



Sapphire

Third Quarter Report 2023

**Reliance Cotton Spinning
Mills Limited**

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Anjum Saleem	Chairman
Mr. Shahid Abdullah	Member
Mr. Nabeel Abdullah	Member

COMPANY SECRETARY

Mr. Rameez Ghausi

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Anjum Saleem	Chairman
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

CHIEF FINANCIAL OFFICER

Mr. Jawwad Faisal

SHARE REGISTRAR

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

TAX CONSULTANTS

Yousuf Adil, Chartered Accountants

AUDITORS

Shinewing Hameed Chaudhri & Company
Chartered Accountants

LEGAL ADVISOR

Hassan & Hassan, Advocates

BANKERS

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

REGISTERED OFFICE:

312, Cotton Exchange Building,
I. I. Chundrigar Road, Karachi.
Tel: +92 21 111 000 100
Fax 922132416705

Website: www.sapphire.com.pk/rcsml

Corporate Office:

1st Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II, Lahore. Pakistan.

MILLS:

Feroze Wattoan,
District, Sheikhupura, Punjab.

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CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors of the Company are pleased to present un-audited interim financial statements for the nine months ended 31 March 2023.

Financial Highlights

	31 March	
	2023	2022
	Rupees in thousand	
Sales & services	7,964,990	7,961,338
Gross profit	1,618,443	2,658,396
Profit from operations	1,301,424	2,355,139
Other income	26,425	28,463
Profit before taxation	1,106,398	2,186,298
Provision for tax	(95,652)	(77,361)
Profit after taxation	1,010,746	2,108,937

During first nine months of the financial year, company's revenue was Rs.7,965 million, almost at the same level during last year's corresponding period. However, gross profit as a percentage of sales dropped from 33.4% to 20.3%, whereas company earned profit after tax of Rs.1,011 million compared to Rs.2,109 million during last year.

Earnings per share

The company's earnings per share (EPS) were at Rs.98.21 as compared to Rs.204.91 during the same period of last year.

Future outlook

As global growth slows, Pakistan's economy is facing serious challenges in the wake of shrinking foreign exchange reserves, depreciating currency and exceptionally high inflation. However, your company has maintained a sustainable growth path in recent years through strong product development and cost leadership. Therefore, despite economic conditions to remain tough, the management is cautiously optimistic about the performance over remaining months of the current fiscal year.

The directors appreciate the hard work and commendable services rendered by staff and workers of the company.

For and on behalf of the Board


Director


Chief Executive

Lahore
Dated: 27 April, 2023

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 31 مارچ 2023ء 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 2023ء	31 مارچ 2022ء
فروخت اور خدمات	7,964,990	7,961,338
مجموعی منافع	1,618,443	2,658,396
آپریٹرز سے منافع	1,301,424	2,355,139
دیگر آمدنی	26,425	28,463
ٹیکس سے پہلے منافع	1,106,398	2,186,298
ٹیکس کی پروویژن	(95,652)	(77,361)
ٹیکس کے بعد منافع	1,010,746	2,108,937

مالی سال کی پہلی نو ماہی کے دوران کمپنی کی آمدنی 7,965 ملین روپے تھی، جو گزشتہ سال کی اسی مدت کے دوران تقریباً اسی سطح پر تھی۔ تاہم، فروخت فیصد کے طور پر مجموعی منافع 33.4 فیصد سے 20.3 فیصد تک کم ہو گیا ہے۔ جبکہ، کمپنی نے گزشتہ سال کے 2,109 ملین روپے کے مقابلے میں 1,011 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

نی حصص آمدنی

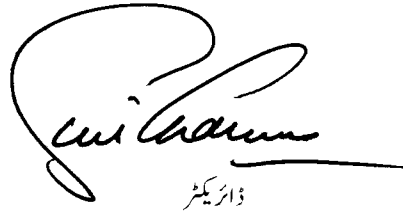
کمپنی کی موجودہ نو ماہی کی نی حصص آمدنی (EPS) 98.21 روپے ہے جو کہ پچھلے سال کی اسی مدت کی 204.91 روپے تھی۔

مستقبل کا نقطہ نظر

جیسے جیسے عالمی ترقی کی رفتار کم ہو رہی ہے، پاکستان کی معیشت کو غیر ملکی زرمبادلہ کے ذخائر سکڑنے، کرنسی کی قدر میں کمی اور غیر معمولی طور پر بلند افراط زر کے تناظر میں سنگین چیلنجز کا سامنا ہے۔ تاہم، آپ کی کمپنی نے حالیہ برسوں میں پائیدار مصنوعات کو فروغ دینے اور اخراجات میں کمی کے ذریعے ایک پائیدار ترقی کی راہ کو ہموار رکھا ہے۔ لہذا، معاشی حالات سخت رہنے کے باوجود، انتظامیہ رواں مالی سال کے بقیہ مہینوں میں کارکردگی کے بارے میں محتاط انداز میں پر امید ہے۔

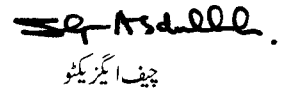
اعتراف

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



ڈائریکٹر

منجانب بورڈ آف ڈائریکٹرز



چیف ایگزیکٹو

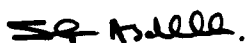
لاہور

تاریخ: 27 اپریل 2023ء

RELIANCE COTTON SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	Note	Un-audited March 31, 2023	Audited June 30, 2022
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,592,395,742	3,240,429,126
Long term investments	5	91,569,645	91,569,645
Long term advances and deposits		8,987,690	9,087,690
		<u>3,692,953,077</u>	<u>3,341,086,461</u>
Current assets			
Stores, spare parts and loose tools		87,988,470	67,383,004
Stock-in-trade	6	6,167,703,294	4,706,207,204
Trade debts		2,042,552,756	1,782,516,207
Loans and advances		160,665,306	115,133,605
Short term deposits and prepayments		1,841,172	1,048,065
Short term investments		47,040,452	53,461,960
Other receivables		63,295,657	178,868,742
Tax refunds due from Government		743,917,380	672,751,973
Cash and bank balances		169,521,551	27,494,124
		<u>9,484,526,038</u>	<u>7,604,864,884</u>
Total assets		<u><u>13,177,479,115</u></u>	<u><u>10,945,951,345</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
12,000,000 ordinary shares of Rs.10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid-up capital			
10,292,000 ordinary shares of Rs.10 each		<u>102,920,000</u>	<u>102,920,000</u>
Reserves		<u>118,333,225</u>	<u>124,754,734</u>
Unappropriated profit		<u>6,992,920,551</u>	<u>6,059,364,729</u>
		<u>7,214,173,776</u>	<u>6,287,039,463</u>
Liabilities			
Non-current liabilities			
Long term liabilities	7	1,709,545,379	1,633,494,492
Staff retirement benefit - gratuity		94,414,480	92,326,481
Deferred taxation		23,510,994	20,523,741
		<u>1,827,470,853</u>	<u>1,746,344,714</u>
Current liabilities			
Trade and other payables		1,463,895,513	1,367,013,885
Contract liabilities		31,938,422	68,893,983
Accrued mark-up / interest		57,404,306	43,655,577
Short term borrowings	8	2,220,312,996	1,043,240,168
Current portion of long term finances		241,571,139	210,608,139
Unclaimed dividend		801,640	844,398
Provision for taxation	9	119,910,470	178,311,018
		<u>4,135,834,486</u>	<u>2,912,567,168</u>
Total liabilities		<u><u>5,963,305,339</u></u>	<u><u>4,658,911,882</u></u>
Contingencies and commitments	10		
Total equity and liabilities		<u><u>13,177,479,115</u></u>	<u><u>10,945,951,345</u></u>

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


Chief Executive Officer

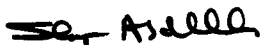

Director


Chief Financial Officer

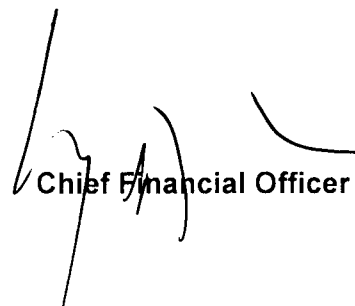
RELIANCE COTTON SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Note	Nine months period ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
----- Rupees -----					
Sales - net	11	7,964,989,896	7,961,337,555	3,176,091,069	2,849,842,717
Cost of sales	12	(6,346,546,647)	(5,302,942,081)	(2,607,321,858)	(1,838,467,879)
Gross profit		1,618,443,249	2,658,395,474	568,769,211	1,011,374,838
Distribution cost		(120,222,789)	(133,995,580)	(39,606,272)	(29,803,384)
Administrative expenses		(145,511,237)	(86,302,821)	(35,351,037)	(39,314,698)
Other income		26,425,489	28,463,437	5,515,767	6,599,696
Other expenses		(77,711,192)	(111,421,976)	(27,299,580)	(43,070,780)
Profit from operations		1,301,423,520	2,355,138,534	472,028,089	905,785,672
Finance cost		(195,025,354)	(168,840,634)	(73,075,781)	(66,397,863)
Profit before taxation		1,106,398,166	2,186,297,900	398,952,308	839,387,809
Taxation		(95,652,344)	(77,360,546)	(33,045,401)	(28,115,748)
Profit after taxation		1,010,745,822	2,108,937,354	365,906,907	811,272,061
Earnings per share					
- basic and diluted		98.21	204.91	35.55	78.83

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


Chief Executive Officer

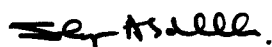

Director


Chief Financial Officer

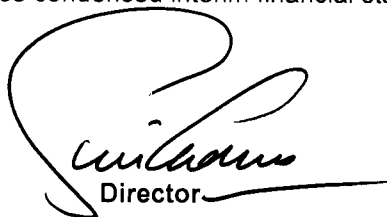
RELIANCE COTTON SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Nine months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees -----			
Profit after taxation	1,010,745,822	2,108,937,354	365,906,907	811,272,061
Other comprehensive (loss) / income				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised loss / gain on remeasurement of investment at fair value through other comprehensive income	(6,421,509)	(250,765)	(319,330)	1,525,006
Total comprehensive income for the period	1,004,324,313	2,108,686,589	365,587,577	812,797,067

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



Chief Executive Officer



Director


Chief Financial Officer

RELIANCE COTTON SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Nine months period ended	
	March 31, 2023	March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	----- Rupees -----	
Profit before taxation	1,106,398,166	2,186,297,900
Adjustments for non-cash and other items:		
Depreciation	202,627,683	172,328,747
Amortisation of government grant	(841,007)	(1,991,148)
Staff retirement benefit - gratuity	26,550,000	21,600,000
Provision for workers' profit participation fund	52,775,054	110,996,703
Provision for workers' welfare fund	24,733,638	-
Provision for GIDC	2,268,297	2,461,765
Gain on disposal of operating fixed assets	(4,208,230)	(4,821,382)
Dividend income	(8,175,744)	(10,390,672)
Finance cost	195,025,354	168,840,634
	1,597,153,211	2,645,322,547
Working capital changes		
(Increase) / decrease in current assets:		
- stores, spare parts and loose tools	(20,605,466)	42,079,739
- stock-in-trade	(1,461,496,090)	(1,964,873,965)
- trade debts	(260,036,549)	(716,349,657)
- loans and advances	(45,531,701)	(151,348,898)
- short term deposit and prepayments	(793,108)	(10,216,920)
- deposits, other receivables and sales tax	(49,928,578)	(328,817,812)
	(1,838,391,492)	(3,129,527,513)
Increase / (decrease) in current liabilities:		
- trade and other payables	168,769,894	113,562,177
- contract liabilities	(36,955,558)	10,287,168
	131,814,336	123,849,345
Net working capital changes	(1,706,577,155)	(3,005,678,168)
Staff retirement benefits paid	(24,462,001)	(11,984,643)
Finance cost paid	(179,008,328)	(164,365,650)
Taxes paid	(56,729,384)	(60,773,236)
Workers' profit participation fund paid	(150,824,250)	(63,679,920)
Long term advances and deposits - net	100,000	5,608,270
	(410,923,963)	(295,195,179)
Net cash (used in) operating activities	(520,347,907)	(655,550,800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(559,806,820)	(756,124,153)
Proceeds from disposal of operating fixed assets	9,420,750	12,322,977
Dividend income received	8,175,744	10,390,672
Government grant	841,007	1,991,148
Net cash used in investing activities	(541,369,319)	(731,419,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances - obtained	212,439,000	558,722,984
- repaid	(108,534,416)	(97,628,828)
Dividend paid	(77,232,758)	(51,210,330)
Short term borrowings - net	1,177,072,828	977,093,894
Net cash generated from financing activities	1,203,744,654	1,386,977,720
Net increase in cash and cash equivalents	142,027,427	7,564
Cash and cash equivalents - at beginning of the period	27,494,124	8,756,563
Cash and cash equivalents - at end of the period	169,521,551	8,764,127

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


Chief Executive Officer



Director


Chief Financial Officer

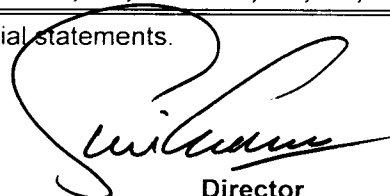
RELIANCE COTTON SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

Issued, subscribed and paid-up capital	Reserves			Unrealised loss on investments at fair value through other comprehensive income	Total	
	General	Unappropriated profit	Sub-total			
----- Rupees -----						
Balance as at July 1, 2021 (Audited)	102,920,000	130,000,000	3,340,985,754	3,470,985,754	(3,237,162)	3,570,668,592
Transactions with owners of the Company						
Final dividend related to the year ended June 30, 2021 @ Rs.5 per share	-	-	(51,460,000)	(51,460,000)	-	(51,460,000)
Total comprehensive income for the Nine months period ended March 31, 2022						
Profit for the period	-	-	811,272,061	811,272,061	-	811,272,061
Other comprehensive gain	-	-	-	-	1,525,006	1,525,006
	-	-	811,272,061	811,272,061	1,525,006	812,797,067
Balance as at March 31, 2022 (Un-audited)	102,920,000	130,000,000	4,100,797,815	4,230,797,815	(1,712,156)	4,332,005,659
Balance as at July 1, 2022 (Audited)	102,920,000	130,000,000	6,059,364,729	6,189,364,729	(5,245,266)	6,287,039,463
Transactions with owners of the Company						
Final dividend related to the year ended June 30, 2022 @ Rs.7.5 per share	-	-	(77,190,000)	(77,190,000)	-	(77,190,000)
Total comprehensive income for the Nine months period ended March 31, 2023						
Profit for the period	-	-	1,010,745,822	1,010,745,822	-	1,010,745,822
Other comprehensive loss	-	-	-	-	(6,421,509)	(6,421,509)
	-	-	1,010,745,822	1,010,745,822	(6,421,509)	1,004,324,313
Balance as at March 31, 2023 (Un-audited)	102,920,000	130,000,000	6,992,920,551	7,122,920,551	(11,666,775)	7,214,173,776

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



Chief Executive Officer



Director



Chief Financial Officer

RELIANCE COTON SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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.

Karachi	Purpose
312, Cotton Exchange Building, I.I Chundrigar Road	Registered office
Lahore	
1st Floor, Tricon Corporate Centre, 73-E, Main Jail Road, Gulberg II,	Head office
Sheikhupura	
Ferozewattoan	Production plant

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by 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.

2.1.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2022. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 Initial application of standards, amendments or interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

- b) **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.**

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

2.3 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2022.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2022.

4. PROPERTY, PLANT AND EQUIPMENT

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	----- Rupees -----	
Operating fixed assets	4.1	2,905,278,960	2,484,217,013
Capital work-in-progress	4.2	687,116,781	756,212,113
		<u>3,592,395,742</u>	<u>3,240,429,126</u>
4.1 Operating fixed assets			
Net book value at beginning of the period / year		2,484,217,013	2,105,320,345
Additions during the period / year	4.1.1	628,902,150	625,610,561
Disposals costing Rs.20.300 million (June 30, 2022: Rs.69.326 million) - at net book value		(5,212,520)	(8,902,954)
Depreciation charge for the period / year		(202,627,683)	(237,810,939)
Net book value at end of the period / year		<u>2,905,278,960</u>	<u>2,484,217,013</u>
4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Buildings on freehold land:			
• residential		-	14,708,434
• factory		-	4,940,697
Plant and machinery		612,491,792	575,248,430
Electric installation		4,261,358	-
Vehicles		12,149,000	30,713,000
		<u>628,902,150</u>	<u>625,610,561</u>
4.1.2 These include transfer from capital work-in-progress amounting Rs.628.902 million (June 30, 2022: Rs.625.610 million).			

4.2 Capital work-in-progress

	Un-audited March 31, 2023	Audited June 30, 2022
	----- Rupees -----	
Buildings	211,210,718	81,893,953
Plant and machinery (including in transit aggregating Rs.46.060 million) (June 30, 2022: Rs.96.860 million)	406,026,150	552,706,333
Electric installation	58,879,913	-
Advance payments against:		
• factory / office building	9,000,000	22,505,003
• plant and machinery	1,000,000	93,241,824
• vehicles	1,000,000	5,865,000
	11,000,000	121,611,827
	687,116,781	756,212,113

5. LONG TERM INVESTMENTS

	Note	Un-audited March 31, 2023	Audited June 30, 2022
		----- Rupees -----	
Subsidiary Company - at cost	5.1	2,600,000	2,600,000
Associated Companies - at cost	5.2	88,969,645	88,969,645
		91,569,645	91,569,645
5.1 Investments in subsidiary - unquoted at cost:			
RCSM Company (Private) Limited			
260,000 ordinary share of Rs. 10 each Equity Interest held 100%		2,600,000	2,600,000
5.2 Investments in associates - at cost:			
Quoted:			
Sapphire Fibers Limited			
393,697 ordinary shares of Rs.10 each Equity interest held 1.905%		41,956,482	41,956,482
Sapphire Textile Mills Limited			
100,223 ordinary shares of Rs.10 each Equity interest held 0.462%		8,114,578	8,114,578
Un quoted:			
SFL Limited			
401,570 ordinary shares of Rs.10 each Equity interest held 1.998%		2,439,475	2,439,475
Sapphire Finishing Mills Limited			
1,556,000 ordinary shares of Rs.10 each Equity interest held 1.69%		16,509,160	16,509,160
Sapphire Holding Limited			
100,223 ordinary shares of Rs.10 each Equity interest held 0.5%		524,950	524,950
Sapphire Power Generation Limited			
555,000 ordinary shares of Rs.10 each Equity interest held 3.46%		19,425,000	19,425,000
		88,969,645	88,969,645

6. STOCK-IN-TRADE		Un-audited March 31, 2023	Audited June 30, 2022
	Note	----- Rupees -----	
Raw materials - in hand		3,993,938,352	3,560,945,774
Raw materials - in transit		1,205,167,649	435,749,233
Work-in-process		538,806,114	309,372,499
Finished goods		429,791,179	400,139,698
		<u>6,167,703,294</u>	<u>4,706,207,204</u>
7. LONG TERM LIABILITIES			
Long term finances	7.1	1,858,920,509	1,754,174,918
Provision for Gas Infrastructure Development Cess	7.2	92,196,009	89,927,713
		<u>1,951,116,518</u>	<u>1,844,102,631</u>
Less: current portion grouped under current liabilities		(241,571,139)	(210,608,139)
		<u>1,709,545,379</u>	<u>1,633,494,492</u>
7.1 Long term finances - secured			
Balance at beginning of the period / year		1,754,174,918	1,102,718,295
Add: disbursements during the period / year	7.1.1	212,439,000	791,608,489
Less: repayments made during the period / year		(107,693,409)	(140,151,866)
Balance at end of the period / year		<u>1,858,920,509</u>	<u>1,754,174,918</u>

7.1.1 Except for the receipt of four tranches of long term finances under the existing finance facilities all other terms and conditions of long term finances are materially same as disclosed in audited annual financial statements of the Company for the year ended June 30,2022. These Long term finances , during the period , carried mark-up / profit at the rates ranged from 1.00% to 18.06% (June 30,2022 : 1.00% to 10.82%) .

7.2 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.

The Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Company falls under the category of consumer and had not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL from taking any coercive action against the Company.

The Company has recorded a provision against GIDC. The amount has been recorded at its present value, by discounting future estimated cash flows using risk free rate of return.

8. SHORT TERM BORROWINGS		Un-audited March 31, 2023	Audited June 30, 2022
	Note	----- Rupees -----	
Short term loans	8.1	45,962,000	745,000,000
Running finance under mark-up arrangements	8.1	2,174,350,996	297,705,695
Temporary bank overdraft - unsecured		-	534,473
		<u>2,220,312,996</u>	<u>1,043,240,168</u>

8.1 The Company has obtained short term finance facilities, aggregating Rs.5,053 million (June 30, 2022: Rs.5,723 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.16,539 million (June 30, 2022: Rs.14,829 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors. These finances carry mark-up / profit at the rates ranging from 14.06% to 21.03% (June 30, 2022: 7.44% to 15.31%) per annum. These facilities are expiring on various dates by June 30, 2023.

9. PROVISION FOR TAXATION

The provision for taxation for the nine month period ended and quarter ended March 31, 2023 has been made using the best possible estimate of total annual tax liability of the Company. Amount accrued may has to be adjusted in the subsequent period.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Un-audited March 31, 2023	Audited June 30, 2022
----- Rupees -----	

Guarantees issued by banks on behalf of the Company	<u>336,662,298</u>	<u>286,662,298</u>
---	--------------------	--------------------

10.1.1 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at March 31, 2023 the value of these cheques amounted to Rs.5.343 billion (June 30, 2022: Rs.550.659 million).

10.1.2 The Company has claimed an input tax credit of Rs.38.068 million which was disallowed by FBR through its notice dated June 20, 2015. The Company has filed an appeal against the decision of FBR in Honorable Lahore High Court dated July 07, 2015. The management expects a favourable out come in this case.

There has been no material change in the status of other contingencies as disclosed in the audited annual financial statements of the Company for the year ended June 30, 2022.

10.2 Commitments in respect of :

	Un-audited March 31, 2023	Audited June 30, 2022
	----- Rupees -----	
• letters of credit for capital expenditure	<u>490,418,292</u>	<u>653,562,710</u>
• letters of credit for purchase of cotton, raw materials and stores, spare parts & chemical	<u>757,932,926</u>	<u>203,360,516</u>
• capital expenditure other than letters of credit	-	<u>145,465,316</u>

11. SALES - net

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

	Nine months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees -----		----- Rupees -----	
SALES - NET				
Local:				
Yarn	1,395,332,529	2,241,971,559	526,769,189	1,055,891,740
Raw material	13,403,631	52,453,242	2,251,364	27,925,165
Waste	113,522,537	80,545,818	48,481,591	31,579,199
	1,522,258,698	2,374,970,619	577,502,145	1,115,396,104
Export:				
Yarn	1,619,786,754	1,674,130,643	657,688,441	464,780,660
Yarn (indirect export)	4,671,330,641	3,817,947,169	1,874,571,448	1,254,419,703
Waste	138,273,461	86,490,924	62,970,535	12,858,250
	6,429,390,856	5,578,568,736	2,595,230,424	1,732,058,613
	7,951,649,554	7,953,539,355	3,172,732,569	2,847,454,717
Processing income	3,740,342		49,500	
Steam income	9,600,000	7,798,200	3,309,000	2,388,000
	7,964,989,896	7,961,337,555	3,176,091,069	2,849,842,717

12. COST OF SALES

----- Un-audited -----				
	Nine months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees -----			
Finished goods at beginning of the period	400,139,698	363,753,827	476,222,974	358,163,786
Cost of goods manufactured	6,376,198,127	5,391,831,187	2,560,890,062	1,932,947,026
	6,776,337,825	5,755,585,014	3,037,113,036	2,291,110,812
Finished goods at end of the period	(429,791,179)	(452,642,933)	(429,791,179)	(452,642,933)
	6,346,546,647	5,302,942,081	2,607,321,858	1,838,467,879

Note

12.1 Cost of goods manufactured	----- Un-audited -----			
	Nine months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees -----			
Work-in-process at beginning of the period	309,372,499	223,211,729	466,085,214	277,036,934
Raw materials consumed	4,917,280,939	4,065,687,284	2,033,403,698	1,353,271,132
Direct labour and other overheads	1,688,350,803	1,443,138,988	600,207,264	642,845,774
	6,605,631,742	5,508,826,272	2,633,610,962	1,996,116,906
	6,915,004,241	5,732,038,001	3,099,696,176	2,273,153,840
Work-in-process at end of the period	(538,806,114)	(340,206,814)	(538,806,114)	(340,206,814)
	6,376,198,127	5,391,831,187	2,560,890,062	1,932,947,026

13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2022, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

These condensed interim financial statement does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2022.

14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Given below is the analysis of financial instruments, carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value consists of level 1 financial assets amounting Rs.47.040 million (June 30, 2022: Rs.53.461 million).

During the period ended March 31, 2023, there were no transfers amongst the levels. Further, there were no changes in the valuation techniques during the period.

The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

15. TRANSACTIONS WITH RELATED PARTIES**15.1 Significant transactions with related parties are as follows:**

Un-audited	
Nine months period ended	
March 31, 2023	March 31, 2022
----- Rupees -----	

Transactions with Associated Companies

Sales:

- raw material / yarn / stores
and spare parts

1,034,649,974	699,284,683
---------------	-------------

Purchases:

- raw material / yarn / stores
and spare parts

16,239,919	71,178,640
------------	------------

Expenses charged by

18,084,795	6,199,552
------------	-----------

Donations made

30,300,000	-
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Dividend:

- received
- paid

4,939,200	5,440,310
-----------	-----------

50,552,310	8,527,150
------------	-----------

Transactions with Key management personnel

Remuneration and other benefits

78,679,885	68,447,051
------------	------------

**15.2 Period / year end balances
are as follows:**

Un-audited	Audited
March 31, 2023	June 30, 2022
----- Rupees -----	

Receivables from related parties

Capital work in progress

-	46,637,601
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Trade debts

421,433,005	173,660,951
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Payable to related parties

Trade and other payables

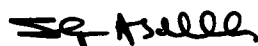
49,223,937	43,883,717
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16. CORRESPONDING FIGURES

- In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2022, whereas, the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the Nine months period ended March 31, 2022.
- Comparative information has been re-classified, re-arranged or additionally incorporated in these interim financial statements, where necessary, to facilities better comparison and to conform with the changes in presentation.

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on April 27, 2023.



Chief Executive Officer



Director



Chief Financial Officer

DIRECTORS' REPORT

The directors are pleased to present their report together with consolidated financial statements of Reliance Cotton Spinning Mills Limited and its subsidiary RCSM Company (Pvt.) Limited for the period ended March 31, 2023. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements).

RCSM Company (Pvt.) Limited

Reliance Cotton Spinning Mills Limited ("The Holding Company") and its wholly owned subsidiary RCSM Company (Pvt.) Limited collectively referred to as 'the Group' was incorporated in Pakistan under the Companies Ordinance, 1984. The wholly owned subsidiary was incorporated on November 08, 2017.

RCSM Company (Pvt.) Limited is incorporated in Pakistan as private limited by share wholly owned by Reliance Cotton Spinning Mills Limited under the Companies Ordinance, 1984 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 Board


Chief Executive


Director

Lahore
April 27, 2023

ڈائریکٹرز کی حصص داران کو رپورٹ

ڈائریکٹرز 31 مارچ 2023ء کو ختم ہونے والی نو ماہی کے لئے ریلینس کاشن سپننگ ملز لمیٹڈ اور اسکی ذیلی کمپنی RCSM کمپنی (پرائیویٹ) لمیٹڈ کے اہتمام شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اہتمام شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اہتمام شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

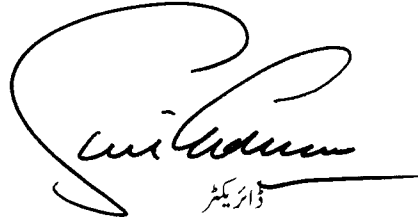
RCSM کمپنی (پرائیویٹ) لمیٹڈ:

ریلینس کاشن سپننگ ملز لمیٹڈ (ہولڈنگ کمپنی) اور اس کی مکمل ملکیتی ذیلی کمپنی RCSM کمپنی (پرائیویٹ) لمیٹڈ جو مجموعی طور پر ایک "گروپ" کہلاتا ہے کمپنیز آرڈیننس، 1984ء کے تحت پاکستان میں قائم ہوا۔ مکمل ملکیتی ذیلی کمپنی 8 نومبر 2017ء کو قائم ہوئی تھی۔

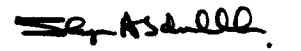
RCSM کمپنی (پرائیویٹ) لمیٹڈ کمپنیز آرڈیننس، 1984ء کے تحت 08 نومبر 2017ء کو ریلینس کاشن سپننگ ملز لمیٹڈ کی مکمل ملکیتی شیئرز کے ذریعے ایک پرائیویٹ لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔

ذیلی کمپنی کا بنیادی کاروبار کسی دیگر کمپنی کے حصص لینا یا دوسری صورت میں خریدنا اور ہولڈ کرنا، لیکن سرمایہ کاری کمپنی کے طور پر کام کرنا نہیں ہے۔

منجانب بورڈ آف ڈائریکٹرز



ڈائریکٹر



چیف ایگزیکٹو

لاہور

تاریخ: 27 اپریل 2023ء

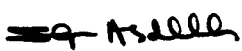
RELIANCE COTTON SPINNING MILLS LIMITED

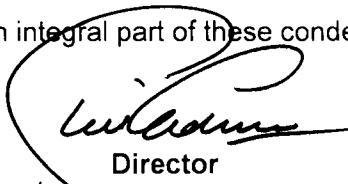
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION(UN-AUDITED)

AS AT MARCH 31, 2023

	Note	Un-audited March 31, 2023	Audited June 30, 2022
----- Rupees -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,592,395,742	3,240,429,126
Long term investments	5	1,515,966,121	1,320,571,480
Long term advances and deposits		8,987,690	9,087,690
		<u>5,117,349,553</u>	<u>4,570,088,296</u>
Current assets			
Stores, spare parts and loose tools		87,988,470	67,383,004
Stock-in-trade	6	6,167,703,294	4,706,207,204
Trade debts		2,042,552,756	1,782,516,207
Loans and advances		160,665,306	115,133,605
Short term deposits and prepayments		1,841,172	1,048,065
Short term investments		49,783,691	55,954,543
Other receivables		63,295,657	178,868,742
Tax refunds due from Government		743,917,380	672,751,973
Cash and bank balances		169,571,394	27,546,250
		<u>9,487,319,120</u>	<u>7,607,409,593</u>
Total assets		<u>14,604,668,673</u>	<u>12,177,497,889</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
12,000,000 ordinary shares of Rs.10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid-up capital			
10,292,000 ordinary shares of Rs.10 each		<u>102,920,000</u>	<u>102,920,000</u>
Reserves		37,882,810	60,973,010
Unappropriated profit		8,345,476,792	7,214,445,036
		<u>8,486,279,602</u>	<u>7,378,338,046</u>
Liabilities			
Non-current liabilities			
Long term liabilities	7	1,709,545,379	1,633,494,492
Staff retirement benefit - gratuity		94,414,480	92,326,481
Deffered taxation		178,452,226	160,651,702
		<u>1,982,412,085</u>	<u>1,886,472,675</u>
Current liabilities			
Trade and other payables		1,464,038,013	1,367,133,885
Contract liabilities		31,938,422	68,893,983
Accrued mark-up / interest		57,404,306	43,655,577
Short term borrowings	8	2,220,312,996	1,043,240,168
Current portion of long term finances		241,571,139	210,608,139
Unclaimed dividend		801,640	844,398
Provision for taxation		119,910,470	178,311,018
		<u>4,135,976,986</u>	<u>2,912,687,168</u>
Contingencies and commitments	10		
Total equity and liabilities		<u>14,604,668,673</u>	<u>12,177,497,889</u>

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


Chief Executive Officer

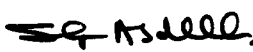

Director


Chief Financial Officer

RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Note	Nine months period ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		----- Rupees -----			
Sales - net	11	7,964,989,896	7,961,337,555	3,176,091,069	2,849,842,717
Cost of sales	12	(6,346,546,647)	(5,302,942,081)	(2,607,321,858)	(1,838,467,879)
Gross profit		1,618,443,249	2,658,395,474	568,769,211	1,011,374,838
Distribution cost		(120,222,788)	(133,995,580)	(39,606,271)	(29,803,384)
Administrative expenses		(145,511,237)	(86,302,821)	(35,351,037)	(39,314,698)
Other income		21,781,178	23,023,122	5,619,426	6,505,725
Other expenses		(77,735,975)	(111,467,220)	(27,307,077)	(43,076,606)
Profit from operations		1,296,754,426	2,349,652,975	472,124,251	905,685,875
Finance cost		(195,025,354)	(168,840,634)	(73,075,781)	(66,397,863)
Share of profit of associates		217,069,031	202,775,390	98,036,283	62,952,472
Profit before taxation		1,318,798,103	2,383,587,731	497,084,753	902,240,484
Taxation		(110,509,847)	(97,836,411)	(41,237,740)	(34,124,929)
Profit after taxation		1,208,288,255	2,285,751,320	455,847,012	868,115,555
Earnings per share					
- basic and diluted		117.40	222.09	44.29	84.35

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


Chief Executive Officer


Director



Chief Financial Officer

RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Nine months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees -----			
Profit after taxation	1,208,288,255	2,285,751,320	455,847,012	868,115,555
Other comprehensive (loss) / income				
Items that will not be reclassified to statement of profit or loss subsequently				
Share in associates' unrealised (loss) / gain on available sales investment as	(19,864,233)	(17,768,746)	1,016,951	(6,579,193)
Unrealised (loss) / gain on remeasurement of investment at fair value through other comprehensive income	(6,421,509)	(101,389)	(319,330)	(2,624,890)
	(26,285,742)	(17,870,135)	697,621	(9,204,083)
Share in associate's unrealised gain on hedging instruments	3,195,542	276,081	2,555,785	337,295
Total comprehensive income for the period	1,185,198,055	2,268,157,266	459,100,418	859,248,767

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


Chief Executive Officer


Director


Chief Financial Officer

RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Nine months period ended	
	March 31, 2023	March 31, 2022
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,318,798,103	2,383,587,731
Adjustments for non-cash and other items:		
Depreciation	202,627,683	172,328,747
Amortisation of government grant	(841,007)	(1,991,148)
Staff retirement benefit - gratuity	26,550,000	21,600,000
Provision for workers' profit participation fund	52,775,054	110,996,703
Provision for workers' welfare fund	24,733,638	-
Provision for GIDC	2,268,297	2,461,765
Fair Value gain on investment	-	(149,376)
Gain on disposal of operating fixed assets	(4,208,230)	(4,821,382)
Dividend income	(3,531,433)	(4,950,357)
Finance cost	195,025,354	168,840,634
Share of profit from associates	(217,069,031)	(202,775,390)
	<u>1,597,128,427</u>	<u>2,645,127,927</u>
Working capital changes		
(Increase) / decrease in current assets:		
- stores, spare parts and loose tools	(20,605,466)	42,079,739
- stock-in-trade	(1,461,496,090)	(1,964,873,965)
- trade debts	(260,036,549)	(716,349,657)
- loans and advances	(45,531,701)	(151,348,898)
- short term deposit and prepayments	(793,108)	(10,216,920)
- deposits, other receivables and sales tax	(49,928,578)	(328,817,812)
	<u>(1,838,391,491)</u>	<u>(3,129,527,513)</u>
Increase / (decrease) in current liabilities:		
- trade and other payables	168,792,394	108,050,878
- contract liabilities	(36,955,558)	10,287,168
	<u>131,836,836</u>	<u>118,338,046</u>
Net working capital changes	<u>(1,706,554,656)</u>	<u>(3,011,189,467)</u>
Staff retirement benefits paid	(24,462,001)	(11,984,643)
Finance cost paid	(179,008,328)	(164,365,650)
Taxes (paid) / refund received	(56,729,384)	(60,773,236)
Workers' profit participation fund paid	(150,824,250)	(63,679,920)
Long term advances and deposits - net	100,000	5,608,270
	<u>(410,923,963)</u>	<u>(295,195,179)</u>
Net cash (used in) operating activities	<u>(520,350,191)</u>	<u>(661,256,719)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(559,806,820)	(756,124,153)
Proceeds from disposal of operating fixed assets	9,420,750	12,322,977
Dividend income received	8,175,744	10,390,672
Government grant	841,007	1,991,148
Net cash used in investing activities	<u>(541,369,319)</u>	<u>(725,811,086)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances - obtained	212,439,000	558,722,984
- repaid	(108,534,416)	(97,628,828)
Dividend paid	(77,232,758)	(51,210,330)
Short term borrowings - net	1,177,072,828	977,093,894
Net cash generated from financing activities	<u>1,203,744,654</u>	<u>1,386,977,720</u>
Net increase in cash and cash equivalents	<u>142,025,144</u>	<u>(90,085)</u>
Cash and cash equivalents - at beginning of the period	<u>27,546,250</u>	<u>8,920,138</u>
Cash and cash equivalents - at end of the period	<u>169,571,394</u>	<u>8,830,053</u>

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


Chief Executive Officer


Director


Chief Financial Officer

RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

Issued, subscribed and paid-up capital	Unrealised gain / (loss) on investments at fair value through other comprehensive income	Reserves				Total
		Revenue				
		On hedging instruments	General	Sub-total	Unappropriated profit	

----- Rupees -----

Balance as at July 1, 2021 (Audited)	102,920,000	(8,977,256)	467,951	118,353,673	109,844,368	4,222,246,418	4,435,010,786
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Transactions with owners of the Company

Final dividend related to the year ended
June 30, 2021 @ Rs 5 per share

(51,460,000) (51,460,000)

**Total comprehensive income for the
Nine months period ended March 31, 2022**

Profit for the period

-	-	-	-	-	2,285,751,320	2,285,751,320
-	(17,870,135)	276,081	-	(17,594,054)	-	(17,594,054)
-	(17,870,135)	276,081	-	(17,594,054)	2,285,751,320	2,268,157,266

Share of increase in reserves of associated
companies under equity method

2,933 2,933

Balance as at March 31, 2022 (Un-audited)

102,920,000	(26,847,391)	744,032	118,353,673	92,250,314	6,456,540,671	6,651,710,985
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Balance as at July 1, 2022 (Audited)

102,920,000 (57,891,148) 510,485 118,353,673 60,973,010 7,214,445,036 7,378,338,046

Transactions with owners of the Company

Final dividend related to the year ended
June 30, 2022 @ Rs 7.5 per share

(77,190,000) (77,190,000)

**Total comprehensive income for the
Nine months period ended March 31, 2023**

Profit for the period

-	-	-	-	-	1,208,288,255	1,208,288,255
-	(6,421,509)	3,195,542	(19,864,233)	(23,090,200)	-	(23,090,200)
-	(6,421,509)	3,195,542	(19,864,233)	(23,090,200)	1,208,288,255	1,185,198,055

Share of decrease in reserves of associated
companies under equity method

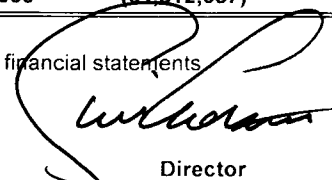
(66,499) (66,499)

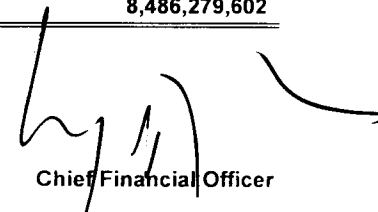
Balance as at March 31, 2023 (Un-audited)

102,920,000	(64,312,657)	3,706,027	98,489,440	37,882,810	8,345,476,792	8,486,279,602
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The annexed notes form an integral part of these condensed interim financial statements


Chief Executive Officer


Director


Chief Financial Officer

RELIANCE COTON SPINNING MILLS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

1. THE GROUP AND ITS OPERATIONS

The Group consist of:

The Parent Company

- Reliance Cotton Spinning Mills Limited

Subsidiary Company

- RCSM Company (Private) Limited

• **Reliance Cotton Spinning Mills Limited**

Reliance Cotton Spinning Mills Limited ("The Parent 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 Holding Company is manufacturing and sale of yarn.

Karachi

Purpose

312, Cotton Exchange Building,
I.I Chundrigar Road

Registered office

Lahore

1st Floor, Tricon Corporate Centre,
73-E, Main Jail Road, Gulberg II,

Head office

Sheikhupura

Warbuton Feroze Wattoan,

Production plant

Subsidiary Companies

• **RCSM Company (Private) Limited**

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.

2. BASIS OF PREPARATION AND SIGNIFCANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by 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.

2.1.2 These consolidated financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2022. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2022, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2022, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these Consolidated financial statements.

2.3 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these consolidated financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2022.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2022.

4. PROPERTY, PLANT AND EQUIPMENT

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	----- Rupees -----	
Operating fixed assets	4.1	2,905,278,960	2,484,217,013
Capital work-in-progress	4.2	687,116,781	756,212,113
		<u>3,592,395,742</u>	<u>3,240,429,126</u>
4.1 Operating fixed assets			
Net book value at beginning of the period / year		2,484,217,013	2,105,320,345
Additions during the period / year	4.1.1	628,902,150	625,610,561
Disposals costing Rs.20.300 million (June 30, 2022: Rs.69.326 million) - at net book value		(5,212,520)	(8,902,954)
Depreciation charge for the period / year		(202,627,683)	(237,810,939)
Net book value at end of the period / year		<u>2,905,278,960</u>	<u>2,484,217,013</u>

4.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:	Un-audited March 31, 2023	Audited June 30, 2022
Buildings on freehold land:	----- Rupees -----	
• residential	-	14,708,434
• factory	-	4,940,697
Plant and machinery	612,491,792	575,248,430
Electric installation	4,261,358	
Vehicles	12,149,000	30,713,000
	628,902,150	625,610,561

4.1.2 These include transfer from capital work-in-progress amounting Rs.628.902 million (June 30, 2022: Rs.625.610 million).

4.2 Capital work-in-progress	Un-audited March 31, 2023	Audited June 30, 2022
	----- Rupees -----	
Buildings	211,210,718	81,893,953
Plant and machinery (including in transit aggregating Rs.46.060 million) (June 30, 2022: Rs.96.860 million)	406,026,150	552,706,333
Electric installation	58,879,913	0
Advance payments against:		
• factory / office building	9,000,000	22,505,003
• plant and machinery	1,000,000	93,241,824
• vehicles	1,000,000	5,865,000
	11,000,000	121,611,827
	687,116,781	756,212,113

5. LONG TERM INVESTMENTS

Investments in associates - at cost:

Quoted:

	Note		
Sapphire Fibres Limited	5.1	748,117,567	667,230,823
Sapphire Textile Mills Limited	5.2	203,797,636	185,929,252

Un-quoted:

SFL Limited	5.3	161,324,760	133,536,834
Sapphire Finishing Mills Limited	5.4	265,308,061	212,582,801
Sapphire Holding Limited	5.5	78,138,724	65,894,734
Sapphire Power Generation Limited	5.6	59,279,373	55,397,036

1,515,966,121	1,320,571,480
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Investments in associates - at cost:

Quoted:

5.1 Sapphire Fibers Limited

393,697 ordinary shares of Rs.10 each

Equity interest held 1.905%	41,956,482	41,956,482
Share of post acquisition profit	710,098,055	629,211,311
Dividend received	(3,936,970)	(3,936,970)
	748,117,567	667,230,823

	Un-audited March 31, 2023	Audited June 30, 2022
5.2 Sapphire Textile Mills Limited		
100,223 ordinary shares of Rs.10 each	----- Rupees -----	
Equity interest held 0.462%	8,114,578	8,114,578
Share of post acquisition profit	196,685,288	179,318,019
Dividend received	(1,002,230)	(1,503,345)
	<u>203,797,636</u>	<u>185,929,252</u>
Un quoted:		
5.3 SFL Limited		
401,570 ordinary shares of Rs.10 each		
Equity interest held 2.00%	2,439,475	2,439,475
Share of post acquisition profit	158,885,285	131,097,359
	<u>161,324,760</u>	<u>133,536,834</u>
5.4 Sapphire Finishing Mills Limited		
1,556,000 ordinary shares of Rs.10 each		
Equity interest held 1.69%	16,509,160	16,509,160
Share of post acquisition profit	248,798,901	196,073,641
	<u>265,308,061</u>	<u>212,582,801</u>
5.5 Sapphire Holding Limited		
100,223 ordinary shares of Rs.10 each		
Equity interest held 0.5%	524,950	524,950
Share of post acquisition profit	77,613,774	65,369,784
	<u>78,138,724</u>	<u>65,894,734</u>
5.6 Sapphire Power Generation Limited		
555,000 ordinary shares of Rs.10 each		
Equity interest held 3.46%	19,425,000	19,425,000
Share of post acquisition profit	39,854,373	35,972,036
	<u>59,279,373</u>	<u>55,397,036</u>
6. STOCK-IN-TRADE		
Raw materials - in hand	3,993,938,352	3,560,945,774
Raw materials - in transit	1,205,167,649	435,749,233
Work-in-process	538,806,114	309,372,499
Finished goods	429,791,179	400,139,698
	<u>6,167,703,294</u>	<u>4,706,207,204</u>

		Un-audited March 31, 2023	Audited June 30, 2022
		----- Rupees -----	
7. LONG TERM LIABILITIES	Note		
Long term finances	7.1	1,858,920,509	1,754,174,918
Provision for Gas Infrastructure Development Cess	7.2	92,196,009	89,927,713
		<u>1,951,116,518</u>	<u>1,844,102,631</u>
Less: current portion grouped under current liabilities		(241,571,139)	(210,608,139)
		<u>1,709,545,379</u>	<u>1,633,494,492</u>
7.1 Long term finances - secured		Un-audited March 31, 2023	Audited June 30, 2022
		----- Rupees -----	
Balance at beginning of the period / year		1,754,174,918	1,102,718,295
Add: disbursements during the period / year	7.1.1	212,439,000	791,608,489
Less: repayments made during the period / year		(107,693,409)	(140,151,866)
Balance at end of the period / year		<u>1,858,920,509</u>	<u>1,754,174,918</u>
7.1.1	Except for the receipt of four tranches of long term finances under the existing finance facilities all other terms and conditions of long term finances are materially same as disclosed in audited annual financial statements of the Company for the year ended June 30,2022. These Long term finances , during the period , carried mark-up / profit at the rates ranged from 1.00% to 18.06% (June 30,2022 : 1.00% to 10.82%) .		
7.2	The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.		
	The Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Company falls under the category of consumer and had not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL from taking any coercive action against the Company.		
8. SHORT TERM BORROWINGS		Un-audited March 31, 2023	Audited June 30, 2022
		----- Rupees -----	
Short term loans	8.1	45,962,000	745,000,000
Running finance under mark-up arrangements	8.1	2,174,350,996	297,705,695
Temporary bank overdraft - unsecured		-	534,473
		<u>2,220,312,996</u>	<u>1,043,240,168</u>

- 8.1 The Company has obtained short term finance facilities, aggregating Rs.5,053 million (June 30, 2022: Rs.5,723 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge of Rs.16,539 million (June 30, 2022: Rs.14,829 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors. These finances carry mark-up / profit at the rates ranging from 14.06% to 21.03% (June 30, 2022: 7.44% to 21.03%) per annum. These facilities are expiring on various dates by June 30, 2023.

9. **PROVISION FOR TAXATION**

The provision for taxation for the nine month period ended and quarter ended March 31, 2023 has been made using the best possible estimate of total annual tax liability of the Company. Amount accrued may has to be adjusted in the subsequent period.

10. **CONTINGENCIES AND COMMITMENTS**

10.1 **Contingencies**

Un-audited March 31, 2023	Audited June 30, 2022
----- Rupees -----	

Guarantees issued by banks on behalf of the Group	336,662,298	286,662,298
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Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at March 31, 2023 the value of these cheques amounted to Rs.5.343 Billion (June 30, 2022: Rs.550.659 million).

- 10.1.2 The Company has claimed an input tax credit of Rs.38.068 million which was disallowed by FBR through its notice dated June 20, 2015. The Company has filed an appeal against the decision of FBR in Honorable Lahore High Court dated July 07, 2015. The management expects a favourable out come in this case.

There has been no material change in the status of other contingencies as disclosed in the audited annual financial statements of the Company for the year ended June 30, 2022.

10.2 **Commitments in respect of :**

	Un-audited March 31, 2023	Audited June 30, 2022
----- Rupees -----		
• letters of credit for capital expenditure	490,418,292	653,562,710
• letters of credit for purchase of cotton, raw materials and stores, spare parts	757,932,926	203,360,516
• capital expenditure other than letters of credit	-	145,465,316

11. SALES - net

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

	Nine months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees -----		----- Rupees -----	
SALES - NET				
Local:				
Yarn	1,395,332,529	2,241,971,559	526,769,189	1,055,891,740
Raw material	13,403,631	52,453,242	2,251,364	27,925,165
Waste	113,522,537	80,545,818	48,481,591	31,579,199
	1,522,258,698	2,374,970,619	577,502,145	1,115,396,104
Export:				
Yarn	1,619,786,754	1,674,130,643	657,688,441	464,780,660
Yarn (indirect export)	4,671,330,641	3,817,947,169	1,874,571,448	1,254,419,703
Waste	138,273,461	86,490,924	62,970,535	12,858,250
	6,429,390,856	5,578,568,736	2,595,230,424	1,732,058,613
	7,951,649,554	7,953,539,355	3,172,732,569	2,847,454,717
Processing income	3,740,342		49,500	
Steam income	9,600,000	7,798,200	3,309,000	2,388,000
	7,964,989,896	7,961,337,555	3,176,091,069	2,849,842,717

12. COST OF SALES

	----- Un-audited -----			
	Nine months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Note	----- Rupees -----			
Finished goods at beginning of the period	400,139,698	363,753,827	476,222,974	358,163,786
Cost of goods manufactured 12.1	6,376,198,128	5,391,831,187	2,560,890,063	1,932,947,026
	6,776,337,826	5,755,585,014	3,037,113,037	2,291,110,812
Finished goods at end of the period	(429,791,179)	(452,642,933)	(429,791,179)	(452,642,933)
	6,346,546,647	5,302,942,081	2,607,321,858	1,838,467,879

12.1 Cost of goods manufactured	----- Un-audited -----			
	Nine months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees -----			
Work-in-process at beginning of the period	309,372,499	223,211,729	466,085,214	277,036,934
Raw materials consumed	4,917,280,940	4,065,687,284	2,033,403,699	1,353,271,132
Direct labour and other overheads	1,688,350,803	1,443,138,988	600,207,264	642,845,774
	6,605,631,743	5,508,826,272	2,633,610,963	1,996,116,906
Work-in-process at end of the period	6,915,004,242	5,732,038,001	3,099,696,177	2,273,153,840
	(538,806,114)	(340,206,814)	(538,806,114)	(340,206,814)
13.	6,376,198,128	5,391,831,187	2,560,890,063	1,932,947,026

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Group's sensitivity to these risks since June 30, 2022, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

These consolidated financial statement does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Group's audited annual financial statement as at June 30, 2022.

14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Given below is the analysis of financial instruments, carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value consists of level 1 financial assets amounting Rs.49.783 million (June 30, 2022: Rs.55.954 million).

During the period ended March 31, 2023, there were no transfers amongst the levels. Further, there were no changes in the valuation techniques during the period.

The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

	Un-audited	
	Nine months period ended	
	March 31, 2023	March 31, 2022
	----- Rupees -----	
Transactions with Associated Companies		
Sales:		
• raw material / yarn / stores and spare parts	1,034,649,974	699,284,683
Purchases:		
• raw material / yarn / stores and spare parts	16,239,919	71,178,640
Expenses charged by	18,084,795	6,199,552
Donation made	30,300,000	-
Dividend:		
• received	4,939,200	5,440,310
• paid	50,552,310	8,527,150
Transactions with Key management personnel		
Remuneration and other benefits	76,578,185	68,447,051
	Un-audited	Audited
15.2 Period / year end balances are as follows:	March 31, 2023	June 30, 2022
	----- Rupees -----	
Receivables from related parties		
Capital work in progress	-	46,637,601
Trade debts	421,433,005	173,660,951
Payable to related parties		
Trade and other payables	49,223,937	43,883,717

16. CORRESPONDING FIGURES

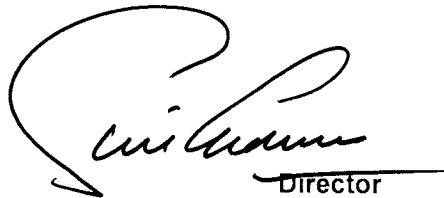
- In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2022, whereas, the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of consolidated financial statements of the Group for the Nine months period ended March 31, 2022.
- Comparative information has been re-classified, re-arranged or additionally incorporated in these interim financial statements, where necessary, to facilities better comparison and to conform with the changes in presentation.

17. DATE OF AUTHORISATION FOR ISSUE

These Group financial statements were approved by the Board of Directors and authorised for issue on April 27, 2023.



Chief Executive Officer



Director



Chief Financial Officer



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