



REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 31st March 2015

Company Information

Board of Directors

Ms. Sarah Saif khan
Chief Executive

Mrs. Taufiqah Amanullah Khan
Mrs. Muniza Saif khan
Mrs. Samina Asad
Mr. Ashan 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 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 on March 31, 2015.

The nine months period under review incurred Loss before tax of Rs. 28.352 million, and loss after tax of Rs. 40.847 million. In comparison to the previous nine months period profit before tax of Rs. 24.015 million and profit after tax of Rs. 6.764 million.

The highlights of the nine months period include:

- ❖ Decrease in sales revenue by 28.1% (494 millions) as compared to last corresponding period mainly due to decrease in production and sale prices of textile items and maximum utilization of our in house yarn production.
- ❖ These nine months incurred gross profit to 1.02% (13 millions) as compared to gross profit of 3.27% (57.45 millions) in previous corresponding period. Since the start of the year textile sector is under pressure due to reduction in exports of textile products and fall in exchange rates of the US \$ & Euro which has reduced profit margins in export. Due to the overall depression in textile market the local market prices could not provide reasonable margins & the power crisis is still prevalent impacting productions.
- ❖ Increase in financial cost to Rs. 18.89 millions from Rs. 9.09 millions in the last corresponding period as term finance of Rs. 100 millions from Bank Alfalah Limited for 24 Air Jet Looms was disbursed in August 2014 and an amount of Rs. 8.3 million incurred in markup cost.

The trend in this quarter illustrates good recovery as compared to the last two quarters of the current year, we are almost at break even in this specific quarter as opposed to the loss of Rs.40.81 millions for half year ended December 2014, since our new loom shed of 24 looms has started its full production in the month of December 2014, we are foreseeing a favorable upcoming quarter. In addition we are expecting the further fuel price adjustments in electricity bills as well.

For and on behalf of the Board,

Sarah Saif Khan
Chief Executive

Dated: April 28, 2015.

REDCO TEXTILES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2015

	March 31, 2015	June 30, 2014
	Unaudited	Audited
	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,112,408,781	982,386,000
Long term investment	90,765	130,640
Long term deposits and prepayments	4,905,940	4,905,940
	<u>1,117,405,486</u>	<u>987,422,580</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	44,201,503	43,363,242
Stock in trade	302,848,764	283,262,813
Trade debts	159,007,572	149,258,559
Loans and advances	50,455,250	37,966,388
Trade deposits and short term prepayments	4,372,252	39,680,406
Tax refunds due from Government	39,113,003	40,913,362
Cash and bank balances	13,565,609	17,955,129
	<u>613,563,953</u>	<u>612,399,899</u>
TOTAL ASSETS	<u><u>1,730,969,439</u></u>	<u><u>1,599,822,479</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 50,000,000 (June 30, 2014: 50,000,000) ordinary shares of Rs. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
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
Reserves	35,690	75,565
Accumulated loss	(104,812,486)	(68,613,968)
	<u>388,149,204</u>	<u>424,387,597</u>
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX	222,883,541	227,532,398
NON CURRENT LIABILITIES		
Long term financing from banking companies	84,615,384	-
Long term financing from associated undertakings - unsecured	414,766,000	415,739,764
Long term financing from directors and others- unsecured	247,139,979	246,640,580
Deferred liabilities	13,311,282	13,306,682
	<u>759,832,645</u>	<u>675,687,026</u>
CURRENT LIABILITIES		
Trade and other payables	224,246,964	175,262,844
Accrued mark up / interest	3,897,943	3,065,230
Short term borrowings	96,315,141	68,887,384
Current portion of long term financing from banking companies	15,384,616	-
Current portion of long term financing from associated undertakings	15,000,000	15,000,000
Current portion of long term financing from directors and others	5,259,385	10,000,000
	<u>360,104,049</u>	<u>272,215,458</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u><u>1,730,969,439</u></u>	<u><u>1,599,822,479</u></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 NINE MONTHS ENDED MARCH 31, 2015

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rupees		Rupees	
Sales - net	1,264,898,819	1,758,850,052	454,329,227	582,449,124
Cost of sales	(1,251,989,687)	(1,701,402,659)	(438,665,237)	(570,675,250)
Gross profit	12,909,132	57,447,393	15,663,990	11,773,874
Operating expenses				
Distribution cost	(6,423,795)	(5,624,055)	(2,516,584)	1,295,473
Administrative expenses	(14,153,933)	(16,226,452)	(2,145,856)	(2,787,453)
Other operating expenses	(1,958,873)	(2,018,980)	(616,734)	(668,916)
	(22,536,601)	(23,869,487)	(5,279,174)	(2,160,896)
Operating (loss) / income	(9,627,469)	33,577,906	10,384,816	9,612,977
Other operating income	167,293	1,503,243	55,875	368,316
Finance cost	(18,891,555)	(9,090,814)	(7,465,897)	(3,982,015)
Workers profit participation fund	-	(1,299,517)	-	(299,731)
Workers welfare fund	-	(675,633)	-	(193,538)
(Loss) / Profit before taxation	(28,351,731)	24,015,186	2,974,794	5,506,008
Taxation	(12,495,644)	(17,251,663)	(3,007,775)	(5,380,139)
(Loss) / Profit for the period	(40,847,375)	6,763,523	(32,981)	125,869
(Loss) / Earnings per share - basic and diluted	(0.829)	0.137	(0.001)	0.003

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

CHIEF EXECUTIVE

DIRECTOR

REDCO TEXTILES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	March 31, 2015	March 31, 2014
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(28,351,731)	24,015,186
Adjustment for non cash items:		
Depreciation	41,408,509	37,259,311
Provision for staff retirement benefits	3,120,000	3,242,000
Provision for workers' profit participation fund	-	1,299,517
Provision for workers welfare fund	-	675,633
Finance cost	18,891,555	9,090,814
	63,420,064	51,567,275
Operating profit before working capital changes	35,068,333	75,582,461
(Increase) / decrease in current assets		
Stores, spares and loose tools	(838,261)	(16,104,730)
Stock in trade	(19,585,951)	(91,841,217)
Trade debts	(9,749,013)	44,053,144
Advances, deposits, prepayments and other receivables	22,819,292	(37,381,994)
	(7,353,933)	(101,274,798)
Increase / (decrease) in current liabilities		
Trade and other payables	48,984,120	61,716,918
Cash generated from operations	76,698,520	36,024,581
Staff retirement benefits paid	(3,115,400)	(3,197,665)
Interest paid	(18,058,842)	(8,971,454)
Taxes paid	(10,695,285)	(15,201,169)
	(31,869,527)	(27,370,288)
Net cash generated from operating activities	44,828,993	8,654,293
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(171,431,290)	(30,083,346)
Net cash used in investing activities	(171,431,290)	(30,083,346)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from associated undertakings	(973,764)	-
Long term financing from banking companies	100,000,000	-
Loan obtained / (paid) from directors and others	(4,241,216)	(10,000,000)
Short term borrowings - net	27,427,757	33,522,533
Net cash generated from financing activities	122,212,777	23,522,533
Net (decrease)/ increase in cash and cash equivalents	(4,389,520)	2,093,480
Cash and cash equivalents at the beginning of the period	17,955,129	20,974,235
Cash and cash equivalents at the end of the period	13,565,609	23,067,715

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 NINE MONTHS ENDED MARCH 31, 2015

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rupees		Rupees	
(Loss) / Profit for the period after taxation	(40,847,375)	6,763,523	(32,981)	125,869
Other comprehensive income:				
Available for sale financial assets				
(loss) / Gain arised during the period	(39,875)	6,189	(12,170)	(17,615)
Total comprehensive (loss) / income for the period	<u>(40,887,250)</u>	<u>6,769,712</u>	<u>(45,151)</u>	<u>108,254</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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
	Rupees			
Balance as at July 01, 2013 - as restated	492,926,000	(83,251,623)	59,301	409,733,678
Total comprehensive income for the nine months ended March 31, 2014	-	6,763,523	6,189	6,769,711
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	4,747,458	-	4,747,458
Balance as at March 31, 2014	492,926,000	(71,740,643)	65,490	421,250,847
Balance as at June 30, 2014	492,926,000	(68,613,968)	75,565	424,387,597
Total comprehensive loss for the nine months ended March 31, 2015	-	(40,847,375)	(39,875)	(40,887,250)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	4,648,857	-	4,648,857
Balance as at March 31, 2015	492,926,000	(104,812,486)	35,690	388,149,204

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

CHIEF EXECUTIVE

DIRECTOR



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REDCO TEXTILES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2015

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 28th April 2015.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

www.redcotextiles.com

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