



# REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 30<sup>th</sup> September 2014

## Company Information

### Board of Directors

Ms. Sarah Saif Khan  
Chief Executive

Mrs. Taufiqah 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. Taufiqah 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 4400, 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



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## Directors' Report

### Directors' Report

Dear Shareholders,

We are pleased to present quarterly report of your company's performance as at September 30, 2014.

The three months period under review incurred Loss before tax of Rs. 14.766 million and after tax of Rs. 18.369 million, as compared to the previous corresponding quarter's Loss before tax of Rs. 7.502 million and after tax of Rs. 13.080 million.

The highlights of the first quarter include:

- ❖ Decrease in sales revenue by 37.58 % (Rs. 224.071 million) as compared to last year corresponding period due to reduction in production and sale of high value items.
- ❖ This quarter incurred gross loss of 0.63% as compared to gross profit of 0.22% in previous corresponding period as since start of this quarter textile sector is under pressure.
- ❖ Increase in financial cost by 115.76% to Rs 4.726 million from Rs 2.190.million in the last corresponding quarter due to availment of working capital lines and term finance of Rs. 100 million from Bank Alfalah Limited for 24 Air Jet Looms.

The performance of company shows declining trend subsequent to year end as overall industry performance is under pressure. Management is putting efforts to overcome the situation and in coming quarter 24 Air Jet Looms will start production and will help to increase the overall performance of the company.

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

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**Chief Executive**

Dated: October 30, 2014.

**REDCO TEXTILES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2014**

	30-Sep-14	30-Jun-14	Restated 30-Jun-13
	Un-audited	Audited	Audited
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	978,060,318	982,386,000	924,455,999
Long term investment	123,530	130,640	114,375
Long term deposits and prepayments	4,905,940	4,905,940	4,905,940
	<b>983,089,788</b>	<b>987,422,580</b>	<b>929,476,314</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	39,067,945	43,363,242	34,496,210
Stock in trade	279,979,126	283,262,813	277,216,929
Trade debts	151,325,702	149,258,559	244,272,544
Loans and advances	49,626,133	37,966,388	45,659,566
Trade deposits and short term prepayments	145,881,085	39,680,406	719,394
Tax refunds due from Government	42,204,143	40,913,362	37,366,565
Cash and bank balances	12,914,881	17,955,129	20,974,235
	720,999,015	612,399,899	660,705,443
<b>TOTAL ASSETS</b>	<b>1,704,088,803</b>	<b>1,599,822,479</b>	<b>1,590,181,757</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 50,000,000 (June 30, 2014: 50,000,000) ordinary shares of Rs. 10/- each	500,000,000	500,000,000	500,000,000
Issued, subscribed and paid up capital 49,292,600 (June 30, 2014: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000	492,926,000
Reserves	68,455	75,565	59,301
Accumulated loss	(85,479,356)	(68,613,968)	(83,251,623)
	<b>407,515,099</b>	<b>424,387,597</b>	<b>409,733,678</b>
<b>SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX</b>	<b>226,029,036</b>	<b>227,532,398</b>	<b>232,014,914</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing from associated undertakings - unsecured	415,739,764	415,739,764	417,184,624
Long term financing from directors and others- unsecured	260,427,659	246,640,580	204,524,629
Long term borrowings - Term finance	100,000,000	-	-
Deferred liabilities	13,315,482	13,306,682	20,636,827
	<b>789,482,905</b>	<b>675,687,026</b>	<b>642,346,080</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	171,501,358	175,262,844	192,444,961
Accrued mark up / interest	4,126,191	3,065,230	3,091,583
Short term borrowings	80,434,215	68,887,384	85,550,542
Current portion of :			
Long term financing from associated undertaking	15,000,000	15,000,000	15,000,000
Long term financing from directors and others	10,000,000	10,000,000	10,000,000
	<b>281,061,764</b>	<b>272,215,458</b>	<b>306,087,086</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,704,088,803</b>	<b>1,599,822,479</b>	<b>1,590,181,757</b>

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, 2014

	30-Sep-14	30-Sep-13
Sales - net	372,238,796	596,309,826
Cost of sales	(374,565,880)	(594,987,586)
<b>Gross (loss) / profit</b>	<b>(2,327,084)</b>	<b>1,322,240</b>
<b>Operating expenses</b>		
Distribution cost	(1,902,420)	(1,825,113)
Administrative expenses	(5,333,984)	(4,917,757)
Other operating expenses	(655,479)	(578,775)
	(7,891,883)	(7,321,645)
<b>Operating loss</b>	<b>(10,218,967)</b>	<b>(5,999,405)</b>
Other operating income	178,937	687,805
Finance cost	(4,725,807)	(2,190,337)
<b>Loss before taxation</b>	<b>(14,765,838)</b>	<b>(7,501,937)</b>
Taxation	(3,602,913)	(5,578,527)
<b>Loss for the period</b>	<b>(18,368,750)</b>	<b>(13,080,464)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.3726)</b>	<b>(0.2654)</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, 2014**

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	30-Sep-14	30-Sep-13
Loss for the period after taxation	<u>(18,368,750)</u>	<u>(13,080,464)</u>
<b>Other comprehensive income / (Loss):</b>		
Available for sale financial assets		
(Loss)/Gain arised during the period	(7,110)	3,135
Total comprehensive loss for the period	<u><u>(18,375,860)</u></u>	<u><u>(13,077,329)</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, 2014

	30-Sep-14	30-Sep-13
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(14,765,838)	(7,501,937)
Adjustment for non cash items:		
Depreciation	12,104,429	11,297,773
Provision for staff retirement benefits	1,420,000	695,000
Finance cost	4,725,807	2,190,337
	18,250,236	14,183,110
Operating profit before working capital changes	3,484,398	6,681,173
(Increase) / decrease in current assets		
Stores, spares and loose tools	4,295,297	1,238,805
Stock in trade	3,283,687	(8,826,291)
Trade debts	(2,067,143)	(16,067,007)
Advances, deposits, prepayments and other receivables	(117,860,424)	(25,639,818)
	(112,348,583)	(49,294,311)
Increase / (decrease) in current liabilities		
Trade and other payables	(3,761,486)	30,375,108
<b>Cash used in operations</b>	<b>(112,625,670)</b>	<b>(12,238,030)</b>
Staff retirement benefits paid	(1,411,200)	(693,000)
Interest paid	(3,664,846)	(3,798,781)
Taxes paid	(4,889,694)	(5,006,761)
	(9,965,740)	(9,498,542)
<b>Net cash used in operating activities</b>	<b>(122,591,410)</b>	<b>(21,736,572)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets purchased	(7,782,747)	(4,652,771)
<b>Net cash used in investing activities</b>	<b>(7,782,747)</b>	<b>(4,652,771)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from associated undertakings	-	41,500,000
Long term financing from directors and others	13,787,079	
Long term borrowings - Term finance	100,000,000	-
Short term borrowings	11,546,831	(2,909,728)
Current Portion of long term loans from associated undertakings	-	(88,006)
Current Portion of long term financing from directors and others	-	(244,899)
<b>Net cash generated from financing activities</b>	<b>125,333,909</b>	<b>38,257,367</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(5,040,248)</b>	<b>11,868,025</b>
Cash and cash equivalents at the beginning of the period	17,955,129	20,974,235
<b>Cash and cash equivalents at the end of the period</b>	<b>12,914,881</b>	<b>32,842,260</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, 2014**

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
Balance as at June 30, 2013 - restated	492,926,000	(83,251,623)	59,301	409,733,678
Total comprehensive (loss) / income for the period	-	(13,080,464)	3,135	(13,077,329)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	1,582,486	-	1,582,486
Balance as at September 30, 2013 - restated	<u>492,926,000</u>	<u>(94,749,601)</u>	<u>62,436</u>	<u>398,238,835</u>
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>

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**

### **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

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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 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, 2014.

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, 2014.

#### **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 2014.

#### **5 GENERAL**

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR



# REDCO TEXTILES LIMITED

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