



REDCO TEXTILES LIMITED

ISO 9001 Certified

Quarterly Report as at 30th September 2016



REDCO TEXTILES LIMITED

ISO 9001 2000 Certified

Company Information

Board of Directors

Ms. Sarah Saif Khan
Chief Executive

Mrs. Taufiq Amanullah Khan
Mrs. Muniza Saif Khan
Mrs. Samina Asad
Mr. Ahsan 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

Mrs. Samina Asad	Chairperson
Mrs. Muniza Saif Khan	Member
Mrs. Taufiq Amanullah Khan	Member
Mr. Imran Zia	Member

HR and Remuneration Committee

Mrs. Samina Asad	Chairperson
Ms. Sarah Saif Khan	Member
Mrs. Taufiq 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



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Directors' Report

Dear Shareholders,

We are pleased to present our quarterly report of your company's performance as at September 30, 2016.

The three months period under review incurred loss before tax of Rs. 16.486 million, and loss after tax of Rs. 20.764 million. In comparison to the previous three months period loss before tax was Rs. 8.202 million and loss after tax was Rs. 12.053 million.

The highlights of the first quarter include:

- Increase in sales revenue by 10.7% (426.27 millions) as compared to the last corresponding period (385.07 millions).
- These three months incurred gross loss of 1.26% (5.35 millions) as compared to the gross profit of 1.12% (4.31 millions) in the previous corresponding period. The textile sector is under pressure due to a reduction in exports of textile products, also local market prices could not 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: October 29, 2016.

REDCO TEXTILES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2016

	30-Sep-16	30-Jun-16
	Un-audited	Audited
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,069,270,547	1,081,182,819
Long term investment	70,615	69,035
Long term deposits	5,157,879	5,157,879
	<u>1,074,499,041</u>	<u>1,086,409,733</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	46,143,129	48,373,840
Stock in trade	391,009,277	327,457,466
Trade debts	144,506,351	137,062,221
Loans and advances	48,973,282	31,443,739
Trade deposits and short term prepayments	2,207,708	807,145
Tax refunds due from Government	56,446,960	55,940,809
Cash and bank balances	6,701,902	3,258,827
	695,988,609	604,344,047
TOTAL ASSETS	<u><u>1,770,487,650</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	500,000,000	500,000,000
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	15,540	13,960
Accumulated loss	(184,269,768)	(165,002,722)
	<u>308,671,772</u>	<u>327,937,238</u>
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - NET OF TAX	221,811,225	223,308,148
NON CURRENT LIABILITIES		
Long term financing from banking companies	38,461,536	38,461,536
Deferred liabilities	12,599,733	12,598,609
	<u>51,061,269</u>	<u>51,060,145</u>
CURRENT LIABILITIES		
Trade and other payables	248,004,515	225,054,224
Accrued mark up / interest	3,216,318	3,612,530
Short term borrowings from banking companies	122,062,151	96,464,936
Short term borrowings from associated undertakings	534,195,853	483,062,651
Short term borrowings from directors and others	252,251,577	249,484,676
Current portion of : Long term financing from banking companies	29,212,970	30,769,232
	<u>1,188,943,384</u>	<u>1,088,448,249</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u><u>1,770,487,650</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 QUARTER ENDED SEPTEMBER 30, 2016

	30-Sep-16	30-Sep-15
Sales - net	426,266,313	385,070,924
Cost of sales	(431,615,962)	(380,756,066)
Gross profit / (loss)	(5,349,649)	4,314,858
Operating expenses		
Distribution cost	(1,658,825)	(1,416,756)
Administrative expenses	(4,482,597)	(5,480,720)
Other operating expenses	(218,051)	(305,131)
	(6,359,473)	(7,202,607)
Operating loss	(11,709,122)	(2,887,749)
Other operating income	6,421	21,593
Finance cost	(4,783,243)	(5,336,067)
Loss before taxation	(16,485,944)	(8,202,223)
Taxation	(4,278,025)	(3,850,709)
Loss for the period	(20,763,969)	(12,052,932)
Loss per share - basic and diluted	(0.4212)	(0.2445)

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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	30-Sep-16	30-Sep-15
Loss for the period after taxation	(20,763,969)	(12,052,932)
Other comprehensive income / (Loss):		
Available for sale financial assets		
Gain/(Loss) arised during the period	1,580	(27,285)
Total comprehensive loss for the period	<u>(20,762,389)</u>	<u>(12,080,217)</u>

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 QUARTER ENDED SEPTEMBER 30, 2016

	30-Sep-16	30-Sep-15
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(16,485,944)	(8,202,223)
Adjustment for non cash items:		
Depreciation	14,680,031	14,434,633
Provision for staff retirement benefits	3,458,130	1,800,850
Finance cost	4,783,243	5,336,067
	22,921,404	21,571,550
Operating profit before working capital changes	6,435,460	13,369,327
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,230,711	4,981,622
Stock in trade	(63,551,811)	(6,384,145)
Trade debts	(7,444,130)	(21,456,885)
Advances, deposits, prepayments and other receivables	(18,930,106)	(12,905,175)
	(87,695,336)	(35,764,583)
Increase / (decrease) in current liabilities		
Trade and other payables	22,950,291	24,957,440
Cash (used) / generated in operations	(58,309,585)	2,562,184
Staff retirement benefits paid	(3,457,006)	(1,688,350)
Interest paid	(5,179,455)	(5,985,193)
Taxes paid	(4,784,176)	(3,409,157)
	(13,420,637)	(11,082,700)
Net cash used in operating activities	(71,730,222)	(8,520,516)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets purchased	(2,767,759)	(2,919,429)
Net cash used in investing activities	(2,767,759)	(2,919,429)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings from banking companies	25,597,215	12,746,966
Short term borrowings from associated undertakings	51,133,202	(1,273,902)
Long term borrowings from directors and others	2,766,901	-
Current Portion of long term borrowings from banking companies	(1,556,262)	(7,187,483)
Net cash generated from financing activities	77,941,056	4,285,581
Net (decrease)/ increase in cash and cash equivalents	3,443,075	(7,154,364)
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	6,701,902	2,434,037

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 QUARTER ENDED SEPTEMBER 30, 2016

	Share Capital	Accumulated Profit/(Loss)	Fair Value Reserve	Total
Balance as at June 30, 2015	492,926,000	(83,334,018)	34,545	409,626,527
Total comprehensive loss for the period	-	(12,052,932)	(27,285)	(12,080,217)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	1,538,055	-	1,538,055
Balance as at September 30, 2015	<u>492,926,000</u>	<u>(93,848,895)</u>	<u>7,260</u>	<u>399,084,365</u>
Balance as at June 30, 2016	492,926,000	(165,002,722)	13,960	327,937,238
Total comprehensive loss for the period	-	(20,763,969)	1,580	(20,762,389)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	1,496,923	-	1,496,923
Balance as at September 30, 2016	<u>492,926,000</u>	<u>(184,269,768)</u>	<u>15,540</u>	<u>308,671,772</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 QUARTER ENDED SEPTEMBER 30, 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 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 October 2016.

5 GENERAL

Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR



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ڈائریکٹرز رپورٹ

محترم حصص داران

ہم 30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کی کارکردگی پیش کرنے ہوئے بہت خوشی محسوس کر رہے ہیں۔

زیر غور تین ماہ کے عرصے میں قبل از ٹیکس 16.486 ملین روپے کا نقصان رہا ہے جبکہ بعد از ٹیکس نقصان 20.764 ملین روپے رہا ہے۔ اسکے مقابلے میں گزشتہ اسی سہ ماہی میں قبل از ٹیکس نقصان 8.202 ملین روپے اور بعد از ٹیکس نقصان 12.053 ملین روپے تھا۔

پہلی سہ ماہی کے اہم نکات درج ذیل ہیں۔

(i) فروخت میں گزشتہ تقابلی عرصے کے مقابلے میں 10.7 فیصد اضافہ ہوا ہے۔ اور ہماری فروخت 426.27 ملین روپے رہی ہے جبکہ گزشتہ اسی سہ ماہی میں فروخت 385.07 ملین روپے تھی۔

(ii) زیر غور تین ماہ کے عرصے میں خالص نقصان 1.26 فی صد (5.35 ملین روپے) رہا ہے جبکہ گزشتہ اسی عرصے میں 1.12 فی صد (4.31 ملین روپے) کا خالص منافع تھا۔ ٹیکسٹائل کا شعبہ ٹیکسٹائل مصنوعات کی برآمدات میں کمی کی وجہ سے شدید دباؤ کا شکار ہے اور اسکے ساتھ مقامی مارکیٹ کی قیمتیں بھی تسلی بخش مارجن نہیں دے پا رہی ہیں۔ جبکہ بجلی کا بحران بھی ابھی تک موجود ہے جو کہ پیداوار پر اثر انداز ہو رہا ہے۔

کمپنی کی کارکردگی میں گزشتہ سال 30 جون 2016 کی طرح کمی کا رجحان ہے۔ جیسا کہ تمام ٹیکسٹائل کی صنعت شدید دباؤ میں ہے۔ سال کی آئیواپی سہ ماہی میں کمپنی کی صورت حال میں بہتری کی توقع ہے؛ جیسے کہ مینجمنٹ حالات پر قابو پانے کی ہر ممکن کوشش کر رہی ہے۔

بحکم بورڈ آف ڈائریکٹرز

سارہ سیف خان

سی ای او

بتاریخ: 29 اکتوبر 2016



REDCO TEXTILES LIMITED

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