



**RELIANCE COTTON SPINNING
MILLS LIMITED**

**First Quarter Report
2023**

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahid Abdullah	Chairman
Mr. Shayan Abdullah	Executive Chief
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

RISK COMMITTEE

Mr. Shahid Abdullah	Chairman
Mr. Shayan Abdullah	Member
Mr. Jawwad Faisal	Member

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/rcsm

CORPORATE OFFICE:

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

MILLS:

Feroze Wattoan,
District, Shekhupura, 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 financial statements for the quarter ended 30 September 2023.

Financial Highlights

	30 September	
	2023	2022
	Rupees in thousand	
Sales	3,499,035	2,529,899
Profit from operations	548,307	574,670
Finance cost	(197,432)	(74,725)
Taxation	(52,716)	(32,108)
Profit after taxation	298,159	467,837

Financial Performance

During first quarter of the financial year, your company achieved sales of Rs.3.5 billion compared to Rs.2.53 billion during corresponding period of last year, showing considerable increase of 38.31%. The gross profit as a percentage of sales was 18.53% as compared to last year's 27.98%. Whereas, the company earned profit after tax of Rs.298 million as against Rs.468 million during first quarter of last year.

Earnings per share

The company's earnings per share (EPS) were at Rs.28.97 as compared to Rs.45.46 for the same period of last year.

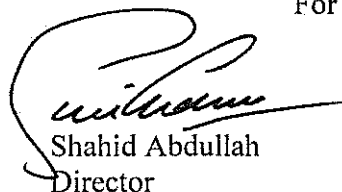
Future Outlook


In addition to demand slowdown in both domestic and export markets, very high inflation and interest rates in the country have adversely affected profit margins of textile companies. Furthermore, with prevailing uncertainty in terms of cotton prices and exchange rate, it is difficult to predict growth and profitability in remainder of the financial year as well.

In these challenging times, the management of your company is focused on maximizing shareholder value through profitable growth and capital efficiency.

The directors appreciate dedication and hard work of the staff and workers of the company.

For and on behalf of the Board


Shahid Abdullah
Director


Shayan Abdullah
Chief Executive

Lahore
October 27, 2023



Reliance Cotton Spinning Mills Ltd.

ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 30 ستمبر 2023ء کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔
مالیاتی جھلکیاں

روپے ہزاروں میں

تفصیل	30 ستمبر 2023ء	30 ستمبر 2022ء
فروخت	3,499,035	2,529,899
آپریٹنگ سے منافع	548,307	574,670
مالی لاگت	(197,432)	(74,725)
ٹیکسیشن	(52,716)	(32,108)
ٹیکس کے بعد منافع	298,159	467,837

مالی کارکردگی

کمپنی نے گزشتہ سال کی اسی مدت کے دوران 2.53 بلین روپے کے مقابلے اس مالی سال کی پہلی سہ ماہی کے دوران 3.5 بلین روپے کی فروخت حاصل کی، جو 38.31 فیصد کا قابل ذکر منافع ظاہر کرتی ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے 27.98 فیصد کے مقابلے اس مدت کے دوران 18.53 فیصد ہو گیا۔ جبکہ کمپنی نے گزشتہ سال کی پہلی سہ ماہی کے دوران 468 بلین روپے کے برعکس موجودہ سہ ماہی کے دوران 298 بلین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی


کمپنی کی موجودہ سہ ماہی کی فی شیئر آمدنی (EPS) 28.97 روپے ہے جو کہ پچھلے سال کی اسی سہ ماہی کی 45.46 روپے تھی۔

مستقبل کا نقطہ نظر

دونوں ملکی اور برآمد مارکیٹوں میں طلب کی کمی کے علاوہ، ملکی میں بہت زیادہ مہنگائی اور شرح سود نے ٹیکسٹائل کمپنیوں کے منافع مارجن کو بری طرح متاثر کیا ہے۔ مزید برآں، کپاس کی قیمتوں اور شرح مبادلہ کے حوالے سے موجودہ غیر یقینی صورتحال ہے جس کی وجہ سے مالی سال کے بقیہ حصے میں نمو اور منافع کی پیش گوئی کرنا مشکل ہے۔ ان مشکل وقتوں میں، آپ کی کمپنی کی انتظامیہ منافع بخش نمو اور کپٹل ایفٹیشنسی کے ذریعے حصص داران کی قدر کو زیادہ سے زیادہ کرنے پر توجہ مرکوز رکھے ہوئے ہے۔

اعتراف

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


(شاہد عبداللہ)
ڈائریکٹر

منجانب بورڈ آف ڈائریکٹرز



(شاہد عبداللہ)

چیف ایگزیکٹو

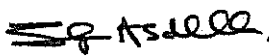
لاہور تاریخ: 27 اکتوبر 2023ء

**RELIANCE COTTON SPINNING MILLS LIMITED
UN-AUDITED UN-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

Reliance Cotton Spinning Mills Limited
Statement Of Financial Position
As at September 30, 2023

	Un-Audited September 30, 2023	Audited June 30, 2023
Note	--- R u p e e s ---	
Assets		
Non current assets		
Property, plant and equipment	4 3,971,346,741	3,591,288,186
Long term investments	5 518,127,246	518,127,246
Long term advances and deposits	8,987,690	8,987,690
	<u>4,498,461,677</u>	<u>4,118,403,122</u>
Current assets		
Stores, spare parts and loose tools	90,715,500	74,977,863
Stock-in-trade	6,976,922,518	6,203,133,931
Trade debts	2,057,940,051	2,012,865,224
Loans and advances	187,400,438	32,906,723
Short term deposits and prepayments	28,918,088	4,559,315
Short term investments	16,087,773	14,088,516
Other receivables	176,821,759	149,220,766
Tax refunds due from Government	575,283,972	575,764,159
Cash and bank balances	258,790,276	197,752,154
	<u>10,368,880,375</u>	<u>9,265,268,651</u>
Total assets	<u><u>14,867,342,052</u></u>	<u><u>13,383,671,773</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	102,920,000	102,920,000
Reserves	129,502,270	127,503,013
Unappropriated profit	7,101,467,559	6,803,308,914
Total equity	<u>7,333,889,829</u>	<u>7,033,731,927</u>
Non current liabilities		
Long term liabilities	1,585,514,063	1,640,499,005
Staff retirement benefit - gratuity	119,057,902	113,293,444
Deferred taxation	34,081,405	28,921,440
	<u>1,738,653,370</u>	<u>1,782,713,889</u>
Current liabilities		
Trade and other payables	1,157,545,844	1,567,481,110
Contract liabilities	131,842,474	64,937,119
Accrued mark-up / interest	105,644,457	94,526,249
Short term borrowings	3,826,657,556	2,331,143,302
Current portion of long term liabilities	341,658,332	325,244,097
Unclaimed dividend	801,640	801,640
Provision for taxation	230,648,550	183,092,440
	<u>5,794,798,853</u>	<u>4,567,225,957</u>
Total liabilities	<u>7,533,452,223</u>	<u>6,349,939,846</u>
Contingencies and commitments	6	
Total equity and liabilities	<u><u>14,867,342,052</u></u>	<u><u>13,383,671,773</u></u>

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

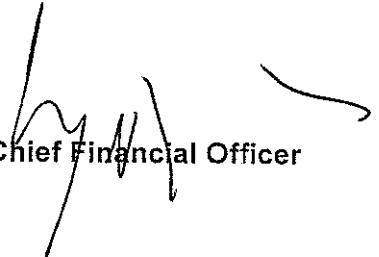
Reliance Cotton Spinning Mills Limited
Statement Of Profit Or Loss
For the First Quarter Ended September 30, 2023

	Note	Un-Audited	
		September 30, 2023	September 30, 2022
		-----Rupees-----	
Sales		3,499,034,764	2,529,899,488
Cost of sales	7	(2,850,510,180)	(1,821,831,484)
Gross profit		648,524,584	708,068,004
Distribution cost		(46,040,930)	(48,091,483)
Administrative expenses		(38,350,478)	(53,816,531)
Other income		7,569,166	5,821,467
Other expenses		(23,395,782)	(37,311,747)
Profit from operations		548,306,560	574,669,710
Finance cost		(197,431,841)	(74,724,616)
Profit before taxation		350,874,719	499,945,094
Taxation		(52,716,074)	(32,107,986)
Profit after taxation		298,158,645	467,837,108
Earnings per share - basic and diluted		28.97	45.46

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

Reliance Cotton Spinning Mills Limited
Statement Of Other Comprehensive Income
For the First Quarter Ended September 30, 2023

	Un-Audited	
	September 30, 2023	September 30, 2022
	-----Rupees-----	
Profit for the period	298,158,645	467,837,108
Other comprehensive income/(loss)		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised income / (loss) on remeasurement of investment at fair value through other comprehensive income	1,999,257	(4,756,052)
Impact of deferred tax	-	(486,580)
	1,999,257	(5,242,632)
Total comprehensive income for the period	300,157,902	462,594,476

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

Reliance Cotton Spinning Mills Limited
Statement Of Cash Flows
For the First Quarter Ended September 30, 2023

	Un-Audited September 30, 2023	September 30, 2022
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	350,874,719	499,945,094
Adjustments for non-cash and other items:		
Depreciation	73,437,345	61,083,306
Staff retirement benefit - gratuity	11,100,000	8,850,000
Provision for workers' profit participation fund	16,187,023	25,209,814
Provision for workers' welfare fund	7,208,759	12,101,933
Gain on disposal of operating fixed assets	(912,068)	(109,497)
Unwinding of interest of GIDC	606,511	-
Dividend income	(198,184)	(1,120,675)
Finance cost	196,825,330	74,724,616
	<u>655,129,434</u>	<u>680,684,591</u>
Working capital changes		
Decrease / (increase) in current assets:		
- stores, spare parts and loose tools	(15,737,637)	(17,112,716)
- stock-in-trade	(773,788,587)	(605,776,547)
- trade debts	(45,074,827)	791,939,884
- loans and advances	(154,493,715)	(76,717,178)
- short term deposit and prepayments	(24,358,773)	(3,044,000)
- other receivables and sales tax	789,091	(29,460)
	<u>(1,012,664,448)</u>	<u>89,259,983</u>
Increase / (decrease) in current liabilities:		
- trade and other payables	(433,331,049)	(390,154,124)
- contract liabilities	66,905,355	71,031,016
	<u>(366,425,694)</u>	<u>(319,123,108)</u>
Net working capital changes	<u>(723,960,708)</u>	<u>450,821,466</u>
Staff retirement benefits paid	(5,335,542)	(6,174,992)
Finance cost paid	(185,707,122)	(59,219,265)
Taxes paid / refunds	(27,974,625)	(169,654,116)
Rebate income received	64,730	1,234,352
Long term advances and deposits - net	-	250,000
	<u>(218,952,559)</u>	<u>(233,564,021)</u>
Net cash (used in) / generated from operating activities	<u>(942,913,267)</u>	<u>217,257,445</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(458,677,831)	(80,619,702)
Proceeds from disposal of operating fixed assets	6,094,000	800,000
Dividend income received	198,184	1,120,675
Net cash (used in) investing activities	<u>(452,385,647)</u>	<u>(78,699,027)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances - obtained	-	45,961,999
- repaid	(39,177,218)	(37,812,352)
Dividend paid	-	(142,450)
Short term borrowings - net	1,495,514,254	(86,704,038)
Net cash generated from / (used in) financing activities	<u>1,456,337,036</u>	<u>(78,696,841)</u>
Net increase in cash and cash equivalents	<u>61,038,122</u>	<u>59,861,577</u>
Cash and cash equivalents - at beginning of the period	197,752,154	27,494,124
Cash and cash equivalents - at end of the period	<u>258,790,276</u>	<u>87,355,701</u>

The annexed notes 1 to 10 form an integral part of these financial statements.


 Chief Executive Officer


 Director


 Chief Financial Officer

Reliance Cotton Spinning Mills Limited
Statement Of Changes In Equity
For the First Quarter Ended September 30, 2023 (Un-audited)

Issued, subscribed and paid-up capital	Reserves				Total
	Unrealised loss on financial assets at fair value through other comprehensive income	Revenue		Unappropriated profit	
		General	Sub-total		

----- R u p e e s -----

Balance as at July 01, 2022	102,920,000	(5,245,266)	130,000,000	124,754,734	6,059,364,729	6,287,039,463
Total comprehensive income / (loss) for the quarter ended September 30, 2022						
Profit for the quarter	-	-	-	-	467,837,108	467,837,108
Other comprehensive (loss)	-	(4,756,052)	-	(4,756,052)	(486,580)	(5,242,632)
	-	(4,756,052)	-	(4,756,052)	467,350,528	462,594,476
Balance as at September 30, 2022	102,920,000	(10,001,318)	130,000,000	119,998,682	6,526,715,257	6,749,633,939

Balance as at July 01, 2023	102,920,000	(2,496,987)	130,000,000	127,503,013	6,803,308,914	7,033,731,927
Total comprehensive income for the quarter ended September 30, 2023						
Profit for the quarter	-	-	-	-	298,158,645	298,158,645
Other comprehensive income	-	1,999,257	-	1,999,257	-	1,999,257
	-	1,999,257	-	1,999,257	298,158,645	300,157,902
Balance as at September 30, 2023	102,920,000	(497,730)	130,000,000	129,502,270	7,101,467,559	7,333,889,829

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

RELIANCE COTTON SPINNING MILLS LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023

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.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

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	
Feroze Wattoan,	Production plant

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 associate are accounted for 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, 2023.

- 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 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, 2023.

		Un-audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	2,911,520,496	2,990,289,649
	Capital work in progress	1,059,826,245	600,998,537
		<u>3,971,346,741</u>	<u>3,591,288,186</u>
4.1	Operating assets		
	Opening book value	2,990,289,649	2,484,217,013
	Additions during the period / year		
	Vehicles	-	16,985,000
	Transfer from capital work in progress		
	Factory building	-	140,197,477
	Plant and machinery	-	637,937,175
	Electric installation	-	4,261,358
		-	799,381,010
	Book value of assets disposed off during the period / year	(5,331,808)	(7,684,133)
	Depreciation charged during the period / year	(73,437,345)	(285,624,241)
	Closing book value	<u>2,911,520,496</u>	<u>2,990,289,649</u>
4.2	Capital work in progress		
	Building - civil work	164,091,758	154,678,918
	Plant and machinery	895,734,487	446,319,619
		<u>1,059,826,245</u>	<u>600,998,537</u>
5	LONG TERM INVESTMENTS		
	Investment in subsidiary - at cost:		
	Un-quoted:		
	RCSM Company (Private) Limited	2,600,000	2,600,000
	Investments in associates - at cost:		
	Quoted:		
	Sapphire Fibres Limited	468,514,083	468,514,083
	Sapphire Textile Mills Limited	8,114,578	8,114,578
	Un-quoted:		
	SFL Limited	2,439,475	2,439,475
	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
		<u>518,127,246</u>	<u>518,127,246</u>

	<u>Un-audited</u> <u>September 30,</u> <u>2023</u> <u>Rupees</u>	<u>Audited</u> <u>June 30,</u> <u>2023</u> <u>Rupees</u>
6 CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
Guarantees have been issued by banks on behalf of the Company in the normal course of business	<u>386,662,298</u>	<u>386,662,298</u>
Post dated cheques issued	<u>5,343,701,000</u>	<u>5,343,701,000</u>
6.2 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 2023.		
6.3 Commitments		
Irrevocable letters of credit for import of:		
-Plant and machinery	<u>556,813,957</u>	<u>571,789,427</u>
-Raw material and spare parts & chemicals	<u>349,309,387</u>	<u>308,063,329</u>

		<u>Un-Audited</u> <u>Quarter ended</u>	
		<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
	Rupees.....	
7 COST OF SALES			
Stocks - opening		843,332,923	400,139,698
Cost of goods manufactured	7.1	2,744,965,346	2,034,181,618
		<u>3,588,298,269</u>	<u>2,434,321,316</u>
Stocks - closing		(737,788,089)	(612,489,832)
		<u>2,850,510,180</u>	<u>1,821,831,484</u>
7.1 Cost of goods manufactured			
Work in process - opening		609,784,835	309,372,499
Raw material consumed		<u>2,104,803,203</u>	<u>1,465,863,388</u>
Overheads		<u>648,564,293</u>	<u>589,224,597</u>
		2,753,367,496	2,055,087,985
Work in process - closing		(618,186,985)	(330,278,866)
		<u>2,744,965,346</u>	<u>2,034,181,618</u>

8 **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 of Relationship	Nature of Transaction	Un-Audited	
		Quarter ended	
		September 30, 2023	September 30, 2022
	Rupees.....	
Associated companies			
	Sales of finished goods, raw material / stores and spare parts	312,123,421	322,433,631
	Purchases of;		
	- finished goods, raw material / stores and spare parts/ fixed assets	368,050,966	8,366,445
	Shared expenses paid	2,006,387	1,518,805
	Donation	-	21,300,000


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

9 **DATE OF AUTHORIZATION FOR ISSUE**

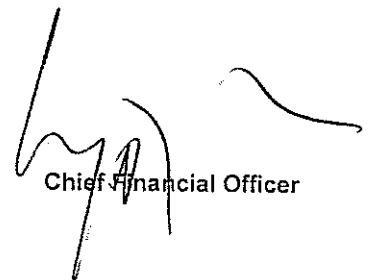
These un-consolidated financial statements were authorized for issue on October 27, 2023 by the Board of Directors of the Company.

10 **GENERAL**

Figures have been rounded off to the nearest rupee


Chief Executive Officer


Director


Chief Financial Officer



Directors' report to the shareholders

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 September 30, 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 (Private) Limited collectively referred to as 'the Group' was incorporated in Pakistan under the Companies Ordinance, 1984. The Holding Company is listed on Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited and Lahore Stock Exchange Limited). The wholly owned subsidiary was incorporated on November 8, 2017.

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 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


Shahid Abdullah
(Director)


(Shayan Abdullah)
(Chief Executive)

Lahore
October 27, 2023



ڈائریکٹرز کی حصص داران کورپورٹ

ڈائریکٹرز 30 ستمبر 2023ء کو ختم ہونے والی مدت کے لئے ریلائنس کاؤن سپننگ ملز لمیٹڈ اور اسکی ذیلی کمپنی RCSM کمپنی (پرائیویٹ) لمیٹڈ کے اشتمال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

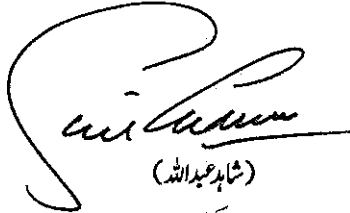
RCSM کمپنی (پرائیویٹ) لمیٹڈ:


RCSM کمپنی (پرائیویٹ) 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۔ ہولڈنگ کمپنی پاکستان سٹاک ایکسچینج لمیٹڈ میں درج ہے (جو پہلے کراچی سٹاک ایکسچینج لمیٹڈ اور لاہور سٹاک ایکسچینج لمیٹڈ کے نام سے جانا جاتا تھا۔ مکمل ملکیتی ذیلی کمپنی 8 نومبر 2017ء کو قائم ہوئی تھی۔

RCSM کمپنی (پرائیویٹ) لمیٹڈ کمپنیز آرڈیننس، 1984ء کے تحت 08 نومبر 2017ء کو ریلائنس کاؤن سپننگ ملز لمیٹڈ کی مکمل ملکیتی شیئرز کے ذریعے ایک پبلک 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


(شاہد عبداللہ)
ڈائریکٹر


(شایان عبداللہ)
چیف ایگزیکٹو

لاہور

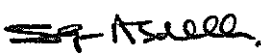
تاریخ: 27 اکتوبر 2023

**RELIANCE COTTON SPINNING MILLS LIMITED
UN-AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

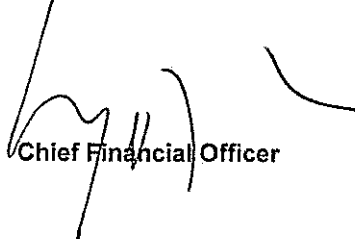
Reliance Cotton Spinning Mills Limited
Consolidated Statement Of Financial Position
As at September 30, 2023

		<u>Un-Audited</u> September , 30 2023	<u>Audited</u> June , 30 2023
	Note	--- R u p e e s ---	
Assets			
Non current assets			
Property, plant and equipment	4	3,971,346,741	3,591,288,186
Long term investments	5	2,578,085,233	2,446,709,699
Long term advances and deposits		8,987,690	8,987,690
		<u>6,558,419,664</u>	<u>6,046,985,575</u>
Current assets			
Stores, spare parts and loose tools		90,715,500	74,977,863
Stock-in-trade		6,976,922,518	6,203,133,931
Trade debts		2,057,940,051	2,012,865,224
Loans and advances		187,400,438	32,906,723
Short term deposits and prepayments		28,918,088	4,559,315
Short term investments		18,866,362	16,937,774
Other receivables		176,821,759	149,220,766
Tax refunds due from Government		575,283,972	575,764,159
Cash and bank balances		258,932,577	197,801,997
		<u>10,371,801,265</u>	<u>9,268,167,752</u>
Total assets		<u><u>16,930,220,929</u></u>	<u><u>15,315,153,327</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		102,920,000	102,920,000
Reserves		58,223,590	24,478,689
Unappropriated profit		9,015,257,493	8,619,232,451
Total equity		<u>9,176,401,083</u>	<u>8,746,631,140</u>
Non current liabilities			
Long term liabilities		1,585,514,063	1,640,499,005
Staff retirement benefit - gratuity		119,057,902	113,293,444
Deferred taxation		254,378,529	247,350,781
		<u>1,958,950,494</u>	<u>2,001,143,230</u>
Current liabilities			
Trade and other payables		1,157,616,344	1,567,634,110
Contract liabilities		131,842,474	64,937,119
Accrued mark-up / interest		105,644,457	94,526,249
Short term borrowings		3,826,657,556	2,331,143,302
Current portion of long term liabilities		341,658,332	325,244,097
Unclaimed dividend		801,640	801,640
Provision for taxation		230,648,549	183,092,440
		<u>5,794,869,352</u>	<u>4,567,378,957</u>
Total liabilities		<u>7,753,819,846</u>	<u>6,568,522,187</u>
Contingencies and commitments	6		
Total equity and liabilities		<u><u>16,930,220,929</u></u>	<u><u>15,315,153,327</u></u>

The annexed notes 1 to 10 form an integral part of these consolidated financial statements.


Chief Executive Officer



Director


Chief Financial Officer

Reliance Cotton Spinning Mills Limited
Consolidated Statement Of Profit Or Loss
For the First Quarter Ended September 30, 2023

	Note	<u>Un-Audited</u>	
		September , 30 2023	September , 30 2022
- - - R u p e e s - - -			
Sales		3,499,034,764	2,529,899,488
Cost of sales	7	<u>(2,850,510,180)</u>	<u>(1,821,831,484)</u>
Gross profit		648,524,584	708,068,004
Distribution cost		(46,040,930)	(48,091,483)
Administrative expenses		(38,350,478)	(53,816,531)
Other income		7,720,479	5,915,299
Other expenses		(23,420,824)	(37,324,247)
Profit from operations		548,432,831	574,751,042
Finance cost		(197,431,841)	(74,724,616)
		351,000,990	500,026,426
Share of profit from Associated Companies		99,611,701	94,866,884
Profit before taxation		450,612,691	594,893,310
Taxation		(54,605,838)	(37,446,415)
Profit after taxation		<u>396,006,853</u>	<u>557,446,895</u>
Earnings per share - basic and diluted		<u>38.48</u>	<u>54.16</u>

The annexed notes 1 to 10 form an integral part of these consolidated financial statements.


 Chief Executive Officer


 Director

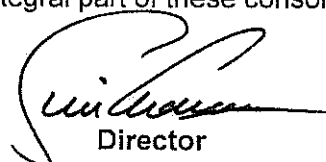

 Chief Financial Officer

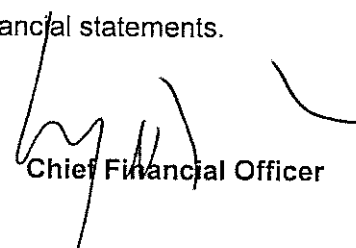
Reliance Cotton Spinning Mills Limited
Consolidated Statement Of Other Comprehensive Income
For the First Quarter Ended September 30, 2023

	<u>Un-Audited</u>	
	September , 30 2023	September , 30 2022
	--- R u p e e s ---	
Profit for the period	396,006,853	557,446,895
Other comprehensive income/(loss)		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised income /(loss) on remeasurement of investment at fair value through other comprehensive income	1,999,257	(4,756,052)
Share of fair value income/(loss) on remeasurement of investment at fair value through other comprehensive income by Associates	29,146,906	(18,504,806)
	31,146,163	(23,260,858)
Impact of deferred tax	-	(486,580)
	-	(486,580)
	31,146,163	(23,747,438)
Items that will be reclassified to statement of profit or loss subsequently		
Forward foreign exchange contracts		
Share of unrealised gain on remeasurement of forward foreign currency contract of Associates	2,598,738	267,647
Other comprehensive income / (loss) for the period	33,744,901	(23,479,791)
Total comprehensive income for the period	429,751,754	533,967,104

The annexed notes 1 to 10 form an integral part of these consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

Reliance Cotton Spinning Mills Limited
Consolidated Statement Of Cash Flows
For the First Quarter Ended September 30, 2023

	<u>Un-Audited</u>	
	September , 30	September , 30
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Profit before taxation	450,612,691	594,893,310
Adjustments for non-cash and other items:		
Depreciation	73,437,345	61,083,306
Staff retirement benefit - gratuity	11,100,000	8,850,000
Provision for workers' profit participation fund	16,187,023	25,209,814
Provision for workers' welfare fund	7,208,759	12,101,933
Gain on disposal of operating fixed assets	(912,068)	(109,497)
Unwinding of interest of GIDC	606,511	-
Dividend income	(198,184)	(1,214,507)
Finance cost	196,825,330	74,724,616
Share of profit from associates	(99,611,701)	(94,866,884)
	<u>655,255,705</u>	<u>680,672,091</u>
Working capital changes		
Increase in current assets:		
- stores, spare parts and loose tools	(15,737,637)	(17,112,716)
- stock-in-trade	(773,788,587)	(605,776,547)
- trade debts	(45,074,826)	791,939,884
- loans and advances	(154,493,715)	(76,717,178)
- short term deposit and prepayments	(24,358,773)	(3,044,000)
- other receivables and sales tax	789,091	(29,460)
	<u>(1,012,664,447)</u>	<u>89,259,983</u>
Increase / (decrease) in current liabilities:		
- trade and other payables	(433,413,550)	(390,141,624)
- contract liabilities	66,905,355	71,031,016
	<u>(366,508,195)</u>	<u>(319,110,608)</u>
Net working capital changes	<u>(723,916,937)</u>	<u>450,821,466</u>
Staff retirement benefits paid	(5,335,542)	(6,174,992)
Finance cost paid	(185,707,122)	(59,219,265)
Taxes refunds / (paid)	(27,996,607)	(169,668,190)
Rebate income received	64,730	1,234,352
Long term advances and deposits - net	-	250,000
	<u>(218,974,541)</u>	<u>(233,578,095)</u>
Net cash (used in) / generated from operating activities	<u>(942,891,478)</u>	<u>217,243,371</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(458,677,831)	(80,619,702)
Proceeds from disposal of operating fixed assets	6,094,000	800,000
Short term investment	70,669	(79,758)
Dividend income received	198,184	1,214,507
Net cash (used in) investing activities	<u>(452,314,978)</u>	<u>(78,684,953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances - obtained	-	45,961,999
- repaid	(39,177,218)	(37,812,352)
Dividend paid	-	(142,450)
Short term borrowings - net	1,495,514,254	(86,704,038)
Net cash generated from / (used in) financing activities	<u>1,456,337,036</u>	<u>(78,696,841)</u>
Net increase in cash and cash equivalents	<u>61,130,580</u>	<u>59,861,577</u>
Cash and cash equivalents - at beginning of the period	197,801,997	27,546,250
Cash and cash equivalents - at end of the period	<u>258,932,577</u>	<u>87,407,827</u>

The annexed notes 1 to 10 form an integral part of these consolidated financial statements.


 Chief Executive Officer


 Director


 Chief Financial Officer

Reliance Cotton Spinning Mills Limited
 Consolidated Statement Of Changes In Equity
 For the First Quarter Ended September 30, 2023

(Un-Audited)

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

----- R u p e e s -----

Balance as at July 01, 2022	102,920,000	(57,891,148)	510,485	118,353,673	60,973,010	7,214,445,036	7,378,338,046
Total comprehensive income / (loss) for the quarter ended September 30, 2022							
Profit for the quarter	-	-	-	-	-	557,446,895	557,446,895
Other comprehensive (loss) / income	-	(23,260,858)	267,647	-	(22,993,211)	(486,580)	(23,479,791)
Share of decrease in reserves of associated companies under equity method	-	(23,260,858)	267,647	-	(22,993,211)	556,960,315	533,967,104
Balance as at September 30, 2022	<u>102,920,000</u>	<u>(81,152,006)</u>	<u>778,132</u>	<u>118,353,673</u>	<u>37,979,799</u>	<u>7,771,316,900</u>	<u>7,912,216,699</u>
Balance as at July 01, 2023	102,920,000	(95,855,381)	1,980,397	118,353,673	24,478,689	8,619,232,451	8,746,631,140
Total comprehensive income for the quarter ended September 30, 2023							
Profit for the quarter	-	-	-	-	-	396,006,853	396,006,853
Other comprehensive income	-	31,146,163	2,598,738	-	33,744,901	-	33,744,901
Share of increase in reserves of associated companies under equity method	-	31,146,163	2,598,738	-	33,744,901	396,006,853	429,751,754
Balance as at September 30, 2023	<u>102,920,000</u>	<u>(64,709,218)</u>	<u>4,579,135</u>	<u>118,353,673</u>	<u>58,223,590</u>	<u>9,015,257,493</u>	<u>9,176,401,083</u>

The annexed notes 1 to 10 form an integral part of these consolidated financial statements.

Chief Executive Officer


 Director


 Chief Financial Officer

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023

1 LEGAL STATUS AND OPERATIONS

1.1 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 Parent 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.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

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	
Feroze Wattoan,	Production plant

1.2 RCSSM Company (Private) Limited - the Subsidiary Company (Holding-100%)

RCSSM 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.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 consolidated condensed interim financial statements does not include all the information required for the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2023.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted for preparation of these consolidated financial statements are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2023.
- 3.2 The preparation of this consolidated 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 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, 2023.

	Note	Un-audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	2,911,520,496	2,990,289,649
Capital work in progress	4.2	1,059,826,245	600,998,537
		<u>3,971,346,741</u>	<u>3,591,288,186</u>
4.1 Operating assets			
Opening book value		2,990,289,649	2,484,217,013
Additions during the period / year			
Vehicles		-	16,985,000
Transfer from capital work in progress			
Factory building		-	140,197,477
Plant and machinery		-	637,937,175
Electric Installation		-	4,261,358
		-	799,381,010
Book value of assets disposed off during the period / year		(5,331,808)	(7,684,133)
Depreciation charged during the period /year		(73,437,345)	(285,624,241)
Closing book value		<u>2,911,520,496</u>	<u>2,990,289,649</u>
4.2 Capital work in progress			
Building - civil work		164,091,758	154,678,918
Plant and machinery		895,734,487	446,319,619
		<u>1,059,826,245</u>	<u>600,998,537</u>
5 LONG TERM INVESTMENTS			
Investments in associates - at cost:			
Quoted:			
Sapphire Fibres Limited	5.1	1,661,065,775	1,585,853,521
Sapphire Textile Mills Limited	5.2	239,779,653	215,873,353
Un-quoted:			
SFL Limited	5.3	217,861,373	206,129,848
Sapphire Finishing Mills Limited	5.4	297,318,853	285,370,250
Sapphire Holding Limited	5.5	97,188,351	91,769,570
Sapphire Power Generation Limited	5.6	64,871,228	61,713,157
		<u>2,578,085,233</u>	<u>2,446,709,699</u>

	Un-audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
5.1 Investment in Sapphire Fibres Limited		
798,796 (June 30, 2023: 798,796) ordinary shares of Rs. 10 each - cost	468,514,083	468,514,083
Share of post acquisition profit	1,192,551,692	1,117,339,438
	<u>1,661,065,775</u>	<u>1,585,853,521</u>
5.2 Investment in Sapphire Textile Mills Limited		
100,223 (June 30, 2023: 100,223) ordinary shares of Rs. 10 each - cost	8,114,578	8,114,578
Share of post acquisition profit	231,665,075	207,758,775
	<u>239,779,653</u>	<u>215,873,353</u>
5.3 Investment in SFL Limited		
401,570 (June 30, 2023: 401,570) ordinary shares of Rs. 10 each - cost	2,439,475	2,439,475
Share of post acquisition profit	215,421,898	203,690,373
	<u>217,861,373</u>	<u>206,129,848</u>
5.4 Investment in Sapphire Finishing Mills Limited		
1,556,000 (June 30, 2023: 1,556,000) ordinary shares of Rs. 10 each - cost	16,509,160	16,509,160
Share of post acquisition profit	280,809,693	268,861,090
	<u>297,318,853</u>	<u>285,370,250</u>
5.5 Investment in Sapphire Holding Limited		
100,223 (June 30, 2023: 100,223) ordinary shares of Rs. 10 each - cost	524,950	524,950
Share of post acquisition profit	96,663,401	91,244,620
	<u>97,188,351</u>	<u>91,769,570</u>
5.6 Investment in Sapphire Power Generation Limited		
555,000 (June 30, 2023: 555,000) ordinary shares of Rs. 10 each - cost	19,425,000	19,425,000
Share of post acquisition profit	45,446,228	42,288,157
	<u>64,871,228</u>	<u>61,713,157</u>
6 CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
Guarantees have been issued by banks on behalf of the Company in the normal course of business	386,662,298	386,662,298
Post dated cheques issued	5,343,701,000	5,343,701,000
6.2 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 2023.		
6.3 Commitments		
Irrevocable letters of credit for import of:		
-Plant and machinery	556,813,957	571,789,427
-Raw material , Stores parts and chemicals	349,309,387	308,063,329

9 DATE OF AUTHORIZATION FOR ISSUE

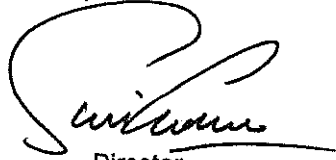
These consolidated financial statements were authorized for issue on October 27, 2023 by the Board of Directors of the Company.

10 GENERAL

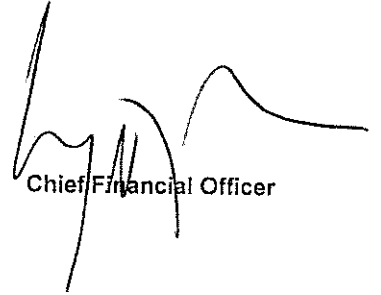
Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer



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