

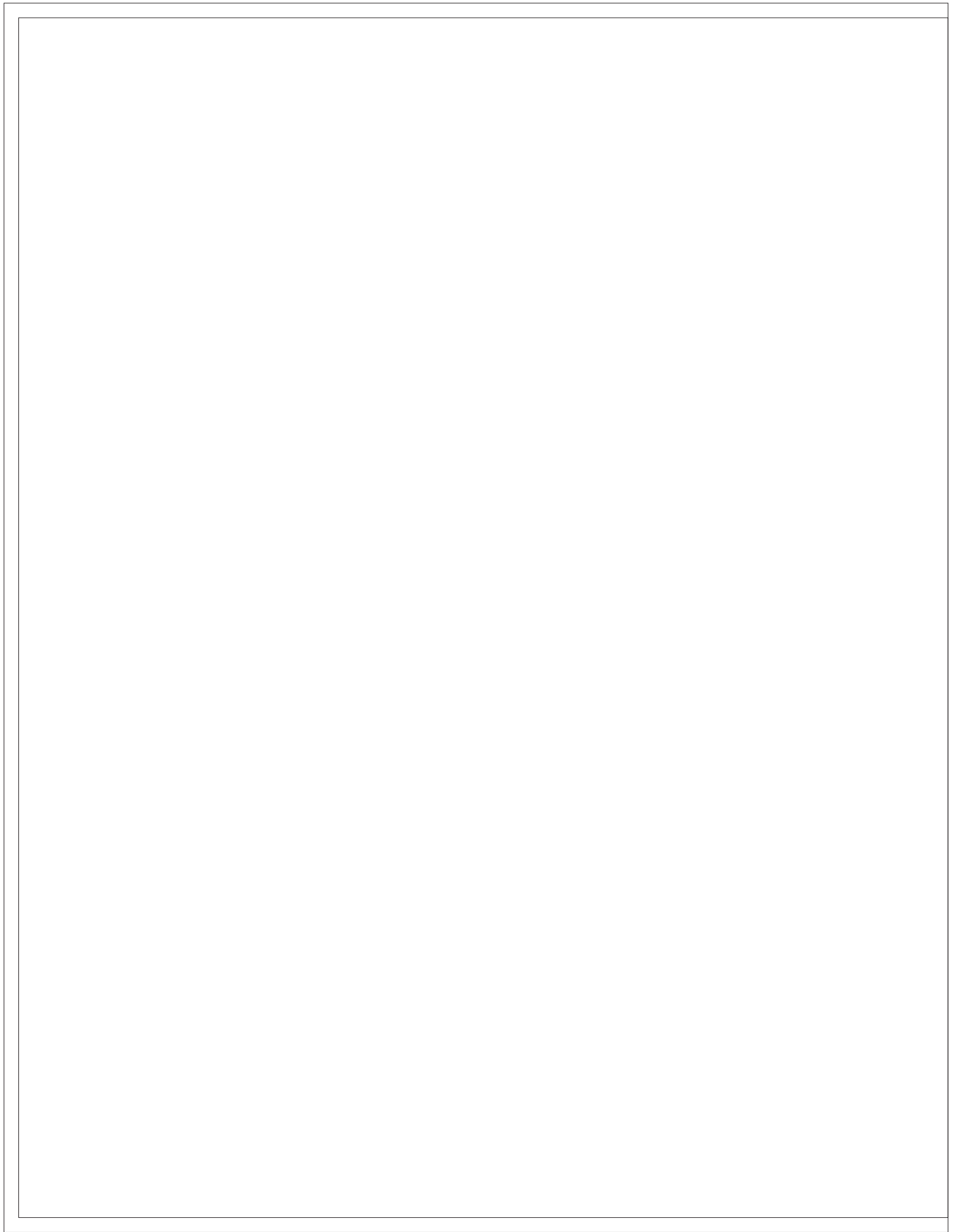
“Say No To Corruption”



**REDCO
TEXTILES LIMITED**

ISO 9001 Certified

Quarterly Report as at 31st March 2019





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

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, 2019.

The nine months period under review incurred Loss before tax of Rs. 20.56 million, and loss after tax of Rs. 21.46 million. In comparison to the previous nine months period loss before tax of Rs. 171.53 million and loss after tax of Rs. 177.06 million. The reduction in loss as compared to previous corresponding period is as a result of the announcement from the Government related to incentives for the textile industry. Firstly, a reduction in RLNG prices was a major driver for the Company to resume its production process. The management in the best interest of shareholders resumed operations of its weaving unit since 26th December 2018. The last three months were prolific and enabled the Company to post a profit after tax of Rs. 13.4 million and earnings per share of Rs.0.273.

The highlights of the nine months period include:

- ❖ Decrease in sales revenue by 83.94% (70.88 million) as compared to last corresponding period (441.26 million).
- ❖ These nine months incurred gross loss to 10.40% (7.37 million) as compared to gross loss of 34.08% (150.365 million) in previous corresponding period.

Textile industry is still under pressure, due to a high cost of doing business. The commitment of the Government to support textile sector in the form of supply of energy at a lower cost, release of fund against rebate claims / tax refunds and continuation of rebate scheme will help industry to revitalize.

For and on behalf of the Board,

Sarah Saif Khan
Chief Executive

Dated: April 29, 2019.



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT MARCH 31, 2019

	March 31, 2019	June 30, 2018
	Unaudited	Audited
	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	787,066,926	811,080,931
Long term investment	73,775	77,810
Long term deposits	5,819,879	5,819,879
	<u>792,960,580</u>	<u>816,978,620</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	41,821,850	41,307,000
Stock in trade	64,983,245	1,073,376
Trade debts	39,767,296	66,942,002
Loans and advances	32,953,365	31,244,118
Trade deposits and short term prepayments	416,048	57,534
Tax refunds due from Government	61,686,875	59,938,982
Cash and bank balances	25,047,860	695,291
	<u>266,676,539</u>	<u>201,258,303</u>
TOTAL ASSETS	<u>1,059,637,119</u>	<u>1,018,236,923</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
50,000,000 (June 30, 2018: 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, 2018: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Fair value Reserves	18,700	22,735
Surplus on revaluation of property plant and Equipment - Net of Tax	306,323,187	308,403,505
Accumulated loss	<u>(844,737,971)</u>	<u>(825,360,567)</u>
	(45,470,084)	(24,008,327)
NON CURRENT LIABILITIES		
Long term financing from banking companies	-	-
Deferred liabilities	<u>5,755,388</u>	<u>5,563,912</u>
	5,755,388	5,563,912
CURRENT LIABILITIES		
Trade and other payables	112,071,450	77,116,204
Accrued mark up / interest	-	514,481
Short term borrowings from banking companies	-	16,942,607
Short term borrowings from associated undertakings	703,826,236	637,824,722
Short term borrowings from directors and others	283,454,129	296,591,020
Current portion of :		
Long term financing from banking companies	-	7,692,304
	<u>1,099,351,815</u>	<u>1,036,681,338</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u>1,059,637,119</u>	<u>1,018,236,923</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 AND LOSS (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine Months Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees		Rupees	
Sales - net	70,878,621	441,264,370	68,965,637	58,509,600
Cost of sales	(78,247,869)	(591,629,362)	(49,484,040)	(75,722,603)
Gross profit / (loss)	(7,369,248)	(150,364,992)	19,481,597	(17,213,003)
Operating expenses				
Distribution cost	(321,987)	(4,405,627)	(40,000)	(993,252)
Administrative expenses	(10,830,687)	(11,046,091)	(3,854,203)	(2,948,433)
Other operating expenses	(1,227,254)	(643,110)	(258,251)	(182,455)
	(12,379,928)	(16,094,828)	(4,152,454)	(4,124,140)
Operating profit / (loss)	(19,749,176)	(166,459,820)	15,329,143	(21,337,143)
Other operating income	568,128	21,786	487	5,566
Finance cost	(1,376,891)	(5,088,138)	(1,005,277)	(774,157)
Profit / (Loss) before taxation	(20,557,939)	(171,526,172)	14,324,353	(22,105,734)
Taxation	(899,783)	(5,536,402)	(875,238)	(731,281)
Profit / (Loss) for the period	(21,457,722)	(177,062,574)	13,449,115	(22,837,015)
Earnings / (Loss) per share - basic and diluted	(0.435)	(3.592)	0.273	(0.463)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

REDCO TEXTILES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(20,557,939)	(171,526,172)
Adjustment for non cash items:		
Depreciation	24,622,353	41,204,508
Provision for staff retirement benefits	721,400	3,178,500
Gain on sale of assets	(566,746)	-
Finance cost	1,376,891	5,088,138
	26,153,898	49,471,146
Operating (loss) / profit before working capital changes	5,595,959	(122,055,026)
(Increase) / decrease in current assets		
Stores, spares and loose tools	(514,850)	6,610,211
Stock in trade	(63,909,869)	305,038,868
Trade debts	27,174,706	54,406,007
Advances, deposits, prepayments and other receivables	(2,067,761)	3,990,910
	(39,317,774)	370,045,996
Increase / (decrease) in current liabilities		
Trade and other payables	34,955,246	(134,490,690)
Cash generated from / (used in) operations	1,233,431	113,500,280
Staff retirement benefits paid	(529,924)	(11,411,565)
Interest paid	(1,891,372)	(7,195,710)
Taxes paid	(2,647,676)	(4,118,978)
	(5,068,972)	(22,726,253)
Net cash generated from / (used in) operating activities	(3,835,541)	90,774,027
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(961,602)	(98,400)
Proceeds from sale of assets	920,000	-
Net cash used in investing activities	(41,602)	(98,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from banking companies	(7,692,304)	(23,076,924)
Short term borrowings from associated undertakings	66,001,514	32,913,291
Short term borrowings from directors and others	(13,136,891)	(55,001,793)
Short term borrowings from banking companies	(16,942,607)	(51,370,055)
Net cash (used in) / generated from financing activities	28,229,712	(96,535,481)
Net increase / (decrease) in cash and cash equivalents	24,352,569	(5,859,854)
Cash and cash equivalents at the beginning of the period	695,291	14,528,417
Cash and cash equivalents at the end of the period	25,047,860	8,668,563

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, 2019

	Nine Months Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees		Rupees	
Profit / (Loss) for the period after taxation	(21,457,722)	(177,062,574)	13,449,115	(22,837,015)
Other comprehensive income / (loss):				
Available for sale financial assets gain / (loss) arised during the period	(4,035)	16,695	9,775	5,645
Total comprehensive income / (loss) for the period	<u>(21,461,757)</u>	<u>(177,045,879)</u>	<u>13,458,890</u>	<u>(22,831,370)</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, 2019

	Share Capital	Reserves		Revenue Reserves	Total equity
		Unrealized gain on available for sale investment	Revaluation Surplus	Accumulated Profit/(Loss)	
Rupees					
Balance as at June 30, 2017	492,926,000	15,270	217,320,455	(340,267,139)	369,994,586
Total comprehensive income / (loss) for the nine months ended March 31, 2018	-	16,695		(177,062,574)	(177,045,879)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	(4,266,231)	4,266,231	-
Balance as at March 31, 2018	492,926,000	31,965	213,054,224	(513,063,482)	192,948,707
Balance as at June 30, 2018	492,926,000	22,735	308,403,505	(825,360,567)	(24,008,327)
Total comprehensive 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	-
Balance as at March 31, 2019	492,926,000	18,700	306,323,187	(844,737,971)	(45,470,084)

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, 2019

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.

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, 2018.

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.

2.2 Going Concern Assumption

The company had resumed operations of its weaving unit since December 26, 2018 due to incentives introduced by the Government. Currently, the Company is primarily generating its revenue by conversion of yarn into fabrics. The management still has no any intention to resume its spinning operations in foreseeable six months. During current year, it incurred a loss for the nine months ended March 31, 2019 of Rupees 21.458 million (March 31, 2018: Rupees 177.063 million) and as of that date, reported accumulated loss of Rs. 844.738 million (June 30, 2018 : Rs. 825.361 million) against the issued, subscribed and paid up capital of Rs. 492.926 million (June 30, 2018 : Rs. 492.926 million). The current liabilities exceeds the current assets by Rs. 832.675 million (June 30, 2018 : Rs. 835.423 million). The adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on going concern assumption as the directors and the sponsors of the company have conveyed their commitment for providing financial support.

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, 2018.

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 2019.

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 2019 کو ختم ہونے والی نو ماہی کی کارکردگی پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

زیر نظر نو ماہ کے عرصے میں قبل از ٹیکس نقصان 20.56 ملین روپے کا اور بعد از ٹیکس نقصان 21.46 ملین روپے رہا ہے۔ جبکہ اس کے موازنہ میں گزشتہ اسی نو ماہی میں قبل از ٹیکس نقصان 171.53 ملین روپے اور بعد از ٹیکس نقصان 177.06 ملین روپے تھا۔ گزشتہ اسی مدت کے مقابلے میں نقصان میں کمی کی وجہ حکومت کی جانب سے ٹیکسٹائل کی صنعت کی حوصلہ افزائی کیلئے مراعات کا اعلان ہے RLNG کی قیمتوں میں کمی کمپنی کی پیداوار کے عمل کو دوبارہ شروع کرنے کیلئے ایک اچھا اقدام تھا۔ حصص داران کے بہترین مفاد میں مینجمنٹ نے 26 دسمبر 2018 سے ویونگ یونٹ کی پیداوار کو دوبارہ شروع کیا تھا۔ گزشتہ تین ماہ شاندار تھے جسکی بدولت کمپنی کو بعد از ٹیکس منافع 13.4 ملین روپے کا ہوا اور فی حصص 0.273 منافع کمایا۔

زیر نظر نو ماہی کے اہم نکات درج ذیل ہیں۔

- فروخت کے حجم میں گزشتہ اسی مدت (441.26 ملین روپے) کے مقابلے میں 83.94 فیصد (70.88 ملین روپے) کمی ہوئی ہے۔
- اس نو ماہی میں 10.40 فیصد (7.37 ملین روپے) خالص نقصان ہوا ہے۔ جبکہ گزشتہ اسی مدت میں 34.08 فیصد (150.365 ملین روپے) خالص نقصان تھا۔

ٹیکسٹائل کی صنعت ابھی تک شدید باؤ کا شکار ہے جسکی وجہ کاروباری لاگت کا بڑھنا ہے۔ حکومت کی ٹیکسٹائل سیکٹر کو سستی تو انسانی کی ترسیل کی شکل میں مدد دینے کا عزم، ری بیٹ کلیمز کے فنڈز کا اجراء، ٹیکس ریفرنڈز اور ری بیٹ اسکیمز کا جاری ہونا صنعت کو نئی قوت دینے میں مددگار ہوگا۔

بجلم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی۔ای۔او

بتاریخ: 29 اپریل 2019



REDCO TEXTILES LIMITED

www.redcotextiles.com

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