



# REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 31<sup>st</sup> March 2022



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## Company Information

### Board of Directors

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

### Chief Financial Officer

Mr. Monim Ul Haq

### Company Secretary

Mr. Muhammad Kashif

### Auditors

Mushtaq & Co, Chartered Accountants

### Audit Committee

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

### HR and Remuneration Committee

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

### Registered Office

Redco Textiles Limited, Redco Arcade, 78 -E, Blue Area, Islamabad 44000, Pakistan.  
Tel: (+92-51) 2344252-7 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, 2022.

The nine months period under review incurred profit before tax of Rs. 16.07 million, and profit after tax of Rs. 8.12 million as compared to the previous nine months period profit before tax of Rs. 23.24 million and profit after tax of Rs. 17.14 million.

The highlights of the nine months period include:

- ❖ Increase in sales revenue by 30.35% (526.08 million) as compared to last corresponding period (403.58 million).
- ❖ These nine months incurred gross profit of 8.53% (44.88 million) as compared to gross profit of 11.08% (44.73 million) in previous corresponding period.

During the quarter ended March 31, 2022 the Company incurred loss after tax of Rs. 15.69 million as compared to the previous quarter profit after tax of Rs. 4.65 million. The main reason for incurring loss during this quarter is gas shortage faced by the industry which consequently increased power costs of the Company. Moreover, the political unrest in the country during this quarter also curtailed the growth of the overall business. It is expected that gas supply issues will be resolved with the advent of summer season and management of your company expects a reasonable improvement in next quarter of the year.

**For and on behalf of the Board,**

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**Sarah Saif Khan**  
Chief Executive

Dated: April 29, 2022

**REDCO TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT MARCH 31, 2022**

	March 31, 2022	June 30, 2021
	Unaudited	Audited
	Rupees	Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	1,673,530,855	1,407,864,872
Long term investment	41,565	47,515
Long term deposits	10,019,079	10,019,079
	<u>1,683,591,499</u>	<u>1,417,931,466</u>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	55,012,257	46,280,284
Stock in trade	73,623,435	47,947,572
Trade debts	153,920,219	102,763,949
Loans and advances	70,507,160	31,801,413
Trade deposits and short term prepayments	1,006,243	23,014
Tax refunds due from Government	93,956,293	87,724,792
Cash and bank balances	39,306,031	15,212,435
	<u>487,331,638</u>	<u>331,753,459</u>
<b>TOTAL ASSETS</b>	<u>2,170,923,137</u>	<u>1,749,684,925</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 80,000,000 (June 30, 2021: 50,000,000) ordinary shares of Rs. 10/- each	<u>800,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital 49,292,600 (June 30, 2021: 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	387,351,293	390,647,511
Equity portion of Director's loan	73,199,501	73,199,501
Other reserves	(13,510)	(7,560)
Accumulated loss	(729,904,863)	(741,320,774)
	<u>223,558,421</u>	<u>215,444,678</u>
<b>NON CURRENT LIABILITIES</b>		
Long term financing from banking companies	-	6,915,537
Long term payables	1,734,320	1,734,320
Staff retirement benefits - gratuity	11,238,746	11,210,705
Deferred taxation	-	-
Deferred government grant	-	58,252
	<u>12,973,066</u>	<u>19,918,814</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	238,182,295	212,714,798
Accrued mark up / interest	78,109	157,953
Short term borrowings from associated undertakings	771,334,922	704,720,983
Short term borrowings from directors and others	898,709,473	567,212,153
Current portion of long term financing	11,525,536	14,868,776
Current portion of GIDC payable	14,561,315	14,646,770
	<u>1,934,391,650</u>	<u>1,514,321,433</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,170,923,137</u>	<u>1,749,684,925</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



# REDCO TEXTILES LIMITED

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## REDCO TEXTILES LIMITED

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees		Rupees	
Sales - net	526,080,342	403,582,408	200,860,454	126,007,691
Cost of sales	(481,200,320)	(358,854,746)	(207,147,700)	(115,072,719)
<b>Gross profit/(loss)</b>	<b>44,880,022</b>	<b>44,727,662</b>	<b>(6,287,246)</b>	<b>10,934,972</b>
<b>Operating expenses</b>				
Distribution cost	(373,020)	(200,942)	(130,020)	-
Administrative expenses	(16,909,911)	(12,851,274)	(4,200,769)	(3,925,034)
Other operating expenses	(11,326,571)	(8,911,341)	(1,934,895)	(503,200)
	(28,609,502)	(21,963,557)	(6,265,684)	(4,428,234)
<b>Operating profit/(loss)</b>	<b>16,270,520</b>	<b>22,764,105</b>	<b>(12,552,930)</b>	<b>6,506,738</b>
Other operating income	514,576	1,150,415	2,080	183,297
Finance cost	(708,099)	(678,746)	(99,107)	(141,891)
<b>Profit/(loss) before taxation</b>	<b>16,076,997</b>	<b>23,235,774</b>	<b>(12,649,957)</b>	<b>6,548,144</b>
Taxation	(7,957,304)	(6,092,697)	(3,042,433)	(1,897,136)
<b>Profit/(loss) for the period</b>	<b>8,119,693</b>	<b>17,143,077</b>	<b>(15,692,390)</b>	<b>4,651,008</b>
<b>Earnings per share - basic and diluted</b>	<b>0.165</b>	<b>0.348</b>	<b>(0.318)</b>	<b>0.094</b>

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**REDCO TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2022**

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees		Rupees	
Profit/(loss) for the period after taxation	8,119,693	17,143,077	(15,692,390)	4,651,008
<b>Other comprehensive income / (loss):</b>				
Available for sale financial assets				
gain / (loss) arised during the period	(5,950)	(3,695)	(1,535)	(1,080)
Total comprehensive income/(loss) for the period	<u>8,113,743</u>	<u>17,139,382</u>	<u>(15,693,925)</u>	<u>4,649,928</u>

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## REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Share Capital	Capital Reserves		Equity portion of Director's loan	Revenue Reserves	Total equity
		Unrealized gain/(loss) on investment measured at FVTOCI	Revaluation Surplus		Accumulated loss	
Rupees						
Balance as at June 30, 2020	492,926,000	(575)	302,994,679	73,199,501	(796,182,734)	72,936,871
Total comprehensive income / (loss) for the nine months ended March 31, 2021	-	(3,695)	-	-	17,143,077	17,139,382
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	(1,877,487)	-	1,877,487	-
<b>Balance as at March 31, 2021</b>	<b>492,926,000</b>	<b>(4,270)</b>	<b>301,117,192</b>	<b>73,199,501</b>	<b>(777,162,170)</b>	<b>90,076,253</b>
Balance as at June 30, 2021	492,926,000	(7,560)	390,647,511	73,199,501	(741,320,774)	215,444,678
Total comprehensive income / (loss) for the nine months ended March 31, 2022	-	(5,950)	-	-	8,119,693	8,113,743
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	(3,296,218)	-	3,296,218	-
<b>Balance as at March 31, 2022</b>	<b>492,926,000</b>	<b>(13,510)</b>	<b>387,351,293</b>	<b>73,199,501</b>	<b>(729,904,863)</b>	<b>223,558,421</b>

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## REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	March 31, 2022	March 31, 2021
	<b>Rupees</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	16,076,997	23,235,774
Adjustment for non cash items:		
Depreciation	59,995,929	32,461,194
Provision for staff retirement benefits - gratuity	3,440,000	2,251,000
Loss on sale of assets	7,547,292	-
Amortization of govt grant	(58,252)	-
Provision for GIDC Payable	-	7,440,120
Finance cost	708,099	678,746
	71,633,068	42,831,060
Operating profit before working capital changes	87,710,065	66,066,834
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(8,731,973)	(2,261,676)
Stock in trade	(25,675,863)	27,068,020
Trade debts	(51,156,270)	(72,094,138)
Loans & advances and trade deposits	(39,688,976)	(23,674,347)
	(125,253,082)	(70,962,141)
Increase / (decrease) in current liabilities		
Trade and other payables	25,467,497	21,457,652
<b>Cash generated from / (used in) operations</b>	<b>(12,075,520)</b>	<b>16,562,345</b>
Long term deposits	-	(4,195,000)
GIDC paid	(85,455)	-
Staff retirement benefits - gratuity paid	(3,411,960)	(2,212,085)
Finance cost paid	(787,943)	(680,285)
Taxes paid	(14,188,805)	14,065,556
	(18,474,163)	6,978,186
<b>Net cash (used in) / generated from operating activities</b>	<b>(30,549,683)</b>	<b>23,540,531</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment - acquired	(372,459,203)	(27,255,536)
Proceeds from sale of assets	39,250,000	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(333,209,203)</b>	<b>(27,255,536)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing from banking companies	(10,258,777)	9,385,904
Short term borrowings from associated undertakings	66,613,939	(3,934,482)
Short term borrowings from directors and others - net	331,497,320	(2,569,119)
<b>Net cash (used in) / generated from financing activities</b>	<b>387,852,482</b>	<b>2,882,303</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>24,093,596</b>	<b>(832,702)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>15,212,435</b>	<b>33,403,224</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>39,306,031</b>	<b>32,570,522</b>

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

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## REDCO TEXTILES LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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#### 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 Financial Reporting Standard (IFRS) 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 2021.

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 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, 2021.

#### 4 DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue by the board of Directors of the Company on 29th April 2022.

#### 5 GENERAL

Figures have been rounded off to the nearest rupees.

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## ڈائریکٹرز رپورٹ

محترم حصص داران

ہم 31 مارچ 2022 کو ختم ہونے والی سہ ماہی کی کارکردگی پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

زیر نظر نو ماہ کے عرصے میں قبل از ٹیکس منافع 16.07 ملین روپے اور بعد از ٹیکس منافع 8.12 ملین روپے رہا ہے۔ جبکہ اس کے موازنہ میں گزشتہ اسی نو ماہ کی مدت میں قبل از ٹیکس منافع 23.24 ملین روپے اور بعد از ٹیکس منافع 17.14 ملین روپے تھا۔

زیر نظر نو ماہ کے اہم نکات درج ذیل ہیں۔

- فروخت کے حجم میں گزشتہ اسی مدت (403.58 ملین روپے) کے مقابلے میں 30.35 فیصد (526.08 ملین روپے) اضافہ ہوا ہے۔
- ان نو ماہ میں خالص منافع گزشتہ اسی مدت 11.08 فیصد (44.73 ملین روپے) کے مقابلے میں 8.53 فیصد (44.88 ملین روپے) رہا ہے۔

31 مارچ 2022 کو ختم ہونے والی سہ ماہی کے دوران کمپنی کو چھٹی سہ ماہی میں ہونے والے 4.65 ملین روپے کے بعد از ٹیکس منافع کے مقابلے میں 15.69 ملین روپے کا بعد از ٹیکس نقصان ہوا ہے۔ اس سہ ماہی کے دوران نقصان کی بنیادی وجہ صنعت کو درپیش گیس کی قلت ہے جسکے باعث کمپنی کی بجلی کی لاگت میں اضافہ ہوا ہے۔ مزید برآں اس سہ ماہی کے دوران ملکی سیاسی عدم استحکام نے بھی مجموعی طور پر کاروباری ترقی کو محدود کیا ہے۔ توقع ہے کہ موسم گرما کی آمد کے ساتھ ہی گیس کی فراہمی کے مسائل حل ہو جائیں گے اور آپ کی کمپنی کی انتظامیہ سال کی اگلی سہ ماہی میں معقول بہتری کی توقع کرتی ہے۔

بحکم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی۔ای۔او

بتاریخ: 29 اپریل 2022



# REDCO TEXTILES LIMITED

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

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

Tel: (+9251) 2344252-7 Fax: (+9251) 2344256 | [sales@redcogroup.com](mailto: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](mailto:textiles@redcogroup.com)