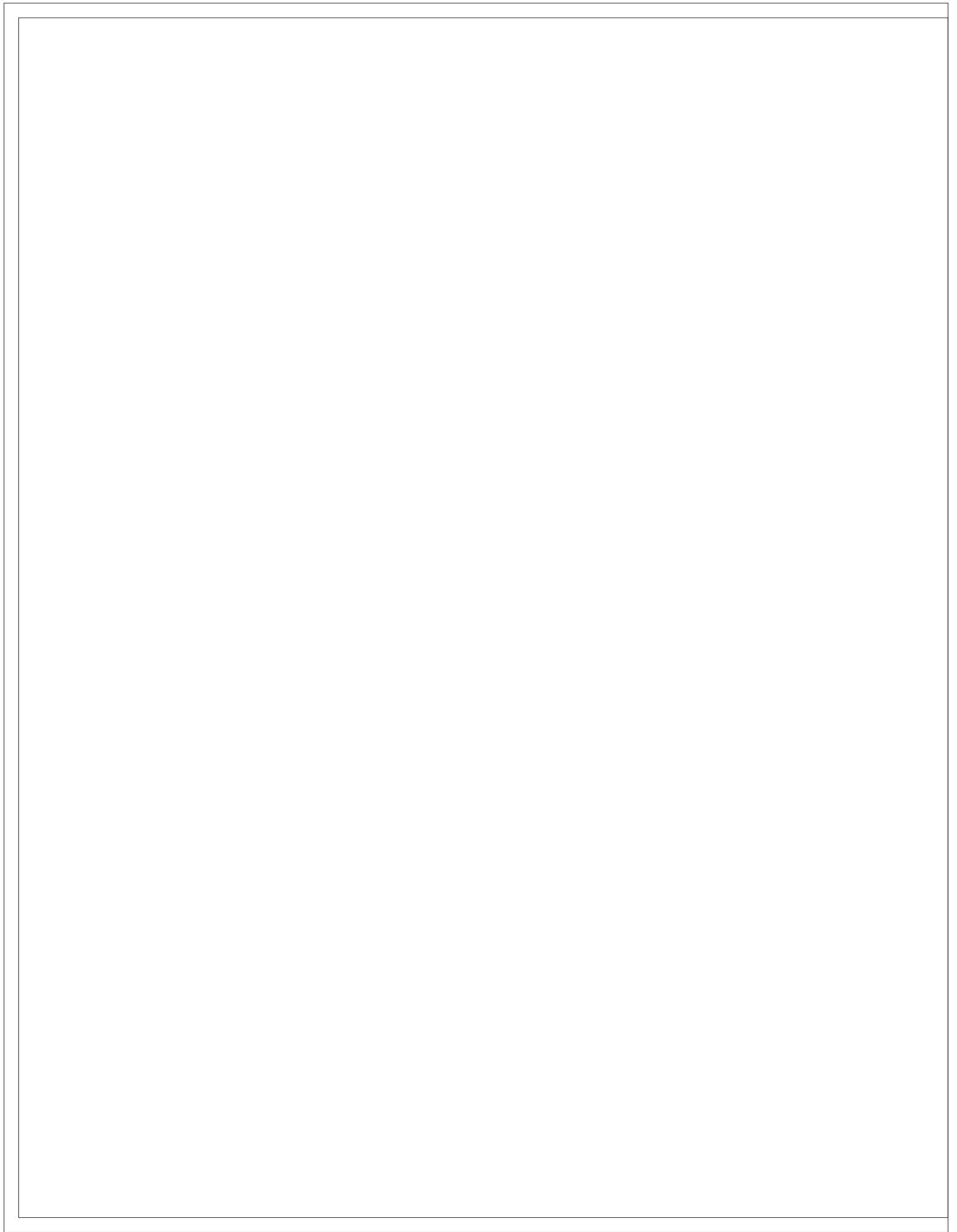




# REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 30<sup>th</sup> September 2018





**REDCO TEXTILES LIMITED**

ISO 9001 2000 Certified

## Company Information

### Board of Directors

Ms. Sarah Saif Khan  
Chief Executive

Mrs. Taufiq 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

Muhammad Kashif

### Auditors

Mushtaq & Co, Chartered Accountants

### Audit Committee

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

### HR and Remuneration Committee

Mr. Irfan Ahmed Siddiqi	Chairperson
Ms. Sarah Saif Khan	Member
Mrs. Taufiq 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, 2018.

The three months period under review incurred loss before tax of Rs. 16.273 million, and loss after tax of Rs. 16.279 million. In comparison to the previous three months period loss before tax was Rs. 56.793 million and loss after tax was Rs. 59.384 million.

The highlights of the first quarter include:

- Decrease in sales revenue by 99.83% (0.446 millions) as compared to the last corresponding period (258.045 millions) as the Company for the time being, has suspended its manufacturing operations since 10<sup>th</sup> November 2017 which could not be resumed due to adverse scenario faced by the industry, lower market demand and high cost of production.
- These three months incurred gross loss of Rs. 11.688 million as compared to the gross loss of Rs. 48.62 million in the previous corresponding period.

The condensed financial statements have been prepared using going concern assumption as the Directors of the Company have plan to restart the operations in the near future. The management is in the process of arrangement of finances from banks to execute BMR and is quiet hopeful that it will be finalized soon which will enable the Company to resume its operations.

Management is endeavoring to resume the production of the Company as soon as the situation in near future improves, restructuring of the Company is finalized and sufficient working capital is provided. However, some initiatives from the Government are also needed in order to make the textile industry sustainable by reducing the cost of doing business especially smooth supply of gas at affordable tariff.

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

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**Sarah Saif Khan**  
**Chief Executive**

Dated: October 30, 2018.



# REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

## REDCO TEXTILES LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2018

	30-Sep-18	30-Jun-18
	Un-audited	Audited
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	801,950,171	811,080,931
Long term investment	76,495	77,810
Long term deposits	5,819,879	5,819,879
	<b>807,846,545</b>	<b>816,978,620</b>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	41,307,000	41,307,000
Stock in trade	339,462	1,073,376
Trade debts	65,692,921	66,942,002
Loans and advances	31,476,143	31,244,118
Trade deposits and short term prepayments	898,753	57,534
Tax refunds due from Government	59,967,364	59,938,982
Cash and bank balances	3,901,497	695,291
	203,583,140	201,258,303
<b>TOTAL ASSETS</b>	<b>1,011,429,685</b>	<b>1,018,236,923</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 50,000,000 (June 30, 2018: 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, 2018: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Reserves	21,420	22,735
Accumulated loss	(840,946,145)	(825,360,567)
Surplus on revaluation of property plant and equipment - Net of tax	307,710,066	308,403,505
	<b>(40,288,659)</b>	<b>(24,008,327)</b>
<b>NON CURRENT LIABILITIES</b>		
Deferred liabilities	5,296,927	5,563,912
	<b>5,296,927</b>	<b>5,563,912</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	77,997,525	77,116,204
Accrued mark up / interest	-	514,481
Short term borrowings from banking companies	-	16,942,607
Short term borrowings from associated undertakings	666,167,287	637,824,722
Short term borrowings from directors and others	302,256,605	296,591,020
Current portion of : Long term financing from banking companies	-	7,692,304
	<b>1,046,421,417</b>	<b>1,036,681,338</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,011,429,685</b>	<b>1,018,236,923</b>

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 AND LOSS (UN-AUDITED)****FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	30-Sep-18	30-Sep-17
Sales - net	445,730	258,045,288
Cost of sales	(12,133,847)	(306,665,244)
<b>Gross loss</b>	<b>(11,688,117)</b>	<b>(48,619,956)</b>
<b>Operating expenses</b>		
Distribution cost	(281,987)	(1,642,089)
Administrative expenses	(3,095,118)	(3,945,576)
Other operating expenses	(838,612)	(323,745)
	(4,215,717)	(5,911,410)
<b>Operating loss</b>	<b>(15,903,834)</b>	<b>(54,531,366)</b>
Other operating income	417	1,812
Finance cost	(370,028)	(2,263,128)
<b>Loss before taxation</b>	<b>(16,273,445)</b>	<b>(56,792,682)</b>
Taxation	(5,572)	(2,591,187)
<b>Loss for the period</b>	<b>(16,279,017)</b>	<b>(59,383,869)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.3303)</b>	<b>(1.2047)</b>

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, 2018**

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	30-Sep-18	30-Sep-17
Loss for the period after taxation	(16,279,017)	(59,383,869)
<b>Other comprehensive income / (Loss):</b>		
Available for sale financial assets		
Gain/(Loss) arised during the period	(1,315)	3,975
Total comprehensive loss for the period	<u>(16,280,332)</u>	<u>(59,379,894)</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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	30-Sep-18	30-Sep-17
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(16,273,445)	(56,792,682)
Adjustment for non cash items:		
Depreciation	8,210,760	13,738,106
Provision for staff retirement benefits	-	8,475,000
Finance cost	370,028	2,263,128
	8,580,788	24,476,234
Operating (loss) / profit before working capital changes	(7,692,657)	(32,316,448)
(Increase) / decrease in current assets		
Stores, spares and loose tools	-	2,487,256
Stock in trade	733,914	77,302,447
Trade debts	1,249,081	11,014,300
Advances, deposits, prepayments and other receivables	(1,073,244)	(3,095,850)
	909,751	87,708,153
Increase / (decrease) in current liabilities		
Trade and other payables	881,321	(34,332,075)
<b>Cash generated / (used) in operations</b>	(5,901,585)	21,059,630
Staff retirement benefits paid	(266,985)	(8,473,282)
Interest paid	(884,509)	(3,264,206)
Taxes paid	(33,954)	(2,276,572)
	(1,185,448)	(14,014,060)
<b>Net cash generated / (used) in operating activities</b>	(7,087,033)	7,045,570
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets purchased	-	(86,100)
Proceeds from sale of property, plant and equipment	920,000	-
<b>Net cash used in investing activities</b>	920,000	(86,100)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings from banking companies	(16,942,607)	(31,642,618)
Short term borrowings from associated undertakings	28,342,565	8,677,530
Short term borrowings from directors and others	5,665,585	18,397,634
Current Portion of long term borrowings from banking companies	(7,692,304)	(6,971,978)
<b>Net cash (used) / generated from financing activities</b>	9,373,239	(11,539,432)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	3,206,206	(4,579,962)
Cash and cash equivalents at the beginning of the period	695,291	14,528,417
<b>Cash and cash equivalents at the end of the period</b>	<b>3,901,497</b>	<b>9,948,455</b>

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, 2018

	Share Capital	Reserves		Revenue Reserves	Total
		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 loss for the period	-				
Loss for the period				(59,383,869)	(59,383,869)
Other comprehensive income		3,975			3,975
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-		(1,422,077)	1,422,077	-
Balance as at September 30, 2016	<u>492,926,000</u>	<u>19,245</u>	<u>215,898,378</u>	<u>(398,228,931)</u>	<u>310,614,692</u>
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>

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, 2018**

**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**

**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 for the time being has suspended its manufacturing operations since 10th November 2017 which could not be resumed due to adverse scenario faced by industry, lesser market demand and Working Capital constraints. The management intends to resume its operations after Balancing, modernization and replacement (BMR) of plant and machinery of spinning unit. The company had incurred a loss for the quarter ended September 30, 2018 of Rupees 16.279 million (June 30, 2018: Rupees 520.426 million) and as of that date, reported accumulated loss of Rs. 840.946 million (June 30, 2018 : Rs. 825.36 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. 842.84 million (June 30, 2018 : Rs. 835.42 million).

The condensed financial statements have been prepared using going concern assumption as the Directors of the Company have plan to restart the operations in near future. The management is in process of arrangement of finances from banks to execute BMR and is quiet hopeful that it will be finalized soon which will enable the Company to resume its operations.

**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, 2018.

**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 2018.

**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 2018 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 16.273 ملین روپے کا نقصان رہا ہے جبکہ بعد از ٹیکس نقصان 16.279 ملین روپے رہا ہے۔ اسکے مقابلے میں گزشتہ اسی سہ ماہی میں قبل از ٹیکس نقصان 56.793 ملین روپے اور بعد از ٹیکس نقصان 59.384 ملین روپے تھا۔

پہلی سہ ماہی کے اہم نکات درج ذیل ہیں۔

- فروخت میں گزشتہ تقابلی عرصے کے مقابلے میں 99.83 فیصد کمی ہوئی ہے۔ اور ہماری فروخت 0.446 ملین روپے رہی ہے، جبکہ گزشتہ اسی سہ ماہی میں فروخت 258.045 ملین روپے تھی۔ کمپنی نے وقتی طور پر 10 نومبر 2017 سے اپنی پیداوار کو معطل کر دیا ہے جو کہ صنعت میں نامساعد مشکلات، مارکیٹ میں طلب کی کمی اور پیداوار کی اضافی لاگت کی وجہ سے ہے۔
- زیر غور تین ماہ کے عرصے میں خالص نقصان 11.668 ملین روپے رہا ہے جبکہ گزشتہ اسی عرصے میں 48.62 ملین روپے کا خالص نقصان تھا۔

مالیاتی حسابات چلتی ہوئی کمپنی کے جاری کردہ امور کے تحت مرتب کئے گئے ہیں جیسا کہ کمپنی کے ڈائریکٹرز مستقبل میں آپریشنز دوبارہ شروع کرنے کا ارادہ رکھتے ہیں، مینجمنٹ بینکوں سے سرمایہ حاصل کرنے کے عمل پر کام کر رہی ہے تاکہ BMR پر عملدرآمد کیا جاسکے اور امید ہے کہ اسے جلد ہی حتمی شکل دی جائے گی جس سے کمپنی کو اپنی پیداوار بحال کرنے میں مدد ملے گی۔

انتظامیہ کمپنی کی پیداواری سرگرمیوں کو بحال کرنے کی ہر ممکن کوشش کر رہی ہے جس کا دار و مدار مستقبل کے معاشی حالات پر ہے انتظامیہ جلد ری اسٹرکچرنگ مکمل ہونے کے لئے پرامید ہے تاکہ کمپنی کو کام کرنے کے سرمائے کی فراہمی ہو سکے۔ اس کے علاوہ حکومت کی جانب سے براہ راست اقدامات کی ضرورت ہے تاکہ ٹیکسٹائل کی صنعت کو جاری و ساری رکھا جاسکے بالخصوص قابل برداشت گیس کی قیمتوں اور اس کی سپلائی کو موثر بنانے کیلئے اقدامات کرنے ہوں گے۔

بحکم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی ای او



# REDCO TEXTILES LIMITED

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

**Head Office:** Redco Plaza, 4th Floor, 78-E Blue Area, Islamabad Pakistan.  
Tel: (+9251) 2344252-5 Fax: (+9251) 2344256 | [sales@redcogroup.com](mailto: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](mailto:textiles@redcogroup.com)