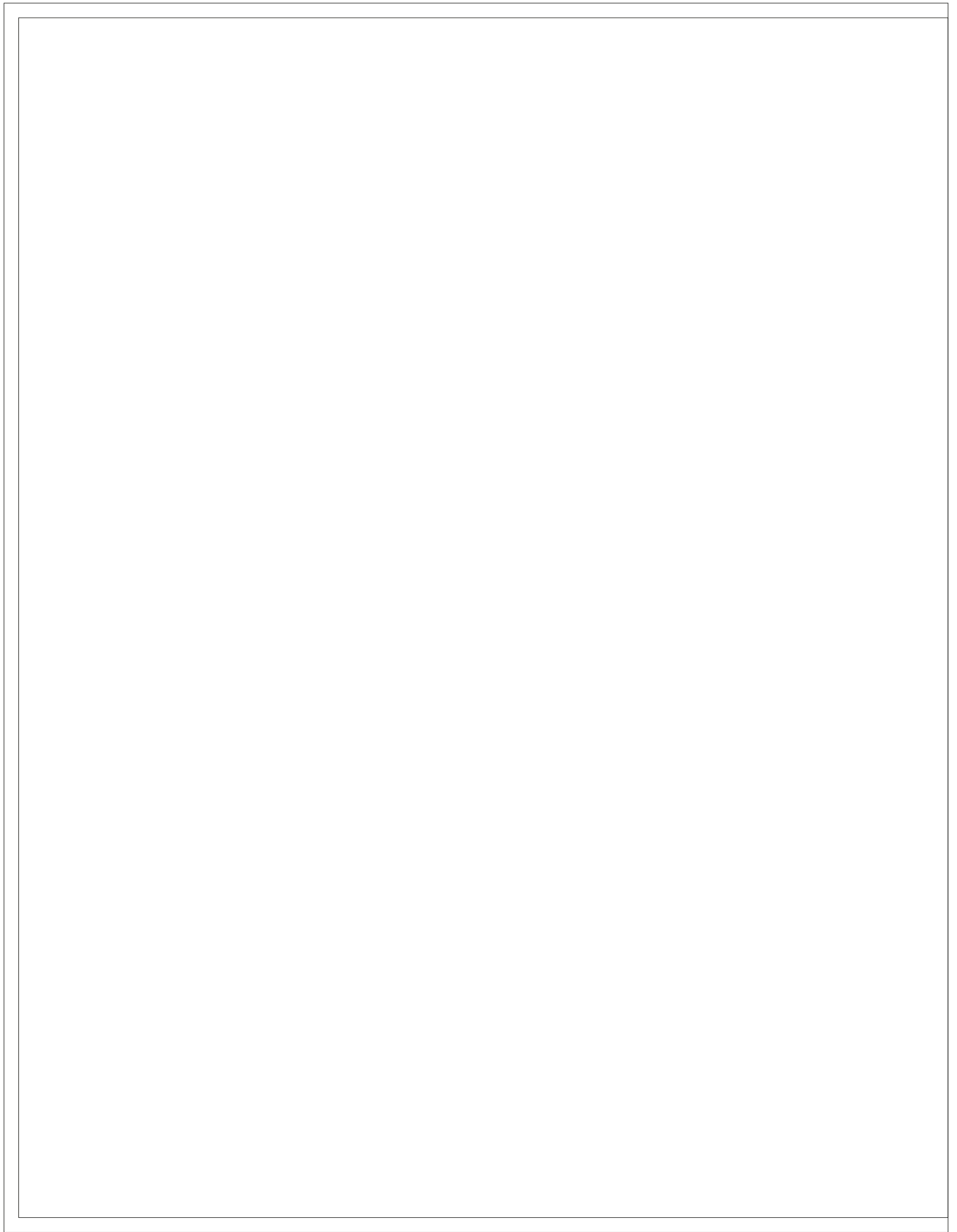




REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 31st March 2021





REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

Company Information

Board of Directors

Mrs. Sarah Saif Khan
Chief Executive

Mrs. Muniza Saif Khan
Chairperson

Mr. Ahsan ur Rehman Khan

Ms. Ayesha Saif Khan

Mr. Khalid Rehman Khan

Mr. Junaid Khan

Mr. Irfan Ahmed Siddiqi

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) 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 on March 31, 2021.

Prolonged lockdowns and market uncertainty due to the Covid-19 pandemic, affected and continue to affect both the supply and demand-sides of the economy. With the arrival of the second and third wave, the world economies seem to be facing headwinds once again from rising domestic and external vulnerabilities. Likewise in Pakistan, the Textile sector finds itself in the midst of unprecedented adversity, marked by shifting customer behavior and disrupted supply chains, which are putting revenues and margins under pressure. Pakistan's textile sector is still feeling the effects of the global recession triggered by the Covid-19 crisis. In these difficult times, your company still managed to post bottom line profitability in the current quarter by adapting quickly to the adverse situation created by the Covid-19 pandemic. The nine months period under review incurred profit before tax of Rs. 23.24 million, and profit after tax of Rs. 17.14 million. In comparison to the previous nine months period profit before tax of Rs. 39.03 million and profit after tax of Rs. 34.58 million.

The highlights of the nine months period include:

- ❖ Increase in sales revenue by 27.08% (403.58 million) as compared to last corresponding period (294.29 million).
- ❖ These nine months incurred gross profit of 11.08% (44.73 million) as compared to gross profit of 19.98% (58.81 million) in previous corresponding period.

Financial year 2020-21 started under severe affects of Covid-19 pandemic, therefore, business activity in both the local and international markets remained under stress. Since retail sector, all over the world, was either facing closures or low consumer demand, this will be a challenging period for the textile industry, especially, in export-oriented units. Third wave of the disease is expected in the next quarter which may cause another lockdown. Despite the current uncertain situation, the management of your company expects a decent recovery in next quarter of the 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, 2021.



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2021

	March 31, 2021	June 30, 2020
	Unaudited	Audited
	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	944,822,038	950,027,697
Long term investment	50,805	54,500
Long term deposits	10,014,879	5,819,879
	<u>954,887,722</u>	<u>955,902,076</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	43,236,734	40,975,058
Stock in trade	29,682,782	56,750,802
Trade debts	152,156,133	80,061,995
Loans and advances	54,775,437	31,329,269
Trade deposits and short term prepayments	251,269	23,090
Tax refunds due from Government	49,638,569	69,926,593
Cash and bank balances	32,570,522	33,403,224
	<u>362,311,446</u>	<u>312,470,031</u>
TOTAL ASSETS	<u>1,317,199,168</u>	<u>1,268,372,107</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 50,000,000 (June 30, 2020: 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, 2020: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Fair value Reserves	(4,270)	(575)
Equity Portion of Director's loan	73,199,501	73,199,501
Surplus on revaluation of property, plant and equipment - Net of Tax	301,117,192	302,994,679
Accumulated loss	<u>(777,162,170)</u>	<u>(796,182,734)</u>
	90,076,253	72,936,871
NON CURRENT LIABILITIES		
Long term financing from banking companies	11,813,823	12,049,084
Deferred liabilities	10,686,226	11,940,058
	<u>22,500,049</u>	<u>23,989,142</u>
CURRENT LIABILITIES		
Trade and other payables	207,568,612	186,110,960
Accrued mark up / interest	-	1,539
Short term borrowings from associated undertakings	705,867,470	709,801,952
Short term borrowings from directors and others	266,805,919	269,375,038
Current portion of non current liabilities	24,380,865	6,156,605
	<u>1,204,622,866</u>	<u>1,171,446,094</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u>1,317,199,168</u>	<u>1,268,372,107</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, 2021

	Nine Months Ended		Quarter Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees		Rupees	
Sales - net	403,582,408	294,289,063	126,007,691	131,035,191
Cost of sales	(358,854,746)	(235,480,425)	(115,072,719)	(90,760,468)
Gross profit	44,727,662	58,808,638	10,934,972	40,274,723
Operating expenses				
Distribution cost	(200,942)	-	-	-
Administrative expenses	(12,851,274)	(13,052,925)	(3,925,034)	(4,286,362)
Other operating expenses	(8,911,341)	(6,778,456)	(503,200)	(41,632)
	(21,963,557)	(19,831,381)	(4,428,234)	(4,327,994)
Operating profit	22,764,105	38,977,257	6,506,738	35,946,729
Other operating income	1,150,415	71,367	183,297	2,436
Finance cost	(678,746)	(20,495)	(141,891)	(4,653)
Profit before taxation	23,235,774	39,028,129	6,548,144	35,944,512
Taxation	(6,092,697)	(4,448,714)	(1,897,136)	(1,980,853)
Profit for the period	17,143,077	34,579,415	4,651,008	33,963,659
Earnings per share - basic and diluted	0.348	0.702	0.094	0.689

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,235,774	39,028,129
Adjustment for non cash items:		
Depreciation	32,461,194	29,019,896
Provision for staff retirement benefits	2,251,000	1,195,000
Gain on sale of assets	-	4,109,180
Provision for GIDC Payable	7,440,120	-
Finance cost	678,746	20,495
	42,831,060	34,344,571
Operating profit before working capital changes	66,066,834	73,372,700
(Increase) / decrease in current assets		
Stores, spares and loose tools	(2,261,676)	(2,439,503)
Stock in trade	27,068,020	(18,428,721)
Trade debts	(72,094,138)	(3,059,567)
Advances, deposits, prepayments and other receivables	(23,674,347)	(9,310,122)
	(70,962,141)	(33,237,913)
Increase / (decrease) in current liabilities		
Trade and other payables	21,457,652	80,989,693
Cash generated from / (used in) operations	16,562,345	121,124,480
Long term deposits	(4,195,000)	-
Staff retirement benefits paid	(2,212,085)	(1,194,858)
Interest paid	(680,285)	(20,495)
Taxes paid	14,065,556	(3,650,015)
	6,978,186	(4,865,368)
Net cash generated from / (used in) operating activities	23,540,531	116,259,112
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(27,255,536)	(212,719,000)
Proceeds from sale of assets	-	5,378,334
Net cash used in investing activities	(27,255,536)	(207,340,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from banking companies	9,385,904	-
Short term borrowings from associated undertakings	(3,934,482)	(2,605,241)
Short term borrowings from directors and others	(2,569,119)	56,430,284
Net cash generated from / (used in) financing activities	2,882,303	53,825,043
Net increase / (decrease) in cash and cash equivalents	(832,702)	(37,256,511)
Cash and cash equivalents at the beginning of the period	33,403,224	43,507,956
Cash and cash equivalents at the end of the period	32,570,522	6,251,445

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, 2021

	Nine Months Ended		Quarter Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees		Rupees	
Profit for the period after taxation	17,143,077	34,579,415	4,651,008	33,963,659
Other comprehensive income / (loss):				
Available for sale financial assets gain / (loss) arised during the period	(3,695)	(27,250)	(1,080)	(32,665)
Total comprehensive income for the period	<u>17,139,382</u>	<u>34,552,165</u>	<u>4,649,928</u>	<u>33,930,994</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, 2021

	Share Capital	Reserves		Equity portion of Director's loan	Revenue Reserves	Total equity
		Unrealized gain on available for sale	Revaluation Surplus		Accumulated Profit/(Loss)	
Rupees						
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
Balance as at March 31, 2020	<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>
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	-
Balance as at March 31, 2021	<u>492,926,000</u>	<u>(4,270)</u>	<u>301,117,192</u>	<u>73,199,501</u>	<u>(777,162,170)</u>	<u>90,076,253</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, 2021

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, 2020.

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, 2020.

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 2021.

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 2021 کو ختم ہونے والی سہ ماہی کارکردگی پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ کوویڈ 19 کی وبا کی وجہ سے جاری طویل لاک ڈاؤن اور مارکیٹ کی غیر یقینی صورتحال کی وجہ سے معیشت کی طلب اور رسد دونوں متاثر ہوئی ہیں۔ دوسری اور تیسری لہر کی آمد کے باعث عالمی معیشتوں کو ایک بار پھر بڑھتے اندرونی اور بیرونی خطرات کا سامنا کرنا پڑے گا۔ اسی طرح پاکستان میں بھی ٹیکسٹائل کے شعبہ کو غیر معمولی مشکلات کا سامنا کرنا پڑ رہا ہے جسکی وجہ سے صارفین کے طرز عمل میں رد و بدل اور فراہمی کے سلسلے میں خلل پڑتا ہے جو کہ آمدنی کو دباؤ میں لانے کا سبب بن رہی ہے۔ کوویڈ 19 کی بحران سے پیدا ہونے والی عالمی کساد بازاری کے بڑھتے ہوئے اثرات پاکستان کا ٹیکسٹائل شعبہ اب بھی محسوس کر رہا ہے۔ وبائی کوویڈ 19 کی وجہ سے پیدا ہونے والی منفی صورتحال کے باوجود آپکی کمپنی موجودہ سہ ماہی میں منافع حاصل کرنے میں کامیاب ہو گئی ہے۔ زیر نظر نو ماہ کی مدت میں قبل از ٹیکس منافع 23.24 ملین روپے اور بعد از ٹیکس منافع 17.14 ملین روپے رہا ہے۔ جبکہ اسکے موازنہ میں گزشتہ اسی نو ماہ کی مدت میں قبل از ٹیکس منافع 39.03 ملین روپے اور بعد از ٹیکس منافع 34.58 ملین روپے تھا۔

زیر نظر نو ماہ کے اہم نکات درج ذیل ہیں۔

- فروخت کے حجم میں گزشتہ اسی مدت (294.29 ملین روپے) کے مقابلے میں 27.08 فیصد (403.58 ملین روپے) اضافہ ہوا ہے۔
- ان نو ماہ میں خالص منافع گزشتہ اسی مدت میں 19.98 فیصد (58.81 ملین روپے) کے مقابلے میں 11.08 فیصد (44.73 ملین روپے) رہا ہے۔

مالی سال 2020-21 کوویڈ 19 کی زیر اثر شروع ہوا ہے جسکی وجہ سے مقامی اور بین الاقوامی مارکیٹوں میں کاروباری سرگرمیاں تناؤ کا شکار ہیں۔ چونکہ پوری دنیا میں ریٹیل سیلٹریا تو بندش یا کم صارفین کی طلب کا سامنا کر رہا تھا لہذا یہ ٹیکسٹائل کی صنعت خصوصاً برآمدی یونٹ میں ایک مشکل دور ہوگا۔ اگلی سہ ماہی میں اس وبا کی تیسری لہر متوقع ہے جسکی وجہ سے پھر سے لاک ڈاؤن ہو سکتا ہے۔ موجودہ غیر یقینی صورتحال کی باوجود آپکے ادارہ کی انتظامیہ کو سال کی اگلی سہ ماہی کے دوران کاروباری سرگرمیوں میں معقول بحالی کی توقع ہے اور وہ اس شدید معاشی بحران سے آپکے ادارے کو محتاط انداز میں نکالنے کے لیے انتھک محنت جاری رکھے ہوئے ہیں۔

بحکم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی۔ای۔او

بتاریخ: 29 اپریل 2021



REDCO TEXTILES LIMITED

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