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Reliance Cotton Spinning Mills Limited Unconsolidated Financial Statements

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Quarterly Accounts September 30, 2019

Company Profile

Board of Directors

Mr. Amer Abdullah	Chairman
Mr. Shayan Abdullah	Chief Executive
Mr. Shahid Abdullah	Director
Mr. Yousuf Abdullah	Director
Mr. Nabeel Abdullah	Director
Mr. Abdul Sattar	Director
Mr. Asif Elahi	Independent Director

Audit Committee

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

Human Resource

& Remuneration Committee

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

Chief Financial Officer

Mr. Jawwad Faisal

Company Secretary

Mr. Nauman Iqbal

Auditors

Deloitte Yousuf Adil,
Chartered Accountants

Tax Consultant

Deloitte Yousuf Adil,
Chartered Accountants

Legal Advisor

Hassan & Hassan, Advocates

Bankers of the Company

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

United Bank Limited

Share Registrar

Hameed Majeed Associates (Pvt.) Limited,

4th Floor, Karachi Chambers, Hasrat

Mohani Road, Karachi.

Geographical Presence:

Registered Office

312, Cotton Exchange Building,

I.I. Chundrigar Road, Karachi

Mills

Feroze Wattoan,

District, Sheikhpura, Punjab.

Company Website

www.sapphire.com.pk/rcsml



DIRECTORS' REPORT

The Directors of the Company are pleased to present un-audited financial statements for the quarter ended 30 September, 2019.

Financial Highlights

	September 30,	
	2019	2018
	Rupees in thousand	
Sales & services	1,427,521	1,245,625
Gross profit	258,612	213,881
Profit before taxation	125,685	145,389
Taxation	(5,569)	(10,688)
Profit after taxation	120,116	134,701

During first quarter of the financial year, your company achieved sales of Rs. 1.427 billion compared to Rs. 1.245 billion during corresponding period of last year, an increase of 14.60%. The gross profit as a percentage of sales increased to 18.12% from 17.17% during last year. Whereas, the company earned profit after tax of Rs.120.116 million as against Rs. 134.701 million during last year's corresponding period.

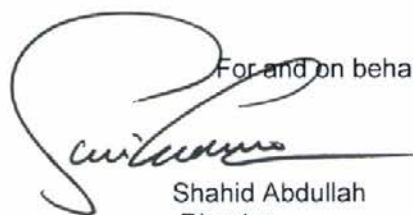
Earnings per share


The company's earnings per share (EPS) were at Rs.11.67 as compared to Rs. 13.09 for the same period of last year.

Future outlook

Decline in Pakistan's current year cotton production estimate from 13.5 million bales to 10.2 million bales is a major dent to an already shrinking economy of the country. The revised production estimate is 15% down compared to 12.0 million bales produced last year. As a result, increase in cotton price and greater reliance on imported cotton pose serious threat to the profitability of textile sector in financial year 2019-20.

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

For and on behalf of the Board

Shahid Abdullah
Director


Shayan Abdullah
Chief Executive

Lahore
Dated: 29 October, 2019



Reliance Cotton Spinning Mills Ltd.

ڈائریکٹرز رپورٹ

ہم 30 ستمبر 2019ء 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 2018ء	30 ستمبر 2019ء	
1,245,625	1,427,521	فروخت اور خدمات
213,881	258,612	مجموعی منافع
145,389	125,685	ٹیکس سے پہلے منافع
(10,688)	(5,569)	ٹیکسیشن
134,701	120,116	ٹیکس کے بعد منافع

آپ کی کمپنی نے گزشتہ سال کی اسی مدت میں 1.245 ملین روپے کے مقابلے مالی سال کی پہلی سہ ماہی کے دوران 1.427 ملین روپے کی فروخت حاصل کی جو 14.60 فیصد کا اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 17.17 فیصد کے مقابلے 18.12 فیصد تک بہتر ہوا۔ جبکہ، کمپنی نے گزشتہ سال اسی مدت میں درج 134,701 ملین روپے کے مقابلے موجودہ سہ ماہی کے دوران 120,116 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

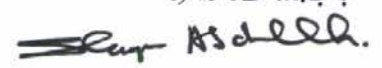
کمپنی کی موجودہ سہ ماہی کی فی شیئر آمدنی (EPS) 11.67 روپے ہے جو کہ پچھلے سال کی اسی سہ ماہی کی 13.09 روپے تھی۔

مستقبل کا نقطہ نظر

پاکستان کی رواں سال کپاس کی پیداوار کا تخمینہ 13.5 ملین گانٹھوں سے 10.2 ملین گانٹھوں تک کم ہونا ملک کی پہلے ہی سب سے کم معیشت کے لئے ایک اہم چوٹ ہے۔ نظر ثانی شدہ پیداوار کا تخمینہ پچھلے سال کی پیداوار 12.0 ملین گانٹھوں کے مقابلے میں 15 فیصد کم ہے۔ اس کے نتیجے میں، کپاس کی قیمت میں اضافہ اور درآمدہ کپاس پر زیادہ انحصار مالی سال 2019-20 میں نیکسٹائل کے شعبے کے منافع کو سنگین خطرہ لاحق ہوگا۔

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


(شایان عبداللہ)
ڈائریکٹر

منجانب بورڈ آف ڈائریکٹرز

(شایان عبداللہ)
چیف ایگزیکٹو

لاہور تاریخ: 29 اکتوبر 2019

RELIANCE COTTON SPINNING MILLS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

		<u>Un-Audited</u> <u>September 30,</u> <u>2019</u> <u>Rupees</u>	<u>Audited</u> <u>June 30,</u> <u>2019</u> <u>Rupees</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,992,656,671	1,987,544,100
Long term investments	5	89,069,645	89,069,645
Long term deposits		8,987,690	8,987,690
		<u>2,090,714,006</u>	<u>2,085,601,435</u>
CURRENT ASSETS			
Stores and spare parts		44,955,515	45,112,549
Stock-in-trade		2,004,905,043	1,989,294,360
Trade debts		906,348,883	761,061,879
Loans and advances		122,051,144	79,264,473
Short term deposits and prepayments		1,177,667	1,593,406
Other receivables		34,349,842	37,055,995
Tax refunds due from the Government		315,391,946	294,448,602
Other financial assets		47,369,859	50,214,094
Cash and bank balances		8,503,887	6,403,280
		<u>3,485,053,786</u>	<u>3,264,448,638</u>
		<u>5,575,767,792</u>	<u>5,350,050,073</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (30-Jun-2019: 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		2,183,540,697	2,066,268,558
		<u>2,286,460,697</u>	<u>2,169,188,558</u>
NON-CURRENT LIABILITIES			
Long term financing	6	542,315,629	547,186,629
Employee retirement benefits		52,766,399	48,699,241
		<u>595,082,028</u>	<u>595,885,870</u>
CURRENT LIABILITIES			
Trade and other payables		409,822,545	530,383,893
Contract liabilities		10,792,274	8,409,001
Unclaimed dividend		500,763	500,767
Markup accrued		52,379,412	47,104,270
Short term borrowings	7	2,172,067,407	1,960,037,935
Current portion of long term financing		16,746,935	12,192,623
Provision for taxation		31,915,731	26,347,156
		<u>2,694,225,067</u>	<u>2,584,975,645</u>
CONTINGENCIES AND COMMITMENTS			
	8	<u>5,575,767,792</u>	<u>5,350,050,073</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer


Director

RELIANCE COTTON SPINNING MILLS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		<u>Un-Audited</u> Quarter ended September 30, 2019 <u>Rupees</u>	<u>Un-Audited</u> Quarter ended September 30, 2018 <u>Rupees</u>
Sales - net		1,427,520,653	1,245,624,981
Cost of sales	9	<u>(1,168,909,091)</u>	<u>(1,031,744,144)</u>
Gross profit		258,611,562	213,880,837
Distribution cost		<u>(25,044,838)</u>	<u>(18,041,426)</u>
Administrative expenses		<u>(18,914,612)</u>	<u>(13,819,049)</u>
Other operating expenses		<u>(6,106,182)</u>	<u>(7,935,751)</u>
		<u>(50,065,632)</u>	<u>(39,796,226)</u>
Other income		<u>1,128,755</u>	<u>2,380,754</u>
Operating profit before finance cost		209,674,685	176,465,365
Finance cost		<u>(83,989,736)</u>	<u>(31,076,754)</u>
Profit before taxation		125,684,949	145,388,611
Provision for taxation		<u>(5,568,575)</u>	<u>(10,687,706)</u>
Profit for the period		<u>120,116,374</u>	<u>134,700,905</u>
Earnings per share - basic and diluted		<u>11.67</u>	<u>13.09</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.


Chief Executive Officer

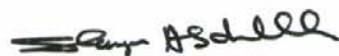

Chief Financial Officer


Director

RELIANCE COTTON SPINNING MILLS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Un-Audited Quarter ended September 30, 2019 Rupees	Un-Audited Quarter ended September 30, 2018 Rupees
Profit for the year	120,116,374	134,700,905
Other comprehensive income:		
Items that will not be reclassified to statement of profit or loss subsequently:		
Unrealized loss on remeasurement of equity investments - available for sale	(2,844,235)	(2,685,328)
Realized loss on disposal of short term investments- available for sale	-	(810,197)
	(2,844,235)	(3,495,525)
	(2,844,235)	(3,495,525)
Total comprehensive income for the period	<u>117,272,139</u>	<u>131,205,380</u>

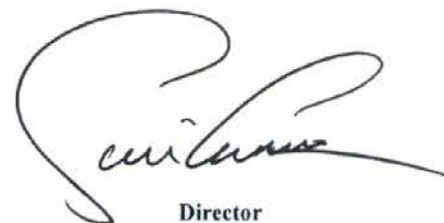
The annexed notes from 1 to 12 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer

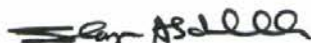


Director

RELIANCE COTTON SPINNING MILLS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Un-Audited Quarter ended September 30, 2019 Rupees	Un-Audited Quarter ended September 30, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	125,684,949	145,388,611
Adjustments for:		
Depreciation on property, plant and equipment	49,066,413	35,184,755
Provision for employee benefits	5,700,000	4,500,000
Rebate Income	-	(79,928)
Gain on disposal of property, plant and equipment	(2,876)	-
Finance cost	83,989,736	31,076,754
Dividend income on short and long term investment	-	1,685,648
	<u>264,438,222</u>	<u>217,755,840</u>
Working capital changes		
Decrease / (Increase) in current assets		
Stores and spare parts	157,034	19,340,132
Stock-in-trade	(15,610,683)	(268,250,352)
Trade debts	(145,287,004)	(214,166,964)
Loans and advances	(31,893,422)	(34,894,732)
Short term deposits and prepayments	415,739	558,127
Other receivables	2,532,574	2,091,856
Decrease in current liabilities		
Trade and other payables	(118,178,075)	(8,629,670)
	<u>(307,863,837)</u>	<u>(503,951,603)</u>
Cash used in operations	<u>(43,425,615)</u>	<u>(286,195,763)</u>
Dividend paid	(4)	-
Employee benefits paid	(1,632,844)	(30,731,718)
Finance cost paid	(78,714,594)	(29,853,215)
Sales tax paid	(20,943,344)	(14,233,482)
Income taxes paid	(10,893,247)	(4,827,477)
Rebate income received	173,579	-
	<u>(112,010,454)</u>	<u>(79,645,892)</u>
Net cash used in operating activities	<u>(155,436,069)</u>	<u>(365,841,655)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(54,356,108)	(42,245,684)
Proceeds from disposal of property, plant and equipment	180,000	-
Short term investments - net	-	1,761,245
Dividend received	-	(1,685,648)
Net cash used in investing activities	<u>(54,176,108)</u>	<u>(42,170,087)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	-	23,842,000
Short term borrowings - net	212,029,472	398,326,900
Repayment of long term loan	(316,688)	-
Net cash generated from financing activities	<u>211,712,784</u>	<u>422,168,900</u>
Net increase in cash and cash equivalents	<u>2,100,607</u>	<u>14,157,158</u>
Cash and cash equivalents at beginning of the period	<u>6,403,280</u>	<u>7,780,802</u>
Cash and cash equivalents at the end of the period	<u>8,503,887</u>	<u>21,937,960</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.



Chief Executive Officer

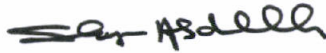

Chief Financial Officer


Director

RELIANCE COTTON SPINNING MILLS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Revenue reserves		Loss on remeasurement of investments	Total reserves	Total	
	Share capital	Un-appropriated profit				General reserve
----- Rupees -----						
	102,920,000	1,650,618,423	130,000,000	(11,165,865)	1,769,452,558	1,872,372,558
Total comprehensive income:						
Profit for the quarter ended September 30, 2018	-	134,700,905	-	-	134,700,905	134,700,905
Other comprehensive income	-	-	-	(3,495,524)	(3,495,524)	(3,495,524)
Total comprehensive income	-	134,700,905	-	(3,495,524)	131,205,381	131,205,381
Balance as at September 30, 2018	<u>102,920,000</u>	<u>1,785,319,328</u>	<u>130,000,000</u>	<u>(14,661,389)</u>	<u>1,900,657,939</u>	<u>2,003,577,939</u>
Balance as at July 01, 2019	102,920,000	1,953,960,841	130,000,000	(17,692,283)	2,066,268,558	2,169,188,558
Total comprehensive income:						
Profit for the year ended June 30, 2019	-	120,116,374	-	-	120,116,374	120,116,374
Other comprehensive income	-	-	-	(2,844,235)	(2,844,235)	(2,844,235)
Total comprehensive income	-	120,116,374	-	(2,844,235)	117,272,139	117,272,139
Balance as at September 30, 2019	<u>102,920,000</u>	<u>2,074,077,215</u>	<u>130,000,000</u>	<u>(20,536,518)</u>	<u>2,183,540,697</u>	<u>2,286,460,697</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Separate financial statements

These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary and 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.

Consequent to preparation of consolidated financial statements by consolidating its subsidiary RCSM Company (Private) Limited, the Company has prepared its separate financial statements for the first time for the year ended June 30, 2019. The Company has chosen to present all equity investments at cost.

The results of the Company, based on investments in associate accounted for under the equity method, are reflected in the consolidated condensed financial statements of the Company.

3 ACCOUNTING POLICIES AND ESTIMATES

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

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		<u>Un-audited</u> September 30, 2019	<u>Audited</u> June 30, 2019
	Note	Rupees	Rupees
4			
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	1,987,281,560	1,885,076,693
Capital work in progress	4.2	5,375,111	102,467,407
		<u>1,992,656,671</u>	<u>1,987,544,100</u>
4.1			
Operating assets			
Opening book value		1,885,076,693	1,460,246,900
Additions during the period / year			
Plant and machinery		2,712,444	-
Office equipment		1,256,948	-
Electric installation		7,800,000	-
Computers		-	283,000
		11,769,392	283,000
Transfer from capital work in progress			
Factory building		-	1,460,364
Plant and machinery		138,269,012	554,636,018
Vehicles		1,410,000	36,245,950
		139,679,012	592,342,332
Book value of assets disposed off during the period / year		(177,124)	(5,412,187)
Depreciation charged during the period /year		(49,066,413)	(162,383,352)
Closing book value		<u>1,987,281,560</u>	<u>1,885,076,693</u>
4.2			
Capital work in progress			
Building - civil work		5,129,726	-
Plant and machinery		245,385	100,995,727
Vehicle		-	1,471,680
		<u>5,375,111</u>	<u>102,467,407</u>
5			
LONG TERM INVESTMENTS			
Investment in subsidiary - at cost:			
Un-quoted:			
RCSM Company (Private) Limited		100,000	100,000
Investments in associates - at cost:			
Quoted:			
Sapphire Fibres Limited		41,956,482	41,956,482
Sapphire Textile Mills Limited		8,114,578	8,114,578
SFL Limited		2,439,475	2,439,475
Un-quoted:			
Sapphire Finishing Mills Limited		16,509,160	16,509,160
Sapphire Holding Limited		524,950	524,950
Sapphire Power Generation Limited		19,425,000	19,425,000
		<u>89,069,645</u>	<u>89,069,645</u>

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Un-audited	Audited
	September 30,	June 30,
	2019	2019
	Rupees	Rupees
6 LONG TERM FINANCING		
As at the beginning of the period / year	559,379,252	193,051,000
Availed during the period / year	-	373,647,000
	<u>559,379,252</u>	<u>566,698,000</u>
Paid during the period/year	(316,688)	(7,318,748)
	<u>559,062,564</u>	<u>559,379,252</u>
Less: Current maturity of long term financing	(16,746,935)	(12,192,623)
	<u><u>542,315,629</u></u>	<u><u>547,186,629</u></u>

- 6.1 These loans were obtained from MCB Bank Limited under LTFF scheme of State Bank of Pakistan (SBP). The purpose of these loans was to finance / retire the letter of credit against textile machinery along with accessories out of total sanctioned limit of Rs. 750 million (30-Jun-2019 : Rs: 750 million). These loans are secured against charge of Rs. 1,000 million (30-Jun-2019 Rs: 1,000 million) and carry an interest rate of 2.5% (2% SBP rate plus 0.5% spread) over all present and future plant and machinery of the Company. These loans are repayable in equal semi-annual installments.

	Un-audited	Audited
	September 30,	June 30,
	2019	2019
	Rupees	Rupees
7 SHORT TERM BORROWINGS		
From banking companies - secured		
Running finance	1,298,875,407	986,845,935
Other short term finance	830,000,000	930,000,000
From related parties		
Loan from directors	15,705,000	15,705,000
Loan from associated companies	27,487,000	27,487,000
	<u>43,192,000</u>	<u>43,192,000</u>
	<u><u>2,172,067,407</u></u>	<u><u>1,960,037,935</u></u>

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Guarantees have been issued by banks on behalf of the Company in the normal course of business

Post dated cheques issued

183,990,298	183,990,298
284,129,509	181,395,394
<u>468,119,807</u>	<u>365,385,692</u>

8.2 Claims of Input Sales Tax

There has been no material change in the status of contingencies pointed in the financial statements for the year ended June , 30 2019.

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		<u>Un-audited</u> <u>September 30,</u> <u>2019</u> <u>Rupees</u>	<u>Audited</u> <u>June 30,</u> <u>2019</u> <u>Rupees</u>
8.3 Commitments			
Irrevocable letters of credit for import of:			
-Plant and machinery		-	40,466,400
-Stores and spare parts		4,590,936	8,781,833
-Raw material		52,842,493	73,259,746
		<u>57,433,429</u>	<u>122,507,979</u>
		<u>Un-audited</u> <u>September 30,</u> <u>2019</u> <u>Rupees</u>	<u>Un-audited</u> <u>September 30,</u> <u>2018</u> <u>Rupees</u>
9 COST OF SALES	Note		
Stocks - opening		292,164,901	148,317,698
Cost of goods manufactured	9.1	1,247,980,048	1,086,544,467
		<u>1,540,144,949</u>	<u>1,234,862,165</u>
Stocks - closing		(371,235,858)	(203,118,021)
		<u>1,168,909,091</u>	<u>1,031,744,144</u>
		-	-
9.1 Cost of goods manufactured			
Work in process - opening		246,276,183	140,912,165
Raw material consumed		960,580,769	832,917,567
Overheads		362,323,128	262,957,462
		1,322,903,897	1,095,875,029
Work in process - closing		(321,200,032)	(150,242,727)
		<u>1,247,980,048</u>	<u>1,086,544,467</u>

10 TRANSACTIONS WITH RELATED PARTIES

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

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

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

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Nature of Relationship	Nature of Transaction	Quarter ended	
		September 30, 2019	September 30, 2018
.....Rupees.....			
Associated companies	Sales of finished goods, raw material / stores and spare parts	148,368,026	182,275,280
	Purchases of;		
	- finished goods, raw material / stores and spare parts	6,436,743	11,359,167
	- electricity	-	27,706,713
	Services obtained	368,716	10,000
	Dividend received	-	1,505,888
	Shared expenses paid	2,588,363	1,762,643
	Shared expenses received	795,820	1,329,687

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

11 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on October 29, 2019.

12 GENERAL


Figures have been rounded off to the nearest rupee.



Chief Executive



Chief Financial Officer



Director

CONTENTS

Reliance Cotton Spinning Mills Limited Consolidated Financial Statements

Directors' Report (English/Urdu)
Consolidated Statement of Financial Position
Consolidated Statement of Profit or Loss
Consolidated Statement of Comprehensive Income
Consolidated Statement of Cash Flows
Consolidated Statement of Changes in Equity
Notes to the Consolidated Financial Statements

Quarterly Accounts September 30, 2019



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 year ended 30 September, 2019. 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.

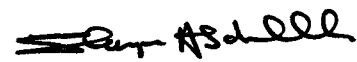
RCSM Company (Pvt.) Limited was incorporated in Pakistan as private limited by shares wholly owned by Reliance Cotton Spinning Mills Limited under Companies Ordinance, 1984 on November 08, 2017.

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.



Shahid Abdullah
(Director)

For and on behalf of the Board



(Shayan Abdullah)
(Chief Executive)

Lahore
October 29, 2019

ڈائریکٹرز کی حصص داران کو رپورٹ

ڈائریکٹرز 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لئے ریلیٹنس کاشن سپننگ ملز لمیٹڈ اور اسکی ذیلی کمپنی RCSM کمپنی (پرائیویٹ) لمیٹڈ کے اشتہال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتہال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتہال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

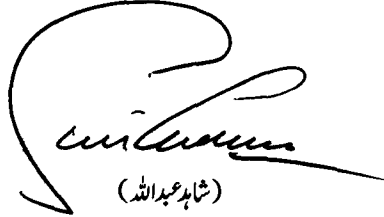
RCSM کمپنی (پرائیویٹ) لمیٹڈ:

RCSM کمپنی (پرائیویٹ) لمیٹڈ (ہولڈنگ کمپنی) اور اس کی مکمل ملکیتی ذیلی کمپنی RCSM (پرائیویٹ) لمیٹڈ جو مجموعی طور پر ایک "گروپ" کہلاتا ہے کمپنیز آرڈیننس، 1984 کے تحت پاکستان میں قائم ہوا۔ ہولڈنگ کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ (سابقہ کراچی اسٹاک ایکسچینج لمیٹڈ اور لاہور اسٹاک ایکسچینج لمیٹڈ) میں اندراج شدہ ہے۔ مکمل ملکیتی ذیلی کمپنی 8 نومبر 2017ء کو قائم ہوئی تھی۔

RCSM کمپنی (پرائیویٹ) لمیٹڈ کمپنیز آرڈیننس، 184 کے تحت 08 نومبر 2017ء کو ریلیٹنس کاشن سپننگ ملز لمیٹڈ کی مکمل ملکیتی شیئرز کے ذریعے ایک پبلک لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔

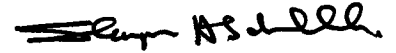
ذیلی کمپنی کا بنیادی کاروبار کسی دیگر کمپنی کے حصص لینا یا دوسری صورت میں خریدنا اور ہولڈ کرنا، لیکن سرمایہ کاری کمپنی کے طور پر کام کرنا نہیں ہے۔

منجانب بورڈ آف ڈائریکٹرز



(شاہد عبداللہ)

ڈائریکٹر



(شایان عبداللہ)

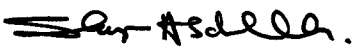
چیف ایگزیکٹو

لاہور تاریخ: 29 اکتوبر 2019

RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

		<u>Un-Audited</u> <u>September 30,</u> <u>2019</u>	<u>Audited</u> <u>June 30,</u> <u>2019</u>
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,992,656,671	1,987,544,100
Long term investments	5	844,403,810	801,555,693
Long term deposits		8,987,690	8,987,690
		<u>2,846,048,171</u>	<u>2,798,087,483</u>
CURRENT ASSETS			
Stores and spare parts		44,955,515	45,112,549
Stock-in-trade		2,004,905,043	1,989,294,360
Trade debts		906,348,883	761,061,879
Loans and advances		122,051,144	79,264,473
Short term deposits and prepayments		1,177,667	1,593,406
Other receivables		34,349,842	37,055,995
Tax refunds due from the Government		315,391,946	294,448,602
Other financial assets		47,369,859	50,214,094
Cash and bank balances		8,578,457	6,477,850
		<u>3,485,128,356</u>	<u>3,264,523,208</u>
		<u>6,331,176,527</u>	<u>6,062,610,691</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (2019: 12,000,000) ordinary shares of Rs. 10 each		<u>120,000,000</u>	120,000,000
Issued, subscribed and paid up capital		102,920,000	102,920,000
Reserves		<u>2,851,080,521</u>	<u>2,695,615,314</u>
		<u>2,954,000,521</u>	<u>2,798,535,314</u>
NON-CURRENT LIABILITIES			
Long term financing	6	542,315,629	547,186,629
Deferred liabilities		140,511,825	131,799,618
		<u>682,827,454</u>	<u>678,986,247</u>
CURRENT LIABILITIES			
Trade and other payables		409,946,030	530,497,378
Contract liabilities		10,792,274	8,409,001
Unclaimed dividend		500,763	500,767
Markup accrued		52,379,412	47,104,270
Short term borrowings	7	2,172,067,407	1,960,037,935
Current portion of long term financing		16,746,935	12,192,623
Provision for taxation		31,915,731	26,347,156
		<u>2,694,348,552</u>	<u>2,585,089,130</u>
CONTINGENCIES AND COMMITMENTS			
	8	<u>6,331,176,527</u>	<u>6,062,610,691</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.


Chief Executive Officer

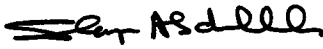

Chief Financial Officer


Director

RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		<u>Un-Audited</u> Quarter ended September 30, 2019 Rupees	<u>Un-Audited</u> Quarter ended September 30, 2018 Rupees
Sales - net		1,427,520,653	1,245,624,981
Cost of sales	9	<u>(1,168,909,091)</u>	<u>(1,031,744,144)</u>
Gross profit		258,611,562	213,880,837
Distribution cost		<u>(25,044,838)</u>	<u>(18,041,426)</u>
Administrative expenses		<u>(18,924,612)</u>	<u>(13,826,549)</u>
Other operating expenses		<u>(6,106,182)</u>	<u>(7,935,751)</u>
		<u>(50,075,632)</u>	<u>(39,803,726)</u>
Other income		<u>1,128,755</u>	<u>874,866</u>
Operating profit before finance cost		209,664,685	174,951,977
Finance cost		<u>(83,989,736)</u>	<u>(31,076,754)</u>
Share of profit from associates		<u>47,595,963</u>	<u>21,996,137</u>
Profit before taxation		173,270,912	165,871,360
Provision for taxation		<u>(10,213,625)</u>	<u>(12,637,102)</u>
Profit for the period		<u>163,057,287</u>	<u>153,234,258</u>
Earnings per share - basic and diluted		<u>15.84</u>	<u>14.89</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.


Chief Executive Officer

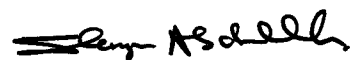

Chief Financial Officer


Director

**RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	<u>Un-Audited</u> Quarter ended September 30, 2019 <u>Rupees</u>	<u>Un-Audited</u> Quarter ended September 30, 2018 <u>Rupees</u>
Profit for the period	163,057,287	153,234,258
Other comprehensive income:		
Items that will not be reclassified to statement of profit or loss subsequently		
Share in associates' unrealized loss on available for sales of investment	(5,453,151)	(7,945,185)
Unrealized loss on remeasurement on short term investment	(2,844,235)	(2,685,327)
Realized loss on disposal of short term investments- available for sale	-	(810,197)
	(2,844,235)	(3,495,524)
Items that will be reclassified to statement of profit or loss subsequently:		
Share in associate's unrealized gain/(loss) on hedging instruments	728,539	(75,590)
	(7,568,847)	(11,516,299)
Total comprehensive income for the period	<u>155,488,440</u>	<u>141,717,959</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer

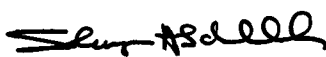


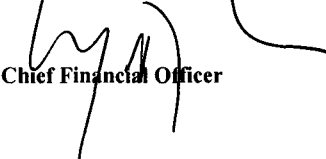
Director


RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	<u>Un-Audited</u> <u>Quarter ended</u> <u>September 30,</u> <u>2019</u> <u>Rupees</u>	<u>Un-Audited</u> <u>Quarter ended</u> <u>September 30,</u> <u>2018</u> <u>Rupees</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	173,270,912	165,871,360
Adjustments for:		
Depreciation on property, plant and equipment	49,066,413	35,184,755
Provision for employee benefits	5,700,000	4,500,000
Rebate Income	-	(79,928)
Gain on disposal of property, plant and equipment	(2,876)	-
Finance cost	83,989,736	31,076,754
Dividend income on short and long term investment	-	179,760
Share of profit from associates	(47,595,963)	(21,996,137)
	<u>264,428,222</u>	<u>214,736,564</u>
Working capital changes		
Decrease / (Increase) in current assets		
Stores and spare parts	157,034	19,340,132
Stock-in-trade	(15,610,683)	(268,250,352)
Trade debts	(145,287,004)	(214,166,964)
Loans and advances	(31,893,422)	(34,894,732)
Short term deposits and prepayments	415,739	558,127
Other receivables	2,532,574	2,091,856
Decrease in current liabilities		
Trade and other payables	(118,168,075)	(8,622,170)
	<u>(307,853,837)</u>	<u>(503,944,103)</u>
Cash used in operations	<u>(43,425,615)</u>	<u>(289,207,539)</u>
Dividend paid	(4)	-
Employee benefits paid	(1,632,844)	(30,731,718)
Finance cost paid	(78,714,594)	(29,853,215)
Sales tax (paid) / refunded	(20,943,344)	(14,233,482)
Income taxes paid	(10,893,247)	(4,827,477)
Rebate income received	173,579	-
	<u>(112,010,454)</u>	<u>(79,645,892)</u>
Net cash used in operating activities	<u>(155,436,069)</u>	<u>(368,853,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(54,356,108)	(42,245,684)
Proceeds from disposal of property, plant and equipment	180,000	-
Short term investments - net	-	1,761,245
Dividend received	-	1,326,128
Net cash used in investing activities	<u>(54,176,108)</u>	<u>(39,158,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	-	23,842,000
Short term borrowings - net	212,029,472	398,326,900
Repayment of long term loan	(316,688)	-
Net cash generated from financing activities	<u>211,712,784</u>	<u>422,168,900</u>
Net increase in cash and cash equivalents	<u>2,100,607</u>	<u>14,157,158</u>
Cash and cash equivalents at beginning of the period	<u>6,477,850</u>	<u>7,880,802</u>
Cash and cash equivalents at the end of the period	<u>8,578,457</u>	<u>22,037,960</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.


Chief Executive Officer

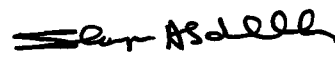

Chief Financial Officer


Director

- RELIANCE COTTON SPINNING MILLS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Share capital	Un-appropriated profit	Revenue reserves		Capital reserve				Sub-total	Total	
		General reserve	Unrealized gain/(loss) on remeasurement of available for sale investments - net	Share in associates' unrealized gain on available for sale investments - net	Share in associate's unrealized gain / (loss) on hedging instruments	Share in associate's remeasurement of post retirement benefits obligation	Share of items directly recognized in equity by associates			
..... Rupees										
Balance as at June 30, 2018	102,920,000	2,127,702,318	130,000,000	(11,165,865)	69,636,211	281,977	(2,029,417)	8,247,781	2,322,673,005	2,425,593,005
Profit for the quarter ended September 30, 2018	-	153,234,258	-	-	-	-	-	-	153,234,258	153,234,258
Other comprehensive income	-	-	-	(3,495,524)	(7,945,185)	(75,590)	-	-	(11,516,299)	(11,516,299)
Total comprehensive income	-	153,234,258	-	(3,495,524)	(7,945,185)	(75,590)	-	-	141,717,959	141,717,959
Effects of items directly recognized in equity by associates								1,644,003	1,644,003	1,644,003
Balance as at September 30, 2018	102,920,000	2,280,936,576	130,000,000	(14,661,389)	61,691,026	206,387	(2,029,417)	9,891,784	2,466,034,967	2,568,954,967
Balance as at July 01, 2019	102,920,000	2,569,332,955	118,353,673	(29,338,610)	28,723,510	551,683	(1,344,718)	9,336,821	2,695,615,314	2,798,535,314
Profit for the quarter ended September 30, 2019	-	163,057,287	-	-	-	-	-	-	163,057,287	163,057,287
Other comprehensive income	-	(7,568,847)	-	-	-	-	-	-	(7,568,847)	(7,568,847)
Total comprehensive income	-	155,488,440	-	-	-	-	-	-	155,488,440	155,488,440
Effects of items directly recognized in equity by associates								(23,233)	(23,233)	(23,233)
Balance as at September 30, 2019	102,920,000	2,724,821,395	118,353,673	(29,338,610)	28,723,510	551,683	(1,344,718)	9,313,588	2,851,080,521	2,954,000,521

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1 THE GROUP AND ITS LEGAL STATUS AND OPERATIONS

The Group comprises of :

Reliance Cotton Spinning Mills Limited -the Holding Company

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

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

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

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

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 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 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, 2019.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies and methods of computation adopted for preparation of these consolidated condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2019.

- 3.2 The preparation of this consolidated condensed interim financial statements in conformity with the approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

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

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

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		<u>Un-audited</u> <u>September 30,</u> <u>2019</u>	<u>Audited</u> <u>June 30,</u> <u>2019</u>
	Note	Rupees	Rupees
4	PROPERTY, PLANT AND EQUIPMENT		
Operating assets	4.1	1,987,281,560	1,885,076,693
Capital work in progress	4.2	5,375,111	102,467,407
		<u>1,992,656,671</u>	<u>1,987,544,100</u>
4.1	Operating assets		
Opening book value		1,885,076,693	1,460,246,900
Additions during the period / year			
Plant and machinery		2,712,444	-
Office equipment		1,256,948	-
Electric installation		7,800,000	-
Computers		-	283,000
		11,769,392	283,000
Transfer from capital work in progress			
Factory building		-	1,460,364
Plant and machinery		138,269,012	554,636,018
Vehicles		1,410,000	36,245,950
		139,679,012	592,342,332
Book value of assets disposed off during the period / year		(177,124)	(5,412,187)
Depreciation charged during the period /year		(49,066,413)	(162,383,352)
Closing book value		<u>1,987,281,560</u>	<u>1,885,076,693</u>
4.2	Capital work in progress		
Building - civil work		5,129,726	-
Plant and machinery		245,385	100,995,727
Vehicle		-	1,471,680
		<u>5,375,111</u>	<u>102,467,407</u>
5	LONG TERM INVESTMENTS		
	Investments in associates - at equity method		
	Quoted:		
Sapphire Fibres Limited	5.1	461,106,843	444,145,365
Sapphire Textile Mills Limited	5.2	99,868,439	90,520,155
SFL Limited	5.3	76,504,734	71,847,492
	Un-quoted:		
Sapphire Finishing Mills Limited	5.4	117,586,461	108,886,110
Sapphire Holding Limited	5.5	40,338,584	38,113,462
Sapphire Power Generation Limited	5.6	48,998,749	48,043,109
		<u>844,403,810</u>	<u>801,555,693</u>

The existence of significant influence by the Company is evidenced by the representation on the board of directors of associated companies.

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019 Rupees	Audited June 30 2019 Rupees
5.1 Investment in Sapphire Fibres Limited		
393,697 (June 30, 2019: 393,697) ordinary shares of Rs. 10 each - cost	41,956,482	41,956,482
Share of post acquisition profit items directly recognized in equity	419,150,361	406,913,247
Dividend received	-	(4,724,364)
	<u>461,106,843</u>	<u>444,145,365</u>
5.2 Investment in Sapphire Textile Mills Limited		
100,223 (June 30, 2019: 100,223) ordinary shares of Rs. 10 each - cost	8,114,578	8,114,578
Share of post acquisition profit and items directly recognized in equity	91,753,861	84,009,145
Dividend received	-	(1,603,568)
	<u>99,868,439</u>	<u>90,520,155</u>
5.3 Investment in SFL Limited		
401,570 (June 30, 2019: 401,570) ordinary shares of Rs. 10 each - cost	2,439,475	2,439,475
Share of post acquisition profit	74,065,259	70,913,905
Dividend received	-	(1,505,888)
	<u>76,504,734</u>	<u>71,847,492</u>
5.4 Investment in Sapphire Finishing Mills Limited		
1,556,000 (June 30, 2019: 1,556,000) ordinary shares of Rs. 10 each - cost	16,509,160	16,509,160
Share of post acquisition profit and items directly recognized in equity	101,077,301	92,376,950
	<u>117,586,461</u>	<u>108,886,110</u>
5.5 Investment in Sapphire Holding Limited		
100,223 (June 30, 2019: 100,223) ordinary shares of Rs. 10 each - cost	524,950	524,950
Share of post acquisition profit	39,813,634	37,763,902
Dividend received	-	(175,390)
	<u>40,338,584</u>	<u>38,113,462</u>
5.6 Investment in Sapphire Power Generation Limited		
555,000 (June 30, 2019: 555,000) ordinary shares of Rs. 10 each - cost	19,425,000	19,425,000
Share of post acquisition profit	29,573,749	28,618,109
	<u>48,998,749</u>	<u>48,043,109</u>

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	<u>Un-audited</u> <u>September 30,</u> <u>2019</u> <u>Rupees</u>	<u>Audited</u> <u>June 30,</u> <u>2019</u> <u>Rupees</u>
6 LONG TERM FINANCING		
As at the beginning of the period / year	559,379,252	193,051,000
Availed during the period / year	-	373,647,000
	<u>559,379,252</u>	<u>566,698,000</u>
Paid during the period/year	(316,688)	(7,318,748)
	<u>559,062,564</u>	<u>559,379,252</u>
Less: Current maturity of long term financing	(16,746,935)	(12,192,623)
	<u>542,315,629</u>	<u>547,186,629</u>

6.1 These loans were obtained from MCB Bank Limited under LTFF scheme of State Bank of Pakistan (SBP). The purpose of these loans was to finance / retire the letter of credit against textile machinery along with accessories out of total sanctioned limit of Rs. 750 million (30-Jun-2019 : Rs: 750 million). These loans are secured against charge of Rs. 1,000 million (30-Jun-2019 Rs: 1,000 million) and carry an interest rate of 2.5% (2% SBP rate plus 0.5% spread) over all present and future plant and machinery of the Company. These loans are repayable in equal semi-annual installments.

	<u>Un-audited</u> <u>September 30,</u> <u>2019</u> <u>Rupees</u>	<u>Audited</u> <u>June 30,</u> <u>2019</u> <u>Rupees</u>
7 SHORT TERM BORROWINGS		
From banking companies - secured		
Running finance	1,298,875,407	986,845,935
Other short term finance	830,000,000	930,000,000
From related parties		
Loan from directors	15,705,000	15,705,000
Loan from associated companies	27,487,000	27,487,000
	<u>43,192,000</u>	<u>43,192,000</u>
	<u>2,172,067,407</u>	<u>1,960,037,935</u>

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Guarantees have been issued by banks on behalf of the Company in the normal course of business

Post dated cheques issued

183,990,298	183,990,298
284,129,509	181,395,394
<u>468,119,807</u>	<u>365,385,692</u>

8.2 Claims of Input Sales Tax

There has been no material change in the status of contingencies pointed in the financial statements for the year ended June , 30 2019.

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		<u>Un-audited</u> <u>September 30,</u> <u>2019</u> <u>Rupees</u>	<u>Audited</u> <u>June 30,</u> <u>2019</u> <u>Rupees</u>
8.3 Commitments			
Irrevocable letters of credit for import of:			
-Plant and machinery		-	40,466,400
-Stores and spare parts		4,590,936	8,781,833
-Raw material		52,842,493	73,259,746
		<u>57,433,429</u>	<u>122,507,979</u>
		<u>Un-audited</u> <u>September 30,</u> <u>2019</u> <u>Rupees</u>	<u>Un-audited</u> <u>September 30,</u> <u>2018</u> <u>Rupees</u>
9 COST OF SALES	Note		
Stocks - opening		292,164,901	148,317,698
Cost of goods manufactured	9.1	1,247,980,048	1,086,544,467
		<u>1,540,144,949</u>	<u>1,234,862,165</u>
Stocks - closing		(371,235,858)	(203,118,021)
		<u>1,168,909,091</u>	<u>1,031,744,144</u>
		-	-
9.1 Cost of goods manufactured			
Work in process - opening		246,276,183	140,912,165
Raw material consumed		960,580,769	832,917,567
Overheads		362,323,128	262,957,462
		<u>1,322,903,897</u>	<u>1,095,875,029</u>
Work in process - closing		(321,200,032)	(150,242,727)
		<u>1,247,980,048</u>	<u>1,086,544,467</u>

10 TRANSACTIONS WITH RELATED PARTIES

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

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

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

RELIANCE COTTON SPINNING MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Nature of Relationship	Nature of Transaction	Quarter ended	
		September 30, 2019	September 30, 2018
	Rupees.....	
Associated companies	Sales of finished goods, raw material / stores and spare parts	148,368,026	182,275,280
	Purchases of;		
	- finished goods, raw material / stores and spare parts	6,436,743	11,359,167
	- electricity	-	27,706,713
	Services obtained	368,716	10,000
	Dividend received	-	1,505,888
	Shared expenses paid	2,588,363	1,762,643
	Shared expenses received	795,820	1,329,687

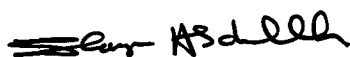
Transactions with related parties are carried out at agreed terms in the normal course of business.

11 DATE OF AUTHORIZATION FOR ISSUE

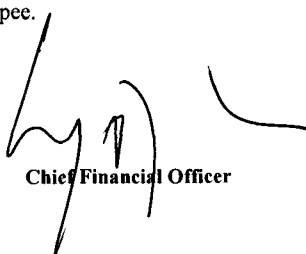
This unconsolidated condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on October 29, 2019.

12 GENERAL

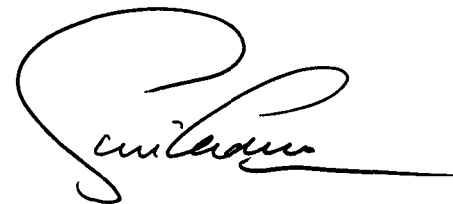
Figures have been rounded off to the nearest rupee.



Chief Executive



Chief Financial Officer



Director