

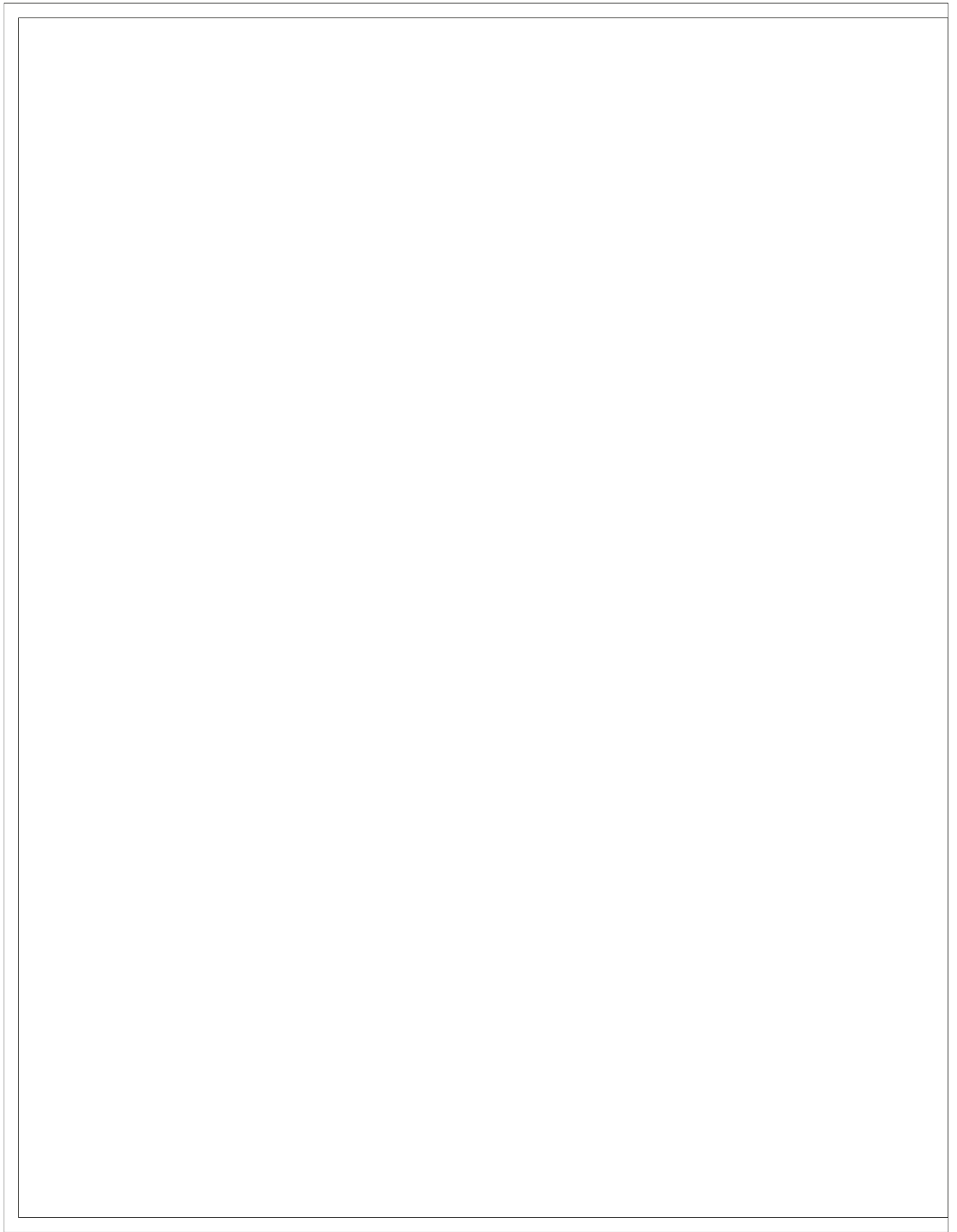
*“Say No To Corruption”*



**REDCO  
TEXTILES LIMITED**

**ISO 9001 Certified**

Quarterly Report as at 31st March 2020





**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## Company Information

### Board of Directors

Ms. Sarah Saif Khan  
Chief Executive

Mrs. Taufiqah Amanullah Khan  
Chairman

Mrs. Muniza Saif Khan

Mr. Irfan Ahmed Siddiqi

Mr. Ashan 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

Chairperson

Mrs. Muniza Saif Khan

Member

Mrs. Taufiqah Amanullah Khan

Member

### HR and Remuneration Committee

Mr. Irfan Ahmed Siddiqi

Chairperson

Ms. Sarah Saif Khan

Member

Mrs. Taufiqah Amanullah Khan

Member

### Registered Office

Redco Textiles Limited, Redco Arcade, 78 -E, Blue Area, Islamabad 44000, Pakistan.

Tel: (+92-51) 2344252-5 Fax: (+92-51) 2344256 E-mail: sales@redcogroup.com

### Mills

Redco Textiles Limited, 3-Km, Rawat-Kallar Seydan Road, P.O Sagri, Rawat, Rawalpindi.

Tel: (+92-51) 4610402-4 Fax: (+92-51) 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, 2020.

The company, despite many operational challenges attributed to high cost of production as compared to that of our regional players, has been able to deliver improvement in profitability through persistent and diligent efforts. The nine months period under review incurred Profit before tax of Rs. 39.03 million, and profit after tax of Rs. 34.58 million. In comparison to the previous nine months period loss before tax of Rs. 20.56 million and loss after tax of Rs. 21.46 million.

The profit generated during the period in primarily result of the announcement from the Government regarding reduction in RLNG prices at US \$ 6.5 per MMBTU for export oriented sectors which has helped reduce the cost of energy of the Company. Further, during the period under review management had also installed 32 air jet looms and increased the production capacity by 81 percent as compared to previous corresponding period. This has resulted in increased production and reduced conversion costs. The last three months were prolific and enabled the Company to post a profit after tax of Rs. 33.96 million and earnings per share of Rs.0.689.

The highlights of the nine months period include:

- ❖ Increase in sales revenue by 75.92% (294.29 million) as compared to last corresponding period (70.88 million).
- ❖ These nine months incurred gross profit to 19.98% (58.81 million) as compared to gross loss of 10.40% (7.37 million) in previous corresponding period.

Due to the repercussions of COVID-19 pandemic, the global as well as domestic economy has come to a halt during the quarter under review. The impact of the pandemic expected to result in severe damage to business earnings for the next quarters regardless of mitigating steps taken worldwide and also by the Government of Pakistan. Despite the current uncertain situation, the management of your company expects a decent recovery in next financial year and is striving hard to steer the Company vigilantly through this adverse economic crunch.

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

**Sarah Saif Khan**  
**Chief Executive**

Dated: April 29, 2020.

**REDCO TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT MARCH 31, 2020**

	March 31, 2020	June 30, 2019
	Unaudited	Audited
	Rupees	Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	957,466,530	783,254,940
Long term investment	38,495	65,745
Long term deposits	5,819,879	5,819,879
	<u>963,324,904</u>	<u>789,140,564</u>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	40,518,896	38,079,393
Stock in trade	28,490,368	10,061,647
Trade debts	95,389,293	92,329,726
Loans and advances	37,088,293	28,039,840
Trade deposits and short term prepayments	287,559	25,890
Tax refunds due from Government	62,900,328	63,699,027
Cash and bank balances	6,251,445	43,507,956
	<u>270,926,182</u>	<u>275,743,479</u>
<b>TOTAL ASSETS</b>	<u>1,234,251,086</u>	<u>1,064,884,043</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 50,000,000 (June 30, 2019: 50,000,000) ordinary shares of Rs. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital 49,292,600 (June 30, 2019: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Fair value Reserves	(16,580)	10,670
Equity Portion of Director's loan	69,199,501	-
Surplus on revaluation of property plant and Equipment - Net of Tax	303,653,446	305,629,748
Accumulated loss	(784,740,506)	(821,296,223)
	<u>81,021,861</u>	<u>(22,729,805)</u>
<b>NON CURRENT LIABILITIES</b>		
Deferred liabilities	5,032,782	5,032,640
	<u>5,032,782</u>	<u>5,032,640</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	170,482,146	89,492,453
Short term borrowings from associated undertakings	707,040,258	709,645,499
Short term borrowings from directors and others	270,674,039	283,443,256
	<u>1,148,196,443</u>	<u>1,082,581,208</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,234,251,086</u>	<u>1,064,884,043</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

## REDCO TEXTILES LIMITED

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine Months Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees		Rupees	
Sales - net	294,289,063	70,878,621	131,035,191	68,965,637
Cost of sales	(235,480,425)	(78,247,869)	(90,760,468)	(49,484,040)
<b>Gross profit / (loss)</b>	<b>58,808,638</b>	<b>(7,369,248)</b>	<b>40,274,723</b>	<b>19,481,597</b>
<b>Operating expenses</b>				
Distribution cost	-	(321,987)	-	(40,000)
Administrative expenses	(13,052,925)	(10,830,687)	(4,286,362)	(3,854,203)
Other operating expenses	(6,778,456)	(1,227,254)	(41,632)	(258,251)
	(19,831,381)	(12,379,928)	(4,327,994)	(4,152,454)
<b>Operating profit / (loss)</b>	<b>38,977,257</b>	<b>(19,749,176)</b>	<b>35,946,729</b>	<b>15,329,143</b>
Other operating income	71,367	568,128	2,436	487
Finance cost	(20,495)	(1,376,891)	(4,653)	(1,005,277)
<b>Profit / (Loss) before taxation</b>	<b>39,028,129</b>	<b>(20,557,939)</b>	<b>35,944,512</b>	<b>14,324,353</b>
Taxation	(4,448,714)	(899,783)	(1,980,853)	(875,238)
<b>Profit / (Loss) for the period</b>	<b>34,579,415</b>	<b>(21,457,722)</b>	<b>33,963,659</b>	<b>13,449,115</b>
<b>Earnings / (Loss) per share - basic and diluted</b>	<b>0.702</b>	<b>(0.435)</b>	<b>0.689</b>	<b>0.273</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 CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	March 31, 2020	March 31, 2019
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	39,028,129	(20,557,939)
Adjustment for non cash items:		
Depreciation	29,019,896	24,622,353
Provision for staff retirement benefits	1,195,000	721,400
Gain on sale of assets	4,109,180	(566,746)
Finance cost	20,495	1,376,891
	34,344,571	26,153,898
Operating (loss) / profit before working capital changes	73,372,700	5,595,959
(Increase) / decrease in current assets		
Stores, spares and loose tools	(2,439,503)	(514,850)
Stock in trade	(18,428,721)	(63,909,869)
Trade debts	(3,059,567)	27,174,706
Advances, deposits, prepayments and other receivables	(9,310,122)	(2,067,761)
	(33,237,913)	(39,317,774)
Increase / (decrease) in current liabilities		
Trade and other payables	80,989,693	34,955,246
<b>Cash generated from / (used in) operations</b>	121,124,480	1,233,431
Staff retirement benefits paid	(1,194,858)	(529,924)
Interest paid	(20,495)	(1,891,372)
Taxes paid	(3,650,015)	(2,647,676)
	(4,865,368)	(5,068,972)
<b>Net cash generated from / (used in) operating activities</b>	116,259,112	(3,835,541)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets purchased	(212,719,000)	(961,602)
Proceeds from sale of assets	5,378,334	920,000
<b>Net cash used in investing activities</b>	(207,340,666)	(41,602)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing from banking companies	-	(7,692,304)
Short term borrowings from associated undertakings	(2,605,241)	66,001,514
Short term borrowings from directors and others	56,430,284	(13,136,891)
Short term borrowings from banking companies	-	(16,942,607)
<b>Net cash (used in) / generated from financing activities</b>	53,825,043	28,229,712
<b>Net increase / (decrease) in cash and cash equivalents</b>	(37,256,511)	24,352,569
<b>Cash and cash equivalents at the beginning of the period</b>	43,507,956	695,291
<b>Cash and cash equivalents at the end of the period</b>	6,251,445	25,047,860

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**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Nine Months Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees		Rupees	
Profit / (Loss) for the period after taxation	34,579,415	(21,457,722)	33,963,659	13,449,115
<b>Other comprehensive income / (loss):</b>				
Available for sale financial assets gain / (loss) arised during the period	(27,250)	(4,035)	(32,665)	9,775
Total comprehensive income / (loss) for the period	<u>34,552,165</u>	<u>(21,461,757)</u>	<u>33,930,994</u>	<u>13,458,890</u>

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

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

#### FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Share Capital	Reserves		Equity portion of Director's loan	Revenue Reserves	Total equity
		Unrealized gain on available for Sale investment	Revaluation Surplus		Accumulated Profit/(Loss)	
	Rupees					
Balance as at June 30, 2018	492,926,000	22,735	308,403,505	-	(825,360,567)	(24,008,327)
Total comprehensive income / (loss) for the nine months ended March 31, 2019	-	(4,035)		-	(21,457,722)	(21,461,757)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	(2,080,318)	-	2,080,318	-
<b>Balance as at March 31, 2019</b>	<u>492,926,000</u>	<u>18,700</u>	<u>306,323,187</u>	<u>-</u>	<u>(844,737,971)</u>	<u>(45,470,084)</u>
Balance as at June 30, 2019	492,926,000	10,670	305,629,748	-	(821,296,223)	(22,729,805)
Total comprehensive income / (loss) for the nine months ended March 31, 2020	-	(27,250)		-	34,579,415	34,552,165
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	(1,976,302)	-	1,976,302	-
Transferred from Liability portion of Director's loan	-	-	-	12,217,601	-	12,217,601
Loan received during the year - net	-	-	-	56,981,900	-	56,981,900
<b>Balance as at March 31, 2020</b>	<u>492,926,000</u>	<u>(16,580)</u>	<u>303,653,446</u>	<u>69,199,501</u>	<u>(784,740,506)</u>	<u>81,021,861</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

## REDCO TEXTILES LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

---

#### 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, 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, 2019.

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, 2019.

#### 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 2020.

#### 5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## ڈائریکٹر رپورٹ

محترم حصص داران

ہم 31 مارچ 2020 کو ختم ہونے والی نو ماہی کی کارکردگی پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی بہت سے آپریشنل چیلنجوں اور پیداواری لاگت کے اضافی اخراجات کے باوجود مستقل اور مستعد کوششوں کے ذریعے منافع میں بہتری لانے میں کامیاب رہی ہے۔ زیر نظر نو ماہ کے عرصے میں قبل از ٹیکس منافع 39.03 ملین روپے کا اور بعد از ٹیکس منافع 34.58 ملین روپے رہا ہے۔ جبکہ اس کے موازنہ میں گزشتہ اسی نو ماہی میں قبل از ٹیکس نقصان 20.56 ملین روپے اور بعد از ٹیکس نقصان 21.46 ملین روپے تھا۔

اس مدت کے دوران حاصل شدہ منافع برآمد پر مبنی شعبوں کے لئے RLNG کی قیمتوں میں کمی کے بارے میں حکومت کی طرف سے جاری کردہ اعلان کے نتیجے میں حاصل ہوا ہے جس کے مطابق فی MMBTU قیمت 6.5 امریکی ڈالر رکھی گئی ہے اور اس سے کمپنی کی توانائی کی لاگت کو کم کرنے میں مدد ملی ہے۔ مزید یہ کہ زیر نظر دورانہ میں 32 ایئر جٹ لومز بھی لگائی گئی ہیں اور اس سے پیداواری صلاحیت میں 81 فیصد اضافہ ہوا ہے جس کے نتیجے میں پیداوار میں اضافہ اور پیداواری لاگت میں مزید کمی لائی گئی ہے۔ گزشتہ تین ماہ شاندار تھے جس کی بدولت کمپنی کو بعد از ٹیکس منافع 33.96 ملین روپے کا اور فی حصص 0.689 منافع کمایا۔

زیر نظر نو ماہی کے اہم نکات درج ذیل ہیں۔

- فروخت کے حجم میں گزشتہ اسی مدت (70.88 ملین روپے) کے مقابلے میں 75.92 فیصد (294.29 ملین روپے) اضافہ ہوا ہے۔
- اس نو ماہی میں 19.98 فیصد (58.81 ملین روپے) خالص منافع ہوا ہے۔ جب کہ گزشتہ اسی مدت میں 7.37 ملین روپے خالص نقصان تھا۔

زیر نظر نو ماہی میں عالمی وبا COVID-19 کے اثرات کی وجہ سے عالمی اور اس کے ساتھ ساتھ مقامی معیشت کا پہیہ بتدریج جام ہو گیا ہے۔ ان تمام عوامل کی وجہ سے اگلی سہ ماہی میں کاروباری آمدنی کو شدید دھچکہ لگنے کا امکان ہے قطع نظر اس کے کہ عالمی سطح پر اور حکومت پاکستان کی طرف سے معاشی نقصانات میں تخفیف کے لیے اقدامات اٹھائے گئے ہیں۔ موجودہ غیر یقینی صورتحال کے باوجود آپ کے ادارہ کی انتظامیہ کو اگلے مالی سال کے دوران کاروباری سرگرمیوں میں معقول بحالی کی توقع ہے اور وہ اس شدید معاشی بحران سے آپ کے ادارے کو محتاط انداز میں نکلنے کے لئے انتھک محنت جاری رکھے ہوئے ہے۔

بجلم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی۔ای۔او

بتاریخ: 29 اپریل 2020



# REDCO TEXTILES LIMITED

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

**Head Office:** Redco Plaza, 4th Floor, 78-E Blue Area, Islamabad Pakistan.  
Tel: (+9251) 2344252-5 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)