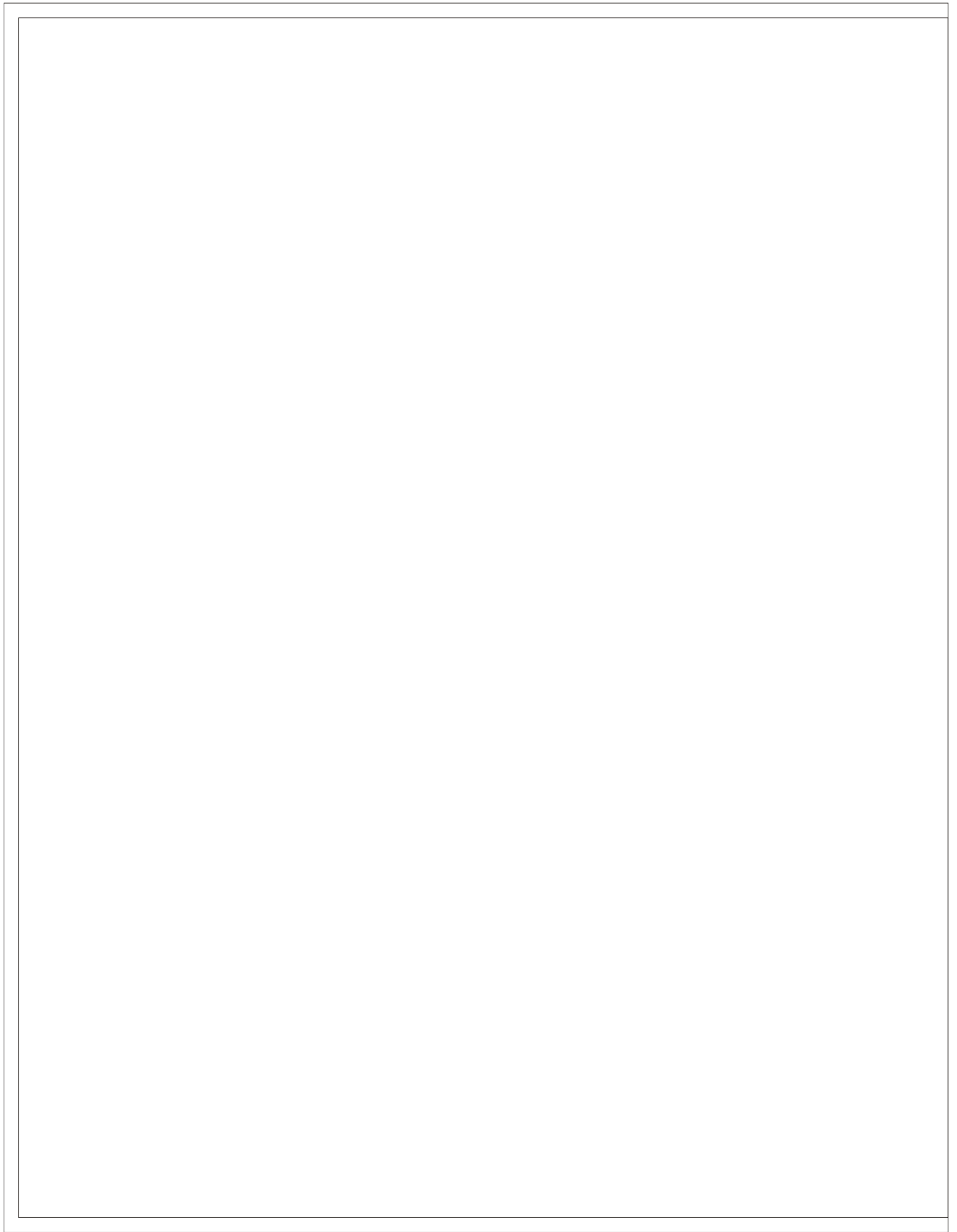




REDCO TEXTILES LIMITED

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

ISO 9001 2000 Certified

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

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Tel: (+9251) 2344252-7 Fax: (+9251) 2344256 | sales@redcogroup.com

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