

***"Say No To Corruption"***



**REDCO  
TEXTILES LIMITED**

**ISO 9001 Certified**

**Annual Report 2016**

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**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## Company Information

### Board of Directors

Ms. Sarah Saif Khan  
Chief Executive

Mrs. Taufiqa Amanullah Khan  
Mrs. Muneza Saif Khan  
Mrs. Samina Asad  
Mr. Ahsan ur Rehman Khan  
Mr. Imran Zia  
Mr. Khalid Rehman Khan

### Chief Financial Officer / Company Secretary

Mr. Monim Ul Haq

### Auditors

Mushtaq & Co, Chartered Accountants

### Audit Committee

Mrs. Samina Asad	Chairperson
Mrs. Muneza Saif Khan	Member
Mrs. Taufiqa Amanullah Khan	Member
Mr. Imran Zia	Member

### HR and Remuneration Committee

Mrs. Samina Asad	Chairperson
Ms. Sarah Saif Khan	Member
Mrs. Taufiqa Amanullah Khan	Member

### Registered Office

Redco Textiles Limited, Redco Arcade, 78 -E, Blue Area, Islamabad 44000, Pakistan.  
Tel: (+92-51) 2344252-5 Fax: (+92-51) 2344256 E-mail: sales@redcogroup.com

### Mills

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



**REDCO TEXTILES LIMITED**

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## VISION

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

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

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







## 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 25<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that 25<sup>th</sup> 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 **Monday 31<sup>st</sup> October 2016 at 10:00 AM** to transact the following business:

### **Ordinary Business:**

- 1) To confirm the minutes of last General Meeting held on 31<sup>st</sup> October 2015.
- 2) To receive, consider and adopt the Annual Audited Financial statements for the year ended June 30<sup>th</sup> 2016 along with Directors and Auditors reports thereon.
- 3) To appoint Auditors of the Company for the financial year ending June 30<sup>th</sup> 2017 and to fix their remuneration. The present Auditors, M/s Mushtaq & Co, Chartered Accountants, being eligible offer themselves for reappointment.
- 4) To consider any other business with permission of the chair.

By order of the Board  
**(Monim Ul Haq)**  
Company Secretary

Islamabad  
October 9, 2016

### **Notes:**

- A) The Share Transfer Book of the Company will remain closed from 24<sup>th</sup> October to 31<sup>st</sup> October, 2016 (both days inclusive).
- b) A member entitles to attend and vote at the meeting may appoint any other member as his/ her proxy to attend and vote.
- c) The proxy to be valid must be in writing and received at the registered office of the company not later than 48 hours before the time of meeting and must be stamped, signed and witnessed.
- d) Members are requested to notify the Company regarding change in their addresses, if any.
- e) CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Card, Account and Participants ID number, for identification purpose.

## DIRECTOR'S REPORT

The Directors of Redco Textiles Limited are pleased to present the 25<sup>th</sup> Annual Report along with Audited Financial Statements and Auditors Report thereon for the year ended June 30, 2016 and other required information prescribed under the Code of Corporate Governance.

### Overview

The Company has incurred a gross loss of PKR 14.755 Million during the year ended 30th June 2016 and net after tax loss of Rs. 82.472 Million with negative EPS of PKR 1.673 per share. The profitability of the Company has been affected mainly due to narrowing gap between sale price and cost of raw materials. In addition there has been a decline in the textile industry overall with an increasing shortage of power. To achieve most optimum results in the given circumstances, your management worked closely on planning and monitoring of production and efficient outcomes.

### Operational Performance

Due to a declining trend in the textile business in the current year and tough business and economic conditions, the company posted a loss before taxation for the year ended 30th June 2016 of PKR 67.764 Million (30th June 2015: PKR 15.394 Million). Despite the tough situation in the textile industry locally and internationally where hundreds of Mills have been forced into closure, we have tried our level best to keep the Mill running in the best way possible. The management and staff are working very hard and are quite optimistic that with the efforts, self commitment and above all with the blessing of Allah (SWT), the Company will overcome these problems soon. The performance of the year under review may be compared against the preceding year below:

	2016	2015
	Rupees	Rupees
Sales - net	1,742,091,665	1,677,975,255
Cost of sales	1,756,846,668	1,637,681,290
Gross (loss) / profit	(14,755,003)	40,293,965
Distribution cost	7,283,756	8,002,554
Administrative expenses	20,009,908	19,868,942
Other operating expenses	2,141,119	3,473,371
	29,434,783	31,344,867
Operating (loss) / profit	(44,189,786)	8,949,098
Other operating income	72,971	574,795
	(44,116,815)	9,523,893
Finance cost	23,647,324	24,918,337
Loss before taxation	(67,764,139)	(15,394,444)

During the year ended June 30, 2016 sales have increased from PKR 1.678 billion to PKR 1.742 billion as quantity sold during the current year have increased as compared to last year. This is mainly due to shrinking demand of textile products in International markets, thus resulting in reducing local market price and margins.

Gross loss for the year under review is amounting to PKR 14.755 million as compared to gross profit PKR 40.294 million in the prior year. Whereas, loss before taxation for the year under review is amounting to PKR 67.764 million as compared to loss before tax of PKR 15.394 million in prior year.

During the year under review, the cost of production has increased significantly, mainly due to increase in production as well as raw material prices particularly in last quarter of the year. Also increase in salaries and wages rate by government and other consumables prices remained unstable due to cost push inflation. The decreased sale prices combined with the increased raw material cost as well as inflated conversion costs have led to overall loss.

### **Acknowledgment**

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

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

### **Future Prospects**

The severe conditions in Pakistan's spinning and weaving sectors are due to massive energy crisis in the Country which had severely crippled the industry raising the cost of production immensely. Still there is some hope that next year fuel prices will remain stable which will reduce power cost to some extent as GOP is also putting great efforts in power sector reforms by adding cost efficient capacities. Also the GOP is expected to step forward with corrective measures with regards to its policies for textile industry in the form of relief through power tariff, export refinance on yarns and fabrics, removal of GIDC and timely income/sale tax refunds. It is also expected that GOP will implement further duty on import of yarn which will discourage the imports of textile products from neighboring countries, and will assist local industry to recover.

### **Dividend Distribution**

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

### **Statement of Corporate and Financial Reporting Framework**

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

1. The financial statements presented by the management of the company presents fairly its affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
3. International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS), as applicable in Pakistan have been followed in preparation of financial statements; any departure there from has been adequately disclosed.
4. Appropriate accounting policies have been consistently applied in preparation of financial statements.
5. The system of internal control is sound in design and it has been effectively implemented and monitored .The process review will continue and any weakness in internal control will be removed.



6. There are no significant doubts upon the listed company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance as detailed in listing regulations.
8. Key operating financial data for the last five years in summary form is annexed.
9. There are no levies and penalties due as on June 30, 2016.
10. Pattern of shareholding and additional data is annexed.
11. None of the directors, CEO, CFO or Company Secretary or their spouses or minor children have traded in the shares of the company during the year.

## Board Meetings

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

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

## Audit Committee

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

## HR and Remuneration Committee

The board of Directors in compliance with the code of corporate governance established a 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 08, 2016

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

The independent director meets the criteria of independence under clause 5.19.1 (b) of the Code of Corporate Governance.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as tax payer and none of them has defaulted in payment of any loan to a banking company, DFI or a NBFI or, being a member of stock exchange, has been declared as a defaulter by the stock exchange.
4. No casual vacancy occurred in the Board during the financial year under review.
5. The Company has prepared a 'Code of Conduct, and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a Vision /Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decision on the material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The Meetings of the Board were presided over by the Chairperson and, in his/ her absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board Meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Majority of Directors are exempt from training requirement and one Director Mr. Imran Zia has completed Director's Training Certification session in 2013 and Chief Executive Ms. Sarah Saif Khan has completed Director's Training Certification session in 2016.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Auditor, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors report for this year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.



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

**Chief Executive**

Dated: October 08, 2016



## **MUSHTAQ & CO.**

### **CHARTERED ACCOUNTANTS**

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

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

Email Address: mushtaq\_vohra@hotmail.com

Member of



Illinois, USA

#### **REVIEW REPORT TO THE MEMBERS**

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Redco Textiles Limited** for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Karachi:

Dated: October 08, 2016

**MUSHTAQ & COMPANY**

Chartered Accountants

**Engagement Partner:**

Mushtaq Ahmed Vohra, FCA





**REDCO TEXTILES LIMITED**

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# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

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

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

Email Address: mushtaq\_vohra@hotmail.com

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Redco Textiles Limited** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi:

Dated: October 08, 2016

**MUSHTAQ & COMPANY**

Chartered Accountants

**Engagement Partner:**

Mushtaq Ahmed Vohra, FCA



## FINANCIAL HIGHLIGHTS

2016	2015	2014	2013	2012	2011
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(Rupees in thousands)

### Profit and Loss

Net Sales	1,742,092	1,677,975	2,211,316	2,438,127	1,712,919	2,294,236
Gross Profit/ (Loss)	(14,755)	40,294	69,365	79,827	60,134	58,332
Profit/ (Loss) Before Taxation	(67,764)	(15,394)	24,358	32,296	17,774	19,898
Profit/ (Loss) After Taxation	(82,472)	(19,571)	5,417	21,524	32,574	7,917

### Cash Outflows

Taxes Paid	13,870	17,016	23,098	15,835	13,637	2,014
Financial Charges Paid	25,623	22,396	12,722	14,767	17,858	18,899
Fixed Capital Expenditures	25,717	185,691	106,101	3,997	14,809	123,757

### Balance Sheet

Current Assets	604,344	568,818	612,400	660,705	595,093	534,231
Current Liabilities	1,088,448	966,413	272,215	306,087	278,599	269,086
Operating Fixed Assets	1,081,183	1,112,302	982,386	924,456	968,760	946,697
Total Assets	1,690,754	1,686,115	1,599,822	1,590,182	1,568,788	1,490,252
Shareholders Equity	327,937	409,627	424,388	409,734	391,788	353,277

### Ratios

Current Ratio	0.56:1	0.59:1	2.25:1	2.16:1	2.14:1	1.99:1
Gross Profit/ (Loss) %	(0.85)	2.40	3.14	3.27	3.51	2.54
Profit/ (Loss) Before Taxation %	(3.89)	(0.92)	1.10	1.32	1.04	0.87
Earning Per Share %	(1.67)	(0.40)	0.11	0.44	0.66	0.16

### Production Machines

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

**REDCO TEXTILES LIMITED**

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**FORM 34****THE COMPANIES ORDINANCE 1984  
(Section 236(1) and 464)  
PATTERN OF SHAREHOLDING**

1. Incorporation Number

0025468(CUIN)

2. Name of the Company

Redco Textiles Limited

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

30-06-2016

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
32	1	100	1,407
472	101	500	229,079
63	501	1000	62,922
130	1001	5000	445,856
60	5001	10000	526,828
28	10001	15000	363,300
19	15001	20000	356,908
12	20001	25000	289,800
5	25001	30000	140,000
4	30001	35000	129,500
5	35001	40000	190,300
3	40001	45000	130,100
9	45001	50000	441,800
1	55001	60000	55,500
1	60001	65000	63,500
1	75001	80000	77,700
1	80001	85000	85,000
1	85001	90000	88,700
3	95001	100000	300,000
1	100001	105000	104,500
1	105001	110000	106,100
1	110001	115000	112,500
1	115001	120000	116,700
2	120001	125000	247,800
1	135001	140000	140,000
1	140001	145000	142,400
3	145001	150000	442,800
1	165001	170000	168,500
2	175001	180000	353,300
2	215001	220000	438,000
1	260001	265000	262,500
1	265001	270000	265,400
1	275001	280000	275,500
1	285001	290000	288,900
1	290001	295000	294,700
1	320001	325000	325,000
1	440001	445000	442,300
1	445001	450000	448,800
1	625001	630000	629,500
1	880001	885000	884,600
1	1105001	1110000	1,105,750
1	1960001	1965000	1,965,000
1	8220001	8225000	8,223,300
1	13365001	13370000	13,365,400
1	14165001	14170000	14,165,150
881			<b>49,292,600</b>

<b>5. Categories of shareholders</b>	<b>Share held</b>	<b>Percentage</b>
5.1 Directors, Chief Executive Officers, and their spouse and minor children	28,327,150	57.4673%
5.2 Associated Companies, undertakings and related parties.	0	0.0000%
5.3 NIT and ICP	440,800	0.8943%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,040,322	2.1105%
5.5 Insurance Companies	1,965,000	3.9864%
5.6 Modarabas and Mutual Funds	0	0.0000%
5.7 Share holders holding 10% or more	35,753,850	72.5339%
5.8 General Public		
a. Local	16,350,227	33.1697%
b. Foreign	4,000	0.0081%
5.9 Others (to be specified)		
1- Joint Stock Companies	519,801	1.0545%
2- Investment Companies	645,300	1.3091%

**Redco Textiles Limited**  
**Catagories of Shareholding required under Code of Coprorate Governance (CCG)**  
**As on June 30, 2016**

Sr. No.	Name	No. of Shares Held	Percentage
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**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

- -

**Mutual Funds (Name Wise Detail)**

- -

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

1	MRS. TAUFQA AMANULLAH KHAN	442,300	0.8973%
2	MRS. MUNEZA SAIF-UR-REHMAN KHAN	176,400	0.3579%
3	MRS. SAMINA ASAD KHAN	176,900	0.3589%
4	MRS. SARAH SAIF KHAN	14,165,150	28.7369%
5	MR. AHSAN UR REHMAN KHAN	13,365,400	27.1144%
6	MR. KHALID REHMAN KHAN	500	0.0010%
7	MR. IMRAN ZIA	500	0.0010%

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance**

3,005,322 6.0969%

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

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

S. No.	NAME	HOLDING	%AGE
1	MRS. SARAH SAIF KHAN	14,165,150	28.7369%
2	MR. ASHAN UR REHMAN	13,365,400	27.1144%
3	MR. SAIF-UR-REHMAN KHAN	8,223,300	16.6826%

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

S.No	NAME	SALE	PURCHASE
	Nil		



# REDCO TEXTILES LIMITED

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## REDCO TEXTILES LIMITED

### BALANCE SHEET

AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	1,081,182,819	1,112,301,877
Long term investment	6	69,035	89,620
Long term deposits	7	5,157,879	4,905,940
		<u>1,086,409,733</u>	<u>1,117,297,437</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	8	48,373,840	46,225,217
Stock in trade	9	327,457,466	279,962,302
Trade debts	10	137,062,221	138,964,860
Loans and advances	11	31,443,739	33,083,120
Trade deposits and short term prepayments	12	807,145	1,383,547
Tax refunds due from Government	13	55,940,809	59,610,413
Cash and bank balances	14	3,258,827	9,588,401
		<u>604,344,047</u>	<u>568,817,860</u>
<b>TOTAL ASSETS</b>		<u><b>1,690,753,780</b></u>	<u><b>1,686,115,297</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
50,000,000 (June 30, 2015: 50,000,000) ordinary shares of Rs.10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	15	492,926,000	492,926,000
Reserves		13,960	34,545
Accumulated loss		<u>(165,002,722)</u>	<u>(83,334,018)</u>
		<u>327,937,238</u>	<u>409,626,527</u>
<b>SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX</b>	16	223,308,148	226,598,659
<b>NON CURRENT LIABILITIES</b>			
Long term financing from banking companies	17	38,461,536	69,230,768
Long term financing from associated undertakings	18	-	-
Long term financing from directors and others	19	-	-
Deferred liabilities	20	12,598,609	14,246,156
		<u>51,060,145</u>	<u>83,476,924</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	225,054,224	152,721,479
Accrued mark up / interest	22	3,612,530	5,587,901
Short term borrowings from banking companies	23	96,464,936	75,822,422
Short term borrowings from associated undertakings	24	483,062,651	449,669,947
Short term borrowings from directors and others	25	249,484,676	251,842,206
Current portion of :			
Long term financing from banking companies		30,769,232	30,769,232
Long term financing from associated undertakings	18	-	-
Long term financing from directors and others	19	-	-
		<u>1,088,448,249</u>	<u>966,413,187</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	26		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,690,753,780</b></u>	<u><b>1,686,115,297</b></u>

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

CHIEF EXECUTIVE

DIRECTOR

**REDCO TEXTILES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
Sales - net	27	1,742,091,665	1,677,975,255
Cost of sales	28	1,756,846,668	1,637,681,290
Gross (loss) / profit		(14,755,003)	40,293,965
Distribution cost	29	7,283,756	8,002,554
Administrative expenses	30	20,009,908	19,868,942
Other operating expenses	31	2,141,119	3,473,371
		29,434,783	31,344,867
Operating (loss) / profit		(44,189,786)	8,949,098
Other income	32	72,971	574,795
		(44,116,815)	9,523,893
Finance cost	33	23,647,324	24,918,337
Loss before taxation		(67,764,139)	(15,394,444)
Taxation	34	(14,708,053)	(4,176,981)
Loss for the year		(82,472,192)	(19,571,425)
Loss per share - basic and diluted	35	(1.673)	(0.397)

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

CHIEF EXECUTIVE

DIRECTOR

**REDCO TEXTILES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
Loss for the year		(82,472,192)	(19,571,425)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Available for sale financial assets			
Fair value loss arised during the period		(20,585)	(41,020)
		(20,585)	(41,020)
Items that will never be reclassified subsequently to profit and loss			
Re-measurement on staff retirement benefits		(7,565,819)	(1,995,365)
Deferred tax on remeasurement of staff retirement benefits		2,217,088	648,264
		(5,348,731)	(1,347,101)
Total comprehensive loss for the year		<u>(87,841,508)</u>	<u>(20,959,546)</u>

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

CHIEF EXECUTIVE

DIRECTOR





# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

## REDCO TEXTILES LIMITED

### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Reserves	Accumulated loss	Total equity
		Unrealized gain on available for sale investment		
	Rupees			
Balance as at July 01, 2014	492,926,000	75,565	(68,613,968)	424,387,597
Total comprehensive loss for the year	-	(41,020)	(20,918,526)	(20,959,546)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	6,198,476	6,198,476
Balance as at June 30, 2015	492,926,000	34,545	(83,334,018)	409,626,527
Total comprehensive loss for the year	-	(20,585)	(87,820,923)	(87,841,508)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	6,152,219	6,152,219
Balance as at June 30, 2016	492,926,000	13,960	(165,002,722)	327,937,238

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

CHIEF EXECUTIVE

DIRECTOR

**REDCO TEXTILES LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(67,764,139)	(15,394,444)
Adjustments for :			
Depreciation		60,923,792	55,694,521
Provision for staff retirement benefits - gratuity		4,553,559	3,942,107
Gain on disposal of property, plant and equipment		-	(369,285)
Finance cost		23,647,324	24,918,337
		89,124,675	84,185,680
Operating profit before working capital changes		21,360,536	68,791,236
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(2,148,623)	(2,861,975)
Stock in trade		(47,495,164)	3,300,511
Trade debts		1,902,639	10,293,699
Trade deposits and short term prepayments		2,215,783	43,180,127
Increase / (decrease) in current liabilities		72,332,745	(22,541,365)
Trade and other payables		26,807,380	31,370,997
Cash generated from operations		48,167,916	100,162,233
Staff retirement benefits - gratuity paid		(9,944,235)	(4,943,300)
Finance cost paid		(25,622,696)	(22,395,665)
Taxes paid		(13,870,496)	(17,015,729)
		(49,437,427)	(44,354,694)
Net cash (used) / generated from operating activities		(1,269,511)	55,807,539
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment - acquired		(25,716,580)	(185,691,113)
Proceeds from sale of property, plant and equipment		-	450,000
Long term deposits		(251,939)	-
Net cash used in investing activities		(25,968,519)	(185,241,113)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings from banking companies		20,642,514	6,935,038
Short term borrowings from associated undertakings		33,392,704	449,669,947
Short term borrowings from directors and others		(2,357,530)	251,842,206
Long term financing from directors and others		-	(256,640,580)
Long term financing from associated undertaking		-	(430,739,764)
Long term financing from banking companies		(30,769,232)	100,000,000
Net cash generated from financing activities		20,908,456	121,066,847
Decrease in cash and cash equivalents		(6,329,574)	(8,366,728)
Cash and cash equivalents at the beginning of the year		9,588,401	17,955,129
Cash and cash equivalents at the end of the year	14	3,258,827	9,588,401

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

CHIEF EXECUTIVE

21

DIRECTOR

**REDCO TEXTILES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

**1 STATUS AND NATURE OF BUSINESS**

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

**2.2 Functional and presentation currency**

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

**2.3 Standards, interpretations and amendments to published approved accounting standards**

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

The following standards, amendments and interpretations of approved accounting standards will be effective for the accounting period beginning on or after 1 July 2015 and Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

- ✘ IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company.
- ✘ IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.
- ✘ IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.
- ✘ IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard does not have material impact on Company's financial statements except for some disclosures.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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



- ❑ IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.
  - ❑ IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.
  - ❑ Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016. The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes - confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be Reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/ accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.
  - ❑ Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
  - ❑ Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.
  - ❑ Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.
- 2.3.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

### 3 BASIS OF MEASUREMENT

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

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

### 3.1 Income Taxes

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

### 3.2 Property, Plant & Equipment

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

### 3.3 Stores, spares and loose tools

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

### 3.4 Defined Benefits Plan

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

## 4 SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Property, plant and equipment

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

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

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

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

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

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

#### 4.2 Impairment losses

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

#### 4.3 Long term investments

##### Investment available for sale

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

#### 4.4 Stores, spares and loose tools

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

#### 4.5 Stock in trade

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

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

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

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

#### 4.6 Trade debtors

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

#### 4.7 Other receivables

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

#### 4.8 Cash and bank balances

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

#### 4.9 Staff retirement benefits

The Company operates contributory unfunded gratuity scheme for its officers and employees. Provision for gratuity is made on the basis of last drawn salary for each completed year of service. Minimum qualifying period for gratuity benefit is one year from the date of joining. Contributions made are based on actuarial recommendations. The most recent actuarial valuation was carried out at June 30, 2016 using the Projected Unit Credit method.

#### 4.10 Taxation

##### Current

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



## Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

### 4.11 Trade and other payables

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

### 4.12 Provisions

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

### 4.13 Revenue recognition

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

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

Local sales are recognized on dispatch of goods to customers.

Scrap sales are recognized when delivery is made to customers.

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

Interest income is recognized as revenue on time proportion basis.

### 4.14 Borrowing cost

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

### 4.15 Cash and cash equivalents

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

### 4.16 Related party transactions

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

### 4.17 Dividend and apportioning to reserves

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

#### **4.18 Financial instruments**

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

#### **4.19 Offsetting of financial assets and financial liabilities**

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

#### **4.20 Foreign currency translation**

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





# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating fixed assets	5.1	1,081,182,819	1,112,301,877
		<u>1,081,182,819</u>	<u>1,112,301,877</u>

### 5.1 Operating fixed assets

PARTICULARS	COST / REVALUATION					DEPRECIATION						BOOK VALUE
	As at July 1, 2015	Additions / Adjustments	Deletion / Transfer	Addition due to surplus revaluation	As at June 30, 2016	Rate	As at July 1, 2015	For the year	Deletion / Transfer	Addition due to surplus revaluation	As at June 30, 2016	As at June 30, 2016
<b>OWNED ASSETS</b>												
Freehold land	124,550,000	-	-	-	124,550,000	-	-	-	-	-	-	124,550,000
Building on free hold land	278,530,531	-	-	2,944,620	281,475,151	0.05	123,990,536	7,727,000	-	1,392,516	133,110,051	148,365,100
Plant and machinery	1,171,450,839	-	-	3,719,420	1,175,170,259	0.05	447,512,540	36,196,915	-	1,535,804	485,245,259	689,925,000
Generators	92,511,346	5,715,800	-	552,591	98,779,737	0.05	32,407,685	3,171,894	-	200,158	35,779,737	63,000,001
Tools and equipment	25,320,122	-	-	-	25,320,122	0.05	11,706,080	680,702	-	-	12,386,782	12,933,340
Tools	102,160,447	19,779,624	-	-	121,940,071	0.33	74,415,831	12,261,131	-	-	86,676,962	35,263,109
Vehicles	9,659,800	-	-	-	9,659,800	0.20	6,375,707	656,819	-	-	7,032,526	2,627,274
Furniture and fixtures	2,147,081	196,156	-	-	2,343,237	0.05	1,141,253	52,743	-	-	1,193,996	1,149,241
Office equipment	4,085,405	25,000	-	-	4,110,405	0.05	1,938,847	107,849	-	-	2,046,696	2,063,709
Laboratory equipment	6,028,249	-	-	-	6,028,249	0.05	4,653,465	68,739	-	-	4,722,204	1,306,045
<b>Total 2016</b>	<b>1,816,443,820</b>	<b>25,716,580</b>	<b>-</b>	<b>7,216,631</b>	<b>1,849,377,031</b>		<b>704,141,944</b>	<b>60,923,792</b>	<b>-</b>	<b>3,128,477</b>	<b>768,194,212</b>	<b>1,081,182,819</b>

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

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

	Note	2016 Rupees	2015 Rupees
<b>5.3 Depreciation has been allocated as follows</b>			
Cost of sales	28	60,037,642	54,898,995
Administrative expenses	30	886,150	795,526
		<u>60,923,792</u>	<u>55,694,521</u>

6	LONG TERM INVESTMENT	Note	2016	2015
			Rupees	Rupees
	Available for sale - quoted company	6.1	<u>69,035</u>	<u>89,620</u>
6.1	This represents the investment in 500 (June 30, 2015 : 500) ordinary shares of Rs. 10 each in OGDCL. The market value as at is Rs. 138.07 (June 30, 2015 : Rs. 179.24) per share.			
7	LONG TERM DEPOSITS	Note	2016	2015
			Rupees	Rupees
	Deposits :			
	WAPDA		2,620,940	2,620,940
	SNGPL		2,459,439	2,207,500
	Others		77,500	77,500
			<u>5,157,879</u>	<u>4,905,940</u>
8	STORES, SPARE PARTS AND LOOSE TOOLS		2016	2015
			Rupees	Rupees
	Stores		37,663,903	34,993,896
	Spares parts		6,630,418	7,254,961
	Packing material		4,063,944	3,952,542
	Loose tools		15,575	23,818
			<u>48,373,840</u>	<u>46,225,217</u>
9	STOCK IN TRADE		2016	2015
			Rupees	Rupees
	Raw material	9.1	116,736,497	78,344,328
	Work in process		39,647,511	39,447,003
	Finished goods	9.1	164,525,767	151,000,476
	Waste		6,547,691	11,170,495
			<u>327,457,466</u>	<u>279,962,302</u>
9.1	These include raw material and finished stocks amounting to Rs. 44.680 million (June 30, 2015 : Rs. 50.208 million) and amounting to Rs. 55.145 million (June 30, 2015 : Rs. 22.099 million) pledged with NIB Bank Limited (formerly PICIC Commercial Bank Limited) and Bank Alfalah against short term borrowings respectively.			
10	TRADE DEBTS	Note	2016	2015
			Rupees	Rupees
	Unsecured			
	Considered good		137,062,221	138,964,860
	Considered doubtful		6,282,610	6,282,610
			<u>143,344,831</u>	<u>145,247,470</u>
	Less: Provision for doubtful debts		(6,282,610)	(6,282,610)
			<u>137,062,221</u>	<u>138,964,860</u>
11	LOANS AND ADVANCES		2016	2015
			Rupees	Rupees
	Unsecured - considered good			
	Advances to:			
	Suppliers		26,654,515	29,204,951
	Employees	11.1	4,789,224	3,878,169
			<u>31,443,739</u>	<u>33,083,120</u>



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			2016 Rupees	2015 Rupees
<b>11.1 Employees - unsecured</b>	<b>Note</b>			
Considered good			4,789,224	3,878,169
Considered doubtful			5,266,941	5,266,941
			10,056,165	9,145,110
Less: Provision for doubtful advances to employees			(5,266,941)	(5,266,941)
			<b>4,789,224</b>	<b>3,878,169</b>
<b>11.1.1</b>	These loans are given against the salaries and wages of the employees.			
<b>12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>				
Short term prepayments			71,292	37,109
Deposit against LC margin			735,853	1,346,438
			<b>807,145</b>	<b>1,383,547</b>
<b>13 TAX REFUNDS DUE FROM GOVERNMENT</b>				
Sales tax refundable			29,473,623	29,477,310
Advance income tax	13.1		26,467,186	30,133,103
			<b>55,940,809</b>	<b>59,610,413</b>
<b>13.1 Advance income tax</b>				
Opening balance			30,133,103	12,497,652
Add: Payment / adjustment during the year			13,874,183	15,954,129
			44,007,287	28,451,781
Adjusted against provision for the year			(17,540,101)	1,681,322
Closing balance			<b>26,467,186</b>	<b>30,133,103</b>
<b>14 CASH AND BANK BALANCES</b>	<b>Note</b>		<b>2016 Rupees</b>	<b>2015 Rupees</b>
Cash in hand			613,890	54,551
Cash with banks in :				
- Current accounts	14.1		2,459,239	8,848,962
- Saving accounts			185,699	684,888
			2,644,937	9,533,850
			<b>3,258,827</b>	<b>9,588,401</b>
<b>14.1</b>	It carries rate of return ranging from 4 % to 7 % (June 30, 2015 : 5 % to 8 %) per annum.			



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## 15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	2015		2016	2015
Number of shares			Rupees	Rupees
49,292,600	49,292,600	Ordinary shares of 10 each fully paid in cash	492,926,000	492,926,000

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

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

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

Note

	2016	2015
	Rupees	Rupees
Opening balance - gross	279,246,034	288,497,490
Add: Surplus arising during the year	4,088,153	-
	<b>283,334,187</b>	<b>288,497,490</b>
Less: Transferred to equity in respect of:		
Incremental depreciation on revalued assets	6,152,219	6,198,476
Related deferred tax liability	2,636,665	3,052,980
	8,788,884	9,251,456
Closing balance - gross	274,545,303	279,246,034
Less: <b>Related deferred tax liability</b>		
Revaluation at the beginning of the year	52,647,375	60,965,092
Related deferred tax liability on addition to surplus	1,226,446	-
Effect of change in tax rate	-	(5,264,737)
Amount realized during the year on account of incremental depreciation	(2,636,665)	(3,052,980)
	51,237,155	52,647,375
Closing balance - net of tax	<b>223,308,148</b>	<b>226,598,659</b>

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

16.2 Subsequent to revaluation on September 30, 1995, September 30, 1996, September 30, 2004, May 18, 2007, January 2008 and June 2012 which had resulted in surplus of Rs. 102.674 million, Rs. 262.692 million, Rs. 275.315 million, deficit of Rs. 101.399 million and deficit of Rs. 67.302 million and surplus of 56.537 respectively, the Free hold land, building on free hold land, plant and machinery and generators have been revalued again on June 30, 2016 resulting in a surplus of Rs. 4.088 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:

	2016	2015
	Rupees	Rupees
Free hold land	21,081,636	21,081,636
Building on free hold land	99,070,242	104,284,465
Plant and machinery	572,728,682	602,872,297
Generators	58,414,234	55,647,521
	<b>751,294,794</b>	<b>783,885,919</b>



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17	LONG TERM FINANCING FROM BANKING COMPANIES	Note	2016	2015
			Rupees	Rupees
	<i>-Secured</i>			
	Opening balance		100,000,000	-
	Received during the year		-	100,000,000
			<hr/>	<hr/>
			100,000,000	100,000,000
	Payment during the year		(30,769,232)	-
			<hr/>	<hr/>
			69,230,768	100,000,000
	Current portion		(30,769,232)	(30,769,232)
			<hr/>	<hr/>
			38,461,536	69,230,768
			<hr/>	<hr/>
17.1	Company obtained 4 years term finance loan amounting to Rs. 100.00 million against the facility of Rs. 100 million from Bank Alfalah Limited against import of machinery. This loan is secured against personal guarantee of the directors, 1st parri passu charge of Rs.40 million over the current asset, 1st parri passu charge of Rs 295 million over the fixed asset of the company.			
	The loan is repayable in 13 equal quarterly installments commencing from August 11, 2015. The loan is subject to mark up at 3 month kibar plus 3% per annum. Mark up is payable quarterly. The grace period for the repayment of long term loan is 9 months from date of disbursement.			
18	LONG TERM FINANCING FROM ASSOCIATED UNDERTAKINGS	Note	2016	2015
			Rupees	Rupees
	<i>Unsecured - from related parties</i>			
	Redco Pakistan Limited		-	343,560,482
	Royal Holdings (Private) Limited		-	106,109,465
			<hr/>	<hr/>
			-	449,669,947
	Current portion shown under current liabilities		-	-
			<hr/>	<hr/>
			-	449,669,947
	Transferred to Short term borrowings		-	(449,669,947)
			<hr/>	<hr/>
			-	-
18.1	These represent interest free, unsecured loan from associated undertaking on long term basis.			
18.2	Out the above balance amount of Rs. 414.766 million (June 30 2015: Rs. 414.766 million) have been subordinated to NIB Bank and Bank Alfalah Limited.			
18.3	Previous year amount payable to associated undertaking was transferred to short term borrowings. The written agreement regarding repayment of loan does not specify the contractual right to deferred the loan payment and the loan amount is payable on demand with mutual consent of management of the company, therefore, the loan is clubbed in short term borrowings and classified under current liabilities. The loan is interest free and unsecured.			
19	LONG TERM FINANCING FROM DIRECTORS AND OTHERS	Note	2016	2015
			Rupees	Rupees
	<i>Unsecured - from related parties</i>			
	<i>Sponsor</i>			
	Saif-ur-Rehman Khan		-	239,624,605
	<i>Chief Executive</i>			
	Ms. Sarah Saif Khan		-	5,092,570
	<i>Directors</i>			
	Ahsan-ur- Rehman Khan		-	3,525,031
	Mrs. Tufiq Amanullah Khan		-	3,600,000
			<hr/>	<hr/>
			-	7,125,031
	Current portion shown under current liabilities		-	-
			<hr/>	<hr/>
			-	251,842,206
	Transferred to short term borrowings		-	(251,842,206)
			<hr/>	<hr/>
			-	-
19.1	These represent unsecured interest free loans from directors / sponsor, which have been utilized for the import of machinery as well as for meeting the working capital requirements.			
19.2	Out of the above balance amount of Rs. 247.139 million (June 30 2015: Rs. 247.139 million) has been subordinated to NIB Bank and Bank Alfalah Limited.			
19.3	The maximum aggregate amount due to chief executive and directors at the end of any month during the year was Rs. 12,217,601 (June 30, 2015: Rs. 12,217,601).			

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

	Note	2016 Rupees	2015 Rupees
<b>20 DEFERRED LIABILITIES</b>			
Staff retirement benefits - gratuity	20.1	12,598,609	10,423,466
Deferred taxation	20.2	-	3,822,690
		<u>12,598,609</u>	<u>14,246,156</u>
<b>20.1 Staff retirement benefits - gratuity</b>			
Opening balance		10,423,466	9,429,294
Add: Provision for the year		4,553,559	3,942,107
Remeasurements recognized		7,565,819	1,995,365
		<u>22,542,844</u>	<u>15,366,766</u>
Less: Paid during the year		9,944,235	4,943,300
Closing balance		<u>12,598,609</u>	<u>10,423,466</u>
<b>20.1.1 General description</b>			
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, 2016, using Projected Unit Credit Method.			
<b>20.1.2 Principal actuarial assumptions</b>	Note	2016 Rupees	2015 Rupees
Following are a few important actuarial assumptions used in the valuation:		%	%
Discount rate		8.33%	9.75%
Expected rate of increase in salary		10.00%	10.00%
		Years	Years
Average expected remaining working life time of the employees		10	10
<b>20.1.3 Reconciliation</b>			
Present value of defined benefit obligation as at year end		12,598,609	10,423,466
		<u>12,598,609</u>	<u>10,423,466</u>
<b>20.1.4 Movement in present value of defined benefit obligation</b>			
Present value of defined benefit obligation - Opening balance		10,423,465	9,429,293
Current service cost		3,883,406	3,310,175
Interest cost		670,153	631,932
Benefits paid during the period		(9,944,235)	(4,943,300)
Remeasurement loss/ (gain) arising during the year		7,565,819	1,995,365
Closing balance		<u>12,598,608</u>	<u>10,423,465</u>
<b>20.1.5 Charge for the year</b>			
Current service cost		3,883,406	3,310,175
Interest cost		670,153	631,932
		<u>4,553,559</u>	<u>3,942,107</u>
<b>20.1.6 Gratuity expenses have been allocated as follows</b>			
Cost of goods manufactured		4,553,559	3,942,107
		<u>4,553,559</u>	<u>3,942,107</u>
<b>20.1.7 Expenses recognized in other comprehensive income</b>			
Remeasurement in the year		7,565,819	1,995,365
<b>20.1.8 Sensitivity analysis of actuarial assumption</b>			
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			



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	Discount rate	Increase in assumption	Decrease in assumption
		802,065	(869,555)
	Expected rate of increase in future salaries	(847,798)	797,329

## 20.1.9 Historical information

	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees
Present value of defined benefits obligation	12,598,608	10,423,465	9,429,293	15,698,024	7,706,049
Experience adjustments on plan liabilities	7,565,819	1,995,365	(4,286,830)	9,034,792	5,451,621

20.1.10 Expected gratuity expenses for the year ended June 30, 2017 works out Rs. 4,778,507.

## 20.2 Deferred taxation

Opening balance	3,822,690	3,877,388
Add: Provided on surplus during the year	1,226,446	-
Less: Reversed on surplus during the year due to rate change	-	(5,264,737)
Add / (less): Provided / (reversed) during the year in profit and loss account	(2,832,048)	5,858,303
Less: Charged through other comprehensive income due to remeasurements	(2,217,088)	(648,264)
	-	3,822,690

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

Note	2016 Rupees	2015 Rupees
Accelerated tax depreciation	125,399,387	135,916,954
Surplus on revaluation of property, plant and equipment	50,010,709	52,647,375
Surplus arising due to revaluation of property plant and equipment	1,226,446	-
Staff retirement benefits - gratuity	(3,691,896)	(3,127,040)
Provision for doubtful debts / advances	(3,384,480)	(3,464,865)
Turnover tax carried forward	(90,382,191)	(73,644,403)
Brought forward tax losses	(102,080,807)	(104,505,331)
	(22,902,832)	3,822,690
	30%	30%

During the year net deferred tax assets for the carry forward of unused tax losses amounting to Rs. 22,902,832 (2015: deferred tax liability Rs. 3,822,690) 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.

Note	2016 Rupees	2015 Rupees
<b>21 TRADE AND OTHER PAYABLES</b>		
Creditors	129,929,564	94,975,849
Accrued liabilities	42,246,366	35,223,158
Advances from customers	33,876,449	11,407,474
Withholding tax payable	18,545,731	10,658,885
Workers' profit participation fund	21.1	-
Workers' welfare fund	21.2	456,113
	225,054,224	152,721,479

## 21.1 Workers' profit participation fund

Opening balance	-	1,200,300
Provision for the year	-	-
Less: Payment during the year	-	(1,261,635)
	-	(61,335)
Add: Interest for the year at the rate of nil % (June 30, 2015: 15.33%) percent per annum.	-	61,335
	-	-

21.1.1 The Company retains the allocation to this fund for its business operations till the amount is paid to the employees.

## 21.2 Workers welfare fund

Opening balance	456,113	456,113
Provision for the year	-	-
Less: Payment during the year	-	-
	456,113	456,113

22 ACCRUED MARK UP / INTEREST	Note	2016 Rupees	2015 Rupees
Interest / markup accrued on:			
Long term borrowings - Bank Al - Falah Limited		616,394	2,742,466
Short term borrowings - NIB Bank Limited		1,122,402	1,121,610
Short term borrowings - Bank Al - Falah Limited		1,873,734	1,723,825
		<u>3,612,530</u>	<u>5,587,901</u>
<b>23 SHORT TERM BORROWINGS FROM BANKING COMPANIES</b>			
Secured - From banking companies -			
Cash Finance I	23.1	33,165,784	39,485,702
Cash Finance II	23.2	20,000,000	19,999,099
Cash Finance III	23.3	43,299,152	16,337,621
		<u>96,464,936</u>	<u>75,822,422</u>
23.1 This facility is availed from NIB Bank (formerly PICIC Commercial Bank Limited) against aggregate limit of Rs. 85 million (June 30, 2015: Rs.90 million) to finance cotton, yarn and fabric with a ratio of 59:24:18 (June 30, 2015 :72:11:17) respectively. This facility is secured against hypothecation charge of Rs. 60 million on current assets of the company and 1st parri passu charge of Rs.120 million on fixed assets of the Company including land, building and machinery, pledge of cotton bales, yarn and fabric on market value, pledge of cotton bales / yarn on the market value or landed cost whichever is less with 10% margin and personal guarantee of the sponsors and directors. It carries markup at last 7 days' average 3 months KIBOR plus 3% (June 30, 2015: last 7 days' average 3 months KIBOR plus 3%) per annum and payable quarterly.			
23.2 This facility is availed from Bank Al falah Limited against aggregate limit of Rs. 20 million (June 30, 2015: Rs. 20 million). This facility is secured against first parri passu charge of Rs. 40 million (June 30, 2015: 40 million) on current assets of the company, first pari passu charge of Rs. 295 million (June 30, 2015: 295 million) on fixed assets of the company and personal guarantee of all directors of the company. This facility carry markup at 6 months KIBOR plus 3% (June 30, 2015: 6 months KIBOR plus 3%) per annum payable quarterly.			
23.3 This facility is availed from Bank Al falah Limited against aggregate limit of Rs. 80 million (June 30, 2015: Rs 80 million). This facility is secured against pledge of cotton on market value with 15% margin over Karachi Cotton Association (KCA) rates. It carries markup at 6 months KIBOR plus 3% (June 30, 2015 : 6 months KIBOR plus 3%) per annum.			
23.4 The above facilities will expire on various dates by December 31, 2016.			
24 SHORT TERM BORROWINGS FROM ASSOCIATED UNDERTAKINGS	Note	2016 Rupees	2015 Rupees
Subordinated to banking companies			
Unsecured - from related parties			
Redco Pakistan Limited	24.1	376,953,186	343,560,482
Royal Holdings (Private) Limited	24.1	106,109,465	106,109,465
		<u>483,062,651</u>	<u>449,669,947</u>
24.1 These are subordinated to banking companies and interest free loans payable to the directors, chief executive and sponsors. The term and condition are fully explained in the note 18.1, 18.2 and 18.3.			
25 SHORT TERM BORROWINGS FROM DIRECTORS AND OTHERS	Note	2016 Rupees	2015 Rupees
Subordinated to banking companies			
Unsecured - from directors and sponsors			
Sponsor			
Saif-ur-Rehman Khan	25.1	237,267,075	239,624,605
Chief Executive			
Ms. Sarah Saif Khan	25.1	5,092,570	5,092,570
Directors			
Ahsan-ur- Rehman Khan	25.1	3,525,031	3,525,031
Mrs. Tufiq Amanullah Khan	25.1	3,600,000	3,600,000
		<u>249,484,676</u>	<u>251,842,206</u>
25.1 These are subordinated to banking companies and interest free loans payable to the directors, chief executive and sponsors. The term and condition are fully explained in the note 19.1, 19.2, 19.3 and 19.4.			
<b>26 CONTINGENCIES AND COMMITMENTS</b>			
<b>26.1 CONTINGENCIES</b>			
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, 2015 : Rs. 17,232,935). This facility is secured against counter guarantee of the company and carry commission of 0.40% per quarter (June 30, 2015 :0.40% per quarter) maximum tenor: performance bond revolving.			
<b>26.2 COMMITMENTS</b>			
Outstanding commitments related to letter of credit for spare parts import at the end of the year equivalent to Pak Rs.3.66 million. (June 30, 2015: 6.88 million).			





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27	SALES - Net	Note	2016 Rupees	2015 Rupees
	Export			
	- Fabric		5,110,338	9,540,702
	Local			
	- Yarn		418,092,503	363,433,578
	- Fabric		1,302,299,283	1,278,449,062
			<b>1,720,391,786</b>	<b>1,641,882,640</b>
	Waste sale		22,814,453	31,896,137
			<b>1,748,316,577</b>	<b>1,683,319,479</b>
	Commission		(6,224,912)	(5,344,224)
			<b>1,742,091,665</b>	<b>1,677,975,255</b>

27.1 Sales tax on local sales is Rs. 54,448,302 (June 30: 2015 Rs 47,468,678)

28	COST OF SALES	Note	2016 Rupees	2015 Rupees
	Raw material consumed	28.1	1,179,903,929	1,054,571,306
	Packing material consumed	28.2	20,619,245	20,524,949
	Stores and spare parts and loose tools consumed	28.3	85,404,887	86,015,211
	Fuel and power		229,164,053	240,024,476
	Salaries, wages and other benefits	28.4	182,182,405	167,388,399
	Repairs and maintenance		6,911,715	7,350,199
	Depreciation	5.3	60,037,642	54,898,995
	Other expenses		6,348,591	6,619,121
	Cost of manufacturing		<b>1,770,572,467</b>	<b>1,637,392,655</b>
	Work in process:			
	Opening		39,447,003	42,885,636
	Closing		(39,647,511)	(39,447,003)
			<b>(200,508)</b>	<b>3,438,633</b>
	Cost of goods manufactured		<b>1,770,371,959</b>	<b>1,640,831,288</b>
	Finished goods:			
	Opening		151,000,476	147,850,478
	Closing		(164,525,767)	(151,000,476)
			<b>(13,525,291)</b>	<b>(3,149,998)</b>
			<b>1,756,846,668</b>	<b>1,637,681,290</b>

28.1	Raw material consumed	Note	2016 Rupees	2015 Rupees
	Opening		89,514,823	92,526,699
	Add: Purchases during the year		1,213,673,294	1,051,559,430
			<b>1,303,188,117</b>	<b>1,144,086,129</b>
	Closing stock	28.1.1	(123,284,188)	(89,514,823)
			<b>1,179,903,929</b>	<b>1,054,571,306</b>

28.1.1 This includes usable waste stock of Rs. 2,675,580 (June 30, 2015: Rs. 11,170,495).

28.2	Packing material consumed	Note	2016 Rupees	2015 Rupees
	Opening stock		3,952,542	3,953,328
	Add: Purchases during the year		20,730,647	20,524,163
			<b>24,683,189</b>	<b>24,477,491</b>
	Closing stock		(4,063,944)	(3,952,542)
			<b>20,619,245</b>	<b>20,524,949</b>



28.3	Store, spare parts and loose tools consumed	Note	2016 Rupees	2015 Rupees
	Opening stock		42,272,675	39,409,914
	Add: Purchases during the year		87,442,108	88,877,972
			<b>129,714,783</b>	<b>128,287,886</b>
	Closing stock		(44,309,896)	(42,272,675)
			<b>85,404,887</b>	<b>86,015,211</b>

28.4 Salaries, wages and other benefits includes Rs.4,553,559 (June 30, 2015: Rs.3,942,107) in respect of staff retirement benefits - gratuity.

29	Distribution cost	Note	2016 Rupees	2015 Rupees
	Salaries and other benefits		4,626,809	4,298,808
	Local taxes, carriage and freight		1,824,980	2,490,522
	Postage, telephone and telegraph		114,504	91,891
	Traveling and conveyance		667,768	710,706
	Other selling expenses		49,695	410,627
			<b>7,283,756</b>	<b>8,002,554</b>

30	ADMINISTRATIVE EXPENSES			
	Salaries and other benefits		13,905,472	12,053,067
	Traveling and conveyance		351,394	1,543,316
	Entertainment		248,653	248,851
	Communication		1,119,148	1,205,068
	Printing and stationery		242,136	490,481
	Vehicle running and maintenance		917,178	658,809
	Fee and subscription		100,000	132,500
	Repair and maintenance		262,303	651,767
	Depreciation	5.3	886,150	795,526
	Others		1,977,474	2,089,557
			<b>20,009,908</b>	<b>19,868,942</b>

#### 30.1 Remuneration of Chief Executive, Directors and Executives

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

	2016			2015		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees			Rupees		
Managerial Remuneration	1,200,000	600,000	9,998,000	500,000	-	8,783,100
	<b>1,200,000</b>	<b>600,000</b>	<b>9,998,000</b>	<b>500,000</b>		<b>8,783,100</b>
Number of Persons paid	1	1	7	1	-	7

30.1.1 Other than One director, company has not paid any fee or remuneration to executive / non executive directors of the company (June 30, 2015 : Nil).

31	OTHER OPERATING EXPENSES	Note	2016 Rupees	2015 Rupees
	Legal and professional		1,281,070	2,745,121
	Auditors' remuneration			
	Audit fee		704,275	640,250
	Fee for certification including half yearly review		97,000	88,000
			<b>801,275</b>	<b>728,250</b>
	Exchange loss on foreign currency		58,774	-
			<b>2,141,119</b>	<b>3,473,371</b>



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	Note	2016 Rupees	2015 Rupees
<b>32 OTHER INCOME</b>			
From financial assets			
Dividend		2,975	4,775
Exchange gain on foreign currency		-	5,197
Profit on bank deposits		69,996	195,538
From other then financial assets			
Gain on disposal of fixed assets		-	369,285
		<u>72,971</u>	<u>574,795</u>
<b>33 FINANCE COST</b>			
Mark up / interest on :			
Long term borrowings		8,355,237	10,975,671
Short term borrowings		12,629,857	11,330,729
Workers' profit participation fund		-	61,335
Bank charges and commission		2,662,230	2,550,602
		<u>23,647,324</u>	<u>24,918,337</u>
<b>34 TAXATION</b>			
<i>Current</i>			
Current year		17,483,463	16,836,391
Tax credit U/S 65 B		-	(16,836,391)
		<u>17,483,463</u>	<u>-</u>
Prior year		56,638	(1,681,322)
<i>Deferred</i>			
Current year		(2,832,048)	6,210,793
Prior year - effect of rate change		-	(352,490)
		<u>14,708,053</u>	<u>4,176,981</u>

34.1 The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the universal self assessment scheme of Income Tax Ordinance, 2001. Income tax assessment has been finalized up to June 30, 2015.

	Note	2016 Rupees	2015 Rupees
<b>35 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Loss for the year		(82,472,192)	(19,571,425)
		<u>Numbers</u>	<u>Numbers</u>
Weighted average number of ordinary shares outstanding during the year		49,292,600	49,292,600
		<u>Rupees</u>	<u>Rupees</u>
Loss per share - basic		(1.6731)	(0.3970)

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

## 36 TRANSACTIONS WITH RELATED PARTIES

36.1 The related parties and associated undertakings of the company comprise of associated companies, directors and key management personnel. Transactions with related parties and associated undertakings involve inter company fund transfer and advance for repayment of the long term finance. The company's aggregate transactions with the associated companies are as follows:

Associated companies	Nature of transactions	2016 Rupees	2015 Rupees
Redco Pakistan Limited	Inter company advance / loan - received	46,989,790	26,765,062
Redco Pakistan Limited	Inter company advance / loan - payment	13,597,086	7,834,879
Related parties	Nature of transactions		
Sarah Saif Khan	Borrowing from directors and others - receipts	-	500,000
Saif Ur Rehman Khan	Borrowing from directors and others - receipts	-	6,450,000
Saif Ur Rehman Khan	Borrowing from directors and others - payment	2,357,530	11,748,374

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

## 37 CORRESPONDING FIGURES

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

Note	Reclassification			
	From	To	Nature	Amount
7	LONG TERM DEPOSITS -Cash Margin	LONG TERM DEPOSITS -SNGPL	Better presentation	1,661,600



### 38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 38.1 Credit risk
- 38.2 Liquidity risk
- 38.3 Market risk

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

#### 38.1 Credit risk

##### 38.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 150.268 millions (June 30, 2015 : 157.337 millions), financial assets which are subject to credit risk aggregate to Rs. 147.009 million (June 30, 2015 : Rs. 147.749 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.

	2016 Rupees	2015 Rupees
Long term deposits	5,157,879	4,905,940
Trade debts	137,062,221	138,964,860
Loan and advances	4,789,224	3,878,169
Cash and bank balances	3,258,827	9,588,401
	<u>150,268,151</u>	<u>157,337,371</u>

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

	2016 Rupees	2015 Rupees
Yarn	24,255,197	23,692,919
Fabric	118,554,046	121,136,549
Waste	535,588	418,002
	<u>143,344,831</u>	<u>145,247,470</u>

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

	Gross debtors	
	2016	2015
	Rupees	
Not past due	118,954,763	120,507,478
Past due 90 days - 1 year	-	1,048,172
More than one year	24,390,067	23,691,820
	<u>143,344,830</u>	<u>145,247,470</u>
Impairment	(6,282,610)	(6,282,610)
	<u>137,062,221</u>	<u>138,964,860</u>

#### 38.2 Liquidity risk

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

	2016					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two year	Two to five years
	Rupees					
<b>Non - derivative</b>						
<b>Financial liabilities</b>						
Long term financing from banking company	69,230,768	79,380,970	19,442,473	18,371,111	41,567,386	-
Accrued Mark up / interest	3,612,530	3,612,530	3,612,530	-	-	-
Trade and other payables	191,177,775	191,177,775	191,177,775	-	-	-
<b>Short term borrowings</b>						
-from banking companies	96,464,936	103,217,481	103,217,481	-	-	-
-from associated undertakings	483,062,651	483,062,651	483,062,651	-	-	-
-from directors and others	249,484,676	249,484,676	249,484,676	-	-	-
	<u>1,093,033,336</u>	<u>1,109,936,083</u>	<u>1,049,997,586</u>	<u>18,371,111</u>	<u>41,567,386</u>	<u>-</u>



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2015

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
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Rupees

## Non - derivative Financial liabilities

Long term financing from banking company

100,000,000	124,558,094	21,846,824	20,946,824	81,765,166	-	-
-------------	-------------	------------	------------	------------	---	---

Accrued mark up / interest

5,587,901	5,587,901	5,587,901	-	-	-	-
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Trade and other payables

141,314,005	141,314,005	141,314,005	-	-	-	-
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## Short term borrowings

-from banking companies

75,822,422	81,129,992	81,129,992	-	-	-	-
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-from associated undertakings

449,669,947	449,669,947	449,669,947	-	-	-	-
-------------	-------------	-------------	---	---	---	---

-from directors and others

251,842,206	251,842,206	251,842,206	-	-	-	-
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1,024,236,481	1,054,102,145	951,390,875	20,946,824	81,765,166	-	-
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38.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

## 38.3 Market risk

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

### 38.3.1 Currency risk

#### Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company exposure to foreign currency risk is nil as there balance of trade debts (foreign) in Nil.

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2016	2015	2016	2015
Financial assets				
US Dollar to Rupee	103.63	101.50	105.76	101.50

#### Sensitivity analysis

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

	2016 Rupees	2015 Rupees
US Dollar	-	-

### 38.3.2 Interest rate risk

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

	2016 Rupees	2015 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	185,699	684,888
Financial liabilities	165,695,704	175,822,422

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2015.

	Profit and loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2016	1,656,957	(1,656,957)	-	-
Cash flow sensitivity - variable rate instruments 2015	1,758,224	(1,758,224)	-	-

#### 38.4 Fair value of financial assets and liabilities

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

	2016 Rupees	2015 Rupees
38.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	26,940,753	17,233,000

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

### 39 CAPITAL RISK MANAGEMENT

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

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

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

		2016	2015
Borrowings	Rupees	96,464,936	75,822,421
Total equity	Rupees	424,402,174	485,448,948
Total capital employed	Rupees	520,867,109	561,271,370
Gearing ratio	Percentage	18.52	13.51

### 40 PLANT CAPACITY AND PRODUCTION

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

	2016	2015
<b>Spinning</b>		
Number of spindles installed	22,500	22,500
Installed capacity at 20's counts based on 1080 shifts - lbs.	15,156,000	15,156,000
Capacity utilized	80%	73%
Actual production of yarn - lbs.	13,602,600	11,749,296
Actual production converted into 20's count - lbs.	12,069,605	10,982,430
Number of shifts worked per day	3	3
Number of shifts worked	980	896
<b>Weaving</b>		
Number of looms installed	120	120
Installed capacity at 60 picks - meters	13,540,200	13,540,200
Capacity utilized	86%	83%
Actual production of cloth - meters	13,543,491	12,226,464
Actual production of cloth converted at 60 picks at 100% efficiency - meters	11,703,248	11,217,855
Number of shifts per day	3	3
Number of shifts worked	989	960



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## 41 NUMBER OF EMPLOYEES

Total number of employees at the end of the year

Average number of employees during the year

2016

845

883

2015

830

794

## 42 DATE OF AUTHORIZATION FOR ISSUE

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

## 43 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR



## 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۔

## ایکسٹرئل آڈیٹر

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

## بحکم بورڈ آف ڈائریکٹرز

سی۔ ای۔ او

بتاریخ: ۰۸ اکتوبر ۲۰۱۶





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- ۲۔ کمپنی کے بک آف اکاؤنٹ اچھے طریقے سے برقرار رکھے جارہے ہیں۔
- ۳۔ IFRS انٹرنیشنل فنانشل رپورٹنگ سٹینڈرز اور IAS انٹرنیشنل آڈیٹنگ سٹینڈرز جیسے پاکستان میں نافذ العمل ہیں، فنانشل سٹیٹمنٹ انکے 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 سٹیٹمنٹ 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 کے لیے اسکی صلاحیت پر کوئی شک نہیں ہے۔
- ۷۔ لٹیکنگ ریگولیشنز کی مطابقت کارپوریٹ گورننس کے بہترین طریقوں میں کوئی بے ضابطگی عمل میں نہیں آئی ہے۔
- ۸۔ گزشتہ پانچ سال کا ہم آپریٹنگ اور مالیاتی ڈیٹا خلاصے کی شکل میں ساتھ لگا دیا گیا ہے۔
- ۹۔ 30 جون 2016ء تک کوئی جرمانہ واجب الادا نہیں ہے۔
- ۱۰۔ حصہ داری کی ترتیب اور اضافی معلومات ساتھ لگا دی گئی ہیں۔
- ۱۱۔ کوئی بھی ڈائریکٹر CEO, CFO یا کمپنی سیکرٹری یا ان کے Spouses یا مائز چائلڈ کمپنی کے حصص کی تجارت میں دوران سال ملوث نہیں رہے ہیں۔

## بورڈ میٹنگ

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

نمبر شمار	ڈائریکٹر کا نام	حاضری
۱	محترمہ سارہ سیف خان	5
۲	بیگم منزہ سیف خان	4
۳	بیگم توفیقہ امان اللہ خان	5
۴	محترمہ شمینہ اسد	5
۵	محترم عمران ضیاء	5
۶	محترم احسان الرحمن خان	4
۷	محترم خالد رحمان خان	4



اختتام شدہ سال 30 جون 2016ء کے دوران فروخت 1.678 بلین روپے سے 1.742 بلین روپے تک بڑھ گئی ہے جو کہ پچھلے سال کی نسبت اس سال فروخت شدہ تعداد زیادہ ہونے کی وجہ سے ہے، ایسا بنیادی طور پر بین الاقوامی مارکیٹ میں ٹیکسٹائل کی مصنوعات کی طلب کے کم ہونے کی وجہ سے ہے جو کہ مقامی مارکیٹ میں قیمت اور مارجن کے فرق کو کم کر رہی ہے

جائزہ پذیر سال میں مجموعی نقصان 14.755 بلین روپے ہے جبکہ پچھلے سال میں 40.294 بلین روپے کا مجموعی منافع تھا۔ جبکہ موجودہ سال میں ٹیکس سے پہلے نقصان 67.764 بلین روپے ہے، اور پچھلے سال میں ٹیکس سے پہلے نقصان 15.394 بلین روپے تھا

جائزہ پذیر سال میں پیداواری لاگت بہت زیادہ بڑھ گئی ہے جو کہ خاص طور پر سال کی آخری سہ ماہی میں خام مال کی قیمتوں کے بڑھنے کی وجہ سے اور پیداوار کے زیادہ ہونے کی وجہ سے ہے، اس کے ساتھ ساتھ حکومت کی طرف سے تنخواہ اور اجرت میں اضافہ اور دوسری استعمال شدہ اشیاء کی قیمت میں غیر یقینی صورت حال کی وجہ سے جو کہ لاگت کی افراط زر کی شرح میں اضافہ کی وجہ سے وقوع پذیر ہوا ہے۔ گرتی ہوئی قیمت فروخت اور اس کے ساتھ بڑھتی ہوئی خام مال کی قیمت اور ان کے ساتھ ساتھ بنانے کی لاگت میں اضافہ کی وجہ سے یہ نقصان وقوع پذیر ہوا ہے۔

## اعتراف

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

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

## مستقبل کے امکانات

پاکستان کے سپننگ اور یونگ سیکٹر کے انتہائی شدید حالات، ملک میں بجلی کے شدید بحران کی وجہ سے ہیں جس نے صنعت کو شدید متاثر کیا ہے، اور پیداواری لاگت میں کافی اضافہ کیا ہے تاہم ابھی یہ امید ہے کہ اگلے سال ایندھن کی قیمت مستقل رہے گی جسکی وجہ سے ایندھن کی لاگت کچھ حد تک کم ہو جائے گی جیسے کہ حکومت پاکستان توانائی کے شعبے میں اپنی انتہائی کوششوں سے تبدیلی لارہی ہے اور کم لاگتی توانائی کے منصوبے لگا رہی ہے کہ وہ ٹیکسٹائل انڈسٹری کے لیے اپنی پالیسیوں کو درست کرے گی خاص کر پاور ٹیرف میں رعایت کے ذریعے دھاگے اور کپڑے پرائیکسپورٹ ریفرنانس اور GIDC کے خاتمے اور وقت پر انکم ٹیکس ریلیف ٹیکس کے ریفرنڈ سے حکومت پاکستان سے یہ بھی توقع کی جا رہی ہے کہ دھاگے کی درآمد پر مزید ڈیوٹی نافذ کی جائے، تاکہ ٹیکسٹائل کی اشیاء کی ہمسایہ ممالک سے درآمد کی حوصلہ شکنی ہو اور مقامی صنعت کو بحال کرنے میں مدد ملے۔

## ڈیوڈنڈ کی تقسیم

کمپنی باقی ماندہ ڈیوڈنڈ کا طریقہ کار اپنا رہی ہے اور ورکنگ کپٹل کی بیس کو بڑھا رہی 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 منجمنٹ 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۔



## ڈائریکٹرز رپورٹ

ریڈ کو ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز 25 واں سالانہ میزانیہ بمعہ آڈیٹڈ فنانشل سٹیٹمنٹ اور آڈیٹر رپورٹ جو کہ اختتام شدہ سال 30 جون 2016ء 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

کمپنی کو اختتام شدہ سال 30 جون 2016ء میں مجموعی خسارہ 14.755 ملین روپے رہا ہے اور خالص نقصان بعد از ٹیکس 82.472 ملین رہا ہے اور اس کے ساتھ منفی منافع 1.673 فی حصص رہا ہے کمپنی کا منافع قیمت فروخت اور پیداواری لاگت کے درمیان انتہائی کم فرق ہونے کی وجہ سے متاثر ہوا ہے، اس کے ساتھ ساتھ بجلی کی پیداوار میں بھی کمی کی وجہ سے ٹیکسٹائل انڈسٹری شدید متاثر ہو رہی ہے موجودہ حالات میں بہترین نتائج کے لیے آپ کی مینجمنٹ پیداوار پر نظر رکھ رہی ہے اور بہترین نتائج کے لیے منصوبہ بندی کر رہی ہے۔

### آپریشنل کارکردگی

موجودہ سال میں ٹیکسٹائل کے کاروبار میں کمی کے رجحان کی وجہ سے اور مشکل کاروباری اور معاشی حالات کی وجہ سے کمپنی کو اختتام شدہ سال 30 جون 2016ء میں ٹیکس سے پہلے کا نقصان 67.764 ملین روپے (30 جون 2015ء میں 15 ملین روپے) ہے۔ ٹیکسٹائل کی صنعت میں ملکی اور بین الاقوامی سطح پر مشکل حالات ہونے کے باوجود جہاں بہت سی ملیں بند ہو گئی ہیں۔ ہم اپنی ہر ممکن کوشش کر رہے ہیں کہ ملز بہترین انداز میں چلتی رہے، مینجمنٹ اور سٹاف تنہا ہی کے ساتھ کام کر رہے ہیں اور مثبت طور پر یہ کہا جاسکتا ہے کہ لگن اور خود اعتمادی اور سب سے زیادہ اللہ رحمن الرحیم کی وجہ سے کمپنی مشکلات پر جلد قابو پا لے گی

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

سال 2015 روپے	سال 2016 روپے	
1,677,975,255	1,742,091,665	خالص فروخت
1,637,681,290	1,756,846,668	فروخت کی لاگت
40,293,965	(14,755,003)	مجموعی (خسارہ) / منافع
8,002,554	7,283,756	ڈسٹری بیوشن لاگت
19,868,942	20,009,908	انتظامی اخراجات
3,473,371	2,141,119	دیگر آپریٹنگ اخراجات
31,344,867	29,434,783	
8,949,098	(44,189,786)	آپریٹنگ (خسارہ) / منافع
574,795	72,971	دیگر آپریٹنگ آمدنی
9,523,893	(44,116,815)	
24,918,337	23,647,324	فنانس لاگت
(15,394,444)	(67,764,139)	ٹیکس سے پہلے کا خسارہ



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

**FORM OF PROXY  
REDCO TEXTILES LIMITED**

Ledger folio no. \_\_\_\_\_ and/or,

CDC Participant ID no. \_\_\_\_\_ Sub-Account no. \_\_\_\_\_

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

I/ We \_\_\_\_\_ of \_\_\_\_\_

Appoint \_\_\_\_\_

Of \_\_\_\_\_

Failing him/ her \_\_\_\_\_

Of \_\_\_\_\_

As my/ our proxy to attend and vote for me/ us on my/ our behalf, at the 25<sup>th</sup> Annual General Meeting of the company to be held on 31<sup>st</sup> day of October, 2016 at 10:00 am and at every adjournment thereof.

As witness me/ our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2016

**Affix  
Revenue  
Stamp**

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2016  
(Signature appended above should agree with the specimen signatures  
registered with the company)

**NOTE:**

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

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



**REDCO TEXTILES LIMITED**  
ISO 9001 2000 Certified

## پراکسی فارم

ریڈ کوٹیکسٹائلز لمیٹڈ

لیجر فولیو نمبر \_\_\_\_\_ اور ریا،

سی۔ ڈی۔ سی شریک کار آئی۔ ڈی نمبر \_\_\_\_\_ سب اکاؤنٹ نمبر \_\_\_\_\_

کمپنی سیکرٹری

ریڈ کوٹیکسٹائلز لمیٹڈ، ریڈ کوآرکیڈ، 78-E

بلیو ایریا، اسلام آباد۔

میں رہم \_\_\_\_\_ ساکن \_\_\_\_\_

تقرر \_\_\_\_\_

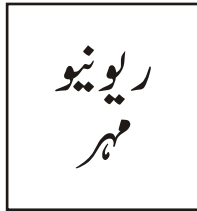
ساکن \_\_\_\_\_

عدم موجودگی مستی / مسماہ \_\_\_\_\_

ساکن \_\_\_\_\_

کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 25 ویں سالانہ اجلاس عام جو بتاریخ 31 اکتوبر 2016ء بوقت 10:00 بجے صبح منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط بقلم خود \_\_\_\_\_ تاریخ ہذا \_\_\_\_\_ مہینہ \_\_\_\_\_ 2016ء



دستخط \_\_\_\_\_ تاریخ ہذا \_\_\_\_\_ مہینہ \_\_\_\_\_ 2016ء

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

## نوٹ

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

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

۲۔ وہ پراکسی جو سی ڈی سی کی جانب سے انفرادی فائدہ مند مالک کی طرف سے ہوں وہ پراکسی فارم کے ساتھ فائدہ مند مالک کے تصدیق شدہ 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

[www.redcotextiles.com](http://www.redcotextiles.com)

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**Mills:** 3 km, Rawat Kalar Seydan Road, P.O. Sagri, Rawat, Rawalpindi, Pakistan.  
Tel: (+9251) 4610 402-4 | Fax: (+9251) 4610 401 | [textiles@redcogroup.com](mailto:textiles@redcogroup.com)