and (iii) the Sponsor exercising his right to convert his loan to the Company into equity, the Company is authorized to submit an application, under Section 83(1)(b) of the Act, to the Securities and Exchange Commission of Pakistan for the allotment of issuance of shares at par value to the Sponsor, without a rights issue, pursuant to the Debt to Equity Conversion.

FURTHER RESOLVED THAT approval be accorded to dispose off the old machinery and to utilize the sale process for procurement of new machinery as per BMR approved by Board.

FURTHER RESOLVED THAT the Board of Directors of the Company are authorized to approve the transactions conducted with the related parties as disclosed in the note 37 of the financial statements for the year ended 30 June 2021 be and are hereby ratified, approved and confirmed.

FURTHER RESOLVED THAT the Chief Executive / Director and the Company Secretary be and are hereby jointly and severally authorized to take any and all necessary steps and actions for implementing the above resolutions, including, without limitation, to seek any and all consents and approvals, to execute and (where required) file all necessary applications (including the application under Section 83(1)(b) of the Act), documents, statutory returns, declarations and undertakings and to appear and make representations before any regulatory or other authority, as may be necessary or conducive for and in connection with any of the foregoing matters and to sign, issue and dispatch all such documents and notices and do all such acts as may be necessary for carrying out the aforesaid purposes and giving full effect to the above resolutions.

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

Other Business:

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

Islamabad
October 06, 2021

By order of the Board
(Muhammad Kashif)
Company Secretary



Notes:

- a) The Share Transfer Books of the Company will remain closed from 21st October to 28th October, 2021 (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 Corona virus 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

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

Pursuant to Section 134 (3) of the Companies Act, 2017, this statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the Annual General Meeting of Redco Textiles Limited to be held on October 28, 2021.

Increase in Authorised Share Capital

- i) The authorized share capital of the Company is being increased so that the Company can issue shares to its Sponsor if the Sponsor exercises his right to convert his debt of PKR 300,000,000 (Rupees three hundred million) as at June 30, 2021 into shares of the corresponding value.



- ii) Authorised Share Capital of the Company is PKR 500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million) ordinary shares having face value of Rs.10/- per share; and
- iii) Authorised Share Capital of the Company is proposed to be increased to the extent of PKR 800,000,000 (Rupees eight hundred million) divided into 80,000,000 (eighty million) ordinary shares of Rs.10/- per share each.

Amendment in Memorandum and Articles of Association of the Company

Memorandum and Articles of Association of the Company is being amended in light of the proposed increase in the authorized share capital of the Company. Accordingly, the following amendment is being proposed to the Memorandum and Articles of Association of the Company:

The figures and words “Rs. 500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million) ordinary shares of Rs.10/- each” appearing in Memorandum and Articles of Association of the Company are to be substituted by the figures and words “Rs.800,000,000 (Rupees eight hundred million) divided into 80,000,000 (eighty million) ordinary shares of Rs.10/- each.”

Conversion of Debt into Equity

- (i) The Board has proposed that upon the Sponsor exercising his right to convert his loan to the Company into equity, 30,000,000 ordinary shares shall be issued to the Sponsor, without a rights issue, as per the details provided in the notice of the general meeting.
- (ii) Under the Existing Sponsor Support Agreement between the Sponsor and the Company, the Sponsor agreed to provide sponsor support up to PKR 650,000,000 (six hundred and fifty million) to the Company through either, or a combination of a shareholder loan or FDI.

Subsequently, out of the total approved investment of PKR 650,000,000 (six hundred and fifty million), the Sponsor granted a loan in the shape of FDI of PKR 300,000,000 (three hundred million) to the Company. Keeping in view the limited financial resources of Company, the Sponsor has taken the decision to retain his investment in the Company by converting his loan of PKR 300,000,000 (Rupees three hundred million) as at June 30, 2021 into ordinary shares of the corresponding value of the Company (the “**Debt to Equity Conversion**”). The shares will, subject to the approval of the SECP, be issued without a rights issue under Section 83(1)(b) of the Companies Act, 2017 because the purpose of the issue is to convert the Sponsor's Subordinated Shareholder Loan into equity (so as to allow the Sponsor to retain his investment in the Company) and, therefore, these shares will not be offered to the other shareholders of the Company.

It is expected that the proposed conversion of debt of PKR 300,000,000 (Rupees three hundred million) will help to improve the financial condition of the Company.

- (iii) As stated in paragraph (ii) above, the shares are being issued without a rights issue because the Sponsor intends to convert his outstanding debt to equity and, therefore, the shares issued by the Company cannot be offered to the other shareholders.



(iv) The shares will be issued to the Sponsor at par value of PKR 10/- per share. The justification for issuing shares at par value is that given the limited cash resources of the Company a decision has been taken by the Sponsor to retain his investment in the Company by converting his debt of PKR 300,000,000 (Rupees three hundred million) as at June 30, 2021, into ordinary shares of the corresponding value of the Company, to be issued at par value, i.e., PKR 10/- per share.

(v) The Shareholder Loan in the shape of FDI was utilized by the Company to meet its cash flow requirements for machinery BMR purposes.

(vi) Existing number of shares held by the Sponsor in the Company and also his percentage of shareholding is as follows:

No. of shares held by the Sponsor	8,223,300
Percentage of Sponsor's shareholding	16.68%

(vii) Total number of shares and shareholding percentage of the Sponsor after the Debt to Equity Conversion will be as follows:

No. of shares held by the Sponsor	38,222,300
Percentage of Sponsor's shareholding	48.21%

(viii) The Company confirms that shares issued to the Sponsor as a result of the Debt to Equity Conversion shall rank pari passu in all respects with the existing shares of the Company.

(ix) The Debt to Equity Conversion is subject to approval of the SECP.

Sale of used and old Machinery

In continuation with comprehensive plan for balancing, modernization and replacement (BMR) the plan which was approved by Board amounting to Rs. 700 million in addition to sale of scrapped ring frame machines to consider and if thought fit seeking approval of members to dispose additional obsolete machinery. The machines to be sold will be replaced by new updated machines. The Company is in the view and is confident that it will be able to fetch suitable offer for disposal of it used machines to proceed with BMR. Couple of prospective buyers is keenly interested in purchase of Company's assets and management is hoping to get reasonable price. The disposed off machinery will not constitute sizeable part of the undertaking

Transactions with Related Parties

During the financial year 2020-21, the Company entered into various transactions with related parties of which the major transactions are with the Sponsor against the purchase of 40 new Toyota Air Jet looms amounting to Rs. 301,197,746. This will help to compete the market and increase the profitability of the Company for best interest of the shareholders.

CHAIRMAN'S REVIEW REPORT

I am pleased to present the report on the overall performance of the Board and effectiveness of its role in achieving the Company's objectives as well as ensuring overall compliance of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board performed its duties with 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 2020-2021, 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.

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

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

Islamabad
October 05, 2021

Muniza Saif Khan
Chairperson

DIRECTOR'S REPORT

The Directors of Redco Textiles Limited are pleased to present the 30th Annual Report along with audited annual financial statements and Auditors Report thereon for the year ended June 30, 2021 and other required information prescribed under the Code of Corporate Governance.

Overview

During the year under review, profitability of the Company was impressive, despite ill effects of the ongoing Corona virus pandemic, much increased global freight rates, and fluctuations in foreign exchange rates. This improved performance can be attributed to timely and continuing up gradation of plant and machinery which resulted in improved quality and productivity. During the year management imported and installed 40 new Toyota air jet looms in addition to 2.5 mega watt Caterpillar Generator purchased locally.

The Company is continuing with its policy of renewal of plant, machinery and equipment with emphasis on improving quality and increasing output in its Weaving division. By the grace of Allah, the Company has come out of the Corona virus pandemic with no serious illnesses or loss of life and Pakistan as a whole has suffered some tragic loss of life but fortunately there have been a relatively small number of casualties. We pray that the world remains safe from a resurgence of the virus and this can only be achieved if we take care, maintain social distancing and follow government mandated SOPs for the safety of our people.

During the year ended 30 June 2021, your company earned a gross profit of Rs. 36.80 million on sales of Rs. 495.47 million, compared to a gross profit of Rs. 51.44 million on sales of Rs. 355.48 million of the previous financial year. During the current financial year, your company recorded a net profit of Rs.55.4 million compared to net profit of Rs. 20.95 million in the corresponding previous year. The increase in net profit was mainly due to reversal of impairment loss recorded in year 2018 on plant and machinery. The impairment loss was adjusted against the surplus arising on the same class of asset during the current period as mentioned in note 16 of our financial statements.

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 while coping with different waves of the Covid-19 which aroused from time to time during the year. The company also made a huge investment in its production capacity by adding 40 new air jet looms (Model: JAT 810) in its fixed assets purchased from Toyota Industries Corporation, Japan.

The profit before taxation for the year ended 30th June 2021 is PKR 48.4 Million (30th June 2020: PKR 25.55 Million). The performance of the year under review may be compared against the preceding year below:

	2021 Rupees	2020 Rupees
Sales - net	495,470,474	355,475,707
Cost of sales	458,666,910	304,036,613
Gross Profit	36,803,564	51,439,094
Distribution cost	200,942	281,093
Administrative expenses	17,211,461	16,861,081
Other operating expenses	6,880,176	8,693,711
	24,292,579	25,835,885
Operating Profit	12,510,985	25,603,209
Other income	37,942,996	72,788
	50,453,981	25,675,997
Finance cost	2,063,745	127,424
Profit before taxation	48,390,236	25,548,573
Earnings per share (Rupees)	1.125	0.425

During the year Company maintained healthy trend of sales and posted net sales revenue of Rupees 495.4 million with an increase of 39 percent (2020: Rupees 355.4 million). There was decline in sales quantity in the last quarter of the year due to lock down situation prevailing in the Country. There was increase in cost of sales by 51 percent Rs. 458.66 million (2020: Rs. 304 million) mainly due to increase in utility costs, rupee devaluation and increased consumption of store, spares and loose tools due to addition of new looms.

The gross profit for the year under review is amounting to PKR 36.803 million as compared to gross profit PKR 51.439 million in the previous year. Whereas, profit before taxation for the year under review is amounting to PKR 48.390 million as compared to profit before tax of PKR 25.549 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 want to place our extreme gratitude towards our valued shareholders, banks and customers, whose cooperation, continuous support and backing have enabled the company to strive for constant advancement. During the year, relationship between the management and employees remained amiable and we appreciate them for their dedication, endurance and diligence in rendering services for the company.



Future Prospects

Year under review has been a quite profitable as the company is able to post profit in corona pandemic situation. Financial year 2021-22 is expected to be difficult period due to expected rise in yarn and cotton prices, massive rupee devaluation against U.S dollar and increase in cost of doing business. However, we expect that the growth momentum of the Company will remain as in the current year end the Company purchased 40 new Toyota Air Jet looms and in next financial year, 36 more new Toyota Air jet looms will be added in company operations which will further enhance its production capacity and profitability.

Commerce Ministry has proposed the next 5 year Textile Policy which is still awaiting stakeholder approvals. The new textile policy, once approved and implemented, will play a key role in improving exports, as this upcoming policy is expected to increase the country's textile export to \$20.865 billion by 2025. The government recommended several incentives under the proposed five-year Textile Policy including a reduction in electricity and fixing LNG tariff at \$6.50 per MMBTU, which will maximize the country's export of textile and textile related products. This will also allow consistency in Government policies for the next five years.

Your management is optimistic about business environment as we are making up a plan to curtail the adverse effects of the Covid-19 pandemic and high cost of doing business to appear victorious in this challenging situation.

Dividend Distribution

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

Statement of Corporate and Financial Reporting Framework

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

1. The financial statements presented by the management of the company presents fairly its affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
3. International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS), as applicable in Pakistan have been followed in preparation of financial statements; any departure there from has been adequately disclosed.
4. Appropriate accounting policies have been consistently applied in preparation of financial statements.
5. The system of internal control is sound in design and it has been effectively implemented and monitored .The process review will continue and any weakness in internal control will be removed.
6. There are no significant doubts upon the listed Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance as detailed in listing regulations.



8. Key operating financial data for the last six years in summary form is annexed.
9. There are no levies and penalties due as on June 30, 2021.
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	1,492,500

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	4
3	Mr. Junaid Khan	4
4	Mr. Irfan Ahmed Siddiqi	5
5	Ms. Ayesha Saif Khan	3
6	Mr. Ahsan ur Rehman Khan	5
7	Mr. Khalid Rehman Khan	1

Audit Committee

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

HR and Remuneration Committee

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

External Auditors

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

For and on behalf of the Board,

Chief Executive

Dated: October 05, 2021

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
 REDCO TEXTILES LIMITED
 FOR THE YEAR ENDING JUNE 30, 2021**

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

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

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

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

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



12. The Board has formed committees comprising of members given below:

a) Audit Committee

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

b) HR and Remuneration Committee

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

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

Muniza Saif Khan
Chairperson

Dated: October 05, 2021



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6

Email Address: audit.lhr@mushtaqandco.com



Independent Auditor's Review Report

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Redco Textiles Limited for the year ended June 30, 2021 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, 2021.

Place: Karachi

Dated: _____

MUSHTAQ & CO

Chartered Accountants

Engagement Partner:

Zahid Hussain Zahid, FCA

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MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS

19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6
Email Address: audit.lhr@mushtaqandco.com

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, 2021, 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, 2021 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 the matters described below to be the key audit matters to be communicated in our report:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	Defined Benefit Obligations (Gratuity) Refer to note no. 19 to the audited financial statements.	We evaluated the qualification of actuary and assessed, whether the assumptions used in valuation report for calculating the gratuity plan liabilities, including salary increases, inflation,



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<p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs. 11.210 million.</p> <p>The valuation of liability requires judgment and technical expertise in choosing appropriate assumptions. Changes in a number of the key assumptions, including:</p> <ul style="list-style-type: none"> - salary increase and inflation; - discount rate; and - Mortality. <p>All can have a material impact on the calculation of the liability. The Company uses external actuaries to assist in assessing these assumptions and calculations of these liabilities.</p> <p>The use of these actuaries increases the risk of error as data is passed to third parties for analysis and calculation purposes.</p>	<p>mortality rate and discount rate assumptions, were reasonable and consistent with based on national and industry data. We were satisfied that the rates used fell within acceptable ranges.</p> <p>We understood and tested key controls over the completeness and accuracy of data extracted and supplied to the Company's actuary</p> <p>We also performed sample testing to agree underlying employee data, supporting human resources documentation and assessed the appropriateness of the closing liability based on known movements and assumptions. No issues were identified to raise concerns over the valuation of the gratuity liability.</p> <p>We also read and assessed the disclosures made in the financial statements, including disclosures of the assumptions, and found them to be appropriate.</p>
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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance



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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.
- 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



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ISO 9001 2000 Certified

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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 **Zahid Hussain Zahid, FCA.**

MUSHTAQ & CO
Chartered Accountants

Karachi.

Dated: _____

FINANCIAL HIGHLIGHTS

2021	2020	2019	2018	2017	2016
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(Rupees in thousands)

Profit and Loss

Net Sales	495,470	355,476	251,367	441,264	1,816,846	1,742,092
Gross Profit/ (Loss)	36,803	51,439	45,344	(192,856)	(105,790)	(14,755)
Profit/(Loss) Before Taxation	48,390	25,549	3,908	(503,362)	(157,077)	(67,764)
Profit/(Loss) After Taxation	55,441	20,953	942	(520,427)	(177,047)	(82,472)

Cash Outflows

Taxes Paid	25,979	11,438	6,868	4,192	23,469	13,870
Financial Charges Paid	1,907	126	1,912	7,931	21,170	25,623
Fixed Capital Expenditures	376,011	216,293	23,985	98	24,935	25,717

Balance Sheet

Current Assets	331,753	312,470	275,743	201,258	620,994	604,344
Current Liabilities	1,514,321	1,171,446	1,082,581	1,036,681	1,284,704	1,088,448
Operating Fixed Assets	1,407,865	950,028	783,255	811,081	1,045,847	1,081,183
Total Assets	1,749,685	1,268,372	1,064,884	1,018,237	1,672,731	1,690,754
Shareholders Equity	215,445	72,937	(22,730)	(24,008)	369,995	551,245

Ratios

Current Ratio	0.22:1	0.27:1	0.25:1	0.19:1	0.48:1	0.56:1
Gross Profit/ (Loss) %	7.43	14.47	18.04	(43.71)	(5.82)	(0.85)
Profit/(Loss) Before Taxation %	9.77	7.19	1.55	(114.07)	(8.65)	(3.89)
Earnings Per Share	1.13	0.43	0.02	(10.56)	(3.59)	(1.67)

Production Machines

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

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	29,329,450	59.5007%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	415,900	0.8437%
2.3.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.	1,006,322	2.0415%
2.3.5 Insurance Companies	1,965,000	3.9864%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	37,374,350	75.8214%
2.3.8 General Public		
a. Local	15,468,627	31.3812%
b. Foreign	4,000	0.0081%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	458,001	0.9291%
2- Investment Companies	645,300	1.3091%

Redco Textiles Limited
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2021

Sr. No.	Name	No. of Shares	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. MUNIZA SAIF-UR-REHMAN KHAN	176,400	0.3579%
2	MR. IRFAN AHMAD SIDDIQI	500	0.0010%
3	MRS. SARAH SAIF KHAN	15,785,650	32.0244%
4	MR. AHSAN UR REHMAN KHAN	13,365,400	27.1144%
5	MISS AYESHA SAIF KHAN	500	0.0010%
6	MR. KHALID REHMAN KHAN	500	0.0010%
7	MR. JUNAID KHAN	500	0.0010%

Executives:

- -

Public Sector Companies & Corporations:

- -

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

2,971,322 6.0279%

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	15,785,650	32.0244%
2	MR. AHSAN UR REHMAN KHAN	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	-	1,492,500

REDCO TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,407,864,872	950,027,697
Long Term Investments	6	47,515	54,500
Long term deposits	7	10,019,079	5,819,879
		<u>1,417,931,466</u>	<u>955,902,076</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	46,280,284	40,975,058
Stock in trade	9	47,947,572	56,750,802
Trade debts	10	102,763,949	80,061,995
Loans and advances	11	31,801,413	31,329,269
Trade deposits and short term prepayments	12	23,014	23,090
Tax refunds due from Government	13	87,724,792	69,926,593
Cash and bank balances	14	15,212,435	33,403,224
		<u>331,753,459</u>	<u>312,470,031</u>
TOTAL ASSETS		<u>1,749,684,925</u>	<u>1,268,372,107</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 50,000,000 (June 30, 2020: 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	390,647,511	302,994,679
Equity portion of Director's loan	25	73,199,501	73,199,501
Other reserves		(7,560)	(575)
Accumulated loss		(741,320,774)	(796,182,734)
		<u>215,444,678</u>	<u>72,936,871</u>
NON CURRENT LIABILITIES			
Long term financing from banking companies	17	6,915,537	12,049,084
Long term payables	18	1,734,320	6,070,120
Staff retirement benefits-gratuity	19	11,210,705	5,303,819
Deferred taxation	20	-	-
Deferred government grant	21	58,252	566,119
		<u>19,918,814</u>	<u>23,989,142</u>
CURRENT LIABILITIES			
Trade and other payables	22	212,714,798	181,775,160
Accrued mark up / interest	23	157,953	1,539
Short term borrowings from associated undertakings	24	704,720,983	709,801,952
Short term borrowings from directors and others	25	567,212,153	269,375,038
Current portion of long term financing	26	14,868,776	6,156,605
Current portion of GIDC payable	18	14,646,770	4,335,800
		<u>1,514,321,433</u>	<u>1,171,446,094</u>
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		<u>1,749,684,925</u>	<u>1,268,372,107</u>

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, 2021

	Note	2021 Rupees	2020 Rupees
Sales	28	495,470,474	355,475,707
Cost of sales	29	458,666,910	304,036,613
Gross Profit		<u>36,803,564</u>	<u>51,439,094</u>
Distribution cost	30	200,942	281,093
Administrative expenses	31	17,211,461	16,861,081
Other operating expenses	32	6,880,176	8,693,711
		<u>24,292,579</u>	<u>25,835,885</u>
Operating Profit		<u>12,510,985</u>	<u>25,603,209</u>
Other income	33	37,942,996	72,788
		<u>50,453,981</u>	<u>25,675,997</u>
Finance cost	34	2,063,745	127,424
Profit before taxation		<u>48,390,236</u>	<u>25,548,573</u>
Taxation			
Current tax		8,181,555	5,210,680
Deferred tax		(15,232,783)	(614,908)
	35	<u>(7,051,228)</u>	<u>4,595,772</u>
Profit for the year		<u>55,441,464</u>	<u>20,952,801</u>
Earnings per share - basic and diluted	36	1.125	0.425

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, 2021

	Note	2021 Rupees	2020 Rupees
Profit for the year		55,441,464	20,952,801
Other comprehensive income:			
Items that will never be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings		106,631,476	-
Impact of deferred tax		(16,475,328)	-
Effect of rate change		-	-
		90,156,148	-
Re-measurement on staff retirement benefits		(4,325,365)	2,140,527
Deferred tax on remeasurement of staff retirement benefits		1,242,545	(614,908)
		(3,082,820)	1,525,619
Investments at fair value through other comprehensive income			
Fair value Gain / (loss) arised during the period		(6,985)	(11,245)
		(6,985)	(11,245)
Total comprehensive profit for the year		142,507,807	22,467,175

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	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, 2019	492,926,000	305,629,748	10,670	-	(821,296,223)	(22,729,805)
Total comprehensive Gain / (loss) for the year						
Profit 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
Total comprehensive Gain / (loss) for the year						
Profit for the year	-	-	-	-	55,441,464	55,441,464
Other Comprehensive income / (loss)	-	90,156,148	(6,985)	-	(3,082,820)	87,066,343
Transferred from Liability portion of Director's loan	-	-	-	-	-	-
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment (Net of deferred tax)	-	(2,503,316)	-	-	2,503,316	-
Balance as at June 30, 2021	492,926,000	390,647,511	(7,560)	73,199,501	(741,320,774)	215,444,678

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, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		48,390,236	25,548,573
Adjustments for :			
Depreciation		48,638,377	40,033,124
Provision for staff retirement benefits - gratuity		5,762,121	3,631,402
Impairment reversal on property, plant and equipment		(35,414,600)	-
Allowance for ECL on trade debts		373,897	474,665
Amortization of govt. grant		(1,513,416)	-
Unwinding of salary loan		2,237,697	-
Loss on sale of property, plant and equipment		-	4,109,178
Gain on sale of property, plant and equipment		(518,748)	-
Provision for GIDC payable		6,070,120	10,405,920
Finance cost		2,063,745	127,424
		27,699,193	58,781,713
Operating profit / (loss) before working capital changes		76,089,429	84,330,286
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(5,305,226)	(2,895,665)
Stock in trade		8,803,230	(46,689,155)
Trade debts		(23,075,851)	11,793,066
Loan & Advances and Trade deposits		(472,068)	(3,286,629)
Increase / (decrease) in current liabilities			
Trade and other payables		30,939,638	92,282,707
		10,889,723	51,204,324
Cash (used in)/generated from operations		86,979,152	135,534,610
Long term deposits		(4,199,200)	-
GIDC Paid		(94,950)	-
Staff retirement benefits - gratuity paid		(4,180,600)	(1,219,696)
Finance cost paid		(1,907,331)	(125,884)
Taxes paid		(25,979,754)	(11,438,246)
		(36,361,835)	(12,783,826)
Net cash (used in)/generated from operating activities		50,617,317	122,750,784
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment - acquired		(376,010,728)	(216,293,394)
Proceeds from sale of property, plant and equipment		12,100,000	5,378,334
Net cash (used in)/generated from investing activities		(363,910,728)	(210,915,060)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings from associated undertakings		(5,080,969)	156,453
Short term borrowings from directors and others		297,837,115	59,131,283
Long term financing from banking companies		2,346,476	18,771,808
Net cash generated from/(used in) financing activities		295,102,622	78,059,544
Increase / (Decrease) in cash and cash equivalents		(18,190,789)	(10,104,732)
Cash and cash equivalents at the beginning of the year		33,403,224	43,507,956
Cash and cash equivalents at the end of the year	14	15,212,435	33,403,224

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

REDCO TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 The Company and its operations

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

2 Basis of Preparation

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

2.5 Standards, interpretations and amendments to published approved accounting standards

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

	Effective date (annual reporting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3 Business Combinations (Amendments)	January 1, 2022
IFRS 7 Financial Instruments : Disclosures (Amendments)	January 1, 2021
IFRS 9 Financial Instruments (Amendments)	January 1, 2021
IFRS 16 Leases (Amendments)	January 1, 2021

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

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

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

The following interpretation issued by the IASB has been waived off by SECP:

- IFRIC 12 Service concession arrangements

As per Securities and Exchange Commission of Pakistan (SECP) SRO 985 (1)/ 2019, dated September 2, 2019, for companies holding financial assets due from Government of Pakistan, the requirements contained in IFRS 9 with respect to expected credit losses method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 - Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. The Company has assessed that the above SRO does not have any significant impact on its financial statements.

3 Summary of Significant Accounting Policies

3.1 Borrowings

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

3.2 Employee benefits

Short term employees benefits

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

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



Post retirement benefits

Defined benefit plans

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

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

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

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

3.3 Taxation

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

Current

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

Deferred

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

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

3.4 Provisions

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



3.5 Trade and other payables

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

3.6 Dividend

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

3.7 Property, plant and equipment and depreciation

Owned assets

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

Subsequent cost

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

Depreciation

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

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

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

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

Impairment

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

Leased assets

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

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

3.8 Capital work in progress

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

3.9 Investment in associates - Equity Method

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

3.10 Financial assets and liabilities

Financial assets

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

Amortized cost

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

Fair value through other comprehensive income

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

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

Fair value through profit or loss

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

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

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



Derecognition

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

Financial Liabilities

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

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

Derecognition

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

3.11 Impairment

Financial assets

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

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

Non-financial assets

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

3.12 Offsetting of financial assets and financial liabilities

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

3.13 Stores and spares

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



3.14 Stock-in-trade

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

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

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

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

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

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

3.15 Trade debts and other receivables

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

3.16 Cash and cash equivalents

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

3.17 Revenue recognition

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

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

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

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

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

3.18 Borrowing costs

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

3.19 Foreign currency translation

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

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



3.20 Transactions with related parties

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

3.21 Government grant

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

3.22 Segment reporting

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

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

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

4 Capital management

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



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2021 Rupees	2020 Rupees
Operating fixed assets	5.1	1,385,592,405	950,027,697
Capital work in progress	5.3	22,272,467	-
		<u>1,407,864,872</u>	<u>950,027,697</u>

5.1 Operating fixed assets

PARTICULARS	COST / REVALUATION					DEPRECIATION					BOOK VALUE	
	As at July 1, 2020	Additions / Adjustments	Deletion/ Transfer	Addition/(deficit) due to surplus revaluation	As at June 30, 2021	Rate	As at July 1, 2020	For the year	Deletion/ Transfer	Addition due to surplus revaluation	As at June 30, 2021	As at June 30, 2021
OWNED ASSETS												
Freehold land	274,010,000	-	-	49,820,000	323,830,000	-	-	-	-	-	-	323,830,000
Building on free hold land	338,211,249	-	-	96,839,921	435,051,170	0.05	187,792,252	7,520,950	-	55,923,968	251,237,170	183,814,000
Plant and machinery	683,890,868	319,761,672	(16,655,172)	81,658,364	1,068,655,732	0.05	260,490,803	22,797,601	(5,073,920)	23,017,832	301,232,316	767,423,416
Generators	90,505,897	7,540,413	-	(12,103,054)	85,943,256	0.05	35,710,366	2,952,622	-	(4,772,645)	33,890,344	52,052,913
Tools and equipment	25,320,122	-	-	-	25,320,122	0.05	14,785,836	526,714	-	-	15,312,550	10,007,572
Tools	158,266,961	26,223,577	-	-	184,490,538	0.33	127,099,921.25	14,298,730	-	-	141,398,651	43,091,887
Vehicles	7,629,800	-	-	-	7,629,800	0.20	5,949,353	336,089	-	-	6,285,442	1,344,358
Furniture and fixtures	2,343,237	-	-	-	2,343,237	0.05	1,407,174	46,803	-	-	1,453,977	889,260
Office equipment	4,516,805	212,600	-	-	4,729,405	0.05	2,495,320	105,679	-	-	2,600,999	2,128,406
Laboratory equipment	6,028,249	-	-	-	6,028,249	0.05	4,964,467	53,189	-	-	5,017,656	1,010,593
Total 2021	1,590,723,188	353,738,262	(16,655,172)	216,215,231	2,144,021,509		640,695,492	48,638,377	(5,073,920)	74,169,155	758,429,104	1,385,592,405

PARTICULARS	COST / REVALUATION					DEPRECIATION					BOOK VALUE	
	As at July 1, 2019	Additions / Adjustments	Deletion/ Transfer	Addition/(deficit) due to surplus revaluation	As at June 30, 2020	Rate	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 2020	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

5.2 Depreciation has been allocated as follows

	Note	2021 Rupees	2020 Rupees
Cost of sales	29	48,096,617	39,539,476
Administrative expenses	31	541,760	493,648
		<u>48,638,377</u>	<u>40,033,124</u>

5.3 Capital work in progress

Building civil works	9,977,917	-
Plant and machinery	12,294,550	-
	<u>22,272,467</u>	<u>-</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								
Looms	Kamran Industries	Karachi	Negotiation	9,090,000	953,290	8,136,710	11,000,000	(2,863,290) Kamran Industries SF unit no. 98 Alte Area, Site, West Site town Karachi
Autocone	Star Textiles	Karachi	Negotiation	7,565,172	4,120,630	3,444,542	1,100,000	2,344,542 Star Textiles Mills Limited A-41, Fakhruddin Valika Road, S.I.T.E, West Site Town Karachi.
				<u>16,655,172</u>	<u>5,073,920</u>	<u>11,581,252</u>	<u>12,100,000</u>	<u>(518,748)</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, 2021. The value is assessed on the basis of professional knowledge, present market conditions and available records. Freehold / leasehold land, building on freehold land, and plant and machinery was revalued at market value. The company has incorporated a revaluation surplus of Rs. 142,046,076 on revaluation of above assets on the basis of said valuation report. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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

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

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

REDCO TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
6 Long Term Investments			
Equity instruments designated at fair value through OCI:			
Oil & Gas Development Company Limited-OGDC	6.1	<u>47,515</u>	<u>54,500</u>
6.1 This represents the investment in 500 (June 30, 2020 : 500) ordinary shares of Rs. 10 each in OGDCL. The market value as at June 30, 2021 is Rs. 95.03 (June 30, 2020 : Rs. 109.00) per share.			
7 LONG TERM DEPOSITS			
Deposits :			
WAPDA		2,620,940	2,620,940
SNGPL		7,316,439	3,121,439
Others		81,700	77,500
		<u>10,019,079</u>	<u>5,819,879</u>
8 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		27,352,291	34,410,789
Spares parts		18,452,999	6,122,563
Packing material		458,037	421,692
Loose tools		16,957	20,014
		<u>46,280,284</u>	<u>40,975,058</u>
8.1 No item of stores, spares and loose tools is pledged as security as at reporting date.			
9 STOCK IN TRADE			
Raw material		526,439	172,948
Work in process		1,341,184	1,472,265
Finished goods	9.1	46,079,949	55,105,589
		<u>47,947,572</u>	<u>56,750,802</u>
9.1 These include waste stock measured at net realizable value amounting to Rs. 1,458,751 (June 30, 2020 : Rs. 1,116,599).			
9.2 No item of stock in trade is pledged as security as at reporting date.			
10 TRADE DEBTS			
Export - secured			
Considered good		-	11,082,684
Local-Unsecured			
Considered good		102,763,949	68,979,311
Considered doubtful		14,041,012	13,667,115
		<u>116,804,961</u>	<u>93,729,110</u>
Less: Allowance for ECL on trade debts	10.1	(14,041,012)	(13,667,115)
		<u>102,763,949</u>	<u>80,061,995</u>
10.1 Allowance for ECL on trade debts			
Opening balance		13,667,115	13,192,450
Allowance for ECL during the year		373,897	474,665
Allowance no longer required/recovered		-	-
Closing balance		<u>14,041,012</u>	<u>13,667,115</u>
11 LOANS AND ADVANCES			
Unsecured			
Advances to:			
Suppliers (Considered good)		28,559,650	26,632,745
Suppliers (Considered doubtful)		4,493,684	4,493,684
Employees (Considered good)	11.1	3,241,763	4,696,524
Employees (Considered doubtful)		5,266,941	5,266,941
		<u>41,562,038</u>	<u>41,089,894</u>
Provision for doubtful loans and advances	11.2	(9,760,625)	(9,760,625)
		<u>31,801,413</u>	<u>31,329,269</u>
11.1 These loans are given against the salaries, wages and gratuity of the employees.			



REDCO TEXTILES LIMITED

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		2021 Rupees	2020 Rupees
11.2	Particulars of allowance for loans and advances		
	Opening balance	9,760,625	9,760,625
	Provision made during the year	-	-
	Provision no longer required/recovered	-	-
	Closing balance	9,760,625	9,760,625
12	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Short term prepayments	23,014	23,090
		23,014	23,090
13	TAX REFUNDS DUE FROM GOVERNMENT		
	Sales tax refundable	69,388,222	51,730,138
	Advance income tax	18,336,570	18,196,455
		87,724,792	69,926,593
13.1	Advance income tax		
	Opening balance	18,196,455	18,422,460
	Add: Deducted during the year	8,321,670	4,984,675
		26,518,125	23,407,135
	Adjusted against provision for the year	(8,181,555)	(5,210,680)
	Closing balance	18,336,570	18,196,455
14	CASH AND BANK BALANCES		
	Cash in hand	865,210	1,769,268
	Cash with banks in :		
	- Current accounts	13,486,719	31,618,169
	- Saving accounts	860,506	15,787
		14,347,225	31,633,956
		15,212,435	33,403,224
14.1	It carries rate of return ranging from 2.5 % to 5.5% (June 30, 2020 : 6.5 % to 11.25 %) per annum.		



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		2021	2020	2021	2020
		Number of shares		Rupees	Rupees
		49,292,600	49,292,600	492,926,000	492,926,000
		Ordinary shares of 10 each fully paid in cash			

- 15.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.
- 15.2 There is no movement in share capital during the year.

16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX		Note	2021	2020
			Rupees	Rupees
	Opening balance - gross		323,444,300	327,155,665
Add:	Surplus arisen during the year-net		125,570,748	-
	Prior year impairment loss reversed		(35,414,600)	-
	Related deferred tax liability		16,475,328	-
			106,631,476	-
Less:	Disposal of fixed assets		-	-
	Related deferred tax liability		-	-
			-	-
Less:	Transferred to equity in respect of:			
	Incremental depreciation on revalued assets		2,503,316	2,635,069
	Related deferred tax liability		1,022,481	1,076,296
			3,525,797	3,711,365
	Closing balance - gross		426,549,979	323,444,300
Less:	Related deferred tax liability			
	Revaluation at the beginning of the year		20,449,621	21,525,917
	Related deferred tax liability on addition to surplus		16,475,328	-
	Effect of change in tax rate		-	-
	Amount transferred due to disposal		-	-
	Amount realized during the year on account of incremental depreciation		(1,022,481)	(1,076,296)
			35,902,468	20,449,621
	Closing balance - net of tax		390,647,511	302,994,679

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

Basis of revaluation:

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

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

	Note	2021	2020
		Rupees	Rupees
Free hold land		21,081,636	21,081,636
Building on free hold land		85,573,777	90,077,660
Plant and machinery		744,197,485	423,400,067
Generators		49,717,452	44,620,931
		900,570,350	579,180,294

- 16.2 Impairment reversal of Rs. 35,414,600 has been made in current year. This impairment was recognised in profit and loss in previous years on Plant and Machinery. The current increase in revaluation in Plant and machinery results due to increase in demand of Textile related machinery.

17 LONG TERM FINANCING FROM BANKING COMPANIES		Note	2021	2020
			Rupees	Rupees
<i>-Secured</i>				
	Opening balance		17,148,193	-
	Received during the year	17.1	8,647,931	17,148,193
			25,796,124	17,148,193
	Payment during the year		(7,039,428)	-
	Unwinding of salary loan		2,237,697	-
			20,994,393	17,148,193
	Current portion		(14,078,856)	(5,099,109)
			6,915,537	12,049,084

- 17.1 The Company has obtained long term loan of Rs. 28.158 million for financing its salaries, wages under SBP Refinance Scheme for payment of wages and salaries, from Bank Alfalah Limited which is subject to mark up at 3% per annum and secured against first Joint Pari Passu charge of Rs 295 million over the fixed 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 2021 was Rs. Nil.



REDCO TEXTILES LIMITED

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	Note	2021 Rupees	2020 Rupees
18 LONG TERM PAYABLES			
GIDC payable	18.1	1,734,320	6,070,120
		<u>1,734,320</u>	<u>6,070,120</u>
18.1 GIDC Payable - Movement in liability recognized in the balance sheet		2021 Rupees	2020 Rupees
Balance at beginning of the year		10,405,920	-
Accrued for the year		6,070,120	10,405,920
Paid during the year		(94,950)	-
		<u>16,381,090</u>	<u>10,405,920</u>
Less: Current Maturity		(14,646,770)	(4,335,800)
Balance at the end of the year		<u>1,734,320</u>	<u>6,070,120</u>
18.2	The Company has filed petition W.P.No. 42168 of 2020. Through this petition the arrears of GIDC in gas bill has been challenged. Presently the recovery of arrears of GIDC has been stayed by the Lahore High Court, Lahore. It is anticipated that this case would be decided in favor of Redco Textiles Limited, However, the time frame for decision of the Court cannot be prejudged for the said case.		
19 STAFF RETIREMENT BENEFITS - GRATUITY			
Present value of defined benefit obligation - at the beginning of the year		5,303,819	5,032,640
Charged to profit and loss account	19.4	5,762,121	3,631,402
Charged to comprehensive income	19.5	4,325,365	(2,140,527)
		<u>15,391,305</u>	<u>6,523,515</u>
Benefits paid during the year		(4,180,600)	(1,219,696)
Present value of defined benefit obligation - at the end of the year		<u>11,210,705</u>	<u>5,303,819</u>
19.1 General description	The scheme provides for termination benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the company. Annual charge is based on actuarial valuation carried out as at June 30, 2021 using Projected Unit Credit Method.		
19.2 Principal actuarial assumptions	Note	2021 Rupees	2020 Rupees
Following are a few important actuarial assumptions used in the valuation:			
		%	%
Discount rate		10.00%	8.50%
Expected rate of increase in salary		9.00%	7.50%
		Years	Years
Average expected remaining working life time of the employees		8	9
19.3 Movement in present value of defined benefit obligation			
Present value of defined benefit obligation - Opening balance		5,303,819	5,032,640
Current service cost		5,217,263	3,489,247
Interest cost		544,858	142,155
Benefits paid during the period		(4,180,600)	(1,219,696)
Remeasurement loss/ (gain) arising during the year		4,325,365	(2,140,527)
Closing balance		<u>11,210,705</u>	<u>5,303,819</u>
19.4 Charge for the year			
Current service cost		5,217,263	3,489,247
Interest cost		544,858	142,155
		<u>5,762,121</u>	<u>3,631,402</u>
19.5 Expenses recognized in other comprehensive income			
Remeasurement in the year		<u>4,325,365</u>	<u>(2,140,527)</u>
19.6 Gratuity expenses have been allocated as follows			
Cost of goods manufactured		5,762,121	3,631,402
		<u>5,762,121</u>	<u>3,631,402</u>
19.7 Sensitivity analysis of actuarial assumption			
The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumption by 100 basis point.			
		Increase in assumption	Decrease in assumption
Discount rate		(576,976)	615,369
Expected rate of increase in future salaries		615,369	(587,317)
19.8 Historical information			
		2021 Rupees	2020 Rupees
Present value of defined benefits obligation		11,210,705	5,303,819
Experience adjustments on plan liabilities		4,325,365	(2,140,527)
		<u>15,536,070</u>	<u>3,163,292</u>
		2019 Rupees	2018 Rupees
Present value of defined benefits obligation		5,032,640	5,563,912
Experience adjustments on plan liabilities		(490,734)	6,473,735
		<u>4,541,906</u>	<u>12,037,647</u>
		2017 Rupees	
Present value of defined benefits obligation		10,339,967	
Experience adjustments on plan liabilities		5,999,969	
		<u>16,339,936</u>	



REDCO TEXTILES LIMITED

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19.9 Expected gratuity expenses for the year ended June 30, 2022 works out Rs. 6,293,633.

20	DEFERRED TAXATION	Note	2021 Rupees	2020 Rupees
	Opening balance		-	-
	Add: Provided on surplus during the year		16,475,328	-
	Less: Reversed on surplus during the year due to rate change		-	-
	Add / (less): Provided /(reversed) during the year in profit and loss account		(15,232,783)	(614,908)
	Less: Charged through other comprehensive income due to remeasurement		(1,242,545)	614,908
			<u>-</u>	<u>-</u>

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

	Note	2021 Rupees	2020 Rupees
Accelerated tax depreciation		138,110,091	81,816,619
Surplus on revaluation of property, plant and equipment		35,902,468	20,449,621
Staff retirement benefits - gratuity		(3,251,104)	(1,538,108)
Provision for doubtful debts / advances		(6,902,475)	(6,767,393)
Turnover tax carried forward		(56,942,164)	(65,453,612)
Brought forward tax losses		(285,769,831)	(258,718,169)
		<u>(178,853,015)</u>	<u>(230,211,041)</u>
Tax rate used		<u>29%</u>	<u>29%</u>

During the year net deferred tax assets amounting to Rs. 178,853,015 (2020: Rs. 230,211,041) has not been recognized because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

21	DEFERRED REVENUE - GOVT GRANT		2021 Rupees	2020 Rupees
	Balance at beginning of year		1,623,615	-
	During the year	21.1	737,973	1,623,615
	Amortization during the year		(1,513,416)	-
			<u>848,172</u>	<u>1,623,615</u>
	Less: current portion		(789,920)	(1,057,496)
	Balance at the end of the year		<u>58,252</u>	<u>566,119</u>

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

22	TRADE AND OTHER PAYABLES	Note	2021 Rupees	2020 Rupees
	Creditors		151,750,358	119,323,245
	Accrued liabilities		40,583,428	30,452,828
	Advances from customers		3,761,092	10,108,904
	Withholding tax payable		15,350,907	18,709,268
	Workers' profit participation fund	22.1	812,900	2,724,802
	Workers' welfare fund		456,113	456,113
			<u>212,714,798</u>	<u>181,775,160</u>

22.1 Workers' profit participation fund

	Opening balance		2,724,802	1,077,414
	Add: Interest on funds utilized in the company's business	22.1.1	136,187	78,220
			<u>2,860,989</u>	<u>1,155,634</u>
	Less: Payment during the year		(2,860,989)	-
	Allocation for the year		812,900	1,569,168
			<u>812,900</u>	<u>2,724,802</u>

22.1.1 Interest on Workers' Profit Participation Fund has been provided @ 7.40% (30 June 2020: 7.26%) per annum.

23	ACCRUED MARK UP / INTEREST	Note	2021 Rupees	2020 Rupees
	Interest / markup accrued on:			
	Long term borrowings - Bank Al - Falah Limited		157,953	1,539
			<u>157,953</u>	<u>1,539</u>

24 SHORT TERM BORROWINGS FROM ASSOCIATED UNDERTAKINGS

Unsecured - from related parties

	Note	2021 Rupees	2020 Rupees
Redco Pakistan Limited	24.1	598,611,518	603,692,487
Royal Holdings (Private) Limited	24.1	106,109,465	106,109,465
		<u>704,720,983</u>	<u>709,801,952</u>

24.1 These are unsecured and interest free loans payable to associated undertakings on demand. These loans were acquired to meet the working capital requirements of the Company.



REDCO TEXTILES LIMITED

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25	SHORT TERM BORROWINGS FROM DIRECTORS AND OTHERS	Note	2021 Rupees	2020 Rupees
	Unsecured - from directors and sponsors			
	Sponsor			
	Saif-ur-Rehman Khan	25.1	567,212,153	269,375,038
	Chief Executive			
	Mrs. Sarah Saif Khan	25.2	66,074,470	66,074,470
	Directors			
	Ahsan-ur- Rehman Khan	25.2	3,525,031	3,525,031
	Mrs. Taufiq Amanullah Khan	25.2	3,600,000	3,600,000
			<u>640,411,654</u>	<u>342,574,539</u>
	Directors loan transferred to Equity	25.2	(73,199,501)	(73,199,501)
	Closing Balance		<u>567,212,153</u>	<u>269,375,038</u>

- 25.1 These are unsecured and interest free loans payable to sponsors. These loans are repayable at the discretion of the sponsors and provided to meet capital expenditure and working capital requirements of the Company.
- 25.2 At July 1st, 2019, the company has revised the terms of old director's loan. As per terms of new agreement, out of total existing loan, and amount of Rs. 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.

26	Current portion of long term borrowing	Note	2021 Rupees	2020 Rupees
	Long-term financing		14,078,856	5,099,109
	Deferred govt. grant		789,920	1,057,496
			<u>14,868,776</u>	<u>6,156,605</u>

27 CONTINGENCIES AND COMMITMENTS

27.1 CONTINGENCIES

- 27.1.1 The company has availed the facility for issuance of performance guarantees (LG) (Existing) from Bank Alfalah Limited amounting to Rs. 26,940,753 (June 30, 2020 : Rs. 26,940,753). This facility is secured against counter guarantee of the company and carry commission of 0.40% per quarter (June 30, 2020 :0.40% per quarter) maximum tenor: performance bond revolving.
- 27.1.2 The company has filed an appeal RFA No. 18 of 2015 against SNGPL that involves the controversy of overbilling of gas charges by SNGPL. The case was originally decided against the Company by the Trial Court, However, the Company has filed the said appeal against the order of the Trial Court, which is pending adjudication before the Honorable Islamabad High Court. There is a likelihood of the said appeal decided by the Honorable Court in near future.
- 27.1.3 In addition to above mentioned litigations there is litigation which is disclosed in note (18.2).

27.2 COMMITMENTS

Outstanding commitments related to letter of credit at the end of the year equivalent to Pak Rs. Nil. (June 30, 2020: Rs. Nil).

28	SALES	Note	2021 Rupees	2020 Rupees
	Export			
	- Fabric		-	11,082,684
	Local			
	- Yarn		11,736,319	500,010
	- Fabric		569,478,176	400,751,961
			<u>581,214,495</u>	<u>401,251,971</u>
	Waste sale		6,639,952	6,325,628
			<u>587,854,447</u>	<u>418,660,283</u>
	Sales tax		(89,266,985)	(60,198,928)
	Commission		(3,116,988)	(2,985,648)
			<u>495,470,474</u>	<u>355,475,707</u>

29	COST OF SALES	Note	2021 Rupees	2020 Rupees
	Raw material consumed	29.1	3,850,525	12,300,941
	Packing material consumed	29.2	3,529,867	1,913,931
	Stores and spare parts and loose tools consumed	29.3	56,592,291	32,590,156
	Fuel and power		153,588,414	134,130,278
	Salaries, wages and other benefits	29.4	159,633,115	111,990,906
	Repairs and maintenance		8,302,980	3,619,058
	Depreciation	5.2	48,096,617	39,539,476
	Other expenses		15,916,380	14,532,433
			<u>449,510,189</u>	<u>350,617,179</u>
	Work in process:			
	Opening		1,472,265	1,325,951
	Closing		(1,341,184)	(1,472,265)
			<u>131,081</u>	<u>(146,314)</u>
	Cost of goods manufactured		<u>449,641,270</u>	<u>350,470,865</u>
	Finished goods:			
	Opening		55,105,589	8,671,337
	Closing		(46,079,949)	(55,105,589)
			<u>9,025,640</u>	<u>(46,434,252)</u>
			<u>458,666,910</u>	<u>304,036,613</u>



REDCO TEXTILES LIMITED

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	Note	2021 Rupees	2020 Rupees
29.1 Raw material consumed			
Opening		172,948	64,359
Add: Purchases during the year		4,204,016	12,409,530
		<u>4,376,964</u>	<u>12,473,889</u>
Closing stock		(526,439)	(172,948)
		<u>3,850,525</u>	<u>12,300,941</u>
29.2 Packing material consumed			
Opening stock		421,692	430,410
Add: Purchases during the year		3,566,212	1,905,213
		<u>3,987,904</u>	<u>2,335,623</u>
Closing stock		(458,037)	(421,692)
		<u>3,529,867</u>	<u>1,913,931</u>
29.3 Store, spare parts and loose tools consumed			
Opening stock		40,553,366	37,648,983
Add: Purchases during the year		61,861,172	35,494,539
		<u>102,414,538</u>	<u>73,143,522</u>
Closing stock		(45,822,247)	(40,553,366)
		<u>56,592,291</u>	<u>32,590,156</u>
29.4 Salaries, wages and other benefits includes Rs. 5,762,121 (June 30, 2020: Rs. 3,631,402) in respect of staff retirement benefits - gratuity.			
30 Distribution cost			
Salaries and other benefits		-	-
Local taxes, carriage and freight		200,942	281,093
Postage, telephone and telegraph		-	-
Traveling and conveyance		-	-
		<u>200,942</u>	<u>281,093</u>
31 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	38	13,673,125	11,931,209
Traveling and conveyance		187,168	1,353,064
Entertainment		173,977	183,697
Communication		486,892	519,839
Printing and stationery		331,528	381,380
Vehicle running and maintenance		97,703	280,210
Fee and subscription		-	100,000
Repair and maintenance		109,055	92,860
Depreciation	5.2	541,760	493,648
Others		1,610,253	1,525,174
		<u>17,211,461</u>	<u>16,861,081</u>
32 OTHER OPERATING EXPENSES			
Legal and professional		2,280,532	1,843,700
Auditors' remuneration	32.1	697,000	697,000
Allowance for ECL on trade debt		373,897	474,665
Loss on disposal of fixed assets		-	4,109,178
Unwinding of salary loan		2,237,697	-
Exchange loss on realization of export debts		478,150	-
Workers' Profit Participation Fund		812,900	1,569,168
		<u>6,880,176</u>	<u>8,693,711</u>
32.1 Auditors' remuneration			
Annual statutory audit		600,000	600,000
Half yearly review		97,000	97,000
Code of Corporate Governance review		-	-
		<u>697,000</u>	<u>697,000</u>
33 OTHER INCOME			
Income From financial assets:			
Profit on bank deposits		496,232	72,788
Amortization of deferred govt grant		1,513,416	-
		<u>2,009,648</u>	<u>72,788</u>
Income from other than financial assets			
Gain on disposal of fixed assets		518,748	-
Prior year reversal of impairment		35,414,600	-
		<u>35,933,348</u>	<u>-</u>
		<u>37,942,996</u>	<u>72,788</u>



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

	Note	2021 Rupees	2020 Rupees
34 FINANCE COST			
Mark up / interest on :			
Long term borrowings		731,799	1,539
Short term borrowings		-	-
Workers' profit participation fund		136,187	78,220
Bank charges and commission		1,195,759	47,665
		<u>2,063,745</u>	<u>127,424</u>
35 TAXATION			
<i>Current</i>			
For the year	35.1	8,226,340	5,210,680
For prior year		(44,785)	-
		<u>8,181,555</u>	<u>5,210,680</u>
<i>Deferred</i>			
Current year		(15,232,783)	(614,908)
		<u>(7,051,228)</u>	<u>4,595,772</u>

35.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2020.

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

	Note	2021 Rupees	2020 Rupees
36 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the year		55,441,464	20,952,801
		<u>55,441,464</u>	<u>20,952,801</u>
		Numbers	Numbers
Weighted average number of ordinary shares outstanding during the year		49,292,600	49,292,600
		<u>49,292,600</u>	<u>49,292,600</u>
		Rupees	Rupees
Earnings per share - basic		1.1247	0.4251
		<u>1.1247</u>	<u>0.4251</u>

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

37 TRANSACTIONS WITH RELATED PARTIES

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

Name of the Company	Basis of relationship	Percentage of shareholding		
Redco Pakistan Limited	Common Directorship	N/A		
Royal Holdings (Private) Limited	Common Directorship	N/A		
Name	Basis of relationship	Percentage of shareholding		
Saif Ur Rehman Khan	Sponsor	17%		
Sarah Saif Khan	Chief Executive	32%		
Associated companies	Nature of transactions		2021 Rupees	2020 Rupees
Redco Pakistan Limited	Inter company advance / loan - receipts		18,901	3,450,446
Redco Pakistan Limited	Inter company advance / loan - payment		5,099,870	3,293,993

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

Related parties	Nature of transactions		2021 Rupees	2020 Rupees
Saif Ur Rehman Khan	Borrowing from major share holder - receipts		301,315,801	7,811,313
Saif Ur Rehman Khan	Borrowing from major share holder - payment		3,478,686	9,661,930
Sarah Saif Khan	Borrowing from Chief Executive - receipts		-	61,000,000
Sarah Saif Khan	Borrowing from Chief Executive - payment		-	18,100

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

38 Remuneration of Chief Executive, Directors and Executives

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

	2021			2020		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees			Rupees		
Managerial Remuneration	2,790,910	-	13,437,476	2,400,000	-	11,293,873
	<u>2,790,910</u>	<u>-</u>	<u>13,437,476</u>	<u>2,400,000</u>	<u>-</u>	<u>11,293,873</u>
Number of Persons paid	<u>1</u>	<u>-</u>	<u>5</u>	<u>1</u>	<u>-</u>	<u>5</u>

38.1 Other than one Director / Chief executive, company has not paid any fee or remuneration to executive / non executive directors of the company (June 30, 2020 : Rs. Nil).



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

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

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

39.1 Credit risk

39.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 131.284 millions (June 30, 2020 :124.036 millions), financial assets which are subject to credit risk aggregate to Rs. 116.072 million (June 30, 2020 : Rs. 90.633 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

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

	2021 Rupees	2020 Rupees
Long term deposits	10,019,079	5,819,879
Long term investments	47,515	54,500
Trade debts	102,763,949	80,061,995
Loan and advances	3,241,763	4,696,524
Cash and bank balances	15,212,435	33,403,224
	<u>131,284,741</u>	<u>124,036,122</u>

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

	2021 Rupees	2020 Rupees
Domestic	116,804,961	82,646,426
Export	-	11,082,684
	<u>116,804,961</u>	<u>93,729,110</u>
Impairment	(14,041,012)	(13,667,115)
	<u>102,763,949</u>	<u>80,061,995</u>

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

	2021 Rupees	2020 Rupees
Yarn	3,666,819	3,666,819
Fabric	110,832,410	87,994,954
Waste	2,305,732	2,067,337
	<u>116,804,961</u>	<u>93,729,110</u>
Impairment	(14,041,012)	(13,667,115)
	<u>102,763,949</u>	<u>80,061,995</u>

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

	Gross debtors	
	2021	2020
	Rupees	
Not past due	62,036,941	45,821,760
Past due 90 days - 1 year	30,978,547	25,526,555
More than one year	23,789,473	22,380,795
	<u>116,804,961</u>	<u>93,729,110</u>
Impairment	(14,041,012)	(13,667,115)
	<u>102,763,949</u>	<u>80,061,995</u>

39.2 Liquidity risk

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

	2021						
	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	20,994,393	21,673,145	7,330,455	7,223,996	7,118,694	-	-
Accrued Mark up / interest	157,953	157,953	157,953	-	-	-	-
Trade and Other Payables	212,714,798	212,714,798	212,714,798	-	-	-	-
Short term borrowings:							
from banking companies	-	-	-	-	-	-	-
from associated undertaking	704,720,983	704,720,983	704,720,983	-	-	-	-
from directors and others	640,411,654	640,411,654	640,411,654	-	-	-	-
	<u>1,578,999,781</u>	<u>1,579,678,533</u>	<u>1,565,335,843</u>	<u>7,223,996</u>	<u>7,118,694</u>	-	-



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Financial Liabilities

Long term financing from banking companies	20,994,393	-	-	17,148,193	-	-
Trade and other payables	212,714,798	-	-	181,775,160	-	-
Accrued mark up / interest	157,953	-	-	1,539	-	-
Short term borrowings from associated undertakings	704,720,983	-	-	709,801,952	-	-
Short term borrowings from directors and others	640,411,654	-	-	342,574,539	-	-
	1,578,999,781	-	-	1,251,301,383	-	-

The basis for determining fair values is as follows:

Interest rates used for determining fair value

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

Fair value hierarchy

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

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

The Company held the following financial assets at fair value:

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

JUNE 30, 2020

At fair value through other comprehensive income

Long term investments	54,500	-	-	54,500
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Determination of fair values

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

Long term Investments

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

40 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

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

		2021	2020
Borrowings	Rupees	1,293,495,443	995,561,874
Total equity	Rupees	215,444,678	72,936,871
Total capital employed	Rupees	1,508,940,121	1,068,498,745
Gearing ratio	Percentage	86%	93%

41 PLANT CAPACITY AND PRODUCTION

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

	2021	2020
Weaving		
Number of looms installed	154	124
Installed capacity at 60 picks - meters	44,558,346	30,930,129
Capacity utilized	62%	60%
Actual production of cloth - meters	21,756,256	14,389,663
Actual production of cloth converted at 60 picks at 100% efficiency - meters	27,746,497	18,507,912
Number of shifts per day	3	3
Number of shifts worked per year	1,086	1,044



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42 NUMBER OF EMPLOYEES

Number of employees worked at June 30

Head office

Factory

12

13

479

443

491

456

Average number of employees worked during the year

Head office

Factory

12

12

454

387

466

399

43 CORRESPONDING FIGURES

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

44 DATE OF AUTHORIZATION FOR ISSUE

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

45 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



بورڈ میٹنگز

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

نمبر شمار	ڈائریکٹر کا نام	حاضری
۱	محترمہ سارہ سیف خان	5
۲	محترمہ منیرہ سیف خان	4
۳	محترم جنید خان	4
۴	محترم عرفان احمد صدیقی	5
۵	محترمہ عائشہ سیف خان	3
۶	محترم احسان الرحمن خان	5
۷	محترم خالد رحمان خان	1

آڈٹ کمیٹی

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

HR اور خدمات کے 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، ۲۰۲۱



ڈیوڈنڈ کی تقسیم

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

کوڈ آف کارپوریٹ گورننس کے مطابق ہم مندرجہ ذیل کارپوریٹ اور فنانشل رپورٹنگ کے طریقہ کار کی سیٹمنٹ بیان کر رہے ہیں۔

۱۔ کمپنی کی مینجمنٹ کی طرف سے پیش کردہ فنانشل سیٹمنٹ شفاف طریقے سے اسکے معاملات، آپریشن کے نتائج، رقم کے بہاؤ اور ایکویٹی میں تبدیلی کو بیان کر رہی ہے۔

۲۔ کمپنی کے بک آف اکاؤنٹ اچھے طریقے سے برقرار رکھے جا رہے ہیں۔

۳۔ IFRS انٹرنیشنل فنانشل رپورٹنگ سٹینڈرز اور IAS انٹرنیشنل آڈیٹنگ سٹینڈرز جیسے پاکستان میں نافذ العمل ہیں، فنانشل سیٹمنٹ ان کے مطابق بنائی گئی ہیں اور ان سے روگردانی کو اچھے طریقے سے بیان کر دیا گیا ہے۔

۴۔ مناسب اکاؤنٹنگ پالیسی کو مستقل مزاجی سے استعمال کرتے ہوئے فنانشل سیٹمنٹ کو بنایا گیا ہے۔

۵۔ انٹرنل کنٹرول کا طریقہ کار مضبوط ہے اور اسکو بہترین طریقہ سے اپنایا جا رہا ہے اور اس پر نظر رکھی جا رہی ہے، اس کے طریقہ کار کا مسلسل جائزہ لیا جاتا رہے گا اور انٹرنل کنٹرول کے حوالے سے کسی بھی کمزوری کو ختم کر دیا جائے گا۔

۶۔ کمپنی کے منصوبوں اور امور کی انجام دہی کیلئے اسکی صلاحیت پر کوئی شک نہیں ہے۔

۷۔ لسٹنگ ریگولیشنز کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں کوئی بے ضابطگی عمل میں نہیں آئی ہے۔

۸۔ گزشتہ چھ (6) سال کا اہم آپریٹنگ اور مالیاتی ڈیٹا خلاصے کی شکل میں ساتھ لگا دیا گیا ہے۔

۹۔ 30 جون 2021ء تک کوئی جرمانہ واجب الادا نہیں ہے۔

۱۰۔ حصہ داری کی ترتیب اور اضافی معلومات ساتھ لگا دی گئی ہیں۔

۱۱۔ دوران سال کمپنی کے حصص کی تجارت میں مندرجہ ذیل ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری ان کے شریک حیات اور نابالغ بچے شامل رہے ہیں۔

خریدار کا نام	حصص کی تعداد
مسز سارہ سیف خان	1,492,500

ہم اس موقع پر قابل قدر شیئر ہولڈرز اور قابل قدر گاہکوں، سپلائرز اور بینکوں کے تعاون اور مسلسل مدد کے لئے شکر گزار ہیں جنکی مسلسل پشت پناہی نے کمپنی کو مسلسل ترقی کی راہ چھوڑا دیا ہے۔ سال کے دوران انتظامیہ اور ملازمین کے دوران تعلقات خوشگوار رہے اور ہم کمپنی کے لئے خدمات انجام دینے میں ان کی لگن اور تندرہی کی تعریف کرتے ہیں۔

مستقبل کے امکانات:

زیر نظر سال کافی منافع بخش رہا ہے کیونکہ کمپنی نے وبائی کورونا صورتحال کے باوجود منافع حاصل کیا ہے۔ دھاگہ اور کپاس کی قیمتوں میں متوقع اضافہ، امریکی ڈالر کے مقابلہ میں روپے کی قدر میں کمی اور کاروباری لاگت میں اضافہ کی وجہ سے سال 2021-22 میں مشکل دورانیے کی توقع ہے۔ تاہم توقع ہے کہ کمپنی کی ترقی کی رفتار برقرار رہے گی جیسا کہ موجودہ سال کے آخر میں کمپنی نے 40 نئی ٹیوٹا ائیر جیٹ لومز خریدیں اور اگلے سال کمپنی میں مزید 36 نئی ٹیوٹا ائیر جیٹ لومز شامل کی جائیں گی جو کمپنی کی پیداوری صلاحیت اور منافع میں مزید اضافہ کریں گی۔

وزارت تجارت نے آئندہ پانچ سالہ ٹیکسٹائل پالیسی تجویز کی ہے جو ابھی تک سٹیک ہولڈرز کی منظوری کی منتظر ہے۔ نئی ٹیکسٹائل پالیسی منظور اور نافذ ہونے کے بعد برآمدات کو بہتر بنانے میں کلیدی کردار ادا کرے گی کیونکہ اس پالیسی کی بدولت 2025 تک ملک کی ٹیکسٹائل کی برآمدات 20.865 بلین ڈالر تک بڑھنے کی توقع ہے۔ حکومت نے مجوزہ پانچ سالہ ٹیکسٹائل پالیسی کے تحت کئی مراعات کی سفارش کی ہے جس میں بجلی کی قیمت میں کمی اور ایل این جی ٹیرف 6.50 ڈالر فی MMBTU طے کرنا شامل ہے جو ملک کی ٹیکسٹائل اور اس سے متعلقہ مصنوعات کی برآمد کو بہتر بنائے گا۔ یہ اگلے پانچ سالوں کے لئے حکومتی پالیسیوں میں تسلسل کا باعث بھی بنے گا۔

آپکی انتظامیہ کاروباری ماحول کے حوالہ سے پر امید ہے کیونکہ انتظامیہ وبائی کوویڈ 19 کے منفی اثرات سے نمٹنے کے لیے منصوبہ بندی کر رہی ہے اور اس مشکل صورتحال میں کامیاب ہونے کے لئے زیادہ کاروباری لاگت کو کم کرنے کا حل بھی ڈھونڈ رہی ہے۔



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2020 سال روپے	2021 سال روپے	
355,475,707	495,470,474	خالص فروخت
304,036,613	458,666,910	فروخت کی لاگت
51,439,094	36,803,564	مجموعی منافع
281,093	200,942	ڈسٹری بیوٹن لاگت
16,861,081	17,211,461	انتظامی اخراجات
8,693,711	6,880,176	دیگر آپریٹنگ اخراجات
25,835,885	24,292,579	
25,603,209	12,510,985	آپریٹنگ منافع
72,788	37,942,996	دیگر آمدنی
25,675,997	50,453,981	
127,424	2,063,745	فنانس لاگت
25,548,573	48,390,236	ٹیکس سے پہلے کا منافع
0.425	1.125	فی حصص منافع

اس سال کے دوران کمپنی نے فروخت کا صحت مند اندازہ رجحان برقرار رکھا اور 39 فیصد اضافہ کے ساتھ 495.4 ملین روپے کی خالص فروخت کی آمدنی حاصل کی ہے۔ جو کہ 2020 میں 355.4 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 فروخت کی لاگت 458.66 ملین روپے (30 جون 2020 میں 304 ملین روپے) رہی جس میں 51 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ اخراجات میں اضافہ، روپے کی قدر میں کمی اور نئی لومز کی شمولیت کی وجہ سے اسٹور، سپیئر پارٹس اور اوزار کی کھپت میں اضافہ ہے۔

جائزہ پزیر سال میں مجموعی منافع 36.803 ملین روپے ہے جبکہ پچھلے سال میں 51.439 ملین روپے کا مجموعی منافع تھا جبکہ موجودہ سال میں قبل از ٹیکس منافع 48.390 ملین روپے ہے جبکہ پچھلے سال قبل از ٹیکس منافع 25.549 ملین روپے تھا۔

اعتراف:

ہم عاجزی اور ممنونیت کے ساتھ اپنے سر اللہ و سبحانہ و تعالیٰ کے سامنے جھکتے ہیں جو بہت مہربان اور 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۔

ڈائریکٹرز رپورٹ

ریڈ کوٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز 30 واں سالانہ میزانیہ بمعہ آڈیٹڈ فنانشل سٹیٹمنٹس اور آڈیٹرز رپورٹ جو کہ اختتام شدہ سال 30 جون 2021ء 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 سال کے دوران کمپنی کا منافع وبائی کورونا وائرس کے برے اثرات، عالمی مال برداری کی لاگت میں ہوشربا اضافہ اور زرمبادلہ کی شرح میں اتار چڑھاؤ کے باوجود متاثر کن رہا۔ اس بہتر کارکردگی کی وجہ پلانٹ اور مشینری کی بروقت اور مسلسل تجدید کا عمل ہے جسکی وجہ سے معیار اور پیداواری صلاحیت بہتر ہوئی ہے۔ موجودہ سال کے دوران انتظامیہ نے مقامی طور پر خریدے گئے 2.5 میگا واٹ کیٹر پلر جنریٹر کے علاوہ چالیس (40) نئی درآمد شدہ ٹویونا ایئر جیٹ لومز نصب کی ہیں۔ کمپنی نے اپنے ویونگ ڈویژن کے معیار کو بہتر بنانے اور اسکی پیداوار بڑھانے کے لیے پلانٹ، مشینری اور آلات کی تجدید کی اپنی پالیسی جاری رکھی ہوئی ہے۔ اللہ کے فضل سے کمپنی کرونا وبا سے بغیر کسی سنگین نقصان سے نکل آئی ہے۔ اگرچہ مجموعی طور پر پاکستان کچھ جانی نقصان سے متاثر ہوا لیکن خوش قسمتی سے اسکی شرح نسبتاً کم رہی۔ ہم دعا گو ہیں کہ دنیا کورونا وائرس کی تباہ کاریوں سے محفوظ رہے اور یہ صرف تھی ممکن ہے جب ہم احتیاط کریں، سماجی فاصلہ برقرار رکھیں اور لوگوں کی حفاظت کے لیے حکومتی ہدایات پر عمل کریں۔

30 جون 2021 کو ختم ہونے والے سال کے دوران آپکی کمپنی نے 495.47 ملین روپے کی فروخت پر 36.80 ملین روپے کا مجموعی منافع کمایا ہے جبکہ پچھلے سال اسی مدت میں 355.48 ملین روپے کی فروخت پر مجموعی منافع 51.44 ملین روپے رہا۔ رواں مالی سال کے دوران آپکی کمپنی نے پچھلے سال کے اسی عرصہ کے 20.95 ملین روپے خالص منافع کے مقابلہ میں 55.4 ملین روپے کا خالص منافع حاصل کیا ہے۔ خالص منافع میں اضافہ بنیادی طور پر پلانٹ اور مشینری پر سال 2018 میں ریکارڈ کیے گئے امپیزمنٹ نقصان کو ختم کرنے سے ہوا ہے۔ اس امپیزمنٹ نقصان کو موجودہ عرصہ کے دوران اسی اثاثہ پر پیدا ہونے والے سرپلس کے ساتھ ایڈجسٹ کیا گیا ہے جو کہ ہمارے مالیاتی گوشوارے کے نوٹ نمبر 16 میں بیان کیا گیا ہے۔

آپریشنل اور مالی کارکردگی:

اللہ کے فضل و کرم سے انتظامیہ نے بہترین ممکنہ اقدامات کیے اور کوویڈ 19 کی وقتاً فوقتاً آنے والی لہروں سے نمٹنے کی لئے کمپنی کی کارکردگی کو تسلی بخش قرار دیا جاسکتا ہے۔ کمپنی نے ٹویونا انڈسٹریز کارپوریشن، جاپان سے خریدی گئی 40 نئی ایئر جیٹ لومز (ماڈل JAT810) شامل کر کے اپنی پیداواری صلاحیت میں بھرپور اضافہ کیا ہے۔

کمپنی کا اختتام شدہ سال 30 جون 2021 میں قبل از ٹیکس منافع 48.4 ملین روپے (30 جون 2020 میں 25.55 ملین روپے) ہے۔ سالانہ کارکردگی کا پچھلے سال کے ساتھ ذیل میں موازنہ کیا گیا ہے۔



چیرمین کی جائزہ رپورٹ

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

مالی سال 2020-21 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۔

ریڈ کوٹیکسٹائلز لمیٹڈ بورڈ کی تشکیل، مالیت، 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۔

منیزہ سیف خان
چیر پرسن

اسلام آباد
بتاریخ: ۰۵ اکتوبر، ۲۰۲۱





**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 30th Annual General Meeting of the company to be held on 28th day of October, 2021 at 09:00 am and at every adjournment thereof.

As witness me/ our hand(s) this _____ day of _____ 2021



Signed _____ day of _____ 2021
(Signature appended above should agree with the specimen signatures registered with the company)

NOTE:

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

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



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

پراکسی فارم

ریڈکو ٹیکسٹائلز لمیٹڈ

لیجر فوئیو نمبر _____ اور یا،

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

کمپنی سیکرٹری

ریڈکو ٹیکسٹائلز لمیٹڈ، ریڈکو آرکیڈ، E-78

بلیو ایریا، اسلام آباد۔

میں رہم _____ ساکن _____

تقرر _____

ساکن _____

عدم موجودگی مستسی رسماة _____

ساکن _____

کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 30 ویں سالانہ اجلاس عام جو بتاریخ 28 اکتوبر 2021ء بوقت 09:00 بجے صبح منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط بقلم خود _____ تاریخ ہذا _____ مہینہ _____ 2021ء



دستخط _____ تاریخ ہذا _____ مہینہ _____ 2021ء

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

نوٹ

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

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

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

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



REDCO TEXTILES LIMITED

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