



REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 31st March 2016



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

Company Information

Board of Directors

Ms. Sarah Saif khan
Chief Executive

Mrs. Taufiqa 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. Taufiqa 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, 2016.

The nine months period under review incurred Loss before tax of Rs. 34.614 million, and loss after tax of Rs. 47.284 million. In comparison to the previous nine months period loss before tax of Rs. 28.352 million and loss after tax of Rs. 40.847 million.

The highlights of the nine months period include:

- ❖ Increase in sales revenue by 2.1% (1,291.43 millions) as compared to last corresponding period (1,264.90 millions).
- ❖ These nine months incurred gross profit to 0.34% (4.415 millions) as compared to gross profit of 1.02% (13 millions) in previous corresponding period. The textile sector is under pressure due to reduction in exports of textile products and also local market prices could not provide reasonable margins & the power crisis is still prevalent impacting productions.

The trend in this quarter illustrates good recovery as compared to the last two quarters of the current year, mainly due supply of RLNG since January 2016 which has impacted the power costs and availability; however overall trend is declining as the entire industry is under pressure. The management is continuously putting efforts to overcome this situation.

For and on behalf of the Board,

Sarah Saif Khan
Chief Executive

Dated: April 30, 2016.



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REDCO TEXTILES LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2016

	March 31, 2016	June 30, 2015
	Unaudited	Audited
	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,087,931,997	1,112,301,877
Long term investment	57,220	89,620
Long term deposits	4,905,940	4,905,940
	<u>1,092,895,157</u>	<u>1,117,297,437</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	47,844,845	46,225,217
Stock in trade	394,759,069	279,962,302
Trade debts	172,780,647	138,964,860
Loans and advances	32,051,075	33,083,120
Trade deposits and short term prepayments	761,987	1,383,547
Tax refunds due from Government	53,306,325	59,610,413
Cash and bank balances	8,893,891	9,588,401
	<u>710,397,839</u>	<u>568,817,860</u>
TOTAL ASSETS	<u>1,803,292,996</u>	<u>1,686,115,297</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
50,000,000 (June 30, 2015: 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, 2015: 49,292,600) ordinary shares of Rs. 10/- each	492,926,000	492,926,000
Reserves	2,145	34,545
Accumulated loss	<u>(126,201,318)</u>	<u>(83,334,018)</u>
	366,726,827	409,626,527
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX	222,182,245	226,598,659
NON CURRENT LIABILITIES		
Long term financing from banking companies	<u>47,660,649</u>	<u>69,230,768</u>
Deferred liabilities	<u>13,963,565</u>	<u>14,246,156</u>
	61,624,214	83,476,924
CURRENT LIABILITIES		
Trade and other payables	<u>263,974,944</u>	<u>152,721,479</u>
Accrued mark up / interest	4,689,543	5,587,901
Short term borrowings from banking companies	145,964,719	75,822,422
Short term borrowings from associated undertakings	457,334,066	449,669,947
Short term borrowings from directors and others	250,027,206	251,842,206
Current portion of :		
Long term financing from banking companies	<u>30,769,232</u>	<u>30,769,232</u>
	1,152,759,710	966,413,187
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u>1,803,292,996</u>	<u>1,686,115,297</u>

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

CHIEF EXECUTIVE

DIRECTOR



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REDCO TEXTILES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Nine Months Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rupees	
Sales - net	1,291,430,843	1,264,898,819	474,663,081	454,329,227
Cost of sales	(1,287,015,944)	(1,251,989,687)	(470,532,435)	(438,665,237)
Gross profit	4,414,899	12,909,132	4,130,645	15,663,990
Operating expenses				
Distribution cost	(5,010,476)	(6,423,795)	(1,932,867)	(2,516,584)
Administrative expenses	(15,006,841)	(14,153,933)	(4,819,958)	(2,145,856)
Other operating expenses	(971,398)	(1,958,873)	(163,972)	(616,734)
	(20,988,715)	(22,536,601)	(6,916,797)	(5,279,174)
Operating (loss) / income	(16,573,816)	(9,627,469)	(2,786,152)	10,384,816
Other operating income	60,118	167,293	17,757	55,875
Finance cost	(18,100,330)	(18,891,555)	(6,325,894)	(7,465,897)
(Loss) / Profit before taxation	(34,614,028)	(28,351,731)	(9,094,289)	2,974,794
Taxation	(12,669,686)	(12,495,644)	(6,649,230)	(3,007,775)
Loss for the period	(47,283,714)	(40,847,375)	(15,743,518)	(32,981)
Loss per share - basic and diluted	(0.959)	(0.829)	(0.319)	(0.001)

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

CHIEF EXECUTIVE

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REDCO TEXTILES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

	March 31, 2016	March 31, 2015
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(34,614,028)	(28,351,731)
Adjustment for non cash items:		
Depreciation	44,916,616	41,408,509
Provision for staff retirement benefits	5,477,350	3,120,000
Finance cost	18,100,330	18,891,555
	68,494,296	63,420,064
Operating profit before working capital changes	33,880,268	35,068,333
(Increase) / decrease in current assets		
Stores, spares and loose tools	(1,619,628)	(838,261)
Stock in trade	(114,796,766)	(19,585,951)
Trade debts	(33,815,787)	(9,749,013)
Advances, deposits, prepayments and other receivables	1,653,605	22,819,292
	(148,578,576)	(7,353,933)
Increase / (decrease) in current liabilities		
Trade and other payables	111,253,465	48,984,120
Cash (used) / generated from operations	(3,444,843)	76,698,520
Staff retirement benefits paid	(5,475,805)	(3,115,400)
Interest paid	(18,998,688)	(18,058,842)
Taxes paid	(6,649,735)	(10,695,285)
	(31,124,228)	(31,869,527)
Net cash (used) / generated from operating activities	(34,569,071)	44,828,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(20,546,736)	(171,431,290)
Net cash used in investing activities	(20,546,736)	(171,431,290)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from associated undertakings	-	(973,764)
Long term financing from banking companies	(21,570,119)	100,000,000
Long term financing from directors and others	-	(4,241,216)
Short term borrowings from associated undertakings	7,664,119	-
Short term borrowings from directors and others	(1,815,000)	-
Short term borrowings from banking companies	70,142,297	27,427,757
Net cash generated from financing activities	54,421,297	122,212,777
Net (decrease)/ increase in cash and cash equivalents	(694,510)	(4,389,520)
Cash and cash equivalents at the beginning of the period	9,588,401	17,955,129
Cash and cash equivalents at the end of the period	8,893,891	13,565,609

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

CHIEF EXECUTIVE

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REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Nine Months Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rupees	
Loss for the period after taxation	(47,283,714)	(40,847,375)	(15,743,518)	(32,981)
Other comprehensive income:				
Available for sale financial assets loss arised during the period	(32,400)	(39,875)	(1,450)	(12,170)
Total comprehensive loss for the period	<u>(47,316,114)</u>	<u>(40,887,250)</u>	<u>(15,744,968)</u>	<u>(45,151)</u>

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

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DIRECTOR



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REDCO TEXTILES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
	Rupees			
Balance as at July 01, 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	<u>492,926,000</u>	<u>(104,812,486)</u>	<u>35,690</u>	<u>388,149,204</u>
Balance as at June 30, 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>

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

CHIEF EXECUTIVE

DIRECTOR



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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2016

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, 2015.

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, 2015.

4 DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue by the board of Directors of the Company on 30th April 2016.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR



REDCO TEXTILES LIMITED

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