



REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 30th September 2023



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) 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: textiles@redcogroup.com

Directors' Report

Dear Shareholders,

We are pleased to present our quarterly report of your Company's performance as of September 30, 2023.

The three months period under review incurred profit before tax of Rs. 97.599 million and profit after tax of Rs. 81.007 million as compared to loss before tax of Rs. 7.374 million and loss after tax of Rs. 9.601 million of the previous corresponding period.

The highlights of the first quarter include:

- ❖ Increase in sales revenue by 20.94% (215.076 million) as compared to the last corresponding period (177.842 million) as 20 new Toyota air jet looms have been added in the Weaving unit which improved the efficiency of the production process.
- ❖ These three months incurred gross profit of Rs. 8.897 million as compared to the gross profit of Rs. 0.89 million in the previous corresponding period.
- ❖ The three months period under review incurred a net profit of Rs. 81.007 million as compared to the net loss of Rs. 9.601 million in the previous corresponding period. The significant impact of net profit is due to the fact that other income of the period under review increased by Rs. 97.454 million mainly due to sale of idle machinery and profit on savings accounts.

Pakistan's textile industry is facing numerous challenges which make it difficult to compete in the region as well as in the global markets. These problems include increasing taxation, growing inflation, scarcity of necessary raw materials, high costs of doing business and continuous currency fluctuations. Although the large textile units are showing some flexibility in this difficult situation, many Small and Medium-sized Entities (SMEs) have already shut down their operations. Since the PKR has appreciated significantly against the U.S Dollar in the past few days, it is expected that it will ease the situation to some extent and will give some confidence to SMEs. To cut down the negative impact of challenges faced by the industry, the government should take proactive measures, one of which is the provision of electricity and RLNG to the industry at regionally competitive tariffs. Your management is hopeful about gaining profitability in the coming days by setting up cost cutting steps despite all these challenges.

For and on behalf of the Board,

Irfan Ahmed Siddiqi
Director

Sarah Muhammad Saya
Chief Executive Officer

Dated: October 30, 2023



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REDCO TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

	30-Sep-23	30-Jun-23
	Un-audited	Audited
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,731,283,146	1,751,048,321
Long Term Investments	48,230	39,000
Long term deposits	12,021,879	12,021,879
	1,743,353,255	1,763,109,200
CURRENT ASSETS		
Stores, spare parts and loose tools	470,675,016	761,256,409
Stock in trade	268,026,894	182,690,355
Trade debts	261,069,791	156,961,716
Loans and advances	117,886,818	45,721,961
Trade deposits and short term prepayments	1,852,149	141,608
Tax refunds due from Government	148,804,887	223,525,579
Cash and bank balances	45,291,784	48,542,883
	1,313,607,339	1,418,840,511
TOTAL ASSETS	3,056,960,594	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	380,972,631	381,964,314
Director's loan	69,599,501	69,599,501
Other reserves	(6,845)	(16,075)
Accumulated loss	(558,480,868)	(640,479,489)
	385,010,419	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	20,753,460	20,749,230
Deferred taxation	-	-
	37,001,620	36,997,390
CURRENT LIABILITIES		
Trade and other payables	158,294,382	390,314,444
Short term borrowings from associated undertakings	875,116,367	848,390,650
Short term borrowings from directors and others	1,601,537,806	1,602,252,976
Current portion of long term financing	-	-
	2,634,948,555	2,840,958,070
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	3,056,960,594	3,181,949,711

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

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

DIRECTOR

**REDCO TEXTILES LIMITED****CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	30-Sep-23	30-Sep-22
Sales - net	215,076,384	177,841,597
Cost of sales	(206,179,323)	(176,951,420)
Gross Profit	8,897,061	890,177
Operating expenses		
Distribution cost	(142,533)	(129,576)
Administrative expenses	(6,491,604)	(6,238,079)
Other operating expenses	(1,842,942)	(1,541,107)
	(8,477,079)	(7,908,762)
Operating Profit / (Loss)	419,982	(7,018,585)
Other operating income	97,463,406	9,440
Finance cost	(284,668)	(364,529)
Profit / (Loss) before taxation	97,598,720	(7,373,674)
Taxation	(16,591,782)	(2,227,356)
Profit / (Loss) for the period	81,006,938	(9,601,030)
Earnings / (Loss) per share - basic and diluted	1.6434	(0.1948)

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



REDCO TEXTILES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	30-Sep-23	30-Sep-22
Profit / (Loss) for the period after taxation	81,006,938	(9,601,030)
Other comprehensive income / (loss):		
Available for sale financial assets		
Gain / (Loss) arised during the period	9,230	(1,475)
Total comprehensive income/(loss) for the period	<u>81,016,168</u>	<u>(9,602,505)</u>

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



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REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Share Capital	Capital Reserves		Director's loan	Revenue Reserves	Total equity
		Unrealized gain/(loss) on investment measured at FVOCI	Revaluation Surplus		Accumulated Profit/(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 period						
Profit / (Loss) for the period	-	-	-	-	(9,601,030)	(9,601,030)
Other comprehensive income / (loss)	-	(1,475)	-	-	-	(1,475)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of tax	-	-	(1,043,877)	-	1,043,877	-
Balance as at September 30, 2022	<u>492,926,000</u>	<u>(17,215)</u>	<u>385,095,943</u>	<u>69,599,501</u>	<u>(730,581,657)</u>	<u>217,022,572</u>
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 period						
Profit / (Loss) for the period	-	-	-	-	81,006,938	81,006,938
Other comprehensive income / (loss)	-	9,230	-	-	-	9,230
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of tax	-	-	(991,683)	-	991,683	-
Balance as at September 30, 2023	<u>492,926,000</u>	<u>(6,845)</u>	<u>380,972,631</u>	<u>69,599,501</u>	<u>(558,480,868)</u>	<u>385,010,419</u>

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

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CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	30-Sep-23	30-Sep-22
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	97,598,720	(7,373,674)
Adjustment for non cash items:		
Depreciation	19,815,175	19,806,439
Provision for staff retirement benefits	3,295,000	1,288,000
Finance cost	284,668	364,529
	23,394,843	21,458,968
Operating profit before working capital changes	120,993,563	14,085,294
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	290,581,393	3,612,225
Stock in trade	(85,336,539)	(56,425,997)
Trade debts	(104,108,075)	(28,257,902)
Loan & Advances and Trade deposits	(73,875,398)	34,872,787
	27,261,381	(46,198,887)
Increase / (decrease) in current liabilities		
Trade and other payables	(232,020,062)	20,628,622
Cash generated from / (used in) operations	(83,765,118)	(11,484,971)
GIDC Paid	-	(28,485)
Staff retirement benefits paid	(3,290,770)	(1,286,131)
Interest paid	(284,668)	(390,565)
Taxes paid	58,128,910	(2,529,723)
	54,553,472	(4,234,904)
Net cash generated from / (used in) operating activities	(29,211,646)	(15,719,875)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment - acquired	(50,000)	(3,636,863)
Net cash generated from / (used in) investing activities	(50,000)	(3,636,863)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings from associated undertakings	26,725,717	26,114,283
Short term borrowings from directors and others	(715,170)	(806,660)
Long term financing from banking companies	-	(3,519,714)
Net cash generated from / (used in) financing activities	26,010,547	21,787,909
Increase / (decrease) in cash and cash equivalents	(3,251,099)	2,431,171
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	45,291,784	8,360,279

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

REDCO TEXTILES LIMITED

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

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 Pakistan Stock Exchanges. Redco's principal activities include manufacture and sale of yarn and grey fabric. The registered office of the company is situated at 78-E, Redco Arcade, Blue Area, Islamabad. The manufacturing facility is located at 3-km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat, Rawalpindi, District Rawalpindi in the Province of Punjab.

2 BASIS OF 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 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 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 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 October 2023.

5 GENERAL

Figures have been rounded off to the nearest rupee.

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DIRECTOR



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ڈائریکٹرز رپورٹ

ہم 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کی کارکردگی پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ زیر نظر تین ماہ کے عرصے میں قبل از ٹیکس منافع 97.599 ملین روپے رہا ہے جبکہ بعد از ٹیکس منافع 81.007 ملین روپے رہا ہے۔ اسکے مقابلے میں گزشتہ اسی سہ ماہی میں قبل از ٹیکس نقصان 7.374 ملین روپے اور بعد از ٹیکس نقصان 9.601 ملین روپے تھا۔

پہلی سہ ماہی کے اہم نکات درج ذیل ہیں :-

- فروخت میں گزشتہ تقابلی عرصے کے مقابلے میں 20.94 فیصد اضافہ ہوا ہے اور ہماری فروخت 215.076 ملین روپے رہی ہے جبکہ گزشتہ اسی سہ ماہی میں فروخت 177.842 ملین روپے تھی چونکہ پچھلے سال ویونگ یونٹ میں 20 نئی ٹویٹا ایئر جیٹ لومز شامل کی گئی ہیں جس کی وجہ سے پیداواری صلاحیت بہتر ہوئی ہے۔
- زیر نظر سہ ماہی میں مجموعی منافع 8.897 ملین روپے رہا جو کہ گزشتہ اسی عرصے میں 0.89 ملین روپے کا تھا۔

- زیر نظر تین ماہ کے عرصہ میں خالص منافع 81.007 ملین روپے رہا جبکہ گزشتہ اسی عرصہ میں 9.601 ملین روپے کا خالص نقصان تھا۔ زیر غور سہ ماہی میں خالص منافع میں اضافہ اس بات کی وجہ سے ہے کہ دیگر آمدنی میں 97.454 ملین روپے کا اضافہ ہوا ہے جسکی بنیادی وجہ مشینری کی فروخت اور بچت کھاتوں پر ملنے والا منافع ہے۔

پاکستان کی ٹیکسٹائل انڈسٹری کو متعدد چیلنجز کا سامنا ہے جسکی وجہ سے خطے کے ساتھ ساتھ عالمی منڈیوں میں مقابلہ کرنا مشکل ہو رہا ہے۔ ان مسائل میں ٹیکسوں میں اضافہ، بڑھتی مہنگائی، ضروری خام مال کی قلت، زیادہ کاروباری لاگت اور کرنسی کا مسلسل اتار چڑھاؤ شامل ہے۔ اگرچہ ٹیکسٹائل کے بڑے یونٹ اس مشکل صورتحال میں کچھ کام کر رہے ہیں، بہت سے چھوٹے اور درمیانے درجے کے ادارے (SMEs) پہلے ہی اپنا کام بند کر چکے ہیں۔ امید کی جاتی ہے کہ پچھلے کچھ دنوں میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں ہونے والے اضافہ کی وجہ سے صورتحال کچھ حد تک بہتر ہو جائے گی جس سے SMEs کو اعتماد ملے گا۔ صنعت کو درپیش چیلنجز کے منفی اثرات کو کم کرنے کیلئے حکومت کو فعال اقدامات اٹھانے کی ضرورت ہے جس میں سے ایک صنعت کو علاقائی سطح پر مسابقتی نزخوں پر بجلی اور RLNG کی فراہمی بھی شامل ہے۔ آپکی انتظامیہ ان تمام چیلنجز کے باوجود لاگت میں کمی کر کے آنے والے دنوں میں منافع حاصل کرنے کے لیے پُر امید ہے۔

بحکم بورڈ آف ڈائریکٹرز

عرفان احمد صدیقی

ڈائریکٹر

سارہ محمد سائیہ

سی۔ای۔او

بتاریخ: 30 اکتوبر 2023



REDCO TEXTILES LIMITED

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