

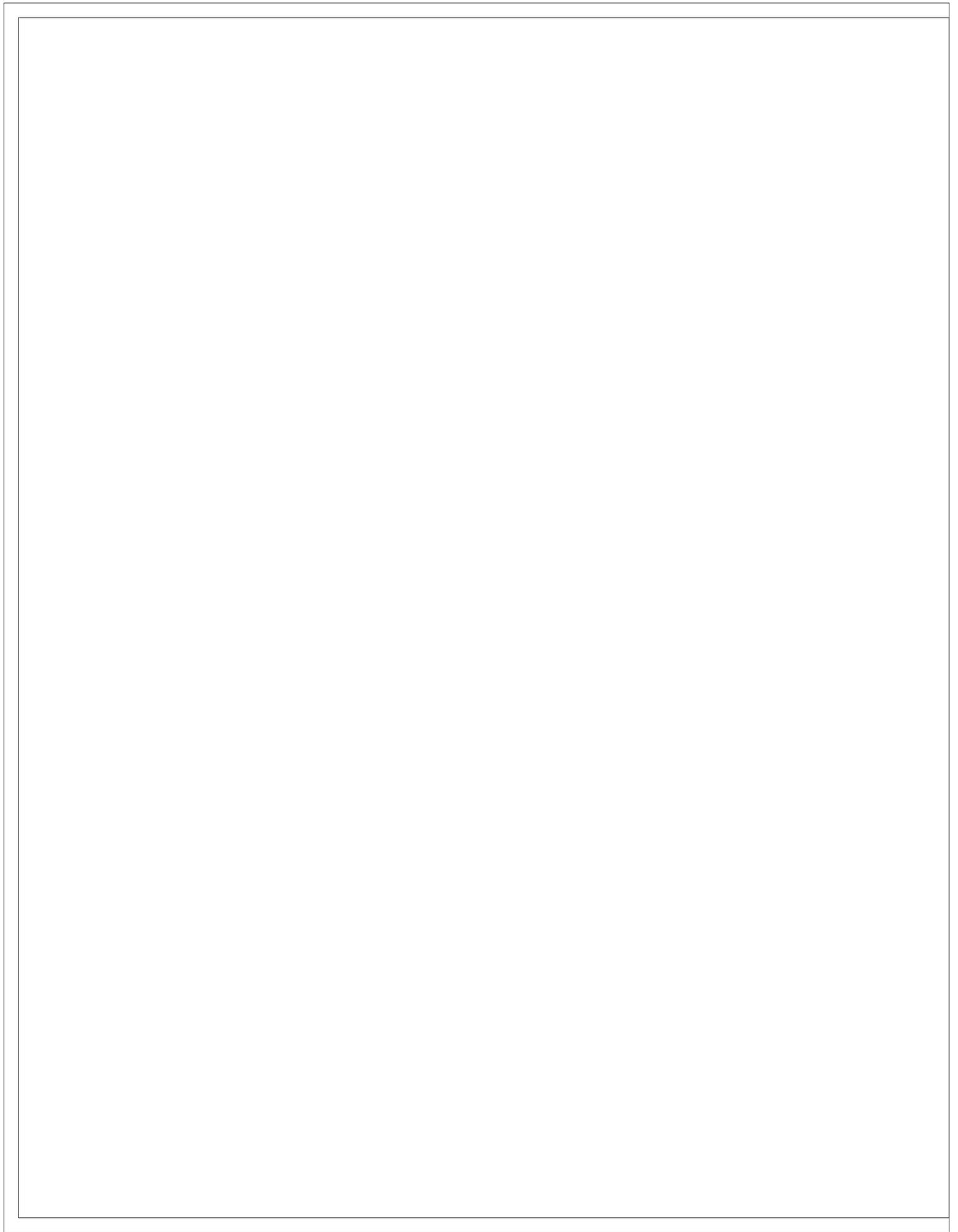
“Say No To Corruption”



**REDCO
TEXTILES LIMITED**

ISO 9001 Certified

Quarterly Report as at 31st March 2018





REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

Company Information

Board of Directors

Ms. Sarah Saif Khan
Chief Executive

Mrs. Taufiqah Amanullah Khan
Mrs. Muniza Saif Khan
Mr. Irfan Ahmed Siddiqi
Mr. Ashan 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. 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) 2344252-5 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) 4610401 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, 2018.

The nine months period under review incurred Loss before tax of Rs. 171.53 million, and loss after tax of Rs. 177.06 million. In comparison to the previous nine months period loss before tax of Rs. 58.23 million and loss after tax of Rs. 72.93 million. Due to continuous recession in the market and energy crisis the mills have not restarted its production process. Further due to volatile prices of raw material and instability in the market the management decided that mill remain closed temporarily to avoid losses in the best interest of the shareholders. In this volatile market the director's are trying alternative options for revenue generation from the Company.

The highlights of the nine months period include:

- ❖ Decrease in sales revenue by 69.87% (441.26 million) as compared to last corresponding period (1,464.59 million).
- ❖ These nine months incurred gross loss to 34.08% (150.365 million) as compared to gross loss of 1.39% (20.367 million) in previous corresponding period. The main reason of loss is due to decline in fabric market on which main cash inflows streams of the entity was dependent. Also fall in sale prices of fabrics and shrink margins, electricity and gas crisis, and major consumption rate variance, impacting and contributing towards losses.

The current market is not very favorable and we are foreseeing another challenging year ahead. We had to close down our unit because of losses, and have therefore been able to plug excessive drainage of liquidity. However the management is actively taking all measures necessary to cope with these challenges. The management has positive intention and capability to restart production subject to improvement in market.

For and on behalf of the Board,

Sarah Saif Khan
Chief Executive

Dated: April 28, 2018.



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2018

	March 31, 2018	June 30, 2017
	Unaudited	Audited
	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,004,740,938	1,045,847,046
Long term investment	87,040	70,345
Long term deposits	5,819,879	5,819,879
	1,010,647,857	1,051,737,270
CURRENT ASSETS		
Stores, spare parts and loose tools	43,171,998	49,782,209
Stock in trade	1,073,376	306,112,244
Trade debts	93,373,132	147,779,139
Loans and advances	37,566,113	41,499,291
Trade deposits and short term prepayments	-	57,732
Tax refunds due from Government	59,817,256	61,234,680
Cash and bank balances	8,668,563	14,528,417
	243,670,438	620,993,712
TOTAL ASSETS	1,254,318,295	1,672,730,982
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
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	31,965	15,270
Accumulated loss	(513,063,482)	(340,267,139)
	(20,105,517)	152,674,131
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT NET OF TAX	-	-
	213,054,224	217,320,455
NON CURRENT LIABILITIES		
Long term financing from banking companies	-	7,692,304
Deferred liabilities	2,106,902	10,339,967
	2,106,902	18,032,271
CURRENT LIABILITIES		
Trade and other payables	105,397,622	239,888,312
Accrued mark up / interest	399,233	2,506,805
Short term borrowings from banking companies	19,969,896	71,339,951
Short term borrowings from associated undertakings	625,845,164	592,931,873
Short term borrowings from directors and others	292,266,159	347,267,952
Current portion of : Long term financing from banking companies	15,384,612	30,769,232
	1,059,262,686	1,284,704,125
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	1,254,318,295	1,672,730,982

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine Months Ended		Quarter Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees		Rupees	
Sales - net	441,264,370	1,464,591,181	58,509,600	556,071,645
Cost of sales	(591,629,362)	(1,484,958,028)	(75,722,603)	(555,721,967)
Gross profit / (loss)	(150,364,992)	(20,366,847)	(17,213,003)	349,678
Operating expenses				
Distribution cost	(4,405,627)	(6,220,351)	(993,252)	(2,443,679)
Administrative expenses	(11,046,091)	(14,027,580)	(2,948,433)	(4,797,011)
Other operating expenses	(643,110)	(934,020)	(182,455)	(317,426)
	(16,094,828)	(21,181,951)	(4,124,140)	(7,558,116)
Operating loss	(166,459,820)	(41,548,798)	(21,337,143)	(7,208,438)
Other operating income	21,786	31,012	5,566	12,721
Finance cost	(5,088,138)	(16,711,925)	(774,157)	(6,202,618)
Loss before taxation	(171,526,172)	(58,229,711)	(22,105,734)	(13,398,335)
Taxation	(5,536,402)	(14,701,576)	(731,281)	(5,585,197)
Loss for the period	(177,062,574)	(72,931,287)	(22,837,015)	(18,983,532)
Loss per share - basic and diluted	(3.592)	(1.480)	(0.463)	(0.385)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	March 31, 2018	March 31, 2017
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(171,526,172)	(58,229,711)
Adjustment for non cash items:		
Depreciation	41,204,508	44,823,863
Provision for staff retirement benefits	3,178,500	10,309,179
Finance cost	5,088,138	16,711,925
	49,471,146	71,844,967
Operating (loss) / profit before working capital changes	(122,055,026)	13,615,256
(Increase) / decrease in current assets		
Stores, spares and loose tools	6,610,211	(6,671,217)
Stock in trade	305,038,868	(31,755,420)
Trade debts	54,406,007	(48,806,255)
Advances, deposits, prepayments and other receivables	3,990,910	(29,158,409)
	370,045,996	(116,391,301)
Increase / (decrease) in current liabilities		
Trade and other payables	(134,490,690)	(4,510,638)
Cash generated from / (used in) operations	113,500,280	(107,286,683)
Staff retirement benefits paid	(11,411,565)	(10,307,204)
Interest paid	(7,195,710)	(16,285,579)
Taxes paid	(4,118,978)	(19,015,050)
	(22,726,253)	(45,607,833)
Net cash generated from / (used in) operating activities	90,774,027	(152,894,516)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(98,400)	(21,818,895)
Long term deposits	-	(662,000)
Net cash used in investing activities	(98,400)	(22,480,895)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from banking companies	(23,076,924)	(23,076,924)
Short term borrowings from associated undertakings	32,913,291	104,871,504
Short term borrowings from directors and others	(55,001,793)	64,046,884
Short term borrowings from banking companies	(51,370,055)	30,134,128
Net cash (used in) / generated from financing activities	(96,535,481)	175,975,592
Net increase / (decrease) in cash and cash equivalents	(5,859,854)	600,181
Cash and cash equivalents at the beginning of the period	14,528,417	3,258,827
Cash and cash equivalents at the end of the period	8,668,563	3,859,008

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine Months Ended		Quarter Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees		Rupees	
Loss for the period after taxation	(177,062,574)	(72,931,287)	(22,837,015)	(18,983,532)
Other comprehensive income / (loss):				
Available for sale financial assets gain / (loss) arised during the period	16,695	5,120	5,645	(8,520)
Total comprehensive loss for the period	<u>(177,045,879)</u>	<u>(72,926,167)</u>	<u>(22,831,370)</u>	<u>(18,992,052)</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
	Rupees			
Balance as at June 30, 2016	492,926,000	(165,002,722)	13,960	327,937,238
Total comprehensive loss for the nine months ended March 31, 2017	-	(72,931,287)	5,120	(72,926,167)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	4,490,770	-	4,490,770
Balance as at March 31, 2017	<u>492,926,000</u>	<u>(233,443,239)</u>	<u>19,080</u>	<u>259,501,841</u>
Balance as at June 30, 2017	492,926,000	(340,267,139)	15,270	152,674,131
Total comprehensive loss for the nine months ended March 31, 2018	-	(177,062,574)	16,695	(177,045,879)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	4,266,231	-	4,266,231
Balance as at March 31, 2018	<u>492,926,000</u>	<u>(513,063,482)</u>	<u>31,965</u>	<u>(20,105,517)</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

REDCO TEXTILES LIMITED

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

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 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.

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 28th April 2018.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ڈائریکٹرز رپورٹ

محترم حصص داران

ہم 31 مارچ 2018 کو ختم ہونے والی نو ماہی کی کارکردگی پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ زیر نظر نو ماہ کے عرصے میں قبل از ٹیکس نقصان 171.53 ملین روپے کا اور بعد از ٹیکس نقصان 177.06 ملین روپے رہا ہے۔ جبکہ اس کے موازنہ میں گزشتہ اسی نو ماہی میں قبل از ٹیکس نقصان 58.23 ملین روپے اور بعد از ٹیکس نقصان 72.93 ملین روپے تھا۔ کاروبار کی مستقل کساد بازاری اور توانائی کی مشکلات کی وجہ سے ہم مل کی پیداوار کا عمل دوبارہ شروع نہیں کر سکے مزید یہ کہ خام مال کی غیر مستحکم قیمتوں اور مارکیٹ کے عدم استحکام کی وجہ سے مینجمنٹ نے فیصلہ کیا ہے کہ حصص داران کے بہتر مفاد کے لئے کمپنی عارضی طور پر پیداوار روک رکھے گی تاکہ مزید نقصان سے بچا جاسکے۔ اس غیر مستحکم مارکیٹ میں ڈائریکٹرز کمپنی سے آمدنی کے حصول کے لئے متبادل کوششیں کر رہی ہے

زیر نظر نو ماہی کے اہم نکات درج ذیل ہیں۔

- فروخت کے حجم میں گزشتہ اسی مدت (1,464.59 ملین روپے) کے مقابلے میں 69.87 فیصد (441.26 ملین روپے) کمی ہوئی ہے۔
- اس نو ماہی میں 34.08 فیصد (150.365 ملین روپے) خالص نقصان ہوا ہے۔ جبکہ گزشتہ اسی مدت میں 1.39 فیصد (20.317 ملین روپے) خالص نقصان تھا۔ نقصان کی بنیادی وجہ کپڑے کی مارکیٹ میں کمی کا رجحان ہے اور جس پر کمپنی کی نقد آمدن کا انحصار تھا۔ اس کے علاوہ کپڑے کی فروخت کی قیمتوں میں کمی اور کم مارجنز، بجلی اور گیس کا بحران، اور بڑی کھپت کی شرح میں تبدیلی ہمارے نقصانات پر مزید اثر انداز ہوئی ہیں۔
- موجودہ مارکیٹ سازگار نہیں ہے اور آنے والا سال مزید مشکل دکھائی دے رہا ہے۔ ہمیں نقصانات کی وجہ سے یونٹ بند کرنا پڑا ہے۔ اور اس وجہ سے ہم مزید سرمایہ کہ ضائع ہونے سے بچے ہیں۔ تاہم مینجمنٹ ان مشکلات سے نمٹنے کے لئے ضروری اقدامات کر رہی ہے۔ مارکیٹ میں بہتری کی صورت میں مینجمنٹ مثبت ارادہ اور صلاحیت رکھتی ہے کہ پیداوار کو دوبارہ شروع کرے۔

بجلم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی۔ ای۔ او

بتاریخ: 28 اپریل 2018



REDCO TEXTILES LIMITED

www.redcotextiles.com

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