



Reliance Cotton Spinning Mills Limited

Corporate Briefing Session 2022

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**Reliance Cotton
Spinning Mills Limited
(RCSML) Introduction**

RCSML - Introduction

Reliance Cotton Spinning Mills Limited (RCSML) was incorporated in Pakistan on 13 June 1990 as a public limited company. The shares of the company are listed on Pakistan Stock Exchange. RCSML is principally engaged in manufacturing and sales of Cotton yarn, PC Yarn and c.



YARN



PC YARN



Mélange Yarn

Total installed capacity of 57600 Spindles (31,134,134 Lbs.)



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Strategic / Operational Developments

Strategic / Operational Developments

The Company during the year has increased its production capacity by 23% by adding 10,656 spindles and reached 57,600 spindles in total. Total investment made in Plant & Machinery is amounting to Rs. 575 million. The category of assets in which major investments during the year are as follows:

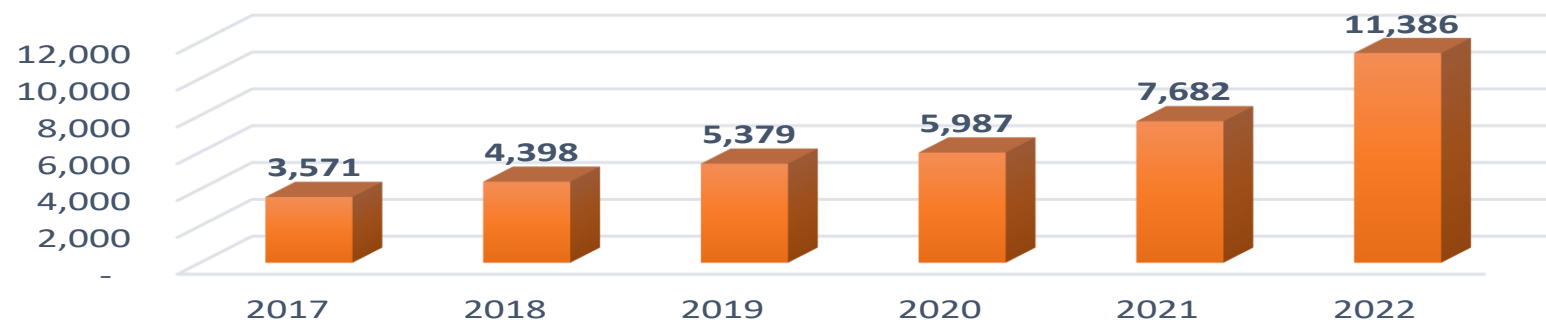
- Waste Heat Recovery Boiler
- Cards
- Combers
- Automatic Bale Plucker
- Ring Frames



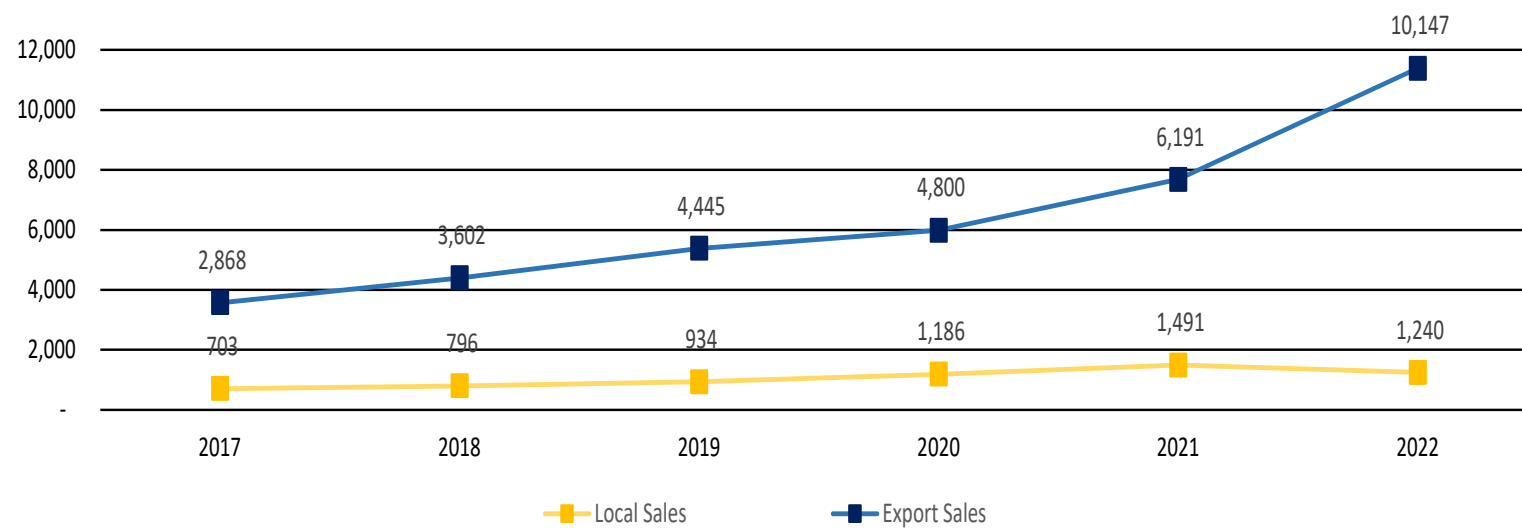
03

Historical Financial Highlights

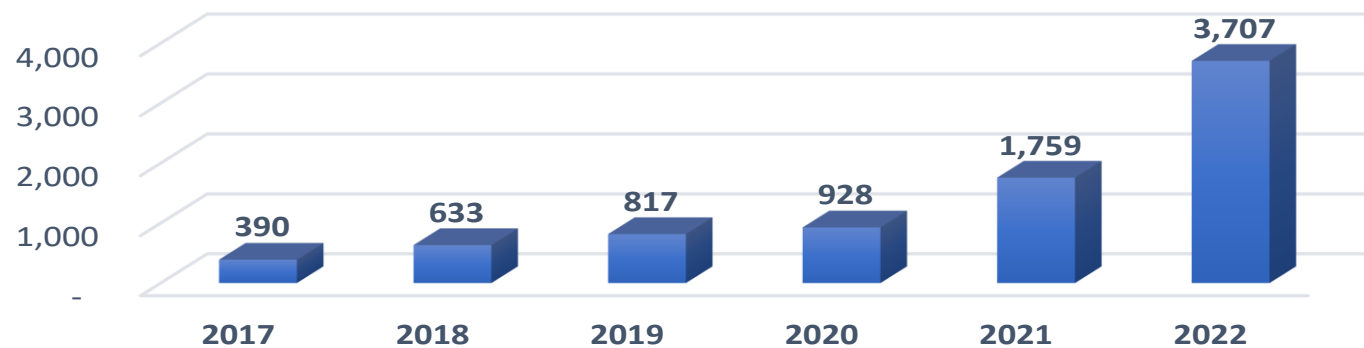
Total Sales in Million



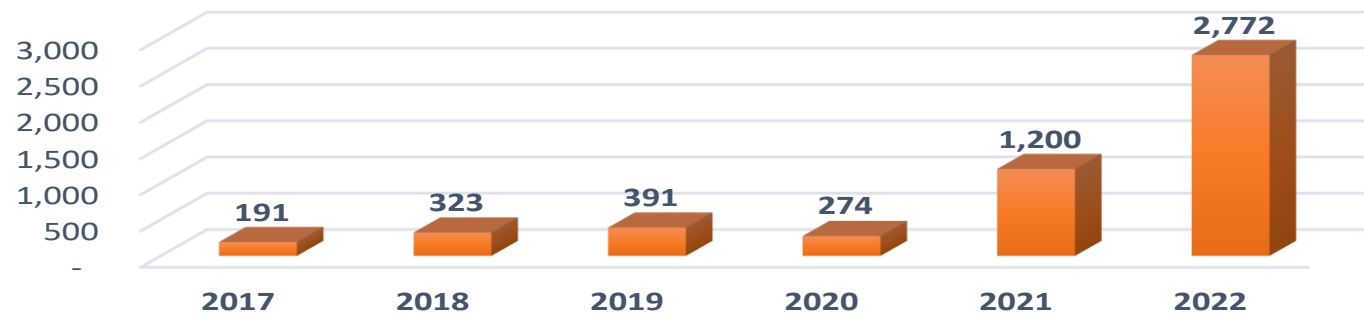
Composition of Local & Export Sales



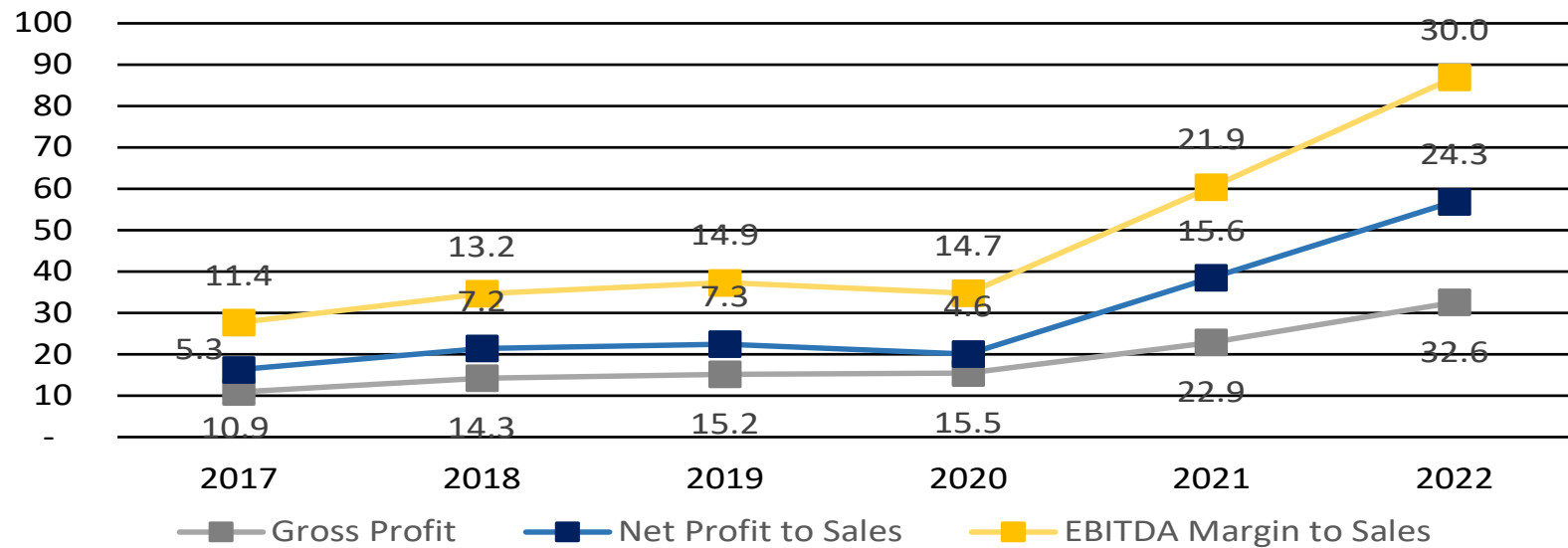
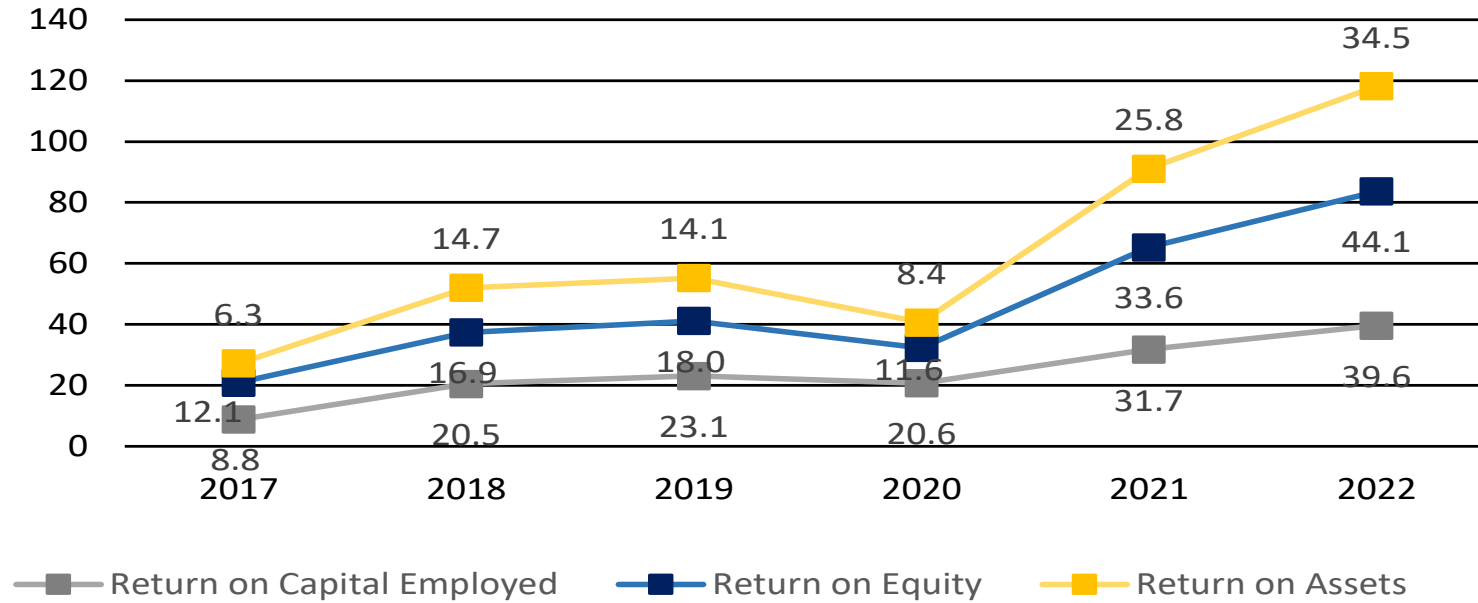
Gross Profit in Million



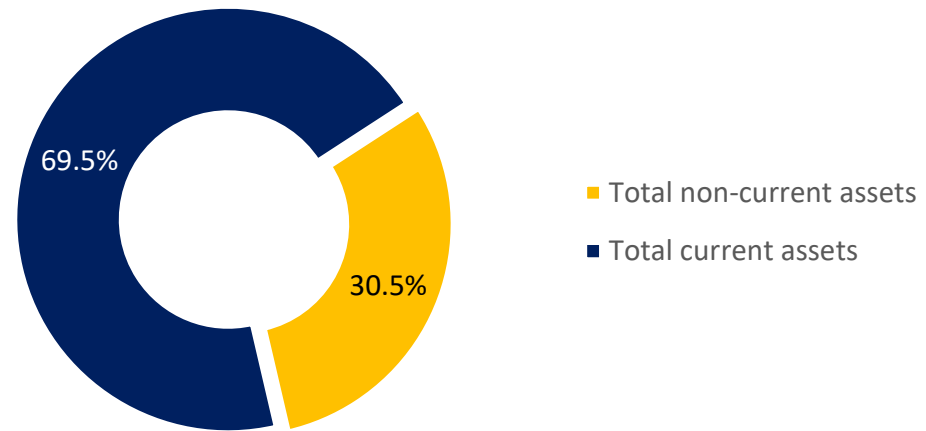
Net Profit in Million



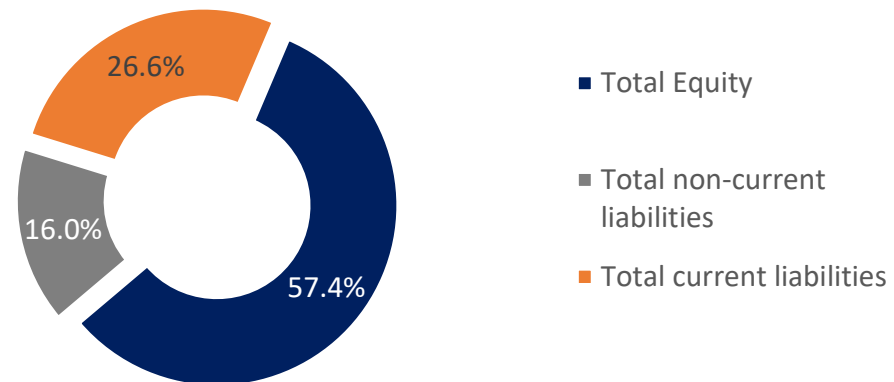
Profitability Ratios



VERTICAL ANALYSIS-TOTAL ASSETS (2022)



VERTICAL ANALYSIS-TOTAL EQUITY & LIABILITIES (2022)





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Financial Results 2022 vs 2021

Income Statement

Key Highlights

+48%

Sales Rs. 11,386 million (2021: Rs. 7,682 million)

+111%

Gross Profit Rs.3,707 million (32.56% of sales) [2021: Rs.1,759 million (22.89% of sales)]

+131%

Net Profit Rs.2,772 million (24.35% of sales) [2021: Rs. 1,200 million (15.61% of sales)]

+48%

Dividend paid Rs. 77 million (2021: 52 million)

+76%

Breakup value Rs. 611 (2021: Rs. 347) per share

Statement of value addition and its distribution

	2022		2021	
	Rs. (Millions)	%age	Rs. (Million)	%age
Value addition				
Sales	11,386	99.71	7,682	99.70
Other income	33	0.29	23	0.30
Total	11,419	100.00	7,705	100.00
Value distribution				
Cost of sales	7,680	67.26	5,923	76.87
Distribution expense	212	1.86	150	1.95
Administrative and other expenses	347	3.04	156	2.03
Finance cost	237	2.08	195	2.53
Income tax	171	1.50	81	1.05
Dividend to shareholders	77	0.67	52	0.67
Profit retained for future growth	2,695	23.59	1,148	14.99
Total	11,419	100.00	7,705	100.00

Balance Sheet Assets

10,946 million

2022

3,240 million (30%)

145 million (1%)

4,773 million (44%)

1,783 million (16%)

673 million (6%)

332 million (3%)

Property, plant and equipment

Long term and short term
investments

Stores and stocks

Trade debts

Taxes refund due form
Government

Other assets

2021

6,719 million

2,161 million (32%)

92 million (1%)

2,926 million (44%)

1,015 million (15%)

292 million (4%)

233 million (3%)

Balance Sheet Equity & Liabilities

10.946 million

2022

6,287 million (57%)

1,957 million (18%)

1,436 million (13%)

1,043 million (9%)

178 million (2%)

45 million (1%)

Shareholders Equity

Total Long term loans

Trade Liabilities

Short Term Borrowings

Provision for Taxation

Other Liabilities

2021

6,719 million

3,571 million (53%)

1,188 million (18%)

936 million (14%)

815 million (12%)

106 million (2%)

103 million (2%)

Consolidated Income Statement

	2022	2021
	Rs. (Million)	Rs. (Million)
Sales	11,386	7,682
Cost of sales	(7,679)	(5,923)
Gross profit	3,707	1,759
Distribution cost	(212)	(150)
Administrative and other expenses	(123)	(158)
Other income	28	18
Finance cost	(237)	(195)
Share of profit of associated companies	307	158
Profit before taxation	3,246	1,432
Taxation	(200)	(101)
Profit after taxation	3,046	1,331

Consolidated Balance Sheet - Assets

	2022	2021
	Rs. (Million)	Rs. (Million)
Property, plant and equipment	3,240	2,161
Long and short term investments	1,376	1,065
Stores and stocks	4,773	2,926
Trade debts	1,782	1,015
Cash and banks	27	9
Other assets	979	519
Total	12,177	7,695

Consolidated Balance Sheet - Equity & liabilities

	2022	2021
	Rs. (Million)	Rs. (Million)
Equity of parent shareholders	7,378	4,435
Non-controlling interest	-	-
Long term financing	2,096	1,188
Trade liabilities	1,436	936
Short term borrowing	1,043	815
Taxation	178	106
Other liabilities	46	215
Total	12,177	7,695



Future Outlook

Future Outlook



In last five years, your company has been able to grow at an impressive cumulative annual growth rate of over 33% and shareholder returns have improved significantly during the same period.

However, Pakistan's economy is now facing numerous challenges resulting in expected slowdown of economic growth in near future. The foremost challenges include global demand cut back, steep rupee devaluation, cotton crop damage due to recent floods coupled with sharp increase in commodity prices, high inflation and prohibitive rates of borrowing in the country.

All these factors listed above have already started affecting growth and profitability of textile companies competing in both domestic and international markets. We expect the government to take timely policy decisions to arrest this situation and mitigate the considerable downside risks to the economy.

Despite these challenging circumstances ahead, the management remains focused on maintaining our long-term competitive advantage through continual product diversification and cost leadership.



Q & A Session

The background features abstract geometric shapes in shades of yellow and blue. A central yellow rectangle contains the text "Thank You!". To the left, a blue triangle points towards the rectangle. To the right, a complex arrangement of overlapping yellow and blue triangles and polygons creates a dynamic, layered effect.

Thank You!