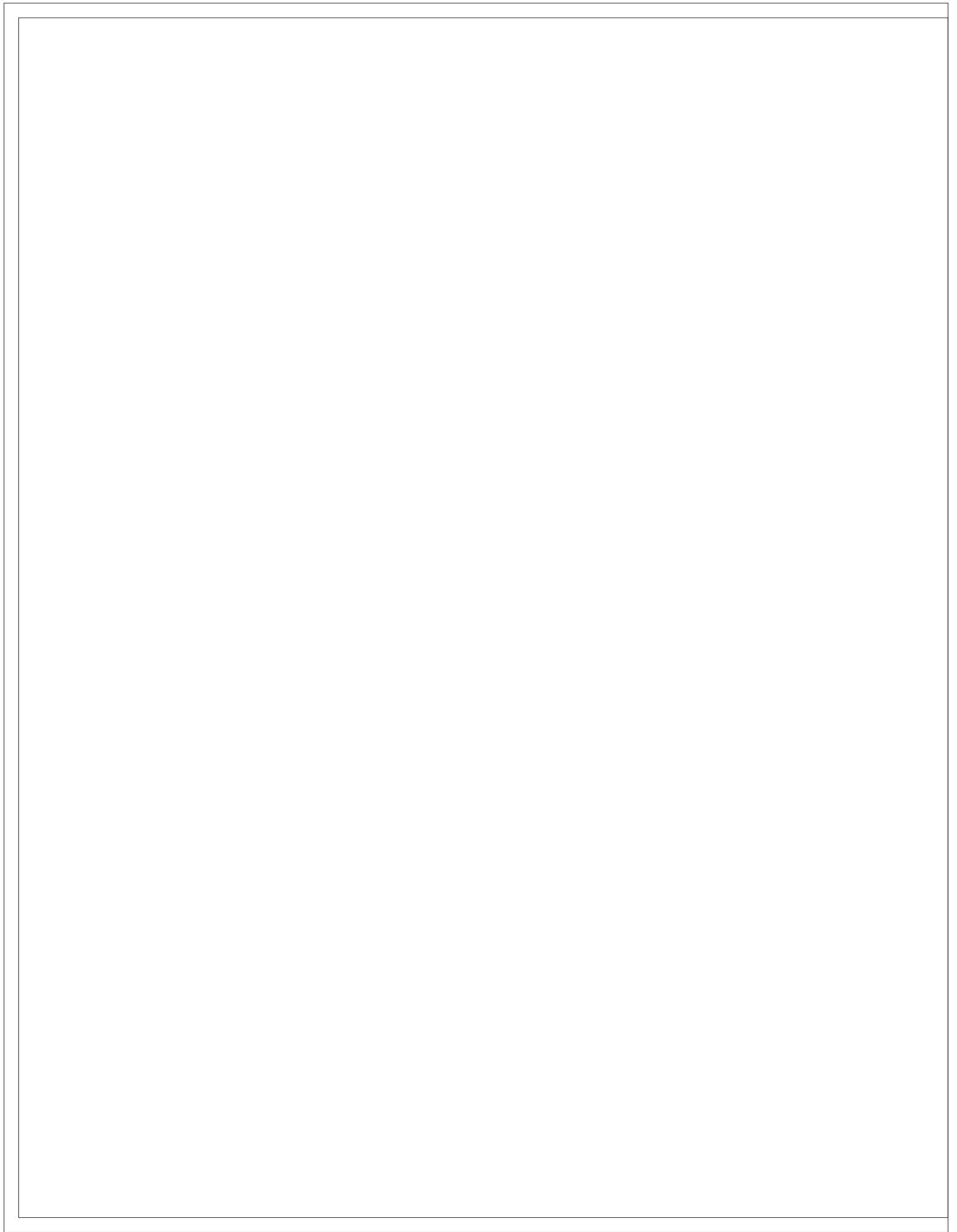




REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 30th September 2020





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	Chairperson
Mrs. Muniza Saif Khan	Member
Mr. Ahsan ur Rehman Khan	Member

HR and Remuneration Committee

Mr. Irfan Ahmed Siddiqi	Chairperson
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) 46104041 E-mail: textiles@redcogroup.com

Directors' Report

Dear Shareholders,

We are pleased to present our quarterly report of your company's performance as at September 30, 2020.

The three months period under review incurred profit before tax of Rs. 11.147 million, and profit after tax of Rs. 9.252 million. In comparison to the previous three months period loss before tax was Rs. 1.400 million and loss after tax was Rs. 2.401 million.

The highlights of the first quarter include:

- * Increase in sales revenue by 72.31% (114.205 millions) as compared to the last corresponding period (66.279 millions) as 32 Toyota air jet looms are procured and became operational in January 2020 increasing the production capacity by 26 percent as compared to previous corresponding period. Also production stoppages due to installation of new sizing and warping machinery in September 2019 impacted the revenue of previous corresponding period.
- * These three months incurred gross profit of Rs. 16.304 million as compared to the gross profit of Rs. 7.755 million in the previous corresponding period.

Presently, textile industries across the world are facing huge challenges, owing to prolonged pandemic which manifested as either an extended first wave in some economies or recurrent waves in others. The impact of the pandemic has also adversely affected emerging markets including Pakistan. Although the magnitude of this crisis is huge, our government has taken a number of initiatives to overcome the situation, including supply of gas and electricity to the export industry at regionally competitive rates, continuation of the Prime Minister's export package of 2017 also provision of long term loans under SBP refinance scheme for payment of wages and salaries. All these measures helped the industry navigate the current pandemic situation.

For and on behalf of the Board,

Sarah Saif Khan
Chief Executive

Dated: October 29, 2020.



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2020

	30-Sep-20	30-Jun-20
	Un-audited	Audited
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	951,821,370	950,027,697
Long term investment	51,800	54,500
Long term deposits	5,819,879	5,819,879
	957,693,049	955,902,076
CURRENT ASSETS		
Stores, spare parts and loose tools	40,054,695	40,975,058
Stock in trade	55,178,659	56,750,802
Trade debts	82,760,269	80,061,995
Loans and advances	30,083,341	31,329,269
Trade deposits and short term prepayments	758,209	23,090
Tax refunds due from Government	59,265,785	69,926,593
Cash and bank balances	60,707,394	33,403,224
	328,808,352	312,470,031
TOTAL ASSETS	1,286,501,401	1,268,372,107
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 50,000,000 (June 30, 2020: 50,000,000) ordinary shares of Rs. 10/- each	500,000,000	500,000,000
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
Surplus on revaluation of property plant and equipment - Net of tax	302,368,850	302,994,679
Equity portion of Director's loan	73,199,501	73,199,501
Reserves	(3,275)	(575)
Accumulated loss	(786,304,633)	(796,182,734)
	82,186,443	72,936,871
NON CURRENT LIABILITIES		
Long term financing from banking companies	18,074,424	12,049,084
Deferred liabilities	13,008,214	11,940,058
	31,082,638	23,989,142
CURRENT LIABILITIES		
Trade and other payables	186,977,955	186,110,960
Accrued mark up / interest	179,255	1,539
Short term borrowings from associated undertakings	708,224,366	709,801,952
Short term borrowings from directors and others	269,375,038	269,375,038
Current portion of : Long term financing from banking companies	8,475,706	6,156,605
	1,173,232,320	1,171,446,094
TOTAL EQUITY AND LIABILITIES	1,286,501,401	1,268,372,107

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 PROFIT OR LOSS (UN-AUDITED)****FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	30-Sep-20	30-Sep-19
Sales - net	114,205,059	66,278,864
Cost of sales	(97,900,637)	(58,523,810)
Gross Profit	16,304,422	7,755,054
Operating expenses		
Distribution cost	(181,942)	-
Administrative expenses	(4,124,978)	(4,043,727)
Other operating expenses	(528,764)	(5,141,288)
	(4,835,684)	(9,185,015)
Operating Profit / (loss)	11,468,738	(1,429,961)
Other operating income	27,291	31,691
Finance cost	(348,713)	(2,069)
Profit / (Loss) before taxation	11,147,316	(1,400,339)
Taxation	(1,895,044)	(1,000,700)
Profit / (Loss) for the period	9,252,272	(2,401,039)
Earnings / (Loss) per share - basic and diluted	0.1877	(0.0487)

The annexed notes form an integral part of these 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, 2020

	30-Sep-20	30-Sep-19
Profit / (Loss) for the period after taxation	9,252,272	(2,401,039)
Other comprehensive income / (Loss):		
Available for sale financial assets		
Gain/(Loss) arised during the period	(2,700)	(4,230)
Total comprehensive income / (loss) for the period	<u>9,249,572</u>	<u>(2,405,269)</u>

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



REDCO TEXTILES LIMITED

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REDCO TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	30-Sep-20	30-Sep-19
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	11,147,316	(1,400,339)
Adjustment for non cash items:		
Depreciation	10,924,157	7,685,934
Provision for staff retirement benefits	296,000	-
Loss on sale of property, plant and equipment	-	4,404,062
Finance cost	348,713	2,069
	11,568,870	12,092,065
Operating profit / (loss) before working capital changes	22,716,186	10,691,726
(Increase) / decrease in current assets		
Stores, spares and loose tools	920,363	(2,302,827)
Stock in trade	1,572,143	(7,793,438)
Trade debts	(2,698,274)	(16,616,259)
Advances, deposits, prepayments and other receivables	510,809	(9,358,959)
	305,041	(36,071,483)
Increase / (decrease) in current liabilities		
Trade and other payables	866,995	67,185,969
Cash generated / (used) in operations	23,888,222	41,806,212
Staff retirement benefits paid	(269,306)	-
Interest paid	(170,997)	(2,069)
Taxes paid	8,765,763	(1,847,670)
	8,325,460	(1,849,739)
Net cash generated / (used) in operating activities	32,213,682	39,956,473
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(12,717,830)	(87,634,819)
Proceeds from sale of property, plant and equipment	-	4,583,334
Net cash (used in) / generated from investing activities	(12,717,830)	(83,051,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings from associated undertakings	(1,577,586)	(713,697)
Short term borrowings from directors and others	-	6,500,881
Long term financing from banking companies	9,385,904	-
Net cash generated / (used) from financing activities	7,808,318	5,787,184
Net increase / (decrease) in cash and cash equivalents	27,304,170	(37,307,828)
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	60,707,394	6,200,128

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Share Capital	Reserves		Equity portion of Director's loan	Revenue Reserves	Total equity	
	Unrealized gain/(loss) on available for sale investment	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 period	-					
Loss for the period				-	(2,401,039)	(2,401,039)
Other comprehensive income / (loss)		(4,230)				(4,230)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-		(658,767)	-	658,767	-
Balance as at September 30, 2019	<u>492,926,000</u>	<u>6,440</u>	<u>304,970,981</u>	-	<u>(823,038,495)</u>	<u>(25,135,074)</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 period	-					
Profit / (Loss) for the period					9,252,272	9,252,272
Other comprehensive income / (loss)		(2,700)				(2,700)
Transferred from Liability portion of Director's loan				-		
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-		(625,829)		625,829	-
Balance as at September 30, 2020	<u>492,926,000</u>	<u>(3,275)</u>	<u>302,368,850</u>	<u>73,199,501</u>	<u>(786,304,633)</u>	<u>82,186,443</u>

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, 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 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 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 October 2020.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

ڈائریکٹرز رپورٹ

ہم 30 ستمبر 2020 کو ختم ہونے والی سہ ماہی کی کارکردگی پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ زیر غور تین ماہ کے عرصے میں قبل از ٹیکس 11.147 ملین روپے کا منافع رہا ہے جبکہ بعد از ٹیکس منافع 9.252 ملین روپے رہا ہے۔ اسکے مقابلے میں گزشتہ اسی سہ ماہی میں قبل از ٹیکس نقصان 1.400 ملین روپے اور بعد از ٹیکس نقصان 2.401 ملین روپے تھا۔ پہلی سہ ماہی کے اہم نکات درج ذیل ہیں۔

• فروخت میں گزشتہ تقابلی عرصے کے مقابلے میں 72.31 فیصد اضافہ ہوا ہے اور ہماری فروخت 114.205 ملین روپے رہی ہے جبکہ گزشتہ اسی سہ ماہی میں فروخت 66.279 ملین روپے تھی چونکہ گزشتہ سال 32 ایئر جیٹ لومز خرید کر پیداواری صلاحیت میں شامل کیا گیا تھا جس سے پیداواری صلاحیت میں 26 فیصد اضافہ ہوا ہے۔ اسکے علاوہ ستمبر 2019 میں نئی سائزنگ اور وارپنگ مشینری کی تنصیب کی وجہ سے گزشتہ اسی مدت میں پیداوار کو روکا گیا تھا جس سے مجموعی پیداوار متاثر ہوئی تھی۔

• زیر غور تین ماہ کے عرصے میں خالص منافع 16.304 ملین روپے رہا ہے جبکہ گزشتہ اسی عرصے میں 7.755 ملین روپے کا خالص منافع تھا۔ اس وقت، دنیا بھر میں ٹیکسٹائل صنعتوں کو وبائی بیماری کی وجہ سے بہت سی مشکلات کا سامنا کرنا پڑ رہا ہے، جو کچھ معیشتوں میں پہلی لہر میں یا کچھ میں بار بار لہروں کی صورت میں ظاہر ہوا ہے۔ وبائی بیماری کے اثرات نے پاکستان سمیت ایمریکن مارکیٹوں کو بھی بری طرح متاثر کیا ہے۔ اگرچہ اس بحران کی شدت بہت زیادہ ہے۔ لیکن ہماری حکومت نے اس صورتحال پر قابو پانے کے لئے متعدد اقدامات اٹھائے ہیں، جن میں برآمدی صنعت کو علاقائی مسابقتی نرخوں پر کیس اور بجلی کی فراہمی، وزیراعظم کے 2017 کے برآمدی پیکیج کا تسلسل، اجرتوں اور تنخواہوں کی ادائیگی کے لئے SBP ری فائننس اسکیم کے تحت طویل مدتی قرضوں کی بھی فراہمی۔ ان تمام اقدامات سے صنعت کو موجودہ وبائی صورتحال میں چلانے میں مدد ملی ہے۔

بحکم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی۔ ای۔ او

بتاریخ: 29 اکتوبر 2020



REDCO TEXTILES LIMITED

www.redcotextiles.com

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