



# REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 30<sup>th</sup> September 2015



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## Company Information

### Board of Directors

Ms. Sarah Saif Khan  
Chief Executive

Mrs. Taufiqa Amanullah Khan  
Mrs. Muniza Saif Khan  
Mrs. Samina Asad  
Mr. Ahsan ur Rehman Khan  
Mr. Imran Zia  
Mr. Khalid Rehman

### Chief Financial Officer / Company Secretary

Mr. Asad Mumtaz Baloch

### Auditors

Mushtaq & Co, Chartered Accountants

### Audit Committee

Mrs. Taufiqa Amanullah Khan	Chairperson
Mrs. Muniza Saif Khan	Member
Mrs. Samina Asad	Member
Mr. Imran Zia	Member

### HR and Remuneration Committee

Ms. Sarah Saif Khan	Chairperson
Mrs. Samina Asad	Member
Mr. Imran Zia	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) 46104041 E-mail: textiles@redcogroup.com



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## Directors' Report

Dear Shareholders,

We are pleased to present quarterly report of your company's performance as at September 30, 2015.

The three months period under review incurred Loss before tax of Rs. 8.202 million and after tax of Rs. 12.053 million, as compared to the previous corresponding quarter's Loss before tax of Rs. 14.766 million and after tax of Rs. 18.369 million.

The highlights of the first quarter include:

- Increase in sales revenue by 3.4 % (Rs. 12.832 million) as compared to last year corresponding period, due to an increase in production in our weaving section.
- This quarter incurred a gross profit of 1.12% as compared to gross loss of 0.63% in the previous corresponding period.
- Increase in financial cost by 13 % to Rs 5.336 million from Rs 4.725 .million in the last corresponding quarter, due to utilization of working capital lines and term finance of Rs. 100 million from Bank Alfalah Limited for 24 Air Jet Looms.

The performance of the company shows declining trends subsequent to year end, as the whole industry is under pressure. The position in the upcoming quarter is expected to improve as management is putting its efforts to overcome the situation. Also the Government has introduced new duty structure on import of yarn, this will help to improve the overall profit in local products.

**For and on behalf of the Board,**

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**Chief Executive**

Dated: October 30, 2015.

**REDCO TEXTILES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2015**

	30-Sep-15	30-Jun-15
	<u>Un-audited</u>	<u>Audited</u>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	1,100,786,673	1,112,301,877
Long term investment	62,335	89,620
Long term deposits	4,905,940	4,905,940
	<u>1,105,754,948</u>	<u>1,117,297,437</u>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	41,243,595	46,225,217
Stock in trade	286,346,447	279,962,302
Trade debts	160,421,745	138,964,860
Loans and advances	45,059,331	33,083,120
Trade deposits and short term prepayments	2,312,511	1,383,547
Tax refunds due from Government	59,168,861	59,610,413
Cash and bank balances	2,434,037	9,588,401
	596,986,527	568,817,860
<b>TOTAL ASSETS</b>	<u>1,702,741,475</u>	<u>1,686,115,297</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 50,000,000 (June 30, 2015: 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, 2015: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Reserves	7,260	34,545
Accumulated loss	(93,848,895)	(83,334,018)
	<u>399,084,365</u>	<u>409,626,527</u>
<b>SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX</b>	225,060,604	226,598,659
<b>NON CURRENT LIABILITIES</b>		
Long term financing from banking companies	69,230,768	69,230,768
Deferred liabilities	14,358,656	14,246,156
	<u>83,589,424</u>	<u>83,476,924</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	177,678,919	152,721,479
Accrued mark up / interest	4,938,775	5,587,901
Short term borrowings from banking companies	88,569,388	75,822,422
Short term borrowings from associated undertakings	448,396,045	449,669,947
Short term borrowings from directors and others	251,842,206	251,842,206
Current portion of : Long term financing from banking companies	23,581,749	30,769,232
	<u>995,007,082</u>	<u>966,413,187</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,702,741,475</u>	<u>1,686,115,297</u>

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

CHIEF EXECUTIVE

DIRECTOR



# REDCO TEXTILES LIMITED

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## REDCO TEXTILES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	30-Sep-15	30-Sep-14
Sales - net	385,070,924	372,238,796
Cost of sales	(380,756,066)	(374,565,880)
<b>Gross profit / (loss)</b>	<b>4,314,858</b>	<b>(2,327,084)</b>
<b>Operating expenses</b>		
Distribution cost	(1,416,756)	(1,902,420)
Administrative expenses	(5,480,720)	(5,333,984)
Other operating expenses	(305,131)	(655,479)
	(7,202,607)	(7,891,883)
<b>Operating loss</b>	<b>(2,887,749)</b>	<b>(10,218,967)</b>
Other operating income	21,593	178,937
Finance cost	(5,336,067)	(4,725,807)
<b>Loss before taxation</b>	<b>(8,202,223)</b>	<b>(14,765,838)</b>
Taxation	(3,850,709)	(3,602,913)
<b>Loss for the period</b>	<b>(12,052,932)</b>	<b>(18,368,750)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.2445)</b>	<b>(0.3726)</b>

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

CHIEF EXECUTIVE

DIRECTOR



**REDCO TEXTILES LIMITED**

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**REDCO TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

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	30-Sep-15	30-Sep-14
Loss for the period after taxation	<u>(12,052,932)</u>	<u>(18,368,750)</u>
<b>Other comprehensive income / (Loss):</b>		
Available for sale financial assets		
(Loss)/Gain arised during the period	(27,285)	(7,110)
Total comprehensive loss for the period	<u><u>(12,080,217)</u></u>	<u><u>(18,375,860)</u></u>

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

CHIEF EXECUTIVE

DIRECTOR



# REDCO TEXTILES LIMITED

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## REDCO TEXTILES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	30-Sep-15	30-Sep-14
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(8,202,223)	(14,765,838)
Adjustment for non cash items:		
Depreciation	14,434,633	12,104,429
Provision for staff retirement benefits	1,800,850	1,420,000
Finance cost	5,336,067	4,725,807
	21,571,550	18,250,236
Operating profit before working capital changes	13,369,327	3,484,398
(Increase) / decrease in current assets		
Stores, spares and loose tools	4,981,622	4,295,297
Stock in trade	(6,384,145)	3,283,687
Trade debts	(21,456,885)	(2,067,143)
Advances, deposits, prepayments and other receivables	(12,905,175)	(117,860,424)
	(35,764,583)	(112,348,583)
Increase / (decrease) in current liabilities		
Trade and other payables	24,957,440	(3,761,486)
<b>Cash used in operations</b>	2,562,184	(112,625,670)
Staff retirement benefits paid	(1,688,350)	(1,411,200)
Interest paid	(5,985,193)	(3,664,846)
Taxes paid	(3,409,157)	(4,889,694)
	(11,082,700)	(9,965,740)
<b>Net cash used in operating activities</b>	(8,520,516)	(122,591,410)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets purchased	(2,919,429)	(7,782,747)
<b>Net cash used in investing activities</b>	(2,919,429)	(7,782,747)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings from banking companies	12,746,966	11,546,831
Short term borrowings from associated undertakings	(1,273,902)	-
Long term borrowings from directors and others	-	13,787,079
Current Portion of long term borrowings from banking companies	(7,187,483)	100,000,000
<b>Net cash generated from financing activities</b>	4,285,581	125,333,909
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(7,154,364)	(5,040,248)
<b>Cash and cash equivalents at the beginning of the period</b>	9,588,401	17,955,129
<b>Cash and cash equivalents at the end of the period</b>	<b>2,434,037</b>	<b>12,914,881</b>

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

CHIEF EXECUTIVE

DIRECTOR

**REDCO TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
Balance as at June 30, 2014	492,926,000	(68,613,968)	75,565	424,387,597
Total comprehensive loss for the period	-	(18,368,750)	(7,110)	(18,375,860)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	1,503,362	-	1,503,362
Balance as at September 30, 2014	<u>492,926,000</u>	<u>(85,479,356)</u>	<u>68,455</u>	<u>407,515,099</u>
Balance as at June 30, 2015	492,926,000	(83,334,018)	34,545	409,626,527
Total comprehensive loss for the period	-	(12,052,932)	(27,285)	(12,080,217)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	1,538,055	-	1,538,055
Balance as at September 30, 2015	<u>492,926,000</u>	<u>(93,848,895)</u>	<u>7,260</u>	<u>399,084,365</u>

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

CHIEF EXECUTIVE

DIRECTOR





# REDCO TEXTILES LIMITED

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## REDCO TEXTILE LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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#### 1 STATUS AND NATURE OF BUSINESS

Redco Textile Limited is a Public Limited Company which commenced operations in October 1991. It was incorporated under the Companies Ordinance 1984 and is listed on the Karachi and Lahore Stock Exchanges. 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

##### 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, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These financial statements have been prepared in accordance with the approved financial reporting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 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, 2015.

#### 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 2015.

#### 5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR



# REDCO TEXTILES LIMITED

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