



REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 31st March 2017



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. Taufiqah Amanullah Khan	Member
Mrs. Muniza Saif 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, 2017.

The nine months period under review incurred Loss before tax of Rs. 58.23 million, and loss after tax of Rs. 72.93 million. In comparison to the previous nine months period loss before tax of Rs. 34.61 million and loss after tax of Rs. 47.28 million.

The highlights of the nine months period include:

- ❖ Increase in sales revenue by 13.41% (1,464.59 million) as compared to last corresponding period (1,291.43 million).
- ❖ These nine months incurred gross loss to 1.39% (20.367 million) as compared to gross profit of 0.34% (4.415 million) in previous corresponding period. The textile sector is under pressure due to reduction in exports of textile products, whereas local market prices were unable to 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 2016 as the whole textile industry is under pressure. The position in the upcoming quarter is expected to improve as management is putting in efforts to overcome the situation.

For and on behalf of the Board,

Sarah Saif Khan
Chief Executive

Dated: April 29, 2017.



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REDCO TEXTILES LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2017

	March 31, 2017	June 30, 2016
	Unaudited	Audited
	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,058,177,852	1,081,182,819
Long term investment	74,155	69,035
Long term deposits	5,819,879	5,157,879
	<u>1,064,071,886</u>	<u>1,086,409,733</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	55,045,057	48,373,840
Stock in trade	359,212,886	327,457,466
Trade debts	185,868,476	137,062,221
Loans and advances	60,596,311	31,443,739
Trade deposits and short term prepayments	812,982	807,145
Tax refunds due from Government	60,254,283	55,940,809
Cash and bank balances	3,859,008	3,258,827
	<u>725,649,003</u>	<u>604,344,047</u>
TOTAL ASSETS	<u><u>1,789,720,889</u></u>	<u><u>1,690,753,780</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 50,000,000 (June 30, 2016: 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, 2016: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Reserves	19,080	13,960
Accumulated loss	(233,443,239)	(165,002,722)
	<u>259,501,841</u>	<u>327,937,238</u>
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX	218,817,378	223,308,148
NON CURRENT LIABILITIES		
Long term financing from banking companies	15,384,612	38,461,536
Deferred liabilities	12,600,584	12,598,609
	<u>27,985,196</u>	<u>51,060,145</u>
CURRENT LIABILITIES		
Trade and other payables	220,543,586	225,054,224
Accrued mark up / interest	4,038,877	3,612,530
Short term borrowings from banking companies	126,599,064	96,464,936
Short term borrowings from associated undertakings	587,934,155	483,062,651
Short term borrowings from directors and others	313,531,560	249,484,676
Current portion of : Long term financing from banking companies	30,769,232	30,769,232
	<u>1,283,416,474</u>	<u>1,088,448,249</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u><u>1,789,720,889</u></u>	<u><u>1,690,753,780</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, 2017

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees		Rupees	
Sales - net	1,464,591,181	1,291,430,843	556,071,645	474,663,081
Cost of sales	(1,484,958,028)	(1,287,015,944)	(555,721,967)	(470,532,436)
Gross profit / (loss)	(20,366,847)	4,414,899	349,678	4,130,645
Operating expenses				
Distribution cost	(6,220,351)	(5,010,476)	(2,443,679)	(1,932,867)
Administrative expenses	(14,027,580)	(15,006,841)	(4,797,011)	(4,819,958)
Other operating expenses	(934,020)	(971,398)	(317,426)	(163,972)
	(21,181,951)	(20,988,715)	(7,558,116)	(6,916,797)
Operating loss	(41,548,798)	(16,573,816)	(7,208,438)	(2,786,152)
Other operating income	31,012	60,118	12,721	17,757
Finance cost	(16,711,925)	(18,100,330)	(6,202,618)	(6,325,894)
Loss before taxation	(58,229,711)	(34,614,028)	(13,398,335)	(9,094,289)
Taxation	(14,701,576)	(12,669,686)	(5,585,197)	(6,649,230)
Loss for the period	(72,931,287)	(47,283,714)	(18,983,532)	(15,743,518)
Loss per share - basic and diluted	(1.480)	(0.959)	(0.385)	(0.319)

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, 2017

	March 31, 2017	March 31, 2016
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(58,229,711)	(34,614,028)
Adjustment for non cash items:		
Depreciation	44,823,863	44,916,616
Provision for staff retirement benefits	10,309,179	5,477,350
Finance cost	16,711,925	18,100,330
	71,844,967	68,494,296
Operating profit before working capital changes	13,615,256	33,880,268
(Increase) / decrease in current assets		
Stores, spares and loose tools	(6,671,217)	(1,619,628)
Stock in trade	(31,755,420)	(114,796,766)
Trade debts	(48,806,255)	(33,815,787)
Advances, deposits, prepayments and other receivables	(29,158,409)	1,653,605
	(116,391,301)	(148,578,576)
Increase / (decrease) in current liabilities		
Trade and other payables	(4,510,638)	111,253,465
Cash used in operations	(107,286,683)	(3,444,843)
Staff retirement benefits paid	(10,307,204)	(5,475,805)
Interest paid	(16,285,579)	(18,998,688)
Taxes paid	(19,015,050)	(6,649,735)
	(45,607,833)	(31,124,228)
Net cash used in operating activities	(152,894,516)	(34,569,071)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(21,818,895)	(20,546,736)
Long term deposits	(662,000)	-
Net cash used in investing activities	(22,480,895)	(20,546,736)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from banking companies	(23,076,924)	(21,570,119)
Short term borrowings from associated undertakings	104,871,504	7,664,119
Short term borrowings from directors and others	64,046,884	(1,815,000)
Short term borrowings from banking companies	30,134,128	70,142,297
Net cash generated from financing activities	175,975,592	54,421,297
Net increase / (decrease) in cash and cash equivalents	600,181	(694,510)
Cash and cash equivalents at the beginning of the period	3,258,827	9,588,401
Cash and cash equivalents at the end of the period	3,859,008	8,893,891

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, 2017

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees		Rupees	
Loss for the period after taxation	(72,931,287)	(47,283,714)	(18,983,532)	(15,743,518)
Other comprehensive income / (loss):				
Available for sale financial assets				
gain / (loss) arised during the period	5,120	(32,400)	(8,520)	(1,450)
Total comprehensive loss for the period	<u>(72,926,167)</u>	<u>(47,316,114)</u>	<u>(18,992,052)</u>	<u>(15,744,968)</u>

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

CHIEF EXECUTIVE

DIRECTOR



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REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
	Rupees			
Balance as at July 01, 2015	492,926,000	(83,334,018)	34,545	409,626,527
Total comprehensive loss for the nine months ended March 31, 2016	-	(47,283,714)	(32,400)	(47,316,114)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	4,416,414	-	4,416,414
Balance as at March 31, 2016	<u>492,926,000</u>	<u>(126,201,318)</u>	<u>2,145</u>	<u>366,726,827</u>
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>

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, 2017

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, 2016.

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, 2016.

4 DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue by the board of Directors of the Company on 29th April 2017.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR

ڈائریکٹرز رپورٹ

محترم حصص داران

ہم 31 مارچ 2017 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 58.23 ملین روپے کا اور بعد از ٹیکس نقصان 72.93 ملین روپے رہا ہے۔ جبکہ اس کے موازنہ میں گزشتہ اسی نو ماہی میں قبل از ٹیکس نقصان 34.61 ملین روپے اور بعد از ٹیکس نقصان 47.28 ملین روپے تھا۔ زیر نظر نو ماہی کے اہم نکات درج ذیل ہیں۔

- فروخت کے حجم میں گزشتہ اسی مدت (1,291.43 ملین روپے) کے مقابلے میں 13.41 فی صد (1,464.59 ملین روپے) اضافہ ہوا ہے۔
- اس نو ماہی میں 1.39 فی صد (20.367 ملین روپے) خالص نقصان ہوا ہے۔ جبکہ گزشتہ اسی مدت میں 0.34 فی صد (4.415 ملین روپے) خالص منافع تھا۔ ٹیکسٹائل کا شعبہ ٹیکسٹائل مصنوعات کی برآمدگی میں کمی کی وجہ سے دباؤ کا شکار ہے جبکہ مقامی مارکیٹ کی قیمتیں بھی قابل ذکر منافع نہیں دے پا رہی ہیں۔ نیز بجلی کا بحران بھی ابھی تک موجود ہے جو کہ پیداوار پر اثر انداز ہو رہا ہے۔
- کمپنی کی کارکردگی میں گزشتہ 30 جون 2016 کے مقابلے میں کمی کا رجحان ہے کیونکہ ٹیکسٹائل کا شعبہ دباؤ کا شکار ہے۔ آنے والی سہ ماہی میں حالات میں بہتری کی توقع ہے۔ کیونکہ انتظامیہ اپنی تمام تر صلاحیتیں بروئے کار لا رہی ہے۔

بحکم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی۔ای۔او

تاریخ: 29 اپریل 2017



REDCO TEXTILES LIMITED

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