



# REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 31<sup>st</sup> March 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. Ah san 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. Ah san 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, 2023.

The nine months period under review incurred loss before tax of Rs. 42.48 million and loss after tax of Rs. 50.60 million as compared to the previous nine months corresponding period profit before tax of Rs. 16.08 million and profit after tax of Rs. 8.12 million.

The highlights of the nine months period include:

- ❖ Increase in sales revenue by 22.43% (644.08 million) as compared to last corresponding period (526.08 million).
- ❖ These nine months incurred gross loss of 3.35% (21.60 million) as compared to gross profit of 8.53% (44.88 million) in previous corresponding period.

During the quarter ended March 31, 2023 the Company incurred loss after tax of Rs. 2.40 million as compared to the previous quarter loss after tax of Rs. 15.69 million. This fiscal year is turning out to be a difficult one with reduced profit margins. High raw material costs coupling with expensive energy prices are making it difficult for the Pakistani textile industry to be competitive with the regional competitors.

The unusual exchange rate fluctuations and the continuing political uncertainty are turning out to be very difficult for the textile industry. The Russia-Ukraine war is also adversely affecting the world economy by worsening the current geopolitical situation. Moreover, macroeconomic indicators like the current account deficit, massive rupee devaluation and high inflation rates indicate that a high policy rate will remain which will slow down the economy. The management of your company is expecting an appropriate improvement in next quarter of the year.

For and on behalf of the Board,

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Sarah Muhammad Saya  
Chief Executive

Dated: April 28, 2023



# REDCO TEXTILES LIMITED

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## REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	March 31, 2023	June 30, 2022
	Unaudited	Audited
	Rupees	Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	1,664,234,249	1,715,528,914
Long term investment	41,680	39,335
Long term deposits	13,023,370	10,019,079
	1,677,299,299	1,725,587,328
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	45,768,562	49,448,442
Stock in trade	88,934,767	76,492,175
Trade debts	273,421,228	159,570,596
Loans and advances	18,540,812	52,281,084
Trade deposits and short term prepayments	609,726	23,551
Tax refunds due from Government	75,912,640	92,239,223
Cash and bank balances	27,537,889	5,929,108
	530,725,624	435,984,179
<b>TOTAL ASSETS</b>	<b>2,208,024,923</b>	<b>2,161,571,507</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital		
80,000,000 (June 30, 2022: 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, 2022: 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	383,012,640	386,139,820
Director's loan	69,599,501	69,599,501
Other reserves	(13,395)	(15,740)
Accumulated loss	(769,497,295)	(722,024,504)
	176,027,451	226,625,077
<b>NON CURRENT LIABILITIES</b>		
Long term financing from banking companies	-	-
Long term payables	16,238,665	16,267,150
Staff retirement benefits - gratuity	18,514,460	18,507,037
Deferred taxation	-	-
	34,753,125	34,774,187
<b>CURRENT LIABILITIES</b>		
Trade and other payables	248,298,655	220,357,887
Accrued mark up / interest	-	52,651
Short term borrowings from associated undertakings	849,748,747	769,995,917
Short term borrowings from directors and others	899,196,945	901,551,663
Current portion of long term financing	-	8,214,125
	1,997,244,347	1,900,172,243
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,208,024,923</b>	<b>2,161,571,507</b>

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, 2023

	Nine Months Ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees		Rupees	
Sales - net	644,084,316	526,080,342	218,800,448	200,860,454
Cost of sales	(665,688,548)	(481,200,320)	(211,850,122)	(207,147,700)
<b>Gross profit/(loss)</b>	<b>(21,604,232)</b>	<b>44,880,022</b>	<b>6,950,326</b>	<b>(6,287,246)</b>
<b>Operating expenses</b>				
Distribution cost	(944,140)	(373,020)	(588,214)	(130,020)
Administrative expenses	(18,222,906)	(16,909,911)	(5,824,159)	(4,200,769)
Other operating expenses	(2,521,972)	(11,326,571)	(187,846)	(1,934,895)
	(21,689,018)	(28,609,502)	(6,600,219)	(6,265,684)
<b>Operating profit/(loss)</b>	<b>(43,293,250)</b>	<b>16,270,520</b>	<b>350,108</b>	<b>(12,552,930)</b>
Other operating income	1,210,899	514,576	12,941	2,080
Finance cost	(393,641)	(708,099)	(19,933)	(99,107)
<b>Profit/(loss) before taxation</b>	<b>(42,475,992)</b>	<b>16,076,997</b>	<b>343,116</b>	<b>(12,649,957)</b>
Taxation	(8,123,979)	(7,957,304)	(2,735,006)	(3,042,433)
<b>Profit/(loss) for the period</b>	<b>(50,599,971)</b>	<b>8,119,693</b>	<b>(2,391,890)</b>	<b>(15,692,390)</b>
<b>(Loss) / Earnings per share - basic and diluted</b>	<b>(1.027)</b>	<b>0.165</b>	<b>(0.049)</b>	<b>(0.318)</b>

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, 2023

	Nine Months Ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees		Rupees	
Profit/(loss) for the period after taxation	(50,599,971)	8,119,693	(2,391,890)	(15,692,390)
<b>Other comprehensive income / (loss):</b>				
Available for sale financial assets				
gain / (loss) arised during the period	2,345	(5,950)	1,850	(1,535)
Total comprehensive income/(loss) for the period	<u>(50,597,626)</u>	<u>8,113,743</u>	<u>(2,390,040)</u>	<u>(15,693,925)</u>

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## REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	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, 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>
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	-
<b>Balance as at March 31, 2023</b>	<b>492,926,000</b>	<b>(13,395)</b>	<b>383,012,640</b>	<b>69,599,501</b>	<b>(769,497,295)</b>	<b>176,027,451</b>

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

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## REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

	March 31, 2023	March 31, 2022
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	(42,475,992)	16,076,997
Adjustment for non cash items:		
Depreciation	59,494,953	59,995,929
Provision for staff retirement benefits - gratuity	4,935,000	3,440,000
Loss on sale of assets	-	7,547,292
Amortization of govt grant	-	(58,252)
Finance cost	393,641	708,099
	64,823,594	71,633,068
Operating profit before working capital changes	22,347,602	87,710,065
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	3,679,880	(8,731,973)
Stock in trade	(12,442,592)	(25,675,863)
Trade debts	(113,850,632)	(51,156,270)
Loans & advances and trade deposits	33,154,097	(39,688,976)
	(89,459,247)	(125,253,082)
Increase / (decrease) in current liabilities		
Trade and other payables	27,940,768	25,467,497
<b>Cash generated from / (used in) operations</b>	(39,170,877)	(12,075,520)
Long term deposits	(3,004,291)	-
GIDC paid	(28,485)	(85,455)
Staff retirement benefits - gratuity paid	(4,927,577)	(3,411,960)
Finance cost paid	(446,292)	(787,943)
Taxes paid	8,202,604	(14,188,805)
	(204,041)	(18,474,163)
<b>Net cash (used in) / generated from operating activities</b>	(39,374,918)	(30,549,683)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment - acquired	(8,200,288)	(372,459,203)
Proceeds from sale of assets	(3,004,291)	-
	-	39,250,000
<b>Net cash (used in) / generated from investing activities</b>	(8,200,288)	(333,209,203)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing from banking companies	(8,214,125)	(10,258,777)
Short term borrowings from associated undertakings	79,752,830	66,613,939
Short term borrowings from directors and others - net	(2,354,718)	331,497,320
<b>Net cash (used in) / generated from financing activities</b>	69,183,987	387,852,482
<b>Net increase / (decrease) in cash and cash equivalents</b>	21,608,781	24,093,596
<b>Cash and cash equivalents at the beginning of the period</b>	5,929,108	15,212,435
<b>Cash and cash equivalents at the end of the period</b>	27,537,889	39,306,031

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, 2023

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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 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 2022.

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, 2022.

#### 4 DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue by the board of Directors of the Company on 28th April 2023.

#### 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 2023ء کو ختم ہونے والی سہ ماہی کی کارکردگی پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر نظر نو ماہ کے عرصے میں قبل از ٹیکس نقصان 42.48 ملین روپے اور بعد از ٹیکس نقصان 50.60 ملین روپے رہا ہے۔ جبکہ اس کے موازنہ میں گزشتہ اسی نو ماہ کی مدت میں قبل از ٹیکس منافع 16.08 ملین روپے اور بعد از ٹیکس منافع 8.12 ملین روپے تھا۔

زیر نظر نو ماہ کے اہم نکات درج ذیل ہیں۔

- فروخت کے حجم میں گزشتہ اسی مدت (526.08 ملین روپے) کے مقابلے میں 22.43 فیصد (644.08 ملین روپے) اضافہ ہوا ہے۔
- ان نو ماہ میں خالص نقصان گزشتہ اسی مدت کے خالص منافع 8.53 فیصد (44.88 ملین روپے) کے مقابلے میں 3.35 فیصد (21.60 ملین روپے) رہا ہے۔

31 مارچ 2023ء کو ختم ہونے والی سہ ماہی کے دوران کمپنی کو پچھلی سہ ماہی میں ہونے والے 15.69 ملین روپے کے بعد از ٹیکس نقصان کے مقابلے میں 2.40 ملین روپے کا بعد از ٹیکس نقصان ہوا ہے۔ یہ مالی سال منافع کے کم مارجن کی وجہ سے مشکل ثابت ہو رہا ہے۔ خام مال کی زیادہ قیمتیں توانائی کی مہنگی قیمت کے ساتھ مل کر پاکستانی ٹیکسٹائل کی صنعت کے لیے علاقائی حریفوں کے ساتھ مقابلہ کرنا مشکل بنا رہی ہیں۔

شرح مبادلہ میں غیر معمولی اتار چڑھاؤ اور مسلسل سیاسی غیر یقینی صورتحال ٹیکسٹائل صنعت کے لیے بہت مشکل ثابت ہو رہی ہے۔ روس یوکرین جنگ موجودہ چیو پولیٹیکل صورتحال کو مزید بگاڑ کر عالمی معیشت کو بھی بری طرح متاثر کر رہی ہے۔ مزید برآں، میکرو اکنامک اشارے جیسے کرنٹ اکاؤنٹ خسارہ، روپے کی قدر میں بڑے پیمانے پر کمی اور افراط زر کی بلند شرح اس بات کی نشاندہی کرتی ہے کہ شرح پالیسی کا زیادہ ریٹ برقرار رہے گا جو معیشت کو سست کر دے گی۔ آپ کی کمپنی کی انتظامیہ سال کی اگلی سہ ماہی میں مناسب بہتری کی توقع کر رہی ہے۔

بحکم بورڈ آف ڈائریکٹرز

سارہ محمد سائیہ

سی۔ ای۔ او

بتاریخ: 28 اپریل 2023



# REDCO TEXTILES LIMITED

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

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