

**FIRST QUARTER REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2021
(Un-Audited)**



ELLCOT SPINNING MILLS LTD.



C O N T E N T S

Company Information	2
Directors' Review	3
Condensed Interim Statement of Financial Position	5
Condensed Interim Statement of Profit or Loss	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Statement of Cash Flows	9
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Statements	11



ELLCOT SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
Mr. Mohammad Babar Monnoo	Independent Non-Executive Director
Mr. Imran Motiwala	Independent Non-Executive Director
Mrs. Faaria Rehman Salahuddin	Independent Non-Executive Director
Mr. Jamal Nasim (NIT)	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	Non-Executive Director
Mr. Raza Ellahi Shaikh	Non-Executive Director
Mr. Amin Ellahi Shaikh	Non-Executive Director
Mr. Shafqat Ellahi Shaikh	Executive Director
Mr. Haroon Shahzada Ellahi Shaikh	Executive Director

MANAGING DIRECTOR (Chief Executive)

Mr. Haroon Shahzada Ellahi Shaikh

AUDIT COMMITTEE

Mr. Mohammad Babar Monnoo	Chairman
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Mohammad Babar Monnoo	Chairman
Mr. Raza Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

Mr. Haroon Shahzada Ellahi Shaikh	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Ahmad

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants
Bandial & Associates

LEGAL ADVISOR

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

Nagina House
91-B-1, M.M. Alam Road
Gulberg-III, Lahore-54660

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
1st Floor, H.M. House
7-Bank Square, Lahore
Phone # 042-37235081-2
Fax # 042-37358817

MILLS

6.3 K.M, Manga Mandi, Raiwind Road
Mouza Rossa, Tehsil & District Kasur



DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial statements of the Company for the 1st quarter ended on September 30, 2021. The comparative figures for the corresponding quarter ended on September 30, 2020 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2021.

Company Performance

Alhamdulillah, positive business environment continued to prevail for the textile industry during 1st quarter of the financial year 2021-22. During the quarter under review, your Company has earned after tax profit of Rs. 401,595,618 compared to Rs. 32,542,423 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 36.68 compared to Rs. 2.97 for the SPLY. The remarkable profitability is the result of better raw material inventory rates and better selling prices of yarn. Consistent energy supply by the Government at competitive rates was a huge support to the industry and was of great help in boosting exports of the country.

Robust demand for yarn resulted in an increase in sales revenue by 54% over the SPLY and stood at Rs. 2,392,166,685 compared to Rs. 1,553,324,900 during the SPLY. The sales increase is in both volume and price terms. Due to better product margins cost of sales decreased from 90.91% of sales during SPLY to 77.60% of sales during year under review. Increase in sales revenue and decreased in cost of sales resulted in increase in Gross Profit (GP) from 9.09% of sales during the SPLY to 22.40% of sales during the quarter under review.

Because of higher sales value, overall operating expenses decreased from 4.27% during SPLY to 3.77% of sales during the period under review. The Company has been able to generate stable cash flows and discharged all its operating and financial liabilities in time. Finance cost in percentage terms reduced from 1.70% of sales during SPLY to 1.53% of sales during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2021-22, Kapas, (seed cotton) arrivals up to October 15, 2021, at the Ginneries totalled 5.208 million bales compared to 2.688 million bales for SPLY showing increase in arrival of 93.73%.

Future Outlook

The Company earned remarkable profits during first quarter under review. The whole textile sector benefitted from surging global demand from the value added sector such as home textiles, garments, denim and the local fashion segment. However, in subsequent quarters, we are foreseeing rise in raw material costs which may impact the profit margins. Devaluation of Pakistani Rupee will cause higher raw materials and spare part costs. We are apprehensive that consistent high global oil prices would keep PKR under pressure and it would remain exposed to devaluation risk. Freight rates for export cargo has risen sharply and will affect export margins. Pakistan Economy is undergoing high inflation. This may cause rise in interest rates which is also detrimental for future profitability. Energy costs may also rise due to sharply higher oil and gas prices. Therefore, management is working on risk aversion strategies to maintain profitability.

The Ministry of Energy (Power Division) has recently notified the extension of the textile tariff till June 30th, 2022. A longer-term decision is required in this respect. It is hoped that the government will continue to provide gas and electricity at competitive rates to the industry. The textile sector has the largest share in the total exports of the country.

Management is cautiously optimistic that the financial year 2021-22 would remain reasonably profitable. The domestic cotton production is expected to be around 9 million bales. This is an improvement over the last year's production of 5.7 million bales. This is a healthy sign for the economy as this higher production of cotton will ultimately reduce the import bill of the Country. The favorable weather conditions and improved seed and pesticide quality are being attributed as the main reason for the increase. In spite of a larger crop, the industry will have to import a sizeable quantity of cotton as the demand far exceeds the domestic production.

In our planned BMR/ expansion 25,200 spindles would be installed by the end of third quarter in this financial year. Another 15,400 spindles would be added in next financial year. Company is also in the process of installing 999 kw solar based power generation at its mills. This will start production of power supply by the end of this financial year. After its commissioning it will contribute clean solar energy to the mills power grid.

It is hoped that the Government would bring in long term business friendly policies such as uninterrupted energy supplies in cost effective manner, refund of outstanding sales tax and income tax so that stretched corporate cash flows can be eased out. Government policies should encourage the completion of the value chain in the textile sector so that the country can export finished products.

Acknowledgement

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board.

Amin Ellahi Shaikh
Director

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : October 27, 2021

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2021 کو مختصر پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2020 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ما سوائے ٹینٹمنٹ آف فنانسل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2021 کو مختصر سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، مالی سال 2021-22 کی پہلی سہ ماہی کے دوران ٹیکسٹائل انڈسٹری کے لئے کاروباری ماحول مثبت رہا ہے۔ آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی کے دوران 32,542,423 روپے کے مقابلے میں زبردستی سہ ماہی کے دوران 401,595,618 روپے بعد از ٹیکس منافع کمایا ہے۔ سہ ماہی کی فی ٹیکس آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 2.97 روپے کے مقابلے میں 36.68 روپے رہی ہے۔ نمایاں منافع بہتر خام مال، ٹیکنالوجی، ریٹس اور یارن کی بہتر فروخت قیمتوں کا نتیجہ ہے۔ حکومت کی طرف سے مسابقتی نرخوں پر پمپنگ کی مسلسل فراہمی نے انڈسٹری کی بہت زیادہ مدد کی اور ملک کی برآمدات کو فروغ دینے میں بڑی معاون رہی ہے۔

دھماگے کی طلب بڑھنے کے نتیجے میں فروخت آمدنی گزشتہ سال کی اسی مدت سے 54% تک زیادہ ہوئی اور گزشتہ سال کی اسی مدت کے دوران 1,553,324,900 روپے کے مقابلے میں 2,392,166,685 روپے رہی۔ حجم اور فروخت دونوں کے لحاظ سے فروخت میں اضافہ ہوا۔ بہتر مصنوعات مارجن کی وجہ سے فروخت کی لاگت گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 90.91 فیصد سے کم ہو کر زبردستی سہ ماہی کے دوران فروخت کے 77.60 فیصد تک کم ہوئی ہے۔ فروخت آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 9.09 فیصد سے بڑھ کر زبردستی سہ ماہی کے دوران فروخت کے 22.40 فیصد زیادہ ہوا ہے۔

قیمت فروخت زیادہ ہونے کی وجہ سے، مجموعی کاروباری اخراجات گزشتہ سال کی اسی سہ ماہی کے دوران فروخت کے 4.27 فیصد سے کم ہو کر زبردستی سہ ماہی کے دوران فروخت کے 3.77 فیصد تک ہوئے ہیں۔ کمپنی مستحکم نقد بہاؤ کا نمانہ اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی سہ ماہی کے دوران 1.70 فیصد سے کم ہو کر زبردستی سہ ماہی کے دوران فروخت کے 1.53 فیصد ہو گئے ہیں۔ پاکستان کا ٹن جزو زائیوسی ایٹیشن کی طرف سے فصل سال 2021-22 کے لئے جاری کردہ اعداد و شمار کے مطابق 15 اکتوبر 2021 تک جزو زائیوسی کپاس، (سج کپاس) کی پینچ سال 2020-21 کی کل 2.688 ملین کٹھنوں کے مقابلے میں 5.208 ملین کٹھنیں ہوئی جو کہ 93.73 فیصد کا اضافہ ظاہر کر رہی ہے۔

مستقبل کا نقطہ نظر

زبردستی سہ ماہی معقول طور پر منافع بخش رہی ہے۔ تمام ٹیکسٹائل سیکٹروں کو ویلویو ایڈڈ سیکٹرز جیسے کہ ہوم ٹیکسٹائل، گارمنٹس، ڈنیم اور مقامی فیشن کے شعبہ سے عالمی طلب بڑھنے کا فائدہ ہوا ہے۔ تاہم، آئندہ سہ ماہیوں میں، ہم خام مال کی قیمتوں میں اضافہ ہوتا دیکھ رہے ہیں جو منافع جات کو متاثر کر سکتا ہے۔ پاکستانی روپے کی قدر میں کمی کی وجہ سے خام مال اور ریپنر پارٹس کی قیمتوں میں اضافہ ہو جائے گا۔ ہم خوفزدہ ہیں کہ عالمی تیل کی قیمتوں میں مسلسل زیادہ قیمتیں پاکستانی روپے کو دباؤ میں رکھیں گی اور اس سے قدر میں کمی کا خطرہ برقرار رہے گا۔ ایکسپورٹ سامان کے لیے کرایوں کے نرخ میں تیزی سے اضافہ ہوا ہے اور جس سے ایکسپورٹ مارجن پر اثر پڑے گا۔ پاکستان کی معیشت بلند افراط زر سے گزر رہی ہے۔ یہ شرح سود میں اضافے کا سبب بن سکتا ہے جو مستقبل کے منافع کے لیے بھی نقصان دہ ہے۔ تیل اور گیس کی قیمتوں میں تیزی سے اضافے کی وجہ سے توانائی کے اخراجات بھی بڑھ سکتے ہیں۔ لہذا، منافع کو برقرار رکھنے کے لیے انتظامیہ خطرے سے بچنے کی حکمت عملی پر کام کر رہی ہے۔

وزارت توانائی (پاورڈیپارٹمنٹ) نے حال ہی میں 30 جون 2022 تک ٹیکسٹائل ٹریف کی توسیع کا اعلان کیا ہے۔ اس سلسلہ میں طویل مدتی فیصلہ کی ضرورت ہے۔ امید ہے کہ حکومت صنعت کو مسابقتی نرخوں پر گیس اور بجلی فراہم کرنا جاری رکھے گی۔ ملک کی کل درآمدت میں ٹیکسٹائل شعبہ کا بہت بڑا حصہ ہے۔

انتظامیہ پینٹا پلور پرامیڈ ہے کہ مالی سال 2021-22 معقول حد تک منافع بخش رہے گا۔ مقامی کپاس کی پیداوار تقریباً 9 ملین کٹھنیں ہونے کی توقع ہے۔ یہ پچھلے سال 5.7 ملین کٹھنوں کی پیداوار کے مقابلے میں بہتری ہے۔ یہ معیشت کے لیے ایک صحت مند علامت ہے کیونکہ کپاس کی یہ زیادہ پیداوار بالآخر ملک کے درآمدی بل کو کم کرے گی۔ سازگار موسمی حالات اور بہتر بیج اور کٹیرے مارادویات کے معیار کو اس اضافے کی بنیادی وجہ قرار دیا جا رہا ہے۔ بڑی فصل کے باوجود صنعت کو کپاس کی ایک بڑی مقدار درآمد کرنی پڑے گی کیونکہ طلب مقامی پیداوار سے کہیں زیادہ ہے۔

ہماری BMR منصوبہ بندی/توسیع میں اس مالی سال میں تیسری سہ ماہی کے اختتام تک 25,200 ہینڈ لونگ کٹھنیں بنائیں گے۔ اگلے مالی سال میں مزید 15,400 ہینڈ لونگ کٹھنیں بنائیں گے۔ کمپنی اپنی ٹولوں میں 999 کلو واٹ ٹنسی توانائی سے بجلی پیدا کرنے کے عمل میں ہے۔ اس سے اس مالی سال کے اختتام تک بجلی کی فراہمی شروع ہو جائے گی۔ اس کے آغاز کے بعد یہ ملز پاور گروڈ میں صاف ٹنسی توانائی کا حصہ ڈالے گا۔

امید ہے کہ حکومت طویل المدت کاروباری دوستانہ پالیسیاں لائے گی جیسا کہ موثر انداز میں کم لاگت بلاغظیل توانائی کی فراہمی، بقایا بلنگس اور کونکریٹس کی واپسی تاکہ کارپوریٹ ٹیکس ٹیکسٹائل کو کم کیا جاسکے گا۔ حکومتی پالیسیوں کو ٹیکسٹائل سیکٹرز میں ویلویو چین کی سہولت افزائی کرنی چاہیے تاکہ ملک تیار مصنوعات برآمد کر سکے۔

اظہار تشکر

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے انسانی تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر بیٹکرز کا بھی شکریہ ادا کرتے ہیں۔



بارون شہزادہ علی شیخ
چیف ایگزیکٹو آفیسر



امین علی شیخ
ڈائریکٹر



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

	Note	Un-Audited September 30 2021 Rupees	Audited June 30 2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share capital 20,000,000 (June 30, 2021: 20,000,000) Ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital		109,500,000	109,500,000
Capital reserve		(51,400,664)	(32,771,696)
Retained earnings		<u>2,895,386,402</u>	<u>2,475,342,221</u>
TOTAL EQUITY		<u>2,953,485,738</u>	<u>2,552,070,525</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	5	<u>2,929,262,681</u>	2,221,091,888
Employees retirement benefits		127,734,130	124,015,239
Deferred taxation		135,096,203	135,096,203
Deferred grant	6	<u>46,281,673</u>	48,906,946
		<u>3,238,374,687</u>	2,529,110,276
CURRENT LIABILITIES			
Trade and other payables		<u>918,276,003</u>	671,996,704
Unclaimed dividend		6,731,331	6,731,331
Accrued interest/profit		25,037,946	22,380,271
Short term borrowings		114,395,284	34,985,389
Current portion of non-current liabilities		<u>377,725,770</u>	372,130,682
		<u>1,442,166,334</u>	1,108,224,377
TOTAL LIABILITIES		<u>4,680,541,021</u>	3,637,334,653
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>7,634,026,759</u>	<u>6,189,405,178</u>

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore : October 27, 2021


Amin Ellahi Shaikh
 Director



ELLCOT SPINNING MILLS LIMITED

	Note	Un-Audited September 30 2021 Rupees	Audited June 30 2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	8	3,047,898,710	2,835,755,837
Long term deposits		7,090,700	7,090,700
		3,054,989,410	2,842,846,537
CURRENT ASSETS			
Stores and spares		86,142,188	71,257,868
Stock in trade		1,678,616,254	1,455,151,596
Trade receivables		626,183,021	638,885,955
Advances and other receivables		1,238,550,446	343,553,244
Other financial assets	9	843,301,877	720,767,693
Advance income tax		89,625,543	81,229,434
Cash and bank balances		16,618,020	35,712,851
		4,579,037,349	3,346,558,641
TOTAL ASSETS		7,634,026,759	6,189,405,178

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Note	Quarter Ended	
		September 30 2021	September 30 2020
		Rupees	Rupees
Revenue from contracts with customers - net		2,392,166,685	1,553,324,900
Cost of sales	10	(1,856,220,958)	(1,412,080,343)
Gross profit		535,945,727	141,244,557
Selling and distribution expenses		(18,024,043)	(16,410,519)
Administrative expenses		(39,415,750)	(38,729,752)
Other expenses		(32,771,463)	(11,229,959)
		(90,211,256)	(66,370,230)
		445,734,471	74,874,327
Other income		22,783,052	6,476,374
Operating profit		468,517,523	81,350,701
Finance cost		(36,666,501)	(26,383,605)
Profit before taxation		431,851,022	54,967,096
Provision for taxation		(30,255,404)	(22,424,673)
Profit after taxation		401,595,618	32,542,423
Earnings per share - basic and diluted		36.68	2.97

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

Amin Ellahi Shaikh
Director

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : October 27, 2021



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Quarter Ended	
	September 30 2021	September 30 2020
	Rupees	Rupees
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified to profit or loss		
Financial assets at fair value through OCI	(180,405)	47,185,602
Profit after taxation	401,595,618	32,542,423
Total comprehensive income for the period	401,415,213	79,728,025

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore : October 27, 2021


Amin Ellahi Shaikh
Director


Muhammad Ahmad
Chief Financial Officer


Haroon Shahzada Ellahi Shaikh
Chief Executive Officer



ELLCOT SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Quarter Ended	
	September 30 2021	September 30 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	431,851,022	54,967,096
Adjustments for non-cash items		
Depreciation on property plant, and equipment	65,299,756	61,570,798
Amortization of intangible asset	-	309,999
Provision for employees retirement benefits	8,790,177	8,385,724
(Gain) / Loss on disposal of property, plant and equipment	(2,278,852)	7,156,136
Finance Cost	36,666,501	26,383,605
Dividend income	(18,438,188)	(6,083,225)
	<u>90,039,394</u>	<u>97,723,037</u>
	521,890,416	152,690,133
Changes in working capital		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	(14,884,320)	(10,237,929)
Stock in trade	(223,464,658)	336,454,133
Trade receivables	12,702,934	37,302,715
Advances, deposits, prepayments and other receivables	(894,997,202)	(223,227,837)
	<u>(1,120,643,246)</u>	<u>140,291,082</u>
Increase in Trade and other payables	246,279,299	7,321,272
Cash generated from operations	<u>(352,473,531)</u>	<u>300,302,487</u>
Payments made:		
Employees retirement benefits	(5,071,286)	(4,504,320)
Finance Cost	(34,008,826)	(50,191,162)
Income taxes	(38,651,513)	(31,603,580)
Net cash (used in) / generated from operating activities	<u>(430,205,156)</u>	<u>214,003,425</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(280,013,777)	(228,904,221)
Proceeds from disposal of property, plant and equipment	4,850,000	4,016,000
Purchase of short term investments	(664,910,888)	(1,042)
Proceeds from disposal of short term investments	542,196,299	10,470,700
Dividend received	18,438,188	6,083,225
Net cash used in investing activities	<u>(379,440,178)</u>	<u>(208,335,338)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	732,090,868	490,635,851
Repayment of long term finances	(20,950,260)	-
Net Increase / (decrease) in short term borrowings	79,409,895	(509,541,812)
Net cash generated from / (used in) financing activities	<u>790,550,503</u>	<u>(18,905,961)</u>
Net decrease in cash and cash equivalents	<u>(19,094,831)</u>	<u>(13,237,874)</u>
Cash and cash equivalents at beginning of the period	<u>35,712,851</u>	<u>25,998,792</u>
Cash and cash equivalents at end of the period	<u>16,618,020</u>	<u>12,760,918</u>

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

Amin Ellahi Shaikh
Director

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : October 27, 2021

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	Share Capital	Capital reserves			Revenue reserve	Total equity
	Issued, subscribed and paid-up share capital	Reserve for financial assets measured at FVTOCI	Reserve on merger	Total	Retained Earning	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2020	109,500,000	(109,664,670)	7,760,000	(101,904,670)	1,747,535,710	1,755,131,040
Comprehensive income						
Profit after taxation	-	-	-	-	32,542,423	32,542,423
Other comprehensive Income	-	47,185,602	-	47,185,602	-	47,185,602
Total comprehensive income	-	47,185,602	-	47,185,602	32,542,423	79,728,025
Other transactions						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	(503,399)	-	(503,399)	503,399	-
Balance as at September 30, 2020 (Un-audited)	109,500,000	(62,982,467)	7,760,000	(55,222,467)	1,780,581,532	1,834,859,065
Comprehensive income						
Profit after taxation	-	-	-	-	781,054,575	781,054,575
Other comprehensive income / (loss)	-	20,481,589	-	20,481,589	(2,199,704)	18,281,885
Total comprehensive income	-	20,481,589	-	20,481,589	778,854,871	799,336,460
Other transactions						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	2,793,021	-	2,793,021	(2,793,021)	-
Taxation relating to transfer of reserve for financial assets at FVTOCI on derecognition	-	(823,839)	-	(823,839)	823,839	-
	-	1,969,182	-	1,969,182	(1,969,182)	-
Transactions with owners						
Interim dividend for the year ended June 30, 2021 @ 75% i.e. Rs. 7.5 per ordinary share	-	-	-	-	(82,125,000)	(82,125,000)
Balance as at June 30, 2021 (Audited)	109,500,000	(40,531,696)	7,760,000	(32,771,696)	2,475,342,221	2,552,070,525
Comprehensive income						
Profit after taxation	-	-	-	-	401,595,618	401,595,618
Other comprehensive loss	-	(180,405)	-	(180,405)	-	(180,405)
Total comprehensive (loss) / income	-	(180,405)	-	(180,405)	401,595,618	401,415,213
Other transactions						
Transfer of reserve for financial assets at FVTOCI on derecognition	-	(18,448,563)	-	(18,448,563)	18,448,563	-
Balance as at September 30, 2021 (Un-audited)	109,500,000	(59,160,664)	7,760,000	(51,400,664)	2,895,386,402	2,953,485,738

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.



Amin Ellahi Shaikh
Director



Muhammad Ahmad
Chief Financial Officer



Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : October 27, 2021



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN- AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

1 LEGAL STATUS AND OPERATIONS

Ellicot Spinning Mills Limited ['the Company'] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg III, Lahore. The manufacturing facility is located at 6.3 K.M, Manga Mandi, Raiwind Road Mouza Rossa, Tehsil and District Kasur in the Province of Punjab measuring area of 228 Kanal 14 Marla.

2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2021.

The comparative condensed interim statement of financial position as at June 30, 2021 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the quarter ended September 30, 2021 are based on unaudited, interim financial statements.

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards Board [IASB] as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

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

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

These interim financial statements are prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2021.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and uncertainty were the same as those that applied to the financial statements of the Company for the year ended June 30, 2021.



ELLCOT SPINNING MILLS LIMITED

	Note	Un-audited September 30 2021 Rupees	Audited June 30 2021 Rupees
5 LONG TERM FINANCES			
From Banking companies			
Opening Balance		2,579,520,396	2,010,264,959
Obtain during the period/ Year		732,090,868	674,583,196
Accretion during the period / year		3,851,793	-
Repayment made during the period / year		(20,950,260)	(105,327,759)
		3,294,512,797	2,579,520,396
Less: Current portion shown under current liabilities		(365,250,116)	(358,428,508)
		2,929,262,681	2,221,091,888
6 DEFERRED GRANT			
Opening Balance		62,609,120	5,120,983
Recognized during the period/ Year		-	69,193,716
Amortized during the period/ Year		(3,851,793)	(11,705,579)
		58,757,327	62,609,120
Less: Current portion shown under current liabilities		(12,475,654)	(13,702,174)
		46,281,673	48,906,946
7 CONTINGENCIES AND COMMITMENTS			
7.1 Contingencies			
There is no significant change in status of contingencies as disclosed in note 17.1 to the annual financial statement for the year ended June 30, 2021.			
7.2 Commitments			
Irrevocable letters of credit for			
- purchase of property plant and equipment		1,097,371,978	1,716,705,271
- purchase of stores, spare and loose tools		113,862,326	20,851,584
- purchase of raw material		970,161,914	832,626,520
		2,181,396,218	2,570,183,375
Short Term Lease			
- payments not later than one year		276,705	553,410
		2,181,672,923	2,570,736,785
8 FIXED ASSETS			
Property, plant and equipment			
- Operating fixed assets	8.1	2,538,114,867	2,600,265,510
- Capital work in progress	8.2	509,783,843	235,490,327
		3,047,898,710	2,835,755,837
Intangible asset	8.3	-	-
		3,047,898,710	2,835,755,837
8.1 Operating fixed assets			
Net book value at the beginning of the period/year		2,600,265,510	2,445,620,896
Additions during the period / year			
Building		-	9,710,835
Plant and machinery		712,000	442,769,059
Electric installations and equipment		70,000	-
Factory equipment		150,000	-
Office equipment		598,500	1,040,500
Furniture and fixtures		197,261	1,156,450
Vehicles		3,992,500	5,579,601
		5,720,261	460,256,445
Net book value of assets disposed during the period/year		(2,571,148)	(33,015,179)
Depreciation for the period/year		(65,299,756)	(272,596,652)
Net book value at end of the period/year		2,538,114,867	2,600,265,510
8.2 Capital work in progress			
Opening		235,490,327	6,574,594
Additions during the period / year		274,293,516	681,395,627
Transfers to operating fixed assets		-	(452,479,894)
Net book value at end of the period/year		509,783,843	235,490,327



ELLCOT SPINNING MILLS LIMITED

	Note	Un-audited September 30 2021 Rupees	Audited June 30 2021 Rupees
8.3 Intangible assets			
Net book value at beginning of the period/year		-	1,136,664
Amortization for the period/year		-	(1,136,664)
Net book value at end of the period/year		-	-
9 OTHER FINANCIAL ASSETS			
Financial assets at fair value through other comprehensive income	9.1	843,301,877	720,767,693
9.1 Financial assets at fair value through other comprehensive income			
Investments in listed equity securities			
Cost of investment		277,832,137	365,227,157
Changes in fair value		(70,960,005)	(49,354,197)
		206,872,132	315,872,960
Investments in mutual funds			
Cost of investment		633,294,337	404,736,165
Changes in fair value		3,135,408	158,568
		636,429,745	404,894,733
		843,301,877	720,767,693
9.2 Changes in fair value of investments at fair value through other comprehensive income			

	September 30, 2021		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the period	(49,354,197)	158,568	(49,195,629)
Fair value (loss) / gain arising during the period	(5,863,042)	5,682,637	(180,405)
Fair value (gain) transferred to retained earning on disposal	(15,742,766)	(2,705,797)	(18,448,563)
	(70,960,005)	3,135,408	(67,824,597)
	June 30, 2021		
	Listed equity securities Rupees	Mutual funds Rupees	Total Rupees
As at beginning of the year	(101,372,027)	(27,257,549)	(128,629,576)
Fair value gain arising during the year	54,029,298	23,115,027	77,144,325
Fair value gain / (loss) transferred to retained earning on disposal	(2,011,468)	4,301,090	2,289,622
As at end of the year	(49,354,197)	158,568	(49,195,629)
Deferred taxation	6,169,276	(39,643)	6,129,633
Impact of change in rate of deferred taxation	2,534,300	-	2,534,300
	(40,650,621)	118,925	(40,531,696)

	Quarter Ended (Un-audited)	
	September 30 2021 Rupees	September 30 2020 Rupees
10 COST OF SALES		
Raw material consumed	1,455,700,647	977,440,376
Fuel and power	148,985,469	158,496,635
Stores, spares and loose tools consumed	52,666,092	50,813,334
Salaries, wages and benefits	104,769,508	92,120,484
Insurance	4,005,033	3,649,720
Repair and maintenance	2,669,943	2,160,763
Depreciation	63,308,212	59,088,421
Other manufacturing overheads	3,743,358	4,028,695
Manufacturing cost	1,835,848,262	1,347,798,428
Work-in-process:		
At beginning of period	50,048,113	64,558,660
At end of period	(54,692,726)	(51,895,880)
	(4,644,613)	12,662,780
Cost of goods manufactured	1,831,203,649	1,360,461,208
Finished goods:		
At beginning of period	51,892,779	111,217,659
At end of period	(26,875,470)	(59,598,524)
	25,017,309	51,619,135
	1,856,220,958	1,412,080,343



ELLCOT SPINNING MILLS LIMITED

11 TRANSACTIONS WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits and dividend on ordinary shares. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction.

There are no balances outstanding with related parties as at the reporting date. Detail of transactions with related parties are as follows:

Nature of Relationship	Nature of Transaction	Quarter Ended (Un-audited)	
		September 30 2021	September 30 2020
		Rupees	Rupees
Associated companies	Purchases of goods and services	276,705	251,550
	Sales of goods and services	682,119,097	373,838,283
Key Management Personnel	Remuneration and other benefits	7,878,774	5,858,637

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data i.e.; (unobservable inputs).

The Following table presents the Funds / Company's financial assets which are carried at fair value:

	September 30, 2021			Total
	Level 1	Level 2	Level 3	
	----- Rupees -----			
Financial assets - at fair value through profit or loss				
- Asset management account	-	-	-	-
Financial assets - at fair value through OCI				
- Mutual funds	636,429,745	-	-	636,429,745
- Listed equity securities	206,872,132	-	-	206,872,132
	<u>843,301,877</u>	<u>-</u>	<u>-</u>	<u>843,301,877</u>
	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets - at fair value through profit or loss				
- Asset management account	-	-	-	-
Financial assets - at fair value through OCI				
- Mutual funds	404,894,733	-	-	404,894,733
- Listed equity securities	315,872,960	-	-	315,872,960
	<u>720,767,693</u>	<u>-</u>	<u>-</u>	<u>720,767,693</u>

13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended June 30, 2021.

14 DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 27, 2021.

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged and regrouped where ever necessary for the purpose of comparison. However no significant changes have been made.

Figures have been rounded off to the nearest rupee.

Amin Ellahi Shaikh
Director

Muhammad Ahmad
Chief Financial Officer

Haroon Shahzada Ellahi Shaikh
Chief Executive Officer

Lahore : October 27, 2021

If undelivered please return to:

ELLCOT SPINNING MILLS LTD.

Nagina House, 91-B-1, M.M. Alam Road,
Gulberg-III Lahore-54660