

Contents

Reliance Cotton Spinning Mills Limited
Un-Consolidated Financial Statements (Un-Audited)

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*Company Profile***Board of Directors**

Mr. Amer Abdullah	Chairman
Mr. Shayan Abdullah	Chief Executive
Mr. Shahid Abdullah	Director
Mr. Yousuf Abdullah	Director
Mr. Nabeel Abdullah	Director
Mrs. Madiha Saeed Nagra	Independent Director
Mr. Asif Elahi	Independent Director

Audit Committee

Mr. Asif Elahi	Chairman
Mr. Shahid Abdullah	Member
Mr. Nabeel Abdullah	Member

**Human Resource
& Remuneration Committee**

Mr. Asif Elahi	Chairman
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

Chief Financial Officer

Mr. Jawwad Faisal

Company Secretary

Mr. Nauman Iqbal

Auditors

Deloitte Yousuf Adil,
Chartered Accountants

Tax Consultant

Deloitte Yousuf Adil,
Chartered Accountants

Legal Advisor

Hassan & Hassan, Advocates

Bankers of the Company

Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
United Bank Limited

Share Registrar

Hameed Majeed Associates (Pvt.) Limited,
4th Floor, Karachi Chambers, Hasrat
Mohani Road, Karachi.

Geographical Presence:**Registered Office**

312, Cotton Exchange Building,
I.I. Chundrigar Road, Karachi

Mills

Feroze Wattoan,
District, Sheikhpura, Punjab.

Company Website

www.sapphire.com.pk/rcsml

Directors' Report

The Directors of the Company are pleased to present un-audited financial statements for the nine months ended 31 March, 2020.

Financial Highlights

	March 31,	
	2020	2019
	Rupees in thousand	
Sales & services	4,731,274	3,922,668
Gross profit	730,757	591,809
Profit before taxation	274,310	314,937
Taxation	(52,532)	(6,791)
Profit after taxation	221,778	308,146

During nine months of the financial year, your company achieved sales of Rs. 4.731 billion compared to Rs. 3.923 billion during corresponding period of last year, an increase of 20.61%. The gross profit as a percentage of sales increase to 15.44% from 15.09% during corresponding period. Whereas, the company earned profit after tax of Rs.221.778 million as against Rs. 308.146 million during last year's corresponding period.

Earnings per share

The company's earnings per share (EPS) were at Rs.21.55 as compared to Rs. 29.94 for the same period of last year.

Future outlook

The world is going through an unprecedented phase of lockdown and halt of economic activity due to Covid-19 pandemic. Global demand of textile products is not expected to resume anytime soon in current circumstances. As a result, your Company's earnings in the last quarter of this financial year are expected to drop considerably. The management is committed to protect interest of all stakeholders during these challenging times

The directors appreciate sincere contribution and the hard work by staff and workers of the company.

For and on behalf of the Board

Lahore
Dated: 28 April, 2020

Shahid Abdullah
Director

Shayan Abdullah
Chief Executive Officer

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 31 مارچ 2020ء کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں

تفصیل	31 مارچ 2020ء	31 مارچ 2019ء
فروخت اور خدمات	4,731,274	3,922,668
مجموعی منافع	730,757	591,809
ٹیکس سے پہلے منافع	274,310	314,937
ٹیکسیشن	(52,532)	(6,791)
ٹیکس کے بعد منافع	221,778	308,146

آپ کی کمپنی نے گزشتہ سال کی اسی مدت میں 3.923 ملین روپے کے مقابلے زیر جائزہ مدت کے دوران 4.731 ملین روپے کی فروخت حاصل کی جو 20.61 فیصد کا اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 15.09 فیصد سے بڑھ کر 15.44 فیصد ہو گیا۔ جبکہ، کمپنی نے گزشتہ سال اسی مدت میں درج 308.146 ملین روپے کے مقابلے موجودہ نو ماہی کے دوران 221.778 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

کمپنی کی موجودہ فی حصص آمدنی (EPS) 21.55 روپے ہے جو کہ پچھلے سال کے اسی عرصہ میں 29.94 روپے تھی۔

مستقبل کا نقطہ نظر

دنیا کو ویڈ 19 وبائی مرض کی وجہ سے لاک ڈاؤن اور نصف معاشی سرگرمیوں کو روکنے کے ناگہانی مرحلے سے گزر رہی ہے۔ موجودہ حالات میں ٹیکسٹائل کی مصنوعات کی عالمی طلب میں جلد اضافہ متوقع نہیں ہے۔ اس کے نتیجے میں، اس مالی سال کی آخری سہ ماہی میں آپ کی کمپنی کی آمدنی میں نمایاں کمی ہونے کی توقع ہے۔ انتظامیہ ان مشکل حالات کے دوران تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کے لئے پُر عزم ہے۔

اعتراف

ڈائریکٹرز کمپنی کے عملے اور کارکنوں کی سخت محنت اور قابل ستائش خدمات کو سراہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

(شاہد عبداللہ)

ڈائریکٹر

(شایان عبداللہ)

چیف ایگزیکٹو آفیسر

لاہور تاریخ: 28 اپریل 2020ء

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	March 31, 2020 Rupees	June 30, 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,026,344,305	1,987,544,100
Long term investments	5	89,069,645	89,069,645
Long term deposits		8,987,690	8,987,690
		2,124,401,640	2,085,601,435
CURRENT ASSETS			
Stores and spare parts		41,414,949	45,112,549
Stock-in-trade		3,330,833,115	1,989,294,360
Trade debts		1,027,103,031	761,061,879
Loans and advances		61,673,597	79,264,473
Short term deposits and prepayments		2,466,225	1,593,406
Other receivables		30,586,946	37,055,995
Tax refunds due from the Government		383,418,508	294,448,602
Short term investments		34,662,794	50,214,094
Cash and bank balances		12,695,812	6,403,280
		4,924,854,977	3,264,448,638
		7,049,256,617	5,350,050,073
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (June 30, 2019: 12,000,000) ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, subscribed and paid up capital		102,920,000	102,920,000
Reserves		2,199,359,377	2,066,268,558
		2,302,279,377	2,169,188,558
NON-CURRENT LIABILITIES			
Long term financing	6	731,157,943	547,186,629
Employee retirement benefits		54,780,765	48,699,241
		785,938,708	595,885,870
CURRENT LIABILITIES			
Trade and other payables		1,035,806,767	530,383,893
Contract liabilities		19,948,593	8,409,001
Unclaimed dividend		613,360	500,767
Markup accrued		49,504,050	47,104,270
Short term borrowings	7	2,750,689,812	1,960,037,935
Current portion of long term financing		25,621,372	12,192,623
Provision for taxation		78,854,578	26,347,156
		3,961,038,532	2,584,975,645
CONTINGENCIES AND COMMITMENTS			
	8	7,049,256,617	5,350,050,073

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Note	Three months ended		Nine months ended	
		March 31,	March 31,	March 31,	March 31,
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
Sales - net	9	1,591,093,353	1,357,549,509	4,731,274,415	3,922,668,114
Cost of sales	10	(1,347,142,155)	(1,177,445,608)	(4,000,517,459)	(3,330,858,930)
Gross profit		243,951,198	180,103,901	730,756,956	591,809,184
Distribution cost		(25,649,827)	(22,232,083)	(79,361,278)	(68,046,324)
Administrative expenses		(24,659,028)	(10,372,480)	(71,496,865)	(44,342,419)
Other income		2,101,239	3,011,330	21,070,602	15,153,592
Other operating expenses		(49,420,148)	(4,065,610)	(59,253,262)	(27,864,511)
		(97,627,764)	(33,658,843)	(189,040,803)	(125,099,662)
Operating profit before finance cost		146,323,434	146,445,058	541,716,153	466,709,522
Finance cost		(85,593,872)	(62,820,020)	(267,406,366)	(151,772,970)
Profit before taxation		60,729,562	83,625,038	274,309,787	314,936,552
Provision for taxation		(20,940,600)	(6,378,454)	(52,531,669)	(6,791,048)
Profit for the period		39,788,962	77,246,584	221,778,118	308,145,504
Earnings per share - basic and diluted		3.87	7.51	21.55	29.94

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2020

Note	Three months ended		Nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees	Rupees	Rupees	Rupees
Profit for the year	39,788,962	77,246,584	221,778,118	308,145,504
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss				
Unrealized loss on remeasurement of equity available for sale	-	189,135	9,462,427	(5,765,615)
Realised loss on disposal of available for sale investments	-	-		7,267,159
Fair value gain on investments in debt instruments designated as FVTOCI	(16,843,676)		(15,813,726)	
	(16,843,676)	189,135	(6,351,299)	1,501,544
	(16,843,676)	189,135	(6,351,299)	1,501,544
Total comprehensive income for the period	22,945,286	77,435,719	215,426,819	309,647,048

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended	
	March 31, 2020	March 31, 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	274,309,787	314,936,552
Adjustments for:		
Depreciation on property, plant and equipment	149,717,885	115,905,945
Provision for employee benefits	17,100,000	13,500,000
Gain on disposal of property, plant and equipment	(859,807)	(2,915,409)
Dividend income	(7,361,337)	(9,736,725)
Finance cost	267,406,366	151,772,970
	700,312,894	595,109,660
Working capital changes		
Decrease / (Increase) in current assets		
Stores and spare parts	3,697,600	19,577,565
Stock-in-trade	(1,341,538,755)	(816,026,622)
Trade debts	(266,041,152)	(153,010,588)
Loans and advances	(4,396,980)	(27,013,102)
Short term deposits and prepayments	(872,819)	(1,716,504)
Other receivables	6,469,049	1,328,758
Decrease in current liabilities		
Trade and other payables	516,962,467	30,292,406
	(1,085,720,590)	(946,568,087)
Cash used in operations	(385,407,696)	(351,458,427)
Dividend paid	(82,223,407)	(66,803,118)
Employee benefits paid	(11,018,476)	(64,773,412)
Finance cost paid	(265,006,586)	(133,892,215)
Sales tax paid	(21,888,157)	(24,660,580)
Income taxes paid	(45,118,140)	(22,352,532)
	(425,254,766)	(312,481,857)
Net cash used in operating activities	(810,662,462)	(663,940,284)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(188,918,283)	(498,126,615)
Proceeds from disposal of property, plant and equipment	1,260,000	8,327,600
Long term investments made	-	-
Short term investments made	-	(21,522,340)
Proceeds from sales of short term investments	9,200,000	41,028,165
Dividend received	7,361,337	9,736,725
	(171,096,946)	(460,556,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained-net	202,398,000	369,999,626
Short term borrowings - net	790,651,877	709,902,687
Loan obtained from related parties	-	43,192,000
Repayment of long term loan	(4,997,937)	-
Net cash generated from financing activities	988,051,940	1,123,094,313
Net increase in cash and cash equivalents	6,292,532	(1,402,436)
Cash and cash equivalents at beginning of the period	6,403,280	7,780,802
Cash and cash equivalents at the end of the period	12,695,812	6,378,366

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Share capital	Revenue reserves		Loss on remeasurement of investments	Total reserves	Total
		Un-appropriated profit	General reserve			
----- Rupees -----						
Balance as at July 01, 2018	102,920,000	1,650,618,423	130,000,000	(11,165,865)	1,769,452,558	1,872,372,558
Total comprehensive income:						
Profit for the nine months ended March 31, 2019	-	308,145,504	-	-	308,145,504	308,145,504
Other comprehensive income	-	-	-	1,501,544	1,501,544	1,501,544
Total comprehensive income	-	308,145,504	-	1,501,544	309,647,048	309,647,048
Final dividend for the year ended Jun 30, 2019						
@ Rs.6.5 per sahare		(66,898,000)			(66,898,000)	(66,898,000)
Balance as at March 31, 2019	102,920,000	1,891,865,927	130,000,000	(9,664,321)	2,012,201,606	2,115,121,606
<hr/>						
Balance as at July 01, 2019	102,920,000	1,953,960,841	130,000,000	(17,692,283)	2,066,268,558	2,169,188,558
Total comprehensive income:						
Profit for the nine months ended March 31, 2020	-	221,778,118	-	-	221,778,118	221,778,118
Other comprehensive income	-	-	-	(6,351,299)	(6,351,299)	(6,351,299)
Total comprehensive income	-	221,778,118	-	(6,351,299)	215,426,819	215,426,819
Transactions with owners:						
Final dividend for the year ended June 30, 2019 @ Rs. 8.00 per share	-	(82,336,000)	-	-	(82,336,000)	(82,336,000)
Balance as at March 31, 2020	102,920,000	2,093,402,959	130,000,000	(24,043,582)	2,199,359,377	2,302,279,377

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE NINE MONTHS ENDED MARCH 31, 2020

1 LEGAL STATUS AND OPERATIONS

- 1.1** Reliance Cotton Spinning Mills Limited ("the Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on June 16, 1993 on Pakistan stock exchange limited. The principal activity of the Company is manufacturing and sale of yarn. The registered office of the Company is situated at 312, Cotton Exchange Building, Karachi and mills are located at Warburton Road, Ferozewattoan, District Sheikhpura, Punjab.
- 1.2** These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.
- 1.3** These are the standalone financial statements of the company in which investments in subsidiary and associates are accounted for on cost. Consolidated financial statements are prepared separately.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Separate financial statements

These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary and associates are accounted for at cost on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated condensed interim financial statements of the Company are prepared separately.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1** The accounting policies and methods of computation adopted for preparation of these unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2019.
- 3.2** The preparation of this unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual published audited financial statements as at and for the year ended June 30, 2019.
- 3.4** Certain amendments to approved accounting standards have been published and are mandatorily effective for the accounting period beginning on or after July 1, 2019, none of these amendments are expected to have a significant effect on these unconsolidated condensed interim financial statements.

3.5 Changes in accounting standards

The following changes in accounting standards has taken place effective from July 01, 2019

(a) IFRS 16-Leases

"During the period, IFRS 16 - Leases became applicable to the company. IFRS 16 replaces IAS 17 "Accounting for Leases" and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items.

Lessor accounting remains similar to the current standard i.e. lessors continue to classify lease as either finance or operating lease.

The company has adopted IFRS 16 from July 01, 2019 and has elected recognition exemptions under this IFRS due to short term and low value leases."

	Note	Un-audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	1,927,691,385	1,885,076,693
Capital work in progress	4.2	98,652,920	102,467,407
		2,026,344,305	1,987,544,100
4.1 Operating assets			
Opening book value		1,885,076,693	1,460,246,900
Additions during the period / year			
Plant and machinery		4,713,111	-
Office equipment		1,256,948	-
Electric installation		11,348,060	-
Computers		-	283,000
		17,318,119	283,000
Transfer from capital work in progress			
Factory building		-	1,460,364
Plant and machinery		174,004,650	554,636,018
Vehicles		1,410,000	36,245,950
		175,414,650	592,342,332
Book value of assets disposed off during the period / year		(400,192)	(5,412,187)
Depreciation charged during the period /year		(149,717,885)	(162,383,352)
Closing book value		1,927,691,385	1,885,076,693
4.2 Capital work in progress			
Building - civil work		49,737,169	-
Plant and machinery		48,915,751	100,995,727
Vehicle		-	1,471,680
		98,652,920	102,467,407

		Un-audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
5	LONG TERM INVESTMENTS		
	Investment in subsidiary - at cost:		
	Un-quoted:		
	RCSM Company (Private) Limited	100,000	100,000
	Investments in associates - at cost:		
	Quoted:		
	Sapphire Fibres Limited	41,956,482	41,956,482
	Sapphire Textile Mills Limited	8,114,578	8,114,578
	SFL Limited	2,439,475	2,439,475
	Un-quoted:		
	Sapphire Finishing Mills Limited	16,509,160	16,509,160
	Sapphire Holding Limited	524,950	524,950
	Sapphire Power Generation Limited	19,425,000	19,425,000
		89,069,645	89,069,645
6	LONG TERM FINANCING		
	MCB Bank Limited- LTFF	6.1 554,381,315	193,051,000
	Habib Bank Limited-LTFF	6.2 202,398,000	373,647,000
		756,779,315	566,698,000
	Less: Current maturity of long term financing	(25,621,372)	(12,192,623)
		731,157,943	554,505,377
		731,157,943	547,186,629
6.1	These loans were obtained from under LTFF scheme of State Bank of Pakistan (SBP). The purpose of these loans was to finance / retire the letter of credit against textile machinery along with accessories out of total sanctioned limit of Rs. 750 million (June 30, 2019 : Rs: 750 million). These loans are secured against charge of Rs. 1,000 million (June 30, 2019 Rs: 1,000 million) on over all present and future plant and machinery of the Company and. This loan carry an interest rate of 2.5% (2% SBP rate plus 0.5% spread) . These loans are repayable in equal semi-annual installments.		
6.2	This loan was obtained under LTFF scheme of State Bank of Pakistan (SBP). The purpose of this loans was to finance / retire the letter of credit against textile machinery along with accessories out of total sanctioned limit of Rs. 250 million (June 30, 2019 : Nil). This loan is secured against charge of Rs. 334 million (June 30, 2019 Nil) and over all present and future plant and machinery of the Company. This loan carry an interest rate of 2.85% (2% SBP rate plus 0.85% spread). These loan is repayable in quarterly installments over the period of 10 years including grace period of 2 years.		

	Un-audited	Audited
	March 31,	June 30,
	2020	2019
	Rupees	Rupees
7 SHORT TERM BORROWINGS		
From banking companies - secured		
Running finance	1,748,415,474	986,845,935
Other short term finance	965,149,338	930,000,000
From related parties		
Loan from directors	15,705,000	15,705,000
Loan from associated companies	21,420,000	27,487,000
	37,125,000	43,192,000
	2,750,689,812	1,960,037,935
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
Guarantees have been issued by banks on behalf of the Company in the normal course of business	193,990,298	183,990,298
Post dated cheques issued	51,860,103	181,395,394
	245,850,401	365,385,692
8.2 Claims of Input Sales Tax		
There has been no material change in the status of contingencies pointed in the financial statements for the year ended June, 30 2019.		
8.3 Commitments		
Irrevocable letters of credit for import of:		
-Plant and machinery	14,535,486	40,466,400
-Stores and spare parts	13,081,301	8,781,833
-Raw material	86,083,036	73,259,746
	113,699,823	122,507,979

9 SALES - NET

Local:

	Three months ended March 31, 2020	March 31, 2019	Nine months ended March 31, 2020	March 31, 2019
	.....Rupees.....		.....Rupees.....	
Yarn	1,127,128,453	258,378,314	1,703,266,280	706,235,710
Waste	11,639,323	14,106,779	49,285,232	44,741,818
	1,138,767,776	272,485,093	1,752,551,512	750,977,528

Export:

Yarn	387,600,167	239,714,452	1,023,966,335	600,708,431
Yarn (indirect export)	35,005,781	811,127,664	1,853,809,541	2,490,347,781
Waste	29,719,629	33,703,374	100,947,027	78,875,434
	452,325,577	1,084,545,490	2,978,722,903	3,169,931,646
	1,591,093,353	1,357,030,583	4,731,274,415	3,920,909,174
Processing services	-	518,926	-	1,679,012
Export rebate	-	-	-	79,928
	1,591,093,353	1,357,549,509	4,731,274,415	3,922,668,114

9.1 Sales tax on local sales and indirect export sales is Rs.502.375 million (Mar-2019: Rs.0.526 million)

10 COST OF SALES

	Three months ended March 31, 2020	March 31, 2019	Nine months ended March 31, 2020	March 31, 2019
	.....Rupees.....		.....Rupees.....	
Raw material consumed	975,310,164	956,197,849	3,133,073,431	2,699,196,091
Packing material consumed	21,790,810	16,387,591	64,501,158	50,880,791
Store and spare parts consumed	25,737,437	23,660,861	76,377,787	63,328,383
Salaries, wages and benefits	108,840,559	90,109,211	329,419,930	264,900,872
Fuel and power	89,696,380	76,075,852	284,907,660	273,454,525
Insurance	2,148,763	1,329,953	5,620,341	4,792,111
Repairs and maintenance	1,124,916	1,710,049	9,601,446	5,732,088
Travelling and conveyance	1,823,481	1,455,785	5,860,699	4,716,138
Other manufacturing overheads	366,890	966,820	1,933,020	2,394,287
Depreciation	49,027,813	44,880,204	145,028,584	115,871,308
	1,275,867,213	1,212,774,175	4,056,324,056	3,485,266,594
Work in process				
At the beginning of period	325,458,508	184,434,730	246,276,183	140,912,165
At the end of period	(218,325,486)	(241,664,727)	(218,325,486)	(241,664,727)
	107,133,022	(57,229,997)	27,950,697	(100,752,562)
Cost of goods manufactured	1,383,000,235	1,155,544,178	4,084,274,753	3,384,514,032
Finished goods				
At the beginning of period	340,064,115	225,764,902	292,164,901	148,317,698
Yarn purchased	2,879,342	5,546,314	2,879,342	7,436,986
At the end of period	(378,801,537)	(209,409,786)	(378,801,537)	(209,409,786)
	(35,858,080)	21,901,430	(83,757,294)	(53,655,102)
	1,347,142,155	1,177,445,608	4,000,517,459	3,330,858,930

11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, subsidiary and other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business enters into transactions with various related parties.

The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

Nature of Relationship	Nature of Transaction	Nine month ended	
		March 31, 2020	March 31, 2019
		.....Rupees.....	
Associated companies	Sales of finished goods, raw material / stores and spare parts	501,252,820	598,461,356
	Purchases of;		
	- finished goods, raw material / stores and spare parts	21,210,485	48,077,975
	- machinery	-	18,880,000
	- electricity	-	27,706,713
	Services rendered	-	508,645
	Services obtained	4,175,816	-
	Dividend received	6,257,138	8,009,210
	Dividend paid	53,742,368	43,730,466
	Shared expenses paid	12,300,442	10,274,813
	Shared expenses received	21,970	3,603,424
	Loan obtained	-	27,487,000
	Loan repaid	6,067,000	-
Directors	Loan obtained	-	15,705,000
Chief executive officer	Remuneration and other benefits	10,800,000	9,000,000
Key Management Personnel	Remuneration and other benefits	18,086,020	28,556,430

Transactions with related parties are carried out at agreed terms in the normal course of business.

12 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on April 28, 2020.

13 GENERAL

Figures have been rounded off to the nearest rupee.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

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Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of RCSM Company (Pvt.) Limited, it is our pleasure to present Directors' Report with Un-Audited Consolidated Financial statement of the Company for the nine months ended March 31, 2020.

RCSM Company (Pvt.) Limited

RCSM Company (Pvt.) Limited was incorporated in Pakistan as private limited by shares wholly owned by Reliance Cotton Spinning Mills Limited under Companies Ordinance, 1984 (now Companies Act, 2017) on November 08, 2017. The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other company but not to act as an investment company.

For and on behalf of the Board

Lahore
Dated: 28 April, 2020

Shahid Abdullah
Director

Shayan Abdullah
Chief Executive Officer

ڈائریکٹرز رپورٹ

RCSM کمپنی (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 مارچ 2020ء کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مجموعی مالیاتی گوشواروں کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

RCSM کمپنی (پرائیویٹ) لمیٹڈ:

RCSM کمپنی (پرائیویٹ) لمیٹڈ 8 نومبر 2017ء کی کمپنیز آرڈیننس 1984ء (ایکٹ 17) کے تحت ریلینس کاٹن سپننگ ملز لمیٹڈ کے مکمل ملکیتی شیئرز سے نجی لمیٹڈ کمپنی کے طور پر پاکستان میں قائم ہوئی۔ ذیلی کمپنی کی اصل سرگرمی کسی دیگر کمپنی میں شیئرز لینا یا خریدنا اور رکھنا ہے لیکن ایک سرمایہ کاری کمپنی کے طور پر کام کرنا نہیں ہے۔

منجانب بورڈ آف ڈائریکٹرز

(شاہد عبداللہ)

ڈائریکٹر

(شایان عبداللہ)

چیف ایگزیکٹو آفیسر

لاہور تاریخ: 28 اپریل 2020ء

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	Note	March 31, 2020 Rupees	June 30, 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,026,344,305	1,987,544,100
Long term investments	5	861,101,758	801,555,693
Long term deposits		8,987,690	8,987,690
		2,896,433,753	2,798,087,483
CURRENT ASSETS			
Stores, spare parts and loose tools		41,414,949	45,112,549
Stock-in-trade		3,330,833,115	1,989,294,360
Trade debts		1,027,103,031	761,061,879
Loans and advances		61,673,597	79,264,473
Short term deposits and prepayments		2,466,225	1,593,406
Other receivables		30,586,946	37,055,995
Tax refunds due from the Government		383,418,508	294,448,602
Short term investment		34,662,794	50,214,094
Cash and bank balances		12,750,347	6,477,850
		4,924,909,512	3,264,523,208
		7,821,343,265	6,062,610,691
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		120,000,000	120,000,000
12,000,000 (30-Jun-2019: 12,000,000) ordinary shares of Rs. 10 each		102,920,000	102,920,000
Issued, subscribed and paid up capital		2,884,554,478	2,695,615,314
Reserves		2,987,474,478	2,798,535,314
NON-CURRENT LIABILITIES			
Long term financing	6	731,157,943	547,186,629
Deferred liabilities		141,535,222	131,799,618
		872,693,165	678,986,247
CURRENT LIABILITIES			
Trade and other payables		1,035,943,857	530,497,378
Contract liabilities		19,948,593	8,409,001
Unclaimed dividend		613,360	500,767
Markup accrued		49,504,050	47,104,270
Short term borrowings	7	2,750,689,812	1,960,037,935
Current portion of long term financing		25,621,372	12,192,623
Provision for taxation		78,854,578	26,347,156
		3,961,175,622	2,585,089,130
CONTINGENCIES AND COMMITMENTS			
	8	7,821,343,265	6,062,610,691

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) **FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Note	Three months ended		Nine months ended	
		March 31,	March 31,	March 31,	March 31,
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
Sales - net	9	1,591,093,353	1,357,549,509	4,731,274,415	3,922,668,114
Cost of sales	10	(1,347,142,156)	(1,177,445,608)	(4,000,517,459)	(3,330,858,930)
Gross profit		243,951,197	180,103,901	730,756,956	591,809,184
Distribution cost		(25,649,827)	(22,232,083)	(79,361,278)	(68,046,324)
Administrative expenses		(24,638,454)	(10,397,480)	(71,496,865)	(44,384,239)
Other income		2,101,239	3,011,330	16,178,533	7,144,382
Other operating expenses		(49,463,788)	(4,065,610)	(59,296,902)	(27,864,511)
		(97,650,830)	(33,683,843)	(193,976,512)	(133,150,692)
Operating profit before finance cost		146,300,367	146,420,058	536,780,444	458,658,492
Finance cost		(85,593,837)	(62,820,020)	(267,406,366)	(151,772,970)
Share of profit of associates		32,267,301	31,307,655	110,764,059	87,367,378
Profit before taxation		92,973,831	114,907,693	380,138,137	394,252,900
Provision for taxation		(14,143,664)	(11,632,143)	(56,185,749)	(12,320,638)
Profit for the period		78,830,167	103,275,550	323,952,388	381,932,262
Earnings per share - basic and diluted		7.66	10.03	31.48	37.11

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Three months ended		Nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees	Rupees	Rupees	Rupees
Profit for the year	78,830,167	103,275,550	323,952,388	381,932,262
Other comprehensive income:				
Items that may be reclassified subsequently to statement of profit and loss				
Share in associates' unrealized loss on available sale investment - net	(70,414,402)	19,689,382	(21,735,696)	(20,384,819)
Unrealized loss on remeasurement of equity Investments- available for sale	(15,813,726)	189,135	(6,351,299)	(5,765,615)
Loss in deemed disposal	-		(24,603,198)	
Realised loss on disposal of available for sale investments	-	-	-	7,267,159
	(86,228,128)	19,878,517	(52,690,193)	(18,883,275)
Share in associate's unrealized gain on hedging instruments	(3,931,358)	(10,502)	(4,104,276)	59,700
Total comprehensive income for the period	(11,329,319)	123,143,565	267,157,919	363,108,687

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) **FOR THE NINE MONTHS ENDED MARCH 31, 2020**

Note	Nine months ended	
	March 31, 2020 Rupees	March 31, 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	380,138,137	394,252,900
Adjustments for:		
Depreciation on property, plant and equipment	149,717,885	115,905,945
Provision for employee benefits	17,100,000	9,000,000
Gain on disposal of property, plant and equipment	(859,807)	(2,915,409)
Dividend income	(2,469,268)	(1,727,515)
Share of profit from associates	(110,764,059)	(87,367,378)
Finance cost	267,406,366	151,772,970
	<u>700,269,254</u>	<u>590,567,840</u>
Working capital changes		
Decrease / (Increase) in current assets		
Stores and spare parts	3,697,600	19,577,565
Stock-in-trade	(1,341,538,755)	(816,026,622)
Trade debts	(266,041,152)	(153,010,588)
Loans and advances	(4,396,980)	(27,013,102)
Short term deposits and prepayments	(872,819)	(1,716,504)
Other receivables	6,469,049	1,328,758
Decrease in current liabilities		
Trade and other payables	516,986,072	30,334,226
	<u>(1,085,696,985)</u>	<u>(946,526,267)</u>
Cash used in operations	<u>(385,427,731)</u>	<u>(355,958,427)</u>
Dividend paid	(82,223,407)	(66,803,118)
Employee benefits paid	(11,018,476)	(54,743,822)
Finance cost paid	(265,006,586)	(133,892,215)
Sales tax paid	(21,888,157)	(24,660,580)
Income taxes paid	(45,118,140)	(27,882,122)
	<u>(425,254,766)</u>	<u>(307,981,857)</u>
Net cash used in operating activities	<u>(810,682,497)</u>	<u>(663,940,284)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(188,918,283)	(498,126,615)
Proceeds from disposal of property, plant and equipment	1,260,000	8,327,600
Short term investments made	-	(21,522,340)
Proceeds from sales of short term investments	9,200,000	41,028,165
Dividend received	7,361,337	9,736,725
Net cash used in investing activities	<u>(171,096,946)</u>	<u>(460,556,465)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained-net	202,398,000	369,999,626
Short term borrowings - net	790,651,877	709,902,687
Loan obtained from related parties	-	43,192,000
Repayment of long term loan	(4,997,937)	-
Net cash generated from financing activities	<u>988,051,940</u>	<u>1,123,094,313</u>
Net increase in cash and cash equivalents	<u>6,272,497</u>	<u>(1,402,436)</u>
Cash and cash equivalents at beginning of the period	<u>6,477,850</u>	<u>7,880,802</u>
Cash and cash equivalents at the end of the period	<u>12,750,347</u>	<u>6,478,366</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY **FOR THE NINE MONTHS ENDED MARCH 31, 2020**

Share capital	Un-appropriated profit	Revenue reserves		Capital reserve				Sub-total	Total
		General reserve	Unrealized gain/(loss) on re-measureme nt of available for sale investments - net	Share in associates' unrealized gain on available for sale investments - net	Share in associate's unrealized gain/(loss) on hedging instruments	Share in associate's re-measurem ent of post retirement benefits obligation	Share of items directly recognized in equity by associates		
..... Rupees									
102,920,000	2,127,702,318	130,000,000	(11,165,865)	69,636,211	281,977	(2,029,417)	8,247,781	2,322,673,005	2,425,593,005
-	381,932,262	-	-	-	-	-	-	381,932,262	381,932,262
-	-	-	1,501,544	(20,384,819)	59,700	-	-	(18,823,575)	(18,823,575)
-	381,932,262	-	1,501,544	(20,384,819)	59,700	-	-	363,108,687	363,108,687
Effects of items directly recognized in equity by associates									
Transactions with owners:									
(66,898,000)									
1,644,614									
(66,898,000)									
102,920,000	2,442,736,580	130,000,000	(9,664,321)	49,251,392	341,677	(2,029,417)	9,892,395	2,620,528,306	2,723,448,306
102,920,000	2,569,332,955	118,353,673	(29,338,610)	28,723,510	551,683	(1,344,718)	9,336,821	2,695,615,314	2,798,535,314
-	323,952,388	-	-	-	-	-	-	323,952,388	323,952,388
-	-	-	(6,351,299)	(24,603,198)	(4,104,276)	(21,735,696)	-	(56,794,469)	(56,794,469)
-	323,952,388	-	(6,351,299)	(24,603,198)	(4,104,276)	(21,735,696)	-	267,157,919	267,157,919
Effects of items directly recognized in equity by associates									
Transactions with owners:									
4,117,245									
(82,336,000)									
102,920,000	2,810,949,343	118,353,673	(35,689,909)	4,120,312	(3,552,593)	(23,080,414)	13,454,066	2,884,554,478	2,987,474,478

Jawwad Faisal
Chief Financial Officer

Shahid Abdullah
Director

Shayan Abdullah
Chief Executive Officer

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE NINE MONTHS ENDED MARCH 31, 2020

1 LEGAL STATUS AND OPERATIONS

- 1.1 Reliance Cotton Spinning Mills Limited ("the Holding Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company was listed on June 16, 1993 on Pakistan Stock Exchange limited. The principal activity of the Holding Company is manufacturing and sale of yarn. The registered office of the Holding Company and Subsidiary Company is situated at 312, Cotton Exchange Building, Karachi and mills of Holding Company are located at Warburton Road, Ferozewattoan, District Sheikhpura, Punjab.

RCSM Company (Private) Limited - the Subsidiary Company (Holding-100%)

RCSM Company (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) on November 8, 2017.

The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other company but not to act as an investment company.

- 1.2 These consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Consolidated financial statements

These consolidated condensed interim financial statements does not include all the information required for the annual financial statements and should be read in conjunction with financial statements of the Company for the year ended June 30, 2019.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted for preparation of these consolidated condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2019.
- 3.2 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual published audited financial statements as at and for the year ended June 30, 2019

3.4 Certain amendments to approved accounting standards have been published and are mandatorily effective for the accounting period beginning on or after July 1, 2019, none of these amendments are expected to have a significant effect on these consolidated condensed interim financial statements.

3.5 Changes in accounting standards

(a) IFRS 16 - Leases

"During the period, IFRS 16 - Leases became applicable to the company. IFRS 16 replaces IAS 17 "Accounting for Leases" and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items.

Lessor accounting remains similar to the current standard i.e lessors continue to classify lease as either finance or operating lease.

The company has adopted IFRS 16 from July 01, 2019 and has elected recognition exemptions under this IFRS due to short term and low value leases."

		Un-audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
	Note		
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	1,927,691,385	1,885,076,693
Capital work in progress	4.2	98,652,920	102,467,407
		2,026,344,305	1,987,544,100
4.1 Operating assets			
Opening book value		1,885,076,693	1,460,246,900
Additions during the period / year			
Plant and machinery		4,713,111	-
Office equipment		1,256,948	-
Electric installation		11,348,060	-
Computers		-	283,000
		17,318,119	283,000
Transfer from capital work in progress			
Factory building		-	1,460,364
Plant and machinery		174,004,650	554,636,018
Vehicles		1,410,000	36,245,950
		175,414,650	592,342,332
Book value of assets disposed off during the period / year		(400,192)	(5,412,187)
Depreciation charged during the period / year		(149,717,885)	(162,383,352)
Closing book value		1,927,691,385	1,885,076,693
4.2 Capital work in progress			
Building - civil work		49,737,169	-
Plant and machinery		48,915,751	100,995,727
Vehicle		-	1,471,680
		98,652,920	102,467,407

		Un-audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
	Note		
5 LONG TERM INVESTMENTS			
Investments in associates - at equity method:			
Quoted:			
Sapphire Fibres Limited	5.2	451,653,635	444,145,365
Sapphire Textile Mills Limited	5.3	96,144,741	90,520,155
Un-quoted:			
SFL Limited	5.4	83,075,175	71,847,492
Sapphire Finishing Mills Limited	5.5	139,657,498	108,886,110
Sapphire Holding Limited	5.6	42,886,496	38,113,462
Sapphire Power Generation Limited	5.7	47,684,213	48,043,109
		861,101,758	801,555,693
5.1	The existence of significant influence by the Company is evidenced by the representation on the board of directors of associated companies.		
5.2 Investment in Sapphire Fibres Limited			
393,697 (June 30, 2019: 393,697) ordinary shares of Rs. 10 each - cost		41,956,482	41,956,482
Share of post acquisition profit items directly recognized in equity		412,374,293	406,913,247
Dividend received		(2,677,140)	(4,724,364)
		451,653,635	444,145,365
5.3 Investment in Sapphire Textile Mills Limited			
100,223 (June 30, 2019: 100,223) ordinary shares of Rs. 10 each - cost		8,114,578	8,114,578
Share of post acquisition profit and items directly recognized in equity		90,245,092	84,009,145
Dividend received		(2,214,929)	(1,603,568)
		96,144,741	90,520,155
5.4 Investment in SFL Limited			
401,570 (June 30, 2019: 401,570) ordinary shares of Rs. 10 each - cost		2,439,475	2,439,475
Share of post acquisition profit		80,635,700	70,913,905
Dividend received		-	(1,505,888)
		83,075,175	71,847,492
5.5 Investment in Sapphire Finishing Mills Limited			
1,556,000 (June 30, 2019: 1,556,000) ordinary shares of Rs. 10 each - cost		16,509,160	16,509,160
Share of post acquisition profit and items directly recognized in equity		123,148,338	92,376,950
		139,657,498	108,886,110
5.6 Investment in Sapphire Holding Limited			
100,223 (June 30, 2019: 100,223) ordinary shares of Rs. 10 each - cost		524,950	524,950
Share of post acquisition profit		42,361,546	37,763,902
Dividend received		-	(175,390)
		42,886,496	38,113,462

		Un-audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
	Note		
5.7 Investment in Sapphire Power Generation Limited			
555,000 (June 30, 2019: 555,000) ordinary shares of Rs. 10 each - cost		19,425,000	19,425,000
Share of post acquisition profit		28,259,213	28,618,109
		47,684,213	48,043,109
6 LONG TERM FINANCING			
MCB Bank Limited- LTFF	6.1	554,381,315	193,051,000
Habib Bank Limited-LTFF	6.2	202,398,000	373,647,000
		756,779,315	566,698,000
Less: Current maturity of long term financing		(25,621,372)	(12,192,623)
		731,157,943	554,505,377
6.1	These loans were obtained from under LTFF scheme of State Bank of Pakistan (SBP). The purpose of these loans was to finance / retire the letter of credit against textile machinery along with accessories out of total sanctioned limit of Rs. 750 million (June 30, 2019 : Rs: 750 million). These loans are secured against charge of Rs. 1,000 million (June 30, 2019 Rs: 1,000 million) on over all present and future plant and machinery of the Company and. This loan carry an interest rate of 2.5% (2% SBP rate plus 0.5% spread) . These loans are repayable in equal semi-annual installments.		
6.2	This loan was obtained under LTFF scheme of State Bank of Pakistan (SBP). The purpose of this loans was to finance / retire the letter of credit against textile machinery along with accessories out of total sanctioned limit of Rs. 250 million (June 30, 2019 : Nil). This loan is secured against charge of Rs. 334 million (June 30, 2019 Nil) and over all present and future plant and machinery of the Company. This loan carry an interest rate of 2.85% (2% SBP rate plus 0.85% spread). These loan is repayable in quarterly installments over the period of 10 years including grace period of 2 years.		
7 SHORT TERM BORROWINGS			
From banking companies - secured			
Running finance		1,748,415,474	986,845,935
Other short term finance		965,149,338	930,000,000
From related parties			
Loan from directors		15,705,000	15,705,000
Loan from associated companies		21,420,000	27,487,000
		37,125,000	43,192,000
		2,750,689,812	1,960,037,935

		Un-audited	Audited
		March 31, 2020	June 30, 2019
		Rupees	Rupees
8	CONTINGENCIES AND COMMITMENTS		
8.1	Contingencies		
	Guarantees have been issued by banks on behalf of the Company in the normal course of business	193,990,298	183,990,298
	Post dated cheques issued	51,860,103	181,395,394
		245,850,401	365,385,692
8.2	Claims of Input Sales Tax		
	There has been no material change in the status of contingencies pointed in the financial statements for the year ended June 30, 2019.		
8.3	Commitments		
	Irrevocable letters of credit for import of:		
	-Plant and machinery	14,535,486	40,466,400
	-Stores and spare parts	13,081,301	8,781,833
	-Raw material	86,083,036	73,259,746
		113,699,823	122,507,979
		Three months ended	Nine months ended
		March 31, 2020	March 31, 2019
		.....Rupees.....	.....Rupees.....
9	SALES - NET		
	Local:		
	Yarn	1,127,128,453	258,378,314
	Waste	11,639,323	14,106,779
		1,138,767,776	272,485,093
	Export:		
	Yarn	387,600,167	239,714,452
	Yarn (indirect export)	35,005,781	811,127,664
	Waste	29,719,629	33,703,374
		452,325,577	1,084,545,490
		1,591,093,353	1,357,030,583
	Processing services	-	518,926
	Export rebate	-	-
		1,591,093,353	1,357,549,509
		4,731,274,415	3,920,909,174
		4,731,274,415	3,922,668,114

9.1 Sales tax on local sales and indirect export sales is Rs.502.375 million (March-2019: Rs.0.526 million)

	Three months ended		Nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
10 COST OF SALES	.....Rupees.....		.....Rupees.....	
Raw material consumed	975,310,164	956,197,849	3,133,073,431	2,699,196,091
Packing material consumed	21,790,810	16,387,591	64,501,158	50,880,791
Store and spare parts consumed	25,737,437	23,660,861	76,377,787	63,328,383
Salaries, wages and benefits	108,840,559	90,109,211	329,419,930	264,900,872
Fuel and power	89,696,380	76,075,852	284,907,660	273,454,525
Insurance	2,148,763	1,329,953	5,620,341	4,792,111
Repairs and maintenance	1,124,916	1,710,049	9,601,446	5,732,088
Travelling and conveyance	1,823,481	1,455,785	5,860,699	4,716,138
Other manufacturing overheads	366,891	966,820	1,933,020	2,394,287
Depreciation	49,027,813	44,880,204	145,028,584	115,871,308
	1,275,867,214	1,212,774,175	4,056,324,056	3,485,266,594
Work in process				
At the beginning of period	325,458,508	184,434,730	246,276,183	140,912,165
At the end of period	(218,325,486)	(241,664,727)	(218,325,486)	(241,664,727)
	107,133,022	(57,229,997)	27,950,697	(100,752,562)
Cost of goods manufactured	1,383,000,236	1,155,544,178	4,084,274,753	3,384,514,032
Finished goods				
At the beginning of period	340,064,115	225,764,902	292,164,901	148,317,698
Yarn purchased	2,879,342	5,546,314	2,879,342	7,436,986
At the end of period	(378,801,537)	(209,409,786)	(378,801,537)	(209,409,786)
	(35,858,080)	21,901,430	(83,757,294)	(53,655,102)
	1,347,142,156	1,177,445,608	4,000,517,459	3,330,858,930

11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, subsidiary and other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business enters into transactions with various related parties.

The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

		Nine months ended	
		March 31, 2020	March 31, 2019
		.....Rupees.....	
Nature of Relationship	Nature of Transaction		
Associated companies	Sales of finished goods, raw material / stores and spare parts	501,252,820	598,461,356
	Purchases of;		
	- finished goods, raw material / stores and spare parts	21,210,485	48,077,975
	- machinery	-	18,880,000
	- electricity	-	27,706,713
	Services rendered	-	508,645
	Services obtained	4,175,816	-
	Dividend received	6,257,138	8,009,210
	Dividend paid	53,742,368	43,730,466
	Shared expenses paid	12,300,442	10,274,813
	Shared expenses received	21,970	3,603,424
	Loan obtained	-	27,487,000
	Loan repaid	6,067,000	-
Directors	Loan obtained	-	15,705,000
Chief executive officer	Remuneration and other benefits	10,800,000	9,000,000
Key Management Personnel	Remuneration and other benefits	18,086,020	28,556,430

Transactions with related parties are carried out at agreed terms in the normal course of business.

12 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on April 28, 2020.

13 GENERAL

Figures have been rounded off to the nearest rupee.

Shayan Abdullah
Chief Executive Officer

Shahid Abdullah
Director

Jawwad Faisal
Chief Financial Officer