



REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 31st March 2024



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

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) 2344257 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: textiles@redcogroup.com

Directors' Report

Dear Shareholders,

We are pleased to present our quarterly report of your company's performance as on March 31, 2024.

The nine months period under review incurred profit before tax of Rs. 111.98 million and profit after tax of Rs. 92.94 million as compared to the previous nine months corresponding period loss before tax of Rs. 42.48 million and loss after tax of Rs. 50.60 million. The significant increase in profit before tax is due to increase in other income which is high due to sale of some idle plant & machinery.

The highlights of the nine months period include:

- ❖ Increase in sales revenue by 63.59% (1053.67 million) as compared to last corresponding period (644.08 million).
- ❖ These nine months incurred gross profit of 3.0% (31.50 million) as compared to gross loss of 3.35% (21.60 million) in previous corresponding period.

During the quarter ended March 31, 2024 the Company incurred profit after tax of Rs. 34.29 million as compared to the previous quarter loss after tax of Rs. 2.40 million. Despite various challenges, the performance of the Company during the period under review showed notable improvement as compared to the last corresponding period by enhancing operational efficiencies, searching new markets, and highlighting the right production and performance measures. However, due to substantial increase in the cost of energy and other inputs, as well as depreciation of PKR followed by its appreciation, the improved profitability was not as sizeable as forecasted.

During the period under review, inflationary rates were remained elevated, and interest rates were kept high and unchanged. Since January 2023, PKR depreciated 24% against US Dollar that put further pressure on already weakened purchasing power of the public. The existing stand-by IMF agreement will expire by the end of current month. The economic activities are standstill but these are expected to kick-off as a result of investment by friendly countries and new long-term agreement with IMF which is expected to materialize in the start of next financial year. Despite the overall uncertainty and challenges faced by the textile sector, the management is committed to safeguard the interests of the Company's esteemed shareholders.

For and on behalf of the Board,

Sarah Muhammad Saya
Chief Executive

Irfan Ahmed Siddiqi
Director

Dated: April 30, 2024



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REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	March 31, 2024	June 30, 2023
	Unaudited Rupees	Audited Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,685,050,426	1,751,048,321
Long term investment	60,825	39,000
Long term deposits	12,021,879	12,021,879
	1,697,133,130	1,763,109,200
CURRENT ASSETS		
Stores, spare parts and loose tools	471,792,552	761,256,409
Stock in trade	66,606,161	182,690,355
Trade debts	484,173,832	156,961,716
Loans and advances	137,025,776	45,721,961
Trade deposits and short term prepayments	672,713	141,608
Tax refunds due from Government	92,063,489	223,525,579
Cash and bank balances	105,110,670	48,542,883
	1,357,445,193	1,418,840,511
TOTAL ASSETS	3,054,578,323	3,181,949,711
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 80,000,000 (June 30, 2023: 80,000,000) ordinary shares of Rs. 10/- each	800,000,000	800,000,000
Issued, subscribed and paid up capital 49,292,600 (June 30, 2023: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Surplus on revaluation of property, plant and equipment - net of tax	378,989,266	381,964,314
Director's loan	69,599,501	69,599,501
Other reserves	5,750	(16,075)
Accumulated loss	(544,563,328)	(640,479,489)
	396,957,189	303,994,251
NON CURRENT LIABILITIES		
Long term financing from banking companies	-	-
Long term payables	16,248,160	16,248,160
Staff retirement benefits - gratuity	20,755,939	20,749,230
Deferred taxation	-	-
	37,004,099	36,997,390
CURRENT LIABILITIES		
Trade and other payables	147,859,032	390,314,444
Short term borrowings from associated undertakings	872,616,384	848,390,650
Short term borrowings from directors and others	1,600,141,619	1,602,252,976
Current portion of long term financing	-	-
	2,620,617,035	2,840,958,070
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	3,054,578,323	3,181,949,711

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



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REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Nine Months Ended		Quarter Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Rupees		Rupees	
Sales - net	1,053,668,783	644,084,316	428,167,021	218,800,448
Cost of sales	(1,022,170,367)	(665,688,548)	(378,288,386)	(211,850,122)
Gross profit/(loss)	31,498,416	(21,604,232)	49,878,635	6,950,326
Operating expenses				
Distribution cost	(1,827,980)	(944,140)	(1,542,914)	(588,214)
Administrative expenses	(17,010,380)	(18,222,906)	(4,581,919)	(5,824,159)
Other operating expenses	(3,524,356)	(2,521,972)	(1,167,589)	(187,846)
	(22,362,716)	(21,689,018)	(7,292,422)	(6,600,219)
Operating profit/(loss)	9,135,700	(43,293,250)	42,586,213	350,108
Other operating income	104,549,324	1,210,899	141,915	12,941
Finance cost	(1,707,780)	(393,641)	(1,417,792)	(19,933)
Profit/(loss) before taxation	111,977,244	(42,475,992)	41,310,336	343,116
Taxation	(19,036,131)	(8,123,979)	(7,022,757)	(2,735,006)
Profit/(loss) for the period	92,941,113	(50,599,971)	34,287,579	(2,391,890)
Earnings / (loss) per share - basic and diluted	1.885	(1.027)	0.696	(0.049)

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

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REDCO TEXTILES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Nine Months Ended		Quarter Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Rupees		Rupees	
Profit/(loss) for the period after taxation	92,941,113	(50,599,971)	34,287,579	(2,391,890)
Other comprehensive income / (loss):				
Available for sale financial assets gain arised during the period	21,825	2,345	4,600	1,850
Total comprehensive income/(loss) for the period	<u>92,962,938</u>	<u>(50,597,626)</u>	<u>34,292,179</u>	<u>(2,390,040)</u>

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

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REDCO TEXTILES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Share Capital	Capital Reserves		Director's Loan	Revenue Reserve	Total equity
		Unrealized gain/(loss) on investment measured at FVTOCI	Revaluation Surplus		Accumulated loss	
	Rupees					
Balance as at June 30, 2022	492,926,000	(15,740)	386,139,820	69,599,501	(722,024,504)	226,625,077
Total comprehensive income / (loss) for the nine months ended March 31, 2023	-	2,345	-	-	(50,599,971)	(50,597,626)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	(3,127,180)	-	3,127,180	-
Balance as at March 31, 2023	492,926,000	(13,395)	383,012,640	69,599,501	(769,497,295)	176,027,451
Balance as at June 30, 2023	492,926,000	(16,075)	381,964,314	69,599,501	(640,479,489)	303,994,251
Total comprehensive income / (loss) for the nine months ended March 31, 2024	-	21,825	-	-	92,941,113	92,962,938
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	(2,975,048)	-	2,975,048	-
Balance as at March 31, 2024	492,926,000	5,750	378,989,266	69,599,501	(544,563,328)	396,957,189

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

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CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

	March 31, 2024	March 31, 2023
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	111,977,244	(42,475,992)
Adjustment for non cash items:		
Depreciation	59,444,900	59,494,953
Provision for staff retirement benefits - gratuity	8,406,000	4,935,000
Gain on sale of assets	(6,547,004)	-
Finance cost	1,707,780	393,641
	63,011,676	64,823,594
Operating profit before working capital changes	174,988,920	22,347,602
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	289,463,857	3,679,880
Stock in trade	116,084,194	(12,442,592)
Trade debts	(327,212,116)	(113,850,632)
Loans & advances and trade deposits	(91,834,920)	33,154,097
	(13,498,985)	(89,459,247)
Increase / (decrease) in current liabilities		
Trade and other payables	(242,455,412)	27,940,768
Cash generated from / (used in) operations	(80,965,478)	(39,170,877)
Long term deposits	-	(3,004,291)
GIDC paid	-	(28,485)
Staff retirement benefits - gratuity paid	(8,399,291)	(4,927,577)
Finance cost paid	(1,707,780)	(446,292)
Taxes paid	112,425,959	8,202,604
	102,318,888	(204,041)
Net cash (used in) / generated from operating activities	21,353,410	(39,374,918)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment - acquired	-	(8,200,288)
Proceeds from sale of assets	13,100,000	-
Net cash (used in) / generated from investing activities	13,100,000	(8,200,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from banking companies	-	(8,214,125)
Short term borrowings from associated undertakings	24,225,734	79,752,830
Short term borrowings from directors and others - net	(2,111,357)	(2,354,718)
Net cash (used in) / generated from financing activities	22,114,377	69,183,987
Net increase / (decrease) in cash and cash equivalents	56,567,787	21,608,781
Cash and cash equivalents at the beginning of the period	48,542,883	5,929,108
Cash and cash equivalents at the end of the period	105,110,670	27,537,889

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

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PRESENTATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 'IAS' 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended 30th June 2023.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange Limited and section 237 of the Companies Act, 2017.

These condensed interim financial statements have been prepared in accordance with the approved financial reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017. Wherever the requirements of the Companies Act, 2017 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Act, 2017 or the requirements of the said directive take precedence.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements as at and for the preceding year ended June 30, 2023.

4 DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue by the board of Directors of the Company on 30th April 2024.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ڈائریکٹرز رپورٹ

محترم حصص داران

ہم 31 مارچ 2024ء کو ختم ہونے والی سہ ماہی کی کارکردگی پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر نظر نو ماہ کے عرصہ میں قبل از ٹیکس منافع 111.98 ملین روپے اور بعد از ٹیکس منافع 92.94 ملین روپے رہا ہے جبکہ اسکے مقابلہ میں گزشتہ اسی نو ماہ کی مدت میں قبل از ٹیکس نقصان 42.48 ملین روپے اور بعد از ٹیکس نقصان 50.60 ملین روپے تھا۔ قبل از ٹیکس منافع میں نمایاں اضافہ دیگر آمدنی میں مشینری کی فروخت کی وجہ سے ہونے والے منافع کی وجہ سے ہے۔

زیر نظر نو ماہ کے اہم نکات درج ذیل ہیں۔

- فروخت کے حجم میں گزشتہ اسی مدت (644.08 ملین روپے) کے مقابلے میں 63.59 فیصد (1053.67 ملین روپے) اضافہ ہوا ہے۔
- ان نو ماہ میں خالص منافع گزشتہ اسی مدت کے خالص نقصان 3.35 فیصد (21.60 ملین روپے) کے مقابلے میں 3 فیصد (31.50 ملین روپے) رہا ہے۔

31 مارچ 2024 کو ختم ہونے والی سہ ماہی کے دوران کمپنی کو پچھلی سہ ماہی میں ہونے والے 2.40 ملین روپے کے بعد از ٹیکس نقصان کے مقابلے میں 34.29 ملین روپے کا بعد از ٹیکس منافع ہوا ہے۔ زیر نظر مدت میں مختلف چیلنجز کے باوجود کمپنی نے آپریشنل استعداد کار میں اضافہ، نئی منڈیوں کی تلاش اور صحیح پیداوار اور کارکردگی کے لیے اقدامات پر زور دینے کی بدولت گزشتہ اسی مدت کے مقابلے میں قابل ذکر بہتری دکھائی ہے۔ تاہم توانائی اور دیگر خام مال کی قیمتوں میں ہوشربا اضافہ کے ساتھ ساتھ روپے کی قدر میں اتار چڑھاؤ کی وجہ سے منافع اتنا قابل قدر نہیں رہا جتنی پیش گوئی کی گئی تھی۔

زیر نظر مدت کے دوران افراط زر کی شرح بلند رہی اور شرح سود کو بھی بلند اور برقرار رکھا گیا۔ جنوری 2023 سے امریکی ڈالر کے مقابلے میں روپے کی قدر میں 24 فیصد کمی واقع ہوئی ہے جس نے عوام کی پہلے سے کمزور قوت خرید پر مزید باؤ ڈالا ہے۔ آئی۔ ایم۔ ایف کے ساتھ موجودہ اسٹینڈ بائی معاہدہ رواں ماہ کے آخر تک ختم ہو جائے گا۔ اقتصادی سرگرمیاں تعطل کا شکار ہیں لیکن امید کی جارہی ہے کہ دوست ممالک کی طرف سے سرمایہ کاری اور اگلے مالی سال کے آغاز میں آئی۔ ایم۔ ایف کے ساتھ نئے متوقع طویل مدتی معاہدے کی بدولت یہ سرگرمیاں شروع ہو جائیں گی۔ انتظامیہ ٹیکسٹائل صنعت کو درپیش مجموعی غیر یقینی صورتحال اور چیلنجز کے باوجود کمپنی کے معزز حصص داران کے مفادات کے تحفظ کے لیے پرعزم ہے۔

عرفان احمد صدیقی
ڈائریکٹر

بجٹم بورڈ آف ڈائریکٹرز

سارہ محمد ساییہ

سی۔ ای۔ او

بتاریخ: 30 اپریل 2024



REDCO TEXTILES LIMITED

www.redcotextiles.com

Head Office: Redco Plaza, 4th Floor, 78-E, Blue Area, Islamabad, Pakistan.

Tel: (+9251) 2344257 | Fax: (+9251) 2344256 | sales@redcogroup.com

Mills: 3 km, Rawat Kalar Seydan Road, P.O. Sagri, Rawat, Rawalpindi, Pakistan.

Tel: (+9251) 4610 402-4 | Fax: (+9251) 4610 401 | textiles@redcogroup.com