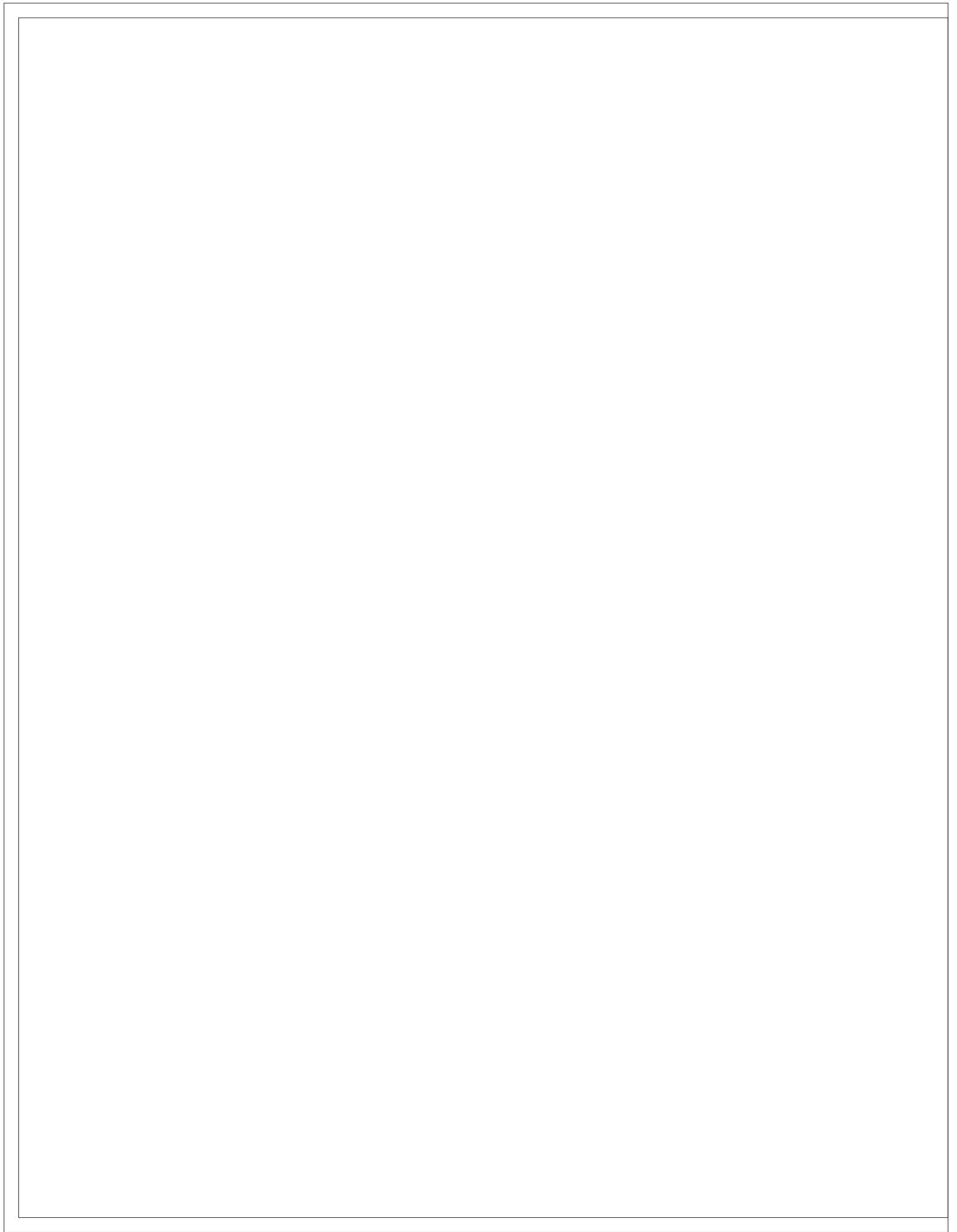




# REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 30<sup>th</sup> September 2017





**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  
Mr. Irfan Ahmed Siddiqi  
Mr. Ahsan ur Rehman Khan  
Mr. Imran Zia  
Mr. Khalid Rehman Khan

### Chief Financial Officer / Company Secretary

Mr. Monim Ul Haq

### Auditors

Mushtaq & Co, Chartered Accountants

### Audit Committee

Mr. Irfan Ahmed Siddiqi	Chairperson
Mrs. Muniza Saif Khan	Member
Mrs. Taufiqa Amanullah Khan	Member

### HR and Remuneration Committee

Mr. Irfan Ahmed Siddiqi	Chairperson
Ms. Sarah Saif Khan	Member
Mrs. Taufiqa 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) 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, 2017.

The three months period under review incurred loss before tax of Rs. 56.793 million, and loss after tax of Rs. 59.384 million. In comparison to the previous three months period loss before tax was Rs. 16.486 million and loss after tax was Rs. 20.764 million.

The highlights of the first quarter include:

- Decrease in sales revenue by 39.46% (258.045 millions) as compared to the last corresponding period (426.266 millions).
- These three months incurred gross loss of 18.84% (48.62 millions) as compared to the gross loss of 1.26% (5.35 millions) in the previous corresponding period. The textile sector is under pressure due to a reduction in exports of textile products, also local market prices could not provide reasonable margins & the power crisis is still prevalent impacting production.

The performance of the company shows a declining trend, subsequent to the year end i.e. 30th June 2017 as the whole textile industry is under pressure. The management is continuously putting efforts to overcome the situation.

For and on behalf of the Board,

\_\_\_\_\_  
Sarah Saif Khan  
Chief Executive

Dated: October 30, 2017.



# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

## REDCO TEXTILES LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2017

	30-Sep-17	30-Jun-17
	Un-audited	Audited
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	1,032,195,040	1,045,847,046
Long term investment	74,320	70,345
Long term deposits	5,819,879	5,819,879
	<b>1,038,089,239</b>	<b>1,051,737,270</b>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	47,294,953	49,782,209
Stock in trade	228,809,797	306,112,244
Trade debts	136,764,839	147,779,139
Loans and advances	42,453,814	41,499,291
Trade deposits and short term prepayments	2,199,059	57,732
Tax refunds due from Government	60,920,064	61,234,680
Cash and bank balances	9,948,455	14,528,417
	528,390,981	620,993,712
<b>TOTAL ASSETS</b>	<b>1,566,480,220</b>	<b>1,672,730,982</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 50,000,000 (June 30, 2017: 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, 2017: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Reserves	19,245	15,270
Accumulated loss	(398,228,931)	(340,267,139)
	<b>94,716,314</b>	<b>152,674,131</b>
<b>SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX</b>	215,898,378	217,320,455
<b>NON CURRENT LIABILITIES</b>		
Long term financing from banking companies	7,692,304	7,692,304
Deferred liabilities	10,341,685	10,339,967
	<b>18,033,989</b>	<b>18,032,271</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	205,556,237	239,888,312
Accrued mark up / interest	1,505,727	2,506,805
Short term borrowings from banking companies	39,697,333	71,339,951
Short term borrowings from associated undertakings	601,609,403	592,931,873
Short term borrowings from directors and others	365,665,585	347,267,952
Current portion of : Long term financing from banking companies	23,797,254	30,769,232
	<b>1,237,831,539</b>	<b>1,284,704,125</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,566,480,220</b>	<b>1,672,730,982</b>

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

CHIEF EXECUTIVE

03

DIRECTOR



# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

## REDCO TEXTILES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	30-Sep-17	30-Sep-16
Sales - net	258,045,288	426,266,313
Cost of sales	(306,665,244)	(431,615,962)
<b>Gross loss</b>	<b>(48,619,956)</b>	<b>(5,349,649)</b>
<b>Operating expenses</b>		
Distribution cost	(1,642,089)	(1,658,825)
Administrative expenses	(3,945,576)	(4,482,597)
Other operating expenses	(323,745)	(218,051)
	(5,911,410)	(6,359,473)
<b>Operating loss</b>	<b>(54,531,366)</b>	<b>(11,709,122)</b>
Other operating income	1,812	6,421
Finance cost	(2,263,128)	(4,783,243)
<b>Loss before taxation</b>	<b>(56,792,682)</b>	<b>(16,485,944)</b>
Taxation	(2,591,187)	(4,278,025)
<b>Loss for the period</b>	<b>(59,383,869)</b>	<b>(20,763,969)</b>
<b>Loss per share - basic and diluted</b>	<b>(1.2047)</b>	<b>(0.4212)</b>

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

CHIEF EXECUTIVE

DIRECTOR



**REDCO TEXTILES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

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	30-Sep-17	30-Sep-16
Loss for the period after taxation	(59,383,869)	(20,763,969)
<b>Other comprehensive income / (Loss):</b>		
Available for sale financial assets		
Gain/(Loss) arised during the period	3,975	1,580
Total comprehensive loss for the period	<u>(59,379,894)</u>	<u>(20,762,389)</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, 2017

	30-Sep-17	30-Sep-16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(56,792,682)	(16,485,944)
Adjustment for non cash items:		
Depreciation	13,738,106	14,680,031
Provision for staff retirement benefits	8,475,000	3,458,130
Finance cost	2,263,128	4,783,243
	24,476,234	22,921,404
Operating (loss) / profit before working capital changes	(32,316,448)	6,435,460
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,487,256	2,230,711
Stock in trade	77,302,447	(63,551,811)
Trade debts	11,014,300	(7,444,130)
Advances, deposits, prepayments and other receivables	(3,095,850)	(18,930,106)
	87,708,153	(87,695,336)
Increase / (decrease) in current liabilities		
Trade and other payables	(34,332,075)	22,950,291
<b>Cash generated / (used) in operations</b>	21,059,630	(58,309,585)
Staff retirement benefits paid	(8,473,282)	(3,457,006)
Interest paid	(3,264,206)	(5,179,455)
Taxes paid	(2,276,572)	(4,784,176)
	(14,014,060)	(13,420,637)
<b>Net cash generated / (used) in operating activities</b>	7,045,570	(71,730,222)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets purchased	(86,100)	(2,767,759)
<b>Net cash used in investing activities</b>	(86,100)	(2,767,759)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings from banking companies	(31,642,618)	25,597,215
Short term borrowings from associated undertakings	8,677,530	51,133,202
Short term borrowings from directors and others	18,397,634	2,766,901
Current Portion of long term borrowings from banking companies	(6,971,978)	(1,556,262)
<b>Net cash (used) / generated from financing activities</b>	(11,539,432)	77,941,056
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(4,579,962)	3,443,075
<b>Cash and cash equivalents at the beginning of the period</b>	14,528,417	3,258,827
<b>Cash and cash equivalents at the end of the period</b>	<b>9,948,455</b>	<b>6,701,902</b>

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

CHIEF EXECUTIVE

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, 2017

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
Balance as at June 30, 2016	492,926,000	(165,002,722)	13,960	327,937,238
Total comprehensive loss for the period	-	(20,763,969)	1,580	(20,762,389)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	1,496,923	-	1,496,923
Balance as at September 30, 2016	<u>492,926,000</u>	<u>(184,269,768)</u>	<u>15,540</u>	<u>308,671,772</u>
Balance as at June 30, 2017	492,926,000	(340,267,139)	15,270	152,674,131
Total comprehensive loss for the period	-	(59,383,869)	3,975	(59,379,894)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	1,422,077	-	1,422,077
Balance as at September 30, 2017	<u>492,926,000</u>	<u>(398,228,931)</u>	<u>19,245</u>	<u>94,716,314</u>

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

CHIEF EXECUTIVE

DIRECTOR



## REDCO TEXTILES LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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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 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

##### 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, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange Limited 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, 2017.

#### 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 2017.

#### 5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR



**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## ڈائریکٹرز رپورٹ

محترم حصص داران

ہم 30 ستمبر 2017 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 56.793 ملین روپے کا نقصان رہا ہے جبکہ بعد از ٹیکس نقصان 59.384 ملین روپے رہا ہے۔ اسکے مقابلے میں گزشتہ اسی سہ ماہی میں قبل از ٹیکس نقصان 16.486 ملین روپے اور بعد از ٹیکس نقصان 20.764 ملین روپے تھا۔

پہلی سہ ماہی کے اہم نکات درج ذیل ہیں۔

(i) فروخت میں گزشتہ تقابلی عرصے کے مقابلے میں 39.46 فیصد کمی ہوئی ہے۔ اور ہماری فروخت 258.045 ملین روپے رہی ہے جبکہ گزشتہ اسی سہ ماہی میں فروخت 426.266 ملین روپے تھی۔

(ii) زیر غور تین ماہ کے عرصے میں خالص نقصان 18.84 فی صد (48.62 ملین روپے) رہا ہے جبکہ گزشتہ اسی عرصے میں 1.26 فی صد (5.35 ملین روپے) کا خالص نقصان تھا۔ ٹیکسٹائل کا شعبہ ٹیکسٹائل مصنوعات کی برآمدات میں کمی کی وجہ سے شدید دباؤ کا شکار ہے اور اسکے ساتھ مقامی مارکیٹ کی قیمتیں بھی تسلی بخش مارجن نہیں دے پا رہی ہیں۔ جبکہ بجلی کا بحران بھی ابھی تک موجود ہے جو کہ پیداوار پر اثر انداز ہو رہا ہے۔

کمپنی کی کارکردگی میں گزشتہ سال 30 جون 2017 کی طرح کمی کا رجحان ہے۔ جیسا کہ تمام ٹیکسٹائل کی صنعت شدید دباؤ میں ہے۔ مینجمنٹ حالات پر قابو پانے کی ہر ممکن کوشش کر رہی ہے۔

بحکم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی ای او

بتاریخ: 30 اکتوبر 2017



# REDCO TEXTILES LIMITED

[www.redcotextiles.com](http://www.redcotextiles.com)

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