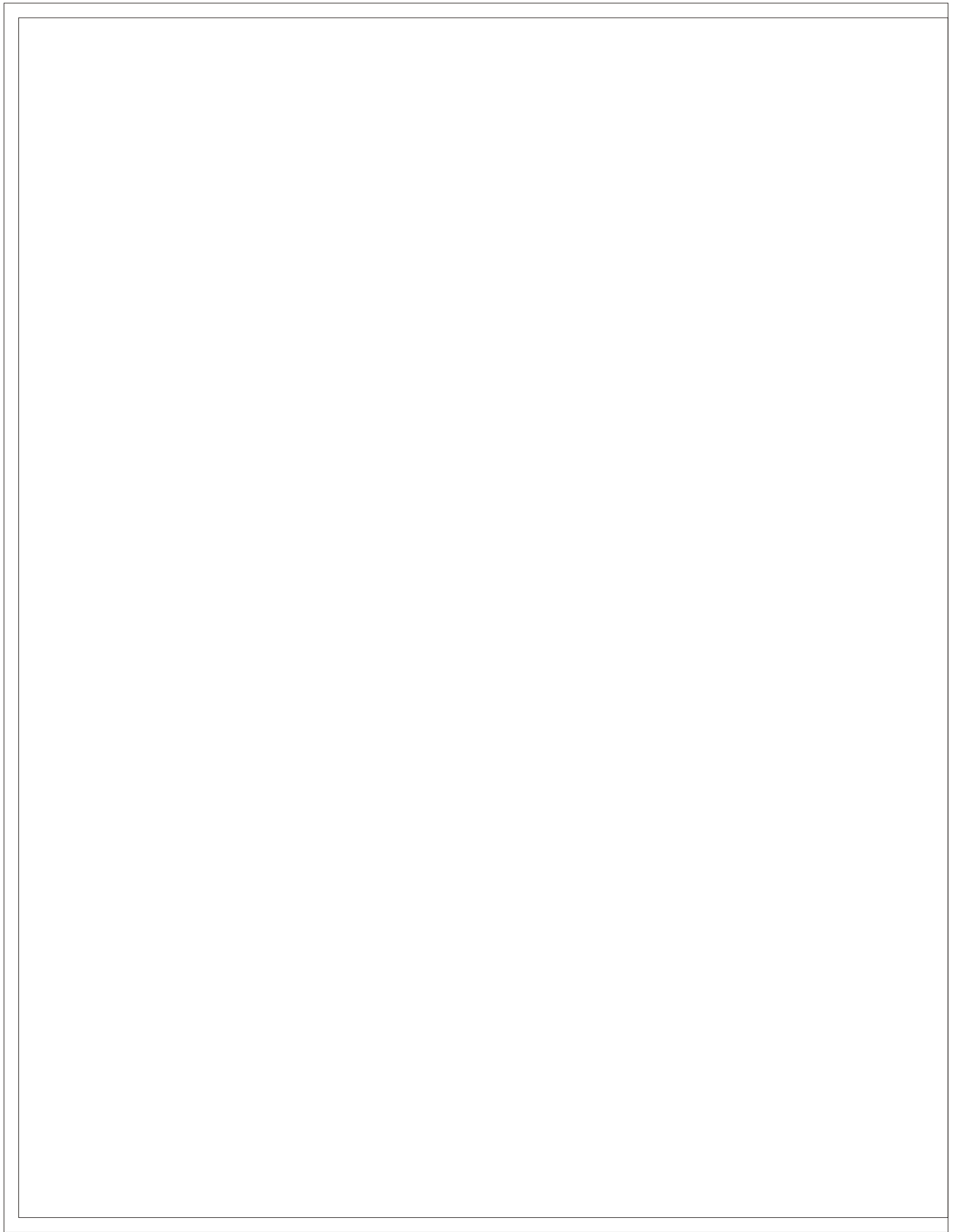




REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 30th September 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. 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

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) 2344252-7 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, 2019.

The three months period under review incurred loss before tax of Rs. 1.400 million, and loss after tax of Rs. 2.401 million. In comparison to the previous three months period loss before tax was Rs. 16.273 million and loss after tax was Rs. 16.279 million.

The highlights of the first quarter include:

- ❖ Increase in sales revenue by 99.33% (66.279 millions) as compared to the last corresponding period (0.446 millions) as the Company resumed its weaving unit operations since December 26, 2018.
- ❖ These three months incurred gross profit of Rs. 7.755 million as compared to the gross loss of Rs. 11.688 million in the 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: October 30, 2019.



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2019

| | 30-Sep-19 | 30-Jun-19 |
|---|----------------------|----------------------|
| | Un-audited | Audited |
| ASSETS | | |
| NON CURRENT ASSETS | | |
| Property, plant and equipment | 854,216,428 | 783,254,940 |
| Long term investment | 61,515 | 65,745 |
| Long term deposits | 5,819,879 | 5,819,879 |
| | 860,097,822 | 789,140,564 |
| CURRENT ASSETS | | |
| Stores, spare parts and loose tools | 40,382,220 | 38,079,393 |
| Stock in trade | 17,855,085 | 10,061,647 |
| Trade debts | 108,945,985 | 92,329,726 |
| Loans and advances | 36,547,596 | 28,039,840 |
| Trade deposits and short term prepayments | 877,093 | 25,890 |
| Tax refunds due from Government | 64,545,998 | 63,699,027 |
| Cash and bank balances | 6,200,128 | 43,507,956 |
| | 275,354,105 | 275,743,479 |
| TOTAL ASSETS | 1,135,451,927 | 1,064,884,043 |
| EQUITY AND LIABILITIES | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorized capital 50,000,000 (June 30, 2019: 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, 2019: 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 | 304,970,981 | 305,629,748 |
| Reserves | 6,440 | 10,670 |
| Accumulated loss | (823,038,495) | (821,296,223) |
| | (25,135,074) | (22,729,805) |
| NON CURRENT LIABILITIES | | |
| Deferred liabilities | 5,032,640 | 5,032,640 |
| | 5,032,640 | 5,032,640 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 156,678,422 | 89,492,453 |
| Short term borrowings from associated undertakings | 708,931,802 | 709,645,499 |
| Short term borrowings from directors and others | 289,944,137 | 283,443,256 |
| | 1,155,554,361 | 1,082,581,208 |
| CONTINGENCIES AND COMMITMENTS | | |
| TOTAL EQUITY AND LIABILITIES | 1,135,451,927 | 1,064,884,043 |

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, 2019

| | 30-Sep-19 | 30-Sep-18 |
|---|--------------------|---------------------|
| Sales - net | 66,278,864 | 445,730 |
| Cost of sales | (58,523,810) | (12,133,847) |
| Gross profit / (loss) | 7,755,054 | (11,688,117) |
| Operating expenses | | |
| Distribution cost | - | (281,987) |
| Administrative expenses | (4,043,727) | (3,095,118) |
| Other operating expenses | (5,141,288) | (838,612) |
| | (9,185,015) | (4,215,717) |
| Operating loss | (1,429,961) | (15,903,834) |
| Other operating income | 31,691 | 417 |
| Finance cost | (2,069) | (370,028) |
| Loss before taxation | (1,400,339) | (16,273,445) |
| Taxation | (1,000,700) | (5,572) |
| Loss for the period | (2,401,039) | (16,279,017) |
| Loss per share - basic and diluted | (0.0487) | (0.3303) |

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, 2019

| | 30-Sep-19 | 30-Sep-18 |
|---|--------------------|---------------------|
| Loss for the period after taxation | (2,401,039) | (16,279,017) |
| Other comprehensive income / (Loss): | | |
| Available for sale financial assets | | |
| Gain/(Loss) arised during the period | (4,230) | (1,315) |
| Total comprehensive loss for the period | <u>(2,405,269)</u> | <u>(16,280,332)</u> |

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 CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

| | 30-Sep-19 | 30-Sep-18 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (1,400,339) | (16,273,445) |
| Adjustment for non cash items: | | |
| Depreciation | 7,685,934 | 8,210,760 |
| Loss on sale of property, plant and equipment | 4,404,062 | |
| Finance cost | 2,069 | 370,028 |
| | 12,092,065 | 8,580,788 |
| Operating (loss) / profit before working capital changes | 10,691,726 | (7,692,657) |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (2,302,827) | - |
| Stock in trade | (7,793,438) | 733,914 |
| Trade debts | (16,616,259) | 1,249,081 |
| Advances, deposits, prepayments and other receivables | (9,358,959) | (1,073,244) |
| | (36,071,483) | 909,751 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 67,185,969 | 881,321 |
| Cash generated / (used) in operations | 41,806,212 | (5,901,585) |
| Staff retirement benefits paid | - | (266,985) |
| Interest paid | (2,069) | (884,509) |
| Taxes paid | (1,847,670) | (33,954) |
| | (1,849,739) | (1,185,448) |
| Net cash generated / (used) in operating activities | 39,956,473 | (7,087,033) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed assets purchased | (87,634,819) | - |
| Proceeds from sale of property, plant and equipment | 4,583,334 | 920,000 |
| Net cash (used in) / generated from investing activities | (83,051,485) | 920,000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Short term borrowings from banking companies | - | (16,942,607) |
| Short term borrowings from associated undertakings | (713,697) | 28,342,565 |
| Short term borrowings from directors and others | 6,500,881 | 5,665,585 |
| Current Portion of long term borrowings from banking companies | - | (7,692,304) |
| Net cash (used) / generated from financing activities | 5,787,184 | 9,373,239 |
| Net (decrease)/ increase in cash and cash equivalents | (37,307,828) | 3,206,206 |
| Cash and cash equivalents at the beginning of the period | 43,507,956 | 695,291 |
| Cash and cash equivalents at the end of the period | 6,200,128 | 3,901,497 |

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, 2019

| | Share Capital | Reserves | | Revenue Reserves | Total equity |
|---|--------------------|---|---------------------|---------------------------|---------------------|
| | | Unrealized gain/(loss) 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 loss for the period | - | | | | |
| Loss for the period | | | | (16,279,017) | (16,279,017) |
| Other comprehensive income / (loss) | | (1,315) | | | (1,315) |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment | - | | (693,439) | 693,439 | - |
| Balance as at September 30, 2018 | <u>492,926,000</u> | <u>21,420</u> | <u>307,710,066</u> | <u>(840,946,145)</u> | <u>(40,288,659)</u> |
| Balance as at June 30, 2019 | 492,926,000 | 10,670 | 305,629,748 | (821,296,223) | (22,729,805) |
| Total comprehensive 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> |

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, 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 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, 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.

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. The Company had incurred a loss for the quarter ended September 30, 2019 of Rupees 2.401 million (June 30, 2019: Rupees 0.942 million profit) and as of that date, reported accumulated loss of Rs. 823.038 million (June 30, 2019 : Rs. 821.296 million) against the issued, subscribed and paid up capital of Rs. 492.926 million (June 30, 2019 : Rs. 492.926 million). The current liabilities exceeds the current assets by Rs. 880.200 million (June 30, 2019 : Rs. 806.838 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 company has resumed its weaving unit since December 26, 2018 due to incentives introduced by the Government. Also 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 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 30th October 2019.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



ڈائریکٹرز رپورٹ

محترم حصص داران

ہم 30 ستمبر 2019 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 1.400 ملین روپے کا نقصان رہا ہے جبکہ بعد از ٹیکس نقصان 2.401 ملین روپے رہا ہے۔ اسکے مقابلے میں گزشتہ اسی سہ ماہی میں قبل از ٹیکس نقصان 16.273 ملین روپے اور بعد از ٹیکس نقصان 16.279 ملین روپے تھا۔

پہلی سہ ماہی کے اہم نکات درج ذیل ہیں۔

• فروخت میں گزشتہ تقابلی عرصے کے مقابلے میں 99.33 فیصد اضافہ ہوا ہے اور ہماری فروخت 66.279 ملین روپے رہی ہے جبکہ گزشتہ اسی سہ ماہی میں فروخت 0.446 ملین روپے تھی چونکہ کمپنی نے 26 دسمبر 2018 سے اپنے ویونگ یونٹ کی پیداوار دوبارہ شروع کی تھی۔

• زیر غور تین ماہ کے عرصے میں خالص منافع 7.755 ملین روپے رہا ہے جبکہ گزشتہ اسی عرصے میں 11.688 ملین روپے کا 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 انائی کی ترسیل کی شکل میں مدد دینے کا عزم، ریپیٹ کلیمز کے فنڈز کا اجرا، ٹیکس ریفرنڈز اور ریپیٹ اسکیمز کا جاری ہونا صنعت کی نئی قوت دینے میں مددگار ہوگا۔

بحکم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی۔ ای۔ او

بتاریخ: 30 اکتوبر 2019



REDCO TEXTILES LIMITED

www.redcotextiles.com

Head Office: Redco Plaza, 4th Floor, 78-E Blue Area, Islamabad Pakistan.
Tel: (+9251) 2344252-7 Fax: (+9251) 2344256 | 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