



Annual Report 2024



**REDCO  
TEXTILES LIMITED**

ISO 9001 Certified

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**REDCO TEXTILES LIMITED**

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## Company Information

### Board of Directors

Mrs. Manizah Saif	Chairperson
Mrs. Sarah Muhammad Saya	Chief Executive
Mr. Junaid Khan	
Mr. Irfan Ahmed Siddiqi	
Mr. Ahsan Ur Rehman Khan	
Ms. Ayesha Saif Khan	
Mr. Khalid Rehman Khan	

### Chief Financial Officer

Mr. Monim Ul Haq

### Company Secretary

Mr. Muhammad Kashif

### Auditors

Mushtaq & Co, Chartered Accountants

### Audit Committee

Mr. Irfan Ahmed Siddiqi	Chairman
Mrs. Manizah Saif	Member
Mr. Ahsan Ur Rehman Khan	Member

### HR and Remuneration Committee

Mr. Irfan Ahmed Siddiqi	Chairman
Mrs. Sarah Muhammad Saya	Member
Mrs. Manizah Saif	Member

### Registered Office

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

### Mills

Redco Textiles Limited, 3-Km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat, Rawalpindi. Tel: (+92-51) 4610402-4 Fax: (+92-51) 4610401  
E-mail: redcotextilemills@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.





**REDCO TEXTILES LIMITED**

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## MISSION

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

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





## **NOTICE OF 33<sup>rd</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that 33<sup>rd</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, 28<sup>th</sup> October 2024 at 09:00 AM** to transact the following business:

### **Ordinary Business:**

- 1) To confirm the minutes of Extraordinary General Meeting held on 04<sup>th</sup> April 2024.
- 2) To receive, consider and adopt the annual audited financial statements for the year ended 30<sup>th</sup> June 2024 along with Directors and Auditors reports thereon.
- 3) To appoint Auditors of the Company for the financial year ending 30<sup>th</sup> June 2025 and to fix their remuneration. The present Auditors, M/s Mushtaq & Co. Chartered Accountants, being eligible offer themselves for reappointment.

### **Special Business:**

- 4) To ratify and approve the transactions conducted by the Company with related parties as disclosed in the financial statements for the year ended June 30, 2024 by passing the following resolutions with or without modifications as special resolutions:

**RESOLVED THAT** the transactions conducted with related parties by the Company from time to time as disclosed in the financial statements for the year ended June 30, 2024 be and are hereby ratified, approved and confirmed.

**FURTHER RESOLVED THAT** the Board of Directors of the Company is authorized to approve the transactions conducted with the related parties as disclosed in the note 34 of the financial statements for the year ended 30 June 2024 be and are hereby ratified, approved and confirmed.

- 5) To receive, consider and approve the Circulation of Annual Report through QR Code and Through Weblink, in accordance with the Section 223(6) of the Companies Act, 2017 read with SECP's S.R.O 389(1)/2023 dated March 31, 2023 and pass the following resolution with or without modification:

**"RESOLVED THAT,** the Company be and is hereby authorized to circulate its Annual Report including Annual Audited Financial Statements, Auditor's Report, Directors Report, Chairman Review Report and other reports contained therein to Members of the Company through QR enabled Code and web link."

(Attached to this notice is a statement of Material Facts covering the above-mentioned Special Business, as required under section 134(3) of the Companies Act, 2017)

### **Other Business:**

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

Islamabad  
October 05, 2024



## Notes:

- a) The Share Transfer Books of the Company will remain closed from 21<sup>st</sup> October to 28<sup>th</sup> October 2024 (both days inclusive).
- b) A member entitled to attend and vote at the meeting may appoint any other member as his/ her proxy to attend and vote.
- c) The proxy to be valid must be in writing and received at the registered office of the company not later than 48 hours before the time of meeting and must be stamped, signed and witnessed.
- d) Members are requested to notify the Company regarding change in their addresses, if any.
- e) CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Card, Account and Participants ID number, for identification purpose. In case of corporate entity, the Original or duly authenticated Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.
- f) In compliance with SECP, the audited financial statements and reports of the Company for the year ended June 30, 2024, & notice of AGM to be held on October 28, 2024 are being placed on the Company's website: [www.redcotextiles.com](http://www.redcotextiles.com)
- g) Pursuant to the instructions of Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 4 of 2021 dated February 15, 2021 facility of online meeting through Zoom Platform is also available for shareholders to attend/participate in Annual General Meeting. To attend the Annual General Meeting through video link, members and proxies are requested to register their particulars such as Name, CNIC Number, Folio/CDC Account Number, Cell Number and E-mail Address by sending an e-mail at [kashif.muhammad135@gmail.com](mailto:kashif.muhammad135@gmail.com) at earliest but not later than 48 hours before the Meeting time with legible copy of valid CNIC/Passport. The video link and login credentials will be shared with the shareholders whose e-mails containing all the requested particulars are received in time as mentioned above.
- h) Pursuant to Section 132(2) & section 134(b) of the Companies Act, 2017, if Company receives consent from Shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.
- i) Pursuant to Companies (Postal Ballot) Regulations, 2018 for the purpose of passing special resolution; subject to the requirements of Section 143 and 144 of the Companies Act, 2017 members will be allowed to exercise their right of vote through postal ballot i.e. voting by post or through any electronic mode; in accordance with the requirements and procedure contained in the aforesaid Regulations.

Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses available in the Register of Members of the Company by the end of business on October 20, 2024 maintained by Corplink (Private) Limited being the e-voting service provider of the Company. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login. Members shall cast vote online from October 25, 2024, 9:00 A.M till October 27, 2024, 5:00 P.M. Voting shall close on October 27, 2024 at 5:00 P.M. Once the vote on the resolutions has been casted by a member, he/she shall not be allowed to change it subsequently.



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Members may alternatively opt for voting through postal ballot. For the convenience of the members, Ballot Paper is annexed to this notice.

The members must ensure that the duly filled and signed ballot paper, along with a copy of the Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, or email one day before the AGM, i.e., on October 27, 2024 before 5:00 P.M. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with the signature on the CNIC.

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

Pursuant to Section 134 (3) of the Companies Act, 2017, this statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the Annual General Meeting of Redco Textiles Limited to be held on October 28, 2024.

### **Transactions with Related Parties**

During the financial year 2023-24, the Company entered into various transactions with related parties of which the major transactions are receipts from associated undertaking.

### **Approval to circulate Annual Report via QR code and weblink**

Approval to circulate the Annual Audited Financial Statements, Auditor's Report and Directors' Report, etc. to its members through QR enabled code and weblink as required under section 223 (7) of Companies Act, 2017 and subsequently advised by SECP through its Notification S.R.O 389 (1)/2023 dated March 21, 2023.





**REDCO TEXTILES LIMITED**

**NOTICE FOR BALLOT PAPER AND E-VOTING FACILITY**

**For poll at the Annual General Meeting of Redco Textiles Limited to be held on Monday, October 28, 2024 at the Company's Registered Office address at: Redco Arcade, 78-E, Blue Area, Islamabad.**

Designated email address of The Chairman at which the duly filled in ballot paper may be sent:

**sales@redcogroup.com**

Name of shareholder/joint shareholders	
Registered Address	
Folio No. / CDC Participant / Investor ID with sub account No	
Number of shares held	
CNIC, NICOP/Passport No. (in case of foreigner) (Copy to be attached)	
<u>Additional Information and enclosures</u> (In case of representative of body corporate, corporation and Federal Government.)	
Name of Authorized Signatory:	
CNIC, NICOP/Passport No. (In case of foreigner) of Authorized Signatory - (Copy to be attached)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below;

**Special Business**

**Agenda # 4**

To ratify and approve the transactions conducted by the Company with related parties as disclosed in the financial statements for the year ended June 30, 2024 by passing the following resolutions with or without modifications as special resolutions:

**RESOLVED THAT** the transactions conducted with related parties by the Company from time to time as disclosed in the financial statements for the year ended June 30, 2024 be and are hereby ratified, approved and confirmed.

**FURTHER RESOLVED THAT** the Board of Directors of the Company is authorized to approve the transactions conducted with the related parties as disclosed in the note 34 of the financial statements for the year ended 30 June 2024 be and are hereby ratified, approved and confirmed.



## Agenda # 5

To receive, consider and approve the Circulation of Annual Report through QR Code and Through Weblink, in accordance with the Section 223(6) of the Companies Act, 2017 read with SECP's S.R.O 389(1)/2023 dated March 31, 2023 and pass the following resolution with or without modification:

**“RESOLVED THAT**, the Company be and is hereby authorized to circulate its Annual Report including Annual Audited Financial Statements, Auditor's Report, Directors Report, Chairman Review Report and other reports contained therein to Members of the Company through QR enabled Code and web link.”

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1	Resolution as per Agenda # 4 (as given above)			
2	Resolution as per Agenda # 5 (as given above)			

\_\_\_\_\_  
Signature of shareholder(s)

Place: \_\_\_\_\_

Date: \_\_\_\_\_

## NOTES:

1. Dully filled postal ballot should be sent to chairman at **Redco Arcade, 78-E, Blue Area, Islamabad** or through e-mail at **sales@redcogroup.com**
2. Copy of CNIC, NICOP/Passport No. (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms should reach chairman of the meeting on or before October 27, 2024 before close of business hours i.e. 17:00 PST. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (in case of foreigner).

Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected

## CHAIRMAN'S REVIEW REPORT

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

Despite operational difficulties during the financial year 2023-2024, due to excessively high electricity and natural gas prices, sky-high inflation rates, low production of cotton crop and harden economic conditions and political unrest, we have been able to post profit through meticulous efforts.

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

During the year, Board of Directors concentrated on the operational strategies and on setting the new financial and operational targets. The Board frequently traced the developments against the budgeted targets. The sub committees of the Board also performed their functions as per their terms of reference during the year under review. The Board carried out reviews of its success and achievements during the year which were quite up to the mark.

Islamabad  
October 04, 2024

Manizah Saif  
Chairperson



## DIRECTOR'S REPORT

The Directors of Redco Textiles Limited are pleased to present the 33<sup>rd</sup> Annual Report along with audited annual financial statements and Auditors Report thereon for the year ended June 30, 2024 and other required information prescribed under the Code of Corporate Governance.

### Overview

During the year under review the Company has shifted towards alternate energy source and as a part of this step the Company is installing solar panels at its premises. This will result in significant cost saving for the Company on account of excessive electricity charges. The Company was able to post profit during the year under review, despite the challenges posed by the exorbitant energy prices, stringent economic conditions and political unrest in the Country.

During the year 2023-2024, the cotton production during the current season has dropped by almost half compared to the same period of last year. The dismal production of cotton is largely being attributed to the impact of climate change. This, along with higher energy prices, raw materials, interest rates and other inputs is unfavorable for the industry. The continuously higher inflationary rates are poorly affecting the consumer behaviors and buying strength of the general public; therefore decreasing economic activities. The year was also noticeable due to convening of general elections and further negotiation by Government of Pakistan with International Monetary Fund (IMF) for Extended Fund Facility (EFF). Although IMF has approved Pakistan's request for EFF but it has set tough targets for Pakistan to meet against EFF. As a result of this, the general public with already broken backbone will be forced to squeeze their expenditures. This will affect the economy and all other sectors of the industry.

During the year ended 30 June 2024, your company earned a gross profit of Rs. 105.46 million on sales of Rs. 1,470.17 million, compared to a gross profit of Rs. 49.78 million on sales of Rs. 870.96 million of the previous financial year. During the current financial year, your company recorded a net profit of Rs. 212.08 million compared to net profit of Rs. 77.85 million in the corresponding previous year.

### Operational and Financial Performance

By the grace of Almighty Allah, the management took steps in the best interest of the company and the results of the Company can be termed as satisfactory keeping in view the stringent economic conditions and high energy costs which continued throughout the year. The company also made a significant investment by installing solar panels at its premises.

The profit before levies and income tax for the year ended 30th June 2024 is PKR 169.91 Million (30th June 2023: PKR 94.11 Million). The performance of the year under review may be compared against the preceding year below:

	<b>2024</b>	<b>2023</b>
	<b>Rupees</b>	<b>Rupees</b>
Sales - net	1,470,172,094	870,963,477
Cost of sales	(1,364,711,274)	(821,183,461)
Gross Profit	105,460,820	49,780,016
Distribution cost	(2,330,394)	(539,899)
Administrative expenses	(24,246,347)	(25,043,426)
Other operating expenses	(17,901,507)	(9,781,964)
	(44,478,248)	(35,365,289)
Operating Profit	60,982,572	14,414,727
Other income	111,607,477	81,488,463
	172,590,049	95,903,190
Finance cost	(2,676,936)	(1,792,070)
Profit before levies & income tax	169,913,113	94,111,120
Earnings per share (Rupees)	4.302	1.579

During the year the Company maintained a healthy trend of sales and posted net sales revenue of Rupees 1,470 million with an increase of 40.76 percent (2023: Rupees 871 million). There was an increase in cost of sales of Rs. 1,364.71 million with an increase of 66.19 percent (2023: Rs. 821.18 million) which was mainly due to increase in energy and fuel costs.

The gross profit for the year under review is amounting to PKR 105.46 million as compared to gross profit PKR 49.78 million in the previous year. Whereas, profit before levies and income tax for the year under review is amounting to PKR 169.913 million as compared to profit before levies and income tax of PKR 94.111 million in prior year. The other income is increased mainly due to the sale of idle plant and machinery.

#### **Acknowledgment**

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

We also want to place our extreme acknowledgement towards our valued shareholders, banks and customers, whose collaboration, uninterrupted support and assistance have enabled the company to strive for ongoing advancement and growth. During the year, the relationship between the management and employees remained gracious and we appreciate them for their commitment, continuity and concentration in rendering services for the company.

#### **Future Prospects**

The textile sector in Pakistan is facing many challenges thus negatively impacting its competitiveness. These challenges result in reduced demands, increasing inflation, higher operational costs, costly imports & raw materials purchases and increased taxation by government. This trouble is forcing many small and medium sized textile enterprises to shut down. On the contrary, larger textile units has shown flexibility in this taxing environment. Despite these challenges, industries remain optimistic about making profits through a special attention on cost cutting efforts.



A new government has assumed the office as a result of general elections during the year. IMF has also approved \$7 billion loan for Pakistan, which will encourage stability in future macro-economic indicators. However, this agreement came with tighten conditions; demanding extensive improvements. This means that the government may have limited fiscal independence. There is a political tension and military conflict in Middle East for almost past one year. There are chances that if conflict will continue to prolong then it may further increase fuel prices worldwide.

Your management is optimistic about the business environment as we are making plans to cut down the unfavorable effects of the high cost of doing business caused mainly due to exorbitant energy and fuel prices.

### **Dividend Distribution**

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

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

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

1. The financial statements presented by the management of the company presents fairly its affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
3. International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS), as applicable in Pakistan have been followed in preparation of financial statements; any departure there from has been adequately disclosed.
4. Appropriate accounting policies have been consistently applied in preparation of financial statements.
5. The system of internal control is sound in design and it has been effectively implemented and monitored .The process review will continue and any weakness in internal control will be removed.
6. There are no significant doubts upon the listed Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance as detailed in listing regulations.
8. Key operating financial data for the last six years in summary form is annexed.
9. There are no levies and penalties due as on June 30, 2024.
10. Pattern of shareholding and additional data is annexed.
11. No any trade in the shares of the Company were carried out during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children.

### Gender Pay Gap

The Company is committed to promote a workplace which is free from gender discrimination and which ensures equal pay regardless of gender. Employee remuneration is determined by multiple factors including professional experience, tenure, education, job role, performance and market dynamics. Compensation is based on objective merit-based criteria, with no gender bias. The Company is focusing on increasing the number of female staff to further diversify and enhance its talent pool.

### Board Meetings

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

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

### Audit Committee

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

### HR and Remuneration Committee

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

### External Auditors

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

For and on behalf of the Board,

\_\_\_\_\_  
**Irfan Ahmed Siddiqi**  
Director

Islamabad  
Dated: October 04, 2024

\_\_\_\_\_  
**Sarah Muhammad Saya**  
Chief Executive Officer



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
REDCO TEXTILES LIMITED  
FOR THE YEAR ENDING JUNE 30, 2024**

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

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

Category	Directors
Independent Directors	Mr. Irfan Ahmed Siddiqi
	Mr. Junaid Khan
Non-executive Directors	Mrs. Manizah Saif
	Mr. Ahsan Ur Rehman Khan
	Mr. Khalid Rehman Khan
Executive Directors	Mrs. Sarah Muhammad Saya
	Ms. Ayesha Saif Khan
Female Directors	Mrs. Sarah Muhammad Saya
	Mrs. Manizah Saif
	Ms. Ayesha Saif Khan

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

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





8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of directors are exempt from Directors' Training program and Chief Executive Mrs. Sarah Muhammad Saya has completed Directors' Training Certification session in 2016.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal auditor, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Irfan Ahmed Siddiqi	Chairman
Mrs. Manizah Saif	Member
Mr. Ahsan Ur Rehman Khan	Member

b) HR and Remuneration Committee

Mr. Irfan Ahmed Siddiqi	Chairman
Mrs. Sarah Muhammad Saya	Member
Mrs. Manizah Saif	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee: Quarterly
  - b) HR and Remuneration Committee: Annually
15. The board has outsourced the internal audit function to M/s Muniff Ziauddin & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.



16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S. No.	Requirement	Explanation for Non-Compliance	Regulation No.
1	<b>Representation of Minority shareholders:</b> The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one has intended to contest election as director representing minority shareholders.	5
2	<b>Voting in separate categories for female and independent directors in the election of directors:</b> Subject to section 154, 159 and section 166 of the Act and for the purpose of compliance with the requirements of regulation 6 and regulation 7 of these regulations, it is mandatory that voting for the election of directors of the listed company shall be held separately for the following three categories:- (i) the election of female directors; (ii) independent directors; and (iii) other directors.	Election of directors were held before insertion of this Regulation.	7A
3	<b>Responsibilities of the Board and its members:</b> Adoption of the corporate governance practices.	Non-mandatory provisions of the CCG Regulations are partially complied.	10



4	<b>Role of the Board and its members to address Sustainability Risks and Opportunities:</b> Responsibility of the Board for governance and oversight of sustainability risks and opportunities and to make policies to promote diversity, equity and inclusion (DE & I).	Non-mandatory provisions of the said Regulation are partially complied.	10A
5	<b>Nomination Committee:</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29
6	<b>Risk Management Committee:</b> The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the board has not constituted a Risk Management Committee and the senior officers of the Company perform the requisite functions and apprise the board accordingly.	30
7	<b>Disclosure of significant policies on website:</b> The Company may post significant policies, brief synopsis of terms of references of its sub-committees and key elements of directors' remuneration policy on its website.	The requirement to disclose significant policies and other matters on the website is non-mandatory as per Regulation No. 35 and thus, the Company has not posted the same on its website. However, the Company is considering to post the same in future.	35

**Irfan Ahmed Siddiqi**  
Director

**Sarah Muhammad Saya**  
CEO/Director

Islamabad  
Dated: October 04, 2024



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## **MUSHTAQ & COMPANY**

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3

Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com



leading edge alliance  
innovation • quality • excellence

Member firm

### ***Independent Auditor's Review Report***

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Redco Textiles Limited for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Place: Lahore  
Dated: 04-Oct-2024

**MUSHTAQ & CO**  
Chartered Accountants

UDIN: CR202410724OcwYDYGsK

**Engagement Partner:**  
Nouman Arshad, ACA

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## **MUSHTAQ & COMPANY**

CHARTERED ACCOUNTANTS

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

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

#### *Report on the Audit of the Financial Statements*

##### *Opinion*

We have audited the annexed financial statements of **Redco Textiles Limited** ('the Company'), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

##### *Basis for Opinion*

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

##### *Key Audit Matter(s)*

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

## MUSHTAQ & COMPANY

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

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Revenue Recognition</b></p> <p>(Refer note 3.17 and note 24 to the financial statements)</p> <p>Revenue from sale of Company's products for the year ended 30 June 2024 has increased by approximately 69% as compared to last year. The Company recognizes revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.</p> <p>There is an inherent risk that revenue may be overstated since the Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before the control has been transferred.</p> <p>Considering revenue recognition a significant risk area, we have identified this as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following;</p> <ul style="list-style-type: none"> <li>Assessed the design, implementation and operating effectiveness of key internal controls involved in revenue recognition;</li> <li>Evaluated the appropriateness of the Company's revenue recognition accounting policy and its compliance with IFRS 15: 'Revenue from Contracts with Customers'.</li> <li>Performed testing of revenue on a sample basis with underlying documentation including dispatch documents and sales invoices;</li> <li>Performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period;</li> <li>Checked on a sample basis, approval of sales prices by the appropriate authority.</li> <li>Ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

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

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

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

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

### *Responsibilities of Management and Board of Directors for the Financial Statements*

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

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





**REDCO TEXTILES LIMITED**

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### *Report on Other Legal and Regulatory Requirements*

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Nouman Arshad, ACA**.

**MUSHTAQ & CO**  
Chartered Accountants

Lahore.

Dated: 04-October-2024

UDIN: AR202410724q65jF71Js

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## FINANCIAL HIGHLIGHTS

2024	2023	2022	2021	2020	2019
------	------	------	------	------	------

(Rupees in thousands)

### Profit and Loss

Net Sales	1,470,172	870,963	728,594	495,470	355,476	251,367
Gross Profit/(Loss)	105,460	49,780	65,847	36,803	51,439	45,344
Profit/(Loss) Before Levies & Income Tax	169,913	94,111	26,905	48,390	25,549	3,908
Profit/(Loss) After Taxation	212,080	77,845	17,489	55,441	20,953	942

### Cash Outflows

Taxes Paid	(101,237)	147,358	12,827	25,979	11,438	6,868
Financial Charges Paid	2,677	1,845	954	1,907	126	1,912
Fixed Capital Expenditures	-	149,643	435,593	376,011	216,293	23,985

### Balance Sheet

Current Assets	1,220,838	1,418,841	435,984	331,753	312,470	275,743
Current Liabilities	2,686,601	2,857,206	1,900,172	1,514,321	1,171,446	1,082,581
Operating Fixed Assets	2,312,596	1,751,048	1,715,529	1,407,865	950,028	783,255
Total Assets	3,799,400	3,181,950	2,161,571	1,749,685	1,268,372	1,064,884
Shareholders Equity	1,002,857	303,994	226,625	215,445	72,937	(22,730)

### Ratios

Current Ratio	0.45:1	0.50:1	0.23:1	0.22:1	0.27:1	0.25:1
Gross Profit/(Loss) %	7.17	5.72	9.04	7.43	14.47	18.04
Profit/(Loss) Before Levies & Income Tax %	11.56	10.81	3.69	9.77	7.19	1.55
Earnings Per Share (Rs.)	4.30	1.58	0.36	1.13	0.43	0.02

### Production Machines

Number of Air Jet Looms Installed	200	200	180	154	124	92
Number of Spindles Installed	-	-	-	-	-	-



## FORM 20

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

1.1 Name of the Company Redco Textiles Limited

2.1. Pattern of holding of the shares held by the shareholders as at 30-06-2024

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
64	1	100	1,839
450	101	500	217,590
54	501	1,000	53,106
112	1,001	5,000	319,409
18	5,001	10,000	134,428
5	10,001	15,000	65,097
10	15,001	20,000	179,816
4	20,001	25,000	90,800
3	25,001	30,000	83,187
1	30,001	35,000	31,500
3	35,001	40,000	112,851
1	40,001	45,000	43,100
6	45,001	50,000	290,801
1	55,001	60,000	56,500
1	70,001	75,000	73,476
1	75,001	80,000	77,700
1	85,001	90,000	88,700
1	95,001	100,000	100,000
2	100,001	105,000	204,400
1	120,001	125,000	122,800
1	130,001	135,000	133,000
1	140,001	145,000	142,400
2	145,001	150,000	294,800
2	175,001	180,000	353,300
1	185,001	190,000	189,000
1	220,001	225,000	222,100
1	265,001	270,000	265,400
1	290,001	295,000	294,700
1	440,001	445,000	442,300
1	445,001	450,000	448,800
1	615,001	620,000	615,500
1	880,001	885,000	884,600
1	1,105,001	1,110,000	1,105,750
1	1,710,001	1,715,000	1,711,500
1	1,960,001	1,965,000	1,965,000
1	2,120,001	2,125,000	2,123,500
1	8,220,001	8,225,000	8,223,300
1	13,365,001	13,370,000	13,365,400
1	14,165,001	14,170,000	14,165,150
760			<b>49,292,600</b>

<b>2.3 Categories of Shareholders</b>	<b>Shares Held</b>	<b>Percentage</b>
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	29,832,450	60.5212%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	393,400	0.7981%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	985,922	2.0001%
2.3.5 Insurance Companies	1,965,000	3.9864%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	37,877,350	76.8419%
2.3.8 General Public		
a. Local	15,086,027	30.6051%
b. Foreign	3,000	0.0061%
2.3.9 Others (to be specified)		
- Joint Stock Companies	381,501	0.7740%
- Investment Companies	645,300	1.3091%

**Redco Textiles Limited**  
**Categories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on June 30, 2024**

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

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

- -

**Mutual Funds (Name Wise Detail)**

- -

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

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

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

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

2,950,922 5.9865%

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

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

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

S.No	NAME	SALE	PURCHASE
	NIL		

**REDCO TEXTILES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
 AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	2,558,812,915	1,751,048,321
Long Term Investments	6	67,685	39,000
Long term deposits	7	19,681,879	12,021,879
		<u>2,578,562,479</u>	<u>1,763,109,200</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	8	484,090,507	761,256,409
Stock in trade	9	55,548,215	182,690,355
Trade debts	10	286,482,851	156,961,716
Loans, advances and other receivables	11	34,414,671	45,721,961
Short term investments	12	130,000,000	-
Trade deposits and short term prepayments	13	77,599	141,608
Tax refunds due from Government	14	93,403,542	223,525,579
Cash and bank balances	15	136,820,685	48,542,883
		<u>1,220,838,070</u>	<u>1,418,840,511</u>
<b>TOTAL ASSETS</b>		<u><b>3,799,400,549</b></u>	<u><b>3,181,949,711</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
80,000,000 (June 30, 2023: 80,000,000) ordinary shares of Rs.10/- each		800,000,000	800,000,000
		<u>800,000,000</u>	<u>800,000,000</u>
Issued, subscribed and paid up capital			
49,292,600 (June 30, 2023: 49,292,600) ordinary shares of Rs.10/- each	16	492,926,000	492,926,000
Surplus on revaluation of property, plant and equipment - net of tax	17	869,396,739	381,964,314
Director's loan	22	69,599,501	69,599,501
Other reserves		12,610	(16,075)
Accumulated loss		(429,078,000)	(640,479,489)
		<u>1,002,856,850</u>	<u>303,994,251</u>
<b>NON CURRENT LIABILITIES</b>			
Staff retirement benefits-gratuity	18	27,964,686	20,749,230
Deferred taxation	19	81,977,732	-
		<u>109,942,418</u>	<u>20,749,230</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	222,701,408	406,562,604
Short term borrowings from associated undertakings	21	871,701,203	848,390,650
Short term borrowings from directors and others	22	1,592,198,670	1,602,252,976
		<u>2,686,601,281</u>	<u>2,857,206,230</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,799,400,549</b></u>	<u><b>3,181,949,711</b></u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**REDCO TEXTILES LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
Sales	24	1,470,172,094	870,963,477
Cost of sales	25	(1,364,711,274)	(821,183,461)
Gross Profit		105,460,820	49,780,016
Distribution cost	26	(2,330,394)	(539,899)
Administrative expenses	27	(24,246,347)	(25,043,426)
Other operating expenses	28	(17,901,507)	(9,781,964)
		(44,478,248)	(35,365,289)
Operating Profit		60,982,572	14,414,727
Other income	29	111,607,477	81,488,463
		172,590,049	95,903,190
Finance cost	30	(2,676,936)	(1,792,070)
Profit before Levies and Income Tax		169,913,113	94,111,120
Levies	31	(28,885,229)	(15,998,890)
Profit Before Income Tax		141,027,884	78,112,230
Income Tax Expense			
Current tax		-	(72,925)
Deferred tax		71,052,008	(194,241)
	32	71,052,008	(267,166)
Profit for the year		212,079,892	77,845,064
Earnings per share - basic and diluted	33	4.302	1.579

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**REDCO TEXTILES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
Profit for the year		212,079,892	77,845,064
<b>Other comprehensive income:</b>			
<b>Items that will never be reclassified subsequently to profit or loss</b>			
Gain on revaluation of land and buildings		646,326,205	-
Impact of deferred tax		(154,927,049)	:
		<b>491,399,156</b>	<b>-</b>
Re-measurement of staff retirement benefits		(6,542,443)	(669,796)
Deferred tax on remeasurement of staff retirement benefits		1,897,309	194,241
		<b>(4,645,134)</b>	<b>(475,555)</b>
<b>Investments at fair value through other comprehensive income</b>			
Fair value Gain / (loss) arised during the period		28,685	(335)
		<b>28,685</b>	<b>(335)</b>
Total comprehensive income for the year		<b>698,862,599</b>	<b>77,369,174</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER





# REDCO TEXTILES LIMITED

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**REDCO TEXTILES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Capital Reserves			Director's loan	Revenue Reserves	Total equity
	Revaluation surplus	Unrealized gain/(loss) on investment measured at FVOCI	Accumulated loss			
	Rupees					
<b>Balance as at June 30, 2022</b>	<b>492,926,000</b>	<b>386,139,820</b>	<b>(15,740)</b>	<b>69,599,501</b>	<b>(722,024,504)</b>	<b>226,625,077</b>
Total comprehensive Income / (loss) for the year						
Profit for the year	-	-	-	-	77,845,064	77,845,064
Other Comprehensive income / (loss)	-	-	(335)	-	(475,555)	(475,890)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment (Net of deferred tax)	-	(4,175,506)	-	-	4,175,506	-
<b>Balance as at June 30, 2023</b>	<b>492,926,000</b>	<b>381,964,314</b>	<b>(16,075)</b>	<b>69,599,501</b>	<b>(640,479,489)</b>	<b>303,994,251</b>
Total comprehensive Income / (loss) for the year						
Profit for the year	-	-	-	-	212,079,892	212,079,892
Other Comprehensive income / (loss)	-	491,399,156	28,685	-	(4,645,134)	486,782,707
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment (Net of deferred tax)	-	(3,966,731)	-	-	3,966,731	-
<b>Balance as at June 30, 2024</b>	<b>492,926,000</b>	<b>869,396,739</b>	<b>12,610</b>	<b>69,599,501</b>	<b>(429,078,000)</b>	<b>1,002,856,850</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

## REDCO TEXTILES LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before Levies and Income Tax		169,913,113	94,111,120
Adjustments for :			
Depreciation		78,225,182	80,367,781
Provision for staff retirement benefits - gratuity		10,587,690	8,161,052
Allowance for ECL on trade debts		1,724,476	620,647
Amortization of govt. grant		-	(1,174,697)
Gain on sale of property, plant and equipment		(6,547,004)	-
Finance cost		2,676,936	1,792,070
		<b>86,667,280</b>	<b>89,766,853</b>
Operating profit / (loss) before working capital changes		<b>256,580,393</b>	<b>183,877,973</b>
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		277,165,902	(711,807,967)
Stock in trade		127,142,140	(106,198,180)
Trade debts		(131,245,611)	1,988,233
Loan & Advances and Trade deposits		11,371,299	6,441,066
Increase / (decrease) in current liabilities			
Trade and other payables		(183,861,196)	169,956,557
		<b>100,572,534</b>	<b>(639,620,291)</b>
Cash (used in)/generated from operations		<b>357,152,927</b>	<b>(455,742,318)</b>
Long term deposits		(7,660,000)	(2,002,800)
GIDC Paid		-	(18,990)
Staff retirement benefits - gratuity paid		(9,914,677)	(6,588,655)
Finance cost paid		(2,676,936)	(1,844,721)
Taxes paid		101,236,808	(147,358,171)
		<b>80,985,195</b>	<b>(157,813,337)</b>
Net cash (used in)/generated from operating activities		<b>438,138,122</b>	<b>(613,555,655)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment - acquired		-	(115,887,188)
Proceeds from sale of property, plant and equipment		13,100,000	-
Capital work in progress - Solar system		(246,216,567)	-
Investment in term deposit certificate		(130,000,000)	-
		<b>(363,116,567)</b>	<b>(115,887,188)</b>
Net cash (used in)/generated from investing activities		<b>(363,116,567)</b>	<b>(115,887,188)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings from associated undertakings		23,310,553	78,394,733
Short term borrowings from directors and others		(10,054,306)	700,701,313
Long term financing from banking companies		-	(7,039,428)
		<b>13,256,247</b>	<b>772,056,618</b>
Net cash generated from/(used in) financing activities		<b>13,256,247</b>	<b>772,056,618</b>
Increase / (Decrease) in cash and cash equivalents		<b>88,277,802</b>	<b>42,613,775</b>
Cash and cash equivalents at the beginning of the year		48,542,883	5,929,108
Cash and cash equivalents at the end of the year	15	<b>136,820,685</b>	<b>48,542,883</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**REDCO TEXTILES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**1 The Company and its operations**

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

**2 Basis of Preparation**

**2.1 Statement of compliance**

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

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

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

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgments**

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

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

**2.5 Standards, Interpretations And Amendments To The Approved Accounting Standards**

- 2.5.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements except as disclosed in note 3 to these financial statements.
- 2.5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	<b>Effective date (annual reporting periods beginning on or after)</b>
IAS 1 Presentation of financial statements (Amendments)	January 1, 2024
IAS 7 Statement of Cash flows (Amendments)	January 1, 2024
IFRS 16 Leases (Amendments)	January 1, 2024
IAS 21 The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7 Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17 Insurance Contracts	January 1, 2026
IFRS 9 Financial Instruments - Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026



2.5.3 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements

2.5.4 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2024;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

### 3 Material Accounting Policy Information

#### 3.1 Borrowings

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

#### 3.2 Employee benefits

##### Short term employees benefits

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

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

##### Post retirement benefits

##### Defined benefit plans

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

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

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

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

#### 3.3 Taxation

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

##### Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

##### Deferred

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering the enacted tax rate.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at enacted tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.



## Levy

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21/IAS 37.

## 3.4 Provisions

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

## 3.5 Trade and other payables

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

## 3.6 Dividend

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

## 3.7 Property, plant and equipment and depreciation

### Owned assets

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

### Subsequent cost

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

### Depreciation

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

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

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

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

### Impairment

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

### Leased assets

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

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

## 3.8 Capital work in progress

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

## 3.9 Investment in associates - Equity Method

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

### 3.10 Financial assets and liabilities

#### Financial assets

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

#### Amortized cost

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

#### Fair value through other comprehensive income

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

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

#### Fair value through profit or loss

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

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

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

#### Derecognition

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

#### Financial Liabilities

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

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

#### Derecognition

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

### 3.11 Impairment

#### Financial assets

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

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

#### Non-financial assets

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

#### 3.12 Offsetting of financial assets and financial liabilities

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

#### 3.13 Stores and spares

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

#### 3.14 Stock-in-trade

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

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

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

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

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

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

#### 3.15 Trade debts and other receivables

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

#### 3.16 Cash and cash equivalents

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

#### 3.17 Revenue recognition

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

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

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

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

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



### 3.18 Borrowing costs

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

### 3.19 Foreign currency translation

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

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

### 3.20 Transactions with related parties

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

### 3.21 Government grant

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

### 3.22 Segment reporting

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

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

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

## 4 Capital management

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





# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2024 Rupees	2023 Rupees
Operating fixed assets	5.1	2,312,596,348	1,751,048,321
Capital work in progress	5.3	246,216,567	-
		<u>2,558,812,915</u>	<u>1,751,048,321</u>

5.1 Operating fixed assets

PARTICULARS	COST / REVALUATION				As at June 30, 2024	Rate	DEPRECIATION				As at June 30, 2024	BOOK VALUE As at June 30, 2024
	As at July 1, 2023	Additions / Adjustments	Deletion/ Transfer	Addition/(deficit) due to surplus revaluation			As at July 1, 2023	For the year	Deletion/ Transfer	Addition due to surplus revaluation		
<b>OWNED ASSETS</b>												
Freehold land	323,830,000	-	-	112,095,000	435,925,000	0%	-	-	-	-	-	435,925,000
Building on free hold land	468,807,105	-	-	179,005,925	647,813,030	5%	269,299,685	9,975,371	-	106,636,374	385,911,430	261,901,600
Plant and machinery	1,488,538,410	-	-	648,544,295	2,137,082,705	5%	385,928,908	55,130,475	-	192,166,050	633,225,433	1,503,857,272
Generators	94,275,061	-	-	9,928,052	104,203,113	5%	39,465,057	2,740,500	-	4,444,643	46,650,200	57,552,913
Tools and equipment	47,992,842	-	-	-	47,992,842	5%	17,523,062	1,523,489	-	-	19,046,551	28,946,291
Tools	184,490,538	-	-	-	184,490,538	33%	165,146,590	6,383,503	-	-	171,530,093	12,960,445
Vehicles	30,363,311	-	(9,948,882)	-	20,414,429	20%	13,812,352	2,275,508	(3,395,886)	-	12,691,974	7,722,455
Furniture and fixtures	2,600,237	-	-	-	2,600,237	5%	1,544,963	52,764	-	-	1,597,727	1,002,510
Office equipment	4,771,255	-	-	-	4,771,255	5%	2,811,881	97,969	-	-	2,909,850	1,861,405
Laboratory equipment	6,028,249	-	-	-	6,028,249	5%	5,116,189	45,603	-	-	5,161,792	866,457
<b>Total 2024</b>	<b>2,651,697,008</b>	<b>-</b>	<b>(9,948,882)</b>	<b>949,573,272</b>	<b>3,591,321,398</b>		<b>900,648,687</b>	<b>78,225,182</b>	<b>(3,395,886)</b>	<b>303,247,067</b>	<b>1,278,725,050</b>	<b>2,312,596,348</b>

PARTICULARS	COST / REVALUATION				As at June 30, 2023	Rate	DEPRECIATION				As at June 30, 2023	BOOK VALUE As at June 30, 2023
	As at July 1, 2022	Additions / Adjustments	Deletion/ Transfer	Addition/(deficit) due to surplus revaluation			As at July 1, 2022	For the year	Deletion/ Transfer	Addition due to surplus revaluation		
<b>OWNED ASSETS</b>												
Freehold land	323,830,000	-	-	-	323,830,000	0%	-	-	-	-	-	323,830,000
Building on free hold land	435,051,170	33,755,935	-	-	468,807,105	5%	260,427,870	8,871,815	-	-	269,299,685	199,507,420
Plant and machinery	1,382,954,958	105,583,452	-	-	1,488,538,410	5%	332,527,682	53,401,226	-	-	385,928,908	1,102,609,502
Generators	91,183,552	3,091,509	-	-	94,275,061	5%	36,666,270	2,798,787	-	-	39,465,057	54,810,004
Tools and equipment	41,037,615	6,955,227	-	-	47,992,842	5%	16,090,116	1,432,946	-	-	17,523,062	30,469,780
Tools	184,490,538	-	-	-	184,490,538	33%	155,618,974	9,527,616	-	-	165,146,590	19,343,948
Vehicles	30,363,311	-	-	-	30,363,311	20%	9,674,612	4,137,740	-	-	13,812,352	16,550,959
Furniture and fixtures	2,343,237	257,000	-	-	2,600,237	5%	1,498,440	46,523	-	-	1,544,963	1,055,274
Office equipment	4,771,255	-	-	-	4,771,255	5%	2,708,756	103,125	-	-	2,811,881	1,959,374
Laboratory equipment	6,028,249	-	-	-	6,028,249	5%	5,068,186	48,003	-	-	5,116,189	912,060
<b>Total 2023</b>	<b>2,502,053,885</b>	<b>149,643,123</b>	<b>-</b>	<b>-</b>	<b>2,651,697,008</b>		<b>820,280,906</b>	<b>80,367,781</b>	<b>-</b>	<b>-</b>	<b>900,648,687</b>	<b>1,751,048,321</b>

	Note	2024 Rupees	2023 Rupees
<b>5.2 Depreciation has been allocated as follows:</b>			
Cost of sales	25	75,753,338	76,032,390
Administrative expenses	27	2,471,844	4,335,391
		<u>78,225,182</u>	<u>80,367,781</u>

	Note	2024 Rupees	2023 Rupees
<b>5.3 Capital work in progress</b>			
Solar System	5.3.1	246,216,567	-
		<u>246,216,567</u>	<u>-</u>

5.3.1 This amount relates to purchase of solar system being installed in factory premises.

5.4 Disposal of property, plant and equipment

Particulars	Name of buyer	City	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Gain)/Loss	Relation
Rupees									
KIA Carnival	Mr. Ali Ahsan	Lahore	Negotiation	9,948,882	3,395,886	6,552,996	13,100,000	(6,547,004)	N/A
				<u>9,948,882</u>	<u>3,395,886</u>	<u>6,552,996</u>	<u>13,100,000</u>	<u>(6,547,004)</u>	

5.5 The company had its land freehold / leasehold, buildings on freehold land and plant and machinery revalued. Revaluation of the assets was carried out by the independent valuers "Engineering Pakistan Int'l (Pvt.) Limited" on June 30, 2024. The value is assessed on the basis of professional knowledge, present market conditions and available records. Freehold / leasehold land, building on freehold land, and plant and machinery was revalued at market value. The company has incorporated a revaluation surplus of Rs. 646,326,205 on revaluation of above assets on the basis of said valuation report. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

	Operating Fixed Assets
Land	370,536,250
Building and Civil Works	209,521,280
Plant and Machinery	1,171,057,639
	<u>1,751,115,169</u>

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

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

5.7.1 Land and Building is located at 3-km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat, Rawalpindi, District Rawalpindi in the Province of Punjab.

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		2024 Rupees	2023 Rupees
<b>6 Long Term Investments</b>	<b>Note</b>		
Equity instruments designated at fair value through OCI:			
Oil & Gas Development Company Limited-OGDC	6.1	<u>67,685</u>	<u>39,000</u>
6.1	This represents the investment in 500 (June 30, 2023 : 500) ordinary shares of Rs. 10 each in OGDCL. The market value as at June 30, 2024 is Rs. 135.37 (June 30, 2023 : Rs. 78.00) per share.		
<b>7 LONG TERM DEPOSITS</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Deposits :			
WAPDA		2,620,940	2,620,940
SNGPL		16,970,439	9,310,439
Others		90,500	90,500
		<u>19,681,879</u>	<u>12,021,879</u>
<b>8 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	8.1	471,913,392	753,049,873
Spare parts		10,185,506	7,015,629
Packing material		1,973,398	1,172,867
Loose tools		18,211	18,040
		<u>484,090,507</u>	<u>761,256,409</u>
8.1	Stores include plant and machinery amounting to Rs. 426,716,929 (2023: 718,773,790) which are held for capitalization.		
8.2	No item of stores, spares and loose tools is pledged as security as at reporting date.		
<b>9 STOCK IN TRADE</b>			
Raw material		982,060	2,350,786
Work in process		3,987,125	2,811,081
Finished goods	9.1	50,579,030	177,528,488
		<u>55,548,215</u>	<u>182,690,355</u>
9.1	These include waste stock measured at net realizable value amounting to Rs. 2,186,941 (June 30, 2023 : Rs. 991,331).		
9.2	No item of stock in trade is pledged as security as at reporting date.		
<b>10 TRADE DEBTS</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>Local-Unsecured</b>			
Considered good		289,931,803	156,961,716
Considered doubtful		13,321,309	15,045,785
		<u>303,253,112</u>	<u>172,007,501</u>
Less: Allowance for ECL on trade debts	10.1	(16,770,261)	(15,045,785)
		<u>286,482,851</u>	<u>156,961,716</u>
10.1	<b>Allowance for ECL on trade debts</b>		
Opening balance		15,045,785	14,425,138
Allowance for ECL during the year		1,724,476	620,647
Allowance no longer required/recovered		-	-
Closing balance		<u>16,770,261</u>	<u>15,045,785</u>
<b>11 LOANS, ADVANCES AND OTHER RECEIVABLES</b>			
<b>Unsecured</b>			
Advances to:			
Suppliers (Considered good)		30,484,451	42,137,225
Suppliers (Considered doubtful)		6,949,975	4,493,684
Employees (Considered good)	11.1	3,754,736	3,584,736
Employees (Considered doubtful)		5,266,941	5,266,941
Interest receivable		175,484	-
		<u>46,631,587</u>	<u>55,482,586</u>
Less: Allowance for ECL on loans and advances	11.2	(12,216,916)	(9,760,625)
		<u>34,414,671</u>	<u>45,721,961</u>
11.1	These loans are given against the salaries, wages and gratuity of the employees.		

		2024 Rupees	2023 Rupees
<b>11.2 Allowance for ECL on loans and advances</b>	<b>Note</b>		
Opening balance		9,760,625	9,760,625
Allowance for ECL during the year		2,456,291	-
Allowance no longer required/recovered		-	-
Closing balance		<u>12,216,916</u>	<u>9,760,625</u>
	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>12 SHORT TERM INVESTMENTS</b>			
Term deposits	12.1	<u>130,000,000</u>	<u>-</u>
<b>12.1 Bank Name</b>			
MCB Bank Limited		120,000,000	-
Faysal Bank Limited		<u>10,000,000</u>	<u>-</u>
		<u>130,000,000</u>	<u>-</u>
12.2 These represent term deposits with MCB Bank Limited and Faysal Bank Limited having maturity period of one month and carry interest rate 15.43% to 17% per annum.			
	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Short term prepayments		77,599	141,608
		<u>77,599</u>	<u>141,608</u>
<b>14 TAX REFUNDS DUE FROM GOVERNMENT</b>			
Sales tax refundable		64,249,796	186,352,985
Advance income tax	14.1	29,153,746	37,172,594
		<u>93,403,542</u>	<u>223,525,579</u>
<b>14.1 Advance income tax</b>			
Opening balance		37,172,594	29,873,957
Add: Deducted during the year		20,866,381	23,370,452
		<u>58,038,975</u>	<u>53,244,409</u>
Adjusted against provision for the year		(28,885,229)	(16,071,815)
Closing balance		<u>29,153,746</u>	<u>37,172,594</u>
	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>15 CASH AND BANK BALANCES</b>			
Cash in hand		1,373,006	834,650
Cash with banks in :			
- Current accounts		74,798,781	35,837,250
- Saving accounts	15.1	60,648,898	11,870,983
		<u>135,447,679</u>	<u>47,708,233</u>
		<u>136,820,685</u>	<u>48,542,883</u>
15.1 It carries rate of return ranging from 6.77 % to 20.50 % (June 30, 2023 : 4.5 % to 20.5 %) per annum.			

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16	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		2024	2023		2024	2023
		Number of shares				Rupees	Rupees
			49,292,600	49,292,600	Ordinary shares of Rs. 10/- each fully paid in cash	492,926,000	492,926,000

16.1 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.

17	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX		2024	2023
			Rupees	Rupees
	Opening balance - gross		414,320,124	420,201,118
	Add:			
	Surplus arised during the year-net		491,399,156	-
	Prior year impairment loss reversed		-	-
	Related deferred tax liability		154,927,049	-
			646,326,205	-
	Less:			
	Disposal of fixed assets		-	-
	Related deferred tax liability		-	-
			-	-
	Less:	Transferred to equity in respect of:		
	Incremental depreciation on revalued assets		3,966,731	4,175,506
	Related deferred tax liability		1,620,214	1,705,488
			5,586,945	5,880,994
	Closing balance - gross		1,055,059,384	414,320,124
	Less:	Related deferred tax liability		
	Revaluation at the beginning of the year		32,355,810	34,061,298
	Related deferred tax liability on addition to surplus		154,927,049	-
	Effect of change in tax rate		-	-
	Amount transferred due to disposal		-	-
	Amount realized during the year on account of incremental depreciation		(1,620,214)	(1,705,488)
			185,662,645	32,355,810
	Closing balance - net of tax		869,396,739	381,964,314

17.1 The Free hold land, building on free hold land, plant and machinery and generators have been revalued on June 30, 2024 resulting in a surplus of Rs. 646,326,205. The revaluation was conducted by an independent valuer M/s Engineering Pakistan International (Pvt) Limited.

**Basis of revaluation:**

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

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

	Note	2024	2023
		Rupees	Rupees
Free hold land		21,081,636	21,081,636
Building on free hold land		105,303,338	110,845,619
Plant and machinery		1,027,752,639	1,081,844,883
Generators		50,039,788	52,664,664
		1,204,177,401	1,266,436,802

18	STAFF RETIREMENT BENEFITS - GRATUITY		2024	2023
			Rupees	Rupees
	Present value of defined benefit obligation - at the beginning of the year		20,749,230	18,507,037
	Charged to profit or loss account	18.4	10,587,690	8,161,052
	Charged to other comprehensive income	18.5	6,542,443	669,796
			37,879,363	27,337,885
	Benefits paid during the year		(9,914,677)	(6,588,655)
	Present value of defined benefit obligation - at the end of the year		27,964,686	20,749,230

18.1 **General description**  
The scheme provides for termination benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the company. Annual charge is based on actuarial valuation carried out as at June 30, 2024 using Projected Unit Credit Method.

18.2 Principal actuarial assumptions		2024	2023
Following are a few important actuarial assumptions used in the valuation:			
		%	%
Discount rate		14.75%	16.25%
Expected rate of increase in salary		13.75%	15.25%
		Years	Years
Average expected remaining working life time of the employees		5	8
18.3 Movement in present value of defined benefit obligation		2024	2023
	Note	Rupees	Rupees
Present value of defined benefit obligation - Opening balance		20,749,230	18,507,037
Current service cost		8,024,583	6,115,473
Interest cost		2,563,107	2,045,579
Benefits paid during the period		(9,914,677)	(6,588,655)
Remeasurement loss/ (gain) arising during the year		6,542,443	669,796
Closing balance		<u>27,964,686</u>	<u>20,749,230</u>
18.4 Charge for the year			
Current service cost		8,024,583	6,115,473
Interest cost		2,563,107	2,045,579
		<u>10,587,690</u>	<u>8,161,052</u>
18.5 Expenses recognized in other comprehensive income			
Remeasurement in the year		<u>6,542,443</u>	<u>669,796</u>
18.6 Gratuity expenses have been allocated as follows			
Cost of goods manufactured		<u>10,587,690</u>	<u>8,161,052</u>
		<u>10,587,690</u>	<u>8,161,052</u>

#### 18.7 Sensitivity analysis of actuarial assumption

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

	Increase in assumption	Decrease in assumption
Discount rate	(996,430)	1,049,996
Expected rate of increase in future salaries	1,049,996	(1,013,643)

#### 18.8 Historical information

	2023 Rupees	2022 Rupees	2021 Rupees	2020 Rupees
Present value of defined benefits obligation	<u>20,749,230</u>	<u>18,507,037</u>	<u>11,210,705</u>	<u>5,303,819</u>
Experience adjustments on plan liabilities	<u>669,796</u>	<u>3,803,050</u>	<u>4,325,365</u>	<u>(2,140,527)</u>

18.9 Expected gratuity expenses for the year ended June 30, 2025 works out Rs. 11,721,319

#### 19 DEFERRED TAXATION

Opening balance	Note	2024 Rupees	2023 Rupees
Opening balance		-	-
Add: Provided on surplus during the year		154,927,049	-
Less: Reversed on surplus during the year due to rate change		-	-
Add / (less): Provided / (reversed) during the year in profit and loss account		(71,052,008)	194,241
Less: Charged through other comprehensive income due to remeasurements		(1,897,309)	(194,241)
		<u>81,977,732</u>	<u>-</u>
Deferred tax liabilities / (assets) arising due to taxable / (deductible) temporary differences are as follows:			
Accelerated tax depreciation		161,982,168	146,118,705
Surplus on revaluation of property, plant and equipment		185,662,645	32,355,810
Surplus (reversed)/arised due to revaluation of property plant and equipment		-	-
Staff retirement benefits - gratuity		(8,109,759)	(6,017,277)
Provision for doubtful debts / advances		(8,406,282)	(7,193,859)
Turnover tax carried forward		(15,619,926)	(45,585,003)
Brought forward tax losses and minimum tax		(233,531,114)	(284,036,723)
		<u>81,977,732</u>	<u>(164,358,347)</u>
Tax rate used		<u>29%</u>	<u>29%</u>

During the year net deferred tax liability amounting to Rs. 25.554 million (2023: Rs.164,358,347 asset which was not recognised) has been recognized. because it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

20 TRADE AND OTHER PAYABLES	Note	2024 Rupees	2023 Rupees
Creditors		114,289,075	72,482,748
Accrued liabilities		62,669,985	58,866,856
Advances from customers	20.1	4,548,884	238,219,253
Withholding tax payable		15,774,887	15,296,043
GIDC Payable	20.2	16,248,160	16,248,160
Workers' profit participation fund	20.3	9,170,417	4,993,430
Workers' welfare fund		-	456,114
		<u>222,701,408</u>	<u>406,562,604</u>

20.1 Advance received from customer is recognized as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 12,663,502 (2023: 4,170,377) has been recognized in current year in respect of advances from customer at the beginning of period and during the year advance amounting to Rs. 225,555,751 adjusted against sale of store items.

20.2 GIDC Payable - Movement in liability recognized in the balance sheet	2024 Rupees	2023 Rupees
Balance at beginning of the year	16,248,160	16,267,150
Accrued for the year	-	-
Paid during the year	-	(18,990)
Balance at the end of the year	<u>16,248,160</u>	<u>16,248,160</u>

20.2.1 The Company has filed petition W.P.No. 42168 of 2020. Through this petition the arrears of GIDC in gas bill has been challenged. Presently the recovery of arrears of GIDC has been stayed by the Lahore High Court, Lahore. It is anticipated that this case would be decided in favor of Redco Textiles Limited, However, the time frame for decision of the Court cannot be prejudged for the said case.

20.3 Workers' profit participation fund

Opening balance		4,993,430	1,887,485
Add: Interest on funds utilized in the company's business	20.3.1	934,256	382,027
		<u>5,927,686</u>	<u>2,269,512</u>
Less: Payment during the year		(5,927,686)	(2,269,512)
Allocation for the year		<u>9,170,417</u>	<u>4,993,430</u>
		<u>9,170,417</u>	<u>4,993,430</u>

20.3.1 Interest on Workers' Profit Participation Fund has been provided @ 21.07% (30 June 2023: 22.38%) per annum.

21 SHORT TERM BORROWINGS FROM ASSOCIATED UNDERTAKINGS

Unsecured - from related parties

Redco Pakistan Limited	21.1	765,591,738	742,281,185
Royal Holdings (Private) Limited	21.1	106,109,465	106,109,465
		<u>871,701,203</u>	<u>848,390,650</u>

21.1 These are unsecured and interest free loans payable to associated undertakings. Out of the above balance amount of Rs. 414.766 million (June 30, 2023: Rs. 414.766 million) have been subordinated to Bank Alfalah Limited. These loans were acquired to meet the working capital requirements of the Company.

22 SHORT TERM BORROWINGS FROM DIRECTORS AND OTHERS

Unsecured - from directors and sponsors

	Note	2024 Rupees	2023 Rupees
<b>Sponsor</b>			
Saif-ur-Rehman Khan	22.1	1,588,598,670	1,598,652,976
Mrs. Taufiq Amanullah Khan	22.1	3,600,000	3,600,000
<b>Chief Executive</b>			
Mrs. Sarah Muhammad Saya	22.2	66,074,470	66,074,470
<b>Directors</b>			
Ahsan-ur-Rehman Khan	22.2	3,525,031	3,525,031
		<u>1,661,798,171</u>	<u>1,671,852,477</u>
Directors loan transferred to Equity	22.2	(69,599,501)	(69,599,501)
Closing Balance		<u>1,592,198,670</u>	<u>1,602,252,976</u>

22.1 These are unsecured and interest free loans payable to the directors, chief executive and sponsors. Out of above balance amount of Rs. 247.150 million (June 30, 2023: Rs. 247.150 million) have been subordinated to Bank Alfalah Limited. These loans are repayable at the discretion of the sponsor and provided to meet capital expenditure and working capital requirements of the Company.

22.2 At July 1st, 2019, the company has revised the terms of old director's loan. As per terms of new agreement, out of total existing loan, and amount of Rs. 69.60 million shall be repayable only at the discretion of the Company. Therefore, this amount is accounted for in accordance with the 'Technical Release-32' and is classified under equity.

23 CONTINGENCIES AND COMMITMENTS

23.1 CONTINGENCIES

23.1.1 The company has availed the facility for issuance of performance guarantees (LG) (Existing) from Bank Alfalah Limited amounting to Rs. 26,940,753 (June 30, 2023 : Rs. 26,940,753). This facility is secured against counter guarantee of the company and carry commission of 0.40% per quarter (June 30, 2023 : 0.40% per quarter) maximum tenor: performance bond revolving.

23.1.2 The company has availed the facility for issuance of Standby Letter of Credit (SBL) from Habib Metropolitan Bank Limited amounting to Rs. 21.40 million (June 30, 2023: 21.40 million). This facility carry commission of 1% (June 30, 2023: 1%) per annum (maximum tenor: performance bond revolving).

23.1.3 The company has filed a writ petition (W.P. No. 3970/2023) challenging an SECP investigation order from March 24, 2021, and a show cause notice from December 17, 2019, under Section 257 of the Companies Act, 2017. The Islamabad High Court issued notices and granted status quo orders in favor of the company on December 14 and December 22, 2023. The next hearing is scheduled for October 14, 2024.

23.1.4 In addition to above mentioned litigations there is litigation which is disclosed in note 20.2.1

23.2 COMMITMENTS

Outstanding commitments related to letter of credit at the end of the year equivalent to Pak Rs. 17.05 million (June 30, 2023: Rs. Nil) for purchase of spare parts.

24 SALES	Note	2024 Rupees	2023 Rupees
<b>Local</b>			
- Yarn		-	-
- Fabric		1,822,646,889	1,020,936,826
		<u>1,822,646,889</u>	<u>1,020,936,826</u>
Waste sale		8,260,578	8,871,411
		<u>1,830,907,467</u>	<u>1,029,808,237</u>
Sales tax		(358,207,190)	(158,022,233)
Commission		(2,528,183)	(822,527)
		<u>1,470,172,094</u>	<u>870,963,477</u>

	Note	2024 Rupees	2023 Rupees
<b>25 COST OF SALES</b>			
Raw material consumed	25.1	11,743,893	6,912,330
Packing material consumed	25.2	8,267,687	7,024,527
Stores and spare parts and loose tools consumed	25.3	97,297,061	77,491,770
Fuel and power		678,760,613	500,167,574
Salaries, wages and other benefits	25.4	307,827,227	248,649,553
Repairs and maintenance		2,307,068	876,058
Depreciation	5.2	75,753,338	76,032,390
Other expenses		9,651,507	8,777,354
		<b>1,191,608,394</b>	<b>925,931,556</b>
Work in process:			
Opening		2,811,081	3,634,562
Closing		(3,987,125)	(2,811,081)
		<b>(1,176,044)</b>	<b>823,481</b>
Cost of goods manufactured		<b>1,190,432,350</b>	<b>926,755,037</b>
Finished goods:			
Opening		177,528,488	71,956,912
Purchases during the year		47,329,466	-
Closing		(50,579,030)	(177,528,488)
		<b>174,278,924</b>	<b>(105,571,576)</b>
		<b>1,364,711,274</b>	<b>821,183,461</b>
<b>25.1 Raw material consumed</b>			
Opening		2,350,786	900,701
Add: Purchases during the year		10,375,167	8,362,415
		<b>12,725,953</b>	<b>9,263,116</b>
Closing stock		(982,060)	(2,350,786)
		<b>11,743,893</b>	<b>6,912,330</b>
<b>25.2 Packing material consumed</b>			
Opening stock		1,172,867	433,752
Add: Purchases during the year		9,068,218	7,763,642
		<b>10,241,085</b>	<b>8,197,394</b>
Closing stock		(1,973,398)	(1,172,867)
		<b>8,267,687</b>	<b>7,024,527</b>
<b>25.3 Store, spare parts and loose tools consumed</b>	Note		
Opening stock		760,083,542	49,014,690
Add: Purchases during the year		111,387,488	788,560,622
Less: Sold during the year		(292,056,860)	-
		<b>579,414,170</b>	<b>837,575,312</b>
Closing stock		(482,117,109)	(760,083,542)
		<b>97,297,061</b>	<b>77,491,770</b>
<b>25.4 Salaries, wages and other benefits includes Rs.10,587,690 (June 30, 2023: Rs.8,161,052) in respect of staff retirement benefits - gratuity.</b>			
<b>26 DISTRIBUTION COST</b>	Note		
Salaries and other benefits		2,301,394	539,899
Freight charges		29,000	-
		<b>2,330,394</b>	<b>539,899</b>
<b>27 ADMINISTRATIVE EXPENSES</b>	Note		
Salaries and other benefits	35	16,562,622	15,704,362
Traveling and conveyance		141,100	135,960
Entertainment		244,859	244,974
Communication		632,000	460,543
Printing and stationery		277,519	211,290
Vehicle running and maintenance		6,300	-
Repair and maintenance		202,556	48,570
Depreciation	5.2	2,471,844	4,335,391
Others		3,707,547	3,902,336
		<b>24,246,347</b>	<b>25,043,426</b>
<b>28 OTHER OPERATING EXPENSES</b>			
Legal and professional		3,734,473	3,470,887
Auditors' remuneration	28.1	815,850	697,000
Allowance for ECL on trade debt		1,724,476	620,647
Provision for doubtful loans and advances		2,456,291	-
Workers' Profit Participation Fund		9,170,417	4,993,430
		<b>17,901,507</b>	<b>9,781,964</b>



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		2024 Rupees	2023 Rupees
<b>28.1 Auditors' remuneration</b>	<b>Note</b>		
Annual statutory audit		714,000	600,000
Half yearly review		101,850	97,000
		<u>815,850</u>	<u>697,000</u>
<b>29 OTHER INCOME</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>Income From financial assets:</b>			
Profit on bank deposits		10,706,935	780,376
Gain on sale of Assets		100,444,428	-
Liability written off		456,114	79,533,390
Amortization of deferred govt grant		-	1,174,697
		<u>111,607,477</u>	<u>81,488,463</u>
		<u>111,607,477</u>	<u>81,488,463</u>
<b>30 FINANCE COST</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Mark up / interest on :			
Long term borrowings		-	90,892
Workers' profit participation fund		934,256	382,027
Bank charges and commission		1,742,680	1,319,151
		<u>2,676,936</u>	<u>1,792,070</u>
<b>31 Levies</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Levies-Minimum Tax	32.1	28,885,229	15,998,890
		<u>28,885,229</u>	<u>15,998,890</u>
<b>32 INCOME TAX EXPENSE</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>Current</b>			
For the year		-	-
For prior year		-	72,925
		<u>-</u>	<u>72,925</u>
<b>Deferred</b>			
Current year		(71,052,008)	194,241
		<u>(71,052,008)</u>	<u>267,166</u>
<b>32.1</b>	Provision for current tax for the year has been made in accordance with section 113 / 113 C of the Income Tax Ordinance, 2001. Income tax assessment of company has been finalized upto tax year 2023.		
<b>32.2</b>	Numerical reconciliation between average tax rate and applicable tax rate is not presented as current tax liability is calculated under Sec 113.		
<b>33 EARNINGS PER SHARE - BASIC AND DILUTED</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Profit for the year		212,079,892	77,845,064
		<u>212,079,892</u>	<u>77,845,064</u>
		<b>Numbers</b>	<b>Numbers</b>
Weighted average number of ordinary shares outstanding during the year		49,292,600	49,292,600
		<u>49,292,600</u>	<u>49,292,600</u>
		<b>Rupees</b>	<b>Rupees</b>
Earnings per share - basic		4.302	1.579
		<u>4.302</u>	<u>1.579</u>
	There is no dilutive effect on the basic earnings per share of the company.		
<b>34 TRANSACTIONS WITH RELATED PARTIES</b>			
<b>34.1</b>	The related parties and associated undertakings of the company comprise of associated companies, directors and key management personnel. Transactions with related parties and associated undertakings involve inter company fund transfer and loan received to meet working capital requirements. The company's aggregate transactions with the associated companies are as follows:		
<b>Name of the Company</b>	<b>Basis of relationship</b>	<b>Percentage of shareholding</b>	
Redco Pakistan Limited	Common Directorship	N/A	
Royal Holdings (Private) Limited	Common Directorship	N/A	
<b>Name</b>	<b>Basis of relationship</b>	<b>Percentage of shareholding</b>	
Saif Ur Rehman Khan	Sponsor	17%	
Sarah Muhammad Saya	Chief Executive	33%	
<b>Associated companies</b>	<b>Nature of transactions</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Redco Pakistan Limited	Inter company advance / loan - receipts	27,670,275	83,291,208
Redco Pakistan Limited	Inter company advance / loan - payment	4,359,722	4,896,475
<b>34.2</b>	There is no share holding in associated companies and relationship is based on common directorship.		
<b>Related parties</b>	<b>Nature of transactions</b>		
Saif Ur Rehman Khan	Borrowing from major share holder - receipts	-	703,762,500
Saif Ur Rehman Khan	Borrowing from major share holder - payment	10,054,306	3,061,187
<b>34.3</b>	There are no transactions with key management personnel other than under their terms of employment as disclosed in note 35.		



**35 Remuneration of Chief Executive, Directors and Executives**

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

	2024			2023		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees			Rupees		
Managerial Remuneration	3,655,632	-	20,092,300	3,655,632	-	17,096,390
	<u>3,655,632</u>	<u>-</u>	<u>20,092,300</u>	<u>3,655,632</u>	<u>-</u>	<u>17,096,390</u>
Number of Persons paid	<u>1</u>	<u>-</u>	<u>7</u>	<u>1</u>	<u>-</u>	<u>7</u>

35.1 Other than one Director / Chief executive, company has not paid any fee or remuneration to executive / non executive directors of the company (June 30, 2023 : Rs. Nil).



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024

**36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

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

- 36.1 Credit risk
- 36.2 Liquidity risk
- 36.3 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.

**36.1 Credit risk**

**36.1.1 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, Short term Investment and cash and bank balances. Out of total financial assets of Rs. 576.808 million (June 30, 2023 :Rs. 221.150 million), financial assets which are subject to credit risk aggregate to Rs.439.987 million (June 30, 2023 : Rs.172.607 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

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

	2024 Rupees	2023 Rupees
Long term deposits	19,681,879	12,021,879
Long term investments	67,685	39,000
Trade debts	286,482,851	156,961,716
Loan and advances	3,754,736	3,584,736
Short term investments	130,000,000	-
Cash and bank balances	136,820,685	48,542,883
	<b>576,807,836</b>	<b>221,150,214</b>

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

	2024 Rupees	2023 Rupees
Domestic	303,253,112	172,007,501
Export	-	-
	<b>303,253,112</b>	<b>172,007,501</b>
Impairment	(16,770,261)	(15,045,785)
	<b>286,482,851</b>	<b>156,961,716</b>

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

	2024 Rupees	2023 Rupees
Yarn	3,150,122	3,150,122
Fabric	296,135,826	164,717,835
Waste	3,967,164	4,139,544
	<b>303,253,112</b>	<b>172,007,501</b>
Impairment	(16,770,261)	(15,045,785)
	<b>286,482,851</b>	<b>156,961,716</b>

**36.1.4** The aging of trade debtors at the balance sheet date is as follows.

	Gross debtors	
	2024	2023
	Rupees	
Not past due	65,818,781	28,051,284
Past due 0-30 days	58,816,538	32,577,821
Past due 31-90 days	104,778,555	90,732,148
Past due 90 days - 1 year	60,472,179	1,333,626
More than one year	13,367,060	19,312,623
	<b>303,253,112</b>	<b>172,007,501</b>
Impairment	(16,770,261)	(15,045,785)
	<b>286,482,851</b>	<b>156,961,716</b>

**36.2 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.

	2024						
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two year	Two to five years	More than five years
	Rupees						
<b>Non - derivative Financial liabilities</b>							
Long term financing from banking companies	-	-	-	-	-	-	-
Accrued Mark up / interest	-	-	-	-	-	-	-
Trade and Other Payables	218,152,524	218,152,524	218,152,524	-	-	-	-
<b>Short term borrowings:</b>							
from associated undertaking	871,701,203	871,701,203	871,701,203	-	-	-	-
from directors and others	1,661,798,171	1,661,798,171	1,661,798,171	-	-	-	-
	<b>2,751,651,898</b>	<b>2,751,651,898</b>	<b>2,751,651,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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2023						
Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to two year	Two to five years	More than five years
Rupees						
<b>Non - derivative</b>						
<b>Financial liabilities</b>						
Long term financing from banking companies	-	-	-	-	-	-
Accrued Mark up / interest	-	-	-	-	-	-
Trade and Other Payables	168,343,351	168,343,351	168,343,351	-	-	-
<b>Short term borrowings:</b>						
from associated undertaking	848,390,650	848,390,650	848,390,650	-	-	-
from directors and others	1,671,852,477	1,671,852,477	1,671,852,477	-	-	-
	2,688,586,478	2,688,586,478	2,688,586,478	-	-	-

36.2.1 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.

### 36.3 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.

#### 36.3.1 Currency risk

##### Exposure to currency risk

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

#### 36.3.2 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:

	2024 Rupees	2023 Rupees
<b>Fixed rate instruments</b>		
Financial assets	130,000,000	-
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Financial assets	60,648,898	11,870,983
Financial liabilities	-	-

##### 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, 2023.

	Profit and loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
Rupees				
Cash flow sensitivity - variable rate instruments 2024	-	-	-	-
Cash flow sensitivity - variable rate instruments 2023	-	-	-	-

### 36.4 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

### 36.5 Off balance sheet items

Bank guarantees issued in ordinary course of business

2024 Rupees	2023 Rupees
48,340,753	48,340,753

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

### 36.7 Fair value of Financial assets & liabilities

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

	Carrying Amount					
	2024			2023		
At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	
Rupees						
Financial assets						
Long term Investments	-	-	67,685	-	-	39,000
Long term deposits	19,681,879	-	-	12,021,879	-	-
Trade Debt	286,482,851	-	-	156,961,716	-	-
Loans and advances	3,754,736	-	-	3,584,736	-	-
Cash & Bank	136,820,685	-	-	48,542,883	-	-
	446,740,151	-	67,685	221,111,214	-	39,000



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Carrying Amount					
2024			2023		
At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income

#### Financial Liabilities

-----Rupees-----					
Trade and other payables	222,701,408	-	406,562,604	-	-
Short term borrowings from associated undertakings	871,701,203	-	848,390,650	-	-
Short term borrowings from directors and others	1,661,798,171	-	1,671,852,477	-	-
	<b>2,756,200,782</b>	-	<b>2,926,805,731</b>	-	-

The basis for determining fair values is as follows:

#### Interest rates used for determining fair value

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

#### Fair value hierarchy

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

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

The Company held the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
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JUNE 30, 2024

#### At fair value through other comprehensive income

Long term investments	67,685	-	-	67,685
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JUNE 30, 2023

#### At fair value through other comprehensive income

Long term investments	39,000	-	-	39,000
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#### Determination of fair values

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

#### Long term Investments

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

### 37 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.

		2024	2023
Borrowings	Rupees	2,463,899,873	2,450,643,626
Total equity	Rupees	1,002,856,850	303,994,251
Total capital employed	Rupees	<u>3,466,756,723</u>	<u>2,754,637,877</u>
Gearing ratio	Percentage	<u>71%</u>	<u>89%</u>

### 38 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.

	2024	2023
<b>Weaving</b>		
Number of looms installed	200	200
Installed capacity at 60 picks - meters	64,348,888	64,348,888
Capacity utilized	69%	71%
Actual production of cloth - meters	35,235,416	35,846,322
Actual production of cloth converted at 60 picks at 100% efficiency - meters	44,437,788	45,799,463
Number of shifts per day	3	3
Number of shifts worked per year	1092	1083

### 39 NUMBER OF EMPLOYEES

	2024	2023
Number of employees worked at June 30,	535	549
Average number of employees worked during the year	539	623



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#### 40 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Following major reclassification has been made during the year.

40.1 Description	Reclassified from	Reclassified to	Note	Amount
GIDC Payable	Long term Payables	Trade and other payables	20	16,248,160

#### 41 IMPACT OF RESTATEMENT

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum tax (which is not adjustable against future income tax liability) and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of changes in equity, the statement of cash flows and earning per share as a result of this change.

Amount in Rupees		
Had there been no change in accounting policies	Impact of Change in Accounting Policies	After Incorporating effect of change in accounting policies

#### Effect on Statement of Profit or Loss 2023

Profit/ (loss) before levies and income tax

Levies

Profit/ (loss) before income tax

Income tax expense

Profit/(loss) for the year

94,111,120	-	94,111,120
-	(15,998,890)	(15,998,890)
94,111,120	15,998,890	78,112,230
(16,266,056)	(15,998,890)	(267,166)
77,845,064	-	77,845,064

#### 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

CHIEF FINANCIAL OFFICER



## بورڈ میٹنگز

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

نمبر شمار	ڈائریکٹر کا نام	حاضری
۱	محترمہ سارہ محمد ساییہ	4
۲	محترمہ منیزہ سیف	3
۳	محترم جنید خان	4
۴	محترم عرفان احمد صدیقی	4
۵	محترمہ عائشہ سیف خان	3
۶	محترم احسان الرحمن خان	4
۷	محترم خالد رحمان خان	2

## آڈٹ کمیٹی

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

## HR اور خدمات کے صلے کی کمیٹی

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

## ایکسٹرنل آڈیٹر

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

## بحکم بورڈ آف ڈائریکٹرز

سارہ محمد ساییہ

سی۔ ای۔ او

عرفان احمد صدیقی

ڈائریکٹر

اسلام آباد

بتاریخ: ۰۴ اکتوبر ۲۰۲۳ء



## ڈیوڈنڈ کی تقسیم

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

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

- کوڈ آف کارپوریٹ گورننس کے مطابق ہم مندرجہ ذیل کارپوریٹ اور فنانشل رپورٹنگ کے طریقہ کار کی سٹیٹمنٹ بیان کر رہے ہیں۔
- ۱۔ کمپنی کی مینجمنٹ کی طرف سے پیش کردہ فنانشل سٹیٹمنٹ شفاف طریقے سے اسکے معاملات، آپریشن کے نتائج، رقم کے بہاؤ اور ایکویٹی میں تبدیلی کو بیان کر رہی ہے۔
- ۲۔ کمپنی کے بک آف اکاؤنٹ اچھے طریقے سے برقرار رکھے جا رہے ہیں۔
- ۳۔ IFRS انٹرنیشنل فنانشل رپورٹنگ سٹیٹنڈرز اور IAS انٹرنیشنل آڈیٹنگ سٹیٹنڈرز 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 کیلئے اسکی صلاحیت پر کوئی شک نہیں ہے۔
- ۷۔ لسٹنگ ریگولیشنز کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں کوئی بے ضابطگی عمل میں نہیں آئی ہے۔
- ۸۔ گزشتہ چھ (6) سال کا اہم آپریٹنگ اور مالیاتی ڈیٹا خلاصہ کی شکل میں ساتھ لگا دیا گیا ہے۔
- ۹۔ 30 جون 2024ء تک کوئی جرمانہ واجب الادا نہیں ہے۔
- ۱۰۔ حصہ داری کی ترتیب اور اضافی معلومات ساتھ لگا دی گئی ہیں۔
- ۱۱۔ دوران سال کمپنی کے حصص میں ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری، ان کے شریک حیات اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں کی گئی۔

## صنعتی لحاظ سے تنخواہ کا فرق:

کمپنی صنعتی امتیاز سے بالاتر کام کرنے کے ماحول کو فروغ دینے کیلئے پرعزم ہے اور یہ یقینی بناتی ہے کہ جنس سے قطع نظر مساوی تنخواہ دی جائے۔ ملازمین کی تنخواہ کا تعین کئی عوامل پر کیا جاتا ہے جن میں پیشہ وارانہ تجربہ، ملازمت کا دورانیہ، تعلیمی قابلیت، کارکردگی اور مارکیٹ کے حالات شامل ہیں۔ معاوضہ غیر جانبدارانہ اہلیت کی بنیاد پر دیا جاتا ہے جو کسی بھی قسم کی صنعتی تفریق سے پاک ہوتا ہے۔ کمپنی نے اپنی خواتین ملازمین کی تعداد میں اضافہ کرنے پر اپنی توجہ رکھی ہوئی ہے تاکہ کمپنی اپنی مجموعی ذہانت میں بہتری لاسکے۔



## اعتراف:

ہم عاجزی اور شکرگزاری کے ساتھ اللہ تعالیٰ کے آگے اپنا سر تسلیم خم کرتے ہیں جو بہت مہربان اور رحم کرنے والا ہے کہ وہ ہماری راہنمائی کرے اور ہم امید کرتے ہیں کہ کمپنی اس کے بے شمار فضائل سے فیض یاب ہوتی رہے گی۔

ہم اس موقع پر قابل قدر شیئر ہولڈرز، بینکوں اور صارفین کے شکرگزار ہیں جن کے بلا تعطل تعاون اور مدد نے کمپنی کو ترقی کی راہ پہ ڈال دیا ہے۔ سال کے دوران انتظامیہ اور ملازمین کے درمیان خوشگوار تعلقات قائم رہے اور ہم کمپنی کے لیے خدمات فراہم کرنے کے لیے ان کے عزم، تسلسل اور تن دہی کی تعریف کرتے ہیں۔

## مستقبل کے امکانات:

پاکستان کے ٹیکسٹائل سیکٹر کو بہت سے چیلنجز کا سامنا ہے جسکی وجہ سے اسکے مقابلہ کرنے پر منفی اثرات مرتب ہو رہے ہیں۔ ان چیلنجز کے نتیجے میں طلب میں کمی، مہنگائی اور آپریشنل اخراجات میں اضافہ، مہنگی درآمدات اور خام مال کی خرید اور حکومت کی جانب سے ٹیکسوں میں اضافہ ہوا ہے۔ اس مشکل نے بہت سے چھوٹے اور درمیانے درجے کی ٹیکسٹائل صنعتوں کو بند ہونے پر مجبور کر دیا ہے۔ اس کے برعکس ٹیکسٹائل کی بڑی صنعتوں نے اس مشکل ماحول میں برداشت دکھائی ہے۔ ان چیلنجز کے باوجود صنعتیں لاگت میں کمی کی کوششوں پر خصوصی توجہ دے کر منافع حاصل کرنے کے لیے پر امید ہیں۔

سال کے دوران ہونے والے عام انتخابات کے نتیجے میں ایک نئی حکومت عہدہ سنبھال چکی ہے۔ آئی ایم ایف نے پاکستان کے لیے 7 ارب ڈالر کے قرض کی منظوری دے دی ہے جس سے مستقبل کے میکرو اکنامک اشاریوں میں استحکام آئے گا۔ تاہم یہ معاہدہ سخت شرائط پر ہوا ہے جس میں وسیع پیمانے پر بہتری کا مطالبہ شامل ہے جس کا مطلب ہے کہ حکومت کو محدود مالی خود مختاری حاصل ہوگی۔ تقریباً گزشتہ ایک سال سے مشرق وسطیٰ میں سیاسی اور عسکری کشیدگی جاری ہے۔ اگر تنازع مزید طول پکڑتا رہا تو دنیا بھر میں ایندھن کی قیمتوں میں مزید اضافہ ہونے کا امکان ہے۔

آپکی انتظامیہ کاروباری ماحول کے حوالہ سے پر امید ہے کیونکہ ہم ایندھن اور توانائی کی قیمتوں میں اضافہ کی وجہ سے بڑھنے والی کاروباری لاگت کے منفی اثرات کو ختم کرنے کے لیے منصوبہ بندی کر رہے ہیں۔





# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

اختتام شدہ سال 2024 میں آپکی کمپنی کا قبل از لیویز اور انکم ٹیکس منافع 169.91 ملین روپے (30 جون 2023 میں 94.11 ملین روپے) ہے۔ سالانہ کارکردگی کا پچھلے سال کے ساتھ ذیل میں موازنہ کیا گیا ہے:-

سال 2023 روپے	سال 2024 روپے	
870,963,477	1,470,172,094	خالص فروخت
(821,183,461)	(1,364,711,274)	فروخت کی لاگت
49,780,016	105,460,820	مجموعی منافع
(539,899)	(2,330,394)	ڈسٹری بیوشن لاگت
(25,043,426)	(24,246,347)	انتظامی اخراجات
(9,781,964)	(17,901,507)	دیگر آپریٹنگ اخراجات
(35,365,289)	(44,478,248)	آپریٹنگ منافع
14,414,727	60,982,572	دیگر آمدنی
81,488,463	111,607,477	
95,903,190	172,590,049	
(1,792,070)	(2,676,936)	فنانس لاگت
94,111,120	169,913,113	لیویز اور انکم ٹیکس سے پہلے کا منافع
1.579	4.302	فی حصص منافع

اس سال کے دوران کمپنی نے فروخت کا صحت مندانہ رجحان برقرار رکھا اور 40.76 فیصد اضافہ کے ساتھ 1,470 ملین روپے کی خالص فروخت کی آمدنی حاصل کی ہے جو کہ 2023ء میں 871 ملین روپے تھی۔ اس سال فروخت کی لاگت 1,364.71 ملین روپے (30 جون 2023ء میں 821.18 ملین روپے) رہی جس میں 66.19 فیصد اضافہ ہوا ہے جسکی بنیادی وجہ ایندھن اور توانائی کی لاگت میں اضافہ ہے۔

زیر نظر سال میں مجموعی منافع 105.46 ملین روپے ہے جو کہ گزشتہ سال 49.78 ملین روپے تھا جبکہ موجودہ سال میں قبل از لیویز اور انکم ٹیکس منافع 169.913 ملین روپے ہے جو کہ گزشتہ سال 94.111 ملین روپے تھا۔ دیگر آمدنی میں اضافہ کی بنیادی وجہ پلانٹ اور مشینری کی فروخت ہے۔



## ڈائریکٹرز رپورٹ

ریڈ کو ٹیکسٹائلز لمیٹڈ کے ڈائریکٹرز 33 واں سالانہ میزانیہ بمعہ آڈیٹڈ فنانشل سٹیٹمنٹس اور آڈیٹرز رپورٹ جو کہ اختتام شدہ سال 30 جون 2024 کے لیے ہے اور باقی ضروری معلومات جو کہ کوڈ آف کارپوریٹ گورننس میں واضح کی گئی ہیں کو پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### مجموعی جائزہ:

موجودہ سال کے دوران کمپنی توانائی کے متبادل ذریعے کی طرف منتقل ہو گئی ہے جسکے نتیجے میں کمپنی اپنی مل میں سولر پنلز لگا رہی ہے۔ مہنگی بجلی کی مد میں یہ کمپنی کے لیے اسکی لاگت میں نمایاں کمی کا باعث بنے گی۔ توانائی کی ہوشربا لاگت، سخت معاشی حالات اور ملک میں جاری سیاسی بد امنی کی وجہ سے درپیش چیلنجز کے باوجود کمپنی موجودہ سال کے دوران منافع حاصل کرنے میں کامیاب ہوئی ہے۔

سال 2023-24 کے رواں سیزن کے دوران کپاس کی پیداوار میں گزشتہ اسی سال کی مدت کے مقابلہ میں نصف کمی ہوئی ہے۔ کپاس کی مایوس کن پیداوار موسمیاتی تبدیلیوں کے اثرات کی وجہ سے ہے۔ یہ توانائی اور خام مال کی بلند قیمت اور بلند شرح سود کے ساتھ مل کر صنعت کے لئے ناخوشگوار ثابت ہو رہا ہے۔ مہنگائی کی مسلسل بلند شرح صارفین کے رویوں اور عام لوگوں کی قوت خرید کو بری طرح متاثر کر رہی ہے جسکی وجہ سے معاشی سرگرمیاں کم ہو رہی ہیں۔ یہ سال عام انتخابات کے انعقاد اور بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ حکومت پاکستان کے توسیعی فنڈ سہولت (EFF) کے لیے مزید بات چیت کی وجہ سے نمایاں رہا ہے۔ اگرچہ IMF نے EFF کے لیے پاکستان کی درخواست منظور کر لی ہے لیکن اس نے EFF کے لیے پاکستان کے لیے سخت اہداف مقرر کئے ہیں۔ اس کے نتیجے میں پہلے سے ہی مشکل میں پھنسے عام افراد اپنے اخراجات کم کرنے پر مجبور ہو جائیں گے۔ اس سے معیشت اور صنعت کے دیگر شعبے متاثر ہوں گے۔

30 جون 2024ء کو ختم ہونے والے سال کے دوران آپکی کمپنی نے 1,470.17 ملین روپے کی فروخت پر 105.46 ملین روپے کا مجموعی منافع کمایا ہے جبکہ پچھلے سال اسی مدت میں 870.96 ملین روپے کی فروخت پر مجموعی منافع 49.78 ملین روپے رہا۔ رواں مالی سال آپکی کمپنی نے پچھلے سال کے اسی عرصہ کے 77.85 ملین روپے خالص منافع کے مقابلہ میں 212.08 ملین روپے کا خالص منافع حاصل کیا ہے۔

### آپریشنل اور مالی کارکردگی:

اللہ تعالیٰ کے فضل و کرم سے انتظامیہ نے کمپنی کے بہترین مفاد میں اقدامات کئے ہیں اور سال بھر جاری رہے والے سخت معاشی حالات اور توانائی کے بلند اخراجات کو مد نظر رکھتے ہوئے کمپنی کے نتائج کو تسلی بخش قرار دیا جاسکتا ہے۔ کمپنی نے سولر پنلز لگا کر نمایاں سرمایہ کاری بھی کی ہے۔

## چیرمین کی جائزہ رپورٹ

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

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

مالی سال 2023-24 میں بجلی اور قدرتی گیس کی قیمتوں میں ہوشربا اضافہ، آسمان سے باتیں کرتی مہنگائی کی شرح، کپاس کی فصل کی کم پیداوار اور سخت معاشی حالات اور سیاسی بد امنی کی وجہ سے پیدا ہونے والی آپریشنل مشکلات کے باوجود ہم مستعد کوششوں کے ذریعے منافع کمانے میں کامیاب رہے ہیں۔

ریڈ کوٹیکسٹائلز لمیٹڈ، بورڈ آف ڈائریکٹرز اور اسکی کمیٹیوں کی تشکیل، طریقہ کار اور میٹنگز کے حوالہ سے قانون میں بیان کردہ تمام تقاضوں کی تعمیل کرتی ہے۔ بورڈ اور اسکی کمیٹی کے اجلاسوں سے قبل متعلقہ بورڈ ایجنڈے اور معاون دستاویزات مناسب وقت میں بورڈ کو فراہم کر دی گئی تھیں۔ بورڈ نے متعلقہ قوانین اور ضابطوں کے مطابق اپنے تمام اختیارات استعمال کئے ہیں اور بورڈ کے اہم فیصلوں اور مباحثوں میں نان ایگزیکٹو اور آزاد ڈائریکٹران برابر شامل ہوتے ہیں۔

اس سال کے دوران بورڈ آف ڈائریکٹرز نے آپریشنل حکمت عملیوں اور نئے مالی اور آپریشنل اہداف کے تعین پر توجہ مرکوز کی ہے۔ بورڈ نے باقاعدگی سے بجٹ کے اہداف پر نظر رکھی ہے۔ زیر نظر سال کے دوران بورڈ کی ذیلی کمیٹیوں نے بھی اپنے فرائض اپنے قواعد و ضوابط کے مطابق بخوبی سرانجام دیئے ہیں۔ بورڈ نے سال کے دوران اپنی کارکردگی کا جائزہ لیا ہے جو کافی حد تک حوصلہ افزاء رہا ہے۔

منیرہ سیف  
چیر پرسن

اسلام آباد  
بتاریخ: ۰۴ اکتوبر ۲۰۲۲ء



**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 33<sup>rd</sup> Annual General Meeting of the company to be held on 28<sup>th</sup> day of October, 2024 at 09:00 am and at every adjournment thereof.

As witness me/ our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2024



Signed \_\_\_\_\_ day of \_\_\_\_\_ 2024  
(Signature appended above should agree with the specimen signatures registered with the company)

**NOTE:**

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

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



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## پراکسی فارم

ریڈکو ٹیکسٹائلز لمیٹڈ

لیجر فوئیو نمبر \_\_\_\_\_ اور یا،

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

کمپنی سیکرٹری

ریڈکو ٹیکسٹائلز لمیٹڈ، ریڈکو آرکیڈ، E-78

بلیو ایریا، اسلام آباد۔

میں رہم \_\_\_\_\_ ساکن \_\_\_\_\_

تقرر \_\_\_\_\_

ساکن \_\_\_\_\_

عدم موجودگی مستی رسما \_\_\_\_\_

ساکن \_\_\_\_\_

کولٹور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 33 ویں سالانہ اجلاس عام جو بتاریخ 28 اکتوبر 2024ء بوقت 09:00 بجے صبح منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط بقلم خود \_\_\_\_\_ تاریخ ہذا \_\_\_\_\_ مہینہ \_\_\_\_\_ 2024ء



دستخط \_\_\_\_\_ تاریخ ہذا \_\_\_\_\_ مہینہ \_\_\_\_\_ 2024ء

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

### نوٹ

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

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

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

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



# REDCO TEXTILES LIMITED

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